



City of Tukwila, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the fiscal year ended
December 31, 2018*

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

Looking west on South 144th Street



The City of Tukwila, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2018

*Prepared by the City of Tukwila, Finance Department
Vicky Carlsen, Finance Director*

Allan Ekberg, MAYOR

TUKWILA CITY COUNCIL

Kathy Hougardy, Council President

Dennis Robertson

Verna Seal

De'Sean Quinn

Kate Kruller

Thomas McLeod

Zak Idan

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Administrative Organizational Structure, Principal Officials, and Council Committees.....	1
Letter of Transmittal.....	3
Certificate of Achievement.....	9
II. FINANCIAL SECTION	
Auditor's Report.....	11
Management's Discussion and Analysis.....	15
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position.....	30
Statement of Activities.....	31
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	32
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position.....	33
Statement of Revenues, Expenditures, and Changes in	
Fund Balance – Governmental Funds.....	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	35
Statement of Net Position – Proprietary Funds.....	36
Statement of Revenues, Expenses, and Changes in	
Net Position – Proprietary Funds.....	37
Statement of Cash Flows – Proprietary Funds.....	38
Statement of Fiduciary Net Position – Fiduciary Fund.....	40
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	41
Notes to the Financial Statements.....	42
Required Supplemental Information:	
Schedules of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual	
General Fund.....	103
Notes to the Required Supplementary Information.....	104
Firemen's Pension Trust Fund.....	107
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Non-Major Governmental Funds.....	112
Combining Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Non-Major Governmental Funds.....	113
Combining Balance Sheet – Non-Major Special Revenue Funds.....	114
Combining Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Non-Major Special Revenue Funds.....	115

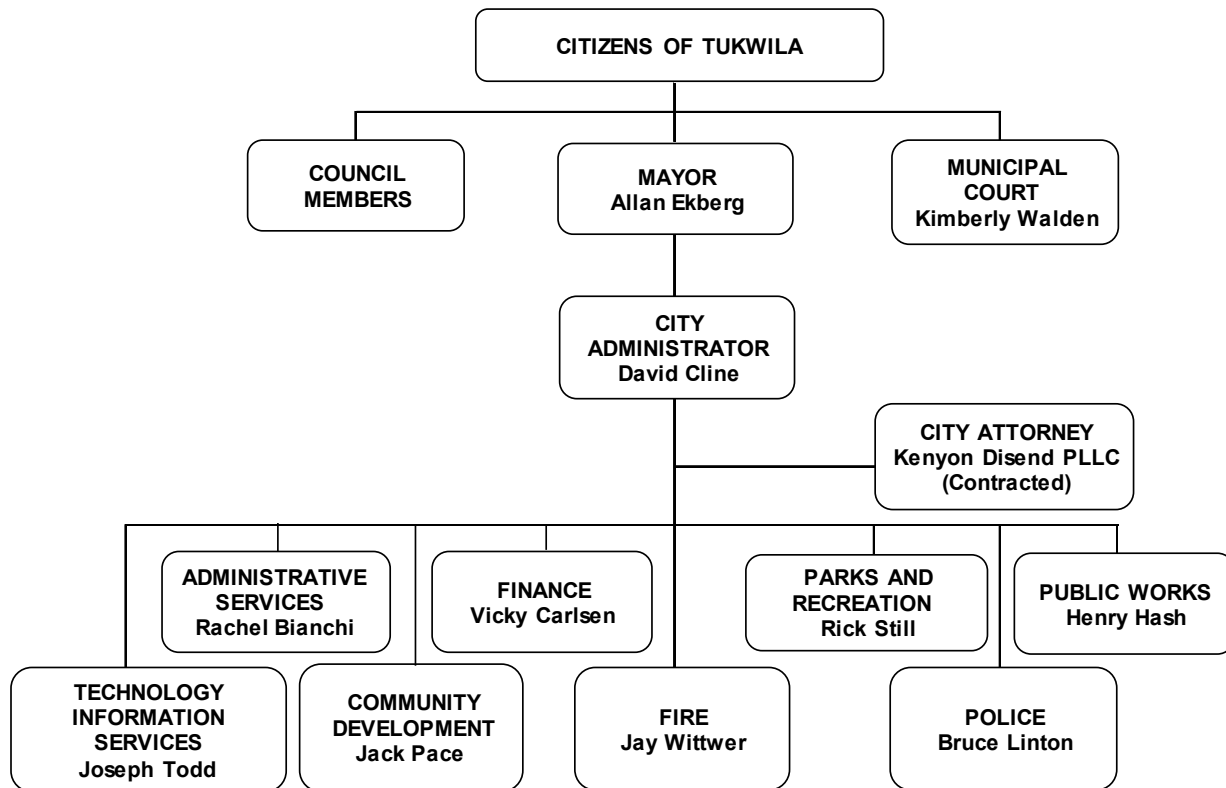
TABLE OF CONTENTS - continued

	Page
Combining Balance Sheet – Non-Major Debt Service Funds.....	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Debt Service Funds.....	117
Combining Balance Sheet – Non-Major Capital Project Funds.....	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Capital Project Funds.....	119
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Arterial Street Capital Project Fund.....	120
Local Improvement District #33 Debt Service Fund.....	121
Public Safety Plan Capital Project Fund.....	122
City Facilities Capital Project Fund.....	123
Hotel/Motel Special Revenue Fund.....	124
Drug Seizure Special Revenue Fund.....	125
Residential Street Capital Project Fund.....	126
Land & Park Acquisition Capital Project Fund.....	127
Facilities Urban Renewal Capital Project Fund.....	128
General Government Improvements Capital Project Fund.....	129
Fire Improvements Capital Project Fund.....	130
Special Assessment Bonds Guaranty Funds.....	131
Unlimited Tax General Obligation Debt Service Fund.....	132
Debt Service Fund.....	133
Combining Statements of Net Position – Internal Service Funds.....	135
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	136
Combining Statement of Cash Flows – Internal Service Funds.....	137
Statement of Changes in Assets and Liabilities – Agency Fund.....	139

III. STATISTICAL SECTION

	Schedule	
Net Position by Component.....	1	141
Changes in Net Position	2	143
Fund Balances, Governmental Funds	3	145
Changes in Fund Balances of Governmental Funds.....	4	147
General Government Tax Revenues by Source	5	149
Property Tax Levies and Collections	6	150
Assessed and Estimated Actual Value of Taxable Property	7	151
Property Tax Rates – Direct and Overlapping Governments	8	152
Principal Property Taxpayers	9	153
Retail Sales Tax Collections by Sector.....	10	155
Sales Tax Rate Direct and Overlapping Governments	11	157
Ratios of Outstanding Debt by Type.....	12	159
Ratios of General Bonded Debt Outstanding	13	161
Computation of Direct and Overlapping Debt.....	14	162
Legal Debt Margin Information	15	163
Demographic Statistics	16	165
Principal Employers	17	166
Full-Time Equivalent City Government Employees by Department	18	167
Operating Indicators by Function.....	19	168
Capital Assets by Function	20	169

ADMINISTRATIVE ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS



COUNCIL COMMITTEES

COUNCIL PRESIDENT
Kathy Hougardy

FINANCE COMMITTEE

Thomas McLeod, Chairperson
Verna Seal, Member
De'Sean Quinn, Member

TRANSPORTATION & INFRASTRUCTURE

Zak Idan, Chairperson
Kate Kruller, Member
Thomas McLeod, Member

COMMUNITY DEVELOPMENT & NEIGHBORHOODS

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

PUBLIC SAFETY

Dennis Robertson, Chairperson
Kate Kruller, Member
Zak Idan, Member





City of Tukwila

6200 Southcenter Blvd, Tukwila, WA 98188

Allan Ekberg, Mayor

June 24, 2019

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

Subject: **TRANSMITTAL OF 2018 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, 2018. 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, 2018 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 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 19,800, making it the 55th 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 eight capital project funds are included in the biennially appropriated operating budget and have budget to actual statements presented for 2018.

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 nearly 40,000 jobs, more people are employed in the City of Tukwila than in 27 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 with a heavy emphasis in aerospace.

The Boeing Company employs thousands of people in Tukwila. Further, Tukwila is home to the global headquarters of BECU (the fourth largest credit union in the United States), Continental Mills, Odin Brewing Company, Pop Gourmet, Red Dot Corporation, Sabey Corporation, Sahale Snacks, and Seattle Chocolates. LeoStella, a manufacturer of small satellites, recently opened in Tukwila. Tukwila is also home to hundreds of small businesses, many of which are owned by members of the city's diverse international community. The strong local economy is evident in the low unemployment rate of 3.5%, down significantly from a 10-year high of 11.7% in 2010.

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 almost \$2.4 billion dollars in taxable retail sales in 2018. The total retail sales tax revenue amounted to \$20.6 million in 2018, representing an increase of 9.6% from the \$18.8 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 \$6.67 billion, which is an increase of 7.6% from 2017, allowing the City to pursue a long-term capital investment program. The City's 2019-2024 Capital Improvement Program anticipates approximately \$224 million in general government capital projects, with only \$16.9 million of that paid by 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.

MAJOR INITIATIVES

The City made significant investments of time and financial resources into key public projects in 2018. 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 completed the first phases of construction of 42nd Avenue South, which includes new street improvements, drainage, curbs, gutters, and driveway adjustments. It also includes new sidewalks and bike facilities to this important residential corridor, as well as undergrounding various utility wires along 42nd Avenue South. The project included building a new culvert at Gilliam Creek that makes the stream crossing fish passable and improves roadway safety. The City issued bonds to cover the General Fund portion of the project, the bulk of the financing. Surface Water fees collected by the City paid for the culvert replacement portion, and Seattle City Light and other communication utilities will cover a portion of the costs associated with undergrounding the utilities.

Construction was well underway on 53rd Avenue South, from South 137th Street to South 144th Street, to improve pedestrian and vehicle safety, drainage, and neighborhood revitalization. The project includes residential street improvements such as curb, gutter, sidewalk, utility undergrounding, and illumination. This project is now anticipated to be complete in 2019, and is funded by bonds, a state Transportation Improvement Board grant, and support from utility funds.

The City performed improvements to four major bridges in 2018. Boeing Access Road over BNRR included a full structural and seismic retrofit and added sidewalks with funding from the federal Bridge Replacement Advisory Committee (BRAC) with 80% funding and the remaining with City bonds. The Frank Zepp Bridge and Grady Way Bridge were both seismically retrofitted, and the Beacon Ave South Bridge included removing the replacing the bridge deck as well as adding a protective coating of internal structural steel. These three bridges received 100% construction funding from federal bridge preventative maintenance funds.

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 3 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.

The City continued its partnership with Tukwila Village Development Associates (TVDA) to develop six acres of City-owned land on Tukwila International Boulevard at South 144th Street, known as Tukwila Village. In 2018 TVDA completed construction and opened two mixed-use apartment buildings including 193 units for low income seniors. TVDA re-started construction on the remaining two mixed-use senior apartment buildings with 205 units scheduled to open 2020 and 2021. When fully open, the development will include 398 senior apartments and 4 live/work units, plus 13,000 square feet of office and 16,000 square feet of retail in addition to the plaza and library. When completed, the entire Tukwila Village project costs will be over \$120 million.

The Public Safety Plan continues to be a primary focus for the City, with voters approving \$77 million in bonds in 2016 to finance a new Justice Center, fire stations, and replacement fire equipment and

apparatus. The Plan also includes a new consolidated Public Works facility. Two of the projects – the Justice Center and Fire Station 51 – have begun construction. The design phase is moving forward with the others, and all properties have been secured. This project will remain a high priority.

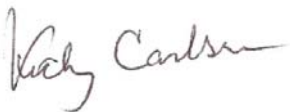
AWARDS AND ACKNOWLEDGEMENTS

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, 2017. This was the 31st 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 2018 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,



Vicky Carlsen, 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, 2017

Christopher P. Morill

Executive Director/CEO





**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 24, 2019

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, as of and for the year ended December 31, 2018, 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, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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

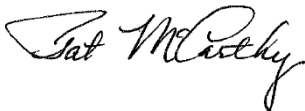
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part 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 basic financial statements or to the basic 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.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are 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 24, 2019, 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, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

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, 2018. 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, 2018, the City of Tukwila's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$319.0 million. Of this amount, \$42.9 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Tukwila's total net position increased \$27.6 million, or 9.5%. Governmental activities increased \$7.2 million partially due to growth in property taxes to cover voted debt principal and interest. Business-type activities increased \$4.9 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 \$65.0 million, a decrease of \$15.6 million (-19.4%). Approximately 30.4% (\$19.7 million) of the fund balance is available for spending at the City's discretion (*unassigned fund balance*).

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 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 thirteen individual governmental funds. Of these, five are considered major (the general fund, the arterial street fund, the local improvement district #33 fund, city facilities 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 and deferred inflows of resources by over \$319 million at the close of the most recent fiscal year. Total net position increased by \$12.1 million (3.9%) when compared to 2017.

CITY OF TUKWILA'S NET POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$106,501	\$120,303	\$22,148	\$21,385	\$128,649	\$141,688
Capital assets, net of accumulated depreciation	255,589	213,212	73,800	71,220	329,389	284,432
Total assets	362,090	333,515	95,948	92,605	458,038	426,120
Deferred Outflows of Resources	3,114	2,542	260	289	3,374	2,832
Long-term liabilities	93,408	77,965	5,466	6,220	98,873	84,185
Net pension liability	6,849	9,745	1,297	1,799	8,146	11,544
Net OPEB obligation	14,694	10,488	0	0	14,694	10,488
Other liabilities	11,445	8,886	1,214	1,736	12,659	10,622
Total liabilities	126,396	107,084	7,976	9,755	134,372	116,839
Deferred Inflows of Resources	7,440	4,798	562	358	8,002	5,157
Net position						
Net investment in capital assets	201,998	199,329	68,681	65,356	270,679	264,685
Restricted	16,962	13,480	-	-	16,962	13,480
Unrestricted	12,407	11,366	18,989	17,425	31,396	28,791
Total net position	\$231,367	\$224,175	\$87,669	\$82,781	\$319,037	\$306,956

By far, the largest portion of the City's net position (\$270.7 million or 84.8%) 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 (\$17.0 million or 5.3%) 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 \$17.0 million is restricted in governmental activities funds. The majority is related to tourism, net pension assets, and ongoing debt obligations. The remaining net position balance (\$31.4 million, or 9.8%) 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 \$12.1 million (3.9%) 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)

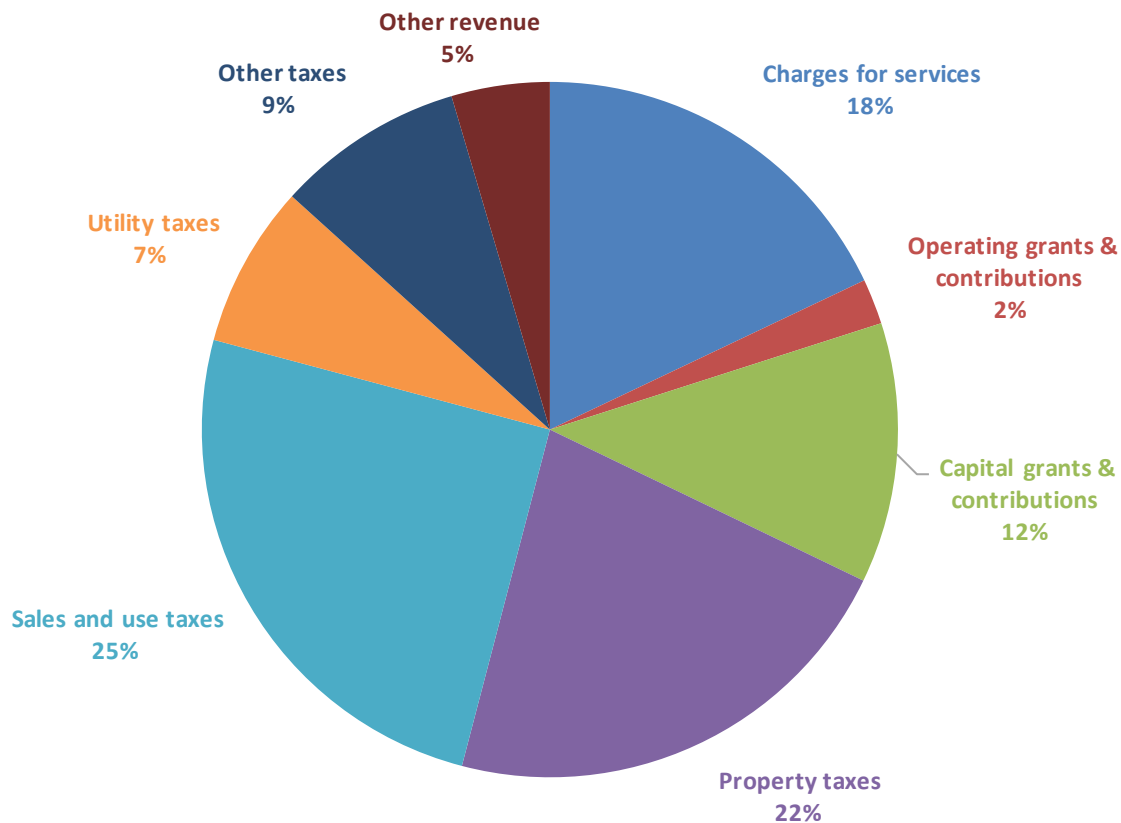
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$14,737	\$11,479	\$25,184	\$24,095	\$39,920	\$35,574
Operating grants and contributions	1,733	2,446	55	8	1,788	2,454
Capital grants and contributions	9,942	6,127	768	834	10,710	6,961
General revenues						
Property taxes	18,009	17,668	-	-	18,009	17,668
Sales and use taxes	20,604	18,807	-	-	20,604	18,807
Natural gas use tax	-	-	-	-	-	-
Hotel/Motel taxes	834	737	-	-	834	737
Utility taxes	3,867	4,175	-	-	3,867	4,175
Interfund utility taxes	2,335	2,266	-	-	2,335	2,266
Business taxes	1,247	2,698	-	-	1,247	2,698
Excise taxes	5,091	5,381	-	-	5,091	5,381
Investment earnings	1,508	839	-	-	1,508	839
Miscellaneous	2,240	2,330	-	-	2,240	2,330
Total revenues	82,146	74,952	26,006	24,937	108,152	99,888
Expenses:						
General government	10,763	9,835	-	-	10,763	9,835
Public safety	17,097	31,190	-	-	17,097	31,190
Transportation	15,871	12,237	-	-	15,871	12,237
Physical environment	2,646	2,545	-	-	2,646	2,545
Culture and recreation	5,591	5,582	-	-	5,591	5,582
Economic environment	4,412	4,524	-	-	4,412	4,524
Interest on long-term debt	2,749	2,482	-	-	2,749	2,482
Water/sewer	-	-	14,861	14,305	14,861	14,305
Foster golf course	-	-	2,092	1,990	2,092	1,990
Surface water	-	-	4,464	4,209	4,464	4,209
Total expenses	59,129	68,395	21,418	20,504	80,547	88,900
Increase (decrease) in net position before transfers	23,018	6,556	4,588	4,433	27,606	10,989
Transfers	(300)	(300)	300	300	-	-
Change in net position	22,718	6,256	4,888	4,733	27,606	10,989
Net position-beginning of period	224,175	217,919	82,781	78,048	306,956	295,967
Change in accounting principle - OPEB	(15,525)	-	-	-	(15,525)	-
Net position-beginning balance, as restated	208,650	217,919	82,781	78,048	291,431	295,967
Net position-end of period	\$231,367	\$224,175	\$87,669	\$82,781	\$319,037	\$306,956

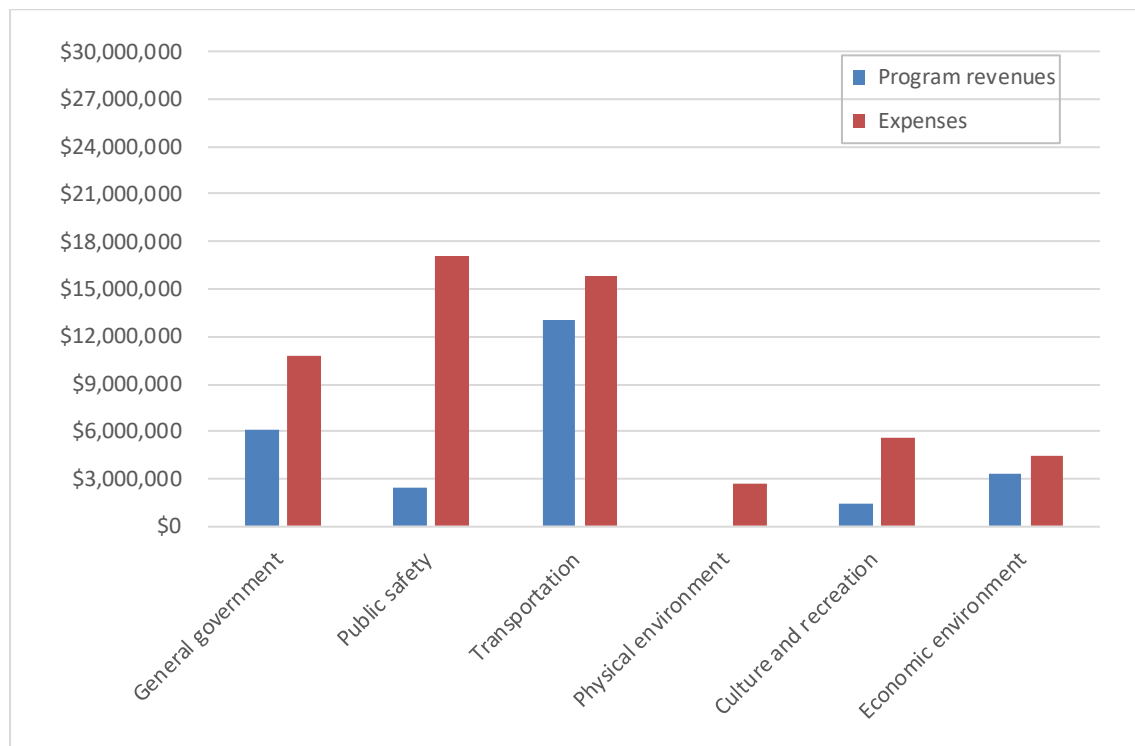
Governmental Activities

During the current fiscal year, net position for governmental activities increased \$7.2 million (3.2%) from the prior fiscal year for an ending balance of \$231.4 million. The primary reasons for this increase are:

- Property taxes increased \$341 thousand (1.9%) from the prior year. In 2016, voters approved an excess property tax levy to be used for public safety purposes. This was the second year the City received the proceeds from that levy.
- Grant revenues can fluctuate greatly from year to year, depending on several factors including duration of capital projects, and purpose of the grants. In 2018, the City received 32.8% more governmental grant revenue than 2017. Capital grants and contributions increased \$3.8 million (62.3%), and operating grants decreased \$713 thousand (29.1%). The Arterial Street Fund was the recipient of \$9.9 million of the total \$11.7 million in grant revenue in 2018.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



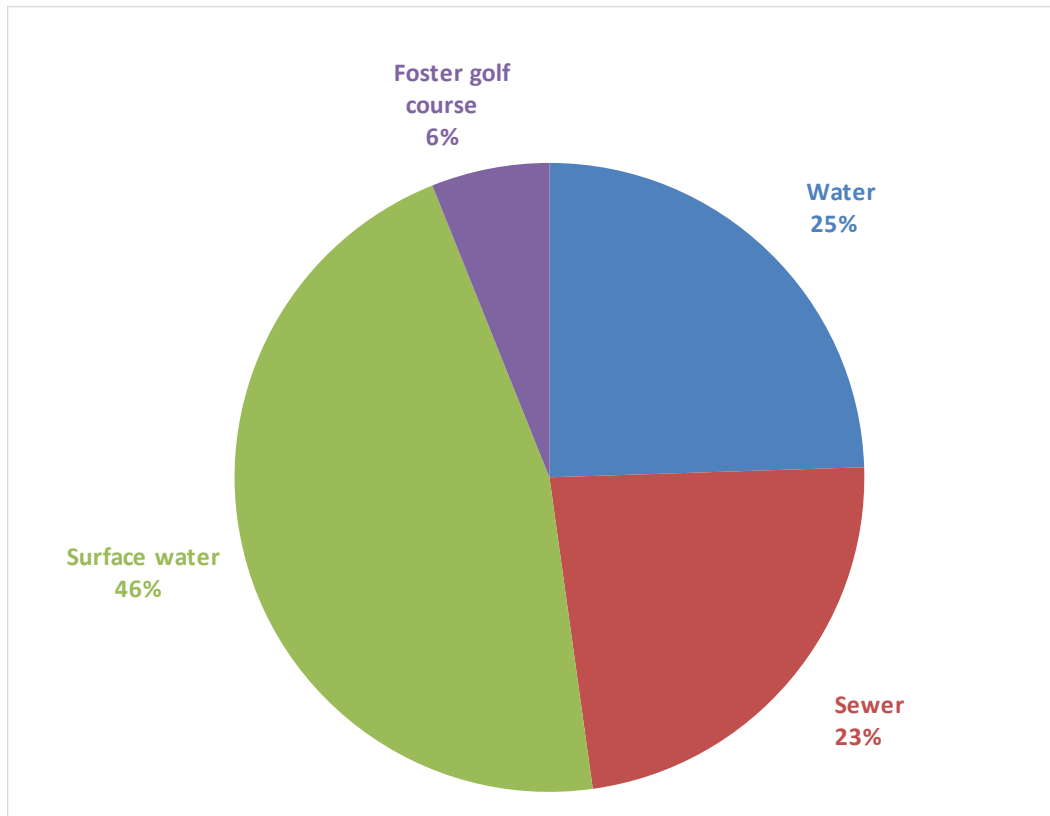
PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES**Business-Type Activities**

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 \$4.9 million (5.9%) to reach an ending balance of \$87.7 million. The overall growth is attributable to the following factors:

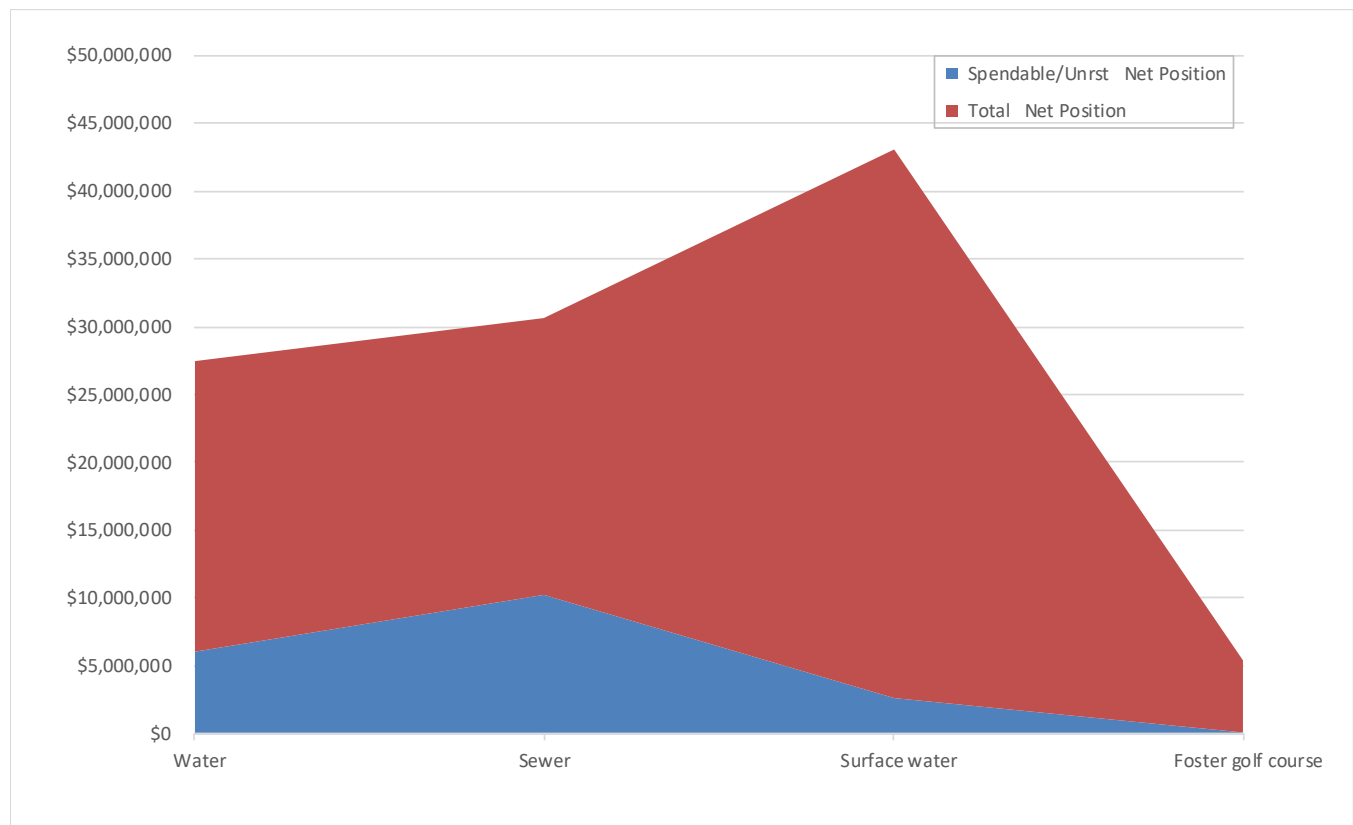
- In the Water Utility, total net position increased by \$1.1 million (5.4%) primarily due to a 12.3% reduction in operating and maintenance expense and increased revenue resulting from a 5.0% commercial rate increase effective January 1, 2018.
- In the Sewer Utility, total net position increased \$1.6 million (8.4%) primarily due to a 3.5% rate increase effective January 1, 2018.
- In the Surface Water Utility, operating revenues increased \$198 thousand (3.2%) due to a 3.0% rate increase.
- Operating income in the enterprise funds was \$3.5 million, almost matching the total operating income from 2017. Increases in operating revenue in 2018 were \$925 thousand offset by increases in overall operating expenses of \$919 thousand which were primarily attributable to the Sewer Utility.
- Of the \$87.7 million total net position, \$19.0 million (21.7%) 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:

BUSINESS-TYPE NET POSITION - BY FUND

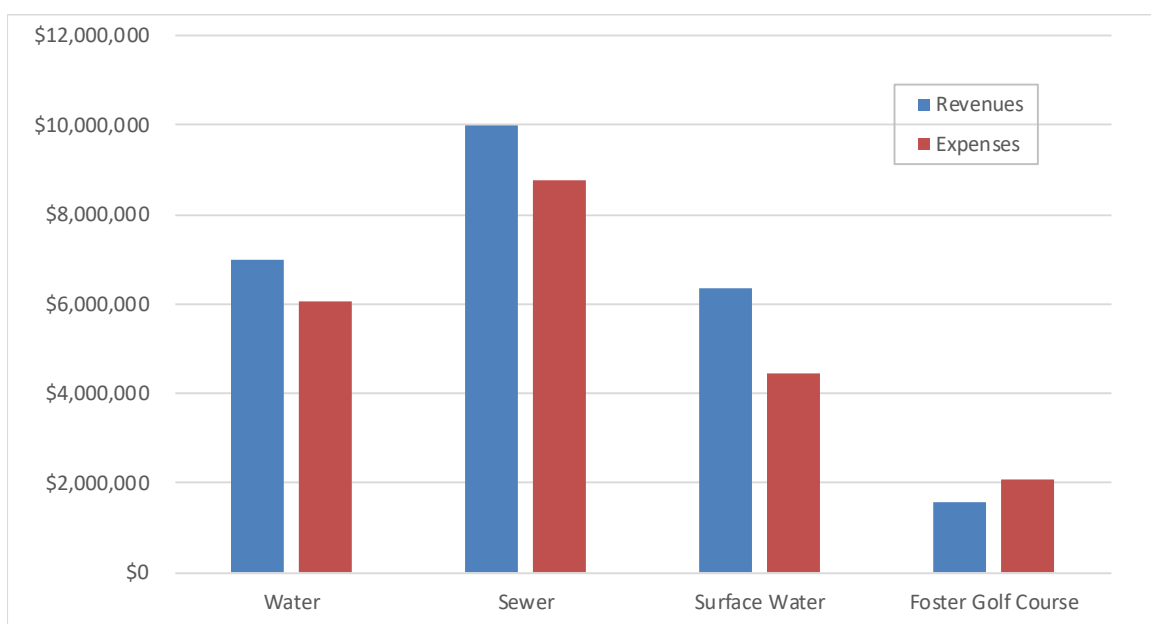


The majority of net position in the City's enterprise funds relate to capital asset infrastructure, such as water and sewer mains, and the golf course land. As such, most of the net position is not available to support the ongoing expenses of the funds. The following chart contrasts the total net position 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, 2018, the City's governmental funds had combined fund balances of \$65.0 million, a decrease of \$15.6 million (19.4%). The decrease is primarily due to \$32.9 million of capital outlay expenditures related to the Public Safety Plan and purchase of land for the Public Works Shops which was partially offset by \$18.4 million of bond proceeds for the Public Works Shops.

The change in fund balance for governmental funds compared to 2017 is as follows:

• General Fund	\$ 1,545,288
• Arterial Street Fund	(563,012)
• Local Improvement District #33	(88,003)
• Public Safety Plan	(21,491,957)
• City Facilities	13,079,590
• Other Governmental Funds	(8,104,486)

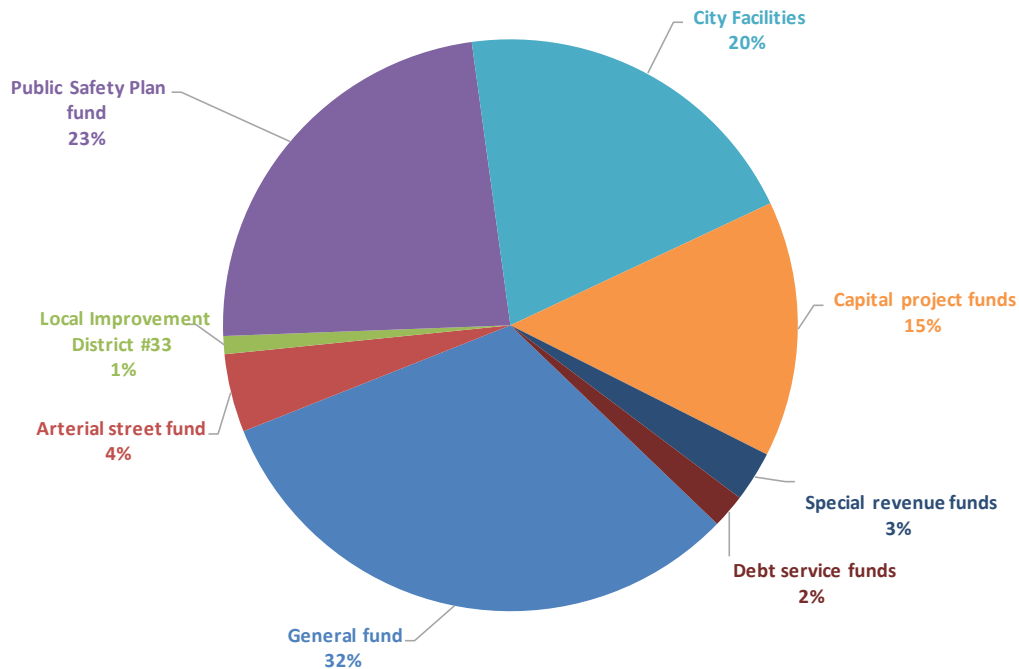
The general fund is the primary operating fund of the City. All receipts and payments of ordinary City operations are processed through this fund unless they are required to be accounted for in another. At the end of 2018, the general fund had a fund balance of \$20.6 million, with \$19.7 million (95.6%) of the balance classified as unassigned and available to meet the City's general obligations. Unassigned fund balance increased from \$19.1 million in 2017 to \$19.7 million in 2018 due to an \$1.7 million increase in local sales and use tax collections.

The arterial street fund decrease in fund balance is related to the planned use of reserves for capital projects. In 2018, a total of \$10 million was spent on capital outlay.

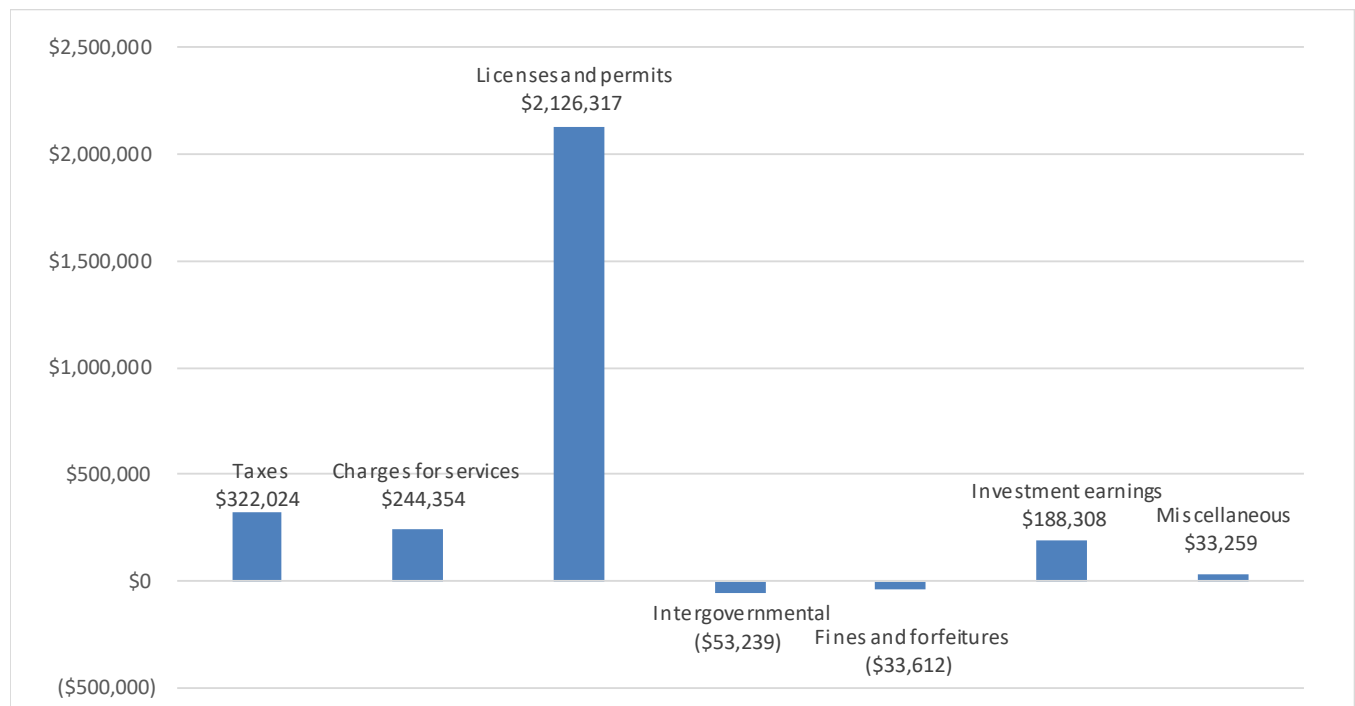
The public safety plan fund balance decreased due to \$19.8 million of capital outlays and \$3.4 million of related fleet expenditures.

The fund balance in the local improvement district #33 fund decreased by the difference between the special assessment and interest earnings 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 \$2.8 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 2018 at nearly \$19.0 million, an increase of almost \$1.6 million (8.9%) from 2017.

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 significant budget amendments that occurred in 2018:

- Additional grant revenue and expenditures of approximately \$66,000 were appropriated for various grant-funded recreation programs.
- Increased funding for the Fire Department to cover:
 - Pipeline positions - \$240,000
 - Firefighter deployment to assist with hurricane recovery efforts - \$40,000 (100% reimbursed)
 - New payroll software system (Telestaff) costs - \$23,000
- Additional funding related to the Public Safety Plan
 - Legal costs - \$250,000
 - Quality Assurance - \$60,000
- Increase of \$86,000 in Police payroll expenditures for a grant-funded, temporary Records Unit position (90% reimbursed)
- Reduction of \$273,000 in Police expenditures to offset Telestaff and Public Safety Plan legal cost-related increases

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

- A \$6.1 million of land sale proceeds were budgeted to be transferred into the general fund from the urban renewal fund, but the transactions aren't expected to occur until 2019.
- Building permit revenue was (36%) over budget. This was due to a \$30.9 million increase in the value of permits issued.
- Expenditures were below budget by \$6.1 million, or 8.9%. Specific examples include:
 - \$4.2 million in transfers out to other funds
 - \$2.1 million in salary and benefits savings, with Police accounting for almost half of the budget savings
- Other Business License/Permits revenue was \$2 million over budget as Revenue Generating Regulatory License (RGRL) fee revenue was reported in this category beginning in 2018 whereas it had been previously reported as tax revenue.

CAPITAL ASSETS

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2018 totaled \$ 329.4 million (net of accumulated depreciation), an increase of \$46.5 million (16.4%) from 2017. 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 36,172,319	36,172,319	\$ 2,346,230	2,396,230	\$ 38,518,549	38,568,549
Buildings	10,322,648	11,115,434	7,563,645	7,935,440	17,886,293	19,050,874
Other Improvements	9,103,496	9,835,029	56,162,493	58,046,974	65,265,989	67,882,003
Machinery and Equipment	6,791,675	7,264,337	338,911	378,464	7,130,586	7,642,801
Infrastructure	135,294,018	139,281,317	-	-	135,294,018	139,281,317
Construction in Progress	57,904,804	9,543,935	7,388,641	2,462,779	65,293,445	12,006,713
Total	\$255,588,960	213,212,371	\$ 73,799,921	71,219,887	\$329,388,881	284,432,258

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

General capital outlay purchases added \$80,033 in machinery and equipment and included various technology purchases in the amount of \$52,498, Police and Fire equipment totaling \$15,662 and new A/V equipment at TCC in the amount of \$11,873.

Many of the projects in the Arterial Street Fund continue to be in the construction phase adding \$10 million in construction-in-progress for the period. The major arterial street fund activities are comprised of the following:

- Boeing Access Road Bridge over BNRR Major Rehab, \$7.5 million
- Strander Blvd Extension Phase III, \$1.0 million
- TUC Pedestrian/Bicycle Bridge, \$821 thousand
- S 144th St Phase II (42nd Ave S – TIB), \$249 thousand
- Baker Blvd Non-Motorized Improvements, \$179 thousand
- Beacon Ave S Bridge Major Maintenance, \$197 thousand

Major construction projects completed in 2018 added \$2.4 million to capitalized infrastructure for the Arterial Street Fund which includes \$1.4 million in additional costs for the TUC Pedestrian/Bicycle Bridge, S 144th St Phase II (42nd Ave S – TIB) and Baker Blvd Non-Motorized Improvements. The Beacon Ave S Bridge major maintenance work, which was significantly completed in 2018 and including prior costs, was capitalized for \$1.1 million.

Ongoing Residential Street Fund construction projects added \$4.6 million to construction-in-progress and include the following:

- 42nd Ave S – Phase III, \$3.1 million
- 53rd Ave S, \$1.5 million

The Public Safety Plan Fund for the Fire Stations and Justice Center added \$19.8 million to construction in progress for 2018, primarily for land acquisition costs and design and engineering work.

The Public Works Shop Fund added \$13.0 million of construction in progress during 2018, this consisted primarily of land acquisition costs and design work.

Business-type activities consisted of \$4.9 million in added construction in progress work for the year. Major projects in the utility funds are comprised of the following:

- 53rd Ave S, \$1.9 million
- 40 – 42nd Ave S, \$2.2 million
- 2018 Small Drainage, \$608 thousand
- Other utility construction projects, \$200 thousand

LONG-TERM DEBT

The City had total long-term obligations outstanding of \$95.0 million at the end of the current fiscal year. Of this amount, \$73.9 million is general obligation bonds which is backed by the full faith and credit of the City, \$1.3 million is revenue bonds for the water/sewer and surface water utilities, \$3.9 million in public works trust fund loans, \$5.7 million due to other governments, \$5.9 million premium on bonds, and the remaining \$4.3 million is special assessment bonds which were issued to improve access to the City's urban center.

The City issued \$20.2 million (including premium) in general obligation debt in 2018 to purchase land for the Public Works Shops for consolidation of the Public Works function. This new debt issuance, combined with redeemed debt, resulted in an overall general obligation bond increase of \$15.2 million.

The City currently maintains a rating of "AA" with Standard and Poor's and Fitch's Investor Service, and "Aa3" with Moody's for its general obligation debt.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 73,972,309	\$ 59,214,505	\$ -	\$ -	\$ 73,972,309	\$ 59,214,505
Revenue bonds	-	-	1,304,763	1,454,422	1,304,763	1,454,422
Premium on bonds issued	5,923,595	4,804,720	-	-	5,923,595	4,804,720
Special assessment bonds	4,320,000	4,805,000	-	-	4,320,000	4,805,000
Public Works Trust Fund Loans	-	-	3,848,055	4,447,523	3,848,055	4,447,523
Due to other governments	5,729,600	5,914,400	-	-	5,729,600	5,914,400
	\$ 89,945,504	\$ 74,738,625	\$ 5,152,818	\$ 5,901,945	\$ 95,098,322	\$ 80,640,570

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

Tukwila's economy generally follows the economic cycles of the surrounding region. However, the economic down periods in the cycles have been less severe for Tukwila than for other municipalities in the region due to the relatively stable nature of Tukwila's economy. Over the past year, the local economy improved slightly over the previous year. Sales tax, the City's largest revenue source, reversed a slightly declining trend and increased \$1.8 million (9.6%) from 2017's total. Also, the City's assessed value increased to \$6.7 billion; 8.1% higher than 2017.

A significant focus of the 2019-2020 biennial budget was the Public Safety Plan. In 2016, voters approved construction of a new Justice Center, three new fire stations, and fire equipment/apparatus purchases funded by the proceeds from issuing \$77 million in bonds. The City has adjusted the plans (building two new fire stations instead of three) to ensure affordability and will issue approximately \$40.7 million of voter-approved debt and \$25 million of non-voted debt in 2019. Funding also includes other dedicated revenue sources including real estate excise taxes, impact fees, and proceeds from land sales. Construction is scheduled to begin in 2019.

Though the economy continues to improve, the City still faces some challenges entering the 2019-2020 biennium. Federal, state, and county governments continue to devolve services down to cities and there is no evidence the trajectory will slow or change anytime soon. Additionally, the state will be eventually phasing out streamlined sales tax mitigation payments which total approximately \$1.1 million annually. These payments were originally ending in 2019 but have recently been extended by the state legislature through at least 2021.

It is with these challenges in mind that the City vigilantly strives to monitor and control its expenses in order to live within the City's means.

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 28,262,236	\$ 9,772,074	\$ 38,034,310
Investments	7,189,065	6,991,724	14,180,789
Taxes receivable	6,156,734	1,003	6,157,737
Other receivables	1,624,701	1,566,208	3,190,908
Due from other governmental units	1,893,564	345,701	2,239,265
Inventory of materials and supplies	25,831	47,361	73,193
Restricted cash and cash equivalents	18,241,197	101,243	18,342,439
Restricted investments	10,442,289	-	10,442,289
Notes receivable	6,194,209	203,295	6,397,504
Lease deposit	-	3,119,513	3,119,513
Real property held for resale	5,293,000	-	5,293,000
Investment in joint ventures	9,711,678	-	9,711,678
Non-depreciable capital assets	94,077,123	9,734,872	103,811,994
Depreciable capital assets (net of accumulated depreciation)	161,511,837	64,065,049	225,576,886
Net Pension asset	11,466,319	-	11,466,319
Total Assets	362,089,782	95,948,043	458,037,826
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	191,034	33,593	224,627
Deferred outflows related to OPEB	369,806	-	369,806
Deferred outflows related to pensions	2,553,169	226,084	2,779,253
Total Deferred Outflows Of Resources	3,114,009	259,677	3,373,686
LIABILITIES:			
Accounts payable	3,797,623	907,267	4,704,890
Accrued wages and benefits payable	1,578,815	130,401	1,709,215
Accrued interest payable	494,154	13,735	507,889
Unearned revenue	143,201	26,584	169,784
Other liabilities	2,311,440	136,031	2,447,472
Lease payable	3,119,513	-	3,119,513
Bonds and other debt payable			
Due within one year	4,464,321	768,428	5,232,750
Due in more than one year	88,943,214	4,697,212	93,640,426
Net pension liability	6,849,477	1,296,814	8,146,291
Total other post employment obligation	14,694,242	-	14,694,242
Total Liabilities	126,396,000	7,976,472	134,372,472
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	6,451,888	561,771	7,013,659
Business taxes received in advance	988,415	-	988,415
Total Deferred Inflows Of Resources	7,440,303	561,771	8,002,074
NET POSITION:			
Net investment in capital assets	201,997,812	68,680,695	270,678,507
Restricted for:			
Debt service	1,460,022	-	1,460,022
Tourism promotion	1,617,625	-	1,617,625
Arterial street improvements	309,955	-	309,955
Drug investigation and enforcement	233,688	-	233,688
Land and park acquisition, development	757,632	-	757,632
Pension Asset	11,466,319	-	11,466,319
Public safety facilities	167,136	-	167,136
City facilities	950,000	-	950,000
Unrestricted net position	12,407,297	18,988,782	31,396,080
Total Net Position	\$ 231,367,488	\$ 87,669,477	\$ 319,036,965

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, 2018

	--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
FUNCTIONS / PROGRAMS:							
PRIMARY GOVERNMENT							
Governmental activities							
General Government	\$ 10,763,025	\$ 5,989,077	\$ 112,983	\$ -	\$ (4,660,965)	\$ -	\$ (4,660,964)
Public safety	17,097,372	1,970,331	447,432	-	(14,679,609)	-	(14,679,609)
Transportation	15,871,018	2,261,577	859,168	9,938,238	(2,812,036)	-	(2,812,036)
Physical environment	2,645,577	-	-	-	(2,645,577)	-	(2,645,577)
Culture and recreation	5,591,213	1,415,827	49,667	3,985	(4,121,734)	-	(4,121,734)
Economic environment	4,411,719	3,099,692	264,059	-	(1,047,968)	-	(1,047,968)
Interest on long-term debt	2,748,854	-	-	-	(2,748,854)	-	(2,748,854)
Total Governmental Activities	59,128,779	14,736,504	1,733,308	9,942,224	(32,716,743)	-	(32,716,742)
BUSINESS-TYPE ACTIVITIES:							
Water	6,066,381	7,064,582	-	109,367	-	1,107,569	1,107,569
Sewer	8,795,067	10,138,576	-	243,356	-	1,586,865	1,586,865
Surface water	4,464,319	6,417,368	54,697	414,780	-	2,422,527	2,422,527
Foster golf course	2,091,981	1,563,320	-	-	-	(528,662)	(528,662)
Total Business-Type Activities	21,417,748	25,183,845	54,697	767,504	-	4,588,299	4,588,299
Total Primary Government	\$ 80,546,527	\$ 39,920,349	\$ 1,788,005	\$ 10,709,728	\$ (32,716,743)	\$ 4,588,299	\$ (28,128,444)
General Revenues:							
Taxes							
Property taxes				\$ 18,008,738	\$ -	\$ 18,008,738	
Retail sales and use taxes				20,603,617	-	20,603,617	
Hotel/motel taxes				833,990	-	833,990	
Utility taxes				3,866,859	-	3,866,859	
Interfund utility taxes				2,334,522	-	2,334,522	
Business taxes				1,246,798	-	1,246,798	
Excise Taxes				5,091,447	-	5,091,447	
Unrestricted investment earning				1,508,334	-	1,508,334	
Miscellaneous				2,240,045	-	2,240,045	
Total General Revenues				55,734,351	-	55,734,351	
Excess of revenues over expenses before transfers				23,017,608	4,588,299	27,605,907	
Transfers				(300,000)	300,000	-	
Change in net position				22,717,608	4,888,299	27,605,907	
Net position - beginning				224,175,306	82,781,179	306,956,485	
Change in accounting principle - OPEB				(15,525,426)	-	(15,525,426)	
Net position-beginning restated				208,649,880	82,781,179	291,431,059	
Net position-ending				\$ 231,367,488	\$ 87,669,477	\$ 319,036,965	

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

CITY OF TUKWILA, WASHINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Arterial Street	Local Improvement District #33	Public Safety Plan	City Facilities	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	\$ 12,835,490	\$ 1,189,667	\$ 664,339	\$ 2,059,940	\$ 189,598	\$ 6,198,052	\$ 23,137,086
Investments	4,355,417	-	-	36,063	-	535,329	4,926,809
Taxes receivable	5,894,040	61,909	-	1,107	-	199,678	6,156,734
Other receivables	493,765	124,088	-	57,029	-	884,100	1,558,981
Due from other governmental units	507,461	1,362,124	-	-	-	23,979	1,893,564
Restricted assets:							
Cash and cash equivalents	8,406	914,152	-	4,003,275	12,936,165	379,199	18,241,197
Investments	-	-	-	10,442,289	-	-	10,442,289
Special assessment receivable	-	-	3,899,511	-	-	-	3,899,511
Notes receivable	717,629	349,953	-	950,000	-	277,116	2,294,698
Real property held for resale	-	-	-	-	-	5,293,000	5,293,000
Total Assets	\$ 24,812,208	\$ 4,001,893	\$ 4,563,850	\$ 17,549,703	\$ 13,125,763	\$ 13,790,454	\$ 77,843,870
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:							
Liabilities:							
Accounts payable	1,000,606	668,903	-	1,352,918	46,172	675,560	3,744,160
Accrued wages & benefits	1,541,283	14,210	-	-	-	6,949	1,562,442
Unearned revenue	143,201	-	-	-	-	-	143,201
Other liabilities	218,762	95,402	-	13,822	-	296,204	624,190
Total Liabilities	2,903,852	778,515	-	1,366,740	46,172	978,713	6,073,993
Deferred inflow of resources							
Unavailable revenue-special assessment	-	-	3,899,511	-	-	-	3,899,511
Business taxes received in advance	988,415	-	-	-	-	-	988,415
Unavailable revenue-property tax, other	301,929	-	-	-	-	33,658	335,587
Unavailable revenue-developer agreement	-	349,953	-	950,000	-	277,116	1,577,069
Total Deferred Inflow Of Resources	1,290,344	349,953	3,899,511	950,000	-	310,774	6,800,582
Fund balance:							
Nonspendable	718,190	-	-	-	-	-	718,190
Restricted:							
Hotel/motel tax	-	-	-	-	-	1,617,625	1,617,625
Residential street improvements	-	-	-	-	-	-	-
Arterial street capital improvements	-	914,152	-	-	-	-	914,152
Drug investigation and enforcement	-	-	-	-	-	233,688	233,688
Park and land acquisition/development	-	-	-	-	-	757,632	757,632
Public safety facilities	-	-	-	14,445,564	-	-	14,445,564
Fire improvements	-	-	-	-	-	167,136	167,136
City facilities	-	-	-	-	12,936,165	-	12,936,165
Debt service guaranty fund	-	-	-	-	-	700,568	700,568
Debt service public safety plan	-	-	-	-	-	95,114	95,114
Local Improvement District	-	-	664,339	-	-	-	664,339
Assigned:							
Residential street improvements	-	-	-	-	-	115,544	115,544
Arterial street improvements	-	1,959,273	-	-	-	-	1,959,273
Land & park acquisition	-	-	-	-	-	107,315	107,315
Facilities & urban renewal	-	-	-	-	-	7,514,419	7,514,419
General government improvements	-	-	-	-	-	477,761	477,761
Public safety facilities	-	-	-	787,399	-	-	787,399
City facilities	-	-	-	-	143,425	-	143,425
1% Arts	-	-	-	-	-	268,321	268,321
Technology	181,078	-	-	-	-	-	181,078
Debt service	-	-	-	-	-	445,843	445,843
Unassigned	19,718,745	-	-	-	-	-	19,718,745
Total Fund Balance	20,618,013	2,873,425	664,339	15,232,963	13,079,590	12,500,966	64,969,296
Total Liabilities, Deferred Inflows And Fund Balances	\$ 24,812,208	\$ 4,001,893	\$ 4,563,850	\$ 17,549,703	\$ 13,125,763	\$ 13,790,454	\$ 77,843,870

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, 2018

	Total Governmental Funds
Total governmental fund balances as reported on this statement	\$ 64,969,296
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	
Non-depreciable assets	90,784,799
Depreciable assets (net)	156,454,893
Internal service fund assets	<u>5,056,944</u> 252,296,636
The net pension asset is not an available resource and, therefore, is not reported in the funds.	11,466,319
Deferred outflow of pension costs	2,553,169
Deferred outflow of OPEB	369,806
Deferred inflow of pension contributions	<u>(6,451,888)</u> (3,528,913)
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.	9,711,678
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	335,587
Unavailable revenue reported for developer agreement	1,577,069
Unavailable revenue reported for special assessment	<u>3,899,511</u> 5,812,167
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Long term liabilities due within one year	(4,464,321)
Long term liabilities due in more than one year	(95,620,230)
Lease deposits payable in more than one year	(3,119,513)
Unfunded other post employment benefits	(14,694,242)
Accrued interest payable	(494,154)
Deferred outflow on refunding	<u>191,034</u> (118,201,426)
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.	8,841,730
Net Position Of Government Activities As Reported On The Statement Of Net Position	\$ 231,367,488

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Arterial Street	Local Improvement District #33	Public Safety Plan	City Facilities	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes	\$ 46,896,613	\$ 810,885	\$ -	\$ 1,107.18	\$ -	\$ 4,279,986	\$ 51,988,591
Licenses and permits	4,875,454	-	-	-	-	-	4,875,454
Intergovernmental	4,637,018	10,025,425	-	-	-	1,256,934	15,919,377
Charges for services	3,290,960	1,123,895	-	328,130	-	2,058,734	6,801,719
Fines and forfeitures	291,604	-	-	-	-	-	291,604
Investment earnings	419,092	56,916	220,875	490,316	143,426	207,910	1,538,534
Special assessments	-	-	415,660	-	-	-	415,660
Miscellaneous	193,568	38,400	49	-	-	175,134	407,151
Total Revenues	60,604,309	12,055,521	636,584	819,554	143,426	7,978,699	82,238,092
EXPENDITURES:							
Current:							
General government	10,365,988	-	-	-	-	125,443	10,491,432
Economic environment	4,308,130	-	-	-	-	378,398	4,686,528
Physical environment	1,805,457	-	-	-	-	-	1,805,457
Public safety	30,758,088	-	-	3,373,884	171,141	28,406	34,331,520
Culture and recreation	4,620,127	-	-	-	-	232,012	4,852,138
Transportation	3,098,042	2,599,557	-	-	-	4,318,339	10,015,938
Debt service:							
Principal	-	-	485,000	-	-	3,607,196	4,092,196
Interest	-	-	239,588	-	16,977	2,720,958	2,977,523
Capital outlay	80,033	10,018,976	-	19,837,626	13,049,753	4,615,102	47,601,490
Total Expenditures	55,035,865	12,618,533	724,588	23,211,511	13,237,871	16,025,853	120,854,221
Excess (deficiency) of revenues Over (Under) Expenditures	5,568,444	(563,012)	(88,003)	(22,391,957)	(13,094,446)	(8,047,155)	(38,616,129)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	900,000	3,000,000	3,842,669	7,742,669
Prepaid leases	-	-	-	-	3,119,513	-	3,119,513
Transfers out	(4,023,156)	-	-	-	(119,513)	(3,900,000)	(8,042,669)
General obligation bonds issued	-	-	-	-	18,365,000	-	18,365,000
Bond premium	-	-	-	-	1,809,036	-	1,809,036
Total Other Financing Sources And Uses	(4,023,156)	-	-	900,000	26,174,036	(57,331)	22,993,549
Net change in fund balances	1,545,288	(563,012)	(88,003)	(21,491,957)	13,079,590	(8,104,486)	(15,622,580)
Fund balances - beginning	19,072,725	3,436,437	752,342	36,724,920	-	20,605,452	80,591,877
Fund Balances - Ending	\$ 20,618,013	\$ 2,873,425	\$ 664,339	\$ 15,232,963	\$ 13,079,590	\$ 12,500,966	\$ 64,969,296

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, 2018

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances \$ (15,622,580)

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	47,601,490	
Adjustments to construction in progress	(19,163)	
Depreciation Expense (excludes internal service fund depreciation which is reflected in internal service fund change in net position listed below)	<u>(8,430,202)</u>	
Excess of Capital Outlay Over Depreciation Expense		39,152,125

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

Reduction in pension liability and expense	3,177,244	
Increase in pension contribution revenue	539,330	
Reduction in the Fireman's Pension liability and expense	<u>82,241</u>	3,798,815

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. 399,873

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	4,092,196	
Amortization expense	<u>333,322</u>	4,425,517

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		(1,809,036)
General Obligation Bonds issued		(18,180,200)

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. 2,782,748

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	(15,521)	
Developer agreements	(382,036)	
Property taxes	(2,620)	
Special assessment	<u>(415,660)</u>	(815,837)

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	(38,039)	
Amortization of deferred outflow on bond refunding	(66,613)	
Increase in compensated absences	121,474	
Long-term leases	(3,119,513)	
Change in OPEB Liability	<u>11,688,873</u>	
Total additional expense (increase) decrease		8,586,181

Change In Net Position On The Statement Of Activities		\$ 22,717,608
--	--	----------------------

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, 2018

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 3,101,912	\$ 4,278,019	\$ 598,009	\$ 1,794,134	\$ 9,772,074	\$ 5,125,149
Investments	2,203,168	4,788,556	-	-	6,991,724	2,262,256
Taxes receivable	-	-	1,003	-	1,003	-
Other receivables	443,098	762,016	2,929	358,165	1,566,208	65,719
Due from other governmental units	-	-	-	345,701	345,701	-
Inventory of materials and supplies	-	-	47,361	-	47,361	25,830
Current assets restricted	-	-	-	-	-	-
Cash and cash equivalents	25,825	-	75,418	-	101,243	-
Total Current Assets	5,774,003	9,828,591	724,720	2,498,000	18,825,314	7,478,954
Noncurrent assets:						
Notes receivable	-	203,295	-	-	203,295	-
Capital assets						
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	24,576,187	16,635,380	3,559,992	49,044,818	93,816,377	-
Machinery and equipment	801,031	1,249,131	110,829	56,139	2,217,130	16,173,201
Less: accumulated depreciation	(11,965,254)	(9,008,533)	(6,713,651)	(17,565,439)	(45,252,877)	(11,116,257)
Construction in progress	1,352,672	435,173	-	5,600,797	7,388,641	3,292,324
Total capital assets (net of accumulated depreciation)	16,268,548	12,745,638	5,194,241	39,591,494	73,799,921	8,349,268
Lease deposit	940,634	622,707	-	1,556,171	3,119,513	-
Total Noncurrent Assets	17,209,183	13,571,641	5,194,241	41,147,665	77,122,729	8,349,268
Total Assets	22,983,186	23,400,231	5,918,961	43,645,665	95,948,043	15,828,222
Deferred Outflows of Resources						
Deferred pension	49,547	33,677	58,790	84,070	226,084	30,066
Deferred Loss on Refunding	8,734	20,828	-	4,031	33,593	-
Total Deferred Outflows Of Resources	58,281	54,505	58,790	88,101	259,677	30,066
LIABILITIES:						
Current Liabilities						
Accounts payable	151,555	107,416	1,014	647,282	907,267	53,464
Accrued wages and benefits	26,272	17,707	33,635	52,786	130,401	16,373
Accrued interest payable	2,181	6,623	-	4,931	13,735	-
Unearned revenue	9,386	-	-	17,197	26,584	-
Other current liabilities	20,850	22,863	70,487	21,831	136,031	674,900
Due to other governments	95,080	233,436	-	270,953	599,468	-
Compensated absences	-	-	3,008	15,217	18,224	-
Revenue bond payable	39,191	93,456	-	18,088	150,736	-
Total Current Liabilities	344,516	481,502	108,144	1,048,285	1,982,446	744,736
Noncurrent liabilities:						
Reserve for unreported claims	-	-	-	-	-	1,012,350
Revenue bonds payable	300,047	715,497	-	138,483	1,154,027	-
Net pension liability	284,200	193,170	337,217	482,227	1,296,814	172,461
Compensated absences	88,610	45,050	68,494	92,444	294,597	-
Due to other governments	432,036	1,496,579	-	1,319,973	3,248,587	-
Total Noncurrent Liabilities	1,104,893	2,450,295	405,711	2,033,127	5,994,026	1,184,811
Total Liabilities	1,449,409	2,931,797	513,854	3,081,411	7,976,472	1,929,547
Deferred Inflows of Resources						
Deferred inflow pension earnings	123,359	83,361	145,827	209,224	561,771	76,011
Total Deferred Inflows Of Resources	123,359	83,361	145,827	209,224	561,771	76,011
NET POSITION:						
Net investment in capital assets	15,410,928	10,227,498	5,194,241	37,848,028	68,680,695	8,349,269
Unrestricted	6,057,771	10,212,080	123,829	2,595,103	18,988,782	5,503,461
Total Net Position	\$ 21,468,699	\$ 20,439,578	\$ 5,318,069	\$ 40,443,131	\$ 87,669,477	\$ 13,852,730

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, 2018

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
OPERATING REVENUES:						
Charges for services	\$ 6,974,703	\$ 9,991,886	\$ 1,438,751	\$ 6,343,895	\$ 24,749,234	\$ 11,824,159
Other operating revenue	957	-	115,590	2,103	118,650	156,047
Total Operating Revenues	6,975,660	9,991,886	1,554,340	6,345,998	24,867,884	11,980,205
OPERATING EXPENSES:						
Operating & maintenance	3,784,048	6,644,961	1,523,546	1,991,634	13,944,189	7,736,660
Administrative and general	722,979	579,481	185,017	703,209	2,190,685	468,751
Taxes	1,007,158	1,151,941	70,254	711,529	2,940,882	-
Depreciation and amortization	539,480	385,998	313,164	1,044,865	2,283,507	1,110,745
Total Operating Expenses	6,053,665	8,762,380	2,091,981	4,451,236	21,359,263	9,316,156
Operating Income (Loss)	921,995	1,229,505	(537,641)	1,894,761	3,508,621	2,664,049
NON-OPERATING REVENUE (EXPENSE):						
Investment earnings	101,244	146,690	8,979	71,370	328,283	47,670
Interest expense	(12,716)	(32,687)	-	(13,082)	(58,485)	-
Gain (loss) on disposal of capital assets	(12,322)	-	-	-	(12,322)	71,029
Other non-operating revenue	-	-	-	54,697	54,697	-
Total Non-Operating Revenue (Expense)	76,206	114,003	8,979	112,985	312,173	118,699
Income (Loss) Before Contributions & Transfers	998,201	1,343,508	(528,662)	2,007,746	3,820,794	2,782,748
Capital contributions	109,367	243,356	-	414,780	767,504	-
Transfers in	-	-	300,000	-	300,000	-
Change in Net Position	1,107,569	1,586,865	(228,662)	2,422,527	4,888,299	2,782,748
Total net position - beginning	20,361,130	18,852,713	5,546,731	38,020,604	82,781,178	11,069,982
Total Net Position - ending	\$ 21,468,698	\$ 20,439,578	\$ 5,318,069	\$ 40,443,131	\$ 87,669,477	\$ 13,852,730

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, 2018

Page 1 of 2

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 7,086,563	\$ 10,297,659	\$ 1,554,518	\$ 6,572,233	\$ 25,510,973	\$ 11,983,135
Cash paid to supplier	(3,384,310)	(6,109,473)	(569,647)	(1,217,712)	(11,281,142)	(1,604,345)
Cash paid for taxes	(1,007,158)	(1,151,941)	(70,254)	(711,529)	(2,940,882)	(2)
Cash paid to or on behalf of employees	(851,870)	(597,888)	(1,010,222)	(1,354,324)	(3,814,304)	(6,868,634)
Interfund activity - payments to other funds	(635,904)	(491,688)	(185,017)	(542,639)	(1,855,248)	(329,368)
Other cash received (paid)	957	-	9,536	2,103	12,596	-
Net Cash Provided (Used)					-	
By Operating Activities	1,208,279	1,946,669	(271,087)	2,748,131	5,631,992	3,180,786
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grant received	-	-	-	54,697	54,697	-
Transfers in	-	-	300,000	-	300,000	-
Net Cash Provided (Used) By Non-Capital Financing Activities	-	-	300,000	54,697	354,697	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(1,159,305)	(133,865)	-	(3,582,693)	(4,875,863)	(4,374,323)
Contributed capital	107,867	243,356	-	(92,140)	259,084	-
Capital grants	1,500	-	-	169,654	171,154	-
Principal payment on debt	(133,991)	(326,224)	-	(288,912)	(749,127)	-
Interest payment on debt	(13,063)	(30,274)	-	(13,903)	(57,240)	-
Proceeds from sale of equipment	-	-	-	-	-	110,143
Lease deposit paid	(940,634)	(622,707)	-	(1,556,171)	(3,119,513)	-
Net Cash Provided (used) for Capital And Related Financing Activities	(2,137,626)	(869,715)	-	(5,364,164)	(8,371,505)	(4,264,180)
CASH FLOW FROM INVESTING ACTIVITIES:						
Proceeds from sale of investments	-	-	-	-	-	880,667
Purchase of investments	-	(500,000)	-	-	(500,000)	-
Interest received	59,888	139,848	8,979	71,370	280,086	113,394
Net Cash Provided (Used) In Investing Activities	59,888	(360,152)	8,979	71,370	(219,914)	994,061
Net increase (decrease) in cash and cash equivalents	(869,459)	716,803	37,892	(2,489,966)	(2,604,730)	(89,334)
Cash and cash equivalents-beginning of year	3,997,195	3,561,217	635,535	4,284,100	12,478,047	5,214,483
Cash And Cash Equivalents- end of year	<u>\$ 3,127,737</u>	<u>\$ 4,278,019</u>	<u>\$ 673,427</u>	<u>\$ 1,794,134</u>	<u>\$ 9,873,317</u>	<u>\$ 5,125,149</u>
Cash at end of year consists of:						
Cash and cash equivalents	3,101,912	4,278,019	598,009	1,794,134	9,772,074	\$ 5,125,149
Restricted cash-customer deposits	25,825	-	75,418	-	101,243	-
Total Cash and cash equivalents	<u>\$ 3,127,737</u>	<u>\$ 4,278,019</u>	<u>\$ 673,427</u>	<u>\$ 1,794,134</u>	<u>\$ 9,873,317</u>	<u>\$ 5,125,149</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, 2018

Page 2 of 2

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 921,995	\$ 1,229,505	\$ (537,641)	\$ 1,894,761	\$ 3,508,621	\$ 2,664,049
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:						
Depreciation	539,480	385,998	313,164	1,044,865	2,283,507	1,110,745
Asset (increase) decrease:						
Accounts receivable	110,945	305,773	(3,085)	228,338	641,972	2,929
Inventory and other	-	-	6,518	-	6,518	(7,070)
Deferred outflow of resources (increase) decrease	10,811	1,936	4,931	7,034	24,712	8,888
Liability increases (decreases):						
Accounts payable	(221,577)	52,136	(1,121)	(350,634)	(521,196)	(502,842)
Other liabilities	915	(4,766)	12,798	21,731	30,678	-
Wages & benefits payable	(43,957)	5,901	(1,664)	(5,163)	(44,884)	(9,533)
Deferred inflow of resources increase (decrease)	(110,333)	(29,815)	(64,987)	(92,800)	(297,935)	(86,381)
Total Adjustments	286,284	717,163	266,554	853,370	2,123,371	516,737
Net Cash Provided (Used) By Operating Activities	\$ 1,208,279	\$ 1,946,669	\$ (271,087)	\$ 2,748,131	\$ 5,631,992	\$ 3,180,786
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Capital assets acquired by contributed capital	\$ -	\$ -	\$ -	\$ 337,267	\$ 337,267	\$ -
Increase (decrease) in fair value of investment	-	(30,773)	-	-	(30,773)	61,133
Total Non Cash investing, Capital and Financing Activities	\$ -	\$ (30,773)	\$ -	\$ 337,267	\$ 306,493	\$ 61,133

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF FIDUCIARY NET POSITON
FIDUCIARY FUND
DECEMBER 31, 2018

	Firemen's Pension Trust Fund	Agency Fund
ASSETS:		
Cash and cash equivalents	\$ 943,482	\$ 249,099
Investments	516,528	-
Customer accounts	-	4,534
Interest receivable	1,063	-
Total Assets	1,461,074	253,633
LIABILITIES:		
Accounts and other payables	-	253,633
Total Liabilities	-	253,633
NET POSITION:		
	1,461,074	-
Net Position Restricted for Pensions	\$ 1,461,074	\$ -

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, 2018

	Firemen's Pension Trust Fund
ADDITIONS:	
Contributions from nonemployer entities:	
Fire Insurance Premiums Transferred in	\$ 71,286
Investment earnings/(loss)	27,769
Total Additions	99,055
DEDUCTIONS:	
Benefit payments	\$ 80,468
Total Deductions	80,468
Change In Net Position	18,587
Net position - beginning	1,442,486
Net position - ending	\$ 1,461,074

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

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 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, with 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 City Facilities fund was established in 2016 to account for costs of building a new public works shop facility. The public works shop facility is part of the City's public safety plan but is not included in the voter-approved bonds.

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 Funds

The City of Tukwila maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds are accounted for on a “flow of economic resources” measurement focus. This means all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. Proprietary funds measurement focus is based upon determination of net income, financial position, and cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise and internal service funds are charges to the City’s internal and external 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.

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 enterprise activities 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 Firefighters’ Pension Fund accounts for a single-employer defined benefit system established under Washington State law to provide pension benefits for eligible firefighters. Although this pension

plan has subsequently been replaced by the Washington State Law Enforcement Officers' and Fire Fighters' Pension System, firefighters hired prior to March 1, 1970 continue to be eligible for benefits under the provisions of the earlier law. Revenues received by the fund include proceeds of a state-imposed tax on fire insurance premiums. The agency fund is custodial in nature (assets equal liabilities) and does not involve a measurement of results of operations. The fund accounts for assets held by the City as an agent for joint, intergovernmental operations through interlocal agreements. 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 3 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 also 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 schedules 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

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

G. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

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, of which the City currently has two current developer agreements.

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, 2018, 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 represents 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. Inventory held for resale is valued at lower of cost or market 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.

Between 1999 and 2004 the City acquired a number of properties comprising approximately 5.76 acres in its urban renewal area along Tukwila International Boulevard for a redevelopment project called Tukwila Village. In 2012 the City executed an agreement to sell the property to a developer. In 2017 the City and developer closed escrow on the sale of the first phase which was then completed in 2018. The City and developer signed a purchase and sale agreement for the second, and final, phase in 2018. Escrow is scheduled to close in 2019 and construction to be completed by 2020.

As part of a crime-reduction project, the City purchased three crime-ridden motels in 2014 plus an adjacent motel and retail shop in 2015. All structures on those properties were demolished in 2016. The City is negotiating to sell most of the now vacant land to HealthPoint, a federally recognized community health center. 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 \$613,500 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 \$1,533,750. The self-insurance fund for LEOFF 1 retirees includes an IBNR liability of \$61,400 and total liability of \$153,500 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 624 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 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.

As revised in 2017, the City's Reserve Policy 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 the effects of GASB Statement No. 68, as well as significant 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 \$718 thousand is the outstanding balance of a loan from the general fund to the Tukwila Metropolitan Park District.
- 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 fund balance 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. The indirect costs allocated to the proprietary and other funds totaled \$2,325,643 for 2018 and are reported as a reduction of general government expenditures on the Statement of Activities.

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.

Interfund Leases

The Public Safety Plan (PSP) includes funding for a consolidated Public Works Shop facilities location that will be shared between governmental services -- street maintenance, facility maintenance and the Equipment Rental & Replacement (ERR) operations and utility services – water, sewer and storm water operations.

It is projected that 50% of the facilities will be used for governmental services and 50% for utility services and within the utility services, with the utility portion approximated based on number of personnel currently employed by each at 34%, 19% and 47% respectively. The exact usage of the facilities will not be known until master planning and design have been completed. At that time, the allocation percentages may be adjusted to more accurately reflect projected usage.

The PSP Public Works Shops facilities will be owned by the governmental funds and leased to the utility funds. Costs to acquire and finance property and construct improvements for the new facilities, will be shared equally by the government funds and the utility funds. Payments made by the utility funds towards debt service and other costs will be treated as lease deposits. The deposits will earn interest monthly at the average monthly LGIP rate. Upon occupancy of the facilities, the utilities will be charged a market lease rate which will be paid first by reducing the lease deposit balance, until the deposits have been exhausted, then directly by the utilities.

Lease payments from the utility funds began in 2018 and are recorded as a prepaid lease in the governmental funds.

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 160 as of December 31, 2018. 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 Accounting Standards

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The implementation of the statement required the City to record new beginning balances for the total OPEB obligation and related deferred inflows/outflows. As a result, net position for the City decreased \$15,525,426.

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 \$21,922,719. 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 \$16,250.

The city participates in the Washington State Treasurer's Local Government Investment Pool (LGIP) managed by the Office of the State Treasurer, which is also responsible for establishing the investment policy for the LGIP. The LGIP is an unrated external investment pool. The pool's portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set for by GASB 79 "Certain External Investment Pools and Pool Participants" for external investment pools that elect to measured investments at amortized costs for financial reporting purposes.

Investments in the LGIP are available on demand in the amount of the original investment, plus interest earnings, and are treated as a money-market investment. Accordingly, the fair value of the city's position in the LGIP is the same as the value of the city's LGIP shares. Regulatory oversight for these investments is provided as prescribed by Washington State law. The State Auditor audits the accounts of the State Treasurer to determine the compliance of investment activities with state statutes and the investment policy. Also, an independent audit of the LGIP's financial statements is performed annually. The State Treasurer has created an Advisory Committee consisting of

eight members appointed by participant associations and four members appointed by the State Treasurer. The committee meets at least quarterly to provide advice on the operation of the LGIP.

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, 2018, 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
<i>Certificates of Deposit:</i>			
Sound Community Bank	3/4/2019	*	\$ 3,288,311
Bank of Washington	6/2/2019	*	250,000
Total Certificate of Deposits			<u>3,538,311</u>
<i>U.S. Government Agency Notes:</i>			
Federal Home Loan Bank	1/30/2019	AA+ / Aaa	998,944
Federal Farm Credit Bank	3/20/2019	AA+ / Aaa	1,995,780
Farmer Mac	7/23/2019	AA+ / Aaa	994,037
Farmer Mac	8/2/2019	AA+ / Aaa	2,484,958
FNMA	10/9/2019	AA+ / Aaa	2,320,996
Federal Farm Credit Bank	12/27/2019	AA+ / Aaa	990,630
Federal Home Loan Bank	6/29/2020	AA+ / Aaa	1,674,877
Federal Home Loan Bank	8/28/2020	AA+ / Aaa	2,264,780
Federal Farm Credit Bank	5/9/2022	AA+ / Aaa	1,962,010
Total U.S. Agency Notes			<u>15,687,012</u>
<i>Municipal Bonds:</i>			
Washington State Biomedical Research: Revenue - Facilities	7/1/2019	Aa1 / AA+	505,550
Seattle, Washington: Limited General Obligation	11/1/2019	Aaa / AAA	391,478
Auburn, Washington: Limited General Obligation, Build America	12/1/2019	AA+	311,701
Port of Anacortes, Washington: Limited General Obligation	9/1/2020	Aa3	345,501
Douglas County School District, Washington: Unlimited General Obligation	12/1/2020	Aa2	803,899
Port of Tacoma, Washington: Limited General Obligation, Taxable Refunding	12/1/2020	Aa2 / AA	516,528
Multnomah County, Oregon: Limited General Obligation	6/1/2021	Aaa	440,134
Burien, Washington: Limited General Obligation, Build America	12/1/2025	Aa2	535,329
Port of Seattle, Washington: Revenue, Taxable	5/1/2036	Aa2 / AA-	2,064,163
Total Municipal Bonds			<u>5,914,283</u>
TOTAL INVESTMENTS			<u>\$ 25,139,606</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	\$ 12,835,490	\$ 8,406	\$ 4,355,417	\$ -	\$ 17,199,313
Arterial Street	1,189,667	914,152	-	-	2,103,819
Local Improvement District #33	664,339	-	-	-	664,339
Public Safety Plan	2,059,940	4,003,275	36,063	10,442,289	16,541,567
Facilities Urban Renewal	189,598	12,936,165	-	-	13,125,763
Other Governmental Funds	6,198,053	379,199	535,329	-	7,112,581
Internal Service Funds	5,125,149	-	2,262,256	-	7,387,405
Proprietary Funds					-
Water	3,101,912	25,825	2,203,168	-	5,330,905
Sewer	4,278,019	-	4,788,556	-	9,066,575
Foster Golf Course	598,009	75,418	-	-	673,427
Surface Water	1,794,134	-	-	-	1,794,134
Total as Reported on Statement of Net Position	38,034,310	18,342,439	14,180,789	10,442,289	80,999,827
Firemen's Pension Trust Fund	-	943,482	516,528	-	1,460,011
Agency Fund	-	249,099	-	-	249,099
Total Cash, Cash Equivalents and Investments	\$ 38,034,310	\$ 19,535,021	\$ 14,697,317	\$ 10,442,289	\$ 82,708,937

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

Local Government Investment Pool \$ 22,376,710

Money market account 14,642,045

Cash on hand 16,250

Cash in bank-book balance 20,534,326

Total cash and cash equivalents 57,569,331

Investments:

Certificates of deposit 3,538,311

U.S. Government Agency Notes 15,687,012

Municipal bonds 5,914,283

Total investments 25,139,606

Total Cash, Cash Equivalents, and Investments \$ 82,708,937

Restricted Assets - Governmental	
Cash & cash equivalents	\$ 16,939,440
Deposits	8,406
Drug Seizure funds - federal portion	212,063
Debt Service	604,197
Impact fees	477,091
Investments	10,442,289
Restricted Assets-Governmental	\$ 28,683,486
Restricted Assets - Business-Type	
Customer Deposits-Water Utility	\$ 25,825
Customer Deposits-Golf Course	60,418
Lease Deposits-Golf Course	15,000
Revenue Bond Reserve Account-Water/Sewer/Surface Water	-
Restricted Assets-Business-Type	\$ 101,243
Total Restricted Assets	\$ 28,784,728

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. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

- 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.

U.S. Agency Securities and municipal bonds classified in Level 2 are valued using quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety. There are no Level 1 or Level 3 security classifications to report.

The fair values noted in the following table have been provided by Time Value Investments, who obtains the information through Interactive Data (IDC). IDC evaluates the various securities and obtains feeds from a number of live data and market sources including active market makers and inter-dealer brokers, relative credit information, observed market movements, and sector news. IDC reviews sources on the basis of their historical accuracy for individual issues and maturity ranges.

The City has the following recurring fair value measurements as of December 31, 2018:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	Total			
US Government Agencies	\$ 15,687,012	\$ -	\$ 15,687,012	\$ -
Municipal Bonds	5,914,283	-	5,914,283	-
Total Investments by Fair Value Level	\$ 21,601,295	\$ -	\$ 21,601,295	\$ -

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 investment maturities 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), an unrated, external investment pool.

As of December 31, 2018, 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
Taxes Receivable			
Property	\$ 249,690	\$ -	\$ 249,690
Sales & Use	3,911,280	-	3,911,280
Real Estate Excise Tax	50,041	-	50,041
Utility Tax	697,651	-	697,651
Admission/Gambling/Parking/Other	1,248,073	1,003	1,249,076
Total Taxes Receivable	6,156,734	1,003	6,157,737
Customer Receivable			
Miscellaneous	1,316,589	2,929	1,319,518
Utility Accounts	-	1,555,265	1,555,265
Total Customer Receivable	1,316,589	1,558,194	2,874,783
Interest	95,399	8,014	103,413
Notes due within one year	212,712	-	212,712
Total Receivables	\$ 7,781,435	\$ 1,567,210	\$ 9,348,645

Property Taxes Receivable

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

Property Tax Calendar

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

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

Property taxes levied by the County Assessor and collected by the County treasurer become a lien on the first day of the levy year and may be paid in two equal installments if the total amount 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 2018 was \$2.46282 per \$1,000 of assessed valuation of \$6,155,826,776 for a total regular levy of \$15,199,659.

Special levies approved by the voters are not subject to the limitations listed above. In 2018, the City levied an additional \$0.45582 per \$1,000 for the Public Safety Plan approved by voters in November 2016. The total additional levy in 2018 was \$2,807,019

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, 2018, 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 two agreements with local developers to defer fire, parks and traffic impact fees as part of new, large construction projects. The first agreement, related to the Washington Place project, defers the developer's obligation to pay traffic, park, and fire impact fees until 2018, with annual payments through 2025. The second 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 2022.

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 of 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	\$ 3,899,511	\$ -	\$ 3,899,511
Developer Agreements	2,294,698	-	2,294,698
Sewer Payment Plan	-	203,295	203,295
Total Receivables	\$ 6,194,209	\$ 203,295	\$ 6,397,504

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, 2018, 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	Public Safety Plan	Facilities	Other Govt Funds	Total Governmental	Golf Course	
Transfers In	\$ -	\$ 900,000	\$ 3,000,000	\$ 3,842,669	\$ 7,742,669	\$ 300,000	\$ 8,042,669
Transfers Out	(4,023,156)	-	(119,513)	(3,900,000)	(8,042,669)	-	(8,042,669)
Net Transfers In (Out)	\$ (4,023,156)	\$ 900,000	\$ 2,880,487	\$ (57,331)	\$ (300,000)	\$ 300,000	\$ -

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

NOTE 5 – LEASES

Operating Leases

City Records Center

Effective June 1, 2009, the City entered into a 60-month non-cancelable lease with International Gateway East, LLC to rent a warehouse at 3411 South 120th Place, Tukwila in order to store the City’s record archives. In 2014, the City opted to extend the lease. Currently, the lease automatically extends for successive twelve-month periods on the same terms and conditions within the lease. Ninety-day notice is required if either party desires to prevent the automatic renewal. The total lease payments for 2018 were \$90,910. Future lease payments beyond the current twelve-month period are estimated to increase at 2.5% on an annual basis. Future lease payments to International Gateway East, LLC are estimated to total \$93,026 for 2019.

Police Archives/Vehicle Storage

Effective September 1, 2015, the City entered into a 63-month non-cancelable lease with IIT Andover DC, LLC to rent facilities at 571 Strander Boulevard in Tukwila for Police archives including vehicle storage. The City has the option to extend the lease 60 months commencing when the current term ends December 31, 2020. Amounts of base rent payments would be renegotiated within four months prior to the original expiration date. The total lease payments for 2018 were \$59,144. Future lease payments to IIT Andover DC, LLC total \$60,916 for 2019.

Police Department Gym

Effective September 1, 2015, the City and the Tukwila Police Officer’s Guild entered into a 60-month non-cancelable lease with NCWP-Andover Executive Park, LLC to rent space for a gym located at 611 Industry Drive. The City may have options to extend the lease near the expiration date. The City and the Guild each pay half of the monthly base rent. The total lease payments made by the City for 2018 were \$14,157. Future lease payments to NCWP-Andover Executive Park, LLC total \$15,892 for 2019.

Laptop Computers

Effective April 3, 2017, the City entered into a 36-month non-cancelable lease with Dell Financial Services, LLC to lease laptop computers for use by the City's employees. At conclusion of the lease term, the City has the option to purchase the products, return the products, or renew the lease on a month-to-month basis. The total lease payments made by the City for 2018 were \$130,379. Future lease payments to Dell Financial Services, LLC total \$138,678 for 2019.

Postage Machine

Effective May 4, 2018, the City entered into a 60-month non-cancelable lease with Pitney Bowes, Inc. to lease postage equipment. The total lease payments made by the City for 2018 were \$3,469. Future lease payments to Pitney Bowes, Inc. total \$6,939 for 2019.

During 2018, the City also maintained operating lease agreements for copiers and other various office equipment.

Minimum future rental payments are summarized as follows:

Year Ending December 31	City Records Center	Police Archives/Vehicle Storage	Police Department Gym	Laptop Computers	Postage Machine	Office Equipment	Amount
2019	\$ 93,026	\$ 60,916	\$ 15,892	\$ 138,678	\$ 6,939	\$ 76,719	\$ 392,170
2020	95,391	57,412	10,805	-	6,939	70,887	241,434
2021	97,816	-	-	-	6,939	42,156	146,911
2022	100,302	-	-	-	6,939	14,396	121,637
2023	102,851	-	-	-	2,313	-	105,164
Thereafter	-	-	-	-	-	-	-
TOTAL	\$ 489,386	\$ 118,328	\$ 26,697	\$ 138,678	\$ 30,068	\$ 204,158	\$ 1,007,315

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

GOVERNMENTAL ACTIVITIES

	BEGINNING BALANCE 1/1/2018	INCREASES	DECREASES	ENDING BALANCE 12/31/2018
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 36,172,319	\$ -	\$ -	\$ 36,172,319
Construction in Progress	9,543,935	50,813,781	(2,452,913)	57,904,804
Total capital assets, not being depreciated	45,716,254	50,813,781	(2,452,913)	94,077,123
Capital assets, being depreciated:				
Buildings	24,521,606	-	-	24,521,606
Other Improvements	23,687,766	293,696	-	23,981,462
Machinery and Equipment	22,769,637	1,162,032	(882,202)	23,049,468
Infrastructure	203,399,951	2,140,054	-	205,540,004
Total capital assets being depreciated	274,378,960	3,595,782	(882,202)	277,092,540
Less accumulated depreciation for:				
Buildings	(13,406,172)	(792,786)	-	(14,198,958)
Other Improvements	(13,852,737)	(1,025,229)	-	(14,877,966)
Machinery and Equipment	(15,505,300)	(1,595,580)	843,088	(16,257,793)
Infrastructure	(64,118,634)	(6,127,352)	-	(70,245,986)
Total accumulated depreciation	(106,882,843)	(9,540,947)	843,088	(115,580,703)
Total capital assets, being depreciated, net	167,496,117	(5,945,165)	(39,114)	161,511,837
Governmental activity capital assets, net	\$ 213,212,371	\$ 44,868,616	\$ (2,492,027)	\$ 255,588,960

BUSINESS-TYPE ACTIVITIES

	BEGINNING BALANCE 1/1/2018	INCREASES	DECREASES	ENDING BALANCE 12/31/2018
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,396,230	\$ -	\$ (50,000)	\$ 2,346,230
Construction in Progress	2,462,779	4,927,258	(1,395)	7,388,641
Total capital assets, not being depreciated	4,859,009	4,927,258	(51,395)	9,734,872
Capital assets, being depreciated:				
Buildings	13,284,419	-	-	13,284,419
Other Improvements	93,837,552	-	(21,175)	93,816,377
Machinery and Equipment	2,217,130	-	-	2,217,130
Total capital assets being depreciated	109,339,101	-	(21,175)	109,317,926
Less accumulated depreciation for:				
Buildings	(5,348,979)	(371,795)	-	(5,720,774)
Other Improvements	(35,790,578)	(1,878,119)	14,813	(37,653,884)
Machinery and Equipment	(1,838,665)	(39,554)	-	(1,878,219)
Total accumulated depreciation	(42,978,223)	(2,289,467)	14,813	(45,252,877)
Total capital assets, being depreciated, net	66,360,878	(2,289,467)	(6,362)	64,065,049
Business-Type activity capital assets, net	\$ 71,219,887	\$ 2,637,791	\$ (57,757)	\$ 73,799,921

DEPRECIATION

Depreciation expense for 2018 was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 234,471
Public Safety	151,525
Physical Environment	844,001
Transportation	6,156,385
Economic Environment	2,907
Culture and Recreation	1,040,913
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,110,745
Total 2018 depreciation expense - governmental activities	\$ 9,540,947

Business-type activities:

Water Utility	\$ 539,480
Sewer Utility	391,959
Foster Golf Course	313,164
Surface Water Utility	1,044,865
Total 2018 depreciation expense - business-type activities	\$ 2,289,467

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	\$ 2,950,969	\$ -	\$ 2,950,969
SCORE	1,031,108	5,729,600	6,760,708
TOTAL	\$ 3,982,077	\$ 5,729,600	\$ 9,711,677

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 2018 cost distribution for the five (5) participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	90,329	20.62%
Kent	117,948	26.92%
Auburn	101,199	23.10%
Tukwila	36,799	8.40%
Federal Way	91,883	20.97%
Total	438,158	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, 2018	\$ 5,212,721	\$ 7,215,101	\$ 5,290,137	\$ 2,677,982	\$ 4,222,772	\$ 24,618,713
Current Year Increase/(Decrease)	670,091	874,974	750,724	272,987	681,619	3,250,395
Equity December 31, 2018	\$ 5,882,811	\$ 8,090,075	\$ 6,040,861	\$ 2,950,969	\$ 4,904,391	\$ 27,869,108
Percent of Equity	21.11%	29.03%	21.68%	10.59%	17.60%	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 108th Ave SE, Kent, WA 98030, or by telephone 253-372-1300.

South Correctional Entity (SCORE)

The South Correctional Entity (SCORE) consolidated correctional facility was established February 25, 2009, when an Interlocal Agreement (the "Original Interlocal Agreement") was entered into by seven participating municipal governments, the "Member Cities" of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, under the authority of the "Interlocal Cooperation Act" (RCW 39.34). This "Original Interlocal Agreement" was amended and restated October 1, 2009 and named the City of Des Moines as the "Host City" and the remaining Member Cities as "Owner Cities". This interlocal agreement is known as the "Formation Interlocal Agreement". Pursuant to a separate "Host City Agreement" dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the 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%
2019	2,310,000	4,602,229	(1,478,317)	5,433,912	1,684,513	217,356	978,104	1,956,208	163,017	434,713
2020	2,385,000	4,484,854	(1,440,560)	5,429,294	1,683,081	217,172	977,273	1,954,546	162,879	434,344
2021	2,465,000	4,363,604	(1,401,577)	5,427,027	1,682,378	217,081	976,865	1,953,730	162,811	434,162
2022	2,590,000	4,233,250	(1,500,618)	5,322,632	1,650,016	212,905	958,074	1,916,148	159,679	425,811
2023-2027	14,485,000	18,727,798	(6,710,481)	26,502,317	8,215,718	1,060,093	4,770,417	9,540,834	795,070	2,120,185
2028-2032	17,725,000	13,590,870	(4,959,695)	26,356,175	8,170,414	1,054,247	4,744,112	9,488,223	790,685	2,108,494
2033-2037	21,855,000	7,082,263	(2,731,829)	26,205,434	8,123,685	1,048,217	4,716,978	9,433,956	786,163	2,096,435
2038-2039	10,115,000	676,321	(353,824)	10,437,497	3,235,624	417,500	1,878,749	3,757,499	313,125	835,000
Totals	\$73,930,000	\$57,761,189	\$ (20,576,901)	\$ 111,114,288	\$ 34,445,429	\$ 4,444,571	\$ 20,000,572	\$ 40,001,144	\$ 3,333,429	\$ 8,889,144

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, 2018 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, 2018	\$ 3,147,747	\$ 346,865	\$ 163,335	\$ 2,353,747	\$ 3,016,168	\$ 456,976	\$ 719,422	\$ 10,204,260
Current Year Increase/(Decrease)	949,658	179,397	178,510	1,131,823	1,141,371	262,464	311,686	4,154,909
Equity December 31, 2018	\$ 4,097,405	\$ 526,262	\$ 341,845	\$ 3,485,570	\$ 4,157,539	\$ 719,440	\$ 1,031,108	\$ 14,359,169
Percent of Equity	29%	4%	2%	24%	29%	5%	7%	100%

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 \$5,729,600. 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 17th Avenue South, Des Moines, WA 98198.

NOTE 8 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2018:

Aggregate Pension Amounts – All Plans	
Pension liabilities	(8,146,291)
Pension assets	11,466,319
Deferred outflows of resources	2,779,253
Deferred inflows of resources	(7,013,659)
Pension expense/expenditures	(369,463)

State Sponsored Pension Plans

Substantially all the City of Tukwila's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The 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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%
September – December 2018		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%

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 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January – August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%
September – December 2018		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%

The City of Tukwila's actual PERS plan contributions were \$846,714 to PERS Plan 1 and \$1,245,790 to PERS Plan 2/3 for the year ended December 31, 2018.

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 and Cannabis 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 2018 were as follows:

PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
January – August 2018		
PSERS Plan 2	6.74%	6.74%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	11.95%	6.74%
September – December 2018		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.38%	7.07%

The City of Tukwila's actual plan contributions were \$7,768 to PSERS Plan 2 for the year ended December 31, 2018.

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 2018. 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 includes 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.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
Total	8.93%	8.75%

The City's actual contributions to the plan were \$855,040 for the year ended December 31, 2018.

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, 2018, the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the City of Tukwila as its proportionate share of this amount is \$539,330.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. 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* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

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 changes in methods and assumptions since the last valuation.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 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 7.4 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 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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, 2018, 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	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City of Tukwila's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City of Tukwila's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	6,730,519	5,476,697	4,390,635
PERS 2/3	12,209,354	2,669,281	(5,152,514)
PSERS 2	32,283	311	(24,777)
LEOFF 1	(1,212,231)	(1,523,823)	(1,792,087)
LEOFF 2	(1,296,846)	(9,752,091)	(16,648,327)

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, 2018, the City of Tukwila reported a pension asset of \$11,466,320 and a pension liability of \$8,146,289 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	5,476,699
PERS 2/3	2,669,281
PSERS 2	311
FIREMEN'S PENSION	(190,406)
LEOFF 1	(1,523,822)
LEOFF 2	(9,752,091)

The amount of the asset reported above for LEOFF Plans 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 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 2 Asset
Employer's proportionate share	(1,523,822)	(9,752,091)
State's proportionate share of the net pension asset associated with the employer	(10,307,104)	(6,314,295)
TOTAL	(11,830,926)	(16,066,386)

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	0.127058%	0.122630%	-0.004428%
PERS 2/3	0.161787%	0.156335%	-0.005452%
PSERS 2	0.045565%	0.025080%	-0.020485%
LEOFF 1	0.082086%	0.083934%	0.001848%
LEOFF 2	0.503269%	0.480347%	-0.022922%

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 Non-employer 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 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, 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 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.70 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2018, the City of Tukwila recognized pension expense as follows:

	Pension Expense
PERS 1	\$259,678
PERS 2/3	(241,750)
PSERS 2	4,751
LEOFF 1	(270,415)
LEOFF 2	(324,913)
FIREMEN'S PENSION	(159,368)
TOTAL	\$(732,017)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, 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	\$ -	\$ (217,641)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 430,910	\$ -
TOTAL	\$ 430,910	\$ (217,641)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 327,183	\$ (467,342)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (1,637,994)
Changes of assumptions	\$31,225	\$ (759,656)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ (443,980)
Contributions subsequent to the measurement date	\$ 630,825	\$ -
TOTAL	\$ 989,233	\$ (3,308,973)

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,305	\$ (319)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (4,190)
Changes of assumptions	\$ 33	\$ (1,923)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ (5,100)
Contributions subsequent to the measurement date	\$ 4,452	\$ -
TOTAL	\$ 6,790	\$ (11,531)

LEOFF 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	\$ -	\$ (123,712)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
TOTAL	\$ -	\$ (123,712)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 522,400	\$ (226,445)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (1,706,747)
Changes of assumptions	\$ 5,520	\$ (1,399,601)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 311,974	\$ (19,009)
Contributions subsequent to the measurement date	\$ 444,918	\$ -
TOTAL	\$ 1,284,812	\$ (3,351,802)

Deferred outflows of resources related to pensions resulting from the City of Tukwila's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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
2019	9,522
2020	(47,578)
2021	(142,767)
2022	(36,818)
2023	
Thereafter	
TOTAL	(217,641)

Year ended December 31:	PERS 2/3
2019	(408,243)
2020	(615,157)
2021	(1,057,923)
2022	(426,591)
2023	(192,740)
Thereafter	(249,909)
TOTAL	(2,950,563)

Year ended December 31:	PSERS 2
2019	(592)
2020	(1,040)
2021	(1,929)
2022	(1,200)
2023	(615)
Thereafter	(3,818)
TOTAL	(9,193)

Year ended December 31:	LEOFF 1
2019	118
2020	(27,908)
2021	(76,011)
2022	(19,911)
2023	
Thereafter	
TOTAL	(123,712)

Year ended December 31:	LEOFF 2
2019	(171,452)
2020	(429,863)
2021	(970,229)
2022	(352,216)
2023	(110,249)
Thereafter	(477,899)
TOTAL	(2,511,908)

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, 2017, 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
Total	<u>10</u>

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, 2018 are as follows:

Total pension liability	\$	1,252,079
Less: Plan fiduciary net position		(1,442,485)
City's net pension liability	\$	<u>(190,406)</u>
Plan fiduciary net position as a percentage of the total pension liability		115.21%

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Total Pension Liability	2014	2015	2016	2017	2018
Service cost	-	-	-	-	-
Interest	50,098	49,716	49,332	38,796	-
Changes of benefit terms	-	-	-	-	-
Difference between expected & actual experience	-	(2,442)	(311,190)	-	(2,810)
Changes of assumptions	-	-	(62,728)	-	(177,772)
Benefits payments, included refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)	17,700
Net change in total pension liability	(11,765)	(11,003)	(384,574)	(30,390)	(162,882)
Total pension liability - beginning	1,852,693	1,840,928	1,829,925	1,445,351	1,414,961
Total pension liability - ending (a)	1,840,928	1,829,925	1,445,351	1,414,961	1,252,079
Plan Fiduciary Net Position					
Contributions - employer	64,114	63,590	66,360	68,848	(139)
Contributions - employee	-	-	-	-	-
Net investment income	1,805	2,667	7,988	39,157	(39,477)
Benefit payments, including refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)	17,700
Administrative expense	-	(4,500)	(4,500)	(4,624)	1,124
Other	-	-	-	-	2,716
Net change in plan fiduciary net position	4,056	3,480	9,860	34,195	(18,076)
Plan fiduciary net position - beginning	1,408,970	1,413,026	1,416,506	1,426,366	1,460,561
Plan fiduciary net position - ending (b)	1,413,026	1,416,506	1,426,366	1,460,561	1,442,485
City's net pension liability - ending (a) - (b)	427,902	413,419	18,985	(45,600)	(190,406)
Plan fiduciary net position as a percent of total pension liability	76.76%	77.41%	98.69%	103.22%	115.21%
Covered employee payroll	-	-	-	-	-
City net pension liability as a percent of covered employee payroll	n/a	n/a	n/a	n/a	n/a

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the City of Tukwila reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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	67,508	-
Totals	\$67,508	-

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, 2018. 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:	
2019	\$ 25,053
2020	21,358
2021	13,204
2022	7,893
2023	-
TOTAL	\$ 67,508

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75%
Investment rate of return	3.25%

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 3.25%. The projection of cash flows used to determine the discount rate assumed City contributions were equal to the actuarially calculated contribution of a 10-year closed amortization of the unfunded actuarial liability as of January 1, 2014 plus assumed administrative expenses. This amount includes revenue received from Fire Insurance premiums. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for 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 3.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 2.25%, or 1-percentage point higher, 3.25%, than the current rate:

Firemen's net pension liability	1% Decrease	Current Discount Rate	1% Increase
	\$ (56,306)	\$ (190,406)	\$ (305,419)

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	<p>Eligibility: disabled after 90-day waiting period. Amount of benefit: 50% of salary, or service retirement benefit, if greater.</p> <p>Recovery: see Duty Disability Retirement.</p> <p>Limitations: no benefits payable if firefighter employed elsewhere when disabled.</p>
Survivor	<p>Eligibility: spouse or child</p> <p>Amount of benefit:</p> <p>33.3% to widow or children only.</p> <p>45.8% to widow and one child.</p> <p>47.6% to widow and two children.</p> <p>50.0% to widow and three children.</p>
Duty Death Benefit	<p>Eligibility: spouse or child</p> <p>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.</p>
Non-Duty Death Benefit	<p>Eligibility: spouse or child</p> <p>Amount of benefit: provisions the same as Survivor's Benefit under Non-Duty Disability Retirement.</p>
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	<p>Commences: when a firefighter would have had 25 years of service (RCW 41.18.130) or age 50 (RCW 41.26.090).</p> <p>Amount of benefit: 2% of salary for each year of service. Other provisions apply, see statutes.</p> <p>Death while vested prior to commencement of benefits: payment of firefighters deferred benefit to spouse or child.</p>
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, 2018 - 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	2
85 - 89	1	0	0	1
90 +	0	0	0	0
Total	3	3	4	10

Monthly pension amounts as of January 1, 2018:

Paid by City	Paid by LEOFF
\$5,696	\$38,526

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 December 31 valuation were:

Assumption	Rates
Actuarial Cost Method	Entry Age Normal Level Percentage of Salary
Asset Valuation Method	Fair Market Value
Measurement Date	December 31, 2017
Inflation Rate	2.75%
Discount Rate (or Investment Return)	Based on 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 3.25% was selected.
Cost of Living	2.75%, based on 2014 SSA OASDI report and City input.
Salary Increases (for calculated benefit increases based on rank)	3.75%, based on City input.
Healthy Mortality	RP-2014 mortality table (adjusted to 2006), total dataset, fully generational with mortality improvement scale MP-2018 setback one year for males and set forward one year for females.

Disabled Mortality	RP-2014 mortality table (adjusted to 2006), total dataset, fully generational with mortality improvement scale MP-2018 set forward two years for males and females.
Termination Rates	n/a
Disability	n/a
Retirement	n/a
Spouse Age	Assumed females are three years younger than males.

NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2018:

Aggregate OPEB Amounts	
<i>OPEB Liabilities</i>	\$ 14,694,242
<i>OPEB Assets</i>	\$ -
<i>Deferred outflows of resources</i>	\$ 369,806
<i>Deferred inflows of resources</i>	\$ -
<i>OPEB expenses/expenditures</i>	\$ (11,258,582)

Plan Description

The City of Tukwila's LEOFF Plan 1 (the Plan) is a single-employer defined-benefit healthcare plan administered by the City. The Plan provides medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for LEOFF 1 retirees. The Plan does not cover dependent spouses and children. The Plan does not issue a separate standalone financial report.

Benefits Provided

As mandated by RCW 41.26, RCW 41.18, and RCW 41.20, the City reimburses 100% of allowable healthcare costs for LEOFF 1 retirees. All firefighters and law enforcement officers employed between 3/1/1970 and 10/31/1977 are members of a single employer defined benefit OPEB plan and are provided lifetime insurance coverage for medical, hospital and nursing care costs. These benefits are accounted for in Police and Fire Pension and Relief Funds and are considered, in substance, a postemployment healthcare plan administered by, but not part of, the Police and Fire Pension Plans. Extraordinary health and dental expenses, as determined by the Pension Board, require prior approval. Insurance policies for this benefit are underwritten as part of the City's overall insurance program. The LEOFF I OPEB plans are closed to new entrants.

The City pays a monthly insurance premium to the Employee Health Care Fund for each retiree. The premium is less for Medicare age retirees, and the City reimburses retirees for the Medicare premiums. Medicare is the primary payer for retirees age 65 and over, and Cigna Administrators pays claims for retirees under age 65. The members' necessary hospital, medical, and nursing care expenses not payable by workers' compensation, Medicare, or insurance provided by another employer, are covered.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

<i>Inactive employees or beneficiaries currently receiving benefits</i>	34
<i>Inactive employees entitled to but not yet receiving benefits</i>	0
<i>Active employees</i>	0
<i>Total</i>	34

Contributions

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

The authority to establish and amend benefits is determined by the LEOFF board.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017.

Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.50%

Salary increases: 3.000%.

Investment rate of return: 3.25%

Healthcare cost trend rates: 6.50% in the first year, trending down to 3.84% over 56 years. Mortality rates were based on tables from the Society of Actuaries.

The discount rate used to measure the total OPEB liability is 3.25%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

The measurement date of the total OPEB liability and the date of the actuarial valuation is December 31, 2017.

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates follows:

Development of Per Capita Long Term Care Costs were based on *Society of Actuaries Long Term Care Experience Committee Intercompany Study 1984-2004, November 2007.*

	<i>1% Decrease (5.8%)</i>	<i>Current Healthcare Cost Trend Rate (6.8%)</i>	<i>1% Increase (7.8%)</i>
	<i>5.50% Decreasing to 2.84%</i>	<i>6.50% Decreasing to 3.84%</i>	<i>7.50% Decreasing to 4.84%</i>
Total OPEB Liability	\$13,112,161	\$14,694,242	\$16,545,989

Sensitivity of the net OPEB liability to changes in the discount rate. The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.25%) or one percentage point higher (4.25%) follows:

	<i>1% Decrease (2.25%)</i>	<i>Current Discount Rate (3.25%)</i>	<i>1% Increase (4.25%)</i>
Total OPEB Liability	\$16,690,463	\$14,694,242	\$13,031,627

Changes in the Total OPEB Liability – City of Tukwila LEOFF Plan 1

	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balance as of December 31, 2017	\$ 26,383,115	\$ -	\$ 26,383,115
Changes:			
Service Cost	-	-	-
Interest	469,303	-	469,303
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(3,780,437)	-	(3,780,437)
Changes of Assumptions	(7,947,448)	-	(7,947,448)
Contributions			
Employer - City's Contribution	-	-	-
Employer - Implicit Subsidy	-	-	-
Employee	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(430,291)	-	(430,291)
Implicit Rate Subsidy Fulfilled	-	-	-
Administrative Expenses	-	-	-
Net Changes	(11,688,873)	-	(11,688,873)
Balance as of December 31, 2018	\$ 14,694,242	\$ -	\$ 14,694,242

For the year ended December 31, 2018, the City recognized an OPEB expense of \$ -11,258,582.

Changes in assumptions that affected measurement of the total OPEB liability since the prior measurement date include changes in premiums and claims, mortality, and trends.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
<i>Differences between expected and actual experience</i>	\$ -	\$ -
<i>Changes of assumptions</i>	\$ -	\$ -
<i>Payments subsequent to the measurement date</i>	\$ 369,806	\$ -
Total	\$ 369,806	\$ -

Deferred outflows of resources of \$369,806 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019.

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 Aa3 from Moody's Investor Service and AA from Standard & Poor's.

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.
- 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.
- 2017 LTGO bonds were issued to fund residential street improvements including adding sidewalks and undergrounding utilities on 42nd and 53rd Avenues.

- 2017 refunding bond was issued to pay off the 2014 general obligation bond in the form of a line-of-credit that was utilized to purchase property and pay for capital costs of redevelopment activities within the City's Urban Renewal area.
- 2018 LTGO bonds were issued to fund the purchase of land in order to consolidate the Public Works function at one location.

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 does not maintain a rating from any of the rating agencies because the outstanding revenue bonds are in private placement.

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, 2018.

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 01/01/2018	\$ 59,214,505	\$ 4,805,000	\$ 3,583,505	\$ 5,914,400	\$ 10,487,883	\$ 9,745,053	\$ 93,750,346
Added	18,365,000	-	3,462,032	-	4,206,359		26,033,391
Retired / redeemed	(3,607,196)	(485,000)	(3,583,505)	(184,800)	-	(2,895,576)	(10,756,077)
Outstanding 12/31/2018	\$ 73,972,309	\$ 4,320,000	\$ 3,462,032	\$ 5,729,600	\$ 14,694,242	\$ 6,849,477	\$ 109,027,660
Add Premiums, Subtract Discounts							5,923,595
Total Long-Term Liabilities							\$ 114,951,255

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.

Governmental Activities							
Year Ended December 31	General Obligation Bonds		Due to Other Governments		Special Assessments		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 3,828,521	\$ 3,104,087	\$ 190,800	\$ 358,788	\$ 445,000	\$ 243,638	\$ 8,170,834
2020	2,051,461	2,950,337	-	354,018	445,000	223,613	6,024,429
2021	2,195,560	2,873,341	381,200	344,170	445,000	203,588	6,442,859
2022	5,877,766	2,785,599	238,000	327,624	445,000	183,563	9,857,552
2023	3,919,000	2,561,077	222,400	314,593	445,000	163,574	7,625,643
2024-2028	17,558,000	10,357,818	1,254,000	1,346,696	2,095,000	478,375	33,089,889
2029-2033	21,144,000	6,225,952	1,541,200	892,670	-	-	29,803,822
2034-2038	17,398,000	1,743,261	1,902,000	325,176	-	-	21,368,437
Totals	\$ 73,972,309	\$ 32,601,469	\$ 5,729,600	\$ 4,263,737	\$ 4,320,000	\$ 1,496,349	\$ 122,383,464

CHANGES IN LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

ITEM	Interest		OUTSTANDING				OUTSTANDING	Due Within
	Rates	Maturity	Authorized	12/31/2017	ISSUED	REDEEMED	12/31/2018	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	1,485,000	-	720,000	765,000	765,000
2010 Streets / Equipment	2.00-5.41	12/01/24	5,870,000	3,170,000	-	415,000	2,755,000	425,000
2011 Refunding Streets (2003 GO)	1.25-4.00	12/01/23	4,620,000	2,925,000	-	445,000	2,480,000	460,000
2013 LTGO-MPD Pool Improve	2.00-4.00	12/01/22	1,000,000	513,505	-	99,196	414,309	97,521
2014 LTGO-Urban Renewal	0.85-4.86	12/01/34	3,850,000	3,410,000	-	153,000	3,257,000	156,000
2015 LTGO-Interurban, BAR	2.25-3.00	12/01/35	5,825,000	5,380,000	-	230,000	5,150,000	240,000
2017 LTGO-42nd & 53rd Streets	3.00-3.50	12/01/37	8,180,000	8,180,000	-	305,000	7,875,000	315,000
2017 Refunding Line of Credit	2.60-3.00	12/01/22	2,276,000	2,276,000	-	-	2,276,000	-
2018 LTGO - Public Works Shops	4.00-5.00	12/01/38	18,365,000	-	18,365,000	-	18,365,000	-
Total LTGO Bonds Payable			56,166,000	27,339,505	18,365,000	2,367,196	43,337,309	2,458,521
<u>Unlimited General Obligation (UTGO) Bonds Payable:</u>								
2016 UTGO - Public Safety	4.50-5.00	12/01/35	77,385,000	31,875,000	-	1,240,000	30,635,000	1,370,000
Total UTGO Bonds Payable			77,385,000	31,875,000	-	1,240,000	30,635,000	1,370,000
Issuance premiums			-	4,804,720	1,809,036	690,161	5,923,595	-
Net Bonds Payable			133,551,000	64,019,225	20,174,036	4,297,356	79,895,904	3,828,521
<u>Due to Other Governments</u>								
2009 Facility SCORE	3.00-6.62	01/01/39	6,898,800	5,914,400	-	184,800	5,729,600	190,800
Total Due Other Governments			6,898,800	5,914,400	-	184,800	5,729,600	190,800
<u>Special Assessment Debt</u>								
Klickitat Urban Access Project	3.150-5.375	01/15/29	6,687,500	4,805,000	-	485,000	4,320,000	445,000
Total Special Assessment Debt			6,687,500	4,805,000	-	485,000	4,320,000	445,000
Other Post-Employment Benefits Payable				10,487,883	4,206,359	-	14,694,242	-
Net Pension Liability				9,745,053	-	2,895,576	6,849,477	-
Compensated Absences:				3,583,505	3,462,032	3,583,505	3,462,032	-
Total Governmental Funds			\$ 147,137,300	\$ 98,555,066	\$ 27,842,427	\$ 11,446,237	\$ 114,951,255	\$ 4,464,321

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.

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

	REVENUE BONDS UTILITIES	PUBLIC WORKS TRUST FUND LOANS	COMPENSATED ABSENCES	NET PENSION LIABILITY	TOTAL
Outstanding 01/01/2018	\$ 1,454,422	\$ 4,447,522	\$ 318,397	\$ 1,799,011	\$ 8,019,352
Added	-	-	-	-	-
Retired / redeemed	(149,659)	(599,467)	(5,575)	(502,197)	(1,256,898)
Outstanding 12/31/2018	\$ 1,304,763	\$ 3,848,055	\$ 312,822	\$ 1,296,814	\$ 6,762,454

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.

Business-Type Activities					
Year Ended December 31	Revenue Bonds		Public Works Trust Fund Loans		Total
	Principal	Interest	Principal	Interest	
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	599,468	9,246	789,231
2022	162,531	19,662	573,417	10,248	765,858
2023	162,560	15,858	573,417	7,381	759,217
2024-2028	515,144	24,310	738,117	9,867	1,287,438
2029-2033	-	-	164,700	2,059	166,759
Totals	\$ 1,304,763	\$ 140,705	\$ 3,848,055	\$ 74,285	\$ 5,367,807

CHANGES IN LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

ITEM	Interest		OUTSTANDING				OUTSTANDING	Due Within
	Rates	Maturity	Authorized	12/31/2017	ISSUED	REDEEMED	12/31/2018	One Year
BUSINESS-TYPE ACTIVITIES:								
<u>Bonds Payable:</u>								
2015 Water/Sewer/SWM Refunding	2.34	12/01/26	1,742,527	1,454,422	-	149,659	1,304,763	150,736
Total Bonds Payable			1,742,527	1,454,422	-	149,659	1,304,763	150,736
<u>Public Works Trust Fund Loans:</u>								
2003 Loan-Water/Sewer	0.50	06/01/21	273,870	57,817	-	14,458	43,359	14,453
2003 Loan-Surface Water	0.50	06/01/21	219,725	46,385	-	11,591	34,794	11,598
2004 Loan-Water/Sewer	0.50-2.00	06/01/24	5,016,000	1,910,204	-	272,886	1,637,318	272,886
2004 Loan-Surface Water	0.50-2.00	06/01/24	684,000	260,482	-	37,212	223,271	37,212
2004 Loan-Surface Water	1.00	06/01/24	4,196,056	1,555,009	-	222,144	1,332,865	222,144
2014 Loan-Sewer	0.5	06/01/32	750,000	617,625	-	41,175	576,450	41,175
Total Public Works Trust Fund Loans			11,139,651	4,447,522	-	599,467	3,848,055	599,468
Net Pension Liability				1,799,011	-	502,197	1,296,814	-
Compensated Absences				318,397	-	5,575	312,822	18,224
Total Business-Type Activities			\$ 12,882,178	\$ 8,019,352	\$ -	\$ 1,256,898	\$ 6,762,454	\$ 768,428
TOTAL ALL FUNDS			\$ 160,019,478	\$ 106,574,417	\$ 27,842,427	\$ 12,703,135	\$ 121,713,709	\$ 5,232,749

LONG-TERM LIABILITIES RECONCILIATION

	Governmental Activities	Business-Type Activities	Balance 12/31/2018
General obligation bonds	\$ 73,972,309	\$ -	\$ 73,972,309
Special assessment bonds	4,320,000	-	4,320,000
Revenue bonds	-	1,304,763	1,304,763
Public Works Trust Fund loans	-	3,848,055	3,848,055
Due to Other Governments	5,729,600	-	5,729,600
Employee leave benefits	3,462,032	312,822	3,774,854
Net Premiums/Discounts	5,923,595	-	5,923,595
Other Post-Employment Benefits	14,694,242	-	14,694,242
Net Pension Liability	6,849,477	1,296,814	8,146,291
Total long-term debt	\$ 114,951,255	\$ 6,762,454	\$ 121,713,709

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, 2018, 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	\$ 100,107,599	\$ 166,845,998	\$333,691,996	\$500,537,994
Outstanding Net				
Indebtedness	85,486,064	85,486,064	85,486,064	85,486,064
Margin Available	\$ 14,621,534	\$ 81,359,934	\$248,205,932	\$415,051,930

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, 2018, \$1,590,000 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, 25% of unused 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 fifth of 15 annual installments for the assessments was due by October 16, 2018.

As of December 31, 2018, all LID Special Assessments were current, nothing was delinquent. During 2018, two 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 2019.

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, 2018 is \$0 for its tax-exempt bond issues subject to the Tax Reform Act.

NOTE 11 – COMMITMENTS

Construction Commitments. As of December 31, 2018, contractual obligations to contractors for construction projects total \$14,054,650.

Governmental Activities	Remaining Commitment
42nd Ave S Phase III	\$ 227,176
Strander Blvd. Extension Phase III	2,963,396
Public Safety Plan	5,957,328
Major Maintenance on 3 Bridges	209,653
Boeing Access Road over BNRR	1,417,315
Boeing Access Road Bridge over Airport Way	305,482
Baker Blvd Non-Motorized	63,809
53rd Avenue South	1,369,198
Other governmental projects	134,695
Total Governmental Activities	\$ 12,648,051
Business-Type Activities Projects	Remaining Commitment
GIS Inventory, Asset Management System	\$ 146,101
Tukwila 205 Levee Certification Phase I & II	139,242
42nd Avenue South	45,968
Andover Park East Water and Sewer Replacement	298,332
East Marginal Way Stormwater Outfalls	278,870
Green the Green	132,635
Small Drainage	157,062
Other Utility related projects	208,390
Total Business-Type Activities	\$ 1,406,599
Total Construction Commitments	\$ 14,054,650

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 is expected to share in potential liability under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") for sediment contamination within the Lower Duwamish Waterway Superfund site. In 2014, the Environmental Protection Agency estimated the total cost for the waterway cleanup to be \$342 million with as many as 120 or more parties sharing in the liability. While it is not possible to provide an estimate of 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 City's recent ownership of the system, which began in 1989, means the City's share of liability should be low compared to other liable parties. A multi-year confidential process to allocate Duwamish Waterway cleanup costs is being undertaken by the major liable parties. Once that process is completed and communicated to the City, which could occur in 2019, the City will be in a better position to estimate its potential liability for cleanup costs within the Lower Duwamish Waterway Superfund site.

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 160 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, reinsurance and other 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 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 a budgeted expenditure each year and the City paid \$38,356 in unemployment in 2018. This expense is budgeted in the Finance Department within the general fund and Foster Golf Course, and enterprise fund. 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 Symetra which provides an individual limit of \$175,000. 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 54.5 days for medical, 23.2 days for pharmacy, 31.4 days for dental, and 46.9 days for vision were selected. Using average lag days and net adjusted paid claims, the IBNR liability was estimated as of May 31, 2018. Next, the estimated IBNR liability as of December 31, 2018 was developed by trending the May 31, 2018 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 2018 and 2017.

SUMMARY OF HEALTH CARE CLAIM LIABILITIES

ITEM	Active Employees		Retired Employees LEOFF I	
	2018	2017	2018	2017
Claim Liabilities at Beginning of Year	\$ 1,932,248	\$ 1,858,250	\$ 196,659	\$ 191,250
Claim expenses:				
Current year and changes in estimates	6,223,659	6,329,189	339,056	430,289
Claim payments and expenses	(6,835,748)	(6,255,191)	(389,568)	(424,880)
Claim Liabilities at End of Year	\$ 1,320,159	\$ 1,932,248	\$ 146,147	\$ 196,659

NOTE 14 – SUBSEQUENT EVENT

In the 4th quarter of 2019, the City plans to issue the remaining voter approved bonds of \$40.885 million. Proceeds will be used to fund the Justice Center and fire station projects as outlined in the Public Safety Plan. The City also plans to issue up to \$25 million in limited tax general obligation (LTGO) bonds, also to fund not only the Justice Center and fire station projects but the Public Works Shops facility project as well. City Council has not yet approved the ordinances to issue the bonds but is expected to authorize the sale of both the UTGO and LTGO bonds in July of 2019.

Prior to the end of 2019, the City expects to sell property associated with the Tukwila Village Development project for construction of a 6-story mixed-use facility containing 79 residential rental housing units, which qualify as senior housing, and a 5-story mixed-use facility containing 125 residential housing units that also qualify as senior housing. Total sell price is estimated to be \$2.3 million.

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 49,073,331	\$ 49,073,331	\$ 46,896,613	\$ (2,176,718)
Licenses and permits	2,347,090	2,347,090	4,875,454	2,528,364
Intergovernmental	4,295,559	4,437,665	4,637,018	199,353
Charges for services	3,282,219	3,325,219	3,290,960	(34,259)
Fines and Forfeitures	306,129	306,129	291,604	(14,525)
Investment earnings	158,147	158,147	419,092	260,945
Miscellaneous	208,600	215,200	193,568	(21,632)
Total Revenues	59,671,075	59,862,781	60,604,309	741,528
EXPENDITURES:				
Current:				
General Government	10,188,099	10,521,099	10,365,988	155,111
Economic environment	4,558,040	4,558,040	4,308,130	249,910
Physical environment	2,029,363	2,029,363	1,805,457	223,906
Public Safety	31,561,730	31,723,800	30,758,088	965,712
Culture and recreation	4,785,966	4,862,746	4,620,127	242,619
Transportation	3,149,643	3,149,643	3,098,042	51,601
Capital outlay	30,000	30,000	80,033	(50,033)
Total Expenditures	56,302,841	56,874,691	55,035,865	1,838,826
Excess of Revenues And Expenditures	3,368,234	2,988,090	5,568,444	2,580,354
OTHER FINANCING SOURCES (USES):				
Transfers in	6,050,000	6,050,000	-	(6,050,000)
Transfers out	(9,539,621)	(9,470,580)	(4,023,156)	5,447,424
Total Other Financing Sources And Uses	(3,489,621)	(3,420,580)	(4,023,156)	(602,576)
Net change in fund balances	(121,387)	(432,490)	1,545,288	1,977,778
Fund balances - beginning	17,262,169	17,019,669	19,072,725	2,053,056
Fund Balances - Ending	\$ 17,140,782	\$ 16,587,179	\$ 20,618,013	\$ 4,030,834

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

- 1) Prior to November 1 on even numbered years, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months, and balanced with revenue estimates made by the Mayor.
- 2) The City Council conducts public hearings on the proposed budget in November and December.
- 3) The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.
- 4) The final operating budget as adopted is published and distributed within the first month of the following year. Copies of the budget are made available to the public.

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

Expenditure Categories

<i>General Government</i>	Includes administration, finance, municipal court, attorney, and city clerk activities.
<i>Public Safety</i>	Includes all police and fire activities.
<i>Physical Environment</i>	Includes expenditures for the public works activities not chargeable to the enterprise funds.
<i>Transportation</i>	Includes all street and arterial street maintenance and construction.
<i>Economic Environment</i>	Reflects the planning and building inspection activities.
<i>Culture and Recreation</i>	Includes 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 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)	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered 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%
June 30, 2017	0.127058%	6,029,001	-	6,029,001	16,022,842	37.63%	61.24%
June 30, 2018	0.122630%	5,476,697	-	5,476,697	16,327,082	33.54%	63.22%

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)	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered 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%
June 30, 2017	0.161787%	5,621,325	-	5,621,325	15,861,514	35.44%	90.97%
June 30, 2018	0.156335%	2,669,281	-	2,669,281	16,228,608	16.45%	95.77%

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)	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered 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%
June 30, 2017	0.455650%	8,928	-	8,928	161,328	5.53%	96.26%
June 30, 2018	0.025080%	311	-	311	98,474	0.32%	99.79%

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)	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered 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)	(5,428,021)	(6,230,511)	-	n/a	123.74%
June 30, 2017	0.082086%	(1,245,425)	(8,424,025)	(9,669,450)	-	n/a	135.96%
June 30, 2018	0.083934%	(1,523,823)	(10,307,102)	(11,830,925)	-	n/a	144.42%

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)	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered 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%
June 30, 2017	0.503269%	(6,983,743)	(4,530,224)	(11,513,967)	15,743,133	-73.14%	113.36%
June 30, 2018	0.480347%	(9,752,091)	(6,314,295)	(16,066,386)	15,759,700	-101.95%	118.50%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PERS 1

Fiscal Year Ending	Statutorily or contractually required contributions	Less: Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered 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%
December 31, 2017	789,712	(789,712)	-	16,153,755	4.89%
December 31, 2018	846,714	(846,714)	-	16,742,206	5.06%

PERS 2/3

Fiscal Year Ending	Statutorily or contractually required contributions	Less: Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered 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%
December 31, 2017	1,090,715	(1,090,715)	-	16,024,008	6.81%
December 31, 2018	1,245,790	(1,245,790)	-	16,629,084	7.49%

PSERS

Fiscal Year Ending	Statutorily or contractually required contributions	Less: Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered payroll
December 31, 2015	\$ 10,105	\$ (10,105)	\$ -	\$ 156,084	6.47%
December 31, 2016	10,642	(10,642)	-	161,481	6.59%
December 31, 2017	8,612	(8,612)	-	129,747	6.64%
December 31, 2018	7,768	(7,768)	-	113,122	6.87%

LEOFF 2

Fiscal Year Ending	Statutorily or contractually required contributions	Less: Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered 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%
December 31, 2017	815,548	(815,548)	-	15,860,571	5.14%
December 31, 2018	855,040	(855,040)	-	16,132,860	5.30%

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

FIREMEN'S PENSION TRUST FUND

Schedule of Changes in the City's Net Pension Liability and Related Ratios

<u>Total Pension Liability</u>	2014	2015	2016	2017	2018
Service cost	-	-	-	-	-
Interest	50,098	49,716	49,332	38,796	-
Changes of benefit terms	-	-	-	-	-
Difference between expected & actual experience	-	(2,442)	(311,190)	-	(2,810)
Changes of assumptions	-	-	(62,728)	-	(177,772)
Benefits payments, included refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)	17,700
Net change in total pension liability	(11,765)	(11,003)	(384,574)	(30,390)	(162,882)
Total pension liability - beginning	1,852,693	1,840,928	1,829,925	1,445,351	1,414,961
Total pension liability - ending (a)	1,840,928	1,829,925	1,445,351	1,414,961	1,252,079
<u>Plan Fiduciary Net Position</u>					
Contributions - employer	64,114	63,590	66,360	68,848	(139)
Contributions - employee	-	-	-	-	-
Net investment income	1,805	2,667	7,988	39,157	(39,477)
Benefit payments, including refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)	17,700
Administrative expense	-	(4,500)	(4,500)	(4,624)	1,124
Other	-	-	-	-	2,716
Net change in plan fiduciary net position	4,056	3,480	9,860	34,195	(18,076)
Plan fiduciary net position - beginning	1,408,970	1,413,026	1,416,506	1,426,366	1,460,561
Plan fiduciary net position - ending (b)	1,413,026	1,416,506	1,426,366	1,460,561	1,442,485
City's net pension liability - ending (a) - (b)	427,902	413,419	18,985	(45,600)	(190,406)
Plan fiduciary net position as a percent of total pension liability	76.76%	77.41%	98.69%	103.22%	115.21%
Covered employee payroll	-	-	-	-	-
City net pension liability as a percent of covered employee payroll	n/a	n/a	n/a	n/a	n/a

Schedule of Employer Contributions

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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
December 31, 2017	68,848	68,848	-	-	n/a
December 31, 2018	(139)	(139)	-	-	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%
2017	2.75%
2018	-2.68%

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

City of Tukwila
Schedule of Changes in Total OPEB Liability and Related Ratios
LEOFF Plan 1
For the year ended December 31, 2018
Last 10 Fiscal Years*

	<u>2018</u>
Total OPEB liability - beginning	\$26,383,115
Service cost	-
Interest	469,303
Changes in benefit terms	-
Differences between expected and actual experience	(3,780,437)
Changes of assumptions	(7,947,448)
Benefit payments	(430,291)
Other changes	-
Total OPEB liability - ending	<u><u>14,694,242</u></u>
 Covered-employee payroll	 -
 Total OPEB liability as a % of covered payroll	 n/a

Notes to Schedule:

- * Until a full 10-year trend is compiled, only information for those years available is presented.
- No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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 specific 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 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.
- Unlimited Tax G.O. 2016 – Accounts for principal and interest on voter approved bonds issued to pay for the construction of public safety facilities including a justice center and fire stations and fire equipment and apparatus for 20 years.
- Limited Tax G.O Fund – Accounts for principal and interest payments on bonds for all debt issues except for voter approved bonds.

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 GOVERNMENTAL FUNDS
 DECEMBER 31, 2018

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 1,613,260	\$ 704,060	\$ 3,880,733	\$ 6,198,053
Investments	-	535,329	-	535,329
Taxes receivable	99,194	33,658	66,826	199,678
Other receivables	-	2,136	-	2,136
Customer receivables	-	-	881,964	881,964
Due from other governmental units	-	-	23,979	23,979
Restricted Assets:				
Cash and cash equivalents	212,063	-	167,136	379,199
Notes receivable	-	-	277,116	277,116
Capital assets held for resale	-	-	5,293,000	5,293,000
Total Assets	\$ 1,924,517	1,275,183	10,590,753	13,790,454
LIABILITIES AND FUND BALANCES:				
Current liabilities				
Accounts payable	73,204	-	602,356	675,560
Accrued wages and benefits	-	-	6,949	6,949
Customer deposit	-	-	296,204	296,204
Total Liabilities	73,204	-	905,510	978,713
Deferred inflow s of resources				
Unavailable revenue-property tax	-	33,658	-	33,658
Unavailable revenue-impact fee	-	-	277,116	277,116
Total Deferred Inflow s of Resources	-	33,658	277,116	310,774
Fund balances:				
Restricted	1,851,313	795,683	924,768	3,571,764
Assigned	-	445,843	8,215,038	8,660,881
Assigned - 1% arts	-	-	268,321	268,321
Assigned	0	(0)	(2,200)	(2,200)
Total Fund balances	1,851,313	1,241,525	9,408,128	12,500,966
Total Liabilities and Fund Balances	\$ 1,924,517	\$ 1,275,183	\$ 10,590,753	\$ 13,790,454

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 833,990	\$ 2,797,731	\$ 648,265	\$ 4,279,986
Charges for services	-	-	2,058,734	2,058,734
Intergovernmental	-	52,466	1,204,468	1,256,934
Investment earnings	24,557	44,996	138,358	207,910
Miscellaneous	32,480	-	142,654	175,134
Total Revenues	891,027	2,895,193	4,192,479	7,978,699
EXPENDITURES:				
Current:				
General government	-	-	125,443	125,443
Economic environment	378,398	-	-	378,398
Public safety	28,406	-	-	28,406
Cultural and Recreation	-	-	232,012	232,012
Transportation	-	-	4,318,339	4,318,339
Debt service				
Principal	-	3,607,196	-	3,607,196
Interest	-	2,720,958	-	2,720,958
Capital Outlay	-	-	4,615,102	4,615,102
Total Expenditures	406,804	6,328,154	9,290,896	16,025,853
Excess (deficiency) of revenues				
Over (Under) Expenditures	484,223	(3,432,960)	(5,098,417)	(8,047,155)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,554,479	288,190	3,842,669
Transfers out	-	-	(3,900,000)	(3,900,000)
Total Other Financing Sources And Uses	-	3,554,479	(3,611,810)	(57,331)
Net change in fund balances	484,223	121,518	(8,710,227)	(8,104,486)
Fund balances - beginning	1,367,091	1,120,007	18,118,354	20,605,452
Fund Balances - Ending	\$ 1,851,313	\$ 1,241,525	\$ 9,408,128	\$ 12,500,966

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2018

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
ASSETS:			
Cash and cash equivalents	\$ 1,588,891	\$ 24,370	\$ 1,613,260
Taxes receivables	99,194	-	99,194
Current Assets Restricted:			
Cash and cash equivalents	-	212,063	212,063
Total Assets	1,688,084	236,433	1,924,517
LIABILITIES AND FUND BALANCES:			
Accounts payable	70,459	2,745	73,204
Total Liabilities	70,459	2,745	73,204
Fund balances:			
Restricted	1,617,625	233,688	1,851,313
Total Fund Balances	1,617,625	233,688	1,851,313
Total Liabilities and Fund Balances	\$ 1,688,084	\$ 236,433	\$ 1,924,517

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, 2018

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
REVENUES:			
Taxes	\$ 833,990	\$ -	\$ 833,990
Investment earnings	22,258	2,298	24,557
Miscellaneous	-	32,480	32,480
Total Revenue	856,248	34,779	891,027
EXPENDITURES:			
Current:			
Public safety	-	28,406	28,406
Economic environment	378,398	-	378,398
Total Expenditures	378,398	28,406	406,804
Excess (deficiency) of revenues			
Over (Under) Expenditures	477,851	6,372	484,223
Net change in fund balances	477,851	6,372	484,223
Fund balances - beginning	1,139,775	227,316	1,367,091
Fund Balances - ending	\$ 1,617,625	\$ 233,688	\$ 1,851,313

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2018

	Special Assesment Bonds Guaranty Fund 2013	UTGO Bonds 2016 (Public Safety Plan)	LTGO Bond Fund	Total Nonmajor Debt Service Funds
ASSETS:				
Cash and cash equivalents	\$ 163,294	\$ 95,114	\$ 445,652	\$ 704,060
Investments	535,329	-	-	535,329
Receivables				
Taxes	-	33,658	-	33,658
Interest on investments	2,136	-	-	2,136
Total assets	700,759	128,772	445,652	1,275,183
LIABILITIES AND FUND BALANCES:				
Total Liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue-property tax	\$ -	\$ 33,658	-	33,658
Total Deferred Inflow of Resources	-	33,658	-	33,658
Fund balances:				
Restricted	700,568	95,114	-	795,683
Assigned	190	-	445,652	445,843
Total Fund Balances	700,759	95,114	445,652	1,241,525
Total Liabilities and Fund Balances	\$ 700,759	\$ 128,772	\$ 445,652	\$ 1,275,183

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, 2018

	Special Assessment Bonds Guaranty Fund 2013	UTGO Bonds 2016 (Public Safety Plan)	LTGO Bond Fund	Total Nonmajor Debt Service Funds
REVENUES:				
Taxes	\$ -	\$ 2,797,731	\$ -	\$ 2,797,731
Intergovernmental	-	-	52,466	52,466
Investment earnings	31,530	8,144	5,322	44,996
Total revenues	31,530	2,805,876	57,787	2,895,193
EXPENDITURES:				
General Government	-	-	-	-
Debt service				
Principal	-	1,240,000	2,367,196	3,607,196
Interest	-	1,533,675	1,187,283	2,720,958
Total Expenditures	-	2,773,675	3,554,479	6,328,154
Excess (deficiency) of revenues				
Over (Under) Expenditures	31,530	32,201	(3,496,691)	(3,432,960)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	3,554,479	3,554,479
Total Other Financing Source And Use	-	-	3,554,479	3,554,479
Net change in fund balances	31,530	32,201	57,788	121,518
Fund balances - beginning	669,229	62,913	387,865	1,120,007
Fund Balances - Ending	\$ 700,759	\$ 95,114	\$ 445,652	\$ 1,241,525

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2018

	Residential Street	Land Acq. Rec & Park Development	Facilities Urban Renew al	General Government Improvements	Fire Improvements	Total Nonmajor Capital Project Funds
ASSETS:						
Cash and cash equivalents	\$ 8,324	\$ 1,109,643	\$2,282,693	\$ 480,072	\$ -	\$ 3,880,733
Taxes receivable	41,806	25,020	-	-	-	66,826
Customer receivables	881,964	-	-	-	-	881,964
Due from other governmental units	-	23,979	-	-	-	23,979
RESTRICTED ASSETS:						-
Cash and cash equivalents	-	-	-	-	167,136	167,136
Notes receivable	-	-	-	-	277,116	277,116
Capital asset held for resale	-	-	5,293,000	-	-	5,293,000
Total Assets	932,093	1,158,643	7,575,693	480,072	444,252	10,590,753
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:						
Current payables:						
Accounts payables	591,745	5,850	4,761	-	-	602,356
Accrued wages and benefits	6,949	-	-	-	-	6,949
Customer deposit	217,855	19,525	56,513	2,311	-	296,204
Total Liabilities	816,550	25,375	61,274	2,311	-	905,510
Deferred Inflow of resources:						
Unavailable revenue-impact fee	-	-	-	-	277,116	277,116
Total Deferred Inflow of Resources	-	-	-	-	277,116	277,116
Fund balances:						
Restricted	-	757,632	-	-	167,136	924,768
Assigned	115,544	107,315	7,514,419	477,761	-	8,212,838
Assigned - 1% arts	-	268,321	-	-	-	268,321
Total Fund Balance	115,544	1,133,268	7,514,419	477,761	167,136	9,408,128
Total Liabilities and Fund Balances	\$ 932,093	\$ 1,158,643	\$7,575,693	\$ 480,072	\$ 444,252	\$ 10,590,753

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, 2018

	Residential Street	Land Acq. Rec & Park Development	Facilities Urban Renewal	General Government Improvements	Fire Improvements	Total Nonmajor Capital Projects Funds
REVENUES:						
Taxes	\$ -	\$ 648,265	\$ -	\$ -	\$ -	\$ 648,265
Charges for services	1,486,523	34,770	-	-	537,441	2,058,734
Intergovernmental	1,200,483	3,985	-	-	-	1,204,468
Investment earnings	42,906	22,314	45,786	4,867	22,484	138,358
Miscellaneous	142,654	-	-	-	-	142,654
Total Revenues	2,872,566	709,334	45,786	4,867	559,926	4,192,479
EXPENDITURES:						
Current:						
General government	-	-	29,536	95,908	-	125,443
Culture and recreation	-	232,012	-	-	-	232,012
Transportation	4,318,339	-	-	-	-	4,318,339
Capital Outlay	4,615,102	-	-	-	-	4,615,102
Total Expenditures	8,933,441	232,012	29,536	95,908	-	9,290,896
Excess (deficiency) of revenues Over (Under) Expenditures	(6,060,875)	477,323	16,250	(91,040)	559,926	(5,098,417)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	88,190	-	200,000	-	288,190
Transfers out	-	(3,500,000)	-	-	(400,000)	(3,900,000)
Total Other Financing Sources And Uses	-	(3,411,810)	-	200,000	(400,000)	(3,611,810)
Net change in fund balances	(6,060,875)	(2,934,488)	16,250	108,960	159,926	(8,710,227)
Fund balances - beginning	6,176,418	4,067,756	7,498,169	368,801	7,210	18,118,354
Fund Balances - ending	\$ 115,544	\$ 1,133,268	\$ 7,514,419	\$ 477,761	\$ 167,136	\$ 9,408,128

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, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 606,000	\$ 606,000	\$ 810,885	\$ 204,885
Intergovernmental	6,020,000	17,020,000	10,025,425	(6,994,575)
Charges for services	628,000	628,000	1,123,895	495,895
Investment earnings	5,000	5,000	56,916	51,916
Miscellaneous	30,000	30,000	38,400	8,400
Total Revenues	7,289,000	18,289,000	12,055,521	(6,233,479)
EXPENDITURES:				
Current:				
Transportation	4,462,000	4,462,000	2,599,557	1,862,443
Capital outlay	5,341,218	17,641,218	10,018,976	7,622,242
Total Expenditures	9,803,218	22,103,218	12,618,533	9,484,685
Excess (deficiency) of revenues				
Over (Under) Expenditures	(2,514,218)	(3,814,218)	(563,012)	3,251,206
OTHER FINANCING SOURCES (USES):				
Transfers in	3,000,000	3,000,000	-	(3,000,000)
Total Other Financing Sources And Uses	3,000,000	3,000,000	-	(3,000,000)
Net change in fund balances	485,782	(814,218)	(563,012)	251,206
Fund balances -beginning	47,344	4,250,655	3,436,437	(814,218)
Fund Balances - Ending	\$ 533,126	\$ 3,436,437	\$ 2,873,425	\$ (563,012)

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 31,2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Special assessment	\$ 408,593	\$ 408,593	\$ 415,660	\$ 7,067
Investment earnings	270,940	270,940	220,875	(50,065)
Miscellaneous	-	-	49	49
Total Revenues	679,533	679,533	636,584	(42,949)
EXPENDITURES:				
Debt service:				
Principal	445,000	645,000	485,000	160,000
Interest	257,655	257,655	239,588	18,068
Total Expenditures	702,655	902,655	724,588	178,068
Excess of Revenues And Expenditures	(23,122)	(223,122)	(88,003)	135,119
Net change in fund balances	(23,122)	(223,122)	(88,003)	135,119
Fund balances - beginning	879,045	733,045	752,342	19,297
Fund Balances - Ending	\$ 855,923	\$ 509,923	\$ 664,339	\$ 154,416

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, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,107	\$ 1,107
Charges for services	300,000	300,000	328,130	28,130
Investment earnings	-	-	490,316	490,316
Total Revenues	300,000	300,000	819,554	519,554
EXPENDITURES:				
Current:				
Public Safety	1,450,000	3,600,000	3,373,884	226,116
Capital outlay	8,149,000	21,894,000	19,837,626	2,056,374
Total Expenditures	9,599,000	25,494,000	23,211,511	2,282,489
Excess of Revenues And Expenditures	(9,299,000)	(25,194,000)	(22,391,957)	2,802,043
OTHER FINANCING SOURCES (USES):				
Transfers in	-	900,000	900,000	-
Total Other Financing Sources And Uses	-	900,000	900,000	-
Net change in fund balances	(9,299,000)	(24,294,000)	(21,491,957)	2,802,043
Fund balances - beginning	9,656,000	48,268,920	36,724,920	(11,544,000)
Fund Balances - Ending	\$ 357,000	\$ 23,974,920	\$ 15,232,963	\$ (8,741,957)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CITY FACILITIES CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 143,426	\$ 143,426
Total Revenues	-	-	143,426	143,426
EXPENDITURES:				
Current:				
Public Safety	-	-	171,141	(171,141)
Interest	-	-	16,977	(16,977)
Capital outlay	2,302,000	23,302,000	13,049,753	10,252,247
Total Expenditures	2,302,000	23,302,000	13,237,871	10,064,129
Excess of Revenues And Expenditures	(2,302,000)	(23,302,000)	(13,094,446)	10,207,554
OTHER FINANCING SOURCES (USES):				
Bond proceeds	23,343,000	23,343,000	18,365,000	(4,978,000)
Bond premium	-	-	1,809,036	1,809,036
Transfers in	-	3,000,000	3,000,000	-
Prepaid leases	-	1,250,000	3,119,513	1,869,513
Transfers out	-	-	(119,513)	(119,513)
Total Other Financing Sources And Uses	23,343,000	27,593,000	26,174,036	(1,418,964)
Net change in fund balances	21,041,000	4,291,000	13,079,590	8,788,590
Fund balances - beginning	-	420,000	-	(420,000)
Fund Balances - Ending	\$ 21,041,000	\$ 4,711,000	\$ 13,079,590	\$ 8,368,590

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, 2018

	Original Budget (GAAP Basis)	Final Bduget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 755,000	\$ 755,000	\$ 833,990	\$ 78,990
Investment earnings	3,000	3,000	22,258	19,258
Total Revenues	758,000	758,000	856,248	98,248
EXPENDITURES:				
Current:				
Economic environment	423,914	637,500	378,398	259,102
Total Expenditures	423,914	637,500	378,398	259,102
Excess (deficiency) of revenues				
Over (Under) Expenditures	334,086	120,500	477,851	357,351
Net change in fund balances	334,086	120,500	477,851	357,351
Fund balances - beginning	1,202,175	920,375	1,139,775	219,400
Fund Balances - Ending	\$ 1,536,261	\$ 1,040,875	\$ 1,617,625	\$ 576,750

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, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 2,298	\$ 2,298
Fines and forfeitures	60,000	60,000	32,480	(27,520)
Total Revenues	60,000	60,000	34,779	(25,221)
EXPENDITURES:				
Current:				
Public safety	45,000	245,000	28,406	216,594
Total Expenditures	45,000	245,000	28,406	216,594
Excess (deficiency) of revenues				
Over (Under) Expenditures	15,000	(185,000)	6,372	191,372
Net change in fund balances	15,000	(185,000)	6,372	191,372
Fund balances - beginning	476,635	412,316	227,316	(185,000)
Fund balances - ending	\$ 491,635	\$ 227,316	\$ 233,688	\$ 6,372

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, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,360,000	\$ 1,360,000	\$ 1,200,483	\$ (159,517)
Charges for services	-	-	1,486,523	1,486,523
Investment earnings	1,600	1,600	42,906	41,306
Miscellaneous	1,273,000	1,273,000	142,654	(1,130,346)
Total Revenues	2,634,600	2,634,600	2,872,566	237,966
EXPENDITURES:				
Current:				
Transportation	350,000	350,000	4,318,339	(3,968,339)
Capital outlay	5,075,000	10,875,000	4,615,102	6,259,898
Total Expenditures	5,425,000	11,225,000	8,933,441	2,291,559
Excess of Revenues And Expenditures	(2,790,400)	(8,590,400)	(6,060,875)	2,529,525
OTHER FINANCING SOURCES (USES):				
Bond proceeds	2,800,000	2,800,000	-	(2,800,000)
Total Other Financing Sources And Uses	2,800,000	2,800,000	-	(2,800,000)
Net change in fund balances	9,600	(5,790,400)	(6,060,875)	(270,475)
Fund balances - beginning	877,831	11,966,818	6,176,418	(5,790,400)
Fund Balances - Ending	\$ 887,431	\$ 6,176,418	\$ 115,544	\$ (6,060,874)

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, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 400,000	\$ 500,000	\$ 648,265	\$ 148,265
Intergovernmental	146,000	146,000	3,985	(142,015)
Charges for services	-	-	34,770	34,770
Investment earnings	1,000	1,000	22,314	21,314
Total Revenues	547,000	647,000	709,334	62,334
EXPENDITURES:				
Current:				
Culture and recreation	-	-	232,012	(232,012)
Capital outlay	581,000	1,081,000	-	1,081,000
Total Expenditures	581,000	1,081,000	232,012	848,988
Excess of Revenues And Expenditures	(34,000)	(434,000)	477,323	911,323
OTHER FINANCING SOURCES (USES):				
Transfers in	122,000	122,000	88,190	(33,810)
Transfers out	-	(3,500,000)	(3,500,000)	-
Total Other Financing Sources And Uses	122,000	(3,378,000)	(3,411,810)	(33,810)
Net change in fund balances	88,000	(3,812,000)	(2,934,488)	877,513
Fund balances - beginning	2,290,123	4,479,756	4,067,756	(412,000)
Fund Balances - Ending	\$ 2,378,123	\$ 667,756	\$ 1,133,268	\$ 465,512

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FACILITIES URBAN RENEWAL CAPITAL PROJECT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ 3,600	\$ 3,600	\$ 45,786	\$ 42,186
Total Revenues	3,600	3,600	45,786	42,186
EXPENDITURES:				
Current:				
General Government	-	-	29,536	(29,536)
Capital outlay	36,000	36,000	-	36,000
Total Expenditures	36,000	36,000	29,536	6,464
Excess of Revenues And Expenditures	(32,400)	(32,400)	16,250	48,650
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	4,311,000	4,311,000	-	(4,311,000)
Transfers out	(6,050,000)	(6,050,000)	-	6,050,000
Total Other Financing Sources And Uses	(1,739,000)	(1,739,000)	-	1,739,000
Fund balances - beginning	1,997,306	3,976,569	7,498,169	3,521,600
Fund Balances - Ending	\$ 225,906	\$ 2,205,169	\$ 7,514,419	\$ 5,309,250

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, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 4,867	\$ 4,367
Total Revenues	500	500	4,867	4,367
EXPENDITURES:				
Current:				
General Government	-	-	95,908	(95,908)
Capital outlay	294,593	294,593	-	294,593
Total Expenditures	294,593	294,593	95,908	198,685
Excess of Revenues And Expenditures	(294,093)	(294,093)	(91,040)	203,053
OTHER FINANCING SOURCES (USES):				
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	(94,093)	(94,093)	108,960	203,053
Fund balances - beginning	244,055	244,055	368,801	124,746
Fund Balances - Ending	\$ 149,962	\$ 149,962	\$ 477,761	\$ 327,799

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, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Fire impact fees	\$ 50,000	\$ 450,000	\$ 537,441	\$ 87,441
Investment earnings	100	100	22,484	22,384
Total Revenues	50,100	450,100	559,926	109,826
EXPENDITURES:				
Total Expenditures	-	-	-	-
Excess of Revenues And Expenditures	50,100	450,100	559,926	109,826
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(400,000)	(400,000)	-
Total Other Financing Sources And Uses	-	(400,000)	(400,000)	-
Net change in fund balances	50,100	50,100	159,926	109,826
Fund balances - beginning	677,731	(42,890)	7,210	50,100
Fund Balances - Ending	\$ 727,831	\$ 7,210	\$ 167,136	\$ 159,926

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL ASSESSMENT BONDS GUARANTY FUND
FOR THE YEAR ENDED DECEMBER 31,2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 31,530	\$ 31,030
Total Revenues	500	500	31,530	31,030
EXPENDITURES:				
Total Expenditures	-	-	-	-
Excess of Revenues And Expenditures	500	500	31,530	31,030
OTHER FINANCING SOURCES (USES):				
Total Other Financing Sources And Uses	-	-	-	-
Net change in fund balances	500	500	31,530	31,030
Fund balances - beginning	669,651	669,651	669,229	(422)
Fund Balances - Ending	\$ 670,151	\$ 670,151	\$ 700,759	\$ 30,608

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
UNLIMITED TAX GENERAL OBLIGATION DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 2,681,000	\$ 2,781,000	\$ 2,797,731	\$ 16,731
Investment earnings	-	-	8,144	8,144
Total Revenues	2,681,000	2,781,000	2,805,876	24,876
EXPENDITURES:				
Debt service:				
Principal	681,000	781,000	1,240,000	(459,000)
Interest	2,000,000	2,000,000	1,533,675	466,325
Total Expenditures	2,681,000	2,781,000	2,773,675	7,325
Excess of Revenues And Expenditures	-	-	32,201	32,201
Net change in fund balances	-	-	32,201	32,201
Fund balances - beginning	-	219,390	62,913	(156,477)
Fund Balances - Ending	\$ -	\$ 219,390	\$ 95,114	\$ (124,276)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 56,053	\$ 56,053	\$ 52,466	\$ (3,587)
Investment earnings	-	-	5,322	5,322
Miscellaneous	428,288	428,288	-	(428,288)
Total Revenues	484,341	484,341	57,787	(426,554)
EXPENDITURES:				
Debt service:				
Principal	2,505,397	2,505,397	2,367,196	138,201
Interest	1,823,524	1,823,524	1,187,283	636,241
Total Expenditures	4,328,921	4,328,921	3,554,479	774,442
Excess of Revenues And Expenditures	(3,844,580)	(3,844,580)	(3,496,691)	347,889
OTHER FINANCING SOURCES (USES):				
Payment of refunded debt	(2,250,000)	(2,250,000)	-	2,250,000
Transfers in	6,094,580	6,094,580	3,554,479	(2,540,101)
Total Other Financing Sources And Uses	3,844,580	3,844,580	3,554,479	(290,101)
Net change in fund balances	-	-	57,788	57,788
Fund balances - beginning	168,475	168,475	387,865	219,390
Fund Balances - Ending	\$ 168,475	\$ 168,475	\$ 445,652	\$ 277,177

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, 2018

	Equipment Rental	Insurance - Active Employees	Insurance - Leoff I Retirees	Total Internal Service Funds
ASSETS:				
Current assets				
Cash and cash equivalents	\$ 4,155,973	\$ 654,997	\$ 314,179	\$ 5,125,149
Investments	391,478	1,430,644	440,134	2,262,256
Receivables	2,534	63,185	-	65,719
Inventory of materials and supplies	25,830	-	-	25,830
Total Current Assets	4,575,815	2,148,826	754,313	7,478,954
NONCURRENT ASSETS:				
Capital Assets:				
Machinery and equipment	16,173,201	-	-	16,173,201
Less: accumulated depreciation	(11,116,257)	-	-	(11,116,257)
Construction in progress	3,292,324	-	-	3,292,324
Total Capital Assets (Net Of A/D)	8,349,268	-	-	8,349,268
Total Assets	12,925,083	2,148,826	754,313	15,828,222
Deferred Outflow s of Resources				
Deferred outflow pension earnings	30,066	-	-	30,066
Total Deferred Outflow s Of Resources	30,066	-	-	30,066
LIABILITIES:				
Current liabilities:				
Accounts payable	46,134	4,500	2,830	53,464
Accrued wages and benefits	16,373	-	-	16,373
Claims incurred but not reported	-	613,500	61,400	674,900
Total Current Liabilities	62,506	618,000	64,230	744,736
Noncurrent liabilities:				
Reserve for unreported claims	-	920,250	92,100	1,012,350
Net pension liability	172,461	-	-	172,461
Total Noncurrent Liabilities	172,461	920,250	92,100	1,184,811
Total Liabilities	234,967	1,538,250	156,330	1,929,547
Deferred Inflow s of Resources				
Deferred inflow pension earnings	76,011	-	-	76,011
Total Deferred Inflow s Of Resources	76,011	-	-	76,011
NET POSITION:				
Investment in capital assets	8,349,269	-	-	8,349,269
Unrestricted	4,294,902	610,576	597,983	5,503,461
Total Net Position	\$ 12,644,171	\$ 610,576	\$ 597,983	\$ 13,852,730

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 5,959,333	\$ 5,614,536	\$ 250,290	\$ 11,824,159
Other operating revenue	759	155,288	-	156,047
Total Operating Revenue	5,960,092	5,769,823	250,290	11,980,205
OPERATING EXPENSES:				
Operations & maintenance	1,313,328	6,098,080	325,252	7,736,660
Administrative & general	329,368	125,579	13,804	468,751
Depreciation	1,110,745	-	-	1,110,745
Total Operating Expenses	2,753,441	6,223,659	339,056	9,316,156
Operating Income (Loss)	3,206,651	(453,836)	(88,766)	2,664,049
NON-OPERATING REVENUE (EXPENSE):				
Investment earnings	63,117	(2,183)	(13,264)	47,670
Gain (loss) on disposal of capital assets	71,029	-	-	71,029
Total Non-Operating Revenue (Expense)	134,145	(2,183)	(13,264)	118,699
Income (Loss)	3,340,796	(456,019)	(102,030)	2,782,748
Change In Net Position	3,340,796	(456,019)	(102,030)	2,782,748
Net position beginning of year	9,303,375	1,066,595	700,012	11,069,982
Net Position end of year	\$ 12,644,171	\$ 610,576	\$ 597,983	\$ 13,852,730

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Page 1 of 2

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	\$ 5,975,793	\$ 5,757,051	\$ 250,290	\$ 11,983,135
Cash paid to suppliers	(953,296)	(594,575)	(56,473)	(1,604,345)
Cash paid for taxes	(2)	-	-	(2)
Cash paid to, or on behalf of, employees	(522,639)	(6,023,083)	(322,912)	(6,868,634)
Interfund activity - payments to other funds	(329,368)	-	-	(329,368)
Net Cash Provided (Used)				
By Operating Activities	4,170,487	(860,606)	(129,095)	3,180,786
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceed from sale of equipment	110,143	-	-	110,143
Purchase of capital asset	(4,374,323)	-	-	(4,374,323)
Net Cash Provided (Used) For Capital And Related Financing Activities	(4,264,180)	-	-	(4,264,180)
CASH FLOW FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	-	880,667	-	880,667
Interest received	64,600	46,067	2,727	113,394
Net Cash Provided (Used) In Investing Activities	64,600	926,734	2,727	994,061
Net Increase (Decrease) In Cash And Cash Equivalents	(29,093)	66,128	(126,368)	(89,334)
Cash and cash equivalents-beginning of year	4,185,067	588,869	440,547	5,214,483
Cash And Cash Equivalents-End Of Year	\$ 4,155,973	\$ 654,997	\$ 314,179	\$ 5,125,149
Cash at end of year consists of:				
Cash and cash equivalents	\$ 4,155,973	\$ 654,997	\$ 314,179	5,125,149
Total Cash	\$ 4,155,973	\$ 654,997	\$ 314,179	\$ 5,125,149

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Page 2 of 2

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 3,206,651	\$ (453,836)	\$ (88,766)	\$ 2,664,049
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:				
Depreciation	1,110,745	-	-	1,110,745
Asset (increases) decreases:				
Accounts receivable	15,701	(12,772)	-	2,929
Inventory	(7,070)	-	-	(7,070)
Deferred outflow of resources (increase) decrease	8,888	-	-	8,888
Liability increases (decreases):				
Accounts payable	(68,514)	(393,998)	(40,329)	(502,842)
Wages and benefits payable	(9,533)	-	-	(9,533)
Deferred inflow of resources increase (decrease)	(86,381)	-	-	(86,381)
Total Adjustments	963,836	(406,770)	(40,329)	516,737
Net Cash Provided (Used) By Operating Activities	\$ 4,170,487	\$ (860,606)	\$ (129,095)	\$ 3,180,786
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Increase (decrease) in fair value of investment	(8,005)	43,328	25,810	61,133
Total Non Cash Investing, Capital And Financing Activities	\$ (8,005)	\$ 43,328	\$ 25,810	\$ 61,133

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance		Balance	
	January 1, 2018	Additions	Deductions	December 31, 2018
ASSETS				
Cash and cash equivalents	\$ 311,398	\$ 817,063	\$ (879,362)	\$ 249,099
Receivables	2,934	144,529	(142,929)	4,534
Total Assets	314,332	961,592	(1,022,291)	253,633
LIABILITIES				
Accounts and other payables	314,332	1,648,039	(1,708,738)	253,633
Total Liabilities	\$ 314,332	\$ 1,648,039	\$ (1,708,738)	\$ 253,633

City of Tukwila
STATISTICAL SECTION
December 31, 2018

Financial Trends Information

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

Schedule 1	Net Position by Component	141
Schedule 2	Changes in Net Position.....	143
Schedule 3	Fund Balances, Governmental Funds.....	145
Schedule 4	Changes in Fund Balances, Governmental Funds	147
Schedule 5	General Governmental Tax Revenues by Source	149

Revenue Capacity Information

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

Schedule 6	Property Tax Levies and Collections.....	150
Schedule 7	Assessed and Estimated Actual Value of Taxable Property.....	151
Schedule 8	Property Tax Rates-Direct and Overlapping Governments	152
Schedule 9	Principal Property Taxpayers	153
Schedule 10	Retail Sales Tax Collections by Sector	155
Schedule 11	Sales Tax Rate Direct and Overlapping Governments	157

Debt Capacity Information

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

Schedule 12	Ratios of Outstanding Debt by Type	159
Schedule 13	Ratios of General Bonded Debt Outstanding.....	161
Schedule 14	Computation of Direct and Overlapping Debt	162
Schedule 15	Legal Debt Margin Information	163

Demographic and Economic Information

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

Schedule 16	Demographic Statistics.....	165
Schedule 17	Principal Employers.....	166

Operating Information

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

Schedule 18	Full-time Equivalent Employee by Department	167
Schedule 19	Operating Indicators by Function	168
Schedule 20	Capital Assets by Function.....	169

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

Page 1 of 2

	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	\$ 155,847,012	\$ 177,078,793	\$ 199,511,779	\$ 203,206,940
Restricted	16,360,097	23,005,792	5,019,817	2,749,680
Unrestricted	16,031,473	12,119,923	21,479,064	20,194,333
Total governmental activities net position	<u>\$ 188,238,582</u>	<u>\$ 212,204,508</u>	<u>\$ 226,010,660</u>	<u>\$ 226,150,953</u>
Business-type activities:				
Net investment in capital assets	\$ 38,052,488	\$ 44,759,489	\$ 52,134,799	\$ 52,911,741
Restricted	438,619	430,444	430,444	430,444
Unrestricted	10,987,162	11,158,081	10,225,558	11,011,319
Total business-type activities net position	<u>\$ 49,478,269</u>	<u>\$ 56,348,014</u>	<u>\$ 62,790,801</u>	<u>\$ 64,353,504</u>
Primary government:				
Net investment in capital assets	\$ 193,899,500	\$ 221,838,282	\$ 248,636,920	\$ 253,253,170
Restricted	16,798,716	23,436,236	5,450,261	3,180,123
Unrestricted	27,018,635	23,278,004	34,714,280	34,071,164
Total primary government net position	<u>\$ 237,716,851</u>	<u>\$ 268,552,522</u>	<u>\$ 288,801,461</u>	<u>\$ 290,504,457</u>

Notes:

(a) All amounts are reported on the accrual basis

Source:

Tukwila Finance Department

2013	2014	2015	2016	2017	2018
\$ 207,660,389	\$ 191,081,461	\$ 191,331,156	\$ 193,113,026	\$ 199,328,694	\$ 201,997,812
3,480,002	3,973,726	5,446,074	8,996,183	13,480,068	16,962,377
26,981,105	25,009,212	16,125,592	15,809,945	11,366,545	12,407,297
<u>\$ 238,121,496</u>	<u>\$ 220,064,399</u>	<u>\$ 212,902,822</u>	<u>\$ 217,919,155</u>	<u>\$ 224,175,306</u>	<u>\$ 231,367,487</u>
\$ 55,955,595	\$ 57,677,764	\$ 59,483,424	\$ 60,807,030	\$ 65,355,778	\$ 68,680,695
430,444	430,444	-	-	-	-
12,964,539	13,839,529	14,658,912	17,240,620	17,425,401	18,988,782
<u>\$ 69,350,577</u>	<u>\$ 71,947,736</u>	<u>\$ 74,142,335</u>	<u>\$ 78,047,650</u>	<u>\$ 82,781,179</u>	<u>\$ 87,669,477</u>
\$ 263,615,984	\$ 248,759,225	\$ 250,814,581	\$ 253,920,056	\$ 264,684,471	\$ 270,678,507
3,910,445	4,404,170	5,446,074	8,996,183	13,480,068	16,962,377
39,945,644	38,848,741	30,784,504	33,050,565	28,791,946	31,396,080
<u>\$ 307,472,073</u>	<u>\$ 292,012,136</u>	<u>\$ 287,045,158</u>	<u>\$ 295,966,804</u>	<u>\$ 306,956,485</u>	<u>\$ 319,036,964</u>

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

Page 1 of 2

	2009	2010	2011	2012
Expenses				
Governmental Activities				
General Government	\$ 6,689,659	\$ 7,052,717	\$ 9,150,573	\$ 8,343,107
Public Safety	26,959,352	26,088,644	25,348,318	26,598,432
Physical Environment	2,575,405	2,533,394	2,885,175	3,625,696
Transportation	5,541,367	6,015,197	6,872,708	7,314,707
Economic Environment	4,637,531	4,579,338	4,712,832	4,801,342
Mental and Physical Health	4,332	4,539	4,591	-
Culture and Recreation	4,914,256	4,756,676	4,203,824	4,242,725
Interest on Long Term Debt	753,904	1,061,419	472,438	1,152,063
Total Governmental Activities	52,075,806	52,091,924	53,650,459	56,078,072
Business Type Activities				
Water/Sewer Utility	9,293,434	9,343,368	10,092,903	10,149,557
Foster Golf Course	2,050,172	1,935,014	1,986,747	1,701,131
Surface Water Utility	2,299,394	2,476,170	2,588,098	2,699,767
Total Business Type Activities	13,643,000	13,754,552	14,667,748	14,550,455
Total Primary Government Expenses	\$ 65,718,806	\$ 65,846,476	\$ 68,318,207	\$ 70,628,527
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	\$ 1,136,642	\$ 1,080,801	\$ 2,462,671	\$ 1,332,418
Public Safety	572,094	819,043	809,806	684,744
Physical Environment	-	6,200	7,572	4,939
Transportation	103,311	571,110	345,373	1,004,911
Economic Environment	1,001,511	1,787,274	1,722,285	2,323,528
Cultural and Recreation	647,354	811,679	1,001,117	481,404
Operating Grants and Contributions	3,386,269	2,139,029	2,250,601	4,411,618
Capital Grants and Contributions	14,784,074	23,992,563	18,495,127	1,581,882
Total Governmental Activities Program Revenues	21,631,255	31,207,699	27,094,552	11,825,444
Business Type Activities				
Charges for Services				
Water/Sewer Utility	10,124,653	9,665,095	11,711,242	11,758,658
Foster Golf Course	1,424,595	1,425,327	1,304,016	1,448,729
Surface Water Utility	2,641,313	3,029,630	3,355,956	3,827,010
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	515,633	7,390,545	1,993,537	135,603
Total Business Type Activities Program Revenues	14,706,194	21,510,597	18,364,751	17,170,000
Total Primary Government Program Revenues	36,337,449	52,718,296	45,459,303	28,995,444
Net (Expense)/Revenue				
Governmental Activities	(30,444,551)	(20,884,225)	(26,555,907)	(44,252,628)
Business Type Activities	1,063,194	7,756,045	3,697,003	2,619,546
Total Primary Government Net Expense	\$ (29,381,357)	\$ (13,128,180)	\$ (22,858,904)	\$ (41,633,082)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Tax	\$ 11,901,072	\$ 13,363,096	\$ 13,443,137	\$ 14,131,605
Retail Sales and Use Tax	14,588,297	14,669,328	15,796,054	15,441,683
Natural Gas Use Tax	748,772	533,811	317,531	232,208
Hotel/Motel Tax	489,806	458,092	555,682	522,033
Utility Tax	7,390,860	5,600,683	7,534,260	5,535,966
Interfund Utility Taxes	-	-	-	-
Business Tax	3,196,178	4,205,574	667,679	2,497,606
Excise Tax	367,198	507,798	2,170,293	2,860,948
Unrestricted Investment Earnings	246,287	108,929	275,477	116,694
Gain/Loss on Sale of Capital Assets	980,267	-	-	-
Miscellaneous	2,233,445	1,951,936	2,085,740	1,997,335
Transfers	1,601,200	1,399,310	525,864	1,056,843
Total Governmental Activities	43,743,382	42,798,557	43,371,717	44,392,921
Business Type Activities				
Retail Sales and Use Taxes	327,999	329,527	-	-
Unrestricted Investment Interest	106,032	85,942	61,119	-
Gain/Loss on Sale of Capital Assets	(264,093)	-	-	-
Miscellaneous	-	97,541	200,871	-
Transfers	(1,601,200)	(1,399,310)	(525,864)	(1,056,843)
Total Business Type Activities	(1,431,262)	(886,300)	(263,874)	(1,056,843)
Total Primary Government	42,312,120	41,912,257	\$ 43,107,843	\$ 43,336,078
Change in Net Position Before Special Item			20,248,939	1,702,996
Special item				
Change in Net Position	42,312,120	41,912,257	20,248,939	1,702,996
Governmental Activities	\$ 13,298,831	\$ 21,914,332	\$ 16,815,810	\$ 140,293
Business Type Activities	(368,068)	6,869,745	3,433,129	1,562,703
Total Primary Government	\$ 12,930,763	\$ 28,784,077	\$ 20,248,939	\$ 1,702,996

Notes:

(a) All amounts are reported on the accrual basis

Source:

Tukwila Finance Department

	2013	2014	2015	2016	2017	2018
\$	10,195,049	\$ 10,289,399	\$ 8,042,254	\$ 9,662,207	\$ 9,835,290	\$ 10,763,025
	25,938,946	29,292,587	29,403,206	31,418,713	31,190,347	17,097,372
	2,610,591	11,668,098	2,611,297	2,554,259	2,545,144	2,645,577
	7,658,280	2,479,533	11,069,605	11,188,189	12,236,551	15,871,018
	5,209,954	5,716,091	5,782,907	4,410,841	4,523,596	4,411,719
	-	-	-	-	-	-
	5,635,347	5,336,659	5,125,227	5,431,324	5,582,038	5,591,213
	1,038,851	1,204,771	1,033,440	1,075,729	2,481,559	2,748,854
	58,287,017	65,987,138	63,067,935	65,741,262	68,394,526	59,128,779
	10,421,064	12,752,125	13,186,236	13,984,368	14,305,425	14,861,448
	1,707,993	1,945,789	2,086,586	2,077,536	1,989,972	2,091,981
	2,563,132	3,310,716	4,147,974	4,088,360	4,209,325	4,464,319
	14,692,189	18,008,631	19,420,796	20,150,264	20,504,722	21,417,748
\$	72,979,205	\$ 83,995,769	\$ 82,488,731	\$ 85,891,525	\$ 88,899,247	\$ 80,546,527
\$	1,495,438	\$ 3,858,862	\$ 3,794,134	\$ 3,742,937	\$ 4,144,986	\$ 5,989,077
	871,919	970,594	1,754,856	4,130,701	1,540,863	1,970,331
	27,407	196,506	-	464	-	-
	287,956	8,425	206,065	454,525	2,206,908	2,261,577
	2,786,178	726,869	3,348,802	2,434,546	2,270,759	3,099,692
	744,014	2,793,185	644,283	1,140,558	1,315,740	1,415,827
	3,289,818	2,563,002	893,470	1,079,020	2,445,998	1,733,308
	16,947,529	8,053,435	6,431,537	5,000,942	6,126,880	9,942,224
	26,450,258	19,170,879	17,073,146	17,983,694	20,052,136	26,412,036
	13,146,131	14,308,945	15,572,709	15,661,118	16,580,965	17,203,158
	1,404,264	1,406,440	1,482,288	1,426,385	1,313,871	1,563,320
	3,913,184	4,168,313	5,286,233	5,875,343	6,200,589	6,417,368
	-	-	-	25,000	8,435	54,697
	338,943	1,548,280	2,039,890	767,732	834,392	767,504
	18,802,521	21,431,978	24,381,122	23,755,578	24,938,251	26,006,046
	45,252,779	40,602,857	41,454,268	41,739,272	44,990,386	52,418,082
	(31,836,759)	(46,816,260)	(45,994,789)	(47,757,566)	(48,342,390)	(32,716,743)
	4,110,332	3,423,348	4,960,326	3,605,314	4,433,529	4,588,299
\$	(27,726,426)	\$ (43,392,912)	\$ (41,034,463)	\$ (44,152,252)	\$ (43,908,861)	\$ (28,128,445)
\$	14,510,241	\$ 14,870,621	\$ 14,320,085	\$ 14,562,501	\$ 17,667,590	\$ 18,008,738
	16,316,398	17,105,322	19,334,152	18,908,190	18,807,201	20,603,617
	204,457	-	-	-	-	-
	526,832	596,781	677,971	710,267	736,784	833,990
	3,879,992	3,855,544	4,019,288	4,045,916	4,175,013	3,866,859
	1,686,859	1,851,013	2,061,098	2,146,515	2,265,747	2,334,522
	2,570,111	2,555,999	2,749,140	2,716,257	2,698,352	1,246,798
	2,745,475	3,512,894	5,321,281	6,508,665	5,380,662	5,091,447
	102,486	444,282	475,345	559,733	838,630	1,508,334
	-	-	-	-	-	-
	2,166,215	1,915,031	2,124,185	2,915,859	2,328,565	2,240,045
	1,060,650	(600,000)	-	(300,000)	(300,000)	(300,000)
	45,769,716	46,107,488	51,082,545	52,773,904	54,598,542	55,434,351
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(1,060,650)	600,000	-	300,000	300,000	300,000
	(1,060,650)	600,000	-	300,000	300,000	300,000
\$	44,709,066	\$ 46,707,488	\$ 51,082,545	\$ 53,073,904	\$ 54,898,542	\$ 55,734,351
	16,982,640	3,314,576	10,048,082	8,921,652	10,989,681	27,605,906
	-	(1,995,000)	(956,798)	-	-	-
	16,982,640	1,319,576	9,091,285	8,921,652	10,989,681	27,605,906
\$	13,932,957	\$ (2,703,772)	\$ 3,830,958	\$ 5,016,337	\$ 6,256,152	\$ 22,717,608
	3,049,682	4,023,348	5,260,326	3,905,314	4,733,529	4,888,299
\$	16,982,640	\$ 1,319,576	\$ 9,091,285	\$ 8,921,651	\$ 10,989,681	\$ 27,605,906

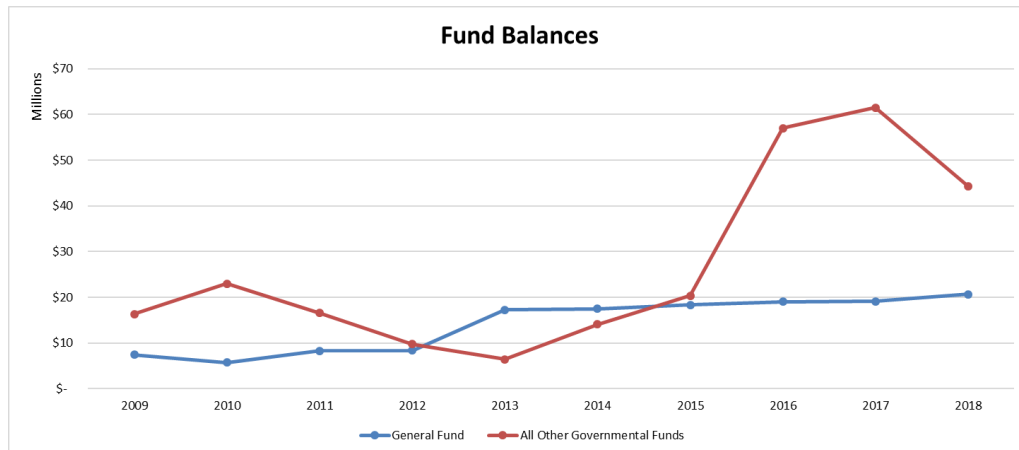
CITY OF TUKWILA, WASHINGTON
SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Page 1 of 2

	2009	2010	2011	2012
General Fund (GASB 54)				
Nonspendable	\$ -	\$ -	\$ 5,000	\$ -
Restricted	-	-	-	-
Committed	-	-	18,000	-
Assigned	-	-	-	-
Unassigned	-	-	8,237,141	8,378,557
General Fund (Prior to GASB 54)				
Reserved	17,900	17,900	-	-
Unreserved	7,371,530	5,739,140	-	-
Total general fund	\$ 7,389,430	\$ 5,757,040	\$ 8,260,141	\$ 8,378,557
All other governmental funds (GASB 54)				
Nonspendable	-	-	-	-
Restricted	-	-	5,014,817	2,749,681
Committed	-	-	402,306	-
Assigned	-	-	11,127,221	7,021,183
Unassigned	-	-	-	-
All other governmental funds (Prior to GASB 54)				
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	9,123,401	14,461,546	-	-
Debt service funds	135,438	3,051	-	-
Capital Project funds	7,101,258	8,541,195	-	-
Total all other governmental funds	\$ 16,360,097	\$ 23,005,792	\$ 16,544,344	\$ 9,770,864

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



2013	2014	2015	2016	2017	2018
\$ 1,743,362	\$ 1,544,022	\$ 1,340,914	\$ 1,141,484	\$ 927,373	\$ 718,190
-	-	-	-	-	-
-	-	-	-	-	-
225,000	5,771,471	6,078,648	6,277,929	105,000	181,078
15,317,624	10,181,057	10,911,244	11,612,330	18,040,352	19,718,745
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 17,285,986</u>	<u>\$ 17,496,550</u>	<u>\$ 18,330,806</u>	<u>\$ 19,031,744</u>	<u>\$ 19,072,725</u>	<u>\$ 20,618,013</u>
-	7,370,000	7,645,000	\$ 7,645,000	\$ -	\$ -
3,480,001	3,973,726	5,446,074	45,986,463	51,236,443	32,531,984
-	-	-	-	-	-
4,510,623	4,076,803	7,221,870	3,389,139	10,282,709	11,819,299
(1,566,175)	(1,360,218)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,424,449</u>	<u>\$ 14,060,311</u>	<u>\$ 20,312,943</u>	<u>\$ 57,020,602</u>	<u>\$ 61,519,152</u>	<u>\$ 44,351,283</u>

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

page 1 of 2

	2009	2010	2011	2012
Revenues				
Taxes	\$37,167,281	\$37,267,918	\$38,035,681	\$41,502,608
Licenses and Permits	1,283,463	1,618,830	3,473,910	1,604,594
Intergovernmental	17,596,486	14,525,872	24,059,907	7,626,487
Charges for Services	1,443,680	2,366,174	2,359,600	3,974,356
Fines and Forfeitures	301,761	390,079	308,027	220,752
Investment Income	282,604	144,258	275,479	106,286
Special Assessments	-	-	-	-
Miscellaneous	701,957	891,307	356,409	131,979
Total Revenues	58,777,232	57,204,438	68,869,013	55,167,062
Expenditures				
General Government	8,574,563	8,387,317	8,253,440	8,504,511
Public Safety	25,576,932	24,676,370	24,327,498	24,918,306
Physical Environment	2,058,913	1,724,147	2,060,482	3,022,516
Transportation	2,334,298	2,332,178	2,676,511	2,769,182
Economic Environment	4,601,391	4,541,845	4,682,646	4,767,944
Mental & Physical Health	4,332	4,539	4,591	-
Culture and Recreation	4,365,023	4,163,503	3,507,150	3,373,000
Debt Service				
Principal	1,316,297	1,555,028	1,766,774	1,991,540
Interest	778,018	849,148	881,850	1,178,464
Capital Outlay	16,860,362	11,513,976	25,643,704	12,099,293
Total Expenditures	66,470,129	59,748,051	73,804,646	62,624,756
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,692,894)	(2,543,613)	(4,935,633)	(7,457,694)
Other Financing Sources (Uses)				
Transfers In	3,865,744	2,461,806	11,001,619	7,625,792
Transfers In - Assessment	-	-	-	-
Transfers Out	(2,234,444)	(1,020,857)	(10,061,205)	(6,174,358)
Capital Leases	-	110,509	15,468	-
Sale of Capital Assets	1,014,608	27,308	21,406	9,903
General Obligation Bonds Issued	-	6,935,000	5,055,688	-
General Obligation Refunding Bonds Issued	6,947,574	-	-	-
LID Bonds Assessment	-	-	-	-
Operating Loan-Tukwila MPD	-	-	-	(658,706)
Premium on General Obligation Debt	-	112,151	-	-
Premium on General Obligation Refunding Debt	-	-	-	-
Issuance Costs on General Obligation Refunding Debt	-	-	-	-
Payment to Refunded Bond Escrow Agent	(6,880,397)	(1,069,000)	(5,055,688)	-
Total Other Financing Sources (Uses)	2,713,085	7,556,917	977,288	802,631
Change in Fund Balance Before Special Item	(4,979,809)	5,013,304	(3,958,345)	(6,655,063)
Special Item	-	-	-	-
Net Change in Fund Balances	\$ (4,979,809)	\$ 5,013,304	\$ (3,958,345)	\$ (6,655,064)

Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	4.40%	5.20%	5.80%	6.70%
---	-------	-------	-------	-------

Note:

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

Source:

Tukwila Finance Department

2013	2014	2015	2016	2017	2018
\$ 42,402,070	\$44,441,783	\$48,548,116	\$49,588,492	\$51,655,075	\$ 51,988,591
2,013,875	2,114,638	2,242,256	2,129,221	2,749,137	4,875,454
7,190,325	14,298,126	11,839,883	10,067,413	12,739,774	15,919,377
3,747,646	3,838,531	3,935,248	3,911,473	5,767,228	6,801,719
242,638	264,934	261,457	318,459	325,216	291,604
151,911	479,219	475,345	541,299	826,864	1,538,534
2,788,350	701,723	650,415	542,180	478,838	415,660
427,368	354,395	332,268	957,158	942,784	407,151
58,964,183	66,493,348	68,284,989	68,055,695	75,484,915	82,238,092
9,303,742	7,505,173	7,708,394	9,405,989	9,585,551	10,491,432
25,720,884	27,254,312	29,035,165	29,366,198	30,899,412	34,331,520
1,935,895	1,807,993	1,935,228	1,955,031	1,733,400	1,805,457
3,111,493	5,820,601	5,792,668	5,238,468	6,532,195	10,015,938
5,224,964	5,226,832	5,832,384	4,493,210	4,614,027	4,686,528
-	-	-	-	-	-
4,386,392	4,680,651	4,350,052	4,543,339	4,664,129	4,852,138
5,024,991	2,288,988	2,480,507	2,602,782	3,713,928	4,092,196
1,162,649	961,457	1,125,609	1,093,584	2,603,869	2,977,523
5,854,962	10,150,912	11,426,274	8,358,450	14,761,715	47,601,490
61,725,970	65,696,921	69,686,279	67,057,051	79,108,226	120,854,221
(2,761,786)	796,428	(1,401,291)	998,643	(3,623,311)	(38,616,129)
20,918,983	7,300,080	5,633,846	4,025,831	6,354,496	7,742,669
2,788,350	-	-	-	-	3,119,513
(23,301,516)	(7,900,080)	(5,933,846)	(4,325,831)	(6,654,496)	(8,042,669)
-	-	-	-	-	-
5,493	-	-	-	(100,000)	-
1,000,000	3,850,000	8,075,000	32,990,000	10,456,000	18,365,000
-	-	-	-	-	-
6,687,500	-	-	-	-	-
-	-	-	-	-	-
-	-	309,758	3,719,954	356,839	1,809,036
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,098,809	3,250,000	8,084,758	36,409,954	10,412,839	22,993,549
5,337,023	4,046,428	6,683,467	37,408,597	6,789,528	(15,622,580)
-	(1,995,000)	(956,798)	-	-	-
\$ 5,337,023	\$ 2,051,428	\$ 5,726,669	\$37,408,597	\$ 6,789,528	\$(15,622,580)
11.07%	6.70%	6.30%	6.30%	9.80%	9.65%

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

Fiscal Year	Property ^(a)	Sales & Use	Utility ^(b)	Excise	Business	Other	Total Taxes
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
2017	17,667,590	18,807,201	4,175,013	5,380,662	2,698,352	3,002,531	51,731,348
2018	18,008,738	20,603,617	3,866,859	5,091,447	1,246,798	2,334,522	51,151,981
Change 2009-2018	47.7%	41.3%	-37.4%	80.3%	68.9%	255.5%	37.6%

Notes:

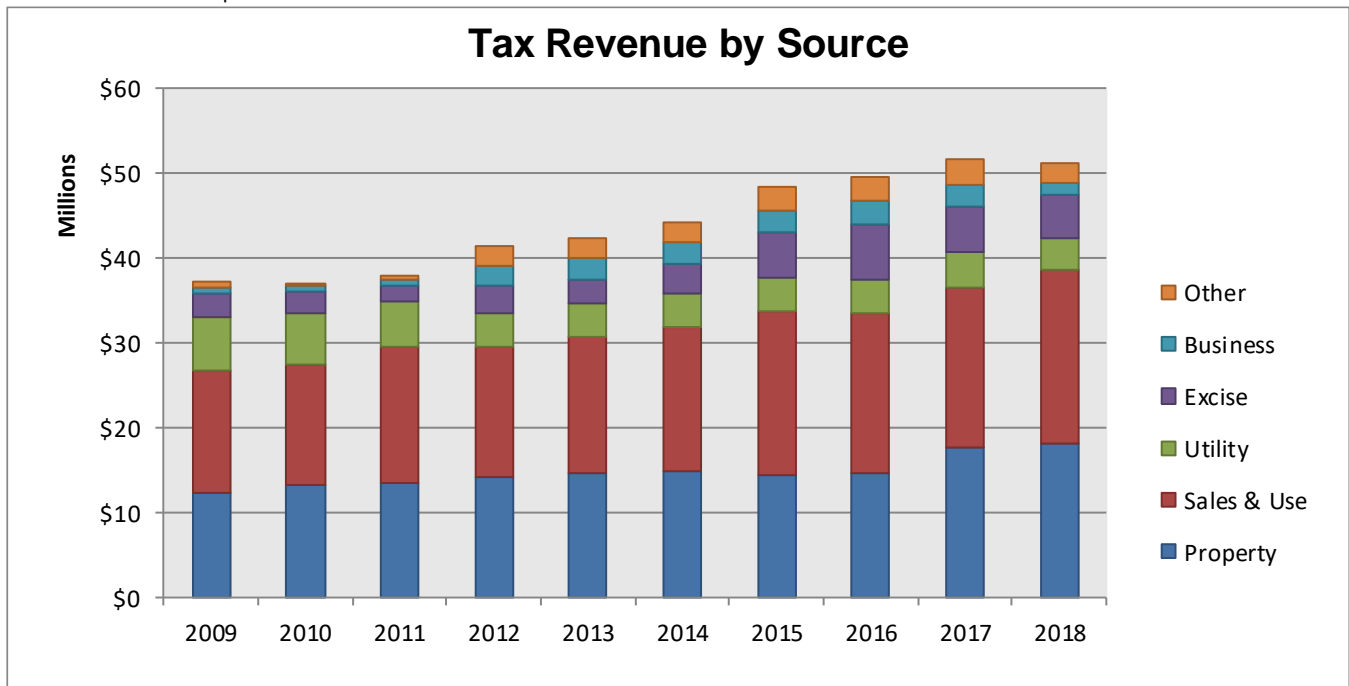
(a) Beginning in 2017, property tax includes a voter approved excess levy for public safety facilities.

(b) 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.

Source:

Tukwila Finance Department



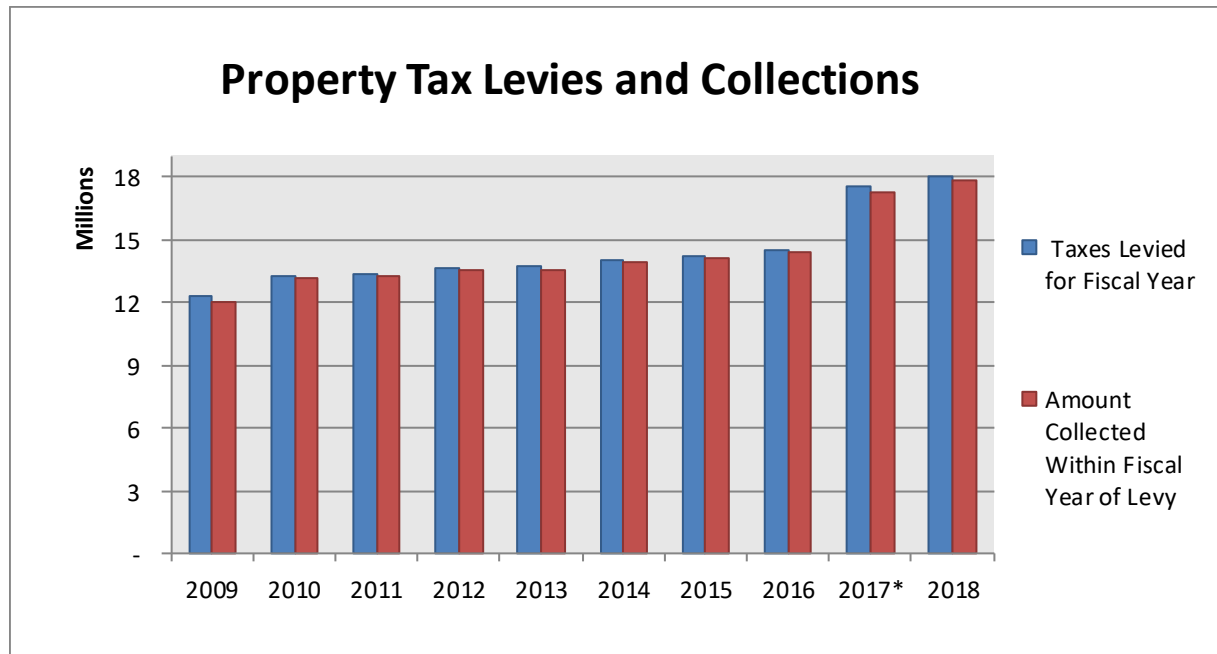
CITY OF TUKWILA, WASHINGTON
SCHEDULE 6
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	% of Levy		Amount	% of Levy	Levy Balance
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%	81,314	13,233,326	100.00%	470
2011	13,383,153	13,225,338	98.82%	157,248	13,382,587	100.00%	566
2012	13,697,474	13,521,621	98.72%	170,300	13,691,921	99.96%	5,553
2013	13,740,076	13,549,525	98.61%	187,624	13,737,150	99.98%	2,926
2014	14,047,317	13,916,718	99.07%	126,469	14,043,187	99.97%	4,130
2015	14,245,846	14,113,739	99.07%	125,802	14,239,540	99.96%	6,306
2016	14,516,623	14,375,358	99.03%	119,983	14,495,341	99.85%	21,282
2017*	17,551,561	17,262,965	98.36%	234,657	17,497,622	99.69%	53,939
2018	18,006,677	17,844,087	99.10%	-	17,844,087	99.10%	162,590

*First year of collection on 2016 voter-approved levy for Public Safety Plan

Source:

King County Office of Finance



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

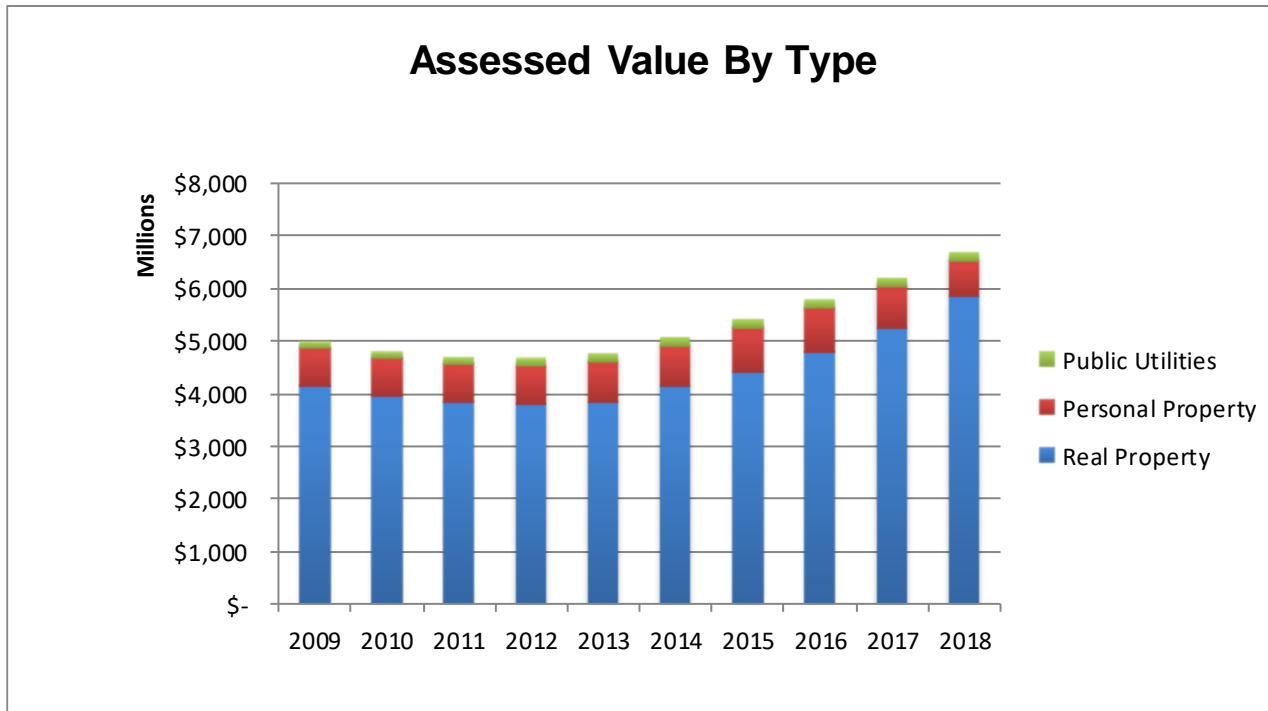
Fiscal Year	Real Property	Personal Property	Public Utilities	Total Assessed Value	Total Direct Tax Rate
2009	4,122,961,628	746,710,751	112,779,972	4,982,452,351	2.66345
2010	3,950,829,851	717,795,417	119,827,058	4,788,452,326	2.82566
2011	3,833,295,985	712,607,656	129,726,102	4,675,629,743	2.95408
2012	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
2017	5,242,264,743	780,938,084	161,740,436	6,184,943,263	2.91864
2018	5,835,967,000	678,435,063	171,517,113	6,685,919,176	2.91864

Note:

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

Source:

King County Department of Assessments



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

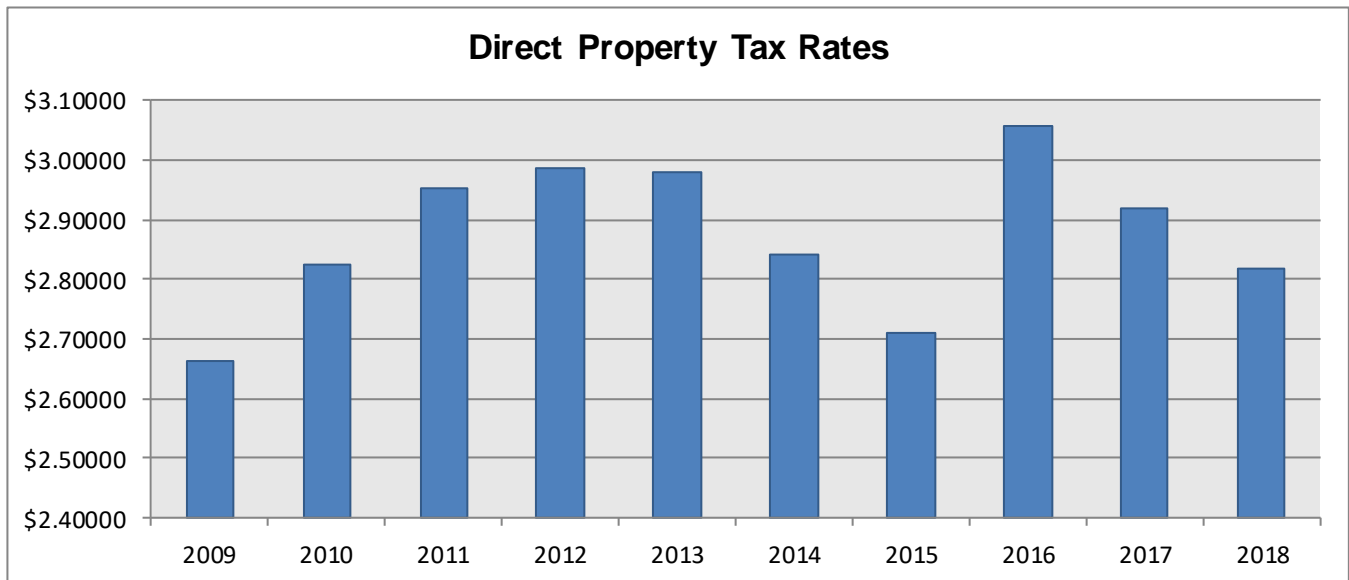
-----CITY OF TUKWILA-----													
Fiscal Year	General Levy	Special Levy	Total	WA State	King County ^(a)	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Tukwila Pool Metropolitan Park District	Hospital District #1	Central Puget Sound Regional Transit Authority	Total
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	2.58592	0.47143	3.05735	2.03205	1.83412	0.15334	0.26305	5.36954	0.11740	0.15653	0.50089	0.25000	13.73427
2017	2.46285	0.45579	2.91864	2.91820	1.73925	0.13518	0.23940	5.17356	0.10708	0.15513	0.45689	0.22745	14.07078
2018	2.39148	0.42657	2.81805	2.62922	1.60359	0.12266	0.21762	3.39103	0.09660	0.15767	0.41673	0.20700	11.66017

Note:

(a) Includes King County Library District tax and Ferry

Source:

King County Department of Assessments



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

Name	Type of Business	2018 Assessed Valuation	Percent of 2018 Total Assessed Value ^(a)	2009 Assessed Valuation	Percent of 2009 Total Assessed Value ^(b)
Boeing	Airplane company	\$ 588,854,306	8.81%	\$ 534,257,164	10.72%
WEA Southcenter LLC	Department Stores	345,696,269	5.17%	323,176,114	6.49%
Boeing Employees Credit Union	Credit Union	132,493,778	1.98%	52,932,440	1.06%
Sabey Corporation	Real Estate Development	126,213,700	1.89%	-	0.00%
Segale Properties	Commercial Properties	122,343,738	1.83%	-	0.00%
Prologis	Real Estate Development	104,427,000	1.56%	-	0.00%
KIR Tukwila	Commercial Properties	91,376,800	1.37%	84,646,800	1.70%
LIT Industrial Limited Partnership	Business Services	90,032,200	1.35%	-	0.00%
Washington Towers LP	Lodging	87,054,600	1.30%	-	0.00%
LIT Kent Valley	Business Services	74,017,700	1.11%	-	0.00%
Puget Sound Energy/Gas-Electric	Electric/Gas Utility	39,623,012	0.59%	-	0.00%
La Planta LP	Commercial Properties	-	0.00%	116,639,470	2.34%
Reef America Reit II Corporation	Commercial Properties	-	0.00%	66,929,100	1.34%
BCRP Riverview Plaza LLC	Commercial Properties	-	0.00%	56,378,348	1.13%
Sea-Tuk Warehouse LLC	Food Distribution	-	0.00%	36,731,500	0.74%
Sterling Realty Organization	Commercial Properties	-	0.00%	36,120,900	0.72%
Walton CWWA Eproperty Tax Incorporated (McElroy)	Investment Property	-	0.00%	31,554,600	0.63%
Federated Department Stores (Macy's)	Department Stores	-	0.00%	31,485,900	0.63%
TOTALS		\$ 1,802,133,103	26.95%	\$ 1,370,852,336	27.51%

Notes:

(a) In 2018 the total assessed property value in the City of Tukwila was \$ 6,685,919,176.

(b) In 2009 the total assessed property value in the City of Tukwila was \$ 4,982,452,351.

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	2009	2010	2011	2012
Construction and Contracting	\$ 869,640	\$ 917,250	\$ 1,390,952	\$ 961,125
Finance, Insurance & Real Estate	119,121	99,975	115,123	143,792
Manufacturing	246,429	387,234	232,737	390,252
Transportation, Communications & Utilities	440,206	441,822	405,197	432,608
Wholesale - Durable/Non-durable Goods	1,436,045	1,346,750	1,119,527	1,077,613
Retail Trade - General Merchandise	2,072,356	2,068,263	2,003,947	2,000,865
Retail Trade - Home Furnishings/Electronics	1,304,234	1,380,407	1,771,083	1,537,143
Retail Trade - Miscellaneous	1,473,496	1,521,741	1,626,452	1,703,741
Retail Trade - Clothing & Accessories	2,017,904	2,018,304	2,037,554	2,082,930
Retail Trade - Restaurants	1,292,252	1,342,964	1,337,067	1,472,343
Retail Trade - Automotive/Gas	748,482	664,310	670,806	690,076
Retail Trade - Building Materials	589,341	499,383	487,620	516,861
Service Industries - Business	868,260	882,012	932,422	928,610
Service Industries - Hotels	453,657	428,450	459,606	487,977
Service Industries - Other	283,319	215,045	202,217	234,870
All Other Categories	208,467	366,925	553,493	381,693
Total Retail Sales Tax Collections	\$ 14,423,209	\$ 14,580,835	\$ 15,345,801	\$ 15,042,499

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.

2013	2014	2015	2016	2017	2018
\$ 1,212,594	\$ 829,073	\$ 1,255,650	\$ 1,383,624	\$ 1,413,773	\$ 1,623,112
174,705	141,010	163,161	175,060	125,978	143,696
386,964	322,189	281,501	269,117	177,788	262,700
475,688	549,126	743,746	746,115	721,413	1,016,226
1,108,771	1,592,613	2,016,722	1,295,141	1,176,868	1,309,170
2,154,523	2,137,256	2,205,778	2,202,158	2,131,267	2,187,854
1,405,274	1,431,965	1,527,377	1,623,926	1,613,643	1,649,843
1,870,200	1,973,478	1,954,150	2,032,967	2,077,239	2,131,804
2,070,198	2,013,796	2,159,647	2,089,128	2,066,858	2,084,482
1,529,101	1,611,860	1,703,187	1,751,724	1,886,139	2,009,051
690,691	765,765	825,143	743,468	800,580	1,385,284
565,734	600,610	683,485	733,928	805,324	813,656
968,996	1,073,511	1,265,789	1,467,620	1,436,825	2,051,035
502,721	562,130	626,822	650,270	650,332	717,341
246,802	274,497	273,514	253,089	267,544	394,128
525,133	468,547	978,142	845,209	812,656	115,128
\$ 15,888,089	\$ 16,347,426	\$ 18,663,814	\$ 18,262,544	\$ 18,164,227	\$ 19,894,510

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

	2009 ^(c)	2010	2011	2012	2013	2014	2015	2016	2017 ^(c)	2018
<u>BASIC SALES TAX RATES</u>										
City of Tukwila	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	1.40%	1.40%
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 Administration Fee	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Basic Combined Sales Tax Rate	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	10.00%	10.00%

SPECIAL SALES TAX RATES

Restaurants ^(a)	0.50%	0.50%	0.50%	-	-	-	-	-	-	-
Motor Vehicles ^(b)	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

Notes:

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

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

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

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

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

Effective April 1, 2017, the Regional Transit Authority Tax increased five-tenths of one percent (.005), to one and four-tenths of one percent (.014).

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

	2009	2010	2011	2012	2013
<u>GOVERNMENTAL ACTIVITIES</u>					
General Obligation Bonds ^(c)	\$ 22,453,003	\$ 26,763,975	\$ 28,006,800	\$ 25,752,600	\$ 21,727,609
Special Assessment ^(d)	-	-	-	-	6,687,500
Leases	-	40,184	35,891	-	-
Total Governmental Activities	22,453,003	26,804,159	28,042,691	25,752,600	28,415,109
<u>BUSINESS-TYPE ACTIVITIES</u>					
General Obligation Bonds	3,423,797	3,238,825	-	-	-
Revenue Bonds	4,790,000	4,395,000	3,980,000	3,540,000	3,075,000
Public Works Trust Fund Loans	8,405,397	7,788,843	7,179,635	6,621,342	6,063,071
Leases	-	-	-	-	-
Total Business-Type Activities	16,619,194	15,422,668	11,159,635	10,161,342	9,138,071
TOTAL PRIMARY GOVERNMENT^(a)	\$ 39,072,197	\$ 42,226,827	\$ 39,202,326	\$ 35,913,942	\$ 37,553,180
Population ^(b)	18,170	19,107	19,486	19,611	19,765
Per Capita Personal Income ^(b)	\$ 55,512	\$ 56,098	\$ 59,371	\$ 66,043	\$ 66,692
Percentage of Personal Income	3.87%	3.94%	3.39%	2.77%	2.85%
Debt Per Capita	\$ 2,150	\$ 2,210	\$ 2,012	\$ 1,831	\$ 1,900

Notes:

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

(b) Reference SCHEDULE 16, Demographic Statistics, for population and personal income data.

(c) Includes amounts Due to Other Governments.

(d) Special assessment debt was issued in 2013 for the Klickitat Urban Access Project.

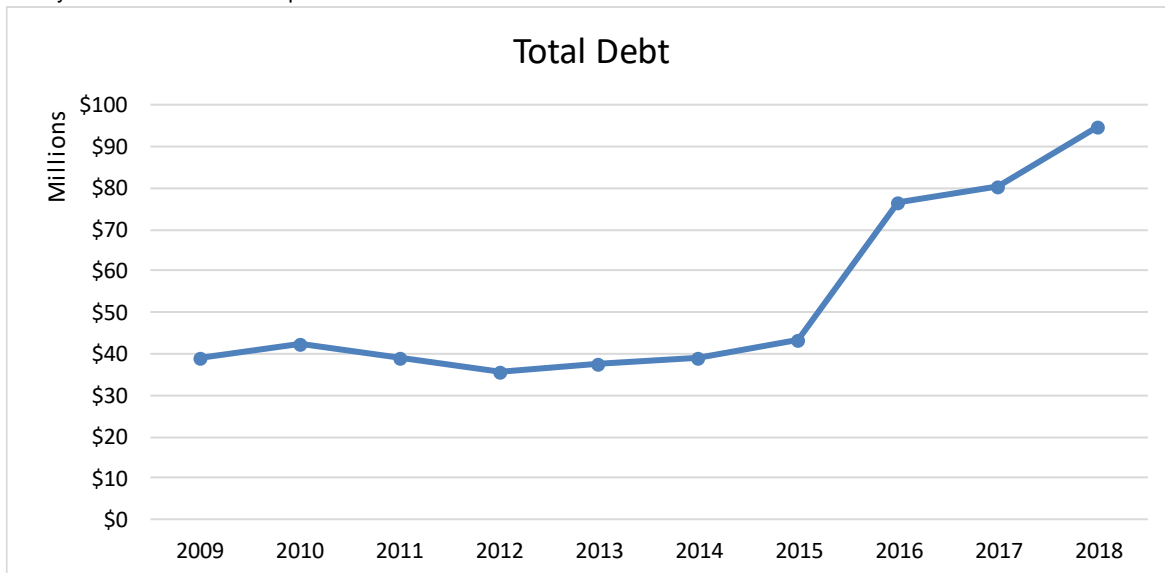
*** Data not available at time of publication.

Sources:

U.S. Census Bureau

WA State Office of Financial Management

City of Tukwila Finance Department



2014	2015	2016	2017	2018
\$ 23,851,376	\$ 30,084,437	\$ 64,589,264	\$ 69,576,786	\$ 85,625,504
6,687,500	6,082,500	5,412,500	4,805,000	4,320,000
-	-	-	-	-
30,538,876	36,166,937	70,001,764	74,381,786	89,945,504
-	-	-	-	-
2,580,000	1,742,527	1,597,704	1,454,422	1,304,763
5,742,866	5,646,458	5,046,900	4,447,522	3,848,055
-	-	-	-	-
8,322,866	7,388,985	6,644,604	5,901,944	5,152,818
\$ 38,861,742	\$ 43,555,922	\$ 76,646,368	\$ 80,283,729	\$ 95,098,322
19,920	19,300	19,540	19,660	19,800
\$ 72,696	\$ 76,226	\$ 79,323	83,383	***
2.68%	2.96%	4.95%	4.90%	***
\$ 1,951	\$ 2,257	\$ 3,923	\$ 4,084	\$ 4,803

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 ^(a)	Less Debt Service Funds ^(b)	Debt Payable from Enterprise Revenues ^(c)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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
2017	19,660	6,155,826,776	69,576,786	4,320,000	1,855,519	-	72,041,267	1.17%	3,664
2018	19,800	6,685,919,176	85,625,504	4,320,000	1,903,729	-	88,041,775	1.32%	4,447

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.

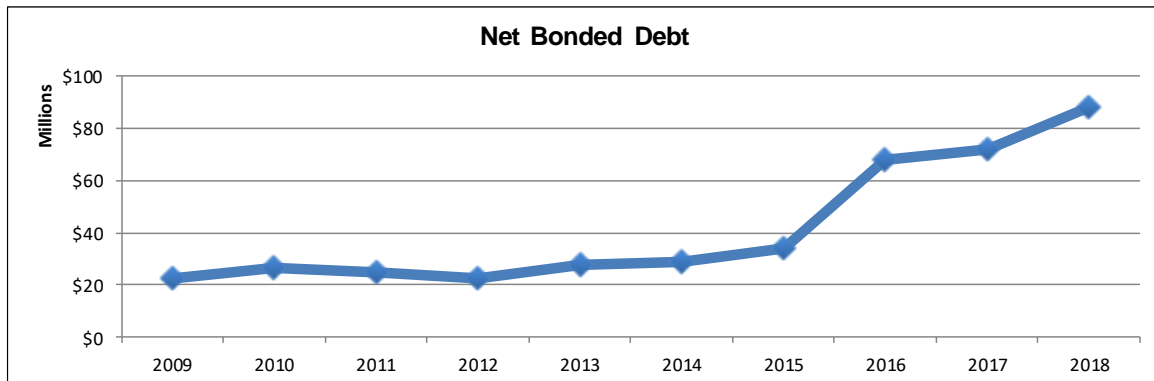
Sources:

U.S. Census Bureau

State of Washington Office of Financial Management

King County Department of Assessments

Tukwila Finance Department

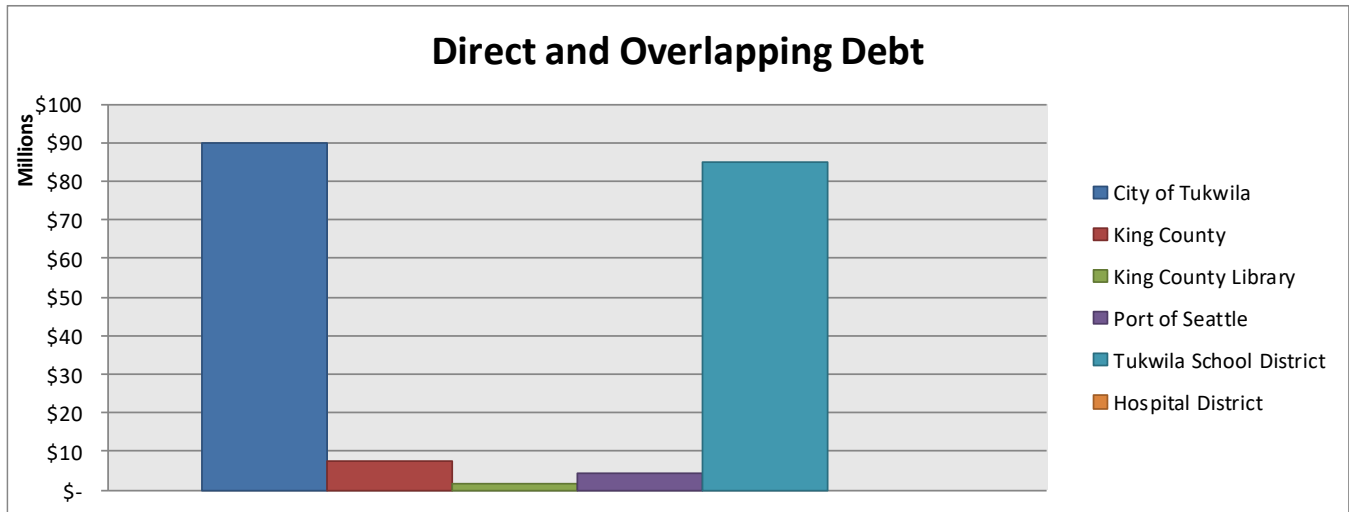


CITY OF TUKWILA, WASHINGTON
SCHEDULE 14
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2018

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila ⁽¹⁾	Estimated Applicable to Tukwila
Direct:			
City of Tukwila	\$ 89,945,504	100.00%	\$ 89,945,504
Overlapping:			
King County	656,606,970	1.16%	7,616,641
King County Library	77,576,089	2.04%	1,582,552
Port of Seattle	362,390,000	1.16%	4,203,724
Tukwila School District #406	84,883,622	99.96%	84,849,669
Total Overlapping Debt:	<u>1,181,456,681</u>		<u>98,252,586</u>
Total Direct and Overlapping Debt:	<u>\$ 1,271,402,185</u>		<u>\$ 188,198,090</u>

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

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



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

Page 1 of 2

	2009	2010	2011	2012
Debt Limit	\$ 373,048,810	\$ 360,711,509	\$ 356,445,452	\$ 348,689,348
Total net debt applicable to limit	28,291,920	32,919,123	29,703,995	25,884,632
Legal debt margin	\$ 344,756,890	\$ 327,792,386	\$ 326,741,457	\$ 322,804,716
Total net debt applicable to the limit as a percentage of debt limit	7.58%	9.13%	8.33%	7.42%

Assessed Value as of December 31, 2018	\$6,673,839,922
Debt Limit (7.5% of assessed value)	500,537,994
Debt applicable to limit:	
General obligation bonds	79,701,909
Other long-term debt	
	<u>420,836,085</u>
Less: Amount set aside for repayment of general obligation debt and contracts payable	
Total net debt applicable to limit	79,701,909
Legal debt margin	<u><u>\$ 420,836,085</u></u>

Source:
 Tukwila Finance Department

2013	2014	2015	2016	2017	2018
\$ 356,728,027	\$ 379,055,906	\$ 404,649,384	\$ 432,273,737	\$ 432,273,737	\$ 500,537,994
21,727,609	23,288,621	29,322,914	60,208,532	60,208,532	79,701,909
\$ 335,000,418	\$ 355,767,285	\$ 375,326,470	\$ 372,065,205	\$ 372,065,205	\$ 420,836,085
6.09%	6.14%	7.25%	13.93%	13.93%	15.92%

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

LAST TEN FISCAL YEARS

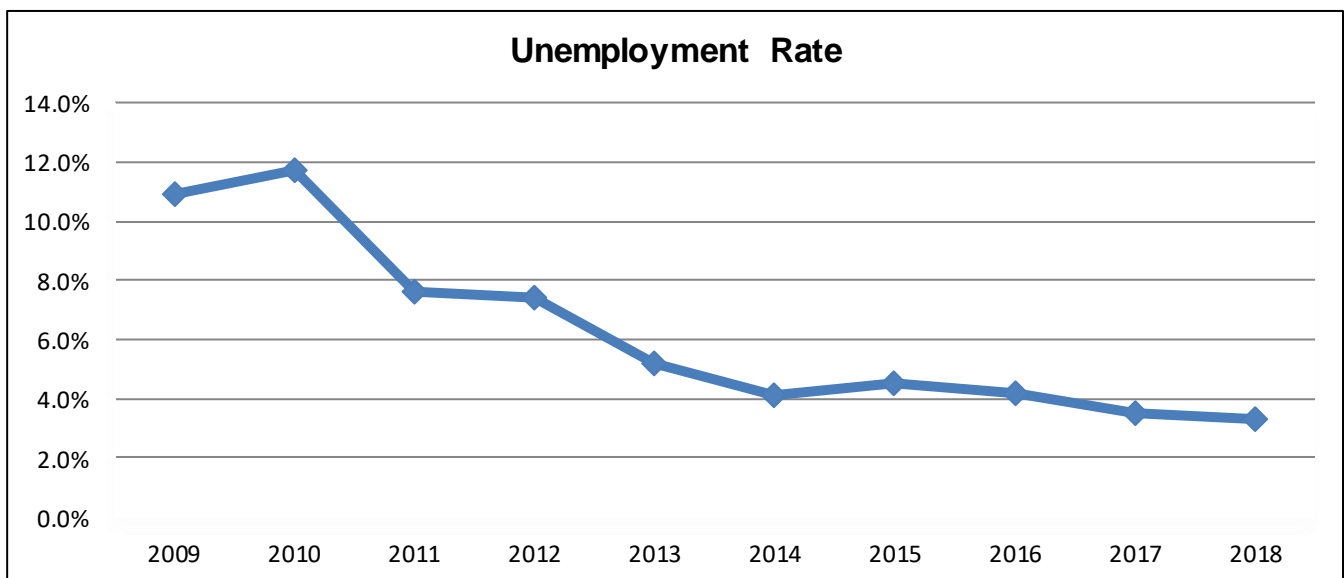
Fiscal Year	Population	Per Capita Personal Income ^(a)	Personal Income ^(b) (in thousands)	Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate ^(c)
2009	18,170	55,512	1,008,653	3,885	4,107	2,795	10.9%
2010	19,107	56,098	1,071,864	3,892	4,107	2,907	11.7%
2011	19,486	59,371	1,156,903	3,894	4,094	2,870	7.6%
2012	19,611	66,043	1,295,169	3,896	4,094	2,902	7.4%
2013	19,765	66,692	1,318,167	3,915	4,094	2,882	5.2%
2014	19,920	72,696	1,448,104	3,920	4,103	2,978	4.1%
2015	19,300	76,226	1,471,162	3,940	4,103	2,910	4.5%
2016	19,540	79,323	1,549,971	3,969	4,103	2,873	4.2%
2017	19,660	83,383	1,639,310	3,995	4,103	2,961	3.5%
2018	19,800	***	***	4,025	4,667	3,059	3.3%

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	2018 Full & Part-Time Employment	Rank	Percentage of Total City Employees	Rank	2009 Full & Part-Time Employment	Percentage of Total City Employees
Boeing Company	Aircraft Manufacturing	4,896	1	12.47%	1	7,846	18.54%
King County Metro	Transit Operating Base	1,433	2	3.65%	3	825	1.95%
Boeing Employee's Credit Union	Credit Union	878	3	2.24%	9	425	1.00%
Macy's West Stores	Family Clothing Store	683	4	1.74%	4	586	1.38%
Nordstrom	Family Clothing Store	546	5	1.39%	7	537	1.27%
United Parcel Service	Courier and Express Delivery	478	6	1.22%	8	525	1.24%
Red Dot Corporation	Manufacturing	408	7	1.04%		-	0.00%
Tukwila School District	Education	404	8	1.03%		-	0.00%
Costco Wholesale	Warehouse Club	370	9	0.94%	6	546	1.29%
American Medical Response	Emergency Transport Service	340	10	0.87%		-	0.00%
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.				2	1,984	4.69%
Carlisle Interconnect Technologies	Wire/Cable Connectors				5	570	1.35%
City of Tukwila	Municipality				10	407	0.96%
Sub-total - Major Employers		10,436				14,251	
All Other Employment		28,838				28,078	
TOTAL EMPLOYMENT		39,274				42,329	

Source:

Tukwila Finance Department - Business Licenses

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

DEPARTMENT	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Mayor ^(b)	16.00	17.00	15.75	16.75	17.75	21.00	20.00	17.00	17.00	15.00
Human Resources	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00
Finance	12.00	13.00	11.00	12.00	12.00	12.00	12.00	12.00	11.00	11.00
Recreation	22.50	20.75	16.25	16.25	16.25	16.00	16.75	17.25	16.25	16.00
Community Development	24.25	23.00	22.63	23.38	22.13	21.63	21.00	23.75	23.00	25.00
Court	9.75	8.75	8.75	9.00	9.00	9.10	8.10	9.10	10.40	9.00
Police	82.00	80.00	83.00	88.00	87.50	89.00	93.00	93.75	92.75	92.00
Fire	63.00	65.00	66.00	67.00	67.00	67.00	70.00	71.00	73.00	71.00
Information Technology	8.00	8.00	8.00	8.00	7.00	6.00	6.00	7.00	9.00	9.00
Public Works	32.00	30.00	30.00	30.00	31.00	31.00	32.00	32.00	31.00	27.00
Parks	7.50	7.50	7.50	7.50	6.00	7.00	7.00	8.00	9.00	9.00
Street	12.00	11.00	12.00	12.00	12.50	11.50	10.00	12.00	11.00	11.50
Water	7.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00	7.00	7.50
Sewer	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	4.50
Golf	9.75	10.00	9.25	8.25	9.25	8.25	8.25	7.75	8.75	9.00
Surface Water	8.00	7.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00	12.50
Equipment Rental	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Metropolitan Park District Pool ^(a)	-	-	2.00	2.00	2.00	2.00	-	-	-	-
TOTAL	331.75	325.00	325.13	333.13	332.38	334.48	337.10	344.60	346.15	344.00

Notes:

Based on filled positions not budgeted positions.

(a) 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. In 2013 and 2014, the MPD presented as a blended component unit. Effective in 2015, the MPD is no longer a component unit.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FUNCTION										
Police										
Number of Calls for Service	33,095	32,889	30,272	31,916	31,355	29,840	32,946	34,229	33,123	33,288
Fire										
Number of Responses	4,654	4,574	4,649	4,844	4,604	5,156	5,549	5,754	5,840	5,734
Total Fire Loss	\$1,934,596	\$1,655,571	\$1,601,596	\$675,847	\$343,495	\$2,738,080	\$1,926,944	\$2,821,016	\$1,142,486	\$527,687
Total Inspections	6,787	(a) 1,550	(a) 1,360	(a) 4,541	3,389	3,850	2,331	1,860	1,951	2
Parks and Recreation										
Class Participants	103,603	85,693	64,049	58,260	52,319	45,514	68,970	64,782	83,030	73,906
Community Ctr Admissions	134,183	134,275	115,728	116,136	114,748	132,397	136,984	141,218	143,872	143,160
Rounds of Golf Played	53,800	50,445	45,947	47,392	47,757	47,267	51,017	47,595	43,568	49,357
Pool Attendance **	80,727	101,128	66,213	69,332	71,233	79,537	-	-	-	-
Street										
Miles	79	79	79	79	79	79	79	79	79	79
Hours Maintaining	22,140	20,360	20,360	22,920	16,767	8,627	4,716	4,836	4,936	5,120
Signalized Intersections	59	59	59	62	62	62	62	64	66	74
Hours Maintaining	6,700	6,925	6,925	7,000	8,815	3,012	2,408	2,135	2,986	2,415
Water Utility Services										
Total Customers	2,112	2,100	2,109	2,117	2,118	2,126	2,145	2,160	2,176	2,185
Total Gallons/Water(in thousands)	731,469	630,755	625,976	650,659	645,982	668,740	697,147	655,472	697,210	672,700
Sanitary Sewer										
Total Customers	1,694	1,699	1,710	1,727	1,742	1,752	1,775	1,789	1,808	1,836
Surface Water										
Total Customers	5,204	5,207	5,207	5,212	5,226	5,239	5,242	5,249	5,282	5,286
Licenses										
Business Licenses	2,422	2,454	2,611	2,030	1,877	2,208	2,220	1,909	2,120	2,078
Outside Contractors	-	-	-	(b) 1,066	1,132	1,216	1,215	945	1,437	1,319
Permits										
Building Permits	265	290	389	354	374	347	277	311	348	381
Mechanical Permits	159	160	180	191	221	216	154	192	198	169
Electrical Permits	821	955	1,158	1,175	1,337	1,223	1,119	1,175	1,047	1,046
Plumbing Permits	145	163	187	210	167	184	140	185	165	161
Public Works Permits	131	138	106	126	155	152	163	175	136	152
Libraries										
Number of Libraries	3	2	2	2	2	2	2	2	2	2
Total Circulation	318,991	327,004	333,451	332,509	313,571	284,667	214,520	184,492	157,168	180,155

Notes:

- (a) 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.
(b) 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FUNCTION										
General Government										
Total City Area (Square Miles)	9.7	9.7	9.7	9.63	9.63	9.63	9.63	9.63	9.63	9.63
Public Safety										
Police:										
Number of Vehicle Units	70	76	84	88	81	89	89	93	93	80
Fire:										
Number of Fire Stations	4	4	4	4	4	4	4	4	4	4
Number of Engines/Rescue Trucks/Ladders	9	8	7	7	7	9	9	9	8	8
Number of Medical Aid Vehicles	2	2	1	1	1	1	1	1	1	1
Number of Hazardous Materials Trailer Units	2	2	2	2	2	2	2	2	2	1
Transportation										
Paved Streets (lane miles)	178	178	178	188.2	188.2	188.2	188.2	188.2	188.2	188.2
Sidewalks (miles)	56	56	56	64.8	64.8	64.8	64.8	64.8	64.8	65.0
Number of Traffic Signals	59	59	59	64	63	63	63	74	76	74
Number of Streetlights Ow ned by Seattle City Light	1,180	1,335	1,335	^(b) 901	901	902	902	902	902	908
Number of Streetlights Ow ned by Puget Sound Energy	696	696	623	^(b) 187	187	187	187	187	187	187
Number of Streetlights Ow ned by City of Tukwila	-	-	-	^(b) 1,210	1,216	1,224	1,224	1,224	1,224	1,224
Culture and Recreation										
Parks Acreage ^(a)	162	162	162	175.6	175.6	175.6	190	190	191	191
Number of Parks	18	18	18	19	19	19	19	19	20	20
Golf Course Acreage	67	67	67	77.26	77.26	77.26	77.26	77.26	77.26	77.26
Maintained Trails (miles)	15	15	15	15	15	15	15	15	15	15
Number of Playgrounds	11	11	11	11	11	11	11	11	11	11
Swimming Pool	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	2	2	2	2	2	2	2	2	2
Water										
Water Distribution Mains (miles)	41	41	41	41	41	49	49	49	49	49
Maximum Daily Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Number of Fire Hydrants (Ow ned by City of Tukwila)	541	542	554	576	576	576	577	577	579	579
Vehicles	8	8	8	8	8	9	9	9	9	8
Sewer										
Sanitary Sewers (miles)	37	37	37	37	37	37	37	37	39	39
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	6	6	6	6	5	4	4	5	5	3
Surface Water										
Storm Drains (miles)	69	69	70	70	70	70	71	70.5	97.4	97.4
Vehicles	4	4	4	4	4	8	8	8	8	9

Notes:

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

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

Sources:

Various Departments-Tukwila