

The City of Tukwila, Washington
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2008



Observation deck overlooking Tukwila Pond



The City of Tukwila, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2008

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

JIM HAGGERTON, MAYOR

TUKWILA CITY COUNCIL

Joan Hernandez, President

Joe Duffie

Pam Linder

Dennis Robertson

Verna Griffin

Kathy Hougardy

De'Sean Quinn

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2008

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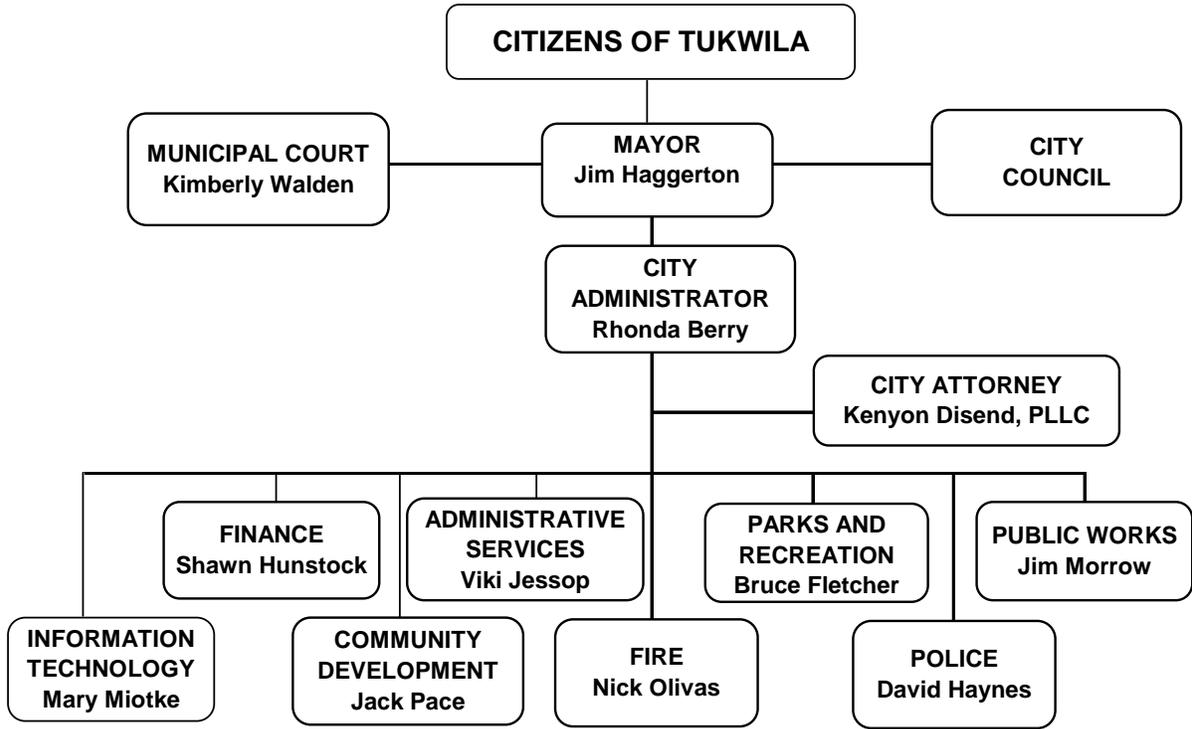
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ADMINISTRATIVE ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS



COUNCIL COMMITTEES

FINANCE AND SAFETY COMMITTEE

Pam Linder, Chairperson
 Joe Duffie, Member
 De'Sean Quinn, Member

TRANSPORTATION

De'Sean Quinn, Chairperson
 Dennis Robertson, Member
 Verna Griffin, Member

COMMUNITY AFFAIRS AND PARKS

Verna Griffin, Chairperson
 Joe Duffie, Member
 Kathy Hougardy, Member

UTILITIES

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





City of Tukwila

6200 Southcenter Blvd, Tukwila, WA 98188

Jim Haggerton, Mayor

July 31, 2009

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

Subject: TRANSMITTAL OF 2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Dear Mayor, Council Members, and Citizens:

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

Therefore, we issue and transmit to you the City of Tukwila's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2008. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it, and describes the systems and controls employed by the Finance department.

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

I. INTRODUCTION

A. MANAGEMENT REPRESENTATION

The Tukwila Finance Department prepared the report and accepts responsibility for the accuracy, completeness, and fairness of presentation of the information included. The data is believed to be accurate in all material respects, and it is believed that all

significant information necessary for an understanding of the affairs and financial condition of the City has been disclosed. The report has been prepared in conformance with GAAP and in conformance with financial reporting standards issued by the Governmental Accounting Standards Board (GASB).

City management has developed and evaluated a comprehensive internal control structure that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's internal control structure is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

As a recipient of federal, state and county financial assistance the City is required to undergo an annual single audit in conformity with U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. The results of the City's annual single audit for the fiscal year ended December 31, 2008 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws.

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

B. ORGANIZATION OF THE REPORT

The report is divided into three sections: the Introductory Section, the Financial Section, and the Statistical Section. The Introductory Section contains the table of contents, a list of the City's principal officials, an organizational chart, this letter of transmittal, and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association of the United States and Canada (GFOA) for the 2007 CAFR. The Financial Section contains the Auditor's Report, completed by the Washington State Auditor, Management's Discussion and Analysis, Government-Wide Financial Statements, the Fund Financial Statements, Notes to the Financial Statements and Other Required Combining and Supplemental Information. The Statistical Section, which is unaudited, contains a range of statistical tables and charts that present various financial, economic, social, and demographic data about the City. This information depicts various trends that have affected the fiscal condition of the City over the last ten years. The data presented in this section complies with the requirements of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

C. REPORTING ENTITY

The City of Tukwila is a non-charter optional code City, operating under Section 35A of the Revised Code of Washington. It has a strong Mayor form of government with a seven-member City Council elected by the voters of the City. 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 City Council.

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

Incorporated in 1908, the City of Tukwila abuts the City of Seattle on the north, and is one mile east of Seattle-Tacoma International Airport. Tukwila has a small residential population of 18,080; however, the daytime shopper/visitor and working population can reach over 150,000 during the holiday shopping season.

II. ECONOMIC CONDITION

A. SUMMARY OF LOCAL ECONOMY

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

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

Tukwila enjoys one of the largest sales tax bases in the State of Washington, with \$17.8 million in revenue for 2008. The total combined retail sales activity amounted to approximately \$2.09 billion in 2008. At the center of this strength is the Westfield Southcenter Shopping Center and Parkway Plaza retail development, which combine to create one of the largest retail concentrations on the west coast. This strength has attracted new retail establishments to locate in Tukwila.

This diversified revenue base is further supported by an assessed valuation of \$5.18 billion as well as our above-mentioned sales tax base, and has allowed the City to pursue an aggressive capital improvement program.

B. FUTURE ECONOMIC OUTLOOK

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

The Westfield Southcenter Shopping Center completed a major expansion of the mall during 2008. This, along with other development south of the mall, as well as development of the Tukwila Village site on Tukwila International Boulevard, will insure continued growth in the City's economic base for years to come.

Growth is predicted to continue, but not at the rate experienced in the late 1990's and early 2000's. The challenge is to control costs that grow at a faster rate than revenue. Areas of concern are health care costs and public safety costs related to incarceration and labor contracts. Continuing to fund these sectors will draw valuable resources from other areas such as infrastructure replacement and capital programs. As Tukwila moves forward, economic conditions will be continually monitored and adjustments to City spending and services made to maintain the City's financial health. Long-term plans will be focused on ensuring the City continues to be an economically strong and viable City.

III. FINANCIAL INFORMATION

A. CASH MANAGEMENT

The City invests in U.S. Treasury and Agency Issues, Prime Bankers Acceptances, Time Deposits, and Repurchase Agreements. Investment policies and procedures, established by the Mayor and adopted by the City Council, require the City to establish a trustee to take delivery of all investment transactions at time of payment. The City has contracted with U.S. Bank N.A. to provide delivery versus payment trustee services on all government agency investments. The State of Washington maintains an investment pool to provide economies of scale in investing to smaller- and medium-sized cities in the State. The City uses this service for all funds not invested in longer-term securities. The pool operates under the same legal restrictions that apply to all municipalities in the State and, consequently, uses the same instruments as listed above.

The City has adopted a comprehensive investment policy statement to guide City investment practices. These policies are closely patterned after the recommendations in *Investing Public Funds* published by the Government Finance Officer's Association (GFOA). Investments are restricted to less than three years in order to maintain liquidity on all investments in all funds, yet enable the City to take advantage of the yield curve. Fiduciary funds, which involve long-term reserves and require minimal liquidity, are invested for longer time periods. The City undertakes repurchase agreements only with financial institutions that offer the City full protection in the event of default, by providing the delivery of the underlying security to the City.

B. RISK MANAGEMENT

1. Types and Level of Risk Assumed

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 over 100 other entities provides the City's general liability, vehicle liability, false arrest, and errors and omissions coverage (see Note 15 for a more expansive discussion).

2. Risk Control Policies

The Washington Cities Insurance Authority not only provides a sharing of risk by pooling of losses, it also provides an extensive array of professional services in risk management. The pool monitors the City's management practices and damage claims. The City follows the guidelines provided by the pool in an effort to minimize risk exposure in the day-to-day operations of the City's programs. The City also maintains an extensive employee safety program managed by the Human Resources department.

IV. OTHER RELEVANT INFORMATION

A. INDEPENDENT AUDIT

State law requires an annual audit of all City books of accounts and financial records by the Office of the State Auditor, which is headed by an independently elected State official, the State Auditor. The Auditor has broad legal authority to inquire into all financial and legal compliance matters and such audits are considered equal to audits by certified public accounting firms. The 2008 financial audit of the City is complete and was conducted in conformance with Generally Accepted Auditing Standards. The financial statements of all City funds have been included in this audit. The City has been given an unqualified opinion for 2008. Please see the Auditor's Report. The State Auditor's Office also audits the City's administration of its federal grants under the single audit concept.

B. AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tukwila for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the 21st consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

C. ACKNOWLEDGMENTS

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and the cooperation of other City departments. Their long hours of assistance with the preparation and review of this report are greatly appreciated. The Mayor, City Administrator and City Council are to be complimented for their encouragement, interest, and support in conducting the financial operations of the City in a sound and progressive manner. The efficient assistance of examiners from the Office of the State Auditor is also appreciated. Staff who had a direct role in preparing Tukwila's 2008 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,



Shawn Hunstock, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tukwila Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



President

Executive Director





**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

July 31, 2009

Mayor and City Council
City of Tukwila
Tukwila, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Arterial Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2008, the City implemented the Governmental Accounting Standards Board's Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement 50, *Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27*.



In accordance with *Government Auditing Standards*, we will also issue our report dated July 31, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 13 through 27, pension trust fund information and information on postemployment benefits other than pensions on pages 80 through 81 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 financial statements and schedules on pages 84 through 107 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2008

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, 2008. 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 \$224.8 million. A total of 77 percent or \$172.8 million of total net assets is invested in capital assets such as streets, land, buildings, equipment, and other improvements. The remaining net assets of \$52.0 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 \$4.2 million in 2008. Governmental activities provided \$2.1 million or 50.9 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 \$28,729,337 a decrease of \$1,969,815 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,687,515, or 17.7 percent of total general fund expenditures.
- The City of Tukwila's total debt decreased by \$2,097,016 (5.3 percent) during the current fiscal year. The key factor in this net decrease was due to principal repayment.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. The governmental major fund presentation is used, utilizing the "sources and uses of resources" basis. This is the manner in which the budget is typically developed. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on the near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and expenditures. The information in the governmental fund statements can be used to evaluate the City's near-term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current-year financing decisions.

Because the basis of accounting is different between the governmental fund statements and the government-wide financial statements, reconciliations are provided. The reconciliation between the

governmental fund Balance Sheets and the government-wide Statement of Net Assets is found on the bottom of the governmental funds' Balance Sheet, while the reconciliation between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities is found directly following the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance.

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

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

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

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

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

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

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

The City has one fiduciary fund: a firemen's pension trust fund, which is accounted for on the accrual basis.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning a schedule of funding progress for the Firemen's Pension Trust Fund and other post-employment benefits. Additional pension benefit information is found in Note 8.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Tukwila, total assets exceeded liabilities by \$224,786,090 at December 31, 2008.

The largest portion of the City's net assets, \$172.8 million, or 77 percent, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Tukwila uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tukwila's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities:

City of Tukwila Net Assets

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/08	As of 12/31/07	As of 12/31/08	As of 12/31/07	As of 12/31/08	As of 12/31/07
Current and other assets	\$ 42,781,792	\$ 42,770,035	\$ 14,491,597	\$ 12,800,899	\$ 57,273,389	\$ 55,570,934
Capital assets, net of accumulated depreciation	156,538,853	153,921,280	53,906,634	54,755,424	210,445,487	208,676,704
Total assets	<u>199,320,645</u>	<u>196,691,315</u>	<u>68,398,231</u>	<u>67,556,323</u>	<u>267,718,876</u>	<u>264,247,638</u>
Long-term liabilities	19,424,007	20,297,222	16,898,070	18,364,509	36,322,077	38,661,731
Other liabilities	4,956,887	3,587,165	1,653,823	1,399,598	6,610,710	4,986,763
Total liabilities	<u>24,380,894</u>	<u>23,884,387</u>	<u>18,551,893</u>	<u>19,764,107</u>	<u>42,932,787</u>	<u>43,648,494</u>
Net assets						
Invested in capital assets, net of related debt	136,742,368	136,053,013	36,071,402	36,083,972	172,813,770	172,136,985
Restricted	19,720,546	19,203,908	439,100	441,074	20,159,646	19,644,982
Unrestricted	18,476,837	17,550,007	13,335,836	11,267,171	31,812,673	28,817,178
Total net assets	<u>\$ 174,939,751</u>	<u>\$ 172,806,928</u>	<u>\$ 49,846,338</u>	<u>\$ 47,792,217</u>	<u>\$ 224,786,089</u>	<u>\$ 220,599,145</u>

The largest component of unrestricted net assets, \$18.4 million, represents the unrestricted net assets of the City's general fund available for functions such as public safety employee salaries and supplies, park and road maintenance, and other general government services. The unrestricted net assets of business-type activities, \$13.3 million, may only be spent on activities related to one of the three City utilities (water, sewer, and surface water). Examples of utility activities include maintenance of water/sewer mains, pump and lift stations, storm drain flushing, and water meter reading.

Restricted governmental fund net assets are \$19.7 million and are subject to constitutional, legal or external restrictions for purposes such as capital project construction and debt service.

The increase in current and other assets for business-type activities is comprised of an increase of \$1,575,272 in cash and investments, an increase of \$279,875 in notes receivable, and a decrease of \$200,427 in customer accounts receivable.

The increase in other liabilities for governmental activities is comprised of an increase in accounts payable of \$110,141, an increase in accrued wages and benefits payable of \$171,692, and an increase in compensated absences of \$184,249. The increase in other liabilities for business-type activities is comprised of an increase of \$233,703 in current portion of revenue bonds payable, and an increase of \$78,301 in customer deposits.

The increase of \$2,068,665 in unrestricted net assets for business-type activities relates to an increase in profitability for the enterprise funds and a corresponding increase in cash and investments.

Changes in Net Assets

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

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

City of Tukwila's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 5,400,376	\$ 5,271,753	\$ 12,827,915	\$ 11,753,622	\$ 18,228,291	\$ 17,025,375
Operating grants and contributions	1,325,163	1,692,766	-	-	1,325,163	1,692,766
Capital grants and contributions	2,282,592	3,746,743	756,400	347,416	3,038,992	4,094,159
General revenues						
Property taxes	11,656,979	11,302,099	-	-	11,656,979	11,302,099
Sales taxes	18,596,512	19,939,101	500,000	500,000	19,096,512	20,439,101
Natural gas use tax	643,037	344,748	-	-	643,037	344,748
Utility taxes	5,136,444	5,496,781	-	-	5,136,444	5,496,781
Business taxes	2,497,705	2,236,675	-	-	2,497,705	2,236,675
Excise taxes	983,078	2,296,658	-	-	983,078	2,296,658
State entitlements	874,046	217,600	-	-	874,046	217,600
Investment earnings	801,847	1,727,879	377,954	618,563	1,179,801	2,346,442
Gain/(loss) on sale of capital assets	(186,663)	13,652	-	-	(186,663)	13,652
Total revenues	50,011,116	54,286,455	14,462,269	13,219,601	64,473,385	67,506,056
Expenses:						
General government	4,723,103	7,456,335	-	-	4,723,103	7,456,335
Public safety	24,147,992	21,726,932	-	-	24,147,992	21,726,932
Physical environment	2,862,487	2,764,373	-	-	2,862,487	2,764,373
Transportation	5,864,297	5,310,247	-	-	5,864,297	5,310,247
Economic environment	5,017,935	3,890,845	-	-	5,017,935	3,890,845
Mental and physical health	4,173	4,204	-	-	4,173	4,204
Culture and recreation	4,797,856	4,506,223	-	-	4,797,856	4,506,223
Interest on long-term debt	1,844,224	896,214	-	-	1,844,224	896,214
Water/sewer	-	-	7,293,362	7,046,602	7,293,362	7,046,602
Foster golf course	-	-	1,968,595	1,849,541	1,968,595	1,849,541
Surface water	-	-	1,762,417	1,920,194	1,762,417	1,920,194
Total expenses	49,262,067	46,555,373	11,024,374	10,816,337	60,286,441	57,371,710
Increase in net assets before transfers	749,049	7,731,082	3,437,895	2,403,264	4,186,944	10,134,346
Transfers	1,383,774	1,134,683	(1,383,774)	(1,134,683)	-	-
Change in net assets	2,132,823	8,865,765	2,054,121	1,268,581	4,186,944	10,134,346
Net assets-beginning of period	172,806,928	163,941,163	47,792,217	46,523,636	220,599,145	210,464,799
Net assets-end of period	<u>\$ 174,939,751</u>	<u>\$ 172,806,928</u>	<u>\$ 49,846,338</u>	<u>\$ 47,792,217</u>	<u>\$ 224,786,089</u>	<u>\$ 220,599,145</u>

Governmental activities contributed \$2.1 million to the total increase in City net assets. Revenues to fund capital assets are recorded as program or general revenues in the statement of activities. However, asset purchases are not recorded as expenses in the year purchased and construction costs are not recorded as expenses in the year incurred. Instead, the costs are recorded as long-term assets and are depreciated over their useful life. This amount equaled \$6.1 million, which was offset by an overall increase in the cost and variety of governmental services provided as well as a general decline in City revenue.

General tax revenue declined during 2008:

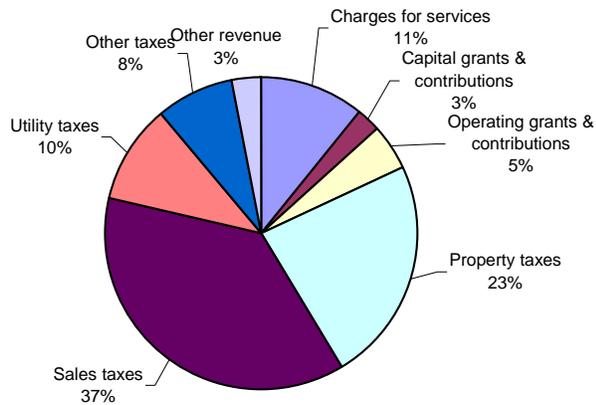
- Property tax revenue rose by \$354,880, or 3.1%. This increase is higher than the statutory maximum of 1%, and is due to taxes collected on construction completed during 2007, as well as an increase in overall assessed value for property within the City.
- Sales tax collections decreased by \$1,342,589, or 6.7%. The decrease is the result of an overall decline in retail sales, as well as the impact of moving to destination-based sales tax reporting in July 2008.
- Utility taxes declined by \$360,337 or 6.6%.

- Excise taxes decreased by \$1,313,580, or 57.2%. The decline is due to decreased collection of Real Estate Excise Tax (REET) revenue, related to a general decline in commercial and residential property sales, as well as a decline in leasehold excise tax collections.
- Investment revenue decreased by \$1,166,641, or 49.7%. This was due to significant decreases in interest rates during 2008.

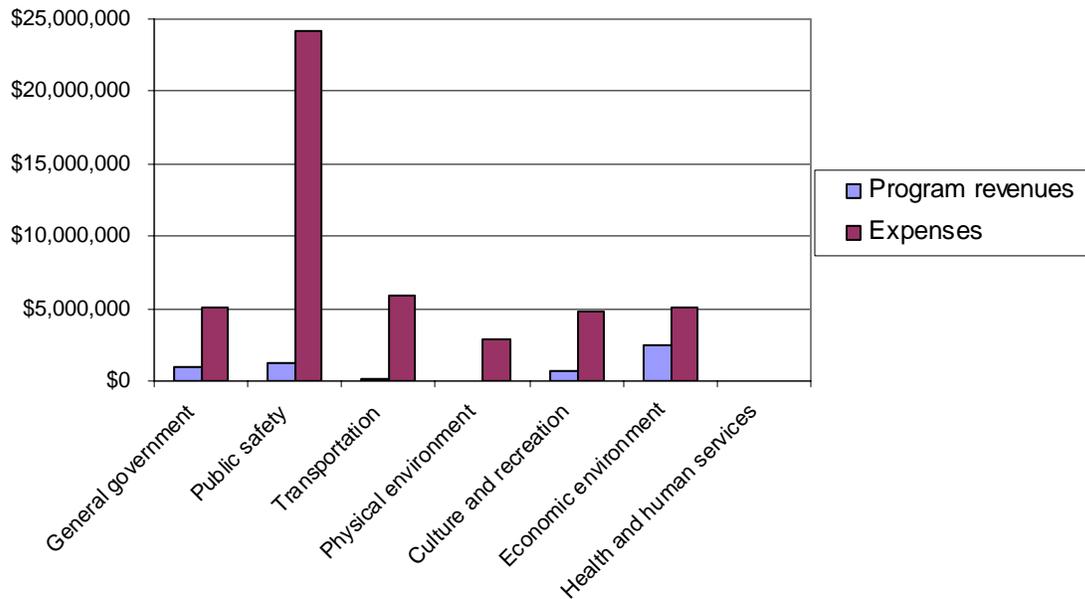
Governmental activity expenses increased by \$2.7 million, or 5.8%. Public safety expenditures increased by \$2.4 million, and most other governmental program expenditures increased from 2007.

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

Revenues by Source - Government Activities



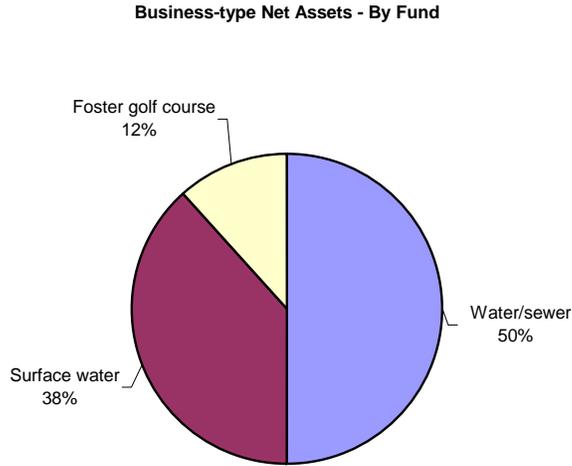
Program Revenues and Expenses - Governmental Activities



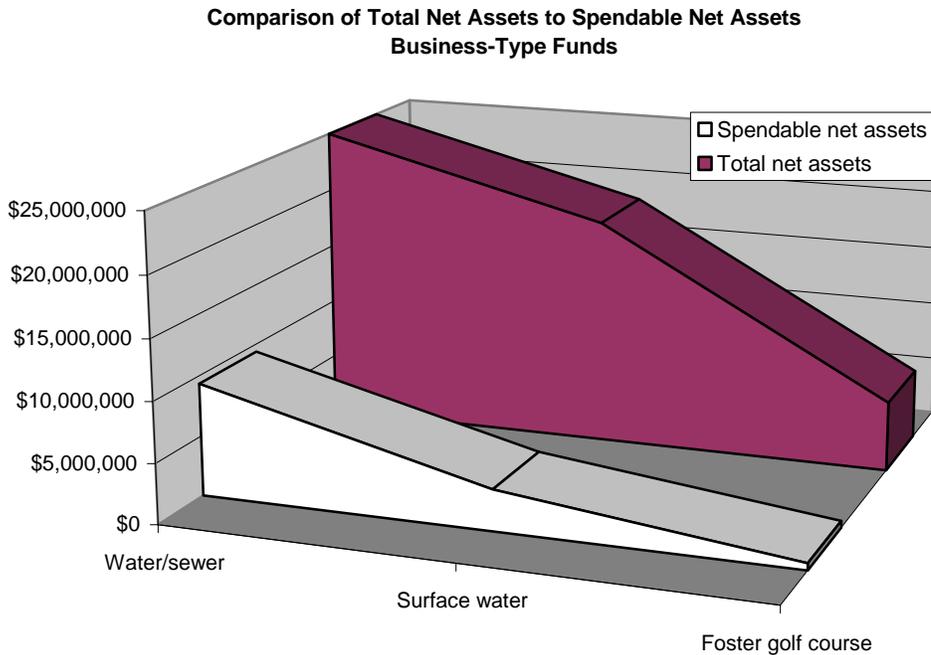
Business-type net assets increased by \$2.1 million during 2008. Key components of this increase include:

- \$756,400 of the increase relates to utility capital contributions related to infrastructure contributed to the City by developers.
- Income before capital contributions and transfers amounted to:
 - Water/sewer fund: \$ 1,561,204
 - Foster golf course fund: 117,389
 - Surface water fund: 1,002,903
 - \$ 2,681,496
- Transfers-out totaled \$1,383,774.

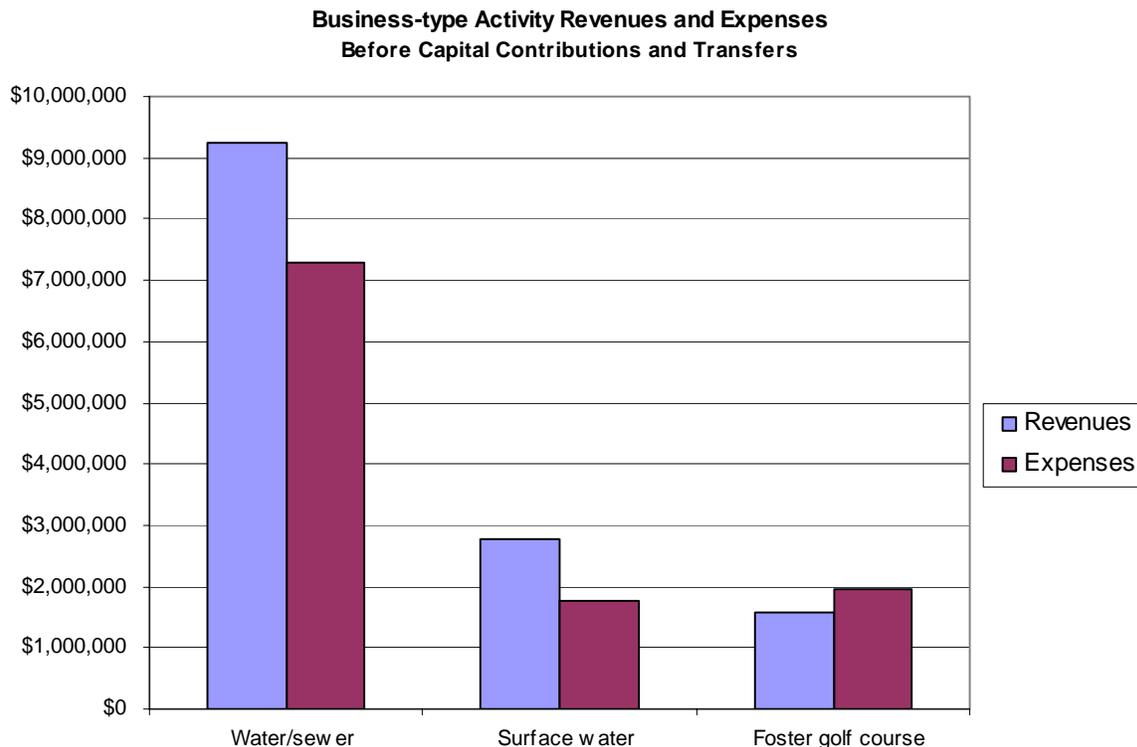
Below is a chart that shows the relative net asset balances for each business-type fund:



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



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



Financial Analysis of Governmental Funds

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

As of December 31, 2008, the City's governmental funds had combined fund balances of \$28,729,337 a decrease of \$1,969,815 or 6.4%. This decrease is related to:

- General fund (\$2,812,083)
- Arterial street fund \$1,852,402
- Capital improvement projects funds (\$1,282,105)
- Other governmental funds \$271,971

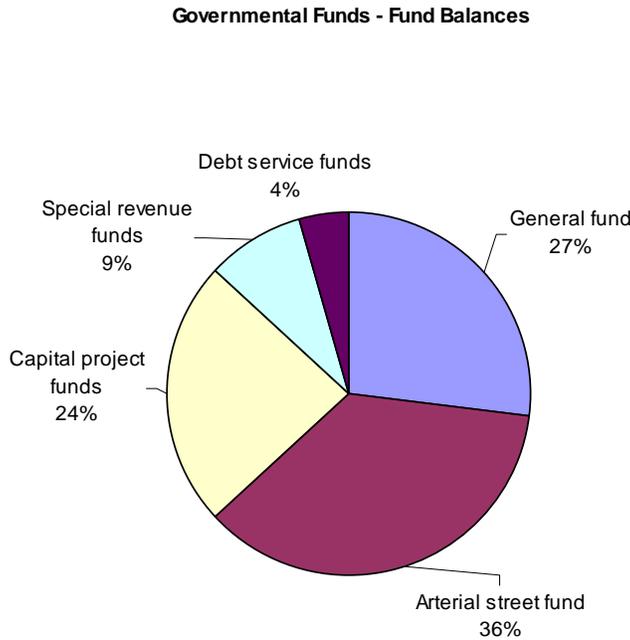
Of the government funds' total fund balances, \$28,711,537 is unreserved. Of this unreserved total, \$6,831,634 is earmarked for capital projects, \$12,943,487 is in special revenue funds and is earmarked for specific purposes, and \$1,248,901 is in debt service funds dedicated for debt repayment.

The general fund is the primary operating fund of the City. All receipts and payments of ordinary City operations are processed through it unless they are required to be accounted for in another fund. At the end of 2008, the general fund had a fund balance of \$7,705,315, of which substantially all is unreserved.

Other funds that had significant fund balances include:

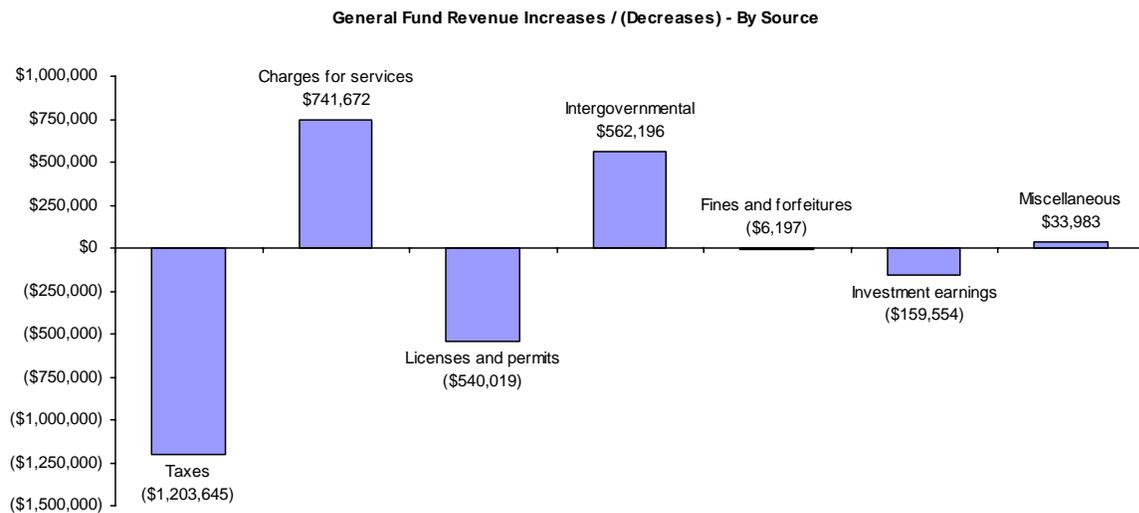
- \$10,406,546 in the arterial street special revenue fund; used for various transportation improvement projects.
- \$3,946,582 in the land acquisition, recreation and park development fund; used for acquisition, development and construction of park facilities.
- \$2,088,875 in the facility replacement fund; used for the replacement of existing general government facilities.

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



The decrease in the general fund balance of \$2,812,083 can be attributed to budgeted use of fund balance for general government program expenses, totaling \$1,878,061, in addition to a variance in sales tax revenue of \$1,031,112 compared to budget. General fund operating expenditures increased by \$4.3 million from 2007. The increase relates to overall salary and benefit cost increases including a \$3.0 million increase in expenditures for public safety for general salary and staffing increases.

The general fund revenue decrease of \$571,565 came from the following sources:



The increase of \$1,852,402 in the arterial street fund is due to sales tax and REET receipts in excess of project expenditures.

Other significant changes in fund balances include:

- The fire equipment cumulative reserve fund increased by \$304,400 due to transfers and revenue in excess of budgeted expenditures.
- The facility replacement capital projects fund decreased by \$676,264 due to sales tax and other revenue receipts in excess of capital outlays.

Financial Analysis of Proprietary Funds

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

General Fund Budgetary Highlights

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

Budgeted general fund balances decreased for the following reasons:

Transfer out to Equipment Rental fund for SWAT vehicle	\$ 160,000
Increase in General Government for non-capital expenditures	530,000
Decrease in Physical Environment for non-capital expenditures	(100,000)
Decrease in Economic Environment for non-capital expenditures	(55,000)
Decrease in Culture and Recreation for non-capital expenditures	(51,000)
Decrease in Capital Outlays	<u>(324,000)</u>
	<u>\$ 160,000</u>

The changes above related to capital expenditures are due to amounts previously budgeted as capital outlay that were below the City's capitalization threshold, as discussed in Note 1 to the financial statements. These amounts were moved to non-capital line items, such as minor equipment and tools, and supplies.

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

- Sales tax revenue was \$1,250,064 less than what was budgeted. This reflected a general decrease in economic activity in the City and the region in the second half of 2008.
- Excise taxes were \$221,234 less than budget, primarily due to a decline in gambling activity in 2008.
- Licenses and permits were \$342,150 less than budget due to a decline in construction and tenant improvement activity in 2008.
- The City spent \$366,884 more than budgeted for overtime.
- Office and operating supply expenditures exceed budget by \$171,983.
- Professional services expenditures were \$654,220 more than budgeted.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2008 totaled \$210.4 million (net of accumulated depreciation), an increase of \$1.8 million from 2007. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and other infrastructure.

Major capital asset changes during the year include:

- Various repair and overlay projects to the City's major arterials totaled \$994,011.
- The South 144th Project (42nd Ave. S. - Military Road) amounted to \$2.765 million.
- The Boeing Access Road/East Marginal Way Intersection Paving Project amounted to \$593,246.
- The Southcenter Blvd. Water Main Project amounted to \$979,340.
- Acquisition of land for Duwamish Gardens totaled \$1.979 million.
- Completion of Macadam Winter Garden totaled \$407,602.
- Completion of Water Spray Park amounted to \$241,235.
- Completion of Fort Dent Park Playground equipment totaled \$175,221.

A summary of the City's net assets follows:

Summary of Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/08	As of 12/31/07	As of 12/31/08	As of 12/31/07	As of 12/31/08	As of 12/31/07
Land	\$ 38,918,823	\$ 35,901,461	\$ 1,907,416	\$ 1,907,416	\$ 40,826,239	\$ 37,808,877
Buildings	15,018,864	15,495,904	9,007,157	9,306,419	24,026,021	24,802,323
Other Improvements	5,081,763	4,734,374	40,737,818	39,984,101	45,819,581	44,718,475
Machinery and Equipment	6,542,435	5,518,517	1,054,136	1,182,559	7,596,571	6,701,076
Infrastructure	82,790,025	81,653,216	-	-	82,790,025	81,653,216
Construction in Progress	8,186,944	10,617,808	1,135,477	2,308,145	9,322,421	12,925,953
Total	<u>\$156,538,854</u>	<u>\$153,921,280</u>	<u>\$ 53,842,004</u>	<u>\$ 54,688,641</u>	<u>\$210,380,858</u>	<u>\$208,609,921</u>

More detailed information on capital assets is provided in note 6.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$25,678,000. Of this amount, \$20,513,000 is general obligation bonds, and \$5,165,000 is revenue bonds for the water/sewer and surface water utilities. The City currently maintains a rating of A1 with Moody's for its general obligation debt.

The following schedule summarizes the City's bonded debt:

Summary of bonded debt

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/08	As of 12/31/07	As of 12/31/08	As of 12/31/07	As of 12/31/08	As of 12/31/07
General obligation bonds	\$ 16,870,500	\$ 17,922,500	\$ 3,642,500	\$ 4,102,500	\$ 20,513,000	\$ 22,025,000
Revenue bonds	-	-	5,165,000	5,525,000	5,165,000	5,525,000
	<u>\$ 16,870,500</u>	<u>\$ 17,922,500</u>	<u>\$ 8,807,500</u>	<u>\$ 9,627,500</u>	<u>\$ 25,678,000</u>	<u>\$ 27,550,000</u>

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

Other Long-term Debt

Public Works Trust Fund loans	\$	9,021,951
Employee leave benefits		<u>2,734,217</u>
	\$	<u>11,756,168</u>

Economic Factors

The outlook for 2009 is positive despite the recession that the region and nation are currently experiencing. The City of Tukwila has a small residential population, yet the City works hard to serve the regional economy and has become an economic powerhouse providing jobs and revenue for the region and State. Three major pending developments will have significant positive impacts on the future of Tukwila's economy:

- Southcenter Area – Near Interstate 405 and Interstate 5, between Westfield Southcenter Shopping Center and the Sounder commuter rail station. This major rezone will allow multi-family residential and mixed-use urban form development.
- Tukwila Village - On two corners at Tukwila International Boulevard and South 144th. This will include a 10,000 square foot library, 300 apartments, 50,000 square feet of retail and an outdoor plaza.
- Tukwila South - This project includes a rezone and extension of Southcenter Parkway. Will allow up to 10 million square feet of redevelopment and new development, with an emphasis on office and research and development. It also allows retail and residential development.

Requests for Information

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City presents two government-wide financial statements:

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

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



CITY OF TUKWILA, WASHINGTON
STATEMENT OF NET ASSETS
 DECEMBER 31, 2008

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
CASH AND CASH EQUIVALENTS (Note 3)	\$ 27,565,108	\$ 8,428,759	\$ 35,993,867
INVESTMENTS (Note 3)	6,649,470	3,361,624	10,011,094
RECEIVABLES:			
TAXES (Note 4)	3,223,172	76,369	3,299,541
CUSTOMER ACCOUNTS	366,693	721,111	1,087,804
INTEREST ON INVESTMENTS	38,118	19,278	57,396
DUE FROM OTHER GOVERNMENTAL UNITS (Note 4)	1,495,536	86,150	1,581,686
INVENTORY OF MATERIALS AND SUPPLIES	594,701	529,382	1,124,083
NET PENSION ASSET	248,421	-	248,421
INVESTMENT IN JOINT VENTURE (Note 7)	2,573,342	-	2,573,342
RESTRICTED ASSETS:			
CASH AND CASH EQUIVALENTS (Note 3)	-	594,312	594,312
NOTES RECEIVABLE	-	528,712	528,712
DEFERRED CHARGES	27,231	145,899	173,130
LAND AND CONSTRUCTION IN PROGRESS (Note 6)	47,105,768	3,042,893	50,148,661
DEPRECIABLE CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION): (Note 6)	109,433,085	50,799,111	160,232,196
PLANT ACQUISITION ADJUSTMENT (NET OF ACCUMULATED AMORTIZATION)	-	64,630	64,630
TOTAL ASSETS	199,320,645	68,398,231	267,718,876
LIABILITIES:			
ACCOUNTS PAYABLE	631,891	-	631,891
ACCRUED WAGES AND BENEFITS PAYABLE	1,249,988	87,782	1,337,770
DUE TO OTHER GOVERNMENTAL UNITS	-	616,554	616,554
ACCRUED INTEREST PAYABLE	63,225	103,432	166,657
REVENUES COLLECTED IN ADVANCE	184,335	-	184,335
OTHER CURRENT LIABILITIES	1,719,670	113,489	1,833,159
PAYABLE FROM RESTRICTED ASSETS:			
REVENUE BOND PRINCIPAL (Note 10)	-	593,703	593,703
DEPOSITS	3,250	138,863	142,113
UNEARNED REVENUE	295,347	-	295,347
BONDS AND OTHER DEBT PAYABLE:			
DUE WITHIN ONE YEAR (Note 10)	1,376,297	11,666	1,387,963
DUE IN MORE THAN ONE YEAR (Note 10)	18,047,710	16,886,404	34,934,114
UNFUNDED OTHER POST EMPLOYMENT BENEFITS (Note 9)	809,181	-	809,181
TOTAL LIABILITIES	24,380,894	18,551,893	42,932,786
NET ASSETS:			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	136,742,368	36,071,402	172,813,770
RESTRICTED NET ASSETS:			
CAPITAL PROJECTS	6,831,634	8,656	6,840,290
SPECIAL REVENUE FUND PROJECTS	11,640,011	-	11,640,011
DEBT SERVICE	1,248,901	430,444	1,679,345
UNRESTRICTED NET ASSETS	18,476,837	13,335,836	31,812,673
TOTAL NET ASSETS	\$ 174,939,751	\$ 49,846,338	\$ 224,786,090

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008

Page 1 of 2

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
FUNCTIONS / PROGRAMS:				
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 4,723,103	\$ 895,966	\$ 162,278	\$ -
PUBLIC SAFETY	24,147,992	1,184,530	329,267	-
TRANSPORTATION	5,864,297	130,637	40,051	706,390
PHYSICAL ENVIRONMENT	2,862,487	1,200	152,757	92,118
CULTURE AND RECREATION	4,797,856	711,542	37,985	1,484,083
ECONOMIC ENVIRONMENT	5,017,935	2,476,501	602,825	-
MENTAL AND PHYSICAL HEALTH	4,173	-	-	-
INTEREST ON LONG-TERM DEBT	1,844,224	-	-	-
	<u>49,262,067</u>	<u>5,400,376</u>	<u>1,325,163</u>	<u>2,282,592</u>
BUSINESS-TYPE ACTIVITIES:				
WATER/SEWER	7,293,362	8,621,909	-	633,415
SURFACE WATER	1,762,417	2,642,325	-	122,985
FOSTER GOLF COURSE	1,968,595	1,563,681	-	-
	<u>11,024,374</u>	<u>12,827,915</u>	<u>-</u>	<u>756,400</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 60,286,440</u>	<u>\$ 18,228,291</u>	<u>\$ 1,325,163</u>	<u>\$ 3,038,991</u>
GENERAL REVENUES:				
PROPERTY TAXES				
RETAIL SALES AND USE TAXES				
NATURAL GAS USE TAX				
HOTEL/MOTEL TAXES				
UTILITY TAXES				
BUSINESS TAXES				
EXCISE TAXES				
STATE ENTITLEMENTS				
UNRESTRICTED INVESTMENT EARNINGS				
GAIN (LOSS) ON SALE OF CAPITAL ASSETS				
TRANSFERS (Note 5)				
<u>TOTAL GENERAL REVENUES</u>				
<u>CHANGE IN NET ASSETS</u>				
NET ASSETS - BEGINNING				
<u>NET ASSETS - ENDING</u>				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (3,664,859)	\$ -	\$ (3,664,859)
(22,634,195)	-	(22,634,195)
(4,987,219)	-	(4,987,219)
(2,616,412)	-	(2,616,412)
(2,564,245)	-	(2,564,245)
(1,938,610)	-	(1,938,610)
(4,173)	-	(4,173)
(1,844,224)	-	(1,844,224)
<u>(40,253,937)</u>	<u>-</u>	<u>(40,253,937)</u>
-	1,961,962	1,961,962
-	1,002,893	1,002,893
-	(404,914)	(404,914)
-	2,559,941	2,559,941
<u>\$ (40,253,937)</u>	<u>\$ 2,559,941</u>	<u>\$ (37,693,996)</u>
\$ 11,656,979	\$ -	\$ 11,656,979
18,009,297	500,000	18,509,297
643,037	-	643,037
587,216	-	587,216
5,136,444	-	5,136,444
2,497,705	-	2,497,705
983,078	-	983,078
874,046	-	874,046
801,847	377,955	1,179,801
(186,663)	-	(186,663)
1,383,774	(1,383,774)	-
<u>42,386,760</u>	<u>(505,819)</u>	<u>41,880,941</u>
<u>2,132,823</u>	<u>2,054,122</u>	<u>4,186,945</u>
172,806,928	47,792,217	220,599,145
<u>\$ 174,939,751</u>	<u>\$ 49,846,338</u>	<u>\$ 224,786,090</u>

MAJOR GOVERNMENTAL FUNDS

General Fund

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

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

Arterial Street Fund

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

CITY OF TUKWILA, WASHINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	GENERAL FUND	ARTERIAL STREET	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 4,836,531	\$ 9,114,165	\$ 7,713,799	\$ 21,664,494
INVESTMENTS	2,955,447	674,086	1,567,004	5,196,537
RECEIVABLES:				
TAXES	2,346,837	448,046	428,289	3,223,172
CUSTOMER ACCOUNTS	366,693	-	-	366,693
INTEREST ON INVESTMENTS	9,318	7,510	8,710	25,537
DUE FROM OTHER GOVERNMENTAL UNITS	294,457	225,798	975,281	1,495,536
TOTAL ASSETS	\$ 10,809,282	\$ 10,469,604	\$ 10,693,083	\$ 31,971,969
LIABILITIES AND FUND BALANCES:				
ACCOUNTS PAYABLE	\$ 617,099	\$ 14,792	\$ -	\$ 631,891
ACCRUED WAGES & BENEFITS	1,213,196	3,607	15,739	1,232,542
RETAINAGE PAYABLE	-	-	10,028	10,028
REVENUES COLLECTED IN ADVANCE	184,335	-	-	184,335
OTHER CURRENT LIABILITIES	407,978	-	4,624	412,602
DEFERRED REVENUE	681,358	44,659	45,216	771,234
TOTAL LIABILITIES	3,103,966	63,058	75,607	3,242,632
FUND BALANCES:				
RESERVED FOR:				
IMPREST FUNDS	17,800	-	-	17,800
UNRESERVED, REPORTED IN:				
GENERAL FUND	7,687,515	-	-	7,687,515
SPECIAL REVENUE FUNDS	-	10,406,546	2,536,941	12,943,487
CAPITAL PROJECT FUNDS	-	-	6,831,634	6,831,634
DEBT SERVICE FUNDS	-	-	1,248,901	1,248,901
TOTAL FUND BALANCES	7,705,315	10,406,546	10,617,476	28,729,337
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,809,282	\$ 10,469,604	\$ 10,693,083	\$ 31,971,969

Total governmental fund balances as reported on this statement \$ 28,729,337

Amounts reported for governmental activities in the statement of net assets are different because:

The purchases method is used in Governmental Funds to account for Materials and Supplies - Inventory amount outstanding. 556,701

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.

Non-Depreciable Assets	\$ 46,957,631	
Depreciable Assets (Net)	<u>106,589,267</u>	153,546,898

The net pension asset resulting from contributions in excess of the annual required contribution in 2008 are not financial resources and therefore is not reported in the funds. 248,421

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. 2,573,342

Deferred revenue reported for property taxes that are current and prior year tax levies that were not collected and available to pay current year liabilities applicable to beginning net assets and current year revenues. 475,887

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Long Term Liabilities Due Within One Year	(1,376,297)	
Long Term Liabilities Due in More Than One Year	(18,047,710)	
Unfunded Other Post Employment Benefits	(809,181)	
Accrued Interest Payable	<u>(61,851)</u>	(20,295,039)

Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets. 9,104,204

Net assets of government activities as reported on the statement of net assets \$ 174,939,751

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	GENERAL FUND	ARTERIAL STREET	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
TAXES	\$ 30,456,862	\$ 3,261,527	\$ 3,694,180	\$ 37,412,569
LICENSES AND PERMITS	2,022,851	-	-	2,022,851
INTERGOVERNMENTAL	2,587,088	838,272	2,272,238	5,697,598
CHARGES FOR SERVICES	2,569,381	-	-	2,569,381
FINES AND FORFEITURES	259,991	-	-	259,991
INVESTMENT EARNINGS	328,698	271,250	326,966	926,913
MISCELLANEOUS	677,521	61,845	76,689	816,054
TOTAL REVENUES	38,902,391	4,432,894	6,370,073	49,705,358
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	7,992,286	-	-	7,992,286
SECURITY OF PERSONS AND PROPERTY	22,878,689	-	-	22,878,689
PHYSICAL ENVIRONMENT	2,042,037	-	213,843	2,255,880
TRANSPORTATION	2,462,190	320,887	-	2,783,077
ECONOMIC ENVIRONMENT	3,624,883	-	1,370,631	4,995,514
MENTAL AND PHYSICAL HEALTH	4,173	-	-	4,173
CULTURE AND RECREATION	4,293,658	-	-	4,293,658
DEBT SERVICE:				
PRINCIPAL	-	-	972,000	972,000
INTEREST AND OTHER COSTS	-	-	872,224	872,224
CAPITAL OUTLAY	226,133	1,667,947	4,195,623	6,089,703
TOTAL EXPENDITURES	43,524,048	1,988,834	7,624,321	53,137,203
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,621,657)	2,444,059	(1,254,248)	(3,431,845)
OTHER FINANCING SOURCES (USES):				
SALES OF CAPITAL ASSETS	53,592	-	-	53,592
TRANSFERS IN (Note 5)	2,215,982	-	300,000	2,515,982
TRANSFERS OUT (Note 5)	(460,000)	(591,657)	(55,886)	(1,107,543)
GENERAL OBLIGATION REFUNDING BONDS ISSUED	-	-	6,180,000	6,180,000
PREMIUM ON GENERAL OBLIGATION REFUNDING DEBT	-	-	483,599	483,599
ISSUANCE COSTS ON GENERAL OBLIGATION REFUNDING DEBT	-	-	(108,326)	(108,326)
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	-	(6,555,273)	(6,555,273)
TOTAL OTHER FINANCING SOURCES AND USES	1,809,574	(591,657)	244,114	1,462,031
NET CHANGE IN FUND BALANCES	(2,812,083)	1,852,402	(1,010,134)	(1,969,814)
FUND BALANCES - BEGINNING	10,517,398	8,554,144	11,627,610	30,699,152
FUND BALANCES - ENDING	\$ 7,705,315	\$ 10,406,546	\$ 10,617,476	\$ 28,729,338

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

CITY OF TUKWILA, WASHINGTON
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**
 FOR THE YEAR ENDED DECEMBER 31, 2008

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ (1,969,814)
Amount reported as change in net assets in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:	
Capital Outlay	\$ 6,401,663
Depreciation Expense	<u>(4,602,848)</u>
Excess of Capital Outlay and Donations Over Depreciation Expense	1,798,815
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	818,758
The net pension asset (negative net pension obligation) amortization amount in 2008 is not a financial resource and therefore not reported in the funds.	47,858
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.	144,387
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:	
Bond Principal Retirement	972,000
Issuance of long-term debt is reported as revenue in governmental funds, but the issuance increases long-term liabilities in the statement of net assets.	
Proceeds from Issuance of Bonds for Refunding	\$ (6,180,000)
Payment to Refunded Bond Escrow Agent	<u>6,260,000</u>
	80,000
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	961,752
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 increased by this amount this year.	255,916
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:	
Net Decrease in Materials and Supplies	\$ (1,062)
Net Decrease in Accrued Interest	10,758
Increase in Compensated Absences	(184,249)
Increase in Unfunded Other Post Employment Benefits	(809,181)
Amortization of Bond Discount and Deferred Charges	(20,627)
Amortization of Bond Premiums	<u>27,512</u>
Total Additional Expense (Increase) Decrease	(976,849)
Change in net assets on the Statement of Activities	<u>\$ 2,132,823</u>

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 31,424,000	\$ 31,424,000	\$ 30,456,862	\$ (967,138)
LICENSES AND PERMITS	2,385,000	2,385,000	2,022,851	(362,149)
INTERGOVERNMENTAL	3,618,200	3,618,200	2,587,088	(1,031,112)
CHARGES FOR SERVICES	2,471,400	2,471,400	2,569,381	97,981
FINES AND FORFEITURES	215,000	215,000	259,991	44,991
INVESTMENT EARNINGS	325,000	325,000	328,698	3,698
MISCELLANEOUS	472,000	472,000	472,521	205,521
TOTAL REVENUES	40,910,600	40,910,600	38,902,391	(2,008,209)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	7,516,634	8,046,634	7,992,286	54,348
PUBLIC SAFETY	22,597,644	22,597,644	22,878,689	(281,045)
PHYSICAL ENVIRONMENT	2,361,255	2,261,255	2,042,037	219,218
TRANSPORTATION	2,513,197	2,513,197	2,462,190	51,007
ECONOMIC ENVIRONMENT	3,475,041	3,420,041	3,624,883	(204,842)
MENTAL & PHYSICAL HEALTH	4,000	4,000	4,173	(173)
CULTURE AND RECREATION	4,559,336	4,508,336	4,293,658	214,678
CAPITAL OUTLAY	1,522,536	1,198,536	226,133	972,403
TOTAL EXPENDITURES	44,549,643	44,549,643	43,524,048	1,025,595
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,639,043)	(3,639,043)	(4,621,657)	(982,614)
OTHER FINANCING SOURCES (USES):				
SALES OF CAPITAL ASSETS	5,000	5,000	53,592	48,592
TRANSFERS IN (Note 5)	2,215,982	2,215,982	2,215,982	-
TRANSFERS OUT (Note 5)	(300,000)	(460,000)	(460,000)	-
TOTAL OTHER FINANCING SOURCES AND USES	1,920,982	1,760,982	1,809,574	48,592
NET CHANGE IN FUND BALANCES	(1,718,061)	(1,878,061)	(2,812,083)	(934,022)
FUND BALANCES - BEGINNING	10,517,398	10,517,398	10,517,398	-
FUND BALANCES - ENDING	\$ 8,799,337	\$ 8,639,337	\$ 7,705,315	\$ (934,022)

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ARTERIAL STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 3,430,000	\$ 3,430,000	\$ 3,261,527	\$ (168,473)
INTERGOVERNMENTAL	8,236,520	8,236,520	838,272	(7,398,248)
INVESTMENT EARNINGS	200,000	200,000	271,250	71,250
MISCELLANEOUS	7,801,000	7,801,000	61,845	(7,739,155)
TOTAL REVENUES	19,667,520	19,667,520	4,432,894	(15,234,626)
EXPENDITURES:				
CURRENT:				
TRANSPORTATION	-	-	320,887	(320,887)
CAPITAL OUTLAY	21,393,917	21,393,917	1,667,947	19,725,970
TOTAL EXPENDITURES	21,393,917	21,393,917	1,988,834	19,405,083
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(1,726,397)	(1,726,397)	2,444,059	4,170,456
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	(591,657)	(591,657)	(591,657)	-
TOTAL OTHER FINANCING SOURCES AND USES	(591,657)	(591,657)	(591,657)	-
NET CHANGE IN FUND BALANCES	(2,318,054)	(2,318,054)	1,852,402	4,170,456
FUND BALANCES - BEGINNING	8,554,144	8,554,144	8,554,144	-
FUND BALANCES - ENDING	\$ 6,236,090	\$ 6,236,090	\$ 10,406,546	\$ 4,170,456

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



MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

Water/Sewer Utility Fund

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

Foster Golf Course Fund

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

Surface Water Utility Fund

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
 DECEMBER 31, 2008

	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS:					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 6,403,568	\$ 80,801	\$ 1,944,390	\$ 8,428,759	\$ 5,900,615
INVESTMENTS	1,680,537	252,254	1,428,833	3,361,624	1,452,932
RECEIVABLES:					
TAXES	-	76,369	-	76,369	-
CUSTOMER ACCOUNTS	638,066	-	83,046	721,111	-
INTEREST ON INVESTMENTS	12,089	1,083	6,106	19,278	12,580
DUE FROM OTHER GOVERNMENTAL UNITS	11,180	-	74,970	86,150	-
INVENTORY OF MATERIALS AND SUPPLIES	230,418	251,526	47,438	529,382	38,000
CURRENT ASSETS RESTRICTED:					
CASH AND CASH EQUIVALENTS	99,815	64,053	-	163,868	-
DEFERRED CHARGES	-	-	-	-	27,231
TOTAL CURRENT ASSETS	9,075,672	726,086	3,584,783	13,386,542	7,431,358
NONCURRENT ASSETS:					
RESTRICTED CASH, BOND RESERVES	393,547	-	36,897	430,444	-
NOTES RECEIVABLE	528,712	-	-	528,712	-
DEFERRED CHARGES	63,476	73,768	8,656	145,899	-
CAPITAL ASSETS:					
LAND	156,872	1,609,575	140,969	1,907,416	-
BUILDINGS AND EQUIPMENT	3,606,095	6,617,674	909,455	11,133,224	-
OTHER IMPROVEMENTS	31,045,312	3,421,051	28,345,157	62,811,519	-
MACHINERY AND EQUIPMENT	2,135,938	205,372	48,247	2,389,557	8,461,082
CONSTRUCTION IN PROGRESS	494,466	-	641,011	1,135,477	-
LESS: ACCUMULATED DEPRECIATION	(12,848,887)	(2,991,718)	(9,694,584)	(25,535,189)	(5,469,127)
TOTAL CAPITAL ASSETS (NET OF A/D)	24,589,796	8,861,954	20,390,255	53,842,004	2,991,955
PLANT ACQUISITION ADJUSTMENT (NET OF ACCUMULATED AMORTIZATION)	64,630	-	-	64,630	-
TOTAL NONCURRENT ASSETS	25,640,160	8,935,722	20,435,808	55,011,690	2,991,955
TOTAL ASSETS	34,715,833	9,661,808	24,020,591	68,398,231	10,423,313
LIABILITIES:					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE	11,145	-	77,343	88,489	-
ACCRUED WAGES AND BENEFITS	34,407	29,528	23,846	87,782	17,446
DUE TO OTHER GOVERNMENTAL UNITS	287,341	-	329,214	616,554	-
ACCRUED INTEREST PAYABLE	77,178	13,088	13,166	103,432	-
OTHER CURRENT LIABILITIES	-	-	-	-	1,301,664
REVENUE BOND PRINCIPAL DEPOSITS	361,200	218,703	13,800	593,703	-
DEPOSITS	99,815	39,048	-	138,863	-
TOTAL CURRENT LIABILITIES	871,086	300,367	457,370	1,628,823	1,319,110
NONCURRENT LIABILITIES:					
REVENUE BONDS PAYABLE (NET OF UNAMORTIZED PREMIUMS)	4,506,673	3,451,324	348,930	8,306,928	-
COMPENSATED ABSENCES	85,840	65,203	48,037	199,080	-
OTHER LONG-TERM LIABILITIES	4,266,745	11,666	4,138,652	8,417,062	-
TOTAL NONCURRENT LIABILITIES	8,859,258	3,528,193	4,535,619	16,923,070	-
TOTAL LIABILITIES	9,730,344	3,828,560	4,992,989	18,551,893	1,319,110
NET ASSETS:					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	15,231,312	5,265,694	15,574,396	36,071,402	2,991,955
RESTRICTED FOR:					
CAPITAL PROJECTS	-	-	8,656	8,656	-
DEBT SERVICE	393,547	-	36,897	430,444	-
UNRESTRICTED	9,360,629	567,553	3,407,653	13,335,836	6,112,248
TOTAL NET ASSETS	\$ 24,985,488	\$ 5,833,248	\$ 19,027,602	\$ 49,846,338	\$ 9,104,203

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
CHARGES FOR SERVICES	\$ 8,603,765	\$ 1,561,441	\$ 2,540,179	\$ 12,705,385	\$ 7,609,968
INTERGOVERNMENTAL	-	-	102,147	102,147	-
OTHER OPERATING REVENUE	18,143	2,240	-	20,383	2,459
TOTAL OPERATING REVENUES	8,621,909	1,563,681	2,642,325	12,827,915	7,612,427
OPERATING EXPENSES:					
OPERATIONS & MAINTENANCE	5,701,671	1,303,050	960,206	7,964,926	5,976,464
ADMINISTRATIVE AND GENERAL	136,436	-	141,295	277,731	1,631
TAXES	261,188	7,077	32,370	300,634	-
DEPRECIATION AND AMORTIZATION	953,552	319,265	590,839	1,863,656	710,410
TOTAL OPERATING EXPENSES	7,052,846	1,629,392	1,724,709	10,406,948	6,688,506
OPERATING INCOME (LOSS)	1,569,062	(65,711)	917,616	2,420,967	923,922
NON-OPERATING REVENUE (EXPENSE):					
TAXES	-	500,000	-	500,000	-
INVESTMENT EARNINGS	232,657	22,303	122,995	377,955	203,478
INTEREST EXPENSE	(243,167)	(172,317)	(36,087)	(451,571)	-
SALE OF CAPITAL ASSETS	-	-	-	-	170,976
AMORTIZATION OF BOND PREMIUM	10,797	1,845	353	12,996	-
AMORTIZATION OF BOND DISCOUNT	(6,093)	-	-	(6,093)	-
BOND ISSUE COSTS	(2,052)	(4,945)	(1,974)	(8,971)	-
BAD DEBT EXPENSE	-	(163,785)	-	(163,785)	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	(7,858)	183,100	85,288	260,529	374,454
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	1,561,204	117,389	1,002,903	2,681,496	1,298,375
CAPITAL CONTRIBUTIONS	633,415	-	122,985	756,400	-
TRANSFERS IN (Note 5)	-	-	-	-	160,000
TRANSFERS OUT (Note 5)	(1,024,163)	(12,149)	(347,462)	(1,383,774)	(184,665)
CHANGE IN NET ASSETS	1,170,456	105,240	778,426	2,054,122	1,273,710
TOTAL NET ASSETS BEGINNING OF YEAR	23,815,032	5,728,008	18,249,176	47,792,217	7,830,493
TOTAL NET ASSETS END OF YEAR	\$ 24,985,488	\$ 5,833,248	\$ 19,027,602	\$ 49,846,338	\$ 9,104,203

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

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	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENT ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM USERS	\$ 8,457,849	\$ 1,446,685	\$ 2,577,954	\$ 12,482,489	\$ 7,609,968
CASH PAID TO SUPPLIERS	(4,860,369)	(253,843)	(278,829)	(5,393,040)	(5,530,258)
CASH PAID FOR TAXES	(261,188)	(7,077)	(32,370)	(300,635)	-
CASH PAID FOR INVENTORY	(9,983)	(151,472)	-	(161,455)	(69,767)
CASH PAID TO EMPLOYEES	(965,245)	(942,124)	(737,961)	(2,645,330)	(397,333)
OTHER CASH RECEIVED (PAID)	-	-	-	-	456,456
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,361,066	92,169	1,528,794	3,982,029	2,069,065
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
SALES AND LEASEHOLD EXCISE TAXES RECEIVED	-	500,000	-	500,000	-
TRANSFERS IN	-	-	-	-	160,000
TRANSFERS OUT	(1,024,163)	(12,149)	(347,462)	(1,383,774)	(184,665)
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	(1,024,163)	487,851	(347,462)	(883,774)	(24,665)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
PROCEEDS FROM SALE OF EQUIPMENT	-	-	5,872	5,872	36,227
PURCHASE OF CAPITAL ASSETS	(448,433)	(42,060)	(530,245)	(1,020,738)	(1,022,370)
CONTRIBUTED CAPITAL	633,415	-	122,985	756,400	-
PROCEEDS FROM INSURANCE SETTLEMENT	-	-	-	-	134,749
PREMIUM & BOND ISSUANCE COSTS	10,797	(302)	-	10,494	-
PRINCIPAL PAYMENT ON DEBT	(388,045)	(493,920)	(310,225)	(1,192,190)	-
INTEREST PAYMENT ON DEBT	(288,211)	(173,247)	(41,469)	(502,927)	-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(480,477)	(709,529)	(753,082)	(1,943,088)	(851,394)
CASH FLOW FROM INVESTING ACTIVITIES:					
PROCEEDS FROM SALE OF INVESTMENTS	2,615,665	248,806	2,750,000	5,614,471	2,355,810
PURCHASE OF INVESTMENTS	(1,718,714)	(250,000)	(3,416,000)	(5,384,714)	(2,468,092)
INTEREST RECEIVED	247,651	20,627	125,696	393,974	204,531
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	1,144,602	19,433	(540,304)	623,731	92,248
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,001,027	(110,076)	(112,054)	1,778,897	1,285,255
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	4,895,903	254,930	2,093,341	7,244,174	4,615,359
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 6,896,930	\$ 144,854	\$ 1,981,287	\$ 9,023,071	\$ 5,900,614
CASH AT END OF YEAR CONSISTS OF:					
CASH AND CASH EQUIVALENTS	\$ 6,403,568	\$ 80,801	\$ 1,944,390	\$ 8,428,759	\$ 5,900,614
RESTRICTED CASH-BOND PAYMENTS	99,815	64,053	36,897	200,765	-
RESTRICTED CASH-CUSTOMER DEPOSITS	393,547	-	-	393,547	-
TOTAL CASH	\$ 6,896,930	\$ 144,854	\$ 1,981,287	\$ 9,023,071	\$ 5,900,614

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

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	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENT ACTIVITIES INTERNAL SERVICE FUNDS
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	\$ 1,569,062	\$ (65,711)	\$ 917,616	\$ 2,420,966	\$ 923,921
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION	953,552	319,265	590,839	1,863,656	710,410
ASSET (INCREASES) DECREASES :					
ACCOUNTS RECEIVABLE	(249,956)	(89,953)	(12,076)	(351,985)	-
MISCELLANEOUS A/R-REVENUE	(11,179)	(7,827)	(52,295)	(71,301)	(27,231)
INVENTORY	(9,983)	(25,980)	5,922	(30,041)	2,000
LIABILITY INCREASES (DECREASES) :					
ACCOUNTS & VOUCHERS PAYABLE	957	-	77,344	78,301	459,966
DEPOSITS PAYABLE	97,517	(19,216)	2,020	80,321	-
WAGES & BENEFITS PAYABLE	1,687	2,244	-	3,931	-
COMPENSATED ABSENCES PAYABLE	9,409	(20,653)	(576)	(11,820)	-
TOTAL ADJUSTMENTS	792,004	157,880	611,178	1,561,062	1,145,145
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,361,066	\$ 92,169	\$ 1,528,794	\$ 3,982,029	\$ 2,069,065
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
CAPITAL ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	\$ 348,430	\$ -	\$ 122,985	\$ 471,415	\$ -
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	11,537	-	12,833	24,370	9,440
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ 359,967	\$ -	\$ 135,818	\$ 495,785	\$ 9,440

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



FIDUCIARY FUNDS

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

Firemen's Pension Trust Fund

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
 DECEMBER 31, 2008

		FIREMEN'S PENSION TRUST FUND
ASSETS:		
CASH AND CASH EQUIVALENTS	\$	1,371,882
INVESTMENTS		73,080
RECEIVABLES:		
INTEREST		44
TOTAL ASSETS		1,445,006
 NET ASSETS:		
HELD IN TRUST FOR PENSION BENEFITS		
AND OTHER PURPOSES	\$	1,445,006

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	FIREMEN'S PENSION TRUST FUND
ADDITIONS:	
FIRE INSURANCE PREMIUM TAXES	\$ 52,571
INVESTMENT EARNINGS	41,963
TOTAL ADDITIONS	94,534
DEDUCTIONS:	
BENEFIT PAYMENTS	47,451
ADMINISTRATIVE EXPENSES	1,841
TOTAL DEDUCTIONS	49,292
CHANGE IN NET ASSETS	45,242
NET ASSETS - BEGINNING	1,399,764
NET ASSETS - ENDING	\$ 1,445,006

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



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. The Reporting Entity

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

There were no component units meeting any of these criteria during 2008. See Note 7, Joint Ventures, for a discussion of the Valley Communications Center, which is a joint public safety dispatching authority for five member cities. Also, see Note 15, Risk Management, for a 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. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. Fund Accounting

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

Governmental Funds

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

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.

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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to the City's customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. As described below, there are two generic fund types in this category.

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

The City's Enterprise Funds account for utility and recreation operations which are self-supported through user charges. The utilities are financed and operated like a private business enterprise which requires periodic determination of revenues earned, expenses incurred, and net income for capital maintenance, public policy, management control and accountability. The City's major enterprise funds are as follows:

- 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 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.

Fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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.

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, biennial budgets are adopted for the general fund and special revenue funds. For governmental funds, there are no substantial differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for biannually budgeted governmental funds only. Budgets established for proprietary and fiduciary funds are "management budgets" and are not legally required to be reported and, as such, are not reported in the CAFR.

The biennial appropriated budgets are adopted at the 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. Any unexpended appropriation balances lapse at the end of the year.

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

- 1) Prior to November 1 on even numbered years, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceeding 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. 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.

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

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

Investments

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

Notes Receivable

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

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Inventories

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

Deferred Charges

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

Capital Assets and Depreciation

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

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

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

<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”.

Risk Management and Risk Retention

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

The City of Tukwila is a member of the Washington Cities Insurance Authority (WCIA) as of January 1, 1984. The WCIA is an organization of Washington municipal entities numbering 115 as of December 31, 2008. WCIA provides pooled self-insurance coverage for general liability, vehicle liability, false arrest, and errors and omissions. See Note 15 for additional information.

H. Changes in Accounting Standards

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

In 2008, the City implemented the following Government Accounting Standards Board (GASB) statements:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards of accounting and

reporting for other postemployment benefits (OPEB) expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of state and local governmental employers.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

Cash and Cash Equivalents

At year-end, the carrying amount of the City's bank balance was \$6,063,000. Of the bank balance, \$250,000 was covered by Federal depository insurance and the Washington State Public Depository Protection Commission insured the remainder. The City also maintains imprest funds totaling \$14,100. The City participates in the State Treasurer's Investment Pool, which is a 2a7-like unrated pool, overseen by the State Treasurer's Office. The fair value of the City's position in the pool is the same as the value of the pool shares. Because of its highly liquid nature, the Pool funds are considered cash equivalents.

Deposits and Investments

The City's investment portfolio includes Federal Home Loan Bank (FHLB) bonds, Federal National Mortgage Association (FNMA) notes, Federal Farm Credit Bureau (FFCB) 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.

At December 31, 2008, the City had the following deposits and investments:

	Call Date	Maturity Date	Credit Rating	Total
FNMA note	04/28/2009	04/28/2010	AAA/Aaa	\$ 2,015,000
FNMA note	06/24/2009	12/24/2010	AAA/Aaa	1,013,750
FNMA note	06/25/2009	06/25/2010	AAA/Aaa	941,920
FFCB note	12/15/2009	12/15/2011	AAA/Aaa	3,032,813
FHLMC note	02/04/2009	02/04/2011	AAA/Aaa	3,007,611
			Total Investments	<u>\$ 10,011,094</u>

	Unrestricted	Restricted	Total
Cash and Cash Equivalents:			
Depository accounts	\$ 3,303,387	\$ 203,312	\$ 3,506,700
Cash on hand	19,100	-	19,100
Local Government Investment Pool	32,671,380	391,000	33,062,380
Total cash and cash equivalents	35,993,867	594,312	36,588,180
Investments:			
Federal National Mortgage Association notes	3,970,670	-	3,970,670
Federal Farm Credit Bureau note	3,032,813	-	3,032,813
Federal Home Loan Mortgage Corporation note	3,007,611	-	3,007,611
Total investments	10,011,094	-	10,011,094
Total Cash, Cash Equivalents, and Investments	\$ 46,004,960	\$ 594,312	\$ 46,599,273

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

- 1) At the time of investment, a minimum of fifty percent (50%) of the cash and investment 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. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes and the City's investment policy limit the types of securities authorized for investment by the City. The principal governing statutes are RCW 39.59 and RCW 39.60. The Finance Director may further restrict eligible investments by this policy at his/her discretion. Authorized investments include (but are not limited to):

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

As of December 31, 2008, 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. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City of Tukwila diversifies its investments by security type and Institution as described below:

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

NOTE 4 – RECEIVABLES

Property Taxes Receivable

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

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

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

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

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

For 2008, the City's general tax levy was \$2.56911 per each \$1,000 of assessed valuation. Total assessed valuation for 2007 was \$4,450,243,674 and was the basis for the 2008 assessments. Actual 2008 general levy property taxes collected were \$11,656,979.

Intergovernmental Grants and Entitlements

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

NOTE 5 – INTERFUND TRANSACTIONS

Interfund transactions are classified as follows:

- 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, 2008. Interfund transfers were as follows:

Government and Internal Service Funds:	General Fund	Other Government Funds	Internal Service Funds	Total
Transfers In	\$ 2,215,982	\$ 300,000	\$ 160,000	\$ 2,675,982
Transfers (Out)	(460,000)	(647,543)	(184,665)	(1,292,208)
Net Transfers In (Out)	\$ 1,755,982	\$ (347,543)	\$ (24,665)	\$ 1,383,774

Proprietary Funds:	Water/Sewer Utility	Surface Water Utility	Foster Golf Course	Total
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers (Out)	(1,024,163)	(347,462)	(12,149)	(1,383,774)
Net Transfers In (Out)	\$ (1,024,163)	\$ (347,462)	\$ (12,149)	\$ (1,383,774)

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, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 35,901,461	\$ 3,017,362	\$ -	\$ 38,918,823
Construction in Progress	10,617,808	1,747,332	(4,178,195)	8,186,944
Total capital assets, not being depreciated	46,519,269	4,764,694	(4,178,195)	47,105,767
Capital assets, being depreciated:				
Buildings	23,072,954	105,931	-	23,178,885
Other Improvements	11,588,963	824,058	-	12,413,021
Machinery and Equipment	13,548,027	2,223,279	(479,312)	15,291,994
Infrastructure	109,404,602	4,431,321	(265,007)	113,570,916
Total capital assets being depreciated	157,614,546	7,584,589	(744,319)	164,454,816
Less accumulated depreciation for:				
Buildings	(7,577,050)	(582,971)	-	(8,160,021)
Other Improvements	(6,854,589)	(476,669)	-	(7,331,258)
Machinery and Equipment	(8,029,510)	(1,179,943)	459,894	(8,749,559)
Infrastructure	(27,751,386)	(3,073,675)	44,170	(30,780,891)
Total accumulated depreciation	(50,212,535)	(5,313,258)	504,064	(55,021,729)
Total capital assets, being depreciated, net	107,402,011	2,271,331	(240,255)	109,433,087
Governmental activity capital assets, net	\$ 153,921,280	\$ 7,036,025	\$ (4,418,450)	\$ 156,538,854
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,907,416	\$ -	\$ -	\$ 1,907,416
Construction in Progress	2,308,145	821,481	(1,994,149)	1,135,477
Total capital assets, not being depreciated	4,215,562	821,481	(1,994,149)	3,042,893
Capital assets, being depreciated:				
Buildings	11,133,224	-	-	11,133,224
Other Improvements	60,482,331	2,403,169	(73,981)	62,811,519
Machinery and Equipment	2,378,262	13,270	(1,975)	2,389,557
Total capital assets being depreciated	73,993,816	2,416,440	(75,956)	76,334,300
Less accumulated depreciation for:				
Buildings	(1,826,805)	(299,262)	-	(2,126,067)
Other Improvements	(20,498,230)	(1,599,432)	23,960	(22,073,701)
Machinery and Equipment	(1,195,703)	(141,693)	1,975	(1,335,421)
Total accumulated depreciation	(23,520,738)	(2,040,387)	25,935	(25,535,189)
Total capital assets, being depreciated, net	50,473,079	376,053	(50,020)	50,799,111
Business-type activity capital assets, net	\$ 54,688,641	\$ 1,197,533	\$ (2,044,170)	\$ 53,842,004

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

Capital Asset Increases	
Governmental Activities:	
Capital Outlays	\$ 7,056,599
Land Contributions	8,800
Developer Contributions	83,318
Construction in Progress to Capital (Infrastructure)	4,178,196
Internal Service Funds (Equipment Rental)	1,022,370
Governmental Activities - Total Increases	\$ 12,349,283

Depreciation Expense	
Governmental Activities:	
General Government	\$ 63,619
Public Safety	340,402
Physical Environment	612,839
Transportation	3,077,968
Economic Environment	10,771
Culture and Recreation	497,249
Capital assets held by the government's internal service funds charged to the various functions based on usage of assets	710,410
Total depreciation expense - governmental activities	\$ 5,313,258

Business-type Activities:	
Water/Sewer Utility	\$ 1,125,750
Foster Golf Course	319,265
Surface Water Utility	595,372
Total depreciation expense - business-type activities	\$ 2,040,387

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, with Federal Way formally admitted during 2000. The agreement is sanctioned by the provisions and terms of the Interlocal Cooperation Act pursuant to RCW 39.34. The initial duration of the agreement was five years, and thereafter is automatically extended for consecutive five-year periods.

The purpose of the joint operation, hereafter referred to as Valley Com, is to provide improved consolidated emergency communications (dispatch) services for police, fire, and medical aid, to the five participating cities and to several subscribing agencies, 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 2008 cost distribution for the five participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	67,064	18.03%
Kent	101,284	27.23%
Auburn	79,599	21.40%
Tukwila	38,944	10.47%
Federal Way	85,066	22.87%
Total	371,956	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
January 1, 2008	\$ 4,144,207	\$ 5,857,558	\$ 3,849,690	\$ 2,428,955	\$ 2,271,898	\$ 18,552,308
Current year increase	315,027	522,441	390,922	144,387	424,174	1,796,951
December 31, 2008	\$ 4,459,234	\$ 6,379,999	\$ 4,240,612	\$ 2,573,342	\$ 2,696,072	\$ 20,349,259
Percent of Equity	21.91%	31.35%	20.84%	12.65%	13.25%	100.00%

Liabilities are the responsibility of the five participating cities in direct proportion to their equity position. In August 1993, Valley Com entered into an interlocal cooperation agreement, pursuant to Chapter 39.34 RCW, with the subregions of King County, Seattle, and the Eastside Public Safety Communications Agency. This agreement governs the development, acquisition and installation of the 800 MHz

emergency radio communications system funded by a \$57 million King County levy approved in November 1992.

This agreement provides that upon voluntary termination of any subregion's participation in the system, it surrenders its radio frequencies, relinquishes its equipment and transfers any unexpended levy proceeds and associated equipment replacement reserves to another subregion or consortium of subregions.

Thus, in accordance with this agreement, the participating cities of Valley Com have no equity interest in Valley Com's 800-MHz communications system.

During 2000, the Valley Communications Center Development Authority was created to issue \$12,758,000 in General Obligation Bonds to finance construction, equipment, and land for a new facility completed in 2002. Each of the five participating cities is responsible for one-fifth of the debt obligation, which originally was \$2,551,600 per City. The basic agreement shall not be terminated until all bonds issued by Valley Communications Center Development Authority have been paid and retired.

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

NOTE 8 – PENSION PLANS

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

Washington State Department of Retirement Systems

Substantially all of the City's full-time and qualifying part-time employees participate in one of the following statewide cost-sharing, multiple-employer, defined benefit public employee retirement plans administered by the State Department of Retirement Systems. Historical trend and other information regarding each plan are presented in the State Department of Retirement Systems 2007 Comprehensive Annual Financial Report. A copy of this report may be obtained at:

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

The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*.

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

Plan Description. PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a 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. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

- PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.
- PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.
- PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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.

The required contribution rates expressed as a percentage of covered payroll as of December 31, 2008 follows:

	PERS Plan I	PERS Plan II	PERS Plan III
Employer*	8.31%	8.31%	8.31%**
Employee	6.00%	5.45%	<i>minimum 5.0% to maximum 15.0%</i>

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

** Plan 3 defined benefit portion only.

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

	PERS Plan I	PERS Plan II	PERS Plan III
2008	\$ 4,048	\$ 789,623	\$ 135,429
2007	5,134	591,075	106,108
2006	7,283	304,192	54,324

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

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

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

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

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

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

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

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, 2008 follow:

	LEOFF Plan I	LEOFF Plan II
Employer	0.16%	5.46%
Employee	0.00%	8.83%

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
2008	\$ 724	\$ 615,728
2007	782	548,066
2006	873	481,003

Firemen's Pension System

Plan Description. The City is the administrator of the Firemen's Pension Plan which is a closed, single-employer, defined benefit pension plan that was established in conformance with RCW Chapter 41.18. This plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to fire fighters employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's obligation under the Firemen's Pension Plan consists of paying all benefits, including payments to beneficiaries, for fire fighters who retired prior to March 1, 1970 and excess benefits over LEOFF for covered fire fighters who retired after March 1, 1970.

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 December 31, 2008 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 a complete actuarial valuation financial report, including an accounting update for intervening years, is prepared by Milliman USA, Incorporated. This report is available from the City of Tukwila.

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

Membership of the Firemen’s Pension Plan consisted of the following at December 31, 2008.

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

GASB No. 27 THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as a Percentage of APC *	Net Pension Obligation (Asset)
December 31, 2006	\$ (4,686)	N/A	\$ (160,165)
December 31, 2007	(1,582)	2,654	(200,563)
December 31, 2008	2,872	1,766	(248,421)

* 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*.

ANNUAL DEVELOPMENT OF PENSION COST

Fiscal Year Ended	Annual Retirement Cost	Interest on Net Pension Obligation	Annual Pension Cost	Total Employer Contributions	Change in Net Pension Obligation	Net Pension Obligation Balance	(Gain) / Loss	--- Amortization Factor ---	(Gain) / Loss	Ending Balance
2006	(6,547)	(6,699)	(4,686)	43,837	(48,523)	(160,165)	(50,384)	13.0416	(8,560)	(160,165)
2007	(1,998)	(8,008)	1,582	41,980	(40,398)	(200,563)	(43,978)	13.8212	(11,588)	(200,563)
2008	(1,998)	(10,028)	2,872	50,730	(47,858)	(248,421)	(52,728)	13.4622	(14,898)	(248,421)

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

ANNUAL PENSION COST AND NET PENSION OBLIGATION

Annual Required Contribution	2006	2007	2008
1 . Annual normal cost (BOY)	\$ -	\$ -	\$ -
2 . Amortization of UAAL (BOY)	(6,176)	(1,903)	(1,903)
3 . Interest to EOY (1 + 2 x i*)	(371)	(95)	(95)
4 . ARC at EOY (1 + 2 + 3)	(6,547)	(1,998)	(1,998)
5 . Interst on NPO	(6,699)	(8,008)	(10,028)
6 . Adjustment to ARC	(8,560)	(11,588)	(14,898)
7 . Annual pension cost (4 + 5 - 6)	(4,686)	1,582	2,872
8 . Employer contributions**	43,837	41,980	50,730
9 . Change in NPO (7 - 8)	(48,523)	(40,398)	(47,858)
10 . NPO at BOY (11 prior yr)	(111,642)	(160,165)	(200,563)
11 . NPO at EOY (9 + 10)	<u>\$ (160,165)</u>	<u>\$ (200,563)</u>	<u>\$ (248,421)</u>

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

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

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

The key actuarial assumptions used for the January 1, 2009 valuation were:

Actuarial valuation date	January 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method.....	Closed 30 years from 1/1/99, level dollars
Asset valuation method	Fair Value
Assumptions:	
Investment rate of return	3.5%
Projected salary increases	4.0%
Price inflation.....	2.5%
Growth in fire insurance premiums	2.5%

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description and Funding Policy

The City is the administrator of the Retiree Medical and Long-Term Care Benefits for LEOFF 1 Employees Plan which is a closed, single-employer, defined benefit, other post employment benefit plan (OPEB). The benefits are authorized under state statute, RCW Chapters 41.16 and 41.18 and 41.26 and may be amended by the state legislature. This plan provides medical, dental and long-term care benefits to eligible retirees. Membership is limited to eligible law enforcement officers and fire fighters hired prior to the March 1, 1970 establishment of LEOFF, as well as eligible members of LEOFFF hired prior to October 1, 1977. The Plan does not issue stand-alone financial statements and is not included in the City’s or any other entity’s financial statements. Triennially, a complete actuarial valuation financial report is prepared by Milliman USA, Incorporated. This report is available from the City.

The City funds these benefits on a pay-as-you-go basis. The employee or retiree is not required to contribute to the cost of the plan. The annual contribution represents the cost of employer-paid benefits.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the City as the employer, and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed 30 years. The following tables show the components of the City's annual OPEB cost for 2008, the amount actually contributed to the plan (employer-paid benefits), and changes in the City's net OPEB obligation.

Annual Cost:

Annual Required Contribution	\$ 1,366,284
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	\$ 1,366,284

Net Obligation:

Net OPEB Obligation – Beginning of Year	\$ -
Annual OPEB cost	1,366,284
Employer Contributions made	(557,103)
Net OPEB Obligation – End of Year	\$ 809,181

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 was as follows:

Annual OPEB Cost	Contribution as a Percentage of Annual OPEB Cost	Net OPEB Obligation
\$ 1,366,284	41.0%	\$ 809,181

Funded Status and funding Progress

The funded status of the plan as of December 31, 2008, was as follows (expressed in thousands):

Actuarial accrued liability (AAL)	\$16,103
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$16,103
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

Actuarial valuation date	January 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method.....	Closed, level percentage over 21 years
Remaining amortization period.....	20 years
Asset valuation method	N/A – No assets
Assumptions:	
Investment rate of return	5.0%
Medical inflation.....	9.5%
Dental inflation.....	5.0%
Long-term care inflation rate	5.0%

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents the results of the valuation of Other Post Employment Benefits for the fiscal year ended December 31, 2008.

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, 2003 General Obligation Bonds, and 2003 and 2008 General Obligation Refunding Bonds, respectively.

The 2000 Limited G.O facilities with \$1,428,000 outstanding as of December 31, 2008 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 1995 Revenue Bonds. The City has an A1 and Aaa bond rating from Moody’s Investor Service for its 2003 General Obligation Bonds and an A2 and Aaa rating on the 2006 Water/Sewer Revenue Bonds. Public Works Trust Fund loans are low interest rate loans available from the Washington State Department of Community Development for qualifying projects.

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 remaining balance on the lease at December 31, 2008 was \$11,665 and will be paid off in 2009.

The schedules that follow summarize the long-term debt transactions of the City for the year ended December 31, 2008.

	PUBLIC WORKS					TOTAL
	LIMITED G.O. BONDS	REVENUE BONDS	TRUST FUND LOANS	CAPITAL LEASES	COMPENSATED ABSENCES	
Outstanding 01/01/2008	\$ 22,025,000	\$ 5,525,000	\$ 9,378,504	\$ 45,587	\$ 2,556,391	\$ 39,530,482
Added	6,180,000	-	285,000	-	2,186,293	8,651,293
Retired	(7,692,000)	(360,000)	(641,555)	(33,921)	(2,008,467)	(10,735,943)
Outstanding 12/31/2008	<u>\$ 20,513,000</u>	<u>\$ 5,165,000</u>	<u>\$ 9,021,949</u>	<u>\$ 11,666</u>	<u>\$ 2,734,217</u>	<u>37,445,832</u>
Net deferred charges						111,504
Total Long-Term Liabilities						<u>\$ 37,557,336</u>

CHANGES IN LONG-TERM DEBT

ITEM	Interest Rates	Maturity	Authorized	Outstanding 12/31/07	Issued	Redeemed	Outstanding 12/31/08	Due Within One Year
GOVERNMENTAL ACTIVITIES:								
<u>Limited General Obligation (GO) Bonds Payable:</u>								
1999 Streets/Facilities	5.15	12/01/09	\$ 10,000,000	\$ 7,165,000	\$ -	\$ 6,700,000	\$ 465,000	\$ 465,000
2000 Facilities	4.30-5.75	12/01/15	2,551,600	1,595,000	-	167,000	1,428,000	175,000
2004 Refunding Facilities	4.00-5.00	12/01/14	4,195,000	2,885,000	-	365,000	2,520,000	380,000
2003 Streets	4.25-4.65	12/01/23	6,277,500	6,277,500	-	-	6,277,500	261,297
2009 Refunding Streets/Facilities	4.00-6.00	12/01/19	6,180,000	-	6,180,000	-	6,180,000	35,000
Total Bonds Payable			<u>29,204,100</u>	<u>17,922,500</u>	<u>6,180,000</u>	<u>7,232,000</u>	<u>16,870,500</u>	<u>1,316,297</u>
<u>Unamortized Deferred Credits (Charges):</u>								
Issuance premiums				206,797	482,225	27,512	661,510	-
Issuance and refunding costs				(182,963)	(480,803)	(20,627)	(643,139)	-
Net Bonds Payable			<u>29,204,100</u>	<u>17,946,334</u>	<u>6,181,422</u>	<u>7,238,885</u>	<u>16,888,871</u>	<u>1,316,297</u>
<u>Compensated Absences:</u>								
				<u>2,350,887</u>	<u>2,002,596</u>	<u>1,818,347</u>	<u>2,535,136</u>	<u>60,000</u>
Total Governmental Funds			<u>\$ 29,204,100</u>	<u>\$ 20,297,221</u>	<u>\$ 8,184,018</u>	<u>\$ 9,057,232</u>	<u>\$ 19,424,007</u>	<u>\$ 1,376,297</u>
BUSINESS-TYPE ACTIVITIES:								
<u>Bonds Payable:</u>								
1995 Water/Sewer Revenue	4.15-6.63	02/01/15	\$ 4,500,000	\$ 2,445,000	\$ -	\$ 250,000	\$ 2,195,000	\$ 260,000
2003 Limited G.O. Golf Course	3.21-4.65	12/01/23	5,772,500	4,102,500	-	460,000	3,642,500	218,703
2006 Water/Sewer/SWM Revenue	4.00-4.50	12/01/26	3,180,000	3,080,000	-	110,000	2,970,000	115,000
Total Bonds Payable			<u>13,452,500</u>	<u>9,627,500</u>	<u>-</u>	<u>820,000</u>	<u>8,807,500</u>	<u>593,703</u>
<u>Unamortized Deferred Credits (Charges):</u>								
Issuance Premiums				143,195	-	12,996	130,199	-
Issuance Discounts/Costs				(43,161)	-	6,093	(37,068)	-
Net Bonds Payable			<u>13,452,500</u>	<u>9,727,534</u>	<u>-</u>	<u>839,089</u>	<u>8,900,631</u>	<u>593,703</u>
<u>Public Works Trust Fund Loans:</u>								
1990 Loan-Surface Water	5.00	07/01/10	140,000	22,107	-	7,370	14,737	7,368
1991 Loan-Surface Water	1.00	07/01/11	1,313,000	203,571	-	50,893	152,678	50,893
2003 Loan-Surface Water	0.50	07/01/08	100,000	25,000	-	25,000	-	-
2003 Loan-Water/Sewer	0.50	07/01/21	273,870	202,360	-	14,454	187,906	14,454
2003 Loan-Surface Water	0.50	07/01/21	219,725	162,351	-	11,596	150,755	11,596
2004 Loan-Water/Sewer	0.50-2.00	07/01/24	5,016,000	4,388,267	250,800	272,886	4,366,181	272,886
2004 Loan-Surface Water	0.50-2.00	07/01/24	684,000	598,400	34,200	37,212	595,388	37,212
2004 Loan-Surface Water	1.00	07/01/24	4,196,056	3,776,450	-	222,144	3,554,306	222,144
Total Public Works Trust Fund Loans			<u>11,942,651</u>	<u>9,378,506</u>	<u>285,000</u>	<u>641,555</u>	<u>9,021,951</u>	<u>616,553</u>
<u>Capital Lease:</u>								
			<u>128,605</u>	<u>45,587</u>	<u>-</u>	<u>33,921</u>	<u>11,666</u>	<u>11,666</u>
<u>Compensated Absences:</u>								
				<u>205,504</u>	<u>183,697</u>	<u>190,120</u>	<u>199,081</u>	<u>25,000</u>
Total Business-Type Activities			<u>\$ 25,523,756</u>	<u>\$ 19,357,131</u>	<u>\$ 468,697</u>	<u>\$ 1,704,685</u>	<u>\$ 18,133,329</u>	<u>\$ 1,246,922</u>
TOTAL ALL FUNDS			<u>\$ 54,727,856</u>	<u>\$ 39,654,352</u>	<u>\$ 8,652,715</u>	<u>\$ 10,761,917</u>	<u>\$ 37,557,336</u>	<u>\$ 2,623,219</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, 2008, 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	\$ 77,635,650	\$ 129,392,749	\$ 258,785,499	\$ 388,178,248
Outstanding Net Indebtedness	21,881,765	21,881,765	21,881,765	21,881,765
Margin Available	\$ 55,753,885	\$ 107,510,985	\$ 236,903,734	\$ 366,296,483

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.

Year Ended December 31	Government Activities		Business-Type Activities					
	General Obligation Bonds		General Obligation Bonds		Revenue Bonds		Public Works Trust Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,316,297	\$ 771,304	\$ 218,703	\$ 157,056	\$ 375,000	\$ 256,643	\$ 616,554	\$ 46,536
2010	1,419,028	723,501	184,972	148,489	395,000	237,598	616,554	42,867
2011	1,475,774	664,087	192,226	140,628	415,000	217,543	609,186	39,199
2012	1,530,707	602,282	201,293	132,458	440,000	194,444	558,293	35,898
2013	1,531,453	538,149	208,547	123,903	465,000	168,044	558,293	33,107
2014-2018	6,273,443	1,689,980	1,180,557	485,910	1,485,000	507,000	2,791,465	123,662
2019-2023	3,323,798	409,444	1,456,202	206,891	930,000	277,425	2,739,364	54,006
2024-2028	-	-	-	-	660,000	60,300	532,242	2,661
Totals	\$ 16,870,500	\$ 5,398,747	\$ 3,642,500	\$ 1,395,335	\$ 5,165,000	\$ 1,918,997	\$ 9,021,951	\$ 377,936

NOTE 11 - RESERVATION OF FUND EQUITY

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

	General	Fiduciary	Totals
Imprest funds	\$ 17,800	\$ -	\$ 17,800
Employees' Pension Benefit	-	1,445,006	1,445,006
Totals	\$ 17,800	\$ 1,445,006	\$ 1,462,806

NOTE 12 – CONSTRUCTION COMMITMENTS

As of December 31, 2008 the City had \$617,794 contractual obligations on construction projects.

NOTE 13 - 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 15.

NOTE 14 – RESTRICTED ASSETS

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

Customer Deposits -- Water / Sewer Utility	\$	99,815
Customer Deposits -- Foster Golf Course		64,053
Revenue Bond Reserve Account		430,444
Total Restricted Assets	\$	594,312

NOTE 15 – RISK MANAGEMENT

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 129 Members.

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

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

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

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

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

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

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

The City insures its buildings, equipment, and vehicle property insurance with WCIA. They self-fund up to \$250,000 with standard property insurance purchased above that amount. 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.

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

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

The City also self-insures for medical, dental and other health care benefits. A third-party administrator, Healthcare Management Administrators, Inc., provides claims administration. The City has a stop-loss policy with Sun Life Assurance Company, which provides individual limits of \$110,000 and a plan limit of \$6,539,702 in 2008. Each fund contributes an appropriate amount each year to pay premiums and claims. At the end of each year the employees and employer share equally any residual amounts. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. The basis for estimating the liabilities for unpaid claims includes the effects of specific, incremental claim adjustment expenses, salvage, subrogation, and other allocated adjustment expenses.

The following table reflects changes in the balances of claims liabilities for 2008 and 2007.

ITEM	Insurance	Insurance	Insurance –	Insurance –
	2008	2007	LEOFF I	LEOFF I
	2008	2007	2008	2007
Claims Liabilities at Beginning of Year	\$ 761,569	\$ 729,613	\$ 86,098	\$ 100,496
Claims expenses:				
Current year and changes in estimates	4,416,452	3,855,847	395,005	417,222
Claims payments and expenses	(3,987,381)	(3,823,891)	(370,079)	(431,620)
Claims Liabilities at End of Year	<u>\$ 1,190,640</u>	<u>\$ 761,569</u>	<u>\$ 111,024</u>	<u>\$ 86,098</u>

NOTE 16 – SUBSEQUENT EVENTS

SCORE Jail

On January 20, 2009 the Tukwila City Council passed a resolution authorizing the Mayor to enter into an Interlocal Agreement with the cities of Auburn, Burien, Des Moines, Federal Way, Renton and SeaTac for the purpose of forming a Public Development Authority (Authority) for the construction and operation of a

jail facility in southern King County, Washington, known as the South Correctional Entity (SCORE). Under the terms of the Interlocal, the Authority is authorized to issue debt in the aggregate principal amount of not to exceed \$100 million to finance the construction of the SCORE facility on behalf of the member cities and their residents.

According to the Authority Charter, each member city is obligated to budget for and pay its share, and only its share, of the principal of and interest on the \$100 million Series 2009 Bonds as they become due and payable. The portion allocable to each City is based on average daily jail bed population as of 2007. The City of Tukwila's proportionate share is eight percent. The debt obligation is an irrevocable, unconditional full faith and credit obligation of each City, payable from property taxes levied within the City and other sources of revenue as necessary to meet the City's obligation. It is anticipated the Authority will issue the bonds in the fall of 2009, with occupancy of the new jail in late 2011. Interest will be capitalized on the bonds during the construction period, with repayment beginning in 2012 after occupancy of the jail.

Tukwila South Development Agreement

At its June 8, 2009 meeting, the Tukwila City Council passed an ordinance authorizing the Mayor to enter into a development agreement with La Pianta LLC. The development agreement includes the annexation of approximately 259 acres in Tukwila's Potential Annexation Area (PAA) along the City's southwest border. The PAA is almost entirely undeveloped property with a current assessed valuation of approximately \$8.6 million.

Development of the PAA will be in accordance with the Tukwila South Master Plan and the new Tukwila South Overlay Zone, also adopted by City Council at its June 8, 2009 meeting. Among other things, the development agreement calls for an extension and realignment of Southcenter Parkway. Total construction costs will be approximately \$26.8 million, to be paid with \$18.55 million in federal and state grants, and up to \$8.25 million in City issued general obligation bonds. The City will designate property taxes from the annexation area to pay for debt service on the first \$6 million in bonds. Should it be necessary to issue the full \$8.25 million in bonds, the developer will provide the City with a guarantee to pay for the incremental debt service on the additional \$2.25 million in bonds should the increased property taxes not be enough to pay for the additional debt service.

The City will track operations and maintenance costs within the project area. To the extent that the additional sales tax, real estate excise tax, utility taxes, business license fees and other revenue allocable to the PAA are not sufficient to pay for the operations and maintenance costs within the PAA, the developer has provided a \$12 million guarantee. The guarantee is in the form of a \$6 million letter of credit and a \$6 million secured deed of trust on developer property. If the operations and maintenance costs exceed the allocable revenue, the City will invoice the developer for the difference up to a cumulative total of \$12 million over 15 years. If necessary, the City may draw upon the letter of credit or foreclose upon its deed of trust up to the total \$12 million operations and maintenance guarantee.

REQUIRED SUPPLEMENTAL INFORMATION

FIREMEN'S PENSION TRUST FUND

SCHEDULE OF FUNDING PROGRESS (Rounded to Thousands)

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Fire Insurance Premiums	Employer Contributions *	Total Fund Contributions	Annual Required Contributions (ARC)	Percentage of ARC Contributed
December 31, 2003	\$ 36,651	\$ (3,875)	\$ 32,776	\$ (6,789)	N/A
December 31, 2004	40,812	(500)	40,312	(6,789)	N/A
December 31, 2005	40,983	(11,250)	29,733	(6,547)	N/A
December 31, 2006	45,951	(2,114)	43,837	(6,547)	N/A
December 31, 2007	50,555	(8,575)	41,980	(1,998)	N/A
December 31, 2008	52,571	(1,841)	50,730	(1,998)	N/A

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

SCHEDULE OF FUNDING PROGRESS (Rounded to Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$ -	\$ 16,103	\$ 16,103	0.0%	N/A	0.0%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FIREMEN'S PENSION TRUST FUND

Valuation Date	January 1, 2007
Actuarial Cost Method	Entry Age Normal
Amortization Method	30-year, closed as of January 1, 1999
Remaining Amortization Period	21 years
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increases	4.00%
Includes Inflation at	3.00%
Cost of Living Adjustments	Based upon salary increase assumption for FPF benefits, inflation assumption for LEOFF benefits.

*Under the Firement'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.

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

Valuation Date	January 1, 2008			
Actuarial Cost Method	Entry Age Normal			
Amortization Method	21-year, closed as of January 1,			
Remaining Amortization Period	21 years			
Asset Valuation Method	Fair Value			
Actuarial Assumptions:				
Investment Rate of Return	5.00%			
Medical Trend	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
	2008	9.50%	2013	7.00%
	2009	9.00%	2014	6.50%
	2010	8.50%	2015	6.00%
	2011	8.00%	2016	5.50%
	2012	7.50%	2017+	5.00%
Dental Trend	5.00%			
Long-Term Care Inflation Rate	5.00%			



NON-MAJOR GOVERNMENTAL FUNDS

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
 DECEMBER 31, 2008

	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR DEBT SERVICE FUNDS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,797,117	\$ 812,729	\$ 5,103,952	\$ 7,713,799
INVESTMENTS	587,001	162,400	817,603	1,567,004
RECEIVABLES:				
TAXES	-	275,048	153,242	428,289
INTEREST ON INVESTMENTS	4,144	99	4,467	8,710
DUE FROM OTHER GOVERNMENTAL UNITS	160,313	-	814,968	975,281
TOTAL ASSETS	\$ 2,548,576	\$ 1,250,275	\$ 6,894,232	\$ 10,693,083
LIABILITIES AND FUND BALANCES:				
CURRENT LIABILITIES:				
ACCRUED WAGES AND BENEFITS	\$ 11,635	\$ -	\$ 4,104	\$ 15,739
RETAINAGE PAYABLE	-	-	10,028	10,028
OTHER CURRENT LIABILITIES	-	1,374	3,250	4,624
DEFERRED REVENUE	-	-	45,216	45,216
TOTAL LIABILITIES	11,635	1,374	62,598	75,607
FUND BALANCES:				
UNRESERVED	2,536,941	1,248,901	6,831,634	10,617,476
TOTAL FUND BALANCES	2,536,941	1,248,901	6,831,634	10,617,476
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,548,576	\$ 1,250,275	\$ 6,894,232	\$ 10,693,083

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR DEBT SERVICE FUNDS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
TAXES	\$ 587,216	\$ 1,819,177	\$ 1,287,788	\$ 3,694,180
INTERGOVERNMENTAL	841,441	-	1,430,797	2,272,238
INVESTMENT EARNINGS	58,703	40,714	227,548	326,966
MISCELLANEOUS	7,751	-	68,938	76,689
TOTAL REVENUES	1,495,111	1,859,891	3,015,071	6,370,073
EXPENDITURES:				
CURRENT:				
PHYSICAL ENVIRONMENT	-	-	213,843	213,843
ECONOMIC ENVIRONMENT	1,370,631	-	-	1,370,631
DEBT SERVICE				
PRINCIPAL	-	972,000	-	972,000
INTEREST	-	872,224	-	872,224
CAPITAL OUTLAY				
PUBLIC SAFETY	584	-	-	584
PHYSICAL ENVIRONMENT	-	-	1,565,856	1,565,856
TRANSPORTATION	167,592	-	-	167,592
CULTURAL AND RECREATION	-	-	2,461,591	2,461,591
TOTAL EXPENDITURES	1,538,807	1,844,224	4,241,290	7,624,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(43,696)	15,667	(1,226,219)	(1,254,248)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	300,000	1,374	-	301,374
TRANSFERS OUT (Note 5)	-	(1,374)	(55,886)	(57,260)
GENERAL OBLIGATION REFUNDING BONDS ISSUED	-	6,180,000	-	6,180,000
PREMIUM ON GENERAL OBLIGATION REFUNDING DEBT	-	483,599	-	483,599
ISSUANCE COSTS ON GENERAL OBLIGATION REFUNDING DEB	-	(108,326)	-	(108,326)
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	(6,555,273)	-	(6,555,273)
TOTAL OTHER FINANCING SOURCES AND USES	300,000	-	(55,886)	244,114
NET CHANGE IN FUND BALANCES	256,304	15,667	(1,282,105)	(1,010,134)
FUND BALANCES - BEGINNING	2,280,637	1,233,234	8,113,739	11,627,610
FUND BALANCES - ENDING	\$ 2,536,941	\$ 1,248,901	\$ 6,831,634	\$ 10,617,476



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Hotel/Motel Tax Fund

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

Street Fund

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

Contingency Fund

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

Fire Equipment Cumulative Reserve Fund

Provides funding for major fire department equipment purchases. Primary revenue source is a \$300,000 annual transfer from the General Fund.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2008

	HOTEL/MOTEL TAX	STREET	CONTINGENCY	FIRE EQUIPMENT CUMULATIVE RESERVE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 428,980	\$ 197,707	\$ 816,466	\$ 353,965	\$ 1,797,117
INVESTMENTS	289,204	164,832	61,915	71,050	587,001
RECEIVABLES:					
INTEREST	3,493	570	38	43	4,144
DUE FROM OTHER GOVERNMENTAL UNITS	160,313	-	-	-	160,313
TOTAL ASSETS	\$ 881,991	\$ 363,109	\$ 878,418	\$ 425,058	\$ 2,548,576
LIABILITIES AND FUND BALANCES:					
ACCRUED WAGES AND BENEFITS PAYABLE	\$ 11,635	\$ -	\$ -	\$ -	\$ 11,635
TOTAL LIABILITIES	11,635	-	-	-	11,635
FUND BALANCES:					
UNRESERVED	870,356	363,109	878,418	425,058	2,536,941
TOTAL FUND BALANCES	870,356	363,109	878,418	425,058	2,536,941
TOTAL LIABILITIES AND FUND BALANCES	\$ 881,991	\$ 363,109	\$ 878,418	\$ 425,058	\$ 2,548,576

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	HOTEL/MOTEL TAX	STREET	CONTINGENCY	FIRE EQUIPMENT CUMULATIVE RESERVE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES:					
TAXES	\$ 587,216	\$ -	\$ -	\$ -	\$ 587,216
INTERGOVERNMENTAL	561,192	280,249	-	-	841,441
INVESTMENT EARNINGS	22,427	10,310	21,231	4,735	58,703
MISCELLANEOUS	7,501	-	-	250	7,751
TOTAL REVENUES	1,178,336	290,560	21,231	4,985	1,495,111
EXPENDITURES:					
CURRENT:					
ECONOMIC ENVIRONMENT	1,370,631	-	-	-	1,370,631
PUBLIC SAFETY	-	-	-	584	584
TRANSPORTATION	-	167,592	-	-	167,592
TOTAL EXPENDITURES	1,370,631	167,592	-	584	1,538,807
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	(192,295)	122,968	21,231	4,401	(43,696)
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN (Note 5)	-	-	-	300,000	300,000
TOTAL OTHER FINANCING SOURCES AND USES	-	-	-	300,000	300,000
NET CHANGE IN FUND BALANCES	(192,295)	122,968	21,231	304,401	256,304
FUND BALANCES - BEGINNING	1,062,651	240,141	857,187	120,658	2,280,637
FUND BALANCES - ENDING	\$ 870,356	\$ 363,109	\$ 878,418	\$ 425,058	\$ 2,536,941

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 600,000	\$ 600,000	\$ 587,216	\$ (12,784)
INTERGOVERNMENTAL	564,500	564,500	561,192	(3,308)
INVESTMENT EARNINGS	20,000	20,000	22,427	2,427
MISCELLANEOUS	5,000	5,000	7,501	2,501
TOTAL REVENUES	1,189,500	1,189,500	1,178,336	(11,164)
EXPENDITURES:				
CURRENT:				
ECONOMIC ENVIRONMENT	1,466,958	1,466,958	1,370,631	96,327
CAPITAL OUTLAY:				
ECONOMIC ENVIRONMENT	10,000	10,000	-	10,000
TOTAL EXPENDITURES	1,476,958	1,476,958	1,370,631	106,327
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(287,458)	(287,458)	(192,295)	95,163
NET CHANGE IN FUND BALANCES	(287,458)	(287,458)	(192,295)	95,163
FUND BALANCES - BEGINNING	1,062,651	1,062,651	1,062,651	-
FUND BALANCES - ENDING	\$ 775,193	\$ 775,193	\$ 870,356	\$ 95,163

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
STREET SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 307,000	\$ 307,000	\$ 280,249	\$ (26,751)
INVESTMENT EARNINGS	10,000	10,000	10,310	310
TOTAL REVENUES	317,000	317,000	290,560	(26,440)
EXPENDITURES:				
CAPITAL OUTLAY:				
TRANSPORTATION	300,000	300,000	167,592	767,592
TOTAL EXPENDITURES	300,000	300,000	167,592	132,408
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	17,000	17,000	122,968	105,968
NET CHANGE IN FUND BALANCES	17,000	17,000	122,968	105,968
FUND BALANCES - BEGINNING	240,141	240,141	240,141	-
FUND BALANCES - ENDING	\$ 257,141	\$ 257,141	\$ 363,109	\$ 105,968

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CONTINGENCY SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INVESTMENT EARNINGS	\$ 30,000	\$ 30,000	\$ 21,231	\$ (8,769)
TOTAL REVENUES	30,000	30,000	21,231	(8,769)
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	30,000	30,000	21,231	(8,769)
NET CHANGE IN FUND BALANCES	30,000	30,000	21,231	(8,769)
FUND BALANCES - BEGINNING	857,187	857,187	857,187	-
FUND BALANCES - ENDING	<u>\$ 887,187</u>	<u>\$ 887,187</u>	<u>\$ 878,418</u>	<u>\$ (8,769)</u>

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE EQUIPMENT CUMULATIVE RESERVE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INVESTMENT EARNINGS	\$ 20,000	\$ 20,000	\$ 4,735	\$ (15,265)
MISCELLANEOUS	-	-	250	250
TOTAL REVENUES	20,000	20,000	4,985	(15,015)
EXPENDITURES:				
CURRENT:				
PUBLIC SAFETY	2,000	2,000	-	2,000
CAPITAL OUTLAY:				
PUBLIC SAFETY	-	-	584	(584)
TOTAL EXPENDITURES	2,000	2,000	584	1,416
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	18,000	18,000	4,401	(13,599)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	300,000	300,000	300,000	-
TOTAL OTHER FINANCING SOURCES AND USES	300,000	300,000	300,000	-
NET CHANGE IN FUND BALANCES	318,000	318,000	304,401	(13,599)
FUND BALANCES - BEGINNING	120,658	120,658	120,658	-
FUND BALANCES - ENDING	\$ 438,658	\$ 438,658	\$ 425,059	\$ (13,599)



NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

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

Limited Tax G.O. 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.

Limited Tax G.O. Refunding 2008

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

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2008

	LIMITED TAX G.O. BONDS 1999	LIMITED TAX G.O. BONDS 2000	LIMITED TAX G.O. BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2008	TOTAL NONMAJOR DEBT SERVICE FUNDS
ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 13,803	\$ 262,345	\$ 382,084	\$ 153,124	\$ 1,374	\$ 812,729
INVESTMENTS	78,155	40,600	5,075	38,570	-	162,400
RECEIVABLES:						
TAXES	128,886	38,185	31,141	76,836	-	275,048
INTEREST ON INVESTMENTS	47	25	3	23	-	99
TOTAL ASSETS	\$ 220,892	\$ 341,154	\$ 418,303	\$ 268,553	\$ 1,374	\$ 1,250,275
LIABILITIES AND FUND BALANCES:						
OTHER CURRENT LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ 1,374	\$ 1,374
TOTAL LIABILITIES	-	-	-	-	1,374	1,374
FUND BALANCES:						
UNRESERVED	220,892	341,154	418,303	268,553	-	1,248,901
TOTAL FUND BALANCES	220,892	341,154	418,303	268,553	-	1,248,901
TOTAL LIABILITIES AND FUND BALANCES	\$ 220,892	\$ 341,154	\$ 418,303	\$ 268,553	\$ 1,374	\$ 1,250,275

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	LIMITED TAX G.O. BONDS 1999	LIMITED TAX G.O. BONDS 2000	LIMITED TAX G.O. BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2008	TOTAL NONMAJOR DEBT SERVICE FUNDS
REVENUES:						
TAXES	\$ 830,000	\$ 250,000	\$ 250,000	\$ 489,177	\$ -	\$ 1,819,177
INVESTMENT EARNINGS	10,147	9,140	11,109	10,318	-	40,714
TOTAL REVENUES	840,147	259,140	261,109	499,495	-	1,859,891
EXPENDITURES:						
DEBT SERVICE						
INTEREST	391,609	83,479	272,333	124,804	-	872,224
PRINCIPAL	440,000	167,000	-	365,000	-	972,000
TOTAL EXPENDITURES	831,609	250,479	272,333	489,804	-	1,844,224
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES	8,538	8,661	(11,224)	9,692	-	15,667
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN (Note 5)	-	-	-	-	1,374	1,374
TRANSFERS OUT (Note 5)	(1,374)	-	-	-	-	(1,374)
GENERAL OBLIGATION REFUNDING BONDS ISSUED	6,180,000	-	-	-	-	6,180,000
PREMIUM ON GENERAL OBLIGATION REFUNDING DEBT	483,599	-	-	-	-	483,599
ISSUANCE COSTS ON GENERAL OBLIGATION REFUNDING DEBT	(108,326)	-	-	-	-	(108,326)
PAYMENT TO REFUNDED BOND ESCROW AGENT	(6,553,899)	-	-	-	(1,374)	(6,555,273)
TOTAL OTHER FINANCING SOURCES AND USES	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	8,538	8,661	(11,224)	9,692	-	15,667
FUND BALANCES - BEGINNING	212,353	332,493	429,527	258,861	-	1,233,234
FUND BALANCES - ENDING	\$ 220,892	\$ 341,154	\$ 418,303	\$ 268,553	\$ -	\$ 1,248,901



NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

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

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.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECT FUNDS
 DECEMBER 31, 2008

	LAND ACQUISITION, RECREATION, AND PARK DEVELOPMENT	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,830,377	\$ 1,718,752	\$ 554,823	\$ 5,103,952
INVESTMENTS	308,489	371,756	137,357	817,603
RECEIVABLES:				
TAXES	59,157	-	94,085	153,242
INTEREST ON INVESTMENTS	3,505	866	96	4,467
DUE FROM OTHER GOVERNMENTAL UNITS	791,021	-	23,947	814,968
TOTAL ASSETS	\$ 3,992,549	\$ 2,091,375	\$ 810,308	\$ 6,894,232
LIABILITIES AND FUND BALANCES:				
CURRENT PAYABLES:				
ACCRUED WAGES AND BENEFITS	\$ -	\$ -	\$ 4,104	\$ 4,104
RETAINAGE PAYABLE	-	-	10,028	10,028
OTHER CURRENT LIABILITIES	750	2,500	-	3,250
DEFERRED REVENUES	45,216	-	-	45,216
TOTAL LIABILITIES	45,966	2,500	14,132	62,598
FUND BALANCES:				
UNRESERVED	3,946,582	2,088,875	796,177	6,831,634
TOTAL FUND BALANCES	3,946,582	2,088,875	796,177	6,831,634
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,992,549	\$ 2,091,375	\$ 810,308	\$ 6,894,232

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	LAND ACQUISITION, RECREATION, AND PARK DEVELOPMENT	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES:				
TAXES	\$ 569,315	\$ 131,526	\$ 586,946	\$ 1,287,788
INTERGOVERNMENTAL	1,359,016	-	71,780	1,430,797
INVESTMENT EARNINGS	125,067	76,680	25,802	227,548
MISCELLANEOUS	36,758	32,180	-	68,938
TOTAL REVENUES	2,090,157	240,385	684,528	3,015,071
EXPENDITURES:				
PHYSICAL ENVIRONMENT	34,312	-	179,531	213,843
CAPITAL OUTLAY				
PHYSICAL ENVIRONMENT	-	916,650	649,206	1,565,856
CULTURE AND RECREATION	2,461,591	-	-	2,461,591
TOTAL EXPENDITURES	2,495,903	916,650	828,737	4,241,290
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(405,746)	(676,265)	(144,209)	(1,226,219)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	(55,886)	-	-	(55,886)
TOTAL OTHER FINANCING SOURCES AND USES	(55,886)	-	-	(55,886)
NET CHANGE IN FUND BALANCES	(461,632)	(676,265)	(144,209)	(1,282,105)
FUND BALANCES - BEGINNING	4,408,214	2,765,139	940,385	8,113,739
FUND BALANCES - ENDING	\$ 3,946,582	\$ 2,088,875	\$ 796,177	\$ 6,831,634



NON-MAJOR PROPRIETARY FUNDS

Internal Service Funds

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

Equipment Rental Fund

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

Insurance Fund

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

Insurance LEOFF I Fund

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

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENTS OF NET ASSETS
INTERNAL SERVICE FUNDS
 DECEMBER 31, 2008

	EQUIPMENT RENTAL	INSURANCE	INSURANCE- LEOFF I	TOTAL INTERNAL SERVICE FUNDS
ASSETS:				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,843,040	\$ 2,205,980	\$ 851,594	\$ 5,900,615
INVESTMENTS	670,740	580,439	201,754	1,452,932
RECEIVABLES:				
INTEREST ON INVESTMENTS	4,143	6,988	1,450	12,580
INVENTORY OF MATERIALS AND SUPPLIES	38,000	-	-	38,000
TOTAL CURRENT ASSETS	3,555,923	2,793,407	1,054,798	7,404,128
NONCURRENT ASSETS:				
DEFERRED CHARGES	-	25,856	1,375	27,231
CAPITAL ASSETS:				
MACHINERY AND EQUIPMENT	8,461,082	-	-	8,461,082
LESS: ACCUMULATED DEPRECIATION	(5,469,127)	-	-	(5,469,127)
TOTAL CAPITAL ASSETS (NET OF A/D)	2,991,955	-	-	2,991,955
TOTAL NONCURRENT ASSETS	2,991,955	25,856	1,375	3,019,186
TOTAL ASSETS	6,547,878	2,819,263	1,056,173	10,423,314
LIABILITIES:				
ACCRUED WAGES AND BENEFITS	17,446	-	-	17,446
OTHER CURRENT LIABILITIES	-	1,190,640	111,024	1,301,664
TOTAL LIABILITIES	17,446	1,190,640	111,024	1,319,110
NET ASSETS:				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	2,991,955	-	-	2,991,955
UNRESTRICTED	3,538,477	1,628,623	945,149	6,112,248
TOTAL NET ASSETS	\$ 6,530,432	\$ 1,628,623	\$ 945,149	\$ 9,104,203

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	EQUIPMENT RENTAL	INSURANCE	INSURANCE- LEOFF I	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
CHARGES FOR SERVICES	\$ 2,041,102	\$ 5,011,764	\$ 557,103	\$ 7,609,968
OTHER OPERATING REVENUE	-	869	1,590	2,459
TOTAL OPERATING REVENUES	2,041,102	5,012,633	558,693	7,612,427
OPERATING EXPENSES:				
OPERATIONS & MAINTENANCE	1,166,638	4,416,452	393,374	5,976,464
ADMINISTRATION	-	-	1,631	1,631
DEPRECIATION/AMORTIZATION	710,410	-	-	710,410
TOTAL OPERATING EXPENSES	1,877,048	4,416,452	395,005	6,688,506
OPERATING INCOME (LOSS)	164,053	596,180	163,688	923,921
NON-OPERATING REVENUE (EXPENSE):				
INVESTMENT EARNINGS	109,188	68,111	26,178	203,478
SALE OF CAPITAL ASSETS	170,976	-	-	170,976
TOTAL NON-OPERATING REVENUE (EXPENSE)	280,164	68,111	26,178	374,454
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	444,218	664,292	189,866	1,298,375
TRANSFERS IN (Note 5)	160,000	-	-	160,000
TRANSFERS OUT (Note 5)	(184,665)	-	-	(184,665)
CHANGE IN NET ASSETS	419,553	664,292	189,866	1,273,710
TOTAL NET ASSETS BEGINNING OF YEAR	6,110,879	964,331	755,283	7,830,493
TOTAL NET ASSETS END OF YEAR	\$ 6,530,432	\$ 1,628,623	\$ 945,149	\$ 9,104,203

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Page 1 of 2

	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM USERS	\$ 2,041,102	\$ 5,011,764	\$ 557,103	\$ 7,609,968
CASH PAID TO SUPPLIERS	(691,570)	(4,442,308)	(396,380)	(5,530,258)
CASH PAID FOR INVENTORY	(69,767)	-	-	(69,767)
CASH PAID TO EMPLOYEES	(397,333)	-	-	(397,333)
OTHER CASH RECEIVED (PAID)	-	429,940	26,516	456,456
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	882,432	999,395	187,239	2,069,065
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
TRANSFERS IN	160,000	-	-	160,000
TRANSFERS OUT	(184,665)	-	-	(184,665)
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	(24,665)	-	-	(24,665)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
PROCEEDS FROM SALE OF EQUIPMENT	36,227	-	-	36,227
PURCHASE OF CAPITAL ASSETS	(1,022,370)	-	-	(1,022,370)
PROCEEDS FROM INSURANCE SETTLEMENT	134,749	-	-	134,749
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(851,394)	-	-	(851,394)
CASH FLOW FROM INVESTING ACTIVITIES:				
PROCEEDS FROM SALE OF INVESTMENTS	2,105,810	125,000	125,000	2,355,810
PURCHASE OF INVESTMENTS	(1,690,092)	(578,000)	(200,000)	(2,468,092)
INTEREST RECEIVED	121,509	59,366	23,655	204,531
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	537,227	(393,634)	(51,345)	92,248
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	543,599	605,762	135,894	1,285,255
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	2,299,441	1,600,219	715,700	4,615,359
CASH AND CASH EQUIVALENTS-END OF YEAR	<u>\$ 2,843,040</u>	<u>\$ 2,205,980</u>	<u>\$ 851,594</u>	<u>\$ 5,900,614</u>
CASH AT END OF YEAR CONSISTS OF:				
CASH AND CASH EQUIVALENTS	\$ 2,843,040	\$ 2,205,980	\$ 851,594	\$ 5,900,614
TOTAL CASH	<u>\$ 2,843,040</u>	<u>\$ 2,205,980</u>	<u>\$ 851,594</u>	<u>\$ 5,900,614</u>

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Page 2 of 2

	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL INTERNAL SERVICE FUNDS
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 164,053	\$ 596,180	\$ 163,688	\$ 923,921
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	710,410	-	-	710,410
ASSET (INCREASES) DECREASES :				
MISCELLANEOUS A/R-REVENUE	-	(25,856)	(1,375)	(27,231)
INVENTORY	2,000	-	-	2,000
LIABILITY INCREASES (DECREASES) :				
ACCOUNTS & VOUCHERS PAYABLE	5,969	429,071	24,926	459,966
TOTAL ADJUSTMENTS	718,379	403,215	23,551	1,145,145
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 882,432</u>	<u>\$ 999,395</u>	<u>\$ 187,239</u>	<u>\$ 2,069,065</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	5,740	2,192	1,508	9,440
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	<u>\$ 5,740</u>	<u>\$ 2,192</u>	<u>\$ 1,508</u>	<u>\$ 9,440</u>



City of Tukwila
STATISTICAL SECTION

December 31, 2008

Financial Trends Information

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

Schedule 1	Net Assets by Component.....	110
Schedule 2	Changes in Net Assets	111
Schedule 3	Fund Balances of Governmental Funds.....	112
Schedule 4	Changes in Fund Balances of Governmental Funds.....	114
Schedule 5	General Governmental Tax Revenues by Source.....	116

Revenue Capacity Information

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

Schedule 6	Property Tax Levies and Collections.....	117
Schedule 7	Assessed and Estimated Actual Value of Taxable Property	118
Schedule 8	Property Tax Rates-Direct and Overlapping Governments.....	119
Schedule 9	Principal Property Taxpayers	120
Schedule 10	Retail Sales Tax Collections by Sector.....	121
Schedule 11	Sales Tax Rate Direct and Overlapping Governments.....	122

Debt Capacity Information

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

Schedule 12	Ratios of Outstanding Debt by Type.....	123
Schedule 13	Ratios of General Bonded Debt Outstanding	124
Schedule 14	Computation of Direct and Overlapping Debt.....	125
Schedule 15	Legal Debt Margin Information	126
Schedule 16	Revenue Bond Coverage- Water and Sewer Bonds.....	127

Demographic and Economic Information

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

Schedule 17	Demographic Statistics.....	128
Schedule 18	Principal Employers.....	129

Operating Information

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

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Schedule 21	Capital Assets by Function	132

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

	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
Invested in capital assets, net of related debt	\$ 102,619,488	\$ 118,950,364	\$ 123,038,903	\$ 129,855,251	\$ 133,129,382	\$ 136,053,013	\$ 136,742,368
Restricted	389,322	809,002	1,107,362	1,305,239	1,305,239	1,233,234	19,720,546
Unrestricted	23,825,950	24,341,822	25,873,104	25,289,571	29,506,541	35,520,681	18,476,837
Total governmental activities net assets	\$ 126,834,760	\$ 144,101,188	\$ 150,019,369	\$ 156,450,061	\$ 163,941,162	\$ 172,806,928	\$ 174,939,751
Business-type activities:							
Invested in capital assets, net of related debt	\$ 29,032,974	\$ 29,807,787	\$ 30,848,350	\$ 31,370,812	\$ 34,017,190	\$ 36,083,972	\$ 36,071,402
Restricted	1,311,344	887,398	960,485	577,587	435,995	441,073	439,100
Unrestricted	8,785,499	9,070,664	9,664,654	9,909,896	12,070,451	11,267,171	13,335,836
Total governmental activities net assets	\$ 39,129,817	\$ 39,765,849	\$ 41,473,489	\$ 41,858,295	\$ 46,523,636	\$ 47,792,216	\$ 49,846,338
Primary government:							
Invested in capital assets, net of related debt	\$ 131,652,462	\$ 148,758,151	\$ 153,887,253	\$ 161,226,063	\$ 167,146,572	\$ 172,136,985	\$ 172,813,770
Restricted	1,700,666	1,696,400	2,067,847	1,882,826	1,741,234	1,674,307	20,159,646
Unrestricted	32,611,449	33,412,486	35,537,758	35,199,467	41,576,992	46,787,852	31,812,673
Total primary government net assets	\$ 165,964,577	\$ 183,867,037	\$ 191,492,858	\$ 198,308,356	\$ 210,464,798	\$ 220,599,144	\$ 224,786,089

(a) All amounts are reported on the accrual basis

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

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

	2004 (b)	2005	2006	2007	2008
Expenses					
Governmental Activities					
General Government	\$ 6,167,738	\$ 6,421,839	\$ 7,402,398	\$ 7,456,335	\$ 4,723,103
Public Safety	18,769,074	20,300,709	21,839,070	21,726,932	24,147,992
Physical Environment	1,442,209	1,363,049	2,734,592	2,764,373	2,862,487
Transportation	4,962,043	4,171,173	5,335,214	5,310,247	5,864,297
Economic Environment	3,469,673	3,404,605	3,600,158	3,890,845	5,017,935
Mental and Physical Health	-	-	3,683	4,204	4,173
Culture and Recreation	3,680,402	3,887,871	4,234,889	4,506,223	4,797,856
Interest on Long Term Debt	1,034,841	1,012,239	981,573	896,215	1,844,224
Total Governmental Activities	39,525,980	40,561,485	46,131,577	46,555,374	49,262,067
Business Type Activities					
Water/Sewer Utility	6,774,102	7,105,020	7,354,876	7,046,603	7,293,362
Foster Golf Course	1,670,400	1,751,709	1,832,303	1,849,542	1,968,595
Surface Water Utility	1,625,579	1,685,663	1,642,204	1,920,194	1,762,417
Total Business Type Activities	10,070,081	10,542,392	10,829,383	10,816,339	11,024,374
Total Primary Government Expenses	\$ 49,596,061	\$ 51,103,877	\$ 56,960,960	\$ 57,371,713	\$ 60,286,441
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	\$ 781,653	\$ 1,376,749	\$ 1,243,936	\$ 1,590,553	\$ 895,966
Public Safety	937,873	1,328,369	538,576	425,241	1,184,530
Physical Environment	5,005	12,400	10,000	25,341	1,200
Transportation	102,614	122,201	247,026	133,500	130,637
Economic Environment	1,977,676	1,027,812	1,756,240	2,319,634	2,476,501
Cultural and Recreation	894,681	693,857	758,385	777,484	711,542
Operating Grants and Contributions	1,607,688	1,525,579	1,897,543	1,692,766	1,325,163
Capital Grants and Contributions	3,705,424	3,060,960	5,675,493	3,746,743	2,282,592
Total Governmental Activities Program Revenues	10,012,614	9,147,927	12,127,199	10,711,262	9,008,131
Business Type Activities					
Charges for Services					
Water/Sewer Utility	7,620,572	7,604,711	7,354,876	8,272,647	8,621,909
Foster Golf Course	1,239,274	1,434,933	1,832,303	1,272,425	1,563,681
Surface Water Utility	1,819,703	1,839,760	1,642,204	2,208,549	2,642,325
Capital Grants and Contributions	588,891	319,439	1,255,360	347,416	756,400
Total Business Type Activities Program Revenues	11,268,440	11,198,843	12,084,743	12,101,037	13,584,315
Total Primary Government Program Revenues	21,281,054	20,346,770	24,211,942	22,812,299	22,592,446
Net (Expense)/Revenue					
Governmental Activities					
	(29,513,366)	(31,413,558)	(34,004,378)	(35,844,111)	(40,253,937)
Business Type Activities					
	1,198,359	656,451	2,031,638	1,284,700	2,559,941
Total Primary Government Net Expense	\$ (28,315,007)	\$ (30,757,107)	\$ (31,972,740)	\$ (34,559,411)	\$ (37,693,996)
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes					
Property Tax	\$ 10,336,366	\$ 10,631,036	\$ 10,973,030	\$ 11,302,099	\$ 11,656,979
Retail Sales and Use Tax	16,492,528	16,887,846	18,236,733	19,355,867	18,009,297
Natural Gas Use Tax	29,667	381,706	415,652	344,748	643,037
Hotel/Motel Tax	390,221	443,605	501,478	583,232	587,216
Utility Tax	2,309,787	2,646,356	2,930,332	3,666,079	5,136,444
Business Tax	1,614,587	1,732,739	2,097,082	2,236,675	2,497,705
Excise Tax	4,100,309	3,229,155	4,941,461	4,127,360	983,078
State Entitlements	191,589	192,816	185,475	217,600	874,046
Unrestricted Investment Earnings	416,483	768,097	1,923,171	1,727,879	801,847
Gain on Sale of Capital Assets	-	106,776	467,510	13,652	(186,663)
Transfers	(450,000)	824,118	1,372,652	1,134,683	1,383,774
Total Governmental Activities	35,431,537	37,844,250	44,044,576	44,709,874	42,386,760
Business Type Activities					
Retail Sales and Use Taxes	228,458	241,723	645,473	500,000	500,000
Unrestricted Investment Interest	188,242	310,750	539,463	618,563	377,955
Transfers	450,000	(824,118)	1,250,000	(1,134,683)	(1,383,774)
Total Business Type Activities	866,700	(271,645)	2,434,936	(16,120)	(505,819)
Total Primary Government	\$ 36,298,237	\$ 37,572,605	\$ 46,479,512	\$ 44,693,754	\$ 41,880,941
Change in Net Assets					
Governmental Activities					
	\$ 5,918,171	\$ 6,430,692	\$ 7,491,102	\$ 8,865,765	\$ 2,132,823
Business Type Activities					
	2,065,059	384,806	4,580,734	1,268,580	2,054,122
Total Primary Government	\$ 7,983,230	\$ 6,815,498	\$ 12,071,836	\$ 10,134,345	\$ 4,186,945

(a) All amounts are reported on the accrual basis

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

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

	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	\$ 12,700	\$ 613,000	\$ 557,690	\$ 557,690	\$ 13,250	\$ 12,650	\$ 17,800
Unreserved	3,380,158	6,247,054	8,533,639	8,408,104	8,693,215	10,504,748	7,687,515
Total general fund	\$ 3,392,858	\$ 6,860,054	\$ 9,091,329	\$ 8,965,794	\$ 8,706,465	\$ 10,517,398	\$ 7,705,315
All other governmental funds							
Reserved	\$ 15,300	\$ 765,300	\$ 720,860	\$ 705,560	\$ -	\$ -	\$ -
Unreserved, reported in:							
Special revenue funds	11,021,202	8,939,830	6,933,242	5,669,921	8,500,342	10,834,781	12,943,487
Debt service funds	389,322	809,012	1,107,362	1,305,239	1,075,347	1,233,234	1,248,901
Capital Projects funds	2,321,088	3,888,305	4,092,179	5,677,953	7,245,827	8,113,739	6,831,634
Total all other governmental funds	\$ 13,746,912	\$ 14,402,447	\$ 12,853,643	\$ 13,358,673	\$ 16,821,516	\$ 20,181,754	\$ 21,024,022

(1) Information available for 2002-2008 only due to new accounting and reporting standards beginning 2002 with GASB Statement No. 34.



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

page 1 of 2

	1999	2000	2001	2002
Revenues				
Taxes	\$ 24,768,410	\$ 23,381,378	\$ 22,019,850	\$ 28,156,041
Licenses and Permits	926,208	1,439,052	921,809	822,810
Intergovernmental	1,086,856	856,218	959,350	16,689,193
Charges for Services	1,158,173	1,857,182	1,232,149	1,201,080
Fines and Forfeitures	340,671	323,919	285,000	338,484
Investment Income	260,182	555,422	632,537	859,765
Miscellaneous	501,688	610,849	411,614	489,806
Total Revenues	29,042,188	29,024,020	26,462,309	48,557,179
Expenditures				
General Government	4,425,626	4,985,167	5,390,820	5,648,745
Public Safety	14,208,347	15,333,820	16,056,801	16,711,088
Physical Environment	581,748	1,060,844	805,029	1,228,774
Transportation	1,010,055	1,029,766	1,135,903	2,202,888
Economic Environment	2,131,187	2,103,066	2,349,462	2,974,513
Mental & Physical Health	-	-	-	-
Culture and Recreation	1,796,008	1,935,736	2,110,344	2,457,973
Debt Service				
Principal	-	-	-	718,000
Interest	-	-	-	925,414
Bond Issuance Costs	-	-	-	-
Capital Outlay	416,608	542,636	524,309	17,306,146
Total Expenditures	24,569,579	26,991,035	28,372,668	50,173,541
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,472,609	2,032,985	(1,910,359)	(1,616,362)
Other Financing Sources (Uses)				
Transfers In	-	-	-	1,706,973
Transfers Out	(50,000)	(175,000)	(175,000)	(1,845,331)
Sale of Capital Assets	4,529	140,535	1,646	177,995
General Obligation Bonds Issued	-	-	-	-
General Obligation Refunding Bonds Issued	-	-	-	-
Premium on General Obligation Debt	-	-	-	-
Premium on General Obligation Refunding Debt	-	-	-	-
Issuance Costs on General Obligation Refunding Debt	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	(45,471)	(34,465)	(173,354)	39,637
Net Change in Fund Balances	\$ 4,427,138	\$ 1,998,520	\$ (2,083,713)	\$ (1,576,725)
Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	-	-	-	5.3%

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

	2003	2004	2005	2006	2007	2008
\$	31,986,222	\$ 34,148,173	\$ 34,624,875	\$ 37,801,814	\$ 39,660,792	\$ 37,412,569
	785,823	808,821	1,002,683	1,273,228	1,827,709	2,022,851
	15,005,227	6,306,463	5,672,810	7,083,032	6,403,217	5,697,598
	1,796,946	2,919,115	2,649,678	2,345,931	2,024,892	2,569,381
	245,585	147,137	116,737	221,097	266,188	259,991
	222,460	356,625	638,196	1,159,971	1,425,423	926,913
	1,066,247	993,386	1,000,775	1,397,585	1,751,145	816,054
	<u>51,108,510</u>	<u>45,681,724</u>	<u>45,705,754</u>	<u>51,282,658</u>	<u>53,359,366</u>	<u>49,705,357</u>
	5,892,912	5,982,594	6,136,540	6,882,594	7,034,602	7,992,286
	17,532,136	18,393,514	19,604,151	20,953,226	21,038,810	22,878,689
	1,509,946	883,914	788,105	2,139,959	2,196,422	2,255,880
	4,779,885	2,620,038	1,705,692	2,447,096	2,413,390	2,783,077
	3,429,674	3,461,092	3,384,928	3,539,657	3,878,658	4,995,514
	-	-	-	3,683	4,204	4,173
	2,985,083	3,187,113	3,358,583	3,687,580	3,938,779	4,293,658
	754,000	804,000	851,000	888,000	930,000	972,000
	924,964	1,057,974	1,033,474	1,006,161	914,584	872,224
	112,363	-	-	-	-	-
	15,636,782	8,057,070	7,344,326	6,540,452	7,243,879	6,089,703
	<u>53,557,745</u>	<u>44,447,309</u>	<u>38,070,259</u>	<u>48,088,408</u>	<u>49,593,328</u>	<u>53,137,204</u>
	(2,449,235)	1,232,411	1,498,955	3,194,250	4,036,039	(3,431,846)
	5,513,212	350,000	150,000	2,143,581	2,266,349	2,515,982
	(5,288,570)	(900,000)	(1,305,000)	(2,430,769)	(1,131,666)	(1,107,543)
	-	-	35,600	296,451	100	53,592
	6,277,500	-	-	-	-	-
	4,195,000	-	-	-	-	6,180,000
	65,392	-	-	-	-	-
	248,672	-	-	-	-	483,599
	-	-	-	-	-	(108,326)
	(4,439,240)	-	-	-	-	(6,555,273)
	<u>6,571,966</u>	<u>(550,000)</u>	<u>(1,119,400)</u>	<u>9,263</u>	<u>1,134,783</u>	<u>1,462,031</u>
\$	4,122,731	\$ 682,411	\$ 379,555	\$ 3,203,513	\$ 5,170,822	\$ (1,969,815)
	5.0%	5.4%	5.4%	4.8%	4.6%	4.1%

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

Fiscal Year	Property	Sales & Use	Utility ^(a)	Excise	Business	Other ^(b)	Total Taxes
1999	\$ 7,901,229	\$ 16,132,619	\$ -	\$ 2,671,078	\$ 327,859	\$ 431,442	\$ 27,464,227
2000	8,378,208	18,800,979	-	2,918,619	340,565	491,852	30,930,223
2001	9,326,336	16,345,134	-	2,445,379	383,025	444,655	28,944,529
2002	9,487,241	15,494,343	-	2,406,132	390,725	377,600	28,156,041
2003	9,854,007	16,171,756	1,591,922	3,500,318	431,188	437,031	31,986,222
2004	10,493,728	16,293,960	2,309,787	4,068,110	530,725	451,863	34,148,173
2005	10,627,410	16,887,845	2,646,356	3,222,936	408,798	831,530	34,624,875
2006	11,018,846	17,591,260	2,930,332	4,938,515	402,784	920,077	37,801,814
2007	11,177,532	19,355,867	3,666,079	4,124,168	405,973	931,173	39,660,792
2008	11,245,973	17,709,319	3,934,210	3,003,438	475,500	1,089,344	37,457,785
change 1999- 2008	42.3%	9.8%	147.1%	12.4%	45.0%	152.5%	36.4%

^(a) Utility taxes enacted beginning in 2003.

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

Source: City of Tukwila Finance Department

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	% of Total Tax Collections To Tax Levy
1999	\$ 7,993,365	\$ 7,745,197	96.90%	\$ 155,305	\$ 7,900,502	98.84%
2000	8,538,884	8,428,579	98.71%	101,725	8,530,304	99.90%
2001	9,362,284	9,218,994	98.47%	102,095	9,321,089	99.56%
2002	9,843,102	9,526,236	96.78%	115,859	9,642,095	97.96%
2003	10,136,315	9,924,909	97.91%	175,949	10,100,858	99.65%
2004	10,489,114	10,345,276	98.63%	278,064	10,623,340	101.28%
2005	10,731,724	10,593,753	98.71%	134,345	10,728,098	99.97%
2006	10,973,030	10,844,728	98.83%	237,003	11,081,731	100.99%
2007	11,177,532	10,994,127	98.36%	115,199	11,109,326	99.39%
2008	11,411,293	11,194,247	98.10%	132,633	11,326,880	99.26%

Source: King County Office of Finance

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

Fiscal Year	Real Property	Personal Property	Public Utilities	Total Assessed Value	Total Direct Tax Rate
1999	\$ 2,112,275,730	\$ 579,434,372	\$ 55,946,225	\$ 2,747,656,327	\$ 3.10000
2000	2,349,904,622	580,108,305	74,515,846	3,004,528,773	3.11256
2001	2,544,588,267	606,806,225	192,651,250	3,344,045,742	2.94537
2002	2,715,355,120	604,479,409	169,870,128	3,489,704,657	2.91064
2003	2,832,422,720	471,448,140	80,219,849	3,384,090,709	3.10754
2004	2,916,855,190	447,099,099	77,169,236	3,441,123,525	3.11712
2005	3,091,233,279	457,546,448	61,779,040	3,610,558,767	3.03706
2006	3,399,709,737	482,100,071	66,123,704	3,947,933,512	2.84033
2007	3,853,680,774	509,151,926	87,410,974	4,450,243,674	2.56911
2008	4,470,042,539	595,268,205	110,399,231	5,175,709,975	2.37324

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

-----CITY OF TUKWILA-----											
Fiscal Year	General Levy	Special Levy	Total	WA State	King County ^(a)	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Hospital District #1	Total
1999	\$ 3.10000	\$ -	\$ 3.10000	\$ 3.30278	\$ 1.68951	\$ 0.21585	\$ 0.27299	\$ 5.91717	\$ 0.05209	\$ 0.11830	\$ 14.66869
2000	3.11256	-	3.11256	3.14502	2.10955	0.19029	0.24624	5.54167	0.04957	0.09873	14.49363
2001	2.94537	-	2.94537	2.98946	1.97530	0.18956	0.25000	5.11395	0.04665	0.09643	13.60672
2002	2.91064	-	2.91064	2.89680	1.34948	0.25895	0.24143	4.85812	0.04688	0.09254	12.65484
2003	3.10754	-	3.10754	2.75678	1.96799	0.25402	0.23717	5.05267	0.04669	0.09200	13.51486
2004	3.11712	-	3.11712	2.68951	1.91484	0.25321	0.23182	5.04535	0.04658	0.09039	13.38882
2005	3.03706	-	3.03706	2.49787	1.86293	0.23330	0.21982	5.01637	0.04482	0.59000	13.50217
2006	2.84033	-	2.84033	2.32535	1.75139	0.23158	0.20621	4.78874	0.04212	0.55652	12.74224
2007	2.56911	-	2.56911	2.13233	1.66106	0.22359	0.30000	4.73164	0.10000	0.50854	12.22627
2008	2.37324	-	2.37324	1.96268	1.51508	0.19700	0.27404	4.12360	0.09123	0.47141	11.00828

^(a) Includes King County Library District tax.

Source: King County Department of Assessments

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

Name	Type of Business	2008 Assessed Valuation	Percent of 2008 Total Assessed Value ^(a)	1999 Assessed Valuation	Percent of 1999 Total Assessed Value ^(b)
Boeing Company	Airplane company	\$ 548,000,475	10.63%	\$ 550,858,183	20.0%
WEA Southcenter LLC	Department Stores	302,586,200	5.87%		
La Pianta LP	Commercial Properties	117,844,205	2.29%	58,709,282	2.1%
KIR Tukwila 050 LLC/KIMCO	Commercial Properties	95,880,480	1.86%		
Rreef America Reit II Corporation	Commercial Properties	69,421,300	1.35%		
Boeing Employees Credit Union	Credit Union	47,777,584	0.93%	26,868,592	1.0%
Walton CWWA Eproperty Tax Incorporated	Investment Property	37,112,200	0.72%		
Sterling Realty Organization	Commercial Properties	35,981,100	0.70%		
Sea-Tuk Warehouse LLC	Food Distribution	35,598,100	0.69%		
Federated Department Stores (Macys)	Department Stores	31,200,200	0.61%	27,315,566	1.0%
TTA/E Property Tax Dept	Commercial Properties	30,831,200	0.60%		
Anne Arundel Apartments LLC (Group Health)	Apartments	29,708,200	0.58%		
Puget Sound Energy/Gas - Electric	Electric/Gas Utility	28,036,339	0.54%	21,379,757	0.8%
BRCP Riverview Plaza LLC	Commercial Properties	27,088,600	0.53%		
Southcenter Corporate Square	Hair Loss Center	26,465,000	0.51%		
Jorgensen Forge Corporation	Steel Manufacturer	26,115,389	0.51%	16,023,354	0.6%
Koar-Seatac Partners LP	Lodging	23,327,718	0.45%	20,752,489	0.8%
Merrill Creek Holding LLC (Kenworth Motors)	Truck Manufacturer	21,886,500	0.42%	38,036,281	1.4%
CHA Southcenter LLC (Doubletree Inn)	Lodging	19,979,480	0.39%	26,528,428	1.0%
Harnish Group Incorporated	Truck Equipment	17,267,495	0.33%		
Wig Properties LLC (JC Penney)	Department Stores	15,977,900	0.31%	21,942,531	0.8%
Lowe's HIW Incorporated	Home Improvement	15,508,451	0.30%	14,670,371	0.5%
Qwest Corporation	Telephone Utility	11,584,382	0.22%	16,857,350	0.6%
Westfield	Commercial Properties	10,910,888	0.21%		
Hill Investment Company	Commercial Properties	8,219,300	0.16%	8,883,800	0.3%
Southcenter Joint Ventures	Department Stores			88,540,801	3.2%
MBK Properties (Trammell Crow)	Commercial Properties			74,454,100	2.7%
Gateway Properties	Commercial Properties			41,525,900	1.5%
Group Health Cooperative	Healthcare Admiin			19,124,407	0.7%
Tractor Equipment Company	Truck Equipment			18,670,054	0.7%
Pacific Gulf Properties	Property Management			18,552,100	0.7%
Associated Grocers	Food Distribution			16,640,500	0.6%
TOTALS		\$ 1,634,308,686	31.70%	\$ 1,126,333,846	41.0%

Source: King County Department of Assessments

^(a) In 2008 the total assessed property value in the City of Tukwila was \$5,155,404,039.

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

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

Major Industry Sector	1999	2000	2001	2002	2003	2004	2005(a)	2006	2007	2008
Construction and Contracting	\$ 1,359,477	\$ 3,192,100	\$ 2,104,156	\$ 991,702	\$ 1,119,595	\$ 958,758	\$ 676,427	\$ 1,166,088	\$ 2,018,058	\$ 1,967,785
Finance, Insurance & Real Estate	61,567	51,612	108,262	57,919	54,992	82,794	102,130	93,747	121,879	118,780
Manufacturing	552,560	568,041	596,052	563,919	520,474	446,965	503,778	450,138	590,455	375,263
Transportation, Communications & Utilities	236,790	353,000	360,441	350,258	377,596	387,148	384,703	436,260	483,419	492,960
Wholesale - Durable/Non-durable Goods	2,218,192	1,730,497	1,470,187	1,374,271	1,761,749	1,862,528	2,337,018	2,048,517	2,457,437	1,760,449
Retail Trade - General Merchandise	2,642,582	2,708,649	2,591,680	2,570,883	2,545,631	2,574,671	2,563,103	2,667,481	2,571,601	2,231,745
Retail Trade - Furniture/Home Furnishings	1,896,591	1,957,687	1,862,336	1,815,168	2,304,037	2,405,967	2,342,553	2,531,049	2,399,347	1,830,576
Retail Trade - Miscellaneous	1,750,154	2,066,226	2,115,104	2,044,562	1,723,147	1,735,045	1,497,474	1,642,722	1,766,853	1,718,898
Retail Trade - Clothing & Accessories	1,037,450	1,107,815	1,134,102	1,175,074	1,197,591	1,247,109	1,636,183	1,704,213	1,838,646	2,103,630
Retail Trade - Restaurants	732,639	936,411	900,496	887,103	933,886	1,031,625	1,072,275	1,119,859	1,158,424	1,312,603
Retail Trade - Automotive/Gas	736,722	792,951	770,063	768,664	847,864	982,413	980,006	1,053,184	1,026,778	1,066,183
Retail Trade - Building Materials	712,613	666,679	627,140	712,723	763,013	850,109	815,379	855,243	777,870	619,657
Service Industries - Business	991,527	1,166,278	493,806	824,497	530,833	488,857	979,752	1,141,632	1,198,690	1,129,380
Service Industries - Hotels	403,262	451,098	418,051	357,940	361,789	355,514	406,547	453,376	531,836	548,962
Service Industries - Other	326,953	371,467	386,590	373,911	507,935	486,215	278,041	278,777	294,869	318,696
All Other Categories	185,084	367,826	70,289	296,953	292,827	288,169	188,540	205,644	179,421	185,312
Total Retail Sales Tax Collections	\$ 15,844,163	\$ 18,488,337	\$ 16,008,755	\$ 15,165,547	\$ 15,842,959	\$ 16,183,887	\$ 16,763,909	\$ 17,847,930	\$ 19,415,583	\$ 17,780,879

^(a) Effective March 2005, the Department of Revenue changed reporting retail sales industries from using the Standard Industrial Classification (SIC) code to use of the North American Industry Classification System (NAICS). Retail sales tax collections prior to the time of this change have not been adjusted.

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

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

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

	1999	2000	2001 ^(a)	2002	2003	2004	2005	2006	2007 ^(d)	2008 ^(e)
<u>BASIC SALES TAX RATES</u>										
City of Tukwila	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.25%
Regional Transit Authority	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Metro	0.60%	0.60%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Department of Revenue Administration Fee	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Basic Combined Sales Tax Rate	8.60%	8.60%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.90%	9.00%

SPECIAL SALES TAX RATES

Restaurants ^(b)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Motor Vehicles ^(c)	0.00%	0.00%	0.00%	0.00%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

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

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

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

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

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

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

The tax will be used for transportation purposes.

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

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

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

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

	1999	2000	2001	2002 ^(a)	2003	2004	2005	2006	2007	2008
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds	\$ 15,170,000	\$ 17,226,600	\$ 16,565,000	\$ 15,847,000	\$ 21,628,591	\$ 20,806,553	\$ 19,775,262	\$ 18,881,798	\$ 17,946,335	\$ 17,261,348
Special Assessments	25,000	-	-	-	-	-	-	-	-	-
Total Governmental Activities	15,195,000	17,226,600	16,565,000	15,847,000	21,628,591	20,806,553	19,775,262	18,881,798	17,946,335	17,261,348
BUSINESS-TYPE ACTIVITIES										
General Obligation Bonds	-	-	-	-	5,772,500	5,382,500	4,972,500	4,547,500	4,102,500	3,642,500
Revenue Bonds	5,865,000	5,448,000	5,015,000	4,568,782	4,168,910	3,710,438	3,143,360	5,824,452	5,470,162	5,112,231
Public Works Trust Fund Loans	691,767	633,506	650,245	573,234	1,032,364	2,924,739	4,911,253	9,781,151	9,378,506	9,021,951
Leases	-	-	-	-	-	-	108,818	77,947	45,587	11,666
Compensated Absences	-	-	-	160,661	167,212	190,139	203,940	207,367	205,504	199,081
Total Business-Type Activities	6,556,767	6,081,506	5,665,245	5,302,677	11,140,986	12,207,816	13,339,871	20,438,417	19,202,259	17,987,429
TOTAL PRIMARY GOVERNMENT^(c)	\$ 21,751,767	\$ 23,308,106	\$ 22,230,245	\$ 21,149,677	\$ 32,769,577	\$ 33,014,369	\$ 33,115,133	\$ 39,320,215	\$ 37,148,594	\$ 35,248,777
Population ^(c)	14,840	17,181	17,230	17,270	17,270	17,240	17,110	17,930	18,000	18,080
Per Capita Personal Income ^(c)	\$ 42,218	\$ 44,418	\$ 43,734	\$ 44,153	\$ 44,704	\$ 49,533	\$ 48,789	\$ 52,655	***	***
Percentage of Personal Income	3.47%	3.05%	2.95%	2.77%	4.24%	3.87%	3.97%	4.16%	***	***
Debt Per Capita	\$ 1,466	\$ 1,357	\$ 1,290	\$ 1,225	\$ 1,897	\$ 1,915	\$ 1,935	\$ 2,193	***	***

^(a) For years 1999 through 2002, premiums and discounts were omitted on all bonds.

^(b) Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements section.

^(c) Reference SCHEDULE 17, Demographic Statistics, for population and personal income data.

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

*** Data not available at time of publication.

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

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Debt Payable from Enterprise Revenues ^(a)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1999	14,840	\$ 2,747,656,327	\$ 15,170,000	\$ 1,614	\$ -	\$ 15,168,386	0.55%	\$ 1,022
2000	17,181	3,004,528,773	17,226,600	370,112	-	16,856,488	0.56%	981
2001	17,230	3,344,045,742	16,565,000	410,844	-	16,154,156	0.48%	938
2002	17,270	3,489,704,657	15,847,000	389,322	-	15,457,678	0.44%	895
2003	17,270	3,384,090,709	27,168,000	809,012	5,772,500	20,586,488	0.61%	1,192
2004	17,240	3,441,123,525	25,974,000	1,107,362	5,382,500	19,484,138	0.57%	1,130
2005	17,110	3,610,558,767	24,713,000	1,305,239	4,972,500	18,435,261	0.51%	1,077
2006	17,930	3,947,933,512	25,648,290	1,075,347	4,547,500	20,025,443	0.51%	1,117
2007	18,000	4,450,243,674	24,421,474	1,233,234	4,102,500	19,085,740	0.43%	1,060
2008	18,080	5,175,709,975	23,125,007	1,250,275	3,642,500	18,232,231	0.35%	1,008

Sources: *State of Washington Office of Financial Management*
King County Department of Assessments
City of Tukwila Finance Department
 (a) *These amounts are the general obligation bonds that are being repaid by the Foster Golf Course Fund.*

CITY OF TUKWILA, WASHINGTON
SCHEDULE 14
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 AS OF DECEMBER 31, 2008

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila	Estimated Applicable to Tukwila
Direct:			
City of Tukwila	\$ 23,125,007	100.00%	\$ 23,125,007
Overlapping:			
King County	1,048,574,000	1.34%	14,050,892
King County Library	66,359,355	0.88%	583,962
Port of Seattle	378,065,000	1.34%	5,066,071
Tukwila School District #406	34,752,761	90.11%	31,315,713
Hospital District #1	41,270,000	4.65%	1,919,055
Total Overlapping Debt:	<u>1,569,021,116</u>		<u>52,935,693</u>
Total Direct and Overlapping Debt:	<u>\$ 1,592,146,123</u>		<u>\$ 76,060,699</u>

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

CITY OF TUKWILA, WASHINGTON
SCHEDULE 15
LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2008

Description	Councilmanic Debt (Non-Voted)	Voted Debt	General Purpose Indebtedness	Excess Levy Utility Purposes	Excess Levy Open Space and Park	Total Debt Capacity
Assessed Value	\$ 5,175,709,975	\$ 5,175,709,975	\$ 5,175,709,975	\$ 5,175,709,975	\$ 5,175,709,975	\$ 5,175,709,975
Statutory Debt Limit	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Debt Limit	\$ 77,635,650	\$ 51,757,100	\$ 129,392,749	\$ 129,392,749	\$ 129,392,749	\$ 388,178,248
Debt Applicable to Limit:						
Bonds Outstanding	\$ 20,513,000	\$ -	\$ 20,513,000	\$ -	\$ -	\$ 20,513,000
Capital Lease	11,666	-	11,666	-	-	11,666
Compensated Absences	2,600,341	-	2,600,341	-	-	2,600,341
Less:						
Cash-on-Hand for						
Debt Redemption	240,702	-	240,702	-	-	240,702
Investments	651,123	-	651,123	-	-	651,123
Current Taxes Receivable	351,417	-	351,417	-	-	351,417
	21,881,765	-	21,881,765	-	-	21,881,765
Remaining Debt Capacity	\$ 55,753,885	\$ 51,757,100	\$ 107,510,985	\$ 129,392,749	\$ 129,392,749	\$ 366,296,483

Legal Debt Margin Calculation for Last Ten Years

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
1999	\$ 206,074,224	\$ 15,168,386	\$ 190,905,838	7.36%
2000	225,339,657	16,856,488	208,483,169	7.48%
2001	250,803,432	16,154,156	234,649,276	6.44%
2002	261,727,848	15,457,678	246,270,170	5.91%
2003	253,806,804	26,358,988	227,447,816	10.39%
2004	258,084,264	24,866,638	233,217,626	9.64%
2005	270,791,907	23,407,761	247,384,146	8.64%
2006	296,095,014	24,494,996	271,600,018	8.30%
2007	333,768,277	23,188,240	310,580,037	6.95%
2008	388,178,248	21,881,765	366,296,483	5.64%

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

Fiscal Year	Gross		Net Revenue		Average Annual Debt Service Requirements			Times Coverage
	Revenue(a)	Operating Expenses(b)	Available for Debt Service	Principal	Interest	Total		
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	285,162	116,973	402,135	4.52	
2007	9,012,898	6,774,625	2,238,273	273,920	113,819	387,739	5.77	
2008	9,487,981	6,099,295	3,388,686	271,337	105,850	377,187	8.98	

^(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, WASHINGTON
SCHEDULE 17
DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Population	Per Capita Personal Income ^(a)	Personal Income ^(b)	Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate ^(c)
1999	14,840	\$ 42,218	\$ 626,515	3,303	4,196	2,550	4.4%
2000	17,181	44,418	763,146	3,364	4,196	2,562	5.5%
2001	17,230	43,734	753,537	3,371	4,196	2,410	6.9%
2002	17,270	44,153	762,522	3,433	4,196	2,474	8.3%
2003	17,270	44,704	772,038	3,468	4,196	2,568	8.4%
2004	17,240	49,533	853,949	3,732	4,107	2,628	7.0%
2005	17,110	48,789	834,780	3,791	4,107	2,650	6.4%
2006	17,930	52,655	944,104	3,838	4,107	2,698	5.7%
2007	18,000	***	***	3,864	4,107	2,862	5.0%
2008	18,080	***	***	3,858	4,107	2,769	5.9%

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

(a) Per Capita Personal Income data are estimates for King County. Specific data for City of Tukwila is not available.
 Per Capita Personal Income was computed using Census Bureau midyear population estimates.
 Estimates for 2000-2008 reflect county population estimates available as of April 2008.

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

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

*** Data not available at time of publication.

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

Name of Company/Employer	Product or Business	2008 Full & Part-Time Employment	Percentage of Total City Employees	1999 Full & Part-time Employment	Percentage of Total City Employees
Boeing Company	Airplane company	7,790	17.73%	9,560	22.46%
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.	1,784	4.06%	500	1.17%
King County Metro	Transit operating base	827	1.88%	700	1.64%
Carlyle, Inc.	Wire/Cable Connectors	636	1.45%	166	0.39%
Nordstrom, Inc.	Department Store	629	1.43%	400	0.94%
Macy's	Department Store	595	1.35%	490	1.15%
Costco Wholesale	Cash/carry Warehouse	521	1.19%	453	1.06%
Red Dot Corporation	Heater/Air Conditioning Equipment	454	1.03%	345	0.81%
City of Tukwila	Government	445	1.01%	295	0.69%
United Parcel Service	Postal Delivery Service	407	1.03%	499	1.17%
Sub-total - Major Employers		14,088		13,408	
All Other Employment		29,852		29,153	
TOTAL EMPLOYMENT		43,940		42,561	

CITY OF TUKWILA, WASHINGTON
SCHEDULE 19
FULL -TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST SEVEN FISCAL YEARS

	2002 ^(a)	2003	2004	2005	2006	2007	2008
FUNCTION							
General Government	41.25	41.25	43.25	45.25	49.00	49.25	58.88
Public Safety							
Police							
Commissioned Officers	68.00	68.00	68.00	68.00	68.00	68.00	68.00
Non-Commissioned Officers	13.00	14.00	15.00	15.00	16.00	15.00	16.00
Fire							
Commissioned Officers	62.00	64.00	64.00	64.00	64.00	62.00	62.00
Non-Commissioned Officers	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Planning/Building/Public Works							
Administration/Development Services	28.88	31.50	32.50	32.50	37.00	34.00	39.50
Transportation Systems	9.00	9.00	9.00	10.00	10.00	9.00	8.00
Utility Systems	18.50	18.50	18.50	18.50	18.50	18.50	19.50
Maintenance Services	26.50	26.50	26.50	27.50	30.50	30.50	25.50
Culture and Recreation							
Parks and Recreation	22.50	22.50	22.50	24.75	28.75	26.75	26.75
Pool	2.00	3.00	3.00	3.75	4.00	3.75	3.75
Golf Course	11.00	11.00	11.75	9.50	10.25	9.50	10.00
TOTAL	306.63	313.25	318.00	322.75	340.00	330.25	341.88

^(a) Comparable information not available for years prior to 2002.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
FUNCTION										
Police										
Number of Calls for Service	32,683	31,189	30,671	30,106	31,000	30,032	32,922	33,686	33,985	35,816
Fire										
Number of Responses	4,367	4,395	3,865	4,100	4,250	4,229	4,710	4,921	4,673	4,824
Total Fire Loss	\$ 1,553,420	\$ 1,328,726	\$ 1,995,850	\$ 485,765	\$ 910,655	\$ 910,655	\$ 1,414,741	\$ 2,982,265	\$ 3,065,005	\$ 2,300,685
Total Inspections	5,955	6,197	5,866	4,516	5,549	5,855	5,482	4,705	4,845	6,787
Parks and Recreation										
Class Participants	40,000	50,300	60,000	61,000	61,000	64,000	64,000	64,000	98,087	109,273
Admissions	38,000	47,300	43,600	35,500	30,800	35,150	33,750	34,850	90,141	117,533
Rounds of Golf Played	66,042	66,317	60,311	57,490	(a) 35,764	53,070	54,449	55,195	55,446	53,565
Pool Attendance	**	**	**	**	42,917	59,996	72,778	72,963	57,624	59,077
Street										
Miles	77	77	77	77	79	79	79	79	79	79
Streets/Sidewalks	*	*	*	13,425	14,587	13,706	15,243	16,970	17,540	19,840
Signalized Intersections	59	59	59	59	61	61	61	61	63	63
Signals/Lights	*	*	*	6,388	6,855	6,445	9,054	7,642	7,540	7,540
Water Utility Services										
Total Customers	1,961	2,012	2,027	2,027	2,079	2,107	2,164	2,117	2,113	2,109
Total Gallons/Water(in thousands)	778,402	771,149	693,116	683,065	702,364	765,000	886,000	789,981	680,649	660,915
Sanitary Sewer										
Total Customers	1,525	1,586	1,622	1,622	1,671	1,698	1,710	1,720	1,718	1,684
Surface Water										
Total Customers	4,931	4,989	5,019	5,019	5,015	5,064	5,100	5,107	5,156	5,164
Licenses										
Business Licenses	2,265	2,205	2,159	2,160	2,262	2,292	2,286	2,354	2,350	2,523
Amusement Licenses	19	19	18	18	22	22	19	21	22	22
Permits										
Building Permits	452	452	415	401	353	364	430	422	425	423
Mechanical Permits	248	273	218	238	183	182	193	239	238	256
Electrical Permits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	758	1,533
Plumbing Permits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	192	306	264
Public Works Permits	92	161	134	114	83	97	112	144	136	154
Libraries										
Number of Libraries	2	2	2	2	2	3	3	3	3	3
Total Circulation	121,637	135,276	140,680	143,150	121,468	215,115	215,115	320,794	306,001	303,665

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

Sources: City of Tukwila Departments, King County Library System

* Information not available.

** Pool facilities acquired from King County in 2003.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
FUNCTION										
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 Vehicle Units	63	63	57	63	59	63	64	64	64	57
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	9	9	9
Number of Medical Aid Vehicles	2	2	2	2	2	2	2	2	2	2
Number of Hazardous Materials Trailer Units	N/A	N/A	N/A	N/A	N/A	N/A	1	1	2	2
Transportation										
Paved Streets (lane miles)	163	163	163	163	163	163	163	163	163	163
Sidewalks (miles)	54	54	54	54	54	54	54	54	54	54
Number of Traffic Signals	55	55	55	55	55	55	55	55	57	57
Number of Streetlights Owned by Seattle City Light	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180
Number of Streetlights Owned by Puget Sound Energy	670	670	670	670	670	670	670	670	670	670
Culture and Recreation										
Parks Acreage ^(a)	136	136	140	143	158	158	158	161	160	162
Number of Parks	11	11	12	13	15	15	15	16	18	18
Golf Course Acreage	67	67	67	67	67	67	67	67	67	67
Maintained Trails (miles)	11	11	11	11	11	11	11	11	11	11
Number of Playgrounds	11	11	11	11	13	13	13	13	13	13
Swimming Pool	N/A	N/A	N/A	N/A	1	1	1	1	1	1
Visitor Center	1	1	1	1	1	1	1	1	1	1
Community Center/Recreation Facilities	1	1	1	1	1	1	1	1	1	1
Number of Libraries	2	2	2	2	2	3	3	3	3	3
Water										
Water Distribution Mains (miles)	45	45	45	45	45	45	45	45	47.4	47.4
Maximum Daily Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Number of Fire Hydrants (Owned by City of Tukwila)	499	499	509	509	513	527	533	537	555	572
Vehicles	4	4	6	6	7	6	7	7	8	8
Sewer										
Sanitary Sewers (miles)	33	33	33	33	33	33	33	33	36.9	36.9
Maximum Daily Treatment Capacity (millions of gallons)	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33
Vehicles	8	8	3	3	3	3	3	5	5	6
Surface Water										
Storm Drains (miles) ^(b)	55	56	57	57	58	59	60	62	67	67
Vehicles	6	6	4	4	4	5	5	4	4	4

Sources: City of Tukwila Departments

^(a) Reflects the correct reporting of data for Culture and Recreation - Parks Acreage for the years 1998 through 2006. Parks acreage previously reported included golf course acreage.

^(b) Reflects the correct reporting of data for Surface Water - Storm Drains (miles) for the years 1998 through 2006. Miles previously reported were incorrect data estimates.