



City of Tukwila, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2014



City of Tukwila, Washington

VISION

*The city of opportunity,
the community of choice*

MISSION

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

VALUES

*Caring
Professional
Responsive*

STRATEGIC GOALS AND OBJECTIVES

1 A community of inviting neighborhoods and vibrant business districts

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

2 A solid foundation for all Tukwila residents

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

3 A diverse and regionally competitive economy

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

4 A high-performing and effective organization

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

5 A positive community identity and image

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

COVER PHOTOS

(clockwise from upper left)

- *Groundbreaking at Washington Place site*
- *Arbor Day tree planting by Duwamish River*
- *Crowd attending Tukwila Village ceremony*
- *"Safe Routes to School" construction project*
- *New Community Resource Center at mall*



The City of Tukwila, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2014

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

JIM HAGGERTON, MAYOR

TUKWILA CITY COUNCIL

Kate Kruller, Council President

Verna Seal

Joe Duffie

Kathy Hougardy

Dennis Robertson

De'Sean Quinn

Allan Ekberg

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2014

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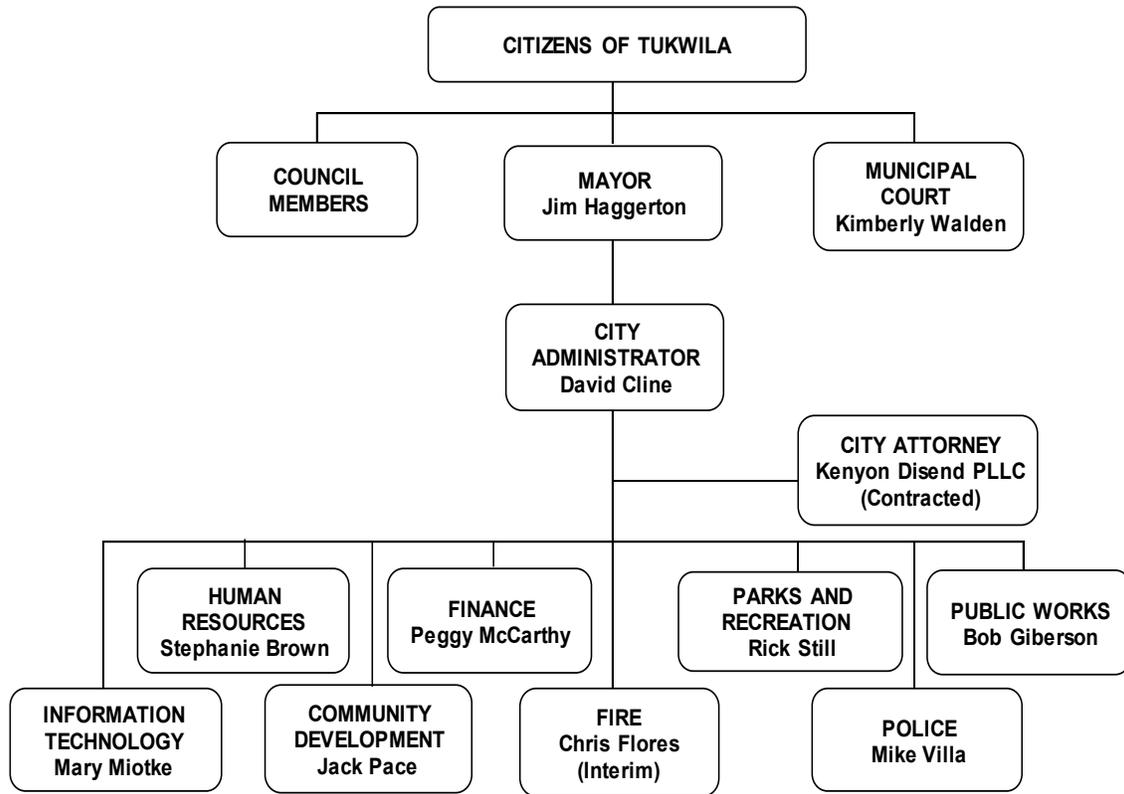
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**ADMINISTRATIVE ORGANIZATIONAL STRUCTURE
AND PRINCIPAL OFFICIALS**



COUNCIL COMMITTEES

COUNCIL PRESIDENT

Kate Kruller

FINANCE AND SAFETY COMMITTEE

Kathy Hougardy, Chairperson
Joe Duffie, Member
De'Sean Quinn, Member

TRANSPORTATION

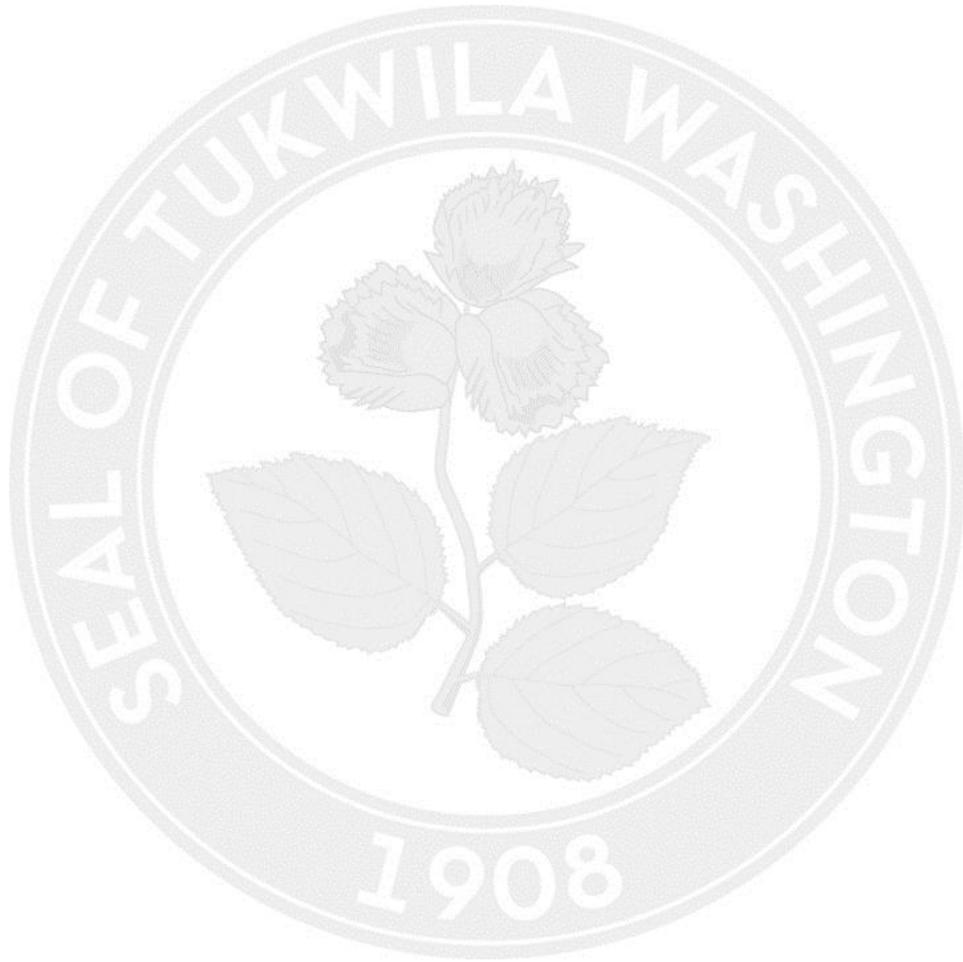
Joe Duffie, Chairperson
Allan Ekberg, Member
Kathy Hougardy, Member

COMMUNITY AFFAIRS AND PARKS

Verna Seal, Chairperson
Dennis Robertson, Member
Allan Ekberg, Member

UTILITIES

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





City of Tukwila

6200 Southcenter Blvd, Tukwila, WA 98188

Jim Haggerton, Mayor

July 27, 2015

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

Subject: TRANSMITTAL OF 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Dear Mayor, Councilmembers, and Citizens:

State law requires that cities publish financial statements in conformity with Generally Accepted Accounting Principles (GAAP), which are audited in accordance with generally accepted auditing standards by the State Auditor's Office, under the Revised Code of Washington (RCW) 43.09.230.

Therefore, we issue and transmit to you the City of Tukwila's Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended December 31, 2014. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of Tukwila and the economic conditions affecting it, and describes the systems and controls employed by the Finance Department.

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

I. INTRODUCTION

A. MANAGEMENT REPRESENTATION

The Tukwila Finance Department prepared the report and accepts responsibility for the accuracy, completeness, and fairness of presentation of the information included. The data is believed to be accurate in all material respects, and it is believed that the data is presented in a manner that fairly sets forth the results of operations and financial position of the City, as measured by the financial activity of the City's various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. The report has been prepared in

conformance with GAAP and in conformance with financial reporting standards issued by the Governmental Accounting Standards Board (GASB).

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

As a recipient of federal, state and county financial assistance, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. Information related to this single audit includes the Schedule of Expenditures of Federal Awards, findings and recommendations, if applicable, and auditor's reports on internal control and compliance with applicable laws, regulations, contracts and agreements. The results of the City's annual single audit for the fiscal year ended December 31, 2014 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws.

B. REPORTING ENTITY

The City of Tukwila is a non-charter optional code City, operating under Section 35A of the Revised Code of Washington. It has a strong Mayor form of government with a seven-member City Council elected by the voters of the City. Councilmembers are elected at large rather than by district, are responsible for establishing the general guidelines and policies for the City, and each serves a four-year term. The Mayor appoints the City Administrator as the City's chief administrative officer responsible for carrying out the policies and direction set by the Mayor and City Council.

The City of Tukwila provides a full range of local government services. These services include police and fire protection, emergency medical services, construction and maintenance of streets and traditional municipal infrastructure, planning and zoning, park and recreational activities, and cultural events. In addition, the City operates an equipment maintenance/rental fund. The City operates its own municipal 18-hole golf course 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.

Incorporated in 1908, the City of Tukwila abuts the City of Seattle on the north and is one mile east of Seattle-Tacoma International Airport. Tukwila has a small residential population of 19,765; however, the daytime shopper/visitor and working population can reach over 150,000 during the holiday shopping season.

II. ECONOMIC CONDITION

A. SUMMARY OF LOCAL ECONOMY

A diverse regional economy is led by The Boeing Company and other smaller manufacturing companies. The Puget Sound region is a major international trade gateway to the Far East. Also, high tech industries

such as Microsoft and Amazon have made their home in this region. This diversity has now become the strength of our economic well being.

Tukwila enjoys a strong position in the Puget Sound region as well as the state of Washington. Tukwila's location is at the crossroads of the state's most significant freeway network (the I-5 and I-405 interchange), and includes all modes of public transportation. Tukwila's transit stations include the commuter Sounder train, Sound Transit's light rail, and the just completed Tukwila Transit Center that all reinforce the well-established advantages of Tukwila as an employment and retail hub. These major transportation systems, the strategic access to Seattle, Tacoma, Sea-Tac Airport, and the population base of the south Puget Sound region provide a natural setting for commercial and industrial activity.

Tukwila enjoys one of the largest local retail sales tax bases in the state of Washington, with the City collecting \$16.3 million in sales tax revenue for 2014. The total retail sales activity amounted to approximately \$1.95 billion in 2014, representing a 2.9% increase in sales tax revenue and retail activity within Tukwila, as compared to the previous year. Although the manufacturing sector was down 22.2% and construction was down 29.6%, the wholesale trade was up 43.7%. The strength of the City's retail sales activity is the Westfield Southcenter Shopping Center and Parkway Plaza retail development, which combine to create one of the largest retail concentrations on the west coast. This strength continues to attract new retail establishments to locate in Tukwila.

This diversified revenue base is further supported by an assessed valuation of \$5.0 billion as well as the above-mentioned local retail sales tax base, and has allowed the City to pursue a long-term capital investment program.

Permit activity continues to remain solid with 1,970 permits issued in 2014 for a total value of \$91.4 million. Permit activity related to commercial property accounts for 92% of 2014 permits issued.

B. FUTURE ECONOMIC OUTLOOK

Tukwila is in a continuous process of both short-term and long-term financial planning. Short-term financial planning is inherent in the development of the City's biennial budget. Concurrent with the biennial budget is the City's long-term capital needs and potential funding is assessed with the development of the six-year capital facility plan. The capital facility plan is a component of the Comprehensive Master Plan, which outlines how the City should look and function in twenty years and creates a vision that can be realistically implemented. An integral part of this vision is determining how to allocate the City's financial resources to achieve the desired goals.

One of the City's highest priorities has been to reduce crime along Tukwila International Boulevard (TIB) since it was annexed into the City in the early 1990's. The multi-jurisdictional raid and seizure of motels along TIB that occurred in August, 2013 and was the largest event of this kind in the state. The raid was the result of a year-long investigation which proved the owners and managers of these properties allowed crime to occur and they were actively profiting from the activity. After the seizure, crime took a sharp decrease and when compared to a year later, in 2014, violent crime was down by 40% and all crimes were down by 30% on the TIB corridor.

The Southcenter Parkway Extension project, the new five-lane roadway from 180th Street to 200th Street has improved traffic flows, and provides the infrastructure needed for future development of the Tukwila South area, expected to bring new businesses, housing and jobs into the City.

The newly completed Tukwila Transit Center on Andover Park West provides a safer, expanded, high-quality bus stop with shelters, larger bus pullouts, and improved lighting, sidewalks and landscaping.

Construction of the new Tukwila Sounder commuter rail station was also completed in 2014 and includes improved walkways for pedestrians and bicyclists. The Sounder Station serves Sound Transit commuter riders and also handles Amtrak's four trains per day. Both the Tukwila Transit Center and the Sounder station serve numerous King County Metro transit buses, including the new RapidRide F Line, which operates between Burien, SeaTac, Tukwila and Renton. Both transit stations, along with Sound Transit's Light Rail station at Tukwila International Boulevard, offer a great travel option for residents and people coming into Tukwila to work, shop or visit.

The City of Tukwila has begun reconstruction of a portion of Interurban Avenue South from Fort Dent Way to South 143rd Street. Interurban Ave S is an arterial street that runs between I-405 to I-5 and State Route 599, and travels past Tukwila's Foster Golf Links. The \$11.4 million project will include a new retaining wall to support the roadway adjacent to the Green River, extensive storm drainage improvements, new pavement, lighting, pedestrian facilities, landscaping and other improvements. Funding for this project is from Federal and State grants, mitigation from an adjoining property owner, and a City bond.

Two Safe Routes to School (SRTS) projects began construction in 2014. Tukwila received federal funding for the Thorndyke Elementary SRTS for safety improvements and to encourage walking and riding bicycles. The Thorndyke SRTS Project includes adding a sidewalk on South 150th Street in conjunction with previously planned surface water and overlay improvements. The drainage work was completed in 2014 and the final sidewalk and overlay work is scheduled for completion in 2015. Tukwila also received State SRTS funding to construct a trail/path, from South 140th Street to 37th Avenue South, which serves the Cascade View Elementary School. The Cascade View SRTS Project was substantially completed in 2014. The trail/path utilizes newly-acquired easements from the Tukwila School District and the Riverton Park United Methodist Church. The SRTS funding also provided for an education and enforcement aspect to be fulfilled by the Tukwila School District. The total budget for these two projects is \$2.16 million.

The Tukwila South project comprises about 512 acres between South 180th Street and the City's southern limits and is expected to become a major urban area in the Puget Sound region. The project is estimated to bring 20,000 new jobs and 10 million square feet of office, technology and retail space to the City. A new fire station will be built near the intersection of Southcenter Parkway and South 180th Street.

In 2012, the City Council approved a development agreement with Tukwila Village Development Associates for this major project on Tukwila International Boulevard at South 144th Street. Tukwila Village will be home to a new King County Library, 400 apartments (including 320 for seniors), a Police Neighborhood Resource Center, retail shops, and community plaza. Permits for the first three buildings are in review and construction will start this summer. The addition of Tukwila Village is going to do much to bring positive changes to this important part of our City and catalyze additional development along Tukwila International Boulevard.

In 2015 the City completed the purchase of four motels adjacent or near to Tukwila Village in order to reduce crime. The City will demolish the motels in 2015 and plans to seek a developer to further improve the neighborhood.

In 2013, Council approved a development agreement for the former Circuit City site on Andover Park East to allow a 19-story building comprising 370 residential units and 180 hotel rooms. The Board of Architecture Review approved the project design and the developers are preparing permit applications and arranging financing. If constructed, this project will be the tallest building and the first high-rise between Seattle and Tacoma.

Outside of development, revenue growth is predicted to continue at a slow but steady rate. As expenses outside of the City's control increase, such as pension plan contributions and contractual increases in salaries and benefits, determining how resources will be distributed to meet expanding needs will remain a challenge.

As Tukwila moves forward, economic conditions will be continually monitored and adjustments to City spending and services made to maintain the City's financial health. Long-term plans will focus on ensuring the City continues to remain economically strong and viable. Our Strategic Plan will help draw on and enhance the strengths of individual neighborhoods and groups and build stronger relationships with our stakeholders.

III. OTHER RELEVANT INFORMATION

A. INDEPENDENT AUDIT

State law requires an annual audit of all City books of accounts and financial records by the Office of the State Auditor, which is headed by the independently elected State Auditor. The Auditor has broad legal authority to inquire into all financial and legal compliance matters and such audits are considered equal to audits by certified public accounting firms. The 2014 financial audit of the City is complete and was conducted in conformance with Generally Accepted Auditing Standards. The financial statements of all City funds have been included in this audit. The City has been given an unqualified opinion for 2014. Please see the Auditor's Report. The State Auditor's Office also audits the City's administration of its federal grants under the single audit concept. There were no instances of questioned costs as part of the City's single audit for 2014.

B. MANAGEMENT DISCUSSION AND ANALYSIS

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

C. RELEVANT FINANCIAL POLICIES

In 2014, the City Council approved a revised debt policy. The debt policy and appropriate management of debt issued by the City of Tukwila is an important factor in measuring the financial performance and condition of the city. The City uses debt as a mechanism to equalize the costs of needed improvements to both present and future citizens.

As part of the revised debt policy, the City will appoint a financial advisor for each debt issue and will also be available to assist the City with all financing issues. The financial advisor will not serve as the underwriter for the City's debt issues.

D. AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tukwila for its comprehensive annual financial report for the fiscal year that ended December 31, 2013. This was the 27th consecutive year that Tukwila has achieved this prestigious award. In order to be awarded a

Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

E. ACKNOWLEDGEMENTS

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and the cooperation of other City departments. Their long hours of assistance with the preparation and review of this report are greatly appreciated. The Mayor, City Administrator and City Council are to be complimented for their encouragement, interest, and support in conducting the financial operations of the City in a sound and progressive manner. The efficient assistance of examiners from the Office of the State Auditor is also appreciated. Staff who had a direct role in preparing Tukwila's 2014 Comprehensive Annual Financial Report take great pride in their work, and the entire team who worked on this project is to be commended.

Respectfully submitted,

A handwritten signature in black ink that reads "Peggy McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Peggy McCarthy, CPA
Finance Director



Government Finance Officers Association

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

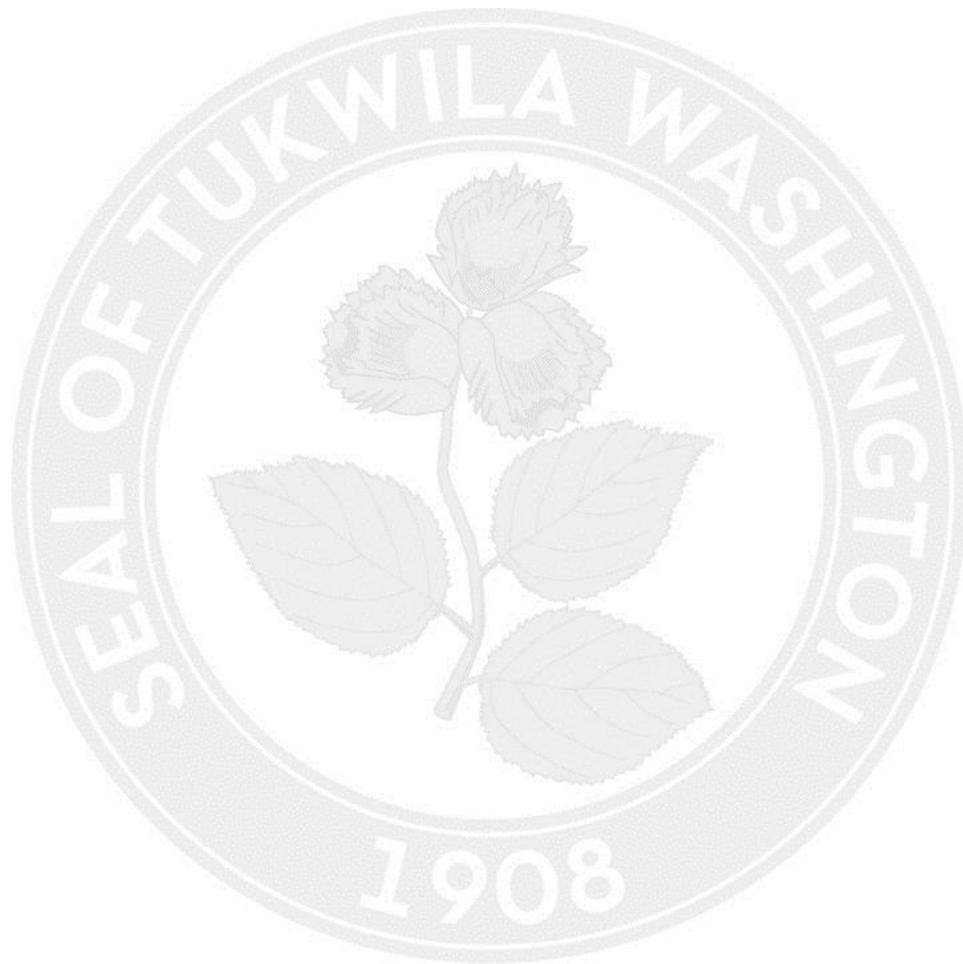
Presented to

**City of Tukwila
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

July 27, 2015

Mayor and City Council
City of Tukwila
Tukwila, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

As discussed in Note 15 to the financial statements, the City has elected to change its method of valuation of inventories in 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 29, budgetary comparison information on pages 99 through 100, pension trust fund information on pages 102 through 104 and information on postemployment benefits other than pensions on pages 105 through 106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual financial statements and schedules on pages 108 through 139 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 24, 2015, 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 cursive script that reads "Jan M. Jutte". The signature is written in black ink and is positioned above the printed name.

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2014

The discussion and analysis of the City of Tukwila's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position, the amount by which total assets plus deferred outflow of resources exceed total liabilities plus deferred inflow of resources, equals \$292.0 million. A total of 85 percent or \$248.8 million of total net position is invested in capital assets such as streets, land, buildings, equipment, and other improvements. The remaining net position of \$43.2 million is available for debt service, capital projects, and to meet the government's ongoing activities and obligations.
- The City's net position decreased by \$15.5 million. Governmental activities decreased by \$18.1 million, and business-type activities increased by \$2.6 million. The primary reason for the governmental decrease is due to two prior period adjustments; an \$11.6 million adjustment that removed previously capitalized overlay, bridge inspection and other repair and maintenance costs from capital assets, and a \$3.6 million valuation adjustment that reduced Tukwila Village property to net realizable value. The business-type activities increase is due primarily to fee increases to fund future capital projects.
- As of the close of the current fiscal year, the City of Tukwila's governmental funds reported combined ending fund balances of \$31.6 million, an increase of \$7.8 million in comparison with the prior year. The increase is attributable primarily to the \$5.75 million reclassification of the Tukwila Village property to property held for resale in the governmental funds from a capital asset in the government-wide *Statement of Net Position*.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10.1 million, or 22 percent of total general fund expenditures.
- The City of Tukwila's total outstanding long-term debt increased by \$3.0 million during the current fiscal year. This change is a combination of new debt issued in December for \$3.9 million offset by principal payments on existing debt, increases in compensated absences, and increases in other post-employment benefits.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Overview of the Financial Statements

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

- 1) Government-wide financial statements

- 2) Fund financial statements
- 3) Notes to the financial statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the City.

The focus of the *Statement of Net Position* is designed to be similar to bottom-line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may be one indicator of improvement or deterioration in the City's overall financial health.

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. The governmental major fund presentation is used, utilizing the current financial measurement focus and the modified accrual basis of accounting. This is the manner in which the budget is typically developed. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on the near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and expenditures. The information in the governmental fund statements can be used to evaluate the City's near-term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current year financing decisions.

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

The City maintains twenty individual governmental funds. Of these, five are considered major (the general fund, the arterial street fund, the local improvement district #33 fund, the metropolitan park district fund, and facilities (urban renewal) 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 the other governmental funds can be found in the combining statements later in this report.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level according to state law. Budgetary comparison schedules are presented for the general and major special revenue funds 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

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

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

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

Internal service funds are an essential accounting tool used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, and its insurance premiums.

Fiduciary Funds

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budget and actual schedules for the City's general fund and, budgeted major/non-major special revenue funds; and a schedule of funding progress for the Firemen's Pension Trust Fund and other post-employment benefits. Additional pension benefit information is found in Note 9.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented in the section titled "Fund Financial Statements and Schedules."

Government-wide Financial Analysis

The Statement of Net Position can serve as a useful indicator of the City's financial position. The City of Tukwila's net position at December 31, 2013 and 2014 totaled \$307.5 million and \$292.0 million respectively. The City's overall net position decreased \$15.5 million, or 5.0%, from the prior fiscal year. The reasons for the overall decrease are discussed in the following sections for governmental activities and business-type activities.

By far, the largest portion of the City's net position of \$249 million, or 85.2% reflects investment in capital assets (e.g., land, building, 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, \$4.4 million, or 1.5% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$38.8 million, or 13.3% is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

Following is a condensed version of the government-wide Statement of Net Position for 2014 compared to 2013.

CITY OF TUKWILA NET POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13
Current and other assets	\$63,671	\$57,557	\$15,562	\$14,603	\$79,233	\$72,160
Capital assets, net of accumulated depreciation	203,975	223,051	66,036	65,140	270,011	288,190
Total assets	267,646	280,608	81,598	79,742	349,244	360,350
Deferred Outflows of Resources	457	524	-	-	457	524
Long-term liabilities	40,049	32,437	8,665	1,058	48,714	33,496
Other liabilities	7,385	10,057	985	9,333	8,371	19,391
Total liabilities	47,434	42,495	9,650	10,392	57,085	52,887
Deferred Inflows of Resources	604	515	-	-	604	515
Net position						
Net investment in capital assets	191,081	207,660	57,678	55,956	248,759	260,606
Restricted	3,974	3,480	430	430	4,404	3,910
Unrestricted	25,009	26,981	13,840	12,965	38,849	42,955
Total net position	\$220,064	\$238,121	\$71,948	\$69,351	\$292,012	\$307,472

The governmental unrestricted net position comprises \$25.0 million. The general fund unrestricted net position is available for functions such as public safety employee salaries and supplies, park and road maintenance, and other general government services. The unrestricted net position of business-type activities, \$13.8 million, may only be spent on activities related to one of the three City utilities (water, sewer, and surface water) or on the golf course

activities. Examples of utility activities include: maintenance of water/sewer mains, pump and lift stations, storm drain flushing, and water meter reading.

The \$6.1 million increase in current and other assets for governmental activities stems primarily from the \$5.75 million of Tukwila Village property that was transferred into the governmental funds as an asset held for investment. This asset had previously been classified as a capital asset in the government-wide *Statement of Net Position*. The increase of \$1.0 million in current and other assets for business-type activities is comprised of a net increase of \$808 thousand in cash and investments. This increase results from a rate structure design in the utility funds that build reserves for major infrastructure replacement and improvement.

Changes in Net Position

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

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

CITY OF TUKWILA CHANGES IN NET POSITION (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$8,554	\$6,213	\$19,884	\$18,464	\$28,438	\$24,676
Operating grants and contributions	2,563	3,290	-	-	2,563	3,290
Capital grants and contributions	8,053	16,948	1,548	339	9,602	17,286
General revenues						
Property taxes	14,871	14,510	-	-	14,871	14,510
Sales and use taxes	17,105	16,316	-	-	17,105	16,316
Natural gas use tax	0	204	-	-	0	204
Hotel/Motel taxes	597	527	-	-	597	527
Utility taxes	3,856	3,880	-	-	3,856	3,880
Interfund utility taxes	1,851	1,687	-	-	1,851	1,687
Business taxes	2,556	2,570	-	-	2,556	2,570
Excise taxes	3,513	2,745	-	-	3,513	2,745
State entitlements	1,736	1,862	-	-	1,736	1,862
Investment earnings	444	102	-	-	444	102
Miscellaneous	179	305	-	-	179	305
Total revenues	65,878	71,159	21,432	18,803	87,310	89,962
Expenses:						
General government	10,289	10,195	-	-	10,289	10,195
Public safety	29,293	25,939	-	-	29,293	25,939
Transportation	11,668	7,658	-	-	11,668	7,658
Physical environment	2,480	2,611	-	-	2,480	2,611
Culture and recreation	5,716	5,635	-	-	5,716	5,635
Economic environment	5,337	5,210	-	-	5,337	5,210
Interest on long-term debt	1,205	1,039	-	-	1,205	1,039
Water/sewer			12,752	10,421	12,752	10,421
Foster golf course			1,946	1,708	1,946	1,708
Surface water			3,311	2,563	3,311	2,563
Total expenses	65,987	58,287	18,009	14,692	83,996	72,979
Increase (decrease) in net position before transfers	-109	12,872	3,423	4,110	3,315	16,983
Transfers	-600	1,061	600	-1,061	0	0
Change in net position before special item	-709	13,933	4,023	3,050	3,315	16,983
Special Item	-1,995	0	0	0	-1,995	0
Change in net position	-2,704	13,933	4,023	3,050	1,320	16,983
Net position-beginning of period	238,121	227,888	69,351	64,354	307,472	292,242
Change in accounting principle	0	-250	-557	-67	-557	-316
Prior Period Adjustment	-15,353	-3,450	-870	2,014	-16,223	-1,436
Net position-beginning balance, as restated	222,768	224,189	67,924	66,301	290,693	290,489
Net position-end of period	\$220,064	\$238,121	\$71,948	\$69,351	\$292,012	\$307,472

* Restated for current year classifications

Governmental Activities

Governmental activities ended the year with an \$18.1 million decrease in the City's net position. Revenues to fund capital assets are recorded as program or general revenues in the statement of activities. However, asset purchases are not recorded as expenses in the year purchased and construction costs are not recorded as expenses in the year incurred. Instead, the costs are recorded as long-term assets and are depreciated over their useful life.

The primary reason net position decreased was due to prior period adjustments of \$15.4 million. The prior period adjustments are as follows:

- Valuation reduction of Tukwila Village properties held for resale by \$3.6 million.
- Removal of \$11.6 million of previously capitalized repair and maintenance costs from capital assets. Costs include overlay, bridge inspection and other miscellaneous project costs.

A special item representing the 2014 urban renewal motel purchase \$1.9 million valuation reduction also reduced net position.

Revenues from governmental activities decreased \$5.3 million from 2013 activity. The components and explanation of the decrease follows.

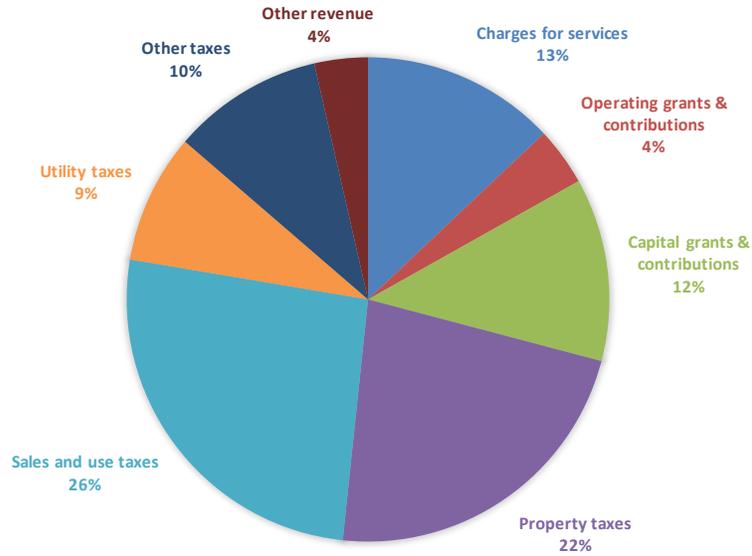
- Charges for services increased \$2.3 million or 37.7 % in 2014. The annual contract with Seattle City Light for \$2.2 million was reclassified from an operating grant to a charge for service. Additionally, general charges for services have increased city-wide, and \$212 thousand was received as reimbursement for assisting at the Oso landslide clean up.
- Operating grants decreased by \$726 thousand or 22.1% primarily due to the \$2.2 million reclassification of the Seattle City Light contract to charges for services offset by an increase in operating grants, especially the \$1 million received for the East Marginal Way overlay project and the \$335 thousand received from the Department of Homeland Security for Fire Department radio replacement.
- Capital grants and contributions decreased \$8.9 million or 52.5%. In 2013, the City recognized \$9.5 million in special assessment revenue to reimburse the City for costs related to the Klickitat urban access project. This transaction was specific to 2013. Also specific to 2013, the City received \$5.4 million of donated assets from private contributors. The reduction due to one-time revenue is offset by an increase in federal and state grant revenue received for regional mobility projects.
- Sales and use taxes category increased \$789 thousand primarily due to an overall increase in wholesale trade activity of \$485 thousand and services activity of \$286 thousand.
- Excise taxes increased \$767 thousand primarily due to gambling excise taxes. Casinos in the City showed increases in activity in 2014 over 2013.

Total governmental expenses increased by \$7.6 million. Public safety costs increased by \$3.4 million. The City implemented programs in the Police Department to reduce crime in the Tukwila International Boulevard urban renewal area. Additionally, Fire Department costs were above normal in 2014 due to participating in the Oso landslide emergency. Transportation increased \$4 million due to an increase in Arterial Street road projects including \$3.0 million in overlay and other roadway repair..

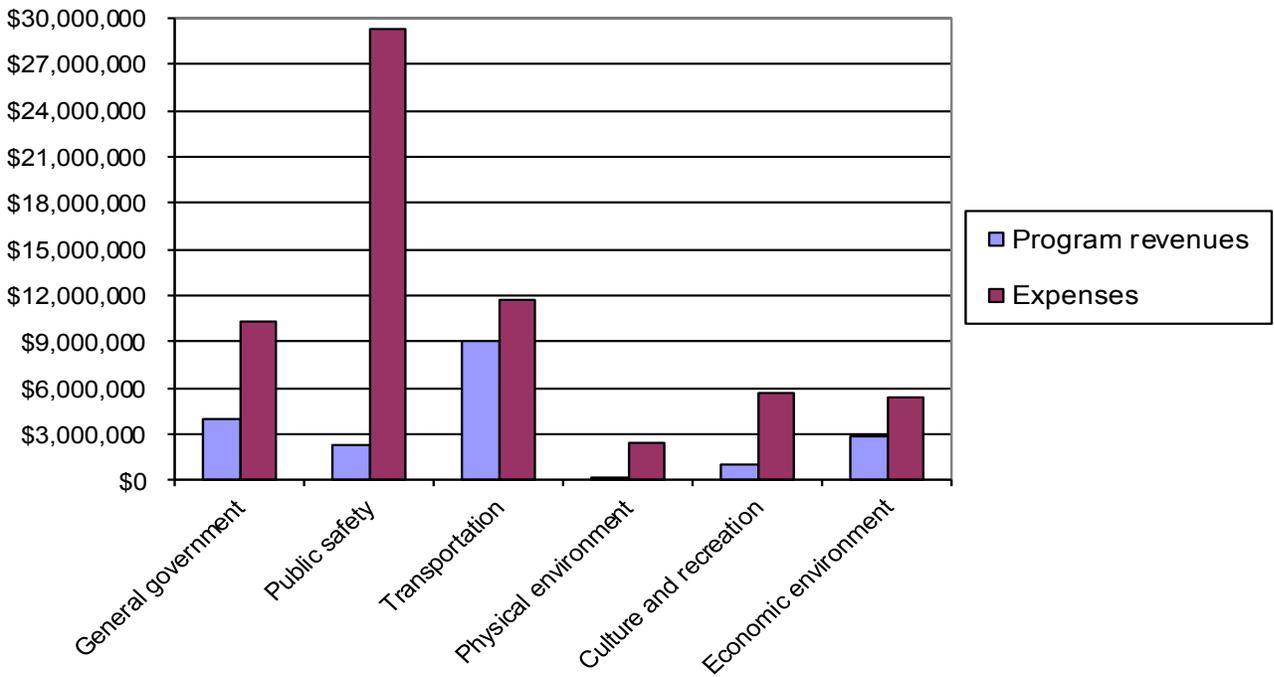
Additional information on the special item and prior period adjustment can be found in Note 16 and Note 15, respectively, to the financial statements.

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

Revenues by Source – Governmental Activities



Program Revenues and Expenses - Governmental Activities



Business-Type Activities

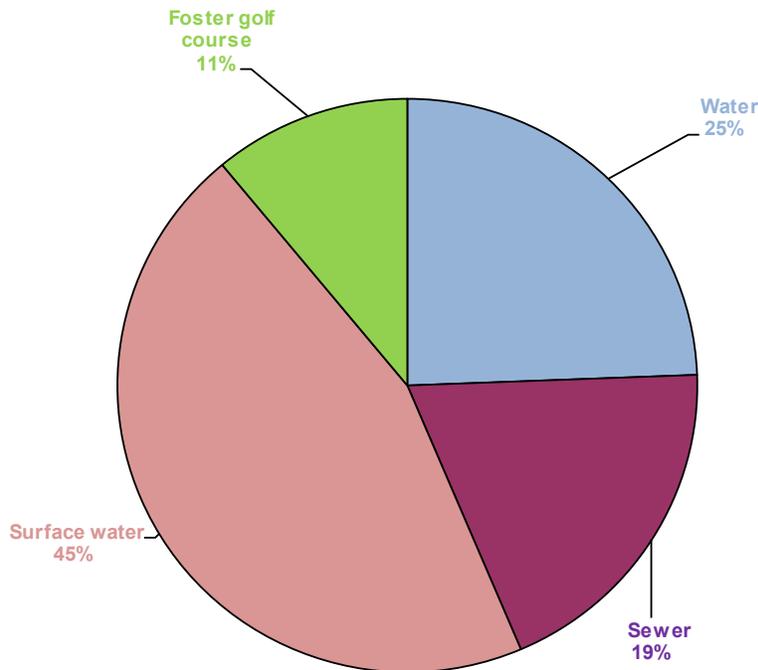
Business-type net position increased by \$2.6 million during 2014. Key components of this increase include:

- A change in accounting principal to expense supplies and small tools that had previously been reported as inventory resulted in a decrease to net position of \$557 thousand. This is reflected in the Statement of Activities as a Change in Accounting Principle.
- A prior period adjustment of \$870 thousand also resulted in a decrease to net position. The adjustment was a result expensing assets that had previously been reported as construction on progress.
- \$1.4 million or a 7.7% increase in charges for services primarily due to utility rate increase effective January 2014, and water and sewer hook-up fees on new construction.
- Income before capital contributions and transfers amounted to:

○ Water fund:	\$ 328,499
○ Sewer fund:	1,228,321
○ Foster golf course fund:	(539,350)
○ Surface water fund:	<u>527,598</u>
	<u>\$ 1,875,068</u>

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

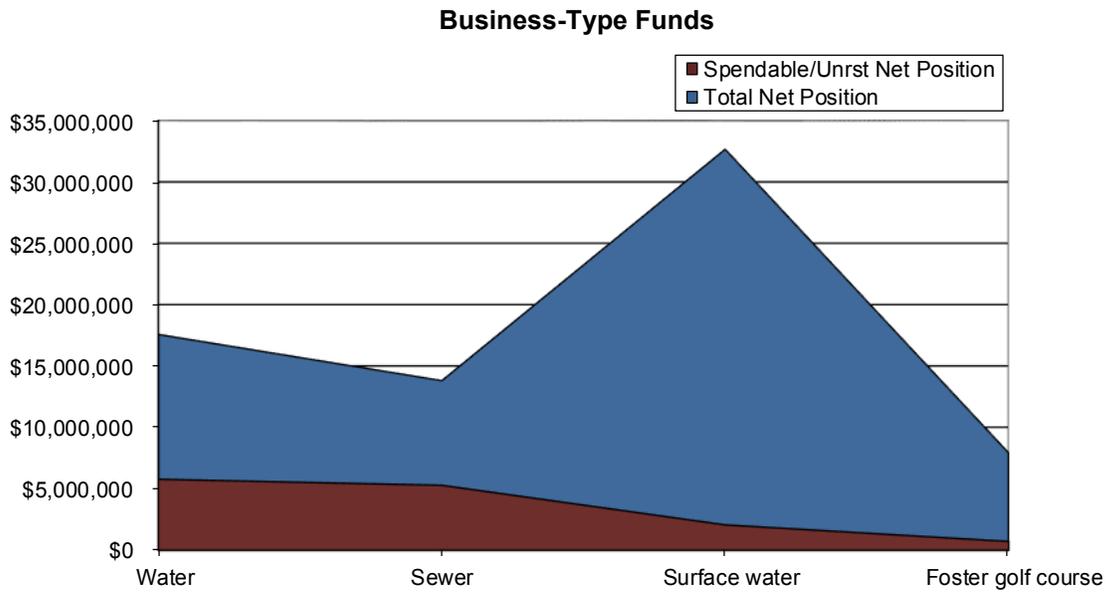
Business-Type Net Position - By Fund



The majority of net position in the City's enterprise funds relate to capital asset infrastructure, such as water and sewer mains, and the golf course land. As such, most of the net position is not available to support the ongoing

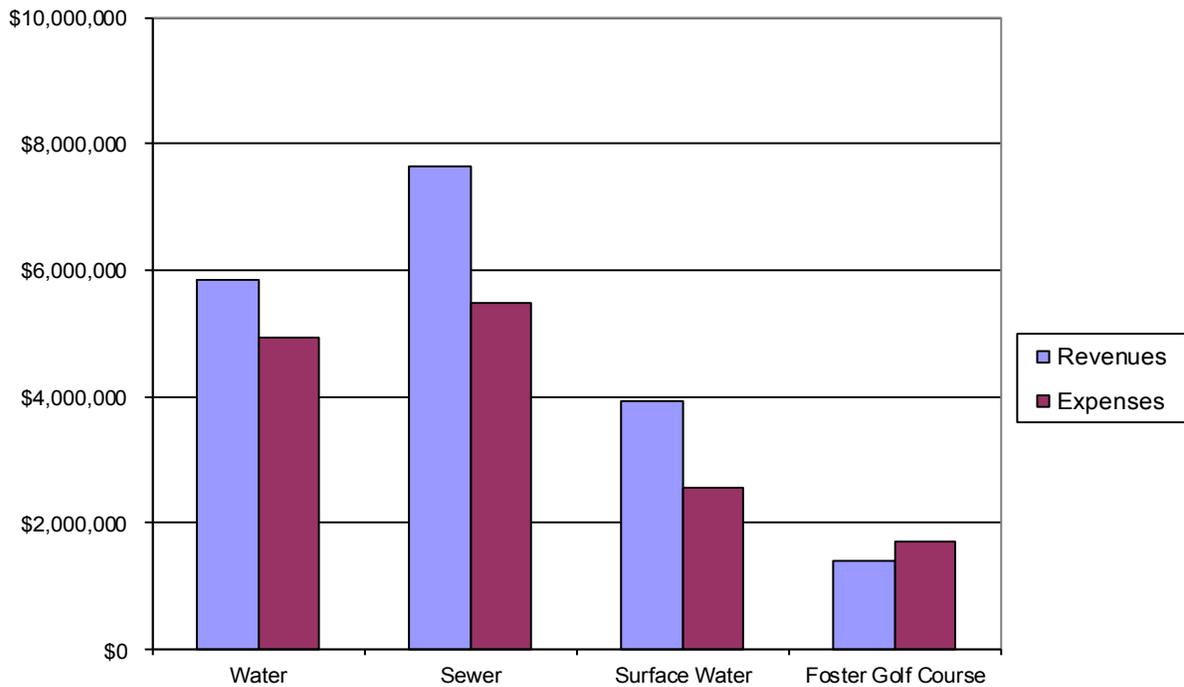
expenses of the funds. The following chart contrasts the total net position to the spendable portion of net position for each enterprise fund:

Comparison of Total Net Position to Spendable Net Position



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

Business-type Activity Revenues and Expenses Before Capital Contributions and Transfers



Financial Analysis of Governmental Funds

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

As of December 31, 2014, the City's governmental funds had combined fund balances of \$31.6 million, an increase of \$7.8 million or 33%. The increase is primarily due to a prior period adjustment in the Facilities – Urban Renewal fund. Property held as capital assets were reclassified as assets held as investments.

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

The Local Improvement District No. 33 fund increased because the first of fifteen annual assessment installments was due in October 2014. Bond payment associated with the assessments is not made until January of the following year.

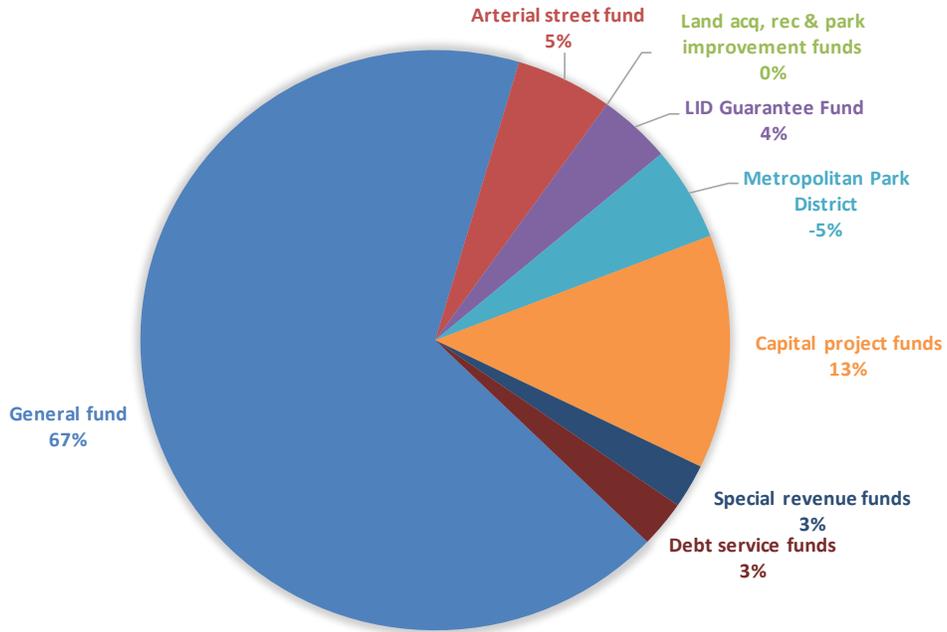
Other major governmental funds remained stable, with moderate increases in total fund balance. Of the non-major governmental funds, special revenue funds decreased \$153 thousand and capital projects funds decreased \$140 thousand.

Of the governmental fund balances \$7.4 million is nonspendable for capital assets held for resale and \$1.5 million is nonspendable for outstanding notes receivable owed to the City from the Tukwila Metropolitan Park District. Restricted fund balances constrained for a specific purpose by external parties or enabling legislation consist of \$575,844 for tourism, \$832,875 for residential street improvements, \$287,846 for arterial street improvements, \$61,787 for drug seizure, \$504,500 for fire improvements, and \$1,710,873 for debt service. Assigned fund balances intended to be used for specific purposes consist of \$1,087,666 for arterial streets, \$936,453 for facilities-urban renewal, \$4,955 for debt service, \$331,418 for residential street improvements, \$184,335 for land acquisition, recreation and park development, \$414,133 for general government improvements, \$350,000 for public safety equipment and \$5,421,471 for contingencies.

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 2014, the general fund had an unassigned fund balance of \$10.1 million.

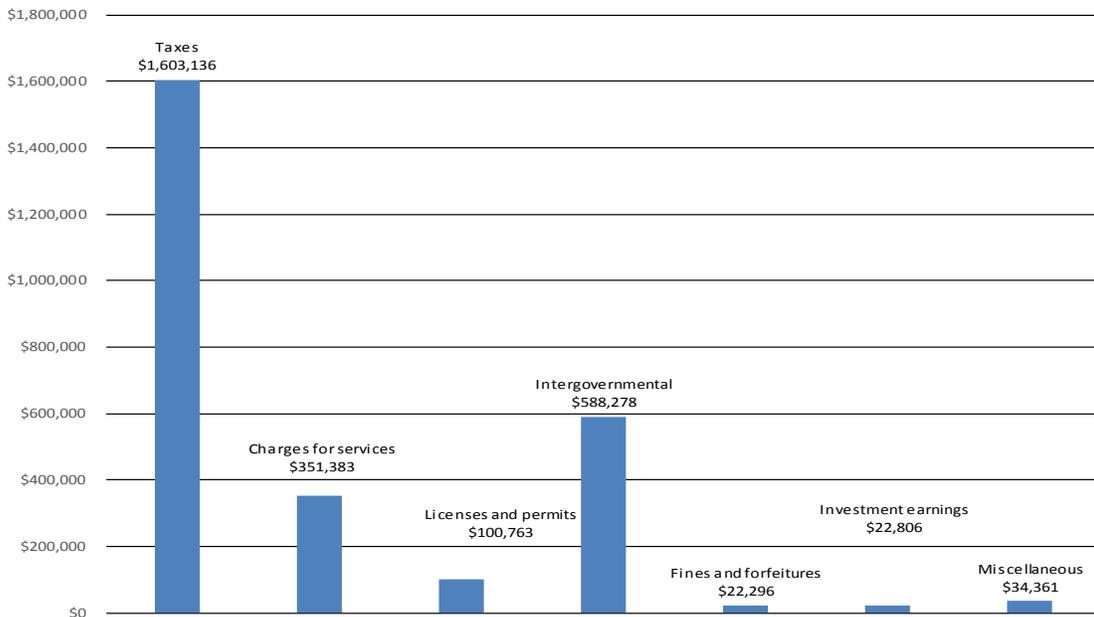
The following chart shows the relative fund balances for governmental funds:

Governmental Funds – Fund Balances



The general fund revenue increase of \$2.7 million came 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.

General Fund Budgetary Highlights

The City budgets biennially by adopting a budget at the end of the preceding biennium, and then making adjustments as necessary via budget amendments throughout the next two years. Following is a summary of such budget amendments that occurred in 2014:

Net Expenditure increases:	
Purchase 2 SANS servers, one replacement, one backup	\$70,000
Additional budget for software enhancements for the Court	50,000
Additional budget for LEOFF 1 retiree healthcare	564,000
Budget adjusted for response assistance to Oso landslide	259,600
Adjust budget to account for grant funding received for emergency radios	335,000
Net Revenue Increase:	
Grant received	133,000
OSO Reimbursement	170,000
Grant received to purchase 800 MHz radios	335,000
Increase in sales tax revenue	600,000

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

- Revenue from taxes were \$1.3 million, or 5%, higher than budget. Property taxes increased \$360 thousand and sales tax increased \$584 thousand. In addition, there was a gain of 27 percent, or \$600 thousand in gambling taxes.
- Licenses and permits were \$168 thousand, or 8.6%, above budget due to an increase in number of businesses that operated in the City during 2014 and an increase in permit revenue.
- Expenditures were below budget by \$761 thousand, or 1.6%. Transportation costs were lower than expected due to the timing of capital outlay on projects that were delayed or where completion timelines extended. Not all budgeted capital items were purchased in 2014.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2014 totaled \$270 million (net of accumulated depreciation), a decrease of \$18.2 million, or 6.3%, from 2013. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and other infrastructure.

SUMMARY OF CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13
Land	\$ 35,312,814	\$ 42,961,328	\$ 2,346,231	\$ 2,237,759	\$ 37,659,045	\$ 45,199,087
Construction in Progress	16,718,203	10,483,961	4,200,272	3,104,261	20,918,475	13,588,222
Buildings	13,810,448	14,466,801	9,397,907	8,947,243	23,208,355	23,414,044
Other Improvements	6,775,474	7,587,916	49,607,584	50,348,041	56,383,058	57,935,957
Machinery and Equipment	6,841,516	5,938,946	484,324	502,211	7,325,840	6,441,157
Infrastructure	124,516,494	141,611,727	-	-	124,516,494	141,611,727
Total	\$203,974,948	\$223,050,679	\$66,036,318	\$65,139,514	\$270,011,266	\$288,190,192

More detailed information on capital assets is provided in Note 7 to the financial statements.

General capital outlay purchases added \$421,933 in machinery and equipment and included various computer equipment purchases in the amount of \$90,626, closed circuit TV street monitoring equipment for \$8,498, Seattle Southside Visitor Center back wall unit in the amount of \$14,533, and Police Department surveillance equipment and Fire Department mobile communications radios totaling \$308,276.

Many of the remaining projects in the Arterial Street Fund continue to be in the construction phase adding nearly \$8.3 million in construction-in-progress for the period. The major arterial street fund activities are comprised of the following:

- Tukwila Urban Center (TUC) Transit Center, \$4,009,647
- Interurban Avenue South, \$1,591,193
- Andover Park West, \$1,248,908
- Boeing Access Road Bridge Rehabilitation, \$579,199
- Various other Arterial Street Fund projects total \$853,790

Ongoing Residential Street fund construction projects added \$1.0 million to construction-in-progress and include the following:

- Thorndyke Safe Routes to School, \$405,508
- 40 – 42nd Ave S, \$299,918
- Cascade View Safe Routes to School, \$282,883
- 42nd Ave S Roadside Barriers, \$50,727

Land Acquisition, Recreation & Park Development activities consist of \$247,936 for the Duwamish Gardens and Duwamish Hill Preserve work in progress improvements.

Other governmental funds' activity in the area of facilities improvements provided an additional \$139,277 to work in progress costs for the year.

Business-type activities consisted of \$4.0 million in added construction in progress work for the year. Major projects in the utility funds comprise of the following:

- East Marginal Way S Pipe, \$1.18 million
- Andover Park West/Strander, \$950,778
- Interurban Ave S, \$749,793

A total of \$1 million in other ongoing utility construction projects were added to construction-in-progress during the current period.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$19,218,221. Of this amount, \$16,638,221 is general obligation bonds, and \$2,580,000 is revenue bonds for the water/sewer and surface water utilities. The increase in outstanding bonds is due to the principal payments redeemed for the year netted against new debt of \$3.9 million issued in 2014. The City currently maintains a rating of AA with Standard and Poor's, AA- with Fitch's Investor Service and A1 with Moody's for its general obligation debt. The City also has \$6.7 million in special assessment debt.

The following schedule summarizes the City's bonded debt:

SUMMARY OF BONDED DEBT

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13
General obligation bonds	\$ 16,638,221	\$ 14,706,009	\$ -	\$ -	\$ 16,638,221	\$ 14,706,009
Revenue bonds	-	-	2,580,000	3,075,000	2,580,000	3,075,000
	<u>\$ 16,638,221</u>	<u>\$ 14,706,009</u>	<u>\$ 2,580,000</u>	<u>\$ 3,075,000</u>	<u>\$ 19,218,221</u>	<u>\$ 17,781,009</u>
Other						
Special assessment bonds	\$ 6,687,500	\$ 6,687,500	\$ -	\$ -	\$ 6,687,500	\$ 6,687,500

ADDITIONAL LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13
Other long term debt						
Public Works Trust Fund Loans	\$ -	\$ -	\$ 5,742,867	\$ 6,063,071	\$ 5,742,867	\$ 6,063,071
Other Post Employment Benefits	5,341,973	4,561,781	-	-	5,341,973	4,561,781
Net Pension Liability	427,903	-	-	-	427,903	-
Employee leave benefits	3,740,161	3,337,967	306,441	319,303	4,046,602	3,657,270
Due to other governments	6,650,400	7,021,600	-	-	6,650,400	7,021,600
	<u>\$ 16,160,437</u>	<u>\$ 14,921,348</u>	<u>\$ 6,049,308</u>	<u>\$ 6,382,374</u>	<u>\$ 22,209,745</u>	<u>\$ 21,303,721</u>

More detailed information on long-term debt is provided in Note 11 to the financial statements.

Economic Factors

The outlook for 2015 is positive. The economy in King County is showing steady signs of recovery. The City of Tukwila has a small residential population, yet the City serves the regional economy and has become an economic powerhouse, providing jobs and revenue for the region and state. Several major pending developments will have significant impacts on the future of Tukwila's economy:

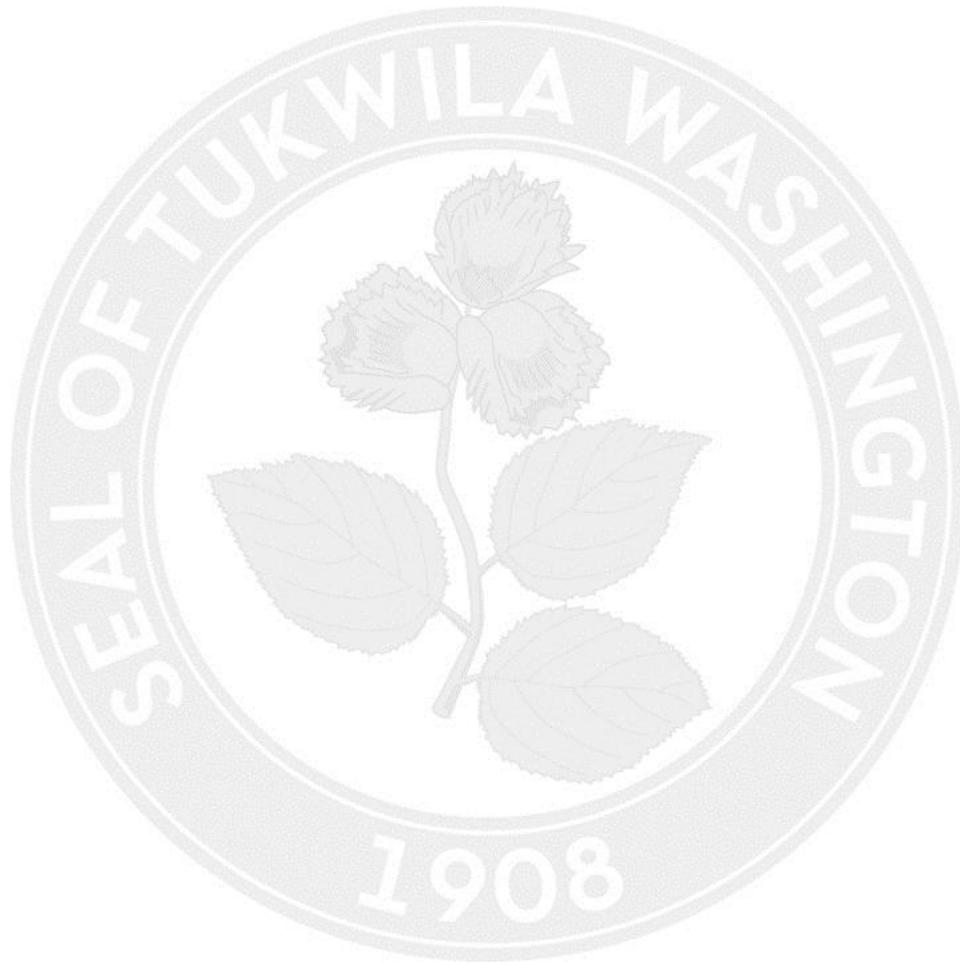
- Projects planned within Tukwila include a 19-story combination hotel and apartments; a four-story extended stay hotel, and a warehouse conversion into retail and covered parking. Additionally, several tenant improvements to existing structures will increase property values, therefore increasing property tax revenue in future years.
- Tukwila Village - The City has approved the building permit for the library and a grading permit for the entire site. The City is reviewing building permit applications for an apartment building with ground floor retail, a building with a café and meeting room, and two senior apartment buildings with office. Construction on the

first two buildings will start in summer 2015 with the first buildings schedule to open in late 2016. The last building is scheduled to open in 2018.

- The newly completed Tukwila Transit Center on Andover Park West provides a safer, expanded, high-quality bus stop with shelters, larger bus pullouts, and improved lighting, sidewalks and landscaping. Construction of the new Tukwila Sounder commuter rail station was also completed in 2014 and includes improved walkways for pedestrians and bicyclists. The Sounder Station serves Sound Transit commuter riders. Both transit stations, along with Sound Transit's Light Rail station at Tukwila International Boulevard, offer a great travel option for our residents and people coming into Tukwila to work, shop or visit.
- The City of Tukwila has an extensive rehabilitation program in the Sewer Fund for the Commercial Business District. As the sewer mains are reaching their 50-year life span, the City has budgeted over \$1 million in each of the next 5 years to reline the asbestos concrete pipes in the Southcenter area. The relining of the sewer pipes will reinforce the strength with little impact to the roadway and minimal excavation.
- Tukwila was also awarded \$5.2 million in December 2014 for major maintenance on three City bridges that include seismic retrofit, deck and joint repair, and painting. This work will preserve the City-owned infrastructure and extend the service lives of the bridges. Aging infrastructure is a nationwide problem that the City of Tukwila takes very seriously, and we are actively trying to mitigate the impacts while remaining fiscally conservative. The receipt of this Federal bridge funding is an example of the City's commitment to prudent fiscal management.
- Urban Renewal - Safety along Tukwila International Boulevard is a major concern for the City. Reducing crime was the City's highest priority for 2013 and 2014, with an emphasis on Tukwila International Boulevard. Certain areas along Tukwila International Boulevard have long been identified as "hot spots," where a large amount of serious crime occurs. In early 2013 the Tukwila Police Department evaluated crime for all commercial properties in the City's community renewal area and recommended the City purchase certain properties in order to reduce crime. The City has since purchased four motels. Three, in 2014, from the US Attorney's Office after a year-long criminal investigation and seizure of the properties. A fourth motel was purchased in 2015 after threat of condemnation and subsequent negotiation with the owner. In 2015 the City will demolish the motels and prepare the properties for revitalization. As a result of these actions and a significantly decreased crime rate the city's police force has placed more resources into the residential areas and focused on other "hot spots" within the city.

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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 22,770,449	\$ 10,420,332	\$ 33,190,780
Investments	7,955,406	2,098,901	10,054,307
Receivables:			
Taxes	5,380,469	97	5,380,566
Customer accounts	791,720	1,568,975	2,360,695
Interest	77,267	-	77,267
Due from other governmental units	2,769,253	562,972	3,332,225
Inventory of materials and supplies	14,971	57,821	72,791
Restricted cash and cash equivalents	308,900	514,125	823,025
Notes receivable	5,527,223	338,621	5,865,844
Real property held for resale	7,370,000		7,370,000
Investment in joint ventures	10,705,153	-	10,705,153
Non-depreciable capital assets	52,031,017	6,546,502	58,577,519
Depreciable capital assets (net of accumulated depreciation)	151,943,933	59,489,815	211,433,748
Total Assets	267,645,759	81,598,160	349,243,919
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	457,487	-	457,487
Total Deferred Outflows Of Resources	457,487	-	457,487
LIABILITIES:			
Accounts payable	2,290,985	658,051	2,949,036
Accrued wages and benefits payable	1,503,803	109,638	1,613,441
Accrued interest payable	386,861	76,842	463,703
Unearned revenue	217,453	14,612	232,065
Other liabilities	2,986,395	126,284	3,112,679
Bonds and other debt payable			
Due within one year	2,645,707	1,107,749	3,753,456
Due in more than one year	37,403,206	7,557,246	44,960,452
Total Liabilities	47,434,410	9,650,423	57,084,833
DEFERRED INFLOWS OF RESOURCES:			
Business taxes received in advance	604,437	-	604,437
Total Deferred Inflows Of Resources	604,437	-	604,437
NET POSITION:			
Net investment in capital assets	191,081,461	57,677,764	248,759,226
Restricted for:			
Debt service	1,710,873	430,444	2,141,317
Tourism promotion	575,844	-	575,844
Residential street improvements	832,875	-	832,875
Arterial street improvements	287,846	-	287,846
Drug investigation and enforcement	61,787	-	61,787
Fire improvements	504,500	-	504,500
Unrestricted net position	25,009,212	13,839,529	38,848,741
Total Net Position	\$ 220,064,400	\$ 71,947,737	\$ 292,012,138

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, 2014

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	
FUNCTIONS / PROGRAMS:							
PRIMARY GOVERNMENT							
Governmental activities							
General Governemnt	\$ 10,289,399	\$ 3,858,862	\$ 150,410	\$ -	\$ (6,280,126)	\$ (6,280,126)	
Public safety	29,292,587	970,594	1,261,285	66,862	(26,993,846)	(26,993,846)	
Transportation	11,668,098	196,506	993,308	7,838,976	(2,639,307)	(2,639,307)	
Physical environment	2,479,533	8,425	-	-	(2,471,108)	(2,471,108)	
Culture and recreation	5,716,091	726,869	105,354	147,597	(4,736,271)	(4,736,271)	
Economic environment	5,336,659	2,793,185	52,644	-	(2,490,831)	(2,490,831)	
Interest on long-term debt	1,204,771				(1,204,771)	(1,204,771)	
Total Governmental Activities	65,987,138	8,554,441	2,563,002	8,053,435	(46,816,260)	-	(46,816,260)
BUSINESS-TYPE ACTIVITIES:							
Water	5,669,082	5,997,581	-	122,740	-	451,239	451,239
Sew er	7,083,043	8,311,364	-	261,745	-	1,490,066	1,490,066
Surface w ater	3,310,716	4,168,313	-	1,163,795	-	2,021,393	2,021,393
Foster golf course	1,945,789	1,406,440	-	-	-	(539,350)	(539,350)
Total Business-Type Activities	18,008,631	19,883,699	-	1,548,280	-	3,423,348	3,423,348
Total Primary Government	\$ 83,995,769	\$ 28,438,140	\$ 2,563,002	\$ 9,601,715	\$ (46,816,260)	\$ 3,423,348	\$ (43,392,912)

General Revenues:

Taxes

Property taxes	\$ 14,870,621	\$ -	\$ 14,870,621
Retail sales and use taxes	17,105,322	-	17,105,322
Hotel/motel taxes	596,781	-	596,781
Utility taxes	3,855,544	-	3,855,544
Interfund utility taxes	1,851,013	-	1,851,013
Business taxes	2,555,999	-	2,555,999
Excise Taxes	3,512,894	-	3,512,894
State entitlements	1,735,637	-	1,735,637
Unrestricted investment earning	444,282		444,282
Miscellaneous	179,394		179,394
Transfers	(600,000)	600,000	-
Total General Revenues and Transfers	46,107,488	600,000	46,707,488

Change in net position before Special Item	(708,772)	4,023,348	3,314,576
Special item	(1,995,000)		(1,995,000)
Change in net position	(2,703,772)	4,023,348	1,319,576
Net position - beginning	238,121,495	69,350,576	307,472,071
Change in accounting principle	-	(556,539)	(556,539)
Prior period adjustment	(15,353,323)	(869,647)	(16,222,970)
Net position-beginning restated	222,768,172	67,924,390	290,692,562
Net position-ending	\$ 220,064,400	\$ 71,947,737	\$ 292,012,138

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

CITY OF TUKWILA, WASHINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General Fund	Arterial Street	Local Improvement District #33	Metropolitan Park District	Facilities	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	\$ 10,497,806	\$ 172,742	\$ 1,013,693	\$ 403,130	\$ 1,103,366	\$ 4,581,844	\$ 17,772,581
Investments	2,993,995	-	-	-	-	-	2,993,995
Receivables:							-
Taxes	5,239,186	23,430	-	-	-	117,852	5,380,469
Customer accounts	231,586	-	-	1,216	-	95,679	328,481
Current assessment	-	-	487,713	-	-	-	487,713
Interest	4,681	-	-	-	-	-	4,681
Interfund loan receivable	205,847	-	-	-	-	-	205,847
Due from other governmental units	162,213	2,393,825	-	-	-	213,215	2,769,253
Restricted assets:							
Cash and cash equivalents	-	287,846	-	-	-	21,054	308,900
Special assessment receivable	-	-	5,527,223	-	-	-	5,527,223
Advances to other funds	1,540,253	-	-	-	-	-	1,540,253
Real property held for resale	-	-	-	-	7,370,000	-	7,370,000
Total Assets	\$ 20,875,567	\$ 2,877,843	\$ 7,028,629	\$ 404,346	\$ 8,473,366	\$ 5,029,643	\$ 44,689,394
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:							
Liabilities:							
Accounts payable	635,223	1,268,717	-	4,123	66,913	296,572	2,271,547
Accrued wages & benefits	1,431,671	19,517	-	11,791	-	22,070	1,485,049
Unearned revenue	214,903	-	-	2,550	-	-	217,453
Interfund loan payable	-	-	-	205,847	-	-	205,847
Other liabilities	100,534	214,098	-	-	100,000	14,459	429,091
Advances from other funds	-	-	-	1,540,253	-	-	1,540,253
Total Liabilities	2,382,331	1,502,331	-	1,764,564	166,913	333,101	6,149,240
Deferred inflow of resources							
Unavailable revenue-special assessment	-	-	5,986,605	-	-	-	5,986,605
Business taxes received in advance	604,437	-	-	-	-	-	604,437
Unavailable revenue-property tax, other	392,250	-	-	-	-	-	392,250
Total Deferred Inflow Of Resources	996,687	-	5,986,605	-	-	-	6,983,291
Fund balance (deficit):							
Nonspendable	1,544,022	-	-	-	7,370,000	-	8,914,022
Restricted	-	287,846	1,042,024	-	-	2,643,855	3,973,726
Assigned for:							
Arterial street improvements	-	1,087,666	-	-	-	-	1,087,666
Contingencies	5,421,471	-	-	-	-	-	5,421,471
Land & park acquisition	-	-	-	-	-	1,302,180	1,302,180
Facilities & urban renewal	-	-	-	-	936,453	-	936,453
General government improvements	-	-	-	-	-	414,133	414,133
Residential street improvements	-	-	-	-	-	331,418	331,418
Public safety equipment	350,000	-	-	-	-	-	350,000
Debt service	-	-	-	-	-	4,953	4,953
Unassigned	10,181,057	-	-	(1,360,218)	-	-	8,820,839
Total Fund Balance (Deficit)	17,496,550	1,375,512	1,042,024	(1,360,218)	8,306,453	4,696,539	31,556,861
Total Liabilities, Deferred Inflows And Fund Balances	\$ 20,875,567	\$ 2,877,843	\$ 7,028,629	\$ 404,346	\$ 8,473,366	\$ 5,029,641	\$ 44,689,392

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, 2014

		Total Governmental Funds
Total governmental fund balances as reported on this statement	\$	31,556,861
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Non-depreciable assets	52,031,017	
Depreciable assets (net)	147,705,870	
Internal service fund assets	<u>4,238,063</u>	203,974,950
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.		
		10,705,153
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	392,250	
Unavailable revenue reported for special assessment	<u>5,986,605</u>	6,378,855
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Long term liabilities due within one year	(2,645,707)	
Long term liabilities due in more than one year	(37,403,206)	
Accrued interest payable	(386,861)	
Deferred outflow on refunding	<u>457,487</u>	(39,978,288)
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.		
		7,426,866
Net Position Of Government Activities As Reported On The Statement Of Net Position	\$	220,064,398

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, 2014

	General Fund	Arterial Street	Local Improvement Distric #33	Metropolitan Park District	Facilities Urban Renew al	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes	\$ 42,219,026	\$ 496,017	\$ -	\$ 698,279	\$ -	\$ 1,028,462	\$ 44,441,783
Licenses and permits	2,114,638	-	-	-	-	-	2,114,638
Intergovernmental	5,307,861	8,123,368	-	24,001	-	842,896	14,298,126
Charges for services	2,553,690	165,181	-	218,662	-	900,999	3,838,531
Fines and forfeitures	264,934	-	-	-	-	-	264,934
Investment earnings	130,859	3,653	338,950	-	1,216	4,541	479,219
Special assessments	-	-	701,723	-	-	-	701,723
Miscellaneous	144,678	139,494	1,352	12,781	-	56,089	354,395
Total Revenues	52,735,687	8,927,713	1,042,024	953,722	1,216	2,832,986	66,493,348
EXPENDITURES:							
Current:							
General government	7,146,957	-	-	-	247,365	110,851	7,505,173
Public safety	27,204,740	-	-	-	-	49,572	27,254,312
Physical environment	1,789,658	-	-	-	-	18,335	1,807,993
Transportation	2,605,602	3,214,999	-	-	-	-	5,820,601
Culture and recreation	3,808,476	-	-	709,100	-	163,075	4,680,651
Economic environment	3,662,211	-	-	-	-	1,564,621	5,226,832
Debt service:							
Principal	-	-	-	-	-	2,288,988	2,288,988
Interest	-	-	-	34,936	-	926,521	961,457
Capital outlay	407,400	8,282,737	-	3,728	-	1,457,047	10,150,912
Total Expenditures	46,625,044	11,497,736	-	747,765	247,365	6,579,011	65,696,921
Excess (deficiency) of revenues							
Over (Under) Expenditures	6,110,644	(2,570,023)	1,042,024	205,957	(246,149)	(3,746,025)	796,428
OTHER FINANCING SOURCES (USES):							
Transfers in	1,000,000	2,850,000	-	-	-	3,450,080	7,300,080
Transfer out	(6,900,080)	-	-	-	(1,000,000)	-	(7,900,080)
Bond proceeds	-	-	-	-	3,850,000	-	3,850,000
Total Other Financing Sources And Uses	(5,900,080)	2,850,000	-	-	2,850,000	3,450,080	3,250,000
Net change before Special Item	210,564	279,977	1,042,024	205,957	2,603,851	(295,945)	4,046,428
Special Item - asset valuation	-	-	-	-	(1,995,000)	-	(1,995,000)
Net change in fund balances	210,564	279,977	1,042,024	205,957	608,851	(295,945)	2,051,428
Fund balance (deficit)- beginning	17,285,986	1,095,535	-	(1,566,175)	1,902,602	4,992,487	23,710,435
Prior period adjustment	-	-	-	-	5,795,000	-	5,795,000
Fund balance (deficit)-beginning restated	17,285,986	1,095,535	-	(1,566,175)	7,697,602	4,992,487	29,505,435
Fund Balance (Deficit)- Ending	\$ 17,496,550	\$ 1,375,512	\$ 1,042,024	\$ (1,360,218)	\$ 8,306,453	\$ 4,696,541	\$ 31,556,863

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

CITY OF TUKWILA, WASHINGTON
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**
 FOR THE YEAR ENDED DECEMBER 31, 2014

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	2,051,428
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		10,150,912
Depreciation Expense (excludes internal service fund depreciation which is reflected in internal service fund change in net position listed below)		<u>(8,054,137)</u>
Excess of Capital Outlay Over Depreciation Expense		2,096,775
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Contributed capital assets		311,530
Net book value of disposed assets		<u>(140,821)</u>
		170,709
The net pension obligation is not a financial use and therefore not reported in the funds.		
		(808,796)
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.		
		277,261
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond principal retirement		2,288,988
Amortization expense		<u>121,525</u>
		2,410,513
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
General Obligation Bonds issued		(3,850,000)
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
The change in net position of internal service funds is reported with governmental activities.		(2,383,081)
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. Decreases this year are for:		
Miscellaneous receivables		(97,027)
Property taxes		(93,609)
Special Assessment		<u>(700,940)</u>
		(891,576)
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		(333,161)
Amortization of deferred charge on bond refunding		(66,613)
Increase in compensated absences		(402,194)
Increase in unfunded other post employment benefits		(780,192)
Decrease in inventory		<u>(194,845)</u>
Total additional expense (increase) decrease		(1,777,005)
Change In Net Position On The Statement Of Activities	\$	(2,703,772)

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, 2014

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 3,445,416	\$ 4,572,392	\$ 760,375	\$ 1,642,149	\$ 10,420,332	\$ 4,997,868
Investments	2,098,901	-	-	-	2,098,901	4,961,411
Receivables						-
Taxes	-	-	97	-	97	-
Customer accounts	452,715	834,076	4,382	277,802	1,568,975	3,858
Interest on investments	-	-	-	-	-	44,255
Due from other governmental units	1,855	-	-	561,117	562,972	-
Inventory of materials and supplies	-	-	57,821	-	57,821	14,971
Current assets restricted						-
Cash and cash equivalents	23,250	-	60,431	-	83,681	-
Total Current Assets	6,022,137	5,406,468	883,105	2,481,068	14,792,778	10,022,362
Noncurrent assets:						
Restricted cash, cash equivalents	266,713	126,834	-	36,897	430,444	-
Notes receivable	-	338,621	-	-	338,621	-
Capital assets						-
Land	87,347	69,525	1,609,575	579,783	2,346,230	-
Building	1,416,567	3,364,962	6,627,496	1,875,395	13,284,419	-
Other improvements	19,851,205	14,586,442	3,559,992	42,055,778	80,053,417	-
Machinery and equipment	820,244	1,242,767	209,806	49,776	2,322,594	13,799,027
Less: accumulated depreciation	(10,025,265)	(7,511,407)	(4,789,340)	(13,844,603)	(36,170,615)	(9,560,964)
Construction in progress	1,233,751	188,561	-	2,777,960	4,200,272	-
Total capital assets (net of accumulated depreciation)	13,383,849	11,940,849	7,217,530	33,494,089	66,036,317	4,238,063
Total Noncurrent Assets	13,650,562	12,406,304	7,217,530	33,530,986	66,805,382	4,238,063
Total Assets	19,672,699	17,812,772	8,100,635	36,012,054	81,598,160	14,260,425
LIABILITIES:						
Current Liabilities						
Account payable	9,407	370,133	8,653	269,858	658,051	30,992
Accrued wages and benefits	27,408	16,207	29,072	36,951	109,638	18,754
Accrued interest payable	39,635	21,145	-	16,062	76,842	-
Unearned revenue	7,501	-	4	7,107	14,612	-
Other current liabilities	58,353	12,335	55,496	100	126,284	2,545,750
Due to other governments	95,080	205,488	-	270,953	571,520	-
Compensated absences	-	2,634	10,251	3,344	16,229	-
Revenue bond payable	412,700	89,900	-	17,400	520,000	-
Total Current Liabilities	650,082	717,843	103,476	621,775	2,093,177	2,595,496
Noncurrent liabilities:						
Revenue bonds payable	545,324	1,298,953	-	251,410	2,095,687	-
Compensated absences	102,983	37,715	65,088	84,427	290,212	-
Due to other governments	812,355	1,955,209	-	2,403,783	5,171,347	-
Total Noncurrent Liabilities	1,460,662	3,291,877	65,088	2,739,620	7,557,246	-
Total Liabilities	2,110,744	4,009,720	168,564	3,361,395	9,650,423	2,595,496
NET POSITION:						
Net investment in capital assets	11,518,390	8,391,299	7,217,531	30,550,544	57,677,764	4,238,064
Restricted for:						-
Debt service	266,713	126,834	-	36,897	430,444	-
Unrestricted	5,776,851	5,284,919	714,540	2,063,218	13,839,529	7,426,866
Total Net Position	\$ 17,561,955	\$ 13,803,052	\$ 7,932,071	\$ 32,650,659	\$ 71,947,737	\$ 11,664,929

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
OPERATING REVENUES:						
Charges for services	\$ 5,970,803	\$ 8,290,309	\$ 1,304,050	\$ 4,225,742	\$ 19,790,904	\$ 7,265,731
Other operating revenue	6,158	-	101,998	330	108,485	62,488
Total Operating Revenues	5,976,961	8,290,309	1,406,048	4,226,072	19,899,389	7,328,220
OPERATING EXPENSES:						
Operating & maintenance	3,515,054	5,116,454	1,387,230	1,067,897	11,086,634	8,749,661
Administrative and general	676,681	514,531	197,486	841,286	2,229,984	384,336
Taxes	868,091	952,130	63,051	474,211	2,357,484	-
Depreciation and amortization	533,999	416,303	298,023	892,873	2,141,198	778,985
Total Operating Expenses	5,593,825	6,999,417	1,945,789	3,276,268	17,815,300	9,912,982
Operating Income (Loss)	383,135	1,290,892	(539,742)	949,804	2,084,089	(2,584,762)
NON-OPERATING REVENUE (EXPENSE):						
Investment earnings	25,055	21,055	392	22,102	68,605	165,519
Interest expense	(83,239)	(85,451)	-	(34,801)	(203,491)	-
Gain (loss) on disposal of capital assets	(4,435)	-	-	(79,860)	(84,296)	36,162
Amortization of bond premium (discount)	7,982	1,825	-	353	10,161	-
Total Non-Operating Revenue (Expense)	(54,636)	(62,571)	392	(92,206)	(209,021)	201,681
Income (Loss) Before Contributions & Transfers	328,499	1,228,321	(539,350)	857,598	1,875,068	(2,383,081)
Capital contributions	122,740	261,745	-	1,163,795	1,548,280	-
Transfers in	-	-	600,000	-	600,000	-
Change in Net Position	451,239	1,490,066	60,650	2,021,393	4,023,348	(2,383,081)
Total net position - beginning	17,360,896	12,763,306	8,077,576	31,148,798	69,350,576	14,048,010
Change in accounting principle	(250,180)	(51,826)	(206,154)	(48,379)	(556,539)	-
Prior period adjustment		(398,495)		(471,152)	(869,647)	-
Total net position - beginning restated	17,110,716	12,312,986	7,871,421	30,629,266	67,924,389	14,048,010
Total Net Position - ending	\$ 17,561,954	\$ 13,803,052	\$ 7,932,071	\$ 32,650,659	\$ 71,947,737	\$ 11,664,929

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Page 1 of 2

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Government Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 5,952,098	\$ 8,170,181	\$ 1,408,682	\$ 4,190,961	\$ 19,721,921	\$ 7,324,362
Cash paid to supplier	(3,367,247)	(4,879,505)	(658,944)	(1,212,513)	(10,118,209)	(520,862)
Cash paid for taxes	(868,091)	(952,130)	(63,051)	(474,211)	(2,357,484)	-
Cash paid to or on behalf of employees	(784,722)	(435,168)	(954,919)	(987,560)	(3,162,369)	(7,977,034)
Other cash received (paid)	6,158	-	(513)	330	5,975	-
Net Cash Provided (Used)					-	
By Operating Activities	938,196	1,903,379	(268,745)	1,517,006	4,089,835	(1,173,534)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	-	-	600,000	-	600,000	-
Net Cash Provided (Used) By Non-Capital Financing Activities			600,000	-	600,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(1,007,127)	(126,122)	(47,967)	(2,807,531)	(3,988,747)	(584,097)
Contributed capital	61,620	261,745	-	-	323,365	-
Debt proceeds	-	248,516	-	-	248,516	-
Capital grants	59,264	-	-	650,066	709,330	-
Principal payment on debt	(486,480)	(289,487)	-	(287,753)	(1,063,719)	-
Interest payment on debt	(68,501)	(74,933)	-	(27,137)	(170,570)	-
Proceeds from sale of equipment	-	-	-	-	-	36,162
Other	(3,197)	(0)	0	0	(3,197)	-
Net Cash Provided (used) for Capital And Related Financing Activities	(1,444,421)	19,718	(47,967)	(2,472,354)	(3,945,023)	(547,934)
CASH FLOW FROM INVESTING ACTIVITIES:						
Purchase of investments	(20,625)	-	-	-	(20,625)	-
Interest received	25,055	21,055	392	22,102	68,605	169,880
Net Cash Provided (Used) In Investing Activities	4,430	21,055	392	22,102	47,980	289,880
Net increase (decrease) in cash and cash equivalents	(501,795)	1,944,152	283,679	(933,246)	792,791	(1,431,589)
Cash and cash equivalents-beginning of year	4,237,174	2,755,073	537,126	2,612,292	10,141,665	6,429,460
Cash And Cash Equivalents- end of year	\$ 3,735,380	\$ 4,699,225	\$ 820,805	\$ 1,679,046	\$ 10,934,457	\$ 4,997,871
Cash at end of year consists of:						
Cash and cash equivalents	3,445,416	4,572,392	760,375	1,642,149	10,420,332	\$ 4,997,868
Restricted cash-customer deposits	23,250	-	60,431	-	83,681	-
Restricted cash-bond payments	266,713	126,834	-	36,897	430,444	-
Total Cash and cash equivalents	\$ 3,735,380	\$ 4,699,225	\$ 820,805	\$ 1,679,046	\$ 10,934,457	\$ 4,997,868

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Page 2 of 2

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Government Activities Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 383,135	\$ 1,290,892	\$ (539,742)	\$ 949,804	\$ 2,084,089	\$(2,584,762)
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:						
Depreciation	533,999	416,303	298,023	892,873	2,141,198	778,985
Asset (increase) decrease:					-	
Accounts receivable	(21,340)	(120,128)	523	(34,781)	(175,726)	(3,858)
Inventory and other	-	0	(16,814)	(0)	(16,814)	(1,635)
					-	
Liability increases (decreases):					-	
Accounts payable	(399)	319,144	2,495	(266,457)	54,783	637,847
Other liabilities	39,238	4,719	1,598	(19,730)	25,825	-
Wages & benefits payable	3,562	(7,552)	(14,829)	(4,703)	(23,522)	(114)
Total Adjustments	555,060	612,487	270,997	567,202	2,005,746	1,411,225
					-	
Net Cash Provided (Used) By Operating Activities	\$ 938,196	\$ 1,903,379	\$ (268,745)	\$ 1,517,006	\$ 4,089,835	\$(1,173,536)
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Increase (decrease) in fair value of investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,131
Amortization of bond premium	7,982	1,825	-	353	10,161	-
Total Non Cash investing, Capital and Financing Activities	\$ 7,982	\$ 1,825	\$ -	\$ 353	\$ 10,161	\$ 11,131

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
 DECEMBER 31, 2014

	Firemen's Pension Trust Fund	Agency Fund
ASSETS:		
Cash and cash equivalents	\$ 1,413,026	\$ 161,249
Receivable		
Customer accounts	-	5,184
Total Assets	1,413,026	166,433
LIABILITIES:		
Accounts and other payables		166,433
Total Liabilities	-	166,433
NET POSITION:		
Held In Trust For Pension Benefits And Other Purposes	1,413,026	-
	\$ 1,413,026	\$ -

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Firemen's Pension Trust Fund
ADDITIONS:	
Other contributions:	
Intergovernmental revenue	\$ 64,114
Investment earnings	1,805
Total Additions	65,919
DEDUCTIONS:	
Benefit payments	\$ 61,863
Total Deductions	61,863
Change In Net Position	4,056
Net position - beginning	1,408,970
Net Position - ending	\$ 1,413,026

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tukwila was incorporated on June 23, 1908, and operates under the laws of the State of Washington applicable to a non-charter optional code city with a Mayor/Council form of government. Tukwila is served by a Mayor and seven councilmembers, all elected at large to four-year terms. The City provides what are considered general government services including public safety, streets, parks, planning and zoning, permits and inspection, general administrative, water services, sanitary sewer collection, and storm drainage.

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

A. The Reporting Entity

As required by generally accepted accounting principles, the financial statements present the City and its component unit, an entity for which the government is considered to be financially accountable. The component unit discussed below is included in the reporting entity because of the significance of its operational or financial relationship with the City.

See Note 8, Joint Ventures, for a discussion of Valley Communications Center, which is a joint public safety dispatching authority for five member cities, and South Correctional Entity (SCORE), which is a governmental administrative agency. Also, see Note 14, Risk Management, for a discussion of the Washington Cities Insurance Authority.

The City of Tukwila is a party to the following interlocal agreements (not all inclusive):

- Cascade Water Alliance
- Valley Cities – SCORE Jail
- Valley Communications Center
- Valley Narcotics Enforcement Team
- Valley Special Weapons and Tactics Team
- Valley Civil Disturbance Unit
- Metropolitan Park District
- Regional Animal Services of King County
- King County Water Resource Inventory Area 9
- City of SeaTac Probation Services
- King County Reclaimed Water
- Community Connectivity Consortium

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

Blended Component Unit

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

The District is a component unit of the City of Tukwila, which operates pool programs within the City and the District. When the District was formed in 2011, it was reported on the City's financial statements as a discretely presented component unit and was shown as a separate column in the govern-wide financial statements. However, with the implementation of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in 2013, the District is now reported as blended and is shown as a major fund in the Basic Financial Statements section. The component unit's fund is blended into those of the City by appropriate activity type to compose the primary government presentation. Requests for the District's separately issued financial statements may be addressed to the Finance Director, City of Tukwila, 6200 Southcenter Blvd., Tukwila, WA 98188-2544.

B. Basis of Presentation

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

Government-wide Financial Statements

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

The statements distinguish between governmental activities and business-type activities.

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

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

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

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

Fund Financial Statements

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

C. Fund Accounting

The accounts of the City are organized on the basis of funds; each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that 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. This means only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements focus on measuring changes in current financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The following are the City's major governmental funds:

- The general fund accounts for all of the City's financial resources except those required by statute or generally accepted accounting principles to be accounted for in another fund. As is the case with most municipalities, the general fund is the largest and most important accounting entity of the City. As noted in the statements that follow, the general fund receives the bulk of its revenues from local taxes, followed by State shared revenues, service charges, and other income.
- The 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 Metropolitan Park District is a blended component unit of the City of Tukwila, which operates pool programs within the City and the District. Revenue includes property tax levy and user fees.
- The Facilities Fund was established in 1988 for the replacement of existing general government facilities, including property owned by the City that will be utilized for redevelopment or renewal purposes.

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

Proprietary and Internal Service Funds

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

Proprietary and internal service funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise and internal service funds are charges to the City’s customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. As described further below, there are two fund types in this category—enterprise and internal service.

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

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

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

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

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City has two fiduciary funds, Firemen’s Pension Trust Fund and Agency Fund. The Firemen’s Pension Trust Fund is accounted for in essentially the same manner as proprietary funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve a measurement of results of operations. Fiduciary funds are excluded from the government-wide financial statements.

D. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary and internal service fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position 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 and utility taxes.

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

Other Revenue Sources

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

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

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

F. Budgets and Budgetary Accounting

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

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

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

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

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

Expenditure Categories

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

G. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

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

Investments

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

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 current portion of the special assessment receivable.

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, 2014, there are no residual balances outstanding between the governmental activities and business-type activities.

The non-current portion of interfund loans and advances between funds, as reported in the fund financial statements, are offset by a fund balance unspendable account in applicable governmental funds to indicate they

are not available for appropriation and are not expendable available financial resources. See Note 5 on interfund transactions.

Special Assessments

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

Inventories

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

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

Real Property Held for Resale

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

The City acquired redevelopment properties in its urban renewal area along Tukwila International Boulevard. Acquisition of the Tukwila Village property began in 1999 and an agreement to develop the property was secured in 2012. Three crime-ridden motels were acquired in 2014 with the intent to demolish the structures and sell the vacant land for redevelopment. All redevelopment properties are reported at net realizable value in the financial statements.

Deferred Outflows /Inflows of Resources

Deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred inflow of resources is acquisition of net position by the government that is applicable to a future reporting period.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets acquired in governmental funds are accounted for as expenditures in the fund when the asset is purchased. These assets are reported in the governmental activities column of the government-

wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

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

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

See Note 7 for additional information on capital assets.

Other Liabilities

Other liabilities include retainage, deposits and the incurred-but-not-reported (IBNR) claims and claim reserve for the self-insured healthcare funds. The Self Insurance fund includes an IBNR liability of \$1,018,300 determined using actuarial methods. This liability is multiplied by a factor of 2.5 to meet the City's financial goal of maintaining reserves at 1 x IBNR for claim fluctuations plus 1.5 x IBNR for the IBNR liability of \$2,545,750.

Compensated Absences

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

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

The current portion reported on the schedule of long-term liabilities is calculated using the last-in-first-out (LIFO) approach. Anticipated subsequent yearly usage is used to determine the current portion of the liability. There is no current portion to report when the anticipated leave usage is less than the anticipated leave to be accrued during the next year.

Long-Term Obligations

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

or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

Fund Balance/Net Position

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

Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The remaining balance is reported as unrestricted.

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

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

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

The City shall maintain a reserve balance in each of its self-insured health care funds an amount equal to 2.5 times or 250%, of the actuarially determined IBNR reserve. The contingency reserve balance will be combined with the IBNR reserve balance and recorded as one liability in each of the self-insured health care plan funds.

Fund Balance Components

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54 and are reported as nonspendable, restricted, committed, assigned or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund. The general fund's nonspendable fund balance of \$1.5 million is the outstanding balance of an interfund loan from the general fund to the Metropolitan Park District, a blended component unit. The facilities fund has a nonspendable fund balance of \$7.4 million representing real property held as an investment.
- 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 is determined through the budgetary process and is expressed by the Finance Director.
- Unassigned fund balance is the residual amount not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the City Council and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved. The City applies restricted resources first when an expense is incurred for purposes of which both restricted and unrestricted net position is available in the governmental funds. When expenditures are incurred for purposes, for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications can be used, it is the City's policy to spend committed resources first, the assigned, 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 charges for services for the use of the golf course and the internal use of vehicles, computers and facilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. All other revenues and expenses are classified as non-operating including investment earnings, interest expense and the gain or loss on the disposition of capital assets.

Contributions of Capital

Contributions of capital in proprietary fund financial statement arise from outside contributions of capital assets, for example, developers, and grants or outside contributions of resources restricted to capital acquisition and construction. It also includes water and sewer connection charges.

Indirect Cost Allocation

Indirect costs, also referred to as overhead costs, consist of the cost of central services or support functions shared across departments. They include accounting, human resources, payroll, information technology, janitorial services and others. These services are paid through the general fund and charged back to the proprietary funds that directly benefit from them. In prior years, the indirect costs allocated to the proprietary funds were recorded as a transfer out of the proprietary funds and a transfer in to the general fund. Pursuant to guidance by the Washington State Auditor's Office, Budgeting, Accounting, and Reporting System (BARS), the indirect costs allocated to the proprietary and other funds of \$2,089,178 for 2014 are reported as a reduction of general government expenditures on the Statement of Activities rather than as transfers in and transfers out.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. On the government-wide statement of activities, the exchange transactions between the

internal service funds and the user funds are eliminated. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds.

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

Special Item

Special items are transactions that are either unusual in nature or infrequent in occurrence. They must also be within the control of management. They are reported as a separate line item entitled Special Item. The City has one special item reported in 2014. The City purchased motels in the Tukwila International Boulevard urban renewal area for redevelopment. The assets were written down to the net realizable value because the structures on the land will be demolished and the property sold as raw land. The reduction in value is reported as a special item.

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 175 as of December 31, 2014. WCIA provides pooled self-insurance coverage for general liability, vehicle liability, false arrest, and errors and omissions. See Note 14 for additional information on risk management.

H. Changes in Reporting

The City implemented the following Governmental Accounting Standards Board (GASB) statements in 2014:

The City implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*, amending GASB Statement No. 25. GASB Statement No. 67 relates to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This statement addresses accounting and financial reporting for the activities of pension plans.

Implementation of Statement No. 67 reporting requirements for the Firemen's Pension Plan is reflected in Note 9 and in Required Supplementary Information (RSI).

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of the City of Tukwila.

NOTE 3 –DEPOSITS AND INVESTMENTS

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

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 \$17,899,318. Of the bank balance, \$250,000 was covered by Federal depository insurance and the Washington Public Deposit Protection Commission (WPDPC) insured the remainder. The City also maintains imprest funds totaling \$14,200. The City participates in the State Treasurer’s Investment Pool, which is a 2a7-like unrated pool, overseen by the State Treasurer’s Office. The fair value of the City’s position in the pool is the same as the value of the pool shares. Because of its highly liquid nature, the Pool funds are considered cash equivalents.

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, 2014, the City had the following deposits and investments:

SCHEDULE OF INVESTMENTS BY MATURITY

	Maturity Date	Credit Rating	Market Value
Certificates of Deposit:			
Sound Community Bank	3/4/2017	*	\$ 3,141,083
Regal Bank	12/20/2015	*	250,000
Total Certificate of Deposits			<u>3,391,083</u>
U.S. Government Agency Notes:			
Federal Home Loan Mtg Corp	5/13/2016	AAA / AA+	2,000,892
Federal Natl Mortgage Assn	8/23/2017	Aaa / AA+	993,103
Total U.S. Agency Notes			<u>2,993,995</u>
Municipal Bonds:			
Washington State Convention Center: Lodging Tax	7/1/2016	Aa3 / A+	513,925
Washington State Biomedical Research: Revenue - Facilities	7/1/2017	Aaa / AA+	532,635
Marysville Washington: Limited General Obligation	12/1/2017	Aa3 / A1	438,319
Washington State Biomedical Research:Revenue - Facilities	7/1/2019	Aaa / AA+	555,200
Port of Anacortes, Washington: Limited General Obligation	9/1/2020	A1	365,191
Douglas County School District, Washington: Unlimited General Obligation	12/1/2020	Aa1 / Aa3	1,263,959
Total Municipal Bonds			<u>3,669,228</u>
TOTAL INVESTMENTS			<u>\$ 10,054,306</u>

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

RECONCILIATION OF ALL CASH, DEPOSITS AND INVESTMENTS

AS REPORTED ON STATEMENT OF NET POSITION:	
Cash and Cash Equivalents:	\$ 33,190,780
Investments	10,054,307
Current Assets Restricted:	
Cash and cash equivalents	823,025
Total Cash, Cash Equivalents and Investments	\$ 44,068,112

SUMMARY BY TYPE:	
Cash and Cash Equivalents:	
Local Government Investment Pool	3,694,540
Money market account	13,121,439
Cash on hand	14,200
Cash in bank-book balance	17,183,627
Total cash and cash equivalents	34,013,805
Investments:	
Certificates of deposit	3,391,084
U.S. Government Agency Notes	2,993,995
Municipal bonds	3,669,228
Total investments	10,054,307
Total Cash, Cash Equivalents, and Investments	\$ 44,068,112

Restricted Assets - Governmental	
Drug Seizure funds - federal portion	\$ 21,054
Impact Fees	287,846
Restricted Assets-Governmental	\$ 308,900

Restricted Assets - Business-Type	
Customer Deposits-Water Utility	\$ 23,250
Customer Deposits-Golf Course	45,431
Lease Deposits-Golf Course	15,000
Revenue Bond Reserve Account-Water/Sewer/Surface Water	430,444
Restricted Assets-Business-Type	\$ 514,125
Total Restricted Assets	\$ 823,025

Interest Rate Risk

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

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

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

Credit Risk

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

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

As of December 31, 2014, the City's investments in municipal bonds were rated Aa1 to A1 by Moody's Investor Service.

Concentration of Credit Risk

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

- 1) No more than fifty percent (50%) of the City's cash and investment portfolio, at the time of purchase, shall be in any single financial institution.

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

NOTE 4 – RECEIVABLES

Taxes Receivable

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

	Governmental Activities	Business-Type Activities	Total
Taxes Receivable			
Property	\$ 266,477	\$ -	\$ 266,477
Sales & Use	3,599,169	-	3,599,169
Utility Tax	626,518	-	626,518
Admission/Gambling/Parking/Other	888,305	97	888,402
Total Taxes Receivable	5,380,469	97	5,380,566
Customer Receivable			
Miscellaneous	332,338	4,382	336,720
Special Assessments-current portion	459,382	-	459,382
Utility Accounts	-	1,564,593	1,564,593
Total Customer Receivable	791,720	1,568,975	2,360,695
Interest	77,267	-	77,267
Total Receivables	\$ 6,249,455	\$ 1,569,072	\$ 7,818,527

Property Taxes Receivable

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

Property Tax Calendar

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

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

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

During the year, property tax revenues are recognized when cash is received. At year-end, unpaid property taxes are recorded as a receivable. Property tax receivables at year-end not expected to be collected within 60 days after the current period are reported as 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 of the past three years. The State Constitution provides that the total of all taxes upon real and personal property by the State and all taxing entities, including the City, shall not in any year exceed 1% (\$10 per \$1,000) of the true and fair monetary value of such property. This limitation may be exceeded upon the approval of 60% of the City voters at an election in which the total vote exceeds 40% of the votes cast at the last general election.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate. The City's regular levy in 2014 was \$2.97799 per \$1,000 of assessed valuation of \$4,756,373,688 for a total regular levy of \$14,129,531.

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, 2014, 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, 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 an 4% annual interest rate. The balance reflects all principal outstanding at year-end.

	Governmental Activities	Business-Type Activities	Total
Notes Receivable			
Special Assessments - Non-Current Portion	5,527,223	-	5,527,223
Sewer Payment Plan	-	338,621	338,621
Total Receivables	\$ 5,527,223	\$ 338,621	\$ 5,865,844

NOTE 5 – INTERFUND TRANSACTIONS

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

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

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

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

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

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

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

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

Interfund transfers for the year were as follows:

SUMMARY OF INTERFUND TRANSFERS

	Governmental Funds				Proprietary Funds	TOTAL
	General Fund	Capital Project	Debt Service	Total Governmental	Golf Course	
Transfers In	\$ 1,000,000	\$ 3,150,000	\$ 3,150,080	\$ 7,300,080	\$ 600,000	\$ 7,900,080
Transfers Out	(6,900,080)	(1,000,000)	-	(7,900,080)	-	(7,900,080)
Net Transfers In (Out)	\$ (5,900,080)	\$ 2,150,000	\$ 3,150,080	\$ (600,000)	\$ 600,000	\$ -

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

NOTE 6 – OPERATING LEASES

During 2014 the City maintained operating lease agreements for the purpose of leasing City operated machinery and equipment.

Tukwila leases office/ storage space for the purposes of the Records Center, Seattle Southside Visitor Center and the Neighborhood Resource Center. In addition the City leased a postage machine and copiers during 2014. Costs associated with these activities are as follows.

SCHEDULE OF FUTURE MINIMUM LEASE PAYMENTS

	2014	2015	2016	2017	2018
Records Center ¹	67,674	28,544	-	-	-
Neighborhood Resource Center ²	20,400	10,200	-	-	-
Seattle Southside Visitors Center	41,520	42,132	42,132	42,132	42,132
Postage Machines	10,067	10,067	10,067	10,067	10,067
Office Equipment	49,841	51,358	51,358	49,606	47,855
Total Lease Payments	189,503	142,301	103,557	101,805	100,054

¹ Leasing of the Records Center expires on 5/31/2015. The tenant is responsible for the cost of utilities and maintenance of building, which is estimated, based on square footage and reconciled annually by the lessor.

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

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

GOVERNMENTAL ACTIVITIES

	BEGINNING BALANCE 1/1/2014	PRIOR PERIOD ADJUSTMENT	INCREASES	DECREASES	ENDING BALANCE 12/31/2014
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 42,961,328	\$ (7,732,514) ^a	\$ 84,000	\$ -	\$ 35,312,814
Construction in Progress	10,483,961	(1,736,585) ^a	9,729,700	(1,758,873)	16,718,203
Total capital assets, not being depreciated	53,445,289	(9,469,099)	9,813,700	(1,758,873)	52,031,017
Capital assets, being depreciated:					
Buildings	25,277,239	-	147,402	-	25,424,641
Other Improvements	18,130,493	-	-	-	18,130,493
Machinery and Equipment	17,695,670	(14,461) ^b	2,309,632	(390,722)	19,600,119
Infrastructure	191,316,770	(19,543,689) ^b	390,051	-	172,163,132
Total capital assets being depreciated	252,420,172	(19,558,150)	2,847,085	(390,722)	235,318,385
Less accumulated depreciation for:					
Buildings	(10,810,438)	-	(803,755)	-	(11,614,193)
Other Improvements	(10,542,577)	-	(812,443)	-	(11,355,020)
Machinery and Equipment	(11,756,724)	4,338 ^b	(1,400,743)	394,526	(12,758,603)
Infrastructure	(49,705,043)	7,874,588 ^b	(5,816,183)	-	(47,646,638)
Total accumulated depreciation	(82,814,782)	7,878,926	(8,833,124)	394,526	(83,374,454)
Total capital assets, being depreciated, net	169,605,390	(11,679,224)	(5,986,038)	3,804	151,943,932
Governmental activity capital assets, net	\$ 223,050,679	\$ (21,148,323)	\$ 3,827,662	\$ (1,755,069)	\$ 203,974,949

^aIn previous years of the Governmental Activities Section, the City had recorded all purchases pertaining to the Tukwila Village Redevelopment Project, totaling \$7,732,514 in Land and \$1,736,585 in Construction Work in Progress, as capital assets not being depreciated within its General Fixed Asset Account Group (GFAAG) classification. In 2014, a valuation adjustment of \$3,674,099 was recorded to reduce the capitalized costs to net realizable value. The resulting \$5,795,000 was transferred from the General Fixed Asset Account Group to the Facilities Capital Project Fund, the originating fund, and reclassified as redevelopment properties held for resale. Since this reclassification and cost adjustment should have occurred in 2012 when the developer agreement was approved, the correction in 2014 has resulted in a prior period adjustment which is reflected as decreases to both the Land and Construction in Progress categories of total capital assets not being depreciated.

^bEffective with the 2014 financial report year, the City will report all infrastructure construction costs incurred for routine maintenance such as repairs and overlays, bridge inspections and other nominal improvements as non-capitalizable expensed costs rather than as capitalizable depreciable assets as it has been in previous years. Thus,

for the current year of 2014, it was necessary to reclassify \$19,558,150 of capitalized historical Infrastructure and as well as certain Machinery and Equipment costs with related accumulated depreciation of \$7,878,926 as expensed items. This has resulted in a prior period adjustment of \$11,679,224. (See Note 16, Change in Accounting Principle and Prior Period Adjustments).

BUSINESS-TYPE ACTIVITIES

	BEGINNING BALANCE 1/1/2014	PRIOR PERIOD ADJUSTMENT	INCREASES	DECREASES	ENDING BALANCE 12/31/2014
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 2,237,758	\$ -	\$ 108,472	\$ -	\$ 2,346,230
Construction in Progress	3,104,260	(869,647)	3,883,473	(1,917,814)	4,200,272
Total capital assets, not being depreciated	5,342,018	(869,647)	3,991,945	(1,917,814)	6,546,502
Capital assets, being depreciated:					
Buildings	12,543,164	-	791,255	(50,000)	13,284,419
Other Improvements	79,147,004	-	1,063,795	(157,382)	80,053,417
Machinery and Equipment	2,261,349	-	62,764	(1,519)	2,322,594
Total capital assets being depreciated	93,951,517	-	1,917,814	(208,901)	95,660,430
Less accumulated depreciation for:					
Buildings	(3,595,921)	-	(327,592)	37,000	(3,886,513)
Other Improvements	(28,798,964)	-	(1,732,956)	86,086	(30,445,833)
Machinery and Equipment	(1,759,138)	-	(80,651)	1,519	(1,838,270)
Total accumulated depreciation	(34,154,023)	-	(2,141,198)	124,605	(36,170,616)
Total capital assets, being depreciated, net	59,797,496	-	(223,384)	(84,296)	59,489,816
Business-Type activity capital assets, net	\$ 65,139,514	\$ (869,647)	\$ 3,768,560	\$ (2,002,110)	\$ 66,036,318

The prior period adjustment represents Construction in Progress costs that are repair and maintenance in nature and should have been expensed rather than capitalized.

COMPONENTS OF NET CAPITAL ASSET CHANGES

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CAPITAL ASSET CHANGES			
<i>Increases / Additions</i>			
Capital outlay	\$ 10,150,912	\$ 3,988,747	\$ 14,139,659
Land turnovers, contributions, other	311,530	3,198	314,728
Internal service funds (Equipment rental)	584,097		584,097
Additions before CIP capitalization	11,046,539	3,991,945	15,038,484
Capitalization of Construction in Progress	1,614,248 ^(a)	1,917,814 ^(a)	3,532,062
Total capital asset additions	12,660,786	5,909,759	18,570,545
<i>Decreases / Disposals</i>			
Sale or disposal of assets	(181,039)	(208,901)	(389,940)
Internal service funds (Equipment rental)	(354,309)		(354,309)
Sub-total	(535,348)	(208,901)	(744,249)
Capitalization of Construction in Progress	(1,614,248) ^(a)	(1,917,814) ^(a)	(3,532,062)
Total capital asset disposals	(2,149,596)	(2,126,715)	(4,276,311)
Net Increase in Capital Assets	\$ 10,511,191	\$ 3,783,044	\$ 14,294,235

ACCUMULATED DEPRECIATION CHANGES

<i>Increases / Additions</i>			
Depreciation:			
Governmental			
General government	\$ 355,357	\$ -	\$ 355,357
Public safety	138,109		138,109
Physical Environment	677,797		677,797
Transportation	5,849,924		5,849,924
Economic Environment	3,560		3,560
Culture and recreation	1,029,392		1,029,392
Governmental total	8,054,138	-	8,054,138
Internal service funds (Equipment rental)	778,986		778,986
Business-type funds		2,141,198	2,141,198
Total capital asset additions	8,833,124	2,141,198	10,974,322
<i>Decreases / Disposals</i>			
Accumulated depreciation on assets sold or disposed:			
Governmental	(40,217)		(40,217)
Internal service funds (Equipment rental)	(354,309)		(354,309)
Business-type funds		(124,605)	(124,605)
Total accumulated depreciation disposal	(394,526)	(124,605)	(519,131)
Net Increase in Accumulated Depreciation	\$ 8,438,598	\$ 2,016,593	\$ 10,455,191

NET CHANGE IN CAPITAL ASSETS

INCREASE (DECREASE) IN NET CAPITAL ASSETS	\$ 2,072,592	\$ 1,766,451	\$ 3,839,044
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- a) Closed construction projects are shown as an addition to capital assets and a reduction of construction in progress.

Project Description	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Thorndyke Safe Routes	\$ 405,508	\$ 202,053	\$ 607,560.91
Cascade View Safe Routes		110,031	110,031
Boeing Access Road Bridge Rehab	579,199		579,199
TUC Transit Center	4,009,647	150,224	4,159,871
Interurban Avenue South	1,591,193	749,793	2,340,986
Andover Park West	1,248,908	950,778	2,199,686
Internal Service fund - Fleet	584,097		584,097
Water Reservoir		2,861	2,861
E Marginal Way S Storm Pipe		1,185,365	1,185,365
Sewer Lift Station #2 Upgrades		95,133	95,133
Sewer Lift Station #9 Upgrades		30,989	30,989
E Marginal Way S Outfalls		59,892	59,892
Chinook Wind salmon habitat restoration		25,162	25,162
Small Drainage Projects - 2015		17,321	17,321
40-42nd Ave S		37,173	37,173
Andover Park East Waterline		4,136	4,136
Other	2,627,987	371,035	2,999,022
TOTALS	\$ 11,046,539	\$ 3,991,945	\$ 15,038,484

NOTE 8 – JOINT VENTURES

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

SUMMARY OF INVESTMENT IN JOINT VENTURES

	Equity in Operations	Equity in Capital Assets financed by Outstanding Debt	TOTAL Investment in Joint Ventures
Valley Com	\$ 2,974,283	\$ 220,000	\$ 3,194,283
SCORE	1,080,470	6,430,400	7,510,870
TOTAL	\$ 4,054,753	\$ 6,650,400	\$ 10,705,153

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 2014 cost distribution for the five (5) participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	75,345	20.31%
Kent	104,448	28.15%
Auburn	82,276	22.17%
Tukwila	32,383	8.73%
Federal Way	76,602	20.64%
Total	371,054	100.00%

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

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

The Director presents a proposed budget to the Operating Board on or before August 15 of each year. The proposed budget is then presented to the Administration Board by September 1 of each year. The Administration Board can make changes to the proposed Valley Com budget as it finds necessary, but final approval falls to the legislative body of each participating city, in accordance with the provisions of the Interlocal Agreement. The share of equity belonging to the five (5) participating cities is as follows:

ITEM	RENTON	KENT	AUBURN	TUKWILA	FEDERAL WAY	TOTAL
Equity January 1, 2014	\$ 5,240,607	\$ 7,378,791	\$ 4,959,646	\$ 2,927,158	\$ 3,508,470	\$ 24,014,672
Current Year Increase/(Decrease)	109,645	151,995	119,731	47,125	111,474	539,970
Equity December 31, 2014	\$ 5,350,252	\$ 7,530,786	\$ 5,079,377	\$ 2,974,283	\$ 3,619,944	\$ 24,554,642
Percent of Equity	21.79%	30.67%	20.69%	12.11%	14.74%	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 is responsible for one-fifth of the debt obligation, which originally was \$2,551,600 per City. The basic agreement shall not be terminated until all bonds issued by Valley Communications Center Development Authority have been paid and retired. The investment in joint venture fore Valley Com on the Statement of Net Assets includes Tukwila's \$220,000 share of the outstanding Valley Com debt.

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

South Correctional Entity (SCORE)

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

in the Host City Agreement. Pursuant to SCORE financial policies, all unexpected funds or reserve funds shall be distributed based on the percentage of the Member City's average daily population at the SCORE Facility for the last three (3) years regardless of its Owner City or Host City status.

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

Financing for the acquisition, construction, equipping, and improvement of the SCORE Facility was provided by bonds issued by the South Correctional Entity Facility Public Development Authority (the "SCORE PDA"), a public development authority chartered by the City of Renton pursuant to RCW 35.21.730 through 35.21.755. The SCORE PDA issued \$86 million in special obligation bonds in 2009 (the "Bonds") to construct, develop, acquire and equip the SCORE Facility. Pursuant to the Formation Interlocal Agreement and the ordinances of each city, each Owner City (which includes the Cities of Auburn, Burien Federal Way, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the Bonds as the same become due and payable. Each Owner City's obligation to pay its portion is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor. The following is a summary of the debt service requirements for the Bonds:

SUMMARY OF DEBT SERVICE REQUIREMENTS

Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	35% BABs		Auburn	Burien	Federal Way	Renton	SeaTac	Tukwila
			Subsidy	Total	31%	4%	18%	36%	3%	8%
2015	\$ 1,990,000	\$ 4,995,069	\$ (1,514,410)	\$ 5,470,659	\$ 1,695,905	\$ 218,826	\$ 984,718	\$ 1,969,438	\$ 164,120	\$ 437,653
2016	2,065,000	4,911,886	(1,513,594)	5,463,292	1,693,621	218,531	983,392	1,966,785	163,899	437,064
2017	2,145,000	4,820,241	(1,503,576)	5,461,665	1,693,116	218,466	983,100	1,966,200	163,850	436,933
2018	2,240,000	4,715,979	(1,503,576)	5,452,403	1,690,245	218,096	981,433	1,962,865	163,572	436,192
2019	2,310,000	4,602,229	(1,467,237)	5,444,992	1,687,948	217,799	980,099	1,960,197	163,350	435,599
2020-2024	12,905,000	21,102,168	(7,183,090)	26,824,078	8,315,464	1,072,963	4,828,334	9,656,668	804,722	2,145,926
2025-2029	15,675,000	16,833,706	(6,067,796)	26,440,910	8,196,682	1,057,636	4,759,364	9,518,728	793,227	2,115,273
2030-2034	19,265,000	11,158,380	(4,128,483)	26,294,897	8,151,418	1,051,796	4,733,081	9,466,163	788,847	2,103,592
2035-2039	23,775,000	4,064,705	(1,697,914)	26,141,791	8,103,955	1,045,672	4,705,522	9,411,045	784,254	2,091,343
Totals	\$ 82,370,000	\$ 77,204,363	\$ (26,579,676)	\$ 132,994,687	\$ 41,228,354	\$ 5,319,786	\$ 23,939,043	\$ 47,878,090	\$ 3,989,841	\$ 10,639,575

The City of Tukwila reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets. The following is condensed (unaudited) financial information as of December 31, 2014 related to SCORE:

ITEM	DES		FEDERAL		RENTON	SEATAC	TUKWILA	TOTAL
	AUBURN	BURIEN	MOINES	WAY				
Equity January 1, 2014	\$ 2,517,237	\$ 294,323	\$ 107,970	\$ 1,820,940	\$ 2,548,219	\$ 331,708	\$ 601,934	\$ 8,222,331
Current Year Increase/(Decrease)	1,725,997	221,087	184,190	1,855,784	1,672,186	380,958	478,536	6,518,738
Equity December 31, 2014	\$ 4,243,234	\$ 515,410	\$ 292,160	\$ 3,676,724	\$ 4,220,405	\$ 712,666	\$ 1,080,470	\$ 14,741,069
Percent of Equity	28.79%	3.50%	1.98%	24.94%	28.63%	4.83%	7.33%	100.00%

The investment in joint venture for SCORE on the Statement of Net Position includes Tukwila's share of debt issued in 2009. The City's share of SCORE debt is \$6,430,400. See Note 11 for additional information on long-term debt. Completed financial statements for SCORE and SCORE PDA can be obtained from the SCORE office, 20817 17th Avenue South, Des Moines, WA 98198.

NOTE 9 – PENSION PLANS

Washington State Department of Retirement Systems

Substantially all City of Tukwila full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

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

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

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

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee

contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is two percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is now cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

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

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- 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 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 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.

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

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' fiscal year 2014, PERS Plan 3 employee contributions were \$105.2 million, and plan refunds paid out were \$82.0 million.

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

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

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

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by three percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at three percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or

infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

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

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to but not yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Active Plan Members Non-vested	101,191
Total	368,272

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with RCW 41.40 and RCW 41.45.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

Members Not Participating in JBM:

	PERS Plan II	PERS Plan III
Employer*	9.21%	9.21% **
Employee	4.92%	Minimum 5% to maximum 15%

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** Plan 3 defined benefit portion only.

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

	PERS Plan II	PERS Plan III
2014	\$ 1,214,094	\$ 201,370
2013	1,069,130	177,312
2012	902,516	144,456

B. Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 and 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

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

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

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each

eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If there is no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

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

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at the age of 50 with 20 years of service. Plan 2 members receive a benefit of two percent of the FAS per year of service. (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. 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. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is two percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

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

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

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Active Plan Members Non-vested	1,600
Total	29,640

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

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 this funding could be changed by statute. For DRS' Fiscal Year 2014, the state contributed \$55.6 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	LEOFF Plan I	LEOFF Plan II
Employer	0.18%	5.23%
Employee	0.00%	8.41%
State	-	3.36%

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

	LEOFF Plan I	LEOFF Plan II
2014	\$182	\$772,102
2013	229	737,626
2012	410	691,175

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

Plan Description

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS Plan 2 membership includes:

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

Covered employers include:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board; Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Spokane and Tacoma; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

To be eligible for PSERS, 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 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2014, the rate was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after the completion of five years of eligible service.

PSERS members may retire with a monthly benefit of two percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PSERS 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 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is two percent of the 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, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

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

There are 75 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2013:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	43
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	119
Active Plan Members Vested	4,513
Active Plan Members Non-vested	1,383
Total	6,058

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2.

The methods used to determine the contribution requirements are established under state statute in the accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014 are as follows:

	PSERS Plan II
Employer	10.54%
Employee	6.36%

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

	PSERS Plan II
2014	\$15,773
2012	14,175
2011	11,187

D. Firemen's Pension System

Summary of Significant Accounting Policies

Investments are valued and reported at fair value.

Plan Description

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

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

Plan membership is limited to active members of the Firefighters' Pension Fund (FPF) as of March 1, 1970. On that date, the Washington Law Enforcement Officers' and Firefighters' System (LEOFF) was established. FPF is responsible for paying the pensions of those members retired prior to March 1, 1970 and for providing the "excess benefit", the excess of FPF formula benefits over the LEOFF benefits. Therefore, the plan is closed to new members. At December 31, 2014, FPF membership consisted of the following:

Type of Membership	Total
Inactive plan members retired prior to March 1, 1970	0
Inactive plan members retired March 1, 1970 or after	11
Active Plan Members	0
Total	<u>11</u>

Benefits Provided

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

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

Contributions

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

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

The actuarial assumptions were provided by an independent actuary.

Investments

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

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

Concentrations. Approximately 70% of investments held are with Columbia Bank

City's Net Pension Liability

The components of the City's net pension liability at December 31, 2014 are as follows:

Total pension liability	\$	1,840,929
Less: Plan fiduciary net position		1,413,026
City's net pension liability	<u>\$</u>	<u>427,903</u>
 Plan fiduciary net position as a percentage of the total pension liability		 76.76%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

City's net pension liability	1% Decrease	Current Discount Rate	1% Increase
	\$ 2,095,120	\$ 1,840,929	\$ 1,629,202

Basis of Valuation

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

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

Service Retirement Benefit

Member Eligibility: age 50 and 25 years of service (RCW 41.18.040) or Age 50 and five years of service (RCW 41.26.090).

Amount of benefit: 50% of salary plus an additional 2% for each year of service in excess of 25 years. Maximum benefit of 60% of salary (does not apply for those retiring after July 1, 2006).

Survivor Eligibility: spouse or child
 Amount of benefit: continuation of the firefighter's benefit. (If spouse — same, plus additional 5% of salary per child. If no spouse — 30% of salary for first child, 10% for each additional child. Maximum of 60% of salary).

Duty Disability Retirement Benefit

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

Survivor See Survivor's Benefit section under Service Retirement.

Non Duty Disability Retirement Benefit

Member Eligibility: disabled after 90-day waiting period. Amount of benefit: 50% of salary, or service retirement benefit, if greater.
 Recovery: see Duty Disability Retirement.
 Limitations: no benefits payable if firefighter employed elsewhere when disabled.

Survivor Eligibility: spouse or child
 Amount of benefit:
 33.3% to widow or children only.
 45.8% to widow and one child.
 47.6% to widow and two children.
 50.0% to widow and three children.

Duty Death Benefit	Eligibility: spouse or child Amount of benefit: If spouse — 50% of salary plus an additional 5% of salary per child; maximum benefit of 60% of salary. If no spouse — 50% of salary to children.
Non Duty Death Benefit	Eligibility: spouse or child Amount of benefit: provisions the same as Survivor's Benefit under Non-Duty Disability Retirement.
Special Provisions	Under disability or death benefits, a surviving spouse may elect a lump-sum payment of \$5,000 in lieu of future monthly benefits.
Vesting	Termination after 20 years of service (RCW 41.18.130) or five years of service (RCW 41.26.090).
Deferred Benefit	Commences: when a firefighter would have had 25 years of service (RCW 41.18.130) or age 50 (RCW 41.26.090). Amount of benefit: 2% of salary for each year of service. Other provisions apply, see statutes. Death while vested prior to commencement of benefits: payment of firefighters deferred benefit to spouse or child.
Postretirement Increase	
Benefits Payable Under LEOFF	Annual increase proportionate to the increase in the Seattle-area CPI. Minimum increase at least 2% each year.
Type 1	Escalation by salary in proportion to current salary or rank from which the firefighter retired.
Type 2	Annual increase proportionate to the increase in the Seattle-area CPI. Minimum increase at least 2% each year.
Applicability	Type 1 applies to firefighters who retired from service after 1969, their survivors, and to firefighters who retired for duty disability (but not their survivors) after 1961. Type 2 applies to all other types of monthly benefits
Minimum Benefit	After April 25, 1973, a minimum benefit of \$300 per month to all retired firefighters and their survivors. This minimum is increased by the CPI.
Funeral Benefit	\$500 RCW 41.18.140, no provision under RCW 41.26.

Participant Summary

January 1, 2015

Age and service determined as of the census date.

LEOFF Plan 1 (Firemen's Pension) Inactive Participants				
Age	Service Retirees	Disabled Retirees	Surviving Spouses	Total
< 65	0	0	0	0
65 – 69	0	1	0	1
70 – 74	1	1	1	3
75 – 79	2	3	0	5
80 – 84	0	1	0	1
85 - 89	1	0	0	1
90 +	0	0	0	0
Total	4	6	1	11

Annual pension amounts through December 31, 2014:

Paid by City	Paid by LEOFF
\$61,862	\$460,921

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

The key actuarial assumptions used for the January 1, 2015 valuation were:

Assumption	Rates
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Measurement Date	January 1, 2015
Inflation Rate	2.75%
Discount Rate (or Investment Return)	We based the long-term expected rate of return on pension plan investments assumption on the nature and mix of current and expected pension plan assets over a period of time representative of the expected length of time between the first day of service and date of the last benefit payment. The rate of 2.75% was selected.
Cost of Living	2.75%, based on SSA OASDI 2014 report.
Salary Increases (for calculated benefit increases based on rank)	3.75%, based on SSA OASDI 2014 report.
Healthy Mortality	RP-2014 mortality table, total dataset, fully generational with mortality improvement scale MP-2014 setback one year for males and set forward one year for females.
Disabled Mortality	RP-2014 mortality table, total dataset, fully generational with mortality improvement scale MP-2014 set forward two years for males and females.
Spouse Age	We assumed that wives are three years younger than husbands.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

During the year ended December 31, 2008, the City elected to adopt the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB No. 45), which requires the City to accrue other postemployment benefits (OPEB) expense related to its postretirement healthcare plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the City, under GASB No. 45, has recorded a liability of approximately \$5,341,973 for the difference between the actuarially calculated ARC and the estimated contributions made since the adoption of GASB No. 45. This liability is included in other noncurrent liabilities in the accompanying December 31, 2014 balance sheet. The

effect of GASB No. 45 for the current fiscal year was to decrease the City's excess of revenue over expenses before capital contributions and the City's net position for the year ended December 31, 2014 by approximately \$780,192.

Plan Description

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

Membership

As of December 31, 2014, there was 1 active employee and 40 retirees meeting the eligibility requirements of a LEOFF 1 member. This is considered a closed group with no new members.

Funding Policy

Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay-as-you-go financing requirements. For the fiscal year ended December 31, 2014, the City contributed \$905,974 to the Health Plan through use of existing fund balance. The City's contribution was entirely to fund 'pay-as-you-go' costs under the Health Plan and not to prefund benefits. There were no retiree contributions.

Annual OPEB Cost and Net OPEB Obligation

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	2012	2013	2014
4 ARC at EOY	1,264,522	1,264,522	1,903,679
5 Interest on Net OPEB Obligation	145,727	174,458	171,067
6 Adjustment to ARC	(287,945)	(359,904)	(388,580)
7 Annual OPEB cost	1,122,304	1,079,076	1,686,166
8 Employer contributions	(404,007)	(878,755)	(905,974)
9 Change in Net OPEB Obligation	718,297	200,321	780,192
10 Net OPEB Obligation at BOY	3,643,163	4,361,460	4,561,781
11 Net OPEB Obligation at EOY (9 + 10)	\$ 4,361,460	\$ 4,561,781	\$ 5,341,973

* (i) is the assumed interest rate that year: 4% in 2012, 4% in 2013, and 2.75% in 2014.

The net OPEB obligation of \$5,341,973 is included as a non-current liability on the Statement of Net Position.

ANNUAL DEVELOPMENT OF OPEB COST

Fiscal Year Ended	Annual Required Contribution	Interest on Net OPEB Obligation	ARC Adjustment	Annual OPEB Cost	Total Employer Contributions	Change in Net OPEB Obligation	Net OPEB Obligation Balance	(Gain)/ Loss
2008	\$ 1,366,284	\$ -	\$ -	\$1,366,284	\$ 557,103	\$ 809,181	\$ 809,181	\$ 809,181
2009	1,366,284	40,459	61,839	1,344,904	335,265	1,009,639	1,818,820	1,031,019
2010	1,366,284	90,941	143,332	1,313,893	317,771	996,122	2,814,942	1,048,513
2011	1,264,522	112,598	213,809	1,163,311	335,090	828,221	3,643,163	929,432
2012	1,264,522	145,727	287,945	1,122,304	404,007	718,297	4,361,460	860,515
2013	1,264,522	174,458	359,904	1,079,076	878,755	200,321	4,561,781	385,767
2014	1,903,679	171,067	388,580	1,686,166	905,974	780,192	5,341,973	997,705

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

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

PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	1,122,304	404,007	36	4,361,460
December 31, 2013	1,079,076	878,755	81	4,561,781
December 31, 2014	1,686,166	905,974	54	5,341,973

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$29.5 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$29.5 million and a funded ratio of 0%. The funded ratio is 0%, because the City funds benefits on a pay-as-you-go basis.

SCHEDULE OF FUNDING PROGRESS (rounded to thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)*	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$0	\$16,103	\$16,103	0%	\$581	4%
January 1, 2011	0	14,805	14,805	0	371	3
January 1, 2014	0	21,264	21,264	0	195	1

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

Actuarial Methods and Assumptions

The basis of projections of benefits for financial reporting purposes is the substantive plan (the Health Plan as understood by the City and members of the Health Plan) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and Members of the Health Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The January 1, 2015 valuation used the entry age normal actuarial cost method. The actuarial assumptions included a 2.75% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 9.0% for pre-Medicare expenses, to an ultimate rate of 3.8% after 61 years. The Medicare trend assumption is 6.5%, to an ultimate rate of 3.8% after 61 years. The dental trend assumption is 5.5%, to an ultimate rate of 3.5% after 4 years. The Medicare premium trend rate is 5.4% for all years. The long-term care trend rate is 5.0% for all years. The trend for the Excise Tax threshold is 0% until 2018, when a trend rate of 4.24% is used. The trend for all future years after that year is 3.24%. All trend rates include a 3.0% inflation assumption. The UAAL is amortized as a level dollar amount on a closed basis over 21 years beginning January 1, 2008. The remaining amortization period at December 31, 2015 was 13.0 years.

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

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

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

NOTE 11 – LONG-TERM DEBT

Governmental Activities Long-Term Debt

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

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

- 2008 LTGO bonds were issued to refund the remaining debt of the 1999 LTGO bonds. The 1999 LTGO bonds were issued to purchase an additional City Hall Annex (6300 building) and economic revitalization projects.
- 2010 LTGO bonds were issued for the construction and realignment of Southcenter Parkway in the Tukwila South Annexation area and for the cost of emergency preparedness capital and other equipment.
- 2011 LTGO refunding bonds were issued to refund a portion of the bonds issued in 2003 for the City's Arterial Street program.
- 2013 LTGO bonds were issued and the proceeds loaned to the Tukwila Metropolitan Park District to pay for improvements to the pool.
- 2014 LTGO bonds were issued to fund the purchase of land acquisition and capital costs of redevelopment activities within the City's Tukwila International Boulevard (TIB) urban renewal area.

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.

In December 2014, the City entered into a Line of Credit Agreement with Bank of the West; Limited tax General Obligation Bond Anticipation Note, 2014 (Taxable Non-Revolving Line of Credit). The principal amount, not to exceed \$2,250,000, can be used for general City purposes but will be utilized for TIB redevelopment projects in the City's urban renewal area. As of December 31, 2014, no draws occurred against the line of credit.

Business-Type Activities Long-Term Debt

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

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

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

The schedules that follow summarize the long-term debt transactions of the City for the year ended December 31, 2014.

CHANGES IN LONG-TERM LIABILITIES SUMMARY

	GENERAL		REVENUE	PUBLIC WORKS		DUE TO	OTHER		TOTAL
	OBLIGATION	ASSESSMENT	BONDS	TRUST FUND	COMPENSATED	OTHER	POST EMPLOY-	NET PENSION	
			UTILITIES	LOANS	ABSENCES	GOVERNMENTS	MENT BENEFITS	LIABILITY	
Outstanding 01/01/2014	\$ 14,706,009	\$ 6,687,500	\$ 3,075,000	\$ 6,063,071	\$ 3,657,270	\$ 7,021,600	\$ 4,561,781	\$ -	\$ 45,772,232
Added	3,850,000	-	-	248,516	3,419,713	-	780,192	427,903	8,726,324
Retired / redeemed	(1,917,788)	-	(495,000)	(568,721)	(3,030,381)	(371,200)	-	-	(6,383,090)
Outstanding 12/31/2014	\$ 16,638,221	\$ 6,687,500	\$ 2,580,000	\$ 5,742,866	\$ 4,046,602	\$ 6,650,400	\$ 5,341,973	\$ 427,903	\$ 48,115,465
Add Premiums, Subtract Discounts									598,443
Total Long-Term Liabilities									\$ 48,713,908

Debt Service to Maturity

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

Year Ended December 31	Governmental Activities							Total
	General Obligation Bonds		Due to Other Governments		Special Assessments			
	Principal	Interest	Principal	Interest	Principal	Interest		
2015	\$ 1,655,507	\$ 649,801	\$ 220,000	\$ 282,485	\$ 605,000	\$ 346,784	\$ 3,759,577	
2016	1,712,737	606,536	165,200	262,760	450,000	286,005	3,483,238	
2017	1,766,428	550,267	171,600	255,861	450,000	271,830	3,465,986	
2018	1,832,196	475,211	179,200	249,088	445,000	257,655	3,438,350	
2019	1,903,521	396,971	184,800	243,173	445,000	243,638	3,417,102	
2020-2024	5,529,832	1,013,470	1,032,400	1,103,504	2,225,000	917,813	11,822,019	
2025-2029	1,041,000	261,231	1,254,000	875,353	2,067,500	358,781	5,857,865	
2030-2034	1,197,000	104,253	1,541,200	580,236	-	-	3,422,689	
2035-2039	-	-	1,902,000	211,365	-	-	2,113,365	
Totals	\$ 16,638,221	\$ 4,057,739	\$ 6,650,400	\$ 4,063,824	\$ 6,687,500	\$ 2,682,505	\$ 40,780,190	

	Business-Type Activities				
Year Ended December 31	Revenue Bonds		Public Works Trust Fund Loans		Total
	Principal	Interest	Principal	Interest	
2015	\$ 520,000	\$ 110,172	\$ 571,520	\$ 26,440	\$ 1,228,133
2016	150,000	91,950	571,520	25,857	839,327
2017	155,000	85,950	571,520	22,999	835,469
2018	165,000	78,975	571,520	20,142	835,637
2019	170,000	71,550	571,520	17,284	830,354
2020-2024	970,000	235,575	2,779,427	43,946	4,028,949
2025-2029	450,000	30,600	66,136	1,984	548,720
2030-2032	-	-	39,682	397	40,078
Totals	\$ 2,580,000	\$ 704,772	\$ 5,742,846	\$ 159,050	\$ 9,186,668

CHANGES IN LONG-TERM LIABILITIES – GOVERNMENTAL FUNDS

ITEM	Interest		Authorized	OUTSTANDING			REDEEMED	OUTSTANDING	Due Within One Year
	Rates	Maturity		12/31/2013	ISSUED	12/31/14			
GOVERNMENTAL ACTIVITIES:									
<u>Limited General Obligation (GO) Bonds Payable:</u>									
2003 Refunding-TCC, Fire Stn	4.00-5.00	12/01/14	\$ 4,195,000	\$ 465,000	\$ -	\$ 465,000	-	\$ -	
2008 Refunding-Streets/Facilities	4.00-6.00	12/01/19	6,180,000	4,045,000	-	595,000	3,450,000	630,000	
2010 Streets / Equipment	2.00-5.41	12/01/24	5,870,000	4,715,000	-	365,000	4,350,000	380,000	
2011 Refunding Streets (2003 GO)	1.25-4.00	12/01/23	4,620,000	4,580,000	-	395,000	4,185,000	405,000	
2013 LTGO-MPD Pool Improve	2.00-4.00	12/01/22	1,000,000	901,009	-	97,788	803,221	99,507	
2014 LTGO-Urban Renewal	0.85-4.86	12/01/34	3,850,000	-	3,850,000	-	3,850,000	141,000	
Total Bonds Payable			25,715,000	14,706,009	3,850,000	1,917,788	16,638,221	1,655,507	
Issuance premiums			-	684,280	-	121,525	562,755	-	
Net Bonds Payable			25,715,000	15,390,290	3,850,000	2,039,313	17,200,976	1,655,507	
<u>Due to Other Governments</u>									
2009 Facility SCORE	3.00-6.62	01/01/39	6,898,800	6,589,600	-	159,200	6,430,400	165,200	
2010 Valley Com Refunding	4.30-5.75	12/01/15	1,065,000	432,000	-	212,000	220,000	220,000	
Total Due Other Governments			7,963,800	7,021,600	-	371,200	6,650,400	385,200	
<u>Special Assessment Debt</u>									
Klickitat Urban Access Project	3.150-5.375	01/15/29	6,687,500	6,687,500	-	-	6,687,500	605,000	
Total Special Assessment Debt			6,687,500	6,687,500	-	-	6,687,500	605,000	
Other Post-Employment Benefits Payable (1)				4,561,781	780,192	-	5,341,973	-	
Net Pension Liability (1)				-	427,903	-	427,903	-	
Compensated Absences:				3,337,967	3,171,199	2,769,004	3,740,162	-	
Total Governmental Funds			\$ 40,366,300	\$ 36,999,138	\$ 8,229,294	\$ 5,179,517	\$ 40,048,915	\$ 2,645,707	

(1) Other Post-Employment Benefits Payable and Net Pension Liability were not reported on this schedule in previous years.

Due to Other Governments

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

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

CHANGES IN LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

ITEM	Interest		Authorized	OUTSTANDING			OUTSTANDING		Due Within One Year
	Rates	Maturity		12/31/2013	ISSUED	REDEEMED	12/31/14		
BUSINESS-TYPE ACTIVITIES:									
<u>Bonds Payable:</u>									
1995 Water/Sewer Revenue	4.15-6.63	02/01/15	\$ 4,500,000	\$ 730,000	\$ -	\$ 355,000	375,000	\$ 375,000	
2006 Water/Sewer/SWM Revenue	4.00-4.50	12/01/26	3,180,000	2,345,000	-	140,000	2,205,000	145,000	
Total Bonds Payable			7,680,000	3,075,000	-	495,000	2,580,000	520,000	
<u>Unamortized Deferred Credits (Charges):</u>									
Issuance Premiums			-	46,920	-	11,150	35,770	-	
Issuance Discounts			-	(1,072)	-	(989)	(82)	-	
Net Bonds Payable			7,680,000	3,120,848	-	505,161	2,615,687	520,000	
<u>Public Works Trust Fund Loans:</u>									
2003 Loan-Water/Sewer	0.50	06/01/21	273,870	115,634	-	14,454	101,180	14,454	
2003 Loan-Surface Water	0.50	06/01/21	219,725	92,773	-	11,598	81,175	11,597	
2004 Loan-Water/Sewer	0.50-2.00	06/01/24	5,016,000	3,001,749	-	272,886	2,728,863	272,886	
2004 Loan-Surface Water	0.50-2.00	06/01/24	684,000	409,329	-	37,211	372,118	37,212	
2004 Loan-Surface Water	1.00	06/01/24	4,196,056	2,443,586	-	222,145	2,221,441	222,144	
2014 Loan-Sewer	0.5	06/01/32	-	-	248,516	10,426	238,090	13,227	
Total Public Works Trust Fund Loans			10,389,651	6,063,071	248,516	568,721	5,742,866	571,520	
Compensated Absences:			-	319,303	248,514	261,377	306,440	16,229	
Total Business-Type Activities			\$ 18,069,651	\$ 9,503,222	\$ 497,030	\$ 1,335,259	\$ 8,664,994	\$ 1,107,749	
TOTAL ALL FUNDS			\$ 58,435,951	\$ 46,502,360	\$ 8,726,324	\$ 6,514,776	\$ 48,713,909	\$ 3,753,456	

LONG-TERM LIABILITIES RECONCILIATION

	Government Funds	Enterprise Funds	Balance 12-31-14
General obligation bonds	\$ 16,638,221	\$ -	\$ 16,638,221
Special assessment bonds	\$ 6,687,500	-	6,687,500
Revenue bonds	-	2,580,000	2,580,000
Public Works Trust Fund loans	-	5,742,866	5,742,866
Due to Other Governments	6,650,400	-	6,650,400
Employee leave benefits	3,740,162	306,440	4,046,602
Net Premiums/Discounts	562,755	35,687	598,443
Other Post-Employment Benefits	5,341,973	-	5,341,973
Net Pension Liability	427,903	-	427,903
Total long-term debt	\$ 40,048,915	\$ 8,664,993	\$ 48,713,908

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, 2014, the debt limits for the City were as follows:

SUMMARY OF DEBT LIMIT CAPACITIES

Item	Without a Vote	-----With a Vote of the People-----		
	1.5%	2.5%	5.0%	7.5%
Legal Limit	\$ 75,811,181	\$ 126,351,969	\$ 252,703,937	\$ 379,055,906
Outstanding Net Indebtedness	23,177,573	23,177,573	23,177,573	23,177,573
Margin Available	\$ 52,633,608	\$ 103,174,396	\$ 229,526,365	\$ 355,878,333

Long-term Liabilities other than debt

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

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

Local Improvement District No. 33

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

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

A variety of funding sources were used to pay for the project including federal and state grants, impact fees, City funds, a right-of-way donation, and special assessments. The City chose to fund the project internally, rather than obtain external, short-term financing then apply special assessments to property owners after the project was completed. Fund 104 Arterial Streets, where the project was accounted for, loaned the project funds as needed using a draw method at an interest rate of 1.80%. This loan was repaid in 2013 when special assessment bonds were issued.

The City confirmed the assessment roll with a final assessment of \$9,475,894. The prepayment period for the special assessments was open in the fall of 2013 and during that time the City received \$2,788,350 in prepayments. Once the prepayment window closed, the City issued bonds for the remaining outstanding assessments in the amount of \$6,687,500. From these proceeds, the City deposited \$668,750 to the guaranty fund. The first of 15 annual installments for the assessments was due by October 16, 2014.

As of December 31, 2014, the amount of LID Special Assessments that were delinquent was \$34,211. During 2014, several property owners chose to pay the assessment in full. Because of the additional principal payments received, the City has enough funds in the LID No. 33 funds to meet debt service requirements in 2015.

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, 2014 is \$0 for its tax-exempt bond issues subject to the Tax Reform Act.

NOTE 12 –COMMITMENTS

Property Sale Commitment. In December 2014, the City agree to a sell the land parcel commonly known as the Longacre Property for \$1.6 million. The sale is contingent upon the suitability of the property as determined by the purchaser. The examination period to determine suitability expires July 1, 2016.

Construction Commitments. As of December 31, 2014, the City share of contractual obligations on construction projects total \$7,481,806.

	Remaining Commitment
Governmental Activities	
Interurban Avenue South	\$ 2,505,008
Cascade View Safe Routes to School	51,900
Thorndykd Elementary Safe Routes to School	825,173
City Facilities Needs Assessment & Feasibility	161,945
42nd Ave South Road Improvements	116,614
Boeing Access Road Bridge Rehabilitation	322,938
South 144th Street	99,757
Tukwila Urban Center - Pedestrian/Bicycle Bridge	406,719
Other governmental projects	549,993
Total Governmental Activities	\$ 5,040,047
Business-Type Activities Projects	
CBD Sewer Rehabilitation	\$ 425,242
EMW South Storm Pipe Replacement	1,093,384
Tukwila 205 Levee Certification	434,015
Andover Park West	219,754
Other Utility related projects	269,364
Total Business-Type Activities	\$ 2,441,759
Total CIP/Commitments	\$ 7,481,806

NOTE 13 – POLLUTION REMEDIATION AND OTHER POTENTIAL LITIGATION

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

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

NOTE 14 – RISK MANAGEMENT

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 175 Members.

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

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

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

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

The City insures its buildings, equipment, and vehicle property insurance with WCIA. They self-fund up to \$250,000 with standard property insurance purchased above that amount. Traveler's insures boiler machinery and provides for employee dishonesty coverage.

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

There were no significant reductions in insurance coverage in the past year. During the year under audit and in the past three years, no settlement has exceeded insurance coverage.

The City self-insures for unemployment benefits. This is budgeted each year and has not exceeded \$60,000 per year. This expense is budgeted in the Finance Department within the general fund and no reserves are allocated because of the limited liability and historical cost.

The City also self-insures for medical, dental and other health care benefits. A third-party administrator, Healthcare Management Administrators, Inc., provides claims administration. The City has a stop-loss policy with Sun Life Insurance Company, which provides individual limits of \$150,000 and a plan limit of \$9,045,316 in 2014. Each fund contributes an appropriate amount each year to pay premiums and claims. Liabilities include an actuarially determined amount for claims that have been incurred but not reported (IBNR's) and a contingency reserve equal to 2.5 times the IBNR reserve.

The IBNR liability is estimated using actuarial methods. Based on results as well as a review of actual run-out, average lag days of 67.0 days for medical, 20.1 days for pharmacy, 32.6 days for dental, and 53.6 days for vision were selected. Using average lag days and net adjusted paid claims, the IBNR liability was estimated as of June 30, 2014. Next, the estimated IBNR liability as of December 31, 2014 was developed by trending the June 30, 2014

estimates to year-end. No explicit margin for claims fluctuations was added because the amount of the reserve in the fund balance is sufficient to cover expected claims fluctuations. Administrative costs were then added.

The following table reflects changes in the balances of claims liabilities for 2014 and 2013.

SUMMARY OF HEALTH CARE CLAIM LIABILITIES

ITEM	Active Employees		Retired Employees LEOFF I	
	2014	2013	2014	2013
Claim Liabilities at Beginning of Year	\$ 1,669,250	\$ 1,638,250	\$ 214,250	\$ 209,500
Claim expenses:				
Current year and changes in estimates	6,633,199	4,745,675	959,835	817,357
Claim payments and expenses	(6,042,449)	(4,714,675)	(888,335)	(812,607)
Claim Liabilities at End of Year	\$ 2,260,000	\$ 1,669,250	\$ 285,750	\$ 214,250

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENTS

Change in Accounting Principle. The City of Tukwila recorded a Change in Accounting Principle concerning valuation of inventory in the enterprise funds. Previously, inventory was report for items purchased for resale as well as supplies and small tools used to maintain the City’s utility systems. Inventory is now defined as items purchased for resale to external customers or other City departments, or supplies 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. There were no material amount on-hand for supplies at year-end. The inventory is valued at average cost using the consumption method and there is a physical inventory count taken annually at year-end.

Inventory adjustment is as follows:

Water Fund	\$250,180
Sewer Fund	51,826
Golf Course Fund	206,154
Surface Water Fund	48,379
Total Inventory Adjustment	<u>\$556,539</u>

Prior Period Adjustments. Prior to 2014, the City recorded all purchases pertaining to the Tukwila Village Redevelopment Project totaling \$7,732,514 in Land and \$1,736,585 in Construction Work in Progress as capital assets not being depreciated. In 2014, an entry was made to reduce the cost of property by \$3,674,099 to net realizable value and reclassify the resulting \$5,795,000 property value as redevelopment property held for resale. Since this reduction and reclassification should have occurred in 2012 when the developer agreement was approved, the correction in 2014 has resulted in a prior period adjustment which is reflected as decreases to both the Land and Construction in Progress categories of total capital assets not being depreciated.

Additionally, in prior years certain road construction and other repair and maintenance project costs were classified as construction in progress rather than as expense. This resulted in construction in-progress being overstated by \$11,679,224 in the governmental funds and \$869,657 in the enterprise funds. A recap of the prior period adjustments follows:

PRIOR PERIOD ADJUSTMENT RECAP

Description of Adjustment	Governmental		Total Governmental	Business-Type	TOTAL
	General Fixed Asset Group	Facilities Fund			
<i>Tukwila Village Real Property:</i>					
Reduce property held for resale to net realizable value	\$ (3,674,099)	\$ -	\$ (3,674,099)		\$ (3,674,099)
Report property held for resale in the acquiring fund, the Facilities fund	(5,795,000)	5,795,000	-		-
<i>Repair and Maintenance Costs:</i>					
Remove repair and maintenance costs from capital assets	(11,679,224)		(11,679,224)	(869,647)	(12,548,871)
Total Prior Period Adjustment	\$ (21,148,323)	\$ 5,795,000	\$ (15,353,323)	\$ (869,647)	\$ (16,222,970)

NOTE 16 – SPECIAL ITEM

The City purchased 3 motels in the Tukwila International Boulevard urban renewal area in 2014. The motels were purchased for a total of \$3,570,000. The City plans to demolish the motels and hold the property as an investment until sale to a developer. Because assets held for resale cannot be reported at more than the anticipated net realizable value, the City reduced the asset cost by \$1,995,000 as a valuation adjustment. This valuation adjustment is reported as a special item on the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 17 - SUBSEQUENT EVENTS

On April 14, 2015, the City sold \$5,825,000 limited tax general obligation bonds to pay for the rehabilitation of Boeing Access Road Bridge and improvements to Interurban Avenue South including the design and construction of sidewalks and other improvements. The bonds will be repaid over a 20 year period. Other funding sources for these projects include both federal and state grants as well as mitigation payments from developers.

As part of the City's Urban Renewal Tukwila International Boulevard Redevelopment Project, the City purchased a motel for \$1,240,000 on February 12, 2015. This is the fourth property in the Urban Renewal area that the City has purchased. The City purchased 3 properties in 2014 for a total of \$3,570,000 to be sold to a developer in the future. Additionally, the City drew \$1,240,000 on January 28, 2015 in connection with an additional property purchase.



CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 40,531,227	\$ 40,928,467	\$ 42,219,026	\$ 1,290,559
Licenses and permits	1,946,189	1,946,189	2,114,638	168,449
Intergovernmental	4,431,126	5,194,126	5,307,861	113,735
Charges for services	2,434,606	2,532,366	2,553,690	21,324
Fines and Foreitures	234,829	234,829	264,934	30,105
Investment earnings	147,573	147,573	130,859	(16,714)
Miscellaneous	122,318	122,318	144,678	22,360
Total Revenues	49,847,868	51,105,868	52,735,687	1,629,819
EXPENDITURES:				
Current:				
General Government	7,524,598	7,760,615	7,146,957	613,658
Public Safety	26,591,487	27,144,970	27,204,740	(59,770)
Physical environment	2,024,753	1,794,753	1,789,658	5,095
Transportation	2,910,132	2,910,132	2,605,602	304,530
Economic environment	3,783,890	3,855,890	3,662,211	193,679
Culture and recreation	3,706,321	3,827,021	3,808,476	18,545
Capital outlay	161,540	672,540	407,400	265,140
Total Expenditures	46,702,721	47,965,921	46,625,044	1,340,877
Excess Of Revenues And Expenditures	3,145,147	3,139,947	6,110,644	2,970,697
OTHER FINANCING SOURCES (USES):				
Bond proceeds	121,457	121,457	-	(121,457)
Transfers in	6,555,000	6,555,000	1,000,000	(5,555,000)
Transfers out	(8,671,650)	(8,492,050)	(6,900,080)	1,591,970
Total Other Financing Sources And Uses	(1,995,193)	(1,815,593)	(5,900,080)	(4,084,487)
Net change in fund balances	1,149,954	1,324,354	210,564	(1,113,791)
Fund balances - beginning	8,385,069	10,660,069	17,285,986	6,625,917
Fund balances - beginning as restated	8,385,069	10,660,069	17,285,986	6,625,917
Fund Balances - Ending	\$ 9,535,023	\$ 11,984,423	\$ 17,496,550	\$ 5,512,126

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
METROPOLITAN PARK DISTRICT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 704,395	\$ 704,395	\$ 698,279	\$ (6,116)
Intergovernmental	30,000	30,000	24,001	(5,999)
Charges for services	248,310	248,310	218,662	(29,648)
Miscellaneous	(9,000)	(9,000)	12,781	21,781
Total Revenues	973,705	973,705	953,722	(19,983)
EXPENDITURES:				
Current:				
Culture and recreation	685,085	685,085	709,100	(24,015)
Debt service:				
Interest	35,249	35,249	34,936	313
Capital outlay	-	-	3,728	(3,728)
Total Expenditures	720,334	720,334	747,765	(27,431)
Excess Of Revenues And Expenditures	253,371	253,371	205,957	(47,414)
OTHER FINANCING SOURCES (USES):				
Transfers out	(80,000)	-		-
Total Other Financing Sources And Uses	(80,000)	-	-	-
Net change in fund balances	173,371	253,371	205,957	(47,414)
Fund balances - beginning	440,537	440,537	(1,566,175)	(2,006,712)
Fund Balances - Ending	\$ 613,908	\$ 693,908	\$ (1,360,218)	\$ (2,054,126)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

Expenditure Categories

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

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

FIREMEN'S PENSION TRUST FUND

SCHEDULE OF FUNDING PROGRESS

(Rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2005	\$1,265	\$1,182	(\$83)	107%	\$608	N/A
January 1, 2007	1,336	1,310	(26)	102	463	N/A
January 1, 2009	1,445	1,610	165	90	442	37
January 1, 2011	1,430	1,582	152	90	0	N/A
January 1, 2013	1,416	1,296	(120)	109	0	N/A
January 1, 2014*	1,409	1,853	444	76	0	N/A

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

Schedule of Changes in the City's Net Pension Liability and Related Ratios	
Total Pension Liability	2014
Service Cost	\$ -
Interest	50,098
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, included refunds of employee contributions	(61,863)
Net change in total pension liability	(11,764)
Total pension liability – beginning	1,852,693
Total pension liability – ending (a)	\$ 1,840,929

Plan Fiduciary Net Position	
Contributions – employer	\$ 64,114
Contributions – employee	-
Net investment income	1,805
Benefit payments, including refunds of employee contributions	(61,863)
Administrative expense	-
Other	-
Net change in plan fiduciary net position	4,056

Plan fiduciary net position – beginning	1,408,970
Plan fiduciary net position – ending (b)	1,413,026
City’s net pension liability – ending (a) – (b)	\$ 427,903
Plan fiduciary net position as a percentage of the total pension liability	76.76%
Covered-employee payroll	\$ -
City’s net pension liability as a percentage of covered-employee payroll	n/a

Notes to schedule:

The following assumptions were changed as of 1/1/2014: discount rate changed to 2.75%, salary increases changed to 3.75%, CPI changed to 2.75%, mortality tables updated to RP-2014 with Scale MP-2014 projections. These changes to assumptions and experience differences increased liabilities approximately \$567,000. GASB 67, *Financial Reporting for Pension Plans*, was adopted as of January 1, 2014, therefore liabilities were fresh-started at this date.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the		Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
		Statutorily Determined Contribution				
December 31, 2005	\$ 40,983	\$ 52,571		\$ -	\$ -	n/a
December 31, 2006	45,951	45,951		-	-	n/a
December 31, 2007	50,555	50,555		-	-	n/a
December 31, 2008	52,571	52,571		-	-	n/a
December 31, 2009	48,537	48,537		-	-	n/a
December 31, 2010	49,989	49,989		-	-	n/a
December 31, 2011	54,865	54,865		-	-	n/a
December 31, 2012	52,249	52,249		-	-	n/a
December 31, 2013	56,962	56,962		-	-	n/a
December 31, 2014	64,114	64,114		-	-	n/a

Notes to Schedule:

Contributions are a portion of State Fire Insurance Premiums.

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

Notes to Schedule:

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

The key actuarial assumptions used for the January 1, 2015 valuation were:

Assumption	Rates
Actuarial Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Measurement Date	January 1, 2015
Discount Rate (or Investment Return)	We based the long-term expected rate of return on pension plan investments assumption on the nature and mix of current and expected pension plan assets over a period of time representative of the expected length of time between the first day of service and date of the last benefit payment. The rate of 2.75% was selected.
Cost of Living	2.75%, based on SSA OASDI 2014 report.
Salary Increases (for calculated benefit increases based on rank)	3.75%, based on SSA OASDI 2014 report.
Healthy Mortality	RP-2014 mortality table, total dataset, fully generational with mortality improvement scale MP-2014 setback one year for males and set forward one year for females.
Disabled Mortality	RP-2014 mortality table, total dataset, fully generational with mortality improvement scale MP-2014 set forward two years for males and females.
Spouse Age	We assumed that wives are three years younger than husbands.
Under the Firemen's Pension Trust fund, most adjustments are based on the change in salary for the rank of members held at retirement or based on the Consumer Price Index. Adjustments are determined in accordance with RCW 41.18.150, RCW 41.20 and RCW 41.26	

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

SCHEDULE OF FUNDING PROGRESS
(Rounded to thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)*	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$0	\$16,103	\$16,103	0%	\$581	4%
January 1, 2011	0	14,805	14,805	0	371	3
January 1, 2014	0	21,264	21,264	0	195	1
January 1, 2015	0	29,538	29,538	0	132	0

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Employer Contributions	Annual Required Contributions (ARC)	Percentage of ARC Contributed
December 31, 2009	\$335,265	\$1,366,284	25%
December 31, 2010	317,771	1,366,284	23
December 31, 2011	335,090	1,264,522	26
December 31, 2012	404,007	1,264,522	32
December 31, 2013	878,755	1,264,522	69
December 31, 2014	905,974	1,903,679	48

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

Assumption	Rates
Actuarial Cost Method	Entry Age Normal method.
Measurement Date	January 1, 2015
Discount Rate (or Investment Return)	Selected the assumed discount rate of 2.75% based on the five-year average investment yield on the investments expected to finance the payment of benefits.
Healthy Mortality	RPH-2014 mortality table (headcount weighted), total dataset, fully generational with mortality improvement scale MP-2014 setback one year for males and set forward one year for females.
Disabled Mortality	RPH-2014 mortality table (headcount weighted), total dataset, fully generational with mortality improvement scale MP-2014 set forward two years for males and females.

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

NON-MAJOR GOVERNMENTAL FUNDS

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
DECEMBER 31, 2014

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 502,966	\$ 673,804	\$ 3,405,074	\$ 4,581,844
Receivables:				
Taxes	75,021	-	42,831	117,852
Customer accounts	95,679	-	-	95,679
Due from other governmental units	-	-	213,215	213,215
Current assets restricted:				
Cash and cash equivalents	21,054	-	-	21,054
Total Assets	\$ 694,719	673,804	3,661,120	5,029,643
LIABILITIES AND FUND BALANCES:				
Current liabilities				
Accounts payable	41,900	-	254,672	296,572
Accrued wages and benefits	15,187	-	6,883	22,070
Customer deposit	-	-	14,459	14,459
Total Liabilities	57,087	-	276,014	333,101
Fund balances:				
Restricted	637,632	668,849	2,455,219	3,761,700
Assigned	-	4,955	929,886	934,841
Total Fund balances	637,632	673,804	3,385,106	4,696,541
Total Liabilities and Fund Balances	\$ 694,719	\$ 673,804	\$ 3,661,120	\$ 5,029,643

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
REVENUES:				
TAXES:				
Taxes	\$ 596,781	\$ -	\$ 431,680	\$ 1,028,462
Intergovernmental	6,500	61,825	774,571	842,896
Charged for services	834,137	-	66,862	900,999
Investment earnings	587	298	3,655	4,541
Miscellaneous	56,089	-	-	56,089
Total Revenues	1,494,094	62,123	1,276,768	2,832,986
EXPENDITURES:				
Current:				
General government	-	-	110,851	110,851
Economic environment	1,564,621	-	-	1,564,621
Physical environment	-	-	18,335	18,335
Public safety	49,572	-	-	49,572
CULTURAL AND RECREATION	-	-	163,075	163,075
Debt service				
Principal	-	2,288,988	-	2,288,988
Interest	-	926,521	-	926,521
Capital Outlay	32,825	-	1,424,223	1,457,047
Total Expenditures	1,647,018	3,215,510	1,716,484	6,579,011
Exces (deficiency) of revenues				
Over (Under) Expenditures	(152,923)	(3,153,386)	(439,716)	(3,746,025)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,150,080	300,000	3,450,080
Total Other Financing Sources And Uses	-	3,150,080	300,000	3,450,080
Net change in fund balances	(152,923)	(3,306)	(139,716)	(295,945)
Fund balances - beginning	790,555	677,110	3,524,822	4,992,487
Fund Balances - Ending	\$ 637,632	\$ 673,804	\$ 3,385,106	\$ 4,696,541



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Hotel/Motel Tax Fund

Established to account for the proceeds of a special excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under Chapter 82.08 RCW. The tax applies to lodging by hotel, rooming house, tourist court, motel or trailer camp. Proceeds from this tax may only be used to promote tourism.

Drug Seizure Fund

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

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
ASSETS:			
Cash and cash equivalents	\$ 431,858	\$ 71,108	\$ 502,966
Receivables:			
Current taxes receivables	75,021	-	75,021
Customer Accounts	95,679	-	95,679
Current Assets Restricted:			
Cash and cash equivalents	-	21,054	21,054
Total Assets	602,558	92,161	694,719
LIABILITIES AND FUND BALANCES:			
Accounts payable	11,526	30,374	41,900
Accrued wages and benefits	15,187	-	15,187
Total Liabilities	26,714	30,374	57,087
Fund balances:			
Restricted	575,844	61,787	637,632
Total Fund Balances	575,844	61,787	637,632
Total Liabilities and Fund Balances	\$ 602,558	\$ 92,161	\$ 694,719

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, 2014

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
REVENUES:			
Taxes	\$ 596,781	\$ -	\$ 596,781
Intergovernmental	-	6,500	6,500
Charges for services	834,137	-	834,137
Investment earnings	555	32	587
Miscellaneous	8,580	47,509	56,089
Total Revenue	1,440,053	54,042	1,494,094
EXPENDITURES:			
Current:			
Public safety	-	49,572	49,572
Economic environment	1,564,621	-	1,564,621
Debt service:	-	-	-
Capital outlay	14,533	18,292	32,825
Total Expenditures	1,579,154	67,864	1,647,018
Excess (deficiency) of revenues			
Over (Under) Expenditures	(139,101)	(13,822)	(152,923)
 Net change in fund balances	 (139,101)	 (13,822)	 (152,923)
Fund balances - beginning	714,946	75,609	790,555
Fund Balances - ending	\$ 575,844	\$ 61,787	\$ 637,632



NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

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

Local Improvement District Guaranty Fund

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.

Limited Tax G.O. Refunding 2003

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

Limited Tax G.O. Refunding 2008

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

Limited Tax G.O. 2009A, Taxable Build America Bonds 2009B

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

Limited Tax G.O. Bonds, 2010A, Taxable Build America Bonds 2010B

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

Limited Tax G.O. Refunding 2010

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

Limited Tax G.O. Refunding 2011

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

Limited Tax G.O. 2013

This fund provides payment to the Fiscal Agent for principal and interest on bonds issued in November 2013. The proceeds were loaned to the Tukwila Metropolitan Park District to pay for improvements to the pool.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2014

	Special Assesment Bonds Guaranty Fund 2013	LTGO Refunding Bonds 2003 (Ref 1999)	LTGO Refunding Bonds 2008 (Ref 1999)	Score LTGO Bonds 2009*	LTGO Bonds 2010**	Valley Com LTGO Refunding Bonds 2010 (Ref 2000)	LTGO Refunding Bonds 2011 (Ref 2003)	LTGO Bonds 2013	Total Nonmajor Debt Service Funds
ASSETS:									
Cash and cash equivalents	\$ 669,147	\$ 195	\$ 416	\$ 2	\$ 2,710	\$ 794	\$ 539	\$ -	\$ 673,804
TOTAL ASSETS	669,147	195	416	2	2,710	794	539	-	673,804
LIABILITIES AND FUND BALANCES:									
Total Liabilities	-	-	-	-	-	-	-	-	-
Fund balances:									
Restricted	668,849	-	-	-	-	-	-	-	668,849
Assigned	298	195	416	2	2,710	794	539	-	4,955
Total Fund Balances	669,147	195	416	2	2,710	794	539	-	673,804
Total Liabilities and Fund Balances	\$ 669,147	\$ 195	\$ 416	\$ 2	\$ 2,710	\$ 794	\$ 539	\$ -	\$ 673,804

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

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

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Assessment Bonds Guaranty Fund 2013	LTGO Refunding Bonds 2003 (Ref 1994)	LTGO Refunding Bonds 2008 (ref 1999)	Score LTGO Bonds 2009*	LTGO Bonds 2010**	Valley Com LTGO Refunding Bonds 2010 (Ref 2000)	LTGO Refunding Bonds 2011 (Ref 2003)	LTGO Bonds 2013	Total Nonmajor Debt Service Funds
REVENUES:									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 61,825	\$ -	\$ -	\$ -	\$ 61,825
Investment earnings	298	-	-	-	-	-	-	-	298
Total revenues	298	-	-	-	61,825	-	-	-	62,123
EXPENDITURES:									
Debt service									
Principal	-	465,000	595,000	159,200	365,000	212,000	395,000	97,788	2,288,988
Interest	-	23,250	217,000	282,551	218,425	17,280	152,675	15,342	926,522
Total Expenditures	-	488,250	812,000	441,751	583,425	229,280	547,675	113,130	3,215,511
Excess (deficiency) of revenues									
Over (Under) Expenditures	298	(488,250)	(812,000)	(441,751)	(521,600)	(229,280)	(547,675)	(113,130)	(3,153,387)
OTHER FINANCING SOURCES (USES):									
Transfers in	-	488,250	812,000	440,300	518,400	230,000	548,000	113,130	3,150,080
Total Other Financing Source And Uses	-	488,250	812,000	440,300	518,400	230,000	548,000	113,130	3,150,080
Net change in fund balances	298	-	-	(1,451)	(3,200)	720	325	-	(3,307)
Fund balances - beginning	668,849	195	416	1,453	5,910	74	214	-	677,110
Fund Balances - Ending	\$ 669,147	\$ 195	\$ 416	\$ 2	\$ 2,710	\$ 794	\$ 539	\$ -	\$ 673,803

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

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



NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

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

Street

Established in accordance with RCW 35A.37.010 to account for maintenance and improvement of the City's street and traffic control systems. Major sources of support are general tax revenues and the State-levied tax on motor vehicle fuels distributed to Tukwila, to be used for City Street purposes.

Land Acquisition, Recreation, and Park Development

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

General Government Improvements

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

Fire Improvements

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

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2014

	Residential Street	Land ACQ. Rec & Park Development	General Government Improvements	Fire Improvements	Total Nonmajor Capital Project Funds
ASSETS:					
Cash and cash equivalents	\$ 1,175,916	\$ 1,293,747	\$ 430,911	\$ 504,500	\$ 3,405,074
Receivables:					
Taxes	42,831	-	-	-	42,831
Due from other governmental units	115,233	97,982	-	-	213,215
Total Assets	1,333,980	1,391,728	430,911	504,500	3,661,120
LIABILITIES AND FUND BALANCES:					
Current payables:					
Accounts payables	153,989	89,076	11,608	-	254,672
Accrued wages and benefits	2,866	473	3,543	-	6,883
Customer deposit	12,832	-	1,627	-	14,459
Total Liabilities	169,687	89,549	16,778	-	276,014
Fund balances:					
Restricted	832,875	1,117,845	-	504,500	2,455,219
Assigned	331,418	184,335	414,133	-	929,886
Total Fund Balance	1,164,293	1,302,180	414,133	504,500	3,385,106
Total Liabilities and Fund Balances	\$ 1,333,980	\$ 1,391,728	\$ 430,911	\$ 504,500	\$ 3,661,120

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, 2014

	Residential Street	Land ACQ. Rec & Park Development	General Government Improvements	Fire Improvements	Total Nonmajor Capital Projects Funds
REVENUES:					
Taxes	\$ -	\$ 431,680	\$ -	\$ -	\$ 431,680
Charges for services	-	-	-	66,862	66,862
Intergovernmental	685,954	88,617	-	-	774,571
Investment earnings	1,418	1,400	421	416	3,655
Total Revenues	687,372	521,697	421	67,278	1,276,768
EXPENDITURES:					
Current:					
General government	-	-	110,851	-	110,851
Physical environment	-	11,398	6,937	-	18,335
Culture and recreation	-	163,075	-	-	163,075
Capital Outlay	1,039,035	264,933	120,254	-	1,424,223
Total Expenditures	1,039,035	439,407	238,042	-	1,716,484
Exces (deficiency) of revenues Over (Under) Expenditures	(351,663)	82,290	(237,621)	67,278	(439,716)
OTHER FINANCING SOURCES (USES):					
Transfers in	100,000	-	200,000	-	300,000
Total Other Financing Sources And Uses	100,000	-	200,000	-	300,000
Net change in fund balances	(251,663)	82,290	(37,621)	67,278	(139,716)
Fund balances - beginning	1,415,955	1,219,890	451,755	437,222	3,524,822
Fund Balances - ending	\$ 1,164,293	\$ 1,302,180	\$ 414,133	\$ 504,500	\$ 3,385,106

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, 2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Special assessment	\$ 600,000	\$ 600,000	\$ 701,723	\$ 101,723
Investment earnings	248,400	248,400	338,950	90,550
Miscellaneous	-	-	1,352	1,352
Total Revenues	848,400	848,400	1,042,024	193,624
EXPENDITURES:				
Debt service:				
Principal	600,000	600,000	-	600,000
Interest	248,400	248,400	-	248,400
Total Expenditures	848,400	848,400	-	848,400
Excess Of Revenues And Expenditures	-	-	1,042,024	1,042,024
Net change in fund balances	-	-	1,042,024	1,042,024
Fund balances - beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ 1,042,024	\$ 1,042,024

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, 2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 281,000	\$ 281,000	\$ 496,017	\$ 215,017
Intergovernmental	18,862,000	16,412,000	8,123,368	(8,288,632)
Charges for services	-	-	165,181	165,181
Investment earnings	-	-	3,653	3,653
Micellaneous	80,000	538,000	139,494	(398,506)
Total Revenues	19,223,000	17,231,000	8,927,713	(8,303,287)
EXPENDITURES:				
Current:				
Transportation	-	25,500	3,214,999	(3,189,499)
Capital outlay	25,212,291	26,574,791	8,282,737	18,292,054
Total Expenditures	25,212,291	26,600,291	11,497,736	15,102,555
Excess (deficiency) of revenues				
Over (Under) Expenditures	(5,989,291)	(9,369,291)	(2,570,023)	6,799,268
OTHER FINANCING SOURCES (USES):				
Transfers in	1,850,000	1,850,000	2,850,000	1,000,000
Transfers out	-	-	-	-
General obligation bonds proceeds	3,920,000	5,900,000	-	(5,900,000)
Total Other Financing Sources And Uses	5,770,000	7,750,000	2,850,000	(4,900,000)
Net change in fund balances	(219,291)	(1,619,291)	279,977	1,899,268
Fund balance - beginning	311,395	2,781,395	1,095,535	(1,685,860)
Fund Balances - Ending	\$ 92,104	\$ 1,162,104	\$ 1,375,512	\$ 213,408

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FACILITIES CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31,2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ 5,602	\$ 5,602	\$ 1,216	\$ (4,386)
Miscellaneous	-	-	-	-
Total Revenues	5,602	5,602	1,216	(4,386)
EXPENDITURES:				
Current:				
General Government	-	-	247,365	(247,365)
Capital outlay	10,000	10,000	-	10,000
Total Expenditures	10,000	10,000	247,365	(237,365)
Excess Of Revenues And Expenditures	(4,398)	(4,398)	(246,149)	(241,751)
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	4,355,000	4,355,000	-	(4,355,000)
Bond proceeds	-	-	3,850,000	3,850,000
Transfers out	(4,355,000)	(4,355,000)	(1,000,000)	3,355,000
Total Other Financing Sources And Uses	-	-	2,850,000	2,850,000
Net change in fund balances before special item	(4,398)	(4,398)	2,603,851	2,608,249
Special item			(1,995,000)	(1,995,000)
Net change in fund balances after special item	(4,398)	(4,398)	608,851	613,249
Fund balances - beginning	1,415,602	1,415,602	1,902,602	487,000
Prior period adjustment	-	-	5,795,000	5,795,000
Fund balances - beginning as restated	1,415,602	1,415,602	7,697,602	6,282,000
Fund Balances - Ending	\$ 1,411,204	\$ 1,411,204	\$ 8,306,453	\$ 6,895,249

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, 2014

	Original Budget (Gaap Basis)	Final Bduget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Taxes	\$ 565,000	\$ 565,000	\$ 596,781	\$ 31,781
Charges for services	838,550	853,550	834,137	(19,413)
Investment earnings	1,766	1,766	555	(1,211)
Miscellaneous	12,000	12,000	8,580	(3,420)
Total Revenues	1,417,316	1,432,316	1,440,053	7,737
EXPENDITURES:				
Current:				
Economic environment	1,639,003	1,631,103	1,564,621	66,482
Capital outlay:				
Economic environment	10,000	10,000	14,533	(4,533)
Total Expenditures	1,649,003	1,641,103	1,579,154	61,949
Excess (deficiency) of revenues				
Over (Under) Expenditures	(231,687)	(208,787)	(139,101)	69,686
Net change in fund balances				
	(231,687)	(208,787)	(139,101)	69,686
Fund balances - beginning				
	\$ 528,484	\$ 525,584	714,946	189,362
Fund Balances - Ending				
	\$ 296,797	\$ 316,797	\$ 575,844	\$ 259,047

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, 2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget positive (Negative)
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 32	\$ (968)
Intergovernmental	-	-	6,500	6,500
Fines and forfeitures	20,000	20,000	47,509	27,509
Total Revenues	21,000	21,000	54,042	33,042
EXPENDITURES:				
Current:				
Public safety	55,000	55,000	49,572	5,428
Capital outlay:				
Public safety	-	-	18,292	(18,292)
Total Expenditures	55,000	55,000	67,864	5,428
Excess (deficiency) of revenues				
Over (Under) Expenditures	(34,000)	(34,000)	(13,822)	20,178
OTHER FINANCING SOURCES (USES):				
Transfers in	75,000	75,000	-	(75,000)
Total Other Financing Sources And Uses	75,000	75,000	-	(75,000)
 Net change in fund balances	 41,000	 41,000	 (13,822)	 (54,822)
Fund Balances - beginning	321,000	246,000	75,609	(170,391)
Fund Balances - Ending	\$ 362,000	\$ 287,000	\$ 61,787	\$ (225,213)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31,2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 66,657	\$ 66,657	\$ 61,825	\$ (4,832)
Investment earnings	-	-	298	298
Total Revenues	66,657	66,657	62,123	(4,534)
EXPENDITURES:				
Debt service:	-	-	-	
Principal	2,191,000	2,191,200	2,288,988	(97,788)
Interest	901,795	912,195	926,521	(14,326)
Total Expenditures	3,092,795	3,103,395	3,215,510	(112,115)
Excess Of Revenues And Expenditures	(3,026,138)	(3,036,738)	(3,153,386)	(116,648)
OTHER FINANCING SOURCES (USES):				
Transfers in	3,028,650	3,093,515	3,150,080	56,565
Total Other Financing Sources And Uses	3,028,650	3,093,515	3,150,080	56,565
Net change in fund balances	2,512	56,777	(3,306)	(60,083)
Fund balances - beginning	8,289	688,289	677,110	(11,179)
Fund Balances - Ending	\$ 10,801	\$ 745,066	\$ 673,804	\$ (71,262)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RESIDENTIAL STREET CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 660,000	\$ 955,000	\$ 685,954	\$ (269,046)
Investment earnings	1,000	1,000	1,418	418
Total Revenues	661,000	956,000	687,372	(268,628)
EXPENDITURES:				
Current:				
Transportation	-	-	-	-
Capital outlay	650,000	1,350,000	1,039,035	310,965
Total Expenditures	650,000	1,350,000	1,039,035	310,965
Excess Of Revenues And Expenditures	11,000	(394,000)	(351,663)	42,337
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	100,000	-
Total Other Financing Sources And Uses	100,000	100,000	100,000	-
Net change in fund balances	111,000	(294,000)	(251,663)	42,337
Fund balances - beginning	512,000	1,107,000	1,415,955	308,955
Fund Balances - Ending	\$ 623,000	\$ 813,000	\$ 1,164,293	\$ 351,293

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LAND & PARK ACQUISITION CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 130,000	\$ 130,000	\$ 431,680	\$ 301,680
Intergovernmental	1,970,000	2,500,000	88,617	(2,411,383)
Charges for services	115,000	115,000	-	(115,000)
Fines and Foreitures	-	-	-	-
Investment earnings	1,000	1,000	1,400	400
Miscellaneous	500,000	500,000	-	(500,000)
Total Revenues	2,716,000	3,246,000	521,697	(2,724,303)
EXPENDITURES:				
Current:				
Physical environment	-	-	11,398	(11,398)
Culture and recreation	-	-	163,075	(163,075)
Capital outlay	2,682,000	3,762,000	264,933	3,497,067
Total Expenditures	2,682,000	3,762,000	439,407	3,322,593
Excess Of Revenues And Expenditures	34,000	(516,000)	82,290	598,290
OTHER FINANCING SOURCES (USES):				
Transfers in	212,000	212,000	-	(212,000)
Total Other Financing Sources And Uses	212,000	212,000	-	(212,000)
Net change in fund balances	246,000	(304,000)	82,290	386,290
Fund balances - beginning	527,000	1,027,000	1,219,890	192,890
Fund Balances - Ending	\$ 773,000	\$ 723,000	\$ 1,302,180	\$ 579,180

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL GOVERNMENT IMPROVEMENTS CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31,2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ 842	\$ 842	\$ 421	\$ (421)
Total Revenues	842	842	421	(421)
EXPENDITURES:				
Current:				
General Government	-	-	110,851	(110,851)
Physical environment	-	-	6,937	(6,937)
Capital outlay	335,205	335,205	120,254	214,951
Total Expenditures	335,205	335,205	238,042	97,163
Excess Of Revenues And Expenditures	(334,363)	(334,363)	(237,621)	96,742
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	500,000	200,000	(300,000)
Total Other Financing Sources And Uses	500,000	500,000	200,000	(300,000)
Net change in fund balances	165,637	165,637	(37,621)	(203,258)
Fund balances - beginning	92,905	792,905	451,755	(341,150)
Fund Balances - Ending	\$ 258,542	\$ 958,542	\$ 414,133	\$ (544,409)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE IMPROVEMENTS CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31,2014

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Fire impact fees	\$ 50,000	\$ 50,000	\$ 66,862	\$ 16,862
Investment earnings	100	100	416	316
Total Revenues	50,100	50,100	67,278	17,178
EXPENDITURES:				
Current:				
Public Safety	-	-	-	-
Capital outlay	-	5,000	-	5,000
Total Expenditures	-	5,000	-	5,000
Excess Of Revenues And Expenditures	50,100	45,100	67,278	22,178
Net change in fund balances	50,100	45,100	67,278	22,178
Fund balances - beginning	350,100	295,100	437,222	142,122
Fund Balances - Ending	\$ 400,200	\$ 340,200	\$ 504,500	\$ 164,300

NON-MAJOR INTERNAL SERVICE FUNDS

Internal Service Funds

The City Internal Service Funds are used to account for the financing of special services performed by designated department within the City of Tukwila to other departments within the City. They provide a service and 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 user departments. All premiums, medical and dental costs and ancillary charges are included. The LEOFF I retiree portion of this program was split off into a separate Insurance Fund to accommodate new reporting regulations as of January 1, 2004.

Insurance LEOFF I Fund

This fund was created to account for the City's self-insured medical plan for LEOFF I retirees. This fund receives contributions on behalf of retired LEOFF I employees through their respective organization units. Medical, dental and prescription claims and program administrative fees are expensed in this fund.

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2014

	Equipment Rental	Insurance Active Employees	Insurance - Leoff I Retirees	Total Internal Service Funds
ASSETS:				
Current assets				
Cash and cash equivalents	\$ 4,040,340	\$ 430,878	\$ 526,650	4,997,868
Investments	681,526	4,279,885	-	4,961,411
Receivables				
Customer accounts	3,858	-	-	3,858
Interest on investments	1,879	42,375	-	44,255
Inventory of materials and supplies	14,971	-	-	14,971
Total Current Assets	4,742,574	4,753,138	526,650	10,022,362
NONCURRENT ASSETS:				
Capital Assets:				
Machinery and equipment	13,799,027	-	-	13,799,027
Less: accumulated depreciation	(9,560,964)	-	-	(9,560,964)
Total Capital Assets (Net Of A/D)	4,238,063	-	-	4,238,063
Total Noncurrent Assets	4,238,063	-	-	4,238,063
Total Assets	8,980,637	4,753,138	526,650	14,260,425
LIABILITIES:				
Accounts payable	27,736	-	3,256	30,992
Accrued wages and benefits	18,754	-	-	18,754
Other liabilities	-	2,260,000	285,750	2,545,750
Total Liabilities	46,490	2,260,000	289,006	2,595,496
NET POSITION:				
Net investment in capital assets	4,238,064	-	-	4,238,064
Unrestricted	4,696,083	2,493,138	237,644	7,426,866
Total Net Position	\$ 8,934,147	\$ 2,493,138	\$ 237,644	\$ 11,664,929

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Equipment Rental	Insurance Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 2,528,690	\$ 4,437,041	\$ 300,000	\$ 7,265,731
Other operating revenue	1,108	61,380	-	62,488
Total Operating Revenue	2,529,798	4,498,422	300,000	7,328,220
OPERATING EXPENSES:				
Operations & maintenance	1,243,020	6,556,711	949,930	8,749,661
Administrative & general	298,930	75,500	9,906	384,336
Depreciation	778,985	-	-	778,985
Total Operating Expenses	2,320,935	6,632,211	959,836	9,912,982
Operating Income (Loss)	208,863	(2,133,789)	(659,836)	(2,584,762)
NON-OPERATING REVENUE (EXPENSE):				
Investment earnings	(1,662)	166,583	598	165,519
Sale of capital assets	36,162	-	-	36,162
Total Non-Operating Revenue (Expense)	34,500	166,583	598	201,681
Income (Loss Before Contributions & Transfers)	243,363	(1,967,207)	(659,238)	(2,383,081)
Change In Net Position	243,363	(1,967,207)	(659,238)	(2,383,081)
Net position beginning of year	8,690,784	4,460,344	896,882	14,048,010
Net Position end of year	\$ 8,934,147	\$ 2,493,138	\$ 237,644	\$ 11,664,929

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

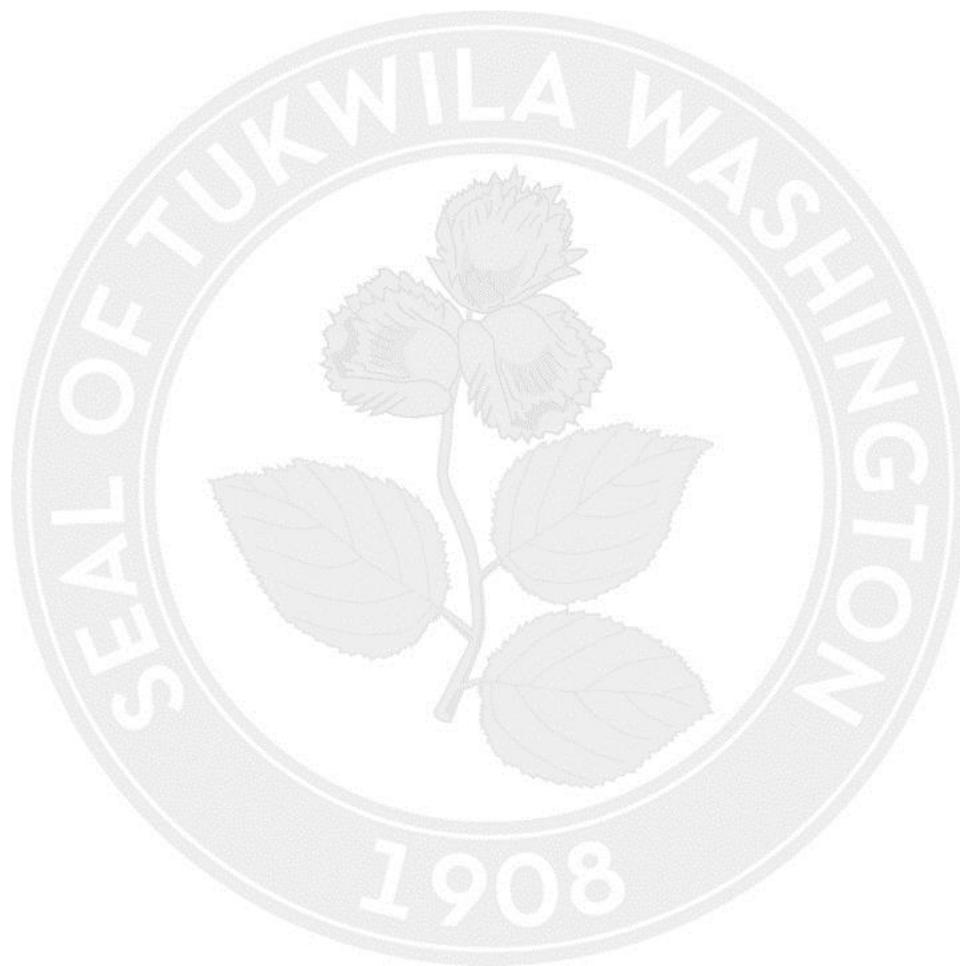
Page 1 of 2

	Equipment Rental	Insurance	Insurance - Leoff I	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	\$ 2,525,941	\$ 4,498,422	\$ 300,000	\$ 7,324,362
Cash paid to suppliers	(1,035,335)	465,988	48,485	(520,862)
Cash paid to, or on behalf of, employees	(536,021)	(6,507,449)	(933,565)	(7,977,034)
Net Cash Provided (Used)				
By Operating Activities	954,585	(1,543,039)	(585,080)	(1,173,534)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceed from sale of equipment	36,162	-	-	36,162
Purchase of capital asset	(584,097)	-	-	(584,097)
Net Cash Provided (Used) For Capital And Related Financing Activities	(547,934)	-	-	(547,934)
CASH FLOW FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	120,000	-	-	120,000
Interest received	32,955	136,326	598	169,880
Net Cash Provided (Used) In Investing Activities	152,955	136,326	598	289,880
Net Increase (Decrease) In Cash And Cash Equivalents	559,606	(1,406,713)	(584,482)	(1,431,589)
Cash and cash equivalents	-	-	-	(1,431,589)
Cash and cash equivalents-beginning of year	3,480,738	1,837,591	1,111,132	6,429,460
Cash And Cash Equivalents-End Of Year	\$ 4,040,340	\$ 430,878	\$ 526,650	\$ 4,997,871
Cash at end of year consists of:				
Cash and cash equivalents	\$ 4,040,340	\$ 430,878	\$ 526,650	4,997,868
Total Cash	\$ 4,040,340	\$ 430,878	\$ 526,650	\$ 4,997,868

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Page 2 of 2

	Equipment Rental	Insurance	Insurance - Leoff I	Total Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 208,863	\$ (2,133,789)	\$ (659,836)	\$ (2,584,762)
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:				
Depreciation	778,985	-	-	778,985
Asset (increases) decreases:				-
Accounts receivable	(3,858)	-	-	(3,858)
Inventory	(1,635)	-	-	(1,635)
Accounts payable	(27,659)	590,750	74,756	637,847
Wages and benefits payable	(114)	-	-	(114)
Total Adjustments	745,719	590,750	74,756	1,411,225
Net Cash Provided (Used) By Operating Activities	\$ 954,582	\$ (1,543,039)	\$ (585,080)	\$ (1,173,536)
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Increase in fair value of investment	\$ 11,131	\$ -	\$ -	\$ 11,131
Total Non Cash Investing, Capital And Financing Activities	\$ 11,131	\$ -	\$ -	\$ 11,131



FIDUCIARY FUNDS

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City of Tukwila as a trustee or agent for various individuals, private organizations, and other governmental units.

Agency Fund

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
ASSETS				
Cash and cash equivalents	\$ 177,206	\$ 784,219	\$ (800,176)	\$ 161,249
Receivables	2,934	186,489	(184,239)	5,184
Total Assets	180,140	970,708	(984,415)	166,433
LIABILITIES				
Accounts and other payables	180,140	1,488,834	(1,502,542)	166,433
Total Liabilities	\$ 180,140	\$ 1,488,834	\$ (1,502,542)	\$ 166,433



City of Tukwila
STATISTICAL SECTION
 December 31, 2014

Financial Trends Information

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

Schedule 1	Net Position by Component	143
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Schedule 4	Changes in Fund Balances, Governmental Funds	149
Schedule 5	General Governmental Tax Revenues by Source	151

Revenue Capacity Information

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

Schedule 6	Property Tax Levies and Collections.....	152
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Schedule 9	Principal Property Taxpayers	155
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Schedule 11	Sales Tax Rate Direct and Overlapping Governments	159

Debt Capacity Information

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

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Schedule 18	Revenue Bond Coverage- Surface Water Bonds	169

Demographic and Economic Information

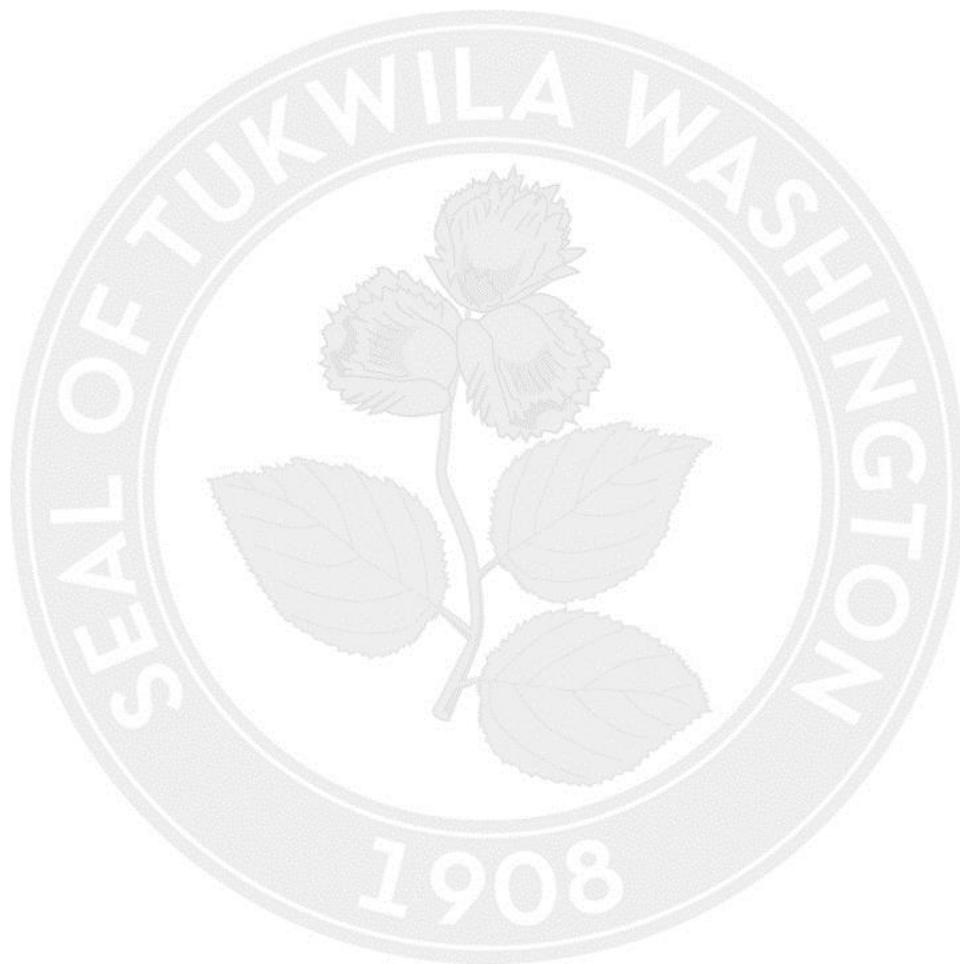
These schedules offer demographic and economic information to assist users in understanding certain aspects of the environment within which the City operates and to provide information that facilitates comparisons of financial statement information over time and across governmental units.

Schedule 19	Water System Customers by Category.....	170
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Operating Information

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

Schedule 25	Full-time Equivalent Employee by Department.....	176
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Schedule 27	Capital Assets by Function.....	178



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

Page 1 of 2

	2005	2006	2007	2008	2009
Governmental activities:					
Invested in capital assets, net of related debt	\$ 129,855,251	\$ 133,129,382	\$ 136,053,013	\$ 136,742,368	\$ 155,847,012
Restricted	1,305,239	1,305,239	1,233,234	19,720,546	16,360,097
Unrestricted	25,289,571	29,506,541	35,520,681	18,476,837	16,031,473
Total governmental activities net position	\$ 156,450,061	\$ 163,941,162	\$ 172,806,928	\$ 174,939,751	\$ 188,238,582
Business-type activities:					
Invested in capital assets, net of related debt	\$ 31,370,812	\$ 34,017,190	\$ 36,083,972	\$ 36,071,402	\$ 38,052,488
Restricted	577,587	435,995	441,073	439,100	438,619
Unrestricted	9,909,896	12,070,451	11,267,171	13,335,836	10,987,162
Total business-type activities net position	\$ 41,858,295	\$ 46,523,636	\$ 47,792,216	\$ 49,846,338	\$ 49,478,269
Primary government:					
Invested in capital assets, net of related debt	\$ 161,226,063	\$ 167,146,572	\$ 172,136,985	\$ 172,813,770	\$ 193,899,500
Restricted	1,882,826	1,741,234	1,674,307	20,159,646	16,798,716
Unrestricted	35,199,467	41,576,992	46,787,852	31,812,673	27,018,635
Total primary government net position	\$ 198,308,356	\$ 210,464,798	\$ 220,599,144	\$ 224,786,089	\$ 237,716,851

Notes:

(a) All amounts are reported on the accrual basis

Source:

Tukwila Finance Department

2010	2011	2012	2013	2014
\$ 177,078,793	\$ 199,511,779	\$ 203,206,940	\$207,660,389	\$ 191,081,461
23,005,792	5,019,817	2,749,680	3,480,002	3,973,726
12,119,923	21,479,064	20,194,333	26,981,105	25,009,212
<u>\$ 212,204,508</u>	<u>\$ 226,010,660</u>	<u>\$ 226,150,953</u>	<u>238,121,496</u>	<u>\$ 220,064,400</u>
\$ 44,759,489	\$ 52,134,799	\$ 52,911,741	55,955,595	\$ 57,677,764
430,444	430,444	430,444	430,444	430,444
11,158,081	10,225,558	11,011,319	12,964,539	13,839,529
<u>\$ 56,348,014</u>	<u>\$ 62,790,801</u>	<u>\$ 64,353,504</u>	<u>69,350,577</u>	<u>\$ 71,947,737</u>
\$ 221,838,282	\$ 248,636,920	\$ 253,253,170	\$263,615,984	\$ 248,759,225
23,436,236	5,450,261	3,180,123	3,910,445	4,404,170
23,278,004	34,714,280	34,071,164	39,945,644	38,848,741
<u>\$ 268,552,522</u>	<u>\$ 288,801,461</u>	<u>\$ 290,504,457</u>	<u>307,472,073</u>	<u>\$ 292,012,137</u>

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

Page 1 of 2

	2005	2006	2007	2008
Expenses				
Governmental Activities				
General Government	\$ 6,421,839	\$ 7,402,398	\$ 7,456,335	\$ 4,723,103
Public Safety	20,300,709	21,839,070	21,726,932	24,147,992
Transportation	4,171,173	5,335,214	5,310,247	5,864,297
Physical Environment	1,363,049	2,734,592	2,764,373	2,862,487
Culture and Recreation	3,887,871	4,234,889	4,506,223	4,797,856
Economic Environment	3,404,605	3,600,158	3,890,845	5,017,935
Health and Human Services	-	3,683	4,204	4,173
Interest on Long Term Debt	1,012,239	981,573	896,215	1,844,224
Total Governmental Activities	40,561,485	46,131,577	46,555,374	49,262,067
Business Type Activities				
Water/Sewer Utility	7,105,020	7,354,876	7,046,603	7,293,362
Foster Golf Course	1,751,709	1,832,303	1,849,542	1,968,595
Surface Water Utility	1,685,663	1,642,204	1,920,194	1,762,417
Total Business Type Activities	10,542,392	10,829,383	10,816,339	11,024,374
Total Primary Government Expenses	51,103,877	56,960,960	57,371,713	60,286,441
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	1,376,749	1,243,936	1,590,553	895,966
Public Safety	1,328,369	538,576	425,241	1,184,530
Physical Environment	12,400	10,000	25,341	1,200
Transportation	122,201	247,026	133,500	130,637
Cultural and Recreation	693,857	758,385	777,484	711,542
Economic Environment	1,027,812	1,756,240	2,319,634	2,476,501
Operating Grants and Contributions	1,525,579	1,897,543	1,692,766	1,325,163
Capital Grants and Contributions	3,060,960	5,675,493	3,746,743	2,282,592
Total Governmental Activities Program Revenues	9,147,927	12,127,199	10,711,262	9,008,131
Business Type Activities				
Charges for Services				
Water/Sewer Utility	7,604,711	7,354,876	8,272,647	8,621,909
Foster Golf Course	1,434,933	1,832,303	1,272,425	1,563,681
Surface Water Utility	1,839,760	1,642,204	2,208,549	2,642,325
Capital Grants and Contributions	319,439	1,255,360	347,416	756,400
Total Business Type Activities Program Revenues	11,198,843	12,084,743	12,101,037	13,584,315
Total Primary Government Program Revenues	20,346,770	24,211,942	22,812,299	22,592,446
Net (Expense)/Revenue				
Governmental Activities	(31,413,558)	(34,004,378)	(35,844,111)	(40,253,937)
Business Type Activities	656,451	2,031,638	1,284,700	2,559,941
Total Primary Government Net Expense	(30,757,107)	(31,972,740)	(34,559,411)	(37,693,996)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Tax	10,631,036	10,973,030	11,302,099	11,656,979
Retail Sales and Use Tax	16,887,846	18,236,733	19,355,867	18,009,297
Natural Gas Use Tax	381,706	415,652	344,748	643,037
Hotel/Motel Tax	443,605	501,478	583,232	587,216
Utility Tax	2,646,356	2,930,332	3,666,079	5,136,444
Interfund Utility Taxes	-	-	-	-
Business Tax	1,732,739	2,097,082	2,236,675	2,497,705
Excise Tax	3,229,155	4,941,461	4,127,360	983,078
State Entitlements	192,816	185,475	217,600	874,046
Unrestricted Investment Earnings	768,097	1,923,171	1,727,879	801,847
Gain/Loss on Sale of Capital Assets	106,776	467,510	13,652	(186,663)
Miscellaneous	-	-	-	-
Transfers	824,118	1,372,652	1,134,683	1,383,774
Total Governmental Activities	37,844,250	44,044,576	44,709,874	42,386,760
Business Type Activities				
Retail Sales and Use Taxes	241,723	645,473	500,000	500,000
Unrestricted Investment Interest	310,750	539,463	618,563	377,955
Gain/Loss on Sale of Capital Assets	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	(824,118)	1,250,000	(1,134,683)	(1,383,774)
Total Business Type Activities	(271,645)	2,434,936	(16,120)	(505,819)
Total Primary Government	37,572,605	46,479,512	44,693,754	41,880,941
Change in Net Position Before Special Item	6,815,498	14,506,772	10,134,343	4,186,945
Special item	-	-	-	-
Change in Net Position	6,815,498	14,506,772	10,134,343	4,186,945
Governmental Activities	\$ 6,430,692	\$ 7,491,102	\$ 8,865,765	\$ 2,132,823
Business Type Activities	384,806	4,580,734	1,268,580	2,054,122
Total Primary Government	\$ 6,815,498	\$ 12,071,836	\$ 10,134,345	\$ 4,186,945

Notes:

(a) All amounts are reported on the accrual basis

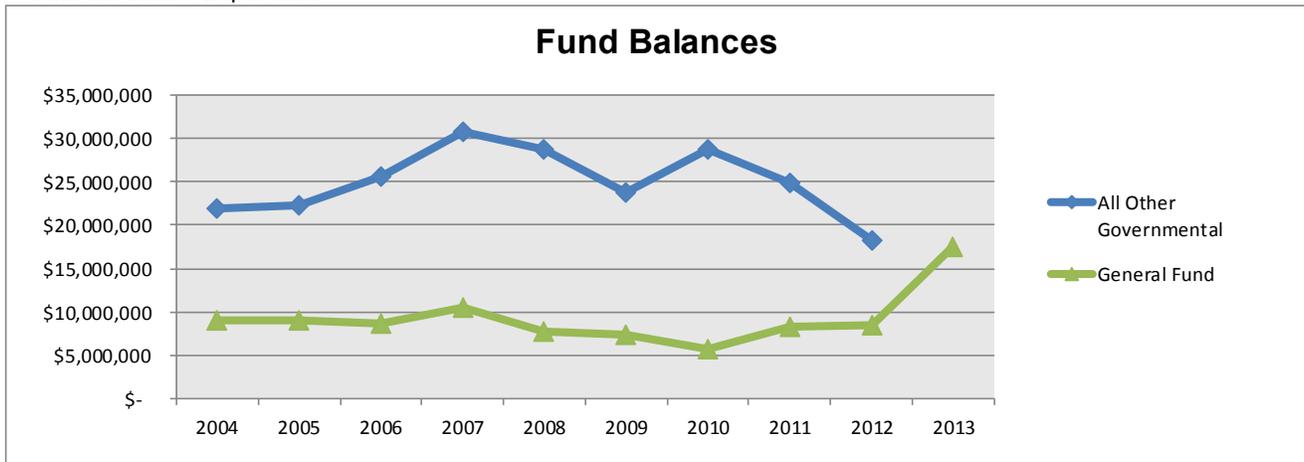
	2009	2010	2011	2012	2013	2014
\$	6,689,659	\$ 7,052,717	\$ 9,150,573	\$ 8,343,107	\$ 10,195,049	\$ 10,289,399
	26,959,352	26,088,644	25,348,318	26,598,432	25,938,946	29,292,587
	5,541,367	6,015,197	6,872,708	7,314,707	7,658,280	11,668,098
	2,575,405	2,533,394	2,885,175	3,625,696	2,610,591	2,479,533
	4,914,256	4,756,676	4,203,824	4,242,725	5,635,347	5,716,091
	4,637,531	4,579,338	4,712,832	4,801,342	5,209,954	5,336,659
	4,332	4,539	4,591	-	-	-
	753,904	1,061,419	472,438	1,152,063	1,038,851	1,204,771
	52,075,806	52,091,924	53,650,459	56,078,072	58,287,017	65,987,138
	9,293,434	9,343,368	10,092,903	10,149,557	10,421,064	12,752,125
	2,050,172	1,935,014	1,986,747	1,701,131	1,707,993	1,945,789
	2,299,394	2,476,170	2,588,098	2,699,767	2,563,132	3,310,716
	13,643,000	13,754,552	14,667,748	14,550,455	14,692,189	18,008,631
	65,718,806	65,846,476	68,318,207	70,628,527	72,979,205	83,995,769
	1,136,642	1,080,801	2,462,671	1,332,418	1,495,438	3,858,862
	572,094	819,043	809,806	684,744	871,919	970,594
	-	6,200	7,572	4,939	27,407	196,506
	103,311	571,110	345,373	1,004,911	287,956	8,425
	647,354	811,679	1,001,117	481,404	744,014	726,869
	1,001,511	1,787,274	1,722,285	2,323,528	2,786,178	2,793,185
	3,386,269	2,139,029	2,250,601	4,411,618	3,289,818	2,563,002
	14,784,074	23,992,563	18,495,127	1,581,882	16,947,529	8,053,435
	21,631,255	31,207,699	27,094,552	11,825,444	26,450,258	19,170,879
	10,124,653	9,665,095	11,711,242	11,758,658	13,146,131	14,308,945
	1,424,595	1,425,327	1,304,016	1,448,729	1,404,264	1,406,440
	2,641,313	3,029,630	3,355,956	3,827,010	3,913,184	4,168,313
	515,633	7,390,545	1,993,537	135,603	338,943	1,548,280
	14,706,194	21,510,597	18,364,751	17,170,000	18,802,521	21,431,978
	36,337,449	52,718,296	45,459,303	28,995,444	45,252,779	40,602,857
	(30,444,551)	(20,884,225)	(26,555,907)	(44,252,628)	(31,836,759)	(46,816,260)
	1,063,194	7,756,045	3,697,003	2,619,546	4,110,332	3,423,348
	(29,381,357)	(13,128,180)	(22,858,904)	(41,633,082)	(27,726,426)	(43,392,912)
	11,901,072	13,363,096	13,443,137	14,131,605	14,510,241	14,870,621
	14,588,297	14,669,328	15,796,054	15,441,683	16,316,398	17,105,322
	748,772	533,811	317,531	232,208	204,457	-
	489,806	458,092	555,682	522,033	526,832	596,781
	7,390,860	5,600,683	7,534,260	5,535,966	3,879,992	3,855,544
	-	-	-	-	1,686,859	1,851,013
	3,196,178	4,205,574	667,679	2,497,606	2,570,111	2,555,999
	367,198	507,798	2,170,293	2,860,948	2,745,475	3,512,894
	2,233,445	1,951,936	2,085,740	1,895,647	1,861,511	1,735,637
	246,287	108,929	275,477	116,694	102,486	444,282
	980,267	-	-	-	-	-
	-	-	-	101,688	304,704	179,394
	1,601,200	1,399,310	525,864	1,056,843	1,060,650	(600,000)
	43,743,382	42,798,557	43,371,717	44,392,921	45,769,716	46,107,488
	327,999	329,527	-	-	-	-
	106,032	85,942	61,119	-	-	-
	(264,093)	-	-	-	-	-
	-	97,541	200,871	-	-	-
	(1,601,200)	(1,399,310)	(525,864)	(1,056,843)	(1,060,650)	600,000
	(1,431,262)	(886,300)	(263,874)	(1,056,843)	(1,060,650)	600,000
	42,312,120	41,912,257	43,107,843	43,336,078	44,709,066	46,707,488
	12,930,763	28,784,077	20,248,939	1,702,996	16,982,640	3,314,576
						(1,995,000)
	12,930,763	28,784,077	20,248,939	1,702,996	16,982,640	1,319,576
\$	13,298,831	\$ 21,914,332	\$ 16,815,810	\$ 140,293	\$ 13,932,957	\$ (2,703,772)
	(368,068)	6,869,745	3,433,129	1,562,703	3,049,682	4,023,348
\$	12,930,763	\$ 28,784,077	\$ 20,248,939	\$ 1,702,996	\$ 16,982,640	\$ 1,319,576

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

Page 1 of 2

	2005	2006	2007	2008	2009
General Fund (GASB 54)					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
General Fund (Prior to GASB 54)					
Reserved	557,690	13,250	12,650	17,800	17,900
Unreserved	8,408,104	8,693,215	10,504,748	7,687,515	7,371,530
Total general fund	\$ 8,965,794	\$ 8,706,465	\$ 10,517,398	\$ 7,705,315	\$ 7,389,430
All other governmental funds (GASB 54)					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
All other governmental funds (Prior to GASB 54)					
Reserved	\$ 705,560	-	-	-	-
Unreserved, reported in:					
Special revenue funds	5,669,921	8,500,342	10,834,781	12,943,487	9,123,401
Debt service funds	1,305,239	1,075,347	1,233,234	1,248,901	135,438
Capital Projects funds	5,677,953	7,245,827	8,113,739	6,831,634	7,101,258
Total all other governmental funds	\$ 13,358,673	\$ 16,821,516	\$ 20,181,754	\$ 21,024,022	\$ 16,360,097

Source:
 Tukwila Finance Department



2010	2011	2012	2013	2014
\$ -	\$ 5,000	\$ -	\$ 1,743,362	\$ 1,544,022
-	-	-	-	-
-	18,000	-	-	-
-	-	-	225,000	5,771,471
-	8,237,141	8,378,557	15,317,624	10,181,057
17,900	-	-	-	-
5,739,140	-	-	-	-
\$ 5,757,040	\$ 8,260,141	\$ 8,378,557	\$ 17,285,986	\$ 17,496,550
\$ -	\$ -	\$ -	\$ -	\$ 7,370,000
-	5,014,817	2,749,681	3,480,001	3,973,726
-	402,306	-	-	-
-	11,127,221	7,021,183	4,510,623	4,076,803
-	-	-	(1,566,175)	(1,360,218)
-	-	-	-	-
14,461,546	-	-	-	-
3,051	-	-	-	-
8,541,195	-	-	-	-
\$ 23,005,792	\$ 16,544,344	\$ 9,770,864	\$ 6,424,449	\$ 14,060,311

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

page 1 of 2

	2005	2006	2007	2008
Revenues				
Taxes	\$ 34,624,875	\$ 37,801,814	\$ 39,660,792	\$ 37,412,569
Licenses and Permits	1,002,683	1,273,228	1,827,709	2,022,851
Intergovernmental	5,672,810	7,083,032	6,403,217	5,697,598
Charges for Services	2,649,678	2,345,931	2,024,892	2,569,381
Fines and Forfeitures	116,737	221,097	266,188	259,991
Investment Income	638,196	1,159,971	1,425,423	926,913
Special Assessments	-	-	-	-
Miscellaneous	1,000,775	1,397,585	1,751,145	816,054
Total Revenues	45,705,754	51,282,658	53,359,366	49,705,357
Expenditures				
General Government	6,136,540	6,882,594	7,034,602	7,992,286
Judicial	-	-	-	-
Public Safety	19,604,151	20,953,226	21,038,810	22,878,689
Physical Environment	788,105	2,139,959	2,196,422	2,255,880
Transportation	1,705,692	2,447,096	2,413,390	2,783,077
Economic Environment	3,384,928	3,539,657	3,878,658	4,995,514
Health and human services	-	3,683	4,204	4,173
Culture and Recreation	3,358,583	3,687,580	3,938,779	4,293,658
Debt Service				
Principal	851,000	888,000	930,000	972,000
Interest	1,033,474	1,006,161	914,584	872,224
Capital Outlay	7,344,326	6,540,452	7,243,879	6,089,703
Total Expenditures	44,206,799	48,088,408	49,593,328	53,137,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,498,955	3,194,250	4,036,039	(3,431,846)
Other Financing Sources (Uses)				
Transfers In	150,000	2,143,581	2,266,349	2,515,982
Transfers In - Assessment				
Transfers Out	(1,305,000)	(2,430,769)	(1,131,666)	(1,107,543)
Capital Leases	-	-	-	-
Sale of Capital Assets	35,600	296,451	100	53,592
General Obligation Bonds Issued	-	-	-	-
General Obligation Refunding Bonds Issued	-	-	-	6,180,000
LID Bonds Assessment	-	-	-	-
Operating Loan-Tukw ila MPD	-	-	-	-
Premium on General Obligation Debt	-	-	-	-
Premium on General Obligation Refunding Debt	-	-	-	483,599
Issuance Costs on General Obligation Refunding Debt	-	-	-	(108,326)
Payment to Refunded Bond Escrow Agent	-	-	-	(6,555,273)
Total Other Financing Sources (Uses)	(1,119,400)	9,263	1,134,783	1,462,031
Change in fund balance before special item	379,555	3,203,513	5,170,822	(1,969,815)
Special item				
Net Change in Fund Balances	\$ 379,555	\$ 3,203,513	\$ 5,170,822	\$ (1,969,815)
Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	5.4%	4.8%	4.6%	4.1%

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

Source:

Tukw ila Finance Department

	2009	2010	2011	2012	2013	2014
\$	37,167,281	\$ 37,267,918	\$ 38,035,681	\$ 41,502,608	\$ 42,402,070	\$ 44,441,783
	1,283,463	1,618,830	3,473,910	1,604,594	2,013,875	2,114,638
	17,596,486	14,525,872	24,059,907	7,626,487	7,190,325	14,298,126
	1,443,680	2,366,174	2,359,600	3,974,356	3,747,646	3,838,531
	301,761	390,079	308,027	220,752	242,638	264,934
	282,604	144,258	275,479	106,286	151,911	479,219
	-	-	-	-	2,788,350	701,723
	701,957	891,307	356,409	131,979	427,368	354,395
	58,777,232	57,204,438	68,869,013	55,167,062	58,964,183	66,493,348
	8,574,563	8,387,317	8,253,440	8,504,511	9,303,742	7,505,173
	-	-	-	-	-	-
	25,576,932	24,676,370	24,327,498	24,918,306	25,720,884	27,254,312
	2,058,913	1,724,147	2,060,482	3,022,516	1,935,895	1,807,993
	2,334,298	2,332,178	2,676,511	2,769,182	3,111,493	5,820,601
	4,601,391	4,541,845	4,682,646	4,767,944	5,224,964	5,226,832
	4,332	4,539	4,591	-	-	-
	4,365,023	4,163,503	3,507,150	3,373,000	4,386,392	4,680,651
	1,316,297	1,555,028	1,766,774	1,991,540	5,024,991	2,288,988
	778,018	849,148	881,850	1,178,464	1,162,649	961,457
	16,860,362	11,513,976	25,643,704	12,099,293	5,854,962	10,150,912
	66,470,129	59,748,051	73,804,646	62,624,756	61,725,970	65,696,921
	(7,692,894)	(2,543,613)	(4,935,633)	(7,457,694)	(2,761,786)	796,428
	3,865,744	2,461,806	11,001,619	7,625,792	20,918,983	7,300,080
					2,788,350	-
	(2,234,444)	(1,020,857)	(10,061,205)	(6,174,358)	(23,301,516)	(7,900,080)
	-	110,509	15,468	-	-	-
	1,014,608	27,308	21,406	9,903	5,493	-
	-	6,935,000	5,055,688	-	1,000,000	3,850,000
	6,947,574	-	-	-	-	-
	-	-	-	-	6,687,500	-
	-	-	-	(658,706)	-	-
	-	112,151	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(6,880,397)	(1,069,000)	(5,055,688)	-	-	-
	2,713,085	7,556,917	977,288	802,631	8,098,809	3,250,000
	(4,979,809)	5,013,304	(3,958,345)	(6,655,063)	5,337,023	4,046,428
						(1,995,000)
\$	(4,979,809)	\$ 5,013,304	\$ (3,958,345)	\$ (6,655,064)	\$ 5,337,023	\$ 4,046,428
	4.4%	5.2%	5.8%	6.7%	12.5%	6.2%

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

Fiscal Year	Property	Sales & Use	Utility ^(a)	Excise	Business	Other ^(b)	Total Taxes
2005	10,627,410	16,887,845	2,646,356	3,222,936	408,798	831,530	34,624,875
2006	11,018,846	17,591,260	2,930,332	4,938,515	402,784	920,077	37,801,814
2007	11,177,532	19,355,867	3,666,079	4,124,168	405,973	931,173	39,660,792
2008	11,245,973	17,709,319	3,934,210	3,003,438	475,500	1,089,344	37,457,785
2009	12,190,219	14,585,015	6,172,569	2,824,407	738,341	656,730	37,167,281
2010	13,188,942	14,251,312	6,134,494	2,488,357	727,151	301,867	37,092,122
2011	13,427,139	16,113,584	5,424,643	1,780,294	667,064	622,955	38,035,681
2012	14,072,015	15,441,683	4,001,385	3,201,098	2,497,606	2,288,822	41,502,608
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
Change 2005-2014	39.9%	1.3%	45.7%	9.0%	525.2%	194.4%	28.1%

Notes:

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

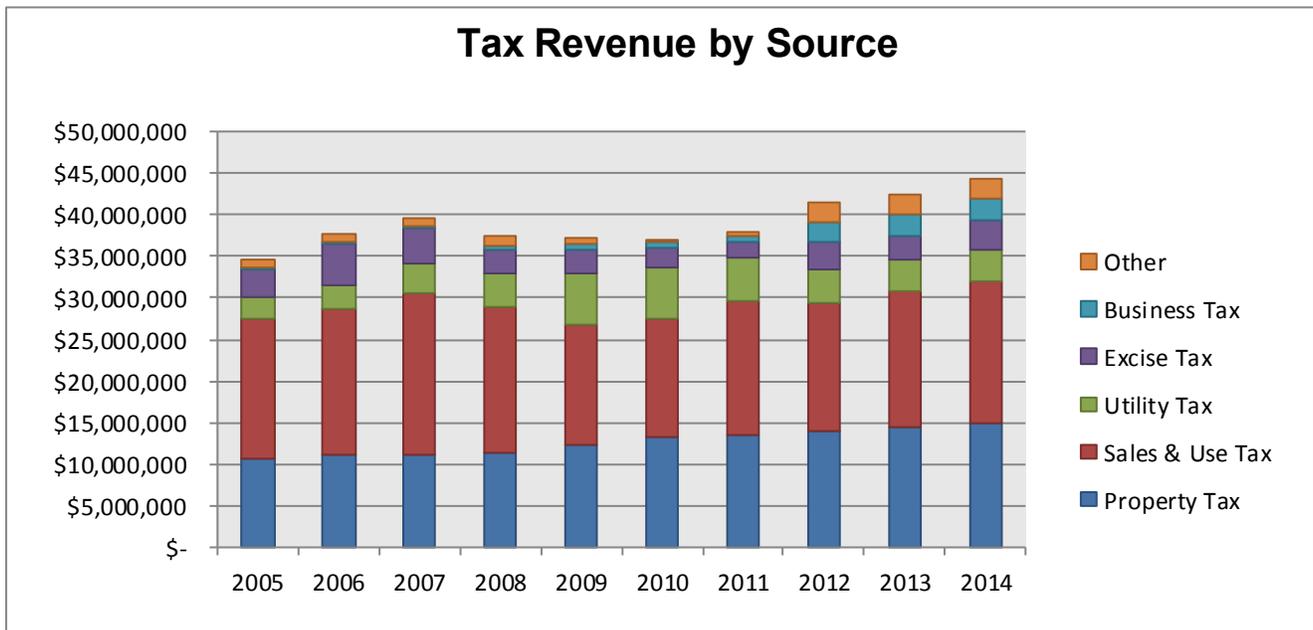
A utility tax was added in 2009 for solid waste and recycling assessed at a 6.0% rate.

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

^(b) "Other Taxes" include a hotel/motel tax, natural gas use tax and interfund utility taxes.

Source:

Tukwila Finance Department



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		Levy Balance
		Amount	% of Levy		Amount	% of Levy	
2005	10,731,724	10,593,753	98.71%	137,447	10,731,200	100.00%	524
2006	10,973,030	10,844,728	98.83%	127,384	10,972,112	99.99%	918
2007	11,176,155	10,994,127	98.37%	181,457	11,175,584	99.99%	2,699
2008	11,414,256	11,194,247	98.07%	215,455	11,409,701	99.96%	1,646
2009	12,283,169	12,017,213	97.83%	262,003	12,279,216	99.97%	4,106
2010	13,233,882	13,152,012	99.38%	76,918	13,228,930	99.96%	7,942
2011	13,383,657	13,225,338	98.82%	150,336	13,375,674	99.94%	36,339
2012	13,698,229	13,521,621	98.71%	148,889	13,670,510	99.80%	74,964
2013	13,744,054	13,549,525	98.58%	127,308	13,676,833	99.51%	67,221
2014	14,058,979	13,916,718	98.99%	-	13,916,718	98.99%	142,262

Source:
King County Office of Finance

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

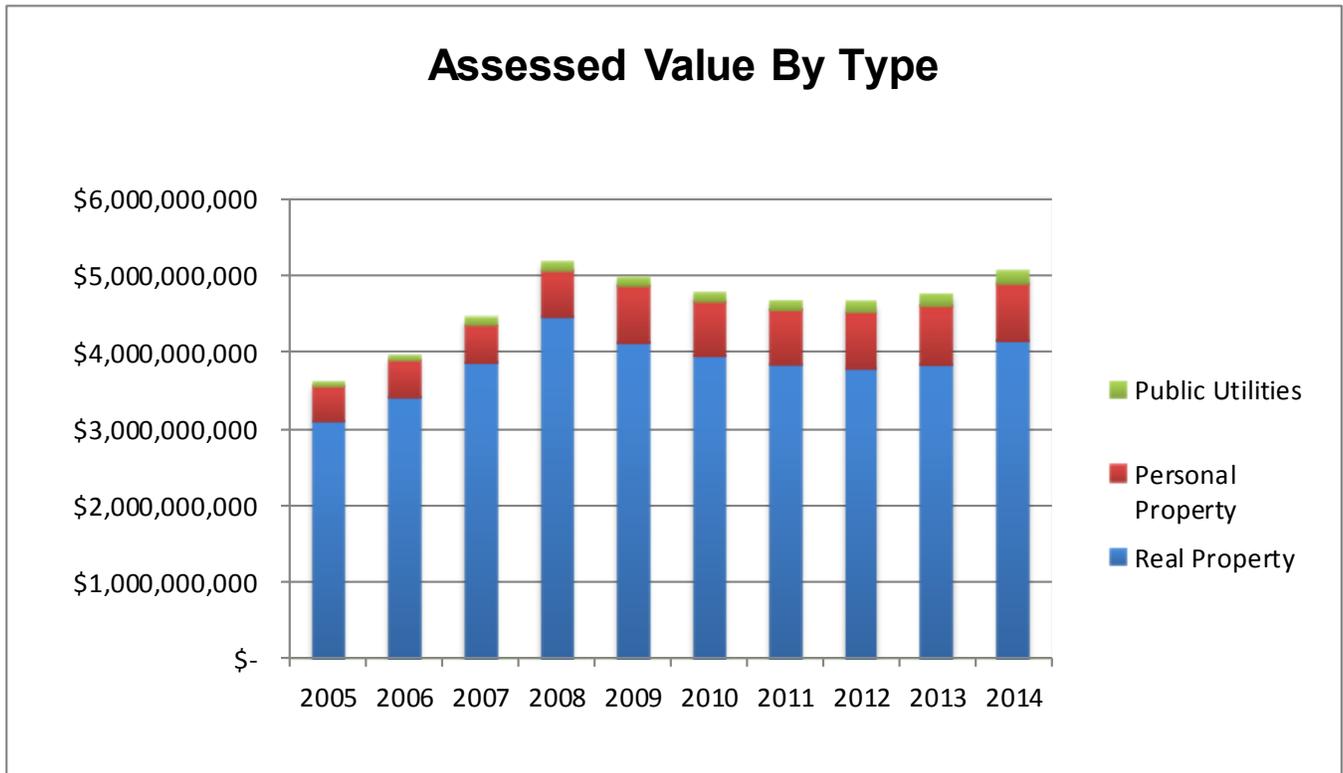
Fiscal Year	Real Property	Personal Property	Public Utilities	Total Assessed Value	Total Direct Tax Rate
2005	3,091,233,279	457,546,448	61,779,040	3,610,558,767	3.03706
2006	3,399,709,737	482,100,071	66,123,704	3,947,933,512	2.84033
2007	3,853,680,774	509,151,926	87,410,974	4,450,243,674	2.56911
2008	4,470,042,539	595,268,205	110,399,231	5,175,709,975	2.37324
2009	4,122,961,628	746,710,751	112,779,972	4,982,452,351	2.66345
2010	3,950,829,851	717,795,417	119,827,058	4,788,452,326	2.82566
2011	3,833,295,985	712,607,656	129,726,102	4,675,629,743	2.95408
2012	3,778,571,709	736,480,616	134,138,983	4,649,191,308	2.98778
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

Note:

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

Source:

King County Department of Assessments



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

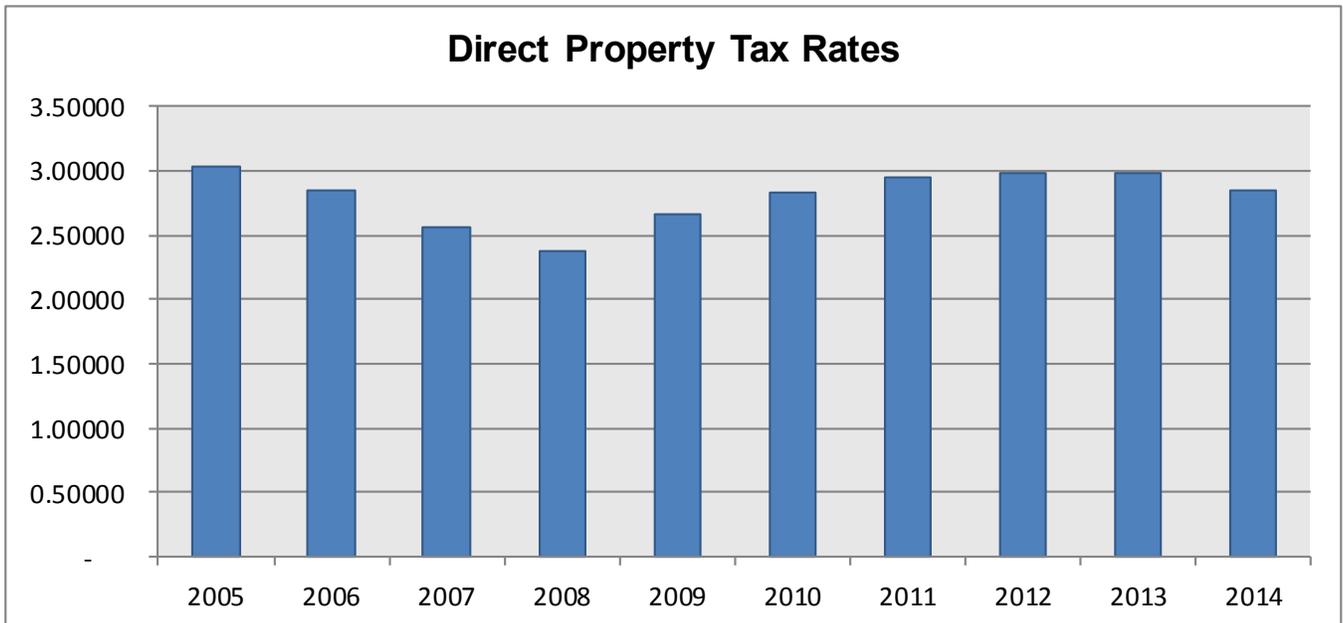
-----CITY OF TUKWILA-----												
Fiscal Year	General Levy	Special Levy	Total	WA State	King County ^(a)	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Tukwila Pool Metropolitan Park District	Hospital District #1	Total
2005	3.03706	-	3.03706	2.49787	1.86293	0.23330	0.21982	5.01637	0.04482	-	0.59000	13.50217
2006	2.84033	-	2.84033	2.32535	1.75139	0.23158	0.20621	4.78874	0.04212	-	0.55652	12.74224
2007	2.56911	-	2.56911	2.13233	1.66106	0.22359	0.30000	4.73164	0.10000	-	0.50854	12.22627
2008	2.37324	-	2.37324	1.96268	1.51508	0.19700	0.27404	4.12360	0.09123	-	0.47141	11.00828
2009	2.66345	-	2.66345	2.22253	1.74587	0.21597	0.30000	3.89183	0.10514	-	0.53290	11.67769
2010	2.82566	-	2.82566	2.27990	1.90797	0.22366	0.30000	5.03380	0.10976	-	0.55753	13.23828
2011	2.95408	-	2.95408	2.42266	1.98580	0.22982	0.30000	5.44659	0.11616	-	0.50372	13.95883
2012	2.98778	-	2.98778	2.56720	2.11172	0.23324	0.30000	5.69832	0.13210	0.15000	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

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	2014 Assessed Valuation	Percent of 2014 Total Assessed Value ^(a)	2005 Assessed Valuation	Percent of 2005 Total Assessed Value ^(b)
Boeing Company	Airplane company	\$ 563,211,498	11.14%	\$ 406,629,442	11.26%
WEA Southcenter LLC	Department Stores	291,267,487	5.76%	127,027,984	3.52%
La Pianta LP/Segale Properties	Commercial Properties	186,552,266	3.69%	68,037,854	1.88%
KIR Tukwila 050 LLC/KIMCO	Commercial Properties	85,051,300	1.68%	35,894,700	0.99%
Qwest Corporation (US West Communications)	Telephone Utility	80,999,544	1.60%	10,867,469	0.30%
E Property Tax Dept	Commercial Properties	66,917,200	1.32%	50,578,300	1.40%
Anne Arundel Apartments LLC (Group Health)	Apartments	52,802,552	1.04%	-	
Boeing Employees Credit Union	Credit Union	50,651,154	1.00%	55,835,408	1.55%
CWWA Tukwila 1 LLC	Investment Property	42,974,000	0.85%	-	
Wig Properties LLC (JC Penney)	Department Stores	37,147,522	0.74%	15,160,200	0.42%
3301 South Norfolk LLC (Sea-Tuk Warehouse LLC)	Food Distribution	36,584,800	0.72%	21,378,700	0.59%
COSTCO Wholesale	Cash & Carry Warehouse	34,838,243	0.69%	-	
Puget Sound Energy/Gas - Electric	Electric/Gas Utility	34,302,568	0.68%	21,718,812	0.60%
Jorgensen Forge Corporation	Steel Manufacturer	32,079,978	0.63%	14,436,596	0.40%
Southcenter Corporate Square	Hair Loss Center	25,160,600	0.50%	-	
BRCP Riverview Plaza LLC	Commercial Properties	24,869,600	0.49%	-	
Koar-Seatac Partners LP (Embassy Suites)	Lodging	24,372,008	0.48%	16,728,035	0.46%
Federated Department Stores (Macys)	Department Stores	21,269,000	0.42%	24,784,700	0.69%
Merrill Creek Holding LLC (Kenworth Motors)	Truck Manufacturer	21,171,200	0.42%	15,018,800	
CHA Southcenter LLC (Doubletree Inn)	Lodging	20,332,730	0.40%	17,030,718	0.47%
Walton CWWA Eproperty Tax Incorporated (McElroy)	Investment Property	18,605,400	0.37%	-	
Harnish Group Incorporated	Truck Equipment	18,262,855	0.36%	10,286,052	0.28%
Home Depot	Home Improvement	16,492,811	0.33%	-	
Sterling Realty Organization	Commercial Properties	14,521,400	0.29%	11,717,000	0.32%
Low e's HIW Incorporated	Home Improvement	13,018,811	0.26%	14,330,067	0.40%
Hill Investment Company	Commercial Properties	7,855,700	0.16%	6,318,400	0.17%
Cigna Life Insurance Company	Insurance Company	-		14,932,400	0.41%
AMB Institutional Alliance	Commercial Properties	-		72,288,400	2.00%
Group Health Cooperative	Healthcare Admin	-		47,327,334	1.31%
Heitman	Commercial Properties	-		47,209,629	1.31%
TOTALS		\$ 1,821,312,227	36.04%	\$ 1,125,537,000	30.76%

Notes:

^(a) In 2014 the total assessed property value in the City of Tukwila was \$5,054,078,747.

^(b) In 2005 the total assessed property value in the City of Tukwila was \$3,610,558,767.

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	2005 ^(a)	2006	2007
Construction and Contracting	\$ 676,427	\$ 1,166,088	\$ 2,018,058
Finance, Insurance & Real Estate	102,130	93,747	121,879
Manufacturing	503,778	450,138	590,455
Transportation, Communications & Utilities	384,703	436,260	483,419
Wholesale - Durable/Non-durable Goods	2,337,018	2,048,517	2,457,437
Retail Trade - General Merchandise	2,563,103	2,667,481	2,571,601
Retail Trade - Furniture/Home Furnishings	2,342,553	2,531,049	2,399,347
Retail Trade - Miscellaneous	1,497,474	1,642,722	1,766,853
Retail Trade - Clothing & Accessories	1,636,183	1,704,213	1,838,646
Retail Trade - Restaurants	1,072,275	1,119,859	1,158,424
Retail Trade - Automotive/Gas	980,006	1,053,184	1,026,778
Retail Trade - Building Materials	815,379	855,243	777,870
Service Industries - Business	979,752	1,141,632	1,198,690
Service Industries - Hotels	406,547	453,376	531,836
Service Industries - Other	278,041	278,777	294,869
All Other Categories	188,540	205,644	179,421
Total Retail Sales Tax Collections	\$ 16,763,909	\$ 17,847,930	\$ 19,415,583

Notes:

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

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

Sources:

Tukwila Finance Department and Washington State Department of Revenue.

	2008	2009	2010	2011	2012	2013	2014
\$	1,967,785	\$ 869,640	\$ 917,250	\$ 1,390,952	\$ 961,125	\$ 1,212,594	\$ 829,073
	118,780	119,121	99,975	115,123	143,792	174,705	141,010
	375,263	246,429	387,234	232,737	390,252	386,964	322,189
	492,960	440,206	441,822	405,197	432,608	475,688	549,126
	1,760,449	1,436,045	1,346,750	1,119,527	1,077,613	1,108,771	1,592,613
	2,231,745	2,072,356	2,068,263	2,003,947	2,000,865	2,154,523	2,137,256
	1,830,576	1,304,234	1,380,407	1,771,083	1,537,143	1,405,274	1,431,965
	1,718,898	1,473,496	1,521,741	1,626,452	1,703,741	1,870,200	1,973,478
	2,103,630	2,017,904	2,018,304	2,037,554	2,082,930	2,070,198	2,013,796
	1,312,603	1,292,252	1,342,964	1,337,067	1,472,343	1,529,101	1,611,860
	1,066,183	748,482	664,310	670,806	690,076	690,691	765,765
	619,657	589,341	499,383	487,620	516,861	565,734	600,610
	1,129,380	868,260	882,012	932,422	928,610	968,996	1,073,511
	548,962	453,657	428,450	459,606	487,977	502,721	562,130
	318,696	283,319	215,045	202,217	234,870	246,802	274,497
	185,312	208,467	366,925	553,493	381,693	525,133	468,547
\$	17,780,879	\$ 14,423,209	\$ 14,580,835	\$ 15,345,801	\$ 15,042,499	\$ 15,888,089	\$ 16,347,426

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

	2005	2006	2007 ^(c)	2008 ^(d)	2009 ^(e)	2010	2011	2012	2013	2014
<u>BASIC SALES TAX RATES</u>										
City of Tukwila	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.15%	0.15%	0.15%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.40%	0.40%	0.40%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Metro	0.80%	0.80%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Department of Revenue	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Administration Fee										
Total Basic Combined Sales Tax Rate	8.80%	8.80%	8.90%	9.00%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
<u>SPECIAL SALES TAX RATES</u>										
Restaurants ^(a)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-
Motor Vehicles ^(b)	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

Notes:

^(a) King County Food & Beverage tax is in addition to the combined sales tax rate for restaurants, taverns and bars.
The funds are used to finance the professional baseball stadium in Seattle.

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

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

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

^(d) Effective April 1, 2008, King County increased the local sales & use tax rate one-tenth of one percent (.001).
The tax will be used for chemical dependency or mental health treatment services.

^(e) Effective April 1, 2009, the Regional Transit Authority Tax increased five-tenths of one percent (.005).
The tax will be used to expand and coordinate light-rail, commuter-rail, and express bus service, and improve access to transit facilities in King, Pierce, and Snohomish Counties.

Source:

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



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

	2005	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds ^(c)	\$ 19,775,262	\$ 18,881,798	\$ 17,946,335	\$ 17,261,348	\$ 22,453,003
Special Assessment ^(e)	-	-	-	-	-
Leases	-	-	-	-	-
Total Governmental Activities	19,775,262	18,881,798	17,946,335	17,261,348	22,453,003
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	4,972,500	4,547,500	4,102,500	3,642,500	3,423,797
Revenue Bonds	3,143,360	5,824,452	5,470,162	5,112,231	4,790,000
Public Works Trust Fund Loans	4,911,253	9,781,151	9,378,506	9,021,951	8,405,397
Leases	108,818	77,947	45,587	11,666	-
Total Business-Type Activities	13,135,931	20,231,050	18,996,755	17,788,348	16,619,194
TOTAL PRIMARY GOVERNMENT^(a)	\$ 32,911,193	\$ 39,112,848	\$ 36,943,090	\$ 35,049,696	\$ 39,072,197
Population ^(b)	17,110	17,930	18,000	18,080	18,170
Per Capita Personal Income ^(b)	\$ 48,789	\$ 52,655	\$ 57,409	\$ 58,141	\$ 56,904
Percentage of Personal Income	3.97%	4.16%	3.58%	3.33%	3.78%
Debt Per Capita	\$ 1,935	\$ 2,193	\$ 2,052	\$ 1,939	\$ 2,150

Notes:

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

^(b) Reference SCHEDULE 19, Demographic Statistics, for population and personal income data.

*** Data not available at time of publication.

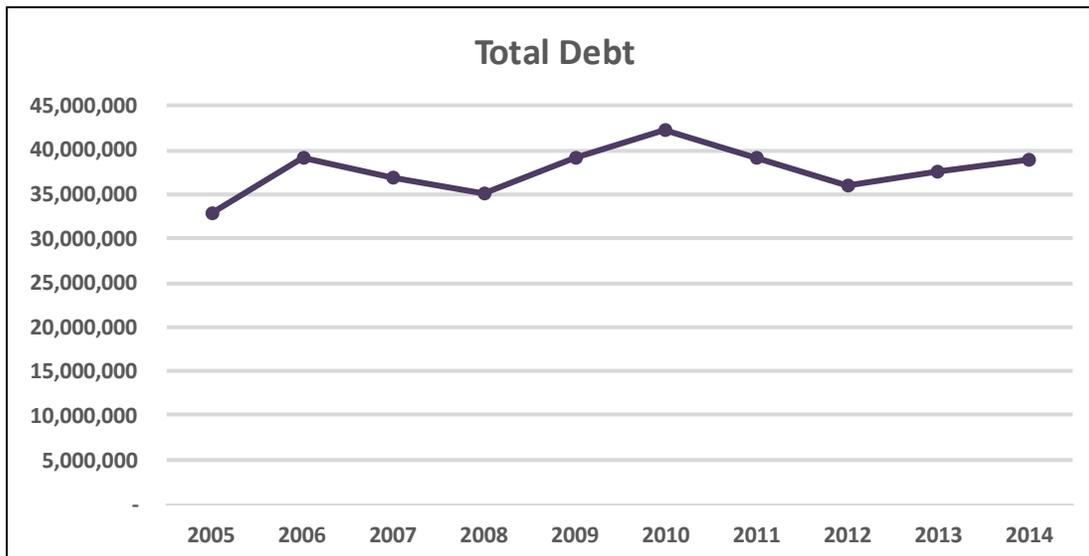
^(c) Includes amounts Due to Other Governments.

^(d) Prior year estimated population used due to unavailability of current year estimate.

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

Sources:

U.S. Census Bureau, City of Tukwila Finance Department.



2010	2011	2012	2013	2014
\$ 26,763,975	\$ 28,006,800	\$ 25,752,600	\$ 21,727,609	\$ 23,851,376
-	-	-	6,687,500	6,687,500
40,184	35,891	-	-	-
26,804,159	28,042,691	25,752,600	28,415,109	30,538,876
3,238,825	-	-	-	-
4,395,000	3,980,000	3,540,000	3,075,000	2,580,000
7,788,843	7,179,635	6,621,342	6,063,071	5,742,866
-	-	-	-	-
15,422,668	11,159,635	10,161,342	9,138,071	8,322,866
\$ 42,226,827	\$ 39,202,326	\$ 35,913,942	\$ 37,553,180	\$ 38,861,742
19,107	19,486	19,611	19,765	19,765 ^(d)
\$ 44,271	\$ 43,887	\$ 43,333	\$ 43,331	***
4.99%	4.58%	4.23%	4.38%	***
\$ 2,210	\$ 2,012	\$ 1,831	\$ 1,900	\$ 1,938

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

LAST TEN FISCAL YEARS

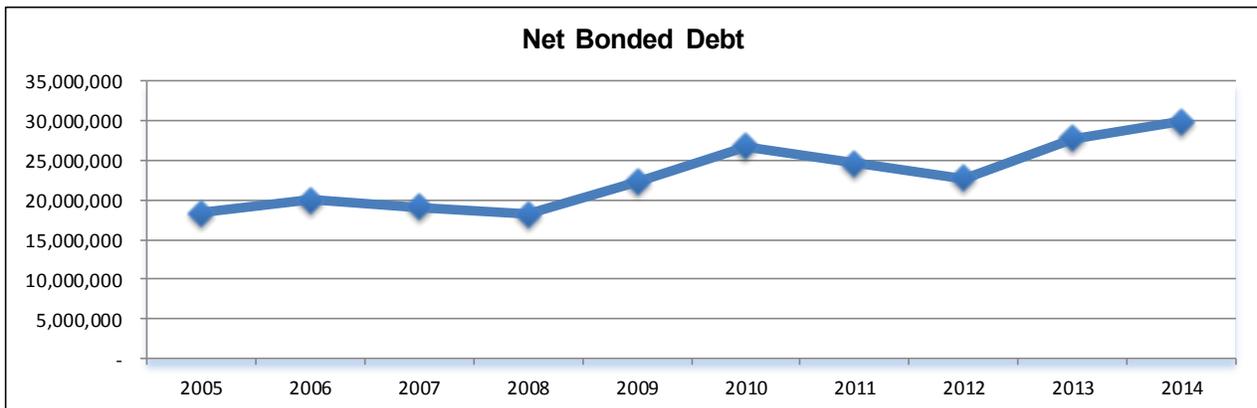
Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Special Assessment Debt ^(a)	Less Debt Service Funds ^(b)	Debt Payable from Enterprise Revenues ^(c)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2005	17,110	3,610,558,767	24,713,000	-	1,305,239	4,972,500	18,435,261	0.51%	1,077
2006	17,930	3,947,933,512	25,648,290	-	1,075,347	4,547,500	20,025,443	0.51%	1,117
2007	18,000	4,450,243,674	24,421,474	-	1,233,234	4,102,500	19,085,740	0.43%	1,060
2008	18,080	5,175,709,975	23,125,007	-	1,250,275	3,642,500	18,232,231	0.35%	1,008
2009	18,170	4,973,984,133	25,876,800	-	135,438	3,423,797	22,317,565	0.45%	1,228
2010	19,107	4,809,486,786	29,950,150	-	3,050	3,238,825	26,708,275	0.56%	1,398
2011	19,107	4,752,606,030	28,006,800	-	3,330,312	-	24,676,488	0.52%	1,291
2012	19,486	4,649,191,308	25,752,600	-	3,012,381	-	22,740,219	0.49%	1,167
2013	19,611	4,756,373,688	21,727,609	6,687,500	696,346	-	27,718,763	0.58%	1,413
2014	19,765	5,054,078,747	23,851,376	6,687,500	673,804	-	29,865,072	0.59%	1,511

Note:

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

Sources:

State of Washington Office of Financial Management
 King County Department of Assessments
 Tukwila Finance Department

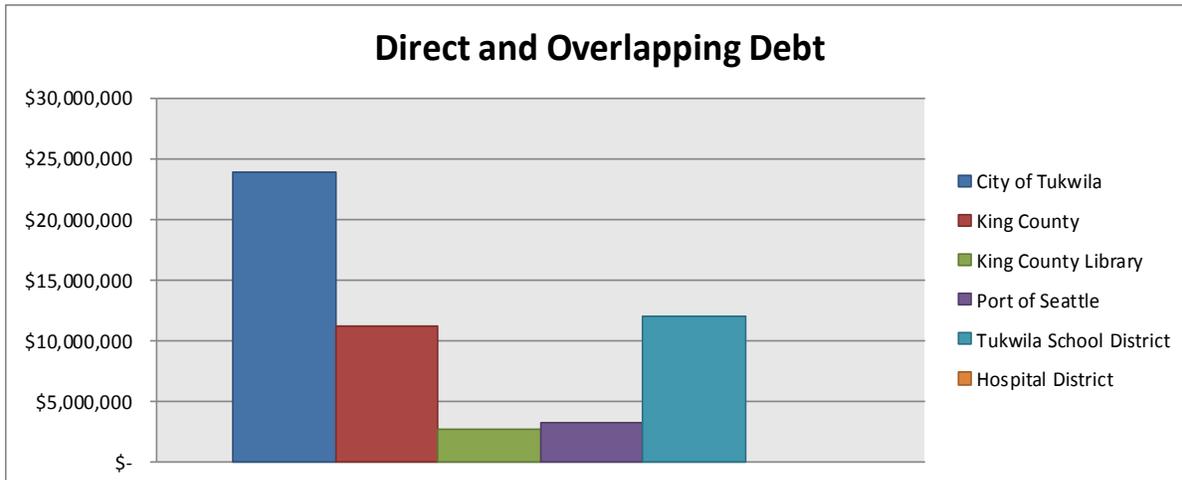


CITY OF TUKWILA, WASHINGTON
SCHEDULE 14
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2014

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila ⁽¹⁾	Estimated Applicable to Tukwila
Direct:			
City of Tukwila	\$ 23,851,376	100.00%	\$ 23,851,376
Overlapping:			
King County	796,669,841	1.40%	11,153,378
King County Library	118,264,183	2.26%	2,672,771
Port of Seattle	225,420,000	1.40%	3,155,880
Tukwila School District #406	13,238,402	90.87%	12,029,735
Hospital District #1	-	5.55%	-
Total Overlapping Debt:	<u>1,153,592,426</u>		<u>29,011,764</u>
Total Direct and Overlapping Debt:	<u>\$ 1,177,443,802</u>		<u>\$ 52,863,140</u>

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

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



CITY OF TUKWILA, WASHINGTON
SCHEDULE 15
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Page 1 of 2

	2005	2006	2007	2008	2009
Debt Limit	\$ 270,791,907	\$ 296,095,014	\$ 333,768,277	\$ 388,178,248	\$ 373,048,810
Total net debt applicable to limit	<u>23,407,761</u>	<u>24,494,996</u>	<u>23,188,240</u>	<u>21,881,765</u>	<u>28,291,920</u>
Legal debt margin	\$ 247,384,146	\$ 271,600,018	\$ 310,580,037	\$ 366,296,483	\$ 344,756,890
Total net debt applicable to the limit as a percentage of debt limit	8.64%	8.27%	6.95%	5.64%	7.58%

Assessed Value as of December 31, 2014	<u>\$ 5,054,078,747</u>
Debt Limit (7.5% of assessed value)	379,055,906
Debt applicable to limit:	
General obligation bonds	23,288,621
Other long-term debt	<u>16,197,538</u>
	39,486,159
Less: Amount set aside for repayment of general obligation debt and contracts payable	(673,804)
Total net debt applicable to limit	38,812,355

Legal debt margin	<u><u>\$ 340,243,551</u></u>
-------------------	------------------------------

Source:
Tukwila Finance Department

2010	2011	2012	2013	2014
\$ 360,711,509	\$ 356,445,452	\$ 348,689,348	\$ 356,728,027	\$ 379,055,906
32,919,123	29,703,995	25,884,632	31,056,730	38,812,355
\$ 327,792,386	\$ 326,741,457	\$ 322,804,716	\$ 325,671,297	\$ 340,243,551
9.13%	8.33%	7.42%	8.71%	10.24%

CITY OF TUKWILA, WASHINGTON
SCHEDULE 16
REVENUE BOND COVERAGE - WATER BONDS

LAST THREE FISCAL YEARS

Fiscal Year	Gross Revenue ^(a)	Operating Expenses ^(b)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Times Coverage ^(c)
				Principal	Interest	Total	
2012	5,250,929	3,985,190	1,265,739	136,573	30,240	166,813	7.59
2013	5,763,713	4,363,133	1,400,580	121,771	24,534	146,305	9.57
2014	6,002,016	5,064,262	937,754	103,054	19,685	122,739	7.64

Notes:

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

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

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

Sources:

Tukwila Finance Department

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

LAST THREE FISCAL YEARS

Fiscal Year	Gross Revenue ^(a)	Operating Expenses ^(b)	Net Revenue		Average Annual Debt Service Requirements			Times Coverage ^(c)
			Available for Debt Service		Principal	Interest	Total	
2012	6,505,121	5,076,916	1,428,205		107,880	42,094	149,974	9.52
2013	7,387,048	5,032,120	2,354,928		109,829	40,054	149,883	15.71
2014	8,311,364	6,583,114	1,728,250		111,838	37,949	149,787	11.54

Notes:

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

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

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

Sources:

Tukwila Finance Department

CITY OF TUKWILA, WASHINGTON
SCHEDULE 18
REVENUE BOND COVERAGE - SURFACE WATER BONDS

LAST NINE FISCAL YEARS

Fiscal Year	Gross Revenue ^(a)	Operating Expenses ^(b)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Times Coverage ^(c)
				Principal	Interest	Total	
2006	\$2,434,657	\$ 1,185,799	\$ 1,248,858	\$ 18,171	\$ 9,501	\$ 27,672	45.13
2007	2,393,067	1,335,256	1,057,811	19,080	9,976	29,056	36.41
2008	2,765,320	1,133,871	1,631,449	19,453	9,614	29,067	56.13
2009	2,672,554	1,670,565	1,001,989	19,800	9,263	29,063	34.48
2010	3,141,153	1,833,245	1,307,908	20,153	8,902	29,055	45.01
2011	3,493,373	1,813,223	1,680,150	20,513	8,530	29,043	57.85
2012	3,761,197	1,906,766	1,854,431	20,880	8,147	29,027	63.89
2013	3,886,734	1,774,380	2,112,354	21,257	7,752	29,009	72.82
2014	4,248,174	2,463,255	1,784,919	21,646	7,345	28,991	61.57

Notes:

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

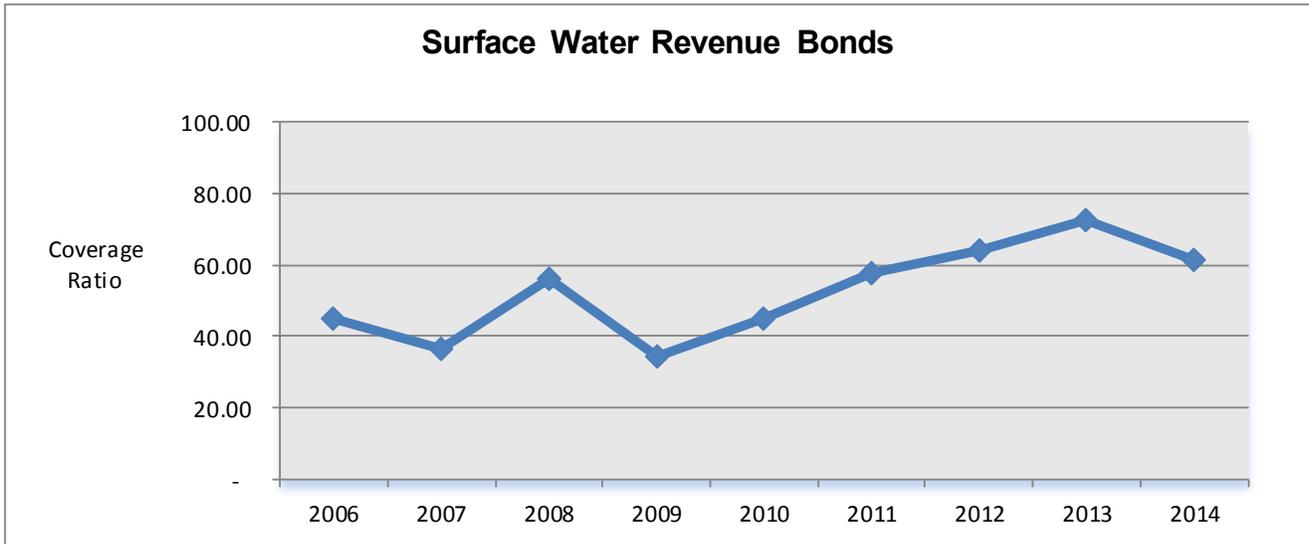
^(b) Includes operating expenses and non-operating expenses exclusive of depreciation, amortization and interest charges.

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

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

Source:

Tukwila Finance Department



CITY OF TUKWILA, WASHINGTON
SCHEDULE 19
WATER SYSTEM CUSTOMERS BY CATEGORY

LAST 5 FISCAL YEARS

TYPE	2010		2011		2012		2013		2014	
	No.	%								
Residential	1,221	58.1	1,227	58.0	1,227	58.0	1,238	58.5	1,246	58.6
Commercial/Industrial	707	33.7	716	33.9	718	33.9	708	33.4	708	33.3
Multi-Family	172	8.2	172	8.1	172	8.1	172	8.1	172	8.1
TOTAL	2,100	100.0	2,115	100.0	2,117	100.0	2,118	100.0	2,126	100.0

Data is not available prior to 2010.

Source:

City of Tukwila

CITY OF TUKWILA, WASHINGTON
SCHEDULE 20
LARGEST CUSTOMERS OF THE WATER SYSTEM
AS OF DECEMBER 31, 2014

CUSTOMER	INDUSTRY	CUBIC FEET (00)	PERCENT OF TOTAL CONSUMPTION		REVENUES	PERCENT OF TOTAL REVENUES
Boeing Co	Airplane manufacturer	128,802	12.81 %	\$	753,059	12.70 %
Westfield Shoppingtown	Shopping mall	43,089	4.29		235,156	3.97
Shasta Beverage	Food Products	41,346	4.11		199,334	3.36
Hilton Hotels	Lodging	21,597	2.15		108,624	1.83
City of Tukwila	Municipality	16,757	1.67		147,174	2.48
Regency Cleaners	Cleaners	14,817	1.47		71,952	1.21
CHA Southcenter LLC	Lodging	13,557	1.35		69,946	1.18
Riverside Residences	Lodging	11,715	1.17		57,230	0.97
Canyon Estates	Condominiums	11,653	1.16		76,843	1.30
Costco	Cash & carry warehouse	11,596	1.15		63,190	1.07
Total		314,929	31.33	\$	1,782,508	30.07
Total System-wide		1,005,253	100.00 %	\$	5,927,963	100.00 %

Source:
City of Tukwila

CITY OF TUKWILA, WASHINGTON
SCHEDULE 21
SEWER SYSTEM CUSTOMERS BY CATEGORY

LAST 5 FISCAL YEARS

TYPE	2010		2011		2012		2013		2014	
	No.	%								
Residential	898	52.9	909	53.0	919	53.2	944	54.2	954	54.5
Commercial/Industrial	641	37.7	645	37.6	647	37.5	637	36.6	637	36.4
Multi-Family	160	9.4	160	9.3	161	9.3	161	9.2	161	9.2
TOTAL	1,699	100.0	1,714	100.0	1,727	100.0	1,742	100.0	1,752	100.0

Data is not available prior to 2010.

Source:

City of Tukwila



CITY OF TUKWILA, WASHINGTON
SCHEDULE 22
LARGEST CUSTOMERS OF THE SEWER SYSTEM
AS OF DECEMBER 31, 2014

CUSTOMER	INDUSTRY	CUBIC FEET (00)	PERCENT OF TOTAL CONSUMPTION		REVENUES	PERCENT OF TOTAL REVENUES
Boeing Co	Airplane manufacturer	58,730	8.39 %	\$	725,805	9.03 %
Seattle Rendering Works	Food by-products	46,931	6.70		539,899	6.72
Westfield Shoppingtown	Shopping mall	42,294	6.04		514,001	6.40
Hilton Hotels	Lodging	18,573	2.65		213,689	2.66
Regency Cleaners	Cleaners	14,817	2.12		170,475	2.12
City of Tukwila	Municipality	14,076	2.01		78,185	0.97
CHA Southcenter LLC	Lodging	13,557	1.94		155,978	1.94
Canyon Estates	Condominiums	11,653	1.66		120,971	1.51
Costco	Cash & carry warehouse	10,847	1.55		125,834	1.57
Terrace Apartments	Apartments	9,978	1.42		113,675	1.41
Total		241,456	34.48	\$	2,758,512	34.33
Total System-wide		700,232	100.00 %	\$	8,034,451	100.00 %

Source:
City of Tukwila

**CITY OF TUKWILA, WASHINGTON
SCHEDULE 23
DEMOGRAPHIC STATISTICS**

LAST TEN FISCAL YEARS

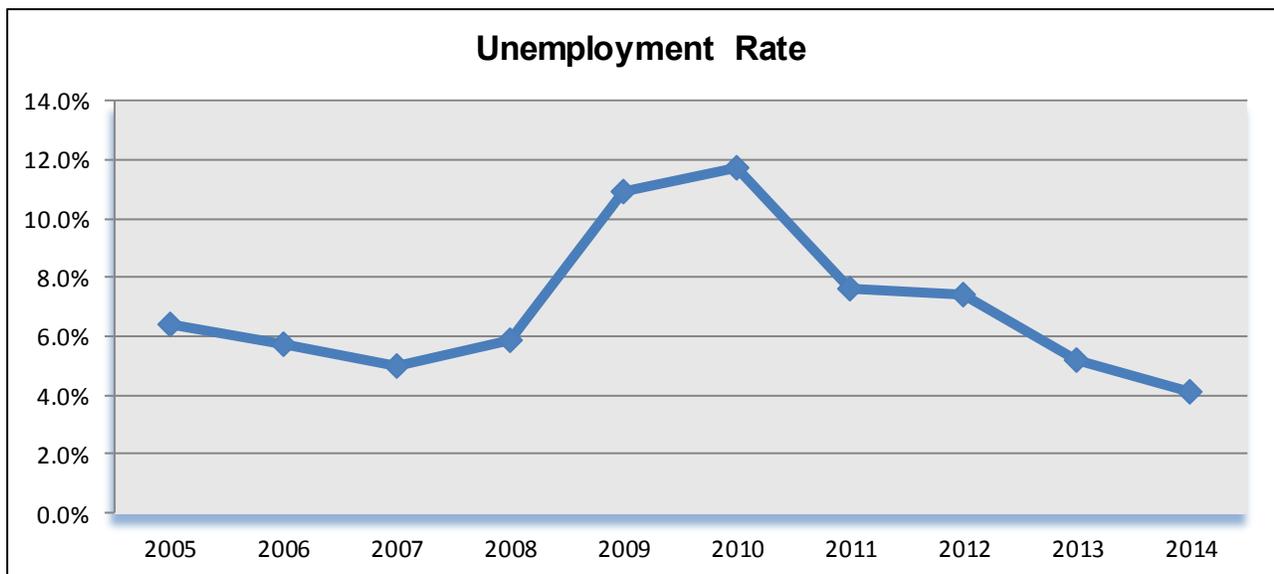
Fiscal Year	Population	Per Capita Personal Income ^(a)	Personal Income ^(b) (in thousands)	Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate ^(c)
2005	17,110	48,789	834,780	3,791	4,107	2,650	6.4%
2006	17,930	52,655	944,104	3,838	4,107	2,698	5.7%
2007	18,000	57,409	1,033,362	3,864	4,107	2,862	5.0%
2008	18,080	58,141	1,051,189	3,884	4,107	2,769	5.9%
2009	18,170	56,904	1,033,946	3,885	4,107	2,795	10.9%
2010	19,107	44,271	845,886	3,892	4,107	2,907	11.7%
2011	19,107	43,887	838,549	3,894	4,094	2,870	7.6%
2012	19,486	43,333	844,387	3,896	4,094	2,902	7.4%
2013	19,611	43,331	849,764	3,915	4,094	2,882	5.2%
2014	19,765	***	***	3,920	4,103	2,978	4.1%

Notes:

- (a) *Per Capita Personal Income data shown is for King County. Specific data for City of Tukwila is not available.*
 - (b) *Personal Income estimates are calculated by multiplying Tukwila population by the Per Capita Personal Income estimates for Tukwila and are based on a revised methodology that provides for more accuracy. See also Footnote (a).*
 - (c) *Unemployment rates are listed and estimated using the census-share method.*
- *** *Data not available at time of publication.*

Sources:

Tukwila Planning Division, Department of Community Development
 State of Washington Office of Financial Management
 Work Force Development Council of Seattle - King County (Unemployment Data)
 Tukwila School District #406
 US Bureau of Economic Analysis



CITY OF TUKWILA, WASHINGTON
SCHEDULE 24
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Name of Company/Employer	Product or Business	2014 Full & Part-Time Employment	Percentage of Total City Employees	2005 Full & Part-Time Employment	Percentage of Total City Employees
Boeing Company	Airplane company	7,516	18.69%	9,638	23.01%
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.	1,880	4.67%	1,400	3.34%
King County Metro	Transit operating base	914	2.27%	559	1.33%
Costco Wholesale	Cash/carry Warehouse	823	2.05%	589	1.41%
Boeing Employees Credit Union	Banking/Credit Union	576	1.43%	384	0.92%
Nordstrom	Department Store	514	1.28%	398	0.95%
Macy's	Department Store	376	0.93%	375	0.90%
Real Time Staffing Services Inc.	Employment Agency	338	0.84%	-	0.00%
Red Dot Corporation	Heater/air conditioning equipment	308	0.77%	357	0.85%
Triumph Expo & Events Inc	Trade Show Services	300	0.75%	-	0.00%
Sub-total - Major Employers		13,545		13,700	
All Other Employment		26,673		28,180	
TOTAL EMPLOYMENT		40,218		41,880	

Source:

Tukwila Finance Department - Business Licenses

CITY OF TUKWILA, WASHINGTON
SCHEDULE 25
FULL TIME EQUIVALENT EMPLOYEE BY DEPARTMENT
LAST TEN FISCAL YEARS

DEPARTMENT	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administrative Services ^(a)	22.75	23.75	26.75	19.75	-	-	-	-	-	-
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Mayor ^(b)	11.00	11.00	12.00	11.00	16.00	17.00	15.75	16.75	17.75	21.00
Human Resources ^(a)	-	-	-	-	4.00	4.00	4.00	4.00	4.00	4.00
Finance	12.00	11.00	11.00	12.00	12.00	13.00	11.00	12.00	12.00	12.00
Recreation	22.00	22.50	23.50	23.50	22.50	20.75	16.25	16.25	16.25	16.00
Community Development	20.88	20.88	20.25	24.25	24.25	23.00	22.63	23.38	22.13	21.63
Court ^(a)	-	-	-	-	9.75	8.75	8.75	9.00	9.00	9.10
Police ^(c)	81.00	83.00	80.00	83.00	82.00	80.00	83.00	88.00	87.50	89.00
Fire	67.00	65.00	66.00	64.00	63.00	65.00	66.00	67.00	67.00	67.00
Information Technology ^(a)	-	-	-	-	8.00	8.00	8.00	8.00	7.00	6.00
Public Works	35.00	34.00	32.00	33.00	32.00	30.00	30.00	30.00	31.00	31.00
Parks	10.50	10.25	7.50	7.50	7.50	7.50	7.50	7.50	6.00	7.00
Street	11.00	10.00	11.00	12.00	12.00	11.00	12.00	12.00	12.50	11.50
Water	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Sewer	3.00	3.00	3.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00
Golf	9.50	9.25	9.25	9.75	9.75	10.00	9.25	8.25	9.25	8.25
Surface Water	7.00	7.00	7.00	8.00	8.00	7.00	8.00	8.00	8.00	8.00
Equipment Rental	4.00	5.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Metropolitan Park District Pool ^(d)	-	-	-	-	-	-	2.00	2.00	2.00	2.00
TOTAL	329.63	329.63	327.25	328.75	331.75	325.00	325.13	333.13	332.38	334.48

Notes:

Based on filled positions not budgeted positions.

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

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

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

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

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

Sources:

Tukwila Finance Department

CITY OF TUKWILA, WASHINGTON
SCHEDULE 26
OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FUNCTION										
Police										
Number of Calls for Service	32,922	33,686	33,985	35,816	33,095	32,889	30,272	31,916	31,355	29,840
Fire										
Number of Responses	4,710	4,921	4,673	4,824	4,654	4,574	4,649	4,844	4,604	5,156
Total Fire Loss	\$1,414,741	\$2,982,265	\$3,065,005	\$2,300,685	\$1,934,596	\$1,655,571	\$1,601,596	\$675,847	\$343,495	\$2,738,080
Total Inspections	5,482	4,705	4,845	6,787	6,787	^(b) 1,550	^(b) 1,360	^(b) 4,541	3,389	3,850
Parks and Recreation										
Class Participants	64,000	64,000	98,087	109,273	103,603	85,693	64,049	58,260	52,319	45,514
Community Ctr Admissions	33,750	34,850	90,141	117,533	134,183	134,275	115,728	116,136	114,748	132,397
Rounds of Golf Played	54,449	55,195	55,446	53,565	53,800	50,445	45,947	47,392	47,757	47,267
Pool Attendance	72,778	72,963	57,624	59,077	80,727	101,128	66,213	69,332	71,233	79,537
Street										
Miles	79	79	79	79	79	79	79	79	79	79
Hours Maintaining	15,243	16,970	17,540	19,840	22,140	20,360	20,360	22,920	16,767	8,627
Signalized Intersections	61	61	63	63	59	59	59	62	62	62
Hours Maintaining	9,054	7,642	7,540	7,540	6,700	6,925	6,925	7,000	8,815	3,012
Water Utility Services										
Total Customers	2,164	2,117	2,113	2,109	2,112	2,100	2,109	2,117	2,118	2,126
Total Gallons/Water(in thousands)	886,000	789,981	680,649	660,915	731,469	630,755	625,976	650,659	645,982	668,740
Sanitary Sewer										
Total Customers	1,710	1,720	1,718	1,684	1,694	1,699	1,710	1,727	1,742	1,752
Surface Water										
Total Customers	5,100	5,107	5,156	5,164	5,204	5,207	5,207	5,212	5,226	5,239
Licenses										
Business Licenses	2,286	2,354	2,350	2,523	2,422	2,454	2,611	2,030	1,877	2,208
Outside Contractors	-	-	-	-	-	-	-	^(c) 1,066	1,132	1,216
Permits										
Building Permits	430	422	425	423	265	290	389	354	374	347
Mechanical Permits	193	239	238	256	159	160	180	191	221	216
Electrical Permits	N/A	N/A	758	1,533	821	955	1,158	1,175	1,337	1,223
Plumbing Permits	N/A	192	306	264	145	163	187	210	167	184
Public Works Permits	112	144	136	154	131	138	106	126	155	152
Libraries										
Number of Libraries	3	3	3	3	3	2	2	2	2	2
Total Circulation	215,115	320,794	306,001	303,665	318,991	327,004	333,451	332,509	313,571	284,667

Notes:

^(a) Construction of new clubhouse completed and opened in 2003.

^(b) Due to information system and data program transitioning, this total does not include fire prevention staff inspections at this time as reported in prior years.

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

* Information not available.

** Pool facilities acquired from King County in 2003.

Sources:

Tukwila Departments, King County Library System

CITY OF TUKWILA, WASHINGTON
SCHEDULE 27
CAPITAL ASSETS BY FUNCTION
 LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FUNCTION										
General Government										
Total City Area (Square Miles)	8.6	8.6	8.6	8.6	9.7	9.7	9.7	9.6	9.6	9.6
Public Safety										
Police:										
Number of Vehicle Units	64	64	64	67	70	76	84	88	81	89
Fire:										
Number of Fire Stations	4	4	4	4	4	4	4	4	4	4
Number of Engines/Rescue Trucks/Ladders	8	9	9	9	9	8	7	7	7	9
Number of Medical Aid Vehicles	2	2	2	2	2	2	1	1	1	1
Number of Hazardous Materials Trailer Units	1	1	2	2	2	2	2	2	2	2
Transportation										
Paved Streets (lane miles)	163	163	163	163	178	178	178	188.2	188.2	188.2
Sidewalks (miles)	54	54	54	54	56	56	56	64.8	64.8	64.8
Number of Traffic Signals	55	55	57	57	59	59	59	64	63	63
Number of Streetlights Ow ned by Seattle City Light	1,180	1,180	1,180	1,180	1,180	1,335	1,335	(c) 901	901	902
Number of Streetlights Ow ned by Puget Sound Energy	670	670	670	670	696	696	623	(c) 187	187	187
Number of Streetlights Ow ned by City of Tukw ila	-	-	-	-	-	-	-	(c) 1,210	1,216	1,224
Culture and Recreation										
Parks Acreage ^(a)	158	161	160	162	162	162	162	175.6	175.6	175.6
Number of Parks	15	16	18	18	18	18	18	19	19	19
Golf Course Acreage	67	67	67	67	67	67	67	77.26	77.26	77.26
Maintained Trails (miles)	11	11	11	11	15	15	15	15	15	15
Number of Playgrounds	13	13	13	13	11	11	11	11	11	11
Swimming Pool	1	1	1	1	1	1	-	-	-	-
Visitor Center	1	1	1	1	1	1	1	1	1	1
Community Center/Recreation Facilities	1	1	1	1	1	1	1	1	1	1
Number of Libraries	3	3	3	3	3	2	2	2	2	2
Water										
Water Distribution Mains (miles)	45	45	47	47	41	41	41	41	41	49
Maximum Daily Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Number of Fire Hydrants (Ow ned by City of Tukw ila)	533	537	555	572	541	542	554	576	576	576
Vehicles	7	7	8	8	8	8	8	8	8	9
Sewer										
Sanitary Sewers (miles)	33	33	37	37	37	37	37	37	37	37
Maximum Daily Treatment Capacity (millions of gallons)	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33
Vehicles	3	5	5	6	6	6	6	6	5	4
Surface Water										
Storm Drains (miles) ^(b)	60	62	67	67	69	69	70	70	70	70
Vehicles	5	4	4	4	4	4	4	4	4	8

Notes:

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

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

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

Sources:

Various Departments-Tukw ila