



City of Tukwila, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2012



Community Commons Building, Tukwila Village – View from public plaza

Proposed June 2013 by Tukwila Village Development Associates



The City of Tukwila, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2012

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

JIM HAGGERTON, MAYOR

TUKWILA CITY COUNCIL

Kathy Hougardy, President

Joe Duffie

Verna Seal

Dennis Robertson

De'Sean Quinn

Allan Ekberg

Kate Kruller

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2012

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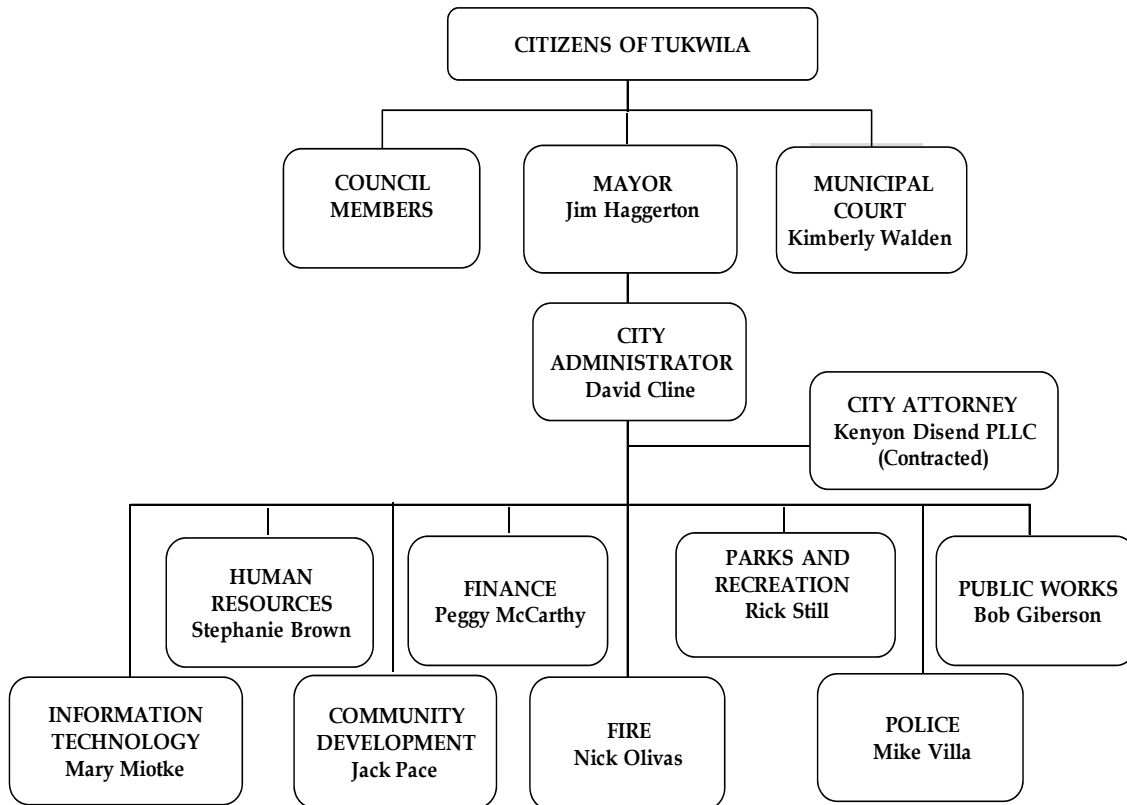
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ADMINISTRATIVE ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS



COUNCIL COMMITTEES

FINANCE AND SAFETY COMMITTEE

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

TRANSPORTATION

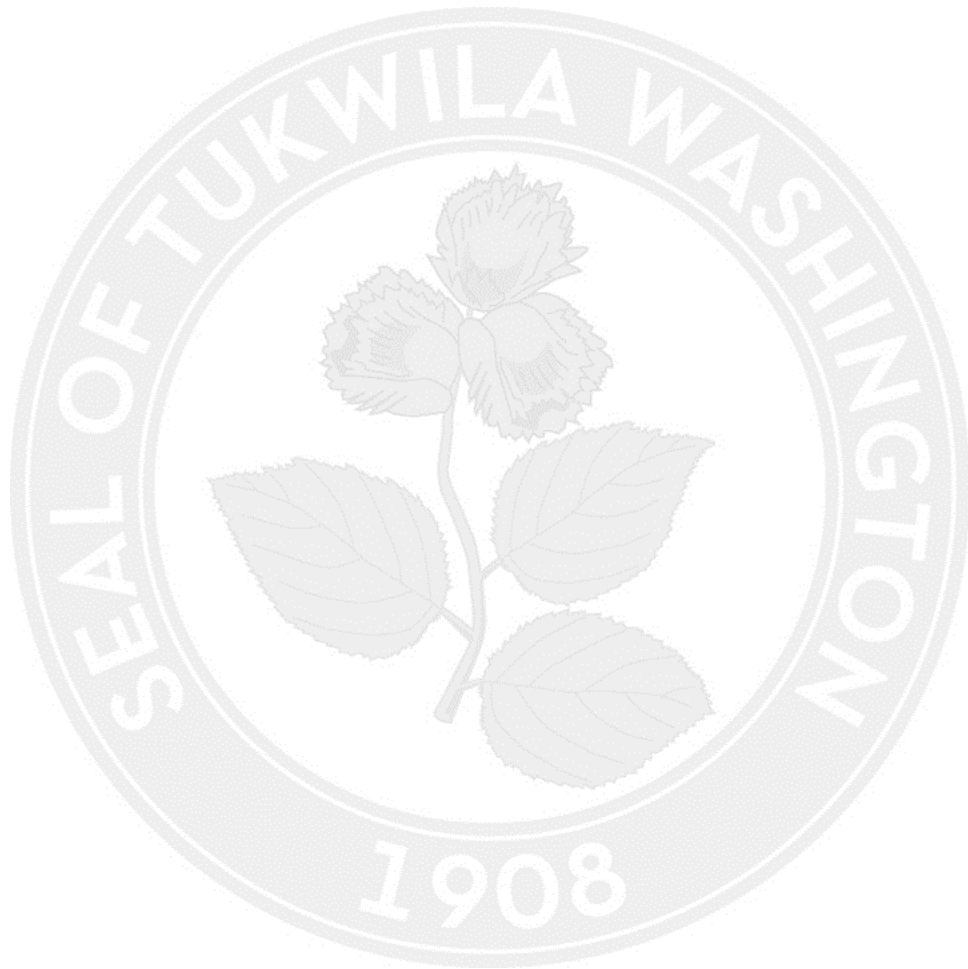
Kate Kruller, Chairperson
Joe Duffie, Member
Dennis Robertson, Member

COMMUNITY AFFAIRS AND PARKS

Allan Ekberg, Chairperson
De'Sean Quinn, Member
Kate Kruller, Member

UTILITIES

Joe Duffie, Chairperson
Allan Ekberg, Member
Verna Seal, Member





City of Tukwila

6200 Southcenter Blvd, Tukwila, WA 98188

Jim Haggerton, Mayor

June 28, 2013

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 2012 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, 2012. 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, 2012 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws.

B. 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 19,486; 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 over \$15 million in revenue for 2012. The total combined retail sales activity amounted to approximately \$1.79 billion in 2012, representing a slight decrease in sales tax revenue and retail activity within Tukwila, as compared to last year. Although the manufacturing sector was up 54%, both construction and transportation and warehousing activity were down 31 percent and 20 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 \$4.6 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 experienced modest growth in overall development activities but a slight decline in development value. Permitting activity increased from 2,020 permits issued in 2011 for a total value of \$92.4 million to 2,056 permits issued in 2012 for a total value of \$52.4 million.

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.

In December 2012, the City adopted its first Strategic Plan which will guide our actions and investments for many years. The process was led by a Steering committee, comprised of community representatives and a staff committee who helped identify the community's vision and translate it into five goals. These five goals, describing the desired future of Tukwila, comprise the following:

- A community of inviting neighborhoods & vibrant business districts
- A solid foundation for all Tukwila residents
- A diverse & regionally competitive economy
- A high performing and effective organization
- A positive community identity and image

The Southcenter Parkway Extension project, widening the two lane roadway to five lanes between South 180th and South 200th Street, was completed and the road re-opened in December 2012. This roadway expansion provides the infrastructure needed for future development of the Tukwila South area bringing new businesses, housing and jobs into the region.

Groundbreaking at the Tukwila Village site at South 144th Street and Tukwila International Boulevard is planned for the fall of 2013. Stakeholders have developed a conceptual site plan for location of the buildings and parking. In addition, key deal terms were approved and Tukwila City Council approved the main agreement in October 2012. Tukwila Village will be home to a new King County Library, senior housing, Neighborhood Resource Center, retail shops, health clinic and plaza/park, and will create a special place for this important area.

The Boeing Access Road is a key east/west arterial that serves our north manufacturing industrial center. The bridge over the Burlington Northern and Union Pacific railroads is near the end of its serviceable life. Lost capacity of this critical City and regional facility would create a negative impact to an employment center, an international airport, and a regional hub. To help fund the rehabilitation of the bridge structure, Council accepted a \$9.7 million federal grant.

In March 2013, Council approved a proposed development agreement for the former Circuit City site on Andover Park East. The proposal includes several buildings with approximately 170 hotel rooms, 300 residential units and space for retail business.

On June 24, 2013, groundbreaking for the construction of a \$46 million permanent Tukwila Sounder commuter rail station took place. When complete, the permanent station will replace a temporary structure and offer double the amount of parking, improved transit connections, and improved passenger shelters among other benefits. The temporary Tukwila Station currently services more than 1,300 weekday boardings on average.

Outside of the development arena, revenue growth is predicted to continue at a slow but steady rate. As expenses outside of the City's control increase, such as pension plan contributions and contractual increases in salaries and benefits, determining how resources will be distributed to meet expanding needs 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. Our Strategic Plan will help us draw on and enhance the strengths of individual neighborhoods and groups and build stronger relationships with our stakeholders.

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 2012 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 2012. 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 2012.

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, 2011. This was the 25th 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. ACKNOWLEDGEMENTS

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 2012 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, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director





**Washington State Auditor
Troy Kelley**

INDEPENDENT AUDITOR'S REPORT

June 28, 2013

Council
City of Tukwila
Tukwila, Washington

REPORT ON FINANCIAL STATEMENTS

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2012, the City has implemented the Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 29, budgetary comparison on pages 103 and 104, information on postemployment benefits other than pensions on page 105 and pension trust fund information on pages 105 through 106 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 our 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying information listed as combining and individual fund financial statements and schedules on pages 111 through 133 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.

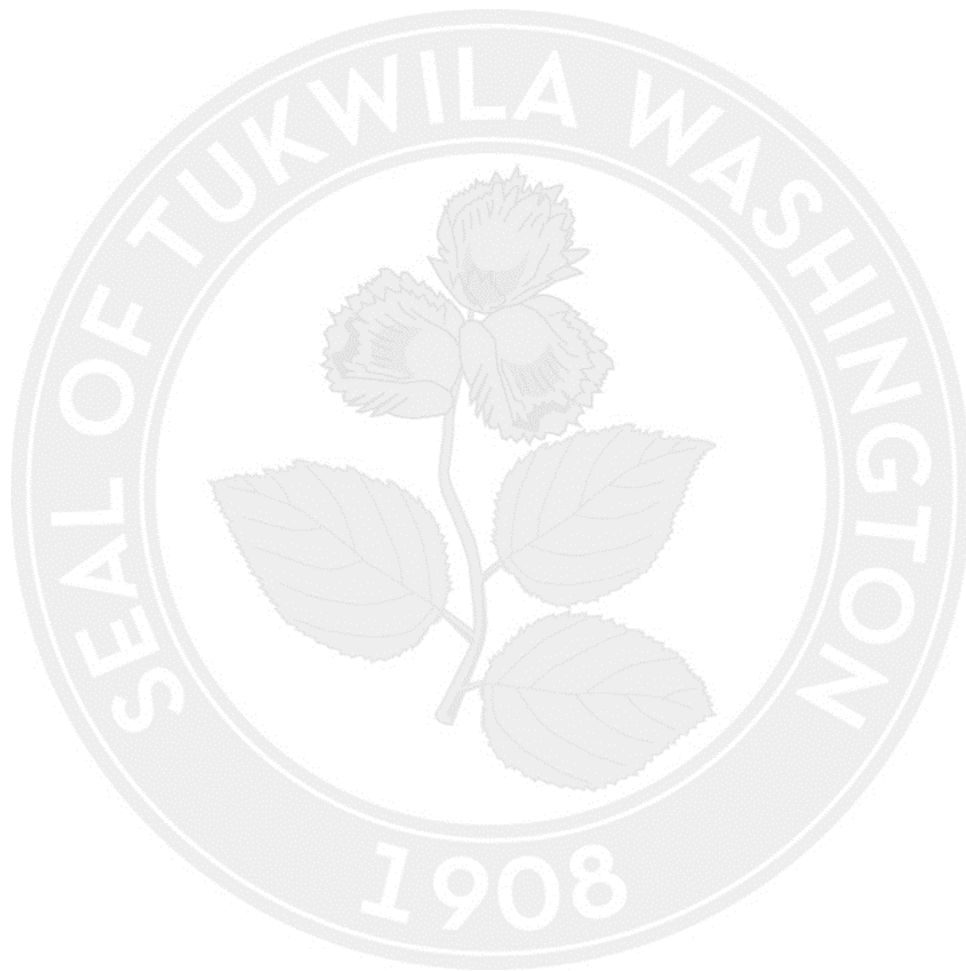
OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 28, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



TROY KELLEY
STATE AUDITOR



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2012

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, 2012. 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 position, the amount by which total assets exceed total liabilities, equals \$290.5 million. A total of 87 percent or \$253.3 million of total net assets is invested in capital assets such as streets, land, buildings, equipment, and other improvements. The remaining net assets of \$37.3 million is available for debt service, capital projects, and to meet the government's ongoing activities and obligations.
- The City's net position increased by \$1.7 million in 2012. Governmental activities provided a \$140,293 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 \$18.1 million, a decrease of \$6.7 million in comparison with the prior year due primarily to the City's self-financing of the Turkwila Urban Center Access project (Klickitat). The City will be reimbursed over \$8 million for these costs upon the sale of Local Improvement District (LID) bonds.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8.4 million, or 19 percent of total general fund expenditures.
- The City of Tukwila's total debt decreased by \$2.9 million during the current fiscal year from debt service payments.

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 an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position 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 Position* 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 the 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 Position 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. 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, arterial street, and special revenue funds in the "Required Supplemental Information" section of the 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* including a budget vs. actuals report for the City's general fund, a schedule of major/non-major special revenue funds, and 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 and internal service funds are presented in the section titled "Fund Financial Statements and Schedules".

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Tukwila, total assets exceeded liabilities by \$291 million at December 31, 2012.

The largest portion of the City's net position, \$253.3 million, or 87 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 governmental activities net invested in capital assets excludes debt issued for the construction of the golf course clubhouse.

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 POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/12	As of 12/31/11	As of 12/31/12	As of 12/31/11	As of 12/31/12	As of 12/31/11
Current and other assets	\$46,928	\$51,018	\$12,476	\$11,248	\$59,403	\$62,266
Capital assets, net of accumulated depreciation	218,767	213,700	63,118	63,403	281,885	277,103
Total assets	265,695	264,718	75,594	74,651	341,289	339,369
Long-term liabilities	29,126	31,008	10,515	10,276	39,642	41,284
Other liabilities	10,417	7,700	725	1,584	11,142	9,284
Total liabilities	39,544	38,707	11,240	11,860	50,784	50,567
Net position						
Net investment in capital assets	203,207	199,512	52,912	52,135	253,253	248,637
Restricted	2,750	5,020	430	430	3,180	5,450
Unrestricted	20,194	21,479	11,011	10,226	34,071	34,714
Total net position	\$226,151	\$226,011	\$64,354	\$62,791	\$290,504	\$288,801

The governmental unrestricted net assets comprise \$20.2 million. The general fund unrestricted net assets are available for functions such as public safety employee salaries and supplies, park and road maintenance, and other general government services. The unrestricted net assets of business-type activities, \$11 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.

The \$4.1 million decrease in current and other assets for governmental activities is comprised of a \$1.6 million net decrease in cash and investments from the use of bond funding on the Southcenter Parkway and emergency preparedness capital purchases. The increase of \$1.2 million in current and other assets for business-type activities is comprised of an increase of \$1.2 million in cash and nominal increase in investments. This increase results from a rate structure design in the utility funds that build reserves for major infrastructure replacement and improvement.

Governmental capital assets increased by \$5.1 million due to capital outlays of \$12.1 million and developer contributions of \$23,813, offset by depreciation. The addition is due to the activities in the major projects below:

- Duwamish Hill Preserve-Land, \$1.1 million
- Arterial Street Overlay, \$1.3 million
- Klickitat/Southcenter Parkway/I-5 Access Revision, \$2.3 million
- Southcenter Parkway Extension, \$4.7 million

The \$1.9 million decrease in long-term liabilities for governmental activities is due to the \$790,000 increase in other post-employment benefits (OPEB) offset by principal payments on existing debt. The increase in other liabilities comprise year-end payables that were settled in 2013.

Business-type activity capital assets decreased by \$284,577 due to capital outlays of \$1.66 million and developer contributions of \$28,253, offset by depreciation. Capital outlays primarily include small drainage projects and construction activity on the Southcenter Parkway extension project.

Changes in Net Position

The change in net position 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 position. 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 POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	\$5,832	\$4,708	\$17,034	\$16,371	\$22,866	\$21,079
Operating grants and contributions	4,412	4,360	-	-	4,412	4,360
Capital grants and contributions	1,582	18,495	136	1,994	1,717	20,489
General revenues						
Property taxes	14,132	13,443	-	-	14,132	13,443
Sales and use taxes	15,442	15,796	-	-	15,442	15,796
Hotel/Motel taxes	522	556	-	-	522	556
Natural gas use tax	232	318	-	-	232	318
Utility taxes	4,001	4,052	-	-	4,001	4,052
Interfund utility taxes	1,535	1,372	-	-	1,535	1,372
Business taxes	2,498	2,309	-	-	2,498	2,309
Excise taxes	2,861	2,170	-	-	2,861	2,170
State entitlements	1,896	2,086	-	-	1,896	2,086
Investment earnings	117	275	-	61	117	337
Miscellaneous	102	-	-	201	102	201
Total revenues	55,162	69,940	17,170	18,627	72,332	88,567
Expenses:						
General government	8,343	9,151	-	-	8,343	9,151
Public safety	26,598	25,348	-	-	26,598	25,348
Physical environment	3,626	2,885	-	-	3,626	2,885
Transportation	7,315	6,873	-	-	7,315	6,873
Economic environment	4,801	4,713	-	-	4,801	4,713
Mental and physical health	-	5	-	-	0	5
Culture and recreation	4,243	4,204	-	-	4,243	4,204
Interest on long-term debt	1,152	472	-	-	1,152	472
Water/sewer	-	-	10,150	10,093	10,150	10,093
Foster golf course	-	-	1,701	1,987	1,701	1,987
Surface water	-	-	2,700	2,588	2,700	2,588
Total expenses	56,078	53,650	14,550	14,668	70,629	68,318
Increase (decrease) in net assets before transfers	-917	16,290	2,620	3,959	1,703	20,249
Transfers	1,057	-2,484	-1,057	2,484	-	-
Change in net position	140	13,806	1,563	6,443	1,703	20,249
Net position-beginning of period	226,011	212,205	62,791	56,348	288,801	268,553
Net position-end of period	\$226,151	\$226,011	\$64,354	\$62,791	\$290,504	\$288,801

* Restated for current year classifications

Governmental activities ended the year with \$140 thousand increase in the City's net position. 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.

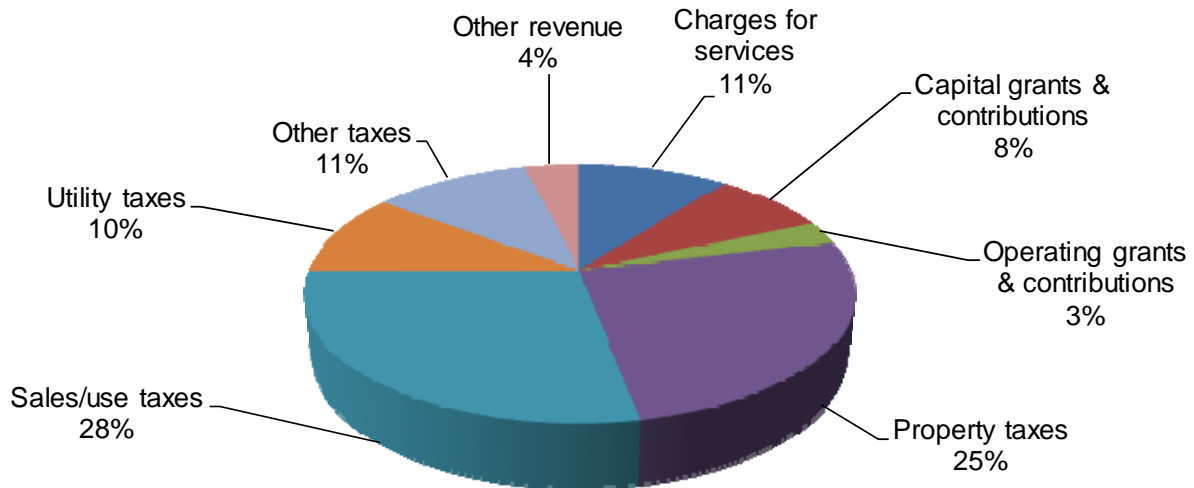
Revenues from governmental activities decreased \$14.8 million from 2011 activity. The components and explanation of this decrease follows.

- Capital grants and contributions decreased \$16.9 million due to the completion of two major arterial street projects.
- Charges for services increased \$1.1 million primarily due to the recognition of developer fees and increase in adult probation service charge receipts.
- Increase in excise tax receipts of \$690 thousand were due to recognition of outstanding gambling taxes and revenues from real estate excise tax.

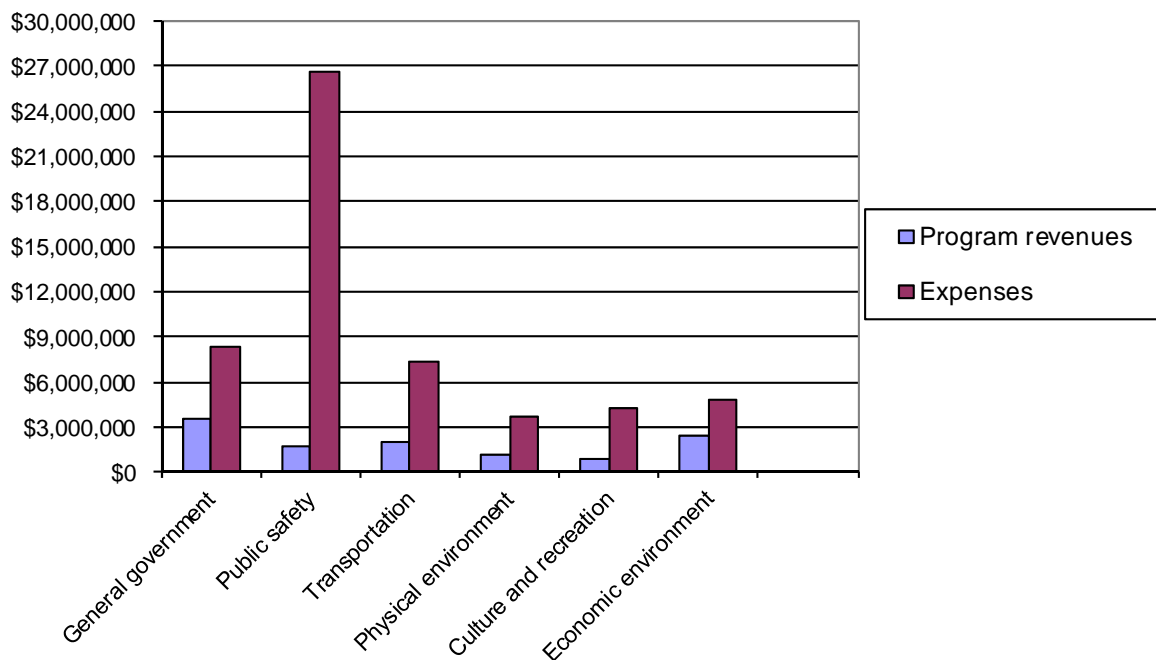
Total governmental expenses increased by \$2.4 million due to additional salaries and removal of hesco fences. Physical environment expenses increased by \$740 thousand or 26% primarily due to the removal of flood response protective measures. Public safety expenses increased by \$1.3 million, or 5%, as a result of wage and benefits increases per new labor agreement, addition of three officers and the improvements to the new Neighborhood Resource Center. Interest expense on long-term debt increased by \$679 thousand.

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

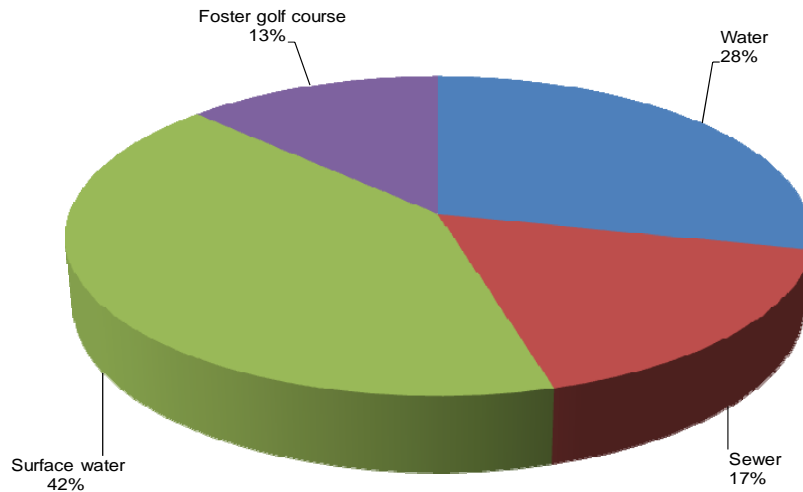


Business-type net position increased by \$1.6 million during 2012. Key components of this increase include:

- \$663,183 or 4% increase in charges for services primarily due to utility rate increase effective January 2012.
- Income before capital contributions and transfers amounted to:
 - Water fund: \$ 625,687
 - Sewer fund 980,804
 - Foster golf course fund: (252,402)
 - Surface water fund: 1,061,358
 - \$ 2,415,447

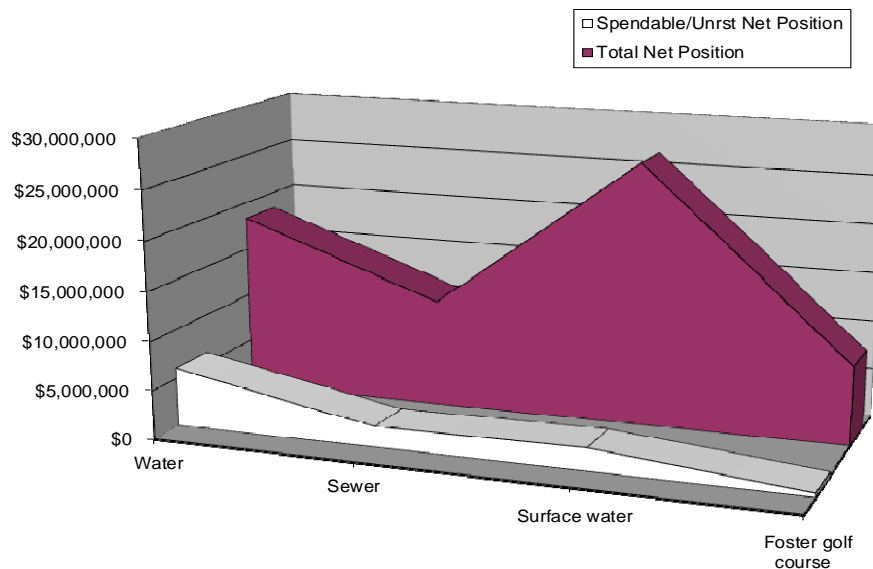
The following chart shows the relative net position balances for each business-type fund:

Business-Type Net Position - By Fund

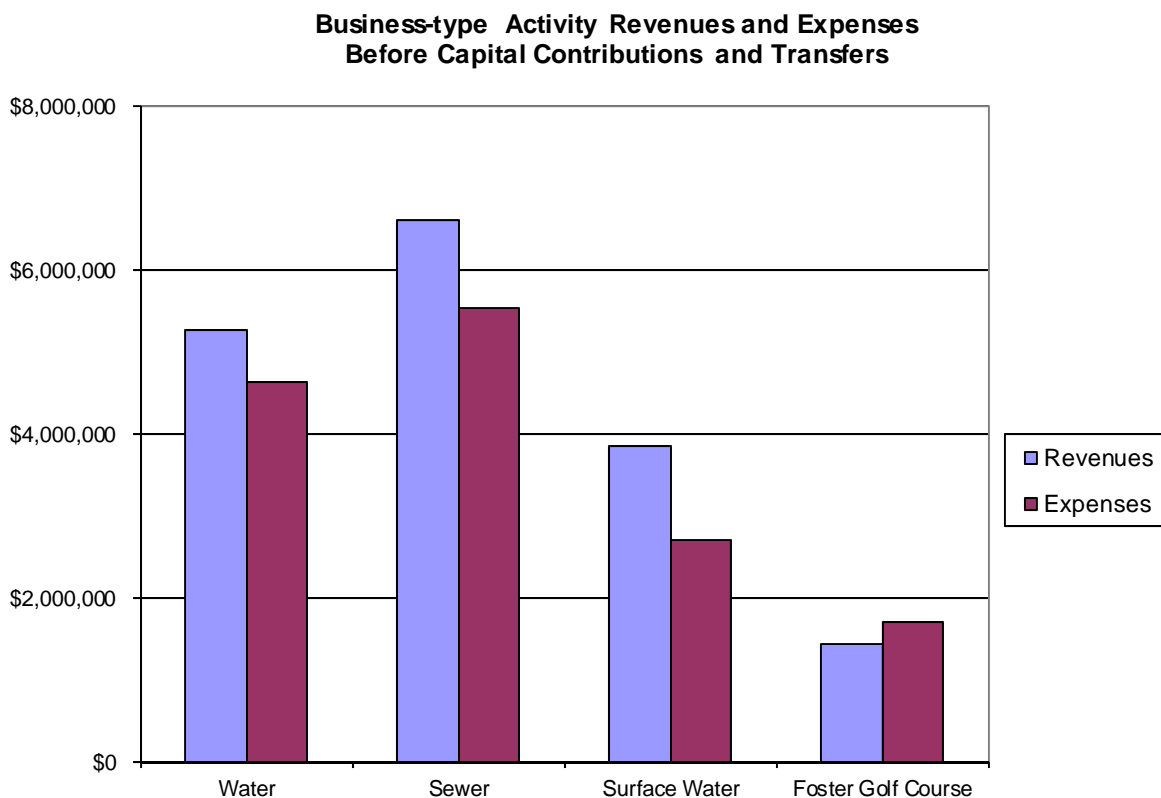


The majority of net position in the City's enterprise funds relate to capital asset infrastructure, such as water and sewer mains, and the golf course land. As such, most of the net assets are not available to support the ongoing expenses of the funds. The following chart contrasts the total net assets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

Comparison of Total Net Position to Spendable Net Position 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, 2012, the City's governmental funds had combined fund balances of \$18.1 million, a decrease of \$6,655,064 or 26.8%. This decrease is related to a decrease in arterial street fund of \$6.4 million due to the completion of two major arterial street projects and expenditures incurred on the Local Improvement District. Reimbursement will take place in 2013.

The change in prior year fund balances for other major funds are as follows:

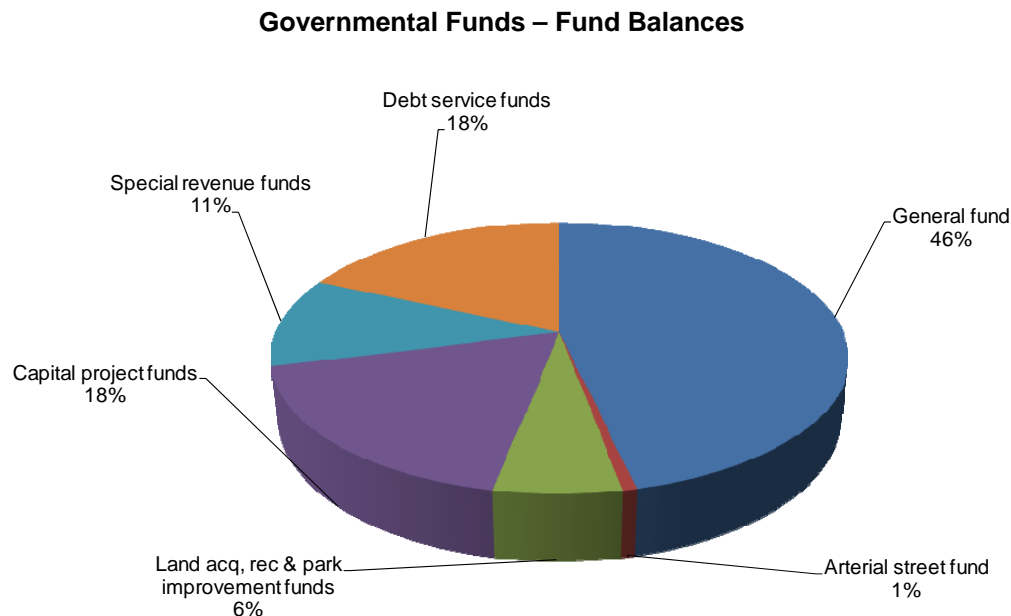
- General fund \$118,415
- Land Acq., Rec & Park Development (\$337,784)
- Other governmental funds \$10,370

Of the governmental fund balances, restricted fund balances constrained for a specific purpose by external parties consist of \$710,707 for tourism, \$1,046,772 for streets, \$394,755 for arterial street improvements, \$85,125 for drug seizure, \$164,312 for general government improvement, and \$348,010 for fire improvements. Fund balances intended to be used for specific purposes consists of \$88,576 for arterial streets, \$1,090,188 for land acquisition recreation and park development,

\$2,005,520 for facility replacement, \$749,518 for general government improvements, and \$3,012,381 dedicated for debt repayment and \$75,000 for public safety equipment.

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 2012, the general fund had an unassigned fund balance of \$8,378,557.

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

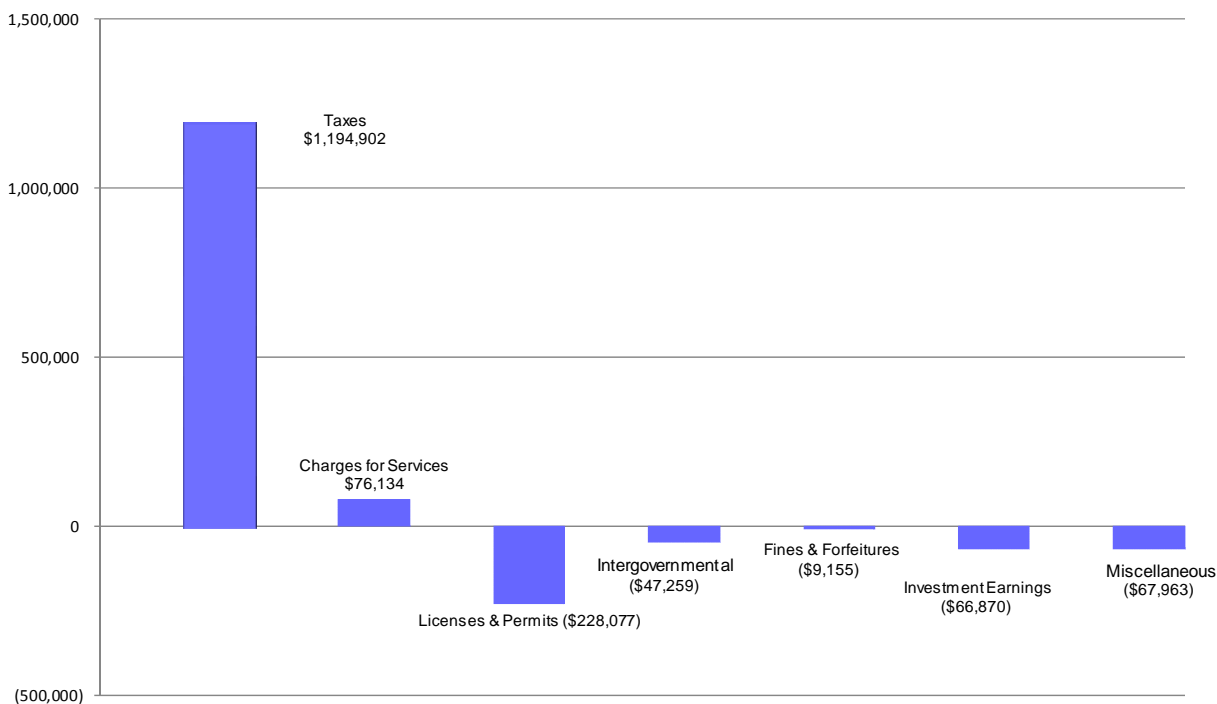


The \$118,416 increase in the general fund balance results from revenue of \$48,704,332, expenses of \$44,638,728, transfers into the fund of \$2,330,665, transfers out of \$5,619,148, and a loan to Tukwila Metropolitan Park District in the amount of \$658,706. In comparison with 2011, revenue increased \$814,838, expenses increased of \$937,338, decrease of transfers into the fund of \$642,178 and decrease in transfers out of \$4,449.

The fund balance decrease of \$6,446,065 in the arterial street fund is primarily due to expenditures for two major arterial street projects. Land acquisition, recreation and park development fund balance decreased by \$337,784.

The general fund revenue increase of \$814 thousand came from the following sources:

General Fund Revenue Increases (Decreases) - By Source



Revenue from revenue generating regulatory fee was previously categorized under licenses and permits in prior years. This fee is currently included in taxes.

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:

• Funding for Strategic Plan	\$ 130,000
• Increase in wages and benefits per new labor agreement	551,768
• Reinstatement of 1.5 FTE-Parks Maintenance	117,620
• Additional funding for legal matters	100,000
• Additional funding for dispatch and monitoring	77,000
• Additional funding for debt service	167,965
• Delayed transfers to Contingency Fund	(3,000,000)
• Increase in revenue for indirect cost allocation charge	605,618
• Reduction of overbudgeted revenue for sale of capital assets	(627,618)
• Delayed debt proceeds	(1,000,000)

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

- Charges for services are down by \$500,000 due to reduction in programs offered in the community center with \$273,000 of it from reduced revenue from licensing and permitting activities as a result of decreased construction activities.
- Previously owed revenue from gambling tax were settled in 2012.
- The budget for proceeds from sales of capital assets was significantly higher than actual results resulting in a negative variance of \$662,000. Properties that were originally scheduled to be sold were kept for alternative use.
- A contingency fund transfer of \$3 million and debt proceeds of \$1 million did not take place until the first quarter in 2013.

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, 2012 totaled \$281.8 million (net of accumulated depreciation), an increase of \$4.8 million, or 1.7%, from 2011. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and other infrastructure.

SUMMARY OF CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	As of 12/31/12	As of 12/31/11	As of 12/31/12	As of 12/31/11	As of 12/31/12	As of 12/31/11
Land	\$40,501,509	\$39,459,061	\$2,214,118	\$2,214,118	\$42,715,627	\$41,673,179
Buildings	12,181,708	12,231,995	8,099,221	8,403,761	20,280,929	20,635,756
Other Improvements	7,943,508	8,639,571	44,569,513	44,188,248	52,513,021	52,827,819
Machinery and Equipment	5,597,527	6,525,286	584,202	687,756	6,181,728	7,213,042
Infrastructure	104,089,598	107,103,876	-	-	104,089,598	107,103,876
Intangible Assets	510,592	286,711	-	-	510,592	286,711
Construction in Progress	47,942,200	39,453,817	7,595,365	7,850,959	55,537,566	47,304,776
Total	\$218,766,642	\$213,700,317	\$63,062,420	\$63,344,843	\$281,829,061	\$277,045,159

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

General capital outlay purchases added \$273,560 in machinery and equipment. Among these include a partial payment for new permitting software of \$177,938, agenda manager software totaling \$22,000, and various computer equipment purchases in the amount of \$39,513.

Many of the projects in the Arterial Street Fund are in the construction stage adding \$8.3 million in construction in progress for the period. The major arterial street fund activities comprise of the following:

- Tukwila Urban Center Access Project (Klickitat Southcenter Parkway/I-5 Access Revision), \$2.3 million
- Southcenter Parkway Extension, \$4.7 million
- Transit Center, \$603,000

Arterial street overlay and work on bridges contributed the additional \$1.4 million in capital assets.

Land Acquisition, Recreation & Park Development activities consist of \$1.1 million in land acquisition for the Duwamish Hill Preserve and improvements. Several projects have added \$270,736 in construction in progress costs for the year.

Other governmental funds' activity provided an additional \$472,215 in capital assets and \$266,348 in work in progress for the year. The Neighborhood Resource Center improvements, City Hall Police/Suite 205/Conference Room #3 remodels, and various software and licensing purchases are some of the completed projects in 2012.

Business-type activities consisted of \$1.5 million in additional construction in progress work for the year. Major projects in the utility funds comprise of the following:

- Small Drainage Projects, \$883,000
- Southcenter Parkway Extension, \$403,000
- Andover Park West Strander, \$106,000

A total of \$143,000 in purchases of meters, hydrants, mains, intakes and service connections were capitalized for the year.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$21,900,000. Of this amount, \$18,360,000 is general obligation bonds, and \$3,540,000 is revenue bonds for the water/sewer and surface water utilities. The reduction in outstanding bonds is due to the principal payments redeemed for the year. The City currently maintains a rating of A1 with Moody's and AA- with Fitch's Investor Service for its general obligation debt.

The following schedule summarizes the City's bonded debt:

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/12	As of 12/31/11	As of 12/31/12	As of 12/31/11	As of 12/31/12	As of 12/31/11
General obligation bonds	\$ 18,360,000	\$ 20,260,000	\$ -	\$ -	\$ 18,360,000	\$ 20,260,000
Revenue bonds	-	-	3,540,000	3,980,000	3,540,000	3,980,000
	<u>\$ 18,360,000</u>	<u>\$ 20,260,000</u>	<u>\$ 3,540,000</u>	<u>\$ 3,980,000</u>	<u>\$ 21,900,000</u>	<u>\$ 24,240,000</u>

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

Other Long-term Debt	
Public Works Trust Fund loans	\$ 6,621,364
Employee leave benefits	3,452,943
Due to other governments	7,392,600
	<u>\$ 17,466,907</u>

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

Economic Factors

The outlook for 2013 is positive. The economy is showing steady signs of recovery. 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 2012 were minimal. The new Southcenter Parkway Extension project was completed in 2012 and 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. In June 2012 the Board of the King County Library System (KCLS) voted to undertake a fundraising program to increase the size of the future Tukwila Library to be 10,000 square feet. The key deal terms between the City and KCLS were approved by City Council on June 25, 2012.

On October 22, 2012, City Council approved the main agreement (Disposition and Development Agreement, DDA). Project design is scheduled to be completed in 2013 with construction starting in 2013. The first phase is scheduled to open in late 2014 and the final phase in 2015.

- Tukwila Urban Center Access – Designed to improve traffic flow, Southcenter Parkway reopened on October 13, 2011. The preliminary assessment roll for Local Improvement District No. 33 to fund a portion of the project is estimated to be \$9.9 million and the assessment is scheduled for 2013.
- Major Tenant Improvements/Additions – Tenant improvements and additions were completed for Sabey Data Center, Boeing renovation, King County Housing Authority, and re-roofing of King County Metro and Boeing. Completed demolitions for the year include Bow Lake and Boeing Plant 2. This added \$235,651 in revenue receipts, which added \$19.7 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 Position provides information on all City assets and liabilities, with the difference between the two reported as net position.

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 POSITION
 DECEMBER 31, 2012

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TUKWILA METROPOLITAN PARK DISTRICT
ASSETS:				
CASH AND CASH EQUIVALENTS (Note 3)	\$ 19,537,919	\$ 4,931,861	\$ 24,469,780	\$ 182,136
INVESTMENTS (Note 3)	7,329,634	3,450,000	10,779,634	-
RECEIVABLES:				
TAXES (Note 4)	4,440,757	-	4,440,757	-
CUSTOMER ACCOUNTS	1,062,613	1,196,224	2,258,837	-
INTEREST ON INVESTMENTS	44,798	33,105	77,903	-
DUE FROM OTHER GOVERNMENTAL UNITS	2,009,171	1,309,301	3,318,472	416,666
INVENTORY OF MATERIALS AND SUPPLIES	402,010	598,013	1,000,024	-
DUE FROM COMPONENT UNIT	860,408	-	860,408	-
NOTES RECEIVABLE	-	407,215	407,215	-
RESTRICTED CASH AND CASH EQUIVALENTS (Note 3)	559,067	493,777	1,052,844	-
DEFERRED CHARGES	249,721	56,028	305,749	-
NET PENSION ASSET (Note 9)	336,352	-	336,352	-
INVESTMENT IN JOINT VENTURES (Note 8)	10,095,461	-	10,095,461	-
NON-DEPRECIABLE CAPITAL ASSETS (Note 7)	88,443,709	9,809,483	98,253,192	-
DEPRECIABLE CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION): (Note 7)	130,322,933	53,308,949	183,631,882	2,801,132
TOTAL ASSETS	265,694,552	75,593,958	341,288,510	3,399,934
LIABILITIES:				
ACCOUNTS PAYABLE	1,716,714	486,429	2,203,143	766,129
ACCRUED WAGES AND BENEFITS PAYABLE	1,353,296	107,669	1,460,964	11,593
ACCRUED INTEREST PAYABLE	69,185	54,876	124,061	-
DUE TO PRIMARY GOVERNMENT	-	-	-	860,408
REVENUES COLLECTED IN ADVANCE	695,979	17,804	713,783	-
OTHER LIABILITIES	2,148,610	58,407	2,207,017	24,362
BONDS AND OTHER DEBT PAYABLE (Note 11):				
DUE WITHIN ONE YEAR	2,261,000	1,026,292	3,287,292	-
DUE IN MORE THAN ONE YEAR	26,865,489	9,488,977	36,354,466	-
NET OTHER POST EMPLOYMENT OBLIGATION (Note 10)	4,433,326	-	4,433,326	-
TOTAL LIABILITIES	39,543,599	11,240,454	50,784,053	1,662,493
NET POSITION: (Note 1)				
NET INVESTMENT IN CAPITAL ASSETS	203,206,940	52,911,741	253,253,169	2,801,132
RESTRICTED FOR DEBT SERVICE	-	430,444	430,444	-
RESTRICTED BY ENABLING LEGISLATION:				
TOURISM PROMOTION	710,707	-	710,707	-
RESIDENTIAL STREET IMPROVEMENTS	1,046,772	-	1,046,772	-
ARTERIAL STREET IMPROVEMENTS	394,755	-	394,755	-
DRUG INVESTIGATION AND ENFORCEMENT	85,125	-	85,125	-
FIRE IMPROVEMENTS	348,010	-	348,010	-
GENERAL GOVERNMENT IMPROVEMENTS	164,312	-	164,312	-
UNRESTRICTED NET ASSETS	20,194,333	11,011,319	34,071,164	(1,063,691)
TOTAL NET POSITION	\$ 226,150,953	\$ 64,353,504	\$ 290,504,457	\$ 1,737,441

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, 2012

PRIMARY GOVERNMENT										COMPO- NENT UNIT
----- PROGRAM REVENUES -----					--NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION--					
EXPENSES	CHARGES For Services	OPERATING Grants and Contributions	CAPITAL Grants and Contribution	GOVERNMENTAL Activities	BUSINESS- TYPE Activities	TOTAL	TOTAL			
FUNCTIONS / PROGRAMS:										
PRIMARY GOVERNMENT										
GOVERNMENTAL ACTIVITIES:										
GENERAL GOVERNMENT	\$ 8,343,107	\$ 1,332,418	\$ 2,214,024	\$ -	\$ (4,796,666)	\$ -	\$ (4,796,666)	\$ -		
PUBLIC SAFETY	26,598,432	684,744	829,187	262,660	(24,821,841)	-	(24,821,841)	-		
TRANSPORTATION	7,314,707	1,004,911	83,495	964,037	(5,262,264)	-	(5,262,264)	-		
PHYSICAL ENVIRONMENT	3,625,696	4,939	1,148,507	-	(2,472,250)	-	(2,472,250)	-		
CULTURE AND RECREATION	4,242,725	481,404	57,606	355,184	(3,348,530)	-	(3,348,530)	-		
ECONOMIC ENVIRONMENT	4,801,342	2,323,528	78,801	-	(2,399,014)	-	(2,399,014)	-		
INTEREST ON LONG-TERM DEBT	1,152,063	-	-	-	(1,152,063)	-	(1,152,063)	-		
Total Governmental Activities	56,078,072	5,831,944	4,411,618	1,581,882	(44,252,628)	-	(44,252,628)	-		
BUSINESS-TYPE ACTIVITIES:										
WATER	4,625,242	5,252,024	-	3,550	-	630,332	-	-		
SEWER	5,524,315	6,506,634	-	103,800	-	1,086,119	-	-		
SURFACE WATER	2,699,767	3,827,010	-	28,253	-	1,155,496	-	-		
FOSTER GOLF COURSE	1,701,131	1,448,729	-	-	-	(252,401)	-	-		
Total Business-Type Activities	14,550,455	17,034,397	-	135,603	-	2,619,546	2,619,546	-		
TOTAL PRIMARY GOVERNMENT	\$ 70,628,527	\$ 22,866,341	\$ 4,411,618	\$ 1,717,485	\$ (44,252,628)	\$ 2,619,546	\$ (41,633,082)	\$ -		
COMPONENT UNIT:										
METROPOLITAN PARK DISTRICT	\$ 659,775	\$ 210,098		\$ 416,666					(33,011)	
TOTAL COMPONENT UNIT	\$ 659,775	\$ 210,098		\$ 416,666				\$	(33,011)	
GENERAL REVENUES:										
TAXES										
PROPERTY TAXES				\$ 14,131,605	\$ -	\$ 14,131,605	\$ -			
RETAIL SALES AND USE TAXES				15,441,683	-	15,441,683	-			
NATURAL GAS USE TAX				232,208	-	232,208	-			
HOTEL/MOTEL TAXES				522,033	-	522,033	-			
UTILITY TAXES				4,001,385	-	4,001,385	-			
INTERFUND UTILITY TAXES				1,534,581	-	1,534,581	-			
BUSINESS TAXES				2,497,606	-	2,497,606	-			
EXCISE TAXES				2,860,948	-	2,860,948	-			
STATE ENTITLEMENTS				1,895,647	-	1,895,647	-			
UNRESTRICTED INVESTMENT EARNINGS				116,694		116,694				
MISCELLANEOUS				101,688		101,688				
TRANSFERS (Note 5)				1,056,843	(1,056,843)	-				
TOTAL GENERAL REVENUES				44,392,921	(1,056,843)	43,336,078				
CHANGE IN NET POSITION				140,293	1,562,703	1,702,996			(33,011)	
NET POSITION - BEGINNING				226,010,660	62,790,801	288,801,461			1,770,452	
NET POSITION - ENDING				\$ 226,150,953	\$ 64,353,504	\$ 290,504,457			\$ 1,737,441	

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, 2012

	GENERAL FUND	ARTERIAL STREET	LAND ACQ. REC & PARK DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 6,262,710	\$ -	\$ 1,068,126	\$ 5,008,571	\$ 12,339,407
INVESTMENTS	-	-	-	2,049,464	2,049,464
RECEIVABLES:					-
TAXES	4,292,038	35,821	1,447	111,452	4,440,757
CUSTOMER ACCOUNTS	772,196	-	-	290,021	1,062,218
DUE FROM OTHER GOVERNMENTAL UNITS	219,770	782,613	36,753	970,035	2,009,171
RESTRICTED ASSETS:			-		-
CASH AND CASH EQUIVALENTS	-	394,755	-	164,312	559,067
TOTAL ASSETS	\$ 11,546,714	\$ 1,213,189	\$ 1,106,326	\$ 8,593,854	\$ 22,460,083
LIABILITIES AND FUND BALANCES:					
ACCOUNTS PAYABLE	676,734	712,108	15,286	280,346	1,684,475
ACCRUED WAGES & BENEFITS	1,301,140	17,750	351	16,162	1,335,403
REVENUE COLLECTED IN ADVANCE	695,979	-	-	-	695,979
OTHER CURRENT LIABILITIES	200,360	-	500	100,000	300,860
DEFERRED REVENUE	293,944	-	-	-	293,944
TOTAL LIABILITIES	3,168,158	729,858	16,137	396,508	4,310,661
FUND BALANCES:					
RESTRICTED FOR:					-
HOTEL MOTEL TAX	-	-	-	710,707	710,707
RESIDENTIAL STREET IMPROVEMENTS	-	-	-	1,046,772	1,046,772
ARTERIAL STREET IMPROVEMENTS	-	394,755	-	-	394,755
DRUG INVESTIGATION AND ENFORCEMENT	-	-	-	85,125	85,125
FIRE IMPROVEMENTS	-	-	-	348,010	348,010
GENERAL GOVERNMENT IMPROVEMENTS	-	-	-	164,312	164,312
ASSIGNED FOR:					
ARTERIAL STREET	-	88,576	-	-	88,576
LAND ACQ. REC & PARK DEVELOPMENT	-	-	1,090,188	-	1,090,188
FACILITY REPLACEMENT	-	-	-	2,005,520	2,005,520
GENERAL GOVERNMENT IMPROVEMENTS	-	-	-	749,518	749,518
PUBLIC SAFETY EQUIPMENT	-	-	-	75,000	75,000
DEBT SERVICE	-	-	-	3,012,381	3,012,381
UNASSIGNED	8,378,557	-	-	-	8,378,557
TOTAL FUND BALANCES	8,378,557	483,331	1,090,188	8,197,345	18,149,421
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,546,714	\$ 1,213,189	\$ 1,106,326	\$ 8,593,854	\$ 22,460,083

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

CITY OF TUKWILA, WASHINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2012

Total governmental fund balances as reported on this statement \$ 18,149,420

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

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

389,691

The cost of issuing long-term debt is amortized over the life of the debt in the statement of net position and expensed when paid in the governmental funds.

249,721

639,412

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

Governmental funds assets

216,720,883

Internal service fund assets

2,045,759

218,766,642

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.

336,352

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.

10,095,461

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

293,944

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

(2,261,000)

Long Term Liabilities Due in More Than One Year

(19,472,889)

Due to Other Governmental Units

(7,392,600)

Unfunded Other Post Employment Benefits

(4,433,326)

Accrued Interest Payable

(69,185)

(33,629,000)

Internal service funds are used by management to charge the cost of certain activities, such as health 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 position.

10,638,313

Amount due from Component Unit is expensed in governmental funds and recorded as a receivable in the statement of net position

860,408

Net position of government activities as reported on the statement of net position

\$ 226,150,953

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, 2012

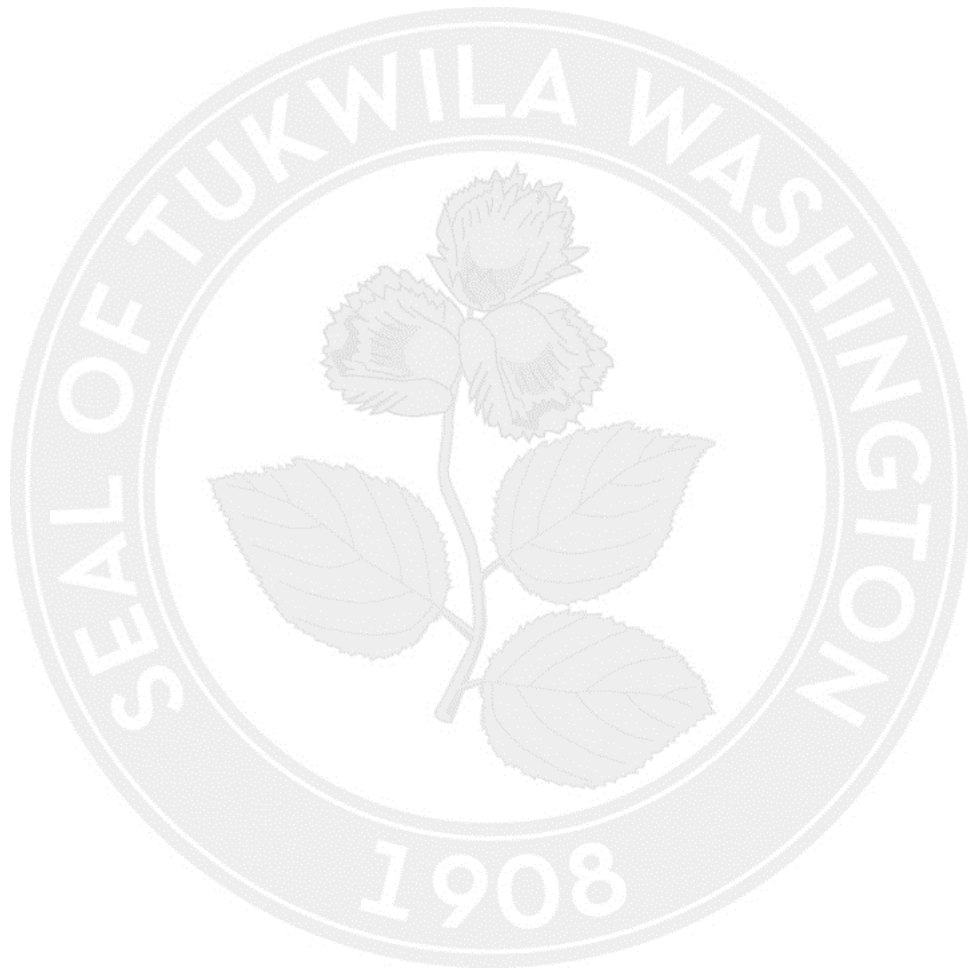
	GENERAL FUND	ARTERIAL STREET	LAND ACQ. REC & PARK DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
TAXES	\$ 39,840,364	\$ 523,084	\$ 617,105	\$ 522,056	\$ 41,502,609
LICENSES AND PERMITS	1,604,594	-	-	-	1,604,594
INTERGOVERNMENTAL	4,708,774	1,006,599	410,888	1,762,886	7,889,147
CHARGES FOR SERVICES	2,184,369	846,240	52,229	891,518	3,974,356
FINES AND FORFEITURES	220,752	-	-	-	220,752
INVESTMENT EARNINGS	64,418	3,153	2,678	36,036	106,286
MISCELLANEOUS	71,159	43,271	-	17,547	131,977
TOTAL REVENUES	48,694,430	2,422,347	1,082,901	3,230,044	55,429,722
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	8,344,177	-	-	160,334	8,504,511
PUBLIC SAFETY	24,907,510	-	-	10,796	24,918,306
PHYSICAL ENVIRONMENT	1,673,956	-	-	1,348,560	3,022,516
TRANSPORTATION	2,682,877	86,305	-	-	2,769,182
ECONOMIC ENVIRONMENT	3,394,823	-	-	1,373,121	4,767,944
CULTURE AND RECREATION	3,361,825	-	11,175	-	3,373,000
DEBT SERVICE:					
PRINCIPAL	-	-	-	2,254,200	2,254,200
INTEREST	-	-	-	1,178,464	1,178,464
CAPITAL OUTLAY	273,560	9,709,676	1,377,494	738,564	12,099,293
TOTAL EXPENDITURES	44,638,728	9,795,981	1,388,669	7,064,039	62,887,416
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	4,055,702	(7,373,634)	(305,768)	(3,833,995)	(7,457,694)
OTHER FINANCING SOURCES (USES):					
SALES OF CAPITAL ASSETS	9,903	-	-	-	9,903
TRANSFERS IN (Note 5)	2,330,665	1,314,132	-	3,980,995	7,625,792
TRANSFERS OUT (Note 5)	(5,619,148)	(386,563)	(32,016)	(136,631)	(6,174,358)
LOAN TO TUKWILA MPD	(658,706)	-	-	-	(658,706)
TOTAL OTHER FINANCING SOURCES AND USES	(3,937,286)	927,569	(32,016)	3,844,364	802,631
NET CHANGE IN FUND BALANCES	118,416	(6,446,065)	(337,784)	10,369	(6,655,064)
FUND BALANCES - BEGINNING	8,260,141	6,929,396	1,427,972	8,186,976	24,804,485
FUND BALANCES - ENDING	\$ 8,378,557	\$ 483,331	\$ 1,090,188	\$ 8,197,345	\$ 18,149,421

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, 2012

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	(6,655,064)
Amount reported as change in net position 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	12,099,298	
Depreciation Expense	<u>(6,548,605)</u>	
Excess of Capital Outlay Over Depreciation Expense		5,550,693
The net pension asset (negative net pension obligation) amortization amount is not a financial resource and therefore not reported in the funds.		26,520
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.		(371,958)
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	2,290,091	
Amortization Expense	<u>50,971</u>	
		2,341,063
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.		17,488
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.		(280,533)
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	10,251	
Increase in Compensated Absences	(175,287)	
Increase in Unfunded Other Post Employment Benefits	(790,163)	
Amortization of Cost of issuance	(34,822)	
Decrease in inventory	<u>(167,010)</u>	
Total Additional Expense (Increase) Decrease		(1,157,030)
Due from Component Unit		
Loan Principal	658,706	
Interest	10,408	
		669,114
Change in net assets on the Statement of Activities	\$	<u>140,293</u>

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 POSITION
PROPRIETARY FUNDS
 DECEMBER 31, 2012

	WATER UTILITY	SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
CURRENT ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 912,764	\$ 1,457,624	\$ 253,483	\$ 2,307,990	\$ 4,931,861	\$ 7,198,512
INVESTMENTS	3,450,000	-	-	-	3,450,000	5,280,170
RECEIVABLES:						
CUSTOMER ACCOUNTS	380,970	635,750	5,982	206,628	1,229,330	395
INTEREST ON INVESTMENTS	-	-	-	-	-	44,798
DUE FROM OTHER GOVERNMENTAL UNITS	1,261,696	-	-	47,605	1,309,301	-
INVENTORY OF MATERIALS AND SUPPLIES	240,508	52,195	255,978	49,332	598,013	12,319
CURRENT ASSETS RESTRICTED:						
CASH AND CASH EQUIVALENTS	6,035	-	57,297	-	63,332	-
TOTAL CURRENT ASSETS	6,251,973	2,145,569	572,740	2,611,556	11,581,838	12,536,195
NONCURRENT ASSETS:						
RESTRICTED CASH, CASH EQUIVALENTS	266,713	126,834	-	36,897	430,444	-
NOTES RECEIVABLE	-	407,215	-	-	407,215	-
DEFERRED CHARGES	14,567	34,737	-	6,723	56,028	-
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	1,165,129	11,390,602	-
OTHER IMPROVEMENTS	18,707,738	13,199,956	3,559,992	36,361,529	71,829,216	-
MACHINERY AND EQUIPMENT	825,311	1,249,739	169,496	50,707	2,295,253	9,390,266
CONSTRUCTION IN PROGRESS	2,705,804	2,618,502	-	2,271,059	7,595,365	-
LESS: ACCUMULATED DEPRECIATION	(8,992,732)	(6,753,598)	(4,196,843)	(12,318,962)	(32,262,134)	(7,344,507)
TOTAL CAPITAL ASSETS (NET OF A/D)	14,750,035	12,565,535	7,769,716	27,977,134	63,062,420	2,045,759
PLANT ACQUISITION ADJUSTMENT (NET OF ACCUMULATED AMORTIZATION)	56,012	-	-	-	56,012	-
TOTAL NONCURRENT ASSETS	15,087,328	13,134,321	7,769,716	28,020,754	64,012,120	2,045,759
TOTAL ASSETS	21,339,301	15,279,890	8,342,456	30,632,310	75,593,958	14,581,953
LIABILITIES:						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE	22,463	313,530	1,684	148,753	486,430	-
ACCRUED WAGES AND BENEFITS	26,900	15,179	28,098	37,491	107,669	17,892
DUE TO OTHER GOVERNMENTAL UNITS	95,080	192,261	-	270,953	558,293	-
ACCRUED INTEREST PAYABLE	34,361	11,387	-	9,129	54,876	-
OTHER CURRENT LIABILITIES	-	964	2,035	-	2,999	1,879,990
UNEARNED REVENUE	5,042	-	129	12,633	17,804	-
REVENUE BOND PRINCIPAL	365,100	83,700	-	16,200	465,000	-
DEPOSITS	6,035	-	52,372	-	58,407	-
TOTAL CURRENT LIABILITIES	554,981	617,021	84,318	495,159	1,751,477	1,897,882
NONCURRENT LIABILITIES:						
REVENUE BONDS PAYABLE (NET OF UNAMORTIZED PREMIUMS) (NET OF UNAMORTIZED PREMIUMS), Note 11	1,354,755	1,479,304	-	286,317	3,120,376	-
COMPENSATED ABSENCES	93,767	46,639	84,033	81,092	305,531	-
OTHER LONG-TERM LIABILITIES	1,002,514	2,114,869	-	2,945,688	6,063,071	-
TOTAL NONCURRENT LIABILITIES	2,451,036	3,640,812	84,033	3,313,097	9,488,976	-
TOTAL LIABILITIES	3,006,017	4,257,833	168,351	3,808,256	11,240,455	1,897,882
NET POSITION:						
NET INVESTMENT IN CAPITAL ASSETS	11,988,622	8,695,401	7,769,717	24,458,000	52,911,740	2,045,759
RESTRICTED FOR:						
DEBT SERVICE	266,713	126,834	-	36,897	430,444	-
UNRESTRICTED	6,077,949	2,199,821	404,389	2,329,158	11,011,318	10,638,313
TOTAL NET POSITION	\$ 18,333,285	\$ 11,022,056	\$ 8,174,106	\$ 26,824,055	\$ 64,353,503	\$ 12,684,072

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	WATER UTILITY	SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES:						
TAXES	\$ -	\$ -	\$ 3,531	\$ -	\$ 3,531	\$ -
CHARGES FOR SERVICES	5,184,979	6,487,708	1,423,538	3,690,773	16,786,998	7,181,113
INTERGOVERNMENTAL	-	-	-	-	-	10,783
OTHER OPERATING REVENUE	-	-	-	362	362	64,018
TOTAL OPERATING REVENUES	5,184,979	6,487,708	1,427,069	3,691,135	16,790,890	7,255,914
OPERATING EXPENSES:						
OPERATIONS & MAINTENANCE	3,158,877	4,198,885	1,388,527	1,001,207	9,747,495	6,499,079
ADMINISTRATIVE AND GENERAL	90,982	147,920	-	485,682	724,584	-
TAXES	735,331	730,112	6,203	419,805	1,891,451	-
DEPRECIATION AND AMORTIZATION	519,221	379,795	306,401	762,537	1,967,954	717,452
TOTAL OPERATING EXPENSES	4,504,411	5,456,712	1,701,131	2,669,231	14,331,484	7,216,531
OPERATING INCOME (LOSS)	680,568	1,030,996	(274,062)	1,021,903	2,459,406	39,383
NON-OPERATING REVENUE (EXPENSE):						
INVESTMENT EARNINGS	54,216	2,307	21,660	5,232	83,415	312,905
INTEREST EXPENSE	(122,663)	(66,933)	-	(30,406)	(220,002)	-
GAIN/(LOSS) FR DISPOSAL OF CAPITAL ASSETS	-	-	-	(72)	(72)	59,790
AMORTIZATION OF BOND PREMIUM	8,973	1,825	-	353	11,151	-
AMORTIZATION OF BOND DISCOUNT	(6,093)	-	-	(483)	(6,576)	-
BOND ISSUE COSTS	(1,047)	(2,496)	-	-	(3,543)	-
OTHER NON-OPERATING REVENUE	11,734	15,106	-	64,829	91,669	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	(54,881)	(50,192)	21,660	39,454	(43,959)	372,695
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	625,687	980,804	(252,402)	1,061,357	2,415,447	412,078
CAPITAL CONTRIBUTIONS	4,645	105,314	-	94,138	204,097	-
TRANSFERS IN (Note 5)	98,460	-	225,000	-	323,460	-
TRANSFERS OUT (Note 5)	(517,377)	(446,980)	(15,160)	(400,786)	(1,380,303)	(394,591)
CHANGE IN NET POSITION	211,415	639,138	(42,562)	754,710	1,562,702	17,487
TOTAL NET POSITION BEGINNING OF YEAR	18,121,870	10,382,918	8,216,668	26,069,345	62,790,801	12,666,585
TOTAL NET POSITION END OF YEAR	\$ 18,333,285	\$ 11,022,056	\$ 8,174,106	\$ 26,824,055	\$ 64,353,503	\$ 12,684,072

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, 2012

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 CUSTOMERS	\$ 5,166,491	\$ 6,485,479	\$ 1,336,482	\$ 3,648,413	\$ 16,636,865	\$ 7,244,484
CASH PAID TO SUPPLIERS	(2,489,057)	(3,662,869)	(316,445)	(424,750)	(6,893,122)	(5,935,324)
CASH PAID FOR TAXES	(735,331)	(730,112)	(65,471)	(419,805)	(1,950,719)	-
CASH PAID FOR INVENTORY	6,059	(806)	(82,649)	-	(77,397)	(48,317)
CASH PAID TO EMPLOYEES	(736,511)	(410,537)	(919,548)	(960,500)	(3,027,097)	(477,030)
OTHER CASH RECEIVED (PAID)	-	-	93,701	2,429	96,131	154,950
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,211,651	1,681,154	46,069	1,845,787	4,784,661	938,763
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
OPERATING GRANT RECEIVED	-	-	-	64,829	64,829	-
TRANSFERS IN	98,460	-	225,000	-	323,460	-
TRANSFERS OUT	(517,377)	(446,980)	(15,160)	(400,786)	(1,380,303)	(394,591)
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	(418,917)	(446,980)	209,840	(335,957)	(992,014)	(383,808)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
PROCEEDS FROM SALE OF EQUIPMENT	9,038	-	-	(72)	8,966	79,251
PURCHASE OF CAPITAL ASSETS	(196,456)	(434,592)	-	(1,024,079)	(1,655,127)	(233,086)
CONTRIBUTED CAPITAL	3,550	103,800	-	-	107,350	-
CAPITAL GRANTS	3,791	1,513	-	65,885	71,189	-
PREMIUM & BOND ISSUANCE COSTS	2,628	1,638	-	(36)	4,229	-
PRINCIPAL PAYMENT ON DEBT	(438,880)	(272,861)	-	(286,553)	(998,293)	-
INTEREST PAYMENT ON DEBT	(131,548)	(67,682)	-	(31,112)	(230,342)	-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(747,877)	(668,184)	-	(1,275,967)	(2,692,027)	(153,835)
CASH FLOW FROM INVESTING ACTIVITIES:						
PROCEEDS FROM SALE OF INVESTMENTS	-	-	-	-	-	2,669,266
PURCHASE OF INVESTMENTS	-	-	-	-	-	(908,579)
INTEREST RECEIVED	53,895	21,084	21,660	13,744	110,384	259,881
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	53,895	21,084	21,660	13,744	110,384	2,020,568
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	1,086,760	997,382	33,212	2,097,280	4,214,634	4,776,824
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 1,185,512	\$ 1,584,458	\$ 310,781	\$ 2,344,887	\$ 5,425,638	\$ 7,198,512
CASH AT END OF YEAR CONSISTS OF:						
CASH AND CASH EQUIVALENTS	\$ 912,764	\$ 1,457,624	\$ 253,483	\$ 2,307,990	\$ 4,931,861	\$ 7,198,512
RESTRICTED CASH-BOND PAYMENTS	266,713	126,834	-	36,897	430,444	-
RESTRICTED CASH-CUSTOMER DEPOSITS	6,035	-	57,297	-	63,332	-
TOTAL CASH	\$ 1,185,512	\$ 1,584,458	\$ 310,781	\$ 2,344,887	\$ 5,425,638	\$ 7,198,512

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, 2012

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)	\$ 680,568	\$ 1,030,996	\$ (274,062)	\$ 1,021,903	\$ 2,459,406	\$ 39,383
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
DEPRECIATION	519,221	379,795	306,401	762,537	1,967,954	717,452
ASSET (INCREASES) DECREASES :						
ACCOUNTS RECEIVABLE	(15,905)	(57,312)	2,888	(6,920)	(77,248)	-
MISCELLANEOUS A/R-REVENUE	3,984	17,524	-	(22,584)	(1,076)	5,412
INVENTORY	6,059	(806)	12,835	1,118	19,206	(5,429)
LIABILITY INCREASES (DECREASES) :						
ACCOUNTS & VOUCHERS PAYABLE	21,501	317,879	1,684	(120,319)	220,744	181,942
OTHER LIABILITIES PAYABLE	(10,828)	(2,575)	129	72,346	59,073	-
DEPOSITS PAYABLE	(445)	-	96	-	(349)	-
WAGES & BENEFITS PAYABLE	(48,973)	(40,205)	(76,219)	61,013	(104,384)	-
COMPENSATED ABSENCES PAYABLE	56,469	35,857	72,317	76,691	241,334	-
TOTAL ADJUSTMENTS	531,083	650,157	320,131	823,883	2,325,254	899,378
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,211,651	\$ 1,681,154	\$ 46,069	\$ 1,845,787	\$ 4,784,661	\$ 938,763
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
CAPITAL ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	\$ 3,550	\$ 103,800	\$ -	\$ 28,253	\$ 135,603	\$ -
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	3,475	-	-	-	3,475	446,604
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ 7,025	\$ 103,800	\$ -	\$ 28,253	\$ 139,078	\$ 446,604

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
COMBINING STATEMENT OF FIDUCIARY NET POSITON
FIDUCIARY FUND
 DECEMBER 31, 2012

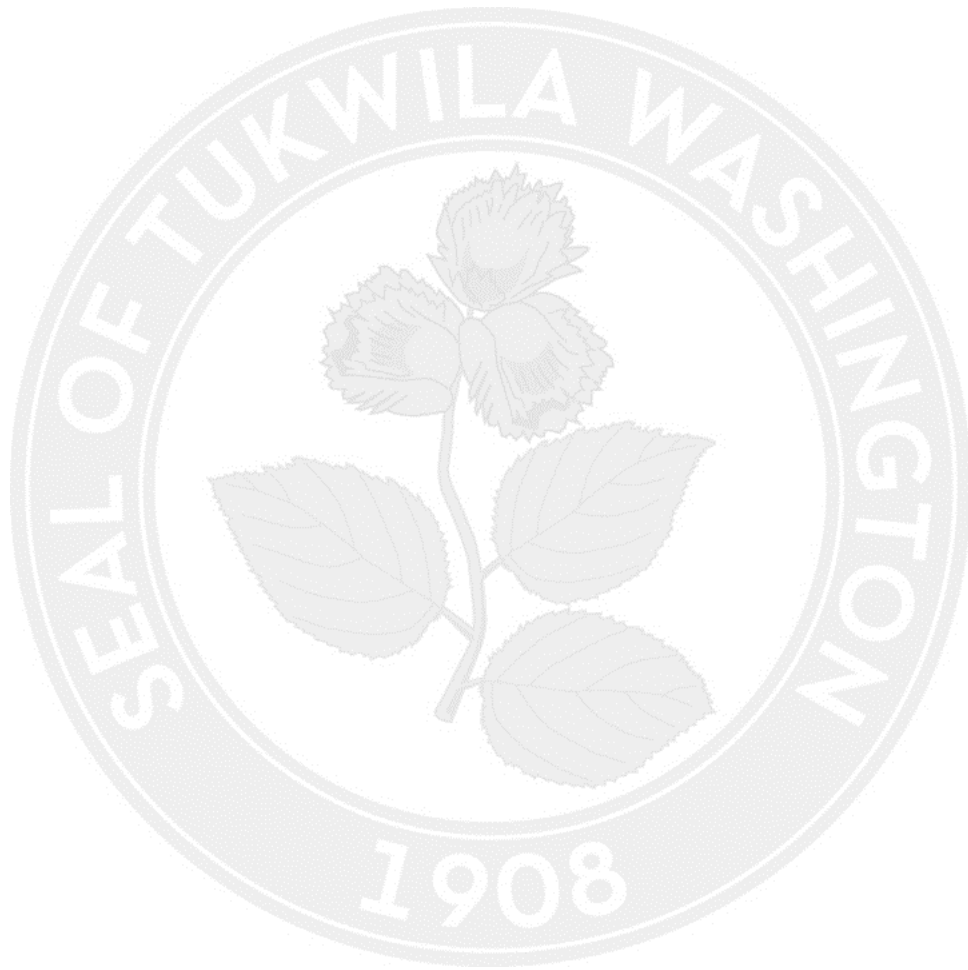
	FIREMEN'S PENSION TRUST FUND	AGENCY FUND
ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 1,415,638	\$ 32,030
TOTAL ASSETS	1,415,638	32,030
LIABILITIES:		
CURRENT PAYABLES	-	32,030
TOTAL LIABILITIES	-	32,030
NET POSITION:		
HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES	\$ 1,415,638	\$ -

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	FIREMEN'S PENSION TRUST FUND
ADDITIONS:	
OTHER CONTRIBUTIONS:	
FIRE INSURANCE PREMIUM TAXES	\$ 52,249
INVESTMENT EARNINGS	2,770
TOTAL ADDITIONS	55,019
DEDUCTIONS:	
BENEFIT PAYMENTS	60,288
ADMINISTRATIVE EXPENSES	1,150
TOTAL DEDUCTIONS	61,438
CHANGE IN NET POSITION	(6,419)
NET POSITION - BEGINNING	1,422,057
NET POSITION - ENDING	\$ 1,415,638

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



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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 conform to generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described in this note.

A. The Reporting Entity

As required by generally accepted accounting principles the financial statements present the City and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the 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 15, 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
- City of Sea Tac Probation Services
- King County Reclaimed Water
- eCity.gov Alliance

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. Through this shared governance, it is a component unit of the City. 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 position 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 position and the statement of activities display information about the City and its component unit. 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 governmental activities and business-type activities.

The statement of net position 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. While fiduciary funds are excluded from the government-wide statements, they are included in the fund financial statements.

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 segregated to ensure that expenditures are made exclusively for qualified 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 further below, there are two fund types in this category-enterprise and internal service.

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 golf course 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. 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 for active employees and retired LEOFF I employees respectively. 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 Position.

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 position. The statement of changes in fund net position 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 the biennium.

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.

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.

Amounts due to and from Other Funds and Governments, Interfund Loans and advances Receivable

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 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 position 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 position 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.

Other Long-Term Liabilities

These liabilities are current obligations that are due within one year and include accounts payable, accrued liabilities, and other debts. The Self Insurance fund includes an incurred but not reported (IBNR) liability of \$655,300 determined using actuarial methods. This liability is multiplied by a factor of 2.5 to meet the City's financial goal of maintaining reserves at 1 x IBR for claim fluctuations plus 1.5 x IBNR for the IBNR liability of \$1,638,250.

Compensated Absences

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

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

The current portion reported on the schedule of long-term liabilities is calculated using the first-in-first-out (FIFO) approach.

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 position. 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 Balance/Net Position

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 position represents the difference between assets and liabilities. Net position 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 position is 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. The remaining balance is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes of which both restricted and unrestricted net position is available. This is followed by committed resources, then assigned, and lastly unassigned resources.

In 2011, the 2003 Limited General Obligation Bond debt obtained to finance the construction of the golf course clubhouse was transferred from the Foster Golf Course fund to a governmental debt service fund. This amount is excluded from the net investment in capital assets for the governmental activities. It is included in the total for the net investment in capital assets calculation for the primary government.

In 2012, the City revised the Reserve Policy which addresses the various types of the City's operating and restricted use funds. The objectives of this Policy are to establish, attain, and restore minimum fund balances, including self-insurance health care reserve funds, and specified review and reporting of fund balances.

At the close of each fiscal year, the General Fund balance and the Reserve Fund balance shall each equal or exceed 10% of the previous year General Fund revenue, exclusive of significant non-operating, non-recurring revenues such as real estate sales or transfers in from other funds.

Enterprise funds, at the close of each fiscal year, the unrestricted fund balance shall equal or exceed 20% of the previous year revenue, exclusive of non-operating, non-recurring revenues such as real estate sales, transfers in from other funds or debt proceeds.

The City shall maintain a reserve balance in each of its self-insured health care funds an amount equal to 2.5 times or 250%, of the actuarially determined IBNR (incurred but not reported) reserve. The contingency reserve balance will be combined with the IBNR reserve balance and recorded as one liability in each of the self-insured health care plan funds.

Fund Balance Components

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54 and are 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. This formal action is the passage of an ordinance by City Council creating, modifying, or rescinding an appropriation. These committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- 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 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 position is available in the governmental funds.

General Fund						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 8,260,142	\$ 8,260,142
Additions	-	-	-	-	51,052,023	51,052,023
Expenditures	-	-	-	-	(50,933,608)	(50,933,608)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 8,378,557	\$ 8,378,557
Restricted-Committed-Assigned-Unassigned						
Arterial Street						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 2,696,537	\$ -	\$ 4,232,859	\$ -	\$ 6,929,396
Additions	-	3,737,157	192,353	-	-	3,929,510
Expenditures	-	(6,038,939)	(192,353)	(4,144,283)	-	(10,375,575)
Ending Fund Balance	\$ -	\$ 394,755	\$ -	\$ 88,576	\$ -	\$ 483,331
Restricted-Committed-Assigned-Unassigned						
Land Acquisition Recreation & Park Development						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 88,487	\$ -	\$ 1,339,485	\$ -	\$ 1,427,972
Additions	-	1,049,120	33,779	-	-	1,082,899
Expenditures	-	(1,137,607)	(33,779)	(249,298)	-	(1,420,684)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 1,090,188	\$ -	\$ 1,090,188
Restricted-Committed-Assigned-Unassigned						

Hotel Motel Tax						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 787,568	\$ -	\$ -	\$ -	\$ 787,568
Additions	-	1,393,197	-	-	-	1,393,197
Expenditures	-	(1,470,058)	-	-	-	(1,470,058)
Ending Fund Balance	\$ -	\$ 710,707	\$ -	\$ -	\$ -	\$ 710,707
Restricted-Committed-Assigned-Unassigned						
Street						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 903,937	\$ -	\$ -	\$ -	\$ 903,937
Additions	-	266,340	-	-	-	266,340
Expenditures	-	(123,506)	-	-	-	(123,506)
Ending Fund Balance	\$ -	\$ 1,046,771	\$ -	\$ -	\$ -	\$ 1,046,771
Restricted-Committed-Assigned-Unassigned						
Drug Seizure						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 154,711	\$ -	\$ 75,000	\$ -	\$ 229,711
Additions	-	-	-	-	-	-
Expenditures	-	(69,586)	-	-	-	(69,586)
Ending Fund Balance	\$ -	\$ 85,125	\$ -	\$ 75,000	\$ -	\$ 160,125
Restricted-Committed-Assigned-Unassigned						
Debt Service Funds						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ 3,316,313	\$ -	\$ 3,316,313
Additions	-	-	-	3,128,732	-	3,128,732
Expenditures	-	-	-	(3,432,664)	-	(3,432,664)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 3,012,381	\$ -	\$ 3,012,381
Restricted-Committed-Assigned-Unassigned						
Facility Replacement						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ 2,027,014	\$ -	\$ 2,027,014
Additions	-	-	-	3,752	-	3,752
Expenditures	-	-	-	(25,246)	-	(25,246)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 2,005,520	\$ -	\$ 2,005,520
Restricted-Committed-Assigned-Unassigned						
General Government Improvement						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 397,064	\$ -	\$ 211,549	\$ -	\$ 608,613
Additions	-	1,846,858	-	537,969	-	2,384,827
Expenditures	-	(2,079,610)	-	-	-	(2,079,610)
Ending Fund Balance	\$ -	\$ 164,312	\$ -	\$ 749,518	\$ -	\$ 913,830
Restricted-Committed-Assigned-Unassigned						
Fire Improvement						
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Beginning Fund Balance	\$ -	\$ 313,819	\$ -	\$ -	\$ -	\$ 313,819
Additions	-	34,191	-	-	-	34,191
Expenditures	-	-	-	-	-	-
Ending Fund Balance	\$ -	\$ 348,010	\$ -	\$ -	\$ -	\$ 348,010
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 153 as of December 31, 2012. WCIA provides pooled self-insurance coverage for general liability, vehicle liability, false arrest, and errors and omissions. See Note 15 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 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.

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) statement in 2012:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance

that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

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 –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. As required by State law, all investments of the City's funds are obligations of the U.S. Government, or deposits with Washington State banks that participate in the Washington Public Deposit Protection Commission (WPDPC).

Cash and Cash Equivalents

At year-end, the carrying amount of the City's bank balance was \$3,598,223. Of the bank balance, \$250,000 was covered by Federal depository insurance and the WPDPC insured the remainder. The City also maintains imprest funds totaling \$19,250. 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, 2012, the City had the following deposits and investments:

SCHEDULE OF INVESTMENTS BY MATURITY

	Maturity Date	Credit Rating	Market Value
<i>Certificates of Deposit:</i>			
US Bank	2/15/2013	*	\$ 3,450,000
Sound Community Bank	3/4/2014	*	3,074,090
Regal Bank	12/20/2014	*	250,000
Total Certificate of Deposits			6,774,090
<i>Municipal Bonds:</i>			
Lodging Tax	7/1/2016	Aa3 / A+	538,465
Revenue - Facilities	7/1/2017	Aa1 / AA+	563,050
Limited General Obligation	12/1/2017	Aa3 / A1	607,134
Revenue - Facilities	7/1/2019	Aa1 / AA+	585,195
Limited General Obligation	9/1/2020	A1	377,213
Unlimited General Obligation	12/1/2020	Aa1 / Aa3	1,334,487
Total Municipal Bonds			4,005,544
TOTAL INVESTMENTS			\$ 10,779,634

* 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 POSITION:	
Cash and Cash Equivalents:	\$24,469,780
Investments	10,779,634
Current Assets Restricted:	
Cash and cash equivalents	1,052,844
Total Cash, Cash Equivalents and Investments	\$36,302,258

SUMMARY BY TYPE:	
Cash and Cash Equivalents:	
Cash on hand	\$ 19,250
Cash in bank-book balance	25,503,374
Total cash and cash equivalents	25,522,624
Investments:	
Certificates of deposit	6,774,090
Municipal bonds	4,005,545
Total investments	10,779,634
Total Cash, Cash Equivalents, and Investments	\$36,302,258

Restricted Assets - Governmental	
Bond Proceeds-General Govt Improvement	\$ 164,312
Impact Fees	394,755
Restricted Assets-Governmental	\$ 559,067

Restricted Assets - Business-Type	
Customer Deposits-Water Utility	\$ 6,035
Customer Deposits-Golf Course	42,298
Lease Deposits-Golf Course	15,000
Revenue Bond Reserve Account-Water/Sewer/Surface Water	430,444
Restricted Assets-Business-Type	\$ 493,777
Total Restricted Assets	\$ 1,052,844

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, 2012, 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 and A1 with Moody's Investor Service.

Concentration of Credit Risk

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

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

NOTE 4 – RECEIVABLES**Taxes Receivable**

Taxes receivable consists of property taxes, sales and use tax, and gambling taxes. Customer accounts receivable consists of amounts owed by private individuals or organizations for good and services provided. Uncollectible amounts are considered immaterial and the direct write-off method is used. Other types of accounts receivable include utility taxes due from private organizations and customer accounts receivable for amounts owed which billings have not been prepared.

	Governmental Activities	Business- Type Activities	Total
Taxes Receivable			
Property	\$ 317,035	\$ -	\$ 317,035
Sales & Use	3,380,239	-	3,380,239
Admission/Gambling/Parking	743,484	-	743,484
Total Taxes Receivable	4,440,757	-	4,440,757
Customer Receivable			
Utility Tax	590,383	-	590,383
Miscellaneous	472,230	1,196,224	1,668,454
Total Customer Receivable	1,062,613	1,196,224	2,258,837
Interest	44,798	33,105	77,903
Total Receivables	\$ 5,548,167	\$ 1,229,329	\$ 6,777,496

Property Taxes Receivable

The County treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed daily via wire transfer.

Property Tax Calendar

January 1 st	Taxes are levied and become an enforceable lien against properties.
February 14 th	Tax bills are mailed.
April 30 th	First of two equal installment payments is due. If taxes are less than \$50, full payment is due. (RCW 84.56.020)
May 31 st	Assessed value of property established for next year's levy at 100 percent of market value.
October 31 st	Second installment is due. (RCW84.56.020)

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 treasurer 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 not expected to be collected within 60 days after the current period are 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.

The City's regular levy for 2012 was \$2.95408 per \$1,000 of assessed valuation of \$4,649,191,308 for a total regular levy of \$13,705,220.

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 activity is the term used to describe similar financial transactions between funds of the primary government.

Reciprocal interfund activity involves the exchange of equal or almost equal value between funds.

Services Provided/Used – Transactions that would be treated as revenues, expenditures or expenses if they involve external organizations, such as buying goods and services in return for equal or almost equal value, are similarly treated when they involve other funds of the City of Tukwila.

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.

Nonreciprocal interfund activity does not involve the exchange of equal or almost equal value between funds.

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.

Reimbursements – Repayments from funds responsible for expenditures or expenses to the funds that initially paid for them. These transactions are expenditures/expense in the fund responsible and as a reduction of expenditure/expensed in the fund being reimbursed.

There were no interfund loans outstanding at December 31, 2012. 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	\$ 2,330,665	\$ 5,295,127	\$ -	\$ 7,625,792
Transfers Out	(5,619,148)	(555,210)	(394,591)	(6,568,949)
Net Transfers In (Out)	<u>\$ (3,288,483)</u>	<u>\$ 4,739,917</u>	<u>\$ (394,591)</u>	<u>\$ 1,056,843</u>

Proprietary Funds	Water/Sewer Utility	Surface Water Utility	Foster Golf Course	Total
Transfers In	\$ 98,460	\$ -	\$ 225,000	\$ 323,460
Transfers Out	(964,357)	(400,786)	(15,160)	(1,380,303)
Net Transfers In (Out)	<u>\$ (865,897)</u>	<u>\$ (400,786)</u>	<u>\$ 209,840</u>	<u>\$ (1,056,843)</u>

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

NOTE 6 – OPERATING LEASES

During 2012 the City maintained operating lease agreements for the purpose of leasing City operated machinery and equipment.

Tukwila leases office/ storage space for the purposes of the Records Center, Seattle Southside Visitor Center and the Neighborhood Resource Center. In addition the city leased a postage machine, copiers and a fax machine during 2012. Costs associated with these activities are as follows.

SCHEDULE OF FUTURE MINIMUM LEASE PAYMENTS

	2012	2013	2014	2015	2016
Records Center ¹	63,185	66,510	27,713	-	-
Neighborhood Resource Center ²	8,790	19,800	20,400	10,200	-
Seattle Southside Visitors Center	39,144	40,314	41,520	42,132	42,132
Postage Machines	11,966	11,966	11,966	11,966	11,966
Office Equipment	39,056	52,545	53,909	53,200	53,414
Total Lease Payments	162,141	191,135	155,508	117,498	107,512

¹ Leasing of the Records Center expires on 5/31/2014. The tenant is responsible for the cost of utilities and maintenance of building, which is estimated, based on square footage and reconciled annually by the lessor.

² Leasing of the Neighborhood Resource Center expires on 6/30/2015.

NOTE 7 – CAPITAL ASSETS**Primary Government**

Capital asset activity for the year ended December 31, 2012, was as follows:

GOVERNMENTAL ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 39,459,061	\$ 1,042,448	\$ -	\$ 40,501,509
Construction in Progress	39,453,817	10,023,011	(1,534,628)	47,942,200
Total capital assets, not being depreciated	78,912,878	11,065,459	(1,534,628)	88,443,709
Capital assets, being depreciated:				
Buildings	21,771,200	502,357	-	22,273,557
Other Improvements	17,570,236	129,568	-	17,699,804
Machinery and Equipment	17,022,319	401,799	(431,810)	16,992,308
Infrastructure	148,134,969	1,460,891	-	149,595,860
Intangible Assets	372,141	333,043	(99,422)	605,762
Total capital assets being depreciated	204,870,865	2,827,658	(531,232)	207,167,290
Less accumulated depreciation for:				
Buildings	(9,539,205)	(552,644)	-	(10,091,849)
Other Improvements	(8,930,665)	(825,631)	-	(9,756,296)
Machinery and Equipment	(10,497,033)	(1,319,555)	421,807	(11,394,781)
Infrastructure	(41,031,093)	(4,475,169)	-	(45,506,262)
Intangible Assets	(85,430)	(85,108)	75,368	(95,170)
Total accumulated depreciation	(70,083,426)	(7,258,107)	497,175	(76,844,358)
Total capital assets, being depreciated, net	134,787,439	(4,430,449)	(34,057)	130,322,932
Governmental activity capital assets, net	\$ 213,700,317	\$ 6,635,010	\$ (1,568,685)	\$ 218,766,642

BUSINESS-TYPE ACTIVITIES

	BEGINNING		ENDING	
	BALANCE	INCREASES	DECREASES	BALANCE
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,214,118	\$ -	\$ -	\$ 2,214,118
Construction in Progress	7,850,959	1,607,440	(1,863,034)	7,595,365
Total capital assets, not being depreciated	10,065,077	1,607,440	(1,863,034)	9,809,483
Capital assets, being depreciated:				
Buildings	11,390,601	-	-	11,390,601
Other Improvements	69,891,182	1,939,042	(1,009)	71,829,216
Machinery and Equipment	2,295,765	-	(512)	2,295,253
Intangible Assets	90,647	-	-	90,647
Total capital assets being depreciated	83,668,195	1,939,042	(1,521)	85,605,717
Less accumulated depreciation for:				
Buildings	(2,986,840)	(304,540)	-	(3,291,381)
Other Improvements	(25,702,935)	(1,557,705)	937	(27,259,703)
Machinery and Equipment	(1,608,009)	(103,555)	512	(1,711,052)
Intangible Assets	(32,480)	(2,154)	-	(34,635)
Total accumulated depreciation	(30,330,265)	(1,967,954)	1,449	(32,296,770)
Total capital assets, being depreciated, net	53,337,930	(28,912)	(72)	53,308,949
Business Type activity capital assets, net	\$ 63,403,007	\$ 1,578,528	\$ (1,863,106)	\$ 63,118,432

CAPITAL ASSET INCREASES**Governmental Activities**

Capital Asset - Increases:

Capital Outlays	\$ 12,099,297
Capital Improvements	(5,868)
Developer Turnovers	23,813
Construction in Progress to Capital (Infrastructure)	1,534,629
Internal Service Funds (Equipment Rental)	241,246
Capital Assets - Total Increases	<u>13,893,117</u>

Business-Type Activities

Capital Asset - Increases:

Capital Outlays	\$ 1,655,196
Developer Turnovers	28,253
Construction in Progress to Capital - Infrastructure	1,863,034
Capital Assets - Total Increases	<u>\$ 3,546,484</u>

DEPRECIATION

Depreciation expense for 2012 was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 149,282
Public Safety	346,061
Physical Environment	610,548
Transportation	4,501,922
Economic Environment	4,835
Culture and Recreation	842,899
Intangible Assets	85,108

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

717,452

Total 2012 depreciation expense - governmental activities \$ 7,258,107

Business-type Activities

Water Utility - Depreciation	\$ 519,221
Sewer Utility - Depreciation	379,795
Foster Golf Course - Depreciation	306,401
Surface Water Utility - Depreciation	762,537

Total 2012 accumulated depreciation increases - business-type activities

\$ 1,967,954

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 2012 cost distribution for the five participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	72,004	21.18%
Kent	96,126	28.28%
Auburn	65,612	19.30%
Tukwila	33,645	9.90%
Federal Way	72,547	21.34%
Total	339,934	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, 2012	\$4,996,753	\$7,052,093	\$4,723,727	\$2,812,717	\$3,258,408	\$22,843,698
Current Year Increase/(Decrease)	65,681	87,685	59,850	30,690	66,176	310,082
Equity December 31, 2012	\$5,062,434	\$7,139,778	\$4,783,577	\$2,843,407	\$3,324,584	\$23,153,780
Percent of Equity	21.86%	30.84%	20.66%	12.28%	14.36%	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%
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	965,087	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	2,145,000	4,820,241	(1,621,980)	5,343,261	1,656,411	213,730	961,787	1,923,574	160,298	427,461
2018-2022	11,990,000	22,399,915	(7,748,350)	26,641,565	8,258,885	1,065,663	4,795,482	9,590,963	799,247	2,131,325
2023-2027	14,485,000	18,727,798	(6,710,481)	26,502,317	8,215,718	1,060,093	4,770,417	9,540,834	795,070	2,120,185
2028-2032	17,725,000	13,590,870	(4,959,695)	26,356,175	8,170,414	1,054,247	4,744,112	9,488,223	790,685	2,108,494
2033-2037	21,855,000	7,082,263	(2,731,829)	26,205,434	8,123,685	1,048,217	4,716,978	9,433,956	786,163	2,096,435
2038-2039	10,115,000	676,321	(353,824)	10,437,497	3,235,624	417,500	1,878,749	3,757,499	313,125	835,000
Totals	\$86,235,000	\$87,397,927	\$ (30,721,797)	\$ 142,911,130	\$44,302,450	\$ 5,716,445	\$25,724,004	\$51,448,007	\$4,287,334	\$11,432,891

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, 2012	\$ 3,189,320	\$ 411,525	\$ 1,851,863	\$ 3,703,728	\$ 308,643	\$ 823,050	\$ 10,288,129
Current Year Increase/(Decrease)	(1,820,461)	(234,898)	(1,057,043)	(2,114,084)	(176,174)	(469,796)	(5,872,456)
Equity December 31, 2012	\$ 1,368,859	\$ 176,627	\$ 794,820	\$ 1,589,644	\$ 132,469	\$ 353,254	\$ 4,415,673
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 Position 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

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 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

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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.

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 exercised 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. 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 is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2012, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can

elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

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, but the benefit may not exceed 60 percent of AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

The monthly benefit is subject to a minimum for 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. If a survivor option is chosen, the benefit is reduced. Plan 1 members may 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. The benefit 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, at which time the benefit is converted to the member's service retirement amount. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit 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. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 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.

The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or the lump sum of contributions plus interest.

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. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is now cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

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. The surviving spouse or eligible child(ren) of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or lump sum payment of the member's contributions plus interest. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of PERS 2/3 defined benefit plan.

For DRS' fiscal year 2012, PERS Plan 3 employee contributions were \$95.2 million, and plan refunds paid out were \$66.2 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is one percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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 by 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 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

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.

PERS Plan 2 and Plan 3 members who become totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

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. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of 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 member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Members who chose to participate would: accrue service credit at the higher multiplier beginning with the date of their election; be subject to the benefit cap of 75 percent of AFC; stop contributing to the Judicial Retirement Account (JRA); pay higher contributions; and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; not be subject to a benefit cap; continue to participate in JRA, if applicable; continue to pay contributions at the regular PERS rate; and never be a participant in the JBM Program.

Newly elected or appointed justices and judges who choose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,184 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	79,363
Terminated Plan Members Entitled to but not yet Receiving Benefits	29,925
Active Plan Members Vested	105,578
Active Plan Members Non-vested	46,839
Total	261,705

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*	7.21%	7.21%	7.21% **
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
2012	\$ -	\$ 902,516	\$ 144,456
2011	2,078	753,456	113,753
2010	3,494	640,034	98,350

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, 2011:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	9,947
Terminated Plan Members Entitled to but not yet Receiving Benefits	656
Active Plan Members Vested	13,942
Active Plan Members Non-vested	3,113
Total	27,658

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, 2012 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
2012	\$ 410	\$ 691,175
2011	489	654,131
2010	714	640,494

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, 2011:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	15
Terminated Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members Vested	167
Active Plan Members Non-vested	4,020
Total	4,203

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, 2012 are as follows:

	PSERS Plan II
Employer	8.887%
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
2012	\$ 11,187
2011	8,712
2010	-

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, 2012.

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)	2
Total	11

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 January 1, 2011 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 2012 \$52,249 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

		2010	2011	2012
1	Annual normal cost (BOY)	\$ -	\$ -	\$ -
2	Amortization of UAAL (BOY)	11,185	11,523	11,523
3	Interest to EOY (1 + 2 x i*)	391	461	461
4	ARC at EOY (1 + 2 + 3)	11,576	11,984	11,984
5	Interest on NPO	(9,057)	(11,400)	(12,393)
6	Adjustment to ARC	(18,236)	(21,647)	(24,488)
7	Annual Pension cost (4 + 5 - 6)	20,755	22,231	24,079
8	Employer contributions**	46,989	47,065	50,599
9	Change in NPO (7- 8)	(26,234)	(24,834)	(26,520)
10	NPO at BOY (11 prior yr)	(258,764)	(284,998)	(309,832)
11	NPO at EOY (9 + 10)	\$ (284,998)	\$ (309,832)	\$ (336,352)

* (i) is the assumed interest rate that year: 3.5% in 2010, 4.0% in 2011, and 4.00% in 2012.

** 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		Annual Pension Cost	Total Employer Contrib- utions	Change in		--- Amortization---				
		Net Pension Obligation	ARC Adjustment			Net Pension Obligation	Net Pension Obligation Balance	(Gain)/ Loss	Factor	(Gain)/ Loss	Ending Balance	
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)	
2012	11,984	(12,393)	(24,488)	24,079	50,599	(26,520)	(336,352)	(38,615)	12.6523	(24,488)	(336,352)	

PERCENTAGE OF ANNUAL PENSION COST CONTRIBUTED

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as a* Percentage of APC	Net Pension Obligation (Asset)
December 21, 2010	20,755	226	(284,998)
December 21, 2011	22,231	212	(309,832)
December 21, 2012	24,079	210	(336,352)

* 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, 2012
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	3.75%
Projected salary increases	3.50%
Price inflation	2.50%
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, 2012, there were 3 active employees and 38 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

		2010	2011	2012
1	Annual normal cost (BOY)	\$ 105,058	\$ 91,385	\$ 91,385
2	Amortization of UAAL (BOY)	1,196,165	1,124,502	1,124,502
3	Interest to EOY (1 + 2 x i*)	65,061	48,635	48,635
4	ARC at EOY (1 + 2 + 3)	1,366,284	1,264,522	1,264,522
5	Interest on Net OPEB Obligation	90,941	112,598	145,727
6	Adjustment to ARC	143,332	213,809	287,945
7	Annual OPEB cost (4 + 5 - 6)	1,313,893	1,163,311	1,122,304
8	Employer contributions	317,771	335,090	332,141
9	Change in Net OPEB Obligation (7- 8)	996,122	828,221	790,163
10	Net OPEB Obligation at BOY (11 prior yr)	1,818,820	2,814,942	3,643,163
11	Net OPEB Obligation at EOY (9 + 10)	\$ 2,814,942	\$ 3,643,163	\$ 4,433,326

* (i) is the assumed interest rate that year: 5% in 2009, 4% in 2011, and 4% in 2012.

The net OPEB obligation of \$4,433,326 is included as a non-current liability on the Statement of Net Position.

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	--- Amortization---			Ending Balance
					(Gain)/ Loss	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
2012	1,264,522	145,727	287,945	1,122,304	332,141	790,163	4,433,326	932,381	12.6523	287,945	4,433,326

* 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 21, 2010	1,313,893	317,771	24	2,814,942
December 21, 2011	1,163,311	335,090	29	3,643,163
December 21, 2012	1,122,304	332,141	30	4,433,326

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**Governmental Activities Long-Term Debt**

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service for voter-approved issues, of which the City has none, would be funded by special property tax levies. Debt service for City Council authorized bonds, also called councilmanic bonds, is funded from regular property taxes, sales taxes, or other general revenues, and is generally paid from debt service funds. The City currently maintains a rating of A1 from Moody's Investor Service and a rating of AA- from Fitch's Rating Service for its General Obligation Bonds.

General Obligation Bonds outstanding at year-end are as follows:

- 2003 Limited Tax General Obligation (LTGO) bonds were issued as payment to King County for Arterial Street projects including South Park Bridge transfer and for construction of a new golf course clubhouse. In December 2011, this fund assumed the Golf Course portion of this debt and the Arterial Street portion was refunded.
- 2003 LTGO refunding bonds were issued to refund the remaining debt of the 1994 LTGO bonds. 1994 LTGO bonds were issued to pay for the Community Center and Fire Station #53.
- 2008 LTGO bonds were issued to refund the remaining debt the 1999 LTGO bonds. 1999 LTGO bonds were issued to purchase an additional City Hall Annex (6300 building) and economic revitalization projects.
- 2010 LTGO bonds were 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.
- 2011 LTGO refunding bonds were issued to refund a portion of the bonds issued in 2003 for the city's Arterial Street program.

Business-Type Activities Long-Term Debt

Revenue bond indebtedness issued to fund proprietary activities is recorded in proprietary funds. Debt service payments are made from operating revenues generated by the proprietary funds. In proprietary funds, unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount. The City currently maintains a rating of Aaa from Moody's Investor Service for debt in this category.

State of Washington Public Works Trust Fund Loans are a low interest rate loans available from the State of Washington Department of Commerce, Local Government & Infrastructure Division for qualifying projects and are a direct responsibility of the City. This debt is repaid by proprietary fund revenues.

The City is in compliance with all Washington State debt limitation statutes and bond indenture agreements.

The schedules that follow summarize the long-term debt transactions of the City for the year ended December 31, 2012.

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 01/01/2012	\$20,260,000	\$3,980,000	\$7,179,635	\$3,260,355	\$7,746,800	\$35,891	\$42,462,681
Added	-	-	-	2,871,748	-	-	2,871,748
Retired / redeemed	(1,900,000)	(440,000)	(558,271)	(2,679,160)	(354,200)	(35,891)	(5,967,522)
Outstanding 12/31/2012	\$18,360,000	\$3,540,000	\$6,621,364	\$3,452,943	7,392,600	\$ -	39,366,907
Add: Premium net of deferred charges							274,852
Total Long-Term Liabilities							\$39,641,758

Debt Service to Maturity

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

Year Ended December 31	Government Activities				
	General Obligation Bonds		Due to Other Governments		TOTAL
	Principal	Interest	Principal	Interest	
2013	\$ 1,890,000	\$ 804,337	\$ 371,000	\$ 431,205	\$ 3,496,542
2014	2,040,000	728,137	371,200	416,886	3,556,223
2015	1,645,000	635,872	385,200	401,751	3,067,823
2016	1,710,000	574,007	171,600	385,619	2,841,226
2017	1,765,000	512,213	179,200	377,278	2,833,691
2018 - 2022	7,175,000	1,388,590	994,800	1,741,759	11,300,149
2023 - 2027	2,135,000	125,031	1,204,800	1,424,774	4,889,605
2028 - 2032	-	-	1,478,000	992,274	2,470,274
2033 - 2037	-	-	1,823,600	448,419	2,272,019
2038 - 2042	-	-	413,200	13,669	426,869
Totals	\$ 18,360,000	\$ 4,768,186	\$ 7,392,600	\$ 6,633,634	\$ 37,154,420

Year Ended December 31	Business-Type Activities				
	Revenue Bonds		Public Works Trust Fund Loans		TOTAL
	Principal	Interest	Principal	Interest	
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	150,000	91,950	558,293	24,732	824,975
2017	155,000	85,950	558,293	21,941	821,184
2018 - 2022	895,000	317,700	2,765,414	19,149	3,997,264
2023 - 2027	860,000	99,000	1,064,484	5,322	2,028,807
2028 - 2032	-	-	-	-	-
2033 - 2037	-	-	-	-	-
2038 - 2042	-	-	-	-	-
Totals	\$ 3,540,000	\$ 1,012,769	\$ 6,621,364	\$ 162,091	\$ 11,336,224

Changes in Long-Term Debt

CHANGES IN LONG-TERM LIABILITIES – GOVERNMENTAL FUNDS

ITEM	Interest Rates	Maturity	Authorized	OUTSTANDING 12/31/2011	ISSUED	REDEEMED	OUTSTANDING 12/31/12	Due Within One Year
GOVERNMENTAL ACTIVITIES:								
<u>Limited General Obligation (GO) Bonds Payable:</u>								
2003 Refunding Facilities	4.00-5.00	12/01/14	\$ 4,195,000	\$ 1,335,000	\$ -	\$ 425,000	\$ 910,000	\$ 445,000
2003 Streets & Golf Course	4.25-4.65	12/01/23	6,277,500	3,795,000	-	555,000	3,240,000	575,000
2008 Refunding Streets/Facilities	4.00-6.00	12/01/19	6,180,000	5,095,000	-	550,000	4,545,000	500,000
2010 Streets / Equipment	2.00-5.41	12/01/24	5,870,000	5,415,000	-	345,000	5,070,000	355,000
2011 Refunding Streets (2003 GO)			4,620,000	4,620,000	-	25,000	4,595,000	15,000
Total Bonds Payable			27,142,500	20,260,000	-	1,900,000	18,360,000	1,890,000
<u>Unamortized Deferred Credits (Charges):</u>								
Issuance premiums			-	953,059	-	125,227	827,832	-
Issuance discounts/deferment			-	(672,611)	-	(74,255)	(598,356)	-
Net Bonds Payable			27,142,500	20,540,448	-	1,950,971	18,589,476	1,890,000
<u>Due to Other Governments</u>								
2009 SCORE	3.00-6.62	01/01/39	6,898,800	6,898,800	-	153,200	6,745,600	156,000
2010 Valley Com	4.30-5.75	12/01/15	1,065,000	848,000	-	201,000	647,000	215,000
Total Due Other Governments			7,963,800	7,746,800	-	354,200	7,392,600	371,000
<u>Unamortized Deferred Credits (Charges):</u>								
Issuance premiums			-	-	-	-	-	-
Issuance discounts and costs			-	-	-	-	-	-
Net Due Other Governments			7,963,800	7,746,800	-	354,200	7,392,600	371,000
Capital leases			125,977	35,891	-	35,891	-	-
Compensated Absences:			-	2,969,125	2,630,026	2,454,738	3,144,413	-
Total Governmental Funds			\$ 35,232,277	\$ 31,292,264	\$ 2,630,026	\$ 4,795,800	\$ 29,126,489	\$ 2,261,000

Note: The beginning balance has been restated due to current year reclassifications.

CHANGES IN LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

ITEM	Interest Rates	Maturity	Authorized	OUTSTANDING 12/31/2011	ISSUED	REDEEMED	OUTSTANDING 12/31/12	Due Within One Year
BUSINESS-TYPE ACTIVITIES:								
<u>Bonds Payable:</u>								
1995 Water/Sewer Revenue	4.15-6.63	02/01/15	\$ 4,500,000	\$ 1,370,000	\$ -	\$ 310,000	\$ 1,060,000	\$ 330,000
2006 Water/Sewer/SWM Revenue	4.00-4.50	12/01/26	3,180,000	2,610,000	-	130,000	2,480,000	135,000
Total Bonds Payable			7,680,000	3,980,000	-	440,000	3,540,000	465,000
<u>Unamortized Deferred Credits (Charges):</u>								
Issuance Premiums			-	69,221	-	11,150	58,070	-
Issuance Discounts/def defeasance			-	(18,788)	-	(6,093)	(12,695)	-
Net Bonds Payable			7,680,000	4,030,433	-	445,057	3,585,376	465,000
<u>Public Works Trust Fund Loans:</u>								
2003 Loan-Water/Sewer	0.50	07/01/21	273,870	144,543	-	14,581	129,962	14,454
2003 Loan-Surface Water	0.50	07/01/21	219,725	115,944	-	11,448	104,496	11,597
2004 Loan-Water/Sewer	0.50-2.00	07/01/24	5,016,000	3,547,522	-	272,886	3,274,635	272,886
2004 Loan-Surface Water	0.50-2.00	07/01/24	684,000	483,753	-	37,212	446,541	37,212
2004 Loan-Surface Water	1.00	07/01/24	4,196,056	2,887,874	-	222,144	2,665,730	222,144
Total Public Works Trust Fund Loans			10,389,651	7,179,635	-	558,271	6,621,364	558,293
Compensated Absences:			-	291,230	241,722	224,422	308,530	2,999
Total Business-Type Activities			\$ 19,382,651	\$ 11,501,298	\$ 241,722	\$ 1,227,750	\$ 10,515,269	\$ 1,026,292
TOTAL ALL FUNDS			\$ 54,614,928	\$ 42,793,563	\$ 2,871,748	\$ 6,023,551	\$ 39,641,758	\$ 3,287,292

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 12-31-12
General obligation bonds	\$18,360,000	\$ -	\$18,360,000
Revenue bonds		3,540,000	3,540,000
Public Works Trust Fund loans		6,621,364	6,621,364
Due to Other Governments	7,392,600	-	7,392,600
Capital Leases	-	-	-
Employee leave benefits	3,144,413	308,530	3,452,943
Net Premiums / Deferred charges	229,476	45,376	274,852
Total long-term debt	\$29,126,489	\$ 10,515,270	\$39,641,758

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, 2012, 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	\$ 70,134,446	\$ 116,890,744	\$ 233,781,487	\$ 350,672,231	
Outstanding Net					
Indebtedness	27,655,096	27,655,096	27,655,096	27,655,096	
Margin Available	\$ 42,479,350	\$ 89,235,648	\$ 206,126,391	\$ 323,017,135	

Long-term Liabilities other than debt

Claims are paid from one or more fund based on the nature of the transaction. Employees' compensable leave is the City's liability for all unused vacation and sick leave and unpaid overtime accrued by employees and, payable under specified conditions. This obligation is paid only at the time of termination, usually from the same funding source(s) from which the employee's salary or wage compensation was paid.

The City does not report a liability for termination benefits because it is not reasonable estimable.

LID No. 33

Tukwila Urban Access Improvement Project Local Improvement District (LID) No. 33 was formed on November 16, 2009 by Ordinance No. 2260. The project was designed to improve congestion within the City's Urban Center. The project included a partial lid over Southcenter Parkway, removal of conflicting turning movements, and the widening of Southcenter Parkway.

Construction for the project began in March 2011 and was completed in October 2011. The project was closed out and accepted as complete by City Council on February 19, 2013.

A variety of funding sources were used to pay for the project including federal and state grants, impact fees, city funds, a right-of-way donation, and special assessments. The City chose to fund the project internally, rather than obtain external, short-term financing then apply special assessments to property owners after the project was completed. Fund 104 Arterial Streets, where the project was accounted for, loaned the project funds as needed using a draw method at an interest rate of 1.80%. As of December 31, 2012, the total amount of the loan is \$8,137,082 plus accrued interest of \$193,032. The loan will be repaid when the special assessment bonds are issued in 2013.

Since the loan payable by the LID project and the loan receivable by the arterial street fund are contained within the same fund, the transactions have been eliminated in the consolidation and reporting process.

NOTE 12 – CONSTRUCTION COMMITMENT

Upon completion, the projects will be capitalized in their appropriate categories in the Government Wide Statements and in the proprietary fund financials, if applicable. As of December 31, 2012 the City had \$5.1 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 will have no material financial impact.

NOTE 14 – 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 153 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 \$20 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 \$16 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 \$750,000, 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.

There were no significant reductions in insurance coverage in the past year. 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 \$7,480,385 in 2012. 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 2012 and 2011.

SUMMARY OF HEALTH CARE CLAIM LIABILITIES

ITEM	Health Benefit Insurance 2012	Health Benefit Insurance 2011	Insurance – LEOFF I 2012	Insurance – LEOFF I 2011
Claims Liabilities at Beginning of Year	\$ 1,499,600	\$ 1,155,647	\$ 193,200	\$ 97,401
Claims expenses:				
Current year and changes in estim:	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	<u>\$ 1,843,553</u>	<u>\$ 1,143,543</u>	<u>\$ 316,100</u>	<u>\$ 70,300</u>

NOTE 15 – SUBSEQUENT EVENTS

On February 1, 2013 the City sold a \$1 million limited tax general obligation bond to Cashmere Valley Bank in a private sale. The City and the Tukwila Metropolitan Park District (MPD) entered into an interlocal agreement for the City to loan the proceeds to the MPD. The proceeds will be used to pay for improvements to the pool and related facilities owned by the MPD. The MPD will repay the loan in installments equal to the debt service payments required by the City. The bonds will be paid back over 10 years with the first payment due June 1, 2013 and the final payment due December 1, 2022.

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 40,550,620	\$ 40,550,620	\$ 39,840,363	\$ (710,257)
LICENSES AND PERMITS	1,908,566	1,908,566	1,604,594	(303,972)
INTERGOVERNMENTAL	4,060,841	4,143,051	4,708,774	565,723
CHARGES FOR SERVICES	2,678,400	2,700,400	2,184,369	(516,031)
FINES AND FORFEITURES	213,270	213,270	220,752	7,482
INVESTMENT EARNINGS	137,258	137,258	64,418	(72,840)
MISCELLANEOUS	51,800	51,800	71,159	19,359
TOTAL REVENUES	49,600,755	49,704,965	48,694,430	(1,010,536)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	8,688,421	8,918,421	8,344,177	574,244
PUBLIC SAFETY	24,566,657	25,100,635	24,907,510	193,125
PHYSICAL ENVIRONMENT	1,994,094	1,994,094	1,673,956	320,138
TRANSPORTATION	2,676,535	2,756,535	2,682,877	73,658
ECONOMIC ENVIRONMENT	3,439,920	3,439,920	3,394,823	45,097
CULTURE AND RECREATION	3,492,862	3,630,482	3,361,825	268,657
CAPITAL OUTLAY	84,000	307,000	273,560	33,440
TOTAL EXPENDITURES	44,942,489	46,147,087	44,638,728	1,508,359
EXCESS OF REVENUES OVER EXPENDITURES	4,658,266	3,557,878	4,055,702	497,823
OTHER FINANCING SOURCES (USES):				
SALES OF CAPITAL ASSETS	1,300,500	672,882	9,903	(662,979)
BOND PROCEEDS	-	1,100,000	-	(1,100,000)
TRANSFERS IN (Note 5)	3,298,617	2,391,235	2,330,665	(60,570)
TRANSFERS OUT (Note 5)	(7,444,767)	(7,532,732)	(5,619,148)	1,913,584
LOAN TO TUKWILA METROPOLITAN PARK DISTRICT	-	(1,825,000)	(658,706)	1,166,294
TOTAL OTHER FINANCING SOURCES AND USES	(2,845,650)	(5,193,615)	(3,937,286)	1,256,329
NET CHANGE IN FUND BALANCES	1,812,616	(1,635,737)	118,416	1,754,152
FUND BALANCES - BEGINNING	6,505,139	6,505,139	8,260,141	1,755,002
FUND BALANCES - ENDING	\$ 8,317,755	\$ 4,869,402	\$ 8,378,557	\$ 3,509,154

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

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ARTERIAL STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 211,257	\$ 211,257	\$ 523,083	\$ 311,826
INTERGOVERNMENTAL	580,581	9,941,581	1,006,599	(8,934,982)
CHARGES FOR SERVICES	-	-	846,240	846,240
INVESTMENT EARNINGS	3,820	3,820	3,153	(667)
MISCELLANEOUS	1,061,000	466,000	43,271	(422,729)
TOTAL REVENUES	1,856,658	10,622,658	2,422,347	(8,200,312)
EXPENDITURES:				
CURRENT:				
TRANSPORTATION	-	-	86,305	(86,305)
CAPITAL OUTLAY	6,359,204	16,083,204	9,709,676	6,373,528
TOTAL EXPENDITURES	6,359,204	16,083,204	9,795,981	6,287,223
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(4,502,546)	(5,460,546)	(7,373,634)	(1,913,088)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	2,000,000	2,000,000	1,314,132	(685,868)
TRANSFERS OUT (Note 5)	(123,933)	(123,933)	(386,563)	(262,630)
GENERAL OBLIGATION BONDS PROCEEDS	350,000	9,230,000	-	(9,230,000)
TOTAL OTHER FINANCING SOURCES AND USES	2,226,067	11,106,067	927,569	(10,178,498)
NET CHANGE IN FUND BALANCES	(2,276,479)	5,645,521	(6,446,065)	(12,091,586)
FUND BALANCES - BEGINNING	4,789,469	4,789,469	6,929,396	2,139,927
FUND BALANCES - ENDING	\$ 2,512,990	\$ 10,434,990	\$ 483,331	\$ (9,951,659)

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

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, 2008	\$ (1,841)	\$ 52,571	\$ 50,730	\$ (1,998)	- %
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
December 31, 2012	(1,650)	52,249	50,599	11,984	422

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

SCHEDULE OF FUNDING PROGRESS

(rounded to thousands)

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

* Only two valuations completed to date

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
December 31, 2012	332,141	1,264,522	26

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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 the biennium.

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.

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, 2012

	TOTAL SPECIAL REVENUE FUNDS	TOTAL DEBT SERVICE FUNDS	TOTAL CAPITAL PROJECTS FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,591,491	\$ 962,917	\$ 2,454,161	\$ 5,008,571
INVESTMENTS	-	2,049,464	-	2,049,464
DEPOSITS WITH FISCAL AGENT	-	-	-	-
RECEIVABLES:				
TAXES	111,452	-	-	111,452
CUSTOMER ACCOUNTS	290,021	-	-	290,021
DUE FROM OTHER GOVERNMENTAL UNITS	-	-	970,035	970,035
CURRENT ASSETS RESTRICTED:				
CASH AND CASH EQUIVALENTS	-	-	164,312	164,312
TOTAL ASSETS	\$ 1,992,964	\$ 3,012,381	\$ 3,588,508	\$ 8,593,854
LIABILITIES AND FUND BALANCES:				
CURRENT LIABILITIES:				
ACCRUED WAGES AND BENEFITS	14,667	-	1,496	16,162
ACCOUNTS PAYABLE	60,694	-	168,704	229,398
RETAINAGE PAYABLE	-	-	50,948	50,948
OTHER CURRENT LIABILITIES	-	-	100,000	100,000
TOTAL LIABILITIES	75,361	-	321,148	396,508
FUND BALANCES:				
RESTRICTED	1,842,603	-	512,322	2,354,925
COMMITTED	-	-	-	-
ASSIGNED	75,000	3,012,381	2,755,038	5,842,419
TOTAL FUND BALANCES	1,917,603	3,012,381	3,267,360	8,197,345
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,992,964	\$ 3,012,381	\$ 3,588,508	\$ 8,593,854

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	TOTAL SPECIAL REVENUE FUNDS	TOTAL DEBT SERVICE FUNDS	TOTAL CAPITAL PROJECTS FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
TAXES	\$ 522,033	\$ -	\$ 25	\$ 522,058
INTERGOVERNMENTAL	264,565	329,318	1,169,003	1,762,886
CHARGES FOR SERVICES	857,832	-	33,686	891,518
INVESTMENT EARNINGS	2,499	28,421	5,117	36,036
MISCELLANEOUS	12,608	-	4,939	17,547
TOTAL REVENUES	1,659,537	357,738	1,212,770	3,230,044
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	160,334	160,334
ECONOMIC ENVIRONMENT	1,373,121	-	-	1,373,121
PHYSICAL ENVIRONMENT	-	-	1,348,560	1,348,560
PUBLIC SAFETY	10,796	-	-	10,796
DEBT SERVICE				
PRINCIPAL	-	2,254,200	-	2,254,200
INTEREST	-	1,178,464	-	1,178,464
CAPITAL OUTLAY	170,401	-	568,162	738,564
TOTAL EXPENDITURES	1,554,319	3,432,664	2,077,056	7,064,039
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	105,218	(3,074,927)	(864,286)	(3,833,995)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	-	2,770,995	1,210,000	3,980,995
TRANSFERS OUT (Note 5)	(108,831)	-	(27,800)	(136,631)
TOTAL OTHER FINANCING SOURCES AND USES	(108,831)	2,770,995	1,182,200	3,844,364
NET CHANGE IN FUND BALANCES	(3,613)	(303,932)	317,913	10,369
FUND BALANCES - BEGINNING	1,921,216	3,316,313	2,949,447	8,186,976
FUND BALANCES - ENDING	\$ 1,917,603	\$ 3,012,381	\$ 3,267,360	\$ 8,197,345



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, 2012

	HOTEL/MOTEL TAX	STREET	DRUG SEIZURE	TOTAL SPECIAL REVENUE FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 398,376	\$ 1,031,761	\$ 161,355	\$ 1,591,491
RECEIVABLES:				
CURRENT TAXES RECEIVABLE	69,590	41,861	-	111,452
DUE FROM OTHER GOVERNMENTAL UNITS	290,021	-	-	290,021
TOTAL ASSETS	757,987	1,073,622	161,355	1,992,964
LIABILITIES AND FUND BALANCES:				
ACCOUNTS PAYABLE	32,847	26,617	1,230	60,694
ACCRUED WAGES AND BENEFITS PAYABLE	14,433	234	-	14,667
TOTAL LIABILITIES	47,280	26,851	1,230	75,361
FUND BALANCES:				
RESTRICTED	710,707	1,046,771	85,125	1,842,603
ASSIGNED	-	-	75,000	75,000
TOTAL FUND BALANCES	710,707	1,046,771	160,125	1,917,603
TOTAL LIABILITIES AND FUND BALANCES	\$ 757,987	\$ 1,073,622	\$ 161,355	\$ 1,992,964

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, 2012

	HOTEL/MOTEL TAX	STREET	DRUG SEIZURE	TOTAL SPECIAL REVENUE FUNDS
REVENUES:				
TAXES	\$ 522,033	\$ -	\$ -	\$ 522,033
INTERGOVERNMENTAL	-	264,565	-	264,565
CHARGES FOR SERVICES	857,832	-	-	857,832
INVESTMENT EARNINGS	724	1,775	-	2,499
MISCELLANEOUS	12,608	-	-	12,608
TOTAL REVENUES	1,393,197	266,340	-	1,659,537
EXPENDITURES:				
CURRENT:				
PUBLIC SAFETY	-	-	10,796	10,796
ECONOMIC ENVIRONMENT	1,373,121	-	-	1,373,121
CAPITAL OUTLAY	-	111,612	58,790	170,401
TOTAL EXPENDITURES	1,373,121	111,612	69,586	1,554,319
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	20,076	154,728	(69,586)	105,218
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	(96,937)	(11,894)	-	(108,831)
TOTAL OTHER FINANCING SOURCES AND USES	(96,937)	(11,894)	-	(108,831)
NET CHANGE IN FUND BALANCES	(76,861)	142,834	(69,586)	(3,613)
FUND BALANCES - BEGINNING	787,568	903,937	229,711	1,921,216
FUND BALANCES - ENDING	\$ 710,707	\$ 1,046,771	\$ 160,125	\$ 1,917,603



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, 2012

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	LIMITED TAX G.O. BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2003 (REF 1994)	LIMITED TAX G.O. BONDS / G.O. REFUNDING 2008 (REF 1999)	LIMITED TAX BONDS G.O. BONDS 2009A
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 956,671	\$ 246	\$ 217	\$ 126
INVESTMENTS	2,049,464	-	-	-
TOTAL ASSETS	\$ 3,006,134	\$ 246	\$ 217	\$ 126
LIABILITIES AND FUND BALANCES:				
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES:				
ASSIGNED	3,006,134	246	217	126
TOTAL FUND BALANCES	3,006,134	246	217	126
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,006,134	\$ 246	\$ 217	\$ 126

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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 2010/(REF 2000)	LIMITED TAX G.O. REFUNDING BONDS 2011 (REF 2003)	TOTAL NONMAJOR DEBT SERVICE FUNDS
\$ 995	\$ 37	\$ 4,612	\$ 14	\$ -	\$ 962,917
-	-	-	-	-	2,049,464
\$ 995	\$ 37	\$ 4,612	\$ 14	\$ -	\$ 3,012,381
-	-	-	-	-	-
995	37	4,612	14	-	3,012,381
995	37	4,612	14	-	3,012,381
\$ 995	\$ 37	\$ 4,612	\$ 14	\$ -	\$ 3,012,381

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, 2012

Page 1 of 2

	LIMITED TAX G.O. BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2003 (REF 1994)	LIMITED TAX G.O. BONDS / G.O. REFUNDING 2008 (REF 1999)	LIMITED TAX G.O. BONDS 2009A
REVENUES:				
INTERGOVERNMENTAL	\$ -	\$ -	\$ -	\$ 186,660
INVESTMENT EARNINGS	28,421	-	-	-
TOTAL REVENUES	28,421	-	-	186,660
EXPENDITURES:				
DEBT SERVICE				
PRINCIPAL	555,000	425,000	550,000	153,200
INTEREST	163,678	62,803	259,303	139,226
TOTAL EXPENDITURES	718,678	487,803	809,303	292,426
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(690,257)	(487,803)	(809,303)	(105,765)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	393,350	486,893	804,042	105,184
TOTAL OTHER FINANCING SOURCES AND USES	393,350	486,893	804,042	105,184
NET CHANGE IN FUND BALANCES	(296,907)	(910)	(5,261)	(581)
FUND BALANCES - BEGINNING	3,303,041	1,156	5,478	707
FUND BALANCES - ENDING	\$ 3,006,134	\$ 246	\$ 217	\$ 126

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LIMITED TAX G.O. BONDS 2009B	LIMITED TAX G.O. BONDS 2010A	TAXABLE BUILD AMERICA BONDS 2010B	LIMITED TAX G.O. REFUNDING BONDS 2010/(REF 2000)	LIMITED TAX G.O. REFUNDING BONDS 2011 (REF 2003)	TOTAL NONMAJOR DEBT SERVICE FUNDS
\$ -	\$ -	\$ 66,657	\$ 76,000	\$ -	\$ 329,318
-	-	-	-	-	28,421
-	-	66,657	76,000	-	357,739
-	345,000	-	201,000	25,000	2,254,200
139,226	48,975	191,102	31,910	142,243	1,178,464
139,226	393,975	191,102	232,910	167,243	3,432,664
(139,226)	(393,975)	(124,445)	(156,910)	(167,243)	(3,074,925)
139,605	393,975	123,793	156,910	167,243	2,770,995
139,605	393,975	123,793	156,910	167,243	2,770,995
379	-	(652)	-	-	(303,932)
616	37	5,264	14	-	3,316,313
\$ 995	\$ 37	\$ 4,612	\$ 14	\$ -	\$ 3,012,381



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, 2012

	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	FIRE IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,105,864	\$ 287	\$ 348,010	\$ 2,454,161
RECEIVABLES:				
DUE FROM OTHER GOVERNMENTAL UNITS	-	970,035	-	970,035
CURRENT ASSETS RESTRICTED:				
CASH AND CASH EQUIVALENTS	-	164,312	-	164,312
TOTAL ASSETS	2,105,864	1,134,634	348,010	3,588,508
LIABILITIES AND FUND BALANCES:				
CURRENT PAYABLES:				
ACCRUED WAGES AND BENEFITS	-	1,496	-	1,496
ACCOUNTS PAYABLE	344	168,360	-	168,704
RETAINAGE PAYABLE	-	50,948	-	50,948
OTHER CURRENT LIABILITIES	100,000	-	-	100,000
TOTAL LIABILITIES	100,344	220,804	-	321,148
FUND BALANCES:				
RESTRICTED	-	164,312	348,010	512,322
ASSIGNED	2,005,520	749,518	-	2,755,039
TOTAL FUND BALANCES	2,005,520	913,830	348,010	3,267,360
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,105,864	\$ 1,134,634	\$ 348,010	\$ 3,588,508

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, 2012

	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	FIRE IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES:				
CHARGES FOR SERVICES	-	-	33,686	33,686
INTERGOVERNMENTAL	-	1,169,003	-	1,169,003
INVESTMENT EARNINGS	3,752	885	505	5,142
MISCELLANEOUS	-	4,939	-	4,939
TOTAL REVENUES	3,752	1,174,827	34,191	1,212,770
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	160,334	-	160,334
PHYSICAL ENVIRONMENT	-	1,348,560	-	1,348,560
CAPITAL OUTLAY	24,120	544,043	-	568,162
TOTAL EXPENDITURES	24,120	2,052,937	-	2,077,056
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(20,368)	(878,109)	34,191	(864,286)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	-	1,210,000	-	1,210,000
TRANSFERS OUT (Note 5)	(1,127)	(26,673)	-	(27,800)
TOTAL OTHER FINANCING SOURCES AND USES	(1,127)	1,183,327	-	1,182,200
NET CHANGE IN FUND BALANCES	(21,495)	305,218	34,191	317,913
FUND BALANCES - BEGINNING	2,027,015	608,612	313,819	2,949,446
FUND BALANCES - ENDING	\$ 2,005,520	\$ 913,830	\$ 348,010	\$ 3,267,360



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-Active Employees

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 STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2012

	EQUIPMENT RENTAL	INSURANCE ACTIVE EMPLOYEES	INSURANCE- LEOFF I RETIREES	TOTAL INTERNAL SERVICE FUNDS
ASSETS:				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 3,310,257	\$ 1,967,224	\$ 1,921,032	7,198,512
INVESTMENTS	857,133	4,423,037	-	5,280,170
RECEIVABLES:				
CUSTOMER ACCOUNTS	395	-	-	395
INTEREST ON INVESTMENTS	2,423	42,375	-	44,798
INVENTORY OF MATERIALS AND SUPPLIES	12,319	-	-	12,319
TOTAL CURRENT ASSETS	4,182,527	6,432,636	1,921,032	12,536,195
CAPITAL ASSETS:				
MACHINERY AND EQUIPMENT	9,390,266	-	-	9,390,266
LESS: ACCUMULATED DEPRECIATION	(7,344,507)	-	-	(7,344,507)
TOTAL CAPITAL ASSETS (NET OF A/D)	2,045,759	-	-	2,045,759
TOTAL NONCURRENT ASSETS	2,045,759	-	-	2,045,759
TOTAL ASSETS	6,228,286	6,432,636	1,921,032	14,581,953
LIABILITIES:				
ACCRUED WAGES AND BENEFITS	17,892	-	-	17,892
OTHER CURRENT LIABILITIES	32,240	1,638,250	209,500	1,879,990
TOTAL LIABILITIES	50,132	1,638,250	209,500	1,897,882
NET POSITION:				
NET INVESTMENT IN CAPITAL ASSETS	2,045,759	-	-	2,045,759
UNRESTRICTED	4,132,395	4,794,386	1,711,532	10,638,313
TOTAL NET POSITION	\$ 6,178,154	\$ 4,794,386	\$ 1,711,532	\$ 12,684,072

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	EQUIPMENT RENTAL	INSURANCE ACTIVE EMPLOYEES	INSURANCE- LEOFF I RETIREES	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
CHARGES FOR SERVICES	\$ 2,383,875	\$ 4,330,231	\$ 467,007	\$ 7,181,113
INTERGOVERNMENTAL	10,783	-	-	10,783
OTHER OPERATING REVENUE	252	63,766	-	64,018
TOTAL OPERATING REVENUES	2,394,911	4,393,996	467,007	7,255,914
OPERATING EXPENSES:				
OPERATIONS & MAINTENANCE	1,351,217	4,764,454	383,408	6,499,079
DEPRECIATION	717,452	-	-	717,452
TOTAL OPERATING EXPENSES	2,068,669	4,764,454	383,408	7,216,531
OPERATING INCOME (LOSS)	326,241	(370,457)	83,599	39,383
NON-OPERATING REVENUE (EXPENSE):				
INVESTMENT EARNINGS	47,672	261,668	3,565	312,905
SALE OF CAPITAL ASSETS	59,790	-	-	59,790
TOTAL NON-OPERATING REVENUE (EXPENSE)	107,462	261,668	3,565	372,695
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	433,703	(108,789)	87,164	412,078
TRANSFERS OUT (Note 5)	(309,667)	(80,305)	(4,619)	(394,591)
CHANGE IN NET POSITION	124,036	(189,094)	82,545	17,487
TOTAL NET POSITION BEGINNING OF YEAR	6,054,118	4,983,480	1,628,987	12,666,585
TOTAL NET POSITION END OF YEAR	\$ 6,178,154	\$ 4,794,386	\$ 1,711,532	\$ 12,684,072

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM USERS	\$ 2,383,480	\$ 4,393,996	\$ 467,007	\$ 7,244,484
CASH PAID TO SUPPLIERS	(787,463)	(4,764,454)	(383,407)	(5,935,324)
CASH PAID FOR INVENTORY	(48,317)	-	-	(48,317)
CASH PAID TO EMPLOYEES	(477,030)	-	-	(477,030)
OTHER CASH RECEIVED (PAID)	-	138,650	16,300	154,950
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,070,670	(231,808)	99,900	938,763
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
OPERATING GRANT RECEIVED	10,783	-	-	10,783
TRANSFERS OUT	(309,667)	(80,305)	(4,619)	(394,591)
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	(298,884)	(80,305)	(4,619)	(383,808)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
PROCEEDS FROM SALE OF EQUIPMENT	79,251	-	-	79,251
PURCHASE OF CAPITAL ASSETS	(233,086)	-	-	(233,086)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(153,835)	-	-	(153,835)
CASH FLOW FROM INVESTING ACTIVITIES:				
PROCEEDS FROM SALE OF INVESTMENTS	1,665,791	1,003,475	-	2,669,266
PURCHASE OF INVESTMENTS	(785,000)	(123,579)	-	(908,579)
INTEREST RECEIVED	(10,385)	266,701	3,565	259,881
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	870,406	1,146,597	3,565	2,020,568
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,488,358	834,484	98,846	2,421,688
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	1,821,899	1,132,739	1,822,186	4,776,824
CASH AND CASH EQUIVALENTS-END OF YEAR	<u>\$ 3,310,257</u>	<u>\$ 1,967,224</u>	<u>\$ 1,921,032</u>	<u>\$ 7,198,512</u>
CASH AT END OF YEAR CONSISTS OF:				
CASH AND CASH EQUIVALENTS	\$ 3,310,257	\$ 1,967,224	\$ 1,921,032	7,198,512
TOTAL CASH	<u>\$ 3,310,257</u>	<u>\$ 1,967,224</u>	<u>\$ 1,921,032</u>	<u>\$ 7,198,512</u>

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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)	\$ 326,241	\$ (370,457)	\$ 83,599	\$ 39,383
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	717,452	-	-	717,452
ASSET (INCREASES) DECREASES :				
MISCELLANEOUS A/R-REVENUE	5,412	-	-	5,412
INVENTORY	(5,429)	-	-	(5,429)
LIABILITY INCREASES (DECREASES) :				
ACCOUNTS & VOUCHERS PAYABLE	26,993	138,649	16,300	181,942
TOTAL ADJUSTMENTS	744,429	138,649	16,300	899,378
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,070,670</u>	<u>\$ (231,808)</u>	<u>\$ 99,900</u>	<u>\$ 938,763</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	44,655	401,949	-	446,604
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	<u>\$ 44,655</u>	<u>\$ 401,949</u>	<u>\$ -</u>	<u>\$ 446,604</u>



City of Tukwila
STATISTICAL SECTION

December 31, 2012

Financial Trends Information

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

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Revenue Capacity Information

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

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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.

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Demographic and Economic Information

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

Schedule 19	Demographic Statistics.....	163
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Operating Information

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

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Schedule 23	Capital Assets by Function	167

CITY OF TUKWILA
SCHEDULE 1
NET POSITION BY COMPONENT^(a)
 LAST TEN FISCAL YEARS ^(b)

Page 1 of 2

	2003 ^(b)	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 118,950,364	\$ 123,038,903	\$ 129,855,251	\$ 133,129,382	\$ 136,053,013
Restricted	809,002	1,107,362	1,305,239	1,305,239	1,233,234
Unrestricted	24,341,822	25,873,104	25,289,571	29,506,541	35,520,681
Total governmental activities net position	\$ 144,101,188	\$ 150,019,369	\$ 156,450,061	\$ 163,941,162	\$ 172,806,928
Business-type activities:					
Invested in capital assets, net of related debt	\$ 29,807,787	\$ 30,848,350	\$ 31,370,812	\$ 34,017,190	\$ 36,083,972
Restricted	887,398	960,485	577,587	435,995	441,073
Unrestricted	9,070,664	9,664,654	9,909,896	12,070,451	11,267,171
Total business-type activities net position	\$ 39,765,849	\$ 41,473,489	\$ 41,858,295	\$ 46,523,636	\$ 47,792,216
Primary government:					
Invested in capital assets, net of related debt	\$ 148,758,151	\$ 153,887,253	\$ 161,226,063	\$ 167,146,572	\$ 172,136,985
Restricted	1,696,400	2,067,847	1,882,826	1,741,234	1,674,307
Unrestricted	33,412,486	35,537,758	35,199,467	41,576,992	46,787,852
Total primary government net position	\$ 183,867,037	\$ 191,492,858	\$ 198,308,356	\$ 210,464,798	\$ 220,599,144

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

2008	2009	2010	2011	2012
\$ 136,742,368	\$ 155,847,012	\$ 177,078,793	\$ 199,511,779	\$ 203,206,940
19,720,546	16,360,097	23,005,792	5,019,817	2,749,680
18,476,837	16,031,473	12,119,923	21,479,064	20,194,333
<u>\$ 174,939,751</u>	<u>\$ 188,238,582</u>	<u>\$ 212,204,508</u>	<u>\$ 226,010,660</u>	<u>\$ 226,150,953</u>
\$ 36,071,402	\$ 38,052,488	\$ 44,759,489	\$ 52,134,799	\$ 52,911,741
439,100	438,619	430,444	430,444	430,444
13,335,836	10,987,162	11,158,081	10,225,558	11,011,319
<u>\$ 49,846,338</u>	<u>\$ 49,478,269</u>	<u>\$ 56,348,014</u>	<u>\$ 62,790,801</u>	<u>\$ 64,353,504</u>
\$ 172,813,770	\$ 193,899,500	\$ 221,838,282	\$ 248,636,920	\$ 253,253,170
20,159,646	16,798,716	23,436,236	5,450,261	3,180,123
31,812,673	27,018,635	23,278,004	34,714,280	34,071,164
<u>\$ 224,786,089</u>	<u>\$ 237,716,851</u>	<u>\$ 268,552,522</u>	<u>\$ 288,801,461</u>	<u>\$ 290,504,457</u>

CITY OF TUKWILA, WASHINGTON
SCHEDULE 2
CHANGES IN NET POSITION ^(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 Position			
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
Miscellaneous	-	-	-
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 Position			
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	2012
\$ 7,456,335	\$ 4,723,103	\$ 6,689,659	\$ 7,052,717	\$ 9,150,573	\$ 8,343,107
21,726,932	24,147,992	26,959,352	26,088,644	25,348,318	26,598,432
2,764,373	2,862,487	2,575,405	2,533,394	2,885,175	3,625,696
5,310,247	5,864,297	5,541,367	6,015,197	6,872,708	7,314,707
3,890,845	5,017,935	4,637,531	4,579,338	4,712,832	4,801,342
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	4,242,725
896,215	1,844,224	753,904	1,061,419	472,438	1,152,063
46,555,374	49,262,067	52,075,806	52,091,924	53,650,459	56,078,072
7,046,603	7,293,362	9,293,434	9,343,368	10,092,903	10,149,557
1,849,542	1,968,595	2,050,172	1,935,014	1,986,747	1,701,131
1,920,194	1,762,417	2,299,394	2,476,170	2,588,098	2,699,767
10,816,339	11,024,374	13,643,000	13,754,552	14,667,748	14,550,455
<u>\$ 57,371,713</u>	<u>\$ 60,286,441</u>	<u>\$ 65,718,806</u>	<u>\$ 65,846,476</u>	<u>\$ 68,318,207</u>	<u>\$ 70,628,527</u>
\$ 1,590,553	\$ 895,966	\$ 1,136,642	\$ 1,080,801	\$ 2,462,671	\$ 1,332,418
425,241	1,184,530	572,094	819,043	809,806	684,744
25,341	1,200	-	6,200	7,572	4,939
133,500	130,637	103,311	571,110	345,373	1,004,911
2,319,634	2,476,501	1,001,511	1,787,274	1,722,285	2,323,528
777,484	711,542	647,354	811,679	1,001,117	481,404
1,692,766	1,325,163	3,386,269	2,139,029	2,250,601	4,411,618
3,746,743	2,282,592	14,784,074	23,992,563	18,495,127	1,581,882
10,711,262	9,008,131	21,631,255	31,207,699	27,094,552	11,825,444
8,272,647	8,621,909	10,124,653	9,665,095	11,711,242	11,758,658
1,272,425	1,563,681	1,424,595	1,425,327	1,304,016	1,448,729
2,208,549	2,642,325	2,641,313	3,029,630	3,355,956	3,827,010
-	-	-	-	-	-
347,416	756,400	515,633	7,390,545	1,993,537	135,603
12,101,037	13,584,315	14,706,194	21,510,597	18,364,751	17,170,000
22,812,299	22,592,446	36,337,449	52,718,296	45,459,303	28,995,444
(35,844,111)	(40,253,937)	(30,444,551)	(20,884,225)	(26,555,907)	(44,252,628)
1,284,700	2,559,941	1,063,194	7,756,045	3,697,003	2,619,546
<u>\$(34,559,411)</u>	<u>\$(37,693,996)</u>	<u>\$(29,381,357)</u>	<u>\$(13,128,180)</u>	<u>\$(22,858,904)</u>	<u>\$(41,633,082)</u>
\$ 11,302,099	\$ 11,656,979	\$ 11,901,072	\$ 13,363,096	\$ 13,443,137	\$ 14,131,605
19,355,867	18,009,297	14,588,297	14,669,328	15,796,054	15,441,683
344,748	643,037	748,772	533,811	317,531	232,208
583,232	587,216	489,806	458,092	555,682	522,033
3,666,079	5,136,444	7,390,860	5,600,683	7,534,260	5,535,966
2,236,675	2,497,705	3,196,178	4,205,574	667,679	2,497,606
4,127,360	983,078	367,198	507,798	2,170,293	2,860,948
217,600	874,046	2,233,445	1,951,936	2,085,740	1,895,647
1,727,879	801,847	246,287	108,929	275,477	116,694
13,652	(186,663)	980,267	-	-	-
-	-	-	-	-	101,688
1,134,683	1,383,774	1,601,200	1,399,310	525,864	1,056,843
44,709,874	42,386,760	43,743,382	42,798,557	43,371,717	44,392,921
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)	(1,056,843)
(16,120)	(505,819)	(1,431,262)	(886,300)	(263,874)	(1,056,843)
<u>\$ 44,693,754</u>	<u>\$ 41,880,941</u>	<u>\$ 42,312,120</u>	<u>\$ 41,912,257</u>	<u>\$ 43,107,843</u>	<u>\$ 43,336,078</u>
\$ 8,865,765	\$ 2,132,823	\$ 13,298,831	\$ 21,914,332	\$ 16,815,810	\$ 140,293
1,268,580	2,054,122	(368,068)	6,869,745	3,433,129	1,562,703
<u>\$ 10,134,345</u>	<u>\$ 4,186,945</u>	<u>\$ 12,930,763</u>	<u>\$ 28,784,077</u>	<u>\$ 20,248,939</u>	<u>\$ 1,702,996</u>

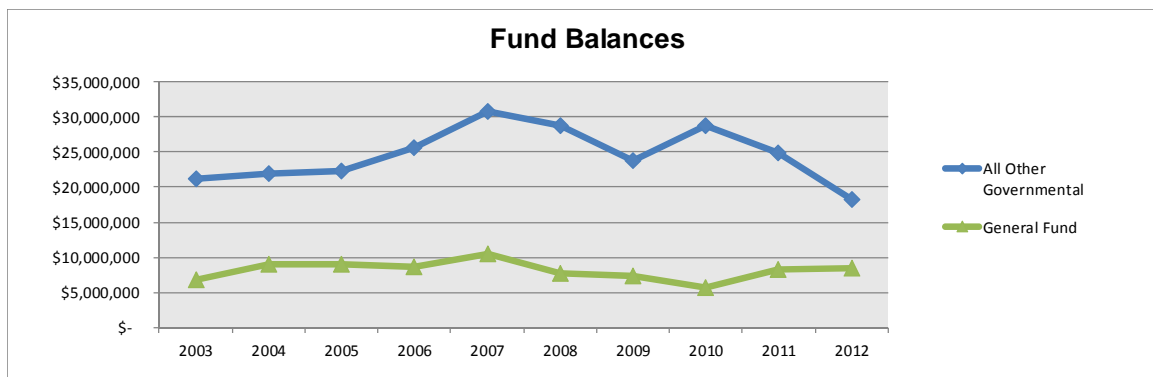
CITY OF TUKWILA, WASHINGTON
SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Page 1 of 2

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

Source:

Tukwila Finance Department



Page 2 of 2

2007	2008	2009	2010	2011	2012
\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -
-	-	-	-	-	-
-	-	-	-	18,000	-
-	-	-	-	-	-
-	-	-	-	8,237,141	8,378,557
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>	<u>\$ 8,378,557</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	5,014,817	2,749,681
-	-	-	-	402,306	-
-	-	-	-	11,127,221	7,021,183
-	-	-	-	-	-
-	-	-	-	-	-
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>	<u>\$ 9,770,864</u>

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

page 1 of 2

	2003	2004	2005	2006
Revenues				
Taxes	\$ 31,986,222	\$ 34,148,173	\$ 34,624,875	\$ 37,801,814
Licenses and Permits	785,823	808,821	1,002,683	1,273,228
Intergovernmental	15,005,227	6,306,463	5,672,810	7,083,032
Charges for Services	1,796,946	2,919,115	2,649,678	2,345,931
Fines and Forfeitures	245,585	147,137	116,737	221,097
Investment Income	222,460	356,625	638,196	1,159,971
Miscellaneous	1,066,247	993,386	1,000,775	1,397,585
Total Revenues	51,108,510	45,681,724	45,705,754	51,282,658
Expenditures				
General Government	5,892,912	5,982,594	6,136,540	6,882,594
Public Safety	17,532,136	18,393,514	19,604,151	20,953,226
Physical Environment	1,509,946	883,914	788,105	2,139,959
Transportation	4,779,885	2,620,038	1,705,692	2,447,096
Economic Environment	3,429,674	3,461,092	3,384,928	3,539,657
Mental & Physical Health	-	-	-	3,683
Culture and Recreation	2,985,083	3,187,113	3,358,583	3,687,580
Debt Service				
Principal	754,000	804,000	851,000	888,000
Interest	924,964	1,057,974	1,033,474	1,006,161
Bond Issuance Costs	112,363	-	-	-
Capital Outlay	15,636,782	8,057,070	7,344,326	6,540,452
Total Expenditures	53,557,745	44,447,309	38,070,259	48,088,408
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,449,235)	1,232,411	1,498,955	3,194,250
Other Financing Sources (Uses)				
Transfers In	5,513,212	350,000	150,000	2,143,581
Transfers Out	(5,288,570)	(900,000)	(1,305,000)	(2,430,769)
Capital Leases	-	-	-	-
Sale of Capital Assets	-	-	35,600	296,451
General Obligation Bonds Issued	6,277,500	-	-	-
General Obligation Refunding Bonds Issued	4,195,000	-	-	-
Operating Loan-Tukwila MPD	-	-	-	-
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)	6,571,966	(550,000)	(1,119,400)	9,263
Net Change in Fund Balances	\$ 4,122,731	\$ 682,411	\$ 379,555	\$ 3,203,513
Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	5.0%	5.4%	5.4%	4.8%

Note:

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

Source:

Tukwila Finance Department

page 2 of 2

	2007	2008	2009	2010	2011	2012
\$	39,660,792	\$ 37,412,569	\$ 37,167,281	\$ 37,267,918	\$ 38,035,681	\$ 41,502,608
	1,827,709	2,022,851	1,283,463	1,618,830	3,473,910	1,604,594
	6,403,217	5,697,598	17,596,486	14,525,872	24,059,907	7,626,487
	2,024,892	2,569,381	1,443,680	2,366,174	2,359,600	3,974,356
	266,188	259,991	301,761	390,079	308,027	220,752
	1,425,423	926,913	282,604	144,258	275,479	106,286
	1,751,145	816,054	701,957	891,307	356,409	131,979
	53,359,366	49,705,357	58,777,232	57,204,438	68,869,013	55,167,062
	7,034,602	7,992,286	8,574,563	8,387,317	8,253,440	8,504,511
	21,038,810	22,878,689	25,576,932	24,676,370	24,327,498	24,918,306
	2,196,422	2,255,880	2,058,913	1,724,147	2,060,482	3,022,516
	2,413,390	2,783,077	2,334,298	2,332,178	2,676,511	2,769,182
	3,878,658	4,995,514	4,601,391	4,541,845	4,682,646	4,767,944
	4,204	4,173	4,332	4,539	4,591	-
	3,938,779	4,293,658	4,365,023	4,163,503	3,507,150	3,373,000
	930,000	972,000	1,316,297	1,555,028	1,766,774	1,991,540
	914,584	872,224	778,018	849,148	881,850	1,178,464
	-	-	-	-	-	-
	7,243,879	6,089,703	16,860,362	11,513,976	25,643,704	12,099,293
	49,593,328	53,137,204	66,470,129	59,748,051	73,804,646	62,624,756
	4,036,039	(3,431,846)	(7,692,894)	(2,543,613)	(4,935,633)	(7,457,694)
	2,266,349	2,515,982	3,865,744	2,461,806	11,001,619	7,625,792
	(1,131,666)	(1,107,543)	(2,234,444)	(1,020,857)	(10,061,205)	(6,174,358)
	-	-	-	110,509	15,468	-
	100	53,592	1,014,608	27,308	21,406	9,903
	-	-	-	6,935,000	5,055,688	-
	-	6,180,000	6,947,574	-	-	-
	-	-	-	-	-	(658,706)
	-	-	-	112,151	-	-
	-	483,599	-	-	-	-
	-	(108,326)	-	-	-	-
	-	(6,555,273)	(6,880,397)	(1,069,000)	(5,055,688)	-
	1,134,783	1,462,031	2,713,085	7,556,917	977,288	802,631
\$	5,170,822	\$ (1,969,815)	\$ (4,979,809)	\$ 5,013,304	\$ (3,958,345)	\$ (6,655,064)
	4.6%	4.1%	4.4%	5.2%	5.8%	6.7%

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
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
2012	14,072,015	15,441,683	4,001,385	3,201,098	2,497,606	2,288,822	41,502,608
change 2002-2011	42.8%	-4.5%	73.2%	-8.5%	479.2%	423.7%	29.8%

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.

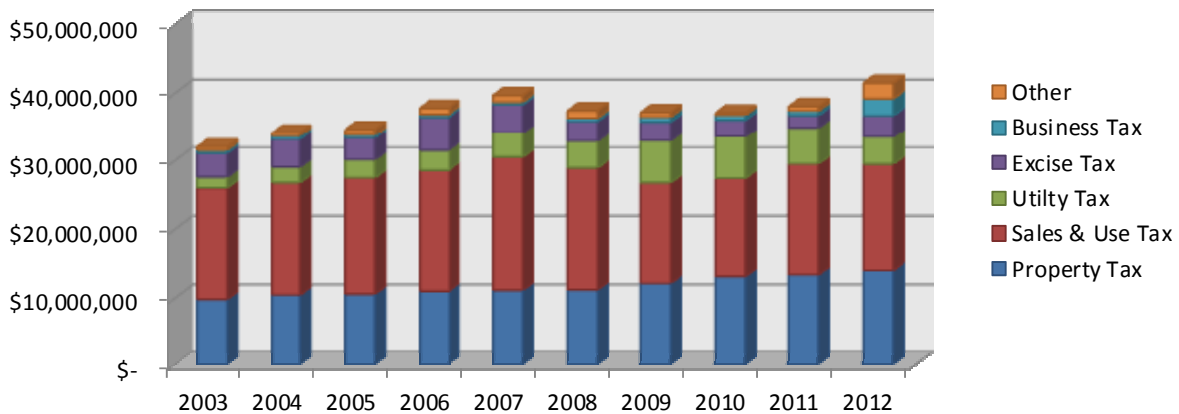
A utility tax rate of 10.0% was added in 2010 on the City's water, sewer, and stormwater utilities.

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

Source:

Tukwila Finance Department

Tax Revenue by Source



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
2003	\$ 10,136,315	\$ 9,924,909	97.91%	\$ 210,119	\$ 10,135,028	99.99%
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%	137,447	10,731,200	100.00%
2006	10,973,030	10,844,728	98.83%	124,953	10,969,681	99.97%
2007	11,177,532	10,994,127	98.36%	181,457	11,175,584	99.98%
2008	11,411,293	11,194,247	98.10%	213,805	11,408,051	99.97%
2009	12,283,193	12,017,213	97.83%	255,352	12,272,564	99.91%
2010	13,234,489	13,152,036	99.38%	38,253	13,190,289	99.67%
2011	13,385,080	13,225,338	98.81%	91,997	13,317,336	99.49%
2012	13,705,220	13,521,621	98.66%	-	13,521,621	98.66%

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
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
2012	3,778,571,709	736,480,616	134,138,983	4,649,191,308	2.98778

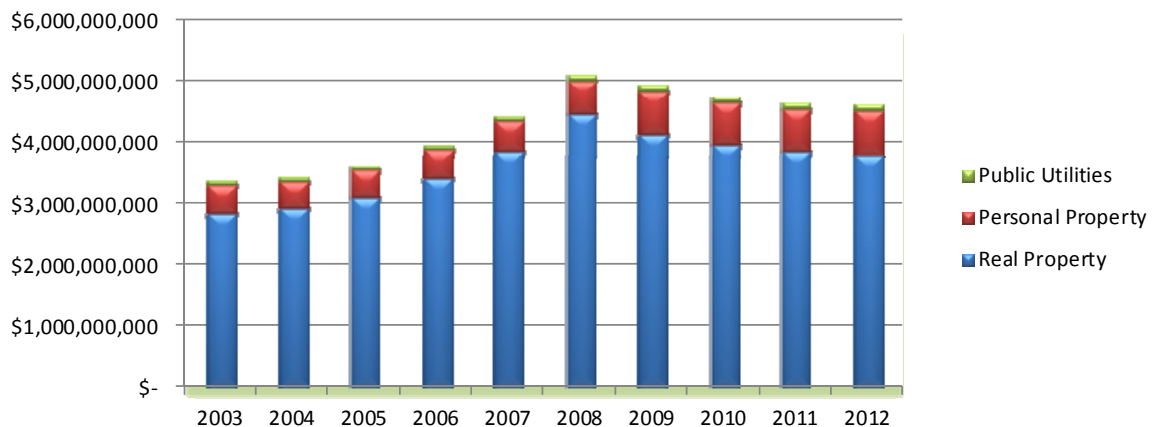
Note:

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

Source:

King County Department of Assessments

Assessed Value By Type



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

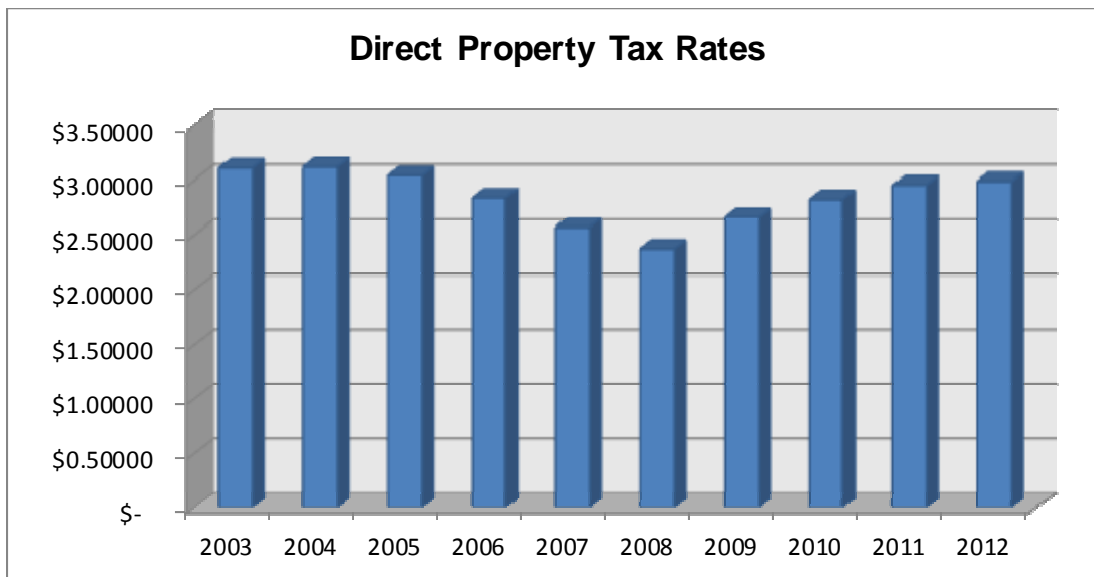
-----CITY OF TUKWILA-----											
Fiscal Year	General Levy	Special Levy	Total	WA State	King County ^(a)	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Hospital District #1	Total
2003	\$3.10754	\$ -	\$3.10754	\$2.75678	\$ 1.96799	\$0.25402	\$ 0.23717	\$ 5.05267	\$ 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
2012	2.98778	-	2.98778	2.56720	2.11172	0.23324	0.30000	5.69832	0.13210	0.50000	14.53036

Note:

^(a) Includes King County Library District tax and Ferry

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	2012 Assessed Valuation	Percent of 2012 Total Assessed Value ^(a)	2003 Assessed Valuation	Percent of 2002 Total Assessed Value ^(b)
Boeing Company	Airplane company	\$ 490,724,957	10.56%	\$ 434,871,892	12.9%
WEA Southcenter LLC	Department Stores	295,766,166	6.36%	132,667,647	3.9%
La Pianta LP/Segale Properties	Commercial Properties	161,151,755	3.47%	67,619,800	2.0%
KIR Tukwila 050 LLC/KIMCO	Commercial Properties	81,486,500	1.75%		
E Property Tax Dept	Commercial Properties	66,723,700	1.44%		
Walton CWWA Eproperty Tax Incorporated (McElroy)	Investment Property	58,562,300	1.26%	19,438,600	0.6%
Boeing Employees Credit Union	Credit Union	41,292,565	0.89%	58,056,588	1.7%
Sea-Tuk Warehouse LLC	Food Distribution	34,167,200	0.73%	18,332,500	0.5%
Wig Properties LLC (JC Penney)	Department Stores	32,877,852	0.71%	10,694,100	0.3%
Anne Arundel Apartments LLC	Apartments	30,034,300	0.65%		
Jorgensen Forge Corporation	Steel Manufacturer	29,667,335	0.64%	9,367,255	0.3%
Federated Department Stores (Macys)	Department Stores	29,561,600	0.64%	33,668,500	1.0%
Puget Sound Energy/Gas - Electric	Electric/Gas Utility	26,771,162	0.58%	21,770,807	0.6%
Southcenter Corporate Square	Hair Loss Center	26,070,700	0.56%		
BRCP Riverview Plaza LLC	Commercial Properties	25,353,700	0.55%		
Koar-Seatac Partners LP (Embassy Suites)	Lodging	22,718,522	0.49%	16,821,766	0.5%
Merrill Creek Holding LLC (Kenworth Motors)	Truck Manufacturer	20,112,600	0.43%	15,029,000	0.4%
CHA Southcenter LLC (Doubletree Inn)	Lodging	17,277,300	0.37%	16,754,400	0.5%
Harnish Group Incorporated	Truck Equipment	17,150,770	0.37%	10,135,918	0.3%
Low e's HW Incorporated	Home Improvement	16,521,414	0.36%	15,273,613	0.5%
Sterling Realty Organization	Commercial Properties	14,292,600	0.31%		
Hill Investment Company	Commercial Properties	7,445,700	0.16%	6,007,100	0.2%
Qwest Corporation (US West Communications)	Telephone Utility	5,170,472	0.11%	19,556,132	0.6%
AMB Institutional Alliance	Commercial Properties		0.00%	73,517,700	2.2%
Group Health Cooperative	Healthcare Admin		0.00%	30,012,408	1.0%
Heitman	Commercial Properties		0.00%	43,561,900	1.4%
Calwest Industrial	Property Management		0.00%	42,612,000	1.4%
TOTALS		\$ 1,550,901,170	33.36%	\$ 1,095,769,626	32.8%

Notes:

^(a) In 2012 the total assessed property value in the City of Tukwila was \$4,649,191,308.

^(b) In 2003 the total assessed property value in the City of Tukwila was \$3,384,090,709.

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	2003	2004	2005 ^(a)
Construction and Contracting	\$ 1,119,595	\$ 958,758	\$ 676,427
Finance, Insurance & Real Estate	54,992	82,794	102,130
Manufacturing	520,474	446,965	503,778
Transportation, Communications & Utilities	377,596	387,148	384,703
Wholesale - Durable/Non-durable Goods	1,761,749	1,862,528	2,337,018
Retail Trade - General Merchandise	2,545,631	2,574,671	2,563,103
Retail Trade - Furniture/Home Furnishings	2,304,037	2,405,967	2,342,553
Retail Trade - Miscellaneous	1,723,147	1,735,045	1,497,474
Retail Trade - Clothing & Accessories	1,197,591	1,247,109	1,636,183
Retail Trade - Restaurants	933,886	1,031,625	1,072,275
Retail Trade - Automotive/Gas	847,864	982,413	980,006
Retail Trade - Building Materials	763,013	850,109	815,379
Service Industries - Business	530,833	488,857	979,752
Service Industries - Hotels	361,789	355,514	406,547
Service Industries - Other	507,935	486,215	278,041
All Other Categories	292,827	288,169	188,540
Total Retail Sales Tax Collections	\$ 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	2012
\$ 1,166,088	\$ 2,018,058	\$ 1,967,785	\$ 869,640	\$ 917,250	\$ 1,390,952	\$ 961,125
93,747	121,879	118,780	119,121	99,975	115,123	143,792
450,138	590,455	375,263	246,429	387,234	232,737	390,252
436,260	483,419	492,960	440,206	441,822	405,197	432,608
2,048,517	2,457,437	1,760,449	1,436,045	1,346,750	1,119,527	1,077,613
2,667,481	2,571,601	2,231,745	2,072,356	2,068,263	2,003,947	2,000,865
2,531,049	2,399,347	1,830,576	1,304,234	1,380,407	1,771,083	1,537,143
1,642,722	1,766,853	1,718,898	1,473,496	1,521,741	1,626,452	1,703,741
1,704,213	1,838,646	2,103,630	2,017,904	2,018,304	2,037,554	2,082,930
1,119,859	1,158,424	1,312,603	1,292,252	1,342,964	1,337,067	1,472,343
1,053,184	1,026,778	1,066,183	748,482	664,310	670,806	690,076
855,243	777,870	619,657	589,341	499,383	487,620	516,861
1,141,632	1,198,690	1,129,380	868,260	882,012	932,422	928,610
453,376	531,836	548,962	453,657	428,450	459,606	487,977
278,777	294,869	318,696	283,319	215,045	202,217	234,870
205,644	179,421	185,312	208,467	366,925	553,493	381,693
\$ 17,847,930	\$ 19,415,583	\$ 17,780,879	\$ 14,423,209	\$ 14,580,835	\$ 15,345,801	\$ 15,042,499

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

	2003	2004	2005	2006	2007 ^(c)	2008 ^(d)	2009 ^(e)	2010	2011	2012
<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%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.90%	0.90%	0.90%	0.90%
Metro	0.80%	0.80%	0.80%	0.80%	0.90%	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%	8.90%	9.00%	9.50%	9.50%	9.50%	9.50%

SPECIAL SALES TAX RATES

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)	0.30%	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.

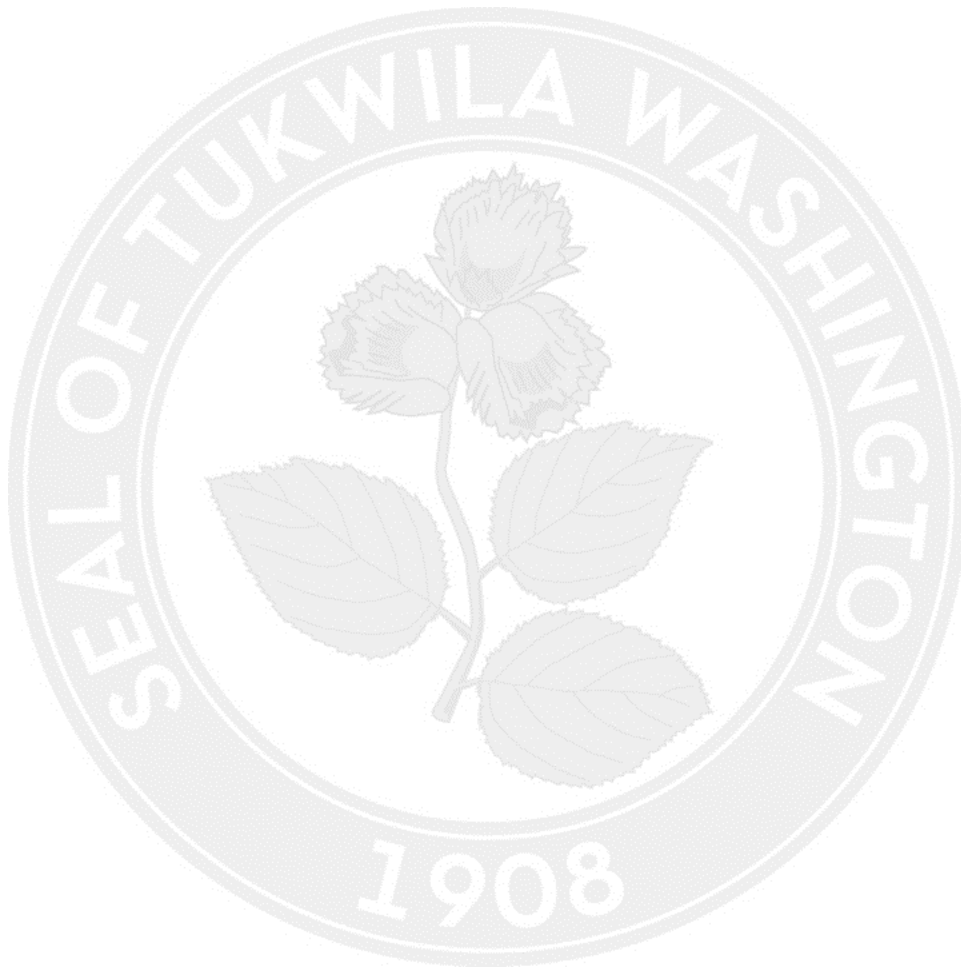
^(c) Effective April 1, 2007, King County increased the local sales & use tax rate one-tenth of one percent (.001).
The tax will be used for transportation purposes.

^(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

	2003	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds ^(c)	\$ 21,628,591	\$ 20,806,553	\$ 19,775,262	\$ 18,881,798	\$ 17,946,335
Leases	-	-	-	-	-
Total Governmental Activities	21,628,591	20,806,553	19,775,262	18,881,798	17,946,335
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	5,772,500	5,382,500	4,972,500	4,547,500	4,102,500
Revenue Bonds	4,168,910	3,710,438	3,143,360	5,824,452	5,470,162
Public Works Trust Fund Loans	1,032,364	2,924,739	4,911,253	9,781,151	9,378,506
Leases	-	-	108,818	77,947	45,587
Total Business-Type Activities	10,973,774	12,017,677	13,135,931	20,231,050	18,996,755
TOTAL PRIMARY GOVERNMENT ^(a)	\$ 32,602,365	\$ 32,824,230	\$ 32,911,193	\$ 39,112,848	\$ 36,943,090
Population ^(b)	17,270	17,240	17,110	17,930	18,000
Per Capita Personal Income ^(b)	\$ 44,704	\$ 49,533	\$ 48,789	\$ 52,655	\$ 57,409
Percentage of Personal Income	4.24%	3.87%	3.97%	4.16%	3.58%
Debt Per Capita	\$ 1,897	\$ 1,915	\$ 1,935	\$ 2,193	\$ 2,052

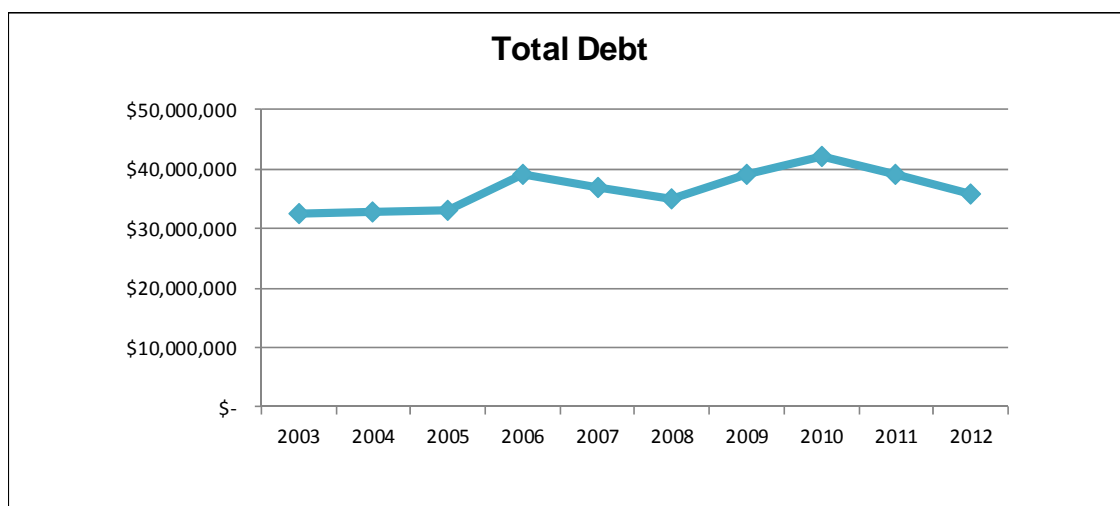
Notes:

^(a) Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements section.^(b) Reference SCHEDULE 17, Demographic Statistics, for population and personal income data.

*** Data not available at time of publication.

^(c) Includes amounts Due to Other Governments.^(d) Prior year estimated population used due to unavailability of current year estimate.

Sources:



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2008	2009	2010	2011	2012
\$ 17,261,348	\$ 22,453,003	\$ 26,763,975	\$ 28,006,800	\$ 25,752,600
-	-	40,184	35,891	-
17,261,348	22,453,003	26,804,159	28,042,691	25,752,600
3,642,500	3,423,797	3,238,825	-	-
5,112,231	4,790,000	4,395,000	3,980,000	3,540,000
9,021,951	8,405,397	7,788,843	7,179,635	6,621,342
11,666	-	-	-	-
17,788,348	16,619,194	15,422,668	11,159,635	10,161,342
\$ 35,049,696	\$ 39,072,197	\$ 42,226,827	\$ 39,202,326	\$ 35,913,942
18,080	18,170	19,107	19,486	19,486 ^(d)
\$ 58,141	\$ 56,904	\$ 44,271	\$ 43,887	***
3.33%	3.78%	4.99%	4.58%	***
\$ 1,939	\$ 2,150	\$ 2,210	\$ 2,012	\$ 1,843

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
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
2012	19,486	4,649,191,308	25,752,600	3,012,381	-	22,740,219	0.49%	1,167

Note:

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

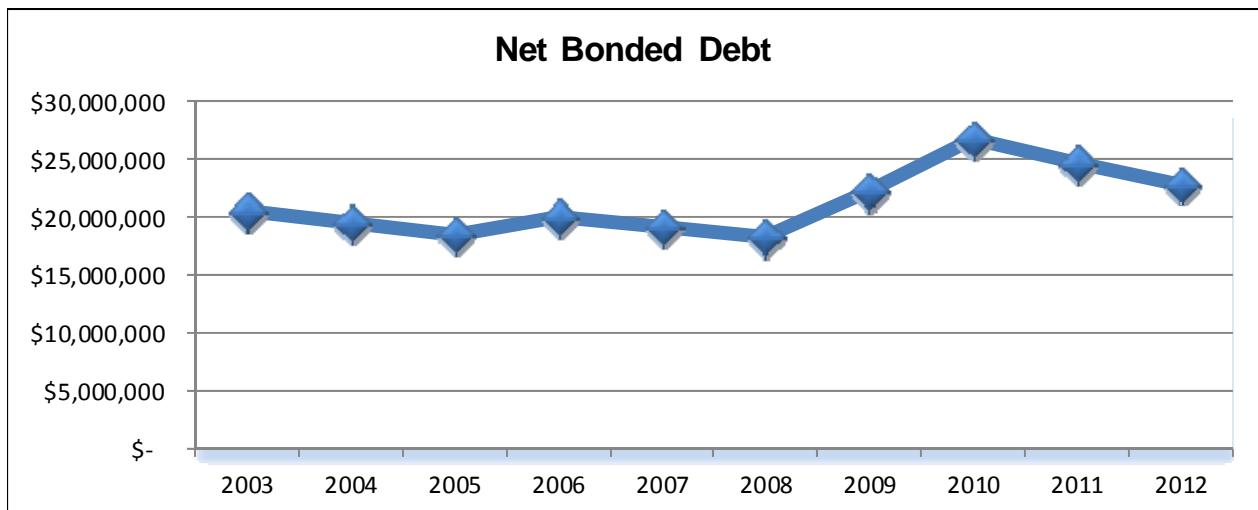
(b) These amounts are the general obligation bonds that are being repaid by the Foster Golf Course Fund.

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, 2012

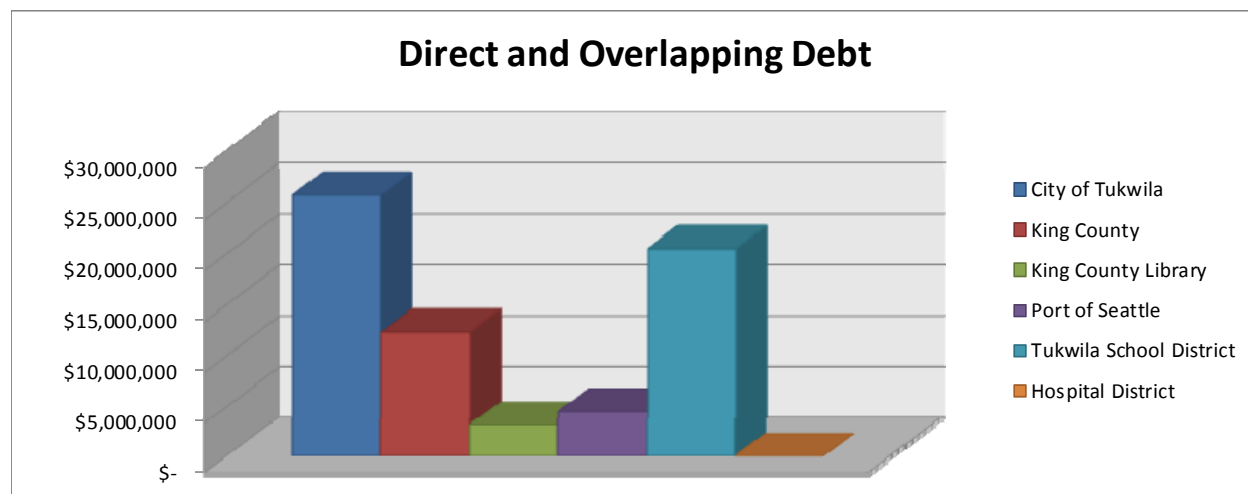
Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila ⁽¹⁾	Estimated Applicable to Tukwila
Direct:			
City of Tukwila	\$ 25,752,600	100.00%	\$ 25,752,600
Overlapping:			
King County	845,717,000	1.46%	12,347,468
King County Library	136,748,287	2.34%	3,199,910
Port of Seattle	312,005,000	1.46%	4,555,273
Tukwila School District #406	22,690,199	90.41%	20,514,209
Hospital District #1	-	5.34%	-
Total Overlapping Debt:	<u>1,317,160,486</u>		<u>40,616,860</u>
Total Direct and Overlapping Debt:	<u>\$ 1,342,913,086</u>		<u>\$ 66,369,460</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

	2003	2004	2005	2006
Debt Limit	\$ 253,806,804	\$ 258,084,264	\$ 270,791,907	\$ 296,095,014
Total net debt applicable to limit	26,358,988	24,866,638	23,407,761	24,494,996
Legal debt margin	\$ 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	10.39%	9.64%	8.64%	8.27%

Assessed Value as of December 31, 2012	\$ 4,649,191,308
Debt Limit (7.5% of assessed value)	348,689,348
Debt applicable to limit:	
General obligation bonds	25,752,600
Other long-term debt	3,144,413
	<u>28,897,013</u>
Less: Amount set aside for repayment of general obligation debt and contracts payable	51,784
Total net debt applicable to limit	28,948,797

Legal debt margin	<u><u>\$ 319,740,551</u></u>
-------------------	------------------------------

Source:

Tukwila Finance Department

Page 2 of 2

2007	2008	2009	2010	2011	2012
\$ 333,768,277	\$ 388,178,248	\$ 373,048,810	\$ 360,711,509	\$ 356,445,452	\$ 348,689,348
23,188,240	21,881,765	28,291,920	32,919,123	29,703,995	28,948,797
\$ 310,580,037	\$ 366,296,483	\$ 344,756,890	\$ 327,792,386	\$ 326,741,457	\$ 319,740,551
6.95%	5.64%	7.58%	9.13%	8.33%	8.30%

SCHEDULE 16
REVENUE BOND COVERAGE - WATER AND SEWER BONDS ^(d)
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	
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
2012 ^(d)	5,250,929	3,985,190	1,265,739	136,573	30,240	166,813	7.59

Notes:

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

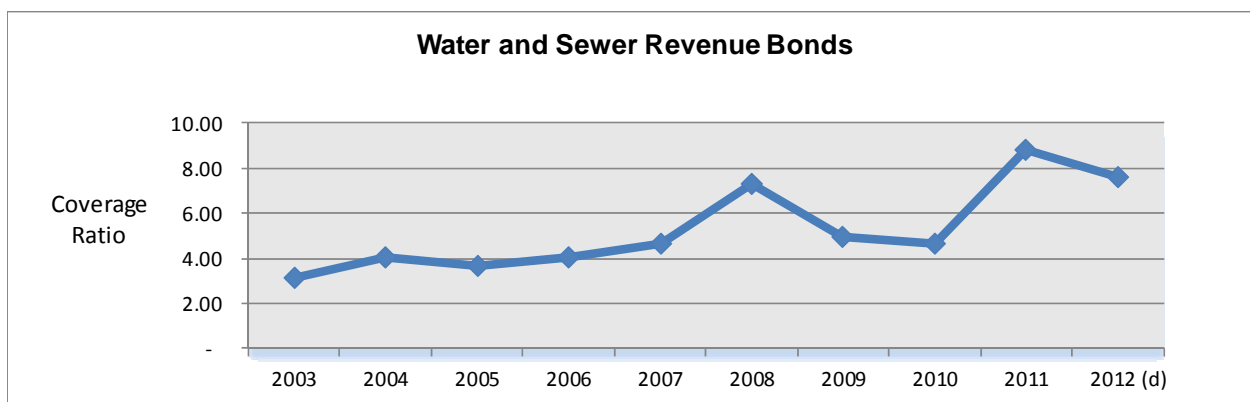
^(b) Includes operating expenses and non-operating expenses exclusive of depreciation, amortization and interest charges.

^(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.

^(d) In 2012, the Water and Sewer Bond Funds were segregated. Thus, 2012 data includes only the Water Bond Fund.

Sources:

Tukwila Finance Department



CITY OF TUKWILA, WASHINGTON
SCHEDULE 17
REVENUE BOND COVERAGE - SEWER BONDS
 2012

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	
2012	6,505,121	5,076,916	1,428,205	107,880	42,094	149,974	9.52

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 18
REVENUE BOND COVERAGE - SURFACE WATER BONDS
 LAST SEVEN 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
2012	3,761,197	1,906,766	1,854,431	20,880	8,147	29,027	63.89

Notes:

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

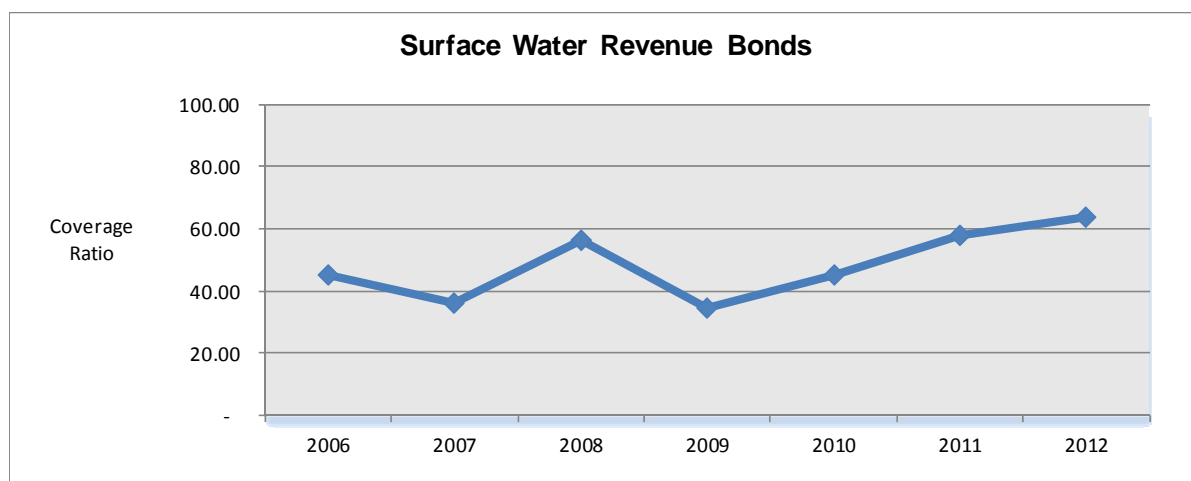
^(b) Includes operating expenses and non-operating expenses exclusive of depreciation, amortization and interest charges.

^(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 19
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)
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	43,887	838,549	3,894	4,094	2,870	7.6%
2012	19,486	***	***	3,896	4,094	2,902	7.4%

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:

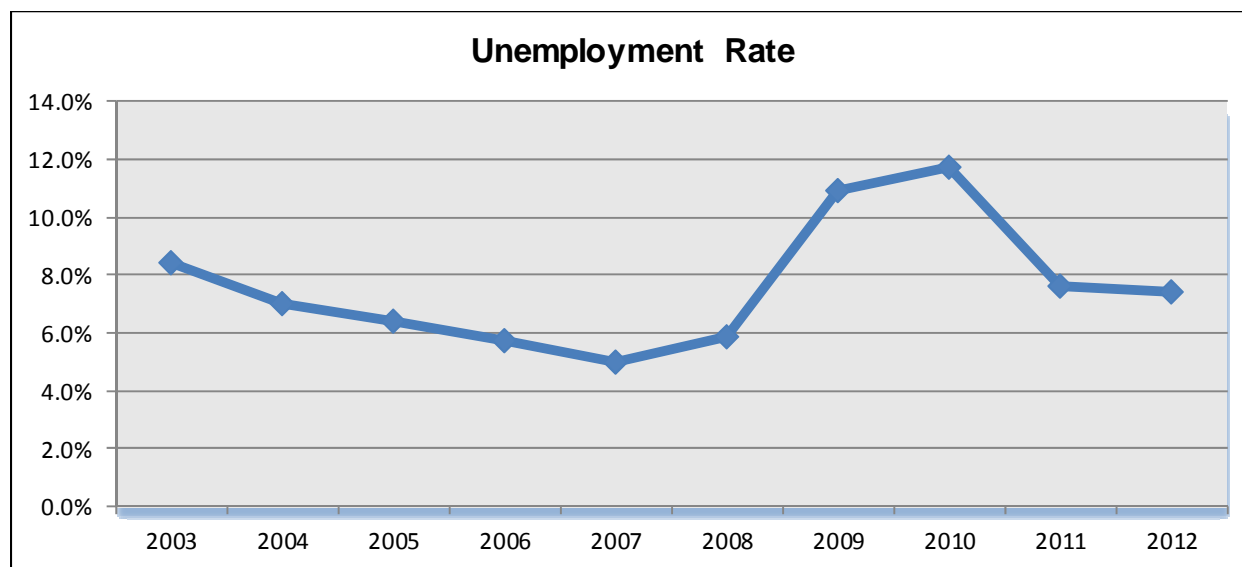
Tukwila Planning Division, Department of Community Development

State of Washington Office of Financial Management

Work Force Development Council of Seattle - King County (Unemployment Data)

Tukwila School District #406

US Bureau of Economic Analysis



CITY OF TUKWILA, WASHINGTON
SCHEDULE 20
PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Name of Company/Employer	Product or Business	2012 Full & Part-Time Employment	Percentage of Total City Employees	2003 Full & Part-Time Employment	Percentage of Total City Employees
Boeing Company	Airplane company	7,572	18.86%	6,882	17.15%
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.	2,386	5.94%	1,900	4.74%
King County Metro	Transit operating base	778	1.94%	700	1.74%
Costco Wholesale	Cash/carry Warehouse	703	1.75%	352	0.88%
Carlisle Interconnect Technologies	Wire/Cable Connectors	567	1.41%	-	0.00%
Boeing Employees Credit Union	Banking/Credit Union	543	1.35%	793	1.98%
Macy's	Department Store	445	1.11%	381	0.95%
Red Dot Corporation	Heater/air conditioning equipment	348	0.87%	246	0.61%
J.C. Penney	Department Store	337	0.84%	400	1.00%
United Parcel Service	Postal Delivery Service	335	0.83%	320	0.80%
Sub-total - Major Employers		14,014		11,974	
All Other Employment		26,142		28,148	
TOTAL EMPLOYMENT		40,156		40,122	

Source:

Tukwila Finance Department - Business Licenses

CITY OF TUKWILA, WASHINGTON
SCHEDULE 21
STAFFING LEVELS BY DEPARTMENT
 LAST TEN FISCAL YEARS

DEPARTMENT	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative Services ^(a)	21.75	21.75	22.75	23.75	26.75	19.75	-	-	-	-
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Mayor ^(b)	9.50	11.50	11.00	11.00	12.00	11.00	16.00	17.00	15.75	16.75
Human Resources ^(a)	-	-	-	-	-	-	4.00	4.00	4.00	4.00
Finance	12.00	13.00	12.00	11.00	11.00	12.00	12.00	13.00	11.00	12.00
Recreation	20.50	20.25	22.00	22.50	23.50	23.50	22.50	20.75	16.25	16.25
Community Development	20.88	19.88	20.88	20.88	20.25	24.25	24.25	23.00	22.63	23.38
Court ^(a)	-	-	-	-	-	-	9.75	8.75	8.75	9.00
Police ^(c)	81.50	78.00	81.00	83.00	80.00	83.00	82.00	80.00	83.00	88.00
Fire	64.00	63.00	67.00	65.00	66.00	64.00	63.00	65.00	66.00	67.00
Information Technology ^(a)	-	-	-	-	-	7.00	8.00	8.00	8.00	8.00
Public Works	35.00	35.00	35.00	34.00	32.00	33.00	32.00	30.00	30.00	30.00
Parks	9.50	9.50	10.50	10.25	7.50	7.50	7.50	7.50	7.50	7.50
Street	10.00	11.00	11.00	10.00	11.00	12.00	12.00	11.00	12.00	12.00
Water	5.00	5.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Sewer	3.00	3.00	3.00	3.00	3.00	2.00	2.00	1.00	2.00	2.00
Golf	9.50	9.50	9.50	9.25	9.25	9.75	9.75	10.00	9.25	8.25
Surface Water	5.00	5.00	7.00	7.00	7.00	8.00	8.00	7.00	8.00	8.00
Equipment Rental	4.00	4.00	4.00	5.00	4.00	5.00	5.00	5.00	5.00	5.00
TOTAL	318.13	316.38	329.63	329.63	327.25	335.75	331.75	325.00	323.13	331.13

Notes:

Based on filled positions not budgeted positions.

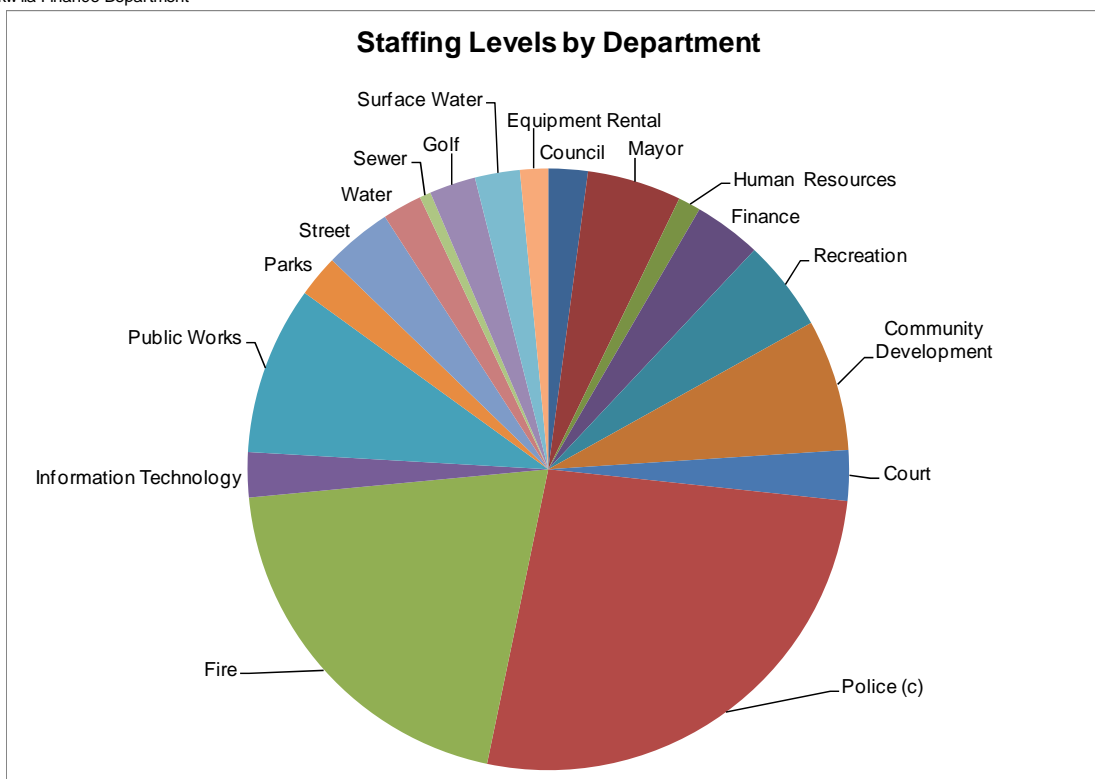
^(a) The departments for Human Resources, Court, City Clerk and Information Technology were previously reported under Administrative Services.

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

^(c) Added 5.0 FTE to focus on crime prevention/reduction efforts

Sources:

Tukwila Finance Department



CITY OF TUKWILA, WASHINGTON
SCHEDULE 22
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FUNCTION										
Police										
Number of Calls for Service	31,000	30,032	32,922	33,686	33,985	35,816	33,095	32,889	30,272	31,916
Fire										
Number of Responses	4,250	4,229	4,710	4,921	4,673	4,824	4,654	4,574	4,649	4,844
Total Fire Loss	\$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	\$675,847
Total Inspections	5,549	5,855	5,482	4,705	4,845	6,787	6,787	^(b) 1,550	^(b) 1,360	^(b) 4,541
Parks and Recreation										
Class Participants	61,000	64,000	64,000	64,000	98,087	109,273	103,603	85,693	64,049	58,260
Community Ctr Admissions	30,800	35,150	33,750	34,850	90,141	117,533	134,183	134,275	115,728	116,136
Rounds of Golf Played	^(a) 35,764	53,070	54,449	55,195	55,446	53,565	53,800	50,445	45,947	47,392
Pool Attendance	42,917	59,996	72,778	72,963	57,624	59,077	80,727	101,128	66,213	69,332
Street										
Miles	79	79	79	79	79	79	79	79	79	79
Hours Maintaining	14,587	13,706	15,243	16,970	17,540	19,840	22,140	20,360	20,360	22,920
Signalized Intersections	61	61	61	61	63	63	59	59	59	62
Hours Maintaining	6,855	6,445	9,054	7,642	7,540	7,540	6,700	6,925	6,925	7,000
Water Utility Services										
Total Customers	2,079	2,107	2,164	2,117	2,113	2,109	2,112	2,100	2,109	2,117
Total Gallons/Water(in thousands)	702,364	765,000	886,000	789,981	680,649	660,915	731,469	630,755	625,976	650,659
Sanitary Sewer										
Total Customers	1,671	1,698	1,710	1,720	1,718	1,684	1,694	1,699	1,710	1,727
Surface Water										
Total Customers	5,015	5,064	5,100	5,107	5,156	5,164	5,204	5,207	5,207	5,226
Licenses										
Business Licenses	2,262	2,292	2,286	2,354	2,350	2,523	2,422	2,454	2,611	2,030
Outside Contractors	-	-	-	-	-	-	-	-	-	^(c) 1,066
Permits										
Building Permits	353	364	430	422	425	423	265	290	389	354
Mechanical Permits	183	182	193	239	238	256	159	160	180	191
Electrical Permits	N/A	N/A	N/A	N/A	758	1,533	821	955	1,158	1,175
Plumbing Permits	N/A	N/A	N/A	192	306	264	145	163	187	210
Public Works Permits	83	97	112	144	136	154	131	138	106	126
Libraries										
Number of Libraries	2	3	3	3	3	3	3	2	2	2
Total Circulation	121,468	215,115	215,115	320,794	306,001	303,665	318,991	327,004	333,451	332,509

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.

^(c) During 2012, *Outside Contractors* began their own business licensing category. Prior to this, outside contractors were consolidated with current year issued licenses.

* Information not available.

** Pool facilities acquired from King County in 2003.

Sources:

Tukwila Departments, King County Library System

CITY OF TUKWILA, WASHINGTON
SCHEDULE 23
CAPITAL ASSETS BY FUNCTION
 LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FUNCTION										
General Government										
Total City Area (Square Miles)	8.6	8.6	8.6	8.6	8.6	8.6	9.7	9.7	9.7	9.6
Public Safety										
Police:										
Number of Vehicle Units	59	63	64	64	64	67	70	76	84	88
Fire:										
Number of Fire Stations	4	4	4	4	4	4	4	4	4	4
Number of Engines/Rescue Trucks/Ladders	8	8	8	9	9	9	9	8	7	7
Number of Medical Aid Vehicles	2	2	2	2	2	2	2	2	1	1
Number of Hazardous Materials Trailer Units	N/A	N/A	1	1	2	2	2	2	2	2
Transportation										
Paved Streets (lane miles)	163	163	163	163	163	163	178	178	178	188.2
Sidewalks (miles)	54	54	54	54	54	54	56	56	56	64.8
Number of Traffic Signals	55	55	55	55	57	57	59	59	59	64
Number of Streetlights Ow ned by Seattle City Light	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,335	1,335	(c) 901
Number of Streetlights Ow ned by Puget Sound Energy	670	670	670	670	670	670	696	696	623	(c) 187
Number of Streetlights Ow ned by City of Tukwila	-	-	-	-	-	-	-	-	-	(c) 1,210
Culture and Recreation										
Parks Acreage ^(a)	158	158	158	161	160	162	162	162	162	166
Number of Parks	15	15	15	16	18	18	18	18	18	19
Golf Course Acreage	67	67	67	67	67	67	67	67	67	67
Maintained Trails (miles)	11	11	11	11	11	11	15	15	15	15
Number of Playgrounds	13	13	13	13	13	13	11	11	11	11
Swimming Pool	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	3	3	3	3	3	3	2	2	2
Water										
Water Distribution Mains (miles)	45	45	45	45	47	47	41	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)	513	527	533	537	555	572	541	542	554	576
Vehicles	7	6	7	7	8	8	8	8	8	8
Sewer										
Sanitary Sewers (miles)	33	33	33	33	37	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	5	5	6	6	6	6	6
Surface Water										
Storm Drains (miles) ^(b)	58	59	60	62	67	67	69	69	70	70
Vehicles	4	5	5	4	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.

^(c) Reflects changes in 2012 inventory and ownership of street lights due to the routing of more units into the City's meters. Also, additional street lights were added due to new construction for Southcenter Parkway Extension and Klickitat Projects.

Sources:

Various Departments-Tukwila

