



*City of Tukwila, Washington*

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

*For the fiscal year ended December 31, 2021*

# City of Tukwila, Washington

<b>VISION</b>	<b>MISSION</b>	<b>VALUES</b>
<i>The city of opportunity, the community of choice</i>	<i>To provide superior services that support a safe, inviting and healthy environment for our residents, businesses and guests.</i>	<i>Caring Professional Responsive</i>

## 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.*
- ◆ *Build and maintain public infrastructure that supports a healthy and attractive built and natural environment.*

### 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.*
- ◆ *Work to eliminate systemic barriers and provide equitable access to opportunities and services as outlined in the City's Equity Policy.*

### 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.*
- ◆ *Encourage development, maintenance, improvements, and diversity in the City's stock of business space.*

### 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.*



The City of Tukwila, Washington

**ANNUAL  
COMPREHENSIVE  
FINANCIAL REPORT**

For the Year Ended December 31, 2021

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

Allan Ekberg, MAYOR

TUKWILA CITY COUNCIL

Thomas McLeod, Council President

Kathy Hougardy

De'Sean Quinn

Kate Kruller

Cynthia Delostrinos Johnson

Tosh Sharp

Mohamed Abdi



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2021

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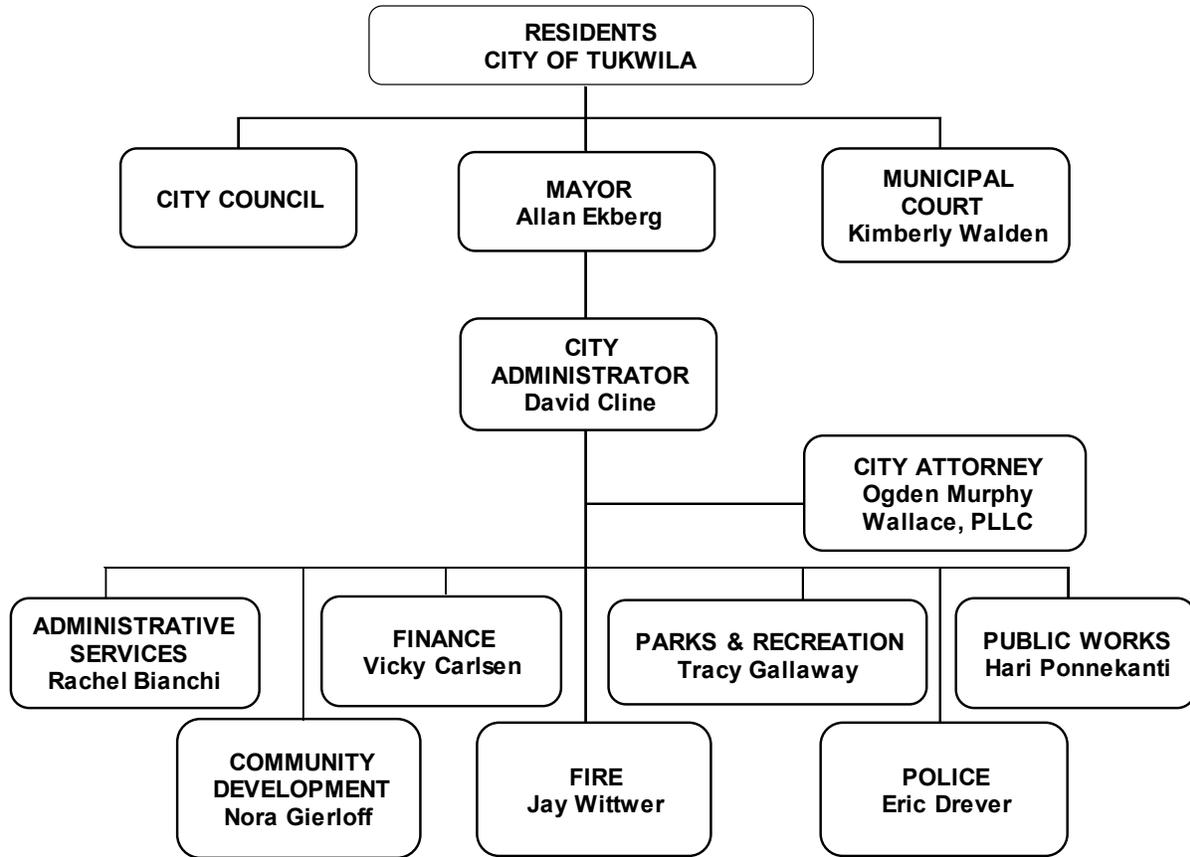
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### ADMINISTRATIVE ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS



### COUNCIL COMMITTEES

COUNCIL PRESIDENT  
Tom McLeod

**FINANCE & GOVERNANCE COMMITTEE**  
 De'Sean Quinn, Chairperson  
 Kate Kruller, Member  
 Cynthia Delostrinos-Johnson, Member

**TRANSPORTATION & INFRASTRUCTURE SERVICES**  
 Kate Kruller, Chairperson  
 Mohamed Abdi, Member  
 Tosh Sharp, Member

**COMMUNITY SERVICES & SAFETY**  
 Kathy Hougardy, Chairperson  
 Mohamed Abdi, Member  
 Tosh Sharp, Member

**PLANNING & COMMUNITY DEVELOPMENT**  
 Cynthia Delostrinos-Johnson, Chairperson  
 Kathy Hougardy, Member  
 De'Sean Quinn, Member





## **City of Tukwila**

6200 Southcenter Blvd, Tukwila, WA 98188

Allan Ekberg, Mayor

September 28, 2022

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 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

I am pleased to transmit the City of Tukwila's Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2021. 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 ACFR 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 ACFR 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 prepares 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, 2021 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 21,978, making it the 53rd largest of 290 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, four debt service funds, and eight capital project funds are included in the biennially appropriated operating budget and have budget to actual statements presented for 2021.

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 has a strong business community, largely due to its central location in the Puget Sound region. Tukwila has excellent transportation with a location at the intersection of one of the State's busiest interchanges (I-5 and I-405), excellent public transportation including the Sounder commuter train, Link light rail, and multiple bus routes including two Rapid Ride lines. The City also has quick, easy access to Sea-Tac International Airport, King County International Airport, and the Ports of Seattle and Tacoma.

The pandemic that started in early 2020 affected many economies around the world, including Tukwila's. Although some of our business sectors were hurt significantly, many others survived and thrived. Overall, Tukwila continued to have a strong business economy and we anticipate it will return even stronger as the pandemic subsides. The City's business sectors that were hurt the most were entertainment, hotels, restaurants, retail, and some services such as childcare and taxis. Even within these sectors some types of businesses did well. For instance, retailers in home improvement. As another example, restaurants with only indoor dining suffered while those with convenient take-out did well. Although some businesses had very little chance to find success, such as large hotels serving group travel, other businesses were able to adapt such as card rooms that opened in tents.

Pre-pandemic, Tukwila had over 40,000 jobs and more people were employed in the City of Tukwila than in 27 of the 39 counties in the State of Washington. Typically, 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. We fully anticipate returning to those levels post-pandemic. Although the Boeing Company had endured many challenges over the past few years, it still employs thousands of people in Tukwila. Boeing is going through significant change but we anticipate the aerospace and technology sectors to continue with the strength of industry leaders such as Blue Origin located in an adjacent city. We are home to the headquarters of industry leaders and brands such as BECU, Continental Mills, La Panzanella, LeoStella, Pop Gourmet, Red Dot Corporation, Sabey Corporation, Sahale Snacks, and Seattle Chocolates. Tukwila is also home to hundreds of small businesses, many of which are owned by members of the city's diverse international community.

Tukwila 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 \$2.23 billion dollars in taxable retail sales in 2021. The total retail sales tax revenue amounted to \$19.2 million in 2021, representing an increase of 17.6% from the \$16.3 million collected in the prior year. While this increase shows a significant increase over 2020 levels, the City is still \$736 thousand, or 3.7%, below the sales tax revenues collected in 2019 due to the continuing impacts of COVID-19.

## **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 \$8.0 billion, which is an increase of 1.6% from 2020, allowing the City to pursue a long-term capital investment program. The City's 2021-2026 Capital Improvement Program anticipates approximately \$118 million in general

government capital projects, with only \$7.39 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 2021. 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 completed the seismic retrofit of the Boeing Access Road Bridge over Airport Way with funding from the federal Local Bridge Program (formally known as BRAC). The Local Bridge Program funded 86.5% of design and 100% of construction. The City also approved and is funding 30% design of the 42<sup>nd</sup> Avenue South Bridge Replacement. This major bridge serves the BNSF railroad and a residential community and has reached its life span. With partial design underway, this will facilitate the City to be adequately prepared to solicit grant funds from both the state and federal government with a "shovel ready" project.

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 \$2 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. With Surface Water Funds, the City completed design of the East Marginal Way South Stormwater Outfalls Project with construction scheduled to be completed in the first half of 2022. The East Marginal Way South Stormwater Outfalls Project redirected drainage along East Marginal Way S from the closed Jorgensen Forge outfall to the City-owned Boeing Z-line outfall. The project includes the installation of a new pump station and force main, the installation of a water quality vault and bioswale to treat roadway runoff and lining approximately 400 feet of the Boeing Z-line stormwater conveyance line to reduce the likelihood of contaminated groundwater from entering the City's outfall and the Duwamish River.

The City repaired damaged concrete at Sewer Lift Station No. 12, and the entire wet well was recoated. In addition, the control panel at Sewer Lift Station No. 4 was in poor condition and was located deep below grade. The control panel was replaced and moved into an enclosure above grade. Electrical and accessibility upgrades to the two sewer lift stations created a safer environment for the maintenance crew. Both projects were funded entirely by the Sewer fund.

The City restored fish access to Riverton Creek and reestablished previously inaccessible rearing habitat at the confluence with the Duwamish River. Construction included the removal of two culverts with flap gates and associated fill, wall demolition, the installation of a new trail bridge, a new soldier pile wall, structural tie-backs along the adjacent road, channel realignment, boulder, gravel and wood placement, native plant restoration and art work. A grant from the Recreation and Conservation office was instrumental in completing this project, along with grant funding from King County and utility revenue from the City's Surface Water fund.

The City continued its partnerships with Tukwila Village Development Associates (TVDA) and the King County Library System (KCLS) to develop six acres of formerly City-owned land on Tukwila International Boulevard at South 144th Street, known as Tukwila Village. The City started purchasing the property in 1999 and sold it to TVDA and KCLS in phases in 2015, 2017 and 2019. In 2017 KCLS opened the new Tukwila Library. TVDA opened the first two mixed-use buildings in 2018, the third mixed-use building in 2020, and the fourth in 2021. Now that construction is complete, the project includes 398 apartments for seniors, 6 live/work units, 13,000 square feet of office, 16,000 square feet of retail and restaurants, a community meeting space with plaza, and the library. The entire Tukwila Village project cost is over \$130 million.

The City has completed many projects associated with the Public Safety Plan, including the new Justice Center and two new fire stations. The Plan continues to fund fire equipment and apparatus for the Tukwila Fire Department. Phase one of the consolidated Public Works facility is nearly complete as of this writing, and planning has begun for phase two. 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 annual comprehensive financial report for the fiscal year that ended December 31, 2020. This was the 34th consecutive year that Tukwila has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 2021 Annual Comprehensive 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO





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

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE  
FINANCIAL STATEMENTS**

Mayor and City Council  
City of Tukwila  
Tukwila, Washington

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinions**

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 then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **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 listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 financial statements and schedules are presented for the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## **Other Information**

The other information comprises Introductory and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated September 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

September 28, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

The management discussion and analysis section of the City of Tukwila's Annual Comprehensive Financial Report provides an overview of the City's financial activities for the year ended December 31, 2021. 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, 2021, the City of Tukwila's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$354.9 million. Of this amount, \$59.3 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 \$18.8 million, or 5.6%. Governmental activities increased \$13.6 million due in part to generally improving revenues while expenditures remained relatively level. Business-type activities increased \$5.2 million which was primarily driven by the surface water fund. The water and sewer funds also contributed to the increase, having rebounded from some of the pandemic impacts of the prior year.
- At the close of the current fiscal year, the City of Tukwila's governmental funds reported combined fund balances of \$43.7 million, an increase of \$3.7 million (9.2%). Approximately 53.0% (\$23.2 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 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 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 fifteen 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 Custodial 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 \$354.9 million at the close of the most recent fiscal year. Total net position increased by \$18.8 million (5.6%) when compared to 2020.

### CITY OF TUKWILA'S NET POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$111,417	\$78,595	\$31,401	\$27,168	\$142,817	\$105,763
Capital assets, net of accumulated depreciation	334,119	335,241	75,582	72,905	409,701	408,146
Total assets	445,536	413,836	106,982	100,074	552,518	513,909
Deferred Outflows of Resources	4,491	4,580	293	291	4,784	4,870
Long-term liabilities	150,058	151,260	3,250	3,959	153,309	155,219
Net pension liability	1,042	4,945	231	940	1,272	5,885
Total OPEB liabilities	7,421	7,156	-	-	7,421	7,156
Other liabilities	10,312	9,333	1,640	674	11,952	10,007
Total liabilities	168,834	172,695	5,121	5,573	173,954	178,268
Deferred Inflows of Resources	25,903	4,046	2,502	320	28,405	4,366
Net position						
Net investment in capital assets	197,840	201,887	72,559	69,239	270,399	271,126
Restricted	25,281	17,784	-	-	25,281	17,784
Unrestricted	32,170	22,003	27,094	25,232	59,263	47,235
Total net position	\$255,290	\$241,675	\$99,653	\$94,471	\$354,943	\$336,145

By far, the largest portion of the City's net position (\$270.4 million or 76.2%) 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 (\$25.3 million or 7.1%) 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 \$25.3 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 (\$59.3 million, or 16.7%) 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 \$18.8 million (5.6%) 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)

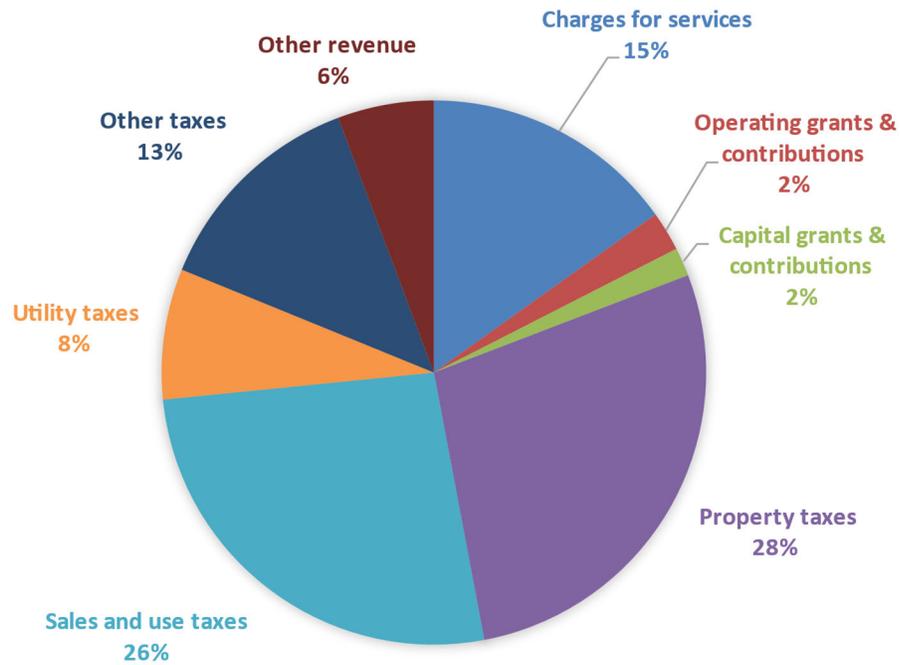
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$11,560	\$13,735	\$25,526	\$23,720	\$37,086	\$37,456
Operating grants and contributions	1,797	1,567	62	122	1,858	1,689
Capital grants and contributions	1,290	1,416	1,710	1,405	3,000	2,821
General revenues						
Property taxes	21,275	19,839	-	-	21,275	19,839
Sales and use taxes	20,148	17,102	-	-	20,148	17,102
Hotel/Motel taxes	540	292	-	-	540	292
Utility taxes	3,605	4,286	-	-	3,605	4,286
Interfund utility taxes	2,322	2,154	-	-	2,322	2,154
Business taxes	2,075	408	-	-	2,075	408
Excise taxes	7,401	3,324	-	-	7,401	3,324
Investment earnings	298	680	-	-	298	680
Miscellaneous	4,068	2,040	-	-	4,068	2,040
Total revenues	76,379	66,843	27,297	25,247	103,676	92,091
Expenses:						
General government	12,227	10,793	-	-	12,227	10,793
Public safety	24,840	25,090	-	-	24,840	25,090
Transportation	12,760	12,757	-	-	12,760	12,757
Economic environment	5,063	4,427	-	-	5,063	4,427
Culture and recreation	4,814	5,523	-	-	4,814	5,523
Interest on long-term debt	4,443	4,927	-	-	4,443	4,927
Water/sewer	-	-	14,227	14,111	14,227	14,111
Foster golf course	-	-	4,327	4,991	4,327	4,991
Surface water	-	-	2,176	1,908	2,176	1,908
Total expenses	64,147	63,517	20,731	21,010	84,878	84,527
Increase (decrease) in net position before transfers	12,231	3,326	6,566	4,237	18,798	7,564
Transfers	1,384	233	(1,384)	(233)	-	-
Change in net position	13,615	3,560	5,182	4,004	18,798	7,564
Net position-beginning of period	241,675	238,115	94,471	90,467	336,145	328,582
Net position-end of period	\$255,290	\$241,675	\$99,653	\$94,471	\$354,943	\$336,145

**Governmental Activities**

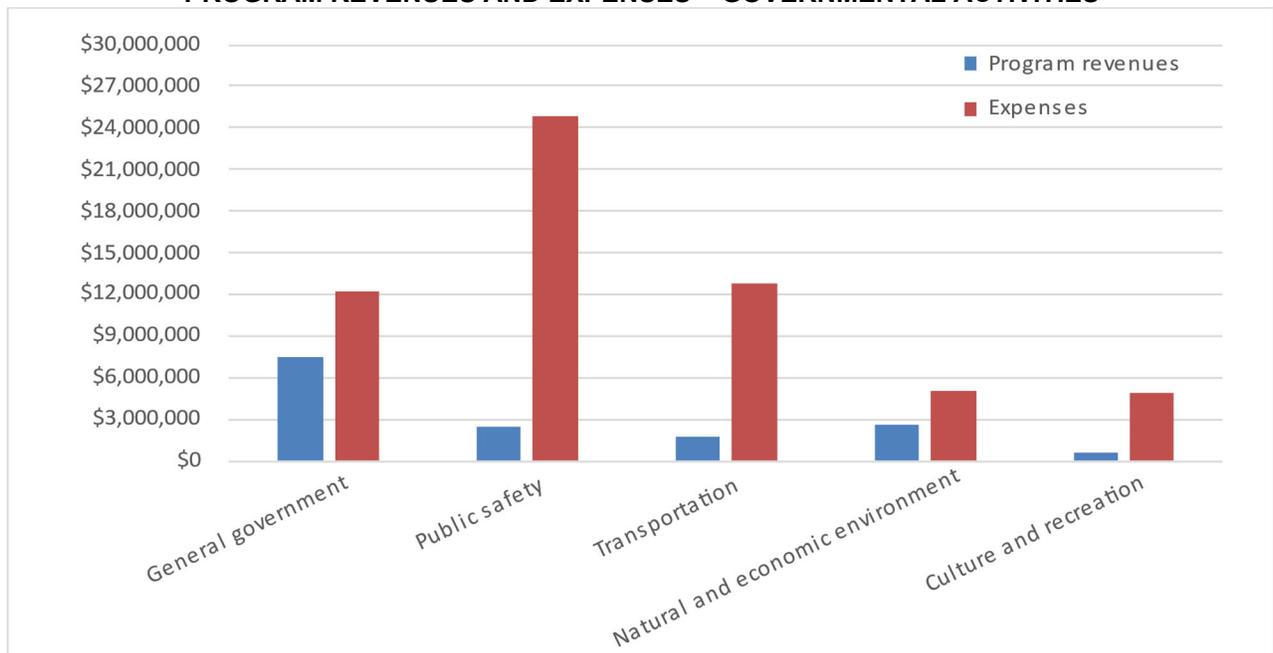
During the current fiscal year, net position for governmental activities increased \$13.6 million (282.5%) from the prior fiscal year for an ending balance of \$255.3 million. The primary reasons for this are:

- Property taxes increased \$1.4 million (7.2%) from the prior year. In 2016, voters approved an excess property tax levy to be used for public safety purposes. The increase in property taxes is primarily related to the excess levy for debt service of the 2016 & 2019 UTGO bonds. This was the fifth year the City received the proceeds from that levy.
- Retail sales and use taxes totaled \$20.1 million, which is an increase of \$3.0 million or 17.8% compared to the prior year. Revenue from excise taxes also saw an increase of \$4.1 million or 122.7% compared to the prior year. The increases are the result of strong retail shopping in the Southcenter shopping area.
- Excise taxes increased by \$4.1 million (122.7%) from the prior year. Fueled by a hot real estate market, Real estate excise taxes increased by nearly \$2.4 million compared to the prior year. Additionally, gambling taxes increased by \$1.7 million compared to the amount collected in 2020. The pandemic related shutdowns had significant impacts to gambling taxes and this increase indicates a partial recovery of this sector.

**REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES**



**PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES**

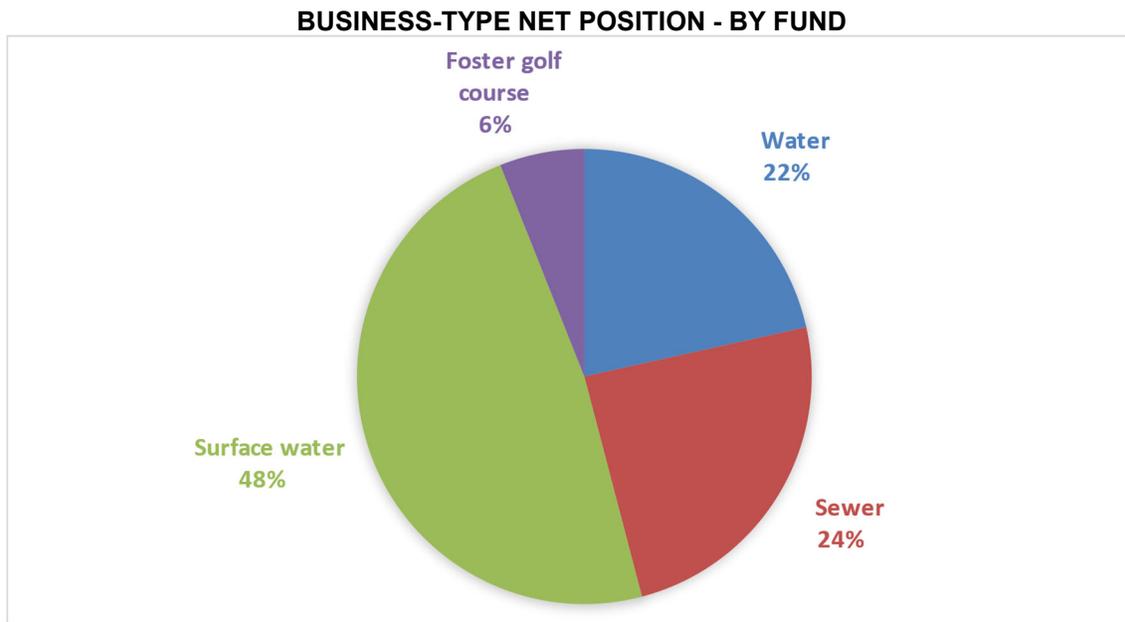


**Business-Type Activities**

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 \$5.2 million (5.5%) to reach an ending balance of \$99.7 million. The overall growth is attributable to the following factors:

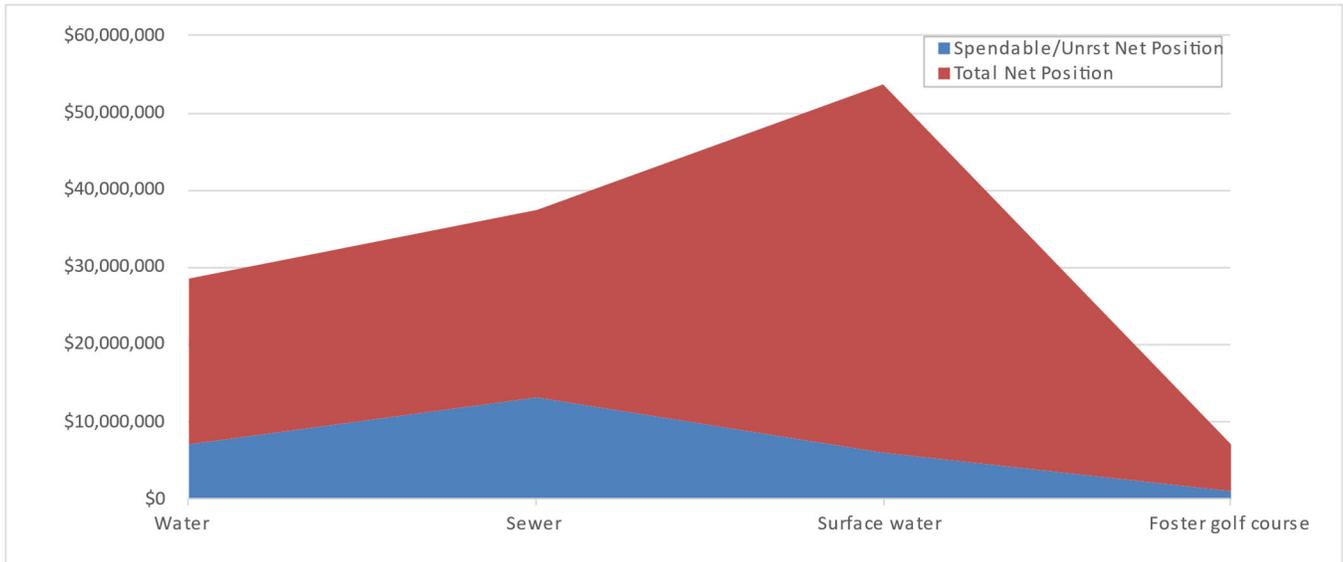
- In the Water and Sewer Utilities, operating revenues increased \$615 thousand and \$918 thousand, respectively, while operating expenses stayed relatively the same as the prior year. This resulted in an operating income in the Water and Sewer Utilities of \$580 thousand and \$1.4 million, respectively. These utility funds were impacted by the effects of the pandemic and related business closures in 2020 but have returned to near expected levels.
- In the Surface Water Utility, total net position increased \$3.7 million (8.3%) primarily due to a 2.0% rate increase. Surface Water was not impacted as much by the economic shutdowns since they are billed with the county property taxes.
- Overall operating income of business-type activities was \$4.8 million, an increase of \$2.3 million (89%) from 2020. Operating revenue increased in 2021 by \$2.0 million, accompanied by a decrease in overall operating expenses of \$275 thousand which was primarily attributable to the Surface Water Utility.
- Of the \$99.7 million total net position, \$27.1 million (27.2%) is unrestricted and each utility can utilize their portion for any purpose. This operating balance is necessary for future planned infrastructure replacements and repairs.

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



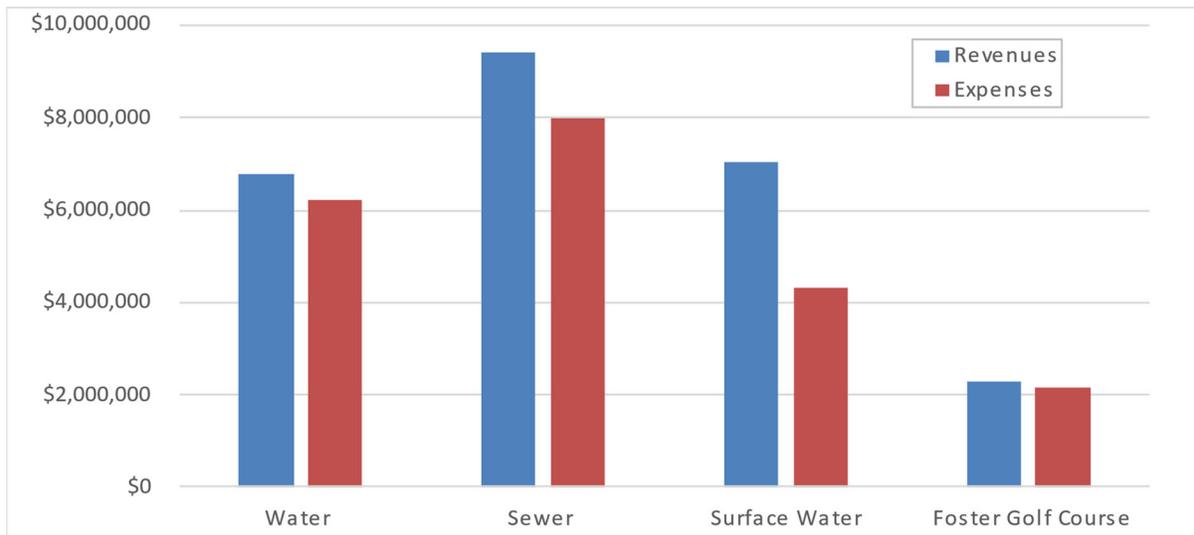
The majority of net position in the City’s enterprise funds relate to capital asset infrastructure, such as water and sewer mains, and the golf course land. As such, most of the net position is not available to support the ongoing expenses of the funds. The following chart contrasts the total net position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

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



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

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



## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

As of December 31, 2021, the City's governmental funds had combined fund balances of \$43.7 million, an increase of \$3.7 million (9.2%). The increase is primarily due to revenues rebounding from the prior year declines along with continued reductions to certain expenditures.

The change in fund balance for governmental funds compared to 2020 is as follows:

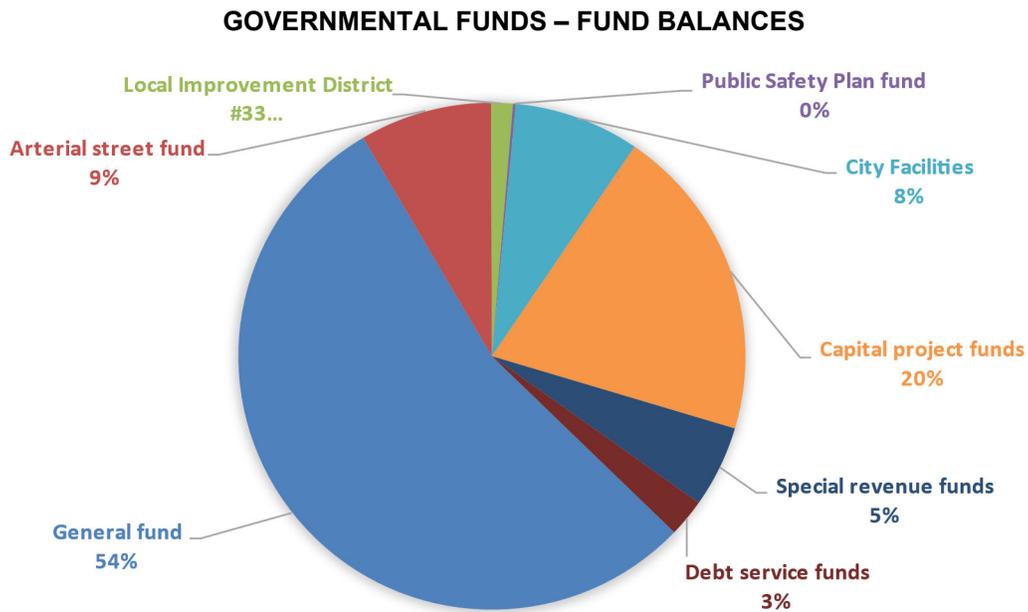
- General Fund \$4,319,353
- Arterial Street Fund \$2,262,997
- Local Improvement District #33 (\$20,763)
- Public Safety Plan (\$3,086,590)
- City Facilities (\$1,500,818)
- Other Governmental Funds \$1,725,057

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 2021, the general fund had a fund balance of \$23.7 million, with \$23.2 million (97.6%) of the balance classified as unassigned and available to meet the City's general obligations. Unassigned fund balance increased from \$18.5 million in 2020 to \$23.2 million in 2021 due primarily to improvements in revenues combined with reductions in expenditures related to vacant positions.

The Arterial Street Fund increase in fund balance is primarily related to an increase in revenues from real estate excise taxes and solid waste taxes. In addition, the fund balance increased as a result of budgeted expenditures for the West Valley Highway project being carried forward to 2022.

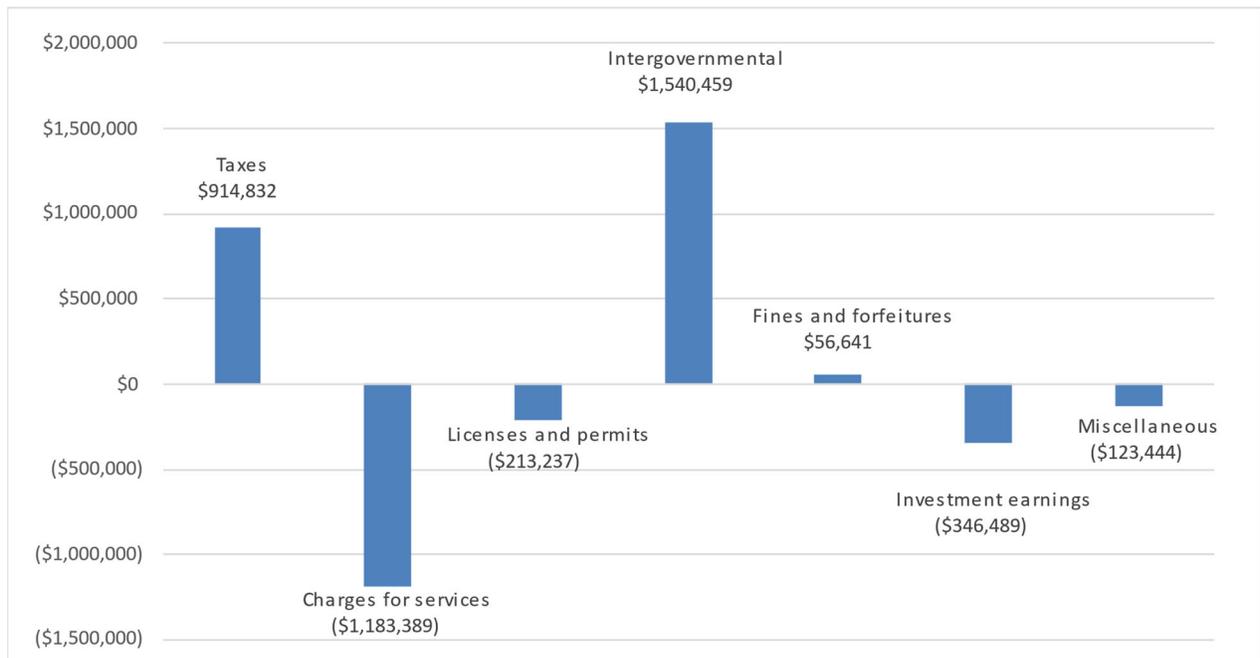
The City Facilities fund balance decrease is due to capital outlays of \$6.1 million, which is primarily related to the first phase of improvements at the new Public Works shops project. The City issued bonds in 2021 for the general fund portion of these phase 1 improvements.

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



The general fund revenue increased a total of \$645 thousand, which 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 2021 at \$27.1 million, an increase of almost \$1.9 million (7.4%) from 2020.

## 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.

In 2021, the City continued to face the financial challenges that resulted due to the COVID-19 pandemic. The 2021-2022 biennial budget included many of the same expense reductions that had been implemented in 2020, with frozen positions and reduced department budgets for supplies and services. In March 2021, the federal government passed the American Rescue Plan Act (ARPA). The City received \$5.68 million in ARPA which allowed the City to bring back some services that had been reduced or eliminated due to the reduced revenues caused by the pandemic.

The following is a summary of significant budget amendments that occurred in 2021:

- The City received ARPA funds and allocated \$905 thousand to 2021 to bring back programs and positions that had been frozen or eliminated due to the pandemic.
- A school zone speed camera pilot program was added, which assumes the revenues generated by the program will offset program costs. Revenues received above program costs are dedicated to pedestrian safety in school zones.
- Budget for the fire department was adjusted to account for increased overtime usage. Overtime increased in 2021 due to significant reimbursable overtime, staffing a COVID testing site, and returning minimum staffing to 13. Minimum staffing had been reduced to 12 in 2020 due to lower call volume as a result of businesses being shuttered for several weeks in mid-2020 due to COVID-19.
- Sales tax budget was increased to reflect revised projections.
- Streamlined sales tax mitigation payments budget increased after the State of Washington returned this funding source to cities affected by destination-based sales tax regulation. The State had previously discontinued this funding source when revenues declined sharply due to the pandemic.

## CAPITAL ASSETS

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2021 totaled \$409.7 million (net of accumulated depreciation), an increase of \$1.6 million (0.4%) from 2020. 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 51,719,374	51,719,374	\$ 2,346,230	2,346,230	\$ 54,065,604	54,065,604
Buildings & Structures	90,407,904	69,894,819	8,736,916	6,820,055	99,144,819	76,714,875
Other Improvements	6,562,979	7,511,071	60,221,273	60,293,924	66,784,252	67,804,995
Machinery and Equipment	9,341,062	10,393,612	890,481	750,246	10,231,544	11,143,858
Infrastructure	140,235,739	144,600,533	-	-	140,235,739	144,600,533
Construction in Progress	35,851,859	51,121,232	3,386,924	2,695,009	39,238,783	53,816,240
<b>Total</b>	<b>\$ 334,118,916</b>	<b>335,240,641</b>	<b>\$ 75,581,825</b>	<b>72,905,464</b>	<b>\$409,700,741</b>	<b>408,146,105</b>

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

Capital asset events during the current fiscal year included the following:

#### Governmental Activities:

- Public Safety Plan: The third major construction project within the Public Safety Plan, Fire Station 52, was completed and placed in service during the year. Additional amounts were added for the Justice Center (\$853 thousand) and Fire Station 51 (\$106 thousand) after these projects were placed in service in the prior year.
- Residential and Arterial Street Funds: Seismic upgrades were completed for the Boeing Access Road Bridge over Airport Way, adding \$2.4 million to infrastructure. Work continues on the replacement of the 42<sup>nd</sup> Ave Bridge, with \$451 thousand in costs added to construction in progress.
- Public Works Shop and City Facilities: Improvements continued at the future consolidated Public Works Shop, with \$5.7 million added to Construction in Progress during the year. Improvements at the Minkler building continue as well, with the first phase of improvements placed in service during the year. Planning began for the future Teen/Senior Intergenerational center, which added \$321 thousand to construction in progress.
- Fleet Equipment: The fleet fund added \$762 thousand in new vehicles and equipment and disposed of \$928 thousand in surplus & retired fleet assets.
- Construction in Progress: Construction in progress decreased by \$15.3 million compared to the prior year. While current year construction in progress additions were \$6.9 million, \$22.2 million of completed projects were placed in service and capitalized to buildings, infrastructure and other improvements. The decrease is primarily attributed to the completion of Fire Station 52 from the Public Safety Plan projects.

#### Business Type Activities:

- Utility improvements: Current year capital expenditures totaled \$4.8 million, primarily from the surface water fund accounted (\$3.4 million) and the sewer fund (\$1.2 million). The surface water fund completed and placed in service over \$3.2 million comprised of the Riverton flapgate removal and small drainage projects. The sewer fund also completed and placed into service, \$1.2 million of capital assets for lift station upgrades and sewer rehab projects.
- Golf Course: The golf course added \$235 thousand in capital assets which consisted of new course maintenance tools and equipment.
- Construction in Progress increased \$692 thousand compared to the prior year, with \$4.8 million in additions to CIP and \$4.1 million in prior year projects placed in service.

**LONG-TERM DEBT**

The City had total long-term obligations outstanding of \$149.2 million at the end of the current fiscal year. Of this amount, \$117.9 million is general obligation bonds which is backed by the full faith and credit of the City, \$10.6 million of general obligation direct placement/borrowings, \$840 thousand is revenue bonds for the water/sewer and surface water utilities, \$2.1 million in public works trust fund loans, \$4.6 million due to other governments, \$10.2 million premium on bonds, and the remaining \$3.1 million is special assessment bonds which were issued to improve access to the City's urban center.

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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 117,890,000	\$ 123,916,000	\$ -	\$ -	\$ 117,890,000	\$ 123,916,000
General obligation- direct placement/borrowings	10,611,266	4,486,326	-	-	10,611,266	4,486,326
Revenue bonds	-	-	840,235	997,413	840,235	997,413
Premium on bonds issued	10,163,810	10,889,618	-	-	10,163,810	10,889,618
Special assessment bonds	3,060,000	3,430,000	-	-	3,060,000	3,430,000
Public Works Trust Fund Loans	-	-	2,075,702	2,649,118	2,075,702	2,649,118
Due to other governments	4,568,396	4,745,772	-	-	4,568,396	4,745,772
	\$ 146,293,472	\$ 147,467,716	\$ 2,915,937	\$ 3,646,531	\$ 149,209,409	\$ 151,114,247

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 has a strong business community, largely due to its central location in the Puget Sound region. Tukwila is located at the intersection of one of the State's busiest interchanges (I-5 and I-405) and has excellent public transportation including a commuter train, light rail, and multiple bus routes including two Rapid Ride lines. The City also has quick, easy access to Sea-Tac International Airport, King County International Airport, the Ports of Seattle and Tacoma, and downtown Seattle.

Tukwila has a very strong retail sector. Anchored by Westfield Southcenter, which is the largest mall in the Pacific Northwest, the City has become a retail, restaurant, and entertainment hub. The City also has a high concentration of light industrial jobs across many sectors and particularly aerospace. It is also home to hundreds of small businesses, many of which are owned by members of Tukwila's diverse international community.

The pandemic that started in early 2020 affected many economies around the world, including Tukwila's. The City's sales tax revenue in 2020 ended \$3.6 million, or 18% below 2019's pre-pandemic level. Approximately 80% of the reduction came from general retail, arts & entertainment, accommodations, food services, and drinking establishments. The City also saw a significant decrease in the hospitality sector through lodging taxes which ended below 2019 levels by 64% in 2020 and 36% in 2021. Fortunately, the economy has been recovering and 2021 was much improved in other areas. Retail trade in 2021 was 9.6% above pre-pandemic levels. The hospitality sector (arts & entertainment, accommodations, food services, and drinking) were still almost 20% below pre-pandemic levels largely due to the continued pandemic effects on business and international travel. Construction in 2021 was almost 25% below pre-pandemic levels which may be due to normal volatility. Excluding construction, total sales tax in 2021 was just 1% below pre-pandemic levels.

The pandemic is not over and the City anticipates it will continue to hinder business and international travel but in general Tukwila's economy has nearly recovered from the pandemic. The regional economy is strong with many highly successful companies continuing to expand and hire. We anticipate Tukwila's economy following the region with the most significant risks being inflation and a national recession."

Although the economy continues to improve from the effects of the COVID-19 pandemic, the City still faces some challenges entering the 2023-2024 biennium. Federal, state and county governments continue to devolve services down to cities and there is no evidence that the trajectory will slow or change anytime soon. Additionally, inflation is the highest it has been in the past four decades. This high inflation will impact all expenditure types throughout the City which will cause additional pressures on the limited resources. At the same time, the City's revenues are still recovering from the effects of the pandemic and are not rising at the same pace as expenditures. It is with these challenges in mind that the City will vigilantly strive to monitor and control expenses in order to remain 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, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 41,414,610	\$ 24,372,520	\$ 65,787,130
Investments	6,138,506	1,978,606	8,117,112
Taxes receivable	7,440,563	-	7,440,563
Other receivables	557,217	1,846,655	2,403,871
Due from other governmental units	294,259	533,780	828,039
Inventory of materials and supplies	27,494	60,542	88,036
Restricted cash and cash equivalents	1,093,420	175,522	1,268,942
Notes receivable - Current	239,879	-	239,879
Notes receivable - Noncurrent	2,731,579	44,516	2,776,095
Real property held for resale	2,007,410	-	2,007,410
Investment in joint ventures	10,988,817	-	10,988,817
Non-depreciable capital assets	87,571,233	5,733,154	93,304,387
Depreciable capital assets (net of accumulated depreciation)	246,547,684	69,848,671	316,396,354
Net Pension asset	38,482,856	2,388,379	40,871,235
<b>Total Assets</b>	<b>445,535,526</b>	<b>106,982,345</b>	<b>552,517,871</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred loss on refunding	-	20,863	20,863
Deferred outflow s related to OPEB	379,240	-	379,240
Deferred outflow s related to pensions	4,112,126	272,112	4,384,238
<b>Total Deferred Outflow s Of Resources</b>	<b>4,491,366</b>	<b>292,975</b>	<b>4,784,341</b>
<b>LIABILITIES:</b>			
Accounts payable	2,942,569	1,149,966	4,092,536
Accrued wages and benefits payable	1,650,525	154,420	1,804,945
Accrued interest payable	568,437	7,617	576,053
Unearned revenue	2,171,776	8,015	2,179,791
Total OPEB liability-current	477,394	-	477,394
Other liabilities	1,551,992	319,615	1,871,606
IBNR reserve	949,500	-	949,500
Bonds and other debt payable			
Due within one year	9,580,395	794,284	10,374,679
Due in more than one year	140,478,070	2,456,072	142,934,142
Net pension liability	1,041,894	230,571	1,272,465
Total OPEB liability-non current	7,421,005	-	7,421,005
<b>Total Liabilities</b>	<b>168,833,558</b>	<b>5,120,559</b>	<b>173,954,117</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflow s related to pensions	25,461,659	2,501,690	27,963,349
Business taxes received in advance	224,261	-	224,261
Deferred revenue-other	206,076	-	206,076
Deferred revenue-developer agreements	11,490	-	11,490
<b>Total Deferred Inflow s Of Resources</b>	<b>25,903,486</b>	<b>2,501,690</b>	<b>28,405,176</b>
<b>NET POSITION:</b>			
Net investment in capital assets	197,839,607	72,559,196	270,398,803
Restricted for:			
Debt service	1,653,564	-	1,653,564
Tourism promotion	1,742,366	-	1,742,366
Arterial street improvements	1,000,809	-	1,000,809
Drug investigation and enforcement	567,273	-	567,273
Land and park acquisition, development	2,267,734	-	2,267,734
Pension Asset	17,998,969	-	17,998,969
Public safety facilities	50,000	-	50,000
Unrestricted net position	32,169,525	27,093,876	59,263,401
<b>Total Net Position</b>	<b>\$ 255,289,848</b>	<b>\$ 99,653,072</b>	<b>\$ 354,942,919</b>

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

CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Primary Government						
	--Expenses--	----- Program revenues -----			-Net (Expense) Revenue and Changes in Net Position-		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS / PROGRAMS:</b>							
<b>PRIMARY GOVERNMENT</b>							
Governmental activities							
General government	\$ 12,227,100	\$ 6,342,118	\$ 1,114,422	\$ -	\$ (4,770,560)	\$ -	\$ (4,770,560)
Public safety	24,840,036	1,972,485	464,181	-	(22,403,371)	-	(22,403,371)
Transportation	12,760,187	371,646	-	1,289,853	(11,098,689)	-	(11,098,689)
Natural and economic environment	5,062,727	2,416,865	143,740	-	(2,502,122)	-	(2,502,122)
Culture and recreation	4,814,194	456,787	74,359	-	(4,283,048)	-	(4,283,048)
Interest on long-term debt	4,443,170	-	-	-	(4,443,170)	-	(4,443,170)
<b>Total Governmental Activities</b>	<b>64,147,415</b>	<b>11,559,900</b>	<b>1,796,702</b>	<b>1,289,853</b>	<b>(49,500,960)</b>	<b>-</b>	<b>(49,500,960)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water	6,209,411	6,804,724	-	67,865	-	663,178	663,178
Sewer	8,017,939	9,422,615	-	163,200	-	1,567,876	1,567,876
Surface water	4,327,427	7,029,502	61,630	1,478,612	-	4,242,317	4,242,317
Foster golf course	2,175,885	2,268,908	-	-	-	93,023	93,023
<b>Total Business-Type Activities</b>	<b>20,730,662</b>	<b>25,525,749</b>	<b>61,630</b>	<b>1,709,678</b>	<b>-</b>	<b>6,566,394</b>	<b>6,566,394</b>
<b>Total Primary Government</b>	<b>\$ 84,878,077</b>	<b>\$ 37,085,649</b>	<b>\$ 1,858,331</b>	<b>\$ 2,999,531</b>	<b>\$ (49,500,960)</b>	<b>\$ 6,566,394</b>	<b>\$ (42,934,566)</b>

General Revenues:

Taxes			
Property taxes	\$ 21,275,135	\$ -	\$ 21,275,135
Retail sales and use taxes	20,148,103	-	20,148,103
Hotel/motel taxes	540,329	-	540,329
Utility taxes	3,605,314	-	3,605,314
Interfund utility taxes	2,322,420	-	2,322,420
Business taxes	2,074,857	-	2,074,857
Excise Taxes	7,400,723	-	7,400,723
Unrestricted investment earning	297,953	-	297,953
Miscellaneous	4,067,501	-	4,067,501
<b>Total General Revenues</b>	<b>61,732,334</b>	<b>-</b>	<b>61,732,334</b>
Excess of revenues over expenses before transfers	12,231,374	6,566,394	18,797,768
Transfers	1,383,944	(1,383,944)	-
<b>Change in net position</b>	<b>13,615,317</b>	<b>5,182,451</b>	<b>18,797,768</b>
Net position - beginning	241,674,530	94,470,621	336,145,151
<b>Net position-ending</b>	<b>\$ 255,289,848</b>	<b>\$ 99,653,072</b>	<b>\$ 354,942,919</b>

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

CITY OF TUKWILA, WASHINGTON  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

	General Fund	Arterial Street	Local Improvement District #33	Public Safety Plan	City Facilities	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 15,741,344	\$ 2,257,520	\$ 601,809	\$ 243,665	\$ 4,643,921	\$ 10,721,270	\$ 34,209,529
Investments	6,138,506	-	-	-	-	-	6,138,506
Taxes receivable	6,401,584	553,932	-	268,162	-	216,885	7,440,563
Other receivables	533,127	-	-	-	-	-	533,127
Due from other governmental units	123,505	160,074	-	-	-	10,680	294,259
Restricted assets:							
Cash and cash equivalents	-	1,000,809	-	-	-	92,611	1,093,420
Special assessment receivable	-	-	2,631,224	-	-	-	2,631,224
Notes receivable - Current	239,879	-	-	-	-	-	239,879
Notes receivable - Noncurrent	50,355	-	-	50,000	-	-	100,355
Real property held for resale	-	-	-	-	-	2,007,410	2,007,410
<b>Total Assets</b>	<b>\$ 29,228,301</b>	<b>\$ 3,972,336</b>	<b>\$ 3,233,033</b>	<b>\$ 561,827</b>	<b>\$ 4,643,921</b>	<b>\$ 13,048,856</b>	<b>\$ 54,688,273</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>							
Liabilities:							
Accounts payable	713,470	271,295	-	433,854	1,143,876	330,452	2,892,948
Accrued wages & benefits	1,613,137	12,321	-	-	-	4,354	1,629,812
Unearned revenue	2,165,243	6,533	-	-	-	-	2,171,776
Other liabilities	389,190	-	-	300	-	544,049	933,539
<b>Total Liabilities</b>	<b>4,881,040</b>	<b>290,149</b>	<b>-</b>	<b>434,154</b>	<b>1,143,876</b>	<b>878,855</b>	<b>7,628,075</b>
Deferred inflow of resources							
Unavailable revenue-special assessment	-	-	2,631,224	-	-	-	2,631,224
Business taxes received in advance	224,261	-	-	-	-	-	224,261
Unavailable revenue-property tax, other	381,477	-	-	-	-	57,251	438,728
Unavailable revenue-developer agreement	-	-	-	50,000	-	-	50,000
<b>Total Deferred Inflow Of Resources</b>	<b>605,738</b>	<b>-</b>	<b>2,631,224</b>	<b>50,000</b>	<b>-</b>	<b>57,251</b>	<b>3,344,213</b>
Fund balance:							
Nonspendable	70,139	-	-	-	-	-	70,139
Restricted:							
Hotel/motel tax	-	-	-	-	-	1,742,366	1,742,366
Arterial street capital improvements	-	1,000,809	-	-	-	-	1,000,809
Drug investigation and enforcement	-	-	-	-	-	567,273	567,273
Park and land acquisition/development	-	-	-	-	-	2,267,734	2,267,734
Debt service guaranty fund	-	-	-	-	-	738,462	738,462
Debt service public safety plan	-	-	-	-	-	313,293	313,293
Local Improvement District	-	-	601,809	-	-	-	601,809
Assigned:							
Residential street improvements	-	-	-	-	-	707,806	707,806
Arterial street improvements	-	2,681,378	-	-	-	-	2,681,378
Land & park acquisition	-	-	-	-	-	365,622	365,622
Facilities & urban renewal	-	-	-	-	-	4,469,671	4,469,671
General government improvements	-	-	-	-	-	678,033	678,033
Public safety facilities	-	-	-	77,672	-	-	77,672
City facilities	-	-	-	-	3,500,044	-	3,500,044
1% Arts	-	-	-	-	-	262,490	262,490
Technology	397,294	-	-	-	-	-	397,294
Shoreline Restoration	93,849	-	-	-	-	-	93,849
Unassigned	23,180,241	-	-	-	-	-	23,180,241
<b>Total Fund Balance</b>	<b>23,741,523</b>	<b>3,682,187</b>	<b>601,809</b>	<b>77,672</b>	<b>3,500,044</b>	<b>12,112,750</b>	<b>43,715,985</b>
<b>Total Liabilities, Deferred Inflows And Fund Balances</b>	<b>\$ 29,228,301</b>	<b>\$ 3,972,336</b>	<b>\$ 3,233,033</b>	<b>\$ 561,827</b>	<b>\$ 4,643,921</b>	<b>\$ 13,048,856</b>	<b>\$ 54,688,273</b>

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

CITY OF TUKWILA, WASHINGTON  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 DECEMBER 31, 2021**

	Total Governmental Funds
Total governmental fund balances as reported on this statement	\$ 43,715,985
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	
Non-depreciable assets	87,571,233
Depreciable assets (net)	239,393,674
Internal service fund assets	7,154,009
	334,118,916
The net pension asset is not an available resource and, therefore, is not reported in the funds.	38,482,856
Deferred outflow of pension costs	4,112,126
Deferred outflow of OPEB	379,240
Deferred inflow of pension contributions	(25,461,659)
	(20,970,294)
The City has an equity interest in two joint ventures. This equity interest for the provision of governmental services is not a current financial resource and therefore is not reported in the funds.	10,988,817
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	232,652
Unavailable revenue reported for developer agreement	38,510
Unavailable revenue reported for special assessment	2,631,224
	2,902,386
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	(9,580,395)
Long term liabilities due in more than one year	(141,495,152)
Unfunded other post employment benefits	(7,898,399)
Accrued interest payable	(568,437)
Deferred outflow on refunding	-
	(159,542,382)
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.	5,593,564
<b>Net Position Of Government Activities As Reported On The Statement Of Net Position</b>	<b>\$ 255,289,848</b>

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

CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Arterial Street	Local Improvement District #33	Public Safety Plan	City Facilities	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$ 48,106,884	\$ 3,051,933	\$ -	\$ 567,617	\$ -	\$ 5,555,059	\$ 57,281,494
Licenses and permits	5,341,662	-	-	-	-	-	5,341,662
Intergovernmental	5,815,741	1,411,328	-	-	-	376,568	7,603,637
Charges for services	2,560,452	251,088	-	300,000	-	101,963	3,213,504
Fines and forfeitures	302,358	-	-	-	-	-	302,358
Investment earnings	113,159	933	151,060	1,378	5,384	26,039	297,953
Special assessments	-	-	375,889	-	-	-	375,889
Miscellaneous	227,987	104,100	-	-	-	300,000	632,087
<b>Total Revenues</b>	<b>62,468,243</b>	<b>4,819,382</b>	<b>526,949</b>	<b>868,995</b>	<b>5,384</b>	<b>6,359,629</b>	<b>75,048,583</b>
<b>EXPENDITURES:</b>							
Current:							
General government	8,320,068	-	-	-	-	135,315	8,455,383
Public safety	31,972,349	-	-	464,692	-	76,759	32,513,800
Transportation	4,577,425	1,844,895	-	-	-	189,781	6,612,101
Natural and economic environment	5,372,912	-	-	-	-	544,302	5,917,214
Culture and recreation	4,219,045	-	-	-	-	394,989	4,614,034
Debt service:							
Principal	-	-	370,000	-	-	2,630,560	3,000,560
Interest	-	-	177,713	-	-	4,919,842	5,097,555
Capital outlay	136,506	1,893,340	-	2,184,052	6,106,202	61,380	10,381,479
<b>Total Expenditures</b>	<b>54,598,304</b>	<b>3,738,235</b>	<b>547,713</b>	<b>2,648,744</b>	<b>6,106,202</b>	<b>8,952,929</b>	<b>76,592,127</b>
Excess (deficiency) of revenues Over (Under) Expenditures	7,869,939	1,081,147	(20,763)	(1,779,749)	(6,100,818)	(2,593,300)	(1,543,543)
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	1,855,001	1,666,850	-	100,130	1,750,000	4,532,429	9,904,409
Transfers out	(5,405,587)	(485,000)	-	(1,668,817)	-	(961,062)	(8,520,466)
Issuance of refunding bonds	-	-	-	-	2,850,000	3,870,500	6,720,500
Payment of refunded debt	-	-	-	-	-	(3,991,000)	(3,991,000)
Gain/(loss) on sale of assets held for resale	-	-	-	261,845	-	867,500	1,129,345
<b>Total Other Financing Sources And Uses</b>	<b>(3,550,587)</b>	<b>1,181,850</b>	<b>-</b>	<b>(1,306,842)</b>	<b>4,600,000</b>	<b>4,318,367</b>	<b>5,242,789</b>
<b>Net change in fund balances</b>	<b>4,319,353</b>	<b>2,262,997</b>	<b>(20,763)</b>	<b>(3,086,590)</b>	<b>(1,500,818)</b>	<b>1,725,067</b>	<b>3,699,245</b>
Fund balances - Beginning	19,422,170	1,419,190	622,572	3,164,263	5,000,862	10,387,683	40,016,739
<b>Fund Balances - Ending</b>	<b>\$ 23,741,523</b>	<b>\$ 3,682,187</b>	<b>\$ 601,809</b>	<b>\$ 77,672</b>	<b>\$ 3,500,044</b>	<b>\$ 12,112,750</b>	<b>\$ 43,715,985</b>

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 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	3,699,245
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		10,381,479
Depreciation Expense (excludes internal service fund depreciation which is reflected in internal service fund change in net position listed below)		<u>(10,845,557)</u>
Excess of Capital Outlay Over Depreciation Expense		(464,078)
The net effect of various transactions involving the City's pension plans are:		
Reduction in pension liability and expense		8,831,468
Increase in pension contribution revenue		524,664
Reduction in the Fireman's Pension liability and expense		<u>31,612</u>
		9,387,744
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.		
		468,856
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		6,991,560
Amortization expense		<u>725,808</u>
		7,717,369
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		(6,543,124)
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.		
		165,770
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		89,322
Developer agreements		(300,000)
Property taxes		85,387
Special assessment		<u>(375,889)</u>
		(501,180)
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		23,348
Amortization of deferred outflow on bond refunding		(94,771)
Increase in compensated absences		27,539
Change in OPEB Liability		<u>(271,400)</u>
Total additional expense (increase) decrease		(315,284)
Change In Net Position On The Statement Of Activities	\$	13,615,317

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, 2021

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Svc Funds
<b>ASSETS:</b>						
Current assets						
Cash and cash equivalents	\$ 6,917,313	\$ 10,763,029	\$ 1,141,371	\$ 5,550,807	\$ 24,372,520	\$ 7,205,081
Investments	-	1,978,606	-	-	1,978,606	-
Other Receivables	581,488	939,513	2,046	323,608	1,846,655	24,090
Due from other governmental units	-	-	-	533,780	533,780	-
Inventory of materials and supplies	-	-	60,542	-	60,542	27,494
Restricted cash and cash equivalents	35,955	-	139,567	-	175,522	-
<b>Total Current Assets</b>	<b>7,534,756</b>	<b>13,681,148</b>	<b>1,343,526</b>	<b>6,408,195</b>	<b>28,967,625</b>	<b>7,256,665</b>
NONCURRENT ASSETS:						
Notes receivable	-	44,516	-	-	44,516	-
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	4,164,051	15,573,075	-
Other improvements	25,866,317	17,533,928	3,599,021	56,320,729	103,319,994	-
Machinery and equipment	874,032	1,249,131	1,324,066	56,139	3,503,368	19,040,544
Less: accumulated depreciation	(13,569,787)	(10,159,287)	(8,195,602)	(20,623,091)	(52,547,766)	(11,886,535)
Construction in progress	283,821	646,903	-	2,456,201	3,386,924	-
<b>Total Capital Assets (Net Of A/D)</b>	<b>14,958,296</b>	<b>12,705,161</b>	<b>4,964,556</b>	<b>42,953,812</b>	<b>75,581,825</b>	<b>7,154,009</b>
Restricted Pension assets						
Net Pension asset	433,558	505,847	572,051	876,923	2,388,379	257,028
<b>Total Noncurrent Assets</b>	<b>15,391,853</b>	<b>13,255,524</b>	<b>5,536,607</b>	<b>43,830,735</b>	<b>78,014,720</b>	<b>7,411,037</b>
<b>Total Assets</b>	<b>22,926,609</b>	<b>26,936,672</b>	<b>6,880,133</b>	<b>50,238,930</b>	<b>106,982,345</b>	<b>14,667,702</b>
Deferred Outflow s of Resources						
Deferred pension	51,642	53,868	66,581	100,022	272,112	30,899
Deferred Loss on Refunding	5,424	12,935	-	2,504	20,863	-
<b>Total Deferred Outflow s Of Resources</b>	<b>57,066</b>	<b>66,803</b>	<b>66,581</b>	<b>102,525</b>	<b>292,975</b>	<b>30,899</b>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	363,996	415,084	57,659	313,227	1,149,966	35,074
Accrued wages and benefits	31,500	37,807	32,828	52,285	154,420	20,713
Accrued interest payable	1,131	4,019	-	2,466	7,617	-
Unearned revenue	7,814	-	-	201	8,015	-
Other current liabilities	35,955	67,641	134,636	81,382	319,615	633,000
Due to other governments	95,080	233,436	-	270,953	599,468	-
Compensated absences	7,076	4,808	2,614	17,787	32,285	-
Revenue bond payable	42,258	100,769	-	19,504	162,531	-
<b>Total Current Liabilities</b>	<b>584,810</b>	<b>863,564</b>	<b>227,738</b>	<b>757,804</b>	<b>2,433,916</b>	<b>688,787</b>
Noncurrent liabilities:						
Reserve for unreported claims	-	-	-	-	-	949,500
Revenue bonds payable	176,203	420,176	-	81,324	677,704	-
Net pension liability	41,855	48,834	55,225	84,657	230,571	24,813
Compensated absences	76,060	94,592	44,796	86,686	302,134	-
Due to other governments	161,251	796,271	-	518,712	1,476,234	-
<b>Total Noncurrent Liabilities</b>	<b>455,369</b>	<b>1,359,873</b>	<b>100,021</b>	<b>771,379</b>	<b>2,686,643</b>	<b>974,313</b>
<b>Total Liabilities</b>	<b>1,040,180</b>	<b>2,223,437</b>	<b>327,760</b>	<b>1,529,183</b>	<b>5,120,559</b>	<b>1,663,100</b>
Deferred Inflow s of Resources						
Deferred inflow pension earnings	466,933	507,856	610,249	916,651	2,501,690	284,155
<b>Total Deferred Inflow s Of Resources</b>	<b>466,933</b>	<b>507,856</b>	<b>610,249</b>	<b>916,651</b>	<b>2,501,690</b>	<b>284,155</b>
<b>NET POSITION:</b>						
Net Investment in capital assets	14,488,928	11,113,907	4,964,556	41,991,805	72,559,196	7,154,009
Unrestricted	6,987,634	13,158,275	1,044,149	5,903,817	27,093,876	5,597,336
<b>Total Net Position</b>	<b>\$ 21,476,562</b>	<b>\$ 24,272,182</b>	<b>\$ 6,008,705</b>	<b>\$ 47,895,622</b>	<b>\$ 99,653,072</b>	<b>\$ 12,751,345</b>

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

CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 6,771,326	\$ 9,422,525	\$ 2,193,677	\$ 7,021,365	\$ 25,408,893	\$ 9,812,115
Other operating revenue	9,579	-	74,288	-	83,867	204,304
<b>Total Operating Revenues</b>	<b>6,780,905</b>	<b>9,422,525</b>	<b>2,267,965</b>	<b>7,021,365</b>	<b>25,492,760</b>	<b>10,016,420</b>
<b>OPERATING EXPENSES:</b>						
Operating & maintenance	3,918,164	5,459,438	1,614,119	1,610,497	12,602,218	8,211,113
Administrative and general	751,244	1,069,563	207,298	908,282	2,936,387	521,144
Taxes	974,838	1,078,943	10,709	800,007	2,864,497	-
Depreciation and amortization	556,598	386,923	343,758	1,000,534	2,287,813	1,415,570
<b>Total Operating Expenses</b>	<b>6,200,844</b>	<b>7,994,867</b>	<b>2,175,885</b>	<b>4,319,320</b>	<b>20,690,915</b>	<b>10,147,827</b>
<b>Operating Income (Loss)</b>	<b>580,061</b>	<b>1,427,659</b>	<b>92,080</b>	<b>2,702,045</b>	<b>4,801,845</b>	<b>(131,408)</b>
<b>NON-OPERATING REVENUE (EXPENSE):</b>						
Investment earnings	23,820	90	943	8,137	32,990	12,453
Interest expense	(8,567)	(23,072)	-	(8,107)	(39,747)	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	284,724
Other non-operating revenue	-	-	-	61,630	61,630	-
<b>Total Non-Operating Revenue (Expense)</b>	<b>15,252</b>	<b>(22,983)</b>	<b>943</b>	<b>61,660</b>	<b>54,872</b>	<b>297,177</b>
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<b>595,313</b>	<b>1,404,676</b>	<b>93,023</b>	<b>2,763,705</b>	<b>4,856,717</b>	<b>165,770</b>
Capital contributions	67,865	163,200	-	1,478,612	1,709,678	-
Transfers in	-	-	300,000	-	300,000	-
Transfers out	(402,541)	(724,949)	-	(556,454)	(1,683,944)	-
<b>Change in Net Position</b>	<b>260,637</b>	<b>842,926</b>	<b>393,023</b>	<b>3,685,864</b>	<b>5,182,451</b>	<b>165,770</b>
Total net position - beginning	21,215,925	23,429,256	5,615,682	44,209,758	94,470,621	12,585,575
<b>Total Net Position - ending</b>	<b>\$ 21,476,562</b>	<b>\$ 24,272,182</b>	<b>\$ 6,008,705</b>	<b>\$ 47,895,622</b>	<b>\$ 99,653,072</b>	<b>\$ 12,751,345</b>

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, 2021

Page 1 of 2

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 6,681,699	\$ 9,290,939	\$ 2,284,213	\$ 7,225,842	\$ 25,482,694	\$ 10,024,384
Cash paid to supplier	(2,999,048)	(4,695,231)	(738,073)	(424,426)	(8,856,779)	(1,407,762)
Cash paid for taxes	(974,838)	(1,078,943)	-	(800,007)	(2,853,788)	-
Cash paid to or on behalf of employees	(836,084)	(896,502)	(1,171,773)	(1,596,469)	(4,500,828)	(7,440,724)
Interfund activity - payments to other funds	(698,111)	(612,649)	(207,298)	(629,999)	(2,148,057)	(330,403)
Other cash received	9,579	-	435	-	10,014	-
<b>Net Cash Provided (Used)</b>						
By Operating Activities	1,183,197	2,007,613	167,505	3,774,941	7,133,256	845,496
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating grant received	-	-	-	61,630	61,630	-
Transfers in	-	-	300,000	-	300,000	-
Transfers out	(402,541)	(724,949)	-	(556,454)	(1,683,944)	-
<b>Net Cash Provided (Used) By Non-Capital Financing Activities</b>	(402,541)	(724,949)	300,000	(494,824)	(1,322,314)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Purchase of capital assets	(150,420)	(1,161,831)	(234,871)	(3,417,051)	(4,964,174)	(762,958)
Contributed capital	67,865	163,200	-	-	231,065	-
Capital grants	-	-	-	1,281,459	1,281,459	-
Principal payment on debt	(121,492)	(330,886)	-	(278,217)	(730,595)	-
Interest payment on debt	(8,784)	(23,417)	-	(8,497)	(40,698)	-
Proceeds from sale of equipment	-	-	-	-	-	289,759
<b>Net Cash Provided (used) for Capital And Related Financing Activities</b>	(212,831)	(1,352,934)	(234,871)	(2,422,306)	(4,222,942)	(473,200)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>						
Proceeds from sale of investments	2,106,948	-	-	-	2,106,948	500,000
Purchase of investments	-	(2,000,000)	-	-	(2,000,000)	-
Interest received	23,820	21,484	943	8,137	54,384	7,530
<b>Net Cash Provided (Used) In Investing Activities</b>	2,130,768	(1,978,516)	943	8,137	161,332	507,530
Net increase (decrease) in cash and cash equivalents	2,698,593	(2,048,787)	233,576	865,949	1,749,332	879,826
Cash and cash equivalents-beginning of year	4,254,674	12,811,816	1,047,362	4,684,858	22,798,710	6,325,255
<b>Cash And Cash Equivalents- end of year</b>	<b>\$ 6,953,268</b>	<b>\$ 10,763,029</b>	<b>\$ 1,280,938</b>	<b>\$ 5,550,807</b>	<b>\$ 24,548,042</b>	<b>\$ 7,205,081</b>
Cash at end of year consists of:						
Cash and cash equivalents	6,917,313	10,763,029	1,141,371	5,550,807	24,372,520	\$ 7,205,081
Restricted cash-customer deposits	35,955	-	139,567	-	175,522	-
<b>Total Cash and cash equivalents</b>	<b>\$ 6,953,268</b>	<b>\$ 10,763,029</b>	<b>\$ 1,280,938</b>	<b>\$ 5,550,807</b>	<b>\$ 24,548,042</b>	<b>\$ 7,205,081</b>

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, 2021

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 580,061	\$ 1,427,659	\$ 92,080	\$ 2,702,045	\$ 4,801,845	\$ (131,408)
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:						
Depreciation	556,598	386,923	343,758	1,000,534	2,287,813	1,415,570
Asset (increase) decrease:						
Accounts receivable	(85,627)	(131,586)	(27)	204,478	(12,762)	7,964
Inventory and other	-	-	(7,887)	-	(7,887)	(13,656)
Deferred outflow of resources (increase) decrease	6,426	(14,181)	1,721	(682)	(6,715)	4,405
Liability increases (decreases):						
Accounts payable	333,109	360,325	10,816	197,373	901,623	(329,900)
Other liabilities	(4,000)	32,568	16,710	29,762	75,040	-
Wages & benefits payable	(672)	79,747	(44,302)	(23,992)	10,780	12,088
Deferred inflow of resources increase (decrease)	(202,698)	(133,840)	(245,366)	(334,577)	(916,480)	(119,568)
<b>Total Adjustments</b>	<b>603,136</b>	<b>579,955</b>	<b>75,424</b>	<b>1,072,896</b>	<b>2,331,412</b>	<b>976,903</b>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 1,183,197</b>	<b>\$ 2,007,613</b>	<b>\$ 167,505</b>	<b>\$ 3,774,941</b>	<b>\$ 7,133,256</b>	<b>\$ 845,496</b>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Capital assets acquired by contributed capital	\$ -	\$ -	\$ -	\$ 197,153	\$ 197,153	\$ -
Increase (decrease) in fair value of investment	-	(21,394)	-	-	(21,394)	-
<b>Total Non Cash investing, Capital and Financing Activities</b>	<b>\$ -</b>	<b>\$ (21,394)</b>	<b>\$ -</b>	<b>\$ 197,153</b>	<b>\$ 175,759</b>	<b>\$ -</b>

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

CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 DECEMBER 31, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,531,223	\$ 172,656
Customer accounts	-	15,199
<b>Total Assets</b>	<b>1,531,223</b>	<b>187,855</b>
<b>LIABILITIES:</b>		
Accounts and other payables	-	181,044
<b>Total Liabilities</b>	<b>-</b>	<b>181,044</b>
<b>NET POSITION:</b>		
Restricted for pensions	1,531,223	-
Restricted for individuals, organizations and other governments	-	6,812
<b>Total Net Position</b>	<b>\$ 1,531,223</b>	<b>\$ 6,812</b>

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

CITY OF TUKWILA, WASHINGTON  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>ADDITIONS:</b>		
Contributions from nonemployer entities:		
Fire Insurance Premiums Transferred in	\$ 71,112	\$ -
Investment earnings/(loss)	1,486	-
<b>Total Additions</b>	<b>72,598</b>	<b>-</b>
<b>DEDUCTIONS:</b>		
Benefit payments	\$ 58,830	\$ -
<b>Total Deductions</b>	<b>58,830</b>	<b>-</b>
<b>Change In Net Position</b>	<b>13,768</b>	<b>-</b>
Net position - beginning	1,517,456	6,812
<b>Net position - ending</b>	<b>\$ 1,531,223</b>	<b>\$ 6,812</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

### 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 (police and fire), 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, taxes, 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 Custodial 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 custodial fund is used to account for assets that the City holds on behalf of others in a custodial capacity. 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 Annual Comprehensive Financial Report.

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**

<b>General Government</b>	Includes administration, finance, municipal court, attorney, and city clerk activities.
<b>Public Safety</b>	Includes all police and fire activities.
<b>Transportation</b>	Includes all residential and arterial street maintenance and construction.
<b>Natural and Economic Environment</b>	Reflects all planning and building inspection as well as environmental and community services.
<b>Culture and Recreation</b>	Includes expenditures related to parks and recreational 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 one developer agreement.

**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, 2021, 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. The City cleared the site, consolidated the parcels, sold one parcel to the King County Library System, and sold the remaining land to a developer. The new library was completed in 2017, the first two apartment buildings were completed in 2018, and the remaining two apartment buildings were completed in 2021.

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 comprising approximately 2.3 acres. All structures on those properties were demolished in 2016 and the property is currently vacant land. In 2020 the City entered into an agreement to sell 1.7 acres of the land to HealthPoint, a federally recognized community health center. HealthPoint plans to build a Health and Wellness Center by 2026. In 2021 the City sold the remaining 0.6 acres to the Tukwila Community Coalition, LLC for private development.

**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 three items that qualify for reporting in this category. The City reports a deferred outflow related to pension, deferred outflow related to OPEB 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 five 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 as well as unavailable revenues from special assessments, developer agreements and unavailable receivables.

**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 and IBNR reserve**

Other liabilities include retainage, deposits and the incurred-but-not-reported (IBNR) claims. The IBNR reserve includes the claim reserve for the self-insured healthcare funds. The self-insurance fund for active employees includes an IBNR liability of \$ 600,000 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 \$1,500,000. The self-insurance fund for LEOFF 1 retirees includes an IBNR liability of \$33,000 and total liability of \$82,500 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.

### ***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 investment in capital assets 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.

The City's current 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 \$70 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. 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, 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 \$2,661,382 for 2021 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.

***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 166 as of December 31, 2021. 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.

## **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 \$9,316,927. 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 \$16,450.

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, 2021, the City had the following deposits and investments. Certificates of deposits are measured at amortized cost, agencies and municipal bonds are measured at fair value.

**SCHEDULE OF INVESTMENTS BY MATURITY**

	Maturity Date	Credit Rating	Fair Value
<b>U.S. Government Agency Notes:</b>			
Federal Home Loan Bank	12/10/2024	Aaa	\$ 1,000,009
Federal Home Loan Bank	4/14/2025	Aaa	1,978,606
Federal Home Loan Bank	2/24/2026	Aaa	980,252
Federal Farm Credit Bank	6/15/2026	Aaa	983,140
Federal Farm Credit Bank	11/30/2026	Aaa	2,000,460
Total U.S. Agency Notes			<u>6,942,467</u>
<b>Municipal Bonds:</b>			
Metro Oregon GO Taxable Bond	6/1/2026	Aaa	1,174,645
Total Municipal Bonds			<u>1,174,645</u>
<b>TOTAL INVESTMENTS</b>			<u><u>\$ 8,117,112</u></u>

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

SUMMARY BY FUNDS	CASH & CASH EQUIVALENTS	RESTRICTED CASH	INVESTMENTS	TOTAL
<b>Governmental Funds</b>				
General Fund	\$ 15,741,344	\$ -	\$ 6,138,506	\$ 21,879,851
Arterial Street	2,257,520	1,000,809	-	3,258,329
Local Improvement District #33	601,809	-	-	601,809
Public Safety Plan	243,665	-	-	243,665
Facilities Urban Renewal	4,643,921	-	-	4,643,921
Other Governmental Funds	10,721,260	92,611	-	10,813,871
Internal Service Funds	7,205,081	-	-	7,205,081
<b>Proprietary Funds</b>				
Water	6,917,313	35,955	-	6,953,268
Sewer	10,763,029	-	1,978,606	12,741,635
Foster Golf Course	1,141,381	139,567	-	1,280,948
Surface Water	5,550,807	-	-	5,550,807
Total as Reported on Statement of Net Position	<u>65,787,130</u>	<u>1,268,942</u>	<u>8,117,112</u>	<u>75,173,184</u>
Firemen's Pension Trust Fund	1,531,223	-	-	1,531,223
Agency Fund	172,656	-	-	172,656
Total Cash, Cash Equivalents and Investments	<u><u>\$ 67,491,010</u></u>	<u><u>\$ 1,268,942</u></u>	<u><u>\$ 8,117,112</u></u>	<u><u>\$ 76,877,064</u></u>

<b>SUMMARY BY TYPE:</b>	
<b>Cash and Cash Equivalents:</b>	
Local Government Investment Pool	\$ 44,735,268
Money market account	15,152,038
Cash on hand	16,450
Cash in bank-book balance	8,856,196
<b>Total cash and cash equivalents</b>	<b>68,759,952</b>
<b>Investments:</b>	
U.S. Government Agency Notes	6,942,467
Municipal bonds	1,174,645
<b>Total investments</b>	<b>8,117,112</b>
<b>Total Cash, Cash Equivalents, and Investments</b>	<b>\$ 76,877,064</b>

**RESTRICTED CASH SUMMARY**

<b>Restricted Assets - Governmental</b>	
<b>Cash &amp; cash equivalents</b>	
Drug Seizure funds - federal portion	\$ 92,611
Impact fees	1,000,809
<b>Restricted Assets-Governmental</b>	<b>\$ 1,093,420</b>
<b>Restricted Assets - Business-Type</b>	
Customer Deposits-Water Utility	\$ 35,955
Customer Deposits-Golf Course	124,567
Lease Deposits-Golf Course	15,000
<b>Restricted Assets-Business-Type</b>	<b>\$ 175,522</b>
<b>Total Restricted Assets</b>	<b>\$ 1,268,942</b>

**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, 2021:

		Fair Value Measurements Using		
		Quoted Prices		
		in Active	Significant	Significant
		Markets for	Other	Significant
		Identical	Observable	Unobservable
		Assets	Inputs	Inputs
Investments by Fair Value Level	Total	(Level 1)	(Level 2)	(Level 3)
US Government Agencies	6,942,467	-	6,942,467	-
Municipal Bonds	1,174,645	-	1,174,645	-
<b>Total Investments by Fair Value Level</b>	<b>\$ 8,117,112</b>	<b>\$ -</b>	<b>\$ 8,117,112</b>	<b>\$ -</b>

**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, 2021, the City's investments in municipal bonds were rated Aaa 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 portfolio, at the time of purchase, shall be in any single financial institution,
- 2) Investment of 100% of the City's portfolio in U.S. Treasury securities shall be allowed; this is a risk-free investment, and in the event of unforeseen circumstances, the City shall have the ability to invest the entire portfolio in a risk free investment.
- 3) 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
- 4) No more than seventy-five percent (75%) of the City's portfolio, at the time of purchase, shall be invested in U.S. Treasury or Agency securities.

**NOTE 3 – RECEIVABLES**

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

Customer accounts receivable consists of amounts owed by private individuals or organizations for goods and services provided. Uncollectible amounts are considered immaterial and the direct write-off method is used. Customer accounts receivable also includes the current portion of special assessments due from property owners within Local Improvement District No. 33. Other types of accounts receivable include utility taxes due from private organizations and customer accounts receivable for amounts owed which billings have not been prepared.

	Governmental Activities	Business-Type Activities	Total
<b>Taxes Receivable</b>			
Property	\$ 403,958	\$ -	\$ 403,958
Sales & Use	3,776,214	-	3,776,214
Real Estate Excise Tax	534,774	-	534,774
Utility Tax	959,639	-	959,639
Admission/Gambling/Parking/Other	1,765,977	-	1,765,977
<b>Total Taxes Receivable</b>	<b>7,440,563</b>	<b>-</b>	<b>7,440,563</b>
<b>Customer Receivable</b>			
Miscellaneous	548,828	-	548,828
Utility Accounts	-	1,780,062	1,780,062
<b>Total Customer Receivable</b>	<b>548,828</b>	<b>1,780,062</b>	<b>2,328,890</b>
Interest	8,389	66,593	74,981
Notes due within one year	239,879	-	239,879
<b>Total Receivables</b>	<b>\$ 8,237,659</b>	<b>\$ 1,846,655</b>	<b>\$ 10,084,314</b>

**Property Taxes Receivable**

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

**Property Tax Calendar**

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

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

Property taxes levied by the County Assessor and collected by the County treasurer become a lien on the first day of the levy year and may be paid in two equal installments if the total amount is \$50 or more. The first half of real

property taxes is due on April 30 and the balance is due October 31. Delinquent taxes bear interest at the rate of 12% and are subject to additional penalties if not paid as scheduled.

During the year, property tax revenues are recognized when cash is received. At year-end, unpaid property taxes are recorded as a receivable. Property tax receivables at year-end not expected to be collected within 60 days after the current period are reported as other unavailable revenue in the deferred inflow of resources section of the governmental funds financial statements. The tax rate for general City operations is limited to \$3.60 per \$1,000 of assessed value. An additional levy rate of \$0.225 is available to the City because the City funds a Firemen's Pension Fund.

The payment of principal and interest on limited tax (non-voted) bonds issued by the City is made from the general levy. Accordingly, the issuance of limited tax general obligation bonds has the effect of reducing property taxes available for the general operations of City government. State law also provides that the City's operating levy may not exceed 101% of the largest single levy since 1985. The State Constitution provides that the total of all taxes upon real and personal property by the State and all taxing entities, including the City, shall not in any year exceed 1% (\$10 per \$1,000) of the true and fair monetary value of such property. This limitation may be exceeded upon the approval of 60% of the City voters at an election in which the total vote exceeds 40% of the votes cast at the last general election.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate. The City's regular levy in 2021 was \$2.17985 per \$1,000 of assessed valuation of \$ 7,883,057,562 for a total regular levy of \$17,144,206.

Special levies approved by the voters are not subject to the limitations listed above. In 2021, the City levied an additional \$0.49748 per \$1,000 for the Public Safety Plan approved by voters in November 2016. The total additional levy in 2021 was \$3,905,260.

### **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, 2021, 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.

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	\$ 2,631,224	\$ -	\$ 2,631,224
Developer Agreements	100,355	-	100,355
Sewer Payment Plan	-	44,516	44,516
<b>Total Receivables</b>	<b>\$ 2,731,579</b>	<b>\$ 44,516</b>	<b>\$ 2,776,095</b>

**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 balance/net position. Interfund loans are subject to elimination upon consolidation. As of December 31, 2021, 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	Arterial Street	Facilities	Other Gov't Funds	Total Governmental	Water	Sewer	Golf Course		Surface Water
Transfers In	\$ 1,855,001	\$ 100,130	\$ 1,666,850	\$ 1,750,000	\$ 4,532,429	\$ 9,904,409	\$ -	\$ -	\$ 300,000	\$ -	\$ 10,204,409
Transfers Out	(5,405,587)	(1,668,817)	(485,000)	-	(961,062)	(8,520,466)	(402,541)	(724,949)	-	(556,454)	(10,204,409)
<b>Net Transfers In (Out)</b>	<b>\$ (3,550,587)</b>	<b>\$ (1,568,687)</b>	<b>\$ 1,181,850</b>	<b>\$ 1,750,000</b>	<b>\$ 3,571,367</b>	<b>\$ 1,383,944</b>	<b>\$(402,541)</b>	<b>\$(724,949)</b>	<b>\$ 300,000</b>	<b>\$(556,454)</b>	<b>\$ -</b>

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 120<sup>th</sup> 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 2021 were \$45,041. The lease was terminated in June 2021 and the City's record archives have been moved to the City Hall campus.

*Laptop Computers*

Effective September 1, 2020, 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 with a \$1 buyout, per device. The City made its second of three lease payments of \$106,814 on the contract in 2021.

*Fleet Vehicles*

Effective August 20, 2021, the City entered into an open lease with Enterprise Fleet Management. The City took delivery of its first three vehicles in January 2022 and one subsequent vehicle in March 2022, all with 60 month leases. Future lease payments for 2022 for these four vehicles is \$26,315.

*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 2021 was \$7,639. Future lease payments to Pitney Bowes, Inc. total \$7,639 for 2022.

During 2021, the City also maintained operating lease agreements for copiers and other various office equipment.

Minimum future rental payments are summarized as follows:

<b>Year Ending December 31</b>	<b>Fleet Vehicles</b>	<b>Postage Machine</b>	<b>Laptop Computers</b>	<b>Office Equipment</b>	<b>Amount</b>
2022	\$ 26,315	\$ 7,639	\$ 106,814	\$ 97,704	\$ 238,472
2023	27,296	3,820	-	4,688	35,804
2024	27,296	-	-	4,688	31,984
2025	27,296	-	-	4,688	31,984
2026	27,296	-	-	-	27,296
Thereafter	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 135,499</b>	<b>\$ 11,459</b>	<b>\$ 106,814</b>	<b>\$ 111,769</b>	<b>\$ 365,541</b>

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, was as follows:

**GOVERNMENTAL ACTIVITIES**

	BEGINNING BALANCE 1/1/2021	INCREASES	DECREASES	ENDING BALANCE 12/31/2021
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 51,719,374	\$ -	\$ -	\$ 51,719,374
Construction in Progress	51,121,232	6,950,129	(22,219,502)	35,851,859
Total capital assets not being depreciated	102,840,605	6,950,129	(22,219,502)	87,571,233
Capital assets, being depreciated:				
Buildings	85,677,913	23,011,276	-	108,689,189
Other Improvements	24,335,111	-	-	24,335,111
Machinery and Equipment	27,773,948	1,048,268	(927,587)	27,894,629
Infrastructure	227,655,631	2,354,266	-	230,009,898
Total capital assets being depreciated	365,442,604	26,413,810	(927,587)	390,928,827
Less accumulated depreciation for:				
Buildings	(15,783,094)	(2,498,191)	-	(18,281,285)
Other Improvements	(16,824,040)	(948,093)	-	(17,772,132)
Machinery and Equipment	(17,380,336)	(2,095,783)	922,552	(18,553,567)
Infrastructure	(83,055,099)	(6,719,060)	-	(89,774,159)
Total accumulated depreciation	(133,042,568)	(12,261,128)	922,552	(144,381,143)
Total capital assets, being depreciated, net	232,400,036	14,152,683	(5,035)	246,547,684
<b>Governmental activity capital assets, net</b>	<b>\$ 335,240,641</b>	<b>\$ 21,102,811</b>	<b>\$ (22,224,536)</b>	<b>\$ 334,118,916</b>

**BUSINESS-TYPE ACTIVITIES**

	BEGINNING BALANCE 1/1/2021	INCREASES	DECREASES	ENDING BALANCE 12/31/2021
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,346,230	\$ -	\$ -	\$ 2,346,230
Construction in Progress	2,695,009	4,775,543	(4,083,628)	3,386,924
Total capital assets, not being depreciated	5,041,239	4,775,543	(4,083,628)	5,733,154
Capital assets, being depreciated:				
Buildings	13,284,419	2,288,655	-	15,573,075
Other Improvements	101,590,247	1,743,347	(13,600)	103,319,994
Machinery and Equipment	3,263,112	240,256	-	3,503,368
Total capital assets being depreciated	118,137,778	4,272,258	(13,600)	122,396,437
Less accumulated depreciation for:				
Buildings	(6,464,364)	(371,795)	-	(6,836,159)
Other Improvements	(41,296,324)	(1,815,997)	13,600	(43,098,721)
Machinery and Equipment	(2,512,865)	(100,021)	-	(2,612,886)
Total accumulated depreciation	(50,273,553)	(2,287,813)	13,600	(52,547,766)
Total capital assets, being depreciated, net	67,864,225	1,984,445	-	69,848,671
<b>Business-Type activity capital assets, net</b>	<b>\$ 72,905,464</b>	<b>\$ 6,759,988</b>	<b>\$(4,083,628)</b>	<b>\$ 75,581,825</b>

**DEPRECIATION**

Depreciation expense for 2021 was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 2,686,985
Public Safety	452,707
Transportation	6,744,834
Culture and Recreation	961,032
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,415,570
<b>Total 2021 depreciation expense - governmental activities</b>	<b>\$ 12,261,128</b>

Business-type activities:

Water Utility	\$ 556,598
Sewer Utility	386,923
Foster Golf Course	343,758
Surface Water Utility	1,000,534
<b>Total 2021 depreciation expense - business-type activities</b>	<b>\$ 2,287,813</b>

**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.

	Equity in Operations	Equity in Capital Assets financed by Outstanding Debt	TOTAL Investment in Joint Ventures
Valley Com	\$ 3,878,636	\$ -	\$ 3,878,636
SCORE	2,541,785	4,568,396	7,110,181
<b>TOTAL</b>	<b>\$ 6,420,421</b>	<b>\$ 4,568,396</b>	<b>\$ 10,988,817</b>

**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 2021 cost distribution for the five (5) participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	80,799	21.15%
Kent	101,249	26.51%
Auburn	83,626	21.90%
Tukwila	35,008	9.17%
Federal Way	81,257	21.27%
<b>Total</b>	<b>381,939</b>	<b>100.00%</b>

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, 2021	\$ 7,037,728	\$ 9,564,555	\$ 7,234,069	\$ 3,416,212	\$ 6,022,545	\$ 33,275,110
Current Year Increase/(Decrease)	1,067,291	1,337,421	1,104,634	462,424	1,073,341	5,045,112
Equity December 31, 2021	\$ 8,105,020	\$ 10,901,977	\$ 8,338,703	\$ 3,878,636	\$ 7,095,886	\$ 38,320,221
Percent of Equity	21.15%	28.45%	21.76%	10.12%	18.52%	100.00%

Liabilities are the responsibility of the five participating cities in direct proportion to their equity position. In August 1993, Valley Com entered into an interlocal cooperation agreement, pursuant to RCW 39.34 RCW, with the sub-regions of King County, Seattle, and the Eastside Public Safety Communications Agency. This agreement governs the development, acquisition and installation of the 800 MHz emergency radio communications system funded by a \$57 million King County levy approved in November 1992. This agreement provides that upon voluntary termination of any sub-region’s participation in the system, it surrenders its radio frequencies, relinquishes its equipment and transfers any unexpended levy proceeds and associated equipment replacement reserves to

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

During 2000, the Valley Communications Center Development Authority was created to issue \$12,758,000 in General Obligation Bonds to finance construction, equipment, and land for a new facility completed in 2002. Each of the five participating cities was responsible for one-fifth of the debt obligation, which originally was \$2,551,600 per City. The basic agreement shall not be terminated until all bonds issued by Valley Communications Center Development Authority have been paid and retired. The final payment on the bonds was made in 2015.

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

### **South Correctional Entity (SCORE)**

On March 25, 2009, the Cities of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, Washington (Member Cities) entered into a SCORE Facility Interlocal Agreement (as amended and restated on October 1, 2009, the "2009 Interlocal Agreement") pursuant to chapter 39.34 RCW (Interlocal Cooperation Act) to jointly construct, equip, maintain and operate a consolidated regional misdemeanor correctional facility located in Des Moines, Washington (SCORE Facility) to serve the parties to the 2009 Interlocal Agreement and state agencies and other local governments (Subscribing Agencies) to provide correctional services essential to the preservation of the public health, safety and welfare. To carry out the purposes of the 2009 Interlocal Agreement and to operate, manage and maintain the SCORE Facility, the Member Cities formed the South Correctional Entity (SCORE), a separate governmental administrative agency pursuant to the 2009 Interlocal Agreement and RCW 39.34.030(3).

The 2009 Interlocal Agreement named the City of Des Moines as the "Host City" and the remaining Member Cities as the "Owner Cities". 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 unexpended 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 and 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.

SCORE, as a governmental administrative agency formed under the Interlocal Cooperation Act, is not expressly authorized to issue bonds. To finance and refinance the costs of the SCORE Facility, the City of Renton, Washington, chartered the South Correctional Entity Facility Public Development Authority as a public corporation pursuant to RCW 35.21.730 through 35.21.757 (Public Corporation Act) and Ordinance No. 5444, passed on February 2, 2009 (Charter Ordinance).

**2009 Bonds.** The SCORE PDA issued its Bonds, Series 2009A (2009A Bonds) and Bonds, Series 2009B (Taxable Build America Bonds—Direct Payment) (2009B Bonds, and, together the 2009 Bonds) on November 4, 2009 in the aggregate principal amount of \$86,235,000. Proceeds of the 2009 Bonds were used to finance a portion of the costs of acquiring, constructing, developing, equipping and improving the SCORE Facility, to capitalize interest during construction, and to pay costs of issuance for the 2009 Bonds.

Pursuant to the 2009 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 2009 Bonds as the same become due and payable (referred to as each Owner City's 2009 Capital Contribution). Each Owner City's obligation to pay its 2009 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from regular 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.

**Subsequent Activities: Refunding of 2009 Bonds and Amendment and Restatement of Interlocal Agreement.** Pursuant to the 2009 Interlocal Agreement, on September 5, 2018, the City of Federal Way gave its notice of intent to withdraw from SCORE effective December 31, 2019. The remaining Member Cities (including the cities of Auburn, Burien, Des Moines, Renton, SeaTac and Tukwila) entered into an Amended and Restated SCORE Interlocal Agreement (2019 Interlocal Agreement), which amended and restated the 2009 Interlocal Agreement in its entirety, removed Federal Way as a Member City (effective December 31, 2019) and an Owner City (effective immediately), added the City of Des Moines as an Owner City, terminated the Host City Agreement, and made other revisions to provide for the issuance of bonds to refund the 2009 Bonds.

On December 11, 2019, the Authority issued its Refunding Bonds, Series 2019 in the aggregate principal amount of \$51,055,000 (2019 Bonds). The 2019 Interlocal Agreement became effective on the date of issuance of the 2019 Bonds. Proceeds of the 2019 Bonds were used, together with a contribution from Federal Way to fully pay its 2009 Capital Contribution, to defease and refund all of the outstanding 2009 Bonds.

As a result, Federal Way has satisfied its 2009 Capital Contribution and, as of December 31, 2019, will no longer be considered a Member City of SCORE.

Pursuant to the 2019 Interlocal Agreement and the ordinances of each city, each remaining Owner City (including the Cities of Auburn, Burien, Des Moines, 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 2019 Bonds as the same become due and payable (referred to as each Owner City's 2019 Capital Contribution). Each Owner City's obligation to pay its 2019 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from regular 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 City of Federal Way is not obligated, under the 2019 Interlocal Agreement or otherwise, to pay debt service on the 2019 Bonds or other debt of the Authority.

The following is a summary of the debt service requirements for the 2019 Bonds:

**SUMMARY OF DEBT SERVICE REQUIREMENTS**

Debt Service Schedule				Debt Service Allocation to Owner Cities					
Year	Principal	Interest	Total	Auburn 34.94%	Burien 4.82%	Des Moines 6.02%	Renton 40.96%	SeaTac 3.62%	Tukwila 9.64%
2022	1,915,000	1,996,100	3,911,100	1,366,538	188,515	235,448	1,601,987	141,582	377,030
2023	1,990,000	1,919,500	3,909,500	1,365,979	188,438	235,352	1,601,331	141,524	376,876
2024	2,070,000	1,839,900	3,909,900	1,366,119	188,457	235,376	1,601,495	141,538	376,914
2025	2,155,000	1,757,100	3,912,100	1,366,888	188,563	235,508	1,602,396	141,618	377,126
2026	2,260,000	1,649,350	3,909,350	1,365,927	188,431	235,343	1,601,270	141,518	376,861
2027-2031	13,115,000	6,434,250	19,549,250	6,830,508	942,274	1,176,865	8,007,373	707,683	1,884,548
2032-2036	16,405,000	3,142,000	19,547,000	6,829,722	942,165	1,176,729	8,006,451	707,601	1,884,331
2037-2038	7,480,000	338,250	7,818,250	2,731,697	376,840	470,659	3,202,356	283,021	753,679
<b>Totals</b>	<b>\$47,390,000</b>	<b>\$19,076,450</b>	<b>\$66,466,450</b>	<b>23,223,378</b>	<b>3,203,683</b>	<b>4,001,280</b>	<b>27,224,659</b>	<b>2,406,085</b>	<b>6,407,365</b>

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, 2021 related to SCORE. The share of equity belonging to the six participating cities are as follows:

Member City	2020 Percent of Equity	2020 Equity Balance	2021 Percent of Equity	2021 Apportionment	2021 Equity Balance
Auburn	43.05%	12,967,700	41.93%	760,941	13,728,641
Burien	5.14%	1,548,383	5.30%	187,658	1,736,041
Des Moines	4.62%	1,392,707	4.95%	226,688	1,619,395
Renton	31.70%	9,546,337	31.93%	903,035	10,449,372
SeaTac	7.66%	2,306,559	8.13%	354,751	2,661,310
Tukwila	7.83%	2,357,977	7.76%	183,808	2,541,785
<b>Grand Totals</b>	<b>100.00%</b>	<b>30,119,663</b>	<b>100.00%</b>	<b>2,616,881</b>	<b>32,736,544</b>

The investment in joint venture for SCORE on the Statement of Net Position includes Tukwila's share of debt refinanced in 2019. As of December 31, 2021, the City's share of SCORE debt is \$4,568,396. See Note 10 for additional information on long-term debt. Completed financial statements for SCORE and SCORE PDA can be obtained from the SCORE, Attn: Finance Manager, 20817 17<sup>th</sup> Avenue South, Des Moines, WA 98198.

**NOTE 8 – PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2021:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ (1,272,465)
Pension assets	40,871,235
Deferred outflows of resources	4,384,238
Deferred inflows of resources	(27,963,349)
Pension expense/expenditures	(7,089,483)

**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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS Annual Financial Report may be obtained by writing to:

Department of Retirement Systems  
 Communications Unit  
 P.O. Box 48380  
 Olympia, WA 98540-8380

Or the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://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 2021 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.97%</b>	<b>6.00%</b>
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
<b>Total</b>	<b>10.25%</b>	<b>6.00%</b>

\* For employees participating in JBM, the contribution rate was 12.26%.

**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 2021 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.97%</b>	<b>7.90%</b>
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.25%</b>	<b>6.36%</b>

\* For employees participating in JBM, the contribution rate was 15.90%.

The City of Tukwila’s actual PERS plan contributions were \$705,904 to PERS Plan 1 and \$1,160,770 to PERS Plan 2/3 for the year ended December 31, 2021.

**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 2021 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – June 2021		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.25%</b>	<b>7.20%</b>
July – December 2021		
PSERS Plan 2	6.50%	6.50%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.39%</b>	<b>6.50%</b>

The City of Tukwila’s actual plan contributions were \$12,464 to PSERS Plan 2 for the year ended December 31, 2021.

**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 1 had no required employer or employee contributions for fiscal year 2021. 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 state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – June 2021		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.33%</b>	<b>8.59%</b>
July – December 2021		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.30%</b>	<b>8.53%</b>
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
<b>Total</b>	<b>8.71%</b>	<b>8.53%</b>

The City of Tukwila’s actual contributions to the plan were \$813,295 for the year ended December 31, 2021.

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, 2021, the state contributed \$78,170,320 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$524,664.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, 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 developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. 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.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

### **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 was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

### **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, 2021, are summarized in the following table. 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

**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	\$ 2,167,715	\$ 1,272,45	\$ 491,174
PERS 2/3	(3,754,983)	(13,180,902)	(20,943,151)
PSERS 2	(9,630)	(61,423)	(102,415)
LEOFF 1	(2,563,809)	(2,847,841)	(3,093,576)
LEOFF 2	(15,389,029)	(24,403,761)	(31,785,028)

**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, 2021, the City of Tukwila reported a total pension asset of \$40,871,235 and a total pension liability of \$1,272,465 for its proportionate share of the net pension liabilities as follows:

	Liability or (Asset)
PERS 1	1,272,465
PERS 2/3	(13,180,902)
PSERS 2	(61,423)
LEOFF 1	(2,847,841)
LEOFF 2	(24,403,761)
Firemen’s Pension	(377,308)

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	\$ (2,847,841)	\$ (24,403,761)
State’s proportionate share of the net pension asset associated with the employer	(19,262,726)	(15,743,090)
<b>TOTAL</b>	<b>\$ (22,110,567)</b>	<b>\$ (40,146,851)</b>

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.113704%	0.104195%	-0.009509%
PERS 2/3	0.146296%	0.132317%	-0.013979%
PSERS 2	0.028557%	0.026736%	-0.001821%
LEOFF 1	0.081701%	0.083135%	0.001434%
LEOFF 2	0.438096%	0.420145%	-0.017951%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2021, 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. The cumulative retirement benefit payments through fiscal year 2021 were used to determine the employer allocation amounts and percentages listed under All Other Employers. 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 2021, the state of Washington contributed 39.21376 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.78624 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2021, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2021, the City of Tukwila recognized pension expense as follows:

	Pension Expense
PERS 1	(608,073)
PERS 2/3	(3,178,376)
PSERS 2	(3,425)
LEOFF 1	(450,859)
LEOFF 2	(2,937,228)
Firemen’s Pension	88,479
<b>Total</b>	<b>(7,089,482)</b>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2021, the City of Tukwila reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(1,412,010)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	329,003	-
<b>TOTAL</b>	<b>329,003</b>	<b>(1,412,010)</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	640,177	(161,585)
Net difference between projected and actual investment earnings on pension plan investments	-	(11,016,142)
Changes of assumptions	19,261	(936,062)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(586,815)
Contributions subsequent to the measurement date	554,788	-
<b>TOTAL</b>	<b>1,214,227</b>	<b>(12,700,604)</b>

<b>PSERS 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	6,303	(243)
Net difference between projected and actual investment earnings on pension plan investments	-	(43,997)
Changes of assumptions	10	(6,281)
Changes in proportion and differences between contributions and proportionate share of contributions	(2,134)	(577)
Contributions subsequent to the measurement date	6,220	-
<b>TOTAL</b>	<b>10,398</b>	<b>(51,098)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(870,191)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	-	(870,191)

<b>LEOFF 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	1,106,861	(128,972)
Net difference between projected and actual investment earnings on pension plan investments	-	(11,635,889)
Changes of assumptions	10,549	(1,160,644)
Changes in proportion and differences between contributions and proportionate share of contributions	1,066,829	-
Contributions subsequent to the measurement date	428,434	-
<b>TOTAL</b>	2,612,674	(12,925,505)

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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>PERS 1</b>
2022	\$ (374,042)
2023	(342,758)
2024	(324,092)
2025	(371,118)
2026	-
Thereafter	-
<b>TOTAL</b>	<b>\$ (1,412,010)</b>

<b>Year ended December 31:</b>	<b>PERS 2/3</b>
2022	\$(3,150,463)
2023	(2,952,539)
2024	(2,810,634)
2025	(2,990,638)
2026	(107,566)
Thereafter	(29,326)
<b>TOTAL</b>	<b>\$(12,041,165)</b>

<b>Year ended December 31:</b>	<b>PSERS 2</b>
2022	\$(11,860)
2023	(11,241)
2024	(10,683)
2025	(11,817)
2026	(391)
Thereafter	(928)
<b>TOTAL</b>	<b>\$(46,920)</b>

<b>Year ended December 31:</b>	<b>LEOFF 1</b>
2022	\$(231,154)
2023	(211,433)
2024	(199,506)
2025	(228,098)
2026	
Thereafter	
<b>TOTAL</b>	<b>\$(870,191)</b>

<b>Year ended December 31:</b>	<b>LEOFF 2</b>
2022	\$(2,978,668)
2023	(2,767,027)
2024	(2,607,121)
2025	(2,951,475)
2026	82,899
Thereafter	480,127
<b>TOTAL</b>	<b>\$(10,741,265)</b>

**Firemen’s Pension System**

**Plan Description**

Plan Administration: The Firefighters' Pension Fund (FPF) 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 firefighter’s 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 Firefighter’s 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, 2020 (the census date), FPF membership consisted of the following:

Type of Membership	Total
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	8
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees	0
<b>Total</b>	<b>8</b>

**Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense information about the fiduciary net position of the city’s Excess of Retirement benefits Plan (the Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**Benefits Provided**

All benefit terms are in statutes RCW 41.16, 41.18, and 41.26. The 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**

The City makes contributions based on an actuarially determined rate. 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 levies 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. Reporting period contributions were \$72,088.

**City’s Net Pension Liability**

The City’s total pension liability was valued as of December 31, 2019 and was used to calculate the net pension liability. The components of the City’s net pension liability at December 31, 2020 are as follows:

Total pension liability	\$ 1,161,888
Less: Plan fiduciary net position	<u>(1,539,196)</u>
City’s net pension liability	<u>\$ (377,308)</u>
Plan fiduciary net position as a percentage of the total pension liability	132.47%

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the report year ended December 31, 2021, the City recognized a pension expense of \$88,479. The City 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
Net difference between projected and actual investment earnings on pension plan investments	\$34,728	-
Contributions subsequent to the measurement date	71,112	-
Total	\$105,840	-

Deferred outflows of resources related to pensions resulting from the City of Tukwila contributions subsequent to the measurement date, but before the end of the reporting period, will be recognized as a reduction of the net pension liability in subsequent fiscal periods rather than in the current fiscal period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year ended December 31:	Amount
2022	\$ 17,471
2023	9,574
2024	5,784
2025	1,899
2026	-
Remaining	-
<b>TOTAL</b>	<b>\$ 34,728</b>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	December 31, 2019	December 31, 2020
Discount Rate	2.75%	2.00%
Investment Rate of Return	2.75%	2.00%
Inflation	2.75%	2.75%
Salary Increases	3.50%	3.50%
Mortality Rates	Mortality Rates were based on tables from the society of Actuaries.	

- Experience studies come from the State of Washington
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

*Discount Rate*

The discount rate used to measure the total pension liability is 2.00%. Since the assets of the plan are invested entirely in short duration fixed income investments, the City has decided to use the same discount rate that is used for its unfunded OPEB valuation.

*Long-Term Expected Real Rate of Return*

The long-term expected real rate of return is the same as the discount rate.

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

	Increase / (Decrease)		
	Plan		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance as of report date December 31, 2020	\$ 1,123,995	\$ 1,504,419	\$ (380,424)
Changes for the year:			
Service cost	-	-	-
Interest	29,959	-	29,959
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,774	-	1,774
Changes of assumptions	75,346	-	75,346
Contributions			
Employer - City's contribution	-	72,088	(72,088)
Employee contributions	-	-	-
Net investment income	-	31,875	(31,875)
Benefit payments	(69,186)	(69,186)	-
Administrative Expenses	-	-	-
Other miscellaneous income / (expense)	-	-	-
Net changes	37,893	34,777	3,116
<b>Balance as of report date December 31, 2021</b>	<b>\$ 1,161,888</b>	<b>\$ 1,539,196</b>	<b>\$ (377,308)</b>

*Sensitivity of Liabilities to Changes in the Discount Rate*

Sensitivity of the total and net pension liability to changes in the discount rate. The total and net pension liability of the City, as well as what the City's total and net pension liability would be if they were calculated using a discount rate that is one percentage point lower (1.00%) or one percentage point higher (3.00%) follows:

	1% Decrease 1.00%	Current Rate 2.00%	1% Increase 3.00%
Total pension liability (Asset)	\$ 1,276,140	\$ 1,161,888	\$ 1,063,166
Increase / (decrease)	114,252		(98,722)
% Change	9.83%		-8.50%
Net pension liability (Asset)	\$ (263,056)	\$ (377,308)	\$ (476,030)
Increase / (decrease)	114,252		(98,722)
% Change	-30.28%		26.16%

**Basis of Valuation**

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

<b>Retiree Pension Benefit</b>	
General	
Applicable Statutes	RCW 41.16, 41.18, 41.26
Benefits	Each firefighter in service on March 1, 1970 receives the greater of the benefit payable under LEOFF or FPF. Where benefits under the old law exceed those under the new for any firefighter, the excess benefits are paid from the FPF of the city employing the member on March 1, 1970.
Service Retirement Benefit	
Member	Eligibility: age 50 and 25 years of service (RCW 41.18.040) or Age 50 and five years of service (RCW 41.26.090). Amount of benefit: 50% of salary plus an additional 2% for each year of service in excess of 25 years. Maximum benefit of 60% of salary (does not apply for those retiring after July 1, 2006).
Survivor	Eligibility: spouse or child. Amount of benefit: continuation of the firefighter's benefit. (If spouse — same, plus additional 5% of salary per child. If no spouse — 30% of salary for first child, 10% for each additional child. Maximum of 60% of salary).
Duty Disability Retirement Benefit	
Member	Eligibility: disabled after six-month waiting period. Amount of benefit: determined the same as Service Retirement Benefit. Recovery: restoration to service.
Survivor	See Survivor's Benefit section under Service Retirement.
Non Duty Disability Retirement Benefit	
Member	Eligibility: disabled after 90-day waiting period. Amount of benefit: 50% of salary, or service retirement benefit, if greater. Recovery: see Duty Disability Retirement. Limitations: no benefits payable if firefighter employed elsewhere when disabled.
Survivor	Eligibility: spouse or child Amount of benefit: 33.3% to widow or children only. 45.8% to widow and one child. 47.6% to widow and two children. 50.0% to widow and three children.

**Retiree Pension Benefit (Continued)**

Death Benefit	
Duty	Eligibility: spouse or child  Amount of benefit: If spouse — 50% of salary plus an additional 5% of salary per child; maximum benefit of 60% of salary. If no spouse — 50% of salary to children.
Non-Duty	Eligibility: spouse or child Amount of benefit: provisions the same as Survivor's Benefit under Non-Duty Disability Retirement
Special Provisions	
Under disability or death benefits, a surviving spouse may elect a lump-sum payment of \$5,000 in lieu of future	
Vesting	
Termination after 20 years of service (RCW 41.18.130) or five years of service (RCW 41.26.090).	
Deferred Benefit	
Commencement	When a firefighter would have had 25 years of service (RCW 41.18.130) or age 50 (RCW 41.26.090).
Amount of Benefit	2% of salary for each year of service. Other provisions apply, see statutes.
Death While Vested Prior to Commencement of Benefits	Payment of firefighter's deferred benefit to spouse or child.
Postretirement Increase	
Benefits Payable	Annual increase proportionate to the increase in the Seattle-area CPI. Minimum increase at least 2% each year.
Benefits Payable Under LEOFF	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, 2019 - 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
< 70	0	0	0	0
70 - 74	0	1	0	1
75 - 79	1	0	1	2
80 - 84	1	2	1	4
85 - 89	0	0	0	0
90 +	1	0	0	1
<b>Total</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>8</b>

The key actuarial assumptions used for the December 31 valuation were:

<b>Assumption</b>	<b>Rates</b>
Actuarial Cost Method	Entry-Age Normal, Level Percentage of Salary
Asset Valuation Method	Fair Market Value
Valuation Date	December 31, 2019
Measurement Date	December 31, 2020
Report Date	December 31, 2021
Discount Rate	The discount rate selected is 2.00%. Since the assets of the plan are invested entirely in short duration fixed income investments, the City has decided to use the same discount rate that is used for its unfunded OPEB valuation, which is the 20-year tax-exempt municipal bond yield.
Healthy Mortality	RP-2014 mortality table (adjusted to 2006), total dataset, fully generational with mortality improvement scale MP-2019.
Disabled Mortality	RP-2014 mortality table (adjusted to 2006), disabled dataset, fully generational with mortality improvement scale MP-2019.
Termination Rates	n/a
Disability	n/a
Retirement	n/a
Cost of Living	2.75%, based on State of Washington 2019 actuarial valuation report. Used to increase state paid benefits annually.
Salary Increases	Salary Increases 3.50%, based on State of Washington 2019 actuarial valuation report. Used to increase FPF benefits

**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 2021:

<b>Aggregate OPEB Amounts</b>	
<i>OPEB Liabilities</i>	\$ 7,898,399
<i>OPEB Assets</i>	-
<i>Deferred outflows of resources</i>	379,240
<i>Deferred inflows of resources</i>	-
<i>OPEB expenses/expenditures</i>	650,640

**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, 2019 (the census date), the following employees were covered by the benefit terms:

<i>Inactive employees or beneficiaries currently receiving benefits</i>	33
<i>Inactive employees entitled to but not yet receiving benefits</i>	0
<i>Active employees</i>	0
<i>Total</i>	33

**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.

**Total OPEB Liability**

The City’s total OPEB liability was valued as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

**Assumptions and Other Inputs**

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<b>Measurement Date:</b>	<b>December 31, 2019</b>	<b>December 31, 2020</b>
Discount Rate	2.75%	2.00%
Inflation	2.50%	2.50%
Healthcare Cost Trend Rates	5.40%	5.40%
Salary Increases	n/a	n/a
Mortality Rates	Based on SOA Tables	

- Projections of the sharing benefit-related costs are based on an established pattern of practice.
- Experience studies come from the State of Washington 2018 study.
- Inactive employees (retirees) pay 0% of the cost of benefits.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

The discount rate used to measure the total OPEB liability is 2.00%. 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, 2020.

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 (4.40%) or one percentage point higher (6.40%) than current healthcare cost trend rates follows:

	<i>1% Decrease (4.40%)</i>	<i>Current Healthcare Cost Trend Rate (5.4%)</i>	<i>1% Increase (6.40%)</i>
Total OPEB Liability	\$ 7,172,171	\$ 7,898,399	\$ 8,727,625
Increase (Decrease)	(726,228)		829,226
% Change	-9.2%		10.5%

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 (1.00%) or one percentage point higher (3.00%) follows:

	<i>1% Decrease (1.00%)</i>	<i>Current Discount Rate (2.00%)</i>	<i>1% Increase (3.00%)</i>
Total OPEB Liability	\$ 8,270,900	\$ 7,898,399	\$ 7,193,087
Increase (Decrease)	822,501		(705,312)
% Change	10.4%		-8.9%

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

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of December 31, 2020	\$ 7,622,718	\$ -	\$ 7,622,718
Changes:			
Service Cost	-	-	-
Interest	204,469	-	204,469
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(92,607)	-	(92,607)
Changes of Assumptions	538,778	-	538,778
Contributions			
Employer - City's Contribution	-	-	-
Employer - Implicit Subsidy	-	-	-
Employee	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(374,959)	-	(374,959)
Implicit Rate Subsidy Fulfilled	-	-	-
Administrative Expenses	-	-	-
Net Changes	<u>275,681</u>	<u>-</u>	<u>275,681</u>
<b>Balance as of December 31, 2021</b>	<b><u>\$ 7,898,399</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,898,399</u></b>

For the year ended December 31, 2021, the City recognized an OPEB expense of \$650,640.

At December 31, 2021, 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>	379,240	-
<b>Total</b>	<b>\$ 379,240</b>	<b>\$ -</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Report Year Ending December 31:</u>	<u>Amount</u>
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Remaining	-
	<u>Amount</u>
Current OPEB Liability	\$ 477,394
Non-Current OPEB Liability	7,421,005
Total OPEB Liability	<u>\$ 7,898,399</u>

### Expected Average Remaining Service Lives (EARSL)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. An EARSL less than 1 year indicates immediate recognition (the entire amount is recognized in the current year) and the recognition period is shown as 1.0 year for calculation purposes to achieve immediate recognition. EARSL: 0.0 years.

## 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:

- 2015 LTGO bonds were issued to pay for improvements to Interurban Avenue South and reconstruct or retrofit Boeing Access Road Bridge.
- 2016 UTGO 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 42<sup>nd</sup> and 53<sup>rd</sup> Avenues.
- 2018 LTGO bonds were issued to fund the purchase of land in order to consolidate the Public Works function at one location.
- 2019 LTGO bonds were issued to fund the purchase of land and improvements in order to consolidate the Public Works function at one location and to also fund construction of the new Justice Center and fire stations as part of the Public Safety Plan.
- 2019 UTGO bonds were issued to fund construction of the new Justice Center and fire stations as part of the Public Safety Plan.

Direct borrowings and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale. The following General Obligation bonds are direct borrowings or direct placements:

- 2013 LTGO bonds were issued and the proceeds loaned to the Tukwila Metropolitan Park District to pay for improvements to the pool.
- 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.

- 2020 LTGO bonds were issued to refund a portion of the bonds issued in 2010 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. The City issued \$1,995,000 of general obligation refunding bonds with an interest rate of 1.29% and a final maturity date of December 1, 2024.
- 2021A LTGO bonds were issued to fund a portion of the Public Works Shops Phase 1 project. The City issued \$2,867,300 of general obligation bonds with an interest rate of 1.7% and a final maturity of December 1, 2031.
- 2021B LTGO bonds were issued to refund the outstanding 2014 LTGO bonds that were issued to fund the acquisition and capital costs of redevelopment activities within the City's Tukwila International Boulevard (TIB) urban renewal area. The City issued \$2,780,900 of general obligation refunding bonds with an interest rate of 2.7% and a final maturity date of December 1, 2034. This advance refunding was done to reduce total debt service by \$92,553 and resulted in an economic gain of \$80,637. (Economic gain is the net present value of future savings between old and new debt).
- 2021C LTGO bonds were issued to refund the outstanding 2011 LTGO bonds, which were issued in 2011 to refund a portion of the 2003 bonds for the City's Arterial Streets program. The City issued \$1,072,300 of general obligation refunding bonds with an interest rate of 1.15% and a final maturity date of December 1, 2023. This advance refunding was done to reduce total debt service by \$16,424 and resulted in an economic gain of \$16,334.

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 a direct 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, 2021.

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

	GENERAL OBLIGATION	PRIVATE PLACEMENT	SPECIAL ASSESSMENT	COMPENSATED ABSENCES	DUE TO OTHER GOVERNMENTS	OTHER POST EMPLOYMENT BENEFITS	NET PENSION LIABILITY	TOTAL
Outstanding 01/01/2021	\$ 123,916,000	\$ 4,486,326	\$ 3,430,000	\$ 3,792,533	\$ 4,745,772	\$ 7,622,718	\$ 4,945,187	\$ 152,938,537
Added	-	6,720,500	-	3,813,966	-	-	-	10,534,466
Retired / redeemed	(6,026,000)	(595,560)	(370,000)	(3,841,505)	(177,376)	275,681	(3,903,293)	(14,638,053)
Outstanding 12/31/2021	\$ 117,890,000	\$ 10,611,266	\$ 3,060,000	\$ 3,764,994	\$ 4,568,396	\$ 7,898,399	\$ 1,041,894	\$ 148,834,949
Add Premiums, Subtract Discounts								10,163,810
Total Long-Term Liabilities								\$ 158,998,759

**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.

Year Ended December 31	Governmental Activities								
	General Obligation Bonds		General Obligation Bonds - Private Placement		Due to Other Governments		Special Assessments		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 3,995,000	\$ 4,548,350	\$ 3,865,266	\$ 227,159	\$ 184,606	\$ 192,424	\$ 375,000	\$ 161,063	\$ 13,548,868
2023	4,300,000	4,360,600	1,494,000	133,569	191,836	185,040	445,000	161,063	11,271,107
2024	4,825,000	4,158,100	977,000	111,295	199,548	177,366	445,000	143,513	11,036,822
2025	5,175,000	3,929,650	477,700	94,853	207,742	169,384	445,000	143,513	10,642,842
2026	5,540,000	3,684,100	486,800	74,444	217,864	158,997	445,000	143,513	10,750,717
2027-2031	33,615,000	14,462,025	2,587,700	264,676	1,264,286	620,263	905,000	287,025	54,005,975
2032-2036	43,795,000	7,476,325	722,800	39,355	1,581,442	302,889	-	-	53,917,811
2037-2041	16,645,000	866,125	-	-	721,072	32,608	-	-	18,264,805
Totals	\$ 117,890,000	\$ 43,485,275	\$ 10,611,266	\$ 945,350	\$ 4,568,396	\$ 1,838,971	\$ 3,060,000	\$ 1,039,688	\$ 183,438,945

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

ITEM	Interest		OUTSTANDING				OUTSTANDING	Due Within
	Rates	Maturity	Authorized	12/31/2020	ISSUED	REDEEMED	12/31/2021	One Year
<b>GOVERNMENTAL ACTIVITIES:</b>								
<u>Limited General Obligation (LTGO) Bonds Payable:</u>								
2011 Refunding Streets (2003 GO)	1.25-4.00	12/01/23	4,620,000	1,545,000	-	1,545,000	-	-
2014 LTGO-Urban Renewal	0.85-4.86	12/01/34	3,850,000	2,941,000	-	2,941,000	-	-
2015 LTGO-Interurban, BAR	2.25-3.00	12/01/35	5,825,000	4,665,000	-	250,000	4,415,000	260,000
2017 LTGO-42nd & 53rd Streets	3.00-3.50	12/01/37	8,180,000	7,235,000	-	330,000	6,905,000	340,000
2018 LTGO - Public Works Shops	4.00-5.00	12/01/38	18,365,000	18,365,000	-	-	18,365,000	730,000
2019 LTGO - Public Safety Plan	3.00-5.00	12/01/39	22,830,000	22,830,000	-	-	22,830,000	885,000
<b>Total LTGO Bonds Payable</b>			<b>63,670,000</b>	<b>57,581,000</b>	<b>-</b>	<b>5,066,000</b>	<b>52,515,000</b>	<b>2,215,000</b>
<u>Unlimited General Obligation (UTGO) Bonds Payable:</u>								
2016 UTGO - Public Safety	4.50-5.00	12/01/35	77,385,000	28,955,000	-	400,000	28,555,000	1,005,000
2019 UTGO - Public Safety	3.00-5.00	12/01/38	37,770,000	37,380,000	-	560,000	36,820,000	775,000
<b>Total UTGO Bonds Payable</b>			<b>115,155,000</b>	<b>66,335,000</b>	<b>-</b>	<b>960,000</b>	<b>65,375,000</b>	<b>1,780,000</b>
<u>Private Placement Bonds:</u>								
2013 LTGO-MPD Pool Improvement	2.00-4.00	12/01/22	1,000,000	215,326	-	105,560	109,766	109,766
2017 Refunding Line of Credit	2.60-3.00	12/01/22	2,276,000	2,276,000	-	-	2,276,000	2,276,000
2020 Refunding Streets (2010GO)	1.29	12/01/24	1,995,000	1,995,000	-	490,000	1,505,000	495,000
2021 Refunding (2011/2014GO)	1.29	12/01/24	6,720,500	-	6,720,500	-	6,720,500	984,500
<b>Total Private Placement Bonds Payable</b>			<b>11,991,500</b>	<b>4,486,326</b>	<b>6,720,500</b>	<b>595,560</b>	<b>10,611,266</b>	<b>3,865,266</b>
Issuance premiums			-	10,889,618	-	725,808	10,163,810	619,171
<b>Net Bonds Payable</b>			<b>190,816,500</b>	<b>139,291,944</b>	<b>6,720,500</b>	<b>7,347,369</b>	<b>138,665,076</b>	<b>8,479,437</b>
<u>Due to Other Governments</u>								
2019 SCORE Refunding	4.00-5.00	01/01/39	4,921,702	4,745,772	-	177,376	4,568,396	184,606
<b>Total Due Other Governments</b>			<b>4,921,702</b>	<b>4,745,772</b>	<b>-</b>	<b>177,376</b>	<b>4,568,396</b>	<b>184,606</b>
<u>Special Assessment Debt</u>								
Klickitat Urban Access Project	3.150-5.375	01/15/29	6,687,500	3,430,000	-	370,000	3,060,000	375,000
<b>Total Special Assessment Debt</b>			<b>6,687,500</b>	<b>3,430,000</b>	<b>-</b>	<b>370,000</b>	<b>3,060,000</b>	<b>375,000</b>
Other Post-Employment Benefits Liability				7,622,718	-	(275,681)	7,898,399	477,394
Net Pension Liability				4,945,187	-	3,903,293	1,041,894	-
Compensated Absences:				3,792,533	3,808,967	3,836,506	3,764,994	541,352
<b>Total Governmental Funds</b>			<b>\$ 202,425,702</b>	<b>\$ 163,828,154</b>	<b>\$ 10,529,467</b>	<b>\$ 15,358,863</b>	<b>\$ 158,998,759</b>	<b>\$ 10,057,789</b>

All governmental funds debt is liquidated by the general fund except for the special assessment debt and the 2019 SCORE intergovernmental debt. The special assessment debt is liquidated from assessments collected annually from property owners within boundaries of Local Improvement District #33. The 2019 SCORE debt was paid by SCORE from user fees.

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

	DIRECT PLACEMENT		PUBLIC WORKS		COMPENSATED		NET PENSION		TOTAL
	REVENUE		TRUST FUND		ABSENCES		LIABILITY		
	BONDS		LOANS						
Outstanding 01/01/2021	\$	997,413	\$	2,649,119	\$	312,378	\$	940,222	\$ 4,899,132
Added		-		-		352,312		-	352,312
Retired / redeemed		(157,178)		(573,417)		(330,270)		(709,651)	(1,770,517)
<b>Outstanding 12/31/2021</b>	<b>\$</b>	<b>840,235</b>	<b>\$</b>	<b>2,075,702</b>	<b>\$</b>	<b>334,419</b>	<b>\$</b>	<b>230,571</b>	<b>\$ 3,480,927</b>

**Debt Service to Maturity**

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

<b>Business-Type Activities</b>					
Year Ended December 31	Direct Placement Revenue Bonds		Public Works Trust Fund Loans		Total
	Principal	Interest	Principal	Interest	
2022	\$ 162,531	\$ 19,662	\$ 599,468	\$ 10,379	\$ 792,039
2023	162,560	15,858	573,417	7,381	759,217
2024	167,363	12,054	573,417	4,514	757,349
2025	171,830	8,138	41,175	1,647	222,790
2026	175,951	4,117	41,175	1,441	222,684
2027-2031	-	-	205,875	4,118	209,992
2032-2036	-	-	41,175	206	41,381
<b>Totals</b>	<b>\$ 840,235</b>	<b>\$ 59,829</b>	<b>\$ 2,075,702</b>	<b>\$ 29,685</b>	<b>\$ 3,005,452</b>

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

ITEM	Interest		Authorized	OUTSTANDING			OUTSTANDING 12/31/2021	Due Within One Year
	Rates	Maturity		12/31/2020	ISSUED	REDEEMED		
<b>BUSINESS-TYPE ACTIVITIES:</b>								
<u>Direct Placement Revenue Bonds</u>								
2015 Water/Sewer/SWM Refunding	2.34	12/01/26	1,742,527	997,413	-	157,178	840,235	162,531
<b>Total Bonds Payable</b>			<b>1,742,527</b>	<b>997,413</b>	<b>-</b>	<b>157,178</b>	<b>840,235</b>	<b>162,531</b>
<u>Public Works Trust Fund Loans:</u>								
2003 Loan-Water/Sewer	0.50	06/01/21	273,870	14,454	-	-	14,454	14,454
2003 Loan-Surface Water	0.50	06/01/21	219,725	11,597	-	-	11,597	11,597
2004 Loan-Water/Sewer	0.50-2.00	06/01/24	5,016,000	1,091,545	-	272,886	818,659	272,886
2004 Loan-Surface Water	0.50-2.00	06/01/24	684,000	148,847	-	37,212	111,635	37,212
2004 Loan-Surface Water	1.00	06/01/24	4,196,056	888,577	-	222,144	666,432	222,144
2014 Loan-Sewer	0.5	06/01/32	750,000	494,100	-	41,175	452,925	41,175
<b>Total Public Works Trust Fund Loans</b>			<b>11,139,651</b>	<b>2,649,119</b>	<b>-</b>	<b>573,417</b>	<b>2,075,702</b>	<b>599,468</b>
Net Pension Liability				940,222	-	709,651	230,571	-
Compensated Absences				312,378	358,128	336,086	334,419	32,285
<b>Total Business-Type Activities</b>			<b>\$ 12,882,178</b>	<b>\$ 4,899,132</b>	<b>\$ 358,128</b>	<b>\$ 1,776,333</b>	<b>\$ 3,480,927</b>	<b>\$ 794,284</b>
<b>TOTAL ALL FUNDS</b>			<b>\$ 215,307,880</b>	<b>\$ 168,727,286</b>	<b>\$ 10,887,595</b>	<b>\$ 17,135,195</b>	<b>\$ 162,479,686</b>	<b>\$ 10,852,073</b>

**LONG-TERM LIABILITIES RECONCILIATION**

	Governmental Activities	Business-Type Activities	Balance 12/31/2021
General Obligation Bonds	\$ 117,890,000	\$ -	\$ 117,890,000
General Obligation Bonds			
- Private Placement	10,611,266	-	10,611,266
Special assessment bonds	3,060,000	-	3,060,000
Revenue Bonds - Direct Placement	-	840,235	840,235
Public Works Trust Fund loans	-	2,075,702	2,075,702
Due to Other Governments	4,568,396	-	4,568,396
Employee leave benefits	3,764,994	334,419	4,099,413
Net Premiums/Discounts	10,163,810	-	10,163,810
Other Post-Employment Benefits	7,898,399	-	7,898,399
Net Pension Liability	1,041,894	230,571	1,272,465
<b>Total long-term debt</b>	<b>\$ 158,998,759</b>	<b>\$ 3,480,927</b>	<b>\$ 162,479,686</b>

**Debt Limit Capacities**

State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City: 1.5% without a vote of the people; 2.5% with a vote of the people; 5.0% with a vote of the people, provided the indebtedness in excess of 2.5% is for utilities; 7.5% with a vote of the people, provided the indebtedness in excess of 5.0% is for parks or open space development.

At December 31, 2021, the debt limits for the City were as follows:

Item	Without a Vote	-----With a Vote of the People-----		
	1.5%	2.5%	5.0%	7.5%
Legal Limit	\$ 120,163,380	\$ 200,272,301	\$ 400,544,602	\$ 600,816,902
Outstanding Net Indebtedness	73,290,076	138,665,076	138,665,076	138,665,076
Margin Available	\$ 46,873,305	\$ 61,607,225	\$ 261,879,526	\$ 462,151,827

**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, 2021, \$1,055,000 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 \$515,266 to the guaranty fund. The eighth of 15 annual installments for the assessments was due by October 16, 2021.

As of December 31, 2021, all LID Special Assessments were current, nothing was delinquent. The City has enough funds in the LID No. 33 funds to meet debt service requirements in 2022.

### **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, 2021 is \$0 for its tax-exempt bond issues subject to the Tax Reform Act.

### **Unused Lines of Credit**

The 2017 refunding bond was issued to pay off the 2014 general obligation bond in the form of a line-of-credit, which was utilized to purchase property and pay for capital costs of redevelopment activities within the City's Urban Renewal area. This is the City's only line of credit and there is no portion of this line of credit that is unused.

### **Terms Specified in Debt Agreements**

The City's bonds are not subject to acceleration upon the event of default. The City is liable for principal and interest payments only as they become due. There are no termination events or events of default specified in the debt agreements that would have financial consequences.

**NOTE 11 – COMMITMENTS**

Construction Commitments. As of December 31, 2021, contractual obligations to contractors for construction projects total \$10,083,220.

	Remaining Commitment
<b>Governmental Activities</b>	
42nd Avenue South Bridge Replacement	\$ 2,191,408
Public Safety Plan	2,243,032
West Valley Highway	465,074
Teen/Senior Intergenerational Center	248,857
42nd Ave Bridge Repairs	180,564
<b>Total Governmental Activities</b>	<b>\$ 5,328,935</b>
<b>Business-Type Activities Projects</b>	
Riverton Creek Flapgate Removal	\$ 1,769,726
Sewer Lift Station No. 2 Upgrades	1,732,667
Water and Sewer Comp Plan Update	515,975
Other Utility related projects	300,247
Macadam Rd S Water Upgrades	204,023
CBD Sewer Rehab	121,504
East Marginal Way Stormwater Outfalls	58,821
Chinook Wind	51,322
<b>Total Business-Type Activities</b>	<b>\$ 4,754,285</b>
<b>Total Construction Commitments</b>	<b>\$ 10,083,220</b>

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

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

The City of Tukwila 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 by the major liable parties remains on-going. Once that process is completed and communicated to the City, which could occur in the fourth quarter of 2022, 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 166 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 \$400 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 \$45,276 in unemployment in 2021. 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 \$210,000. 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 by blending two actuarial methods. The first method is the claim-ladder development method. This method calculates the IBNR by estimating monthly incurred claims based on the historical pattern of claim lag experienced by the City and the claim lag triangles of the City. The second method is the Claims Per Member Per Month (PMPM) Trended Method. This calculates an average PMPM claims cost for claims not yet paid based on patterns of claims costs that have been recently incurred. Knowledge of external forces that may affect future health care trends also impact the result of the calculation, along with general actuarial judgement.

The following table reflects changes in the balances of claims liabilities for 2021 and 2020.

**SUMMARY OF HEALTH CARE CLAIM LIABILITIES**

	Active Employees		Retired Employees LEOFF I	
	2021	2020	2021	2020
Claim Liabilities at Beginning of Year	\$ 1,662,500	\$ 1,075,210	\$ 137,500	\$ 164,041
Claim expenses:				
Current year and changes in estimates	6,509,319	6,444,903	276,071	304,483
Claim payments and expenses	(6,671,819)	(5,857,613)	(331,071)	(331,024)
Claim Liabilities at End of Year	<u>\$ 1,500,000</u>	<u>\$ 1,662,500</u>	<u>\$ 82,500</u>	<u>\$ 137,500</u>

**NOTE 14 – COVID 19**

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions. While limitations have been put in place, the City continues to operate all major functions and meet public mandates.

The City proactively implemented safety measures and operations have continued with some staff working remotely and new procedures have been put into place. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed.

The 2021-2022 biennial budget was drafted taking into consideration the ongoing effects of the pandemic and continues many of the budget reductions put into place in 2020. The length of time these measures will continue to be in place, and the full extent of the financial impact on the City is unknown at this time. The City continues to adapt to the changing conditions.

**NOTE 15 – SUBSEQUENT EVENTS**

The City is in the process of selling the George Long fleet maintenance facility to King County for river shoreline habitat and flood control. The sale price is estimated to be between \$4.0 million and \$4.45 million, depending on whether there are costs for remediating environmental contamination. Estimated closing escrow in the fall of 2022.

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 45,038,200	\$ 46,038,200	\$ 48,106,884	\$ 2,068,684
Licenses and permits	6,071,100	6,071,100	5,341,662	(729,438)
Intergovernmental	3,157,055	5,488,247	5,815,741	327,494
Charges for services	2,822,700	3,282,700	2,560,452	(722,248)
Fines and Foreitures	234,775	348,775	302,358	(46,417)
Investment earnings	147,329	147,329	113,159	(34,170)
Miscellaneous	146,000	102,000	227,987	125,987
<b>Total Revenues</b>	<b>57,617,159</b>	<b>61,478,351</b>	<b>62,468,243</b>	<b>989,892</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	8,369,897	8,608,408	8,320,068	288,340
Public safety	31,938,342	33,206,706	31,972,349	1,234,357
Transportation	4,559,517	4,792,569	4,577,425	215,144
Natural and economic environment	5,389,609	5,710,104	5,372,912	337,192
Culture and recreation	4,245,878	4,558,738	4,219,045	339,693
Capital outlay	518,665	518,665	136,506	382,160
<b>Total Expenditures</b>	<b>55,021,908</b>	<b>57,395,190</b>	<b>54,598,304</b>	<b>2,796,886</b>
<b>Excess of Revenues And Expenditures</b>	<b>2,595,251</b>	<b>4,083,161</b>	<b>7,869,939</b>	<b>3,786,778</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,268,817	1,858,817	1,855,001	(3,816)
Transfers out	(5,462,760)	(5,433,545)	(5,405,587)	27,957
<b>Total Other Financing Sources And Uses</b>	<b>(3,193,943)</b>	<b>(3,574,728)</b>	<b>(3,550,587)</b>	<b>24,141</b>
Net change in fund balances	(598,692)	508,433	4,319,353	3,810,919
Fund balances - beginning	18,733,328	19,129,672	19,422,170	292,498
<b>Fund Balances - Ending</b>	<b>\$ 18,134,637</b>	<b>\$ 19,638,106</b>	<b>\$ 23,741,523</b>	<b>\$ 4,103,417</b>

## 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 ACFR.

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

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

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

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

### ***Expenditure Categories***

<b><i>General Government</i></b>	Includes administration, finance, municipal court, attorney, and city clerk activities.
<b><i>Public Safety</i></b>	Includes all police and fire activities.
<b><i>Transportation</i></b>	Includes all residential and arterial street maintenance and construction.
<b><i>Natural and Economic Environment</i></b>	Reflects all planning and building inspection as well as environmental and community services.
<b><i>Culture and Recreation</i></b>	Includes expenditures related to parks and recreational activities.

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

## COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION

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

**PERS 1**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered 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%
June 30, 2019	0.121291%	4,664,070	-	4,664,070	16,858,481	27.67%	67.12%
June 30, 2020	0.113704%	4,014,365	-	4,014,365	17,053,647	23.53%	68.64%
June 30, 2021	0.104195%	1,272,465	-	1,272,465	15,827,030	8.04%	88.74%

**PERS 2/3**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered 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%
June 30, 2019	0.154903%	1,504,635	-	1,504,635	16,843,895	8.93%	97.77%
June 30, 2020	0.146296%	1,871,042	-	1,871,042	17,053,352	10.97%	97.22%
June 30, 2021	0.132317%	(13,180,902)	-	(13,180,902)	15,827,030	-83.28%	120.29%

**PSERS**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered 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%
June 30, 2019	0.032158%	(4,182)	-	(4,182)	147,556	-2.83%	101.85%
June 30, 2020	0.028557%	(3,929)	-	(3,929)	175,312	-2.24%	101.68%
June 30, 2021	0.026736%	(61,423)	-	(61,423)	181,231	-33.89%	123.67%

**LEOFF 1**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered 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%
June 30, 2019	0.082668%	(1,634,025)	(11,052,506)	(12,686,531)	-	n/a	148.78%
June 30, 2020	0.081701%	(1,542,931)	(10,436,345)	(11,979,276)	-	n/a	146.88%
June 30, 2021	0.083135%	(2,847,841)	(19,262,726)	(22,110,567)	-	n/a	187.45%

**LEOFF 2**

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered 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%
June 30, 2019	0.473755%	(10,975,449)	(7,106,396)	(18,081,845)	16,581,465	-109.05%	119.43%
June 30, 2020	0.438096%	(8,936,519)	(5,714,227)	(14,650,746)	16,552,520	-88.51%	115.83%
June 30, 2021	0.420145%	(24,403,761)	(15,743,090)	(40,146,851)	16,037,465	-250.33%	142.00%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PERS 1

Fiscal Year Ending	Less: Contributions in relation to the				
	Statutorily or contractually required contributions	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%
December 31, 2019	854,217	(854,217)	-	17,030,131	5.02%
December 31, 2020	740,837	(740,837)	-	16,004,087	4.63%
December 31, 2021	705,904	(705,904)	-	16,849,796	4.19%

PERS 2/3

Fiscal Year Ending	Less: Contributions in relation to the				
	Statutorily or contractually required contributions	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%
December 31, 2019	1,310,892	(1,310,892)	-	17,014,243	7.70%
December 31, 2020	1,267,208	(1,267,208)	-	16,000,110	7.92%
December 31, 2021	1,160,770	(1,160,770)	-	16,849,796	6.89%

PSERS

Fiscal Year Ending	Less: Contributions in relation to the				
	Statutorily or contractually required contributions	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%
December 31, 2019	12,191	(12,191)	-	170,971	7.13%
December 31, 2020	12,039	(12,039)	-	174,773	6.89%
December 31, 2021	12,464	(12,464)	-	189,293	6.58%

LEOFF 2

Fiscal Year Ending	Less: Contributions in relation to the				
	Statutorily or contractually required contributions	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%
December 31, 2019	868,767	(868,767)	-	16,611,112	5.23%
December 31, 2020	831,485	(831,485)	-	16,054,647	5.18%
December 31, 2021	813,295	(813,295)	-	16,265,695	5.00%

## FIREMEN'S PENSION TRUST FUND

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

<b>Total Pension Liability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Service cost	-	-	-	-	-	-	-	-
Interest	50,098	49,716	49,332	38,796	-	39,385	42,542	29,959
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected & actual experience	-	(2,442)	(311,190)	-	(2,810)	17,256	(31,990)	1,774
Changes of assumptions	-	-	(62,728)	-	(177,772)	(51,490)	(3,148)	75,346
Benefits payments, included refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)	17,700	(80,468)	(60,172)	(69,186)
<b>Net change in total pension liability</b>	<b>(11,765)</b>	<b>(11,003)</b>	<b>(384,574)</b>	<b>(30,390)</b>	<b>(162,882)</b>	<b>(75,317)</b>	<b>(52,768)</b>	<b>37,893</b>
<b>Total pension liability - beginning</b>	<b>1,852,693</b>	<b>1,840,928</b>	<b>1,829,925</b>	<b>1,445,351</b>	<b>1,414,961</b>	<b>1,252,079</b>	<b>1,176,762</b>	<b>1,123,995</b>
<b>Total pension liability - ending (a)</b>	<b>1,840,928</b>	<b>1,829,925</b>	<b>1,445,351</b>	<b>1,414,961</b>	<b>1,252,079</b>	<b>1,176,762</b>	<b>1,123,994</b>	<b>1,161,888</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	64,114	63,590	66,360	68,848	(139)	71,286	68,569	72,088
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	1,805	2,667	7,988	39,157	(39,477)	27,770	34,948	31,875
Benefit payments, including refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)	17,700	(80,468)	(60,172)	(69,186)
Administrative expense	-	(4,500)	(4,500)	(4,624)	1,124	-	-	-
Other	-	-	-	-	2,716	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>4,056</b>	<b>3,480</b>	<b>9,860</b>	<b>34,195</b>	<b>(18,076)</b>	<b>18,588</b>	<b>43,345</b>	<b>34,777</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,408,970</b>	<b>1,413,026</b>	<b>1,416,506</b>	<b>1,426,366</b>	<b>1,460,561</b>	<b>1,442,485</b>	<b>1,461,073</b>	<b>1,504,419</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>1,413,026</b>	<b>1,416,506</b>	<b>1,426,366</b>	<b>1,460,561</b>	<b>1,442,485</b>	<b>1,461,073</b>	<b>1,504,418</b>	<b>1,539,196</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>427,902</b>	<b>413,419</b>	<b>18,985</b>	<b>(45,600)</b>	<b>(190,406)</b>	<b>(284,311)</b>	<b>(380,424)</b>	<b>(377,308)</b>
<b>Plan fiduciary net position as a percent of total pension liability</b>	<b>76.76%</b>	<b>77.41%</b>	<b>98.69%</b>	<b>103.22%</b>	<b>115.21%</b>	<b>124.16%</b>	<b>133.85%</b>	<b>132.47%</b>
<b>Covered employee payroll</b>	<b>-</b>							
<b>City net pension liability as a percent of covered employee payroll</b>	<b>n/a</b>							

**Schedule of Employer Contributions**

<b>Fiscal Year Ending</b>	<b>Less: Contributions in Relation to the</b>				
	<b>Statutorily Determined Contribution</b>	<b>Statutorily Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
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	63,690	(100)	-	n/a
December 31, 2016	66,360	66,360	-	-	n/a
December 31, 2017	64,223	68,848	(4,625)	-	n/a
December 31, 2018	-	(139)	139	-	n/a
December 31, 2019	-	71,286	(71,286)	-	n/a
December 31, 2020	-	68,569	(68,569)	-	n/a
December 31, 2021	-	72,088	(72,088)	-	n/a

Contributions are a portion of State Fire Insurance Premiums.

**Schedule of Investment Returns**

<b>Schedule of Investment Returns</b>	<b>Annual money-weighted rate of return, net of investment expense</b>
2012	0.20%
2013	0.17%
2014	0.13%
2015	0.19%
2016	0.56%
2017	2.75%
2018	-2.68%
2019	1.93%
2020	2.39%
2021	2.12%

**City of Tukwila**  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 LEOFF Plan 1  
 For the year ended December 31, 2021  
 Last 10 Fiscal Years\*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Total OPEB liability - beginning</b>	\$26,383,115	\$14,694,242	\$12,700,180	\$ 7,622,718
Service cost	-	-	-	-
Interest	469,303	471,554	462,935	204,469
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(3,780,437)	(199,491)	(5,203,755)	(92,607)
Changes of assumptions	(7,947,448)	(1,896,319)	107,644	538,778
Benefit payments	(430,291)	(369,806)	(444,286)	(374,959)
Other changes	-	-	-	-
<b>Total OPEB liability - ending</b>	<u>14,694,242</u>	<u>12,700,180</u>	<u>7,622,718</u>	<u>7,898,399</u>
<b>Covered-employee payroll</b>	-	-	-	-
<b>Total OPEB liability as a % of covered payroll</b>	n/a	n/a	n/a	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.

## Non-major Governmental Funds

### Special Revenue Funds

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

- Special Assessment Bonds 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 General Obligation Debt Service Fund – 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 General Obligation Debt Service Fund – Accounts for principal and interest payments on bonds for all debt issues except for voter approved bonds.

### Capital Projects 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, 2021

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,214,345	\$ 1,037,503	\$ 7,469,423	\$ 10,721,270
Taxes receivable	100,800	71,504	44,581	216,885
Due from other governmental units	10,680	-	-	10,680
Restricted Assets:				
Capital assets held for resale	-	-	2,007,410	2,007,410
<b>Total Assets</b>	<b>2,418,436</b>	<b>1,109,007</b>	<b>9,521,413</b>	<b>13,048,856</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
Current liabilities				
Accounts payable	91,300	-	239,152	330,452
Accrued wages and benefits	2,949	-	1,405	4,354
Customer deposit	14,548	-	529,501	544,049
<b>Total Liabilities</b>	<b>108,797</b>	<b>-</b>	<b>770,059</b>	<b>878,855</b>
Deferred inflows of resources				
Unavailable revenue-property tax	-	57,251	-	57,251
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>57,251</b>	<b>-</b>	<b>57,251</b>
Fund balances:				
Restricted	2,309,639	1,051,756	2,267,734	5,629,129
Assigned	-	-	6,221,132	6,221,132
Assigned - 1% arts	-	-	262,490	262,490
<b>Total Fund balances</b>	<b>2,309,639</b>	<b>1,051,756</b>	<b>8,751,355</b>	<b>12,112,750</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,418,436</b>	<b>\$ 1,109,007</b>	<b>\$ 9,521,413</b>	<b>\$ 13,048,856</b>

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 540,329	\$ 3,906,139	\$ 1,108,591	\$ 5,555,059
Charges for services	-	-	101,963	101,963
Intergovernmental	82,061	-	294,508	376,568
Investment earnings	1,942	17,974	6,123	26,039
Miscellaneous	300,000	-	-	300,000
Total Revenues	924,331	3,924,113	1,511,186	6,359,629
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	135,315	135,315
Public safety	76,759	-	-	76,759
Transportation	-	-	189,781	189,781
Natural and economic environment	522,973	-	21,329	544,302
Culture and recreation	-	-	394,989	394,989
Debt service				
Principal	-	2,630,560	-	2,630,560
Interest	-	4,919,842	-	4,919,842
Capital Outlay	58,881	-	2,499	61,380
Total Expenditures	658,614	7,550,403	743,913	8,952,929
Excess (deficiency) of revenues Over (Under) Expenditures	265,717	(3,626,290)	767,273	(2,593,300)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	3,646,679	885,750	4,532,429
Transfers out	-	-	(961,062)	(961,062)
Issuance of Debt	-	3,870,500	-	3,870,500
Gain/(loss) on sale of assets held for resale	-	-	867,500	867,500
Payment of refunded debt	-	(3,991,000)	-	(3,991,000)
Total Other Financing Sources And Uses	-	3,526,179	792,188	4,318,367
Net change in fund balances	265,717	(100,111)	1,559,461	1,725,067
Fund balances - beginning	2,043,922	1,151,867	7,191,893	10,387,683
Fund Balances - Ending	\$ 2,309,639	\$ 1,051,756	\$ 8,751,355	\$ 12,112,750

CITY OF TUKWILA, WASHINGTON  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
 DECEMBER 31, 2021

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,723,415	\$ 490,930	\$ 2,214,345
Taxes receivable	100,800	-	100,800
Due from other governmental units	10,680	-	10,680
<b>Restricted Assets:</b>			
Cash and cash equivalents	-	92,611	92,611
Total Assets	1,834,895	583,541	2,418,436
<b>LIABILITIES AND FUND BALANCES:</b>			
Current liabilities			
Accounts payable	89,580	1,720	91,300
Accrued wages and benefits	2,949	-	2,949
Customer deposit	-	14,548	14,548
Total Liabilities	92,529	16,268	108,797
Fund balances:			
Restricted	1,742,366	567,273	2,309,639
Total Fund balances	1,742,366	567,273	2,309,639
Total Liabilities and Fund Balances	\$ 1,834,895	\$ 583,541	\$ 2,418,436

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, 2021

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
<b>REVENUES:</b>			
Taxes	\$ 540,329	\$ -	\$ 540,329
Intergovernmental	10,680	71,381	82,061
Investment earnings	1,942	-	1,942
Miscellaneous	-	300,000	300,000
Total Revenues	552,950	371,381	924,331
<b>EXPENDITURES:</b>			
Current:			
Public safety	-	76,759	76,759
Natural and economic environment	522,973	-	522,973
Capital Outlay	-	58,881	58,881
Total Expenditures	522,973	135,641	658,614
Excess (deficiency) of revenues Over (Under) Expenditures	29,977	235,740	265,717
Net change in fund balances	29,977	235,740	265,717
Fund balances - beginning	1,712,389	331,534	2,043,922
Fund Balances - Ending	\$ 1,742,366	\$ 567,273	\$ 2,309,639

CITY OF TUKWILA, WASHINGTON  
**COMBINING BALANCE SHEET**  
**NON-MAJOR DEBT SERVICE FUNDS**  
 DECEMBER 31, 2021

	Special Assessment Bonds Guaranty Fund	Unlimited Tax General Obligation Debt Service Fund	Limited Tax General Obligation Debt Service Fund	Total Nonmajor Debt Service Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 738,462	\$ 299,041	\$ -	\$ 1,037,503
Taxes receivable	-	71,504	-	71,504
Total Assets	738,462	370,545	-	1,109,007
<b>LIABILITIES AND FUND BALANCES:</b>				
Total Liabilities	-	-	-	-
Deferred inflow s of resources				
Unavailable revenue-property tax	-	57,251	-	57,251
Total Deferred Inflow s of Resources	-	57,251	-	57,251
Fund balances:				
Restricted	738,462	313,293	-	1,051,756
Total Fund balances	738,462	313,293	-	1,051,756
Total Liabilities and Fund Balances	\$ 738,462	\$ 370,545	\$ -	\$ 1,109,007

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, 2021

	Special Assessment Bonds Guaranty Fund	Unlimited Tax General Obligation Debt Service Fund	Limited Tax General Obligation Debt Service Fund	Total Nonmajor Debt Service Funds
<b>REVENUES:</b>				
Taxes	\$ -	\$ 3,906,139	\$ -	\$ 3,906,139
Investment earnings	17,650	171	154	17,974
Total Revenues	17,650	3,906,309	154	3,924,113
<b>EXPENDITURES:</b>				
Debt service				
Principal	-	960,000	1,670,560	2,630,560
Interest	-	2,642,975	2,276,867	4,919,842
Total Expenditures	-	3,602,975	3,947,428	7,550,403
Excess (deficiency) of revenues Over (Under) Expenditures	17,650	303,334	(3,947,274)	(3,626,290)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	3,646,679	3,646,679
Issuance of Debt	-	-	3,870,500	3,870,500
Payment of refunded debt	-	-	(3,991,000)	(3,991,000)
Total Other Financing Sources And Uses	-	-	3,526,179	3,526,179
Net change in fund balances	17,650	303,334	(421,095)	(100,111)
Fund balances - beginning	720,813	9,959	421,095	1,151,867
Fund Balances - Ending	\$ 738,462	\$ 313,293	\$ -	\$ 1,051,756

CITY OF TUKWILA, WASHINGTON  
**COMBINING BALANCE SHEET**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
 DECEMBER 31, 2021

	Residential Street	Land Acq. Rec & Park Development	Urban Renewal	General Government Improvements	Fire Improvements	Total Nonmajor Capital Projects Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 1,106,865	\$ 2,948,384	\$ 2,663,781	\$ 750,393	\$ -	\$ 7,469,423
Taxes receivable	44,581	-	-	-	-	44,581
<b>Restricted Assets:</b>						
Capital assets held for resale	-	-	2,007,410	-	-	2,007,410
<b>Total Assets</b>	<b>1,151,446</b>	<b>2,948,384</b>	<b>4,671,191</b>	<b>750,393</b>	<b>-</b>	<b>9,521,413</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
Current liabilities						
Accounts payable	121,155	51,394	1,520	65,083	-	239,152
Accrued wages and benefits	260	1,145	-	-	-	1,405
Customer deposit	322,224	-	200,000	7,277	-	529,501
<b>Total Liabilities</b>	<b>443,640</b>	<b>52,539</b>	<b>201,520</b>	<b>72,360</b>	<b>-</b>	<b>770,059</b>
Fund balances:						
Restricted	-	2,267,734	-	-	-	2,267,734
Assigned	707,806	365,622	4,469,671	678,033	-	6,221,132
Assigned - 1% arts	-	262,490	-	-	-	262,490
<b>Total Fund balances</b>	<b>707,806</b>	<b>2,895,845</b>	<b>4,469,671</b>	<b>678,033</b>	<b>-</b>	<b>8,751,355</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,151,446</b>	<b>\$ 2,948,384</b>	<b>\$ 4,671,191</b>	<b>\$ 750,393</b>	<b>\$ -</b>	<b>\$ 9,521,413</b>

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Residential Street	Land Acq. Rec & Park Development	Urban Renewal	General Government Improvements	Fire Improvements	Total Nonmajor Capital Projects Funds
<b>REVENUES:</b>						
Taxes	\$ -	\$ 1,108,591	\$ -	\$ -	\$ -	\$ 1,108,591
Charges for services	-	76,580	-	-	25,383	101,963
Intergovernmental	294,508	-	-	-	-	294,508
Investment earnings	667	2,128	2,629	700	-	6,123
Total Revenues	295,174	1,187,300	2,629	700	25,383	1,511,186
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	135,315	-	135,315
Transportation	189,781	-	-	-	-	189,781
Culture and recreation	-	394,989	-	-	-	394,989
Natural and economic environment	-	-	21,329	-	-	21,329
Capital Outlay	2,499	-	-	-	-	2,499
Total Expenditures	192,280	394,989	21,329	135,315	-	743,913
Excess (deficiency) of revenues Over (Under) Expenditures	102,895	792,310	(18,700)	(134,615)	25,383	767,273
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	100,000	485,750	-	300,000	-	885,750
Transfers out	-	(149,495)	(786,184)	-	(25,383)	(961,062)
Gain/(loss) on sale of assets held for resale	-	-	867,500	-	-	867,500
Total Other Financing Sources And Uses	100,000	336,255	81,316	300,000	(25,383)	792,188
Net change in fund balances	202,895	1,128,565	62,617	165,385	-	1,559,461
Fund balances - beginning	504,912	1,767,280	4,407,054	512,648	-	7,191,893
Fund Balances - Ending	\$ 707,806	\$ 2,895,845	\$ 4,469,671	\$ 678,033	\$ -	\$ 8,751,355

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, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 1,400,000	\$ 1,900,000	\$ 3,051,933	\$ 1,151,933
Intergovernmental	3,318,000	1,418,000	1,411,328	(6,672)
Fire Impact Fees	303,000	303,000	251,088	(51,912)
Investment earnings	30,000	30,000	933	(29,067)
Miscellaneous	30,000	30,000	104,100	74,100
<b>Total Revenues</b>	<b>5,081,000</b>	<b>3,681,000</b>	<b>4,819,382</b>	<b>1,138,382</b>
<b>EXPENDITURES:</b>				
Current:				
Transportation	2,431,000	2,431,000	1,844,895	586,105
Capital outlay	4,434,301	1,334,301	1,893,340	(559,039)
<b>Total Expenditures</b>	<b>6,865,301</b>	<b>3,765,301</b>	<b>3,738,235</b>	<b>27,066</b>
<b>Excess of Revenues And Expenditures</b>	<b>(1,784,301)</b>	<b>(84,301)</b>	<b>1,081,147</b>	<b>1,165,448</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,400,000	1,666,852	1,666,850	(2)
Transfers out	-	(485,000)	(485,000)	-
<b>Total Other Financing Sources And Uses</b>	<b>1,400,000</b>	<b>1,181,852</b>	<b>1,181,850</b>	<b>(2)</b>
<b>Net change in fund balances</b>	<b>(384,301)</b>	<b>1,097,551</b>	<b>2,262,997</b>	<b>1,165,446</b>
Fund balances - beginning	1,327,257	1,419,190	1,419,190	0
<b>Fund Balances - Ending</b>	<b>\$ 942,956</b>	<b>\$ 2,516,741</b>	<b>\$ 3,682,187</b>	<b>\$ 1,165,446</b>

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, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Special Assessment	\$ 445,000	\$ 445,000	\$ 375,889	\$ (69,111)
Investment earnings	159,000	159,000	151,060	(7,940)
<b>Total Revenues</b>	<b>604,000</b>	<b>604,000</b>	<b>526,949</b>	<b>(77,051)</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	445,000	445,000	370,000	75,000
Interest	203,588	203,588	177,713	25,876
<b>Total Expenditures</b>	<b>648,588</b>	<b>648,588</b>	<b>547,713</b>	<b>100,876</b>
<b>Excess of Revenues And Expenditures</b>	<b>(44,588)</b>	<b>(44,588)</b>	<b>(20,763)</b>	<b>23,825</b>
Net change in fund balances	(44,588)	(44,588)	(20,763)	23,825
Fund balances - beginning	692,373	622,572	622,572	(0)
<b>Fund Balances - Ending</b>	<b>\$ 647,785</b>	<b>\$ 577,984</b>	<b>\$ 601,809</b>	<b>\$ 23,825</b>

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, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 500,000	\$ 500,000	\$ 567,617	\$ 67,617
Fire Impact Fees	300,000	300,000	300,000	-
Investment earnings	40,000	40,000	1,378	(38,622)
<b>Total Revenues</b>	<b>840,000</b>	<b>840,000</b>	<b>868,995</b>	<b>28,995</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	574,000	574,000	464,692	109,308
Capital outlay	725,000	725,000	2,184,052	(1,459,052)
<b>Total Expenditures</b>	<b>1,299,000</b>	<b>1,299,000</b>	<b>2,648,744</b>	<b>(1,349,744)</b>
<b>Excess of Revenues And Expenditures</b>	<b>(459,000)</b>	<b>(459,000)</b>	<b>(1,779,749)</b>	<b>(1,320,749)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of capital assets	5,565,000	5,565,000	261,845	(5,303,155)
Transfers in	300,000	374,750	100,130	(274,620)
Transfers out	(1,668,817)	(1,668,817)	(1,668,817)	-
<b>Total Other Financing Sources And Uses</b>	<b>4,196,183</b>	<b>4,270,933</b>	<b>(1,306,842)</b>	<b>(5,577,775)</b>
<b>Net change in fund balances</b>	<b>3,737,183</b>	<b>3,811,933</b>	<b>(3,086,590)</b>	<b>(6,898,523)</b>
Fund balances - beginning	147,873	3,164,263	3,164,263	(0)
<b>Fund Balances - Ending</b>	<b>\$ 3,885,056</b>	<b>\$ 6,976,196</b>	<b>\$ 77,672</b>	<b>\$ (6,898,524)</b>

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, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 5,384	\$ 5,384
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>5,384</b>	<b>5,384</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	7,662,408	6,462,408	6,106,202	356,206
<b>Total Expenditures</b>	<b>7,662,408</b>	<b>6,462,408</b>	<b>6,106,202</b>	<b>356,206</b>
<b>Excess of Revenues And Expenditures</b>	<b>(7,662,408)</b>	<b>(6,462,408)</b>	<b>(6,100,818)</b>	<b>361,590</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	2,850,000	2,850,000	2,850,000	-
Transfers in	600,000	1,750,000	1,750,000	-
<b>Total Other Financing Sources And Uses</b>	<b>3,450,000</b>	<b>4,600,000</b>	<b>4,600,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,212,408)</b>	<b>(1,862,408)</b>	<b>(1,500,818)</b>	<b>361,590</b>
Fund balances - beginning	4,249,144	5,000,862	5,000,862	(0)
<b>Fund Balances - Ending</b>	<b>\$ 36,736</b>	<b>\$ 3,138,454</b>	<b>\$ 3,500,044</b>	<b>\$ 361,590</b>

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, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 400,000	\$ 400,000	\$ 540,329	\$ 140,329
Intergovernmental	-	-	10,680	10,680
Investment earnings	6,000	6,000	1,942	(4,059)
<b>Total Revenues</b>	<b>406,000</b>	<b>406,000</b>	<b>552,950</b>	<b>146,950</b>
<b>EXPENDITURES:</b>				
Current:				
Natural and economic environment	1,101,781	1,101,781	522,973	578,808
<b>Total Expenditures</b>	<b>1,101,781</b>	<b>1,101,781</b>	<b>522,973</b>	<b>578,808</b>
<b>Excess of Revenues And Expenditures</b>	<b>(695,781)</b>	<b>(695,781)</b>	<b>29,977</b>	<b>725,758</b>
Net change in fund balances	(695,781)	(695,781)	29,977	725,758
Fund balances - beginning	1,742,844	1,712,389	1,712,389	(0)
<b>Fund Balances - Ending</b>	<b>\$ 1,047,063</b>	<b>\$ 1,016,608</b>	<b>\$ 1,742,366</b>	<b>\$ 725,758</b>

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, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 71,381	\$ 71,381
Investment earnings	500	500	-	(500)
Miscellaneous	60,000	60,000	300,000	240,000
<b>Total Revenues</b>	<b>60,500</b>	<b>60,500</b>	<b>371,381</b>	<b>310,881</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	140,000	166,000	76,759	89,241
Capital outlay	60,000	60,000	58,881	1,119
<b>Total Expenditures</b>	<b>200,000</b>	<b>226,000</b>	<b>135,641</b>	<b>90,359</b>
<b>Excess of Revenues And Expenditures</b>	<b>(139,500)</b>	<b>(165,500)</b>	<b>235,740</b>	<b>401,240</b>
Net change in fund balances	(139,500)	(165,500)	235,740	401,240
Fund balances - beginning	333,243	331,534	331,534	(0)
<b>Fund Balances - Ending</b>	<b>\$ 193,743</b>	<b>\$ 166,034</b>	<b>\$ 567,273</b>	<b>\$ 401,239</b>

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**RESIDENTIAL STREET CAPITAL PROJECTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 294,508	\$ 94,508
Charges for services	369,000	369,000	-	(369,000)
Investment earnings	20,000	20,000	667	(19,333)
<b>Total Revenues</b>	<b>589,000</b>	<b>589,000</b>	<b>295,174</b>	<b>(293,826)</b>
<b>EXPENDITURES:</b>				
Current:				
Transportation	-	100,000	189,781	(89,781)
Capital outlay	369,000	369,000	2,499	366,501
<b>Total Expenditures</b>	<b>369,000</b>	<b>469,000</b>	<b>192,280</b>	<b>276,720</b>
<b>Excess of Revenues And Expenditures</b>	<b>220,000</b>	<b>120,000</b>	<b>102,895</b>	<b>(17,105)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	100,000	100,000	-
<b>Total Other Financing Sources And Uses</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
Net change in fund balances	220,000	220,000	202,895	(17,105)
Fund balances - beginning	114,810	504,912	504,912	(0)
<b>Fund Balances - Ending</b>	<b>\$ 334,810</b>	<b>\$ 724,912</b>	<b>\$ 707,806</b>	<b>\$ (17,106)</b>

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**LAND & PARK ACQUISITION CAPITAL PROJECTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 304,000	\$ 304,000	\$ 1,108,591	\$ 804,591
Intergovernmental	1,500,000	1,500,000	-	(1,500,000)
Charges for services	133,800	133,800	76,580	(57,220)
Investment earnings	5,000	5,000	2,128	(2,872)
<b>Total Revenues</b>	<b>1,942,800</b>	<b>1,942,800</b>	<b>1,187,300</b>	<b>(755,500)</b>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	-	-	394,989	(394,989)
Capital outlay	2,505,000	2,505,000	-	2,505,000
<b>Total Expenditures</b>	<b>2,505,000</b>	<b>2,505,000</b>	<b>394,989</b>	<b>2,110,011</b>
<b>Excess of Revenues And Expenditures</b>	<b>(562,200)</b>	<b>(562,200)</b>	<b>792,310</b>	<b>1,354,510</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	485,750	485,750	-
Transfers out	-	(149,500)	(149,495)	5
<b>Total Other Financing Sources And Uses</b>	<b>-</b>	<b>336,250</b>	<b>336,255</b>	<b>5</b>
Net change in fund balances	(562,200)	(225,950)	1,128,565	1,354,515
Fund balances - beginning	2,171,922	1,767,280	1,767,280	(0)
<b>Fund Balances - Ending</b>	<b>\$ 1,609,722</b>	<b>\$ 1,541,330</b>	<b>\$ 2,895,845</b>	<b>\$ 1,354,515</b>

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**URBAN RENEWAL CAPITAL PROJECTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ 10,000	\$ 10,000	\$ 2,629	\$ (7,371)
Total Revenues	10,000	10,000	2,629	(7,371)
<b>EXPENDITURES:</b>				
Current:				
Natural and economic environment	35,000	35,000	21,329	13,671
Total Expenditures	35,000	35,000	21,329	13,671
Excess of Revenues And Expenditures	(25,000)	(25,000)	(18,700)	6,300
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of capital assets	400,000	400,000	867,500	467,500
Transfers out	(1,200,000)	(790,000)	(786,184)	3,816
Total Other Financing Sources And Uses	(800,000)	(390,000)	81,316	471,316
Net change in fund balances	(825,000)	(415,000)	62,617	477,617
Fund balances - beginning	1,835,169	1,867,144	4,407,054	2,539,910
Fund Balances - Ending	\$ 1,010,169	\$ 1,452,144	\$ 4,469,671	\$ 3,017,527

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL GOVERNMENT IMPROVEMENTS CAPITAL PROJECTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ 500	\$ 500	\$ 700	\$ 200
<b>Total Revenues</b>	<b>500</b>	<b>500</b>	<b>700</b>	<b>200</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	135,315	(135,315)
Capital outlay	240,000	240,000	-	240,000
<b>Total Expenditures</b>	<b>240,000</b>	<b>240,000</b>	<b>135,315</b>	<b>104,685</b>
<b>Excess of Revenues And Expenditures</b>	<b>(239,500)</b>	<b>(239,500)</b>	<b>(134,615)</b>	<b>104,885</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	300,000	300,000	300,000	-
<b>Total Other Financing Sources And Uses</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>
Net change in fund balances	60,500	60,500	165,385	104,885
Fund balances - beginning	500,021	512,648	512,648	(0)
<b>Fund Balances - Ending</b>	<b>\$ 560,521</b>	<b>\$ 573,148</b>	<b>\$ 678,033</b>	<b>\$ 104,885</b>

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FIRE IMPROVEMENTS CAPITAL PROJECTS FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 300,000	\$ 300,000	\$ 25,383	\$ (274,617)
Investment earnings	500	500	-	(500)
<b>Total Revenues</b>	<b>300,500</b>	<b>300,500</b>	<b>25,383</b>	<b>(275,117)</b>
<b>EXPENDITURES:</b>				
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues And Expenditures</b>	<b>300,500</b>	<b>300,500</b>	<b>25,383</b>	<b>(275,117)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(300,000)	(300,000)	(25,383)	274,617
<b>Total Other Financing Sources And Uses</b>	<b>(300,000)</b>	<b>(300,000)</b>	<b>(25,383)</b>	<b>274,617</b>
Net change in fund balances	500	500	-	(500)
Fund balances - beginning	9,259	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ 9,759</b>	<b>\$ 500</b>	<b>\$ -</b>	<b>\$ (500)</b>

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, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 17,650	\$ 17,650
Total Revenues	-	-	17,650	17,650
<b>EXPENDITURES:</b>				
Total Expenditures	-	-	-	-
Excess of Revenues And Expenditures	-	-	17,650	17,650
<b>OTHER FINANCING SOURCES (USES):</b>				
Total Other Financing Sources And Uses	-	-	-	-
Net change in fund balances	-	-	17,650	17,650
Fund balances - beginning	719,137	720,813	720,813	(0)
Fund Balances - Ending	<u>\$ 719,137</u>	<u>\$ 720,813</u>	<u>\$ 738,462</u>	<u>\$ 17,649</u>

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, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 3,605,000	\$ 3,605,000	\$ 3,906,139	\$ 301,139
Investment earnings	-	-	171	171
<b>Total Revenues</b>	<b>3,605,000</b>	<b>3,605,000</b>	<b>3,906,309</b>	<b>301,309</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	960,000	960,000	960,000	-
Interest	2,642,975	2,642,975	2,642,975	-
<b>Total Expenditures</b>	<b>3,602,975</b>	<b>3,602,975</b>	<b>3,602,975</b>	<b>-</b>
<b>Excess of Revenues And Expenditures</b>	<b>2,025</b>	<b>2,025</b>	<b>303,334</b>	<b>301,309</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
<b>Total Other Financing Sources And Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	2,025	2,025	303,334	301,309
Fund balances - beginning	76,339	9,959	9,959	0
<b>Fund Balances - Ending</b>	<b>\$ 78,364</b>	<b>\$ 11,984</b>	<b>\$ 313,293</b>	<b>\$ 301,309</b>

CITY OF TUKWILA, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**LIMITED TAX GENERAL OBLIGATION DEBT SERVICE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget (GAAP Basis)	Final Budget (GAAP Basis)	Actual Results	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Investment earnings	\$ 2,000	\$ 2,000	\$ 154	\$ (1,846)
Miscellaneous	376,895	376,895	-	(376,895)
<b>Total Revenues</b>	<b>378,895</b>	<b>378,895</b>	<b>154</b>	<b>(378,741)</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	2,321,936	1,847,936	1,670,560	177,376
Interest	2,418,401	2,476,389	2,276,867	199,522
<b>Total Expenditures</b>	<b>4,740,338</b>	<b>4,324,326</b>	<b>3,947,428</b>	<b>376,898</b>
<b>Excess of Revenues And Expenditures</b>	<b>(4,361,443)</b>	<b>(3,945,431)</b>	<b>(3,947,274)</b>	<b>(1,843)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	3,870,501	3,870,500	(1)
Payment of refunded debt	-	(3,991,000)	(3,991,000)	-
Transfers in	4,003,443	3,681,376	3,646,679	(34,697)
<b>Total Other Financing Sources And Uses</b>	<b>4,003,443</b>	<b>3,560,877</b>	<b>3,526,179</b>	<b>(34,698)</b>
Net change in fund balances	(358,000)	(384,554)	(421,095)	(36,541)
Fund balances - beginning	381,630	421,095	421,095	0
<b>Fund Balances - Ending</b>	<b>\$ 23,630</b>	<b>\$ 36,541</b>	<b>\$ -</b>	<b>\$ (36,541)</b>

## 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, 2021

	Equipment Rental	Insurance - Active Employees	Insurance - Leoff I Retirees	Total Internal Service Funds
<b>ASSETS:</b>				
Current assets				
Cash and cash equivalents	\$ 4,780,978	\$ 2,074,077	\$ 350,025	\$ 7,205,081
Receivables	-	24,090	-	24,090
Inventory of materials and supplies	27,494	-	-	27,494
<b>Total Current Assets</b>	<b>4,808,472</b>	<b>2,098,167</b>	<b>350,025</b>	<b>7,256,665</b>
NONCURRENT ASSETS:				
Net Pension asset	257,028	-	-	257,028
Capital Assets:				
Machinery and equipment	19,040,544	-	-	19,040,544
Less: accumulated depreciation	(11,886,535)	-	-	(11,886,535)
<b>Total Capital Assets (Net Of A/D)</b>	<b>7,154,009</b>	<b>-</b>	<b>-</b>	<b>7,154,009</b>
<b>Total Noncurrent Assets</b>	<b>7,411,037</b>	<b>-</b>	<b>-</b>	<b>7,411,037</b>
<b>Total Assets</b>	<b>12,219,509</b>	<b>2,098,167</b>	<b>350,025</b>	<b>14,667,702</b>
Deferred Outflow s of Resources				
Deferred outflow pension earnings	30,899	-	-	30,899
<b>Total Deferred Outflow s Of Resources</b>	<b>30,899</b>	<b>-</b>	<b>-</b>	<b>30,899</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	31,432	375	3,267	35,074
Accrued wages and benefits	20,713	-	-	20,713
Claims incurred but not reported	-	600,000	33,000	633,000
<b>Total Current Liabilities</b>	<b>52,145</b>	<b>600,375</b>	<b>36,267</b>	<b>688,787</b>
Noncurrent liabilities:				
Reserve for unreported claims	-	900,000	49,500	949,500
Net pension liability	24,813	-	-	24,813
<b>Total Noncurrent Liabilities</b>	<b>24,813</b>	<b>900,000</b>	<b>49,500</b>	<b>974,313</b>
<b>Total Liabilities</b>	<b>76,958</b>	<b>1,500,375</b>	<b>85,767</b>	<b>1,663,100</b>
Deferred Inflow s of Resources				
Deferred inflow pension earnings	284,155	-	-	284,155
<b>Total Deferred Inflow s Of Resources</b>	<b>284,155</b>	<b>-</b>	<b>-</b>	<b>284,155</b>
<b>NET POSITION:</b>				
Investment in capital assets	7,154,009	-	-	7,154,009
Unrestricted	4,735,285	597,792	264,258	5,597,336
<b>Total Net Position</b>	<b>\$ 11,889,295</b>	<b>\$ 597,792</b>	<b>\$ 264,258</b>	<b>\$ 12,751,345</b>

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,380,164	\$ 7,161,703	\$ 270,249	\$ 9,812,115
Other operating revenue	2,119	202,186	-	204,304
Total Operating Revenue	2,382,283	7,363,888	270,249	10,016,420
<b>OPERATING EXPENSES:</b>				
Operations & maintenance	1,199,348	6,680,694	331,071	8,211,113
Administrative & general	330,403	178,821	11,920	521,144
Depreciation	1,415,570	-	-	1,415,570
Total Operating Expenses	2,945,321	6,859,515	342,991	10,147,827
Operating Income (Loss)	(563,039)	504,373	(72,742)	(131,408)
<b>NON-OPERATING REVENUE (EXPENSE):</b>				
Investment earnings	6,171	5,877	405	12,453
Gain (loss) on disposal of capital assets	284,724	-	-	284,724
Total Non-Operating Revenue (Expense)	290,895	5,877	405	297,177
Income (Loss)	(272,144)	510,250	(72,336)	165,770
Change In Net Position	(272,144)	510,250	(72,336)	165,770
Net position beginning of year	12,161,439	87,542	336,595	12,585,575
Net Position end of year	\$ 11,889,295	\$ 597,792	\$ 264,258	\$ 12,751,345

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from users	\$ 2,390,247	\$ 7,363,888	\$ 270,249	\$ 10,024,384
Cash paid to suppliers	(902,772)	(435,901)	(69,088)	(1,407,762)
Cash paid to, or on behalf of, employees	(521,929)	(6,587,724)	(331,071)	(7,440,724)
Interfund activity - payments to other funds	(330,403)	-	-	(330,403)
<b>Net Cash Provided (Used)</b>				
By Operating Activities	635,143	340,263	(129,910)	845,496
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Net Cash Provided (Used) By Non-Capital Financing Activities	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceed from sale of equipment	289,759	-	-	289,759
Purchase of capital asset	(762,958)	-	-	(762,958)
<b>Net Cash Provided (Used) For Capital And Related Financing Activities</b>	(473,200)	-	-	(473,200)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Proceeds from sale of investments	-	500,000	-	500,000
Interest received	6,171	954	405	7,530
<b>Net Cash Provided (Used) In Investing Activities</b>	6,171	500,954	405	507,530
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	168,114	841,217	(129,505)	879,826
Cash and cash equivalents-beginning of year	4,612,864	1,232,860	479,530	6,325,255
<b>Cash And Cash Equivalents-End Of Year</b>	<b>\$ 4,780,978</b>	<b>\$ 2,074,077</b>	<b>\$ 350,025</b>	<b>\$ 7,205,081</b>
Cash at end of year consists of:				
Cash and cash equivalents	\$ 4,780,978	\$ 2,074,077	\$ 350,025	7,205,081
<b>Total Cash</b>	<b>\$ 4,780,978</b>	<b>\$ 2,074,077</b>	<b>\$ 350,025</b>	<b>\$ 7,205,081</b>

CITY OF TUKWILA, WASHINGTON  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (563,039)	\$ 504,373	\$ (72,742)	\$ (131,408)
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:				
Depreciation	1,415,570	-	-	1,415,570
Asset (increases) decreases:				
Accounts receivable	7,964	-	-	7,964
Inventory	(13,656)	-	-	(13,656)
Deferred outflow of resources (increase) decrease	4,405	-	-	4,405
Liability increases (decreases):				
Accounts payable	(108,621)	(164,110)	(57,168)	(329,900)
Wages and benefits payable	12,088	-	-	12,088
Deferred inflow of resources increase (decrease)	(119,568)	-	-	(119,568)
<b>Total Adjustments</b>	<b>1,198,182</b>	<b>(164,110)</b>	<b>(57,168)</b>	<b>976,903</b>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 635,143</b>	<b>\$ 340,263</b>	<b>\$ (129,910)</b>	<b>\$ 845,496</b>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Increase (decrease) in fair value of investment	-	-	-	-
<b>Total Non Cash Investing, Capital And Financing Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



City of Tukwila  
**STATISTICAL SECTION**  
 December 31, 2021

**Financial Trends Information**

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

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

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

Page 1 of 2

	2012	2013	2014	2015
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 203,206,940	\$ 207,660,389	\$ 191,081,461	\$ 191,331,156
Restricted	2,749,680	3,480,002	3,973,726	5,446,074
Unrestricted	20,194,333	26,981,105	25,009,212	16,125,592
<b>Total governmental activities net position</b>	<b>\$ 226,150,953</b>	<b>\$ 238,121,496</b>	<b>\$ 220,064,399</b>	<b>\$ 212,902,822</b>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 52,911,741	\$ 55,955,595	\$ 57,677,764	\$ 59,483,424
Restricted	430,444	430,444	430,444	-
Unrestricted	11,011,319	12,964,539	13,839,529	14,658,912
<b>Total business-type activities net position</b>	<b>\$ 64,353,504</b>	<b>\$ 69,350,577</b>	<b>\$ 71,947,736</b>	<b>\$ 74,142,335</b>
<b>Primary government:</b>				
Net investment in capital assets	\$ 253,253,170	\$ 263,615,984	\$ 248,759,225	\$ 250,814,581
Restricted	3,180,123	3,910,445	4,404,170	5,446,074
Unrestricted	34,071,164	39,945,644	38,848,741	30,784,504
<b>Total primary government net position</b>	<b>\$ 290,504,457</b>	<b>\$ 307,472,073</b>	<b>\$ 292,012,136</b>	<b>\$ 287,045,158</b>

Notes:

(a) All amounts are reported on the accrual basis

Source:

Tukwila Finance Department

2016	2017	2018	2019	2020	2021
\$ 193,113,026	\$ 199,328,694	\$ 201,997,812	\$ 201,649,103	\$201,887,136	\$197,839,607
8,996,183	13,480,068	16,962,377	18,692,944	17,784,194	25,280,715
15,809,945	11,366,545	12,407,297	17,772,776	22,003,200	32,169,525
<u>\$ 217,919,155</u>	<u>\$ 224,175,306</u>	<u>\$ 231,367,487</u>	<u>\$ 238,114,823</u>	<u>\$241,674,530</u>	<u>\$255,289,848</u>
\$ 60,807,030	\$ 65,355,778	\$ 68,680,695	\$ 68,362,159	\$ 69,238,961	\$ 72,559,196
-	-	-	-	-	-
17,240,620	17,425,401	18,988,782	22,104,664	25,231,660	27,093,876
<u>\$ 78,047,650</u>	<u>\$ 82,781,179</u>	<u>\$ 87,669,477</u>	<u>\$ 90,466,823</u>	<u>\$ 94,470,621</u>	<u>\$ 99,653,072</u>
\$ 253,920,056	\$ 264,684,471	\$ 270,678,507	\$ 270,011,262	\$271,126,097	\$270,398,803
8,996,183	13,480,068	16,962,377	18,692,944	17,784,194	25,280,715
33,050,565	28,791,946	31,396,080	39,877,441	47,234,860	59,263,401
<u>\$ 295,966,804</u>	<u>\$ 306,956,485</u>	<u>\$ 319,036,964</u>	<u>\$ 328,581,646</u>	<u>\$336,145,151</u>	<u>\$354,942,919</u>

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

Page 1 of 2

	2012	2013	2014	2015
<b>Expenses</b>				
Governmental Activities <sup>(b)</sup>				
General government	\$ 8,343,107	\$ 10,195,049	\$ 10,289,399	\$ 8,042,254
Public safety	26,598,432	25,938,946	29,292,587	29,403,206
Physical environment	3,625,696	2,610,591	11,668,098	2,611,297
Transportation	7,314,707	7,658,280	2,479,533	11,069,605
Culture and recreation	4,242,725	5,635,347	5,336,659	5,125,227
Natural and economic environment	4,801,342	5,209,954	5,716,091	5,782,907
Interest on Long Term Debt	1,152,063	1,038,851	1,204,771	1,033,440
Total Governmental Activities	56,078,072	58,287,017	65,987,138	63,067,935
Business Type Activities				
Water/Sewer Utility	10,149,557	10,421,064	12,752,125	13,186,236
Foster Golf Course	1,701,131	1,707,993	1,945,789	2,086,586
Surface Water Utility	2,699,767	2,563,132	3,310,716	4,147,974
Total Business Type Activities	14,550,455	14,692,189	18,008,631	19,420,796
<b>Total Primary Government Expenses</b>	<b>\$ 70,628,527</b>	<b>\$ 72,979,205</b>	<b>\$ 83,995,769</b>	<b>\$ 82,488,731</b>
<b>Program Revenues</b>				
Governmental Activities <sup>(b)</sup>				
Charges for Services				
General government	\$ 1,332,418	\$ 1,495,438	\$ 3,858,862	\$ 3,794,134
Public safety	684,744	871,919	970,594	1,754,856
Physical environment	4,939	27,407	196,506	-
Transportation	1,004,911	287,956	8,425	206,065
Culture and recreation	481,404	744,014	2,793,185	644,283
Natural and economic environment	2,323,528	2,786,178	726,869	3,348,802
Operating Grants and Contributions	4,411,618	3,289,818	2,563,002	893,470
Capital Grants and Contributions	1,581,882	16,947,529	8,053,435	6,431,537
Total Governmental Activities Program Revenues	11,825,444	26,450,258	19,170,879	17,073,146
Business Type Activities				
Charges for Services				
Water/Sewer Utility	11,758,658	13,146,131	14,308,945	15,572,709
Foster Golf Course	1,448,729	1,404,264	1,406,440	1,482,288
Surface Water Utility	3,827,010	3,913,184	4,168,313	5,286,233
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	135,603	338,943	1,548,280	2,039,890
Total Business Type Activities Program Revenues	17,170,000	18,802,521	21,431,978	24,381,122
<b>Total Primary Government Program Revenues</b>	<b>28,995,444</b>	<b>45,252,779</b>	<b>40,602,857</b>	<b>41,454,268</b>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(44,252,628)	(31,836,759)	(46,816,260)	(45,994,789)
Business Type Activities	2,619,546	4,110,332	3,423,348	4,960,326
<b>Total Primary Government Net Expense</b>	<b>\$ (41,633,082)</b>	<b>\$ (27,726,426)</b>	<b>\$ (43,392,912)</b>	<b>\$ (41,034,463)</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Taxes				
Property Tax	\$ 14,131,605	\$ 14,510,241	\$ 14,870,621	\$ 14,320,085
Retail Sales and Use Tax	15,441,683	16,316,398	17,105,322	19,334,152
Natural Gas Use Tax	232,208	204,457	-	-
Hotel/Motel Tax	522,033	526,832	596,781	677,971
Utility Tax	5,535,966	3,879,992	3,855,544	4,019,288
Interfund Utility Taxes	-	1,686,859	1,851,013	2,061,098
Business Tax	2,497,606	2,570,111	2,555,999	2,749,140
Excise Tax	2,860,948	2,745,475	3,512,894	5,321,281
Unrestricted Investment Earnings	116,694	102,486	444,282	475,345
Miscellaneous	1,997,335	2,166,215	1,915,031	2,124,185
Transfers	1,056,843	1,060,650	(600,000)	-
Total Governmental Activities	43,371,717	45,769,716	45,769,716	51,082,546
Business Type Activities				
Unrestricted Investment Interest	61,119	-	-	-
Miscellaneous	200,871	-	-	-
Transfers	(525,864)	(1,056,843)	(1,060,650)	600,000
Total Business Type Activities	(263,874)	(1,056,843)	(1,060,650)	600,000
<b>Total Primary Government</b>	<b>\$ 43,107,843</b>	<b>\$ 44,712,873</b>	<b>\$ 44,709,066</b>	<b>\$ 51,682,546</b>
Change in Net Position Before Special Item	1,474,761	16,986,447	1,316,154	10,648,083
Special item	-	-	-	(1,995,000)
<b>Change in Net Position</b>	<b>1,474,761</b>	<b>16,986,447</b>	<b>1,316,154</b>	<b>8,653,083</b>
Governmental Activities	16,815,810	13,932,957	13,932,957	(2,703,772)
Business Type Activities	3,433,129	3,053,489	3,049,682	4,023,348
<b>Total Primary Government</b>	<b>\$ 20,248,939</b>	<b>\$ 16,986,447</b>	<b>\$ 16,982,640</b>	<b>\$ 1,319,576</b>

## Notes:

(a) All amounts are reported on the accrual basis

(b) Governmental activity classifications changed beginning with the 2019 Annual report

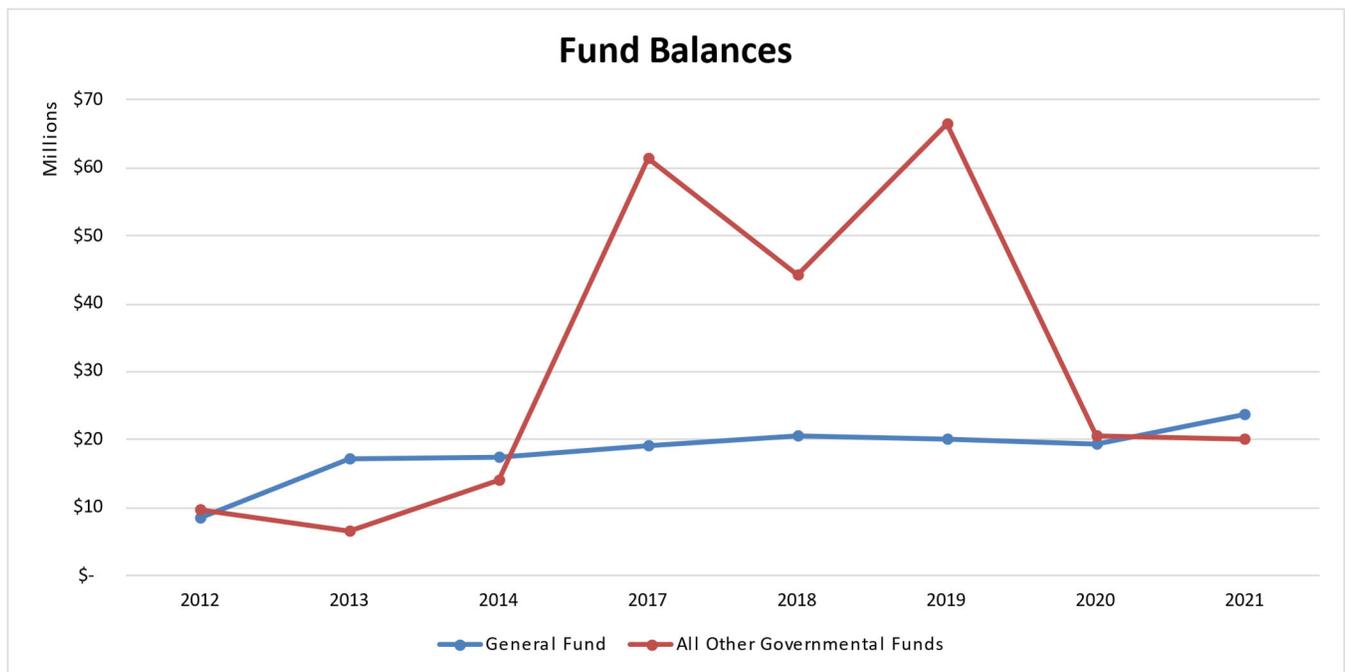
Source:

Tukwila Finance Department

2016	2017	2018	2019	2020	2021
\$ 9,662,207	\$ 9,835,290	\$ 10,763,025	\$ 11,105,119	\$ 10,792,736	\$ 12,227,100
31,418,713	31,190,347	17,097,372	27,402,906	25,090,275	24,840,036
2,554,259	2,545,144	2,645,577	-	-	-
11,188,189	12,236,551	15,871,018	18,442,230	12,757,271	12,760,187
5,431,324	5,582,038	5,591,213	6,076,219	5,522,907	4,814,194
4,410,841	4,523,596	4,411,719	4,515,516	4,426,553	5,062,727
1,075,729	2,481,559	2,748,854	3,009,268	4,927,364	4,443,170
<u>65,741,262</u>	<u>68,394,526</u>	<u>59,128,779</u>	<u>70,551,259</u>	<u>63,517,106</u>	<u>64,147,415</u>
13,984,368	14,305,425	14,861,448	15,957,397	14,111,179	14,227,351
2,077,536	1,989,972	2,091,981	2,128,042	1,908,023	2,175,885
4,088,360	4,209,325	4,464,319	6,166,267	4,991,110	4,327,427
<u>20,150,264</u>	<u>20,504,722</u>	<u>21,417,748</u>	<u>24,251,707</u>	<u>21,010,311</u>	<u>20,730,662</u>
<u>\$ 85,891,525</u>	<u>\$ 88,899,247</u>	<u>\$ 80,546,527</u>	<u>\$ 94,802,966</u>	<u>\$ 84,527,417</u>	<u>\$ 84,878,077</u>
\$ 3,742,937	\$ 4,144,986	\$ 5,989,077	\$ 6,565,339	\$ 7,481,748	\$ 6,342,118
4,130,701	1,540,863	1,970,331	2,543,188	2,037,444	1,972,485
464	-	-	-	-	-
454,525	2,206,908	2,261,577	106,958	890,982	371,646
1,140,558	1,315,740	1,415,827	1,914,795	654,085	456,787
2,434,546	2,270,759	3,099,692	3,533,733	2,671,049	2,416,865
1,079,020	2,445,998	1,733,308	794,371	1,567,067	1,796,702
5,000,942	6,126,880	9,942,224	2,578,046	1,415,931	1,289,853
<u>17,983,694</u>	<u>20,052,136</u>	<u>26,412,036</u>	<u>18,036,429</u>	<u>16,718,306</u>	<u>14,646,454</u>
15,661,118	16,580,965	17,203,158	17,831,892	14,857,183	16,227,339
1,426,385	1,313,871	1,563,320	1,610,152	1,906,355	2,268,908
5,875,343	6,200,589	6,417,368	6,797,683	6,956,702	7,029,502
25,000	8,435	54,697	228,755	121,754	61,630
767,732	834,392	767,504	280,570	1,405,464	1,709,678
<u>23,755,578</u>	<u>24,938,251</u>	<u>26,006,046</u>	<u>26,749,053</u>	<u>25,247,459</u>	<u>27,297,057</u>
<u>41,739,272</u>	<u>44,990,386</u>	<u>52,418,082</u>	<u>44,785,482</u>	<u>41,965,764</u>	<u>41,943,511</u>
(47,757,566)	(48,342,390)	(32,716,743)	(52,514,829)	(46,798,800)	(49,500,960)
3,605,314	4,433,529	4,588,299	2,497,346	4,237,148	6,566,394
<u>\$ (44,152,252)</u>	<u>\$ (43,908,861)</u>	<u>\$ (28,128,445)</u>	<u>\$ (50,017,483)</u>	<u>\$ (42,561,653)</u>	<u>\$ (42,934,566)</u>
\$ 14,562,501	\$ 17,667,590	\$ 18,008,738	\$ 18,390,051	\$ 19,839,475	\$ 21,275,135
18,908,190	18,807,201	20,603,617	20,687,748	17,102,061	20,148,103
-	-	-	-	-	-
710,267	736,784	833,990	819,095	292,358	540,329
4,045,916	4,175,013	3,866,859	3,644,470	4,286,358	3,605,314
2,146,515	2,265,747	2,334,522	2,358,608	2,153,573	2,322,420
2,716,257	2,698,352	1,246,798	1,299,085	407,877	2,074,857
6,508,665	5,380,662	5,091,447	5,336,066	3,323,814	7,400,723
559,733	838,630	1,508,334	1,247,003	680,094	297,953
2,915,859	2,328,565	2,240,045	5,377,939	2,039,548	4,067,501
(300,000)	(300,000)	(300,000)	102,100	233,350	1,383,944
<u>52,773,904</u>	<u>54,598,542</u>	<u>55,434,351</u>	<u>59,262,164</u>	<u>50,358,508</u>	<u>63,116,277</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	300,000	300,000	300,000	(233,500)	(1,383,944)
-	300,000	300,000	300,000	(233,500)	(1,383,944)
<u>\$ 52,773,904</u>	<u>\$ 54,898,542</u>	<u>\$ 55,734,351</u>	<u>\$ 59,562,164</u>	<u>\$ 50,125,008</u>	<u>\$ 61,732,334</u>
8,621,652	10,989,681	27,605,906	9,544,681	7,563,355	18,797,768
(956,798)	-	-	-	-	-
<u>7,664,855</u>	<u>10,989,681</u>	<u>27,605,906</u>	<u>9,544,681</u>	<u>7,563,355</u>	<u>18,797,768</u>
3,830,958	5,016,337	6,256,152	22,717,608	3,559,708	13,615,317
5,260,326	3,905,314	4,733,529	4,888,299	4,003,648	5,182,451
<u>\$ 9,091,285</u>	<u>\$ 8,921,651</u>	<u>\$ 10,989,681</u>	<u>\$ 27,605,906</u>	<u>\$ 7,563,355</u>	<u>\$ 18,797,768</u>

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

	2012	2013	2014	2015
<b>General Fund</b>				
Nonspendable	\$ -	\$ 1,743,362	\$ 1,544,022	\$ 1,340,914
Assigned	-	225,000	5,771,471	6,078,648
Unassigned	8,378,557	15,317,624	10,181,057	10,911,244
<b>Total general fund</b>	<b>\$ 8,378,557</b>	<b>\$ 17,285,986</b>	<b>\$ 17,496,550</b>	<b>\$ 18,330,806</b>
<b>All other governmental funds</b>				
Nonspendable	\$ -	\$ -	\$ 7,370,000	\$ 7,645,000
Restricted	2,749,681	3,480,001	3,973,726	5,446,074
Assigned	7,021,183	4,510,623	4,076,803	7,221,870
Unassigned	-	(1,566,175)	(1,360,218)	-
<b>Total all other governmental funds</b>	<b>\$ 9,770,864</b>	<b>\$ 6,424,449</b>	<b>\$ 14,060,311</b>	<b>\$ 20,312,943</b>



2016	2017	2018	2019	2020	2021
\$ 1,141,484	\$ 927,373	\$ 718,190	\$ 508,447	\$ 292,498	\$ 70,139
6,277,929	105,000	181,078	397,736	660,425	491,143
11,612,330	18,040,352	19,718,745	19,233,980	18,469,248	23,180,241
<u>\$ 19,031,744</u>	<u>\$ 19,072,725</u>	<u>\$ 20,618,013</u>	<u>\$ 20,140,163</u>	<u>\$ 19,422,170</u>	<u>\$ 23,741,523</u>
\$ 7,645,000	\$ -	\$ -	\$ -	\$ -	\$ -
45,986,463	51,236,443	32,531,984	48,694,929	5,483,785	7,231,746
3,389,139	10,282,709	11,819,299	17,705,991	15,110,785	12,742,716
-	-	-	-	-	-
<u>\$ 57,020,602</u>	<u>\$ 61,519,152</u>	<u>\$ 44,351,283</u>	<u>\$ 66,400,920</u>	<u>\$ 20,594,569</u>	<u>\$ 19,974,462</u>

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

page 1 of 2

	2012	2013	2014	2015
<b>Revenues</b>				
Taxes	\$41,502,608	\$42,402,070	\$44,441,783	\$ 48,548,116
Licenses and Permits	1,604,594	2,013,875	2,114,638	2,242,256
Intergovernmental	7,626,487	7,190,325	14,298,126	11,839,883
Charges for Services	3,974,356	3,747,646	3,838,531	3,935,248
Fines and Forfeitures	220,752	242,638	264,934	261,457
Investment Income	106,286	151,911	479,219	475,345
Special Assessments	-	2,788,350	701,723	650,415
Miscellaneous	131,979	427,368	354,395	332,268
<b>Total Revenues</b>	<b>55,167,062</b>	<b>58,964,183</b>	<b>66,493,348</b>	<b>68,284,989</b>
<b>Expenditures</b>				
General Government	8,504,511	9,303,742	7,505,173	7,708,394
Public Safety	24,918,306	25,720,884	27,254,312	29,035,165
Physical Environment	3,022,516	1,935,895	1,807,993	1,935,228
Transportation	2,769,182	3,111,493	5,820,601	5,792,668
Natural and Economic Environment	4,767,944	5,224,964	5,226,832	5,832,384
Culture and Recreation	3,373,000	4,386,392	4,680,651	4,350,052
Debt Service				
Principal	1,991,540	5,024,991	2,288,988	2,480,507
Interest	1,178,464	1,162,649	961,457	1,125,609
Capital Outlay	12,099,293	5,854,962	10,150,912	11,426,274
<b>Total Expenditures</b>	<b>62,624,756</b>	<b>61,725,970</b>	<b>65,696,921</b>	<b>69,686,279</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(7,457,694)</b>	<b>(2,761,786)</b>	<b>796,428</b>	<b>(1,401,291)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	7,625,792	20,918,983	7,300,080	5,633,846
Transfers In - Assessment	-	2,788,350	-	-
Transfers Out	(6,174,358)	(23,301,516)	(7,900,080)	(5,933,846)
Sale of Capital Assets	9,903	5,493	-	-
General Obligation Bonds Issued	-	1,000,000	3,850,000	8,075,000
Refunding of General Obligation Bonds	-	-	-	-
LID Bonds Assessment	-	6,687,500	-	-
Operating Loan-Tukwila MPD	(658,706)	-	-	-
Premium on General Obligation Debt	-	-	-	309,758
<b>Total Other Financing Sources (Uses)</b>	<b>802,631</b>	<b>8,098,809</b>	<b>3,250,000</b>	<b>8,084,758</b>
<b>Change in Fund Balance Before Special Item</b>	<b>(6,655,063)</b>	<b>5,337,023</b>	<b>4,046,428</b>	<b>6,683,467</b>
Special Item	-	-	(1,995,000)	(956,798)
<b>Net Change in Fund Balances</b>	<b>\$ (6,655,064)</b>	<b>\$ 5,337,023</b>	<b>\$ 2,051,428</b>	<b>\$ 5,726,669</b>
Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	6.70%	11.07%	6.70%	6.30%

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

Source:

Tukwila Finance Department

2016	2017	2018	2019	2020	2021
\$49,588,492	\$51,655,075	\$ 51,988,591	\$ 52,686,247	\$ 47,560,434	\$ 57,281,494
2,129,221	2,749,137	4,875,454	5,554,899	6,738,212	5,341,662
10,067,413	12,739,774	15,919,377	7,495,781	6,647,587	7,603,637
3,911,473	5,767,228	6,801,719	7,442,843	3,540,211	3,213,504
318,459	325,216	291,604	245,748	209,551	302,358
541,299	826,864	1,538,534	1,258,493	680,094	297,953
542,180	478,838	415,660	515,266	377,132	375,889
957,158	942,784	407,151	515,923	560,804	632,087
68,055,695	75,484,915	82,238,092	75,715,199	66,314,025	75,048,583
9,405,989	9,585,551	10,491,432	8,777,726	8,620,827	8,455,383
29,366,198	30,899,412	34,331,520	32,586,415	31,792,303	32,513,800
1,955,031	1,733,400	1,805,457	-	-	-
5,238,468	6,532,195	10,015,938	9,717,429	6,346,303	6,612,101
4,493,210	4,614,027	4,686,528	4,752,115	4,659,575	5,917,214
4,543,339	4,664,129	4,852,138	5,328,994	4,551,092	4,614,034
2,602,782	3,713,928	4,092,196	4,238,521	2,486,461	3,000,560
1,093,584	2,603,869	2,977,523	4,060,086	5,445,543	5,097,555
8,358,450	14,761,715	47,601,490	51,397,863	48,834,614	10,381,479
67,057,051	79,108,226	120,854,221	120,859,149	112,736,719	76,592,127
998,643	(3,623,311)	(38,616,129)	(45,143,950)	(46,422,694)	(1,543,543)
4,025,831	6,354,496	7,742,669	7,233,686	8,867,680	9,904,409
-	-	3,119,513	-	-	-
(4,325,831)	(6,654,496)	(8,042,669)	(7,131,586)	(8,634,330)	(8,520,466)
-	(100,000)	-	-	-	1,129,345
32,990,000	10,456,000	18,365,000	60,600,000	1,995,000	6,720,500
-	-	-	-	(2,330,000)	(3,991,000)
-	-	-	-	-	-
-	-	-	-	-	-
3,719,954	356,839	1,809,036	6,013,637	-	-
36,409,954	10,412,839	22,993,549	66,715,737	(101,650)	5,242,789
37,408,597	6,789,528	(15,622,580)	21,571,787	(46,524,344)	3,699,245
-	-	-	-	-	-
\$37,408,597	\$ 6,789,528	\$ (15,622,580)	\$ 21,571,787	\$ (46,524,344)	\$ 3,699,245
6.30%	9.80%	9.65%	11.95%	12.41%	12.23%

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

Fiscal Year	Property <sup>(a)</sup>	Sales & Use	Utility <sup>(b)</sup>	Excise	Business	Other	Total Taxes
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
2019	18,390,051	20,687,748	3,644,470	5,336,066	1,299,085	3,177,703	52,535,122
2020	19,839,475	17,102,061	4,286,358	3,323,814	407,877	2,445,931	47,405,516
2021	21,275,135	20,148,103	3,605,314	7,400,723	2,074,857	2,862,749	57,366,880
Change 2012-2021	51.2%	30.5%	-9.9%	131.2%	-16.9%	25.1%	38.2%

Notes:

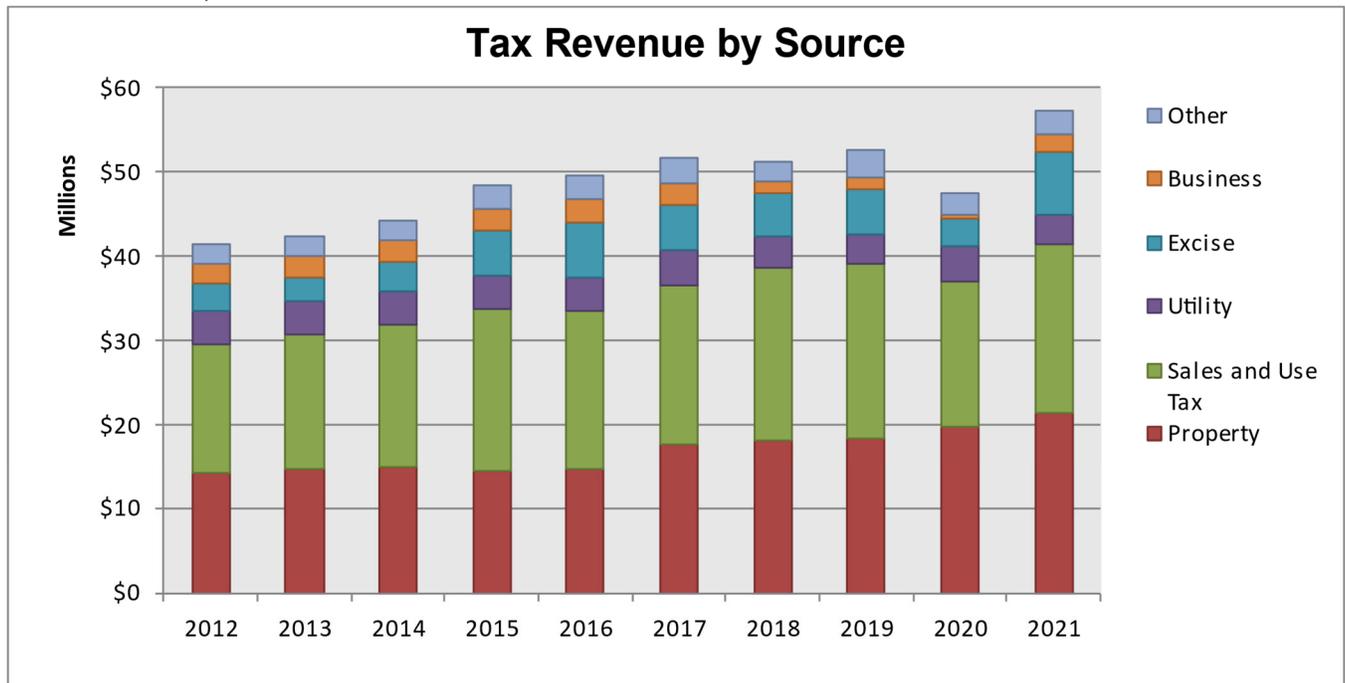
(a) Beginning in 2017, property tax includes a voter approved excess levy for public safety facilities.

(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 and is currently assessed at a 16.0% rate.

Source:

Tukwila Finance Department



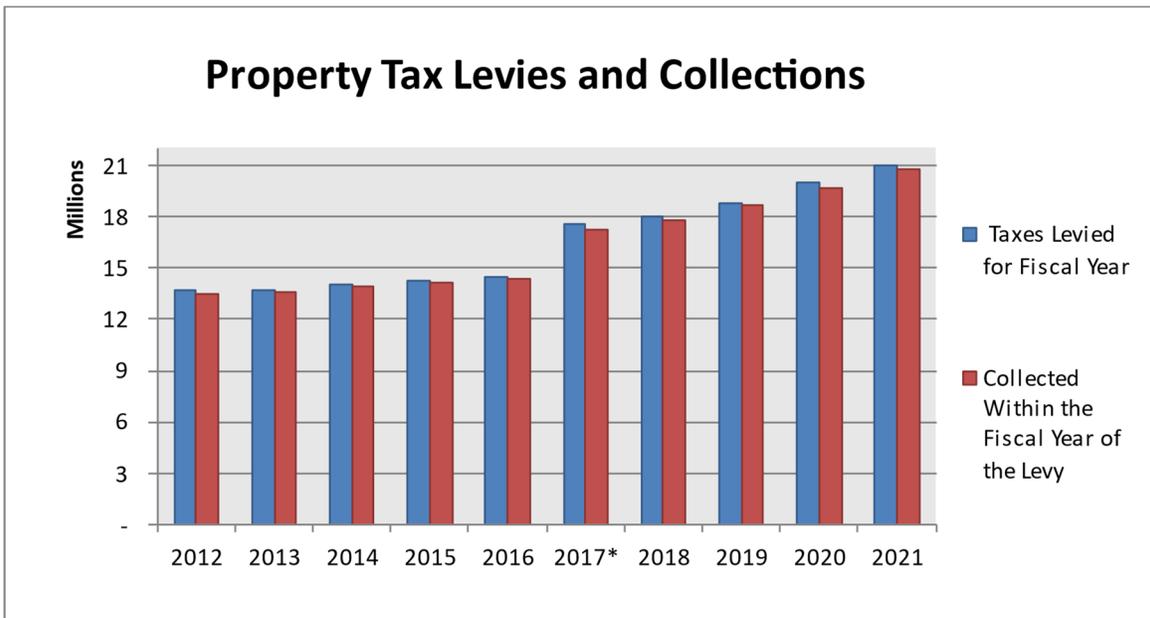
**CITY OF TUKWILA, WASHINGTON**  
**SCHEDULE 6**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

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
2012	13,697,474	13,521,621	98.72%	175,853	13,697,474	100.00%
2013	13,740,076	13,549,525	98.61%	190,550	13,740,076	100.00%
2014	14,047,317	13,916,718	99.07%	123,482	14,040,200	99.95%
2015	14,245,846	14,113,739	99.07%	131,226	14,244,965	99.99%
2016	14,516,623	14,375,358	99.03%	141,265	14,516,623	100.00%
2017*	17,551,561	17,262,965	98.36%	262,352	17,525,317	99.85%
2018	18,006,677	17,844,087	99.10%	148,854	17,992,942	99.92%
2019	18,796,071	18,648,149	99.21%	115,485	18,763,634	99.83%
2020	20,044,161	19,705,761	98.31%	263,578	19,969,338	99.63%
2021	21,049,466	20,796,453	98.80%	-	20,796,453	98.80%

\*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**

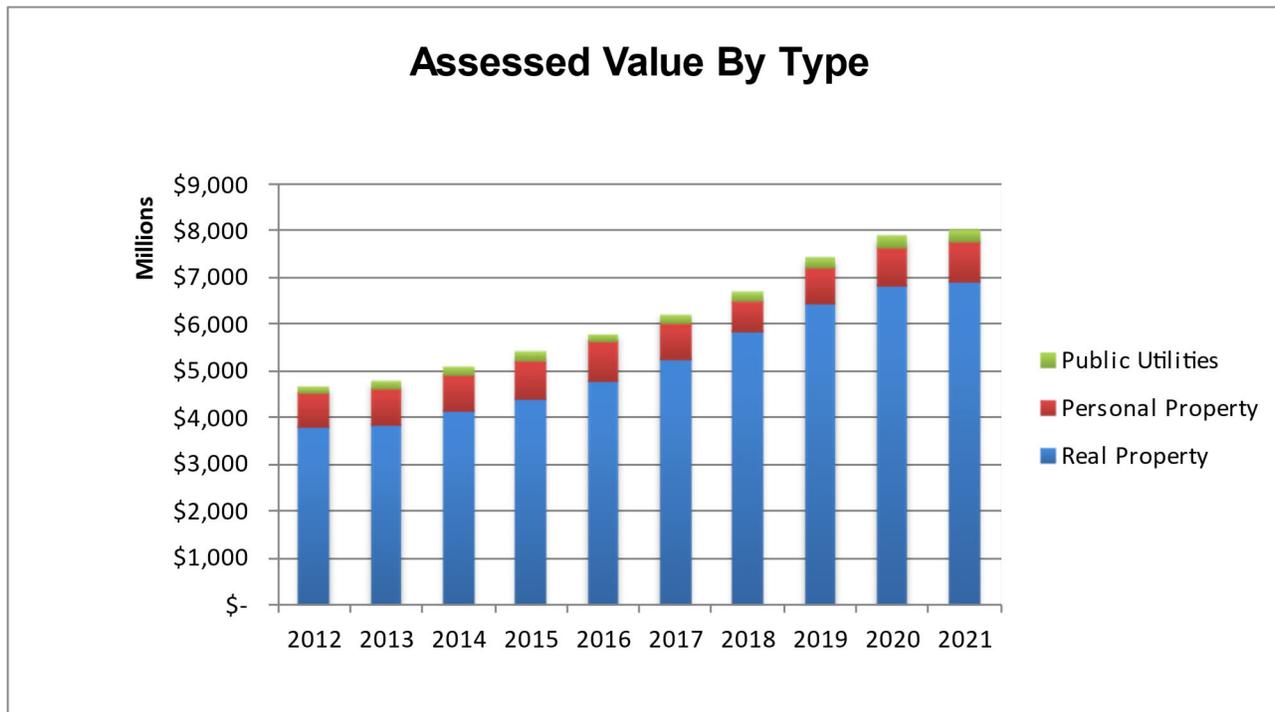
Fiscal Year	Real Property	Personal Property	Public Utilities	Total Assessed Value	Total Direct Tax Rate
2012	3,778,571,709	736,480,616	134,138,983	4,649,191,308	2.98778
2013	3,824,448,044	779,103,146	152,822,498	4,756,373,688	2.97799
2014	4,146,952,417	744,616,273	162,510,057	5,054,078,747	2.84188
2015	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	5,823,887,746	678,435,063	171,517,113	6,673,839,922	2.81805
2019	6,430,058,373	760,313,756	214,068,301	7,404,440,430	2.73416
2020	6,809,349,200	826,589,881	247,118,481	7,883,057,562	2.67733
2021	6,890,134,092	882,202,099	238,555,841	8,010,892,032	2.72071

Note:

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

Source:

King County Department of Assessments



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

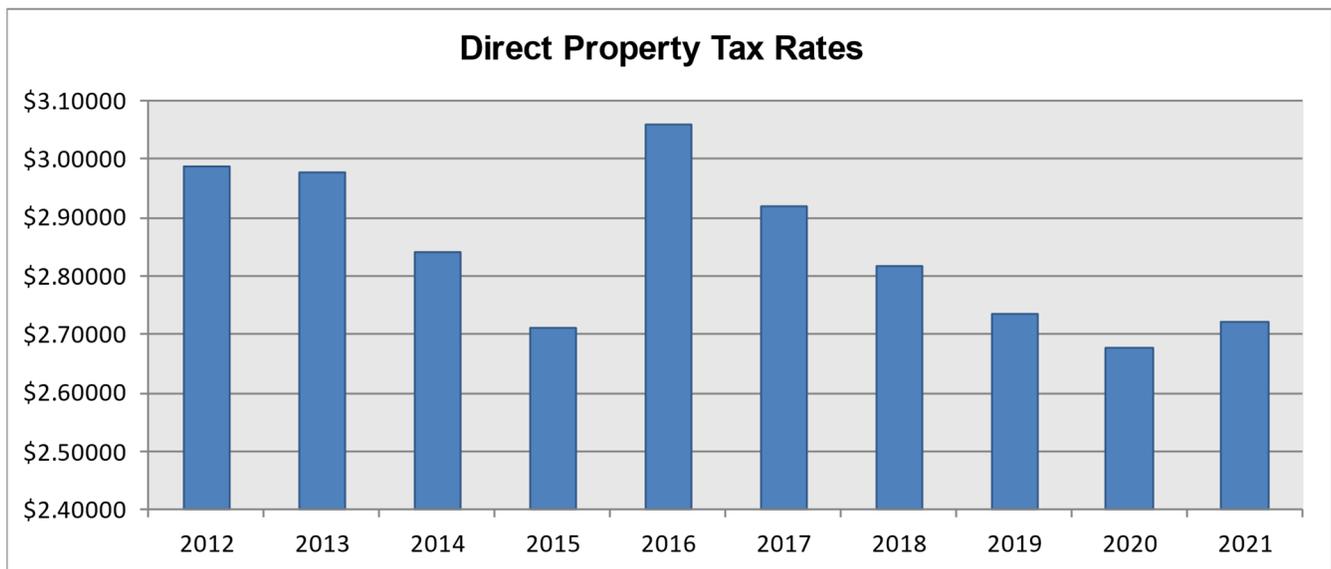
-----CITY OF TUKWILA-----													Central Puget Sound Regional Authority	Total
Fiscal Year	General Levy	Special Levy	Total	WA State	King County <sup>(a)</sup>	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Tukwila Pool Metropolitan Park District	Hospital District #1			
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	13.48427	
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	
2019	2.26293	0.47123	2.73416	3.02799	1.59993	0.11944	0.26500	3.42786	0.09199	0.15341	0.40069	0.19937	12.01984	
2020	2.17985	0.49748	2.67733	3.08823	1.60421	0.11984	0.26499	3.78886	0.08909	0.15102	0.38511	0.19709	12.36577	
2021	2.14677	0.57394	2.72071	2.81695	1.56491	0.11258	0.24841	4.21764	0.08146	0.15223	0.35434	0.18409	12.45332	

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	2021 Assessed Valuation	Percent of 2021 Total Assessed Value <sup>(a)</sup>	2012 Assessed Valuation	Percent of 2012 Total Assessed Value <sup>(b)</sup>
Boeing	Airplane company	\$ 504,876,300	6.30%	\$ 490,724,957	10.56%
Property Tax Resources LLC	Commercial Properties	223,904,000	2.79%		
Prologis	Real Estate Development	180,288,100	2.25%		0.00%
Segale Properties	Commercial Properties	172,811,700	2.16%	161,151,755	
LIT Industrial LTD Partnership	Commercial Properties	135,951,700	1.70%		
Sabey Corporation	Real Estate Development	133,272,100	1.66%		0.00%
Westfield Property	Department Stores	132,103,700	1.65%		0.00%
LIT Kent Valley	Commercial Properties	104,037,700	1.30%		
KIR Tukwila	Commercial Properties	98,745,100	1.23%	81,486,500	
Boeing Employees Credit Union	Credit Union	87,586,100	1.09%	41,292,565	0.89%
WEA Southcenter LLC	Department Stores			295,766,166	6.36%
E Property Tax Dept	Commercial Properties			66,723,700	1.44%
Walton CWWA Epropety Tax Inc (McElroy)	Investment Property			58,562,300	1.26%
Sea-Tuk Warehouse LLC	Food Distribution			34,167,200	0.73%
Wig Properties LLC (JC Penney)	Department Stores			32,877,852	0.71%
Anne Arundel Apartments LLC	Apartments			30,034,300	0.65%
Jorgensen Forge Corporation	Steel Manufacture			29,667,335	0.64%
<b>TOTALS</b>		<b>\$ 1,773,576,500</b>	<b>22.14%</b>	<b>\$ 1,322,454,630</b>	<b>23.23%</b>

Notes:

- (a) In 2021 the total assessed property value in the City of Tukwila was \$ 8,010,892,032
- (b) In 2012 the total assessed property value in the City of Tukwila was \$ 4,649,191,308

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	2012	2013	2014	2015
Construction and Contracting	\$ 961,125	\$ 1,212,594	\$ 829,073	\$ 1,255,650
Finance, Insurance & Real Estate	143,792	174,705	141,010	163,161
Manufacturing	390,252	386,964	322,189	281,501
Transportation, Communications & Utilities	432,608	475,688	549,126	743,746
Wholesale - Durable/Non-durable Goods	1,077,613	1,108,771	1,592,613	2,016,722
Retail Trade - General Merchandise	2,000,865	2,154,523	2,137,256	2,205,778
Retail Trade - Home Furnishings/Electronics	1,537,143	1,405,274	1,431,965	1,527,377
Retail Trade - Miscellaneous	1,703,741	1,870,200	1,973,478	1,954,150
Retail Trade - Clothing & Accessories	2,082,930	2,070,198	2,013,796	2,159,647
Retail Trade - Restaurants	1,472,343	1,529,101	1,611,860	1,703,187
Retail Trade - Automotive/Gas	690,076	690,691	765,765	825,143
Retail Trade - Building Materials	516,861	565,734	600,610	683,485
Service Industries - Business	928,610	968,996	1,073,511	1,265,789
Service Industries - Hotels	487,977	502,721	562,130	626,822
Service Industries - Other	234,870	246,802	274,497	273,514
All Other Categories	381,693	525,133	468,547	978,142
<b>Total Retail Sales Tax Collections</b>	<b>\$ 15,042,499</b>	<b>\$ 15,888,089</b>	<b>\$ 15,888,089</b>	<b>\$ 18,663,814</b>

Notes:

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

Sources:

Tukwila Finance Department and Washington State Department of Revenue.

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	2016	2017	2018	2019	2020	2021
\$	1,383,624	\$ 1,413,773	\$ 1,623,112	\$ 2,218,910	\$ 2,389,360	\$ 1,664,634
	175,060	125,978	143,696	65,075	112,453	126,652
	269,117	177,788	262,700	238,694	221,232	222,561
	746,115	721,413	1,016,226	1,055,296	789,886	905,716
	1,295,141	1,176,868	1,309,170	1,153,607	1,101,801	1,292,657
	2,202,158	2,131,267	2,187,854	2,167,481	1,836,829	1,886,826
	1,623,926	1,613,643	1,649,843	1,715,419	1,419,767	1,866,419
	2,032,967	2,077,239	2,131,804	2,089,854	1,994,491	2,897,074
	2,089,128	2,066,858	2,084,482	1,996,280	1,186,857	1,920,971
	1,751,724	1,886,139	2,009,051	2,080,421	1,273,300	1,815,023
	743,468	800,580	1,385,284	1,063,607	560,743	743,240
	733,928	805,324	813,656	835,211	996,994	1,080,480
	1,467,620	1,436,825	2,051,035	2,039,153	1,684,693	1,767,313
	650,270	650,332	717,341	744,823	251,581	473,028
	253,089	267,544	394,128	346,020	340,104	373,547
	845,209	812,656	115,128	106,610	150,053	143,845
\$	18,262,544	\$ 18,164,227	\$ 19,894,510	\$ 19,916,461	\$ 16,310,144	\$ 19,179,986

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

	2012	2013	2014	2015	2016	2017 <sup>(b)</sup>	2018	2019	2020	2021 <sup>(c)</sup>
<b><u>BASIC SALES TAX RATES <sup>(a)</sup></u></b>										
City of Tukwila	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.25%	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%	1.40%	1.40%	1.40%	1.50%
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%
<b>Total Basic Combined Sales Tax Rate</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>9.50%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.10%</b>

Notes:

- <sup>(a)</sup> Effective July 1, 2003, all retail sales, leases and transfers of motor vehicles are subject to the additional sales tax of three-tenths of one percent (.003). The funds are used to finance transportation improvements.
- <sup>(b)</sup> 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.
- <sup>(c)</sup> Effective January 1, 2021, the Regional Transit Authority Tax increased one-tenth of one percent (.001), to one and five-tenths of one percent (.015).

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**

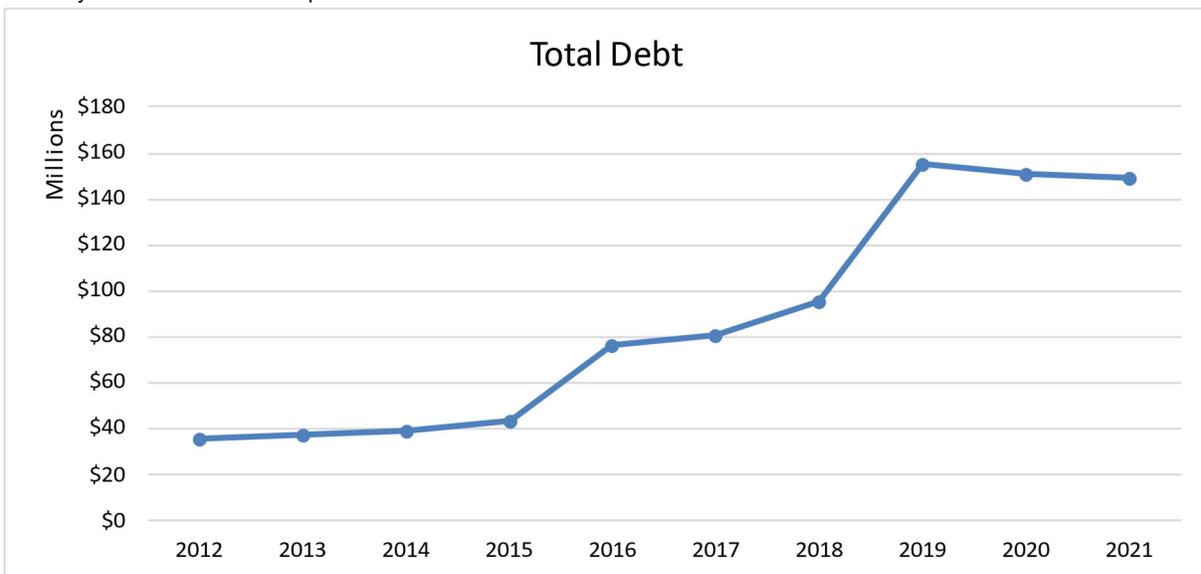
	2012	2013	2014	2015	2016
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
General Obligation Bonds <sup>(c)</sup>	\$ 25,752,600	\$ 21,727,609	\$ 23,851,376	\$ 30,084,437	\$ 64,589,264
Special Assessment <sup>(d)</sup>	-	6,687,500	6,687,500	6,082,500	5,412,500
Total Governmental Activities	25,752,600	28,415,109	30,538,876	36,166,937	70,001,764
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
Revenue Bonds	3,540,000	3,075,000	2,580,000	1,742,527	1,597,704
Public Works Trust Fund Loans	6,621,342	6,063,071	5,742,866	5,646,458	5,046,900
Total Business-Type Activities	10,161,342	9,138,071	8,322,866	7,388,985	6,644,604
<b>TOTAL PRIMARY GOVERNMENT<sup>(a)</sup></b>	<b>\$ 35,913,942</b>	<b>\$ 37,553,180</b>	<b>\$ 38,861,742</b>	<b>\$ 43,555,922</b>	<b>\$ 76,646,368</b>
Population <sup>(b)</sup>	19,611	19,765	19,920	19,300	19,540
Per Capita Personal Income <sup>(b)</sup>	\$ 66,043	\$ 66,692	\$ 72,696	\$ 76,226	\$ 79,323
Percentage of Personal Income	2.77%	2.85%	2.68%	2.96%	4.95%
Debt Per Capita	\$ 1,831	\$ 1,900	\$ 1,951	\$ 2,257	\$ 3,923

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



2017	2018	2019	2020	2021
\$ 69,576,786	\$ 85,625,504	\$ 147,210,840	\$ 144,037,716	\$ 143,233,473
4,805,000	4,320,000	3,910,000	3,430,000	3,060,000
74,381,786	89,945,504	151,120,840	147,467,716	146,293,473
1,454,422	1,304,763	1,154,027	997,413	840,235
4,447,522	3,848,055	3,248,587	2,649,119	2,075,702
5,901,944	5,152,818	4,402,614	3,646,532	2,915,937
<b>\$ 80,283,729</b>	<b>\$ 95,098,322</b>	<b>\$ 155,523,454</b>	<b>\$ 151,114,248</b>	<b>\$ 149,209,410</b>
19,660	19,800	20,930	21,360	21,798
\$ 84,598	\$ 88,308	92,026	96,647	***
4.83%	5.44%	8.07%	7.32%	***
\$ 4,084	\$ 4,803	\$ 7,431	\$ 7,075	\$ 6,845

**CITY OF TUKWILA, WASHINGTON  
SCHEDULE 13  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Special Assessment Debt <sup>(a)</sup>	Less Debt Service Funds <sup>(b)</sup>	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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	4,805,000	1,855,519	72,526,267	1.18%	3,689
2018	19,800	6,685,919,176	85,625,504	4,320,000	1,903,729	88,041,775	1.32%	4,447
2019	20,930	6,673,839,922	147,210,840	3,910,000	1,995,748	149,125,092	2.23%	7,125
2020	21,360	7,883,057,562	144,037,716	3,430,000	1,353,344	146,114,372	1.85%	6,841
2021	21,798	8,010,892,032	143,233,473	3,060,000	1,653,564	144,639,909	1.81%	6,635

Note:

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

(b) Includes externally restricted fund balance available for debt service payment.

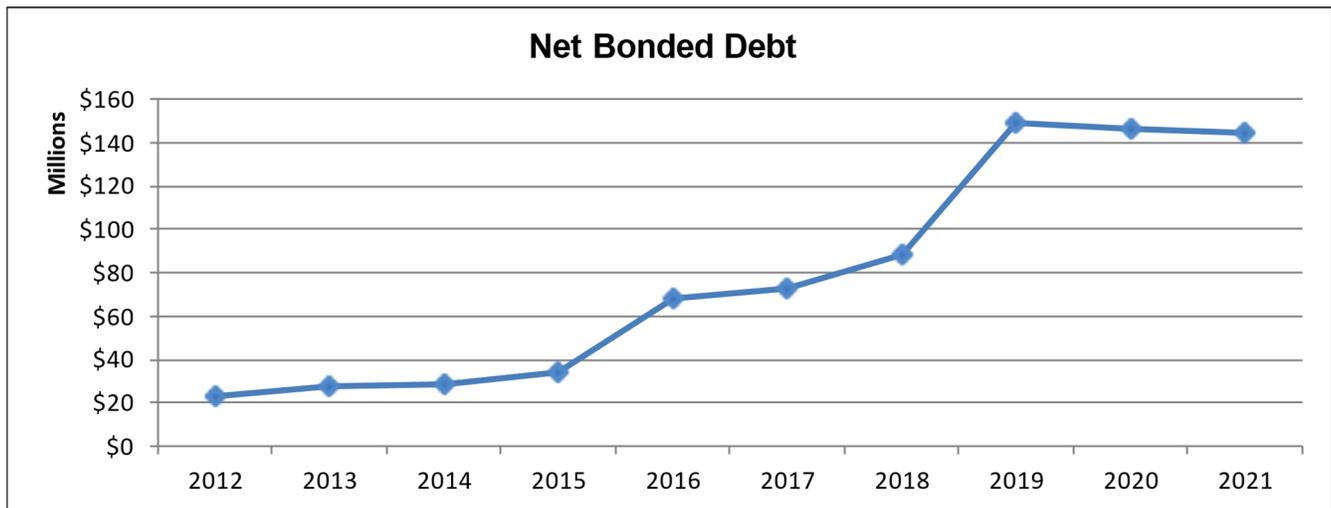
Sources:

U.S. Census Bureau

State of Washington Office of Financial Management

King County Department of Assessments

Tukwila Finance Department

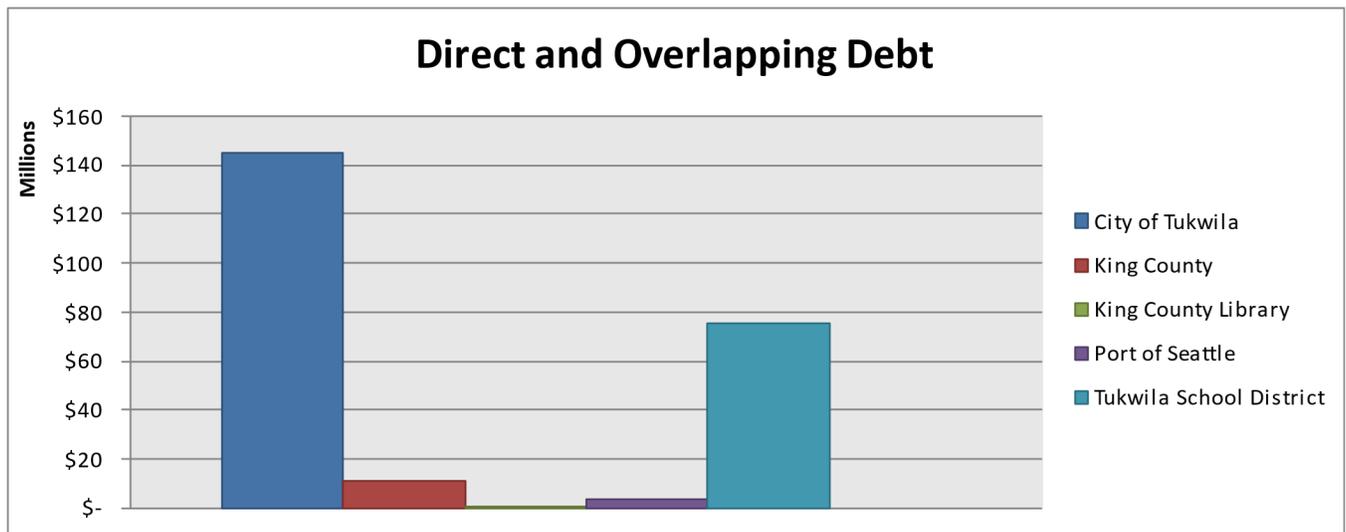


**CITY OF TUKWILA, WASHINGTON**  
**SCHEDULE 14**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
 AS OF DECEMBER 31, 2021

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila <sup>(1)</sup>	Estimated Applicable to Tukwila
<b>Direct:</b>			
City of Tukwila	\$ 144,639,909	100.00%	\$ 144,639,909
<b>Overlapping:</b>			
King County	910,028,875	1.20%	10,920,347
King County Library	44,335,000	2.00%	886,700
Port of Seattle	281,335,000	1.20%	3,376,020
Tukwila School District #406	75,287,890	99.95%	75,250,246
<b>Total Overlapping Debt:</b>	<u>1,310,986,765</u>		<u>90,433,313</u>
<b>Total Direct and Overlapping Debt:</b>	<u>\$ 1,455,626,674</u>		<u>\$ 235,073,221</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

	2012	2013	2014	2015
Debt Limit	\$ 348,689,348	\$ 348,689,348	\$ 356,728,027	\$ 379,055,906
Total net debt applicable to limit	25,884,632	25,752,600	21,727,609	23,288,621
Legal debt margin	\$ 322,804,716	\$ 322,936,748	\$ 335,000,418	\$ 355,767,285
Total net debt applicable to the limit as a percentage of debt limit	7.42%	7.39%	6.09%	6.14%
Assessed Value as of December 31, 2021	\$ 8,010,892,032			
Debt Limit (7.5% of assessed value)	600,816,902			
Debt applicable to limit:				
General obligation bonds	138,665,076			
Other long-term debt				
	462,151,827			
Less: Amount set aside for repayment of general obligation debt and contracts payable				
Total net debt applicable to limit	138,665,076			
Legal debt margin	\$ 462,151,827			

Source:  
 Tukwila Finance Department

2016	2017	2018	2019	2020	2021
\$ 432,273,737	\$ 404,649,384	\$ 461,687,008	\$ 500,537,994	\$ 591,229,317	\$ 600,816,902
60,208,532	29,322,914	65,128,905	130,743,788	139,183,203	138,665,076
\$ 372,065,205	\$ 375,326,470	\$ 396,558,104	\$ 369,794,206	\$ 452,046,114	\$ 462,151,827
13.93%	7.25%	14.11%	26.12%	23.54%	23.08%

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

LAST TEN FISCAL YEARS

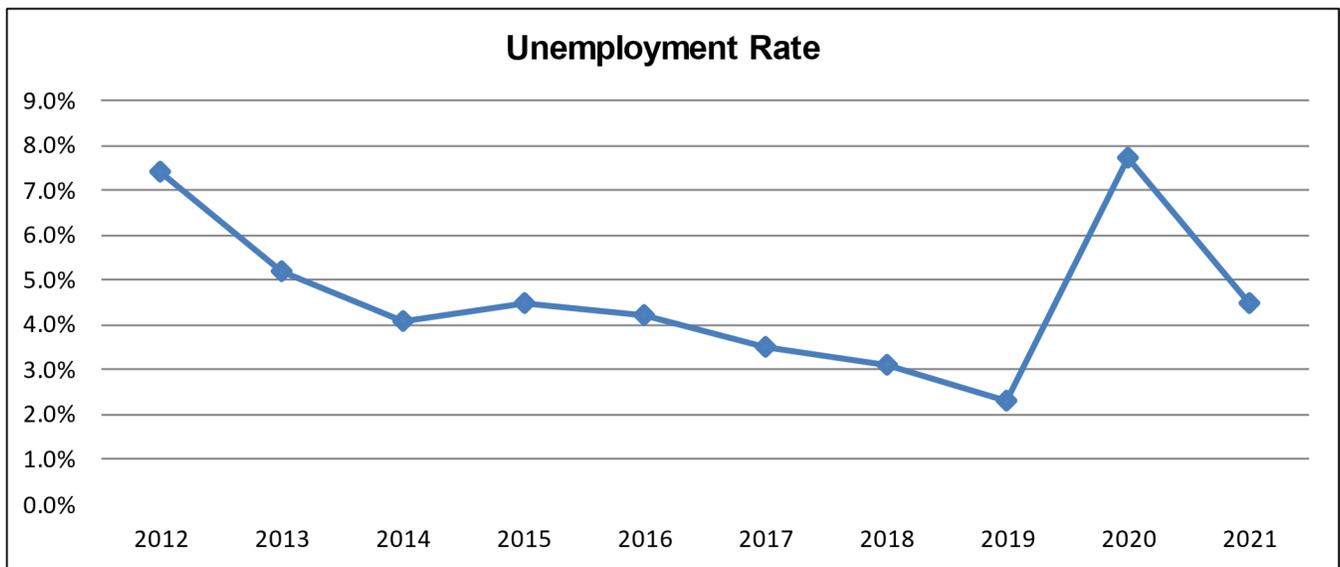
Fiscal Year	Population	Per Capita Personal Income <sup>(a)</sup>	Personal Income <sup>(b)</sup> (in thousands)	Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate <sup>(c)</sup>
2012	19,611	66,043	1,295,169	3,896	4,094	2,902	7.4%
2013	19,765	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	84,598	1,663,197	3,995	4,103	2,961	3.5%
2018	19,800	88,308	1,748,498	4,025	4,667	3,059	3.1%
2019	20,930	92,026	1,926,104	4,235	4,732	2,862	2.3%
2020	21,360	96,647	2,064,380	4,245	4,816	2,763	7.7%
2021	21,798	***	***	4,250	4,912	2,594	4.5%

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, reported as of December*
- \*\*\* *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	2021 Full & Part-Time Employment <sup>(a)</sup>		Percentage of Total City Employees		2012 Full & Part-Time Employment <sup>(b)</sup>		Percentage of Total City Employees	
			Rank		Rank		Rank		Rank
Sound	Healthcare	1,400	1	4.75%				0.00%	
Boeing Employee's Credit Union	Credit Union	1,063	2	3.61%		543		1.35%	
Boeing Company	Aircraft Manufacturing	815	3	2.76%		7,572		18.86%	
Prime Now LLC	Electronic Shopping	672	4	2.28%				0.00%	
King County Housing Authority	Housing Assistance	509	5	1.73%				0.00%	
Nordstrom, Inc	Department Stores	507	6	1.72%				0.00%	
N C Power Systems Co	Wholesale	500	7	1.70%				0.00%	
Macy's West Stores LLC	Department Stores	488	8	1.66%		445		1.11%	
Costco Wholesale Corp	Warehouse Club	396	9	1.34%		703		1.75%	
Cascade Behavioral Hospital LLC	Healthcare	325	10	1.10%				0.00%	
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.					2,386		5.94%	
King County Metro	Transit Operating Base					778		1.94%	
Carlisle Interconnect Technologies	Wire/Cable Connectors					567		1.41%	
JC Penney	Department Stores					337		0.84%	
United Parcel Service	Postal Delivery Service					335		0.83%	
Red Dot Corporation	Heater/Air Conditioning Equipment					348		0.87%	
<b>Sub-total - Major Employers</b>		<b>6,675</b>				<b>14,014</b>			
<b>All Other Employment</b>		<b>22,808</b>				<b>26,142</b>			
<b>TOTAL EMPLOYMENT</b>		<b>29,483</b>				<b>40,156</b>			

Source:

<sup>(a)</sup> Washington State Department of Revenue - Business Licenses

<sup>(b)</sup> Tukwila Finance Department - Business Licenses

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

<b>DEPARTMENT</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative Services <sup>(a), (b)</sup>	-	-	-	-	-	-	-	10.00	10.00	22.00
Council	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Mayor <sup>(a), (b)</sup>	15.75	16.75	20.00	19.00	16.00	16.00	13.00	10.00	10.00	5.00
Human Resources <sup>(a)</sup>	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-	-	-
Finance	12.00	12.00	12.00	12.00	12.00	11.00	11.00	12.00	12.00	12.00
Recreation	16.25	16.25	16.00	16.75	17.25	16.25	16.00	16.25	16.50	14.25
Community Development	23.38	22.13	21.63	21.00	23.75	23.00	25.00	24.00	22.00	29.00
Court	9.00	9.00	9.10	8.10	11.00	11.00	11.00	11.00	10.25	10.65
Police	88.00	87.50	89.00	93.00	93.75	92.75	97.00	98.00	84.00	86.00
Fire	67.00	67.00	67.00	70.00	71.00	72.00	73.00	66.00	64.00	61.00
Information Technology <sup>(b)</sup>	8.00	7.00	6.00	6.00	7.00	9.00	9.00	9.00	7.00	-
Public Works	30.00	31.00	31.00	32.00	32.00	27.00	27.00	27.20	22.00	27.00
Parks	7.50	6.00	7.00	7.00	8.00	8.00	9.00	9.00	7.00	9.75
Street	12.00	12.50	11.50	10.00	12.00	11.50	11.50	11.50	7.50	12.00
Water	7.00	7.00	7.00	6.00	7.00	7.50	7.50	7.40	7.50	6.00
Sewer	2.00	2.00	2.00	2.00	2.00	4.50	4.50	4.40	3.50	3.00
Golf	8.25	9.25	8.25	8.25	7.75	8.75	9.00	8.75	8.00	9.75
Surface Water	8.00	8.00	8.00	9.00	9.00	11.50	11.50	12.50	12.50	7.00
Equipment Rental	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.00	5.00
Metropolitan Park District Pool <sup>(c)</sup>	2.00	2.00	2.00	2.00	-	-	-	-	-	-
<b>TOTAL</b>	<b>333.13</b>	<b>332.38</b>	<b>334.48</b>	<b>339.10</b>	<b>346.50</b>	<b>346.75</b>	<b>352.00</b>	<b>350.00</b>	<b>314.75</b>	<b>327.40</b>

Notes:

*Based on filled positions not budgeted positions.*

*(a) Administrative Services includes Human Resources, Community Services and Engagement (previously reported in the Mayor's Office), and Admin Services Administration as of 2019*

*(b) Administrative Services includes City Clerk (previously reported in the Mayor's Office) and Information Technology (previously reported a separate department*

*(c) 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.*

Sources:

Tukwila Finance Department

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>FUNCTION</b>										
<b>Police</b>										
Number of Calls for Service	31,916	31,355	29,840	32,946	34,229	33,123	33,288	32,465	30,079	31,338
<b>Fire</b>										
Number of Responses	4,844	4,604	5,156	5,549	5,754	5,840	5,734	5,724	5,284	6,869
Total Fire Loss	\$675,847	\$343,495	\$2,738,080	\$1,926,944	\$2,821,016	\$1,142,486	\$527,687	\$742,362	\$3,187,074	\$12,317,319
Total Inspections	<sup>(a)</sup> 4,541	3,389	3,850	2,331	1,860	1,951	2	7	5	927
<b>Parks and Recreation</b>										
Class Participants	58,260	52,319	45,514	68,970	64,782	83,030	73,906	78,435	27,741	26,000
Community Ctr Admissions	116,136	114,748	132,397	136,984	141,218	143,872	143,160	175,311	24,804	20,726
Rounds of Golf Played	47,392	47,757	47,267	51,017	47,595	43,568	49,357	50,561	58,028	64,203
Pool Attendance **	69,332	71,233	79,537	-	-	-	-	-	-	-
<b>Street</b>										
Miles	79	79	79	79	79	79	79	79	79	79
Streets/Sidewalks	22,920	16,767	8,627	4,716	4,836	4,936	5,120	5,028	3,764	2,866
Signalized Intersections	62	62	62	62	64	66	74	68	74	74
Signals/Lights	7,000	8,815	3,012	2,408	2,135	2,986	2,415	2,701	1,810	2,113
<b>Water Utility Services</b>										
Total Customers	2,117	2,118	2,126	2,145	2,160	2,176	2,185	2,195	2,205	2,215
Total Gallons/Water(in thousands)	650,659	645,982	668,740	697,147	655,472	697,210	672,700	618,194	543,468	597,831
<b>Sanitary Sewer</b>										
Total Customers	1,727	1,742	1,752	1,775	1,789	1,808	1,836	1,845	1,860	1,872
<b>Surface Water</b>										
Total Customers	5,212	5,226	5,239	5,242	5,249	5,282	5,286	5,289	5,261	5,278
<b>Licenses</b>										
Business Licenses	2,030	1,877	2,208	2,220	1,909	2,120	2,078	1,976	2,132	2,218
Outside Contractors	<sup>(b)</sup> 1,066	1,132	1,216	1,215	945	1,437	1,319	1,688	2,081	2,532
<b>Permits</b>										
Building Permits	354	374	347	277	311	348	381	371	262	266
Mechanical Permits	191	221	216	154	192	198	169	193	165	166
Electrical Permits	1,175	1,337	1,223	1,119	1,175	1,047	1,046	1,059	875	928
Plumbing Permits	210	167	184	140	185	165	161	176	133	138
Public Works Permits	126	155	152	163	175	136	152	153	249	242
<b>Libraries</b>										
Number of Libraries	2	2	2	2	2	2	2	2	2	2
Total Circulation	332,509	313,571	284,667	214,520	184,492	157,168	180,155	151,578	125,609	132,695

Notes:

(a) Due to information system and data program transitioning, this total does not include fire prevention staff inspections.

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

Sources:

Tukwila Departments, King County Library System

**CITY OF TUKWILA, WASHINGTON**  
**SCHEDULE 20**  
**CAPITAL ASSETS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

FUNCTION	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Government</b>										
Total City Area (Square Miles)	9.63	9.63	9.63	9.63	9.63	9.63	9.63	9.63	9.63	9.63
<b>Public Safety</b>										
Police:										
Number of Vehicle Units	88	81	89	89	93	93	80	88	88	88
Fire:										
Number of Fire Stations	4	4	4	4	4	4	4	4	(a) 4	(b) 4
Number of Engines/Rescue Trucks/Ladders	7	7	9	9	9	8	8	11	8	8
Number of Medical Aid Vehicles	1	1	1	1	1	1	1	1	1	1
Number of Hazardous Materials Trailer Units	2	2	2	2	2	2	1	1	1	1
<b>Transportation</b>										
Paved Streets (lane miles)	188.2	188.2	188.2	188.2	188.2	188.2	188.2	188.2	188.2	188.2
Sidewalks (miles)	64.8	64.8	64.8	64.8	64.8	64.8	65.0	65	66	66
Number of Traffic Signals	64	63	63	63	74	76	74	74	74	74
Number of Streetlights Owned by Seattle City Light	901	901	902	902	902	902	908	910	910	910
Number of Streetlights Owned by Puget Sound Energy	187	187	187	187	187	187	187	187	187	187
Number of Streetlights Owned by City of Tukwila	1,210	1,216	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224
<b>Culture and Recreation</b>										
Parks Acreage (c)	175.6	175.6	175.6	190	190	191	191	191	193	193
Number of Parks	19	19	19	19	19	20	20	20	21	21
Golf Course Acreage	77.26	77.26	77.26	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	13	13
Number of Playgrounds	11	11	11	11	11	11	11	11	11	11
Swimming Pool	-	-	-	-	-	-	-	-	-	-
Visitor Center	1	1	1	1	1	1	1	1	1	1
Community Center/Recreation Facilities	1	1	1	1	1	1	1	1	1	1
Number of Libraries	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water Distribution Mains (miles)	41	41	49	49	49	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 (Owned by City of Tukwila) Vehicles	576	576	576	577	577	579	579	589	601	601
<b>Sewer</b>										
Sanitary Sewers (miles)	37	37	37	37	37	39	39	39	39	40
Average Daily Dry Weather Flow (millions of gallons) Vehicles	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<b>Surface Water</b>										
Storm Drains (miles) Vehicles	70	70	70	71	70.5	97.4	97.4	97.4	97.4	111.0

Notes:

- (a) Reflects number of active stations. In 2020, a new Station 51 was opened and the former Station 51 has not yet been surplused.
- (b) Reflects number of active station. In 2021, a new Station 52 was opened and the former Station 52 has not yet been surplused.
- (c) 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.

Sources:

Various Departments-Tukwila