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## FINANCIAL POLICIES

The City's Financial Policies are intended to serve as a Council-approved set of values and expectations for Council Members, City staff, community members and other interested parties who may do business with the City. The use of the term "City" refers to all City officials and staff who are responsible for the activities to carry out these policies. The policies describe expectations for financial planning, budgeting, accounting, reporting and other management practices. They have been prepared to assure prudent financial management and responsible stewardship of the City's financial and physical resources. The policies are reviewed on a biennial basis and updated as needed. The latest revision of the financial policies was adopted May 2024 via Resolution 2096.



# City of Tukwila

Washington

Resolution No. 2096

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, ADOPTING FINANCIAL POLICIES, AND REPEALING RESOLUTION NO. 2014.

**WHEREAS**, the City Council is committed to the highest standard of financial management; and

**WHEREAS**, financial policies adopted by the legislative body are a best practice to provide written guidance for how local government officials and staff should approach fiscal issues and core financial areas; and

**WHEREAS**, financial policies outline a clear vision of how the City of Tukwila will manage its financial resources to provide the best value to the community; and

**WHEREAS**, periodically updating and revising financial policies are important steps toward ensuring consistent and rational financial management; and

**WHEREAS**, financial policies have traditionally existed in many different documents and the City Council desires to minimize confusion and eliminate redundancies or conflicts by consolidating financial policy direction to the extent feasible;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:**

**Section 1.** The Financial Policies attached hereto as Exhibit A are adopted.

**Section 2.** The Financial Policies shall be reviewed on at least a biennial basis and updated as necessary.

**Section 3. Repealer.** Resolution No. 2014 is hereby repealed.

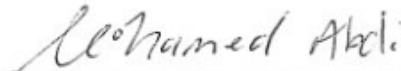
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PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at  
a Regular Meeting thereof this 20<sup>th</sup> day of May, 2024.

ATTEST/AUTHENTICATED:



\_\_\_\_\_  
Andy Youn, CMC, City Clerk



\_\_\_\_\_  
Mohamed Abdi, Council President

APPROVED AS TO FORM BY:



\_\_\_\_\_  
Office of the City Attorney

Filed with the City Clerk: 5-14-24  
Passed by the City Council: 5-20-24  
Resolution Number: 2096

Attachment: Exhibit A – Financial Policies

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## **Financial Policies**

### **Section 1. Purpose**

- a. The City of Tukwila is accountable to the public and shall maintain the fiscal integrity of its operating, debt service, and capital budgets while providing an appropriate level of public services within the City's financial capabilities.
- b. The City's Financial Policies are intended to provide guidelines for the financial planning and internal financial management of the City.

### **Section 2. Budgeting**

*Cross references: TMC Chapter 3.30, Resolution 1951*

- a. The City of Tukwila shall prepare and adopt a biennial budget in accordance with RCW Chapter 35A.34, and Tukwila Municipal Code (TMC) Chapter 3.30. Fiscal years begin January 1 and end December 31.
- b. The budget shall be prepared with a priority-based approach that enables resources to be allocated to the programs and services that provide the greatest value to the community.
- c. The budget must be developed in accordance with the policies and priorities set forth in long-term policy documents including the Equity Policy, Strategic Plan, Comprehensive Plan, City Council and community priorities, and federal and state laws.
- d. Within each budget cycle, the budget should be structurally balanced, which means that ongoing expenditures shall be provided for by anticipated ongoing revenue and one-time revenue should only be used for one-time expenditures unless explicitly authorized by the City Council.
- e. The City shall maintain a six-year Capital Improvement Program and update it with each budget cycle to ensure that all costs associated with projects are addressed.
- f. As part of each biennial budget process, the City shall prepare six-year expenditure and revenue forecasts for the principal operating and capital funds. Revenues will be estimated on a conservative basis.
- g. The City Council may informally approve mid-year budget amendments by motion prior to the submission of a comprehensive formal budget amendment at the end of the fiscal year.
- h. The City's employee classification and compensation plan will be maintained in a manner consistent with Council policy, applicable state and federal collective bargaining laws, and valid comparable cities.

### **Section 3. Revenues**

*Cross references: TMC Title 3*

- a. The City will maintain a diversified and stable revenue system to shelter it from short-term fluctuations.

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- b. The City shall develop and maintain a Revenue Guide that describes major revenue sources available to the City of Tukwila.
  - c. Revenue sources should be reviewed in off-budget years to account for inflation, to stay in line with market, or to ensure cost recovery at a prescribed level depending on the revenue source.

#### **Section 4. Expenditures**

*Cross references:*

- *Purchasing Policy (Resolution No. 2015)*
- *Procurement Card Policy (Resolution No. 1750)*
- *Expense Reimbursement Policy (Resolution No. 1874)*

- a. The City shall maintain expenditure categories according to state statute and administrative regulation known as the State Auditor's Budgeting, Accounting, and Reporting System (BARS).
- b. Operating expenditures within funds must be supported by the operating revenues generated by that fund.
- c. Purchasing will be conducted with appropriate internal controls, observe fair and ethical business practices, and use wise and prudent judgement in the expenditure of public funds.

#### **Section 5. Grants**

*Cross references: Grant Policy/Procedure in progress*

- a. The City shall, whenever practical and advantageous, pursue grant funding. All potential grants shall be examined carefully for matching requirements, and to determine whether programs must be continued with local resources after grant funds are exhausted.
- b. Staff shall obtain approval from the appropriate City Council Committee before applying for any grant requiring an unbudgeted or previously unidentified local match, and staff shall obtain City Council approval prior to accepting grant agreements in amounts above the Mayor's signing authority.

#### **Section 6. Capital Improvement Program (CIP)**

- a. Transportation improvements will be coordinated with related improvements such as utility, landscaping, sidewalks, etc.
- b. Whenever feasible, capital improvements shall be coordinated with related improvements of adjacent jurisdictions.
- c. Capital Improvement Program projects shall, whenever possible, take advantage of grants, loans or other financing external to the City. If the proposed grants or mitigation are either not funded or are reduced, the City Council will reevaluate the respective project on the basis of its value and priority level placement in the Capital Improvement Program.
- d. General Fund support should not be relied upon for funding capital projects. Grants and/or dedicated and restricted revenue sources should be utilized prior to seeking General Fund support.

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- e. Non-transportation capital projects and improvements should be funded by operating revenues, grants or bonds as determined in the six-year Financial Planning Model.
  - f. Residential streets with safety issues, high traffic volumes, high pedestrian activity and poor roadway conditions will be considered the highest priority projects.
  - g. Residential street designs will follow basic designs for arterials, collectors, and local access streets. Designs to accommodate individual properties shall be avoided.
  - h. Design of connecting streets is strongly encouraged.
  - i. For City-scheduled projects located on residential streets, the City will require the undergrounding of new electrical and communication facilities pursuant to TMC Chapter 11.28.
  - j. Street and road improvement projects on slopes will include roadside plantings wherever feasible to help mitigate the land used for roadway and sidewalk improvements.
  - k. Donation of the property needed for rights-of-way and easements shall be pursued.
  - l. Latecomer agreements, where appropriate, shall be considered an acceptable means of funding capital projects, improvements and replacements, in whole or in part.
  - m. Right-of-way agreements for cable and electrical services should be utilized to discourage excessive wiring throughout the City.
  - n. Current arterial street improvements determined in the six-year CIP may be funded through a Local Improvement District (LID) or financing external to the City. The City may participate using operating revenues, grants or bonds based on health and safety needs or public benefit. The City may participate in the funding by financing the preliminary engineering design and professional service costs associated with planning and creating the LID.
  - o. A majority of property owners on a street may petition the City to set up an LID to pay for residential street improvement projects, sidewalks and undergrounding of utilities. The City will evaluate the possibility of paying for the design, preliminary engineering, construction engineering, and LID formulation. The residents will pay for undergrounding utilities in the street, undergrounding from the street to their residence, the actual construction costs, and any improvements on private property such as rockeries, paved driveways, or roadside plantings.
  - p. Pursuant to TMC Chapters 3.56 and 3.60, the first 1/4 cent Real Estate Transfer Tax (REET) shall be dedicated to park and open space land acquisition, and the second 1/4 cent shall be used for arterial streets, along with the parking tax, unless the City Council enacts other priorities consistent with state law distribution of REET funds.
  - q. Street and road improvement projects shall be evaluated for the inclusion of features that support the City's Parks, Recreation and Open Space (PROS) Plan and Transportation Element of the Comprehensive plan in order to encourage walking, bicycling, and use of public transit.

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- r. Policies will be reviewed annually and in concert with the adoption of growth management policies to ensure continuity.
  - s. Transportation impact fees shall be collected so that "growth may pay for growth" and growth-caused improvements may be constructed.

#### **Section 7. Enterprise Funds**

- a. Utility fund expenditures shall be fully supported by their own rates, fees, and charges and not subsidized by the General Fund.
- b. Utility rates should be structured to ensure adequate infrastructure development and replacement.
- c. Each Enterprise Fund shall be reviewed bi-annually to ensure a rate structure adequate to meet its operations, maintenance, and long-term capital requirements.
- d. Enterprise Fund rate increases shall be small, applied frequently, and staggered to avoid an overly burdensome increase and undue impact in any given year.
- e. Enterprise Fund rate increases of external agencies will be passed through to the customer.
- f. Infrastructure improvements such as water reuse should consider conservation of resources such as water and electricity.

#### **Section 8. Debt**

*Cross references: Debt Policy (Resolution No. 1840)*

- a. Appropriate management of debt is an important factor in measuring the City's financial performance and condition.

#### **Section 9. Reserves**

- a. Prudent financial management dictates that some portion of funds available to the City be reserved for future use.
- b. At the close of each fiscal year, the General Fund unassigned balance shall equal or exceed 18% and the Contingency Fund reserve balance shall 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.
- c. At the close of each fiscal year, the unrestricted balances of the Enterprise Funds shall equal or exceed 20% of the previous year revenue, exclusive of the effects of GASB Statement 68, as well as significant non-operating, non-recurring revenues such as real estate sales, transfers in from other funds or debt proceeds.
- d. Use or draw down of minimum balances shall occur only upon recommendation of City Administration and approval by City Council through a resolution. Should use or draw down occur, the City Administration shall establish a plan, no later than the end of the fiscal year following the year of decline, to restore the fund balance to the prescribed minimum level. The plan shall be presented to and approved by the City Council.

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- e. A One-time Revenue Reserve shall be established and maintained in the Contingency Fund. The One-time Revenue Reserve shall be credited annually with 10% of the prior year one-time revenues to the extent General Fund surplus for the year is sufficient to cover the reserve funding. Use of the reserve shall occur only upon recommendation by City Administration and approval by City Council resolution.
  - f. The City shall maintain a reserve in each of its self-insured health care funds in an amount equal to 1.5 times, or 150%, of the actuarially determined IBNR (incurred but not reported) balance. Use of the reserve shall occur only upon recommendation by City Administration and approval by City Council resolution.

#### **Section 10. Investments**

*(Cross references: TMC 3.28, Resolution No. 1828)*

- a. The City will strive to maximize the return on its investments with the primary objective of preserving capital in accordance with city policy and prudent investment practices.

#### **Section 11. Minimum Reporting Requirements**

- a. The Finance Director shall provide a financial status update at least quarterly.
- b. City Administration shall provide the City Council with financial reports that reflect actual performance in various expenditures and revenues.
- c. City Administration shall provide the City Council with a quarterly report of all newly-executed and amended contracts, including the amount, responsible department, scope of work, and expiration date.
- d. Once the annual audit is complete, City Administration shall provide a report to the City Council showing compliance with the Financial Reserve Policy.

DEBT POLICY



# City of Tukwila

Washington

Resolution No. 1840

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, ADOPTING A DEBT POLICY AND PROVIDING FOR APPROPRIATE MANAGEMENT OF DEBT ISSUED BY THE CITY OF TUKWILA.**

**WHEREAS**, a debt policy and appropriate management of debt issued by the City is an important factor in measuring the City's financial performance and condition; and

**WHEREAS**, proper use and management of borrowing can yield significant advantages; and

**WHEREAS**, the use of debt is a mechanism to equalize costs of needed improvements to both present and future citizens; and

**WHEREAS**, it is the responsibility of the City Council of the City of Tukwila to provide policy direction through the passage of motions and ordinances, adoption of resolutions, and final approval of the budget; and

**WHEREAS**, a debt policy establishes the purpose, type, and use of debt; responsibilities of various City officials; method of sale of bonds; refundings (bonds or notes); structural elements; credit objective; and the use of professional and other service providers;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:**

**Section 1.** The debt policy dated August 2014, attached hereto as "Exhibit A," is hereby adopted by this reference as if set forth in full.

**Section 2.** The debt policy shall be reviewed on a regular basis and updated as necessary.



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PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at  
a Regular Meeting thereof this 2nd day of September, 2014.

ATTEST/AUTHENTICATED:

Christy O'Flaherty  
Christy O'Flaherty, MMC, City Clerk

De'Sean Quinn  
De'Sean Quinn, Council President

APPROVED AS TO FORM BY:

Rachel Turpin Fox  
Rachel Turpin, City Attorney

Filed with the City Clerk: 8-21-14  
Passed by the City Council: 9-2-14  
Resolution Number: 1840

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## CITY OF TUKWILA DEBT POLICY

A debt policy and appropriate management of debt issued by the City of Tukwila (the "City") is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages. From a policy perspective, the City uses debt as a mechanism to equalize the costs of needed improvements to both present and future citizens.

### SECTION 1. PURPOSE, TYPE AND USE OF DEBT

In the issuance and management of debt, the City shall comply with the Washington State constitution and with all other applicable legal requirements imposed by federal, state and local laws, rules and regulations. Approval from the City Council (the "Council") is required prior to the issuance of all debt. Long-term debt will only be used for improvements that cannot be financed from current revenues or to fulfill the purposes set forth in the first paragraph of this Debt Policy (the "Policy").

Long-term debt will only be issued after reviewing the impact on the Six Year Financial Planning Model and its policy guidelines. When both tax exempt and taxable debt is under consideration, priority will be given to issuing the tax exempt debt, unless otherwise justified.

**Limited Tax General Obligation (LTGO) Bonds.** The City is authorized to sell LTGO bonds under RCW 39.36.020, subject to the approval of the Council. LTGO bonds will be issued only if: (1) a project requires funding not available from alternative sources; (2) the project has a useful life longer than five years, and the Council determines it is appropriate to spread the cost over that useful life, to achieve intergenerational equity, so those benefiting will also be the ones paying; (3) matching money is available which may be lost if not applied for in a timely manner; or (4) emergency conditions exist as determined by the Council. LTGO (non-voted) debt of the City shall not exceed an aggregate total of 1.5 percent of the City's assessed value of taxable property within the City.

**Unlimited Tax General Obligation (UTGO) Bonds.** The City is authorized to sell UTGO bonds under RCW 39.36.020, subject to the approval of the Council, and subject to voter approval. UTGO debt will be used for capital purposes when the use of an excess tax levy is necessary for debt service payments. No combination of UTGO (voter approved) debt and LTGO debt of the City shall exceed an aggregate total of: (a) 2.5 percent of the City's assessed value of the taxable property within the City for general purposes; (b) 2.5 percent of the City's assessed value of the taxable property within the City for parks, open spaces and capital facilities associated with economic development; and (c) 2.5 percent of the City's assessed value of the taxable property within the City for utility purposes.

**Revenue Bonds.** The City is authorized to sell revenue bonds under RCW 35.41.030, subject to the approval of the Council. Revenue bonds will be issued to finance the acquisition, construction or improvements to facilities of enterprise systems operated by the City, in accordance with a system and plan of improvements. The enterprise system must be legally authorized for operation by the City. There are no legal limits to the amount of revenue bonds the City can issue, but the City will not incur revenue obligations without first ensuring the

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ability of an enterprise system to meet all pledges and covenants customarily required by investors in such obligations during the term of the obligation.

**Local Improvement District Bonds.** The City is authorized to sell local improvement district (special assessment) bonds ("LID bonds") under RCW 35.45.010, subject to the approval of the Council. LID bonds are issued to finance projects that will provide special benefit to certain property owners. The specially benefiting property owners are levied an assessment, based upon a formula developed to fairly reflect the benefit received by each property owner in the local improvement district. After consideration and review, the City may form local improvement districts upon petition of benefiting property owner(s), unless the Council determines to establish such districts by resolution, pursuant to statutory authority. LIDs for utility improvements may be authorized as ULIDs, which may be financed through issuance of Revenue Bonds.

**Lease Purchase Financing.** Lease purchase financing may be used when the cost of borrowing or other factors make it in the City's best interest.

**Short-Term Debt.** The City is authorized to incur short-term debt under chapter 39.50 RCW, subject to the approval of the Council. Short-term debt may be issued to meet: (1) the immediate financing needs of a project for which long-term financing has been identified and is likely or secured but not yet received; or (2) cash flow needs within authorized budgets and anticipated receipts for the budget year.

The Finance Director is authorized to make loans from one City fund to another City fund for periods not exceeding twelve months. The Finance Director or designee is required to assure that the loaning fund will have adequate cash balances to continue to meet current expenses after the loan is made and until repayment from the receiving fund. All interfund short-term borrowing will bear interest based upon prevailing Local Government Investment Pool rates.

## **SECTION 2. RESPONSIBILITIES**

The primary responsibility for debt management rests with the City's Finance Director.

***The Finance Director shall (or shall cause the following to occur):***

- Provide for the issuance of debt at the lowest cost and risk;
- Determine the available debt capacity;
- Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved projects;
- Recommend to the Council the manner of sale of debt;
- Monitor opportunities to refund debt and recommend such refunding as appropriate;
- Comply with all Internal Revenue Service (IRS), Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt pursuant to the City's Post Issuance Compliance Policy;
- Provide information for and participate in the preparation and review of bond offering or disclosure documents;
- Comply with all terms, conditions and disclosures required by Ordinances governing the debt issued;
- Submit to the Council all recommendations to issue debt;

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- Distribute to appropriate repositories, such as the EMMA repository managed by the Municipal Securities Rulemaking Board, information regarding financial condition and affairs at such times and in the form required by contract, regulation and general practice, including Rule 15c2-12 regarding continuing disclosure;
  - Provide for the distribution of pertinent information to rating agencies;
  - Coordinate and lead presentations to rating agencies, when appropriate;
  - Maintain a database with all outstanding debt;
  - Apply and promote prudent fiscal practices;
  - Select a qualified financial advisor with experience in municipal finance in Washington, and registered with the SEC and MSRB as a “municipal advisor,” and
  - Account for and pay all bonded indebtedness for the City, by specifically providing for the timely payment of principal of and interest on all debt; and ensuring that the fiscal agent receives funds for payment of debt service on or before the payment date.

***The Council shall:***

- Approve the Debt Policy;
- Approve indebtedness;
- Approve budgets sufficient to provide for the timely payment of principal and interest on debt;
- Determine the most appropriate financing plan for proposed debt, based on recommendation from the Finance Director, upon advice of the City’s financial advisor; and
- By Ordinance, delegate broad or limited authority to the Finance Director relative to execution of a financing plan approved by the Council.

**SECTION 3: METHOD OF SALE OF BONDS**

***Competitive Sale.*** The Finance Director may, upon the advice of the City's financial advisor, submit to the Council a recommendation to sell debt on a competitive bid basis. City debt issued on a competitive bid basis will be sold to the bidder proposing the lowest true interest cost to the City. Such bid may take the form of electronically transmitted offers to purchase the bonds.

***Negotiated Sale.*** The Finance Director may, upon the advice of the City's financial advisor, submit to the Council a recommendation to sell debt on a negotiated basis. If debt is sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, redemption provisions and underwriting compensation. The Finance Director, with the assistance of its financial advisor, shall evaluate the terms offered by the underwriter including comparison of terms with prevailing terms and conditions in the marketplace for comparable issues. If more than one underwriter is included in the negotiated sale of debt, the Finance Director shall establish appropriate levels of liability, participation and priority of orders and, with the assistance of its financial advisor, oversee the bond allocation process.

***Private or Direct Placement.*** When deemed appropriate to minimize the direct or indirect costs and risks of a debt issue, the Finance Director will, upon the advice of the City's financial advisor, submit to the Council a request to incur debt issue through a private placement or direct bank placement.

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## SECTION 4. REFUNDING BONDS OR NOTES

Refundings will be conducted in accordance with chapter 39.53 RCW. Unless otherwise justified, the City will refinance debt to either achieve debt service savings as market opportunities arise, or to eliminate restrictive covenants.

Unless otherwise justified, an "advance refunding" transaction will require a present value savings of five percent of the principal amount of the debt being refunded. In addition to the savings, any determination to refund debt should take into consideration all costs and negative arbitrage in the refunding escrow.

A "current refunding" transaction will require present value savings in an amount or percentage to be determined by the Finance Director based upon the advice of the City's financial advisor.

## SECTION 5. STRUCTURAL ELEMENTS

***Maturity Term.*** The City shall issue debt with an average life less than or equal to the average life of the assets being financed. Unless otherwise stated in law, the final maturity of the debt shall be no longer than 40 years (RCW 39.46.110).

***Debt Service Structure.*** Unless otherwise justified and deemed necessary, debt service should be structured on a level annual basis. Refunding bonds should be structured to produce debt service savings as determined by the Finance Director, based upon the advice of the City's financial advisor, to be in the best interest of the City. Unless specifically justified and deemed necessary, debt shall not have capitalized interest. If appropriate, debt service reserve funds may be used for revenue bonds.

***Maturity Structure.*** The City's long-term debt may include serial and term bonds. Unless otherwise justified, term bonds should be sold with mandatory sinking fund requirements.

***Price Structure.*** The City's long-term debt may include par, discount and premium bonds. Discount and premium bonds must be demonstrated to be advantageous relative to par bond structures, given applicable market conditions and the City's financing goals.

***Interest Payments.*** Unless otherwise justified and deemed necessary, long-term debt will bear interest payable semiannually.

***Redemption Features.*** For each transaction, the City shall evaluate the costs and benefits of call provisions.

***Capitalization.*** Debt service reserves may be capitalized for enterprise activities only. Costs of issuance may be capitalized for all debt. Interest costs may be capitalized upon the advice of the City's financial advisor for any type of debt.

***Bond Insurance.*** The City may evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchased by the City shall be competitively procured unless otherwise justified.

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**Tax-exemption.** Unless otherwise justified and deemed necessary, the City shall issue its debt on a tax-exempt basis. Taxable debt may be justified based on a need for flexibility in use of proceeds, or when expected to reduce burdens relative to IRS rules.

## **SECTION 6. CREDIT OBJECTIVE**

The City shall seek to maintain and improve its bond rating or ratings, as applicable.

## **SECTION 7. USE OF PROFESSIONALS AND OTHER SERVICE PROVIDERS**

**Bond Counsel.** All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, and that all statutory requirements have been met. The bond counsel opinion and other documents relating to the issuance of debt will be prepared by nationally recognized bond counsel with extensive experience in public finance and tax issues. Bond counsel will be appointed by the Finance Director consistent with the City's general authority to contract.

**Financial Advisor.** The Finance Director will appoint a financial advisor for each debt issue, or for a specified term, consistent with the City's general authority to contract. The financial advisor shall be nationally recognized, have comprehensive municipal debt experience, including debt structuring and pricing of municipal securities, be registered as a "municipal advisor" with the MSRB and SEC, and have knowledge of State laws relating to City finances. The City financial advisor is to be available for general purposes, and will assist the City with all financing issues. *In no case shall the financial advisor serve as underwriter for the City's debt issues.*

**Underwriter.** The Finance Director in consultation with the City's financial advisor will select an underwriter for any negotiated sale of bonds. The selection of an underwriter may be for an individual bond issue, series of financings or a specified time period, as determined by the Finance Director. Depending upon the nature and amount of each financing, the Finance Director is authorized, in consultation with the City's financial advisor, to appoint more than one underwriter for each financing and to designate one underwriting firm as the managing underwriter.

**Other Service Providers.** Professional services such as verification agent, escrow agent or rebate analyst shall be appointed by the Finance Director in consultation with the City's financial advisor and/or bond counsel.

**Other City Policies and Procedures.** The City shall comply with its Post-Issuance Tax Compliance Policy, and shall provide the appropriate department heads and staff with educational opportunities to ensure they are aware of requirements that may pertain to bond financed facilities and assets relating to their duties.

## **SECTION 8. POST-ISSUANCE COMPLIANCE PROCEDURES**

### **Continuing Disclosure Obligations for All Bonds**

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**Purpose.** At the time of issuance of any Bonds, regardless of tax status, the City is required to enter into a Continuing Disclosure Undertaking (“Undertaking”) in order to allow the underwriter of the Bonds to comply with Securities and Exchange (“SEC”) Rule 15(c)2-12. The Undertaking is a contract between the City and the underwriter in which the City agrees to provide certain information to an “information repository” operated by the Municipal Securities Rulemaking Board (“MSRB”) to ensure investors have access to annual updates and related events that occur during the year.

**Responsibility for Undertaking.** The Finance Director is responsible for negotiating the terms of and complying with each of the City’s Undertakings. The Finance Director will negotiate the terms of the Undertaking at the time of each bond issuance, with a goal of meeting the requirements of Rule 15(c)2-12, without undue burden on the City. The Finance Director will strive to ensure that each Undertaking is similar to prior Undertakings to the extent possible, to simplify future compliance.

**Compliance with Undertaking.** The Finance Director will have responsibility for ensuring compliance with each Undertaking, which activities may be delegated to staff within the finance department. This will require certain annual filings, by a set due date, as well as periodic filings as certain specified events arise. Filings are to be made through the Electronic Municipal Market Access (“EMMA”) portal, managed by the MSRB. The Finance Director is responsible for knowing the terms of the City’s Undertakings, and ensuring appropriate staff within the finance department and other departments of the City are aware of the events that may require a filing.

**Certification of Compliance.** At the time of each subsequent bond issue, the Finance Director is responsible for reviewing all prior compliance, and providing a statement as to that prior compliance, as required by Rule 15(c)2-12. Each official statement will include a statement that describes compliance (or non-compliance) with each prior undertaking, which statement will be certified by the Finance Director.

## **Compliance Relating to Tax Exempt Bonds**

**Purpose.** The purpose of these post-issuance compliance procedures (“Compliance Procedures”) for tax-exempt bonds and other obligations issued by the City for which federal tax exemption is provided by the Internal Revenue Code of 1986, as amended (the “Code”), is to facilitate compliance by the City with the applicable requirements of the Code that must be satisfied after the issue date of the bonds to maintain the tax exemption for the bonds after the issue date.

**Responsibility for Monitoring Post-Issuance Tax Compliance.** The City Council of the City has the overall, final responsibility for monitoring whether the City is in compliance with post-issuance federal tax requirements for the City’s tax-exempt bonds. However, the City Council has delegated the primary operating responsibility to monitor the City’s compliance with post-issuance federal tax requirements for the City’s bonds to the Finance Director and has authorized and directed the Finance Director of the City to adopt and implement on behalf of the City these Compliance Procedures.

**Arbitrage Yield Restriction and Rebate Requirements.** The Finance Director will maintain or cause to be maintained records of:

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- (a) purchases and sales of investments made with bond proceeds (including amounts treated as “gross proceeds” of bonds under section 148 of the Code) and receipts of earnings on those investments;
  - (b) expenditures made with bond proceeds (including investment earnings on bond proceeds) in a timely and diligent manner for the governmental purposes of the bonds, such as for the costs of purchasing, constructing and/or renovating property and facilities;
  - (c) information showing, where applicable for a particular calendar year, that the City was eligible to be treated as a “small City” in respect of bonds issued in that calendar year because the City did not reasonably expect to issue more than \$5,000,000 of tax-exempt bonds in that calendar year;
  - (d) calculations that will be sufficient to demonstrate to the Internal Revenue Service (“IRS”) upon an audit of a bond issue that, where applicable, the City has complied with an available spending exception to the arbitrage rebate requirement in respect of that bond issue;
  - (e) calculations that will be sufficient to demonstrate to the IRS upon an audit of a bond issue for which no exception to the arbitrage rebate requirement was applicable, that the rebate amount, if any, that was payable to the United States of America in respect of investments made with gross proceeds of that bond issue was calculated and timely paid with Form 8038-T timely filed with the IRS; and
  - (f) information and records showing that investments held in yield-restricted advance refunding or defeasance escrows for bonds, and investments made with unspent bond proceeds after the expiration of the applicable temporary period, were not invested in higher-yielding investments.

***Restrictions on Private Business Use and Private Loans.*** The Finance Director will adopt procedures calculated to educate and inform the principal operating officials of those departments, including utility departments, if any, of the City (the “users”) for which land, buildings, facilities and equipment (“property”) are financed with proceeds of tax-exempt bonds about the restrictions on private business use that apply to that property after the bonds have been issued, and of the restriction on the use of proceeds of tax-exempt bonds to make or finance any loan to any person other than a state or local government unit. In particular, following the issuance of bonds for the financing of property, the Finance Director shall provide to the users of the property a copy of these Compliance Procedures and other appropriate written guidance advising that:

- (a) “private business use” means use by any person other than a state or local government unit, including business corporations, partnerships, limited liability companies, associations, nonprofit corporations, natural persons engaged in trade or business activity, and *the United States of America and any federal agency*, as a result of ownership of the property or use of the property under a lease, management or service contract (except for certain “qualified” management or service contracts), output contract for the purchase of electricity or water, privately sponsored research contract (except for certain “qualified” research contracts), “naming rights” contract, “public-private partnership” arrangement, or any similar use arrangement that provides special legal entitlements for the use of the bond-financed property;
- (b) under section 141 of the Code, no more than 10% of the proceeds of any tax-exempt bond issue (including the property financed with the bonds) may be used for private business



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use, of which no more than 5% of the proceeds of the tax-exempt bond issue (including the property financed with the bonds) may be used for any “unrelated” private business use—that is, generally, a private business use that is not functionally related to the governmental purposes of the bonds; and no more than *the lesser* of \$5,000,000 or 5% of the proceeds of a tax-exempt bond issue may be used to make or finance a loan to any person other than a state or local government unit;

- (c) before entering into any special use arrangement with a nongovernmental person that involves the use of bond-financed property, the user must consult with the Finance Director, provide the Finance Director with a description of the proposed nongovernmental use arrangement, and determine whether that use arrangement, if put into effect, will be consistent with the restrictions on private business use of the bond-financed property;
- (d) the Finance Director is to communicate with the City’s bond counsel and/or financial advisor relative to any proposed change in use or special use arrangement that may impact the status of the bonds, before entering into such agreement.

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## CLASSIFICATION OF EXPENDITURES BY OBJECT

General ledger codes are comprised of two parts: a GL Key and a GL Object, separated by a hyphen. The GL key indicates the Fund, Department and Division. The GL object code indicates the account for the transaction. Expenditures/Expenses are designated starting with a 5 in the first digit.

**Expenditure Object code** – Is used to classify expenditures into the appropriate accounting bucket. This term applies to the item purchased or the service obtained for the City. The first three digits of the object code identify the type of activity, defined below in further detail.

### **Expenditure Object Codes Defined:**

**510 Salaries and Wages** – Amounts paid for personal services rendered by employees in accordance with the rates, hours, terms, and conditions authorized by law or stated in employment contracts. This category also includes overtime and other compensation construed to be salaries and wages.

*Note: Personal Services do not include fees and out-of-pocket expenses for professional or consultant services performed on assignments. Such services are properly classified as Other Services and Charges.*

**520 Personnel Benefits** – The benefits paid by the employer as part of the conditions of current and past employment.

**530 Supplies** – This is a basic classification of expenditures by object for articles and commodities purchased for consumption or resale.

**531 Office and Operating Supplies** – Items purchased directly and consumed by a department. Examples: Forms, Chemicals, Publications, Toner, Office Supplies, etc.

**532 Repairs & Maintenance Supplies** – Includes fuel used to generate power, fuel for heating, and fuel for operating engines and vehicles. Does not include utilities...see object 47.

**534** Supplies purchased for inventory for resale

**535** Small tools and minor equipment

**536** Technology supplies

**537** Fleet supplies

**539** Power, Water, Gas purchased for resale

**540 Services** – Costs for services other than personal services which are needed by the government. Such services may be provided by a governmental agency or by private business organization.

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- 541 Professional Services** – Examples: Accounting and Auditing, Engineering and Architectural, Computer Programming, Management Consulting, Legal, Custodial Cleaning, Insurance, etc.
- 542 Communication** – Examples: Telephone, Internet, Postage, Fax, Printing & Binding, recording documents, Microfilming, and imaging services
- 543 Professional Development** – Examples: Per Diem, Lodging, Meal, Mileage, Travel Costs, Registrations, Memberships, certifications, etc.
- 544 Advertising and Marketing**
- 545 Operating Rental and Leases**
- 546 Technology Services**
- 547 Utility Services** – Examples: Gas, Water, Sewer, Electricity, Waste Disposal, Cable TV
- 548 Repairs and Maintenance Services**– Contracted labor and supplies furnished by contractors. Examples: Building improvements, Structure, Equipment.
- 549 Other Miscellaneous** – Examples: Dues, Subscriptions Judgments and Damages, Banking and Credit Card fees, Witness and Juror Fees, taxes and assessments, Services not otherwise classified.
- 560 Capital Outlays** – Expenditures which result in the acquisition of, rights to, or additions to capital assets, including incidental costs such as legal, appraisal and brokerage fees, land preparation and demolishing buildings, fixtures, and delivery costs.
- 561 Land and Land Improvements** – Examples: Easements, Site Improvements, Rights of way, Land Acquisition Costs and related expenditures, intangible rights to land.
- 562 Building and Structures** – Acquisition, Construction, and Improvements
- 563 Other Improvements** – Examples: Lighting Systems, Parking Areas, Streets, Sidewalks, Roadways, Signs and Signals, Trails and Bike Paths, Tunnels, Dikes and Levees, Water and Sewer Systems, Culverts, Bridges, Athletic Fields
- 564 Machinery and Equipment** – Examples: Communications, Janitorial, Transportation, Police Dogs, Artwork, Office Furniture and Equipment, Heavy Duty Work Equipment, Computer Software/Hardware.
- 570 Debt Service Principal** – Used for Bonds and Loan Principal
- 580 Debt Service Interest and Related Costs** – Used for Interest, Issuance Costs on External Debt.

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## **STAFFING LEVELS**

Charts showing staffing levels, position changes, and salary schedule will be provided at a later date.

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## FUND TYPES

General Fund: used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds: used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for a specific purpose other than debt service or capital projects.

<b>Special Revenue</b>	
<b>Fund #</b>	<b>Name</b>
101	Lodging Tax
105	Contingency
109	Drug Seizure

Debt Service Funds: used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest for governmental debt issues.

<b>Debt Service</b>	
<b>Fund #</b>	<b>Name</b>
2XX	Various Debt Service

Capital Project Funds: used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities or other capital assets.

<b>Capital Project</b>	
<b>Fund #</b>	<b>Name</b>
103	Residential Street
104	Bridges and Arterial Streets
301	Land Acquisition, Rec. and Prk Dev.
302	Urban Renewal
303	General Government Improvement
304	Fire Improvement
305	Public Safety Plan
306	City Facilities

Enterprise Funds: used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria:

- Debt backed solely by the pledge of the net revenues from fees and charges
- Legal requirement to recover cost
- Policy decision to recover cost

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**Enterprise**

<b>Fund #</b>	<b>Name</b>
401	Water
402	Sewer
411	Golf Course
412	Surface Water

Internal Service Funds: used to report any activity that provides goods or services to other funds, departments, or agencies of the government.

**Internal Service**

<b>Fund #</b>	<b>Name</b>
501	Equipment Rental and Replacement
502	Self Insured Healthcare Plan
503	LEOFF I Retiree Self-Insured Healthcare Plan

Fiduciary Funds: used to account for assets held by a government in a trustee capacity or as an agent for individuals.

**Fiduciary**

<b>Fund #</b>	<b>Name</b>
611	Firemen's Pension

Agency Funds: used to report resources held by the government in a purely custodial capacity (assets and liabilities).

**Fiduciary**

<b>Fund #</b>	<b>Name</b>
640	Agency Fund

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## CITY STATISTICS

Placeholder for final Budget Document

## MAJOR EMPLOYERS IN TUKWILA

Tukwila's residents work in the City and commute to other nearby cities, including Seattle, and Bellevue. The City's economy is based on a variety of government, health care, commercial, and retail enterprises. The largest local employers are listed below:

### CITY OF TUKWILA, WASHINGTON SCHEDULE 17 PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Name of Company/Employer	Product or Business	2023 Full & Part-Time Employment <sup>(a)</sup>		Percentage of Total City Employees		2014 Full & Part-Time Employment <sup>(b)</sup>		Percentage of Total City Employees	
			Rank		Rank		Rank		Rank
Boeing Employee's Credit Union	Credit Union	749	1	2.68%	5	576	1.43%		
Boeing Company	Aircraft Manufacturing	617	2	2.19%	1	7,516	18.89%		
WA State Dept. of Social & Health Svcs	Government	600	3	2.13%					
King County Housing Authority	Housing Assistance	555	4	1.97%					
United Parcel Service	Shipping	408	5	1.45%					
Amazon.Com Services LLC	E Commerce	393	6	1.39%					
Macy's	Department Stores	385	7	1.37%	7	376	0.93%		
Costco	Cash/Carry Warehouse	297	8	1.05%	4	823	2.05%		
Hartun Glass Industries Inc	Manufacturing	288	9	1.02%					
Cascade Behavioral Hospital LLC	Healthcare	282	10	1.00%					
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.				2	1,880	4.67%		
King County Metro	Transit				3	914	2.27%		
Nordstrom	Department Stores				6	514	1.28%		
Real Time Staffing Services Inc.	Employment Agency				8	338	0.84%		
Red Dot Corporation	Heater/air Conditioning Equipment				9	308	0.77%		
Triumph Expo & Events Inc	Trade Show Services				10	300	0.75%		
<b>Sub-total - Major Employers</b>		<b>4,574</b>				<b>13,545</b>			
<b>All Other Employment</b>		<b>23,620</b>				<b>26,673</b>			
<b>TOTAL EMPLOYMENT</b>		<b>28,194</b>				<b>40,218</b>			

Source:

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

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



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

Name	Type of Business	2023 Assessed Valuation	Percent of 2023 Total Assessed Value <sup>(a)</sup>	2014 Assessed Valuation	Percent of 2014 Total Assessed Value <sup>(b)</sup>
Boeing	Airplane company	\$ 530,356,127	5.57%	\$ 563,211,498	10.44%
Property Tax Resources LLC	Commercial Properties	227,179,900	2.38%	66,917,200	1.24%
Segale Properties	Commercial Properties	199,472,348	2.09%	186,552,266	3.46%
International Gateway East	Data Center	195,396,154	2.05%		
LIT Industrial LTD Partemership	Commercial Properties	178,641,600	1.85%		
Prologis	Real Estate Development	160,318,900	1.68%		
BKM Management Company	Commercial Properties	159,147,600	1.67%		
Westfield Property	Department Stores	134,350,700	1.41%	291,267,487	5.40%
LIT Kent Valley	Commercial Properties	78,461,000	0.82%		
Macy's Logistics and Distribution		78,063,100	0.80%		
KIR Tukwila 050 LLC	Commercial Properties			85,051,300	1.58%
Qwest Corporation (US West Communications)	Telephone Utility			80,999,544	1.50%
Anne Arundel Apartments LLC	Apartments			52,802,552	0.98%
Boeing Employees Credit Union	Credit Union			50,651,154	0.94%
CWWA Tukwila 1 LLC	Investment Property			42,974,000	0.80%
Wig Properties LLC (JC Penny)	Department Stores			37,147,522	0.69%
<b>TOTALS</b>		<b>\$ 1,937,387,429</b>	<b>20.33%</b>	<b>\$ 1,457,574,523</b>	<b>27.02%</b>

Notes:

(a) In 2023 the total assessed property value in the City of Tukwila was \$ 9,529,124,967

(b) In 2014 the total assessed property value in the City of Tukwila was \$ 5,394,325,118

Source:

King County Department of Assessments



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## GLOSSARY OF TERMS

**ACCOUNT.** A classification established for the purpose of recording revenues and expenditures.

**ACCOUNTING SYSTEM.** The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

**ACCRUAL BASIS.** The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

**ANNUAL BUDGET.** A budget applicable to a single fiscal year.

**APPROPRIATED BUDGET.** The expenditure authority created by the appropriation bills or ordinances, which are signed into law, and the related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes.

**APPROPRIATION.** A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

**ASSESSED VALUATION.** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**BALANCED BUDGET.** A budget with revenues equal to expenditures. Total Revenues are equal to or greater than Total Expenses.

**BARS.** Budgeting, Accounting & Reporting System. Refers to the accounting rules established by the Washington State Auditor's Office, including a prescribed chart of accounts.

**BASIS OF ACCOUNTING.** A term used in reference to when revenues, expenditures, expenses and transfers-and the related assets and liabilities-are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the accrual method for proprietary funds or modified accrual method for governmental funds.

**BENEFITS.** Costs paid by the City on behalf of its employees. Examples include medical and dental insurance, retirement, deferred compensation, life insurance and worker's compensation.

**BIENNIAL BUDGET.** A budget applicable to a two-year period.

**BUDGET.** A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

**BUDGET AMENDMENT.** The method used to make revisions to the adopted budget. Adjustments are made through an ordinance approved by the City Council.

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**BUDGET CALENDAR.** The schedule of events that need to occur and the date or period of time for each to occur in the preparation, review and adoption of a budget.

**BUDGET DOCUMENT.** The instrument used to present a comprehensive financial program to the appropriating governing body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the past years' actual revenues, expenditures and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue and borrowing measures necessary to put the budget into effect.

**BUDGET MESSAGE.** A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government's actual financial experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

**BUDGETARY CONTROL.** The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

**CAPITAL ASSETS.** Long term assets such as land, improvements to land, easements, buildings and related improvements, vehicles, machinery and equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *See also Fixed Assets.*

**CAPITAL EXPENDITURES.** Expenditures of current financial resources for constructing or purchasing capital assets. Under the modified accrual basis of accounting these acquired assets appear as expenditures in the fund statements, however under the current reporting model these acquired assets are recognized as assets in the basic financial statements.

**CAPITAL IMPROVEMENT PROGRAM.** A program for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or other capital needs. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the resources estimated to be available to finance the projected expenditures.

**CAPITAL PROJECTS FUND.** A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

**CAPITALIZATION THRESHOLD.** Dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The City's capitalization threshold is established at a cost of \$5,000.00, or greater.

**CONTINGENCY FUND.** An account set aside for emergencies or other unanticipated needs not otherwise included as part of the budget.

**DEBT.** An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes.

**DEBT SERVICE FUND.** A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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**DELINQUENT TAXES.** Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached. Even though the penalty may be subsequently waived, and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid or converted into tax liens.

**EXPENDITURES.** Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlement and shared revenues.

**FISCAL YEAR.** A 12 -month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

**FIXED ASSETS.** Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include buildings, equipment, improvements other than buildings and land. *See also Capital Assets.*

**FULL-TIME EQUIVALENT (FTE).** An employment indicator that translates the total number of hours worked in a year by all employees, including part-time workers, to an equivalent number of work years. For example, one FTE equals 2,080 hours and .75 FTE equals 1,560 hours.

**FUND.** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, and related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

**FUND BALANCE.** The difference between assets and liabilities reported in a governmental fund. Fund balances are either designated to a particular purpose or undesignated as to the remaining unappropriated balance of the fund after accounting for the designated funds.

**GENERAL FUND.** The fund used to account for all financial resources, except those required to be accounted for in another fund.

**GENERAL LONG TERM DEBT.** Long term debt expected to be repaid from governmental funds.

**GENERAL OBLIGATION BONDS.** Bonds that are secured by the local government's full faith and credit to use legally available resources, including tax revenues to repay bond holders.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP).** Uniform minimum standards and guidelines for financial accounting and reporting. The primary authoritative body on the application of GAAP to state and local governments is the Government Accounting Standards Board.

**GOVERNMENTAL FUNDS.** Funds generally used to account for tax supported activities. There are five different types of governmental funds, of which the city uses four of these. The general fund, is the main operating fund of the city. The special revenue funds, are used to account for proceeds from specific sources to be used for legally restricted purposes, but normally not for major capital projects. The debt service funds, which are for the accumulation of resources to pay principle and interest on the City's general long term debt. The capital project funds, which are used for the acquisition or construction of major capital facilities.

**LEGAL LEVEL OF BUDGETARY CONTROL.** The level at which spending in excess of budgeted

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amounts would be a violation of law. The legal level of budgetary control is at the fund level.

**LEVEL OF BUDGETARY CONTROL.** One of the three possible levels of budgetary control and authority to which organizations, programs, activities and functions may be subject. These levels of budgetary control are (a) appropriated budget, (b) legally authorized non-appropriated budget process or (c) non-budgeted financial activities, which are not subject to the appropriated budget and the appropriation process or to any legally authorized non-appropriated budget review and approval process, but still are relevant for sound financial management and oversight.

**LEVY.** (1) (Verb) To impose taxes, special assessments or service charges for the support of government activities. (2) (Noun) The total amount of taxes, special assessments or service charges imposed by a government.

**MODIFIED ACCRUAL BASIS.** The basis of accounting associated with the governmental fund-type measurement focus. Under it, revenues and other financial resources are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred except for inventories of materials and supplies that may be considered expenditures either when purchased or when used. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

**OBJECT DESCRIPTION.** The classification of expenditures on the basis of categories called line-items or objects-of-expenditure (e.g., 10-Salaries & Wages, 20-Personnel Benefits, 40-Other Services & Charges, 60-Capital Outlay, etc.) and within each category more detailed line-items (e.g., salaries, travel, telephone expense, etc.).

**OPERATING BUDGET.** Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law. Even when not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government.

**OPERATING TRANSFERS.** All interfund transfers other than residual equity transfers (e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended).

**PROGRAM BUDGET.** A budget wherein expenditures are based primarily on programs of work and secondarily on character and object class.

**PROPRIETARY FUND TYPES.** Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position.

**REVENUES.** (1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers in are classified as "other financing sources" rather than as revenues. (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions and residual equity transfers. Also, operating transfers in are classified separately from revenues.

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**SPECIAL ASSESSMENTS.** A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**SPECIAL REVENUE FUND.** A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated.

**TAXES.** Compulsory charges levied by a government to finance services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments. Neither does the term include charges for services rendered only to those paying such charges (e.g., sewer service charges).

**TAX LEVY ORDINANCE.** An ordinance through which taxes are levied.

**TAX RATE.** The amount of tax stated in terms of a unit of the tax base (e.g., specified amount per \$1,000 of assessed valuation of taxable property).

**TAX RATE LIMIT.** The maximum rate at which a government may levy a tax. The limit may apply to taxes raised for a particular purpose or to taxes imposed for all purposes and may apply to a single government or to a class of governments operating in a particular area. Overall tax-rate limits usually restrict levies for all purposes and of all governments, state and local, having jurisdiction in a given area.

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## LIST OF ACRONYMS AND ABBREVIATIONS

AWC- Association of Washington Cities  
CBD – Central Business District  
CCS – Catholic Community Services  
CDBG – Community Development Block Grant  
CIP – Capital Improvement Program  
CMAQ – Congestion Mitigation and air Quality Improvement  
COLA – Cost of Living Adjustment  
DUI/DWI – Driving Under the Influence /Driving While Intoxicated  
DWLS – Driving While License Suspended  
SKCEDI – Southwest King County Economic Development Initiative  
EIS – Environmental Impact Statement  
FEMA – Federal Emergency Management Agency  
FEMA CERT – Federal Emergency Mgmt. Agency, Community Emergency Response Team  
FTE – Full Time Equivalent  
GAAP – Generally Accepted Accounting Principles  
GASB – Governmental Accounting Standards Board  
GFOA – Government Finance Officers Association  
GIS – Geographic Information System  
HUD – Housing and Urban Development, United States Department of  
KCHA – King County Housing Authority  
LID – Local Improvement District  
MVET – Motor Vehicle Excise Tax  
NLC – National League of Cities  
NPDES – National Pollutant Discharge Elimination System  
PBB – Priority-Based Budgeting  
PSRC – Puget Sound Regional Council  
PSRFA – Puget Sound Regional Fire Authority  
PWTFL – Public Works Trust Fund Loan  
REET – Real Estate Excise Tax  
RMG – Research Management Grant  
ROW – Right Of Way  
SCA – Suburban Cities Association  
SEPA – State Environmental Policy Act  
SKHHP – South King Housing and Homelessness Partners  
SSRTA – Seattle Southside Regional Tourism Authority  
SWKCC – Southwest King County Chamber of Commerce  
SWM – Surface Water Management  
TDM – Transportation Demand Management  
TIB – Tukwila International Boulevard  
TOD – Transit Oriented Development  
VAL VUE – Valley View Sewer District  
WCIA – Washington Cities Insurance Authority  
WD 111 – Water District #111  
WRIA – Water Resource Inventory Area (Watershed Management Project)  
WSDOT – Washington State Department of Transportation