



City of Tukwila, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2011



Foster Golf Links – Tukwila, Wa



The City of Tukwila, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2011

*Prepared by the City of Tukwila, Finance Department
Peggy McCarthy, Finance Director*

JIM HAGGERTON, MAYOR

TUKWILA CITY COUNCIL

Verna Seal, President

Joe Duffie

Kate Kruller

Dennis Robertson

Allan Ekberg

Kathy Hougardy

De'Sean Quinn

Cover photo by Craig Zellerhoff

Foster Golf Course

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2011

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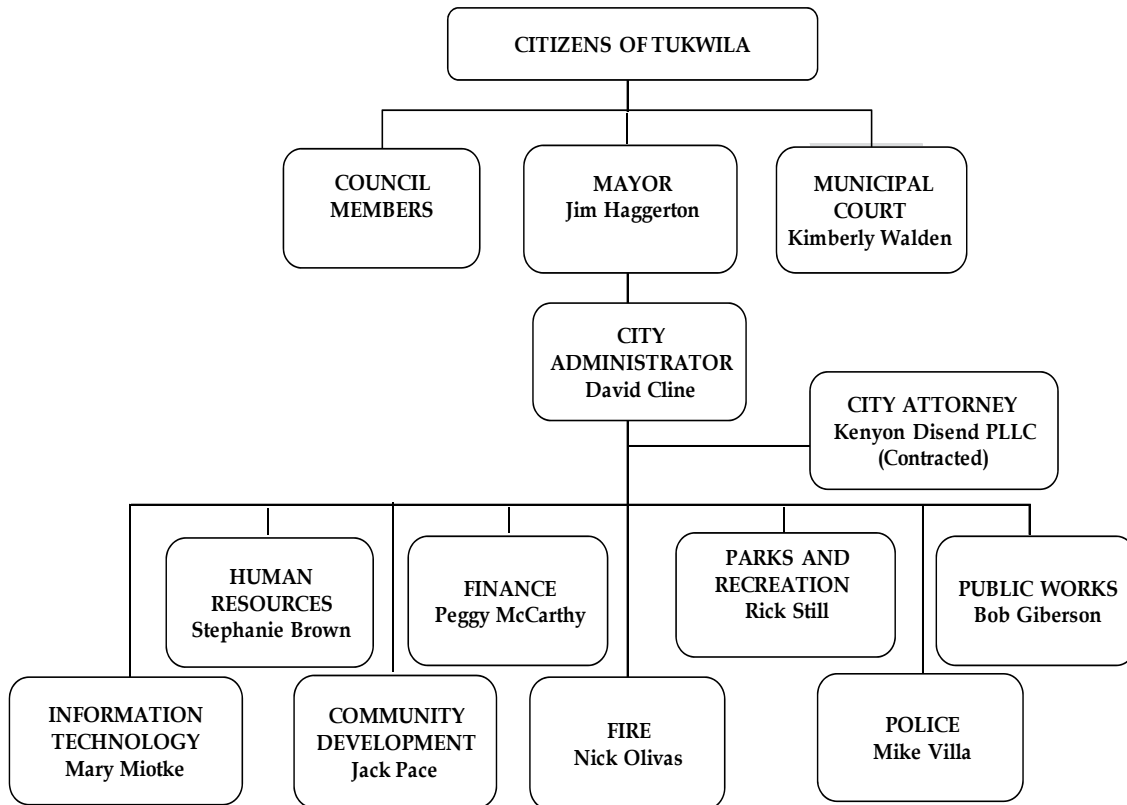
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ADMINISTRATIVE ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS



COUNCIL COMMITTEES

FINANCE AND SAFETY COMMITTEE

De'Sean Quinn, Chairperson
Dennis Robertson, Member
Kate Kruller, Member

TRANSPORTATION

Allan Ekberg, Chairperson
Kathy Hougardy, Member
De'Sean Quinn, Member

COMMUNITY AFFAIRS AND PARKS

Kathy Hougardy, Chairperson
Joe Duffie, Member
Allan Ekberg, Member

UTILITIES

Dennis Robertson, Chairperson
Joe Duffie, Member
Kate Kruller, Member





City of Tukwila

6200 Southcenter Blvd, Tukwila, WA 98188

Jim Haggerton, Mayor

July 23, 2012

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 2011 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, 2011. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it, and describes the systems and controls employed by the Finance department.

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

I. INTRODUCTION

A. MANAGEMENT REPRESENTATION

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

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

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

As a recipient of federal, state and county financial assistance the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. Information related to this single audit includes the Schedule of Expenditures of Federal Awards, findings and recommendations, if applicable, and auditor's reports on internal control and compliance with applicable laws, regulations, contracts and agreements. The results of the City's annual single audit for the fiscal year ended December 31, 2011 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws.

B. ORGANIZATION OF THE REPORT

The report is divided into three sections: the Introductory Section, the Financial Section, and the Statistical Section. The Introductory Section contains the table of contents, a list of the City's principal officials, an organizational chart, this letter of transmittal, and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association of the United States and Canada (GFOA) for the 2010 CAFR. The Financial Section contains the Auditor's Report, completed by the Washington State Auditor, Management's Discussion and Analysis, Government-Wide Financial Statements, the Fund Financial Statements, Notes to the Financial Statements and Other Required Combining and Supplemental Information. The Statistical Section, which is unaudited, contains a range of statistical tables and charts that present various financial, economic, social, and demographic data about the City. This information depicts various trends that have affected the fiscal condition of the City over the last ten years.

C. REPORTING ENTITY

The City of Tukwila is a non-charter optional code City, operating under Section 35A of the Revised Code of Washington. It has a strong Mayor form of government with a seven-member City Council elected by the voters of the City. 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. The City operates its own municipal 18-hole golf course. The City provides sewer, water, and surface water services. The City has a municipal court for traffic infractions, misdemeanors, and gross misdemeanors. Other jurisdictions provide jail services to the City. Tukwila residents receive library services from the King County Library System.

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

II. ECONOMIC CONDITION

A. SUMMARY OF LOCAL ECONOMY

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

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

Tukwila enjoys one of the largest sales tax bases in the State of Washington, with \$15.3 million in revenue for 2011. The total combined retail sales activity amounted to approximately \$1.8 billion in 2011. While this represents a slight increase in sales tax revenue and retail activity within Tukwila, as compared to last year, the City continues to be impacted by the current economic climate. Although construction activity was up 51%, manufacturing and wholesale trade sectors were down 38 percent and 18 percent respectively. The strength of the City's retail sales activity is the Westfield Southcenter Shopping Center and Parkway Plaza retail development, which combine to create one of the largest retail concentrations on the west coast. This strength has attracted new retail establishments to locate in Tukwila.

This diversified revenue base is further supported by an assessed valuation of \$4.7 billion as well as our above-mentioned sales tax base, and has allowed the City to pursue a long-term capital investment program.

The City is experiencing modest growth in overall development activities and in retail sales. Permitting activity increased from 1,706 permits issued in 2010 for a total value of \$89.9 million to 2,020 permits issued in 2011 for a total value of \$92.4 million. The total retail sales activity of \$1.8 billion in 2011 was an increase of \$76.2 million over 2010. The trend of modest but consistent growth has continued into 2012.

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 Southcenter Parkway Extension project to widen the two lane roadway to five lanes between South 180th and South 200th Street will facilitate the Tukwila South development. The master plan for Tukwila South anticipates the creation of 25,000 jobs through the addition of 5 to 10 million square feet of office technology / flex-tech space, 1 to 2 million square feet of goods and services, and 1,700 units of housing.

Tukwila designated the North Highline as a potential annexation area in 1995 in response to King County's desire for all unincorporated areas to be incorporated to the cities per their county wide planning policies. This area is approximately 166 acres with a small residential population. The area's boundary is South Director Street on the north, South 101st Street in the south, West Marginal Place South on the west, and the Duwamish River on the east. . The City continues to work with the community to provide information on the impact of the annexation on businesses and property owners.

Progress on Tukwila Village is slow, yet steady. The City Council selected Tukwila Village Development Associates, LLC (also known as the Senior Housing Assistance Group or "SHAG") as the developer and authorized the Mayor to enter into negotiations. SHAG shares ownership and operations for over thirty multi-family housing developments in the Puget Sound. Their properties serve people of all ages with a strong emphasis on affordable senior housing. The City, SHAG, and the King County Library System are currently working on the basic plan for the location of buildings and parking on the site. The development agreements are scheduled to be completed in 2012 and the first phase opening in 2014.

Outside of the development area, growth is predicted to continue but recovery will be slow. With declining revenues and increasing expenses outside of the City's control such as pension plan contributions and contractual increases in salaries and benefits, determining how fewer resources will be distributed when the needs are greater will remain a challenge.

As Tukwila moves forward, economic conditions will be continually monitored and adjustments to City spending and services made to maintain the City's financial health. Long-term plans will be focused on ensuring the City continues to be an economically strong and viable City. Towards that end, the City is developing a strategic plan that will guide priorities and actions of the City for future years to come. Tukwila is excited to have this opportunity to work with citizens and the community to enhance its vision and its plans to accomplish that goal.

III. OTHER RELEVANT INFORMATION

A. INDEPENDENT AUDIT

State law requires an annual audit of all City books of accounts and financial records by the Office of the State Auditor, which is headed by an independently elected State official, the State Auditor. The Auditor has broad legal authority to inquire into all financial and legal compliance matters and such audits are considered equal to audits by certified public accounting firms. The 2011 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 2011. Please see the Auditor's Report. The State Auditor's Office also audits the City's administration of its federal grants under the single audit concept. There were no instances of questioned costs as part of the City's single audit for 2011.

B. MANAGEMENT DISCUSSION AND ANALYSIS

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

C. 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, 2010. This was the 24th 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.

D. 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 2011 Comprehensive Annual Financial Report take great pride in their work, and the entire team who worked on this project is to be commended.

Respectfully submitted,

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

Peggy McCarthy, 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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director





**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

July 23, 2012

Council
City of Tukwila
Tukwila, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2011, 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Arterial Street funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we will also issue our report dated July 23, 2012, 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. That report will be issued under separate cover in the City's Single Audit Report. 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 28, pension trust fund on pages 99 through 100 and information on postemployment benefits other than pensions on pages 99 through 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 102 through 125 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 do not express an opinion or provide any assurance on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2011

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, 2011. 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 \$288.8 million. A total of 86 percent or \$248.6 million of total net assets is invested in capital assets such as streets, land, buildings, equipment, and other improvements. The remaining net assets of \$40.2 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 \$20.2 million in 2011. Governmental activities provided a \$13.8 million increase and business-type activities accounted for the difference.
- As of the close of the current fiscal year, the City of Tukwila's governmental funds reported combined ending fund balances of \$24,804,485 a decrease of \$3,958,347 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,237,141, or 19 percent of total general fund expenditures.
- The City of Tukwila's total debt decreased by \$2,950,990 during the current fiscal year. The City incurred \$4.6 million in additional debt for refunding a portion of the 2003 Street general obligation bonds and assumed debt of \$3 million transferred from the Golf Course. This increase was offset by \$10.7 million in payments on existing debt.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

The City maintains nineteen individual governmental funds. Of these, three are considered major (the general fund, the arterial street fund, and the land acquisition recreation & park development fund) and are presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. Due to GASB 54, two of the governmental funds do not meet the criteria to be reported separately as special revenue funds. As such, the Contingency Fund and Fire Equipment Cumulative Reserve Fund are reported under General Fund. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds". Individual fund data for each of the other governmental funds can be found in the combining statements later in this report.

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

Other Information

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

The combining statements referred to earlier in connection with non-major governmental funds, nonmajor enterprise funds, and internal service funds are presented in the section titled "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 \$288,801,461 at December 31, 2011.

The largest portion of the City's net assets, \$248.6 million, or 86 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 transfer of debt from the Golf Course was excluded from the calculation for the governmental activities, since the proceeds were used to acquire capital asset that is reported under business-type activities.

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 12/31/11	As of 12/31/10	As of 12/31/11	As of 12/31/10	As of 12/31/11	As of 12/31/10
Current and other assets	\$ 51,017,626	\$ 53,165,106	\$ 11,247,960	\$ 12,166,042	\$ 62,265,586	\$ 65,331,148
Capital assets, net of accumulated depreciation	213,700,317	195,938,217	63,403,009	60,321,804	277,103,326	256,260,021
Total assets	264,717,943	249,103,323	74,650,969	72,487,846	339,368,912	321,591,169
Long-term liabilities	23,260,921	21,739,892	10,275,993	14,335,996	33,536,914	36,075,888
Other liabilities	15,446,362	15,158,923	1,584,175	1,803,836	17,030,537	16,962,759
Total liabilities	38,707,283	36,898,815	11,860,168	16,139,832	50,567,451	53,038,647
Net assets						
Invested in capital assets, net of related debt	199,511,779	177,078,793	52,134,799	44,759,489	248,636,920	221,838,282
Restricted	5,019,817	23,005,792	430,444	430,444	5,450,261	23,436,236
Unrestricted	21,479,064	12,119,923	10,225,558	11,158,081	34,714,280	23,278,004
Total net assets	\$ 226,010,660	\$ 212,204,508	\$ 62,790,801	\$ 56,348,014	\$ 288,801,461	\$ 268,552,522

The governmental unrestricted net assets comprise \$21.5 million. The general fund unrestricted net assets are available for functions such as public safety employee salaries and supplies, park and road maintenance, and other general government services. The unrestricted net assets of business-type activities, \$10.2 million, may only be spent on activities related to one of the three City utilities (water, sewer, and surface water) or to the golf course activities. Examples of utility activities include maintenance of water/sewer mains, pump and lift stations, storm drain flushing, and water meter reading.

Effective with 2011 financial reporting under the five categories of fund balances are as follows:

	General Fund	Arterial Street	Land Acquisition. Park & Development	Other Governmental Funds	Total Governmental Funds
NONSPENDABLE:					
Prepaid Items	\$ 5,000	-	\$ -	\$ -	\$ 5,000
RESTRICTED FOR:					
Hotel Motel Tax	-	-	-	787,568	787,568
Street	-	-	-	903,937	903,937
Drug Seizure	-	-	-	229,711	229,711
Arterial Street	-	2,696,537	-	-	2,696,537
General Government Improvement	-	-	-	397,064	397,064
COMMITTED FOR:					
Other Purposes	18,000	-	-	-	18,000
Fire Improvement	-	-	-	313,819	313,819
Land Acq. Rec & Park Development	-	-	88,487	-	88,487
ASSIGNED FOR:					
Arterial Street	-	4,232,859	-	-	4,232,859
Land Acq. Rec & Park Development	-	-	1,339,485	-	1,339,485
Facility Replacement	-	-	-	2,027,015	2,027,015
General Government Improvement	-	-	-	211,549	211,549
Fire Improvement	-	-	-	-	-
Debt Service	-	-	-	3,316,313	3,316,313
UNASSIGNED	8,237,141	-	-	-	8,237,141
TOTAL FUND BALANCES	\$ 8,260,141	\$ 6,929,396	\$ 1,427,972	\$ 8,186,976	\$ 24,804,485

The \$2.1 million decrease in current and other assets for governmental activities is comprised of a \$1.4 million decrease in unrestricted and restricted cash, and a \$2.5 million decrease in investments. The decrease of \$859,915 in current and other assets for business-type activities is comprised of a decrease of \$338,928 in cash offset by a decrease of \$1.8 million in investments.

Governmental capital assets increased by \$17.8 million due to capital outlays of \$25.7 million and developer contributions of \$68,718, offset by depreciation. The addition is due to two major street projects, the Southcenter Access Project and the Southcenter Parkway Extension Project.

The \$1.8 million increase in long-term liabilities for governmental activities is due to the partial refunding of the 2003 Streets general obligation bonds and transfer of \$3 million debt from the Golf Course fund to governmental funds offset by principal payments on existing debt.

Business-type activity capital assets increased by \$3.1 million due to capital outlays of \$5 million and developer contributions of \$12,583, offset by depreciation. Most of the increase is due to water and sewer utility improvements with the Southcenter Parkway Extension project.

Changes in Net Assets

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

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

CITY OF TUKWILA CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues						
Charges for services	\$ 6,348,824	\$ 5,076,107	\$ 16,371,214	\$ 14,117,185	\$ 22,720,038	\$ 19,193,292
Operating grants and contributions	2,250,601	2,139,029	-	3,502	2,250,601	2,142,531
Capital grants and contributions	18,495,127	23,992,563	1,993,537	7,389,910	20,488,664	31,382,473
General revenues						
Property taxes	13,443,137	13,363,096	-	-	13,443,137	13,363,096
Sales taxes	15,796,054	14,669,328	-	329,527	15,796,054	14,998,855
Hotel/Motel taxes	555,682	458,092	-	-	555,682	458,092
Natural gas use tax	317,531	533,811	-	-	317,531	533,811
Utility taxes	6,161,880	5,600,683	-	-	6,161,880	5,600,683
Interfund utility taxes	1,372,380	1,497,782	-	-	1,372,380	1,497,782
Business taxes	667,679	2,707,792	-	-	667,679	2,707,792
Excise taxes	2,170,293	507,798	-	-	2,170,293	507,798
State entitlements	2,085,740	1,951,936	-	-	2,085,740	1,951,936
Investment earnings	275,477	108,929	61,119	85,942	336,596	194,871
Miscellaneous	-	-	200,871	97,541	200,871	97,541
Gain/(loss) on sale of capital assets	-	-	-	-	-	-
Total revenues	69,940,405	72,606,946	18,626,741	22,023,607	88,567,146	94,630,553
Expenses:						
General government	9,150,573	7,052,717	-	-	9,150,573	7,052,717
Public safety	25,348,318	26,088,644	-	-	25,348,318	26,088,644
Physical environment	2,885,175	2,533,394	-	-	2,885,175	2,533,394
Transportation	6,872,708	6,015,197	-	-	6,872,708	6,015,197
Economic environment	4,712,832	4,579,338	-	-	4,712,832	4,579,338
Mental and physical health	4,591	4,539	-	-	4,591	4,539
Culture and recreation	4,203,824	4,756,676	-	-	4,203,824	4,756,676
Interest on long-term debt	472,438	1,061,419	-	-	472,438	1,061,419
Water/sewer	-	-	10,092,903	9,343,368	10,092,903	9,343,368
Foster golf course	-	-	1,986,747	1,935,014	1,986,747	1,935,014
Surface water	-	-	2,588,098	2,476,170	2,588,098	2,476,170
Total expenses	53,650,459	52,091,924	14,667,748	13,754,552	68,318,207	65,846,476
Increase in net assets before transfers	16,289,946	20,515,022	3,958,993	8,269,055	20,248,939	28,784,077
Transfers	(2,483,794)	1,399,310	2,483,794	(1,399,310)	-	-
Change in net assets	13,806,152	21,914,332	6,442,787	6,869,745	20,248,939	28,784,077
Net assets-beginning of period	212,204,508	190,290,176	56,348,014	49,478,269	268,552,522	239,768,445
Net assets-end of period	\$ 226,010,660	\$ 212,204,508	\$ 62,790,801	\$ 56,348,014	\$ 288,801,461	\$ 268,552,522

Governmental activities contributed \$13.8 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.

Revenues from governmental activities decreased \$2.7 million from 2010 activity. The components and explanation of this increase follows.

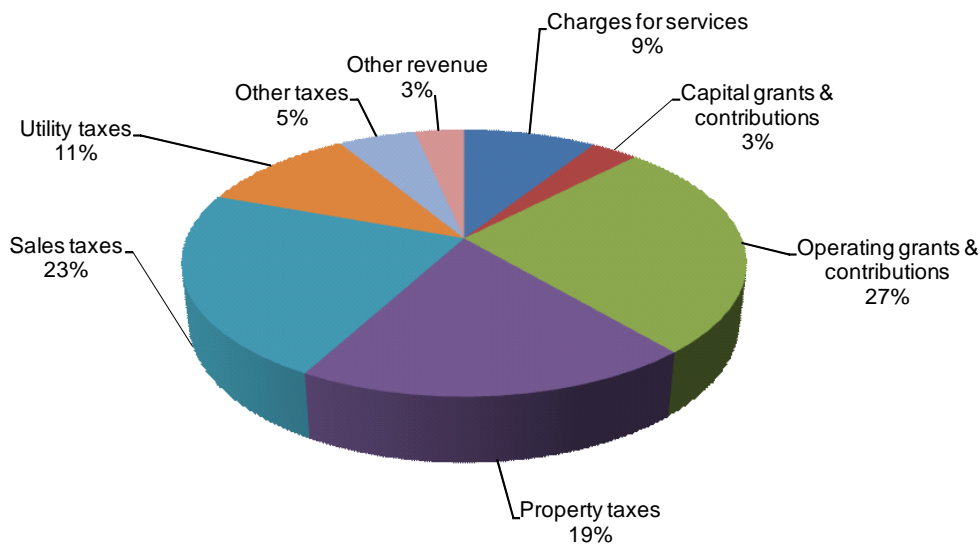
- Operating grants and contributions increased by \$111,572, or 5.2%.
- Capital grants and contributions decreased \$5.5 million.
- Charges for services increased by \$1.3 million which is attributable to a new revenue generating regulatory license fee on business licenses.

- Natural gas use tax receipts decreased by \$216,280 or 41%, which may be attributable to reduced consumption due to a weak economy.
- Business taxes and excise taxes combined decreased by \$377,618.

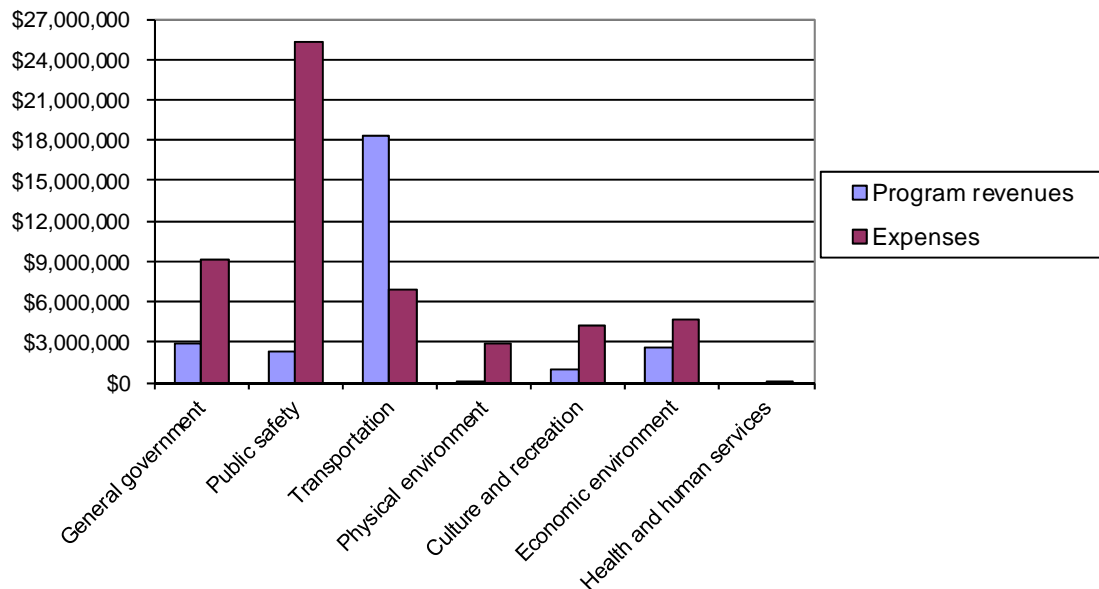
Governmental activity expenses increased by \$1.6 million. Culture and recreation expenses decreased by \$552,852, or 11.6% partially due to the formation of a metropolitan park district to operate the pool, general government expenses increased by \$2.1 million, or 30%, and interest expense on long-term debt decreased by \$588,981, or 56%.

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

Revenues by Source – Governmental Activities



Program Revenues and Expenses - Governmental Activities



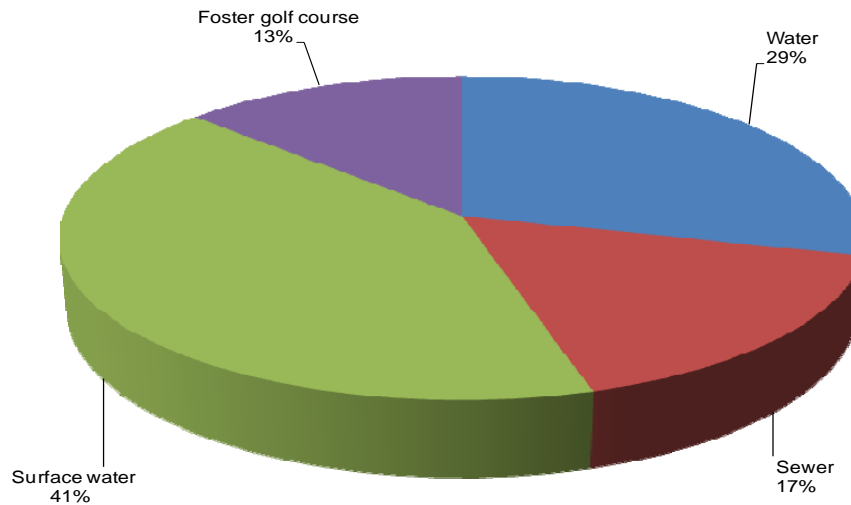
Business-type net assets increased by \$6.44 million during 2011. Key components of this increase include:

- \$5,396,373 decrease in capital grants and contributions due to developer contributions received from utility improvements related to completion of Sound Transit's Link light rail in the prior year.
- \$2,254,029 or 16% increase in charges for services primarily due to utility rate increase effective January 2011.
- \$525,864 net transfer out from the business-type activity funds.
- \$3,009,658 in debt transfer from the Foster Golf Course fund to governmental fund. The asset remained in the enterprise fund.
- Income before capital contributions and transfers amounted to:

○ Water fund:	\$ 1,697,961
○ Sewer fund	42,752
○ Foster golf course fund:	(680,886)
○ Surface water fund:	905,629
	<u>\$ 1,965,456</u>

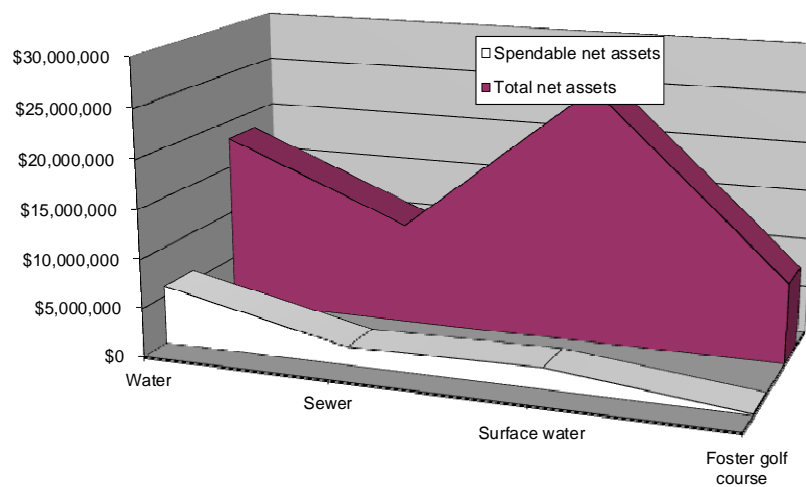
The following chart shows the relative net asset balances for each business-type fund:

Business-Type Net Assets - By Fund

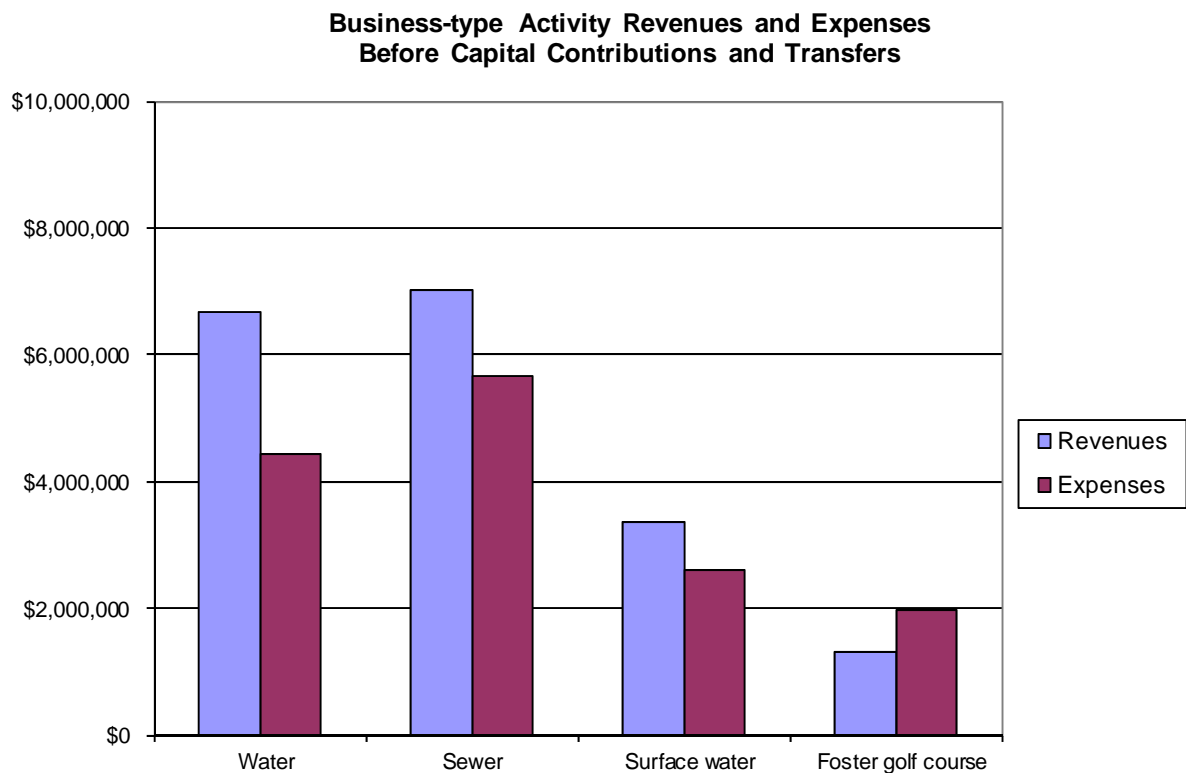


The majority of net assets in the City's enterprise funds relate to capital asset infrastructure, such as water and sewer mains, and the golf course land. As such, most of the net assets are not available to support the ongoing expenses of the funds. The following chart contrasts the total net assets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

**Comparison of Total Net Assets to Spendable Net Assets
Business-Type Funds**



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



Financial Analysis of Governmental Funds

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

As of December 31, 2011, the City's governmental funds had combined fund balances of \$24,804,485 a decrease of \$3,958,347 or 13.7%. This decrease is related to:

- General fund \$2,503,101
- Arterial street fund (\$4,124,014)
- Land Acq., Rec & Park Development (\$3,345,540)
- Other governmental funds \$1,008,106

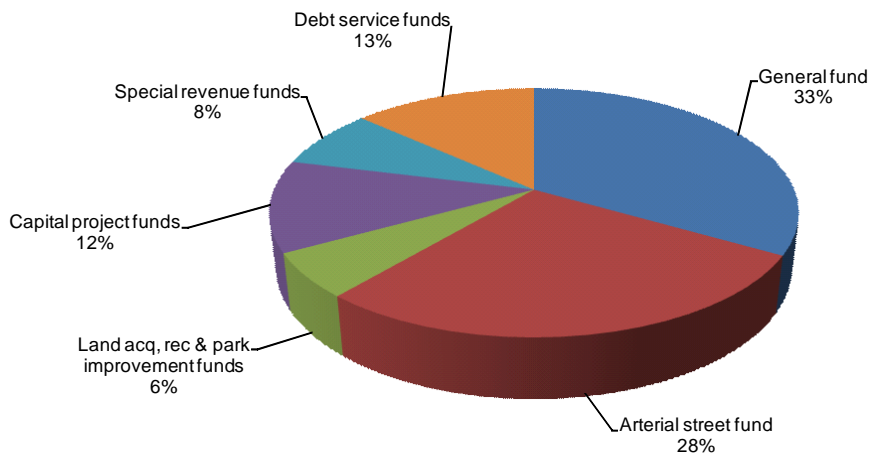
Of the governmental funds' total fund balances, \$5,000 is nonspendable prepaid items. Restricted fund balances constrained for a specific purpose by external parties consist of \$787,568 for tourism, \$903,937 for Streets, \$229,711 for drug seizure, and \$2,696,537 for Arterial Street. Committed fund balances constrained by the government's Councilmembers comprise of \$18,000 for imprest funds, \$313,819 for fire improvements, and \$88,487 for land acquisition recreation and park development. Fund balances intended to be used for specific purposes consists of \$4,232,859 for Arterial Street, \$1,339,485 for land acquisition recreation and park development, \$2,027,015 for facility replacement, \$211,549 for general government improvements, and \$3,316,313 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 2011, the general fund had a fund balance of \$8,260,141, of which substantially all is unassigned and is available for any purpose.

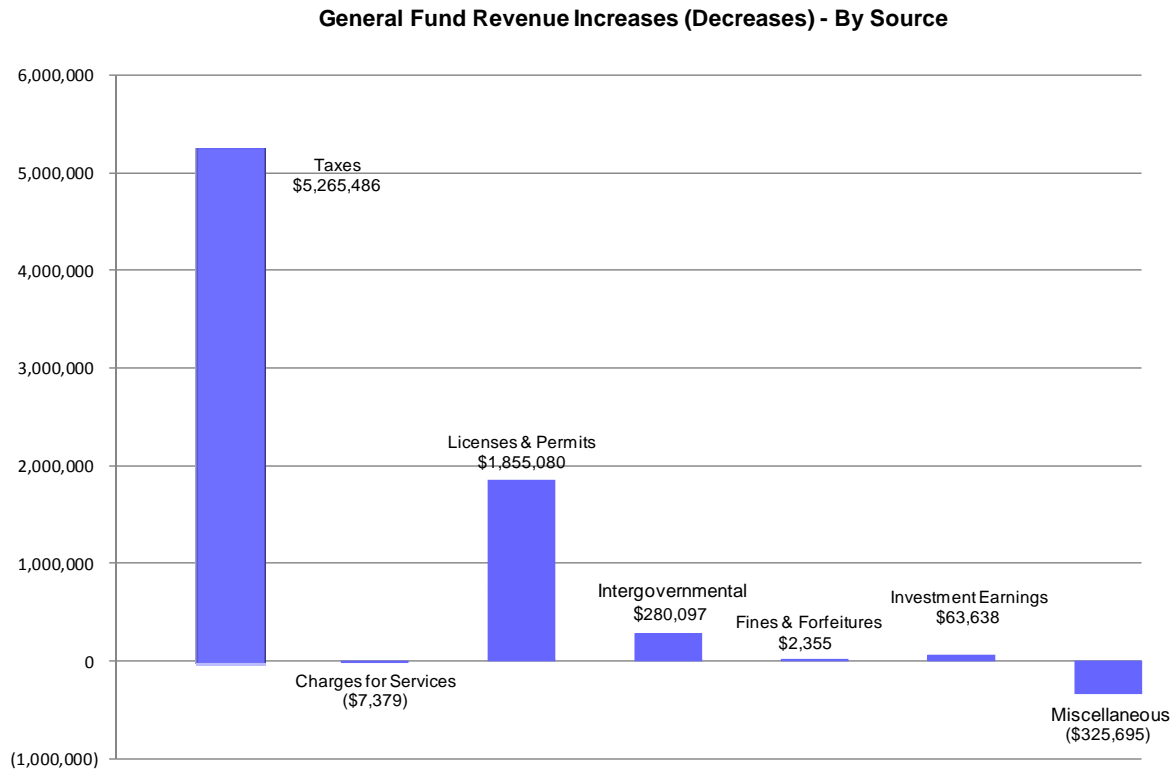
The following chart shows the relative fund balances for governmental funds:

Governmental Funds – Fund Balances



The \$868,741 increase in the general fund balance results from revenue of \$47,842,717, expenses of \$43,701,390, transfers into the fund of \$2,972,843 and transfers out of \$6,282,303. In comparison with 2010, revenue increased by \$7.1 million, expenditures decreased by \$941,351, transfers out decreased by \$6,026,828 and transfers in increased by \$511,037.

The general fund revenue increase of \$7,133,582 came from the following sources:



The fund balance decrease of \$4,124,014 in the arterial street fund is primarily due to expenditures for the nearly completed Tukwila Urban Center Access Project. Land acquisition, recreation and park development fund balance decreased by \$3,345,540 due to a transfer out of funds to service the transfer of debt from the enterprise fund.

Financial Analysis of Proprietary Funds

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

General Fund Budgetary Highlights

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

• Increase in JAG Recovery Act grant revenue for Mobile Command Unit	\$ 104,417
• Increase in revenue for insurance reimbursement	50,000
• Increase in JAG grant for School Resource Officer	76,437
• Additional funding for Contingency reserve	166,260
• Additional funding for Golf course operations	550,000
• Funding for operating loan to Metropolitan Park District	375,000
• Additional funding for debt payment on 2010 issued bonds	6,000
• Reduction in funding for SCORE debt service	(250,000)

• Funding to acquire Mobile command unit previously not budgeted	104,417
• Funding for School Resource Officer grant expenditures	76,437
• Additional funding for repair of damaged signal pole	50,000

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

- Sales tax revenue was \$1,145,800 more than budgeted. This reflects the \$474,200 increase in receipts related to construction activities.
- Expected revenue from gambling tax came in below budget by \$965,664.
- Other business taxes that contributed to a negative variance in revenue receipts include admissions tax down by \$122,389 and utility tax down by \$670,736 or 14.2%.
- The budget for proceeds from sales of capital assets was significantly higher than actual results resulting in a negative variance of \$653,000. Properties that were originally scheduled to be sold were kept for alternative use.

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, 2011 totaled \$277.1 million (net of accumulated depreciation), an increase of \$20.8 million, or 8.1%, from 2010. 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:

- Tukwila Urban Center Access Project (Klickitat Southcenter Parkway/I-5 Access Revision totaled \$13.3 million.
- Southcenter Parkway and S 180th St arterial street construction totaled \$9.5 million.

A summary of the City's net assets follows:

SUMMARY OF CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/11	As of 12/31/10	As of 12/31/11	As of 12/31/10	As of 12/31/11	As of 12/31/10
Land	\$ 39,459,061	\$ 39,472,061	\$ 2,214,118	\$ 2,214,118	\$ 41,673,179	\$ 41,686,179
Buildings	12,231,995	14,718,746	8,403,761	8,709,277	20,635,756	23,428,023
Other Improvements	8,639,571	4,983,563	44,188,248	45,634,422	52,827,819	50,617,985
Machinery and Equipment	6,525,286	6,175,182	687,756	809,984	7,213,042	6,985,166
Infrastructure	107,103,876	97,249,360	-	-	107,103,876	97,249,360
Intangible Assets	286,711	208,021	-	-	286,711	208,021
Construction in Progress	39,453,817	33,131,284	7,850,959	2,893,683	47,304,776	36,024,967
Total	\$213,700,317	\$ 195,938,217	\$ 63,344,843	\$ 60,261,484	\$277,045,159	\$256,199,701

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

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$24,240,000. Of this amount, \$20,260,000 is general obligation bonds, and \$3,980,000 is revenue bonds for the water/sewer and surface water utilities. The City currently maintains a rating of Aa3 with Moody's and AA- with Fitch's Investor Service for its general obligation debt.

The following schedule summarizes the City's bonded debt:

SUMMARY OF BONDED DEBT

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/11	As of 12/31/10	As of 12/31/11	As of 12/31/10	As of 12/31/11	As of 12/31/10
General obligation bonds	\$ 20,260,000	\$ 18,821,175	\$ -	\$ 3,238,825	\$ 20,260,000	\$ 22,060,000
Revenue bonds	-	-	3,980,000	4,395,000	3,980,000	4,395,000
	\$ 20,260,000	\$ 18,821,175	\$ 3,980,000	\$ 7,633,825	\$ 24,240,000	\$ 26,455,000

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

Other Long-term Debt	
Public Works Trust Fund loans	\$ 7,179,635
Employee leave benefits	3,260,355
Due to other governments	7,746,800
Capital lease payable	35,891
	\$ 18,222,681

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

Economic Factors

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

- **Tukwila South** – In 2009, the City executed development agreements and completed annexation of 259 acres as part of the 500 acre Tukwila South development. Development activities in 2011 were minimal. Wetland mitigation plantings at the south end and fisheries habitat construction along the river north of South 200th Street is scheduled for 2012. Completion of the new Southcenter Parkway Extension project will allow for the future development to continue.
- **Tukwila Village** - On June 6, 2011 the City Council selected Tukwila Village Development Associates, LLC (also known as the Senior Housing Assistance Group or "SHAG") as the developer and authorized the Mayor to enter into negotiations. SHAG shares ownership and operations for over thirty multi-family housing developments in the Puget Sound. Their properties serve people of all ages with a strong emphasis on affordable senior housing. The City, SHAG, and the King County Library System are currently working on the basic plan for the location of buildings and parking on the site. The draft deal terms with the developer and library were discussed at the City Council meeting on December 19, 2011. The development agreements are scheduled to be completed in 2012 and the first phase opening in 2014.
- **Tukwila Urban Center Access** – Designed to improve traffic flow, Southcenter Parkway reopened on October 13, 2011. Local improvement district funding for the project in the range of \$6.5 to \$10.5 million is scheduled for 2012.
- **Major Tenant Improvements/Additions** – The largest new tenant improvements and additions were completed for Shasta Beverages, Toys R Us, Continental Mills, Sabey Data Center, Boeing, Target, and re-roofing of Costco totaling \$197,664 in revenue receipts, which added \$13.6 million in property values.
- **New Construction** – Completed in 2011 include Riverton Court mixed use building, DRA Professional Center, Segale office building, and Museum of Flight Space Shuttle Gallery totaling \$703,197 in revenue receipts, which added \$13.8 million in property values.

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, 2011

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	METROPOLITAN PARK DISTRICT
ASSETS:				
CASH AND CASH EQUIVALENTS (Note 3)	\$ 18,591,697	\$ 3,725,808	\$ 22,317,505	\$ 69,462
INVESTMENTS (Note 3)	10,124,278	3,446,525	13,570,803	-
RECEIVABLES:				
TAXES (Note 4)	3,803,424	-	3,803,424	-
CUSTOMER ACCOUNTS	714,461	1,151,035	1,865,496	-
INTEREST ON INVESTMENTS	57,368	-	57,368	-
DUE FROM COMPONENT UNIT	191,294	-	191,294	-
DUE FROM OTHER GOVERNMENTAL UNITS (Note 4)	3,084,834	1,308,225	4,393,059	-
INVENTORY OF MATERIALS AND SUPPLIES	574,449	617,219	1,191,668	-
NET PENSION ASSET (Note 9)	309,832	-	309,832	-
INVESTMENT IN JOINT VENTURES (Note 8)	10,467,389	-	10,467,389	-
RESTRICTED ASSETS:				
CASH AND CASH EQUIVALENTS (Note 3)	3,093,600	488,825	3,582,425	-
NOTES RECEIVABLE	-	450,270	450,270	-
DEFERRED CHARGES	5,000	60,053	65,053	-
NON-DEPRECIABLE CAPITAL ASSETS (Note 7)	78,912,878	2,214,118	81,126,996	-
DEPRECIABLE CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION): (Note 7)	134,787,439	61,130,724	195,918,163	1,923,626
PLANT ACQUISITION ADJUSTMENT (NET OF ACCUMULATED AMORTIZATION)	-	58,167	58,167	-
TOTAL ASSETS	264,717,943	74,650,969	339,368,912	1,993,088
LIABILITIES:				
ACCOUNTS PAYABLE	219,413	103,772	323,185	-
ACCRUED WAGES AND BENEFITS PAYABLE	1,283,384	337,077	1,620,461	10,198
DUE TO OTHER GOVERNMENTAL UNITS	7,746,800	558,247	8,305,047	-
ACCRUED INTEREST PAYABLE	79,436	65,262	144,698	1,143
DUE TO PRIMARY GOVERNMENT	-	-	-	191,294
REVENUES COLLECTED IN ADVANCE	505,686	-	505,686	-
OTHER CURRENT LIABILITIES	1,915,900	-	1,915,900	-
PAYABLE FROM RESTRICTED ASSETS:				
REVENUE BOND PRINCIPAL (Note 11)	-	440,000	440,000	-
DEPOSITS	500	58,756	59,256	-
UNEARNED REVENUE	52,080	21,061	73,141	-
BONDS AND OTHER DEBT PAYABLE:				
DUE WITHIN ONE YEAR (Note 11)	4,498,347	-	4,498,347	-
DUE IN MORE THAN ONE YEAR (Note 11)	18,762,574	10,275,993	29,038,567	20,001
UNFUNDED OTHER POST EMPLOYMENT BENEFITS (Note 10)	3,643,163	-	3,643,163	-
TOTAL LIABILITIES	38,707,283	11,860,168	50,567,451	222,636
NET ASSETS:				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT (Note 1)	199,511,779	52,134,799	248,636,920	2,114,920
RESTRICTED NET ASSETS:				
PREPAID ITEMS	5,000	-	5,000	-
ARTERIAL STREET	2,696,537	-	2,696,537	-
HOTEL/MOTEL TAX	787,568	-	787,568	-
STREET	903,937	-	903,937	-
DRUG SEIZURE	229,711	-	229,711	-
DEBT SERVICE	-	430,444	430,444	-
GENERAL GOVERNMENT IMPROVEMENTS	397,064	-	397,064	-
UNRESTRICTED NET ASSETS (Note 1)	21,479,064	10,225,558	34,714,280	(344,468)
TOTAL NET ASSETS	\$ 226,010,660	\$ 62,790,801	\$ 288,801,461	\$ 1,770,452

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, 2011

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	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
FUNCTIONS / PROGRAMS:				
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 9,150,573	\$ 2,462,671	\$ 261,848	\$ 167,286
PUBLIC SAFETY	25,348,318	809,806	941,118	482,994
TRANSPORTATION	6,872,708	345,373	62,538	17,844,847
PHYSICAL ENVIRONMENT	2,885,175	7,572	72,488	-
CULTURE AND RECREATION	4,203,824	1,001,117	6,509	-
ECONOMIC ENVIRONMENT	4,712,832	1,722,285	906,100	-
MENTAL AND PHYSICAL HEALTH	4,591	-	-	-
INTEREST ON LONG-TERM DEBT	472,438	-	-	-
	53,650,459	6,348,824	2,250,601	18,495,127
BUSINESS-TYPE ACTIVITIES:				
WATER	4,435,400	6,038,887	-	636,714
SEWER	5,657,503	5,672,355	-	1,343,297
SURFACE WATER	2,588,098	3,355,956	-	13,526
FOSTER GOLF COURSE	1,986,747	1,304,016	-	-
	14,667,748	16,371,214	-	1,993,537
TOTAL PRIMARY GOVERNMENT	\$ 68,318,207	\$ 22,720,038	\$ 2,250,601	\$ 20,488,664
COMPONENT UNIT:				
METROPOLITAN PARK DISTRICT	\$ 198,321	\$ 45,147	\$ -	\$ 1,923,626
TOTAL COMPONENT UNIT	\$ 198,321	\$ 45,147	\$ -	\$ 1,923,626

GENERAL REVENUES:

PROPERTY TAXES
 RETAIL SALES AND USE TAXES
 NATURAL GAS USE TAX
 HOTEL/MOTEL TAXES
 UTILITY TAXES
 INTERFUND UTILITY TAXES
 BUSINESS TAXES
 EXCISE TAXES

STATE ENTITLEMENTS

UNRESTRICTED INVESTMENT EARNINGS

MISCELLANEOUS

TRANSFERS (Note 5)

TOTAL GENERAL REVENUES

TRANSFER BETWEEN GOVERNMENTAL AND BUSINESS ACTIVITIES

CHANGE IN NET ASSETS

NET ASSETS - BEGINNING

NET ASSETS - ENDING

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

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PRIMARY GOVERNMENT NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNIT NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
\$ (6,258,768)	\$ -	\$ (6,258,768)	\$ -
(23,114,400)	-	(23,114,400)	-
11,380,050	-	11,380,050	-
(2,805,115)	-	(2,805,115)	-
(3,196,198)	-	(3,196,198)	-
(2,084,447)	-	(2,084,447)	-
(4,591)	-	(4,591)	-
(472,438)	-	(472,438)	-
(26,555,907)	-	(26,555,907)	-
-	2,240,201	2,240,201	-
-	1,358,149	1,358,149	-
-	781,384	781,384	-
-	(682,731)	(682,731)	-
-	3,697,003	3,697,003	-
\$ (26,555,907)	\$ 3,697,003	\$ (22,858,904)	\$ -
			\$ 1,770,452
			\$ 1,770,452
\$ 13,443,137	\$ -	\$ 13,443,137	\$ -
15,796,054	-	15,796,054	-
317,531	-	317,531	-
555,682	-	555,682	-
6,161,880	-	6,161,880	-
1,372,380	-	1,372,380	-
667,679	-	667,679	-
2,170,293	-	2,170,293	-
2,085,740	-	2,085,740	-
275,477	61,119	336,596	-
-	200,871	200,871	-
525,864	(525,864)	-	-
43,371,717	(263,874)	43,107,843	-
(3,009,658)	3,009,658	-	-
13,806,152	6,442,787	20,248,939	1,770,452
212,204,508	56,348,014	268,552,522	-
\$ 226,010,660	\$ 62,790,801	\$ 288,801,461	\$ 1,770,452

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

MAJOR GOVERNMENTAL FUNDS

General Fund

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

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

Arterial Street Fund

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

Land Acquisition, Recreation and Park Development Fund

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

CITY OF TUKWILA, WASHINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	GENERAL FUND	ARTERIAL STREET	LAND ACQ. REC & PARK DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 5,991,837	\$ 837,076	\$ 1,662,953	\$ 5,323,009	\$ 13,814,875
INVESTMENTS	-	1,107,034	-	2,021,043	3,128,077
RECEIVABLES:					
TAXES	3,662,032	32,348	-	109,042	3,803,422
CUSTOMER ACCOUNTS	713,766	-	-	-	713,766
INTEREST ON INVESTMENTS	-	2,423	-	-	2,423
DUE FROM OTHER GOVERNMENTAL UNITS	235,698	2,458,857	-	390,279	3,084,834
PREPAID EXPENSES	5,000	-	-	-	5,000
DEFERRED CHARGES	-	-	-	-	-
RESTRICTED ASSETS:					
CASH AND CASH EQUIVALENTS	-	2,696,537	-	397,064	3,093,601
TOTAL ASSETS	\$ 10,608,333	\$ 7,134,275	\$ 1,662,953	\$ 8,240,437	\$ 27,645,998
LIABILITIES AND FUND BALANCES:					
ACCOUNTS PAYABLE	\$ 17,171	\$ 192,094	\$ -	\$ 10,148	\$ 219,413
ACCRUED WAGES & BENEFITS	1,235,940	12,785	126	17,379	1,266,230
RETAINAGE PAYABLE	-	-	-	11,934	11,934
REVENUE COLLECTED IN ADVANCE	529,412	-	-	-	529,412
OTHER CURRENT LIABILITIES	211,166	-	500	14,000	225,666
DEFERRED REVENUE	354,503	-	234,354	-	588,857
TOTAL LIABILITIES	2,348,192	204,879	234,980	53,461	2,841,512
FUND BALANCES:					
NONSPENDABLE:					
PREPAID ITEMS	5,000	-	-	-	5,000
RESTRICTED FOR:					
HOTEL MOTEL TAX	-	-	-	787,568	787,568
STREET	-	-	-	903,937	903,937
DRUG SEIZURE	-	-	-	229,711	229,711
ARTERIAL STREET	-	2,696,537	-	-	2,696,537
GENERAL GOVERNMENT IMPROVEMENTS	-	-	-	397,064	397,064
COMMITTED FOR:					
OTHER PURPOSES	18,000	-	-	-	18,000
FIRE IMPROVEMENTS	-	-	-	313,819	313,819
LAND ACQ. REC & PARK DEVELOPMENT	-	-	88,487	-	88,487
ASSIGNED FOR:					
ARTERIAL STREET	-	4,232,859	-	-	4,232,859
LAND ACQ. REC & PARK DEVELOPMENT	-	-	1,339,485	-	1,339,485
FACILITY REPLACEMENT	-	-	-	2,027,015	2,027,015
GENERAL GOVERNMENT IMPROVEMENTS	-	-	-	211,549	211,549
FIRE IMPROVEMENTS	-	-	-	-	-
DEBT SERVICE	-	-	-	3,316,313	3,316,313
UNASSIGNED	8,237,141	-	-	-	8,237,141
TOTAL FUND BALANCES	8,260,141	6,929,396	1,427,972	8,186,976	24,804,485
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,608,333	\$ 7,134,275	\$ 1,662,952	\$ 8,240,437	\$ 27,645,997
Total governmental fund balances as reported on this statement					\$ 24,804,485
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				\$ 78,912,878	
Depreciable Assets (Net)				134,787,439	
					213,700,317
The net pension asset resulting from contributions in excess of the annual required contribution are not financial resources and therefore is not reported in the funds.					309,832
The City has an equity interest in two joint ventures. This equity interest for the provision of governmental services is not a current financial resource and therefore is not reported in the funds.					10,467,389
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.					574,504
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.					
Long Term Liabilities Due Within One Year				(4,498,347)	
Long Term Liabilities Due in More Than One Year				(18,762,575)	
Due to Other Governmental Units				(7,746,800)	
Unfunded Other Post Employment Benefits				(3,643,163)	
Accrued Interest Payable				(79,436)	
					(34,730,321)
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.					10,136,459
Amount due from Component Unit					191,294
Net assets of governmental activities as reported on the statement of net assets					<u>\$ 226,010,660</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
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND	ARTERIAL STREET	LAND ACQ. REC & PARK DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
TAXES	\$ 37,004,222	\$ 281,297	\$ 127,822	\$ 622,340	\$ 38,035,681
LICENSES AND PERMITS	3,473,910	-	-	-	3,473,910
INTERGOVERNMENTAL	4,756,033	17,930,718	(76,852)	1,450,008	24,059,907
CHARGES FOR SERVICES	2,108,235	-	92,845	158,520	2,359,600
FINES AND FORFEITURES	229,907	-	-	78,120	308,027
INVESTMENT EARNINGS	131,288	100,930	35,347	7,914	275,479
MISCELLANEOUS	139,122	164,584	-	52,703	356,409
TOTAL REVENUES	47,842,717	18,477,529	179,162	2,369,605	68,869,013
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	8,233,654	-	-	19,786	8,253,440
PUBLIC SAFETY	24,324,023	-	-	3,475	24,327,498
PHYSICAL ENVIRONMENT	1,686,755	-	-	373,727	2,060,482
TRANSPORTATION	2,481,836	194,675	-	-	2,676,511
ECONOMIC ENVIRONMENT	3,259,887	-	-	1,422,759	4,682,646
MENTAL AND PHYSICAL HEALTH	4,591	-	-	-	4,591
CULTURE AND RECREATION	3,502,447	-	4,703	-	3,507,150
DEBT SERVICE:					
PRINCIPAL	-	-	-	1,766,774	1,766,774
INTEREST AND OTHER COSTS	-	-	-	881,850	881,850
CAPITAL LEASES	-	-	-	-	-
CAPITAL OUTLAY	208,197	24,269,418	119,318	1,046,771	25,643,704
TOTAL EXPENDITURES	43,701,390	24,464,093	124,021	5,515,142	73,804,646
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	4,141,327	(5,986,564)	55,141	(3,145,537)	(4,935,633)
OTHER FINANCING SOURCES (USES):					
PROCEEDS FROM CAPITAL LEASE	15,468	-	-	-	15,468
SALES OF CAPITAL ASSETS	21,406	-	-	-	21,406
TRANSFERS IN (Note 5)	2,972,843	2,000,000	-	6,028,776	11,001,619
TRANSFERS OUT (Note 5)	(6,282,303)	(137,450)	(3,400,681)	(240,771)	(10,061,205)
GENERAL OBLIGATION BONDS ISSUED	-	-	-	5,055,688	5,055,688
PREMIUM ON GENERAL OBLIGATION DEBT	-	-	-	-	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	-	-	(5,055,688)	(5,055,688)
TOTAL OTHER FINANCING SOURCES AND USES	(3,272,586)	1,862,550	(3,400,681)	5,788,005	977,288
NET CHANGE IN FUND BALANCES	868,741	(4,124,014)	(3,345,540)	2,642,468	(3,958,345)
FUND BALANCES - BEGINNING	7,391,400	11,053,410	4,773,512	5,544,510	28,762,832
FUND BALANCES - ENDING	\$ 8,260,141	\$ 6,929,396	\$ 1,427,972	\$ 8,186,978	\$ 24,804,487

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, 2011

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ (3,958,345)
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	\$ 25,659,173	
Developer Contributions	68,718	
Depreciation Expense	(5,715,115)	
Excess of Capital Outlay and Donations Over Depreciation Expense		20,012,776
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. Donated net capital assets to Metropolitan Park District total \$1,923,626.		(1,943,351)
The net pension asset (negative net pension obligation) amortization amount is not a financial resource and therefore not reported in the funds.		24,834
The City has equity interests in two joint ventures. The equity interests for the provision of governmental services are not current financial resources and therefore are not reported in the funds.		482,994
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:		
Bond Principal Retirement		1,766,774
Proceeds from Capital Lease	(15,468)	
Amortization Expense	19,761	
		4,293
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 -Debt Transfer between funds		(3,046,599)
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	(5,055,689)	
Payment to Refunded Bond Escrow Agent	5,055,689	
		-
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.		454,509
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the government funds. Deferred revenues decreased by this amount this year.		421,475
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:		
Decrease in Accrued Interest	325,218	
Increase in Compensated Absences	(128,841)	
Increase in Unfunded Other Post Employment Benefits	(828,221)	
Amortization of Bond Discount and Deferred Charges	(79,383)	
Amortization of Bond Premiums	106,725	
Total Additional Expense (Increase) Decrease		(604,502)
Due from Component Unit		191,294
Change in net assets on the Statement of Activities		\$ 13,806,152

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, 2011

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 37,725,798	\$ 37,725,798	\$ 37,004,222	\$ (721,576)
LICENSES AND PERMITS	3,754,892	3,754,892	3,473,910	(280,982)
INTERGOVERNMENTAL	4,005,177	4,186,031	4,756,033	570,002
CHARGES FOR SERVICES	2,340,533	2,390,533	2,108,235	(282,298)
FINES AND FORFEITURES	205,408	205,408	229,907	24,499
INVESTMENT EARNINGS	132,258	132,258	131,288	(970)
MISCELLANEOUS	504,757	504,757	139,122	(365,635)
TOTAL REVENUES	48,668,823	48,899,677	47,842,717	(1,056,960)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	8,410,319	8,580,319	8,233,654	346,665
PUBLIC SAFETY	24,487,087	24,532,941	24,324,023	208,918
PHYSICAL ENVIRONMENT	1,898,626	1,828,626	1,686,755	141,871
TRANSPORTATION	2,603,943	2,603,943	2,481,836	122,107
ECONOMIC ENVIRONMENT	3,368,326	3,368,326	3,259,887	108,439
MENTAL & PHYSICAL HEALTH	4,000	4,000	4,591	(591)
CULTURE AND RECREATION	3,920,566	3,870,566	3,502,447	368,119
CAPITAL OUTLAY	58,000	94,000	208,197	(114,197)
TOTAL EXPENDITURES	44,750,867	44,882,721	43,701,390	1,181,331
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	3,917,956	4,016,956	4,141,327	124,371
OTHER FINANCING SOURCES (USES):				
SALES OF CAPITAL ASSETS	700,000	5,000	21,406	16,406
PROCEEDS FROM CAPITAL LEASE	-	-	15,468	15,468
TRANSFERS IN (Note 5)	2,344,192	2,510,452	2,972,843	462,391
TRANSFERS OUT (Note 5)	(8,039,495)	(7,511,755)	(6,282,303)	1,229,452
TOTAL OTHER FINANCING SOURCES AND USES	(4,995,303)	(4,996,303)	(3,272,586)	1,723,717
NET CHANGE IN FUND BALANCES	(1,077,347)	(979,347)	868,741	1,848,088
FUND BALANCES - BEGINNING (RESTATED, Note 1)	7,632,000	7,632,000	7,391,400	(240,600)
FUND BALANCES - ENDING	\$ 6,554,653	\$ 6,652,653	\$ 8,260,141	\$ 1,607,488

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, 2011

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 208,017	\$ 208,017	\$ 281,297	\$ 73,280
INTERGOVERNMENTAL	15,353,302	15,353,302	17,930,718	2,577,416
INVESTMENT EARNINGS	3,820	3,820	100,930	97,110
MISCELLANEOUS	324,000	324,000	164,584	(159,416)
TOTAL REVENUES	15,889,139	15,889,139	18,477,529	2,588,390
EXPENDITURES:				
CURRENT:				
TRANSPORTATION	-	-	194,675	(194,675)
CAPITAL OUTLAY	33,880,346	24,650,346	24,269,418	380,928
TOTAL EXPENDITURES	33,880,346	24,650,346	24,464,093	186,253
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(17,991,207)	(8,761,207)	(5,986,564)	2,774,643
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	2,000,000	2,000,000	2,000,000	-
TRANSFERS OUT (Note 5)	(120,324)	(120,324)	(137,450)	(17,126)
GENERAL OBLIGATION BONDS PROCEEDS	15,901,000	6,671,000	-	(6,671,000)
TOTAL OTHER FINANCING SOURCES AND USES	17,780,676	8,550,676	1,862,550	(6,688,126)
 NET CHANGE IN FUND BALANCES	 (210,531)	 (210,531)	 (4,124,014)	 (3,913,483)
 FUND BALANCES - BEGINNING	 5,000,000	 5,000,000	 11,053,410	 6,053,410
FUND BALANCES - ENDING	\$ 4,789,469	\$ 4,789,469	\$ 6,929,396	\$ 2,139,927

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 four major enterprise funds.

Water Utility Fund

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

Sewer Utility Fund

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

Foster Golf Course Fund

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

Surface Water Utility Fund

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	WATER UTILITY	SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS:						
CURRENT ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 813,565	\$ 870,549	\$ (18,689)	\$ 2,060,383	\$ 3,725,808	\$ 4,776,824
INVESTMENTS	3,446,525	-	-	-	3,446,525	6,996,201
RECEIVABLES:						
CUSTOMER ACCOUNTS	364,019	578,438	8,870	199,708	1,151,035	695
INTEREST ON INVESTMENTS	-	-	-	-	-	54,944
DUE FROM OTHER GOVERNMENTAL UNITS	1,265,680	17,524	-	25,021	1,308,225	-
INVENTORY OF MATERIALS AND SUPPLIES	246,567	51,389	268,813	50,450	617,219	17,748
CURRENT ASSETS RESTRICTED:						
CASH AND CASH EQUIVALENTS	6,480	-	51,901	-	58,381	-
TOTAL CURRENT ASSETS	6,142,836	1,517,900	310,895	2,335,562	10,307,193	11,846,412
NONCURRENT ASSETS:						
RESTRICTED CASH, CASH EQUIVALENTS, BOND RESERVES	266,713	126,834	-	36,897	430,444	-
NOTES RECEIVABLE	-	450,270	-	-	450,270	-
DEFERRED CHARGES	15,614	37,233	-	7,206	60,053	-
CAPITAL ASSETS:						
LAND	87,347	69,525	1,609,575	447,671	2,214,118	-
BUILDINGS AND EQUIPMENT	1,416,567	2,181,410	6,627,496	1,165,128	11,390,601	-
OTHER IMPROVEMENTS	18,674,055	12,348,687	3,559,992	35,308,449	69,891,183	-
MACHINERY AND EQUIPMENT	825,311	1,249,740	170,008	50,706	2,295,765	9,502,619
CONSTRUCTION IN PROGRESS	2,543,591	3,035,181	-	2,272,187	7,850,959	-
LESS: ACCUMULATED DEPRECIATION	(8,476,224)	(6,373,804)	(3,890,954)	(11,556,802)	(30,297,784)	(6,972,494)
TOTAL CAPITAL ASSETS (NET OF A/D)	15,070,647	12,510,739	8,076,117	27,687,339	63,344,842	2,530,125
PLANT ACQUISITION ADJUSTMENT (NET OF ACCUMULATED AMORTIZATION)	58,167	-	-	-	58,167	-
TOTAL NONCURRENT ASSETS	15,411,141	13,125,076	8,076,117	27,731,442	64,343,776	2,530,125
TOTAL ASSETS	21,553,977	14,642,976	8,387,012	30,067,004	74,650,969	14,376,537
LIABILITIES:						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE	5,920	35,972	-	61,880	103,772	-
ACCRUED WAGES AND BENEFITS	75,873	56,348	106,352	98,504	337,077	17,154
DUE TO OTHER GOVERNMENTAL UNITS	95,057	192,261	-	270,929	558,247	-
ACCRUED INTEREST PAYABLE	43,268	12,136	-	9,858	65,262	-
OTHER CURRENT LIABILITIES	-	-	-	-	-	1,692,800
UNEARNED REVENUE	4,084	-	-	16,977	21,061	-
REVENUE BOND PRINCIPAL	343,800	80,600	-	15,600	440,000	-
DEPOSITS	6,480	-	52,276	-	58,756	-
TOTAL CURRENT LIABILITIES	574,482	377,317	158,628	473,748	1,584,175	1,709,954
NONCURRENT LIABILITIES:						
REVENUE BONDS PAYABLE (NET OF UNAMORTIZED PREMIUMS)	1,722,733	1,564,830	-	302,870	3,590,433	-
COMPENSATED ABSENCES	37,298	10,782	11,716	4,401	64,197	-
OTHER LONG-TERM LIABILITIES	1,097,594	2,307,129	-	3,216,640	6,621,363	-
TOTAL NONCURRENT LIABILITIES	2,857,625	3,882,741	11,716	3,523,911	10,275,993	-
TOTAL LIABILITIES	3,432,107	4,260,058	170,344	3,997,659	11,860,168	1,709,954
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	11,811,463	8,365,919	8,076,117	23,881,300	52,134,799	2,530,125
RESTRICTED FOR:						
DEBT SERVICE	266,713	126,834	-	36,897	430,444	-
UNRESTRICTED	6,043,694	1,890,165	140,551	2,151,148	10,225,558	10,136,460
TOTAL NET ASSETS	\$ 18,121,870	\$ 10,382,918	\$ 8,216,668	\$ 26,069,345	\$ 62,790,801	\$ 12,666,585

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, 2011

	WATER UTILITY	SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES:						
CHARGES FOR SERVICES	\$ 4,775,181	\$ 5,672,355	\$ 1,300,285	\$ 3,353,506	\$ 15,101,327	\$ 6,944,185
INTERGOVERNMENTAL	1,261,696	-	-	-	1,261,696	-
OTHER OPERATING REVENUE	35,861	22,794	3,731	2,450	64,836	-
TOTAL OPERATING REVENUES	6,072,738	5,695,149	1,304,016	3,355,956	16,427,859	6,944,185
OPERATING EXPENSES:						
OPERATIONS & MAINTENANCE	2,978,262	4,395,371	1,538,939	935,216	9,847,788	5,939,117
ADMINISTRATIVE AND GENERAL	123,217	144,619	-	496,038	763,874	-
TAXES	689,684	632,644	5,739	381,969	1,710,036	-
DEPRECIATION AND AMORTIZATION	523,450	378,782	308,386	741,775	1,952,393	734,247
TOTAL OPERATING EXPENSES	4,314,613	5,551,416	1,853,064	2,554,998	14,274,091	6,673,364
OPERATING INCOME (LOSS)	1,758,125	143,733	(549,048)	800,958	2,153,768	270,821
NON-OPERATING REVENUE (EXPENSE):						
INVESTMENT EARNINGS	51,651	3,281	-	6,187	61,119	558,082
INTEREST EXPENSE	(113,647)	(101,932)	(129,138)	(32,617)	(377,334)	-
SALE OF CAPITAL ASSETS	-	(1,659)	400	-	(1,259)	40,160
AMORTIZATION OF BOND PREMIUM	8,972	1,825	1,845	353	12,995	-
AMORTIZATION OF BOND DISCOUNT	(6,093)	-	-	-	(6,093)	-
BOND ISSUE COSTS	(1,047)	(2,496)	(4,945)	(483)	(8,971)	-
OTHER NON-OPERATING REVENUE	-	-	-	131,231	131,231	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	(60,164)	(100,981)	(131,838)	104,671	(188,312)	598,242
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	1,697,961	42,752	(680,886)	905,629	1,965,456	869,063
CAPITAL CONTRIBUTIONS	636,714	1,343,297	3,009,658	13,526	5,003,195	-
TRANSFERS IN (Note 5)	98,460	-	775,000	-	873,460	-
TRANSFERS OUT (Note 5)	(487,107)	(329,131)	(221,515)	(361,571)	(1,399,324)	(414,552)
CHANGE IN NET ASSETS	1,946,028	1,056,918	2,882,257	557,584	6,442,787	454,511
TOTAL NET ASSETS BEGINNING OF YEAR	16,175,842	9,326,000	5,334,411	25,511,761	56,348,014	12,212,074
TOTAL NET ASSETS END OF YEAR	\$ 18,121,870	\$ 10,382,918	\$ 8,216,668	\$ 26,069,345	\$ 62,790,801	\$ 12,666,585

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, 2011

Page 1 of 2

	WATER UTILITY	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	\$ 4,763,532	\$ 5,695,320	\$ 1,116,837	\$ 3,297,072	\$ 14,872,760	\$ 6,975,460
CASH PAID TO SUPPLIERS	(2,392,412)	(4,126,052)	(450,534)	(443,685)	(7,412,683)	(5,411,734)
CASH PAID FOR TAXES	(689,684)	(632,644)	(60,123)	(381,969)	(1,764,420)	-
CASH PAID FOR INVENTORY	(23,475)	320	(85,827)	-	(108,982)	(43,430)
CASH PAID TO EMPLOYEES	(738,315)	(377,932)	(958,322)	(1,011,133)	(3,085,703)	(487,159)
OTHER CASH RECEIVED (PAID)	-	-	259,425	-	259,425	460,429
NET CASH PROVIDED (USED)						
BY OPERATING ACTIVITIES	919,646	559,011	(178,544)	1,460,285	2,760,398	1,493,566
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
OPERATING GRANT RECEIVED	-	-	-	131,231	131,231	-
TRANSFERS IN	98,460	-	775,000	-	873,460	-
TRANSFERS OUT	(487,107)	(329,131)	(221,515)	(361,571)	(1,399,324)	(414,552)
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	(388,647)	(329,131)	553,485	(230,340)	(394,632)	(414,552)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
PROCEEDS FROM SALE OF EQUIPMENT	-	-	400	-	400	39,924
PURCHASE OF CAPITAL ASSETS	(1,931,700)	(1,931,304)	(67,444)	(1,089,214)	(5,019,662)	(514,280)
CONTRIBUTED CAPITAL	10,139	189,563	3,009,657	-	3,209,359	-
CAPITAL GRANTS	626,576	1,153,734	-	-	1,780,310	-
PROCEEDS FROM OTHER GOVERNMENTS	-	-	-	-	-	-
PROCEEDS FROM INSURANCE SETTLEMENT	-	-	-	-	-	-
PREMIUM & BOND ISSUANCE COSTS	2,878	(1,825)	60,548	3,862	65,463	-
PRINCIPAL PAYMENT ON & TRANSFER OF DEBT	(417,603)	(269,760)	(3,262,661)	(286,307)	(4,236,330)	-
INTEREST PAYMENT ON DEBT	(120,768)	(102,858)	(140,628)	(22,795)	(387,048)	-
DEBT PROCEEDS	-	-	-	-	-	-
OTHER CASH RECEIVED (PAID)	-	-	-	-	-	-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,830,477)	(962,450)	(400,128)	(1,394,453)	(4,587,509)	(474,356)
CASH FLOW FROM INVESTING ACTIVITIES:						
PROCEEDS FROM SALE OF INVESTMENTS	529,003	207,190	-	1,114,356	1,850,548	-
PURCHASE OF INVESTMENTS	-	-	-	-	-	(2,839,478)
INTEREST RECEIVED	44,098	3,281	-	(15,112)	32,266	-
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	573,100	210,471	-	1,099,244	1,882,814	(2,839,478)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(726,379)	(522,099)	(25,186)	934,735	(338,930)	(2,234,820)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	1,813,137	1,519,482	58,398	1,162,545	4,553,562	7,011,643
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 1,086,759	\$ 997,382	\$ 33,212	\$ 2,097,280	\$ 4,214,632	\$ 4,776,823
CASH AT END OF YEAR CONSISTS OF:						
CASH AND CASH EQUIVALENTS	\$ 813,565	\$ 870,548	\$ (18,689)	\$ 2,060,383	\$ 3,725,807	\$ 4,776,823
RESTRICTED CASH-BOND PAYMENTS	266,713	126,834	-	36,897	430,444	-
RESTRICTED CASH-CUSTOMER DEPOSITS	6,480	-	51,901	-	58,381	-
TOTAL CASH	\$ 1,086,759	\$ 997,382	\$ 33,212	\$ 2,097,280	\$ 4,214,633	\$ 4,776,823

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, 2011

Page 2 of 2

	WATER UTILITY	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)	\$ 1,758,125	\$ 143,733	\$ (549,048)	\$ 800,958	\$ 2,153,768	\$ 270,821
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
DEPRECIATION	523,450	378,782	308,386	741,775	1,952,392	734,247
ASSET (INCREASES) DECREASES :						
ACCOUNTS RECEIVABLE	(27,423)	(134,987)	649	(39,735)	(201,496)	-
MISCELLANEOUS A/R-REVENUE	(1,265,680)	91,978	69,891	-	(1,103,811)	32,348
INVENTORY	-	(320)	1,458	(1,741)	(603)	(4,213)
LIABILITY INCREASES (DECREASES) :						
ACCOUNTS & VOUCHERS PAYABLE	(45,022)	28,132	(1,646)	25,695	7,158	460,363
OTHER LIABILITIES PAYABLE	(36,767)	44,010	-	8,438	15,680	-
DEPOSITS PAYABLE	(2,560)	-	1,707	-	(853)	-
WAGES & BENEFITS PAYABLE	(871)	7,729	(2,972)	(79,506)	(75,619)	-
COMPENSATED ABSENCES PAYABLE	16,395	(44)	(6,969)	4,401	13,783	-
TOTAL ADJUSTMENTS	(838,479)	415,278	370,504	659,327	606,630	1,222,745
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 919,646	\$ 559,011	\$ (178,544)	\$ 1,460,285	\$ 2,760,398	\$ 1,493,566
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
CAPITAL ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	\$ 10,139	\$ 189,563	\$ -	\$ 12,582	\$ 212,284	\$ -
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	7,553	-	-	-	7,553	(75,388)
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ 17,692	\$ 189,563	\$ -	\$ 12,582	\$ 219,837	\$ (75,388)

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



FIDUCIARY FUNDS

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

Firemen's Pension Trust Fund

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

Agency Fund

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
 DECEMBER 31, 2011

	FIREMEN'S PENSION TRUST FUND	AGENCY FUND
ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 1,422,057	\$ 9,186
TOTAL ASSETS	1,422,057	9,186
LIABILITIES:		
CURRENT PAYABLES	-	9,186
TOTAL LIABILITIES	-	9,186
NET ASSETS:		
HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES	\$ 1,422,057	-

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, 2011

	FIREMEN'S PENSION TRUST FUND
ADDITIONS:	
FIRE INSURANCE PREMIUM TAXES	\$ 54,865
INVESTMENT EARNINGS	1,746
TOTAL ADDITIONS	56,611
DEDUCTIONS:	
BENEFIT PAYMENTS	56,576
ADMINISTRATIVE EXPENSES	7,800
TOTAL DEDUCTIONS	64,376
CHANGE IN NET ASSETS	(7,765)
NET ASSETS - BEGINNING	1,429,822
NET ASSETS - ENDING	\$ 1,422,057

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



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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.

See Note 8, Joint Ventures, for a discussion of Valley Communications Center, which is a joint public safety dispatching authority for five member cities, and South Correctional Entity (SCORE), which is a governmental administrative agency. Also, see Note 16, Risk Management, for a discussion of the Washington Cities Insurance Authority.

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

- Cascade Water Alliance
- Jail Administration Group
- Valley Narcotics Enforcement Team
- Valley Special Weapons and Tactics Team
- Valley Civil Disturbance Unit
- Metropolitan Park District
- Regional Animal Services of King County

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

Discretely presented Component Unit

The Metropolitan Park District (District) was formed on August 16, 2011. The City Council of the City of Tukwila is authorized pursuant to RCW 35.61.050 to serve in an ex-officio capacity as the Board of Metropolitan Park Commissioners. The Metropolitan Park District provides a benefit to the citizens of Tukwila serving the community as a multigenerational facility that provides health and recreation benefits to all ages. Component units are legally separate entities but so closely related to the City through shared governance that their exclusion would cause the City's financials to be misleading or incomplete.

The District is a component unit of the City of Tukwila, which operates parks and recreation programs within the City and the District. Financial data for the District is included in the City's financial statements by discrete presentation. Requests for the District's separately issued financial statements may be addressed to the Finance Director, City of Tukwila, 6200 Southcenter Blvd., Tukwila, WA 98188-2544.

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

C. Fund Accounting

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

Governmental Funds

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

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

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

Proprietary Funds

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of

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

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

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

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

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

Fiduciary Funds

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

D. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

Other Revenue Sources

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

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

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

F. Budgets and Budgetary Accounting

The City of Tukwila budgets its funds in accordance with the Revised Code of Washington 35A.33. In compliance with the code, biennial budgets are adopted for the general fund and special revenue funds. For governmental funds, there are no substantial differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for biennially budgeted governmental funds only. Budgets established for proprietary and fiduciary funds are "management budgets" and are not legally required to be reported and, as such, are not reported in the CAFR.

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

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

- 1) Prior to November 1 on even numbered years, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months, and balanced with revenue estimates made by the Mayor.
- 2) The City Council conducts public hearings on the proposed budget in November and December.
- 3) The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.

- 4) The final operating budget as adopted is published and distributed within the first month of the following year. Copies of the budget are made available to the public.

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

Expenditure Categories

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

G. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents

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

Investments

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

Due from Component Unit

The City has advanced funds to the Metropolitan Park District in the form of an operating loan. The advance earns interest at 2% per annum and will be repaid over a 10 year period with the first payment due June 1, 2013.

Notes Receivable

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

Receivables and Payables

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

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

Inventories

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

Deferred Charges

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

Capital Assets and Depreciation

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

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

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

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

See Note 7 for additional information on capital assets.

Plant Acquisition Adjustments

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

Compensated Absences

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

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

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term debt outstanding at year-end is outlined in Note 11.

Fund Equity

Fund balance represents the difference between the current assets and current liabilities. The City restricts those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for general appropriation or expenditure.

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

The 2003 Limited General Obligation Bond debt to finance the construction of a clubhouse was transferred from the Foster Golf Course fund due to insufficient operating revenue to service the debt. This amount is excluded from the Invested in Capital Assets, Net of Related Debt calculation for the

governmental activities. It is included in the total for the Invested in Capital Assets, Net of Related Debt calculation for the primary government.

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

In 2011, the City established a Reserve Policy capable of addressing the various types of the City's operating and restricted use funds. The objectives of this Policy are to maintain a reserve between 75% and 100% of the minimum of the targeted balances, provide clear guidance on the use and replenishment of City reserves, and establish a process for periodic review of City reserves.

Fund Balance Components

The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action in the form of ordinances and resolutions of Tukwila Councilmembers, the City's highest level of decision-making authority.
- Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the Legislature and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved.

The appropriated balance in the General Fund is committed, and the remaining balance is unassigned. All other governmental funds, including subfunds of the General Fund are presented as restricted or committed, with the exception of the two subfunds of the General Fund, which are unassigned.

	Beginning Fund Balances before GASB 54	Reclassification	Beginning Fund Balances after GASB 54
General Fund	\$ 5,757,040	\$ 1,634,360	\$ 7,391,400
Contingency Reserve-Subfund of General Fund	889,470	(889,470)	-
Fire Equipment Cumulative Reserve-Subfund of General Fund	744,890	(744,890)	-
	<u>\$ 7,391,400</u>	<u>\$ -</u>	<u>\$ 7,391,400</u>

Budget information for the General Fund includes budgets for both Contingency Fund and Fire Equipment Cumulative Reserve Fund. With the implementation of GASB 54, these funds do not meet the criteria to be reported separately and for financial reporting purposes, they are subfunds of the General Fund.

Below is a reconciliation of the restated beginning fund balance for Special Revenue funds due to the implementation of GASB 54.

	Beginning Fund Balances before GASB 54	Reclassification	Beginning Fund Balances after GASB 54
Hotel/Motel Tax	\$ 850,106	\$ -	\$ 850,106
Street	607,646	-	607,646
Contingency	889,470	(889,470)	-
Fire Equipment Cumulative Reserve	744,890	(744,890)	-
Drug Seizure	316,024	-	316,024
	<u>\$ 3,408,136</u>	<u>\$ (1,634,360)</u>	<u>\$ 1,773,776</u>

The following table illustrates the use of fund balance resources for governmental funds. The City applies restricted resources first when an expense is incurred for purposes of which both restricted and unrestricted net assets are available in the governmental funds.

General Fund and Subfunds						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ 5,000	\$ -	\$ 17,900	\$ -	\$ 7,368,500	\$ 7,391,400
Additions	-	-	100	-	50,852,334	50,852,434
Expenditures	-	-	-	-	(49,983,692)	(49,983,692)
Ending Fund Balance	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ -</u>	<u>\$ 8,237,142</u>	<u>\$ 8,260,142</u>
Restricted-Committed-Assigned-Unassigned *						
Arterial Street						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 2,714,991	\$ 6,551,442	\$ 1,786,977	\$ -	\$ 11,053,410
Additions	-	17,922,408	109,239	2,164,584	-	20,196,231
Expenditures	-	(17,940,862)	(6,660,681)	281,298	-	(24,320,245)
Ending Fund Balance	<u>\$ -</u>	<u>\$ 2,696,537</u>	<u>\$ -</u>	<u>\$ 4,232,859</u>	<u>\$ -</u>	<u>\$ 6,929,396</u>
Restricted-Committed-Assigned-Unassigned **						
Land Acquisition Recreation & Park Development						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ -	\$ 108,177	\$ 4,665,335	\$ -	\$ 4,773,512
Additions	-	-	88,487	90,676	-	179,163
Expenditures	-	-	(108,177)	(3,416,526)	-	(3,524,703)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,487</u>	<u>\$ 1,339,485</u>	<u>\$ -</u>	<u>\$ 1,427,972</u>
Restricted-Committed-Assigned-Unassigned						

*\$18,000 is committed for petty cash change funds

** \$2.7 million remains in restricted fund balance for Arterial Street, which can only be used towards approved flood related equipment purchases

Hotel Motel Tax						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 850,106	\$ -	\$ -	\$ -	\$ 850,106
Additions	-	1,463,461	-	-	-	1,463,461
Expenditures	-	(1,525,999)	-	-	-	(1,525,999)
Ending Fund Balance	\$ -	\$ 787,568	\$ -	\$ -	\$ -	\$ 787,568
Restricted-Committed-Assigned-Unassigned						
Street						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 607,646	\$ -	\$ -	\$ -	\$ 607,646
Additions	-	314,746	-	-	-	314,746
Expenditures	-	(18,455)	-	-	-	(18,455)
Ending Fund Balance	\$ -	\$ 903,937	\$ -	\$ -	\$ -	\$ 903,937
Restricted-Committed-Assigned-Unassigned						
Drug Seizure						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 316,024	\$ -	\$ -	\$ -	\$ 316,024
Additions	-	153,425	-	-	-	153,425
Expenditures	-	(239,738)	-	-	-	(239,738)
Ending Fund Balance	\$ -	\$ 229,711	\$ -	\$ -	\$ -	\$ 229,711
Restricted-Committed-Assigned-Unassigned						
Debt Service Funds						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ 3,051	\$ -	\$ 4,545
Additions	-	-	-	11,076,127	-	11,382,977
Expenditures	-	-	-	(7,762,865)	-	(8,242,341)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 3,316,313	\$ -	\$ 3,145,181
Restricted-Committed-Assigned-Unassigned						
Facility Replacement						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ 2,058,647	\$ -	\$ 2,058,647
Additions	-	-	-	3,126	-	3,126
Expenditures	-	-	-	(34,759)	-	(34,759)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 2,027,014	\$ -	\$ 2,027,014
Restricted-Committed-Assigned-Unassigned						
General Government Improvement						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 397,064	\$ -	\$ -	\$ 1,155,954	\$ 1,553,018
Additions	-	-	-	-	285,380	285,380
Expenditures	-	-	-	-	(1,229,785)	(1,229,785)
Ending Fund Balance	\$ -	\$ 397,064	\$ -	\$ -	\$ 211,549	\$ 608,613
Restricted-Committed-Assigned-Unassigned						
Fire Improvement						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ -	\$ 156,018	\$ -	\$ -	\$ 156,018
Additions	-	-	157,801	-	-	157,801
Expenditures	-	-	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 313,819	\$ -	\$ -	\$ 313,819
Restricted-Committed-Assigned-Unassigned						

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 150 as of December 31, 2011. WCIA provides pooled self-insurance coverage for general liability, vehicle liability, false arrest, and errors and omissions. See Note 16 for additional information on risk management.

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

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

Estimates

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

H. Changes in Accounting Standards

The City implemented the following Government Accounting Standards Board (GASB) statements in 2011:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to improve the usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting.

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 \$28,509,428. Of the bank balance, \$250,000 was covered by Federal depository insurance and the Washington State Public Depository Protection Commission insured the remainder. The City also maintains imprest funds totaling \$19,400. The City participates in the State Treasurer's Investment Pool, which is a 2a7-like unrated pool, overseen by the State Treasurer's Office. The fair value of the City's position in the pool is the same as the value of the pool shares. Because of its highly liquid nature, the Pool funds are considered cash equivalents.

Deposits and Investments

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

At December 31, 2011, the City had the following deposits and investments:

SCHEDULE OF INVESTMENTS BY MATURITY

	Maturity Date	Credit Rating	Market Value
<i>Certificates of Deposit:</i>			
Sound Community Bank	03/04/2014	*	\$ 3,031,564
Sound Community Bank	05/15/2012	*	507,839
US Bank	02/15/2013	*	3,450,000
Total Certificate of Deposits			6,989,403
<i>Agencies:</i>			
FNMA	07/01/2016		1,001,676
FHLB	07/01/2017		1,504,688
			2,506,364
<i>Municipal Bonds:</i>			
Lodging Tax	07/01/2016	AA3 / A+	535,065
Revenue - Facilities	07/01/2017	AA1 / AA+	566,150
Limited General Obligation	12/01/2017	AA3 / A+	599,195
Revenue - Facilities	07/01/2019	AA1 / AA+	549,650
Revenue - School Improvements	12/01/2012	AA1/AA+	188,582
Limited General Obligation	09/01/2020	A1	359,917
Unlimited General Obligation	12/01/2020	AA1 / AA3	1,276,478
Total Municipal Bonds			4,075,037
TOTAL INVESTMENTS			\$ 13,570,803

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

RECONCILIATION OF ALL CASH, DEPOSITS AND INVESTMENTS**AS REPORTED ON STATEMENT OF NET ASSETS:**

Cash and Cash Equivalents:	\$ 22,317,506
Investments	13,570,803
Current Assets Restricted:	
Cash and cash equivalents	3,582,423
Total Cash, Cash Equivalents and Investments	\$ 39,470,732

SUMMARY BY TYPE:

Cash and Cash Equivalents:	
Cash on hand	\$ 19,400
Cash in bank-book balance	25,880,530
Total cash and cash equivalents	25,899,929
Investments:	
Certificates of deposit	6,989,402
Federal agencies	2,506,364
Municipal bonds	4,075,037
Total investments	13,570,803
Total Cash, Cash Equivalents, and Investments	\$ 39,470,732

Interest Rate Risk

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

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

Credit Risk

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

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

As of December 31, 2011, the City's investments in municipal bonds were rated Aa1 to A1 by Moody's Investor Service. The City currently maintains a rating of Aa- with Fitch's Investor Service for its general obligation debt.

Concentration of Credit Risk

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

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

NOTE 4 – RECEIVABLES**Property Taxes Receivable**

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

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

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

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

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

For 2011, the City's general tax levy was \$2.82566 per each \$1,000 of assessed valuation. Total assessed valuation for 2010 was \$4,969,600,046 and was the basis for the 2011 assessments. Actual 2011 general levy property taxes collected were \$13,427,445.

Intergovernmental Grants and Entitlements

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

NOTE 5 – INTERFUND TRANSACTIONS

Interfund transactions are classified as follows:

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

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

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

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

There were no interfund loans outstanding at December 31, 2011. Interfund transfers were as follows:

SUMMARY OF INTERFUND TRANSFERS

Government and Internal Service Funds	General Fund	Other Government Funds	Internal Service Funds	Total
Transfers In	\$ 2,276,584	\$ 8,725,036	\$ -	\$ 11,001,620
Transfers Out	(6,282,292)	(3,778,916)	(414,552)	(10,475,760)
Net Transfers In (Out)	<u>\$ (4,005,708)</u>	<u>\$ 4,946,120</u>	<u>\$ (414,552)</u>	<u>\$ 525,860</u>

Proprietary Funds	Water/Sewer Utility	Surface Water Utility	Foster Golf Course	Total
Transfers In	\$ 98,460	\$ -	\$ 775,000	\$ 873,460
Transfers Out	(816,234)	(361,571)	(221,515)	(1,399,320)
Net Transfers In (Out)	<u>\$ (717,774)</u>	<u>\$ (361,571)</u>	<u>\$ 553,485</u>	<u>\$ (525,860)</u>

The principal purposes for interfund transfers include interfund subsidies and transfers into debt service and capital projects funds. Also, the 2003 Limited General Obligation Bond debt to finance the construction of a clubhouse was transferred from the Foster Golf Course fund to a governmental fund due to insufficient operating revenue to service the debt. Removal of the debt from the enterprise fund was treated as a capital contribution.

NOTE 6 – CAPITAL LEASES

During 2011 the City maintained capital lease agreements with various financing sources as lessee for the leasing of City operated machinery and equipment.

SCHEDULE OF FUTURE MINIMUM LEASE PAYMENTS

	Lease Payable
2012	\$18,446
2013	12,076
2014	4,830
2015	3,213
2016	1,364
Total minimum lease payments	\$39,929
Less: Amounts representing interest	(4,038)
Present value of future minimum lease payments	\$35,892

As of December 31, 2011, the value of capital assets acquired under the various capital leases total \$99,422. Base monthly lease payments totaling \$1,938 are payable through the end of the various lease periods. Interest rates for the individual lease agreements vary. Amortization expense in the amount of \$55,484 was recorded for 2011.

NOTE 7 – CAPITAL ASSETS**Primary Government**

Capital asset activity for the year ended December 31, 2011, was as follows:

GOVERNMENTAL ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 39,472,061	\$ 77,000	\$ (90,000)	\$ 39,459,061
Construction in Progress	33,131,284	23,388,032	(17,065,499)	39,453,817
Total capital assets, not being depreciated	72,603,345	23,465,032	(17,155,499)	78,912,878
Capital assets, being depreciated:				
Buildings	24,029,326	33,089	(2,291,215)	21,771,200
Other Improvements	13,373,499	4,206,330	(9,593)	17,570,236
Machinery and Equipment	16,400,432	1,609,158	(987,271)	17,022,319
Infrastructure	134,267,302	13,867,667	-	148,134,969
Intangible Assets	269,661	129,035	(26,555)	372,141
Total capital assets being depreciated	188,340,220	19,845,279	(3,314,634)	204,870,865
Less accumulated depreciation for:				
Buildings	(9,310,579)	(591,569)	362,943	(9,539,205)
Other Improvements	(8,389,936)	(545,658)	4,929	(8,930,665)
Machinery and Equipment	(10,225,250)	(1,248,639)	976,856	(10,497,033)
Infrastructure	(37,017,942)	(4,013,151)	-	(41,031,093)
Intangible Assets	(61,640)	(50,345)	26,555	(85,430)
Total accumulated depreciation	(65,005,347)	(6,449,362)	1,371,283	(70,083,426)
Total capital assets, being depreciated, net	123,334,873	13,395,917	(1,943,351)	134,787,439
Governmental activity capital assets, net	\$ 195,938,218	\$ 36,860,949	\$ (19,098,850)	\$ 213,700,317

BUSINESS-TYPE ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,214,118	\$ -	\$ -	\$ 2,214,118
Construction in Progress	2,893,683	4,957,276	-	7,850,959
Total capital assets, not being depreciated	5,107,801	4,957,276	0	10,065,077
Capital assets, being depreciated:				
Buildings	11,398,719	-	(8,118)	11,390,601
Other Improvements	69,835,131	80,027	(23,976)	69,891,182
Machinery and Equipment	2,391,630	-	(95,865)	2,295,765
Total capital assets being depreciated	83,625,480	80,027	(127,959)	83,577,548
Less accumulated depreciation for:				
Buildings	(2,689,444)	(304,703)	7,306	(2,986,840)
Other Improvements	(24,200,709)	(1,523,308)	21,082	(25,702,935)
Machinery and Equipment	(1,581,646)	(122,228)	95,865	(1,608,009)
Total accumulated depreciation	(28,471,799)	(1,950,238)	124,253	(30,297,784)
Total capital assets, being depreciated, net	55,153,682	(1,870,211)	(3,706)	53,279,765
Business Type activity capital assets, net	\$ 60,261,484	\$ 3,087,065	\$ (3,706)	\$ 63,344,843

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.

Donated Capital Assets to Component Unit

Capital assets donated to the Metropolitan Park District total \$1,923,626.

	Cost	Accumulated Depreciation	Net Book Value
Buildings and Structures	\$ 1,938,376	\$ 14,750	\$ 1,923,626

CAPITAL ASSET INCREASES**Governmental Activities**

Capital Asset - Increases:	
Capital Outlays	\$ 25,659,173
Capital Improvements	-
Land Turnover	-
Developer Turnovers	68,718
Construction in Progress to Capital (Infrastructure)	17,065,499
Internal Service Funds (Equipment Rental)	516,921
Internal Service Fur Capital Assets - Total Increases	<u>43,310,311</u>

Business-Type Activities

Capital Asset - Increases:	
Capital Outlays	\$ 5,024,721
Capital Improvements	-
Land Turnover	-
Developer Turnovers	12,583
Construction in Progress to Capital - Infrastructure	-
Capital Assets - Total Increases	<u>\$ 5,037,304</u>

DEPRECIATION

Depreciation expense for 2011 was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 92,214
Public Safety	327,517
Physical Environment	636,703
Transportation	4,036,932
Economic Environment	7,991
Culture and Recreation	563,413
Intangible Assets	50,345
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	734,248
Total 2011 depreciation expense - governmental activities	<u>\$ 6,449,363</u>

Business-type Activities

Water Utility - Depreciation	\$ 521,295
Sewer Utility - Depreciation	\$ 378,782
Foster Golf Course - Depreciation	308,386
Surface Water Utility - Depreciation	741,775
Total 2011 accumulated depreciation increases - business-type activities	<u>\$ 1,950,238</u>

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

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

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

The 2011 cost distribution for the five participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	73,519	21.39%
Kent	94,760	27.57%
Auburn	66,805	19.43%
Tukwila	33,025	9.61%
Federal Way	75,628	22.00%
Total	343,737	100.00%

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

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

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

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

ITEM	RENTON	KENT	AUBURN	TUKWILA	FEDERAL WAY	TOTAL
Equity January 1, 2011	\$ 4,833,671	\$ 6,841,894	\$ 4,575,538	\$ 2,739,460	\$ 3,090,648	\$ 22,081,211
Current Year Increase/(Decrease)	163,082	210,199	148,189	73,257	167,760	762,487
Equity December 31, 2011	\$ 4,996,753	\$ 7,052,093	\$ 4,723,727	\$ 2,812,717	\$ 3,258,408	\$ 22,843,698
Percent of Equity	21.87%	30.87%	20.68%	12.31%	14.26%	100.00%

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

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

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

South Correctional Entity (SCORE)

The South Correctional Entity (SCORE) consolidated correctional facility was established February 25, 2009, when an interlocal agreement (the "Original Interlocal Agreement") was entered into by seven participating municipal governments, the "Member Cities" of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, under the authority of the Interlocal Cooperation Act (RCW 39.34). This "Original Interlocal Agreement" was amended and restated October 1, 2009 and named the City of Des Moines as the "Host City" and the remaining Member Cities as "Owner Cities". This interlocal agreement is known as the "Formation Interlocal Agreement". Pursuant to a separate "Host City Agreement" dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Agreement.

SCORE, a governmental administrative agency pursuant to RCW 39.34.030 (3), has the power to acquire, construct, own, operate, maintain, equip, and improve a correctional facility known as the "SCORE Facility" and to provide correctional services and functions incidental thereto, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the jurisdiction of the Member Cities. The SCORE Facility may serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. Any agreement with a Subscribing Agency shall be in writing and approved by SCORE as provided within the SCORE Formation Interlocal Agreement.

Financing for the acquisition, construction, equipping, and improvement of the SCORE Facility will be provided by bonds issued by the South Correctional Entity Facility Public Development Authority (the "SCORE PDA"), a public development authority chartered by the City of Renton pursuant to RCW 35.21.730 through 35.21.755 and secured by the full faith and credit of the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila (the "Owner Cities"). The SCORE PDA issued \$86 million in special obligation bonds in 2009 to carry out the facility development project. The following is a summary of the debt service requirements for the bond issue:

SUMMARY OF DEBT SERVICE REQUIREMENTS

Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	35% BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2012	\$ -	\$ 5,155,732	\$ (1,675,089)	\$ 3,480,643	\$ 1,078,999	\$ 139,226	\$ 626,516	\$ 1,253,031	\$ 104,419	\$ 278,451
2013	1,915,000	5,126,998	(1,675,089)	5,366,909	1,663,742	214,676	966,044	1,932,087	161,007	429,353
2014	1,950,000	5,066,566	(1,654,975)	5,361,591	1,662,093	214,464	965,086	1,930,173	160,848	428,927
2015	1,990,000	4,995,069	(1,632,787)	5,352,282	1,659,207	214,091	963,411	1,926,822	160,568	428,183
2016	2,065,000	4,911,886	(1,632,787)	5,344,099	1,656,671	213,764	961,938	1,923,876	160,323	427,528
2017-2021	11,545,000	22,986,907	(7,869,713)	26,662,194	8,265,280	1,066,488	4,799,195	9,598,390	799,866	2,132,976
2022-2026	13,945,000	19,586,127	(6,994,733)	26,536,394	8,226,282	1,061,456	4,776,551	9,553,102	796,092	2,122,912
2027-2031	17,010,000	14,723,464	(5,346,730)	26,386,734	8,179,888	1,055,469	4,749,612	9,499,224	791,602	2,110,939
2032-2036	20,955,000	8,498,417	(3,217,063)	26,236,354	8,133,270	1,049,454	4,722,544	9,445,087	787,091	2,098,908
2037-2039	14,860,000	1,502,494	(697,922)	15,664,572	4,856,017	626,583	2,819,623	5,639,246	469,937	1,253,166
Totals	\$86,235,000	\$ 92,553,660	\$ (32,396,888)	\$146,391,772	\$ 45,381,449	\$ 5,855,671	\$26,350,520	\$52,701,038	\$ 4,391,753	\$11,711,343

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

ITEM	AUBURN	BURIEN	FEDERAL WAY	RENTON	SEATAC	TUKWILA	TOTAL
Equity January 1, 2011	\$ 1,601,588	\$ 206,656	\$ 929,954	\$ 1,859,910	\$ 154,992	\$ 413,313	\$ 5,166,413
Current Year Increase/(Decrease)	1,587,732	204,869	921,909	1,843,818	153,651	409,737	5,121,716
Equity December 31, 2011	\$ 3,189,320	\$ 411,525	\$ 1,851,863	\$ 3,703,728	\$ 308,643	\$ 823,050	\$10,288,129
Percent of Equity	31.00%	4.00%	18.00%	36.00%	3.00%	8.00%	100.00%

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

The investment in joint venture for SCORE on the Statement of Net Assets includes Tukwila's share of debt issued in 2009. The City's share of SCORE debt is \$6,898,800. See Note 11 for additional information on long-term debt. Completed financial statements for SCORE and SCORE PDA can be obtained from the SCORE office, 20817 17th Avenue South, Des Moines, WA 98198.

NOTE 9 – PENSION PLANS

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

Washington State Department of Retirement Systems

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

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

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

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

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

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW 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 monthly benefit is two percent of the average final compensation (AFC) per year of service, (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status

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

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance is granted at age 66 based upon years of service times the COLA amount (based on the consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, 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.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in *Operation Enduring Freedom* or *Persian Gulf*, *Operation Iraqi Freedom*.

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 monthly benefit that is one percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by three percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, 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.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

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

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and 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 2 and Plan 3 member may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled to but not yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Non-vested	51,005
Total	262,285

Funding Policy

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

The required contribution rates expressed as a percentage of covered payroll as of December 31, 2011, are as follows:

Members Not Participating in JBM:

	PERS Plan I	PERS Plan II	PERS Plan III
Employer*	7.25%	7.25%	7.25% **
Employee	6.00%	4.64%	Minimum 5% to maximum 15%

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

** Plan 3 defined benefit portion only.

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

	PERS Plan I	PERS Plan II	PERS Plan III
2011	\$ 2,078	\$ 753,456	\$ 113,753
2010	3,494	640,034	98,350
2009	4,080	800,885	136,877

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 members 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 commissioned 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 Chapter 41.26 RCW and may be amended only by the State Legislature.

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

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

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

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's allowance.

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. (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. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The plan 2 allowance amount is two percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, 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. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10 percent of FAS and two percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, chose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit. LEOFF Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while servicing in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member/s surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington State Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	9,647
Terminated Plan Members Entitled to but not yet Receiving Benefits	782
Active Plan Members Vested	13,420
Active Plan Members Non-vested	3,656
Total	27,505

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of covered payroll as of December 31, 2011 are as follows:

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

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

	LEOFF Plan I	LEOFF Plan II
2011	\$ 489	\$ 654,131
2010	714	640,494
2009	643	630,453

Public Safety Employee's Retirement System (PSERS) Plan 2

Plan Description

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

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

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

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

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

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of two percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. 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.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a PSERS employer and leaving that employment as a result of the disability. The disability allowance is two percent of the average final compensation (AFC) for each year of service. AFC is based on the member's 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years).

PSERS Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while

serving in the uniformed services, may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

PSERS members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a PSERS Plan 2 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

There are 76 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2010:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	7
Terminated Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members Vested	-
Active Plan Members Non-vested	4,210
Total	4,217

Funding Policy

Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in the accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of covered payroll as of December 31, 2011 are as follows:

	PSERS Plan II
Employer	8.86%
Employee	6.36%

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

	PSERS Plan II
2011	\$ 8,712
2010	-
2009	-

Firemen's Pension System

Plan Description

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

Membership of the Firemen's Pension Plan consisted of the following at December 31, 2011.

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

Funding Policy

Under State law, the Firemen's Pension Plan is provided an allocation of all monies received by the State from taxes on fire insurance premiums; interest earnings; member contributions made prior to the inception of LEOFF; and City contributions required to meet projected future pension obligations. An actuarial valuation was completed as of December 31, 2010 and it was determined that current assets of the fund, along with future revenues from state fire insurance taxes and interest earnings, will be sufficient to pay all future Firemen's Pension Plan pension benefits. In 2011 \$54,865 was received from the state from taxes on fire insurance premiums. On-behalf payments of fringe benefits and salaries for the City's employees were recognized as revenues and expenditures/expenses during the period. Costs to administer the plan are paid for through investment earnings and General Fund resources. The Actuarial Valuation of Firefighters' Pension Fund table is reported in the Required Supplemental Information section, and a recap of the Schedule of Funding Progress is as follows:

PENSION SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2000	\$1,076	\$1,243	\$167	87%	\$112	149%
January 1, 2003	1,215	1,135	(80)	107	0	N/A
January 1, 2005	1,265	1,182	(83)	107	0	N/A
January 1, 2007	1,336	1,310	(26)	102	0	N/A
January 1, 2009	1,445	1,610	165	90	442	37
January 1, 2011	1,430	1,582	152	90	371	41

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

Basis of Accounting

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

ANNUAL PENSION COST AND NET PENSION OBLIGATION

		2009	2010	2011
1	Annual normal cost (BOY)	\$ -	\$ -	\$ -
2	Amortization of UAAL (BOY)	11,185	11,185	11,523
3	Interest to EOY (1 + 2 x i*)	391	391	461
4	ARC at EOY (1 + 2 + 3)	11,576	11,576	11,984
5	Interest on NPO	(8,695)	(9,057)	(11,400)
6	Adjustment to ARC	(16,888)	(18,236)	(21,647)
7	Annual Pension cost (4 + 5 - 6)	19,769	20,755	22,231
8	Employer contributions**	30,112	46,989	47,065
9	Change in NPO (7 - 8)	(10,343)	(26,234)	(24,834)
10	NPO at BOY (11 prior yr)	(248,421)	(258,764)	(284,998)
11	NPO at EOY (9 + 10)	\$ (258,764)	\$ (284,998)	\$ (309,832)

* (i) is the assumed interest rate that year: 3.5% in 2009, 3.5% in 2010, 4.0% in 2011.

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

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

ANNUAL DEVELOPMENT OF PENSION COST

Fiscal Year Ended	Annual Required Contribution	Interest on Net Pension Obligation	ARC Adjustment	Annual Pension Cost	Total Employer Contributions	Change in Net Pension Obligation	Net Pension Obligation Balance	(Gain)/ Loss	--- Amortization---	(Gain)/ Loss	Ending Balance
2009	11,576	(8,695)	(16,888)	19,769	30,112	(10,343)	(258,764)	(18,536)	14.7098	(16,888)	(258,764)
2010	11,576	(9,057)	(18,236)	20,755	46,989	(26,234)	(284,998)	(35,413)	14.1897	(18,236)	(284,998)
2011	11,984	(11,400)	(21,647)	22,231	47,065	(24,834)	(309,832)	(35,081)	13.1657	(21,647)	(309,832)

PERCENTAGE OF ANNUAL PENSION COST CONTRIBUTED

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as a* Percentage of APC	Net Pension Obligation (Asset)
December 31, 2009	\$ 19,769	152%	\$ (258,764)
December 21, 2010	20,755	226	(284,998)
December 21, 2011	22,231	212	(309,832)

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

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

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

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

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

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

NOTE 10 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**Plan Description**

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

Membership

As of December 31, 2011, there were 3 active employees and 39 retirees meeting the eligibility requirements of a LEOFF 1 member. This is considered a closed group with no new members.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION

		2009	2010	2011
1	Annual normal cost (BOY)	\$ 105,058	\$ 105,058	\$ 91,385
2	Amortization of UAAL (BOY)	1,196,165	1,196,165	1,124,502
3	Interest to EOY (1 + 2 x i*)	65,061	65,061	48,635
4	ARC at EOY (1 + 2 + 3)	1,366,284	1,366,284	1,264,522
5	Interest on Net OPEB Obligation	40,459	90,941	112,598
6	Adjustment to ARC	61,839	143,332	213,809
7	Annual OPEB cost (4 + 5 - 6)	1,344,904	1,313,893	1,163,311
8	Employer contributions	335,265	317,771	335,090
9	Change in Net OPEB Obligation (7 - 8)	1,009,639	996,122	828,221
10	Net OPEB Obligation at BOY (11 prior yr)	809,181	1,818,820	2,814,942
11	Net OPEB Obligation at EOY (9 + 10)	\$ 1,818,820	\$ 2,814,942	\$ 3,643,163

* (i) is the assumed interest rate that year: 5% in 2009, 5% in 2010, 4% in 2011.

The net OPEB obligation of \$3,643,163 is included as a non-current liability on the Statement of Net Assets.

ANNUAL DEVELOPMENT OF OPEB COST

Fiscal Year Ended	Annual Required Contribution	Interest on Net OPEB Obligation	ARC Adjustment	Annual OPEB Cost	Total Employer Contributions	Change in Net OPEB Obligation	Net OPEB Obligation Balance	(Gain)/Loss	--- Amortization---		Ending Balance
									Factor *	(Gain)/Loss	
2008	\$ 1,366,284	\$ -	\$ -	\$ 1,366,284	\$ 557,103	\$ 809,181	\$ 809,181	\$ 809,181	13.4622	\$ -	\$ 809,181
2009	1,366,284	40,459	61,839	1,344,904	335,265	1,009,639	1,818,820	1,031,019	13.0853	61,839	1,818,820
2010	1,366,284	90,941	143,332	1,313,893	317,771	996,122	2,814,942	1,048,513	12.6896	143,332	2,814,942
2011	1,264,522	112,598	213,809	1,163,311	335,090	828,221	3,643,163	929,432	13.1657	213,809	3,643,163

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

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

PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$ 1,344,904	\$ 335,265	25%	\$ 1,818,820
December 21, 2010	1,313,893	317,771	24	2,814,942
December 21, 2011	1,163,311	335,090	29	3,643,163

Funded Status and Funding Progress

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

SCHEDULE OF FUNDING PROGRESS (rounded to thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$0	\$16,103	\$16,103	0%	\$581	4%
January 1, 2011	0	14,805	14,805	0%	371	3

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial

value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

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

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

NOTE 11 – LONG-TERM DEBT

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

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

The schedules that follow summarize the long-term debt transactions of the City for the year ended December 31, 2011.

CHANGES IN LONG-TERM LIABILITIES SUMMARY

	GENERAL OBLIGATION	REVENUE BONDS UTILITIES	PUBLIC WORKS TRUST FUND LOANS	COMPENSATED ABSENCES	DUE TO OTHER GOVERNMENTS	CAPITAL LEASES	TOTAL
Outstanding 01/01/2011	\$ 22,060,000	\$ 4,395,000	\$ 7,788,844	\$ 3,115,607	\$ 7,942,800	\$ 40,184	\$ 45,342,435
Added	4,620,000	-	-	2,769,889	-	15,468	7,405,357
Retired / redeemed	(6,420,000)	(415,000)	(609,209)	(2,625,140)	(196,000)	(19,761)	(10,285,110)
Outstanding 12/31/2011	<u>\$ 20,260,000</u>	<u>\$ 3,980,000</u>	<u>\$ 7,179,635</u>	<u>\$ 3,260,356</u>	<u>\$ 7,746,800</u>	<u>\$ 35,891</u>	<u>42,462,682</u>
Add: Premium net of deferred charges							46,338
Total Long-Term Liabilities							<u>\$ 42,509,020</u>

Debt Service to Maturity

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

GOVERNMENTAL ACTIVITIES

Year Ended December 31	General Obligation Bonds		Due to Other Governments		Capital Leases		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 1,900,000	\$ 1,001,870	\$ 201,000	\$ 310,361	\$ 15,984	\$ 2,391	\$ 3,431,607
2013	1,890,000	1,006,172	368,200	302,033	11,027	1,049	3,578,481
2014	2,040,000	726,911	368,000	290,207	4,480	351	3,429,948
2015	1,645,000	634,740	379,200	277,783	3,055	158	2,939,936
2016 - 2020	8,425,000	2,107,154	891,600	1,242,665	1,345	19	12,667,782
2021 - 2025	4,360,000	445,268	1,072,400	1,053,320	-	-	6,930,988
2026 - 2030	-	-	1,306,000	807,025	-	-	2,113,025
2031 - 2035	-	-	1,607,600	493,917	-	-	2,101,517
2036 - 2040	-	-	1,552,800	119,101	-	-	1,671,901
Totals	\$20,260,000	\$ 5,922,114	\$ 7,746,800	\$ 4,896,412	\$ 35,891	\$ 3,968	\$ 38,865,185

BUSINESS-TYPE ACTIVITIES

Year Ended December 31	General Obligation Bonds		Revenue Bonds		Public Works Trust Fund Loans		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ -	\$ -	\$ 440,000	\$ 194,444	\$ 558,293	\$ 35,898	\$ 1,228,635
2013	-	-	465,000	168,044	558,293	33,107	1,224,443
2014	-	-	495,000	139,953	558,293	30,315	1,223,561
2015	-	-	520,000	110,172	558,293	27,524	1,215,989
2016 - 2020	-	-	820,000	392,325	2,791,465	24,732	4,028,523
2021 - 2025	-	-	1,010,000	191,925	2,154,998	10,775	3,367,698
2026 - 2030	-	-	230,000	10,350	-	-	240,350
2031 - 2035	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-
Totals	\$ -	\$ -	\$ 3,980,000	\$ 1,207,212	\$ 7,179,635	\$ 162,352	\$ 12,529,199

Changes in Long-Term Debt

On December 12, 2011, the City of Tukwila issued \$4,620,000 of Limited Tax General Obligation Refunding bonds, 2011 with an average interest rate of 3.38%, to refund \$4,605,000 of the Arterial Street portion of the Limited Tax General Obligation Bonds, 2003 with an average interest rate of 4.46%. The refunding resulted in \$402,965 gross debt service savings over the next eleven years, and a present value economic gain of \$357,673.

Also, the 2003 Limited General Obligation Bond debt to finance the construction of a clubhouse was transferred from the Foster Golf Course fund due to insufficient operating revenue to service the debt. This amount is excluded from the Invested in Capital Assets, Net of Related Debt calculation for the governmental activities. It is included in the total for the Invested in Capital Assets, Net of Related Debt calculation for the primary government. Removal of the debt from the enterprise fund was treated as a capital contribution. The debt is now included in the governmental activities general long term debt account group, however, the asset remains in the enterprise fund.

CHANGES IN LONG-TERM LIABILITIES – GOVERNMENTAL FUNDS

ITEM	Interest		OUTSTANDING				OUTSTANDING Due Within	
	Rates	Maturity	Authorized	12/31/2010	ISSUED	REDEEMED	12/31/11	One Year
GOVERNMENTAL ACTIVITIES:								
<u>Limited General Obligation (GO) Bonds Payable:</u>								
2004 Refunding Facilities	4.00-5.00	12/01/14	\$ 4,195,000	\$ 1,745,000	\$ -	\$ 410,000	\$ 1,335,000	\$ 425,000
2003 Streets	4.25-4.65	12/01/23	6,277,500	5,691,175	3,046,599	4,942,774	3,795,000	555,000
2008 Refunding Streets/Facilities	4.00-6.00	12/01/19	6,180,000	5,630,000	-	535,000	5,095,000	550,000
2010 Streets / Equipment	2.00-5.41	12/01/24	5,870,000	5,755,000	-	340,000	5,415,000	345,000
2011 Refunding Streets (2003 GO)			4,620,000	-	4,620,000	-	4,620,000	25,000
Total Bonds Payable			27,142,500	18,821,175	7,666,599	6,227,774	20,260,000	1,900,000
<u>Unamortized Deferred Credits (Charges):</u>								
Issuance premiums			-	624,096	457,679	128,716	953,059	-
Issuance discounts and costs			-	(585,847)	(509,621)	(138,314)	(957,154)	-
Net Bonds Payable			27,142,500	18,859,424	7,614,657	6,218,176	20,255,905	1,900,000
<u>Due to Other Governments</u>								
2009 Facility SCORE	3.00-6.62	01/01/39	6,898,800	6,898,800	-	-	6,898,800	-
2010 Refunding facility	4.30-5.75	12/01/15	1,065,000	1,044,000	-	196,000	848,000	201,000
Total Due Other Governments			7,963,800	7,942,800	-	196,000	7,746,800	201,000
Net Due Other Governments			7,963,800	7,942,800	-	196,000	7,746,800	201,000
Capital leases			125,977	40,184	15,468	19,761	35,891	15,879
Compensated Absences:			-	2,840,284	2,510,309	2,381,468	2,969,125	2,381,468
Total Governmental Funds			\$ 35,232,277	\$ 29,682,692	\$ 10,140,434	\$ 8,815,405	\$ 31,007,721	\$ 4,498,347

CHANGES IN LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

ITEM	Interest		Authorized	OUTSTANDING			REDEEMED	OUTSTANDING		Due Within One Year
	Rates	Maturity		12/31/2010	ISSUED	12/31/11				
BUSINESS-TYPE ACTIVITIES:										
<u>Bonds Payable:</u>										
1995 Water/Sewer Revenue	4.15-6.63	02/01/15	\$ 4,500,000	\$ 1,660,000	\$ -	\$ 290,000	\$ 1,370,000	\$ 310,000		
2003 Limited G.O. Golf Course	3.21-4.65	12/01/23	5,772,500	3,238,825	-	3,238,825	-	-		
2006 Water/Sewer/SWM Revenue	4.00-4.50	12/01/26	3,180,000	2,735,000	-	125,000	2,610,000	130,000		
Total Bonds Payable			13,452,500	7,633,825	-	3,653,825	3,980,000	440,000		
<u>Unamortized Deferred Credits (Charges):</u>										
Issuance Premiums			-	104,207	-	34,986	69,221	-		
Issuance Discounts			-	(24,881)	-	(6,093)	(18,788)	-		
Net Bonds Payable			13,452,500	7,713,151	-	3,682,718	4,030,433	440,000		
<u>Public Works Trust Fund Loans:</u>										
1991 Loan-Surface Water	1.00	07/01/11	1,313,000	50,893	-	50,893	-	-		
2003 Loan-Water/Sewer	0.50	07/01/21	273,870	158,997	-	14,454	144,543	14,454		
2003 Loan-Surface Water	0.50	07/01/21	219,725	127,563	-	11,619	115,944	11,594		
2004 Loan-Water/Sewer	0.50-2.00	07/01/24	5,016,000	3,820,408	-	272,886	3,547,522	272,886		
2004 Loan-Surface Water	0.50-2.00	07/01/24	684,000	520,965	-	37,212	483,753	37,212		
2004 Loan-Surface Water	1.00	07/01/24	4,196,056	3,110,018	-	222,144	2,887,874	222,144		
Total Public Works Trust Fund Loans			11,702,651	7,788,844	-	609,209	7,179,635	558,290		
Compensated Absences:			-	275,323	259,580	243,672	291,230	227,033		
Total Business-Type Activities			\$ 25,155,151	\$ 15,777,318	\$ 259,580	\$ 4,535,599	\$ 11,501,299	\$ 1,225,323		
TOTAL ALL FUNDS			\$ 60,387,428	\$ 45,460,010	\$ 10,400,014	\$ 13,351,004	\$ 42,509,020	\$ 5,723,670		

Due to Other Governments

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

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

LONG-TERM LIABILITIES RECONCILIATION

	Government Funds	Enterprise Funds	Balance 12-31-11
General obligation bonds	\$ 20,260,000	\$ -	\$ 20,260,000
Revenue bonds	-	3,980,000	3,980,000
Public Works Trust Fund loans	-	7,179,635	7,179,635
Due to Other Governments	7,746,800	-	7,746,800
Capital Leases	35,891	-	35,891
Employee leave benefits	2,969,125	291,230	3,260,355
Net Premiums / Deferred charges	(4,095)	50,434	46,339
Total long-term debt	\$ 31,007,721	\$ 11,501,299	\$ 42,509,020

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, 2011, the debt limits for the City were as follows:

SUMMARY OF DEBT LIMIT CAPACITIES

Item	Without a Vote	-----With a Vote of the People-----		
	1.5%	2.5%	5.0%	7.5%
Legal Limit	\$ 71,289,090	\$ 118,815,151	\$ 237,630,302	\$ 356,445,452
Outstanding Net				
Indebtedness	29,703,995	29,703,995	29,703,995	29,703,995
Margin Available	\$ 41,585,096	\$ 89,111,156	\$ 207,926,307	\$ 326,741,457

NOTE 12 – CONSTRUCTION COMMITMENTS

As of December 31, 2011 the City had \$2.1 million 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 to be less than \$100,000.

NOTE 14 – RESTRICTED ASSETS

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

SUMMARY OF RESTRICTED ASSETS

Restricted Assets	
Customer Deposits-Water Utility	\$ 6,480
Customer Deposits-Golf Course	36,901
Lease Deposits-Golf Course	15,000
Revenue Bond Reserve Account-Water/Sewer/Surface Water	430,444
Total Restricted Assets	\$ 488,825

NOTE 15 – RISK MANAGEMENT

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 150 Members.

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

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

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

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

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

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

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

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

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

During the year under audit and in the past three years, 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 department 20 within the general 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 Insurance Company, which provides individual limits of \$125,000 and a plan limit of \$7,048,279 in 2011. Each fund contributes an appropriate amount each year to pay premiums and claims. Liabilities include an actuarially determined amount for claims that have been incurred but not reported (IBNR's) and a contingency reserve equal to 2.5 times the IBNR reserve.

The following table reflects changes in the balances of claims liabilities for 2011 and 2010.

SUMMARY OF HEALTH CARE CLAIM LIABILITIES

ITEM	Health Benefit Insurance 2011	Health Benefit Insurance 2010	Insurance – LEOFF I 2011	Insurance – LEOFF I 2010
Claims Liabilities at Beginning of Year	\$ 1,155,647	\$ 1,167,751	\$ 70,300	\$ 97,401
Claims expenses:				
Current year and changes in estimates	4,426,949	4,300,120	426,251	249,957
Claims payments and expenses	(4,082,996)	(4,312,224)	(303,351)	(277,058)
Claims Liabilities at End of Year	\$ 1,499,600	\$ 1,155,647	\$ 193,200	\$ 70,300

NOTE 16 – SUBSEQUENT EVENTS

Potential Annexation Area – North Highline

The North Highline area is approximately 166 acres with a small residential population of 30 residents. Tukwila designated this area as its potential annexation area in 1995. King County desires all unincorporated areas to be incorporated to the cities per their County Wide Planning Policies. As of June 5, 2012, the City received 60% petition from property owners.

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

FIREMEN'S PENSION TRUST FUND

SCHEDULE OF FUNDING PROGRESS (rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2000	\$1,076	\$1,243	\$167	87%	\$112	149%
January 1, 2003	1,215	1,135	(80)	107	0	N/A
January 1, 2005	1,265	1,182	(83)	107	0	N/A
January 1, 2007	1,336	1,310	(26)	102	0	N/A
January 1, 2009	1,445	1,610	165	90	442	37
January 1, 2011	1,430	1,582	152	90	371	41

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Employer Contributions	Fire Insurance Premiums	Total Employer Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
December 31, 2006	(\$2,114)	\$45,951	\$43,837	(\$6,547)	N/A %
December 31, 2007	(8,575)	50,555	41,980	(1,998)	N/A
December 31, 2008	(1,841)	52,571	50,730	(1,998)	N/A
December 31, 2009	(18,425)	48,537	30,112	11,576	260
December 31, 2010	(3,000)	49,989	46,989	11,576	406
December 31, 2011	(7,800)	54,865	47,065	11,984	393

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

SCHEDULE OF FUNDING PROGRESS (rounded to thousands)

Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
\$0	\$16,103	\$16,103	0%	\$581	4%
0	14,805	14,805	0%	371	3

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Employer Contributions	Fire Insurance Premiums	Percentage of ARC Contributed
December 31, 2009	\$335,265	\$1,366,284	25%
December 31, 2010	317,771	1,366,284	23
December 31, 2011	335,090	1,264,522	26

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FIREMEN'S PENSION TRUST FUND

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
 DECEMBER 31, 2011

	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR DEBT SERVICE FUNDS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,508,025	\$ 1,309,270	\$ 2,505,714	\$ 5,323,009
INVESTMENTS	-	2,021,043	-	2,021,043
RECEIVABLES:				
TAXES	109,042	-	-	109,042
DUE FROM OTHER GOVERNMENTAL UNITS	327,984	-	62,295	390,279
CURRENT ASSETS RESTRICTED:				
CASH AND CASH EQUIVALENTS	-	-	397,064	397,064
TOTAL ASSETS	\$ 1,945,051	\$ 3,330,313	\$ 2,965,073	\$ 8,240,437
LIABILITIES AND FUND BALANCES:				
CURRENT LIABILITIES:				
ACCRUED WAGES AND BENEFITS	\$ 13,835	\$ -	\$ 3,544	\$ 17,379
ACCOUNTS PAYABLE	10,000	-	148	10,148
RETAINAGE PAYABLE	-	-	11,934	11,934
OTHER CURRENT LIABILITIES	-	14,000	-	14,000
TOTAL LIABILITIES	23,835	14,000	15,626	53,461
FUND BALANCES:				
RESTRICTED	1,921,216	-	397,064	2,318,280
COMMITTED	-	-	313,819	313,819
ASSIGNED	-	3,316,313	2,238,564	5,554,877
TOTAL FUND BALANCES	1,921,216	3,316,313	2,949,447	8,186,976
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,945,051	\$ 3,330,313	\$ 2,965,073	\$ 8,240,437

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR DEBT SERVICE FUNDS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
TAXES	\$ 555,682	\$ 66,657	\$ -	\$ 622,339
INTERGOVERNMENTAL	1,165,981	-	284,026	1,450,007
CHARGES FOR SERVICES	216	-	158,304	158,520
FINES AND FORFEITURES	78,120	-	-	78,120
INVESTMENT EARNINGS	3,930	6	3,978	7,914
MISCELLANEOUS	52,703	-	-	52,703
TOTAL REVENUES	1,856,632	66,663	446,308	2,369,603
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	19,786	19,786
PHYSICAL ENVIRONMENT	-	-	373,727	373,727
ECONOMIC ENVIRONMENT	1,422,759	-	-	1,422,759
PUBLIC SAFETY	3,475	-	-	3,475
DEBT SERVICE				
PRINCIPAL	-	1,766,774	-	1,766,774
INTEREST	-	881,850	-	881,850
CAPITAL OUTLAY				
GENERAL GOVERNMENT	-	-	627,225	627,225
PUBLIC SAFETY	236,263	-	150,000	386,263
PHYSICAL ENVIRONMENT	-	-	10,196	10,196
TRANSPORTATION	8,626	-	-	8,626
ECONOMIC ENVIRONMENT	14,461	-	-	14,461
TOTAL EXPENDITURES	1,685,584	2,648,624	1,180,934	5,515,142
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	171,048	(2,581,961)	(734,626)	(3,145,539)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	75,000	5,953,776	-	6,028,776
TRANSFERS OUT (Note 5)	(98,608)	(58,553)	(83,610)	(240,771)
GENERAL OBLIGATION BONDS ISSUED	-	5,055,688	-	5,055,688
PAYMENT TO FISCAL AGENT	-	(5,055,688)	-	(5,055,688)
TOTAL OTHER FINANCING SOURCES AND USES	(23,608)	5,895,223	(83,610)	5,788,005
NET CHANGE IN FUND BALANCES	147,440	3,313,262	(818,236)	2,642,466
FUND BALANCES - BEGINNING (RESTATED, Note 1)	1,773,776	3,051	3,767,683	5,544,510
FUND BALANCES - ENDING	\$ 1,921,216	\$ 3,316,313	\$ 2,949,447	\$ 8,186,976



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.

Drug Seizure Fund

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

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

	HOTEL/MOTEL TAX	STREET	DRUG SEIZURE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 416,364	\$ 861,950	\$ 229,711	\$ 1,508,025
RECEIVABLES:				
CURRENT TAXES RECEIVABLE	67,055	41,987	-	109,042
DUE FROM OTHER GOVERNMENTAL UNITS	327,984	-	-	327,984
TOTAL ASSETS	\$ 811,403	\$ 903,937	\$ 229,711	\$ 1,945,051
LIABILITIES AND FUND BALANCES:				
ACCOUNTS PAYABLE	\$ 10,000	\$ -	\$ -	\$ 10,000
ACCRUED WAGES AND BENEFITS PAYABLE	13,835	-	-	13,835
TOTAL LIABILITIES	23,835	-	-	23,835
FUND BALANCES:				
RESTRICTED	787,568	903,937	229,711	1,921,216
TOTAL FUND BALANCES	787,568	903,937	229,711	1,921,216
TOTAL LIABILITIES AND FUND BALANCES	\$ 811,403	\$ 903,937	\$ 229,711	\$ 1,945,051

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, 2011

	HOTEL/MOTEL TAX	STREET	DRUG SEIZURE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES:				
TAXES	\$ 555,682	\$ -	\$ -	\$ 555,682
INTERGOVERNMENTAL	853,397	312,584	-	1,165,981
CHARGES FOR SERVICES	216	-	-	216
FINES AND FORFEITURES	-	-	78,120	78,120
INVESTMENT EARNINGS	1,463	2,162	305	3,930
MISCELLANEOUS	52,703	-	-	52,703
TOTAL REVENUES	1,463,461	314,746	78,425	1,856,632
EXPENDITURES:				
CURRENT:				
PUBLIC SAFETY	-	-	3,475	3,475
ECONOMIC ENVIRONMENT	1,422,759	-	-	1,422,759
CAPITAL OUTLAY :				
PUBLIC SAFETY	-	-	236,263	236,263
TRANSPORTATION	-	8,626	-	8,626
ECONOMIC ENVIRONMENT	14,461	-	-	14,461
TOTAL EXPENDITURES	1,437,220	8,626	239,738	1,685,584
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	26,241	306,120	(161,313)	171,048
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	-	-	75,000	75,000
TRANSFERS OUT (Note 5)	(88,779)	(9,829)	-	(98,608)
TOTAL OTHER FINANCING SOURCES AND USES	(88,779)	(9,829)	75,000	(23,608)
NET CHANGE IN FUND BALANCES	(62,538)	296,291	(86,313)	147,440
FUND BALANCES - BEGINNING (RESTATED, Note 1)	850,106	607,646	316,024	1,773,776
FUND BALANCES - ENDING	\$ 787,568	\$ 903,937	\$ 229,711	\$ 1,921,216

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, 2011

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 379,706	\$ 379,706	\$ 555,682	\$ 175,976
INTERGOVERNMENTAL	853,000	853,000	853,397	397
CHARGES FOR SERVICES	-	-	216	216
INVESTMENT EARNINGS	1,766	1,766	1,463	(303)
MISCELLANEOUS	15,489	54,089	52,703	(1,386)
TOTAL REVENUES	1,249,961	1,288,561	1,463,461	174,900
EXPENDITURES:				
CURRENT:				
ECONOMIC ENVIRONMENT	1,499,230	1,537,830	1,422,759	115,071
CAPITAL OUTLAY:				
ECONOMIC ENVIRONMENT	10,000	10,000	14,461	(4,461)
TOTAL EXPENDITURES	1,509,230	1,547,830	1,437,220	110,610
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(259,269)	(259,269)	26,241	285,510
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	(88,779)	(88,779)	(88,779)	-
TOTAL OTHER FINANCING SOURCES (USES)	(88,779)	(88,779)	(88,779)	-
NET CHANGE IN FUND BALANCES	(348,048)	(348,048)	(62,538)	285,510
FUND BALANCES - BEGINNING	800,000	800,000	850,106	50,106
FUND BALANCES - ENDING	\$ 451,952	\$ 451,952	\$ 787,568	\$ 335,616

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, 2011

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 230,000	\$ 230,000	\$ 312,584	\$ 82,584
INVESTMENT EARNINGS	1,000	1,000	2,162	1,162
TOTAL REVENUES	231,000	231,000	314,746	83,746
EXPENDITURES:				
CAPITAL OUTLAY:				
TRANSPORTATION	150,000	20,000	8,626	11,374
TOTAL EXPENDITURES	150,000	20,000	8,626	11,374
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	81,000	211,000	306,120	95,120
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	(9,829)	(9,829)	(9,829)	-
TOTAL OTHER FINANCING SOURCES AND USES	(9,829)	(9,829)	(9,829)	-
NET CHANGE IN FUND BALANCES	71,171	201,171	296,291	95,120
FUND BALANCES - BEGINNING	500,000	500,000	607,646	107,646
FUND BALANCES - ENDING	\$ 571,171	\$ 701,171	\$ 903,937	\$ 202,766

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DRUG SEIZURE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INVESTMENT EARNINGS	\$ 1,000	\$ 1,000	\$ 305	\$ (695)
FINES AND FORFEITURES	110,000	110,000	78,120	(31,880)
TOTAL REVENUES	111,000	111,000	78,425	(32,575)
EXPENDITURES:				
CURRENT:				
PUBLIC SAFETY	25,000	25,000	3,475	21,525
CAPITAL OUTLAY:				
PUBLIC SAFETY	269,000	269,000	236,263	32,737
TOTAL EXPENDITURES	294,000	294,000	239,738	54,262
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(183,000)	(183,000)	(161,313)	21,687
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	-	75,000	75,000	-
TOTAL OTHER FINANCING SOURCES AND USES	-	75,000	75,000	-
NET CHANGE IN FUND BALANCES	(183,000)	(108,000)	(86,313)	21,687
FUND BALANCES - BEGINNING	220,000	220,000	316,024	96,024
FUND BALANCES - ENDING	\$ 37,000	\$ 112,000	\$ 229,711	\$ 117,711

NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

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

Limited Tax G.O. 2003

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

Limited Tax G.O. Refunding 2003

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

Limited Tax G.O. Refunding 2008

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

Limited Tax G.O. 2009A

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

Taxable Build America Bonds 2009B

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

Taxable Build America Bonds 2010A and 2010B

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

Limited Tax G.O. Refunding 2010

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

Limited Tax G.O. Refunding 2011

This fund provides payment to the Fiscal Agent for principal and interest on bonds issued in December 2011 to refund a portion of the bonds that were originally issued in 2003 for the City's Arterial Street program.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
 December 31, 2011

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	LIMITED TAX G.O. BONDS / G.O. REFUNDING 2008 (REF 1999)	LIMITED TAX G.O. REFUNDING BONDS 2010/(REF 2000)	LIMITED TAX G.O. BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2003 (REF 1994)
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 5,408	\$ 14,084	\$ 1,281,998	\$ 1,156
INVESTMENTS	-	-	2,021,043	-
TOTAL ASSETS	\$ 5,408	\$ 14,084	\$ 3,303,041	\$ 1,156
LIABILITIES AND FUND BALANCES:				
DUE TO OTHER GOVERNMENTAL UNITS	-	14,000	-	-
TOTAL LIABILITIES	-	14,000	-	-
FUND BALANCES:				
ASSIGNED	\$ 5,408	\$ 84	\$ 3,303,041	\$ 1,156
TOTAL FUND BALANCES	5,408	84	3,303,041	1,156
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,408	\$ 14,084	\$ 3,303,041	\$ 1,156

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LIMITED TAX BONDS G.O. BONDS 2009A	LIMITED TAX BONDS G.O. BONDS 2009B	LIMITED TAX BONDS G.O. BONDS 2010A	TAXABLE BUILD AMERICA BONDS 2010B	LIMITED TAX G.O. REFUNDING BONDS 2011 (REF 2003)	TOTAL NONMAJOR DEBT SERVICE FUNDS
\$ 707	\$ 616	\$ 37	\$ 5,264	\$ -	\$ 1,309,270
-	-	-	-	-	2,021,043
\$ 707	\$ 616	\$ 37	\$ 5,264	\$ -	\$ 3,330,313
-	-	-	-	-	14,000
-	-	-	-	-	14,000
\$ 707	\$ 616	\$ 37	\$ 5,264	\$ -	\$ 3,316,313
707	616	37	5,264	-	3,316,313
\$ 707	\$ 616	\$ 37	\$ 5,264	\$ -	\$ 3,330,313

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, 2011

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	LIMITED TAX G.O. BONDS / G.O. REFUNDING 2008 (REF 1999)	G.O. REFUNDING BONDS 2010/(REF 2000)	LIMITED TAX G.O. BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2003 (REF 1994)
REVENUES:				
TAXES	\$ -	\$ -	\$ -	\$ -
INVESTMENT EARNINGS	6	-	-	-
TOTAL REVENUES	6	-	-	-
EXPENDITURES:				
DEBT SERVICE				
INTEREST	280,701	27,790	247,180	79,201
PRINCIPAL	535,000	144,000	337,774	410,000
TOTAL EXPENDITURES	815,701	171,790	584,954	489,201
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(815,695)	(171,790)	(584,954)	(489,201)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	854,277	170,990	3,894,532	500,932
TRANSFERS OUT (Note 5)	(33,677)	-	(6,690)	(12,032)
GENERAL OBLIGATION BONDS ISSUED	-	-	-	-
PAYMENT TO FISCAL AGENT	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	820,600	170,990	3,887,842	488,900
NET CHANGE IN FUND BALANCES	4,905	(800)	3,302,888	(301)
FUND BALANCES - BEGINNING	503	884	153	1,457
FUND BALANCES - ENDING	\$ 5,408	\$ 84	\$ 3,303,041	\$ 1,156

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LIMITED TAX G.O. BONDS 2009A	LIMITED TAX G.O. BONDS 2009B	LIMITED TAX G.O. BONDS 2010A	TAXABLE BUILD AMERICA BONDS 2010B	LIMITED TAX G.O. REFUNDING BONDS 2011 (REF 2003)	TOTAL NONMAJOR DEBT SERVICE FUNDS
\$ -	\$ -	\$ -	\$ 66,657	\$ -	\$ 66,657
-	-	-	-	-	6
-	-	-	66,657	-	66,663
-	-	55,775	191,203	-	881,850
-	-	340,000	-	-	1,766,774
-	-	395,775	191,203	-	2,648,624
-	-	(395,775)	(124,546)	-	(2,581,961)
1,293	6,184	395,775	129,793	-	5,953,776
(586)	(5,568)	-	-	-	(58,553)
-	-	-	-	5,055,688	5,055,688
-	-	-	-	(5,055,688)	(5,055,688)
707	616	395,775	129,793	-	5,895,223
707	616	-	5,247	-	3,313,262
-	-	37	17	-	3,051
\$ 707	\$ 616	\$ 37	\$ 5,264	\$ -	\$ 3,316,313



NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

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

Facility Replacement Fund

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

General Government Improvements

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

Fire Improvements

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

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2011

	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	FIRE IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,027,271	\$ 164,624	\$ 313,819	\$ 2,505,714
RECEIVABLES:				
DUE FROM OTHER GOVERNMENTAL UNITS	-	62,295	-	62,295
CURRENT ASSETS RESTRICTED:				
CASH AND CASH EQUIVALENTS	-	397,064	-	397,064
TOTAL ASSETS	\$ 2,027,271	\$ 623,983	\$ 313,819	\$ 2,965,073
LIABILITIES AND FUND BALANCES:				
CURRENT PAYABLES:				
ACCRUED WAGES AND BENEFITS	\$ 256	\$ 3,288	\$ -	\$ 3,544
ACCOUNTS PAYABLE	-	148	-	148
RETAINAGE PAYABLE	-	11,934	-	11,934
TOTAL LIABILITIES	256	15,370	-	15,626
FUND BALANCES:				
RESTRICTED	-	397,064	-	397,064
COMMITTED	-	-	313,819	313,819
ASSIGNED	2,027,015	211,549	-	2,238,564
TOTAL FUND BALANCES	2,027,015	608,613	313,819	2,949,447
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,027,271	\$ 623,983	\$ 313,819	\$ 2,965,073

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, 2011

	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	FIRE IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES:				
CHARGES FOR SERVICES	\$ 650	\$ -	\$ 157,654	\$ 158,304
INTERGOVERNMENTAL	-	284,026	-	284,026
INVESTMENT EARNINGS	2,477	1,354	147	3,978
TOTAL REVENUES	3,127	285,380	157,801	446,308
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	19,786	-	19,786
PHYSICAL ENVIRONMENT	-	373,727	-	373,727
CAPITAL OUTLAY				
GENERAL GOVERNMENT	-	627,226	-	627,226
PUBLIC SAFETY	-	150,000	-	150,000
PHYSICAL ENVIRONMENT	10,196	-	-	10,196
TOTAL EXPENDITURES	10,196	1,170,739	-	1,180,935
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(7,069)	(885,359)	157,801	(734,627)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	(24,563)	(59,047)	-	(83,610)
TOTAL OTHER FINANCING SOURCES AND USES	(24,563)	(59,047)	-	(83,610)
NET CHANGE IN FUND BALANCES	(31,632)	(944,406)	157,801	(818,237)
FUND BALANCES - BEGINNING	2,058,647	1,553,018	156,018	3,767,683
FUND BALANCES - ENDING	\$ 2,027,015	\$ 608,612	\$ 313,819	\$ 2,949,447



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, 2011

	EQUIPMENT RENTAL	INSURANCE	INSURANCE- LEOFF I	TOTAL INTERNAL SERVICE FUNDS
ASSETS:				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,821,899	\$ 1,132,739	\$ 1,822,186	\$ 4,776,824
INVESTMENTS	1,693,269	5,302,932	-	6,996,201
RECEIVABLES:				
CUSTOMER ACCOUNTS	695	-	-	695
INTEREST ON INVESTMENTS	7,535	47,409	-	54,944
INVENTORY OF MATERIALS AND SUPPLIES	17,748	-	-	17,748
TOTAL CURRENT ASSETS	3,541,146	6,483,080	1,822,186	11,846,412
NONCURRENT ASSETS:				
CAPITAL ASSETS:				
MACHINERY AND EQUIPMENT	9,502,619	-	-	9,502,619
LESS: ACCUMULATED DEPRECIATION	(6,972,494)	-	-	(6,972,494)
TOTAL CAPITAL ASSETS (NET OF A/D)	2,530,125	-	-	2,530,125
TOTAL NONCURRENT ASSETS	2,530,125	-	-	2,530,125
TOTAL ASSETS	6,071,271	6,483,080	1,822,186	14,376,537
LIABILITIES:				
ACCRUED WAGES AND BENEFITS	17,154	-	-	17,154
OTHER CURRENT LIABILITIES	-	1,499,600	193,200	1,692,800
TOTAL LIABILITIES	17,154	1,499,600	193,200	1,709,954
NET ASSETS:				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	2,530,125	-	-	2,530,125
UNRESTRICTED	3,523,993	4,983,480	1,628,987	10,136,460
TOTAL NET ASSETS	\$ 6,054,118	\$ 4,983,480	\$ 1,628,987	\$ 12,666,585

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	EQUIPMENT RENTAL	INSURANCE	INSURANCE- LEOFF I	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
CHARGES FOR SERVICES	\$ 2,149,296	\$ 4,329,953	\$ 464,936	\$ 6,944,185
TOTAL OPERATING REVENUES	2,149,296	4,329,953	464,936	6,944,185
OPERATING EXPENSES:				
OPERATIONS & MAINTENANCE	1,198,461	4,324,109	416,547	5,939,117
DEPRECIATION/AMORTIZATION	734,247	-	-	734,247
TOTAL OPERATING EXPENSES	1,932,708	4,324,109	416,547	6,673,364
OPERATING INCOME (LOSS)	216,588	5,844	48,389	270,821
NON-OPERATING REVENUE (EXPENSE):				
INVESTMENT EARNINGS	19,901	534,629	3,552	558,082
SALE OF CAPITAL ASSETS	40,160	-	-	40,160
TOTAL NON-OPERATING REVENUE (EXPENSE)	60,061	534,629	3,552	598,242
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	276,649	540,473	51,941	869,063
TRANSFERS OUT (Note 5)	(294,607)	(110,241)	(9,704)	(414,552)
CHANGE IN NET ASSETS	(17,958)	430,232	42,237	454,511
TOTAL NET ASSETS BEGINNING OF YEAR	6,072,076	4,553,248	1,586,750	12,212,074
TOTAL NET ASSETS END OF YEAR	\$ 6,054,118	\$ 4,983,480	\$ 1,628,987	\$ 12,666,585

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Page 1 of 2

	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM USERS	\$ 2,149,531	\$ 4,360,993	\$ 464,936	\$ 6,975,460
CASH PAID TO SUPPLIERS	(671,078)	(4,324,109)	(416,547)	(5,411,734)
CASH PAID FOR INVENTORY	(43,430)	-	-	(43,430)
CASH PAID TO EMPLOYEES	(487,159)	-	-	(487,159)
OTHER CASH RECEIVED (PAID)	-	337,529	122,900	460,429
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	947,864	374,413	171,289	1,493,565
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
TRANSFERS IN	-	-	-	-
TRANSFERS OUT	(294,607)	(110,241)	(9,704)	(414,552)
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	(294,607)	(110,241)	(9,704)	(414,552)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
PROCEEDS FROM SALE OF EQUIPMENT	39,924	-	-	39,924
PURCHASE OF CAPITAL ASSETS	(514,280)	-	-	(514,280)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(474,356)	-	-	(474,356)
CASH FLOW FROM INVESTING ACTIVITIES:				
PROCEEDS FROM SALE OF INVESTMENTS	-	3,522,052	207,188	3,729,240
PURCHASE OF INVESTMENTS	(1,687,090)	(5,383,328)	-	(7,070,418)
INTEREST RECEIVED	5,492	492,656	3,552	501,700
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	(1,681,598)	(1,368,620)	210,740	(2,839,478)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,502,697)	(1,104,448)	372,325	(2,234,820)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	3,324,596	2,237,187	1,449,860	7,011,643
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 1,821,899	\$ 1,132,739	\$ 1,822,185	\$ 4,776,823
CASH AT END OF YEAR CONSISTS OF:				
CASH AND CASH EQUIVALENTS	\$ 1,821,899	\$ 1,132,739	\$ 1,822,185	\$ 4,776,823
TOTAL CASH	\$ 1,821,899	\$ 1,132,739	\$ 1,822,185	\$ 4,776,823

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

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)	\$ 216,588	\$ 5,844	\$ 48,389	\$ 270,821
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	734,247	-	-	734,247
ASSET (INCREASES) DECREASES :				
MISCELLANEOUS A/R-REVENUE	235	32,113	-	32,348
INVENTORY	(4,213)	-	-	(4,213)
LIABILITY INCREASES (DECREASES) :				
ACCOUNTS & VOUCHERS PAYABLE	1,007	336,456	122,900	460,363
TOTAL ADJUSTMENTS	731,276	368,569	122,900	1,222,745
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 947,864	\$ 374,413	\$ 171,289	\$ 1,493,566
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	6,179	(81,567)	-	(75,388)
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ 6,179	\$ (81,567)	\$ -	\$ (75,388)



City of Tukwila
STATISTICAL SECTION

December 31, 2011

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.....	124
Schedule 2	Changes in Net Assets	126
Schedule 3	Fund Balances, Governmental Funds	128
Schedule 4	Changes in Fund Balances, Governmental Funds.....	130
Schedule 5	General Governmental Tax Revenues by Source.....	133

Revenue Capacity Information

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

Schedule 6	Property Tax Levies and Collections	133
Schedule 7	Assessed and Estimated Actual Value of Taxable Property	134
Schedule 8	Property Tax Rates-Direct and Overlapping Governments	135
Schedule 9	Principal Property Taxpayers	136
Schedule 10	Retail Sales Tax Collections by Sector.....	138
Schedule 11	Sales Tax Rate Direct and Overlapping Governments.....	140

Debt Capacity Information

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

Schedule 12	Ratios of Outstanding Debt by Type.....	142
Schedule 13	Ratios of General Bonded Debt Outstanding	144
Schedule 14	Computation of Direct and Overlapping Debt.....	145
Schedule 15	Legal Debt Margin Information	146
Schedule 16A	Revenue Bond Coverage- Water and Sewer Bonds	148
Schedule 16B	Revenue Bond Coverage- Surface Water Bonds.....	149

Demographic and Economic Information

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

Schedule 17	Demographic Statistics.....	150
Schedule 18	Principal Employers.....	151

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.

Schedule 19	Staffing Levels by Department	152
Schedule 20	Operating Indicators by Function.....	153
Schedule 21	Capital Assets by Function	154

CITY OF TUKWILA
NET ASSETS BY COMPONENT^(a)
 LAST TEN FISCAL YEARS ^(b)

page 1 of 2

	2002 ^(b)	2003	2004	2005	2006
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
Restricted	389,322	809,002	1,107,362	1,305,239	1,305,239
Unrestricted	23,825,950	24,341,822	25,873,104	25,289,571	29,506,541
Total governmental activities net assets	\$ 126,834,760	\$ 144,101,188	\$ 150,019,369	\$ 156,450,061	\$ 163,941,162
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
Restricted	1,311,344	887,398	960,485	577,587	435,995
Unrestricted	8,785,499	9,070,664	9,664,654	9,909,896	12,070,451
Total business-type activities net assets	\$ 39,129,817	\$ 39,765,849	\$ 41,473,489	\$ 41,858,295	\$ 46,523,636
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
Restricted	1,700,666	1,696,400	2,067,847	1,882,826	1,741,234
Unrestricted	32,611,449	33,412,486	35,537,758	35,199,467	41,576,992
Total primary government net assets	\$ 165,964,577	\$ 183,867,037	\$ 191,492,858	\$ 198,308,356	\$ 210,464,798

Notes:

(a) All amounts are reported on the accrual basis

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

Source:

Tukwila Finance Department

page 2 of 2

2007	2008	2009	2010	2011
\$ 136,053,013	\$ 136,742,368	\$ 155,847,012	\$ 177,078,793	\$ 199,511,779
1,233,234	19,720,546	16,360,097	23,005,792	5,019,817
35,520,681	18,476,837	16,031,473	12,119,923	21,479,064
<u>\$ 172,806,928</u>	<u>\$ 174,939,751</u>	<u>\$ 188,238,582</u>	<u>\$ 212,204,508</u>	<u>\$ 226,010,660</u>
\$ 36,083,972	\$ 36,071,402	\$ 38,052,488	\$ 44,759,489	\$ 52,134,799
441,073	439,100	438,619	430,444	430,444
11,267,171	13,335,836	10,987,162	11,158,081	10,225,558
<u>\$ 47,792,216</u>	<u>\$ 49,846,338</u>	<u>\$ 49,478,269</u>	<u>\$ 56,348,014</u>	<u>\$ 62,790,801</u>
\$ 172,136,985	\$ 172,813,770	\$ 193,899,500	\$ 221,838,282	\$ 248,636,920
1,674,307	20,159,646	16,798,716	23,436,236	5,450,261
46,787,852	31,812,673	27,018,635	23,278,004	34,714,280
<u>\$ 220,599,144</u>	<u>\$ 224,786,089</u>	<u>\$ 237,716,851</u>	<u>\$ 268,552,522</u>	<u>\$ 288,801,461</u>

CITY OF TUKWILA, WASHINGTON

SCHEDULE 2

CHANGES IN NET ASSETS ^(a)

Page 1 of 2

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

Notes:

(a) All amounts are reported on the accrual basis

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

Source: Tukwila Finance Department

Page 2 of 2

2007	2008	2009	2010	2011
\$ 7,456,335	\$ 4,723,103	\$ 6,689,659	\$ 7,052,717	\$ 9,150,573
21,726,932	24,147,992	26,959,352	26,088,644	25,348,318
2,764,373	2,862,487	2,575,405	2,533,394	2,885,175
5,310,247	5,864,297	5,541,367	6,015,197	6,872,708
3,890,845	5,017,935	4,637,531	4,579,338	4,712,832
4,204	4,173	4,332	4,539	4,591
4,506,223	4,797,856	4,914,256	4,756,676	4,203,824
896,215	1,844,224	753,904	1,061,419	472,438
46,555,374	49,262,067	52,075,806	52,091,924	53,650,459
7,046,603	7,293,362	9,293,434	9,343,368	10,092,903
1,849,542	1,968,595	2,050,172	1,935,014	1,986,747
1,920,194	1,762,417	2,299,394	2,476,170	2,588,098
10,816,339	11,024,374	13,643,000	13,754,552	14,667,748
\$ 57,371,713	\$ 60,286,441	\$ 65,718,806	\$ 65,846,476	\$ 68,318,207
\$ 1,590,553	\$ 895,966	\$ 1,136,642	\$ 1,080,801	\$ 2,462,671
425,241	1,184,530	572,094	819,043	809,806
25,341	1,200	-	6,200	7,572
133,500	130,637	103,311	571,110	345,373
2,319,634	2,476,501	1,001,511	1,787,274	1,722,285
777,484	711,542	647,354	811,679	1,001,117
1,692,766	1,325,163	3,386,269	2,139,029	2,250,601
3,746,743	2,282,592	14,784,074	23,992,563	18,495,127
10,711,262	9,008,131	21,631,255	31,207,699	27,094,552
8,272,647	8,621,909	10,124,653	9,665,095	11,711,242
1,272,425	1,563,681	1,424,595	1,425,327	1,304,016
2,208,549	2,642,325	2,641,313	3,029,630	3,355,956
-	-	-	-	-
347,416	756,400	515,633	7,390,545	1,993,537
12,101,037	13,584,315	14,706,194	21,510,597	18,364,751
22,812,299	22,592,446	36,337,449	52,718,296	45,459,303
(35,844,111)	(40,253,937)	(30,444,551)	(20,884,225)	(26,555,907)
1,284,700	2,559,941	1,063,194	7,756,045	3,697,003
\$ (34,559,411)	\$ (37,693,996)	\$ (29,381,357)	\$ (13,128,180)	\$ (22,858,904)
\$ 11,302,099	\$ 11,656,979	\$ 11,901,072	\$ 13,363,096	\$ 13,443,137
19,355,867	18,009,297	14,588,297	14,669,328	15,796,054
344,748	643,037	748,772	533,811	317,531
583,232	587,216	489,806	458,092	555,682
3,666,079	5,136,444	7,390,860	5,600,683	7,534,260
2,236,675	2,497,705	3,196,178	4,205,574	667,679
4,127,360	983,078	367,198	507,798	2,170,293
217,600	874,046	2,233,445	1,951,936	2,085,740
1,727,879	801,847	246,287	108,929	275,477
13,652	(186,663)	980,267	-	-
1,134,683	1,383,774	1,601,200	1,399,310	525,864
44,709,874	42,386,760	43,743,382	42,798,557	43,371,717
500,000	500,000	327,999	329,527	-
618,563	377,955	106,032	85,942	61,119
-	-	(264,093)	-	-
-	-	-	97,541	200,871
(1,134,683)	(1,383,774)	(1,601,200)	(1,399,310)	(525,864)
(16,120)	(505,819)	(1,431,262)	(886,300)	(263,874)
\$ 44,693,754	\$ 41,880,941	\$ 42,312,120	\$ 41,912,257	\$ 43,107,843
\$ 8,865,765	\$ 2,132,823	\$ 13,298,831	\$ 21,914,332	\$ 16,815,810
1,268,580	2,054,122	(368,068)	6,869,745	3,433,129
\$ 10,134,345	\$ 4,186,945	\$ 12,930,763	\$ 28,784,077	\$ 20,248,939

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

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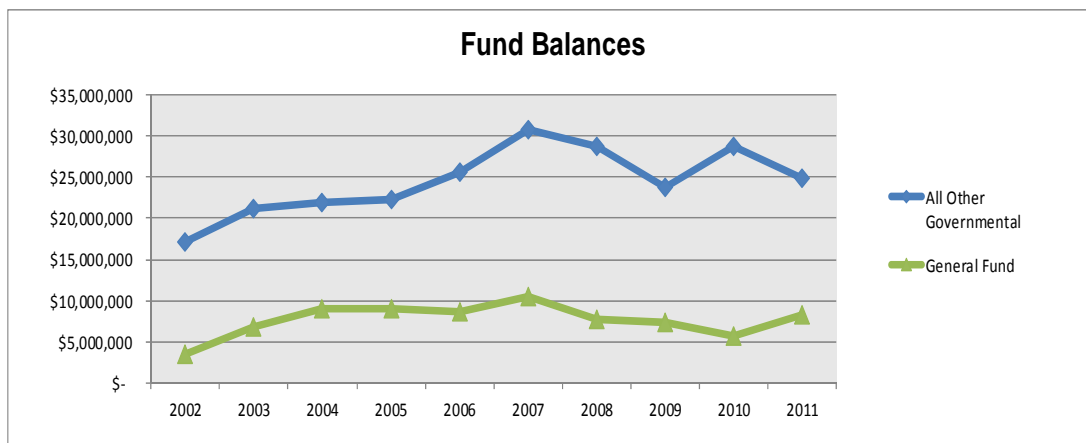
	2002	2003	2004	2005	2006
General Fund (GASB 54)					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
General Fund (Prior to GASB 54)					
Reserved	12,700	613,000	557,690	557,690	13,250
Unreserved	3,380,158	6,247,054	8,533,639	8,408,104	8,693,215
Total general fund	\$ 3,392,858	\$ 6,860,054	\$ 9,091,329	\$ 8,965,794	\$ 8,706,465
All other governmental funds (GASB 54)					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
All other governmental funds (Prior to GASB 54)					
Reserved	15,300	765,300	720,860	\$ 705,560	-
Unreserved, reported in:					
Special revenue funds	11,021,202	8,939,830	6,933,242	5,669,921	8,500,342
Debt service funds	389,322	809,012	1,107,362	1,305,239	1,075,347
Capital Projects funds	2,321,088	3,888,305	4,092,179	5,677,953	7,245,827
Total all other governmental funds	\$ 13,746,912	\$ 14,402,447	\$ 12,853,643	\$ 13,358,673	\$ 16,821,516

Note:

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

Source:

Tukwila Finance Department



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2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ 5,000
-	-	-	-	-
-	-	-	-	18,000
-	-	-	-	-
-	-	-	-	8,237,141
12,650	17,800	17,900	17,900	-
10,504,748	7,687,515	7,371,530	5,739,140	-
<u>\$ 10,517,398</u>	<u>\$ 7,705,315</u>	<u>\$ 7,389,430</u>	<u>\$ 5,757,040</u>	<u>\$ 8,260,141</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	5,014,817
-	-	-	-	402,306
-	-	-	-	11,127,221
-	-	-	-	-
-	-	-	-	-
10,834,781	12,943,487	9,123,401	14,461,546	-
1,233,234	1,248,901	135,438	3,051	-
8,113,739	6,831,634	7,101,258	8,541,195	-
<u>\$ 20,181,754</u>	<u>\$ 21,024,022</u>	<u>\$ 16,360,097</u>	<u>\$ 23,005,792</u>	<u>\$ 16,544,344</u>

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

page 1 of 2

	2002	2003	2004	2005
Revenues				
Taxes	\$ 28,156,041	\$ 31,986,222	\$ 34,148,173	\$ 34,624,875
Licenses and Permits	822,810	785,823	808,821	1,002,683
Intergovernmental	16,689,193	15,005,227	6,306,463	5,672,810
Charges for Services	1,201,080	1,796,946	2,919,115	2,649,678
Fines and Forfeitures	338,484	245,585	147,137	116,737
Investment Income	859,765	222,460	356,625	638,196
Miscellaneous	489,806	1,066,247	993,386	1,000,775
Total Revenues	48,557,179	51,108,510	45,681,724	45,705,754
Expenditures				
General Government	5,648,745	5,892,912	5,982,594	6,136,540
Public Safety	16,711,088	17,532,136	18,393,514	19,604,151
Physical Environment	1,228,774	1,509,946	883,914	788,105
Transportation	2,202,888	4,779,885	2,620,038	1,705,692
Economic Environment	2,974,513	3,429,674	3,461,092	3,384,928
Mental & Physical Health	-	-	-	-
Culture and Recreation	2,457,973	2,985,083	3,187,113	3,358,583
Debt Service				
Principal	718,000	754,000	804,000	851,000
Interest	925,414	924,964	1,057,974	1,033,474
Bond Issuance Costs	-	112,363	-	-
Capital Outlay	17,306,146	15,636,782	8,057,070	7,344,326
Total Expenditures	50,173,541	53,557,745	44,447,309	38,070,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,616,362)	(2,449,235)	1,232,411	1,498,955
Other Financing Sources (Uses)				
Transfers In	1,706,973	5,513,212	350,000	150,000
Transfers Out	(1,845,331)	(5,288,570)	(900,000)	(1,305,000)
Capital Leases	-	-	-	-
Sale of Capital Assets	177,995	-	-	35,600
General Obligation Bonds Issued	-	6,277,500	-	-
General Obligation Refunding Bonds Issued	-	4,195,000	-	-
Premium on General Obligation Debt	-	65,392	-	-
Premium on General Obligation Refunding Debt	-	248,672	-	-
Issuance Costs on General Obligation Refunding Debt	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(4,439,240)	-	-
Total Other Financing Sources (Uses)	39,637	6,571,966	(550,000)	(1,119,400)
Net Change in Fund Balances	\$ (1,576,725)	\$ 4,122,731	\$ 682,411	\$ 379,555
Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	5.3%	5.0%	5.4%	5.4%

Note:

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

Source:

Tukwila Finance Department

page 2 of 2

	2006	2007	2008	2009	2010	2011
\$	37,801,814	\$ 39,660,792	\$ 37,412,569	\$ 37,167,281	\$ 37,267,918	\$ 38,035,681
	1,273,228	1,827,709	2,022,851	1,283,463	1,618,830	3,473,910
	7,083,032	6,403,217	5,697,598	17,596,486	14,525,872	24,059,907
	2,345,931	2,024,892	2,569,381	1,443,680	2,366,174	2,359,600
	221,097	266,188	259,991	301,761	390,079	308,027
	1,159,971	1,425,423	926,913	282,604	144,258	275,479
	1,397,585	1,751,145	816,054	701,957	891,307	356,409
	51,282,658	53,359,366	49,705,357	58,777,232	57,204,438	68,869,013
	6,882,594	7,034,602	7,992,286	8,574,563	8,387,317	8,253,440
	20,953,226	21,038,810	22,878,689	25,576,932	24,676,370	24,327,498
	2,139,959	2,196,422	2,255,880	2,058,913	1,724,147	2,060,482
	2,447,096	2,413,390	2,783,077	2,334,298	2,332,178	2,676,511
	3,539,657	3,878,658	4,995,514	4,601,391	4,541,845	4,682,646
	3,683	4,204	4,173	4,332	4,539	4,591
	3,687,580	3,938,779	4,293,658	4,365,023	4,163,503	3,507,150
	888,000	930,000	972,000	1,316,297	1,555,028	1,766,774
	1,006,161	914,584	872,224	778,018	849,148	881,850
	-	-	-	-	-	-
	6,540,452	7,243,879	6,089,703	16,860,362	11,513,976	25,643,704
	48,088,408	49,593,328	53,137,204	66,470,129	59,748,051	73,804,646
	3,194,250	4,036,039	(3,431,846)	(7,692,894)	(2,543,613)	(4,935,633)
	2,143,581	2,266,349	2,515,982	3,865,744	2,461,806	11,001,619
	(2,430,769)	(1,131,666)	(1,107,543)	(2,234,444)	(1,020,857)	(10,061,205)
	-	-	-	-	110,509	15,468
	296,451	100	53,592	1,014,608	27,308	21,406
	-	-	-	-	6,935,000	5,055,688
	-	-	6,180,000	6,947,574	-	-
	-	-	-	-	112,151	-
	-	-	483,599	-	-	-
	-	-	(108,326)	-	-	-
	-	-	(6,555,273)	(6,880,397)	(1,069,000)	(5,055,688)
	9,263	1,134,783	1,462,031	2,713,085	7,556,917	977,288
\$	3,203,513	\$ 5,170,822	\$ (1,969,815)	\$ (4,979,809)	\$ 5,013,304	\$ (3,958,345)
	4.8%	4.6%	4.1%	4.4%	5.2%	5.8%

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
2002	\$ 9,487,241	\$ 15,494,343	\$ -	\$ 2,406,132	\$ 390,725	\$ 377,600	\$ 28,156,041
2003	9,854,007	16,171,756	1,591,922	3,500,318	431,188	437,031	31,986,222
2004	10,493,728	16,293,960	2,309,787	4,068,110	530,725	451,863	34,148,173
2005	10,627,410	16,887,845	2,646,356	3,222,936	408,798	831,530	34,624,875
2006	11,018,846	17,591,260	2,930,332	4,938,515	402,784	920,077	37,801,814
2007	11,177,532	19,355,867	3,666,079	4,124,168	405,973	931,173	39,660,792
2008	11,245,973	17,709,319	3,934,210	3,003,438	475,500	1,089,344	37,457,785
2009	12,190,219	14,585,015	6,172,569	2,824,407	738,341	656,730	37,167,281
2010	13,188,942	14,251,312	6,134,494	2,488,357	727,151	301,867	37,092,122
2011	13,427,139	16,113,584	5,424,643	1,780,294	667,064	622,955	38,035,681
change 2002-2011	41.5%	4.0%	240.8%	-26.0%	70.7%	65.0%	35.1%

Notes:

^(a) Utility taxes enacted beginning in 2003 for electric, natural gas, cable and telephone utilities are assessed at rates of 6.0%.

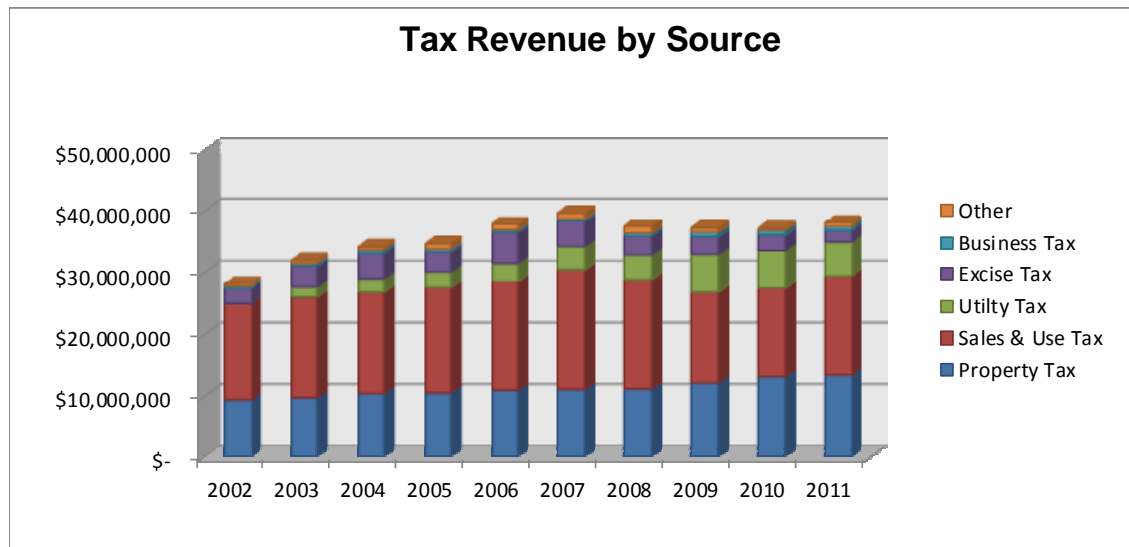
A utility tax was added in 2009 for solid waste and recycling assessed at a 6.0% rate.

A utility tax rate of 10.0% was added in 2010 on the City's water, sewer, and stormwater utilities.

^(b) "Other Taxes" include a hotel/motel tax, penalties and interest on delinquent taxes and other miscellaneous tax revenues.

Source:

Tukwila Finance Department



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

Fiscal Year	Taxes Levied for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
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%	143,328	10,488,604	100.00%
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%	127,017	10,971,745	99.99%
2007	11,177,532	10,994,127	98.36%	115,199	11,109,326	99.39%
2008	11,411,293	11,194,247	98.10%	132,633	11,326,880	99.26%
2009	12,283,193	12,017,213	97.83%	143,156	12,160,369	99.00%
2010	13,234,489	13,152,036	99.38%	8,305	13,160,341	99.44%
2011	13,385,080	13,225,338	98.81%	0	13,225,338	98.81%

Source:

King County Office of Finance

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

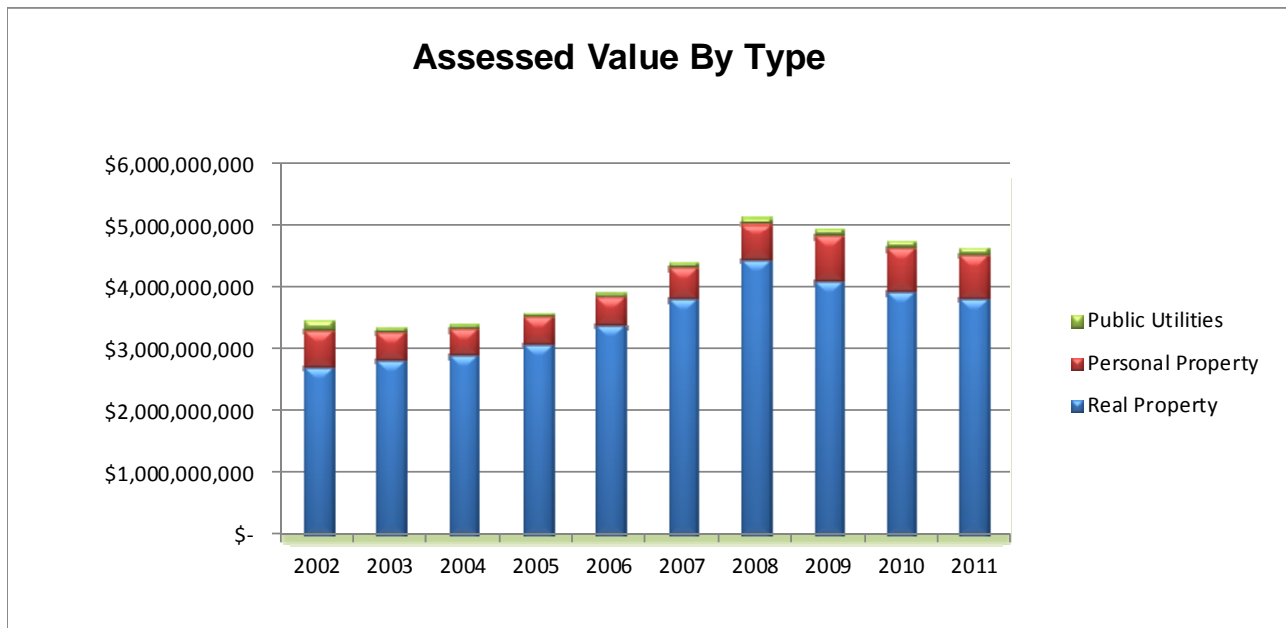
Fiscal Year	Real Property	Personal Property	Public Utilities	Total Assessed Value	Total Direct Tax Rate
2002	\$ 2,715,355,120	\$ 604,479,409	\$ 169,870,128	\$ 3,489,704,657	\$ 2.91064
2003	2,832,422,720	471,448,140	80,219,849	3,384,090,709	3.10754
2004	2,916,855,190	447,099,099	77,169,236	3,441,123,525	3.11712
2005	3,091,233,279	457,546,448	61,779,040	3,610,558,767	3.03706
2006	3,399,709,737	482,100,071	66,123,704	3,947,933,512	2.84033
2007	3,853,680,774	509,151,926	87,410,974	4,450,243,674	2.56911
2008	4,470,042,539	595,268,205	110,399,231	5,175,709,975	2.37324
2009	4,122,961,628	746,710,751	112,779,972	4,982,452,351	2.66345
2010	3,950,829,851	717,795,417	119,827,058	4,788,452,326	2.82566
2011	3,833,295,985	712,607,656	129,726,102	4,675,629,743	2.95408

Note:

**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

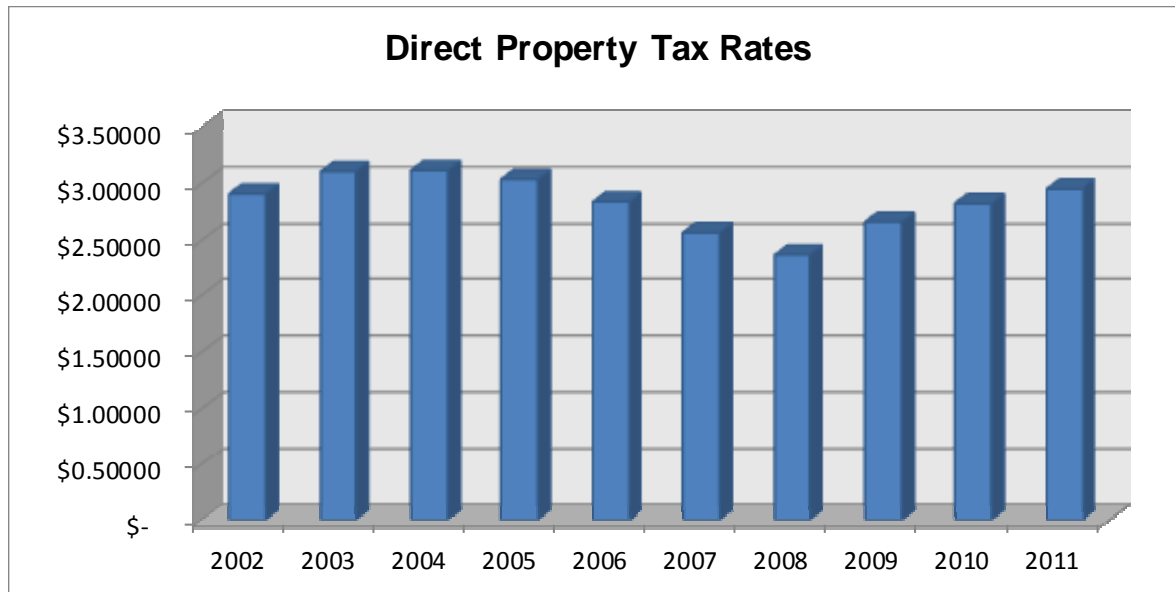
-----CITY OF TUKWILA-----												
Fiscal Year	General Levy	Special Levy	Total	WA State	King County ^(a)	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Hospital District #1	Total	
2002	\$ 2.91064	-	\$2.91064	\$2.89680	\$ 1.34948	\$0.25895	\$ 0.24143	\$ 4.85812	\$ 0.04688	\$ 0.09254	\$12.65484	
2003	3.10754	-	3.10754	2.75678	1.96799	0.25402	0.23717	5.05267	0.04669	0.09200	13.51486	
2004	3.11712	-	3.11712	2.68951	1.91484	0.25321	0.23182	5.04535	0.04658	0.09039	13.38882	
2005	3.03706	-	3.03706	2.49787	1.86293	0.23330	0.21982	5.01637	0.04482	0.59000	13.50217	
2006	2.84033	-	2.84033	2.32535	1.75139	0.23158	0.20621	4.78874	0.04212	0.55652	12.74224	
2007	2.56911	-	2.56911	2.13233	1.66106	0.22359	0.30000	4.73164	0.10000	0.50854	12.22627	
2008	2.37324	-	2.37324	1.96268	1.51508	0.19700	0.27404	4.12360	0.09123	0.47141	11.00828	
2009	2.66345	-	2.66345	2.22253	1.74587	0.21597	0.30000	3.89183	0.10514	0.53290	11.67769	
2010	2.82566	-	2.82566	2.27990	1.90797	0.22366	0.30000	5.03380	0.10976	0.55753	13.23828	
2011	2.95408	-	2.95408	2.42266	1.98580	0.22982	0.30000	5.44659	0.11616	0.50372	13.95883	

Note:

^(a) Includes King County Library District tax.

Source:

King County Department of Assessments



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

Name	Type of Business	2011 Assessed Valuation	Percent of 2011 Total Assessed Value ^(a)	2002 Assessed Valuation	Percent of 2002 Total Assessed Value ^(b)
Boeing Company	Airplane company	\$ 458,280,291	9.80%	\$ 477,839,583	13.7%
WEA Southcenter LLC	Department Stores	295,868,612	6.33%	132,881,542	3.8%
La Pianta LP/Segale Properties	Commercial Properties	152,244,367	3.26%	65,606,000	1.9%
KIR Tukwila 050 LLC/KIMCO	Commercial Properties	77,505,900	1.66%		
E Property Tax Dept	Commercial Properties	65,994,500	1.41%		
Walton CWWA Eproperty Tax Incorporated (McElroy)	Investment Property	58,335,900	1.25%	17,783,900	0.5%
Boeing Employees Credit Union	Credit Union	39,493,834	0.84%	50,679,758	1.5%
Jorgensen Forge Corporation	Steel Manufacturer	37,422,406	0.80%	9,335,896	0.3%
Sterling Realty Organization	Commercial Properties	35,128,100	0.75%		
Sea-Tuk Warehouse LLC	Food Distribution	34,558,400	0.74%	18,333,719	0.5%
Wig Properties LLC (JC Penney)	Department Stores	31,303,052	0.67%	12,834,174	0.4%
Federated Department Stores (Macys)	Department Stores	29,559,500	0.63%	28,880,357	0.8%
BRCP Riverview Plaza LLC	Commercial Properties	26,154,200	0.56%		
Puget Sound Energy/Gas - Electric	Electric/Gas Utility	25,413,084	0.54%	22,189,987	0.6%
Southcenter Corporate Square	Hair Loss Center	24,897,400	0.53%		
Anne Arundel Apartments LLC (Group Health)	Apartments	23,604,800	0.50%		
Koar-Seatac Partners LP (Embassy Suites)	Lodging	21,684,248	0.46%	18,961,200	0.5%
Merrill Creek Holding LLC (Kenworth Motors)	Truck Manufacturer	20,112,600	0.43%	22,083,500	0.6%
Harnish Group Incorporated	Truck Equipment	16,939,386	0.36%	10,159,379	0.3%
CHA Southcenter LLC (Doubletree Inn)	Lodging	15,582,600	0.33%	17,402,649	0.5%
Low e's HW Incorporated	Home Improvement	13,515,521	0.29%	17,570,400	0.5%
Qwest Corporation (US West Communications)	Telephone Utility	11,094,861	0.24%	19,358,908	0.6%
Hill Investment Company	Commercial Properties	6,914,900	0.15%	5,844,700	0.2%
AMB Institutional Alliance	Commercial Properties		0.00%	54,186,700	1.6%
Group Health Cooperative	Healthcare Admin		0.00%	25,987,089	0.9%
MBK Northwest	Commercial Properties		0.00%	67,105,300	2.2%
Rreef America Reit II Corporation (Pacific Gulf)	Commercial Properties		0.00%	40,462,600	1.3%
TOTALS		\$ 1,521,608,462	32.54%	\$ 1,135,487,341	33.2%

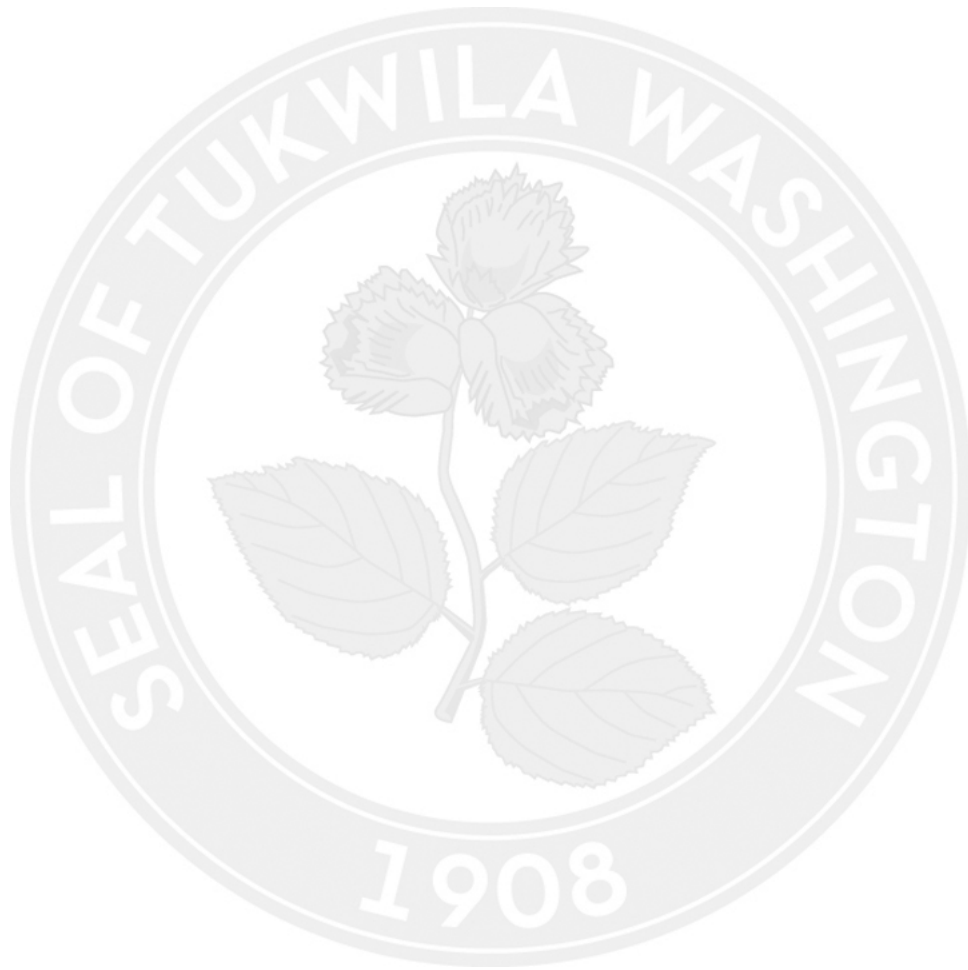
Notes:

^(a) In 2011 the total assessed property value in the City of Tukwila was \$4,675,629,743.

^(b) In 2002 the total assessed property value in the City of Tukwila was \$3,489,704,657.

Source:

King County Department of Assessments



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

page 1 of 2

Major Industry Sector	2002	2003	2004	2005 ^(a)
Construction and Contracting	\$ 991,702	\$ 1,119,595	\$ 958,758	\$ 676,427
Finance, Insurance & Real Estate	57,919	54,992	82,794	102,130
Manufacturing	563,919	520,474	446,965	503,778
Transportation, Communications & Utilities	350,258	377,596	387,148	384,703
Wholesale - Durable/Non-durable Goods	1,374,271	1,761,749	1,862,528	2,337,018
Retail Trade - General Merchandise	2,570,883	2,545,631	2,574,671	2,563,103
Retail Trade - Furniture/Home Furnishings	1,815,168	2,304,037	2,405,967	2,342,553
Retail Trade - Miscellaneous	2,044,562	1,723,147	1,735,045	1,497,474
Retail Trade - Clothing & Accessories	1,175,074	1,197,591	1,247,109	1,636,183
Retail Trade - Restaurants	887,103	933,886	1,031,625	1,072,275
Retail Trade - Automotive/Gas	768,664	847,864	982,413	980,006
Retail Trade - Building Materials	712,723	763,013	850,109	815,379
Service Industries - Business	824,497	530,833	488,857	979,752
Service Industries - Hotels	357,940	361,789	355,514	406,547
Service Industries - Other	373,911	507,935	486,215	278,041
All Other Categories	296,953	292,827	288,169	188,540
Total Retail Sales Tax Collections	\$ 15,165,547	\$ 15,842,959	\$ 16,183,887	\$ 16,763,909

Notes:

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

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

Sources:

Tukwila Finance Department and Washington State Department of Revenue.

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2006	2007	2008	2009	2010	2011
\$ 1,166,088	\$ 2,018,058	\$ 1,967,785	\$ 869,640	\$ 917,250	\$ 1,390,952
93,747	121,879	118,780	119,121	99,975	115,123
450,138	590,455	375,263	246,429	387,234	232,737
436,260	483,419	492,960	440,206	441,822	405,197
2,048,517	2,457,437	1,760,449	1,436,045	1,346,750	1,119,527
2,667,481	2,571,601	2,231,745	2,072,356	2,068,263	2,003,947
2,531,049	2,399,347	1,830,576	1,304,234	1,380,407	1,771,083
1,642,722	1,766,853	1,718,898	1,473,496	1,521,741	1,626,452
1,704,213	1,838,646	2,103,630	2,017,904	2,018,304	2,037,554
1,119,859	1,158,424	1,312,603	1,292,252	1,342,964	1,337,067
1,053,184	1,026,778	1,066,183	748,482	664,310	670,806
855,243	777,870	619,657	589,341	499,383	487,620
1,141,632	1,198,690	1,129,380	868,260	882,012	932,422
453,376	531,836	548,962	453,657	428,450	459,606
278,777	294,869	318,696	283,319	215,045	202,217
205,644	179,421	185,312	208,467	366,925	553,493
\$ 17,847,930	\$ 19,415,583	\$ 17,780,879	\$ 14,423,209	\$ 14,580,835	\$ 15,345,801

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

	2002	2003	2004	2005	2006	2007 ^(c)	2008 ^(d)	2009 ^(e)	2010	2011
<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%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.90%	0.90%	0.90%
Metro	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%	0.90%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Department of Revenue Administration Fee	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Basic Combined Sales Tax Rate	8.80%	8.80%	8.80%	8.80%	8.80%	8.90%	9.00%	9.50%	9.50%	9.50%
<u>SPECIAL SALES TAX RATES</u>										
Restaurants ^(a)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50% *
Motor Vehicles ^(b)	0.00%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

Notes:

^(a) 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.

*** NOTE: This tax expired on October 1, 2011 as taxes imposed to pay the construction bonds for the Seattle baseball stadium expired.**

^(b) 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.

^(c) 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.

^(d) 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.

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

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

Source:

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



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

Page 1 of 2

	2002 ^(a)	2003	2004	2005	2006
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds ^(d)	\$ 15,847,000	\$ 21,628,591	\$ 20,806,553	\$ 19,775,262	\$ 18,881,798
Special Assessments	-	-	-	-	-
Leases	-	-	-	-	-
Total Governmental Activities	15,847,000	21,628,591	20,806,553	19,775,262	18,881,798
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	-	5,772,500	5,382,500	4,972,500	4,547,500
Revenue Bonds	4,568,782	4,168,910	3,710,438	3,143,360	5,824,452
Public Works Trust Fund Loans	573,234	1,032,364	2,924,739	4,911,253	9,781,151
Leases	-	-	-	108,818	77,947
Total Business-Type Activities	5,142,016	10,973,774	12,017,677	13,135,931	20,231,050
TOTAL PRIMARY GOVERNMENT^(b)	\$ 20,989,016	\$ 32,602,365	\$ 32,824,230	\$ 32,911,193	\$ 39,112,848
Population ^(c)	17,270	17,270	17,240	17,110	17,930
Per Capita Personal Income ^(c)	\$ 44,153	\$ 44,704	\$ 49,533	\$ 48,789	\$ 52,655
Percentage of Personal Income	2.77%	4.24%	3.87%	3.97%	4.16%
Debt Per Capita	\$ 1,225	\$ 1,897	\$ 1,915	\$ 1,935	\$ 2,193

Notes:

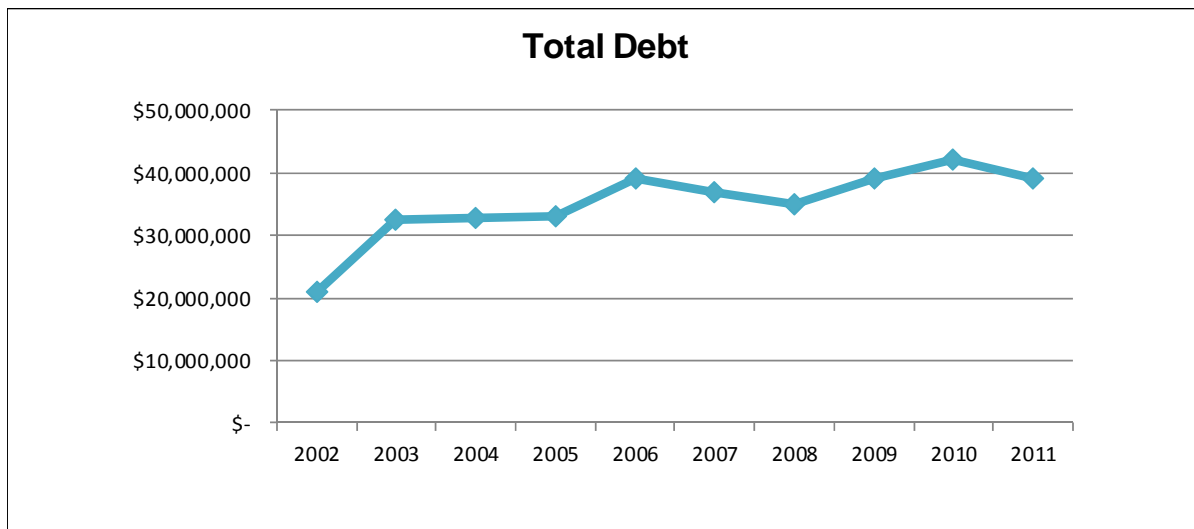
^(a) For years 1999 through 2002, premiums and discounts were omitted on all bonds.^(b) Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements section.^(c) Reference SCHEDULE 17, Demographic Statistics, for population and personal income data.

*** Data not available at time of publication.

^(d) Includes amounts Due to Other Governments.

Sources:

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



Page 2 of 2

2007	2008	2009	2010	2011
\$ 17,946,335	\$ 17,261,348	\$ 22,453,003	\$ 26,763,975	\$ 28,006,800
-	-	-	-	-
-	-	-	40,184	35,891
17,946,335	17,261,348	22,453,003	26,804,159	28,042,691
4,102,500	3,642,500	3,423,797	3,238,825	-
5,470,162	5,112,231	4,790,000	4,395,000	3,980,000
9,378,506	9,021,951	8,405,397	7,788,843	7,179,635
45,587	11,666	-	-	-
18,996,755	17,788,348	16,619,194	15,422,668	11,159,635
\$ 36,943,090	\$ 35,049,696	\$ 39,072,197	\$ 42,226,827	\$ 39,202,326
18,000	18,080	18,170	19,107	19,107
\$ 57,409	\$ 58,141	\$ 56,904	\$ 44,271	***
3.58%	3.33%	3.78%	4.99%	***
\$ 2,052	\$ 1,939	\$ 2,150	\$ 2,210	\$ 2,052

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 ^(a)	Debt Payable from Enterprise Revenues ^(b)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2002	17,270	\$ 3,489,704,657	\$ 15,847,000	\$ 389,322	\$ -	\$ 15,457,678	0.44%	\$ 895
2003	17,270	3,384,090,709	27,168,000	809,012	5,772,500	20,586,488	0.61%	1,192
2004	17,240	3,441,123,525	25,974,000	1,107,362	5,382,500	19,484,138	0.57%	1,130
2005	17,110	3,610,558,767	24,713,000	1,305,239	4,972,500	18,435,261	0.51%	1,077
2006	17,930	3,947,933,512	25,648,290	1,075,347	4,547,500	20,025,443	0.51%	1,117
2007	18,000	4,450,243,674	24,421,474	1,233,234	4,102,500	19,085,740	0.43%	1,060
2008	18,080	5,175,709,975	23,125,007	1,250,275	3,642,500	18,232,231	0.35%	1,008
2009	18,170	4,973,984,133	25,876,800	135,438	3,423,797	22,317,565	0.45%	1,228
2010	19,107	4,809,486,786	29,950,150	3,050	3,238,825	26,708,275	0.56%	1,398
2011	19,107	4,752,606,030	28,006,800	3,330,312	-	24,676,488	0.52%	1,291

Note:

(a) In 2011, the Debt Payable Balance from Enterprise Revenues was transferred to the Debt Service Funds.

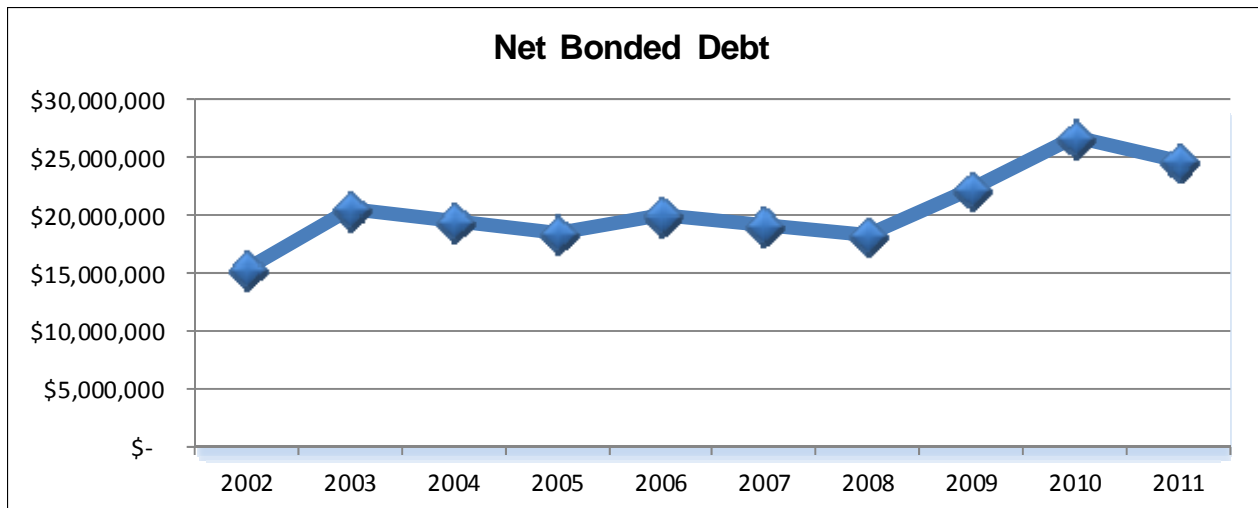
(b) These amounts are the general obligation bonds that are being repaid by the Foster Golf Course Fund.

Sources:

State of Washington Office of Financial Management

King County Department of Assessments

Tukwila Finance Department



CITY OF TUKWILA, WASHINGTON
SCHEDULE 14
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2011

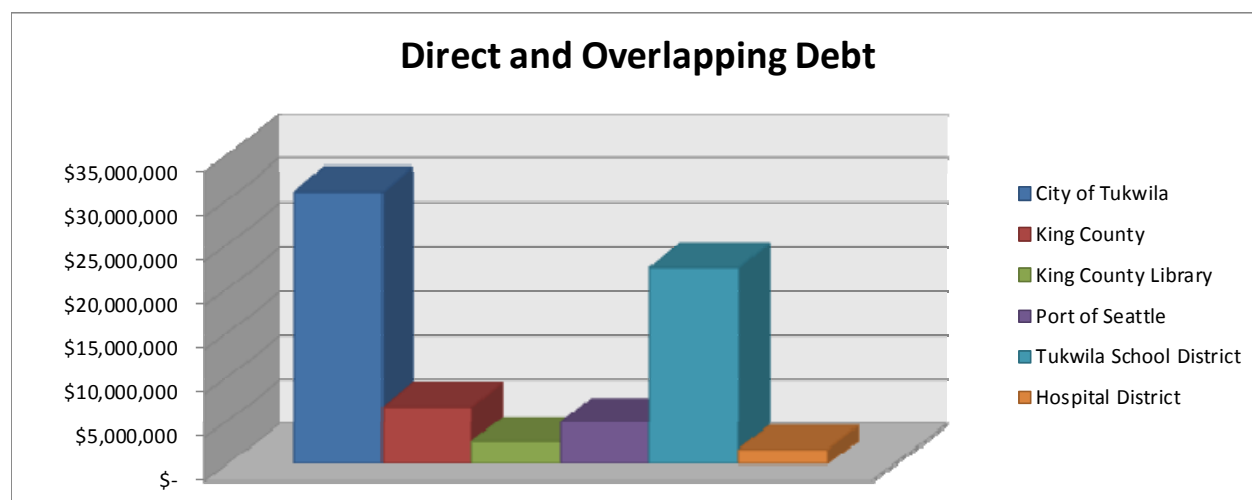
Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila ⁽¹⁾	Estimated Applicable to Tukwila
Direct:			
City of Tukwila	\$ 30,975,925	100.00%	\$ 30,975,925
Overlapping:			
King County	458,500,240	1.45%	6,648,253
King County Library	114,907,952	2.30%	2,642,883
Port of Seattle	336,120,000	1.45%	4,873,740
Tukwila School District #406	24,890,451	90.04%	22,411,362
Hospital District #1	33,932,240	5.15%	1,747,510
Total Overlapping Debt:	<u>968,350,883</u>		<u>38,323,749</u>
Total Direct and Overlapping Debt:	<u>\$ 999,326,808</u>		<u>\$ 69,299,674</u>

Sources:

King County Office of Finance

King County Office of Assessments

⁽¹⁾ The percentage of overlapping debt applicable is estimated using taxable county assessed property values.



CITY OF TUKWILA, WASHINGTON
SCHEDULE 15
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Page 1 of 2

	2002	2003	2004	2005	2006
Debt Limit	\$ 261,727,848	\$ 253,806,804	\$ 258,084,264	\$ 270,791,907	\$ 296,095,014
Total net debt applicable to limit	15,457,678	26,358,988	24,866,638	23,407,761	24,494,996
Legal debt margin	\$ 246,270,170	\$ 227,447,816	\$ 233,217,626	\$ 247,384,146	\$ 271,600,018
Total net debt applicable to the limit as a percentage of debt limit	5.91%	10.39%	9.64%	8.64%	8.27%

Assessed Value as of December 31, 2011	\$ 4,752,606,030
Debt Limit (7.5% of assessed value)	356,445,452
Debt applicable to limit:	
General obligation bonds	28,006,800
Other long-term debt	3,005,016
	<u>31,011,816</u>
Less: Amount set aside for repayment of general obligation debt and contracts payable	(1,307,821)
Total net debt applicable to limit	29,703,995
Legal debt margin	<u>\$ 326,741,457</u>

Source:

Tukwila Finance Department

Page 2 of 2

2007	2008	2009	2010	2011
\$ 333,768,277	\$ 388,178,248	\$ 373,048,810	\$ 360,711,509	\$ 356,445,452
23,188,240	21,881,765	28,291,920	32,919,123	29,703,995
\$ 310,580,037	\$ 366,296,483	\$ 344,756,890	\$ 327,792,386	\$ 326,741,457
6.95%	5.64%	7.58%	9.13%	8.33%

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

Fiscal Year	Gross Revenue ^(a)	Operating Expenses ^(b)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Times Coverage ^(c)
				Principal	Interest	Total	
2002	\$ 7,108,468	\$ 5,808,561	\$ 1,299,907	\$ 358,214	\$ 139,047	\$ 497,261	2.61
2003	7,308,831	5,784,330	1,524,501	352,692	129,354	482,046	3.16
2004	7,746,252	5,876,411	1,869,841	345,000	119,647	464,647	4.02
2005	7,804,815	6,161,436	1,643,379	334,091	110,015	444,106	3.70
2006	8,052,850	6,418,607	1,634,243	285,162	116,973	402,135	4.06
2007	8,574,512	6,774,625	1,799,887	273,920	113,819	387,739	4.64
2008	8,854,566	6,099,295	2,755,271	271,337	105,850	377,187	7.30
2009	10,196,365	8,384,852	1,811,513	267,144	97,348	364,492	4.97
2010	9,833,857	8,196,277	1,637,580	261,612	88,884	350,496	4.67
2011	11,921,278	8,965,455	2,955,823	254,175	80,517	334,692	8.83

Notes:

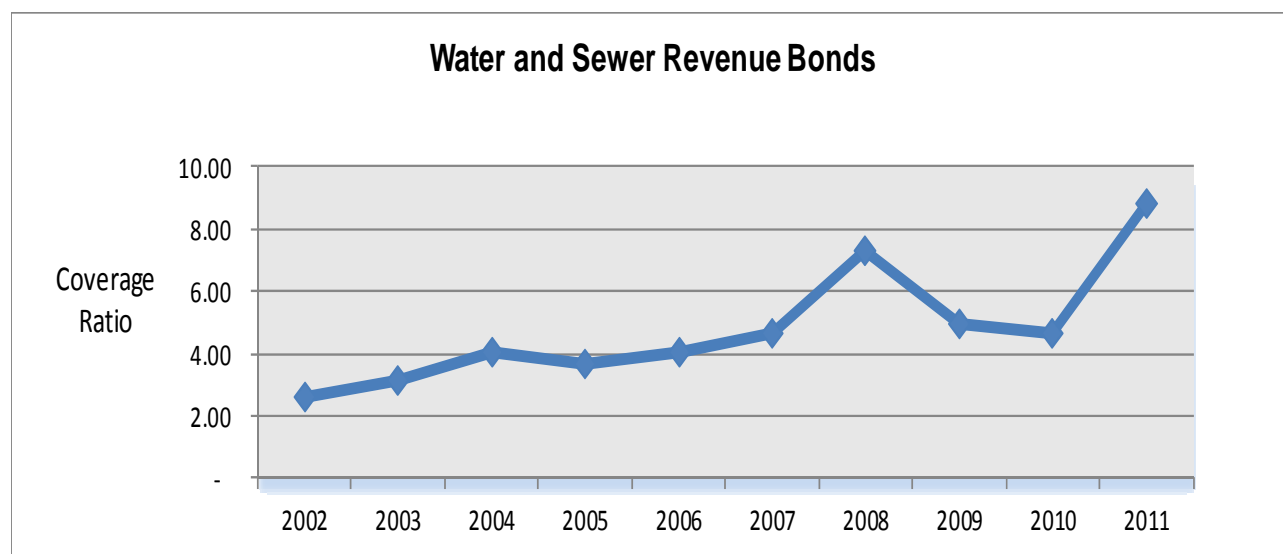
^(a) Includes operating and non-operating revenue. Excludes capital contributions.

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

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

Sources:

Tukwila Finance Department



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

Fiscal Year	Gross Revenue ^(a)	Operating Expenses ^(b)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Times Coverage ^(c)
				Principal	Interest	Total	
2006	\$2,434,657	\$ 1,185,799	\$ 1,248,858	\$ 18,171	\$ 9,501	\$ 27,672	45.13
2007	2,393,067	1,335,256	1,057,811	19,080	9,976	29,056	36.41
2008	2,765,320	1,133,871	1,631,449	19,453	9,614	29,067	56.13
2009	2,672,554	1,670,565	1,001,989	19,800	9,263	29,063	34.48
2010	3,141,153	1,833,245	1,307,908	20,153	8,902	29,055	45.01
2011	3,493,373	1,813,223	1,680,150	20,513	8,530	29,043	57.85

Notes:

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

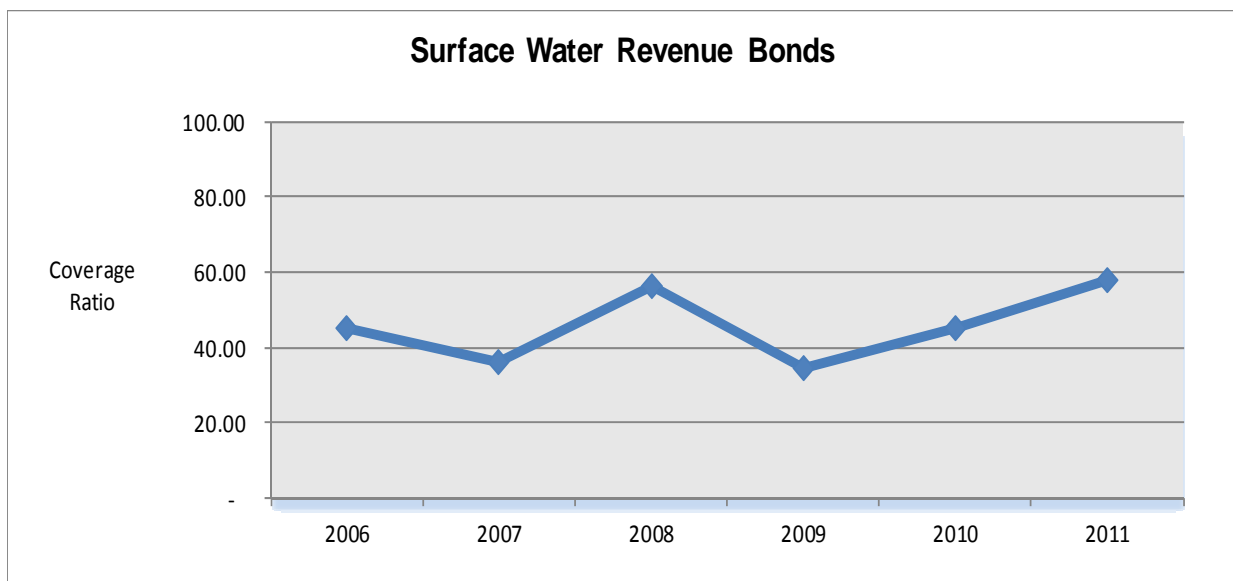
^(b) Includes operating expenses and non-operating expenses exclusive of depreciation, amortization and interest charges.

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

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

Source:

Tukwila Finance Department



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

Fiscal Year	Population	Per Capita Personal Income ^(a)	Personal Income ^(b)	Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate ^(c)
2002	17,270	\$ 44,153	\$ 762,522	3,433	4,196	2,474	8.3%
2003	17,270	44,704	772,038	3,468	4,196	2,568	8.4%
2004	17,240	49,533	853,949	3,732	4,107	2,628	7.0%
2005	17,110	48,789	834,780	3,791	4,107	2,650	6.4%
2006	17,930	52,655	944,104	3,838	4,107	2,698	5.7%
2007	18,000	57,409	1,033,362	3,864	4,107	2,862	5.0%
2008	18,080	58,141	1,051,189	3,884	4,107	2,769	5.9%
2009	18,170	56,904	1,033,946	3,885	4,107	2,795	10.9%
2010	19,107	44,271	845,886	3,892	4,107	2,907	11.7%
2011	19,107	***	***	3,894	4,094	2,870	7.6%

Notes:

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

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

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

*** Data not available at time of publication.

Sources:

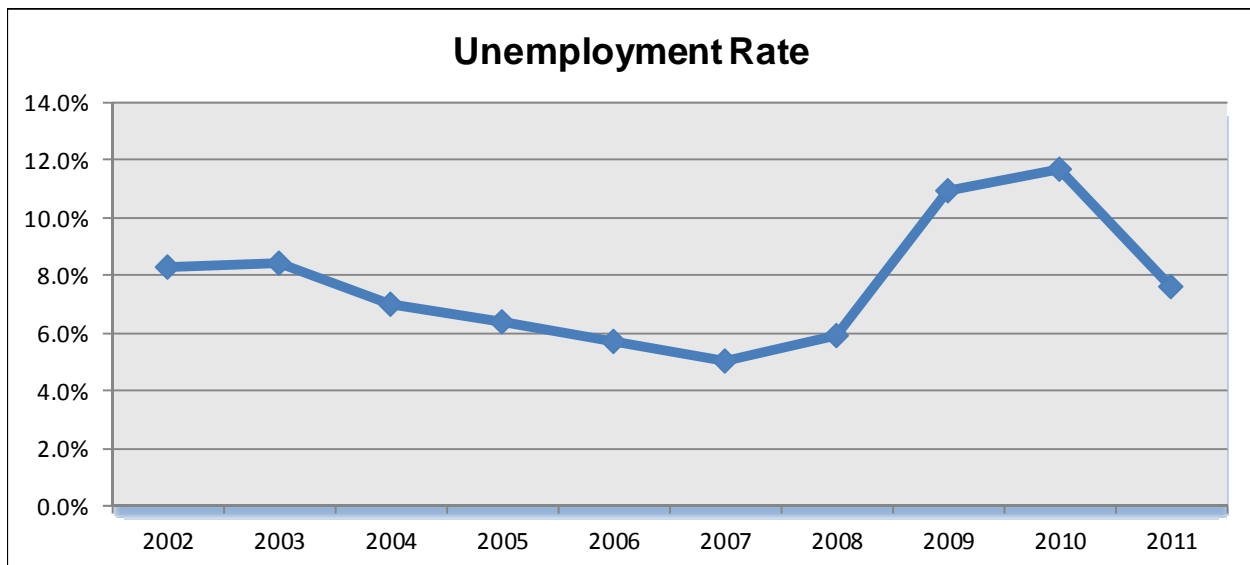
Tukwila Planning Division, Department of Community Development

State of Washington Office of Financial Management

Washington State Employment Security Department

Tukwila School District #406

US Bureau of Economic Analysis



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

Name of Company/Employer	Product or Business	2011 Full & Part-Time Employment	Percentage of Total City Employees	2002 Full & Part-Time Employment	Percentage of Total City Employees
Boeing Company	Airplane company	6,544	16.29%	6,882	17.70%
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.	1,940	4.83%	2,100	5.40%
Costco Wholesale	Cash/carry Warehouse	675	1.68%	352	0.91%
King County Metro	Transit operating base	664	1.65%	700	1.80%
Carlisle Interconnect Technologies	Wire/Cable Connectors	600	1.49%	-	0.00%
Boeing Employees Credit Union	Banking/Credit Union	466	1.16%	793	2.04%
J.C. Penney	Department Store	350	0.87%	400	1.03%
Macy's	Department Store	327	0.81%	381	0.98%
United Parcel Service	Postal Delivery Service	294	0.73%	320	0.82%
Red Dot Corporation	Heater/air conditioning equipment	286	0.71%	246	0.63%
Sub-total - Major Employers		12,146		12,174	
All Other Employment		28,037		26,697	
TOTAL EMPLOYMENT		40,183		38,871	

Source:

Tukwila Finance Department - Business Licenses

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

DEPARTMENT	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administrative Services ^(a)	21.75	21.75	21.75	22.75	23.75	26.75	19.75	-	-	-
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Mayor ^(b)	10.50	9.50	11.50	11.00	11.00	12.00	11.00	16.00	17.00	15.75
Human Resources ^(a)	-	-	-	-	-	-	-	4.00	4.00	4.00
Finance	12.00	12.00	13.00	12.00	11.00	11.00	12.00	12.00	13.00	11.00
Recreation	17.75	20.50	20.25	22.00	22.50	23.50	23.50	22.50	20.75	16.25
Community Development	19.88	20.88	19.88	20.88	20.88	20.25	24.25	24.25	23.00	22.63
Court ^(a)	-	-	-	-	-	-	-	9.75	8.75	8.75
Police	86.50	81.50	78.00	81.00	83.00	80.00	83.00	82.00	80.00	83.00
Fire	64.00	64.00	63.00	67.00	65.00	66.00	64.00	63.00	65.00	66.00
Information Technology ^(a)	-	-	-	-	-	-	7.00	8.00	8.00	8.00
Public Works	37.00	35.00	35.00	35.00	34.00	32.00	33.00	32.00	30.00	30.00
Parks	8.50	9.50	9.50	10.50	10.25	7.50	7.50	7.50	7.50	7.50
Street	9.00	10.00	11.00	11.00	10.00	11.00	12.00	12.00	11.00	12.00
Water	6.00	5.00	5.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Sewer	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	1.00	2.00
Golf	9.50	9.50	9.50	9.50	9.25	9.25	9.75	9.75	10.00	9.25
Surface Water	5.00	5.00	5.00	7.00	7.00	7.00	8.00	8.00	7.00	8.00
Equipment Rental	4.00	4.00	4.00	4.00	5.00	4.00	5.00	5.00	5.00	5.00
TOTAL	321.38	318.13	316.38	329.63	329.63	327.25	335.75	331.75	325.00	323.13

Notes:

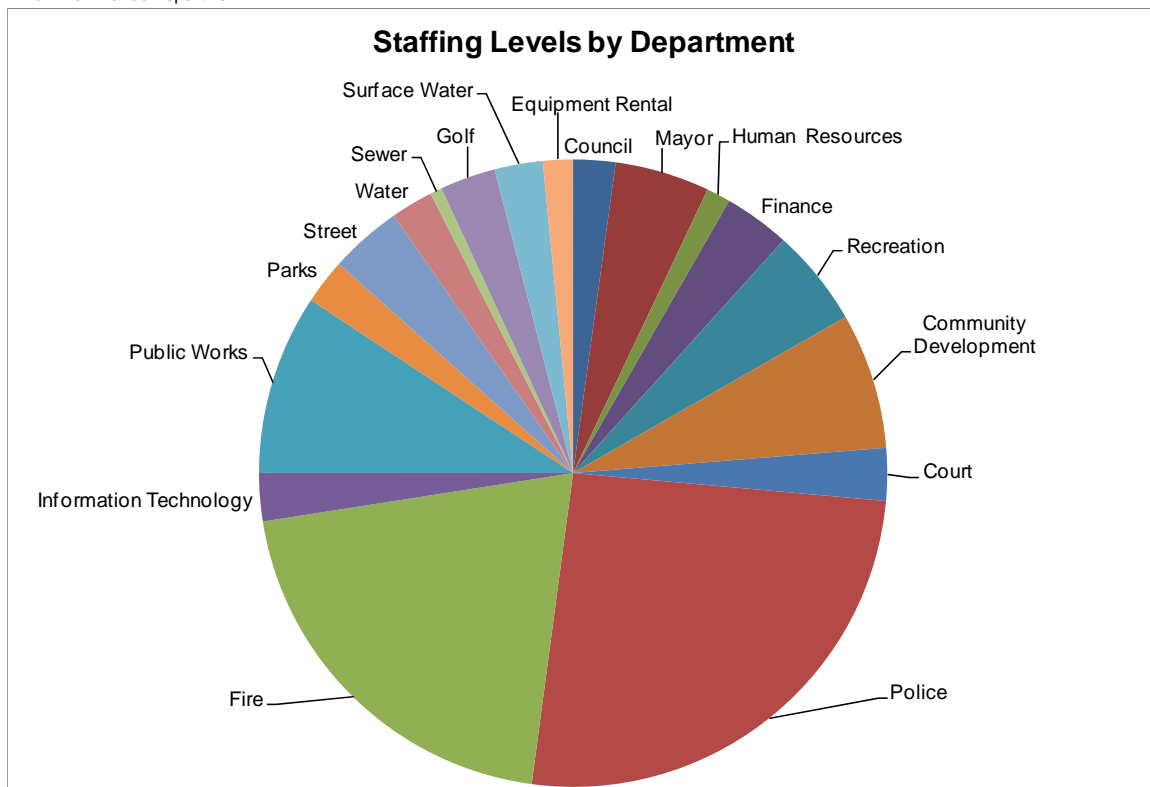
Based on filled positions not budgeted positions.

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

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

Sources:

Tukwila Finance Department



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FUNCTION										
Police										
Number of Calls for Service	30,106	31,000	30,032	32,922	33,686	33,985	35,816	33,095	32,889	30,272
Fire										
Number of Responses	4,100	4,250	4,229	4,710	4,921	4,673	4,824	4,654	4,574	4,649
Total Fire Loss	\$485,765	\$910,655	\$910,655	\$1,414,741	\$2,982,265	\$3,065,005	\$2,300,685	\$1,934,596	\$1,655,571	\$1,601,596
Total Inspections	4,516	5,549	5,855	5,482	4,705	4,845	6,787	6,787	^(b) 1,550	^(b) 1,360
Parks and Recreation										
Class Participants	61,000	61,000	64,000	64,000	64,000	98,087	109,273	103,603	85,693	64,049
Community Ctr Admissions	35,500	30,800	35,150	33,750	34,850	90,141	117,533	134,183	134,275	115,728
Rounds of Golf Played	57,490	^(a) 35,764	53,070	54,449	55,195	55,446	53,565	53,800	50,445	45,947
Pool Attendance	**	42,917	59,996	72,778	72,963	57,624	59,077	80,727	101,128	66,213
Street										
Miles	77	79	79	79	79	79	79	79	79	79
Hours Maintaining	13,425	14,587	13,706	15,243	16,970	17,540	19,840	22,140	20,360	20,360
Signalized Intersections	59	61	61	61	61	63	63	59	59	59
Hours Maintaining	6,388	6,855	6,445	9,054	7,642	7,540	7,540	6,700	6,925	6,925
Water Utility Services										
Total Customers	2,027	2,079	2,107	2,164	2,117	2,113	2,109	2,112	2,100	2,109
Total Gallons/Water(in thousands)	683,065	702,364	765,000	886,000	789,981	680,649	660,915	731,469	630,755	625,976
Sanitary Sewer										
Total Customers	1,622	1,671	1,698	1,710	1,720	1,718	1,684	1,694	1,699	1,710
Surface Water										
Total Customers	5,019	5,015	5,064	5,100	5,107	5,156	5,164	5,204	5,207	5,207
Licenses										
Business Licenses	2,247	2,262	2,292	2,286	2,354	2,350	2,523	2,422	2,454	2,611
Amusement Licenses	18	22	22	19	21	22	22	24	23	18
Permits										
Building Permits	401	353	364	430	422	425	423	265	290	389
Mechanical Permits	238	183	182	193	239	238	256	159	160	180
Electrical Permits	N/A	N/A	N/A	N/A	N/A	758	1,533	821	955	1,158
Plumbing Permits	N/A	N/A	N/A	N/A	192	306	264	145	163	187
Public Works Permits	114	83	97	112	144	136	154	131	138	106
Libraries										
Number of Libraries	2	2	3	3	3	3	3	3	2	2
Total Circulation	143,150	121,468	215,115	215,115	320,794	306,001	303,665	318,991	327,004	333,451

Notes:

^(a) Construction of new clubhouse completed and opened in 2003.^(b) Due to information system and data program transitioning, this total does not include fire prevention staff inspections at this time as reported in prior years.

* Information not available.

** Pool facilities acquired from King County in 2003.

Sources:

Tukwila Departments, King County Library System

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FUNCTION										
General Government										
Total City Area (Square Miles)	8.6	8.6	8.6	8.6	8.6	8.6	8.6	9.7	9.7	9.7
Public Safety										
Police:										
Number of Vehicle Units	63	59	63	64	64	64	67	70	76	84
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	9	9	9	9	8	7
Number of Medical Aid Vehicles	2	2	2	2	2	2	2	2	2	1
Number of Hazardous Materials Trailer Units	N/A	N/A	N/A	1	1	2	2	2	2	2
Transportation										
Paved Streets (lane miles)	163	163	163	163	163	163	163	178	178	178
Sidewalks (miles)	54	54	54	54	54	54	54	56	56	56
Number of Traffic Signals	55	55	55	55	55	57	57	59	59	59
Number of Streetlights Ow ned by Seattle City Light	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,335	1,335
Number of Streetlights Ow ned by Puget Sound Energy	670	670	670	670	670	670	670	696	696	623
Culture and Recreation										
Parks Acreage ^(a)	143	158	158	158	161	160	162	162	162	162
Number of Parks	13	15	15	15	16	18	18	18	18	18
Golf Course Acreage	67	67	67	67	67	67	67	67	67	67
Maintained Trails (miles)	11	11	11	11	11	11	11	15	15	15
Number of Playgrounds	11	13	13	13	13	13	13	11	11	11
Swimming Pool	N/A	1	1	1	1	1	1	1	1	-
Visitor Center	1	1	1	1	1	1	1	1	1	1
Community Center/Recreation Facilities	1	1	1	1	1	1	1	1	1	1
Number of Libraries	2	2	3	3	3	3	3	3	2	2
Water										
Water Distribution Mains (miles)	45	45	45	45	45	47	47	41	41	41
Maximum Daily Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Number of Fire Hydrants (Ow ned by City of Tukwila)	509	513	527	533	537	555	572	541	542	554
Vehicles	6	7	6	7	7	8	8	8	8	8
Sewer										
Sanitary Sew ers (miles)	33	33	33	33	33	37	37	37	37	37
Maximum Daily Treatment Capacity (millions of gallons)	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33
Vehicles	3	3	3	3	5	5	6	6	6	6
Surface Water										
Storm Drains (miles) ^(b)	57	58	59	60	62	67	67	69	69	70
Vehicles	4	4	5	5	4	4	4	4	4	4

Notes:

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

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

Sources:

Various Departments-Tukwila