



**City of Tukwila, Washington**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*For the fiscal year ended  
December 31, 2016*



# City of Tukwila, Washington

## VISION

*The city of opportunity,  
the community of choice*

## MISSION

*To provide superior services  
that support a safe, inviting and  
healthy environment for our  
residents, businesses and guests.*

## VALUES

*Caring  
Professional  
Responsive*

## STRATEGIC GOALS AND OBJECTIVES

### 1 A community of inviting neighborhoods and vibrant business districts

- ◆ *Cultivate community ownership of shared spaces.*
- ◆ *Build a broad and collaborative approach to preventing crime and increasing the sense of safety.*
- ◆ *Focus City planning and investments on creating a connected, dynamic urban environment.*
- ◆ *Use City efforts and investments to realize established visions for specific sub-areas.*

### 2 A solid foundation for all Tukwila residents

- ◆ *Partner with organizations that help meet the basic needs of all residents.*
- ◆ *Strive for excellent education, vocational supports, and personal growth opportunities through effective partnerships and City services.*
- ◆ *Encourage maintenance, improvements and diversity in the City's housing stock.*

### 3 A diverse and regionally competitive economy

- ◆ *Embrace the City's economic potential and strengthen the City's role as a regional business and employment center.*
- ◆ *Strengthen the City's engagement and partnership with the business community.*

### 4 A high-performing and effective organization

- ◆ *Use Tukwila's Vision, Mission, and Strategic Plan to focus and prioritize City efforts.*
- ◆ *Advance Tukwila's interests through participation in regional partnerships.*
- ◆ *Continue to develop as an organization and support individual growth.*
- ◆ *Ensure City facilities are safe, efficient and inviting to the public.*
- ◆ *Ensure the long-term fiscal sustainability of the City.*

### 5 A positive community identity and image

- ◆ *Improve the City's ability to build trust and work with all members of the Tukwila community.*
- ◆ *Facilitate connections among Tukwila's communities.*
- ◆ *Promote a positive identity and image of Tukwila.*

## COVER PHOTO

*Duwamish Gardens project completed in 2016*



The City of Tukwila, Washington

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

For the Year Ended December 31, 2016

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

Allan Ekberg, MAYOR

TUKWILA CITY COUNCIL

Dennis Robertson, Council President

Joe Duffie

Verna Seal

Kathy Hougardy

De'Sean Quinn

Kate Kruller

Thomas McLeod





**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended December 31, 2016

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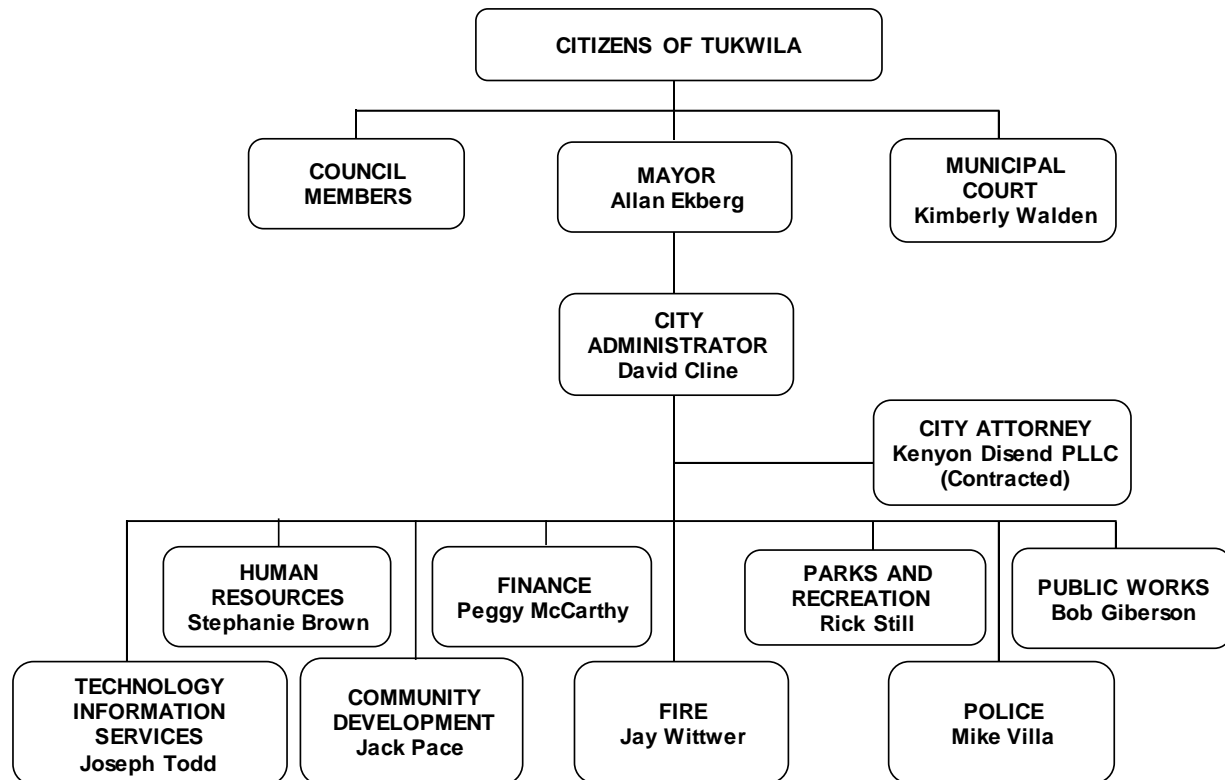
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## ADMINISTRATIVE ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS



### COUNCIL COMMITTEES

COUNCIL PRESIDENT  
Dennis Robertson

#### FINANCE COMMITTEE

Verna Seal, Chairperson  
Kathy Hougardy, Member  
Thomas McLeod, Member

#### TRANSPORTATION & INFRASTRUCTURE

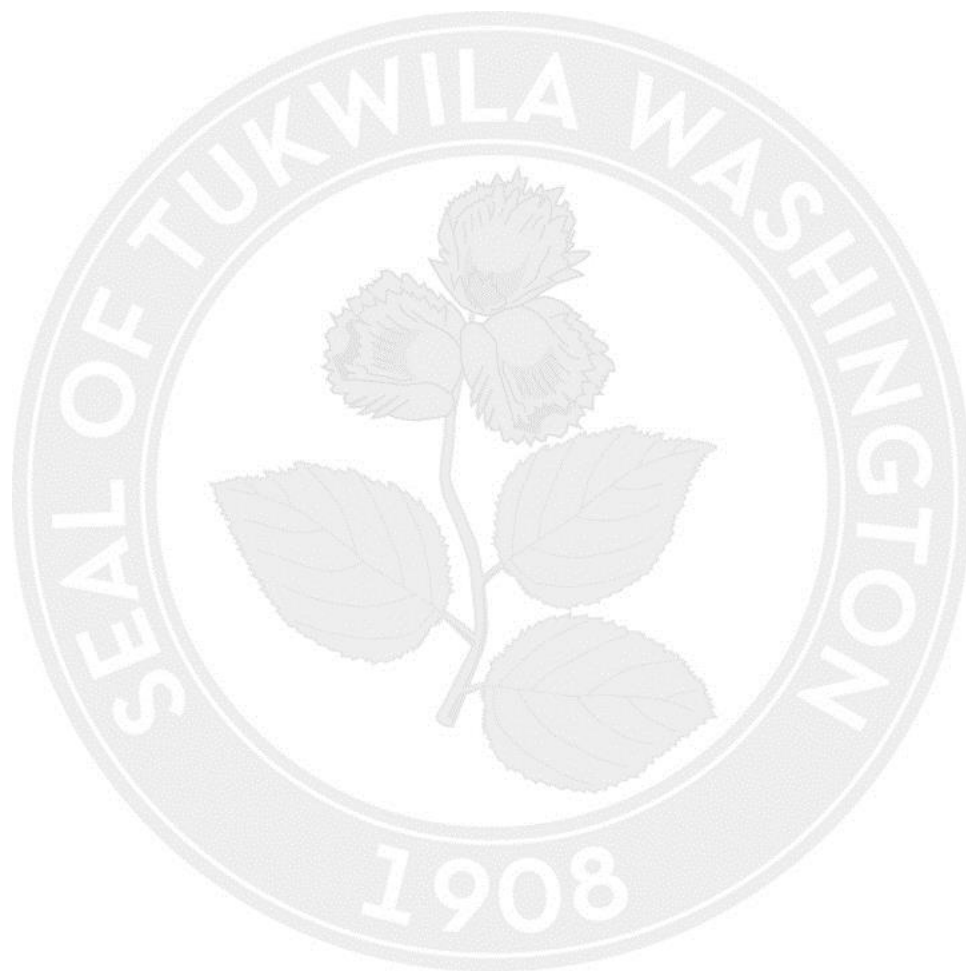
Kate Kruller, Chairperson  
Joe Duffie, Member  
De'Sean Quinn, Member

#### COMMUNITY DEVELOPMENT & NEIGHBORHOODS

Kathy Hougardy, Chairperson  
Verna Seal, Member  
Kate Kruller, Member

#### PUBLIC SAFETY

Thomas McLeod, Chairperson  
Joe Duffie, Member  
De'Sean Quinn, Member







## **City of Tukwila**

6200 Southcenter Blvd, Tukwila, WA 98188

Allan Ekberg, Mayor

June 28, 2017

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

**Subject: TRANSMITTAL OF 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

I am pleased to transmit the City of Tukwila's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. This transmittal letter provides an overview of the report and the financial condition of the City. State law requires that cities publish financial statements annually 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.

The CAFR has several significant uses. First, it provides a general overview of the City's finances to the general public and taxpayers. Second, it is used as a reference 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.

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 2016 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws.

Management's Discussion and Analysis (MD&A) immediately follows the State Auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE CITY

Incorporated in 1908, the City of Tukwila is located in the heart of the Puget Sound region, 12 miles south of downtown Seattle, 17 miles north of Tacoma, and one mile east of Seattle-Tacoma International Airport. Tukwila has a small residential population of 19,540, making it the 54<sup>th</sup> largest of 281 cities in the State of Washington. However, the daytime shopper/visitor and working population can reach over 150,000 during the holiday shopping season.

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 to serve a four-year term. Councilmembers are elected at large rather than by district and are responsible for establishing the general guidelines and policies for the City. 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 and provides sewer, water, and surface water services. Tukwila 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.

Since the 2009-2010 biennium, the City has adopted a biennial budget in accordance with RCW 35A.34. The Council is required to adopt a biennial budget prior to the first of each odd-numbered calendar year. Budget reviews are conducted at mid-biennium and any changes for the second half of the biennium are adopted by the City Council. The biennial budget serves as the foundation for the City of Tukwila's financial planning and control. The budget is adopted at the fund level and any increases or decreases to a fund must be authorized by Council. Appropriation changes within a fund may be authorized by the Mayor. The General Fund, two special revenue funds, one debt service fund, and seven capital project funds are included in the biennially appropriated operating budget and have budget to actual statements presented for 2016.

As demonstrated by the statements and schedules included in the financial section of this report, the city continues to meet its responsibility for sound financial management.



## **LOCAL ECONOMY**

Tukwila is a great place for business. With over 40,000 jobs, more people are employed in the City of Tukwila than in 29 of the 39 counties in the State of Washington. Approximately one third of the jobs are retail, one third are in manufacturing, and the remainder span everything from entertainment to real estate.

Many well-known companies such as Boeing and Costco employ thousands of people in Tukwila. Further, Tukwila is home to the global headquarters of Boeing Employees Credit Union (BECU), Continental Mills, Odin Brewing Company, Pop Gourmet Foods, Red Dot Corporation, Sabey Corporation, and Seattle Chocolates. Tukwila is also home to hundreds of small businesses, many of which are owned by members of the city's diverse international community.

Tukwila enjoys a strong position in the Puget Sound region as well as the state of Washington. Tukwila's location is at the crossroads of the State's most significant freeway network (the I-5 and I-405 interchange), and includes all modes of public transportation. Tukwila's transit stations include the commuter Sounder train, Sound Transit's light rail, and the Tukwila Transit Center that all reinforce the well-established advantages of Tukwila as an employment and retail hub. These major transportation systems, the 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 is a retail powerhouse with one of the largest local retail sales tax bases in the state of Washington. Anchored by Westfield Southcenter, which is the largest mall in the Pacific Northwest, Tukwila generated over \$2.2 billion dollars in taxable retail sales in 2016. The total retail sales tax revenue amounted to \$18.9 million in 2016, representing slight decrease in the \$19.3 million collected in the prior year.

## **LONG-TERM FINANCIAL PLANNING**

The city uses its six-year financial planning model and Capital Improvement Program (CIP) as long-term financial planning tools. These tools, along with regular review and revisions to the financial policies, ensure the City incorporates current economic conditions and financial projections into its long-range financial plans. In mid-2015, the City revised its financial reserve policy to increase the General Fund reserve level from 10% to 18%, and added a one-time 10% revenue reserve in the Contingency Fund. These changes will ensure the City's policies are in alignment with the Government Finance Officers Association's "Best Practices" and provide additional protection from future downturns in the economy.

The City's diversified revenue base is supported by an assessed valuation of \$5.7 billion, which is an increase of 6.8% from 2015, allowing the City to pursue a long-term capital investment program. The City's 2017-2018 Capital Improvement Program anticipates \$38 million in infrastructure improvements, 77% of which will be paid for by non-City funding sources. These improvements are vital to the economic health of the City which must continue to efficiently move employees, shoppers, and goods into and out of the area.

Additional investments include nearly \$15 million for residential street improvements, of which 40% is funded from non-General Fund sources, including \$2.5 million from grants. The CIP also includes opportunities to leverage city resources to enhance parks, continue to improve water quality, and focus on promoting a healthy environment in alignment with the adopted Strategic Plan.

## MAJOR INITIATIVES

The City made significant investments of time and financial resources into key public projects in 2016. These projects represent Council's commitment to meeting their five Strategic Goals and Objectives:

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

The City of Tukwila has design underway for the Early Start Work for the Strander Boulevard Extension Phase 3 Project. This project will extend Strander Boulevard from West Valley Highway to Oaksdale Ave in the City of Renton. Phase 1 and 2 have been completed and extended Strander Boulevard from Renton to the new Sounder Commuter Station. The final connection under the railroad tracks will add capacity for a new east/west corridor between I-405 and South 180th Street. This \$39 million project is needed to serve Tukwila and Renton access to the Southcenter Mall and Tukwila's Southcenter District. The City was awarded \$5.1 million in federal STP funds in 2016 for the preliminary engineering and right-of-way phases.

The groundbreaking for the new \$10 million Tukwila Urban Center Pedestrian/Bicycle Bridge was held on August 12, 2016 with construction ongoing through 2017. The new pedestrian and bicycle bridge will span the Green River near the intersection of West Valley Highway and Longacres Way. This bridge will link the Southcenter District with the Tukwila commuter rail station and enable the area to grow as a transit-oriented neighborhood. The pedestrian bridge is fully funded with a \$6.8 million state regional mobility grant, federal grant, and park impact fees.

King County grant funding was also awarded for the Baker Boulevard Non-Motorized Improvement Project. This \$1 million project will design and construct non-motorized corridor improvements on Baker Boulevard from Andover Park West (at the Tukwila Urban Center Transit Center) to Christensen Road and the new pedestrian bridge.

Tukwila finished design in 2016 to rehabilitate four different bridges in the City. The Boeing Access Road Bridge over the BNSF Railroad was awarded a \$9.7 million federal grant. This bridge is structurally and seismically deficient and serves the Manufacturing/Industrial Center of Tukwila, which includes thousands of Boeing jobs and the Museum of Flight. The City also received grant funds to perform major maintenance on three City bridges that include seismic retrofit, deck and joint repair, and painting. The bridge work will preserve the City-owned infrastructure and extend the service lives of the bridges. Construction on the four bridges is scheduled for 2017.

The City of Tukwila has an on-going extensive rehabilitation program in the Sewer Fund for the Southcenter Commercial Business District. As the sewer mains are reaching their 50-year life span, the City has budgeted over \$1 million for 5 years to reline the asbestos concrete pipes in the Southcenter area. The relining of the sewer pipes will extend the life span approximately 50 years and reinforce the strength with little impact to the roadway and minimal excavation.

Another water and sewer project began in 2016 in the Southcenter area. This project will replace the water and sewer mains in Andover Park East from Strander Boulevard to Tukwila Parkway. The infrastructure must be upgraded with larger mains to facilitate the new development in the Commercial Business District that includes Washington Place and a new Holiday Inn Express. Construction began September 26, 2016 and will continue into 2017, with final paving of Andover Park East.



The City continued its partnership with Tukwila Village Development Associates to develop six acres of City-owned land on Tukwila International Boulevard at South 144th Street, known as Tukwila Village. Tukwila Village will be home to a new King County Library, 400 apartments for seniors, a police neighborhood resource center, retail, office, a restaurant, a café, a community room, and a plaza. The project was under construction in 2016 and the library should be open in April 2017. The plaza is scheduled to be open in summer 2017 and the senior apartments will start opening in early 2018. When completed, the entire Tukwila Village project costs will be over \$100 million.

Adjacent to Tukwila Village, the City finished design for street and frontage improvements on South 144<sup>th</sup> Street between Tukwila International Blvd and 42<sup>nd</sup> Avenue South. This project will also include a new traffic signal next to Tukwila School District's Foster High School. Construction will begin in 2017.

The City demolished four motels on Tukwila International Boulevard in 2016. The site was then cleared, graded with topsoil, hydro-seeded, and was completed with a split rail fence. Council selected HealthPoint, a federally accredited community health center, who will develop and operate a \$25 million health and wellness facility on Tukwila International Boulevard.

## **AWARDS AND ACKNOWLEDGEMENTS**

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 that ended December 31, 2015. This was the 29th consecutive year that Tukwila 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.

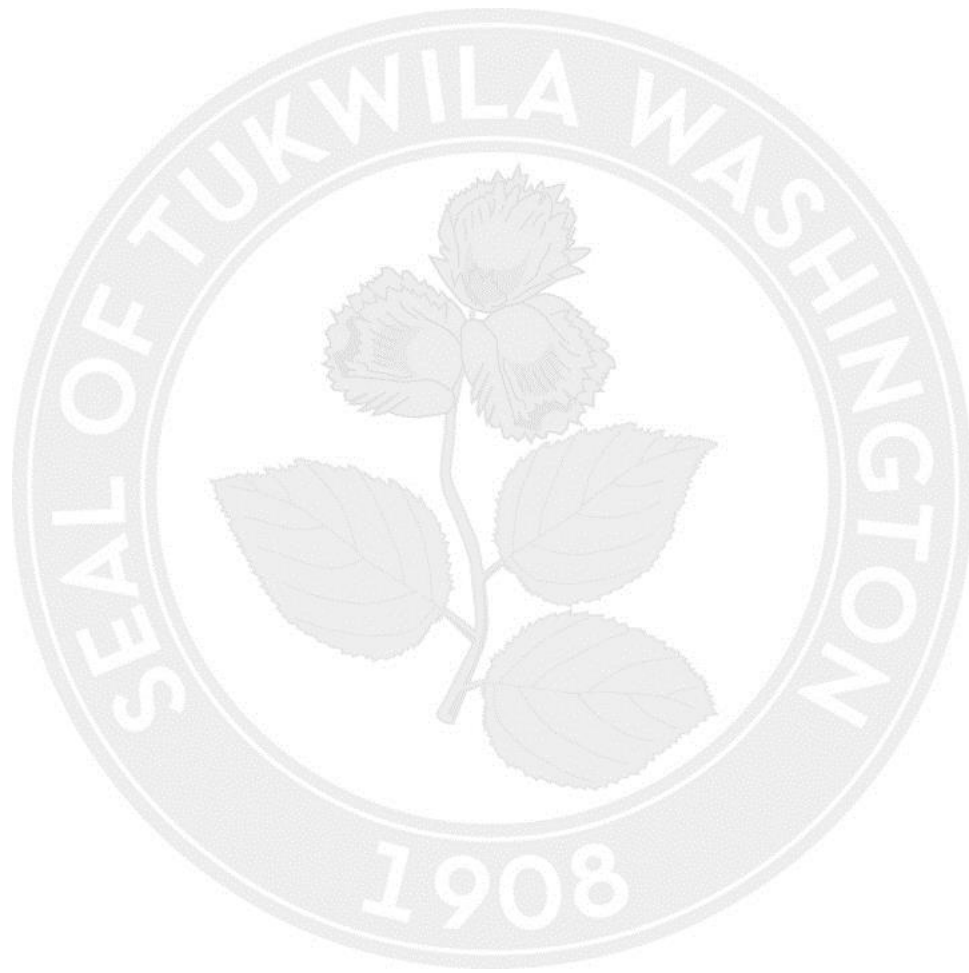
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 fiscally 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 2016 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





Government Finance Officers Association

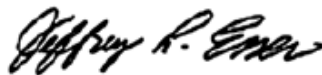
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Tukwila  
Washington**

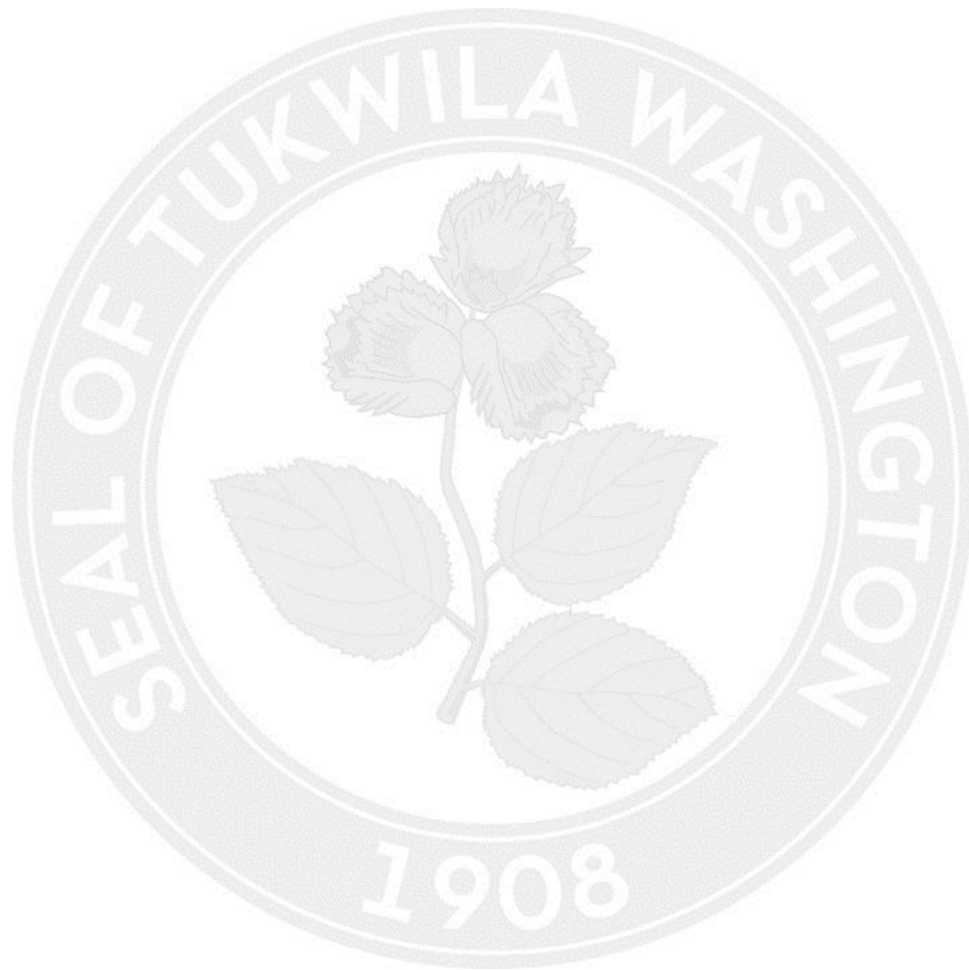
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**



Executive Director/CEO







## Office of the Washington State Auditor Pat McCarthy

### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 28, 2017

Mayor and City Council  
City of Tukwila  
Tukwila, Washington

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of and for the year ended December 31, 2016, 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, each major fund and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of December 31, 2016, 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.

## **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 28, budgetary comparison information on pages 103 through 104, pension plan information on pages 105 through 110, and information on postemployment benefits other than pensions on pages 111 through 112 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. The accompanying information listed as combining financial statements and supplementary information on pages 115 through 122 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, 2017, 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,

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

Pat McCarthy

State Auditor

Olympia, WA





## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the Year Ended December 31, 2016

The management discussion and analysis section of the City of Tukwila's Comprehensive Annual Financial Report provides an overview of the City's financial activities for the year ended December 31, 2016. 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

- As of December 31, 2016, the City of Tukwila's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$296.0 million. Of this amount, \$33.0 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- In November of 2016, the City of Tukwila issued \$36.7 million in voter approved bonds (including the premium on bonds issued) to finance rebuilding three fire stations, various fire equipment and apparatus, and the construction of a Justice Center to house the City's police department and municipal court. This resulted in a \$36.9 million net increase in governmental activities restricted cash.
- The City of Tukwila's total net position increased \$8.9 million, or 3.1%. Governmental activities increased \$5.0 million partially due to growth in excise taxes. Business-type activities increased \$3.9 million due in part to rate increases in all three utility funds.
- At the close of the current fiscal year, the City of Tukwila's governmental funds reported combined fund balances of \$76.1 million, an increase of \$37.4 million. Approximately 15.3% (\$11.6 million) of the fund balance is available for spending at the City's discretion (*unassigned fund balance*).
- Revenues exceeded expenditures in the governmental funds by \$1.0 million, an increase of \$2.4 million from 2015 when expenditures exceeded revenues by \$1.4 million. This is primarily due to a \$2.1 million decrease in capital outlay in the Arterial Street fund.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City of Tukwila's basic 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

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

#### Government-wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the City's overall financial status, in a manner similar to private-sector business.

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

The **Statement of Activities** presents information designed to show how the City's net position changed during the year. The statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show the degree to which each function 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. Items such as (but not limited to) uncollected taxes, unpaid vendor invoices for goods or services received during the year, and earned but unused vacation leave are included in the statement of activities as revenue and expenses even though no cash has changed hands.

Both the government-wide financial statements distinguish functions of the City of Tukwila that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tukwila include general government (finance, executive, legal, court, and human resources), public safety (police and fire), physical environment, economic environment, transportation, mental/physical health, and culture and recreation. The City's business-type activities include a water, sewer, and surface water utilities, and a municipal golf course. Governmental activities are primarily supported by taxes, charges for services, and grants. Business-type activities are primarily self-supporting through user fees and charges.

## Fund Financial Statements

The annual financial report includes fund financial statements in addition to the government-wide financial statements. 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. The City of Tukwila Funds are often set up in accordance with special regulations, restrictions or limitations. The City of Tukwila, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary 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 fund statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. 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 focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty individual governmental funds. Of these, four are considered major (the general fund, the arterial street fund, the local improvement district #33 fund, and the public safety plan fund) and are presented separately in the governmental funds' *Balance Sheet* and the governmental funds' *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 these non-major governmental funds is presented in the combining and individual fund statements and schedules section of 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. A budgetary comparison schedule is presented for the general fund in the Required Supplemental Information section of the report. Other budgetary comparison schedules are included following the other governmental funds' combining statements in this report.

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

The City has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens, while internal service funds are used to account for goods and services provided internally to various City departments. The same basis of accounting is used for proprietary funds in both the government-wide and individual fund statements.

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 for active employees and LEOFF 1 retirees. Internal service fund activities are predominantly governmental and have been included in the governmental activities columns of the government-wide statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

The City maintains two different types of fiduciary funds. The Firemen's Pension Trust Fund is used to report resources held in trust for retirees and beneficiaries covered by the Firemen's Pension plan. The agency fund reports resources held by Tukwila in a custodial capacity for individuals, private organizations, and other governments.

### 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 immediately following the fund financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including a budget and actual schedule for the City's general fund and schedules of progress in funding its obligation to provide pension and OPEB benefits to its former employees. Additional pension benefit information is found in Note 8.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Tukwila, assets and deferred outflows of resources exceeded liabilities by \$296.0 million at the close of the most recent fiscal year. Total net position increased by \$8.9 million (3.1%) when compared to 2015.

### CITY OF TUKWILA'S NET POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$112,308	\$74,640	\$20,741	\$17,629	\$133,049	\$92,269
Capital assets, net of accumulated depreciation	206,147	205,816	67,410	66,826	273,557	272,642
Total assets	318,455	280,456	88,151	84,455	406,606	364,912
Deferred Outflows of Resources	4,629	2,576	470	288	5,100	2,864
Long-term liabilities	73,776	47,172	6,943	7,723	80,719	54,895
Net pension liability	12,944	11,631	2,539	2,095	15,483	13,726
Net OPEB obligation	9,179	0	0	0	9,179	0
Other liabilities	8,149	7,139	993	436	9,142	7,576
Total liabilities	104,048	65,942	10,475	10,254	114,523	76,197
Deferred Inflows of Resources	1,117	4,187	98	346	1,216	4,533
Net position						
Net investment in capital assets	193,113	191,331	60,807	59,483	253,920	250,815
Restricted	8,996	5,446	-	-	8,996	5,446
Unrestricted	15,810	16,126	17,241	14,659	33,051	30,785
Total net position	\$217,919	\$212,903	\$78,048	\$74,142	\$295,967	\$287,045

By far, the largest portion of the City's net position (\$253.9 million or 85.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$9.0 million or 3.0%) represents resources that are subject to external restrictions on how they may be used. The business-type activities do not report any restrictions, so the entire \$9.0 million is restricted in governmental activities funds. The majority is related to land and park acquisition. The remaining net position balance (\$33.0 million, or 11.2%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Tukwila continued to report positive balances in all categories of net position. The City's overall net position increased \$8.9 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**CITY OF TUKWILA'S CHANGES IN NET POSITION**

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$11,904	\$9,748	\$22,963	\$22,158	\$34,867	\$31,906
Operating grants and contributions	1,079	893	25	184	1,104	1,077
Capital grants and contributions	5,001	6,432	768	2,040	5,769	8,471
General revenues						
Property taxes	14,563	14,320	-	-	14,563	14,320
Sales and use taxes	18,908	19,334	-	-	18,908	19,334
Natural gas use tax	-	-	-	-	-	-
Hotel/Motel taxes	710	678	-	-	710	678
Utility taxes	4,046	4,019	-	-	4,046	4,019
Interfund utility taxes	2,147	2,061	-	-	2,147	2,061
Business taxes	2,716	2,749	-	-	2,716	2,749
Excise taxes	6,509	5,321	-	-	6,509	5,321
State entitlements	1,916	1,844	-	-	1,916	1,844
Investment earnings	560	475	-	-	560	475
Miscellaneous	1,000	281	-	-	1,000	281
Total revenues	71,058	68,156	23,756	24,381	94,813	92,537
Expenses:						
General government	9,662	8,042	-	-	9,662	8,042
Public safety	31,419	29,403	-	-	31,419	29,403
Transportation	11,188	11,070	-	-	11,188	11,070
Physical environment	2,554	2,611	-	-	2,554	2,611
Culture and recreation	5,431	5,125	-	-	5,431	5,125
Economic environment	4,411	5,783	-	-	4,411	5,783
Interest on long-term debt	1,076	1,033	-	-	1,076	1,033
Water/sewer	-	-	13,984	13,186	13,984	13,186
Foster golf course	-	-	2,078	2,087	2,078	2,087
Surface water	-	-	4,088	4,148	4,088	4,148
Total expenses	65,741	63,068	20,150	19,421	85,892	82,489
Increase (decrease) in net position before transfers and special items	5,316	5,088	3,605	4,960	8,922	10,048
Transfers	(300)	(300)	300	300	-	-
Special Item	-	(957)	-	-	-	(957)
Change in net position	5,016	3,831	3,905	5,260	8,922	9,091
Net position-beginning of period	212,903	220,064	74,142	71,948	287,045	292,012
Change in accounting principle - Retirement Costs	-	(9,551)	-	(2,308)	-	(11,859)
Change in accounting principle	-	-	-	(757)	-	(757)
Prior Period Adjustment	-	(1,442)	-	-	-	(1,442)
Net position-beginning balance, as restated	212,903	209,072	74,142	68,882	287,045	277,954
Net position-end of period	\$217,919	\$212,903	\$78,048	\$74,142	\$295,967	\$287,045

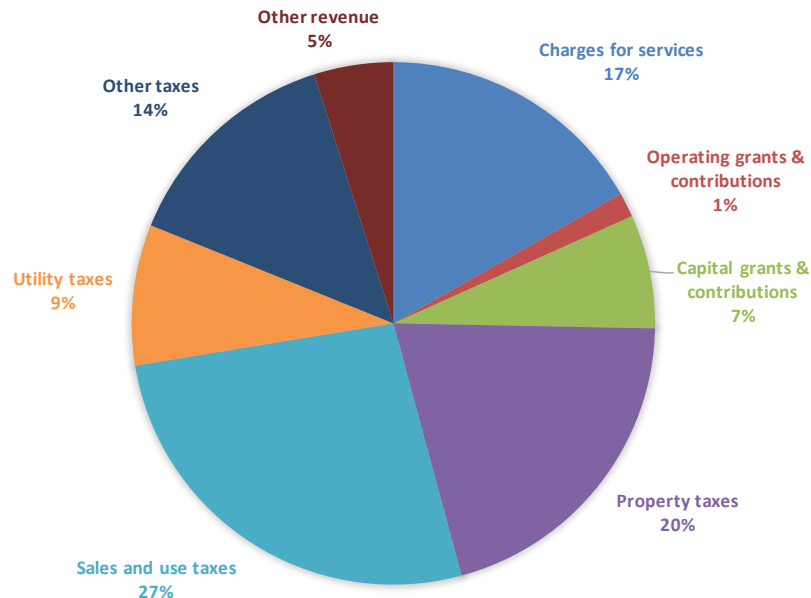
**Governmental Activities**

During the current fiscal year, net position for governmental activities increased \$5.0 million (2.4%) from the prior fiscal year for an ending balance of \$217.9 million. The primary reasons for this increase are:

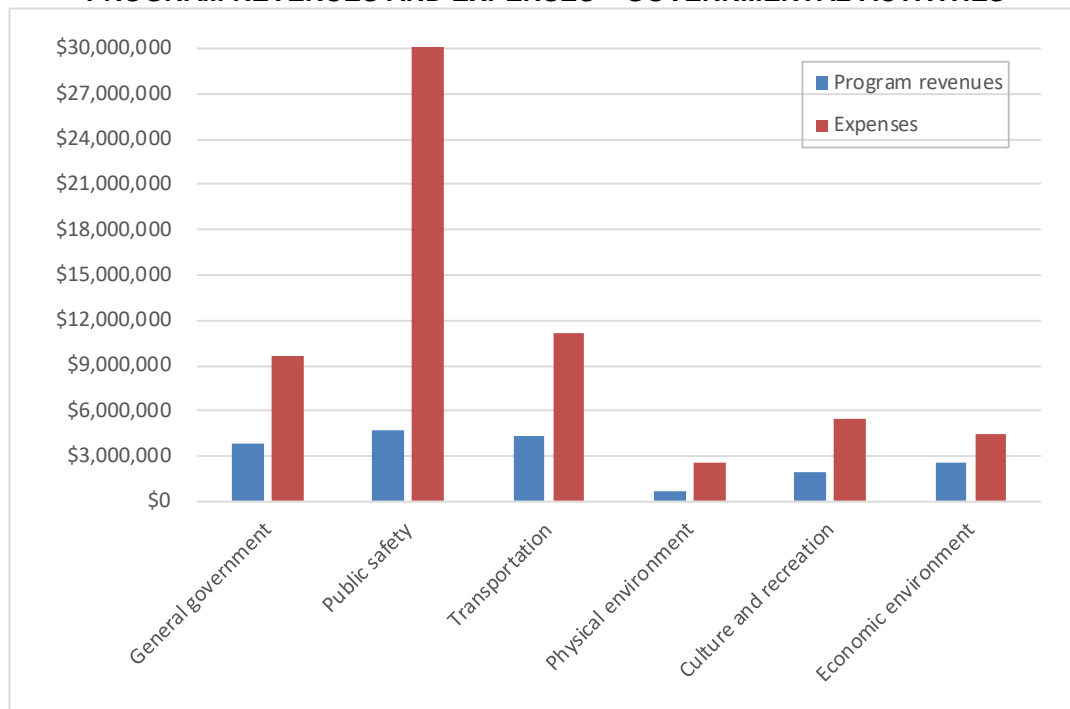
- Charges for services increased by \$2.2 million (22.1%) to \$11.9 million. The reason for the increase is the recognition of just over \$2.0 million in fire impact fees related to new development.
- Capital grants and contributions decreased \$1.4 million (22.2%), although this was partially offset by a \$0.2 million increase in operating grants and contributions. In 2015, capital grants made up 10% of all governmental revenue, while in 2016 capital grants were only 7% of total revenues. The decrease in capital grant funding is mostly related to a one-time, \$1.3 million State grant received in 2015 for the Interurban Avenue South project.

- Excise taxes increased \$1.2 million (22.3%) due to a \$0.3 million increase in real estate excise taxes from the sale of properties in Tukwila, combined with a \$0.9 million increase in gambling tax revenues.
- Total expenses increased \$2.7 million (4.2%), mostly related to general growth in employee costs, including medical benefits, retirement costs, and a 2% cost of living adjustment.

### REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



### PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES

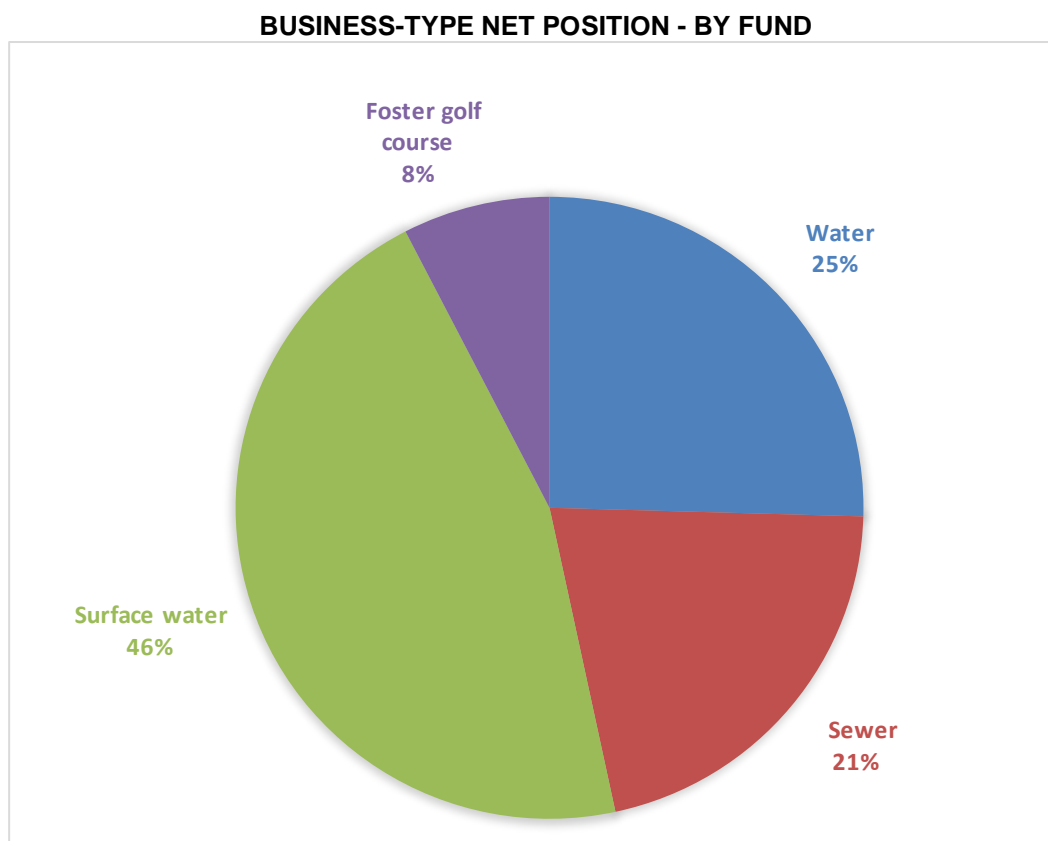


## Business-Type Activities

For the City of Tukwila's business-type activities, the results for the current fiscal year were positive in that overall net position increased by \$3.9 million (5.3%) to reach an ending balance of \$78.0 million. The overall growth is attributable to the following factors:

- In the Water Utility, total net position increased by \$0.8 million (4.4%). This resulted from a 5.0% rate increase effective January 1, 2016, combined with a slight reduction in operating expenses from the prior year.
- In the Sewer Utility, charges for services increased \$0.2 million (1.8%) primarily due to a 5.0% rate increase effective January 1, 2016 combined with a slight reduction in water usage by customers.
- In the Surface Water Utility, a 15.0% rate increase resulted in charges for services increasing by almost \$0.8 million (15.0%).
- Despite the rate increases, operating income was \$2.8 million, or approximately \$20,000 less than last year, signifying that the rate increases were adequate to cover the growth in operating expenses.
- Of the \$78.0 million total net position, \$17.2 million (22.1%) is unrestricted and each utility can utilize their portion for any purpose. This operating balance is necessary for future planned infrastructure replacements and repairs.

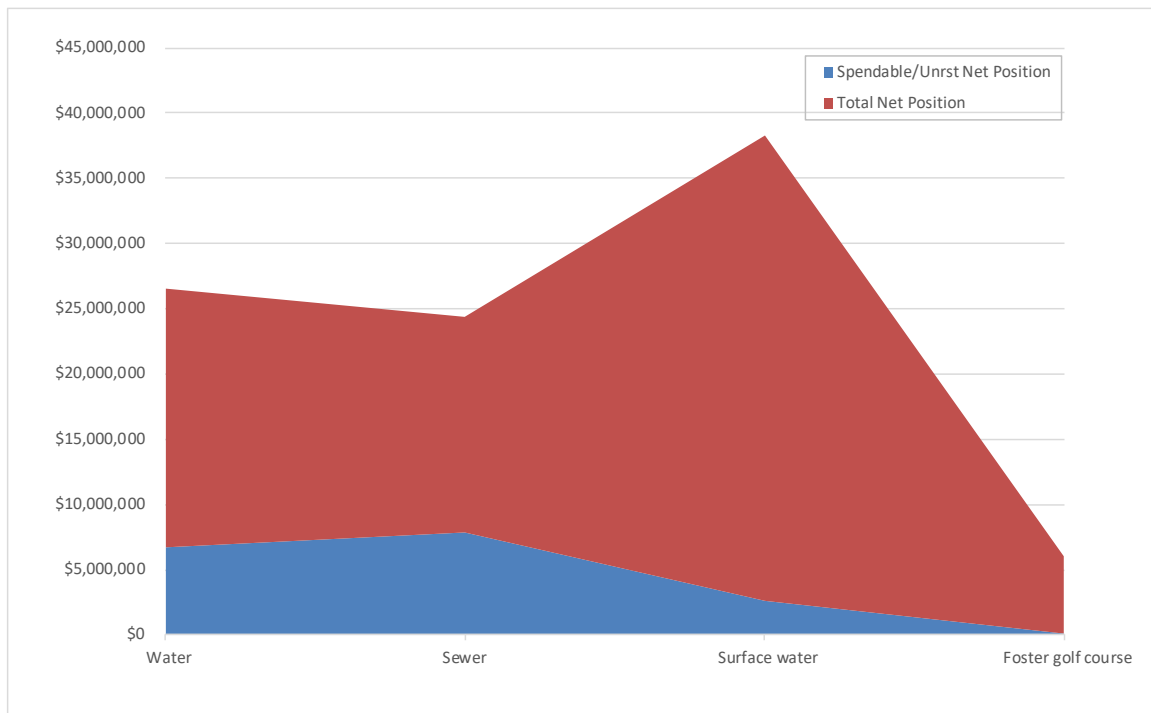
The following chart shows the relative net position balances for each business-type fund:



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 position is not available to support the ongoing expenses of the funds. The following chart contrasts the total net position to the spendable portion of net position for each enterprise fund:

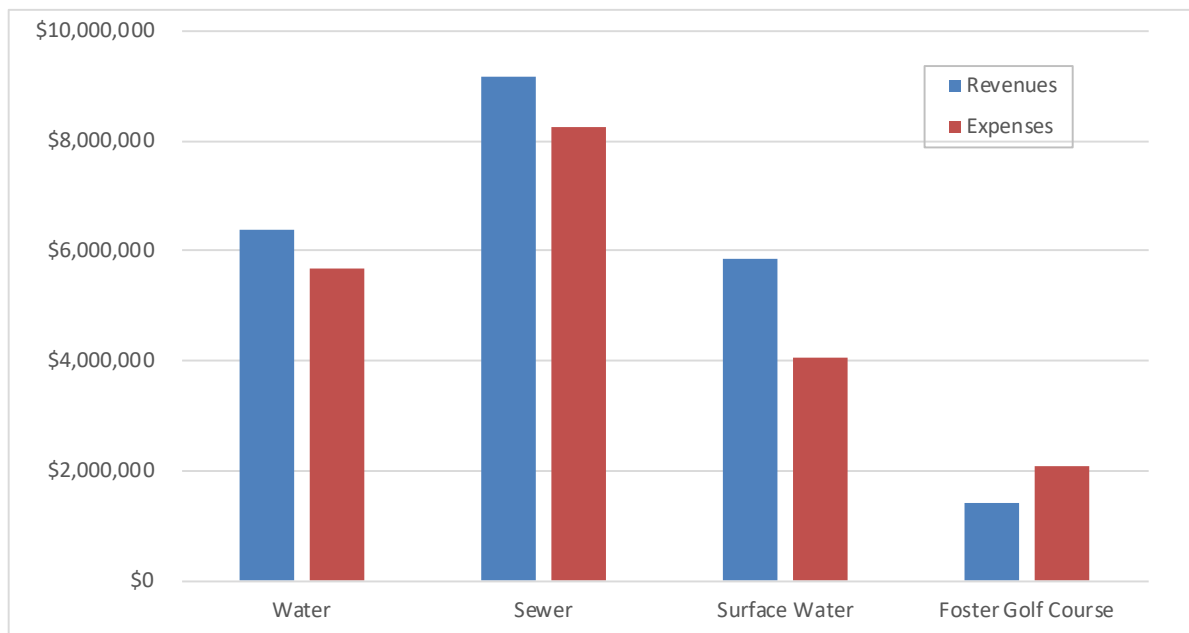


### COMPARISON OF TOTAL NET POSITION TO SPENDABLE NET POSITION -BUSINESS-TYPE FUNDS



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

### BUSINESS-TYPE ACTIVITY REVENUES & EXPENSES (before Capital Contributions & Transfers)



## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the City's governmental funds is to report on near-term inflows, outflows, and balances of spendable resources. This information helps determine the City's financial requirements in the near future. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Tukwila itself, or a group or individual that has been delegated authority to assign resources for use for a particular purpose.

As of December 31, 2016, the City's governmental funds had combined fund balances of \$76.1 million, an increase of \$37.4 million, or almost double the 2015 fund balance total of \$38.6 million. The increase is primarily due to bond proceeds of \$33.0 million, plus a premium of \$3.7 million, in the public safety plan fund.

The change in fund balance for governmental funds compared to 2015 is as follows:

- General Fund \$ 0.7 million
- Arterial Street Fund (1.1 million)
- Local Improvement District #33 (0.1 million)
- Public Safety Plan 36.5 million
- Other Governmental Funds 1.4 million

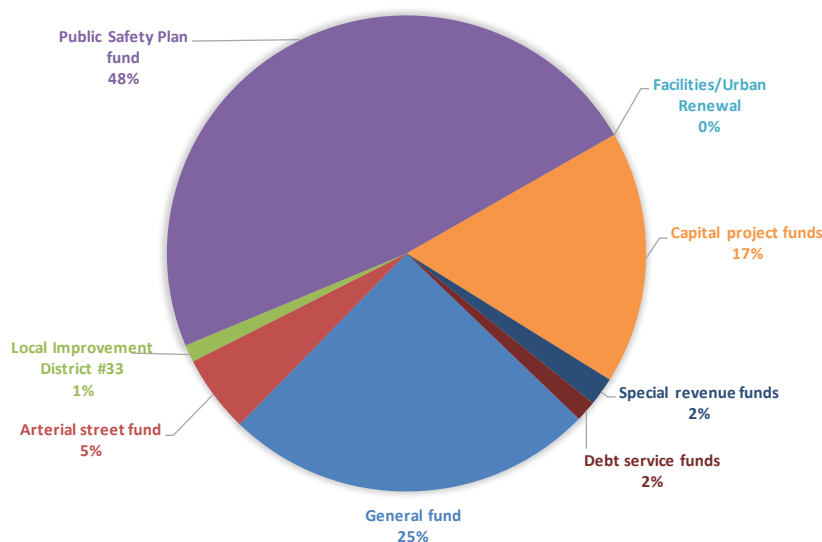
The general fund is the primary operating fund of the City. All receipts and payments of ordinary City operations are processed through this fund unless they are required to be accounted for in another. At the end of 2016, the general fund had a \$19.0 million fund balance, with \$11.6 million (61.0%) of the balance classified as unassigned and available to meet the City's general obligations.

The arterial street fund decrease in fund balance is related to the planned use of reserves for capital projects. In 2016, a total of \$5.5 million was spent on capital outlay.

The fund balance in the local improvement district #33 fund decreased by the difference between the special assessment revenue received and the payment on the LID bonds issued.

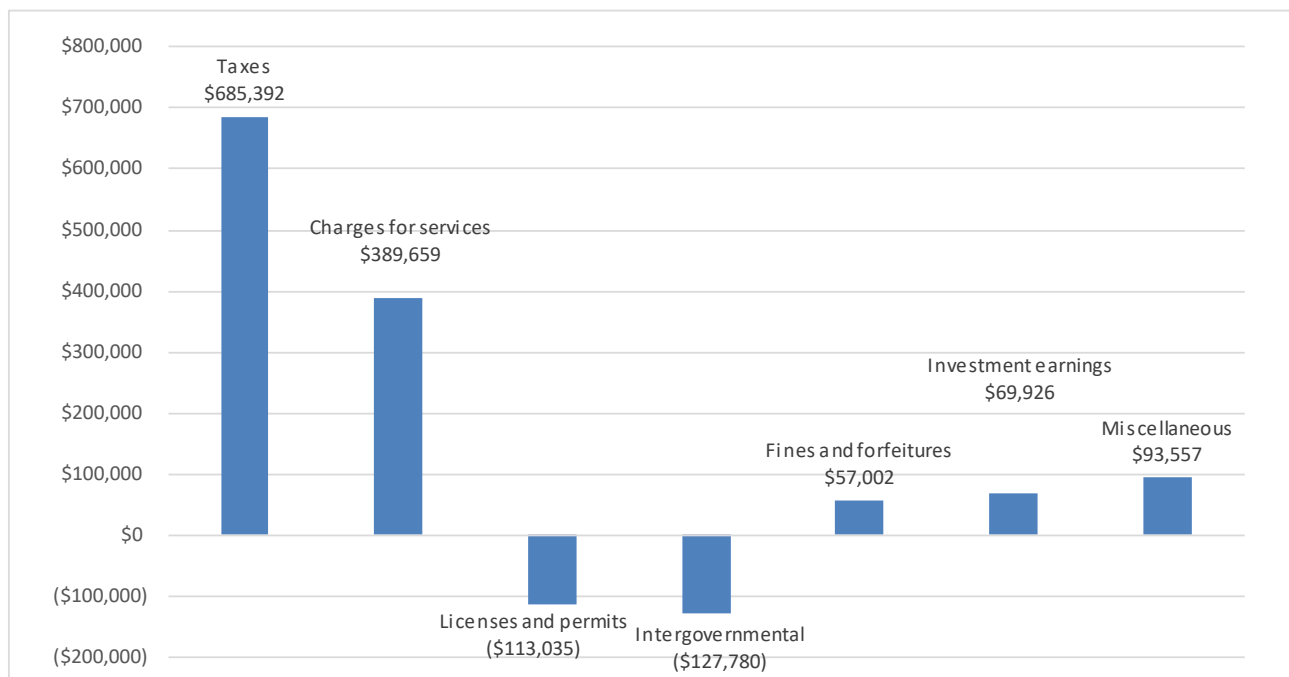
The following chart shows the relative fund balances for governmental funds:

**GOVERNMENTAL FUNDS – FUND BALANCES**



The general fund revenue increase of \$1.1 million is combined from the following sources:

#### GENERAL FUND REVENUE INCREASES/DECREASES – BY SOURCE



#### 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.

Unrestricted net position in business-type activities ended 2016 at \$17.2 million, an increase of \$2.6 million (17.6%) from 2015.

#### 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 that occurred in 2016:

- Gambling Tax revenue increased by \$600,000 to reflect increase in tax collections partially due to a local casino resuming operations.
- Additional revenue and expenditures were appropriated for the City's COPS grant and two police officers, one dedicated to the Auto Theft Task Force and the other dedicated to the Criminal Justice Training Center for the Basic Law Enforcement Academy.
- Carryover of project costs unspent in 2015 related to the Police records management system and Laserfiche Rio projects.
- Adjustments in transfers from the General Fund to other funds, including:
  - \$800,000 reduction in transfer to the Arterial Street Fund due to \$1.0 million of unanticipated REET funds in 2015 to cover Arterial Street projects; and
  - \$275,000 increase in transfer to the Contingency Fund in line with policy requirements.

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

- Tax revenue was \$0.6 million, or 1.4%, higher than budget. Of that amount, property taxes decreased \$0.3 million due to a planned annexation that was not approved, sales and use taxes increased \$0.3 million, and gambling taxes increased \$0.6 million partially due to the resumption of operations at one of the local casinos.
- Fines and forfeitures was \$26 thousand (8.9%) over budget. This was due to false alarms coming in higher than anticipated.
- A \$2.1 million transfer in from the Facilities/Urban Renewal fund was budgeted but did not occur because an anticipated land sale did not happen in 2016.
- Expenditures were below budget by \$1.9 million, or 3.6%. Public safety expenditures contributed \$1.0 million of the budgetary savings due to less spending on overtime (\$0.3 million), equipment operations and maintenance (\$0.4 million), and equipment replacement costs (\$0.2 million). Additional budgetary savings occurred in economic environment related primarily to salary and benefit savings from unfilled positions.

## CAPITAL ASSETS

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2016 totaled \$ 273.6 million (net of accumulated depreciation), an increase of nearly \$1.0 million (0.3%) from 2015. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and infrastructure.

### CITY OF TUKWILA'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 35,498,580	35,312,814	\$ 2,346,230	2,346,230	\$ 37,844,810	37,659,044
Buildings	11,834,146	10,711,996	8,307,234	8,679,027	20,141,380	19,391,023
Other Improvements	10,528,019	5,933,158	54,158,840	48,145,336	64,686,859	54,078,494
Machinery and Equipment	7,111,094	6,811,474	386,113	407,530	7,497,207	7,219,004
Infrastructure	131,110,688	120,913,528	-	-	131,110,688	120,913,528
Construction in Progress	10,064,699	26,133,182	2,211,229	7,247,963	12,275,927	33,381,145
<b>Total</b>	<b>\$206,147,226</b>	<b>205,816,152</b>	<b>\$ 67,409,646</b>	<b>66,826,087</b>	<b>\$273,556,872</b>	<b>272,642,240</b>

More detailed information on capital assets is provided in Note 6 to the financial statements.

General capital outlay purchases added \$798,601 in machinery and equipment and included various technology purchases in the amount of \$769,943, Parks & Recreational equipment for \$10,686, and Street Division thermal imaging cameras totaling \$11,676.

Many of the projects in the Arterial Street Fund continue to be in the construction phase adding \$5.5 million in construction-in-progress for the period. The major arterial street fund activities are comprised of the following:

- Interurban Avenue South, \$2.1 million
- Tukwila Urban Center Pedestrian/Bicycle Bridge, \$2.3 million
- Tukwila Urban Center Transit Center, \$0.23 million
- Boeing Access Road Bridge Rehabilitation, \$0.11 million
- Andover Park West, \$0.08 million
- Various other Arterial Street Fund projects total \$0.64 million

Major construction projects completed in 2016 added \$18 million to capitalized infrastructure for the Arterial Street Fund which included Interurban Avenue South with total overall previous and current years' construction-in-

progress costs of \$9.2 million; Tukwila Urban Transit Center with costs of \$6.6 million; and, Andover Park West with costs of \$2.2 million.

Ongoing Residential Street Fund construction projects added \$649,579 to construction-in-progress and include the following:

- 40 – 42<sup>nd</sup> Avenue South, \$246,583
- Cascade View Safe Routes to School – Phase II, \$153,924
- 42<sup>nd</sup> Avenue South Roadside Barriers, \$90,010
- Various other Residential Street Fund projects total \$159,062

Projects completed in 2016 for the Residential Street Fund include the newly constructed 42<sup>nd</sup> Avenue South roadside barriers with total overall previous and current years' construction-in-progress costs of \$196,100.

Land Acquisition, Recreation & Park Development activities consist of \$1,435,602 for the Duwamish Gardens and Duwamish Hill Preserve work in progress improvements. Both projects were completed in 2016 with total overall previous and current years' construction costs of \$3,387,210 and \$992,327 and capitalized into parks improvement infrastructure. Other park related projects total \$11,900 in added current year construction-in-progress costs.

Other governmental funds' activity in the areas of facilities improvements provided an additional \$13,138 to construction-in-progress work for the year.

Business-type activities consisted of \$2.7 million in added construction-in-progress work for the year. Major projects in the utility funds comprise of the following:

- East Marginal Way South Pipes, \$694,852
- Andover Park East Waterline, \$1,062,773
- Crystal Springs Intertie, \$410,171

A total of \$569,653 in other utility construction projects were added to construction-in-progress during the current period.

Major construction projects completed in 2016 include Interurban Avenue South and East Marginal Way South Pipe projects with total overall previous and current years' construction-in-progress costs of \$2.6 million and \$3.2 million, respectively, which have both been capitalized into utilities infrastructure.

## **LONG-TERM DEBT**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$61.1 million, excluding the premium on bonds issued. Of this amount, \$54.1 million is general obligation bonds which is backed by the full faith and credit of the City, \$1.6 million is revenue bonds for the water/sewer and surface water utilities, and the remaining \$5.4 million is special assessment bonds which were issued to improve access to the City's urban center.

The City issued \$36.7 million (including premium) in general obligation debt in 2016 to finance a new Justice Center to house the police department and court operations, reconstruct three fire stations within the city, and provide funding for fire equipment and apparatus for 20 years. This new debt issuance resulted in an overall debt increase of \$35.0 million.

The City currently maintains a rating of "AA" with Standard and Poor's and Fitch's Investor Service, and "A1" with Moody's for its general obligation debt. In February 2017, Moody's informed the City that it raised the city's rating to Aa3.



The following schedule summarizes the City's long-term debt:

### CITY OF TUKWILA'S LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 54,114,977	\$ 23,057,714	\$ -	\$ -	\$ 54,114,977	\$ 23,057,714
Revenue bonds	-	-	1,597,704	1,742,527	1,597,704	1,742,527
Premium on bonds issued	4,380,732	761,523	-	-	4,380,732	761,523
Special assessment bonds	5,412,500	6,082,500	-	-	5,412,500	6,082,500
Public Works Trust Fund Loans	-	-	5,046,991	5,646,459	5,046,991	5,646,459
Due to other governments	6,093,556	6,265,200	-	-	6,093,556	6,265,200
	<u>\$ 70,001,765</u>	<u>\$ 36,166,937</u>	<u>\$ 6,644,695</u>	<u>\$ 7,388,986</u>	<u>\$ 76,646,460</u>	<u>\$ 43,555,923</u>

More detailed information on long-term debt, including debt limitations, is provided in Note 10 to the financial statements.

### ECONOMIC FACTORS AND THE UPCOMING BIENNIAL BUDGET

The following economic factors currently affect the City of Tukwila and were considered in developing the 2017-2018 biennial budget:

- The City's 2017 assessed value of \$5.8 billion is 6.8% higher than 2016 and its growth reflects positively on the local economy.
- Sales Tax is the City's largest revenue source and is conservatively estimated to increase 7.5% in 2017 and an additional 2.9% in 2018, another sign that the local economy has rebounded.
- Property tax is the second largest revenue source, contributing to approximately one-quarter of the annual general fund budget. This revenue source is limited to 1% growth annually, however new construction estimated in 2018 results in a 2.5% increase over 2017.
- The 2017-2018 biennial budget includes a one-time revenue of \$1.8 million in 2017 and \$6.1 million in 2018 for anticipated property sales in both the Tukwila Village and Tukwila Redevelopment (urban renewal) areas. These funds will be used for capital improvements throughout the City. In addition, \$2.25 million will be used to repay the line of credit the City received in 2015 to purchase property in the urban renewal area.
- Rate increases of 5% annually are scheduled in the Water utility from 2017-2022 to cover the cost of purchasing water from the Cascade Water Alliance and maintain the utility's infrastructure. An additional increase of 3.5% in sewer rates is scheduled for 2018.
- National Pollutant Discharge Elimination system (NPDES) permit requirements have significant costs for the surface water fund, which will result in a 5% rate increase in 2017 and 3% in 2018 for that utility.
- Capital outlay in the General Fund decreased 47.5% in 2017 and an additional 87.2% in 2018. This reduction reflects the fact that the Police records management system was completed in 2016 and the Parks and Recreation class registration system will be completed in 2017.

The City's reserve policy specifies that the General Fund ending fund balance shall equal or exceed 18% of the previous year's operating revenues. The policy also requires that a 10% minimum fund balance be maintained for the Contingency Fund. The biennial budget complies with both these requirements.

**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.

CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF NET POSITION**  
 DECEMBER 31, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 27,816,183	\$ 15,987,448	\$ 43,803,631
Investments	5,956,032	2,642,502	8,598,534
Taxes receivable	6,807,605	836	6,808,441
Other receivables	418,712	1,678,017	2,096,728
Due from other governmental units	2,576,606	64,822	2,641,427
Inventory of materials and supplies	15,778	53,458	69,237
Restricted cash and cash equivalents	38,386,341	93,007	38,479,349
Restricted investments	1,000,203	-	1,000,203
Notes receivable	8,723,916	221,035	8,944,951
Real property held for resale	7,645,000	-	7,645,000
Investment in joint ventures	9,188,795	-	9,188,795
Non-depreciable capital assets	45,563,279	4,557,459	50,120,737
Depreciable capital assets (net of accumulated depreciation)	160,583,947	62,852,187	223,436,134
Net Pension asset	3,772,659	-	3,772,659
<b>Total Assets</b>	<b>318,455,055</b>	<b>88,150,771</b>	<b>406,605,827</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred loss on refunding	324,261	42,079	366,340
Deferred outflow s related to pensions	4,304,943	428,254	4,733,197
<b>Total Deferred Outflow s Of Resources</b>	<b>4,629,204</b>	<b>470,333</b>	<b>5,099,537</b>
<b>LIABILITIES:</b>			
Accounts payable	3,344,240	661,414	4,005,655
Accrued wages and benefits payable	1,551,266	120,627	1,671,892
Accrued interest payable	355,347	17,782	373,129
Unearned revenue	228,090	17,100	245,190
Other liabilities	2,670,165	175,598	2,845,764
Bonds and other debt payable			
Due within one year	3,979,399	776,814	4,756,213
Due in more than one year	69,796,567	6,166,240	75,962,807
Net pension liability	12,943,779	2,539,401	15,483,180
Net other post employment obligation	9,178,836	-	9,178,836
<b>Total Liabilities</b>	<b>104,047,688</b>	<b>10,474,977</b>	<b>114,522,665</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflow s related to pensions	543,699	98,478	642,177
Business taxes received in advance	573,715	-	573,715
<b>Total Deferred Inflow s Of Resources</b>	<b>1,117,414</b>	<b>98,478</b>	<b>1,215,892</b>
<b>NET POSITION:</b>			
Net investment in capital assets	193,113,026	60,807,030	253,920,057
Restricted for:			
Debt service	1,567,571	-	1,567,571
Tourism promotion	912,558	-	912,558
Arterial street improvements	134,373	-	134,373
Drug investigation and enforcement	553,539	-	553,539
Land and park acquisition, development	3,341,625	-	3,341,625
Fire improvements	736,518	-	736,518
Public safety facilities	1,750,000	-	1,750,000
Unrestricted net position	15,809,945	17,240,620	33,050,565
<b>Total Net Position</b>	<b>\$ 217,919,156</b>	<b>\$ 78,047,650</b>	<b>\$ 295,966,806</b>

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, 2016

	--Expenses--	----- Program revenues -----			-Net (Expense) Revenue and Changes in Net Position-		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS / PROGRAMS:</b>							
<b>PRIMARY GOVERNMENT</b>							
Governmental activities							
General Government	\$ 9,662,207	\$ 3,742,937	\$ 114,451	\$ -	\$ (5,804,818)	\$ -	\$ (5,804,817)
Public safety	31,418,713	4,130,701	545,067	-	(26,742,945)	-	(26,742,945)
Transportation	11,188,189	454,525	254,844	3,602,614	(6,876,206)	-	(6,876,206)
Physical environment	2,554,259	464	-	624,276	(1,929,519)	-	(1,929,519)
Culture and recreation	5,431,324	1,140,558	57,748	774,053	(3,458,965)	-	(3,458,965)
Economic environment	4,410,841	2,434,546	106,910	-	(1,869,385)	-	(1,869,385)
Interest on long-term debt	1,075,729	-	-	-	(1,075,729)	-	(1,075,729)
Total Governmental Activities	65,741,262	11,903,732	1,079,020	5,000,942	(47,757,567)	-	(47,757,566)
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water	5,700,976	6,431,763	-	101,291	-	832,078	832,078
Sewer	8,283,392	9,229,356	-	270,857	-	1,216,821	1,216,821
Surface water	4,088,360	5,875,343	25,000	395,583	-	2,207,566	2,207,566
Foster golf course	2,077,536	1,426,385	-	-	-	(651,151)	(651,151)
Total Business-Type Activities	20,150,264	22,962,846	25,000	767,732	-	3,605,314	3,605,314
Total Primary Government	\$ 85,891,525	\$ 34,866,578	\$ 1,104,020	\$ 5,768,674	\$ (47,757,567)	\$ 3,605,314	\$ (44,152,252)
<b>General Revenues:</b>							
<b>Taxes</b>							
Property taxes				\$ 14,562,501	\$ -	\$ 14,562,501	
Retail sales and use taxes				18,908,190	-	18,908,190	
Hotel/motel taxes				710,267	-	710,267	
Utility taxes				4,045,916	-	4,045,916	
Interfund utility taxes				2,146,515	-	2,146,515	
Business taxes				2,716,257	-	2,716,257	
Excise Taxes				6,508,665	-	6,508,665	
State entitlements				1,915,810	-	1,915,810	
Unrestricted investment earning				559,733	-	559,733	
Miscellaneous				1,000,049	-	1,000,049	
Total General Revenues				53,073,904	-	53,073,904	
Excess of revenues over expenses before transfers				5,316,337	3,605,314	8,921,652	
Transfers				(300,000)	300,000	-	
Change in net position				5,016,337	3,905,314	8,921,652	
Net position - beginning				212,902,819	74,142,336	287,045,155	
Net position-ending				\$217,919,156	\$ 78,047,650	\$ 295,966,806	

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

CITY OF TUKWILA, WASHINGTON  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2016**

	General Fund	Arterial Street	Local Improvement District #33	Public Safety Plan	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 12,278,557	\$ 1,667,647	\$ 898,722	\$ 114,324	\$ 6,542,202	\$ 21,501,453
Investments	3,053,018	-	-	-	-	3,053,018
Taxes receivable	5,645,241	541,874	-	-	620,491	6,807,605
Other receivables	365,262	21,703	-	189	6,600	393,754
Due from other governmental units	288,036	1,125,152	-	-	1,163,418	2,576,606
Restricted assets:						
Cash and cash equivalents	8,406	2,371,097	-	35,503,363	503,475	38,386,341
Investments	-	-	-	1,000,203	-	1,000,203
Special assessment receivable	-	-	4,794,009	-	-	4,794,009
Notes receivable	1,501,003	378,882	-	1,750,000	300,022	3,929,907
Real property held for resale	-	-	-	-	7,645,000	7,645,000
<b>Total Assets</b>	<b>\$ 23,139,523</b>	<b>\$ 6,106,355</b>	<b>\$ 5,692,731</b>	<b>\$38,368,079</b>	<b>\$ 16,781,208</b>	<b>\$ 90,087,896</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable	1,093,021	1,377,034	-	104,952	682,766	3,257,773
Accrued wages & benefits	1,504,321	20,448	-	-	6,799	1,531,568
Unearned revenue	228,090	-	-	-	-	228,090
Other liabilities	122,742	322,279	-	-	175,644	620,665
<b>Total Liabilities</b>	<b>2,948,174</b>	<b>1,719,761</b>	<b>-</b>	<b>104,952</b>	<b>865,209</b>	<b>5,638,095</b>
<b>Deferred inflow of resources</b>						
Unavailable revenue-special assessment	-	-	4,794,009	-	-	4,794,009
Business taxes received in advance	573,715	-	-	-	-	573,715
Unavailable revenue-property tax, other	217,959	-	-	-	-	217,959
Unavailable revenue-developer agreement	367,931	387,217	-	1,750,000	306,622	2,811,771
<b>Total Deferred Inflow Of Resources</b>	<b>1,159,605</b>	<b>387,217</b>	<b>4,794,009</b>	<b>1,750,000</b>	<b>306,622</b>	<b>8,397,454</b>
<b>Fund balance:</b>						
Nonspendable	1,141,484				7,645,000	8,786,484
Restricted:						
Hotel/motel tax	-	-	-	-	912,558	912,558
Arterial street capital improvements	-	2,371,097	-	-	-	2,371,097
Drug investigation and enforcement	-	-	-	-	553,539	553,539
Park and land acquisition/development	-	-	-	-	3,341,625	3,341,625
Public safety facilities	-	-	-	36,503,556	-	36,503,556
Fire improvements	-	-	-	-	736,518	736,518
Debt service guaranty fund	-	-	-	-	668,849	668,849
Local Improvement District	-	-	898,722	-	-	898,722
Assigned:						
Residential street improvements	-	-	-	-	658,932	658,932
Arterial street improvements	-	1,628,279	-	-	-	1,628,279
Contingencies	6,050,624	-	-	-	-	6,050,624
Land & park acquisition	-	-	-	-	10,488	10,488
Facilities & urban renewal	-	-	-	-	295,040	295,040
General government improvements	-	-	-	-	391,903	391,903
Public safety facilities	-	-	-	9,571	-	9,571
1% Arts	184,000	-	-	-	-	184,000
Technology	43,306	-	-	-	-	43,306
Debt service	-	-	-	-	394,925	394,925
Unassigned	11,612,330	-	-	-	-	11,612,330
<b>Total Fund Balance</b>	<b>19,031,744</b>	<b>3,999,376</b>	<b>898,722</b>	<b>36,513,127</b>	<b>15,609,377</b>	<b>76,052,346</b>
<b>Total Liabilities, Deferred Inflows And Fund Balances</b>	<b>\$ 23,139,523</b>	<b>\$ 6,106,355</b>	<b>\$ 5,692,731</b>	<b>\$38,368,079</b>	<b>\$ 16,781,208</b>	<b>\$ 90,087,895</b>

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, 2016

	Total Governmental Funds
Total governmental fund balances as reported on this statement	\$ 76,052,346
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	
Non-depreciable assets	45,563,279
Depreciable assets (net)	155,875,835
Internal service fund assets	<u>4,708,113</u> 206,147,226
The net pension asset is not an available resource and, therefore, is not reported in the funds.	3,772,659
Deferred outflow of pension costs	4,304,943
Deferred inflow of pension contributions	<u>(543,699)</u> 3,761,244
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.	9,188,795
Revenue that was not collected within the recognition period and therefore was not available to pay current liabilities:	
Unavailable revenue reported for property tax and other receivables	217,959
Unavailable revenue reported for developer agreement	2,811,771
Unavailable revenue reported for special assessment	<u>4,794,009</u> 7,823,739
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	(3,979,399)
Long term liabilities due in more than one year	(82,358,785)
Accrued interest payable	(355,347)
Deferred outflow on refunding	<u>324,261</u> (95,548,106)
Internal service fund net position exclusive of capital assets, deferred outflow of pension costs and deferred inflow of pension contributions which are included with other reconciling items above	
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.	6,721,251
<b>Net Position Of Government Activities As Reported On The Statement Of Net Position</b>	<b>\$ 217,919,156</b>

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, 2016

	General Fund	Arterial Street	Local Improvement District #33	Public Safety Plan	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 45,886,761	\$ 1,573,930	\$ -	\$ -	\$ 2,127,801	\$ 49,588,492
Licenses and permits	2,129,221	-	-	-	-	2,129,221
Intergovernmental	4,498,683	3,642,889	-	-	1,925,841	10,067,413
Charges for services	3,286,105	441,500	-	-	183,867	3,911,473
Fines and forfeitures	318,459	-	-	-	-	318,459
Investment earnings	233,544	19,711	267,930	9,561	10,553	541,299
Special assessments	-	-	542,180	-	-	542,180
Miscellaneous	214,444	117,549	886	-	624,279	957,158
Total Revenues	56,567,215	5,795,580	810,997	9,561	4,872,341	68,055,695
<b>EXPENDITURES:</b>						
Current:						
General government	8,315,631	-	-	-	1,090,359	9,405,989
Economic environment	4,070,805	-	-	-	422,405	4,493,210
Physical environment	1,955,028	-	-	-	3	1,955,031
Public safety	29,100,506	-	-	206,388	59,303	29,366,198
Culture and recreation	4,408,302	-	-	-	135,038	4,543,339
Transportation	2,879,996	2,096,831	-	-	261,641	5,238,468
Debt service:						
Principal	-	-	670,000	-	1,932,782	2,602,782
Interest	-	-	281,044	-	812,540	1,093,584
Capital outlay	810,180	5,502,756	-	-	2,045,515	8,358,450
Total Expenditures	51,540,446	7,599,587	951,044	206,388	6,759,585	67,057,051
Excess (deficiency) of revenues Over (Under) Expenditures	5,026,769	(1,804,007)	(140,047)	(196,827)	(1,887,245)	998,643
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	751,000	-	-	3,274,831	4,025,831
Transfer out	(4,325,831)	-	-	-	-	(4,325,831)
Issuance of debt	-	-	-	32,990,000	-	32,990,000
Bond premium	-	-	-	3,719,954	-	3,719,954
Total Other Financing Sources And Uses	(4,325,831)	751,000	-	36,709,954	3,274,831	36,409,954
Net change in fund balances	700,938	(1,053,007)	(140,047)	36,513,127	1,387,586	37,408,597
Fund balance - beginning	18,330,806	5,052,383	1,038,769	-	14,221,790	38,643,748
Fund Balance - Ending	\$ 19,031,744	\$ 3,999,376	\$ 898,722	\$ 36,513,127	\$ 15,609,377	\$ 76,052,346

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, 2016

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 37,408,597

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	8,358,450	
Adjustments to construction in progress	(912,881)	
Donated capital assets	82,808	
Depreciation Expense (excludes internal service fund depreciation which is reflected in internal service fund change in net position listed below)	<u>(7,164,280)</u>	
Excess of Capital Outlay Over Depreciation Expense		364,098

The net effect of various transactions involving the City's pension plans are:

Reduction in pension liability and expense	519,875	
Increase in pension contribution revenue	509,312	
Reduction in the Fireman's Pension liability and expense	<u>394,435</u>	1,423,622

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. (4,208)

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 Position. In the current year, these amounts consist of:

Bond principal retirement	2,602,782	
Amortization expense	<u>100,745</u>	2,703,526

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

General Obligation Bonds issued	(3,719,954)
General Obligation Bonds issued	(32,818,400)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

The change in net position of internal service funds is reported with governmental activities. (548,596)

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. Changes this year are for:

Miscellaneous receivables	(41,228)	
Developer agreements	2,811,771	
Property taxes	9,820	
Special assessment	<u>(542,180)</u>	2,238,183

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:

Increase in accrued interest	(16,278)	
Amortization of deferred outflow on bond refunding	(66,613)	
Increase in compensated absences	86,271	
Increase in unfunded other post employment benefits	<u>(2,033,913)</u>	
Total additional expense (increase) decrease		(2,030,533)

Change In Net Position On The Statement Of Activities	<u>\$ 5,016,337</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
 DECEMBER 31, 2016

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>Current assets:</b>						
Cash and cash equivalents	\$ 4,991,515	\$ 6,938,662	\$ 723,484	\$ 3,333,787	\$ 15,987,448	\$ 6,314,729
Investments	2,134,587	507,915	-	-	2,642,502	2,903,014
Taxes receivable	-	-	836	-	836	-
Other receivables	431,760	770,779	2,582	472,896	1,678,017	25,462
Due from other governmental units	-	-	-	64,822	64,822	-
Inventory of materials and supplies	-	-	53,458	-	53,458	15,273
Current assets restricted						-
Cash and cash equivalents	35,830	-	57,177	-	93,007	-
<b>Total Current Assets</b>	<b>7,593,692</b>	<b>8,217,356</b>	<b>837,537</b>	<b>3,871,505</b>	<b>20,520,091</b>	<b>9,258,478</b>
<b>Noncurrent assets:</b>						
Notes receivable	-	221,035	-	-	221,035	-
<b>Capital assets</b>						
Land	87,347	69,525	1,609,575	579,783	2,346,230	-
Building	1,416,567	3,364,962	6,627,496	1,875,395	13,284,419	-
Other improvements	22,188,810	14,586,442	3,559,992	47,829,405	88,164,649	-
Machinery and equipment	787,303	1,242,767	94,786	49,776	2,174,631	14,942,639
Less: accumulated depreciation	(10,922,163)	(8,254,806)	(6,086,998)	(15,507,546)	(40,771,512)	(10,234,527)
Construction in progress	728,271	862,642	-	620,315	2,211,229	-
Total capital assets (net of accumulated depreciation)	14,286,135	11,871,532	5,804,851	35,447,129	67,409,646	4,708,113
<b>Total Noncurrent Assets</b>	<b>14,286,135</b>	<b>12,092,566</b>	<b>5,804,851</b>	<b>35,447,129</b>	<b>67,630,681</b>	<b>4,708,113</b>
<b>Total Assets</b>	<b>21,879,827</b>	<b>20,309,922</b>	<b>6,642,388</b>	<b>39,318,634</b>	<b>88,150,771</b>	<b>13,966,590</b>
<b>Deferred Outflow s of Resources</b>						
Deferred pension	91,452	66,221	109,089	161,492	428,254	64,348
Deferred Loss on Refunding	10,941	26,089	-	5,050	42,079	-
<b>Total Deferred Outflow s Of Resources</b>	<b>102,393</b>	<b>92,310</b>	<b>109,089</b>	<b>166,542</b>	<b>470,333</b>	<b>64,348</b>
<b>LIABILITIES:</b>						
<b>Current Liabilities</b>						
Accounts payable	186,838	209,593	3,034	261,949	661,414	86,468
Accrued wages and benefits	28,294	16,084	29,070	47,179	120,627	19,698
Accrued interest payable	2,872	8,339	-	6,570	17,782	-
Unearned revenue	5,785	-	-	11,315	17,100	-
Other current liabilities	77,532	27,629	52,247	18,190	175,598	748,250
Due to other governments	95,080	233,436	-	270,953	599,468	-
Compensated absences	-	8,635	18,486	6,943	34,064	-
Revenue bond payable	37,253	88,835	-	17,194	143,282	-
<b>Total Current Liabilities</b>	<b>433,654</b>	<b>592,551</b>	<b>102,837</b>	<b>640,293</b>	<b>1,769,336</b>	<b>854,416</b>
<b>Noncurrent liabilities:</b>						
Reserve for unreported claims	-	-	-	-	-	1,301,250
Revenue bonds payable	378,150	901,742	-	174,531	1,454,422	-
Net pension liability	542,277	392,669	646,859	957,596	2,539,401	381,561
Compensated absences	127,437	-	53,777	83,082	264,295	-
Due to other governments	622,195	1,963,450	-	1,861,878	4,447,523	-
<b>Total Noncurrent Liabilities</b>	<b>1,670,059</b>	<b>3,257,861</b>	<b>700,636</b>	<b>3,077,086</b>	<b>8,705,642</b>	<b>1,682,811</b>
<b>Total Liabilities</b>	<b>2,103,714</b>	<b>3,850,411</b>	<b>803,473</b>	<b>3,717,379</b>	<b>10,474,977</b>	<b>2,537,227</b>
<b>Deferred Inflow s of Resources</b>						
Deferred inflow pension earnings	21,359	14,678	25,172	37,269	98,478	14,963
<b>Total Deferred Inflow s Of Resources</b>	<b>21,359</b>	<b>14,678</b>	<b>25,172</b>	<b>37,269</b>	<b>98,478</b>	<b>14,963</b>
<b>NET POSITION:</b>						
Net investment in capital assets	13,164,397	8,710,158	5,804,851	33,127,624	60,807,030	4,708,113
Unrestricted	6,692,750	7,826,985	117,982	2,602,903	17,240,620	6,770,636
<b>Total Net Position</b>	<b>\$ 19,857,146</b>	<b>\$ 16,537,143</b>	<b>\$ 5,922,833</b>	<b>\$ 35,730,527</b>	<b>\$ 78,047,650</b>	<b>\$ 11,478,749</b>

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, 2016

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 6,401,456	\$ 9,186,732	\$ 1,317,806	\$ 5,850,799	\$ 22,756,794	\$ 7,988,226
Other operating revenue	186	-	106,079	240	106,505	140,076
Total Operating Revenues	6,401,642	9,186,732	1,423,886	5,851,039	22,863,299	8,128,302
<b>OPERATING EXPENSES:</b>						
Operating & maintenance	3,581,646	6,259,871	1,507,558	1,798,874	13,147,948	7,578,017
Administrative and general	645,770	556,465	177,352	702,884	2,082,471	448,689
Taxes	931,294	1,057,474	65,114	655,744	2,709,626	-
Depreciation and amortization	526,817	370,312	327,513	914,244	2,138,886	799,436
Total Operating Expenses	5,685,527	8,244,121	2,077,536	4,071,745	20,078,930	8,826,142
Operating Income (Loss)	716,114	942,611	(653,651)	1,779,294	2,784,369	(697,840)
<b>NON-OPERATING REVENUE (EXPENSE):</b>						
Investment earnings	33,658	42,624	2,500	29,101	107,883	52,291
Interest expense	(15,449)	(39,271)	-	(16,614)	(71,333)	-
Gain (loss) on disposal of capital assets	(3,538)	-	-	(4,798)	(8,336)	96,953
Other non-operating revenue	-	-	-	25,000	25,000	-
Total Non-Operating Revenue (Expense)	14,672	3,353	2,500	32,689	53,214	149,244
Income (Loss) Before Contributions & Transfers	730,787	945,964	(651,151)	1,811,983	2,837,582	(548,596)
Capital contributions	101,291	270,857	-	395,583	767,732	-
Transfers in	-	-	300,000	-	300,000	-
Change in Net Position	832,078	1,216,821	(351,151)	2,207,566	3,905,314	(548,596)
Total net position - beginning	19,025,068	15,320,322	6,273,984	33,522,961	74,142,335	12,027,345
Total Net Position - ending	\$ 19,857,146	\$ 16,537,143	\$ 5,922,833	\$ 35,730,527	\$ 78,047,650	\$ 11,478,749

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 YEAR ENDED DECEMBER 31, 2016

Page 1 of 2

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 6,459,464	\$ 9,346,013	\$ 1,408,602	\$ 5,656,394	\$ 22,870,473	\$ 8,190,613
Cash paid to supplier	(3,368,184)	(6,097,869)	(727,753)	(1,018,151)	(11,211,957)	(1,284,411)
Cash paid for taxes	(931,294)	(1,057,474)	(65,114)	(655,744)	(2,709,626)	(570)
Cash paid to or on behalf of employees	(731,491)	(513,566)	(975,147)	(1,275,260)	(3,495,464)	(6,850,302)
Other cash received (paid)	186	-	8,603	240	9,029	-
Net Cash Provided (Used)					-	
By Operating Activities	1,428,680	1,677,104	(350,808)	2,707,479	5,462,455	55,330
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating grant received	-	-	-	25,000	25,000	-
Transfers in	-	-	300,000	-	300,000	-
Net Cash Provided (Used) By Non- Capital Financing Activities	-	-	300,000	25,000	325,000	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Purchase of capital assets	(621,865)	(701,042)	-	(1,438,707)	(2,761,613)	(797,536)
Contributed capital	60,209	248,459	-	273,792	582,460	-
Capital grants	431,877	24,015	-	323,884	779,777	-
Principal payment on debt	(132,734)	(323,226)	-	(288,331)	(744,291)	-
Interest payment on debt	(15,354)	(38,010)	-	(17,231)	(70,595)	-
Proceeds from sale of equipment	-	-	-	-	-	128,075
Other	-	80,321	-	(49,488)	30,833	-
Net Cash Provided (used) for Capital And Related Financing Activities	(277,866)	(709,483)	-	(1,196,080)	(2,183,429)	(669,461)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>						
Sale of investments	-	-	-	-	-	1,015,930
Interest received	15,563	53,649	2,500	29,101	100,813	173,121
Net Cash Provided (Used) In Investing Activities	15,563	53,649	2,500	29,101	100,813	1,189,051
Net increase (decrease) in cash and Cash equivalents	1,166,378	1,021,270	(48,309)	1,565,500	3,704,839	574,920
Cash and cash equivalents-beginning of year	3,860,968	5,917,392	828,971	1,768,287	12,375,617	5,739,809
Cash And Cash Equivalents- end of year	<u>\$ 5,027,345</u>	<u>\$ 6,938,662</u>	<u>\$ 780,662</u>	<u>\$ 3,333,787</u>	<u>\$ 16,080,456</u>	<u>\$ 6,314,729</u>
Cash at end of year consists of:						
Cash and cash equivalents	4,991,515	6,938,662	723,484	3,333,787	15,987,448	\$ 6,314,729
Restricted cash-customer deposits	35,830	-	57,177	-	93,007	-
Total Cash and cash equivalents	<u>\$ 5,027,345</u>	<u>\$ 6,938,662</u>	<u>\$ 780,662</u>	<u>\$ 3,333,787</u>	<u>\$ 16,080,456</u>	<u>\$ 6,314,729</u>

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 YEAR ENDED DECEMBER 31, 2016

Page 2 of 2

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
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**RECONCILIATION OF NET OPERATING INCOME TO NET CASH  
 PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 716,114	\$ 942,611	\$ (653,651)	\$ 1,779,294	\$ 2,784,369	\$ (697,840)
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Adjustments to reconcile operating income to net cash  
 Provided (used) by operating activities:

Depreciation	526,817	370,312	327,513	914,244	2,138,886	799,436
Asset (increase) decrease:						
Accounts receivable	36,928	159,281	2,448	(194,405)	4,252	62,311
Inventory and other	-	-	8,944	-	8,944	(1,436)
Deferred outflow of resources (increase) decrease	(36,638)	(34,395)	(46,759)	(69,191)	(186,983)	(26,438)
Liability increases (decreases):						
Accounts payable	143,659	175,139	(2,130)	219,183	535,851	(93,833)
Other liabilities	22,580	(5,224)	(9,129)	6,126	14,353	-
Wages & benefits payable	10,234	(15,939)	(19,374)	(8,657)	(33,736)	213
Deferred inflow of resources increase (decrease)	8,986	85,319	41,328	60,886	196,519	12,917
Total Adjustments	712,566	734,492	302,843	928,185	2,678,086	753,170
					-	
Net Cash Provided (Used) By Operating Activities	\$ 1,428,680	\$ 1,677,104	\$ (350,808)	\$ 2,707,479	\$ 5,462,455	\$ 55,331

**SCHEDULE OF NONCASH INVESTING, CAPITAL AND  
 FINANCING ACTIVITIES**

Capital assets acquired by contributed capital	\$ (390,795)	\$ (1,617)	\$ -	\$ -	\$ (392,412)	\$ -
Increase (decrease) in fair value of investment	-	-	-	-	-	(18,661)
Total Non Cash investing, Capital and Financing Activities	\$ (390,795)	\$ (1,617)	\$ -	\$ -	\$ (392,412)	\$ (18,661)

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



CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
DECEMBER 31, 2016

	Firemen's Pension Trust Fund	Agency Fund
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 427,867	\$ 201,739
Investments	1,000,508	-
Customer accounts	-	55,543
Interest receivable	708	-
<b>Total Assets</b>	<b>1,429,083</b>	<b>257,282</b>
<b>LIABILITIES:</b>		
Accounts and other payables	-	257,282
<b>Total Liabilities</b>	<b>-</b>	<b>257,282</b>
<b>NET POSITION:</b>		
	1,429,083	-
Held In Trust For Pension Benefits And Other Purposes	<b>\$ 1,429,083</b>	<b>\$ -</b>

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, 2016

	Firemen's Pension Trust Fund
<b>ADDITIONS:</b>	
Contributions from nonemployer entities:	
Fire Insurance Premiums Transferred in	\$ 66,360
Investment earnings	10,205
Total Additions	76,565
<b>DEDUCTIONS:</b>	
Benefit payments	\$ 60,488
Administrative expenses	3,500
Total Deductions	63,988
Change In Net Position	12,577
Net position - beginning	1,416,506
Net Position - ending	\$ 1,429,083

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City of Tukwila was incorporated on June 23, 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 councilmembers, 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 City of Tukwila has no component units (either blended or discretely presented) included in these statements.

#### 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 report information on all of the nonfiduciary activities of the City. 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 are comprised of assets, deferred outflow of resources, liabilities, deferred inflow of resources, 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. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements focus on measuring changes in current financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. The following are the City's major governmental funds:

- The general fund accounts for all 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. The general fund receives the bulk of its revenues from local taxes, followed by State shared revenues, service charges, and other income.
- The Arterial Street fund was established in accordance with RCW 82.36.020 for the administration of the State-levied motor vehicle half-cent gasoline tax distributed to Tukwila and is used primarily to account for capital arterial street projects. In addition to the State-levied motor vehicle gasoline tax, other revenue includes state and federal grants, impact fees, and transfers in from the general fund.
- The Local Improvement District (LID) #33 accounts for assessments related to the LID and provides payment to the Fiscal Agent for principal and interest on bonds issued in November 2013.
- The Public Safety Plan fund was established in 2016 after voters approved a \$77.4 million bond measure to construct a justice center, rebuild 3 fire stations, and provide for life-cycle replacement of fire department apparatus and equipment.

The other governmental funds of the City, account for the proceeds of specific revenue sources that are segregated to ensure that expenditures are made exclusively for qualified purposes.

### ***Proprietary and Internal Service Funds***

Proprietary and internal service 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 position. Proprietary funds measurement focus is based upon determination of net income, financial position, and cash flows.

Proprietary and internal service 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. Fiduciary funds are excluded from the government-wide financial statements.

## **D. Measurement Focus**

### ***Government-wide Financial Statements***

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflow of resources, liabilities, and deferred inflow of resources 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, current liabilities, and deferred inflow of resources 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 and internal service 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 activities presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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 sales, real estate, 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 from the government-wide financial statements via the process of consolidation. 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. Public hearings are also held in December, if necessary.
- 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 financial statements include both the original amounts and the final amended budget as approved

by the City Council. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable to the fiscal year.

### ***Expenditure Categories***

<b>General Government</b>	Includes administration, finance, municipal court, attorney, and city clerk activities.
<b>Public Safety</b>	Includes all police and fire activities.
<b>Physical Environment</b>	Includes expenditures for the public works activities not chargeable to the enterprise funds.
<b>Transportation</b>	Includes all street and arterial street maintenance and construction.
<b>Economic Development</b>	Reflects the planning and building inspection activities.
<b>Culture and Recreation</b>	Includes the parks and recreation activities.

## **G. Assets, Liabilities, and Fund Equity**

### ***Cash and Cash Equivalents***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### ***Investments***

Investments are held separately by each fund with interest earned directly for the benefit of each fund. Investments are reported in the financial statements at fair value, based on quoted prices in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. 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 2.

### ***Notes Receivable***

Notes receivable in the enterprise funds consists of sewer connection fees due from customers to the utility. In the governmental funds, it consists of the special assessment as well as developer agreements. The City currently has two developer agreements included in the financial statements.

### ***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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." As of December 31, 2016, there are no residual balances outstanding between the governmental activities and business-type activities.

The non-current portion of interfund loans in the general fund and advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. See Note 4 on interfund transactions.

***Special Assessments***

Special assessments are amounts levied against benefited properties to recover costs associated with the construction of Local Improvement District (LID) projects. A lien is recorded against benefited properties until the assessment has been paid. Special assessments receivable represent all outstanding assessment amounts including current assessments billed but not collected, delinquent assessments unpaid at year-end, and special assessment amounts due in future years, which are recorded in a deferred inflow of resources account in the fund financial statements. Since special assessments are secured by liens against related properties, no allowance for uncollectible amounts is made.

***Inventories***

Inventory is defined as items purchased for resale to external customers or other City departments, or supplies and small tools used in normal operations that are considered material in amount. The inventory amount on this year's financial statements reflect only those items that will be resold. The inventory is valued at average cost using the consumption method and there is a physical inventory count taken annually at year-end.

Governmental funds use the purchase method whereby inventory items are considered expenditures when purchased.

***Real Property Held for Resale***

Governmental funds do not report property, plant, and equipment because such assets normally are used in operations, and therefore will never be available for spending (they are not financial assets). However, specific items of property occasionally are acquired with the intent of sale. Examples include foreclosure properties, redevelopment properties, and donated assets held for resale rather than retained for use in operations. Governments often acquire redevelopment properties to attract private-sector investment in an economically depressed area and are willing to sell the property at a price that may be far less than the government's cost to acquire and improve the property. Since assets held for sale can never be reported at an amount higher than their net realizable value, any cost in excess of net realizable value must be excluded from the property value reported in the financial statements.

The City has acquired a number of redevelopment properties in its urban renewal area along Tukwila International Boulevard. For the Tukwila Village project, property acquisition began in 1999. The City has acquired and cleared a total of 5.76 acres. In 2012 the City executed an agreement to develop and sell the property and the first phase is currently under construction.

As part of a crime-reduction project, the City purchased three crime-ridden motels in 2014 plus another motel and retail shop in 2015. All structures on those properties were demolished in 2016 and the vacant land will be sold for redevelopment. All redevelopment properties are reported at net realizable value in the financial statements.

***Deferred Outflows /Inflows of Resources***

Deferred outflow of resources represents a consumption of net position by the government that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The City reports a deferred outflow related to pension and a deferred loss on refunding water/sewer bonds.

Deferred inflow of resources represents an acquisition of net position by the government that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City reports business taxes that are received in advance and a deferred inflow related to pensions.

### ***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. Where historical cost is not known, assets are recorded at estimated historical costs. Donated assets are recorded at acquisition value at time of acquisition. The City maintains a capitalization threshold of five thousand (\$5,000) dollars. The City's infrastructure consists of roads, bridges, storm sewers, water and sewer distribution and collection systems. Improvements are capitalized while 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
Machinery and Equipment	2 to 50 years
Intangibles	2 to 50 years
Infrastructure	25 to 50 years

See Note 6 for additional information on capital assets.

### ***Other Liabilities***

Other liabilities include retainage, deposits and the incurred-but-not-reported (IBNR) claims and claim reserve for the self-insured healthcare funds. The self-insurance fund for active employees includes an IBNR liability of \$743,300 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 IBNR for claim fluctuations plus 1.5 x IBNR for a claims reserve yielding a total liability of \$1,858,250. The self-insurance fund for LEOFF 1 retirees includes an IBNR liability of \$76,500 and total liability of \$191,250 utilizing the same calculations as the active employees self-insurance fund.

### ***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, which includes salary and wages as well as related taxes, 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 last-in-first-out (LIFO) approach. Anticipated subsequent yearly usage is used to determine the current portion of the liability. There is

no current portion to report when the anticipated leave usage is less than the anticipated leave to be accrued during the next year.

### ***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 are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term debt outstanding at year-end is outlined in Note 10.

### ***Fund Balance/Net Position***

A fund balance represents the difference between the current assets and current liabilities plus deferred inflows. 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 plus deferred outflow of resources and liabilities plus deferred inflow of resources. 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 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.

In 2012 and again in 2015, 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 shall equal or exceed 18%, and the Contingency 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. Additionally, 10% of the previous year one-time revenues shall be set aside in a one-time revenue reserve within the Contingency Reserve fund.

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 liability.

### ***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. The general fund's nonspendable fund balance of \$1.1 million is the outstanding balance of a loan from the general fund to the Tukwila Metropolitan Park District. The facilities fund, reported in the Other Governmental Funds column in the balance sheet, has a nonspendable fund balance of \$7.65 million representing real property held for resale. At this time, there is no constraint on how the eventual proceeds will be spent.
- 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. Assigned also includes a contingency balance authorized via the City's Reserve Fund Balance policy. Intent of use and authority to assign amounts is determined through the budgetary process, either during adoption or amending, and the Finance Director has final authority.
- Unassigned fund balance is the residual amount 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 City Council 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 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. When expenditures are incurred for purposes, for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications can be used, it is the City's policy to spend committed resources first, the assigned second, followed by unassigned.

### ***Operating Revenues and Expenses***

Operating revenues are generated directly from the primary activity of the proprietary funds. For the City, these revenues are service fees for utilities, 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. It also includes water and sewer connection charges.

***Indirect Cost Allocation***

Indirect costs, also referred to as overhead costs, consist of the cost of central services or support functions shared across departments. They include accounting, human resources, payroll, information technology, janitorial services, and others. These services are paid through the general fund and charged back to the proprietary funds that directly benefit from them. In prior years, the indirect costs allocated to the proprietary funds were recorded as a transfer out of the proprietary funds and a transfer in to the general fund. Pursuant to guidance by the Washington State Auditor's Office, Budgeting, Accounting, and Reporting System (BARS), the indirect costs allocated to the proprietary and other funds of \$2,233,476 for 2016 are reported as a reduction of general government expenditures on the Statement of Activities rather than as transfers in and transfers out.

***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.

***Risk Management***

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. WCIA is an organization of Washington entities numbering 168 as of December 31, 2016. WCIA provides pooled self-insurance coverage for general liability, vehicle liability, false arrest, and errors and omissions. See Note 13 for additional information on risk management.

**H. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**I. Changes in Reporting**

Effective for fiscal year 2016 reporting, the City adopted the following new standard issued by the Governmental Accounting Standards Board (GASB):



GASB Statement No. 72 *Fair Value Measurement and Application*, defines fair value and provides guidance for determining a fair value measurement for financial reporting purposes.

## **NOTE 2 –DEPOSITS AND INVESTMENTS**

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

### **Cash and Cash Equivalents**

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The City minimizes custodial credit risk by following the restrictions set forth in state law.

At year-end, the carrying amount of the City's cash balance held in banks was \$25,841,328. Of the bank balance, \$250,000 was covered by Federal depository insurance and the Washington Public Deposit Protection Commission (WPDPC) insured the remainder. The City also maintains imprest funds totaling \$14,950.

The City participates in the State Treasurer's Investment Pool, which is a 2a7-like unrated pool, overseen by the State Treasurer's Office. A 2a7-like-pool is an external investment pool that is not registered with the SEC as an investment company but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost, which approximates fair value, to report net assets and compute share prices. 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.

### **Investments**

The City's investment portfolio includes certificate of deposits insured by the Washington State Public Depository Commission, U.S. Government Agency Notes, 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, 2016, the City had the following deposits and investments. Certificates of deposits are measured at amortized cost, agencies and municipal bonds are measured at fair value.

### SCHEDULE OF INVESTMENTS BY MATURITY

	Maturity Date	Credit Rating	Fair Value
<b><i>Certificates of Deposit:</i></b>			
Sound Community Bank	3/4/2017	*	\$ 3,201,903
Bank of Washington	5/1/2016	*	250,000
Total Certificate of Deposits			<u>3,451,903</u>
<b><i>U.S. Government Agency Notes:</i></b>			
Federal Home Loan Mtg Corp	5/26/2017	Aaa / AA+	1,000,508
Federal Home Loan Mtg Corp	5/25/2018	Aaa / AA+	996,086
Federal Farm Credit Bank	12/21/2018	Aaa / AA+	1,000,015
Federal Farm Credit Bank	12/27/2019	Aaa / AA+	1,000,203
Total U.S. Agency Notes			<u>3,996,812</u>
<b><i>Municipal Bonds:</i></b>			
Washington State Biomedical Research: Revenue - Facilities	7/1/2017	Aa1 / AA+	507,915
Marysville Washington: Limited General Obligation	12/1/2017	Aa2	155,138
Skagit County, Washington: Limited General Obligation	12/1/2017	Aa2	370,490
Washington State Biomedical Research: Revenue - Facilities	7/1/2019	Aa1 / AA+	537,765
Port of Anacortes, Washington: Limited General Obligation	9/1/2020	Aa3	357,986
Douglas County School District, Washington: Unlimited General Obligation	12/1/2020	Aa1	1,221,237
Total Municipal Bonds			<u>3,150,530</u>
<b>TOTAL INVESTMENTS</b>			<u><b>\$ 10,599,245</b></u>

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

**RECONCILIATION OF ALL CASH, DEPOSITS AND INVESTMENTS**

SUMMARY BY FUNDS	CASH & CASH EQUIVALENTS	RESTRICTED CASH	INVESTMENTS	RESTRICTED INVESTMENTS	TOTAL
Governmental Funds					
General Fund	\$ 12,278,557	\$ 8,406	\$ 3,053,018	\$ -	\$ 15,339,981
Arterial Street	1,667,647	2,371,097	-	-	4,038,744
Local Improvement District #33	898,722	-	-	-	898,722
Public Safety Plan	114,324	35,503,363	-	1,000,203	36,617,890
Facilities Urban Renewal	-	-	-	-	-
Other Governmental Funds	6,542,203	503,475	-	-	7,045,678
Proprietary Funds					-
Water	4,991,515	35,830	2,134,587	-	7,161,933
Sewer	6,938,662	-	507,915	-	7,446,577
Foster Golf Course	723,484	57,177	-	-	780,662
Surface Water	3,333,787	-	-	-	3,333,787
Internal Service Funds	6,314,729	-	2,903,014	-	9,217,744
					-
Total as Reported on Statement of Net Position	43,803,631	38,479,349	8,598,534	1,000,203	91,881,717
Firemen's Pension Trust Fund	-	427,867	1,000,508	-	1,428,375
Agency Fund	-	201,739	-	-	201,739
Total Cash, Cash Equivalents and Investments	\$ 43,803,631	\$ 39,108,955	\$ 9,599,042	\$ 1,000,203	\$ 93,511,831

**SUMMARY BY TYPE:****Cash and Cash Equivalents:**

Local Government Investment Pool	\$ 43,001,758
Money market account	14,219,309
Cash on hand	14,950
Cash in bank-book balance	25,676,569
Total cash and cash equivalents	82,912,586

**Investments:**

Certificates of deposit	3,451,903
U.S. Government Agency Notes	3,996,812
Municipal bonds	3,150,530
Total investments	10,599,245

Total Cash, Cash Equivalents, and Investments	\$ 93,511,831
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Restricted Assets - Governmental	
Cash & cash equivalents	\$ 35,503,363
Deposits	8,406
Drug Seizure funds - federal portion	503,475
Debt Service	2,213,705
Impact fees	157,392
Investments	1,000,203
Restricted Assets-Governmental	<u>\$ 39,386,544</u>
Restricted Assets - Business-Type	
Customer Deposits-Water Utility	\$ 35,830
Customer Deposits-Golf Course	42,177
Lease Deposits-Golf Course	15,000
Restricted Assets-Business-Type	<u>\$ 93,007</u>
Total Restricted Assets	\$ 39,479,552

### ***Fair Value Measurement***

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets. These valuation inputs are considered most reliable.
- Level 2 inputs are quoted prices for similar assets, quoted prices for identical or similar assets in markets that are not active, or other observables. These valuation inputs are considered to be reliable.
- Level 3 inputs are significant unobservable inputs and are considered to be the least reliable.

The City has the following recurring fair value measurements as of December 31, 2016:

Fair Value Measurements Using				
Investments by Fair Value Level	Total	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Government Agencies	\$ 3,996,812	\$ 3,996,812	\$ -	\$ -
Municipal Bonds	3,150,530	-	3,150,530	-
Total Investments by Fair Value Level	<u>\$ 7,147,342</u>	<u>\$ 3,996,812</u>	<u>\$ 3,150,530</u>	<u>\$ -</u>

### ***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.

The City uses the weighted average maturity method to manage interest rate risk.

### ***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 WPDPC 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, 2016, the City's investments in municipal bonds were rated Aaa to Aa3 by 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 3 – RECEIVABLES

Taxes receivable consists of property, sales and use, gambling, leasehold, and hotel/motel taxes.

Customer accounts receivable consists of amounts owed by private individuals or organizations for goods and services provided. Uncollectible amounts are considered immaterial and the direct write-off method is used. Customer accounts receivable also includes the current portion of special assessments due from property owners within Local Improvement District No. 33. 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
<b>Taxes Receivable</b>			
Property	\$ 198,515	\$ -	\$ 198,515
Sales & Use	3,639,652	-	3,639,652
Real Estate Excise Tax	986,711	-	986,711
Utility Tax	757,438	-	757,438
Admission/Gambling/Parking/Other	1,225,290	836	1,226,126
Total Taxes Receivable	6,807,605	836	6,808,442
<b>Customer Receivable</b>			
Miscellaneous	167,097	2,582	169,678
Utility Accounts	-	1,664,695	1,664,695
Total Customer Receivable	167,097	1,667,277	1,834,373
Interest	44,695	10,740	55,435
Notes due within one year	206,920	-	206,920
<b>Total Receivables</b>	<b>\$ 7,226,317</b>	<b>\$ 1,678,853</b>	<b>\$ 8,905,170</b>

#### 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 <sup>st</sup>	Taxes are levied and become an enforceable lien against properties.
February 14 <sup>th</sup>	Tax bills are mailed.
April 30 <sup>th</sup>	First of two equal installment payments is due. If taxes are less than \$50, full payment is due. (RCW 84.56.020)
May 31 <sup>st</sup>	Assessed value of property established for next year's levy at 100 percent of market value.
October 31 <sup>st</sup>	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 is \$50 or more. 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 other unavailable revenue in the deferred inflow of resources section of the governmental funds financial statements. The tax rate for general City operations is limited to \$3.60 per \$1,000 of assessed value. An additional levy rate of \$0.225 is available to the City because the City funds a Firemen's Pension Fund.

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 since 1985. 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.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate. The City's regular levy in 2016 was \$2.710173 per \$1,000 of assessed valuation of \$5,736,568,228 for a total regular levy of \$14,592,910.

### **Due from Other Governments**

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. As of December 31, 2016, the majority represents grants.

### **Notes Receivable**

Notes receivable for governmental activities consists of the long-term portion of the special assessments related to Local Improvement District (LID) No. 33. Special assessments are levied against certain property owners benefited by the improvement. The current portion of outstanding assessments is reported in the receivables category on the Statement of Net Position and consists of assessments which are due within one year and delinquent assessments from the prior year. Assessments are charged to property owners within the LID annually with payments due in October of each year. The repayment period for the assessments is 15 years with the first installment due in 2014 and the final installment due in 2028.

The other note receivable category is related to developer agreements. There are three agreements with local developers to defer fire, parks and traffic impact fees, along with building permit fees as part of new, large construction projects. The first agreement defers the developer's obligation to pay the building permit fee on the Washington Place project until 2017. The second agreement, also related to the Washington Place project, defers the developer's obligation to pay traffic, park, and fire impact fees until 2018. Finally, the third agreement is for the Tukwila South project which defers \$1.75 million in fire impact fees, with annual payments due each December from 2017 through 2031.

Notes receivable for business-type activities consists of outstanding payment plans for sewer connection fees. The City designed and constructed sewer infrastructure in both the Allentown and Foster Point neighborhoods, which was previously on septic. The project was completed and accepted by City Council in 2007. The connection fees to be paid by property owners were established by ordinance, effective in August, 2007. One option given to

property owners was an installment payment plan. This option allowed owners to sign an agreement to have the connection charge added to their monthly water bill and repaid over 5, 10, or 15 years with a 4% annual interest rate. The balance reflects all principal outstanding at year-end.

	Governmental Activities	Business-Type Activities	Total
Notes Receivable			
Special Assessments	\$ 4,794,009	\$ -	\$ 4,794,009
Developer Agreements	3,929,907	-	3,929,907
Sewer Payment Plan	-	221,035	221,035
Total Receivables	\$ 8,723,916	\$ 221,035	\$ 8,944,951

#### NOTE 4 – 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. As of December 31, 2016, the City has no outstanding interfund loans or advances.

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.



Interfund transfers for the year were as follows:

### SUMMARY OF INTERFUND TRANSFERS

	Governmental Funds				Proprietary Funds	TOTAL
	General Fund	Arterial Street	Other Gov't Funds	Total Governmental	Golf Course	
Transfers In	\$ -	\$ 751,000	\$ 3,274,831	\$ 4,025,831	\$ 300,000	\$ 4,325,831
Transfers Out	(4,325,831)	-	-	(4,325,831)	-	(4,325,831)
Net Transfers In (Out)	\$ (4,325,831)	\$ 751,000	\$ 3,274,831	\$ (300,000)	\$ 300,000	\$ -

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

### NOTE 5 – OPERATING LEASES

During 2016 the City maintained operating lease agreements for City operated machinery and equipment.

Tukwila leases office/ storage space for the purposes of the Records Center, Police Archives Storage, Police Gym, and the Neighborhood Resource Center. In addition the City leased a postage machine and copiers during 2016. Costs associated with these activities are as follows.

### SCHEDULE OF FUTURE MINIMUM LEASE PAYMENTS

	2016	2017	2018	2019	2019
Records Center <sup>1</sup>	29,400	-	-	-	-
Neighborhood Resource Center <sup>2</sup>	21,300	10,800	-	-	-
Police Archives/Vehicle Storage	55,752	57,424	59,144	60,916	58,652
Police Department Gym	14,652	15,091	15,542	16,012	6,780
Postage Machines	6,948	6,948	4,055		
Office Equipment	50,600	49,947	33,262	16,863	13,311
<b>Total Lease Payments</b>	<b>\$ 178,652</b>	<b>\$ 140,210</b>	<b>\$ 112,003</b>	<b>\$ 93,791</b>	<b>\$ 78,743</b>

<sup>1</sup> Leasing of the Records Center expires on 5/31/2017. 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.

<sup>2</sup> Leasing of the Neighborhood Resource Center expires on 6/30/2017.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, was as follows:

**GOVERNMENTAL ACTIVITIES**

	BEGINNING BALANCE 1/1/2016	INCREASES	DECREASES	ENDING BALANCE 12/31/2016
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 35,312,814	\$ 185,766	\$ -	\$ 35,498,580
Construction in Progress	26,133,182	7,612,974	(23,681,457)	10,064,699
Total capital assets, not being depreciated	61,445,996	7,798,740	(23,681,457)	45,563,279
Capital assets, being depreciated:				
Buildings	22,671,409	1,759,932	-	24,431,341
Other Improvements	18,064,032	5,290,289	-	23,354,321
Machinery and Equipment	20,641,332	1,674,523	(820,820)	21,495,035
Infrastructure	173,864,754	15,545,969	-	189,410,723
Total capital assets being depreciated	235,241,527	24,270,713	(820,820)	258,691,420
Less accumulated depreciation for:				
Buildings	(11,959,413)	(637,782)	-	(12,597,195)
Other Improvements	(12,130,873)	(695,429)	-	(12,826,302)
Machinery and Equipment	(13,829,857)	(1,302,447)	748,363	(14,383,941)
Infrastructure	(52,951,226)	(5,348,809)	-	(58,300,035)
Total accumulated depreciation	(90,871,369)	(7,984,467)	748,363	(98,107,473)
Total capital assets, being depreciated, net	144,370,158	16,286,246	(72,457)	160,583,947
Governmental activity capital assets, net	\$ 205,816,154	\$ 24,084,986	\$ (23,753,914)	\$ 206,147,226

**BUSINESS-TYPE ACTIVITIES**

	BEGINNING BALANCE 1/1/2016	INCREASES	DECREASES	ENDING BALANCE 12/31/2016
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,346,230	\$ -	\$ -	\$ 2,346,230
Construction in Progress	7,247,963	2,737,449	(7,774,182)	2,211,229
Total capital assets, not being depreciated	9,594,193	2,737,449	(7,774,182)	4,557,459
Capital assets, being depreciated:				
Buildings	13,284,419	-	-	13,284,419
Other Improvements	80,641,041	7,743,350	(219,743)	88,164,649
Machinery and Equipment	2,189,468	24,164	(39,001)	2,174,631
Total capital assets being depreciated	96,114,928	7,767,514	(258,744)	103,623,698
Less accumulated depreciation for:				
Buildings	(4,605,392)	(371,794)	-	(4,977,186)
Other Improvements	(32,495,706)	(1,718,780)	208,677	(34,005,809)
Machinery and Equipment	(1,781,937)	(48,312)	41,730	(1,788,518)
Total accumulated depreciation	(38,883,035)	(2,138,886)	250,407	(40,771,513)
Total capital assets, being depreciated, net	57,231,895	5,628,630	(8,337)	62,852,187
Business-Type activity capital assets, net	\$ 66,826,088	\$ 8,366,078	\$ (7,782,519)	\$ 67,409,646

**DEPRECIATION**

Depreciation expense for 2016 was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 255,007
Public Safety	152,172
Physical Environment	688,014
Transportation	5,379,671
Economic Environment	2,907
Culture and Recreation	707,260
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	
	799,436
Total 2016 depreciation expense - governmental activities	<u>\$ 7,984,467</u>

Business-type activities:

Water Utility	\$ 526,817
Sewer Utility	370,312
Foster Golf Course	327,513
Surface Water Utility	914,244
Total 2016 depreciation expense - business-type activities	<u>\$ 2,138,886</u>

**NOTE 7 – JOINT VENTURES**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an on-going financial interest or (b) an on-going financial responsibility. The City participates in two joint ventures. A summary of the City's investment in joint ventures follows.

**SUMMARY OF INVESTMENT IN JOINT VENTURES**

	Equity in Operations	Equity in Capital Assets financed by Outstanding Debt	TOTAL Investment in Joint Ventures
Valley Com	\$ 2,391,872	\$ -	\$ 2,391,872
SCORE	703,323	6,093,600	6,796,923
TOTAL	<u>\$ 3,095,195</u>	<u>\$ 6,093,600</u>	<u>\$ 9,188,795</u>

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

The purpose of the joint operation, hereafter referred to as Valley Com, is to provide improved consolidated emergency communications (dispatch) services for police, fire, and medical aid, to the five participating cities and to several subscribing agencies. 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 2016 cost distribution for the five (5) participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	86,799	20.28%
Kent	114,769	26.81%
Auburn	96,406	22.52%
Tukwila	37,375	8.73%
Federal Way	92,658	21.65%
Total	428,007	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 (5) participating cities is as follows:

ITEM	RENTON	KENT	AUBURN	TUKWILA	FEDERAL WAY	TOTAL
Equity January 1, 2016	\$ 3,944,879	\$5,538,893	\$ 3,853,230	\$2,139,261	\$ 2,858,305	\$18,334,568
Current Year Increase/(Decrease)	586,665	775,712	651,598	252,611	626,263	2,892,848
Equity December 31, 2016	\$ 4,531,544	\$ 6,314,605	\$ 4,504,828	\$2,391,872	\$ 3,484,568	\$21,227,416
Percent of Equity	21.35%	29.75%	21.22%	11.27%	16.42%	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 sub-regions 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 sub-region'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 sub-region or consortium of sub-regions. 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 was 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. The final payment on the bonds was made in 2015.

A complete set of financial statements are available from Valley Communications Center, 27519 108<sup>th</sup> 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 Host City Agreement. Pursuant to SCORE financial policies, all unexpected funds or reserve funds shall be distributed based on the percentage of the Member City's average daily population at the SCORE Facility for the last three (3) years regardless of its Owner City or Host City status.

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 was 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. The SCORE PDA issued \$86 million in special obligation bonds in 2009 (the "Bonds") to construct, develop, acquire and equip the SCORE Facility. Pursuant to the Formation Interlocal Agreement and the ordinances of each city, each Owner City (which includes the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the Bonds as the same become due and payable. Each Owner City's obligation to pay its portion is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor. The following is a summary of the debt service requirements for the Bonds:

**SUMMARY OF DEBT SERVICE REQUIREMENTS**

Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2017	\$ 2,145,000	\$ 4,820,241	\$ (1,510,874)	\$ 5,454,367	\$ 1,690,854	\$ 218,175	\$ 981,786	\$ 1,963,572	\$ 163,631	\$ 436,349
2018	2,240,000	4,715,979	(1,510,063)	5,445,916	1,688,234	217,837	980,265	1,960,529	163,377	435,674
2019	2,310,000	4,602,229	(1,473,568)	5,438,661	1,685,985	217,546	978,959	1,957,918	163,160	435,093
2020	2,385,000	4,484,854	(1,435,933)	5,433,921	1,684,516	217,357	978,106	1,956,212	163,018	434,714
2021	2,465,000	4,363,604	(1,397,075)	5,431,529	1,683,774	217,261	977,675	1,955,350	162,946	434,522
2022-2026	13,945,000	19,586,127	(6,994,733)	26,536,394	8,226,282	1,061,456	4,776,551	9,553,102	796,092	2,122,912
2027-2031	17,010,000	14,723,464	(5,346,730)	26,386,734	8,179,888	1,055,470	4,749,612	9,499,224	791,602	2,110,939
2032-2036	20,955,000	8,498,417	(3,217,063)	26,236,354	8,133,270	1,049,454	4,722,544	9,445,087	787,091	2,098,908
2037-2040	14,860,000	1,502,494	(697,922)	15,664,572	4,856,017	626,583	2,819,623	5,639,246	469,937	1,253,166
Totals	\$ 78,315,000	\$ 67,297,409	\$ (23,583,961)	\$ 122,028,448	\$ 37,828,820	\$ 4,881,138	\$ 21,965,121	\$ 43,930,241	\$ 3,660,854	\$ 9,762,276

The City of Tukwila reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under assets. The following is condensed (unaudited) financial information as of December 31, 2016 related to SCORE. The share of equity belonging to the seven participating cities are as follows

ITEM	AUBURN	BURIEN	DES MOINES	FEDERAL WAY	RENTON	SEATAC	TUKWILA	TOTAL
Equity January 1, 2016	\$ 3,331,776	\$ 376,841	\$ 197,267	\$ 2,620,575	\$ 3,222,670	\$ 498,467	\$ 788,541	\$ 11,036,137
Current Year Increase/(Decrease)	(216,443)	(52,239)	(30,684)	(328,310)	(281,167)	(64,438)	(85,218)	(1,058,499)
Equity December 31, 2016	\$ 3,115,334	\$ 324,602	\$ 166,583	\$ 2,292,265	\$ 2,941,503	\$ 434,029	\$ 703,323	\$ 9,977,638
Percent of Equity	31.22%	3.25%	1.67%	22.97%	29.48%	4.35%	7.05%	100.00%

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 \$6,093,600. See Note 10 for additional information on long-term debt. Completed financial statements for SCORE and SCORE PDA can be obtained from the SCORE, Attn: Finance Manager, 20817 17<sup>th</sup> Avenue South, Des Moines, WA 98198.

**NOTE 8 – PENSION PLANS**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2016:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (15,483,180)
Pension assets	\$ 3,772,659
Deferred outflows of resources	\$ 4,733,197
Deferred inflows of resources	\$ (642,177)
Pension expense/expenditures	\$ 2,166,724

**Washington State Department of Retirement Systems**

Substantially all City of Tukwila full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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  
P.O. Box 48380,  
Olympia, WA 98504-8380

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

#### **A. Public Employees Retirement System (PERS) Plans 1, 2, and 3**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

##### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.18%	6.00%

The City of Tukwila did not contribute to PERS Plan 1 in 2016 as there are no employees covered under this plan. Although, \$752,418 of the PERS 2/3 contributions were allocated to the PERS 1 unfunded actuarial accrued liability (UAAL).

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least



five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 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; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

#### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2</b>
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>11.18%</b>	<b>6.12%</b>

The City of Tukwila actual contributions to the plan were \$972,612 for the year ended December 31, 2016

#### **Public Safety Employees' Retirement System (PSERS)**

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

- Have 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; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or

- Function as a limited authority Washington peace officer, as defined in [RCW 10.93.020](#); or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. 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). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS 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. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

#### Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2016 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
PSERS Plan 2	6.59%	6.59%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Totals	11.54%	6.59%

The City of Tukwila actual contributions to the plan were \$18,635 for the year ended December 31, 2016

### **Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)**

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

**LEOFF Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

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. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

### Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. 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. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

### Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
State and local governments	5.05%	8.41%
Administrative Fee	0.18%	
Total	5.23%	8.41%

The City of Tukwila actual contributions to the plan were \$815,165 for the year ended December 31, 2016

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2016, the state contributed \$60,375,158 to LEOFF Plan 2. The amount recognized by the City of Tukwila as its proportionate share of this amount is \$509,312.

### **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2015. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- For all systems, except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.8% to 7.7%. Assumed administrative factors were updated.
- Valuation software was corrected on how the nonduty disability benefits for LEOFF Plan 2 active members is calculated.

- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software to model legislation signed into law during the 2015 legislative session.

### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	<b>100%</b>	

### Sensitivity of the Net Pension (Liability)/Asset

The table below presents the City of Tukwila proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City of Tukwila proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
PERS 1	8,506,811	7,054,328	5,804,378
PERS 2/3	15,446,184	8,389,286	(4,367,108)
PSERS 2	89,366	20,581	(28,415)
FIREMENS PENSION	82,436	18,985	(26,211)
LEOFF 1	(476,712)	(802,490)	(1,080,957)
LEOFF 2	8,329,174	(2,970,169)	(11,486,593)

### Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

### Pension (Liabilities)/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City of Tukwila reported a pension asset of \$3,772,659 and a pension liability of \$15,463,180 for its proportionate share of the net pension liabilities as follows:

	(Asset)/Liability
PERS 1	\$ 7,054,328
PERS 2/3	\$ 8,389,286
PSERS 2	\$ 20,581
FIREMENS PENSION	\$ 18,985
LEOFF 1	\$ (802,490)
LEOFF 2	\$ (2,970,169)

The amount of the asset reported above for LEOFF Plan 1 and 2 reflects a reduction for State pension support provided to the City of Tukwila. The amount recognized by the City of Tukwila as its proportionate share of the net pension (liability)/asset, the related State support, and the total portion of the net pension asset that was associated with the City of Tukwila were as follows:

	LEOFF 1 Asset
LEOFF 1 - employer's proportionate share	(802,490)
LEOFF 1 - State's proportionate share of the net pension asset associated with the employer	(5,428,021)
TOTAL	(6,230,511)

	LEOFF 2 Asset
LEOFF 2 - employer's proportionate share	2,970,169
LEOFF 2 - State's proportionate share of the net pension asset associated with the employer	1,936,334
TOTAL	4,906,503

At June 30, the City of Tukwila proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	0.135736%	0.131354%	-0.004382%
PERS 2/3	0.173592%	0.166622%	-0.006970%
PSERS 2	0.052748%	0.048428%	-0.004320%
LEOFF 1	0.077944%	0.077890%	-0.000054%
LEOFF 2	0.519159%	0.510663%	-0.008496%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2016, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.54 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2016, the city of Tukwila recognized pension expense as follows:

	Pension Expense
PERS 1	138,454
PERS 2/3	1,063,703
PSERS 2	14,629
LEOFF 1	(103,253)
LEOFF 2	970,084
FIREMENTS PENSION	83,107

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, the City of Tukwila reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	177,617	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate		
Contributions subsequent to the measurement date	\$378,081	
TOTAL	\$555,698	\$0



<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	446,724	(276,944)
Net difference between projected and actual investment earnings on pension plan investments	1,026,606	-
Changes of assumptions	86,710	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(328,447)
Contributions subsequent to the measurement date	488,726	
<b>TOTAL</b>	<b>2,048,765</b>	<b>(605,390)</b>

<b>PSERS 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	7,010	-
Net difference between projected and actual investment earnings on pension plan investments	4,245	-
Changes of assumptions	80	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(496)
Contributions subsequent to the measurement date	5,372	
<b>TOTAL</b>	<b>16,707</b>	<b>(496)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	81,572	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
<b>TOTAL</b>	<b>81,572</b>	<b>-</b>

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	406,993	-
Net difference between projected and actual investment earnings on pension plan investments	1,067,301	-
Changes of assumptions	11,199	-
Changes in proportion and differences between contributions and proportionate share of contributions	57,284	(36,291)
Contributions subsequent to the measurement date	404,571	
<b>TOTAL</b>	<b>1,947,348</b>	<b>(36,291)</b>

Deferred outflows of resources related to pensions resulting from the City of Tukwila contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1
2017	(43,733)
2018	(43,733)
2019	163,122
2020	101,961
2021	
Thereafter	
<b>TOTAL</b>	<b>177,617</b>

Year ended December 31	PERS 2/3
2017	(108,148)
2018	(108,148)
2019	698,141
2020	472,804
2021	
Thereafter	
<b>TOTAL</b>	<b>954,649</b>

Year ended December 31	PSERS
2017	1,295
2018	1,295
2019	3,910
2020	3,045
2021	1,326
Thereafter	(31)
<b>TOTAL</b>	<b>10,839</b>

Year ended December 31	LEOFF 1
2017	(16,857)
2018	(16,857)
2019	70,647
2020	44,639
2021	
Thereafter	
<b>TOTAL</b>	<b>81,572</b>

Year ended December 31	LEOFF 2
2017	(11,672)
2018	(11,672)
2019	884,726
2020	610,004
2021	35,100
Thereafter	
<b>TOTAL</b>	<b>1,506,486</b>

## Firemen's Pension System

### Summary of Significant Accounting Policies

Investments are valued and reported at fair value.

### Plan Description

Plan Administration: The Firefighters' Pension Fund is administered by the City of Tukwila. The plan is a single-employer defined benefit pension plan that provides pensions for firefighters that were hired prior to 1970.

The firefighters' pension board consists of the following five members: the chairperson of the fire commissioners for said district who shall be chairperson of the board, the county auditor, county treasurer, and in addition, two regularly employed or retired firefighters elected by secret ballot of the employed and retired firefighters. Retired members who are subject to the jurisdiction of the pension board have both the right to elect and the right to be elected under this section. The first members to be elected by the firefighters shall be elected annually for a two-year term. The two firefighter-elected members shall, in turn, select a third eligible member who shall serve in the event of an absence of one of the regularly elected members.

Plan membership is limited to active members of the Firefighters' Pension Fund (FPF) as of March 1, 1970. On that date, the Washington Law Enforcement Officers' and Firefighters' System (LEOFF) was established. FPF is responsible for paying the pensions of those members retired prior to March 1, 1970 and for providing the "excess benefit", the excess of FPF formula benefits over the LEOFF benefits. Therefore, the plan is closed to new members. At December 31, 2016, FPF membership consisted of the following:

Type of Membership	Total
Inactive plan members retired prior to March 1, 1970	0
Inactive plan members retired March 1, 1970 or after	10
Active Plan Members	0
<b>Total</b>	<b><u>10</u></b>

### Benefits Provided

All benefit terms are in statutes RCW 41.16, 41.18, and 41.26. FPF provides retirement, disability, and death benefits. Each firefighter in service on March 1, 1970 receives the greater of the benefit payable under the Washington Law Enforcement Officers' and Firefighters' Retirement System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new law for any firefighter, the excess benefits are paid from the FPF of the city employing the member on March 1, 1970.

All members are retired and drawing benefits. Benefit terms provide for cost-of-living adjustments to each member's retirement benefit. There are two types of increases: escalation by salary in proportion to the current salary of the rank from which the firefighter retired, or an increase proportionate to the increase in the Seattle-area CPI, with the change computed annually. Regardless of the increase (or decrease) in the CPI, the benefits are increased at least 2% each year. The former applies to firefighters who retired from service after 1969, their survivors, and to firefighters who retired for duty disability (but not their survivors) after 1961. The latter applies to all other types of monthly benefits.

### Contributions

As long as the FPF provides for benefits to covered members, the City will be eligible to receive a share of the State's distribution of the fire insurance premium taxes. The amount the City receives is 25% of all monies received by the State from taxes on fire insurance premiums. Contributions can also come from taxes paid pursuant to the provisions of RCW 41.16.060. This statute requires that each municipality levy up to \$0.45 (only \$0.225 of which can

be in excess of the property tax limit pursuant to RCW 84.52.043) per \$1,000 of assessed valuation, based on reports by a qualified actuary, to maintain the fund.

The actuarial assumptions were provided by an independent actuary.

### Investments

It is the policy of the City of Tukwila to invest public funds in a manner that will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City, while conforming to all state and local statutes governing the investment of public funds.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Concentrations. Approximately 70% of investments are in a long-term government bond.

### City's Net Pension Liability

The components of the City's net pension liability at December 31, 2016 are as follows:

Total pension liability	\$	1,445,352
Less: Plan fiduciary net position		1,426,367
City's net pension liability	\$	18,985

Plan fiduciary net position as a percentage of the total pension liability	98.69%
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Schedule of Changes in the City's Net Pension Liability and Related Ratios			
Total Pension Liability	2014	2015	2016
Service Cost	\$ -	\$ -	-
Interest	50,098	49,716	49,332
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(2,442)	(311,190)
Changes in assumptions	-	-	(62,728)
Benefit payments, included refunds of employee contributions	(61,863)	(58,277)	(59,988)
<b>Net change in total pension liability</b>	<b>(11,765)</b>	<b>(11,003)</b>	<b>(384,574)</b>
<b>Total pension liability – beginning</b>	<b>1,852,693</b>	<b>1,840,929</b>	<b>1,829,926</b>
<b>Total pension liability – ending (a)</b>	<b>\$ 1,840,929</b>	<b>\$ 1,829,926</b>	<b>1,445,352</b>

<b>Plan Fiduciary Net Position</b>			
Contributions – employer	\$ 64,114	\$ 63,590	66,360
Contributions – employee	-	-	-
Net investment income	1,805	2,667	7,988
Benefit payments, including refunds of employee contributions	(61,863)	(58,277)	(59,988)
Administrative expense	-	(4,500)	(4,500)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>4,056</b>	<b>3,481</b>	<b>9,861</b>
<b>Plan fiduciary net position – beginning</b>	<b>1,408,970</b>	<b>1,413,026</b>	<b>1,416,506</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>1,413,026</b>	<b>1,416,506</b>	<b>1,426,367</b>
<b>City’s net pension liability – ending (a) – (b)</b>	<b>\$ 427,903</b>	<b>\$ 413,420</b>	<b>18,985</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>76.76%</b>	<b>77.41%</b>	<b>98.69%</b>
<b>Covered-employee payroll</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>City’s net pension liability as a percentage of covered-employee payroll</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, the City of Tukwila reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		-
Net difference between projected and actual investment earnings on pension plan investments	83,107	
<b>Totals</b>	<b>83,107</b>	<b>-</b>

Deferred outflows of resources related to pensions resulting from the City of Tukwila contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 22,625
2018	22,625
2019	22,625
2020	15,231
2021	-

### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75%
Investment rate of return	2.75%

Healthy life mortality rates were based on the RP-2014 mortality table, total dataset, fully generational projected with Scale MP-2014, set back one year for males and set forward one year for females. Disabled life mortality rates were based on the RP-2014 mortality table, total dataset, fully generational projected with Scale MP-2014, set back two years for males and females.

The long-term expected rate of return on pension plan investments assumption was based on the nature and mix of current and expected pension plan assets over a period of time representative of the expected length of time between the first day of service and date of the last benefit payment.

The discount rate used to measure the total pension liability was 2.75%. The projection of cash flows used to determine the discount rate assumed City contributions were equal to revenue received from Fire Insurance premiums and the amount received would increase at the inflation rate of 2.75%. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Firemen's net pension liability of the City, calculated using the discount rate of 2.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 2.75%, or 1-percentage point higher, 3.75%, than the current rate:

Firemen's net pension liability	1% Decrease	Current Discount Rate	1% Increase
	\$ 196,149	\$ 18,985	\$ (130,661)



## Basis of Valuation

A general summary of the substantive plan used as the basis of the valuation follows.

Applicable Statutes	RCW 41.16, 41.18, 41.26
Benefits	Each firefighter in service on March 1, 1970 receives the greater of the benefit payable under LEOFF or FPF. Where benefits under the old law exceed those under the new for any firefighter, the excess benefits are paid from the FPF of the city employing the member on March 1, 1970.

### Service Retirement Benefit

Member	Eligibility: age 50 and 25 years of service (RCW 41.18.040) or Age 50 and five years of service (RCW 41.26.090).  Amount of benefit: 50% of salary plus an additional 2% for each year of service in excess of 25 years. Maximum benefit of 60% of salary (does not apply for those retiring after July 1, 2006).
Survivor	Eligibility: spouse or child Amount of benefit: continuation of the firefighter's benefit. (If spouse — same, plus additional 5% of salary per child. If no spouse — 30% of salary for first child, 10% for each additional child. Maximum of 60% of salary).

### Duty Disability Retirement Benefit

Member	Eligibility: disabled after six-month waiting period. Amount of benefit: determined the same as Service Retirement Benefit. Recovery: restoration to service.
Survivor	See Survivor's Benefit section under Service Retirement.

### Non Duty Disability Retirement Benefit

Member	Eligibility: disabled after 90-day waiting period. Amount of benefit: 50% of salary, or service retirement benefit, if greater. Recovery: see Duty Disability Retirement. Limitations: no benefits payable if firefighter employed elsewhere when disabled.
Survivor	Eligibility: spouse or child Amount of benefit: 33.3% to widow or children only. 45.8% to widow and one child. 47.6% to widow and two children. 50.0% to widow and three children.
Duty Death Benefit	Eligibility: spouse or child Amount of benefit: If spouse — 50% of salary plus an additional 5% of salary per child; maximum benefit of 60% of salary. If no spouse — 50% of salary to children.
Non Duty Death Benefit	Eligibility: spouse or child Amount of benefit: provisions the same as Survivor's Benefit under Non-Duty Disability Retirement.
Special Provisions	Under disability or death benefits, a surviving spouse may elect a lump-sum payment of \$5,000 in lieu of future monthly benefits.

Vesting Termination after 20 years of service (RCW 41.18.130) or five years of service (RCW 41.26.090).

Deferred Benefit Commences: when a firefighter would have had 25 years of service (RCW 41.18.130) or age 50 (RCW 41.26.090).  
Amount of benefit: 2% of salary for each year of service. Other provisions apply, see statutes.  
Death while vested prior to commencement of benefits: payment of firefighters deferred benefit to spouse or child.

Postretirement Increase  
Benefits Payable Under LEOFF Annual increase proportionate to the increase in the Seattle-area CPI. Minimum increase at least 2% each year.

Type 1 Escalation by salary in proportion to current salary or rank from which the firefighter retired.

Type 2 Annual increase proportionate to the increase in the Seattle-area CPI. Minimum increase at least 2% each year.

Applicability Type 1 applies to firefighters who retired from service after 1969, their survivors, and to firefighters who retired for duty disability (but not their survivors) after 1961. Type 2 applies to all other types of monthly benefits

Minimum Benefit After April 25, 1973, a minimum benefit of \$300 per month to all retired firefighters and their survivors. This minimum is increased by the CPI.

Funeral Benefit \$500 RCW 41.18.140, no provision under RCW 41.26.

### Participant Summary

December 31, 2016

Age and service determined as of the census date.

LEOFF Plan 1 (Firemen's Pension) Inactive Participants				
Age	Service Retirees	Disabled Retirees	Surviving Spouses	Total
< 65	0	0	0	0
65 – 69	0	0	0	0
70 – 74	1	1	1	3
75 – 79	1	1	2	4
80 – 84	0	1	1	1
85 - 89	1	0	0	1
90 +	0	0	0	0
Total	3	3	4	10

Annual pension amounts through December 31, 2016:

Paid by City	Paid by LEOFF
\$59,988	\$440,025

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, 2017 valuation were:

Assumption	Rates
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Measurement Date	December 31, 2016
Inflation Rate	2.75%
Discount Rate (or Investment Return)	We based the long-term expected rate of return on pension plan investments assumption on the nature and mix of current and expected pension plan assets over a period of time representative of the expected length of time between the first day of service and date of the last benefit payment. The rate of 2.75% was selected.
Cost of Living	2.75%, based on SSA OASDI 2014 report.
Salary Increases (for calculated benefit increases based on rank)	3.75%, based on SSA OASDI 2014 report.
Healthy Mortality	RP-2014 mortality table, total dataset, fully generational with mortality improvement scale MP-2014 setback one year for males and set forward one year for females.
Disabled Mortality	RP-2014 mortality table, total dataset, fully generational with mortality improvement scale MP-2014 set forward two years for males and females.
Spouse Age	We assumed that wives are three years younger than husbands.

#### NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

During the year ended December 31, 2008, the City elected to adopt the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB No. 45), which requires the City to accrue other postemployment benefits (OPEB) expense related to its postretirement healthcare plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the City, under GASB No. 45, has recorded a liability of \$9,178,836 for the difference between the actuarially calculated ARC and the estimated contributions made since the adoption of GASB No. 45. This liability is included in other noncurrent liabilities in the accompanying December 31, 2016 statement of net position. The effect of GASB No. 45 for the current fiscal year was to decrease the City's excess of revenue over expenses before capital contributions and the City's increase in net position for the year ended December 31, 2016 by \$2,033,913.

#### Plan Description

The City of Tukwila's LEOFF Plan 1 (the Health Plan) is a single-employer defined-benefit healthcare plan administered by the City. The authority to establish and amend benefits is determined by the LEOFF board. The Health Plan provides medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for LEOFF Plan 1 retirees. Dependent spouses and children are not covered. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate standalone financial report.

## Membership

As of December 31, 2016, there were 35 retirees meeting the eligibility requirements of a LEOFF 1 member. The actuarial valuation is based on the 40 retirees in the plan as of December 31, 2014. 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. For the fiscal year ended December 31, 2016, the City contributed \$275,530 to the Health Plan through use of existing fund balance. The City's contribution was entirely to fund 'pay-as-you-go' costs under the Health Plan and not to prefund benefits. There were no retiree contributions.

## 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

	2014	2015	2016
Annual required contribution (ARC)	\$ 1,903,679	\$ 2,585,779	\$ 2,765,486
Interest on Net OPEB Obligation	171,067	146,904	178,623
Adjustment to ARC	(388,580)	(452,441)	(634,666)
Annual OPEB cost (expense)	1,686,166	2,280,242	2,309,443
Employer contributions	(905,974)	(477,292)	(275,530)
Change in Net OPEB Obligation	780,192	1,802,950	2,033,913
Net OPEB Obligation at Beginning of year	4,561,781	5,341,973	7,144,923
Net OPEB Obligation at End of year	\$ 5,341,973	\$ 7,144,923	\$ 9,178,836

\* (i) is the assumed interest rate that year, 2.75% in 2014, 2.75% in 2015 and 2.50% in 2016.

The net OPEB obligation of \$9,178,836 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	(Gain)/ Loss
2008	\$ 1,366,284	\$ -	\$ -	\$1,366,284	\$ 557,103	\$ 809,181	\$ 809,181	\$809,181
2009	1,366,284	40,459	61,839	1,344,904	335,265	1,009,639	1,818,820	1,031,019
2010	1,366,284	90,941	143,332	1,313,893	317,771	996,122	2,814,942	1,048,513
2011	1,264,522	112,598	213,809	1,163,311	335,090	828,221	3,643,163	929,432
2012	1,264,522	145,727	287,945	1,122,304	404,007	718,297	4,361,460	860,515
2013	1,264,522	174,458	359,904	1,079,076	878,755	200,321	4,561,781	385,767
2014	1,903,679	171,067	388,580	1,686,166	905,974	780,192	5,341,973	997,705
2015	2,585,779	146,904	452,441	2,280,242	477,292	1,802,950	7,144,923	2,108,487
2016	2,765,486	178,623	634,666	2,309,443	275,530	2,033,913	9,178,836	2,489,956

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

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

**PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED**

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	1,686,166	905,974	54	5,341,973
December 31, 2015	2,280,242	477,292	21	7,144,923
December 31, 2016	2,309,443	275,530	12	9,178,836

**Funded Status and Funding Progress**

As of January 1, 2017, the most recent actuarial accounting update, the plan was 0% funded. The actuarial accrued liability for benefits was \$29.1 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$29.1 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
January 1, 2014	0	21,264	21,264	0	195	1
January 1, 2015	0	29,538	29,538	0	132	0
January 1, 2016	0	30,186	30,186	0	0	0

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. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB 45 requires that the schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of Health Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

The basis of projections of benefits for financial reporting purposes is the substantive plan (the Health Plan as understood by the City and members of the Health Plan) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and Members of the Health Plan members to that point. 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.

The January 1, 2015 valuation used the entry age normal actuarial cost method. The actuarial assumptions included a 2.75% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 9.0% for pre-Medicare expenses, to an ultimate rate of 3.8% after 61 years. The Medicare trend assumption is 6.5%, to an ultimate rate of 3.8% after 61 years. The dental trend assumption is 5.5%, to an ultimate rate of 3.5% after 4 years. The Medicare premium trend rate is 5.4% for all years. The long-term care trend rate is 5.0% for all years. The trend for the Excise Tax threshold is 0% until 2020, when a trend rate of 4.24% is used. The trend for all future years after that year is 3.24%. All trend rates include a 3.0% inflation assumption. The UAAL is amortized as a level dollar amount on a closed basis over 21 years beginning January 1, 2008. The remaining amortization period at December 31, 2016 was 12.0 years.

Assumption	Rates
Actuarial Cost Method	Entry Age Normal method.
Measurement Date	January 1, 2015
Inflation Rate	3.00%
Discount Rate (or Investment Return)	Selected the assumed discount rate of 2.75% based on the five-year average investment yield on the investments expected to finance the payment of benefits.
Healthy Mortality	RPH-2014 mortality table (headcount weighted), total dataset, fully generational with mortality improvement scale MP-2014 setback one year for males and set forward one year for females.
Disabled Mortality	RPH-2014 mortality table (headcount weighted), total dataset, fully generational with mortality improvement scale MP-2014 set forward two years for males and females.
Turnover	None assumed. All LEOFF 1 actives are fully eligible for retirement.

Per Capita Claims Cost	Assumed annual per capita claims costs are as follows:						
	Age	Medical/Rx	Dental	Vision	LTC		
	55	\$ 21,875	\$ 966	\$ 181	\$ 133		
	60	28,071	966	181	220		
	65	15,406	966	181	448		
	70	16,924	966	181	1,183		
	75	17,984	966	181	3,028		
	80	18,348	966	181	6,499		
Aging or Morbidity Factors	Aging/morbidity factors are included in the per capita claims costs shown above (except dental and vision).						
Medicare Part B Premium Reimbursements	The City reimburses Medicare retirees for Part B premiums. The 2015 annual premium is \$1,258.80.						
Affordable Care Act (ACA) Excise Tax Threshold	Single	Ages 55-64 \$ 11,850	All Other \$ 10,200				
ACA Base Premium	Assumed annual plan costs upon which the ACA tax calculation is based:  Medicare ineligible \$ 28,071 Medicare eligible \$ 16,557						
ACA Tax	<ul style="list-style-type: none"><li>• We assumed a 40% excise tax rate on premiums above the ACA threshold.</li><li>• We assumed the City of Tukwila pays no federal taxes.</li><li>• We assumed the excise tax will apply to medical/Rx and Medicare premium reimbursements.</li></ul>						
Trend Rates	Medical Long-Term Trends* from Getzen SOA Model version 2014_b using baseline assumptions.						
Year	Pre-Medicare	Medicare	Dental	Vision	Part B Premiums	Long-Term Care	Excise Tax Threshold
2015	9.00%	6.50%	5.5%	4.0%	5.4%	5.0%	0.00%
2016	7.50%	6.50%	5.0%	4.0%	5.4%	5.0%	0.00%
2017	6.50%	6.00%	4.5%	4.0%	5.4%	5.0%	0.00%
2018	5.50%	5.50%	4.0%	4.0%	5.4%	5.0%	4.24%
2019	5.50%	5.50%	3.5%	3.5%	5.4%	5.0%	3.24%
2020	5.46%	5.46%	3.5%	3.5%	5.4%	5.0%	3.24%
2021-2074	---	---	3.5%	3.5%	5.4%	5.0%	3.24%
2075+	3.80%	3.80%	3.5%	3.5%	5.4%	5.0%	3.24%
* The trend rates include assumed inflation of 3% for all future years.							

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 10 – LONG-TERM LIABILITIES****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 one, are 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, Aa3 from Standard & Poor's, 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:

- 2008 LTGO bonds were issued to refund the remaining debt of the 1999 LTGO bonds. The 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.
- 2013 LTGO bonds were issued and the proceeds loaned to the Tukwila Metropolitan Park District to pay for improvements to the pool.
- 2014 LTGO bonds were issued to fund the purchase of land acquisition and capital costs of redevelopment activities within the City's Tukwila International Boulevard (TIB) urban renewal area.
- 2014 LTGO general obligation bond in the form of a line of credit to purchase property and pay for capital costs of redevelopment activities within the City's Urban Renewal area.
- 2015 LTGO bonds were issued to pay for improvements to Interurban Avenue South and reconstruct or retrofit Boeing Access Road Bridge.
- 2016 LTGO bonds in the amount of \$32.99 million were issued after voters approved a \$77.385 million bond measure that will fund a justice center, rebuild 3 fire stations and provide fire apparatus and life-safety equipment replacement for 20 years.

Special assessment bonds are issued to finance construction of local improvement district (LID) projects and are repaid through assessments collected from property owners benefiting from related improvements. Although the bonds are secured by liens against assessed properties, the City is required under state law to establish a guaranty fund to provide a means of paying LID bond debt service obligations in the event there are insufficient resources in the LID debt service fund. The special assessment bonds are not general obligation debt but the City is obligated in some manner to cover the interest on the bonds. Therefore, the bonds are reported as Special Assessment Debt with Governmental Commitment.

Special assessments outstanding at year-end are as follows:

- 2013 special assessment bonds LID No. 33 were issued to reimburse the City for a portion of the costs of a major reconstruction of Klickitat and Southcenter Parkway to improve access to the urban center.



**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, bonds are displayed net of unamortized premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt discount. The City currently maintains a rating of Aaa from Moody's Investor Service for debt in this category.

Revenue bonds outstanding at year-end are as follows:

- 2015 water/sewer/SWM bonds were issued to refund the remaining debt of the 2006 revenue bonds. The bonds were issued to provide neighborhood revitalization to Allentown and Foster Point Sewer system.

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.

Public Works Trust Fund loans outstanding at year-end are as follows:

- 2003 loan to install new sewers in the Duwamish neighborhood. The project upgraded water and surface water infrastructure.
- 2004 loan to install new water, sewer, and surface water infrastructure in Allentown and Foster Point neighborhoods. Additionally, 2 new sewer lift stations with generators, 33 manholes and catch basins, and 15 new fire hydrants were installed.
- 2004 loan constructed an underground collection system in the Cascade View neighborhood.
- 2014 loan to install sewer liners in the City's commercial business district of Southcenter. Relining the sewer main avoids full excavation for a significant savings and has minimal impact to the roadway.

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, 2016.

**CHANGES IN LONG-TERM LIABILITIES SUMMARY – GOVERNMENTAL ACTIVITIES**

	GENERAL OBLIGATION	SPECIAL ASSESSMENT	COMPENSATED ABSENCES	DUE TO OTHER GOVERNMENTS	OTHER POST EMPLOY- MENT BENEFITS	NET PENSION LIABILITY	TOTAL
Outstanding 01/01/2016	\$ 23,057,714	\$ 6,082,500	\$ 3,860,473	\$ 6,265,200	\$ 7,144,923	\$ 11,630,656	\$ 58,041,466
Added	32,990,000	-	2,965,804	-	2,033,913	1,313,123	39,302,840
Retired / redeemed	(1,932,782)	(670,000)	(3,052,075)	(171,600)	-	-	(5,826,458)
Outstanding 12/31/2016	\$ 54,114,932	\$ 5,412,500	\$ 3,774,201	\$ 6,093,600	\$ 9,178,836	\$ 12,943,779	\$ 91,517,848
Add Premiums, Subtract Discounts							4,380,732
Total Long-Term Liabilities							\$ 95,898,580

**Debt Service to Maturity**

Following are schedules showing the debt service requirements to maturity for the City's long-term debt, excluding compensated absences, OPEB, and pensions.

	<b>Governmental Activities</b>						
Year Ended December 31	General Obligation Bonds		Due to Other Governments		Special Assessments		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 5,356,428	\$ 2,212,951	\$ 179,200	\$ 249,088	\$ 607,500	\$ 259,939	\$ 8,865,105
2018	3,302,196	2,168,111	184,800	243,173	445,000	257,655	6,600,935
2019	3,513,521	2,020,971	190,800	237,069	445,000	243,638	6,650,999
2020	1,726,461	1,853,741	197,200	229,039	445,000	223,613	4,675,053
2021	1,865,560	1,781,913	207,200	220,332	445,000	203,588	4,723,593
2022-2026	11,956,765	7,353,718	1,158,800	973,846	2,225,000	705,881	24,374,010
2027-2031	12,191,000	4,738,893	1,418,000	706,725	800,000	143,513	19,998,130
2032-2036	14,203,000	1,822,290	1,004,800	266,367	-	-	17,296,457
2037-2040	-	-	1,552,800	137,080	-	-	1,689,880
Totals	\$ 54,114,932	\$ 23,952,586	\$ 6,093,600	\$ 3,262,718	\$ 5,412,500	\$ 2,037,825	\$ 94,874,161

### CHANGES IN LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

ITEM	Interest	Maturity	Authorized	OUTSTANDING	ISSUED	REDEEMED	OUTSTANDING	Due Within
	Rates			12/31/2015			12/31/16	One Year
GOVERNMENTAL ACTIVITIES:								
<u>Limited General Obligation (LTGO) Bonds Payable:</u>								
2008 Refunding-Streets/Facilities	4.00-6.00	12/01/19	6,180,000	2,820,000	-	655,000	2,165,000	680,000
2010 Streets / Equipment	2.00-5.41	12/01/24	5,870,000	3,970,000	-	395,000	3,575,000	405,000
2011 Refunding Streets (2003 GO)	1.25-4.00	12/01/23	4,620,000	3,780,000	-	420,000	3,360,000	435,000
2013 LTGO-MPD Pool Improve	2.00-4.00	12/01/22	1,000,000	703,714	-	93,782	609,932	96,428
2014 LTGO-Urban Renewal	0.85-4.86	12/01/34	3,850,000	3,709,000	-	149,000	3,560,000	150,000
2014 LTGO-Line of Credit	1 Mo. LIBOR + 1.0%	12/01/17	2,250,000	2,250,000	-	-	2,250,000	-
2015 LTGO-Interurban, BAR	2.25-3.00	12/01/35	5,825,000	5,825,000	-	220,000	5,605,000	225,000
Total LTGO Bonds Payable			29,595,000	23,057,714	-	1,932,782	21,124,932	1,991,428
<u>Unlimited General Obligation (UTGO) Bonds Payable:</u>								
2016 UTGO - Public Safety	4.50-5.00	12/01/35	77,385,000	-	32,990,000	-	32,990,000	1,115,000
Total UTGO Bonds Payable			77,385,000	-	32,990,000	-	32,990,000	1,115,000
Issuance premiums			-	761,523	3,719,954	100,745	4,380,732	-
Net Bonds Payable			106,980,000	23,819,237	36,709,954	2,033,527	58,495,664	3,106,428
<u>Due to Other Governments</u>								
2009 Facility SCORE	3.00-6.62	01/01/39	6,898,800	6,265,200	-	171,600	6,093,600	179,200
Total Due Other Governments			6,898,800	6,265,200	-	171,600	6,093,600	179,200
<u>Special Assessment Debt</u>								
Klickitat Urban Access Project	3.150-5.375	01/15/29	6,687,500	6,082,500	-	670,000	5,412,500	607,500
Total Special Assessment Debt			6,687,500	6,082,500	-	670,000	5,412,500	607,500
Other Post-Employment Benefits Payable				7,144,923	2,033,913	-	9,178,836	-
Net Pension Liability				11,630,656	1,313,123	-	12,943,779	-
Compensated Absences:				3,860,473	2,965,804	3,052,075	3,774,201	86,271
Total Governmental Funds			\$ 120,566,300	\$ 58,802,989	\$ 43,022,794	\$ 5,927,203	\$ 95,898,580	\$ 3,979,399

All governmental funds debt is liquidated by the general fund except for the special assessment debt and the 2009 SCORE intergovernmental debt. The special assessment debt is liquidated from assessments collected annually from property owners within boundaries of Local Improvement District #33. The 2009 SCORE debt was paid by SCORE from user fees.

#### Due to Other Governments

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.

**CHANGES IN LONG-TERM LIABILITIES SUMMARY – BUSINESS-TYPE ACTIVITIES**

	REVENUE BONDS UTILITIES	PUBLIC WORKS TRUST FUND LOANS	COMPENSATED ABSENCES	NET PENSION LIABILITY	TOTAL
Outstanding 01/01/2016	\$ 1,742,527	\$ 5,646,458	\$ 334,004	\$ 2,095,180	\$ 9,818,169
Added	-	-	290,095	444,223	734,318
Retired / redeemed	(144,823)	(599,468)	(325,740)	-	(1,070,031)
Outstanding 12/31/2016	\$ 1,597,704	\$ 5,046,990	\$ 298,359	\$ 2,539,403	\$ 9,482,455
Total Long-Term Liabilities					<u>\$ 9,482,455</u>

**Debt Service to Maturity**

Following are schedules showing the debt service requirements to maturity for the City's long-term debt, excluding compensated absences and net pension liability.

	<b>Business-Type Activities</b>				
Year Ended December 31	Revenue Bonds		Public Works Trust Fund Loans		
	Principal	Interest	Principal	Interest	Total
2017	\$ 143,282	\$ 37,386	\$ 599,468	\$ 25,235	\$ 805,371
2018	149,659	34,033	599,468	22,238	805,398
2019	150,736	30,531	599,468	19,240	799,976
2020	156,614	27,004	599,468	16,243	799,329
2021	157,178	23,339	599,447	13,246	793,210
2022-2026	840,235	59,829	1,802,601	25,232	2,727,897
2027-2031	-	-	205,875	4,118	209,992
2032	-	-	41,195	206	41,401
Totals	\$ 1,597,704	\$ 212,124	\$ 5,046,990	\$ 125,757	\$ 6,982,576

**CHANGES IN LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES**

ITEM	Interest	Maturity	Authorized	OUTSTANDING			OUTSTANDING	Due Within
	Rates			12/31/2015	ISSUED	REDEEMED	12/31/16	One Year
BUSINESS-TYPE ACTIVITIES:								
<u>Bonds Payable:</u>								
2015 Water/Sewer/SWM Refunding	2.34	12/01/26	1,742,527	1,742,527	-	144,823	1,597,704	143,282
Total Bonds Payable			1,742,527	1,742,527	-	144,823	1,597,704	143,282
<u>Public Works Trust Fund Loans:</u>								
2003 Loan-Water/Sewer	0.50	06/01/21	273,870	86,725	-	14,454	72,271	14,454
2003 Loan-Surface Water	0.50	06/01/21	219,725	69,578	-	11,597	57,982	11,597
2004 Loan-Water/Sewer	0.50-2.00	06/01/24	5,016,000	2,455,976	-	272,886	2,183,090	272,886
2004 Loan-Surface Water	0.50-2.00	06/01/24	684,000	334,906	-	37,212	297,694	37,212
2004 Loan-Surface Water	1.00	06/01/24	4,196,056	1,999,297	-	222,144	1,777,153	222,144
2014 Loan-Sewer	0.5	06/01/32	750,000	699,975	-	41,175	658,800	41,175
Total Public Works Trust Fund Loans			11,139,651	5,646,458	-	599,468	5,046,990	599,468
Net Pension Liability			-	2,095,180	444,223	-	2,539,403	-
Compensated Absences			-	334,004	290,095	325,740	298,359	34,064
Total Business-Type Activities			\$ 12,882,178	\$ 9,818,169	\$ 734,318	\$ 1,070,031	\$ 9,482,455	\$ 776,814
TOTAL ALL FUNDS			\$ 133,448,478	\$ 68,621,157	\$ 43,757,112	\$ 6,997,234	\$ 105,381,036	\$ 4,756,213

**LONG-TERM LIABILITIES RECONCILIATION**

	Governmental Activities	Business-Type Activities	Balance 12-31-16
General obligation bonds	\$54,114,932	\$ -	\$ 54,114,932
Special assessment bonds	5,412,500	-	5,412,500
Revenue bonds	-	1,597,704	1,597,704
Public Works Trust Fund loans	-	5,046,990	5,046,990
Due to Other Governments	6,093,600	-	6,093,600
Employee leave benefits	3,774,201	298,359	4,072,560
Net Premiums/Discounts	4,380,732	-	4,380,732
Other Post-Employment Benefits	9,178,836	-	9,178,836
Net Pension Liability	12,943,779	2,539,403	15,483,182
<b>Total long-term debt</b>	<b>\$95,898,580</b>	<b>\$ 9,482,455</b>	<b>\$ 105,381,036</b>

**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, 2016, 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	\$ 86,048,523	\$ 143,414,206	\$ 286,828,411	\$ 430,242,617	
Outstanding Net					
Indebtedness	63,525,489	63,525,489	63,525,489	63,525,489	
Margin Available	\$ 22,523,035	\$ 79,888,717	\$ 223,302,923	\$ 366,717,128	

#### Prior Year Defeasance of Debt

In 2015, the City defeased water and sewer bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2016, \$1,910,000 of the defeased bonds were outstanding.

#### Long-term Liabilities other than debt

Claims are paid from one or more funds 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 reasonably estimable.

#### Local Improvement District 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%. This loan was repaid in 2013 when special assessment bonds were issued.

The City confirmed the assessment roll with a final assessment of \$9,475,894. The prepayment period for the special assessments was open in the fall of 2013 and during that time the City received \$2,788,350 in prepayments. Once the prepayment window closed, the City issued bonds for the remaining outstanding assessments in the amount of \$6,687,500. From these proceeds, the City deposited \$668,750 to the guaranty fund. The third of 15 annual installments for the assessments was due by October 16, 2016.

As of December 31, 2016, all LID Special Assessments were current, nothing was delinquent. During 2016, several property owners chose to pay the assessment in full. Because of the additional principal payments received, the

City has enough funds in the LID No. 33 funds to meet debt service requirements in 2017 and pay \$157,500 additional principal.

### Estimated Arbitrage Rebate

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt of over \$5 million to make payments to the United States Treasury of investment interest received at yields that exceed the issuer's tax-exempt borrowing rates. Payments of arbitrage rebate amounts due under these regulations must be made to the U.S. Treasury every five years. The City's estimated rebatable arbitrage amount as of December 31, 2016 is \$0 for its tax-exempt bond issues subject to the Tax Reform Act.

## NOTE 11 – COMMITMENTS

Property Sale Commitment. In December 2014, the City agreed to a sell the land parcel commonly known as the Longacre Property for \$1.6 million. The sale is contingent upon the suitability of the property as determined by the purchaser. The examination period to determine suitability expires July 1, 2017.

Construction Commitments. As of December 31, 2016, the City share of contractual obligations on construction projects total \$13,194,339.

Governmental Activities	Remaining Commitment
42nd Ave S Phase III/Gilliam Creek SSWM	\$ 207,617
53rd Ave S Street Improvements	389,019
Public Safety Plan	2,694,716
Tukwila 205 Levee Certification Phase 1 & 2	316,788
Tukwila Urban Center - Pedestrian/Bicycle Bridge	5,127,518
Boeing Access Road Bridge	185,128
Strander Blvd Extension Phase 3	125,410
Duwamish Gardens	303,964
Other governmental projects	559,440
<b>Total Governmental Activities</b>	<b>\$ 9,909,599</b>
Business-Type Activities Projects	Remaining Commitment
Andover Park East Water/Sewer	\$ 3,154,507
Macadam Rd S Water Upgrade	81,384
East Marginal Way South Storm Pipe Replacement	36,247
Other Utility related projects	12,602
<b>Total Business-Type Activities</b>	<b>\$ 3,284,740</b>
<b>Total Construction Commitments</b>	<b>\$ 13,194,339</b>

**NOTE 12 – POTENTIAL POLLUTION REMEDIATION AND OTHER LIABILITIES**

There are several lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City to have no material financial impact.

The City of Tukwila may share in potential liability under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") for sediment contamination within the Lower Duwamish Waterway Superfund site. The Environmental Protection Agency has estimated the total costs to be \$342 million with 120 parties sharing in the liability. While it is impossible to accurately estimate the City's potential CERCLA liability at this time, the relatively small size of the City's storm water system within the Lower Duwamish Waterway Superfund site area, as well as the system's recent establishment in 1989, gives reason to the City to believe that its share of the potential liability is not significant and not estimable.

**NOTE 13 – 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 168 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, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, 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.

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. Traveler's insures boiler machinery and provides for 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 the City paid \$43,488 in unemployment in 2016. This expense is budgeted in the Finance Department 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 \$175,000 and a plan limit of \$8,326,642 in 2016. 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 liability.

The IBNR liability is estimated using actuarial methods. Based on results as well as a review of actual run-out, average lag days of 54.9 days for medical, 19.6 days for pharmacy, 32.2 days for dental, and 48.7 days for vision were selected. Using average lag days and net adjusted paid claims, the IBNR liability was estimated as of December 15, 2016. Next, the estimated IBNR liability as of December 31, 2016 was developed by trending the December 15, 2016 estimates to year-end. No explicit margin for claims fluctuations was added because the amount of the reserve in the fund balance is sufficient to cover expected claims fluctuations. Administrative costs were then added.

The following table reflects changes in the balances of claims liabilities for 2016 and 2015.

#### SUMMARY OF HEALTH CARE CLAIM LIABILITIES

ITEM	Active Employees		Retired Employees LEOFF I	
	2016	2015	2016	2015
Claim Liabilities at Beginning of Year	\$ 1,947,500	\$ 2,260,000	\$ 221,250	\$ 285,750
Claim expenses:				
Current year and changes in estimates	5,938,336	5,561,504	524,274	134,050
Claim payments and expenses	(6,027,586)	(5,874,004)	(554,274)	(198,550)
Claim Liabilities at End of Year	\$ 1,858,250	\$ 1,947,500	\$ 191,250	\$ 221,250

#### NOTE 14 – SUBSEQUENT EVENT

In June 2017, the City Council approved an ordinance to sell bonds in July up to the amount of \$8.8 million. Proceeds will be used to fund two residential sidewalk projects.

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 43,668,417	\$ 45,268,417	\$ 45,886,761	\$ 618,344
Licenses and permits	2,165,661	2,140,110	2,129,221	(10,889)
Intergovernmental	4,785,929	4,570,473	4,498,683	(71,790)
Charges for services	2,441,464	3,402,412	3,286,105	(116,307)
Fines and Foreitures	217,198	292,380	318,459	26,079
Investment earnings	89,731	129,731	233,544	103,813
Miscellaneous	97,288	97,288	214,444	117,156
Total Revenues	53,465,688	55,900,811	56,567,215	666,404
<b>EXPENDITURES:</b>				
Current:				
General Government	8,206,283	8,208,474	8,315,631	(107,157)
Economic environment	4,465,648	4,710,648	4,070,805	639,843
Physical environment	2,072,847	2,015,847	1,955,028	60,819
Public Safety	28,200,194	30,111,895	29,100,506	1,011,389
Culture and recreation	4,228,863	4,361,063	4,408,302	(47,239)
Transportation	3,162,762	3,162,762	2,879,996	282,766
Capital outlay	39,040	914,740	810,180	104,560
Total Expenditures	50,375,637	53,485,429	51,540,446	1,944,983
Excess Of Revenues And Expenditures	3,090,051	2,415,382	5,026,769	2,611,387
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of capital assets	1,600,000	-	-	-
Transfers in	2,075,000	2,075,000	-	(2,075,000)
Transfers out	(7,153,791)	(4,325,831)	(4,325,831)	-
Total Other Financing Sources And Uses	(3,478,791)	(2,250,831)	(4,325,831)	(2,075,000)
Net change in fund balances	(388,740)	164,551	700,938	536,387
Fund balances - beginning	15,404,983	16,962,983	18,330,806	1,367,823
Fund Balances - Ending	\$ 15,016,243	\$ 17,127,534	\$ 19,031,744	\$ 1,904,210

## 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***

<b><i>General Government</i></b>	Includes administration, finance, municipal court, attorney, and city clerk activities.
<b><i>Public Safety</i></b>	Includes all police and fire activities.
<b><i>Physical Environment</i></b>	Includes expenditures for the public works activities not chargeable to the enterprise funds.
<b><i>Transportation</i></b>	Includes all street and arterial street maintenance and construction.
<b><i>Economic Environment</i></b>	Reflects the planning and building inspection activities.
<b><i>Culture and Recreation</i></b>	Includes expenditures related to parks and recreational activities.

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

## COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

**PERS I**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.135736%	\$ 7,100,255	\$ -	\$ 7,100,255	\$ 15,561,015	45.63%	59.10%
June 30, 2016	0.131354%	\$ 7,054,328	\$ -	\$ 7,054,328	\$ 15,736,921	44.83%	57.03%

**PERS 2/3**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.173592%	\$ 6,202,541	\$ -	\$ 6,202,541	\$ 15,406,589	40.26%	89.20%
June 30, 2016	0.166622%	\$ 8,389,286	\$ -	\$ 8,389,286	\$ 15,579,718	53.85%	85.82%

**PSERS**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.052748%	\$ 9,628	\$ -	\$ 9,628	\$ 154,426	6.23%	95.08%
June 30, 2016	0.048428%	\$ 20,581	\$ -	\$ 20,581	\$ 157,203	13.09%	90.41%

**LEOFF 1**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.077944%	\$ (939,397)	\$ -	\$ (939,397)	\$ 76,144	-1233.71%	127.36%
June 30, 2016	0.077890%	\$ (802,490)	\$ -	\$ (802,490)	\$ -	0.00%	123.74%

**LEOFF 2**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.519159%	\$ (5,335,916)	\$ (2,123,832)	\$ (7,459,748)	\$ 15,113,237	-49.36%	111.67%
June 30, 2016	0.510663%	\$ (2,970,169)	\$ (1,936,334)	\$ (4,906,503)	\$ 15,480,062	-31.70%	106.04%

\* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

**PERS I**

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2015	\$ 686,881	\$ (686,881)	\$ -	\$ 15,654,255	4.39%
December 31, 2016	\$ 752,418	\$ (752,418)	\$ -	\$ 15,777,881	4.77%

**PERS 2/3**

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2015	\$ 873,248	\$ (873,248)	\$ -	\$ 15,498,171	5.63%
December 31, 2016	\$ 972,612	\$ (972,612)	\$ -	\$ 15,616,400	6.23%

**PSERS**

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2015	\$ 10,105	\$ (10,105)	\$ -	\$ 156,084	6.47%
December 31, 2016	\$ 10,642	\$ (10,642)	\$ -	\$ 161,481	6.59%

**LEOFF 2**

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2015	\$ 776,719	\$ (776,719)	\$ -	\$ 15,380,541	5.05%
December 31, 2016	\$ 787,110	\$ (787,110)	\$ -	\$ 15,586,296	5.05%

\* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

**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, 2005	\$1,265	\$1,182	(\$83)	107%	\$608	N/A
January 1, 2007	1,336	1,310	(26)	102	463	N/A
January 1, 2009	1,445	1,610	165	90	442	37
January 1, 2011	1,430	1,582	152	90	0	N/A
January 1, 2013	1,416	1,296	(120)	109	0	N/A
January 1, 2014*	1,409	1,853	444	76	0	N/A
January 1, 2015	1,413	1,830	417	77	0	N/A
January 1, 2016	1,417	1,445	28	99	0	N/A

\* January 1, 2014 change in actuary and adoption of GASB 67

<b>Schedule of Changes in the City's Net Pension Liability and Related Ratios</b>			
<b>Total Pension Liability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Service Cost	\$ -	\$ -	-
Interest	50,098	49,716	49,332
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(2,442)	(311,190)
Changes in assumptions	-	-	(62,728)
Benefit payments, included refunds of employee contributions	(61,863)	(58,277)	(59,988)
<b>Net change in total pension liability</b>	<b>(11,765)</b>	<b>(11,003)</b>	<b>(384,574)</b>
<b>Total pension liability – beginning</b>	<b>1,852,693</b>	<b>1,840,929</b>	<b>1,829,926</b>
<b>Total pension liability – ending (a)</b>	<b>\$ 1,840,929</b>	<b>\$ 1,829,926</b>	<b>1,445,352</b>

<b>Plan Fiduciary Net Position</b>			
Contributions – employer	\$ 64,114	\$ 63,590	66,360
Contributions – employee	-	-	-

Net investment income	1,805	2,667	7,988
Benefit payments, including refunds of employee contributions	(61,863)	(58,277)	(59,988)
Administrative expense	-	(4,500)	(4,500)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>4,056</b>	<b>3,481</b>	<b>9,861</b>
<b>Plan fiduciary net position – beginning</b>	<b>1,408,970</b>	<b>1,413,026</b>	<b>1,416,506</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>1,413,026</b>	<b>1,416,506</b>	<b>1,426,367</b>
<b>City's net pension liability – ending (a) – (b)</b>	<b>\$ 427,903</b>	<b>\$ 413,420</b>	<b>18,985</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>76.76%</b>	<b>77.41%</b>	<b>98.69%</b>
<b>Covered-employee payroll</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>n/a</b>	<b>n/a</b>	

### Schedule of Employer Contributions

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2007	\$ 50,555	\$ 50,555	\$ -	\$ -	n/a
December 31, 2008	52,571	52,571	-	-	n/a
December 31, 2009	48,537	48,537	-	-	n/a
December 31, 2010	49,989	49,989	-	-	n/a
December 31, 2011	54,865	54,865	-	-	n/a
December 31, 2012	52,249	52,249	-	-	n/a
December 31, 2013	56,962	56,962	-	-	n/a
December 31, 2014	64,114	64,114	-	-	n/a
December 31, 2015	63,590	63,590	-	-	n/a
December 31, 2016	66,360	66,360	-	-	n/a

Contributions are a portion of State Fire Insurance Premiums.

### Schedule of Investment Returns

Schedule of Investment Returns	Annual money-weighted rate of return, net of investment expense
2011	0.12%
2012	0.20%
2013	0.17%
2014	0.13%
2015	0.19%
2016	0.56%

Ten-year schedule required. However, until a full 10-year trend is compiled, information is presented for those years where information is available.



## 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
January 1, 2014	0	21,264	21,264	0	195	1
January 1, 2015	0	29,538	29,538	0	132	0
January 1, 2016	0	30,186	30,186	0	0	0
January 1, 2017	0	29,054	29,054	0	0	0

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Employer Contributions	Annual Required Contributions (ARC)	Percentage of ARC Contributed
December 31, 2008	\$557,103	\$1,366,284	41%
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	404,007	1,264,522	32
December 31, 2013	878,755	1,264,522	69
December 31, 2014	905,974	1,903,679	48
December 31, 2015	477,292	2,585,779	18
December 31, 2016	275,530	2,765,486	18

## Nonmajor Governmental Funds

### Special Revenue Funds

Special Revenue Funds are established to account for proceeds of specific taxes or other specific revenue sources that are legally restricted to or committed for expenditures for particular purposes.

- Hotel/Motel Tax Fund – Established to account for the proceeds of a 1% special excise tax on overnight lodging in Tukwila. This tax provides resources to support tourism development and promotion activities in Tukwila.
- Drug Seizure Fund – Accounts for monies and proceeds from the sale of property seized during drug and felony investigations. These funds are legally required to be expended on drug and felony related police activities.

### Debt Service Funds

Debt Service Funds are account for the accumulation of resources for and the payment of principal and interest on general obligation and special assessment bonds.

- Local Improvement Guaranty Fund – Holds reserve funds required under state law to provide a means of paying local improvement district (LID) bond debt service obligations in the event there are insufficient resources in the LID debt service fund.
- Limited Tax G.O. Refunding 2003 – Accounts for the principal and interest payments for the refunded Limited Tax G.O. 1994 Bonds for the construction of a new Community Center and the replacement of Fire Station #53. This bond has been paid off.
- Limited Tax G.O. Refunding 2008 – Accounts for the principal and interest payments for the refunded Limited Tax G.O. 1999 Bonds which were issued for the purchase of a City Hall annex, known as the 6300 Building, and the purchase of land and payment of other economic revitalization costs for the future Tukwila Village project.
- Limited Tax G.O. SCORE – Accounts for the 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.
- Limited Tax G.O. 2010 – Accounts for the principal and interest payments for the bonds issued for the construction and realignment of a major arterial street, 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 was responsible for one-fifth of the annual debt service. The final payment was made in 2015.
- Limited Tax G.O. Refunding 2011 – Accounts for the principal and interest payments for the portion of the Limited Tax G.O. 2003 Bonds refunded and pertaining to arterial street projects.

- Limited Tax G.O. 2013 – Accounts for principal and interest on bonds issued for the renovation of the Tukwila Metropolitan Park District swimming pool. The proceeds were loaned to the District; the District reimburses the City for the debt service based on an interlocal agreement between the two entities.
- Limited Tax G.O Fund – Accounts for principal and interest payments on bonds issued in 2014 for the Tukwila International Boulevard Revitalization project and for bonds issued in 2015 for the Interurban Avenue South improvement and Boeing Access Road Bridge retrofit projects.

### **Capital Project Funds**

Capital Project 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, real estate excise taxes, and transfers from the General Fund.

- Residential Street – Established in accordance with RCW 35A.37.010 to account for maintenance and improvement of the City's residential streets. Major sources of support are the State-levied tax on motor vehicle fuels distributed to Tukwila, to be used for City street purposes, state and federal grants, and transfers in from the General Fund.
- Land Acquisition, Recreation, and Park Development – Accounts for the acquisition of land, development of land, and construction of park facilities.
- Facilities (Urban Renewal) – Established in 1988, this fund accounts for costs associated with property owned by the City that will be utilized for redevelopment or renewal purposes.
- 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. Revenue for this fund comes primarily from fire impact fees.

CITY OF TUKWILA, WASHINGTON  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENT FUNDS**  
 DECEMBER 31, 2016

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,096,397	\$ 1,063,774	\$ 4,382,031	\$ 6,542,202
Taxes receivable	84,316	-	536,175	620,491
Other receivables	-	-	6,600	6,600
Due from other governmental units	-	-	1,163,418	1,163,418
Restricted Assets:				
Cash and cash equivalents	503,475	-	-	503,475
Notes receivable	-	-	300,022	300,022
Capital assets held for resale	-	-	7,645,000	7,645,000
<b>Total Assets</b>	<b>\$ 1,684,188</b>	<b>1,063,774</b>	<b>14,033,247</b>	<b>16,781,208</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
Current liabilities				
Accounts payable	218,091	-	464,675	682,766
Accrued wages and benefits	-	-	6,799	6,799
Customer deposit	-	-	175,644	175,644
<b>Total Liabilities</b>	<b>218,091</b>	<b>-</b>	<b>647,118</b>	<b>865,209</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-impact fee	-	-	306,622	306,622
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>306,622</b>	<b>306,622</b>
<b>Fund balances:</b>				
Nonspendable	-	-	7,645,000	7,645,000
Restricted	1,466,097	668,849	4,078,143	6,213,088
Assigned	-	394,925	1,356,364	1,751,288
<b>Total Fund balances</b>	<b>1,466,097</b>	<b>1,063,774</b>	<b>13,079,507</b>	<b>15,609,377</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,684,188</b>	<b>\$ 1,063,774</b>	<b>\$ 14,033,247</b>	<b>\$ 16,781,208</b>

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENT FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
<b>REVENUES:</b>				
TAXES:				
Taxes	\$ 710,267	\$ -	\$ 1,417,534	\$ 2,127,801
Charges for services	-	-	183,867	183,867
Intergovernmental	-	62,091	1,863,750	1,925,841
Investment earnings	1,607	2	8,943	10,553
Miscellaneous	624,279	-	-	624,279
<b>Total Revenues</b>	<b>1,336,153</b>	<b>62,093</b>	<b>3,474,094</b>	<b>4,872,341</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	1,090,359	1,090,359
Economic environment	422,405	-	-	422,405
Physical environment	-	-	3	3
Public safety	59,303	-	-	59,303
Cultural and Recreation	-	-	135,038	135,038
Transportation	-	-	261,641	261,641
Debt service				
Principal	-	1,932,782	-	1,932,782
Interest	-	812,540	-	812,540
Capital Outlay	18,707	-	2,026,808	2,045,515
<b>Total Expenditures</b>	<b>500,415</b>	<b>2,745,321</b>	<b>3,513,849</b>	<b>6,759,585</b>
Exces (deficiency) of revenues				
<b>Over (Under) Expenditures</b>	<b>835,738</b>	<b>(2,683,228)</b>	<b>(39,755)</b>	<b>(1,887,245)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	2,874,831	400,000	3,274,831
<b>Total Other Financing Sources And Uses</b>	<b>-</b>	<b>2,874,831</b>	<b>400,000</b>	<b>3,274,831</b>
Net change in fund balances	835,738	191,604	360,245	1,387,586
Fund balances - beginning	630,359	872,169	12,719,262	14,221,790
<b>Fund Balances - Ending</b>	<b>\$ 1,466,097</b>	<b>\$ 1,063,774</b>	<b>\$ 13,079,507</b>	<b>\$ 15,609,378</b>

CITY OF TUKWILA, WASHINGTON  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
 DECEMBER 31, 2016

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,049,539	\$ 46,858	\$ 1,096,397
Taxes receivables	84,316	-	84,316
Cash and cash equivalents	-	503,475	503,475
<b>Total Assets</b>	<b>1,133,855</b>	<b>550,333</b>	<b>1,684,188</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Accounts payable	221,297	(3,206)	218,091
<b>Total Liabilities</b>	<b>221,297</b>	<b>(3,206)</b>	<b>218,091</b>
Fund balances:			
Restricted	912,558	553,539	1,466,097
<b>Total Fund Balances</b>	<b>912,558</b>	<b>553,539</b>	<b>1,466,097</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,133,855</b>	<b>\$ 550,333</b>	<b>\$ 1,684,188</b>

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31,2016

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
<b>REVENUES:</b>			
Taxes	\$ 710,267	\$ -	\$ 710,267
Investment earnings	1,576	31	1,607
Miscellaneous	-	624,279	624,279
Total Revenue	711,843	624,310	1,336,153
<b>EXPENDITURES:</b>			
Current:			
Public safety	-	59,303	59,303
Economic environment	422,405	-	422,405
Capital outlay	-	18,707	18,707
Total Expenditures	422,405	78,010	500,415
Excess (deficiency) of revenues			
Over (Under) Expenditures	289,438	546,300	835,738
Net change in fund balances	289,438	546,300	835,738
Fund balances - beginning	623,120	7,239	630,359
Fund Balances - ending	\$ 912,558	\$ 553,539	\$ 1,466,097

CITY OF TUKWILA, WASHINGTON  
**COMBINING BALANCE SHEET**  
**NON-MAJOR DEBT SERVICE FUNDS**  
 DECEMBER 31, 2016

	Special Assesment Bonds Guaranty Fund 2013	LTGO Refunding Bonds 2003 (Ref 1994)	LTGO Refunding Bonds 2008 (Ref 1999)	Score LTGO Bonds 2009*	LTGO Bonds 2010**	Valley Com LTGO Refunding Bonds 2010 (Ref 2000)	LTGO Refunding Bonds 2011 (Ref 2003)	LTGO Bonds 2013	LTGO Bond Fund	Total Nonmajor Debt Service Funds
<b>ASSETS:</b>										
Cash and cash equivalents	\$ 669,150	\$ 195	\$ 416	\$ 2	\$ 33,940	\$ 794	\$ 539	\$ -	\$ 358,740	\$ 1,063,774
<b>TOTAL ASSETS</b>	<b>669,150</b>	<b>195</b>	<b>416</b>	<b>2</b>	<b>33,940</b>	<b>794</b>	<b>539</b>	<b>-</b>	<b>358,740</b>	<b>1,063,774</b>
<b>LIABILITIES AND FUND BALANCES:</b>										
Total Liabilities	-	-	-	-	-	-	-	-	-	-
Fund balances:										
Restricted	668,849	-	-	-	-	-	-	-	-	668,849
Assigned	300	195	416	2	33,940	794	539	-	358,740	394,925
<b>Total Fund Balances</b>	<b>669,148</b>	<b>195</b>	<b>416</b>	<b>2</b>	<b>33,940</b>	<b>794</b>	<b>539</b>	<b>-</b>	<b>358,740</b>	<b>1,063,774</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 669,148</b>	<b>\$ 195</b>	<b>\$ 416</b>	<b>\$ 2</b>	<b>\$ 33,940</b>	<b>\$ 794</b>	<b>\$ 539</b>	<b>\$ -</b>	<b>\$ 358,740</b>	<b>\$ 1,063,774</b>

\* Limited Tax GO Bonds 2009A also includes Limited Tax GO Bonds 2009B

\*\* Limited Tax GO Bonds 2010A also includes Taxable Build America Bonds 2010B



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, 2016

	Special Assessment Bonds Guaranty Fund 2013	LTGO Refundin g Bonds 2003 (Ref 1994)	LTGO Refunding Bonds 2008 (Ref 1999)	Score LTGO Bonds 2009*	LTGO Bonds 2010**	Valley Com LTGO Refunding Bonds 2010 (Ref 2000)	LTGO Refunding Bonds 2011 (Ref 2003)	LTGO Bonds 2013	LTGO Bond Fund	Total Nonmajor Debt Service Funds
<b>REVENUES:</b>										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 62,091	\$ -	\$ -	\$ -	\$ -	62,091
Investment earnings	2	-	-	-	-	-	-	-	-	2
<b>Total revenues</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,093</b>
<b>EXPENDITURES:</b>										
Debt service										
Principal	-	-	655,000	-	395,000	-	420,000	93,782	369,000	1,932,782
Interest	-	-	156,100	-	190,450	-	128,675	19,348	317,966	812,539
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>811,100</b>	<b>-</b>	<b>585,450</b>	<b>-</b>	<b>548,675</b>	<b>113,130</b>	<b>686,966</b>	<b>2,745,321</b>
Excess (deficiency) of revenues										
Over (Under) Expenditures	2	-	(811,100)	-	(523,358)	-	(548,675)	(113,130)	(686,966)	(2,683,228)
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	-	-	811,100	-	523,593	-	548,675	113,130	878,333	2,874,831
<b>Total Other Financing Source And Use</b>	<b>-</b>	<b>-</b>	<b>811,100</b>	<b>-</b>	<b>523,593</b>	<b>-</b>	<b>548,675</b>	<b>113,130</b>	<b>878,333</b>	<b>2,874,831</b>
Net change in fund balances	2	-	-	-	235	-	-	-	191,367	191,604
Fund balances - beginning	669,146	195	416	2	33,705	794	539	-	167,372	872,169
<b>Fund Balances - Ending</b>	<b>\$ 669,148</b>	<b>\$ 195</b>	<b>\$ 416</b>	<b>\$ 2</b>	<b>\$ 33,940</b>	<b>\$ 794</b>	<b>\$ 539</b>	<b>\$ -</b>	<b>\$ 358,739</b>	<b>\$ 1,063,774</b>

\* Limited Tax GO Bonds 2009A also includes Limited Tax GO Bonds 2009B

\*\* Limited Tax GO Bonds 2010A also includes Taxable Build America Bonds 2010B

CITY OF TUKWILA, WASHINGTON  
**COMBINING BALANCE SHEET**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
 DECEMBER 31, 2016

	Residential Street	Land Acq. Rec & Park Development	Facilities Urban Renewal	General Government Improvements	Fire Improvements	Total Nonmajor Capital Project Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 719,316	\$ 2,079,567	\$ 445,059	\$ 401,572	\$ 736,518	\$ 4,382,031
Taxes receivable	42,820	493,355	-	-	-	536,175
Other receivables	-	-	-	-	6,600	6,600
Due from other governmental units	24,672	1,138,746	-	-	-	1,163,418
<b>RESTRICTED ASSETS:</b>						
Notes receivable	-	-	-	-	300,022	300,022
Capital asset held for resale	-	-	7,645,000	-	-	7,645,000
<b>Total Assets</b>	<b>786,808</b>	<b>3,711,668</b>	<b>8,090,059</b>	<b>401,572</b>	<b>1,043,140</b>	<b>14,033,247</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>						
Current payables:						
Accounts payables	106,577	332,980	20,968	4,150	-	464,675
Accrued wages and benefits	2,578	329	-	3,892	-	6,799
Customer deposit	18,720	26,246	129,050	1,627	-	175,644
<b>Total Liabilities</b>	<b>127,875</b>	<b>359,555</b>	<b>150,018</b>	<b>9,669</b>	<b>-</b>	<b>647,118</b>
Deferred Inflow of resources:						
Unavailable revenue-impact fee	-	-	-	-	306,622	306,622
<b>Total Deferred Inflow of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>306,622</b>	<b>306,622</b>
Fund balances:						
Nonspendable	-	-	7,645,000	-	-	7,645,000
Restricted	-	3,341,625	-	-	736,518	4,078,143
Assigned	658,932	10,488	295,040	391,903	-	1,356,364
<b>Total Fund Balance</b>	<b>658,932</b>	<b>3,352,113</b>	<b>7,940,040</b>	<b>391,903</b>	<b>736,518</b>	<b>13,079,507</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 786,808</b>	<b>\$ 3,711,668</b>	<b>\$8,090,059</b>	<b>\$ 401,572</b>	<b>\$1,043,140</b>	<b>\$ 14,033,247</b>

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, 2016

	Residential Street	Land Acq. Rec & Park Development	Facilities Urban Renewal	General Government Improvements	Fire Improvements	Total Nonmajor Capital Projects Funds
<b>REVENUES:</b>						
Taxes	\$ -	\$ 1,417,534	\$ -	\$ -	\$ -	\$ 1,417,534
Charges for services	-	-	-	-	183,867	183,867
Intergovernmental	465,422	1,398,328	-	-	-	1,863,750
Investment earnings	2,163	1,702	2,706	1,156	1,216	8,943
<b>Total Revenues</b>	<b>467,585</b>	<b>2,817,564</b>	<b>2,706</b>	<b>1,156</b>	<b>185,084</b>	<b>3,474,094</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	897,211	193,148	-	1,090,359
Physical environment	-	3	-	-	-	3
Culture and recreation	-	135,038	-	-	-	135,038
Transportation	261,641	-	-	-	-	261,641
Capital Outlay	566,172	1,447,498	-	13,138	-	2,026,808
<b>Total Expenditures</b>	<b>827,813</b>	<b>1,582,540</b>	<b>897,211</b>	<b>206,285</b>	<b>-</b>	<b>3,513,849</b>
Exces (deficiency) of revenues Over (Under) Expenditures	(360,229)	1,235,025	(894,505)	(205,130)	185,084	(39,755)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	200,000	-	-	200,000	-	400,000
<b>Total Other Financing Sources And Uses</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>400,000</b>
Net change in fund balances	(160,229)	1,235,025	(894,505)	(5,130)	185,084	360,245
Fund balances - beginning	819,161	2,117,089	8,834,545	397,033	551,434	12,719,262
<b>Fund Balances - ending</b>	<b>\$ 658,932</b>	<b>\$ 3,352,113</b>	<b>\$ 7,940,040</b>	<b>\$ 391,903</b>	<b>\$ 736,518</b>	<b>\$ 13,079,507</b>

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**ARTERIAL STREET CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 365,160	\$ 365,160	\$ 1,573,930	\$ 1,208,770
Intergovernmental	10,322,920	10,322,920	3,642,889	(6,680,031)
Charges for services	160,000	160,000	441,500	281,500
Investment earnings	5,000	5,000	19,711	14,711
Miscellaneous	-	-	117,549	117,549
Total Revenues	10,853,080	10,853,080	5,795,580	(5,057,500)
<b>EXPENDITURES:</b>				
Current:				
Transportation	436,216	436,216	2,096,831	(1,660,615)
Capital outlay	13,764,001	14,164,001	5,502,756	8,661,245
Total Expenditures	14,200,217	14,600,217	7,599,587	7,000,630
Exceeds (deficiency) of revenues				
Over (Under) Expenditures	(3,347,137)	(3,747,137)	(1,804,007)	1,943,130
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,151,000	751,000	751,000	-
Total Other Financing Sources And Uses	3,151,000	751,000	751,000	-
Net change in fund balances	(196,137)	(2,996,137)	(1,053,007)	1,943,130
Fund balance - beginning	344,489	5,044,489	5,052,383	7,894
Fund Balances - Ending	\$ 148,352	\$ 2,048,352	\$ 3,999,376	\$ 1,951,024

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**LOCAL IMPROVEMENT DISTRICT #33 DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Special assessment	\$ 443,147	\$ 593,147	\$ 542,180	\$ (50,967)
Investment earnings	342,526	342,526	267,930	(74,596)
Miscellaneous	-	-	886	886
Total Revenues	785,673	935,673	810,997	(124,676)
<b>EXPENDITURES:</b>				
Debt service:				
Principal	450,000	900,000	670,000	230,000
Interest	286,005	286,005	281,044	4,961
Total Expenditures	736,005	1,186,005	951,044	234,961
Excess Of Revenues And Expenditures	49,668	(250,332)	(140,047)	110,285
Net change in fund balances	49,668	(250,332)	(140,047)	110,285
Fund balances - beginning	820,856	820,856	1,038,769	217,913
Fund Balances - Ending	\$ 870,524	\$ 570,524	\$ 898,722	\$ 328,198

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PUBLIC SAFETY PLAN CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 9,561	\$ 9,561
Total Revenues	-	-	9,561	9,561
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Total Expenditures	-	209,954	206,388	3,566
Excess Of Revenues And Expenditures	-	(209,954)	(196,827)	13,127
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	32,990,000	32,990,000	-
Premium on bonds issued	-	3,719,954	3,719,954	-
Total Other Financing Sources And Uses	-	36,709,954	36,709,954	-
Net change in fund balances	-	36,500,000	36,513,127	13,127
Fund balances - beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ 36,500,000	\$ 36,513,127	\$ 13,127

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Bduget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 630,000	\$ 630,000	\$ 710,267	\$ 80,267
Investment earnings	-	-	1,576	1,576
Total Revenues	630,000	630,000	711,843	81,843
<b>EXPENDITURES:</b>				
Current:				
Economic environment	427,500	427,500	422,405	5,095
Total Expenditures	427,500	427,500	422,405	5,095
Excess (deficiency) of revenues				
Over (Under) Expenditures	202,500	202,500	289,438	86,938
Net change in fund balances	202,500	202,500	289,438	86,938
Fund balances - beginning	389,674	389,674	623,120	233,446
Fund Balances - Ending	\$ 592,174	\$ 592,174	\$ 912,558	\$ 320,384

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**DRUG SEIZURE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 31	\$ 31
Fines and forfeitures	60,000	635,000	624,279	(10,721)
Total Revenues	60,000	635,000	624,310	(10,690)
<b>EXPENDITURES:</b>				
Current:				
Public safety	45,000	95,000	59,303	35,697
Capital outlay:				
Public safety	-	-	18,707	(18,707)
Total Expenditures	45,000	95,000	78,010	35,697
Excess (deficiency) of revenues				
Over (Under) Expenditures	15,000	540,000	546,300	6,300
Net change in fund balances	15,000	540,000	546,300	6,300
Fund Balances - beginning	65,000	65,000	7,239	(57,761)
Fund Balances - Ending	\$ 80,000	\$ 605,000	\$ 553,539	\$ (51,461)



CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**RESIDENTIAL STREET CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,705,078	\$ 2,544,028	\$ 465,422	\$ (2,078,606)
Investment earnings	1,800	1,800	2,163	363
Miscellaneous	2,850,000	2,850,000	-	(2,850,000)
Total Revenues	4,556,878	5,395,828	467,585	(4,928,243)
<b>EXPENDITURES:</b>				
Current:				
Transportation	-	-	261,641	(261,641)
Capital outlay	8,823,000	9,751,000	566,172	9,184,828
Total Expenditures	8,823,000	9,751,000	827,813	8,923,187
Excess Of Revenues And Expenditures	(4,266,122)	(4,355,172)	(360,229)	3,994,943
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	4,400,000	4,400,000	-	(4,400,000)
Transfers in	200,000	200,000	200,000	-
Total Other Financing Sources And Uses	4,600,000	4,600,000	200,000	(4,400,000)
Net change in fund balances	333,878	244,828	(160,229)	(405,057)
Fund balances - beginning	56,842	806,842	819,161	12,319
Fund Balances - Ending	\$ 390,720	\$ 1,051,670	\$ 658,932	\$ (392,738)

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**LAND & PARK ACQUISITION CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 260,000	\$ 260,000	\$ 1,417,534	\$ 1,157,534
Intergovernmental	10,000	810,000	1,398,328	588,328
Charges for services	40,000	40,000	-	(40,000)
Investment earnings	1,000	1,000	1,702	702
Total Revenues	311,000	1,111,000	2,817,564	1,706,564
<b>EXPENDITURES:</b>				
Current:				
Physical environment	-	-	3	(3)
Culture and recreation	-	-	135,038	(135,038)
Capital outlay	292,000	1,092,000	1,447,498	(355,498)
Total Expenditures	292,000	1,092,000	1,582,540	(490,540)
Excess Of Revenues And Expenditures	19,000	19,000	1,235,025	1,216,025
Net change in fund balances	19,000	19,000	1,235,025	1,216,025
Fund balances - beginning	318,000	2,118,000	2,117,089	(911)
Fund Balances - Ending	\$ 337,000	\$ 2,137,000	\$ 3,352,113	\$ 1,215,113

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FACILITIES CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ 3,602	\$ 3,602	\$ 2,706	\$ (896)
Total Revenues	3,602	3,602	2,706	(896)
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	897,211	(897,211)
Principal	2,250,000	2,250,000	-	2,250,000
Capital outlay	90,000	90,000	-	90,000
Total Expenditures	2,340,000	2,340,000	897,211	1,442,789
Excess Of Revenues And Expenditures	(2,336,398)	(2,336,398)	(894,505)	1,441,893
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of capital assets	4,325,000	4,325,000	-	(4,325,000)
Transfers out	(2,075,000)	(2,075,000)	-	2,075,000
Total Other Financing Sources And Uses	2,250,000	2,250,000	-	(2,250,000)
Net change in fund balances before special item	(86,398)	(86,398)	(894,505)	(808,107)
Fund balances - beginning	1,873,602	1,873,602	8,834,545	6,960,943
Fund Balances - Ending	\$ 1,787,204	\$ 1,787,204	\$ 7,940,040	\$ 6,152,836

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL GOVERNMENT IMPROVEMENTS CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31,2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ 500	\$ 500	\$ 1,156	\$ 656
Total Revenues	500	500	1,156	656
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	193,148	(193,148)
General Government Improvements	130,640	130,640	-	130,640
Capital outlay	200,000	200,000	13,138	186,862
Total Expenditures	330,640	330,640	206,285	124,355
Excess Of Revenues And Expenditures	(330,140)	(330,140)	(205,130)	125,010
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	200,000	200,000	200,000	-
Total Other Financing Sources And Uses	200,000	200,000	200,000	-
Net change in fund balances	(130,140)	(130,140)	(5,130)	125,010
Fund balances - beginning	379,950	379,950	397,033	17,083
Fund Balances - Ending	\$ 249,810	\$ 249,810	\$ 391,903	\$ 142,093

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FIRE IMPROVEMENTS CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Fire impact fees	\$ 50,000	\$ 50,000	\$ 183,867	\$ 133,867
Investment earnings	100	100	1,216	1,116
Total Revenues	50,100	50,100	185,084	134,984
<b>EXPENDITURES:</b>				
Current:				
Public Safety	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess Of Revenues And Expenditures	50,100	50,100	185,084	134,984
Net change in fund balances	50,100	50,100	185,084	134,984
Fund balances - beginning	500,100	500,100	551,434	51,334
Fund Balances - Ending	\$ 550,200	\$ 550,200	\$ 736,518	\$ 186,318

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 61,858	\$ 61,858	\$ 62,091	\$ 233
Investment earnings	500	500	2	(498)
Total Revenues	62,358	62,358	62,093	(265)
<b>EXPENDITURES:</b>				
Debt service:				
Principal	2,607,271	2,442,071	1,932,782	509,289
Interest	757,378	494,618	812,539	(317,921)
Total Expenditures	3,364,649	2,936,689	2,745,321	(191,368)
Excess Of Revenues And Expenditures	(3,302,291)	(2,874,331)	(2,683,227)	191,104
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,302,791	2,874,831	2,874,831	-
Total Other Financing Sources And Uses	3,302,791	2,874,831	2,874,831	-
Net change in fund balances	500	500	191,604	191,104
Fund balances - beginning	673,500	673,500	872,170	198,670
Fund Balances - Ending	\$ 674,000	\$ 674,000	\$ 1,063,773	\$ 389,773

## NON-MAJOR INTERNAL SERVICE FUNDS

### Internal Service Funds

The City's internal service funds are used to account for the financing of special services performed by designated departments within the City of Tukwila for the benefit of other departments within the City. The funds provide services then generate revenue by billing the department for which the service was provided.

- Equipment Rental Fund – Accounts for the costs of maintaining and replacing all City vehicles and auxiliary equipment. 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 departments. All premiums, medical and dental costs and ancillary charges are included.
- Insurance Fund LEOFF 1 Retirees – Accounts for the costs of the City's self-insured medical plan for LEOFF 1 retirees. Medical and dental costs for covered employees are charged to the respective departments, either the Police Department or the Fire Department. All premiums, medical and dental costs and ancillary charges are included.

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2016

	Equipment Rental	Insurance - Active Employees	Insurance - Leoff I Retirees	Total Internal Service Funds
<b>ASSETS:</b>				
Current assets				
Cash and cash equivalents	\$ 4,285,711	\$ 951,771	\$ 1,077,247	6,314,729
Investments	525,627	2,377,387	-	2,903,014
Receivables	1,546	23,915	-	25,462
Inventory of materials and supplies	15,273	-	-	15,273
Total Current Assets	4,828,157	3,353,073	1,077,247	9,258,478
NONCURRENT ASSETS:				
Capital Assets:				
Machinery and equipment	14,942,639	-	-	14,942,639
Less: accumulated depreciation	(10,234,527)	-	-	(10,234,527)
Total Capital Assets (Net Of A/D)	4,708,113	-	-	4,708,113
Total Noncurrent Assets	4,708,113	-	-	4,708,113
Total Assets	9,536,270	3,353,073	1,077,247	13,966,590
Deferred Outflow s of Resources				
Deferred outflow pension earnings	64,348	-	-	64,348
Total Deferred Inflow s Of Resources	64,348	-	-	64,348
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	82,948	-	3,519	86,468
Accrued wages and benefits	19,698	-	-	19,698
Claims incurred but not reported	-	689,750	58,500	748,250
Total Current Liabilities	102,646	689,750	62,019	854,416
Noncurrent liabilities:				
Reserve for unreported claims	-	1,168,500	132,750	1,301,250
Net pension liability	381,561	-	-	381,561
Total Noncurrent Liabilities	381,561	1,168,500	132,750	1,682,811
Total Liabilities	484,207	1,858,250	194,769	2,537,227
Deferred Inflow s of Resources				
Deferred inflow pension earnings	14,963	-	-	14,963
Total Deferred Inflow s Of Resources	14,963	-	-	14,963
<b>NET POSITION:</b>				
Investment in capital assets	4,708,113	-	-	4,708,113
Unrestricted	4,393,334	1,494,823	882,478	6,770,636
Total Net Position	\$ 9,101,447	\$ 1,494,823	\$ 882,478	\$ 11,478,749



CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,066,889	\$ 5,290,893	\$ 630,444	\$ 7,988,226
Other operating revenue	2,043	138,033	-	140,076
Total Operating Revenue	2,068,932	5,428,926	630,444	8,128,302
<b>OPERATING EXPENSES:</b>				
Operations & maintenance	1,247,530	5,817,626	512,861	7,578,017
Administrative & general	316,578	120,703	11,408	448,689
Depreciation	799,436	-	-	799,436
Total Operating Expenses	2,363,544	5,938,329	524,269	8,826,142
Operating Income (Loss)	(294,613)	(509,403)	106,175	(697,840)
<b>NON-OPERATING REVENUE (EXPENSE):</b>				
Investment earnings	29,435	22,288	569	52,291
Gain (loss) on disposal of capital assets	96,953	-	-	96,953
Total Non-Operating Revenue (Expense)	126,388	22,288	569	149,244
Change In Net Position	(168,225)	(487,115)	106,744	(548,596)
Net position beginning of year	9,269,672	1,981,939	775,734	12,027,345
Net Position end of year	\$ 9,101,447	\$ 1,494,823	\$ 882,478	\$ 11,478,749

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Page 1 of 2

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from users	\$ 2,068,932	\$ 5,423,842	\$ 697,839	\$ 8,190,613
Cash paid to suppliers	(990,773)	(246,446)	(47,192)	(1,284,411)
Cash paid for taxes	(570)	-	-	(570)
Cash paid to, or on behalf of, employees	(562,898)	(5,781,133)	(506,271)	(6,850,302)
Net Cash Provided (Used)				
By Operating Activities	514,691	(603,737)	144,376	55,330
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceed from sale of equipment	128,075	-	-	128,075
Purchase of capital asset	(797,536)	-	-	(797,536)
Net Cash Provided (Used) For Capital And Related Financing Activities	(669,461)	-	-	(669,461)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Proceeds from sale of investments	-	-	-	-
Purchase of investments	(225,000)	1,240,930	-	1,015,930
Interest received	33,052	139,501	569	173,121
Net Cash Provided (Used) In Investing Activities	(191,948)	1,380,431	569	1,189,051
Net Increase (Decrease) In Cash And Cash Equivalents	(346,719)	776,694	144,945	574,920
Cash and cash equivalents-beginning of year	4,632,430	175,077	932,303	5,739,809
Cash And Cash Equivalents-End Of Year	\$ 4,285,711	\$ 951,771	\$ 1,077,247	\$ 6,314,729
Cash at end of year consists of:				
Cash and cash equivalents	\$ 4,285,711	\$ 951,771	\$ 1,077,247	6,314,729
Total Cash	\$ 4,285,711	\$ 951,771	\$ 1,077,247	\$ 6,314,729

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Page 2 of 2

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (294,613)	\$ (509,403)	\$ 106,175	\$ (697,840)
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:				
Depreciation	799,436	-	-	799,436
Asset (increases) decreases:				
Accounts receivable	-	(5,084)	67,395	62,311
Inventory	(1,436)	-	-	(1,436)
Deferred outflow of resources (increase) decrease	(26,438)	-	-	(26,438)
Liability increases (decreases):				
Accounts payable	24,611	(89,250)	(29,194)	(93,833)
Wages and benefits payable	213	-	-	213
Deferred inflow of resources increase (decrease)	12,917	-	-	12,917
Total Adjustments	809,303	(94,334)	38,201	753,170
Net Cash Provided (Used) By Operating Activities	\$ 514,691	\$ (603,737)	\$ 144,376	\$ 55,331
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Increase in fair value of investment	\$ (18,661)	\$ -	\$ -	\$ (18,661)
Total Non Cash Investing, Capital And Financing Activities	\$ (18,661)	\$ -	\$ -	\$ (18,661)

CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance			Balance	
	January 1, 2016	Additions	Deductions	December 31, 2016	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 124,624	\$ 940,142	\$ (863,027)	\$ 201,739	
Receivables	12,467	131,437	(88,361)	55,543	
Total Assets	137,092	1,071,579	(951,389)	257,282	
<b>LIABILITIES</b>					
Accounts and other payables	137,092	1,857,890	(1,737,700)	257,282	
Total Liabilities	\$ 137,092	\$ 1,857,890	\$ (1,737,700)	\$ 257,282	

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



City of Tukwila  
**STATISTICAL SECTION**  
 December 31, 2016

### 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.*

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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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CITY OF TUKWILA  
**SCHEDULE 1**  
**NET POSITION BY COMPONENT<sup>(a)</sup>**  
 LAST TEN FISCAL YEARS

Page 1 of 2

	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 136,053,013	\$ 136,742,368	\$ 155,847,012	\$ 177,078,793
Restricted	1,233,234	19,720,546	16,360,097	23,005,792
Unrestricted	35,520,681	18,476,837	16,031,473	12,119,923
Total governmental activities net position	\$ 172,806,928	\$ 174,939,751	\$ 188,238,582	\$ 212,204,508
Business-type activities:				
Net investment in capital assets	\$ 36,083,972	\$ 36,071,402	\$ 38,052,488	\$ 44,759,489
Restricted	441,073	439,100	438,619	430,444
Unrestricted	11,267,171	13,335,836	10,987,162	11,158,081
Total business-type activities net position	\$ 47,792,216	\$ 49,846,338	\$ 49,478,269	\$ 56,348,014
Primary government:				
Net investment in capital assets	\$ 172,136,985	\$ 172,813,770	\$ 193,899,500	\$ 221,838,282
Restricted	1,674,307	20,159,646	16,798,716	23,436,236
Unrestricted	46,787,852	31,812,673	27,018,635	23,278,004
Total primary government net position	\$ 220,599,144	\$ 224,786,089	\$ 237,716,851	\$ 268,552,522

## Notes:

(a) All amounts are reported on the accrual basis

## Source:

Tukwila Finance Department

Page 2 of 2

2011	2012	2013	2014	2015	2016
\$ 199,511,779	\$ 203,206,940	\$ 207,660,389	\$ 191,081,461	\$ 191,331,156	\$ 193,113,026
5,019,817	2,749,680	3,480,002	3,973,726	5,446,074	8,996,183
21,479,064	20,194,333	26,981,105	25,009,212	16,125,592	15,809,945
\$ 226,010,660	\$ 226,150,953	\$ 238,121,496	\$ 220,064,399	\$ 212,902,822	\$ 217,919,155
\$ 52,134,799	\$ 52,911,741	\$ 55,955,595	\$ 57,677,764	\$ 59,483,424	\$ 60,807,030
430,444	430,444	430,444	430,444	-	-
10,225,558	11,011,319	12,964,539	13,839,529	14,658,912	17,240,620
\$ 62,790,801	\$ 64,353,504	\$ 69,350,577	\$ 71,947,736	\$ 74,142,335	\$ 78,047,650
\$ 248,636,920	\$ 253,253,170	\$ 263,615,984	\$ 248,759,225	\$ 250,814,581	\$ 253,920,056
5,450,261	3,180,123	3,910,445	4,404,170	5,446,074	8,996,183
34,714,280	34,071,164	39,945,644	38,848,741	30,784,504	33,050,565
\$ 288,801,461	\$ 290,504,457	\$ 307,472,073	\$ 292,012,136	\$ 287,045,158	\$ 295,966,804



CITY OF TUKWILA, WASHINGTON  
**SCHEDULE 2**  
**CHANGES IN NET POSITION <sup>(a)</sup>**

Page 1 of 2

	2007	2008	2009	2010
<b>Expenses</b>				
Governmental Activities				
General Government	\$ 7,456,335	\$ 4,723,103	\$ 6,689,659	\$ 7,052,717
Public Safety	21,726,932	24,147,992	26,959,352	26,088,644
Physical Environment	2,764,373	2,862,487	2,575,405	2,533,394
Transportation	5,310,247	5,864,297	5,541,367	6,015,197
Economic Environment	3,890,845	5,017,935	4,637,531	4,579,338
Mental and Physical Health	4,204	4,173	4,332	4,539
Culture and Recreation	4,506,223	4,797,856	4,914,256	4,756,676
Interest on Long Term Debt	896,215	1,844,224	753,904	1,061,419
Total Governmental Activities	46,555,374	49,262,067	52,075,806	52,091,924
Business Type Activities				
Water/Sewer Utility	7,046,603	7,293,362	9,293,434	9,343,368
Foster Golf Course	1,849,542	1,968,595	2,050,172	1,935,014
Surface Water Utility	1,920,194	1,762,417	2,299,394	2,476,170
Total Business Type Activities	10,816,339	11,024,374	13,643,000	13,754,552
<b>Total Primary Government Expenses</b>	<b>\$ 57,371,713</b>	<b>\$ 60,286,441</b>	<b>\$ 65,718,806</b>	<b>\$ 65,846,476</b>
<b>Program Revenues</b>				
Governmental Activities				
Charges for Services				
General Government	\$ 1,590,553	\$ 895,966	\$ 1,136,642	\$ 1,080,801
Public Safety	425,241	1,184,530	572,094	819,043
Physical Environment	25,341	1,200	-	6,200
Transportation	133,500	130,637	103,311	571,110
Economic Environment	2,319,634	2,476,501	1,001,511	1,787,274
Cultural and Recreation	777,484	711,542	647,354	811,679
Operating Grants and Contributions	1,692,766	1,325,163	3,386,269	2,139,029
Capital Grants and Contributions	3,746,743	2,282,592	14,784,074	23,992,563
Total Governmental Activities Program Revenues	10,711,262	9,008,131	21,631,255	31,207,699
Business Type Activities				
Charges for Services				
Water/Sewer Utility	8,272,647	8,621,909	10,124,653	9,665,095
Foster Golf Course	1,272,425	1,563,681	1,424,595	1,425,327
Surface Water Utility	2,208,549	2,642,325	2,641,313	3,029,630
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	347,416	756,400	515,633	7,390,545
Total Business Type Activities Program Revenues	12,101,037	13,584,315	14,706,194	21,510,597
<b>Total Primary Government Program Revenues</b>	<b>22,812,299</b>	<b>22,592,446</b>	<b>36,337,449</b>	<b>52,718,296</b>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(35,844,111)	(40,253,937)	(30,444,551)	(20,884,225)
Business Type Activities	1,284,700	2,559,941	1,063,194	7,756,045
<b>Total Primary Government Net Expense</b>	<b>\$ (34,559,411)</b>	<b>\$ (37,693,996)</b>	<b>\$ (29,381,357)</b>	<b>\$ (13,128,180)</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Taxes				
Property Tax	\$ 11,302,099	\$ 11,656,979	\$ 11,901,072	\$ 13,363,096
Retail Sales and Use Tax	19,355,867	18,009,297	14,588,297	14,669,328
Natural Gas Use Tax	344,748	643,037	748,772	533,811
Hotel/Motel Tax	583,232	587,216	489,806	458,092
Utility Tax	3,666,079	5,136,444	7,390,860	5,600,683
Interfund Utility Taxes	-	-	-	-
Business Tax	2,236,675	2,497,705	3,196,178	4,205,574
Excise Tax	4,127,360	983,078	367,198	507,798
State Entitlements	217,600	874,046	2,233,445	1,951,936
Unrestricted Investment Earnings	1,727,879	801,847	246,287	108,929
Gain/Loss on Sale of Capital Assets	13,652	(186,663)	980,267	-
Miscellaneous	-	-	-	-
Transfers	1,134,683	1,383,774	1,601,200	1,399,310
Total Governmental Activities	44,709,874	42,386,760	43,743,382	42,798,557
Business Type Activities				
Retail Sales and Use Taxes	500,000	500,000	327,999	329,527
Unrestricted Investment Interest	618,563	377,955	106,032	85,942
Gain/Loss on Sale of Capital Assets	-	-	(264,093)	-
Miscellaneous	-	-	-	97,541
Transfers	(1,134,683)	(1,383,774)	(1,601,200)	(1,399,310)
Total Business Type Activities	(16,120)	(505,819)	(1,431,262)	(886,300)
<b>Total Primary Government</b>	<b>\$ 44,693,754</b>	<b>\$ 41,880,941</b>	<b>\$ 42,312,120</b>	<b>\$ 41,912,257</b>
Change in Net Position Before Special Item	10,134,343	4,186,945	12,930,763	28,784,077
Special item	-	-	-	-
<b>Change in Net Position</b>	<b>10,134,343</b>	<b>4,186,945</b>	<b>12,930,763</b>	<b>28,784,077</b>
Governmental Activities	\$ 8,865,765	\$ 2,132,823	\$ 13,298,831	\$ 21,914,332
Business Type Activities	1,268,580	2,054,122	(368,068)	6,869,745
<b>Total Primary Government</b>	<b>\$ 10,134,345</b>	<b>\$ 4,186,945</b>	<b>\$ 12,930,763</b>	<b>\$ 28,784,077</b>

Notes:

(a) All amounts are reported on the accrual basis

Source:

Tukwila Finance Department

Page 2 of 2

2011	2012	2013	2014	2015	2016
\$ 9,150,573	\$ 8,343,107	\$ 10,195,049	\$ 10,289,399	\$ 8,042,254	\$ 9,662,207
25,348,318	26,598,432	25,938,946	29,292,587	29,403,206	31,418,713
2,885,175	3,625,696	2,610,591	11,668,098	2,611,297	2,554,259
6,872,708	7,314,707	7,658,280	2,479,533	11,069,605	11,188,189
4,712,832	4,801,342	5,209,954	5,716,091	5,782,907	4,410,841
4,591	-	-	-	-	-
4,203,824	4,242,725	5,635,347	5,336,659	5,125,227	5,431,324
472,438	1,152,063	1,038,851	1,204,771	1,033,440	1,075,729
53,650,459	56,078,072	58,287,017	65,987,138	63,067,935	65,741,262
10,092,903	10,149,557	10,421,064	12,752,125	13,186,236	13,984,368
1,986,747	1,701,131	1,707,993	1,945,789	2,086,586	2,077,536
2,588,098	2,699,767	2,563,132	3,310,716	4,147,974	4,088,360
14,667,748	14,550,455	14,692,189	18,008,631	19,420,796	20,150,264
<u>\$ 68,318,207</u>	<u>\$ 70,628,527</u>	<u>\$ 72,979,205</u>	<u>\$ 83,995,769</u>	<u>\$ 82,488,731</u>	<u>\$ 85,891,525</u>
\$ 2,462,671	\$ 1,332,418	\$ 1,495,438	\$ 3,858,862	\$ 3,794,134	\$ 3,742,937
809,806	684,744	871,919	970,594	1,754,856	4,130,701
7,572	4,939	27,407	196,506	-	464
345,373	1,004,911	287,956	8,425	206,065	454,525
1,722,285	2,323,528	2,786,178	726,869	3,348,802	2,434,546
1,001,117	481,404	744,014	2,793,185	644,283	1,140,558
2,250,601	4,411,618	3,289,818	2,563,002	893,470	1,079,020
18,495,127	1,581,882	16,947,529	8,053,435	6,431,537	5,000,942
27,094,552	11,825,444	26,450,258	19,170,879	17,073,146	17,983,694
11,711,242	11,758,658	13,146,131	14,308,945	15,572,709	15,661,118
1,304,016	1,448,729	1,404,264	1,406,440	1,482,288	1,426,385
3,355,956	3,827,010	3,913,184	4,168,313	5,286,233	5,875,343
-	-	-	-	-	25,000
1,993,537	135,603	338,943	1,548,280	2,039,890	767,732
18,364,751	17,170,000	18,802,521	21,431,978	24,381,122	23,755,578
45,459,303	28,995,444	45,252,779	40,602,857	41,454,268	41,739,272
(26,555,907)	(44,252,628)	(31,836,759)	(46,816,260)	(45,994,789)	(47,757,566)
3,697,003	2,619,546	4,110,332	3,423,348	4,960,326	3,605,314
<u>\$ (22,858,904)</u>	<u>\$ (41,633,082)</u>	<u>\$ (27,726,426)</u>	<u>\$ (43,392,912)</u>	<u>\$ (41,034,463)</u>	<u>\$ (44,152,252)</u>
\$ 13,443,137	\$ 14,131,605	\$ 14,510,241	\$ 14,870,621	\$ 14,320,085	\$ 14,562,501
15,796,054	15,441,683	16,316,398	17,105,322	19,334,152	18,908,190
317,531	232,208	204,457	-	-	-
555,682	522,033	526,832	596,781	677,971	710,267
7,534,260	5,535,966	3,879,992	3,855,544	4,019,288	4,045,916
-	-	1,686,859	1,851,013	2,061,098	2,146,515
667,679	2,497,606	2,570,111	2,555,999	2,749,140	2,716,257
2,170,293	2,860,948	2,745,475	3,512,894	5,321,281	6,508,665
2,085,740	1,895,647	1,861,511	1,735,637	1,843,634	1,915,810
275,477	116,694	102,486	444,282	475,345	559,733
-	-	-	-	-	-
-	101,688	304,704	179,394	280,551	1,000,049
525,864	1,056,843	1,060,650	(600,000)	-	(300,000)
43,371,717	44,392,921	45,769,716	46,107,488	51,082,545	52,773,904
-	-	-	-	-	-
61,119	-	-	-	-	-
-	-	-	-	-	-
200,871	-	-	-	-	-
(525,864)	(1,056,843)	(1,060,650)	600,000	-	300,000
(263,874)	(1,056,843)	(1,060,650)	600,000	-	300,000
<u>\$ 43,107,843</u>	<u>\$ 43,336,078</u>	<u>\$ 44,709,066</u>	<u>\$ 46,707,488</u>	<u>\$ 51,082,545</u>	<u>\$ 53,073,904</u>
20,248,939	1,702,996	16,982,640	3,314,576	10,048,082	8,921,652
-	-	-	(1,995,000)	(956,798)	-
20,248,939	1,702,996	16,982,640	1,319,576	9,091,285	8,921,652
\$ 16,815,810	\$ 140,293	\$ 13,932,957	\$ (2,703,772)	\$ 3,830,958	\$ 5,016,337
3,433,129	1,562,703	3,049,682	4,023,348	5,260,326	3,905,314
<u>\$ 20,248,939</u>	<u>\$ 1,702,996</u>	<u>\$ 16,982,640</u>	<u>\$ 1,319,576</u>	<u>\$ 9,091,285</u>	<u>\$ 8,921,651</u>

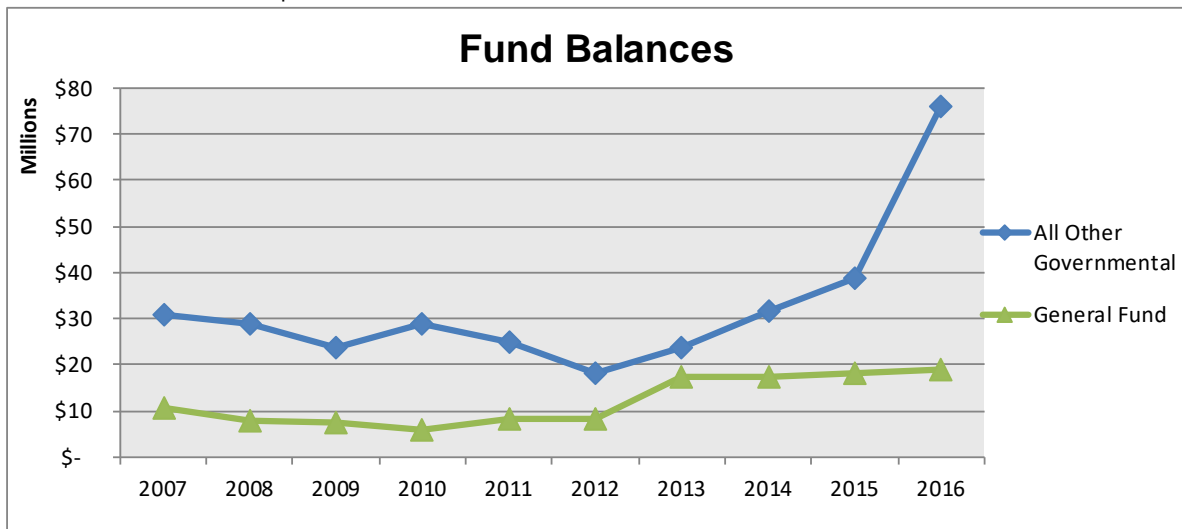
CITY OF TUKWILA, WASHINGTON  
**SCHEDULE 3**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Page 1 of 2

	2007	2008	2009	2010
<b>General Fund (GASB 54)</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>General Fund (Prior to GASB 54)</b>				
Reserved	12,650	17,800	17,900	17,900
Unreserved	10,504,748	7,687,515	7,371,530	5,739,140
<b>Total general fund</b>	<b>\$ 10,517,398</b>	<b>\$ 7,705,315</b>	<b>\$ 7,389,430</b>	<b>\$ 5,757,040</b>
<b>All other governmental funds (GASB 54)</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>All other governmental funds (Prior to GASB 54)</b>				
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	10,834,781	12,943,487	9,123,401	14,461,546
Debt service funds	1,233,234	1,248,901	135,438	3,051
Capital Projects funds	8,113,739	6,831,634	7,101,258	8,541,195
<b>Total all other governmental funds</b>	<b>\$ 20,181,754</b>	<b>\$ 21,024,022</b>	<b>\$ 16,360,097</b>	<b>\$ 23,005,792</b>

Note: In 2011 the City of Tukwila implemented GASB Statement No. 54, which changed the categories for fund balances. Balances prior to 2011 were not restated to the new standards.

Source:  
Tukwila Finance Department



Page 2 of 2

2011	2012	2013	2014	2015	2016
\$ 5,000	\$ -	\$ 1,743,362	\$ 1,544,022	\$ 1,340,914	\$ 1,141,484
-	-	-	-	-	-
18,000	-	-	-	-	-
-	-	225,000	5,771,471	6,078,648	6,277,929
8,237,141	8,378,557	15,317,624	10,181,057	10,911,244	11,612,330
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 8,260,141</b>	<b>\$ 8,378,557</b>	<b>\$ 17,285,986</b>	<b>\$ 17,496,550</b>	<b>\$ 18,330,806</b>	<b>\$ 19,031,744</b>
\$ -	\$ -	\$ -	\$ 7,370,000	\$ 7,645,000	\$ 7,645,000
5,014,817	2,749,681	3,480,001	3,973,726	5,446,074	45,986,463
402,306	-	-	-	-	-
11,127,221	7,021,183	4,510,623	4,076,803	7,221,870	3,389,139
-	-	(1,566,175)	(1,360,218)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 16,544,344</b>	<b>\$ 9,770,864</b>	<b>\$ 6,424,449</b>	<b>\$ 14,060,311</b>	<b>\$ 20,312,943</b>	<b>\$ 57,020,602</b>

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

page 1 of 2

	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 39,660,792	\$ 37,412,569	\$ 37,167,281	\$ 37,267,918
Licenses and Permits	1,827,709	2,022,851	1,283,463	1,618,830
Intergovernmental	6,403,217	5,697,598	17,596,486	14,525,872
Charges for Services	2,024,892	2,569,381	1,443,680	2,366,174
Fines and Forfeitures	266,188	259,991	301,761	390,079
Investment Income	1,425,423	926,913	282,604	144,258
Special Assessments	-	-	-	-
Miscellaneous	1,751,145	816,054	701,957	891,307
Total Revenues	53,359,366	49,705,357	58,777,232	57,204,438
<b>Expenditures</b>				
General Government	7,034,602	7,992,286	8,574,563	8,387,317
Public Safety	21,038,810	22,878,689	25,576,932	24,676,370
Physical Environment	2,196,422	2,255,880	2,058,913	1,724,147
Transportation	2,413,390	2,783,077	2,334,298	2,332,178
Economic Environment	3,878,658	4,995,514	4,601,391	4,541,845
Mental & Physical Health	4,204	4,173	4,332	4,539
Culture and Recreation	3,938,779	4,293,658	4,365,023	4,163,503
Debt Service				
Principal	930,000	972,000	1,316,297	1,555,028
Interest	914,584	872,224	778,018	849,148
Capital Outlay	7,243,879	6,089,703	16,860,362	11,513,976
Total Expenditures	49,593,328	53,137,204	66,470,129	59,748,051
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	4,036,039	(3,431,846)	(7,692,894)	(2,543,613)
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,266,349	2,515,982	3,865,744	2,461,806
Transfers In - Assessment				
Transfers Out	(1,131,666)	(1,107,543)	(2,234,444)	(1,020,857)
Capital Leases	-	-	-	110,509
Sale of Capital Assets	100	53,592	1,014,608	27,308
General Obligation Bonds Issued	-	-	-	6,935,000
General Obligation Refunding Bonds Issued	-	6,180,000	6,947,574	-
LID Bonds Assessment	-	-	-	-
Operating Loan-Tukwila MPD	-	-	-	-
Premium on General Obligation Debt	-	-	-	112,151
Premium on General Obligation Refunding Debt	-	483,599	-	-
Issuance Costs on General Obligation Refunding Debt	-	(108,326)	-	-
Payment to Refunded Bond Escrow Agent	-	(6,555,273)	(6,880,397)	(1,069,000)
Total Other Financing Sources (Uses)	1,134,783	1,462,031	2,713,085	7,556,917
<b>Change in Fund Balance Before Special Item</b>	5,170,822	(1,969,815)	(4,979,809)	5,013,304
Special Item	-	-	-	-
<b>Net Change in Fund Balances</b>	\$ 5,170,822	\$ (1,969,815)	\$ (4,979,809)	\$ 5,013,304

Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	4.6%	4.1%	4.4%	5.2%
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Note:

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

Source:

Tukwila Finance Department

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2011	2012	2013	2014	2015	2016
\$ 38,035,681	\$ 41,502,608	\$ 42,402,070	\$ 44,441,783	\$ 48,548,116	\$ 49,588,492
3,473,910	1,604,594	2,013,875	2,114,638	2,242,256	2,129,221
24,059,907	7,626,487	7,190,325	14,298,126	11,839,883	10,067,413
2,359,600	3,974,356	3,747,646	3,838,531	3,935,248	3,911,473
308,027	220,752	242,638	264,934	261,457	318,459
275,479	106,286	151,911	479,219	475,345	541,299
-	-	2,788,350	701,723	650,415	542,180
356,409	131,979	427,368	354,395	332,268	957,158
68,869,013	55,167,062	58,964,183	66,493,348	68,284,989	68,055,695
8,253,440	8,504,511	9,303,742	7,505,173	7,708,394	9,405,989
24,327,498	24,918,306	25,720,884	27,254,312	29,035,165	29,366,198
2,060,482	3,022,516	1,935,895	1,807,993	1,935,228	1,955,031
2,676,511	2,769,182	3,111,493	5,820,601	5,792,668	5,238,468
4,682,646	4,767,944	5,224,964	5,226,832	5,832,384	4,493,210
4,591	-	-	-	-	-
3,507,150	3,373,000	4,386,392	4,680,651	4,350,052	4,543,339
1,766,774	1,991,540	5,024,991	2,288,988	2,480,507	2,602,782
881,850	1,178,464	1,162,649	961,457	1,125,609	1,093,584
25,643,704	12,099,293	5,854,962	10,150,912	11,426,274	8,358,450
73,804,646	62,624,756	61,725,970	65,696,921	69,686,279	67,057,051
(4,935,633)	(7,457,694)	(2,761,786)	796,428	(1,401,291)	998,643
11,001,619	7,625,792	20,918,983	7,300,080	5,633,846	4,025,831
		2,788,350	-	-	-
(10,061,205)	(6,174,358)	(23,301,516)	(7,900,080)	(5,933,846)	(4,325,831)
15,468	-	-	-	-	-
21,406	9,903	5,493	-	-	-
5,055,688	-	1,000,000	3,850,000	8,075,000	32,990,000
-	-	-	-	-	-
-	-	6,687,500	-	-	-
-	(658,706)	-	-	-	-
-	-	-	-	309,758	3,719,954
-	-	-	-	-	-
-	-	-	-	-	-
(5,055,688)	-	-	-	-	-
977,288	802,631	8,098,809	3,250,000	8,084,758	36,409,954
(3,958,345)	(6,655,063)	5,337,023	4,046,428	6,683,467	37,408,597
-	-	-	(1,995,000)	(956,798)	-
\$ (3,958,345)	\$ (6,655,064)	\$ 5,337,023	\$ 2,051,428	\$ 5,726,669	\$ 37,408,597
5.8%	6.7%	11.07%	6.65%	6.34%	6.30%

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

Fiscal Year	Property	Sales & Use	Utility <sup>(a)</sup>	Excise	Business <sup>(b)</sup>	Other <sup>(c)</sup>	Total Taxes
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
2013	14,510,241	16,316,398	3,879,992	2,745,475	2,570,111	2,418,148	42,440,365
2014	14,870,621	17,105,322	3,855,544	3,512,894	2,555,999	2,447,794	44,348,175
2015	14,320,085	19,334,152	4,019,288	5,321,280	2,749,140	2,739,070	48,483,015
2016	14,562,501	18,908,190	4,045,916	6,508,665	2,716,257	2,856,782	49,598,312
Change 2007-2016	30.3%	-2.3%	10.4%	57.8%	569.1%	206.8%	25.1%

## Notes:

<sup>(a)</sup> 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.

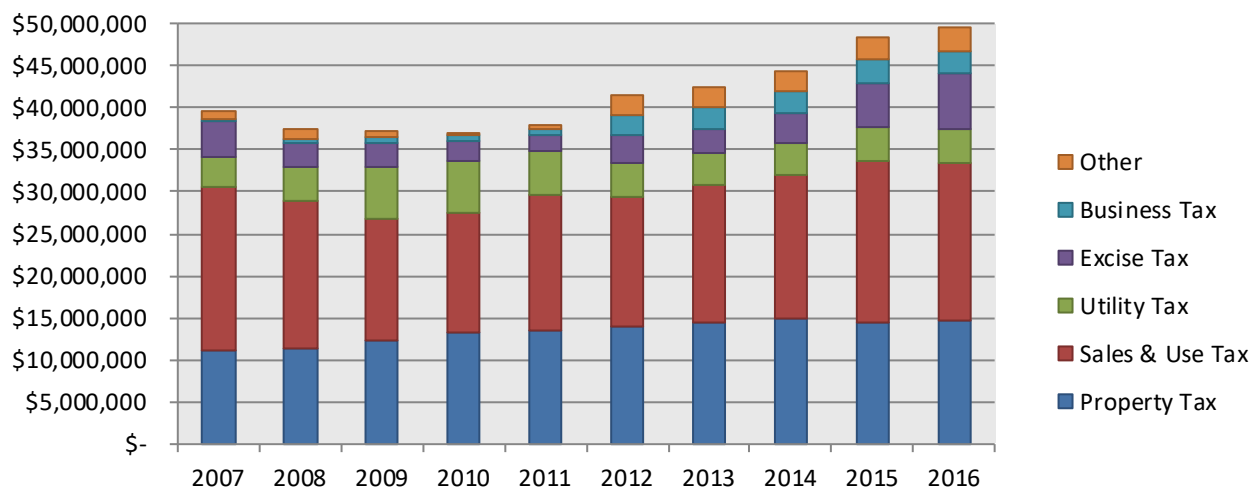
<sup>(b)</sup> Beginning in 2012, reporting of "Business" tax revenues include the Revenue Generating Regulatory License (RGRL) fees.

<sup>(c)</sup> "Other Taxes" include a hotel/motel tax and interfund utility taxes.

## Source:

Tukwila Finance Department

### Tax Revenue by Source

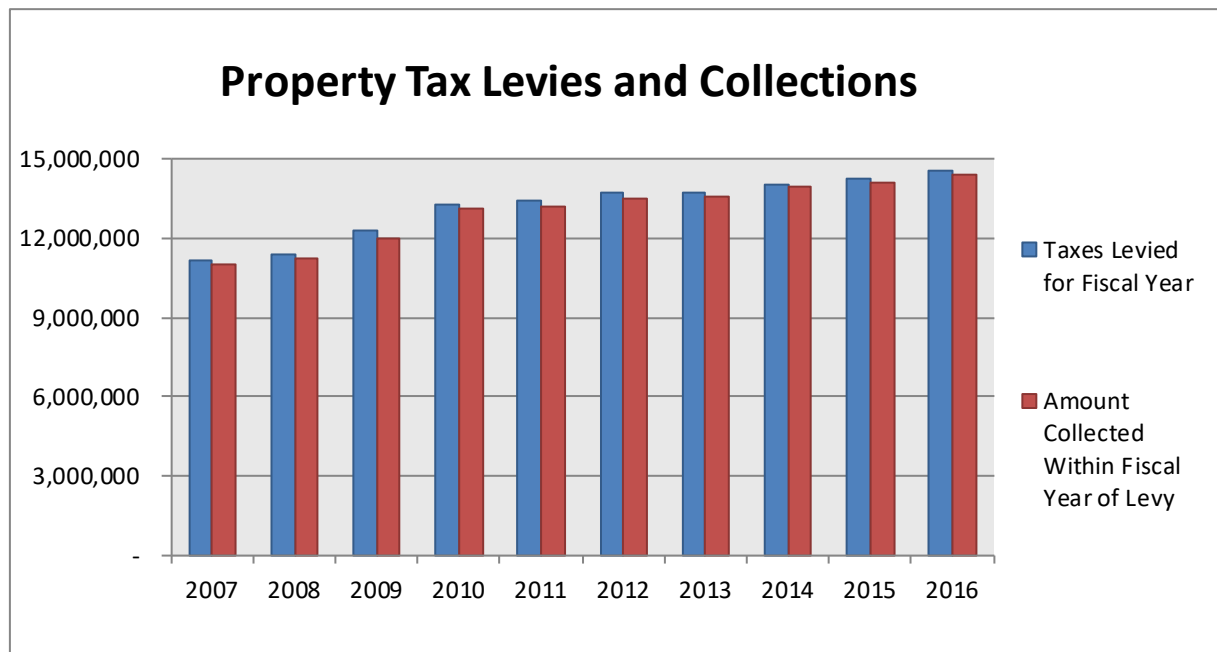


CITY OF TUKWILA, WASHINGTON  
**SCHEDULE 6**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 LAST TEN FISCAL YEARS

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	Levy Balance
2007	11,176,155	10,994,127	98.37%	182,036	11,176,163	100.00%	(8)
2008	11,410,664	11,194,247	98.10%	216,076	11,410,323	100.00%	341
2009	12,286,929	12,017,213	97.80%	264,905	12,282,118	99.96%	4,811
2010	13,233,796	13,152,012	99.38%	80,311	13,232,323	99.99%	1,473
2011	13,383,153	13,225,338	98.82%	156,088	13,381,426	99.99%	1,727
2012	13,697,474	13,521,621	98.72%	173,716	13,695,337	99.98%	2,137
2013	13,740,076	13,549,525	98.61%	175,699	13,725,224	99.89%	14,852
2014	14,047,317	13,916,718	99.07%	95,467	14,012,185	99.75%	35,132
2015	14,245,846	14,113,739	99.07%	-	14,113,739	99.07%	132,108
2016	14,516,623	14,375,358	99.03%	-	14,375,358	99.03%	141,265

Source:

King County Office of Finance





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

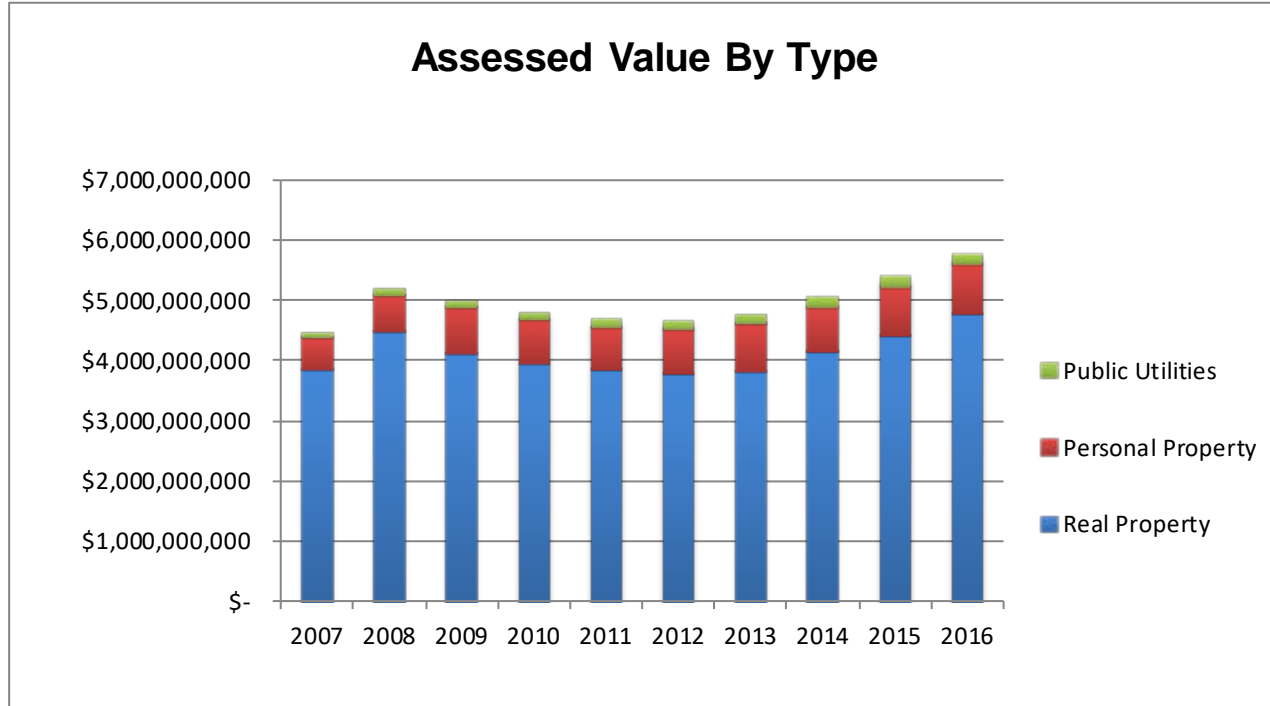
Fiscal Year	Real Property	Personal Property	Public Utilities	Total Assessed Value	Total Direct Tax Rate
2007	3,853,680,774	509,151,926	87,410,974	4,450,243,674	2.56911
2008	4,470,042,539	595,268,205	110,399,231	5,175,709,975	2.37324
2009	4,122,961,628	746,710,751	112,779,972	4,982,452,351	2.66345
2010	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
2013	3,824,448,044	779,103,146	152,822,498	4,756,373,688	2.97799
2014	4,146,952,417	744,616,273	162,510,057	5,054,078,747	2.84188
2015	4,409,931,075	810,422,092	174,971,951	5,395,325,118	2.71073
2016	4,763,568,175	849,695,435	150,386,219	5,763,649,829	3.05735

Note:

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

Source:

King County Department of Assessments



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

-----CITY OF TUKWILA-----													Central Puget Sound Regional Transit Authority	Total
Fiscal Year	General Levy	Special Levy	Total	WA State	King County <sup>(a)</sup>	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Tukwila Pool Metropolitan Park District	Hospital District #1			
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	0.15000	0.50000	-	-	14.68036
2013	2.97799	-	2.97799	2.47044	2.08129	0.21533	0.33500	5.89098	0.15369	0.14944	0.50000	-	-	14.77416
2014	2.84188	-	2.84188	2.28514	1.84798	0.18885	0.30217	5.50160	0.13860	0.14962	0.50000	-	-	13.75584
2015	2.71073	-	2.71073	2.16898	1.95741	0.16954	0.28235	5.22858	0.12980	0.14853	0.50000	-	-	13.29592
2016	3.05735	-	3.05735	2.03205	1.83412	0.15334	0.26305	5.36954	0.11740	0.15653	0.50089	0.25000	-	13.73427

Note:

<sup>(a)</sup> 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	2016 Assessed Valuation	Percent of 2015 Total Assessed Value <sup>(a)</sup>	2007 Assessed Valuation	Percent of 2006 Total Assessed Value <sup>(b)</sup>
Boeing Company	Airplane company	\$ 482,031,129	8.36%	\$ 470,751,450	10.58%
Westfield (WEA) Southcenter LLC	Department Stores	306,693,888	5.32%	130,337,850	2.93%
La Planta LP/Segale Properties	Commercial Properties	114,654,362	1.99%	85,320,368	1.92%
Sabey Corporation	Real Estate Development	103,743,927	1.80%	-	-
KIR Tukwila 050 LLC/KIMCO	Commercial Properties	89,180,000	1.55%	96,063,800	2.16%
E Property Tax Dept	Commercial Properties	85,477,600	1.48%	62,945,200	1.41%
LIT Industrial Limited Partnership	Business Services	84,820,900	1.47%	-	-
CenturyLink Communications (Qwest Corporation)	Telephone Utility	60,820,553	1.06%	12,392,870	0.28%
International Gateway East	Non-Residential Property Management	59,218,716	1.03%	-	-
CPF Kent Valley LLC	Commercial Properties	49,242,900	0.85%	-	-
BKM Tukwila 117 LLC (formerly Icon Tukwila Owner Pool 1)	Investment Property	47,127,300	0.82%	-	-
3301 South Norfolk LLC (Sea-Tuk Warehouse LLC)	Food Distribution	43,431,100	0.75%	29,159,800	0.66%
Boeing Employees Credit Union	Credit Union	41,444,700	0.72%	52,386,532	1.18%
Wig Properties LLC (JC Penney)	Department Stores	41,146,250	0.71%	24,136,800	0.54%
Puget Sound Energy/Gas - Electric	Electric/Gas Utility	35,698,234	0.62%	25,408,979	0.57%
COSTCO Wholesale	Cash & Carry Warehouse	33,683,557	0.58%	-	-
Bank of China New York Branch (formerly Anne Arundel Apartments)	Apartments	31,261,100	0.54%	29,944,400	0.67%
AMB Property	Real Estate Development	30,193,200	0.52%	-	-
Washington Towers LP	Real Estate Development	29,834,900	0.52%	-	-
International Gateway West	Non-Residential Property Management	29,811,600	0.52%	-	-
CLPF-Tukwila LP	Startup Company	28,793,600	0.50%	-	-
Seatac Hotel (Koar-Seatac Partners LP)	Lodging	28,554,100	0.50%	20,963,110	0.47%
Southcenter Corporate Square	Commercial Properties	28,365,000	0.49%	-	-
CSM Corp	Real Estate Development	28,205,623	0.49%	-	-
Federated Department Stores (Macys)	Department Stores	27,825,600	0.48%	26,920,700	0.60%
Centerpoint 8801 Marginal (Merrill Creek Holdings LLC)	Properties Trust	27,552,200	0.48%	18,104,000	0.41%
John C Radovich Dev. Co.	Commercial Properties	25,967,700	0.45%	-	-
Talon Riverview Plaza LLC (formerly BRCP Riverview Plaza LLC)	Commercial Properties	25,597,000	0.44%	26,637,900	0.60%
CHA Tukwila LLC (Doubletree Inn)	Lodging	24,429,800	0.42%	19,469,641	0.44%
Avis Rent A Car System LLC	Car Rental Services	24,109,727	0.42%	-	-
Demone Trust Oxbow 2601	Manufacturing	24,069,200	0.42%	-	-
Jorgensen Forge Corporation	Steel Manufacturer	21,784,544	0.38%	20,131,703	0.45%
Harnish Group Incorporated	Truck Equipment	-	-	14,595,306	0.33%
Sterling Realty Organization	Commercial Properties	-	-	35,693,100	0.80%
Low e's HIW Incorporated	Home Improvement	-	-	15,816,965	0.36%
Hill Investment Company	Commercial Properties	-	-	7,811,400	0.18%
Reef America Reit II Corporation	Commercial Properties	-	-	63,451,550	1.43%
Heitman	Commercial Properties	-	-	57,055,700	1.28%
<b>TOTALS</b>		<b>\$ 2,114,770,010</b>	<b>36.69%</b>	<b>\$ 1,345,499,124</b>	<b>30.23%</b>

## Notes:

<sup>(a)</sup> In 2016 the total assessed property value in the City of Tukwila was \$5,763,649,829

<sup>(b)</sup> In 2007 the total assessed property value in the City of Tukwila was \$4,450,243,674.

## 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	2007	2008	2009	2010
Construction and Contracting	\$ 2,018,058	\$ 1,967,785	\$ 869,640	\$ 917,250
Finance, Insurance & Real Estate	121,879	118,780	119,121	99,975
Manufacturing	590,455	375,263	246,429	387,234
Transportation, Communications & Utilities	483,419	492,960	440,206	441,822
Wholesale - Durable/Non-durable Goods	2,457,437	1,760,449	1,436,045	1,346,750
Retail Trade - General Merchandise	2,571,601	2,231,745	2,072,356	2,068,263
Retail Trade - Furniture/Home Furnishings	2,399,347	1,830,576	1,304,234	1,380,407
Retail Trade - Miscellaneous	1,766,853	1,718,898	1,473,496	1,521,741
Retail Trade - Clothing & Accessories	1,838,646	2,103,630	2,017,904	2,018,304
Retail Trade - Restaurants	1,158,424	1,312,603	1,292,252	1,342,964
Retail Trade - Automotive/Gas	1,026,778	1,066,183	748,482	664,310
Retail Trade - Building Materials	777,870	619,657	589,341	499,383
Service Industries - Business	1,198,690	1,129,380	868,260	882,012
Service Industries - Hotels	531,836	548,962	453,657	428,450
Service Industries - Other	294,869	318,696	283,319	215,045
All Other Categories	179,421	185,312	208,467	366,925
<b>Total Retail Sales Tax Collections</b>	<b>\$ 19,415,583</b>	<b>\$ 17,780,879</b>	<b>\$ 14,423,209</b>	<b>\$ 14,580,835</b>

## Notes:

*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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	2011	2012	2013	2014	2015	2016
\$	1,390,952	\$ 961,125	\$ 1,212,594	\$ 829,073	\$ 1,255,650	\$ 1,383,624
	115,123	143,792	174,705	141,010	163,161	175,060
	232,737	390,252	386,964	322,189	281,501	269,117
	405,197	432,608	475,688	549,126	743,746	746,115
	1,119,527	1,077,613	1,108,771	1,592,613	2,016,722	1,295,141
	2,003,947	2,000,865	2,154,523	2,137,256	2,205,778	2,202,158
	1,771,083	1,537,143	1,405,274	1,431,965	1,527,377	1,623,926
	1,626,452	1,703,741	1,870,200	1,973,478	1,954,150	2,032,967
	2,037,554	2,082,930	2,070,198	2,013,796	2,159,647	2,089,128
	1,337,067	1,472,343	1,529,101	1,611,860	1,703,187	1,751,724
	670,806	690,076	690,691	765,765	825,143	743,468
	487,620	516,861	565,734	600,610	683,485	733,928
	932,422	928,610	968,996	1,073,511	1,265,789	1,467,620
	459,606	487,977	502,721	562,130	626,822	650,270
	202,217	234,870	246,802	274,497	273,514	253,089
	553,493	381,693	525,133	468,547	978,142	845,209
\$	15,345,801	\$ 15,042,499	\$ 15,888,089	\$ 16,347,426	\$ 18,663,814	\$ 18,262,544

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

	2007 <sup>(c)</sup>	2008 <sup>(d)</sup>	2009 <sup>(e)</sup>	2010	2011	2012	2013	2014	2015	2016
<b><u>BASIC SALES TAX RATES</u></b>										
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%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.40%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Metro	0.90%	0.90%	0.90%	0.90%	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	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Administration Fee										
<b>Total Basic Combined Sales Tax Rate</b>	<b>8.90%</b>	<b>9.00%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>
<b><u>SPECIAL SALES TAX RATES</u></b>										
Restaurants <sup>(a)</sup>	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Motor Vehicles <sup>(b)</sup>	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

## Notes:

<sup>(a)</sup> 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.**

<sup>(b)</sup> 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.

<sup>(c)</sup> 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.

<sup>(d)</sup> 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.

<sup>(e)</sup> 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

	2007	2008	2009	2010
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
General Obligation Bonds <sup>(c)</sup>	\$ 17,946,335	\$17,261,348	\$ 22,453,003	\$ 26,763,975
Special Assessment <sup>(d)</sup>	-	-	-	-
Leases	-	-	-	40,184
Total Governmental Activities	17,946,335	17,261,348	22,453,003	26,804,159
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
General Obligation Bonds	4,102,500	3,642,500	3,423,797	3,238,825
Revenue Bonds	5,470,162	5,112,231	4,790,000	4,395,000
Public Works Trust Fund Loans	9,378,506	9,021,951	8,405,397	7,788,843
Leases	45,587	11,666	-	-
Total Business-Type Activities	18,996,755	17,788,348	16,619,194	15,422,668
<b>TOTAL PRIMARY GOVERNMENT<sup>(a)</sup></b>	<b>\$ 36,943,090</b>	<b>\$35,049,696</b>	<b>\$ 39,072,197</b>	<b>\$ 42,226,827</b>
Population <sup>(b)</sup>	18,000	18,080	18,170	19,107
Per Capita Personal Income <sup>(b)</sup>	\$ 57,409	\$ 58,141	\$ 56,904	\$ 44,271
Percentage of Personal Income	3.58%	3.33%	3.78%	4.99%
Debt Per Capita	\$ 2,052	\$ 1,939	\$ 2,150	\$ 2,210

**Notes:**<sup>(a)</sup> Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements section.<sup>(b)</sup> Reference SCHEDULE 16, Demographic Statistics, for population and personal income data.<sup>(c)</sup> Includes amounts Due to Other Governments.<sup>(d)</sup> Special assessment debt was issued in 2013 for the Klickitat Urban Access Project.

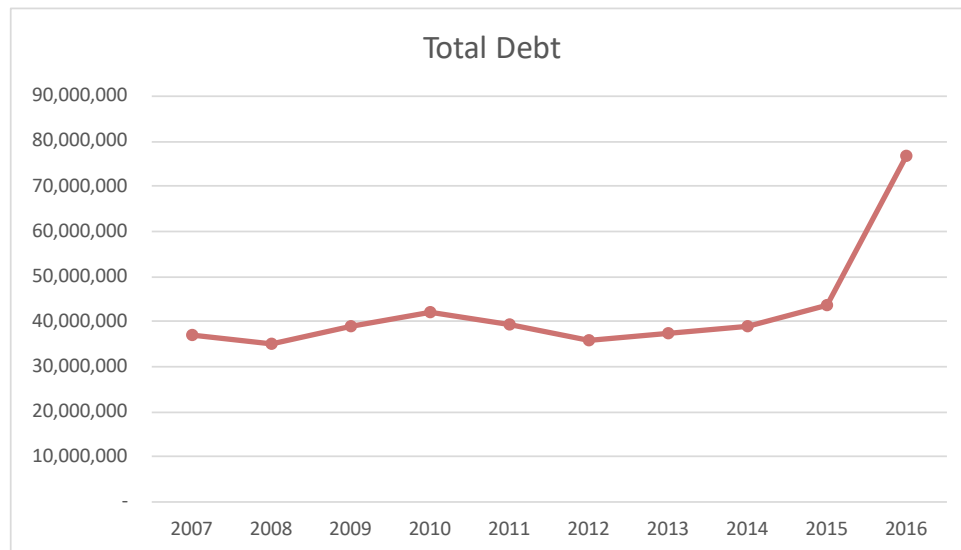
\*\*\* Data not available at time of publication.

**Sources:**

U.S. Census Bureau

WA State Office of Financial Management

City of Tukwila Finance Department



Page 2 of 2

2011	2012	2013	2014	2015	2016
\$ 28,006,800	\$ 25,752,600	\$ 21,727,609	\$ 23,851,376	\$ 30,084,437	\$ 64,589,264
-	-	6,687,500	6,687,500	6,082,500	5,412,500
35,891	-	-	-	-	-
28,042,691	25,752,600	28,415,109	30,538,876	36,166,937	70,001,764
-	-	-	-	-	-
3,980,000	3,540,000	3,075,000	2,580,000	1,742,527	1,597,704
7,179,635	6,621,342	6,063,071	5,742,866	5,646,458	5,046,900
-	-	-	-	-	-
11,159,635	10,161,342	9,138,071	8,322,866	7,388,985	6,644,604
<b>\$ 39,202,326</b>	<b>\$ 35,913,942</b>	<b>\$ 37,553,180</b>	<b>\$ 38,861,742</b>	<b>\$ 43,555,922</b>	<b>\$ 76,646,368</b>
19,486	19,611	19,765	19,920	19,300	19,540
\$ 43,887	\$ 43,333	\$ 43,331	\$ 44,820	\$ 47,717	***
4.58%	4.23%	4.38%	4.35%	4.73%	***
\$ 2,012	\$ 1,831	\$ 1,900	\$ 1,951	\$ 2,257	\$ 3,923

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

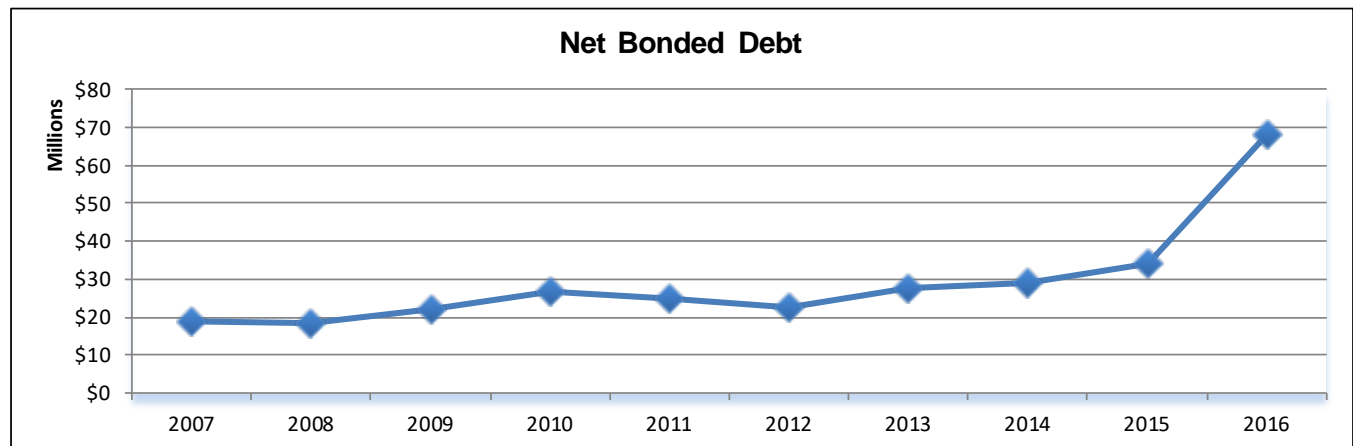
Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Special Assessment Debt <sup>(a)</sup>	Less Debt Service Funds <sup>(b)</sup>	Debt Payable from Enterprise Revenues <sup>(c)</sup>	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2007	18,000	4,450,243,674	24,421,474	-	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	19,486	4,752,606,030	28,006,800	-	3,330,312	-	24,676,488	0.52%	1,266
2012	19,611	4,649,191,308	25,752,600	-	3,012,381	-	22,740,219	0.49%	1,160
2013	19,765	4,756,373,688	21,727,609	6,687,500	696,346	-	27,718,763	0.58%	1,402
2014	19,920	5,054,078,747	23,851,376	6,687,500	1,687,497	-	28,851,379	0.57%	1,448
2015	19,300	5,395,325,118	30,084,437	6,082,500	1,910,940	-	34,255,997	0.63%	1,775
2016	19,540	5,763,649,829	64,589,264	5,412,500	1,962,497	-	68,039,267	1.18%	3,482

## Note:

- (a) Special assessment debt was issued in 2013 for the Klickitat Urban Access Project.  
 (b) Includes both restricted and assigned fund balance available for debt service payment.  
 (c) These amounts are the general obligation bonds that are being repaid by the Foster Golf Course Fund.

## Sources:

U.S. Census Bureau  
 State of Washington Office of Financial Management  
 King County Department of Assessments  
 Tukwila Finance Department



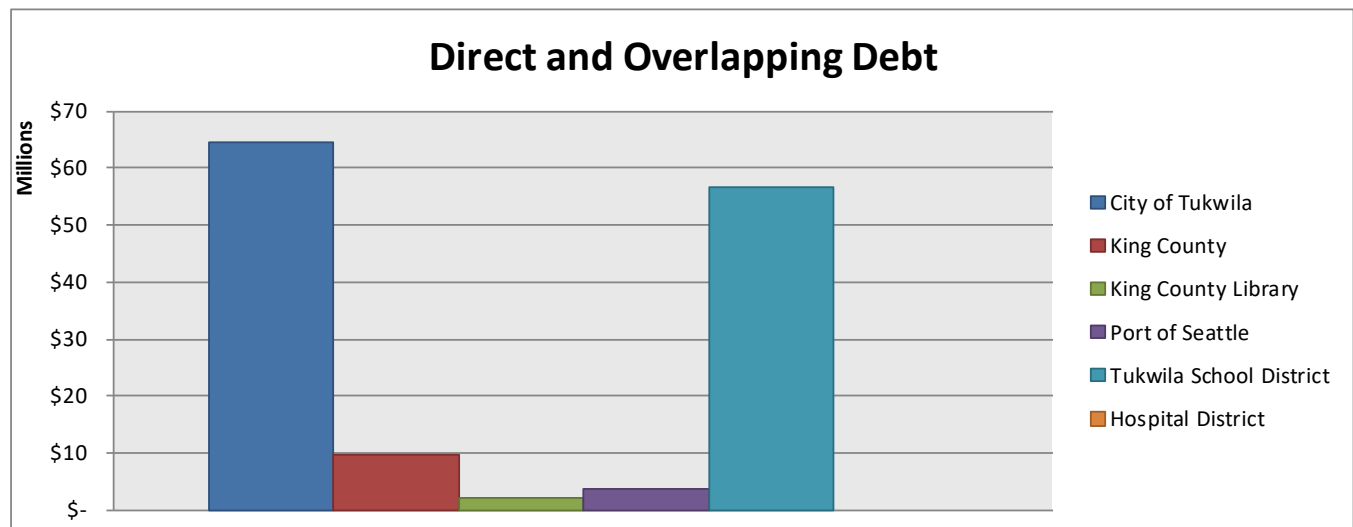
CITY OF TUKWILA, WASHINGTON  
**SCHEDULE 14**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
 AS OF DECEMBER 31, 2016

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila <sup>(1)</sup>	Estimated Applicable to Tukwila
Direct:			
City of Tukwila	\$ 64,589,264	100.00%	\$ 64,589,264
Overlapping:			
King County	764,587,000	1.27%	9,710,255
King County Library	97,581,556	2.18%	2,127,278
Port of Seattle	283,620,000	1.27%	3,601,974
Tukwila School District #406	61,895,040	91.32%	56,522,551
Hospital District #1	-	5.22%	-
Total Overlapping Debt:	<u>1,207,683,596</u>		<u>71,962,057</u>
Total Direct and Overlapping Debt:	<u>\$ 1,272,272,860</u>		<u>\$ 136,551,321</u>

## Sources:

King County Office of Finance  
 King County Office of Assessments

<sup>(1)</sup> 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

	2007	2008	2009	2010
Debt Limit	\$ 333,768,277	\$ 388,178,248	\$ 373,048,810	\$ 360,711,509
Total net debt applicable to limit	23,188,240	21,881,765	28,291,920	32,919,123
Legal debt margin	\$ 310,580,037	\$ 366,296,483	\$ 344,756,890	\$ 327,792,386
Total net debt applicable to the limit as a percentage of debt limit	6.95%	5.64%	7.58%	9.13%

Assessed Value as of December 31, 2016	\$ 5,763,649,829
Debt Limit (7.5% of assessed value)	432,273,737
Debt applicable to limit:	
General obligation bonds	60,208,532
Other long-term debt	
	<u>372,065,205</u>
Less: Amount set aside for repayment of general obligation debt and contracts payable	
Total net debt applicable to limit	60,208,532
Legal debt margin	<u>\$ 372,065,205</u>

Source:

Tukwila Finance Department

Page 2 of 2

2011	2012	2013	2014	2015	2016
\$ 356,445,452	\$ 348,689,348	\$ 356,728,027	\$ 379,055,906	\$ 404,649,384	\$ 432,273,737
29,703,995	25,884,632	21,727,609	23,288,621	29,322,914	60,208,532
\$ 326,741,457	\$ 322,804,716	\$ 335,000,418	\$ 355,767,285	\$ 375,326,470	\$ 372,065,205
8.33%	7.42%	6.09%	6.14%	7.25%	13.93%

**CITY OF TUKWILA, WASHINGTON  
SCHEDULE 16  
DEMOGRAPHIC STATISTICS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Population	Per Capita Personal Income <sup>(a)</sup>	Personal Income <sup>(b)</sup> (in thousands)	Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate <sup>(c)</sup>
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	19,486	43,887	855,182	3,894	4,094	2,870	7.6%
2012	19,611	43,333	849,803	3,896	4,094	2,902	7.4%
2013	19,765	43,331	856,437	3,915	4,094	2,882	5.2%
2014	19,920	44,820	892,814	3,920	4,103	2,978	4.1%
2015	19,300	47,717	920,938	3,940	4,103	2,910	4.5%
2016	19,540	***	***	3,969	4,103	2,873	4.2%

**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:**

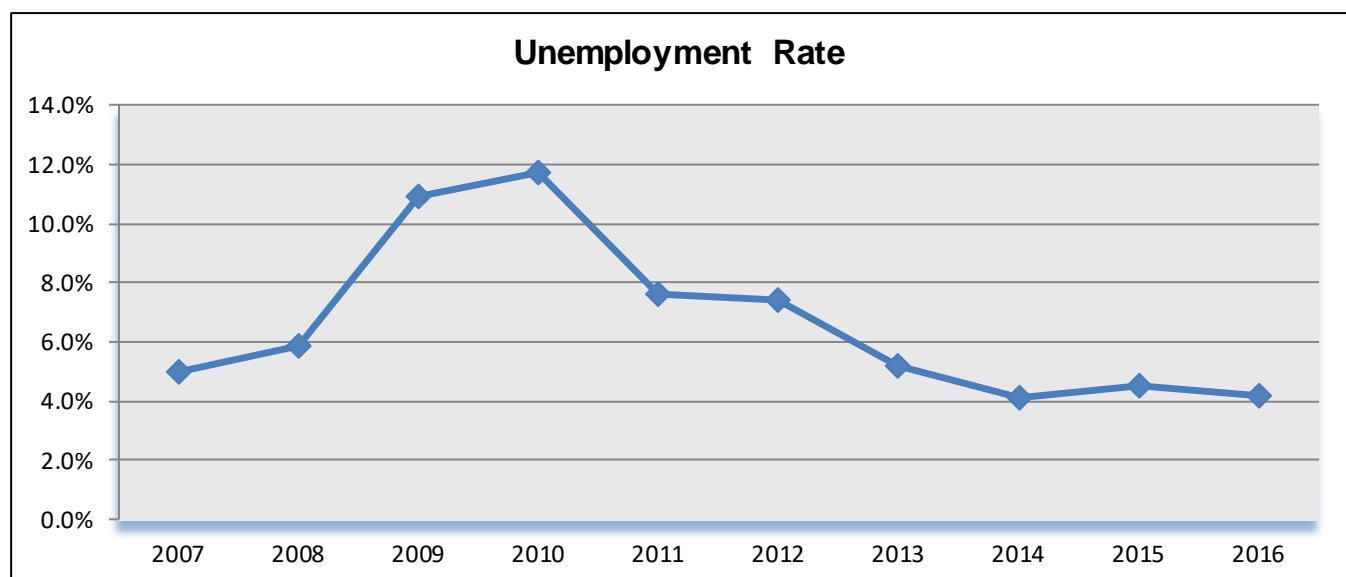
Tukwila Planning Division, Department of Community Development

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 17**  
**PRINCIPAL EMPLOYERS**  
 CURRENT YEAR AND NINE YEARS AGO

Name of Company/Employer	Product or Business	2016 Full & Part-Time Employment	Percentage of Total City Employees	2007 Full & Part-Time Employment	Percentage of Total City Employees
Boeing Company	Aircraft Manufacturing	5,597	13.19%	8,043	18.98%
Normac Inc.	Wholesalers	1,821	4.29%	-	0.00%
Allied Mechanical Services, Inc.	Plumbing, Heating & AC Contractors	1,249	2.94%	-	0.00%
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.	950	2.24%	1,100	2.60%
Macy's West Stores Inc	Department Store	869	2.05%	400	0.94%
King County Metro	Transit operating base	800	1.89%	664	1.57%
COSTCO Wholesale Corp.	Warehouse Clubs and Supercenters	609	1.44%	-	0.00%
King County Correction Guild	Non-Profit Organization	545	1.28%	-	0.00%
Boeing Employee's Credit Union	Credit Union	516	1.22%	376	0.89%
United Parcel Service Inc.	Couriers and Express Delivery Service	381	0.90%	-	0.00%
Sub-total - Major Employers		13,337		10,583	
All Other Employment		29,086		31,785	
<b>TOTAL EMPLOYMENT</b>		<b>42,423</b>		<b>42,368</b>	

Source:

Tukwila Finance Department - Business Licenses



CITY OF TUKWILA, WASHINGTON  
**SCHEDULE 18**  
**FULL TIME EQUIVALENT EMPLOYEE BY DEPARTMENT**  
**LAST TEN FISCAL YEARS**

DEPARTMENT	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administrative Services <sup>(a)</sup>	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 <sup>(b)</sup>	12.00	11.00	16.00	17.00	15.75	16.75	17.75	21.00	20.00	17.00
Human Resources <sup>(a)</sup>	-	-	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	11.00	12.00	12.00	13.00	11.00	12.00	12.00	12.00	12.00	12.00
Recreation	23.50	23.50	22.50	20.75	16.25	16.25	16.25	16.00	16.75	17.25
Community Development	20.25	24.25	24.25	23.00	22.63	23.38	22.13	21.63	21.00	23.75
Court <sup>(a)</sup>	-	-	9.75	8.75	8.75	9.00	9.00	9.10	8.10	9.10
Police <sup>(c)</sup>	80.00	83.00	82.00	80.00	83.00	88.00	87.50	89.00	93.00	93.75
Fire	66.00	64.00	63.00	65.00	66.00	67.00	67.00	67.00	70.00	71.00
Information Technology <sup>(a)</sup>	-	-	8.00	8.00	8.00	8.00	7.00	6.00	6.00	7.00
Public Works	32.00	33.00	32.00	30.00	30.00	30.00	31.00	31.00	32.00	32.00
Parks	7.50	7.50	7.50	7.50	7.50	7.50	6.00	7.00	7.00	8.00
Street	11.00	12.00	12.00	11.00	12.00	12.00	12.50	11.50	10.00	12.00
Water	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00
Sewer	3.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Golf	9.25	9.75	9.75	10.00	9.25	8.25	9.25	8.25	8.25	7.75
Surface Water	7.00	8.00	8.00	7.00	8.00	8.00	8.00	8.00	9.00	9.00
Equipment Rental	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Metropolitan Park District Pool <sup>(d)</sup>	-	-	-	-	2.00	2.00	2.00	2.00	-	-
<b>TOTAL</b>	<b>327.25</b>	<b>328.75</b>	<b>331.75</b>	<b>325.00</b>	<b>325.13</b>	<b>333.13</b>	<b>332.38</b>	<b>334.48</b>	<b>337.10</b>	<b>344.60</b>

## Notes:

*Based on filled positions not budgeted positions.*

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

<sup>(b)</sup> The department of City Clerk began reporting to the Mayor's department in 2009.

<sup>(c)</sup> The department of City Clerk began reporting to the Mayor's department in 2009.

<sup>(d)</sup> On September 12, 2011, the Board of Commissioners approved the formation of the Tukwila Metropolitan Park District (MPD) Pool.

For the comprehensive annual financial report years of 2011 and 2012, the MPD Pool was treated as a discretely presented component unit. Effective with the report year 2013, statistical information is now included for the MPD and presented as a blended component unit.

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE 19**  
**OPERATING INDICATORS BY FUNCTION**  
 LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>FUNCTION</b>										
<b>Police</b>										
Number of Calls for Service	33,985	35,816	33,095	32,889	30,272	31,916	31,355	29,840	32,946	34,229
<b>Fire</b>										
Number of Responses	4,673	4,824	4,654	4,574	4,649	4,844	4,604	5,156	5,549	5,754
Total Fire Loss	\$3,065,005	\$2,300,685	\$1,934,596	\$1,655,571	\$1,601,596	\$675,847	\$343,495	\$2,738,080	\$1,926,944	\$2,821,016
Total Inspections	4,845	6,787	6,787	<sup>(b)</sup> 1,550	<sup>(b)</sup> 1,360	<sup>(b)</sup> 4,541	3,389	3,850	2,331	1,860
<b>Parks and Recreation</b>										
Class Participants	98,087	109,273	103,603	85,693	64,049	58,260	52,319	45,514	68,970	64,782
Community Ctr Admissions	90,141	117,533	134,183	134,275	115,728	116,136	114,748	132,397	136,984	141,218
Rounds of Golf Played	55,446	53,565	53,800	50,445	45,947	47,392	47,757	47,267	51,017	47,595
Pool Attendance **	57,624	59,077	80,727	101,128	66,213	69,332	71,233	79,537	-	-
<b>Street</b>										
Miles	79	79	79	79	79	79	79	79	79	79
Hours Maintaining	17,540	19,840	22,140	20,360	20,360	22,920	16,767	8,627	4,716	4,836
Signalized Intersections	63	63	59	59	59	62	62	62	62	64
Hours Maintaining	7,540	7,540	6,700	6,925	6,925	7,000	8,815	3,012	2,408	2,135
<b>Water Utility Services</b>										
Total Customers	2,113	2,109	2,112	2,100	2,109	2,117	2,118	2,126	2,145	2,160
Total Gallons/Water(in thousands)	680,649	660,915	731,469	630,755	625,976	650,659	645,982	668,740	697,147	655,472
<b>Sanitary Sewer</b>										
Total Customers	1,718	1,684	1,694	1,699	1,710	1,727	1,742	1,752	1,775	1,789
<b>Surface Water</b>										
Total Customers	5,156	5,164	5,204	5,207	5,207	5,212	5,226	5,239	5,242	5,249
<b>Licenses</b>										
Business Licenses	2,350	2,523	2,422	2,454	2,611	2,030	1,877	2,208	2,220	1,909
Outside Contractors	-	-	-	-	-	<sup>(c)</sup> 1,066	1,132	1,216	1,215	945
<b>Permits</b>										
Building Permits	425	423	265	290	389	354	374	347	277	311
Mechanical Permits	238	256	159	160	180	191	221	216	154	192
Electrical Permits	758	1,533	821	955	1,158	1,175	1,337	1,223	1,119	1,175
Plumbing Permits	306	264	145	163	187	210	167	184	140	185
Public Works Permits	136	154	131	138	106	126	155	152	163	175
<b>Libraries</b>										
Number of Libraries	3	3	3	2	2	2	2	2	2	2
Total Circulation	306,001	303,665	318,991	327,004	333,451	332,509	313,571	284,667	214,520	184,492

## Notes:

<sup>(a)</sup> Construction of new clubhouse completed and opened in 2003.

<sup>(b)</sup> 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.

<sup>(c)</sup> 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 20**  
**CAPITAL ASSETS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>FUNCTION</b>										
<b>General Government</b>										
Total City Area (Square Miles)	8.6	8.6	9.7	9.7	9.7	9.63	9.63	9.63	9.63	9.63
<b>Public Safety</b>										
Police:										
Number of Vehicle Units	64	67	70	76	84	88	81	89	89	93
Fire:										
Number of Fire Stations	4	4	4	4	4	4	4	4	4	4
Number of Engines/Rescue Trucks/Ladders	9	9	9	8	7	7	7	9	9	9
Number of Medical Aid Vehicles	2	2	2	2	1	1	1	1	1	1
Number of Hazardous Materials Trailer Units	2	2	2	2	2	2	2	2	2	2
<b>Transportation</b>										
Paved Streets (lane miles)	163	163	178	178	178	188.2	188.2	188.2	188.2	188.2
Sidewalks (miles)	54	54	56	56	56	64.8	64.8	64.8	64.8	64.8
Number of Traffic Signals	57	57	59	59	59	64	63	63	63	74
Number of Streetlights Owned by Seattle City Light	1,180	1,180	1,180	1,335	1,335	(c) 901	901	902	902	902
Number of Streetlights Owned by Puget Sound Energy	670	670	696	696	623	(c) 187	187	187	187	187
Number of Streetlights Owned by City of Tukwila	-	-	-	-	-	(c) 1,210	1,216	1,224	1,224	1,224
<b>Culture and Recreation</b>										
Parks Acreage <sup>(a)</sup>	160	162	162	162	162	175.6	175.6	175.6	190	190
Number of Parks	18	18	18	18	18	19	19	19	19	19
Golf Course Acreage	67	67	67	67	67	77.26	77.26	77.26	77.26	77.26
Maintained Trails (miles)	11	11	15	15	15	15	15	15	15	15
Number of Playgrounds	13	13	11	11	11	11	11	11	11	11
Swimming Pool	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	3	3	3	2	2	2	2	2	2	2
<b>Water</b>										
Water Distribution Mains (miles)	47	47	41	41	41	41	41	49	49	49
Maximum Daily Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Number of Fire Hydrants (Owned by City of Tukwila)	555	572	541	542	554	576	576	576	577	577
Vehicles	8	8	8	8	8	8	8	9	9	9
<b>Sewer</b>										
Sanitary Sewers (miles)	37	37	37	37	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	5	6	6	6	6	6	5	4	4	5
<b>Surface Water</b>										
Storm Drains (miles) <sup>(b)</sup>	67	67	69	69	70	70	70	70	71	70.5
Vehicles	4	4	4	4	4	4	4	8	8	8

## Notes:

<sup>(a)</sup> 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.

<sup>(b)</sup> 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.

City's meters. Also, additional street lights were added due to new construction for Southcenter Parkway Extension and Klickitat Projects.

## Sources:

Various Departments-Tukwila