Moody's Rating: Aa2 S&P's Rating: AA See "RATINGS" herein

In the opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, under existing law and subject to certain qualifications described herein, the interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes, except for interest on any LTGO 2021B Bond for any period during which such LTGO 2021B Bond is held by a "substantial user" of the facilities refinanced by the LTGO 2021B Bonds or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See "TAX MATTERS RELATING TO THE TAX-EXEMPT BONDS." Interest on the LTGO 2021C Bonds is not intended to be exempt from federal income tax. See "CERTAIN INCOME TAX CONSEQUENCES RELATING TO THE LTGO 2021C BONDS" herein.

#### CITY OF TACOMA, WASHINGTON

\$3,675,000 **UNLIMITED TAX** GENERAL OBLIGATION GENERAL OBLIGATION REFUNDING BONDS, 2021

\$4,555,000 LIMITED TAX REFUNDING BONDS, 2021A

\$4,475,000 LIMITED TAX **GENERAL OBLIGATION** REFUNDING BONDS. 2021B (RECOVERY ZONE FACILITY BONDS)

\$4,555,000 LIMITED TAX **GENERAL OBLIGATION** REFUNDING BONDS, **2021C (TAXABLE)** 

#### **DATED: Date of Initial Delivery**

DUE: December 1, as shown on inside cover

The City of Tacoma, Washington (the "City"), is issuing its Unlimited Tax General Obligation Refunding Bonds, 2021 (the "UTGO Bonds"), its Limited Tax General Obligation Refunding Bonds, 2021A (the "LTGO 2021A Bonds"), its Limited Tax General Obligation Refunding Bonds, 2021B (Recovery Zone Facility Bonds) (the "LTGO 2021B Bonds," and together with the UTGO Bonds and the LTGO 2021A Bonds, the "Tax-Exempt Bonds") and its Limited Tax General Obligation Refunding Bonds, 2021C (Taxable) (the "LTGO 2021C Bonds"), in fully registered form under a book entry only system. The LTGO 2021A Bonds, the LTGO 2021B Bonds and the LTGO 2021C Bonds are referred to herein as the "LTGO Bonds," and the UTGO Bonds and the LTGO Bonds are referred to herein as the "Bonds." When issued, the Bonds of each series initially will be registered to Cede & Co., as bond owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in the principal amount of \$5,000 or integral multiples thereof within a series and maturity. Purchasers of the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial ownership interest in the Bonds purchased. The fiscal agent of the state of Washington (the "State"), currently U.S. Bank National Association, will act as the registrar, paying agent, transfer agent and authenticating agent for the Bonds (the "Bond Registrar"). See "THE BONDS."

Interest on the Bonds of each series will be payable semiannually on each December 1 and June 1, commencing December 1, 2021, to the maturity or earlier redemption of the Bonds, as applicable. The Bonds will mature on the dates and in the amounts and bear interest at the rates set forth on the inside cover. For so long as the Bonds are held in book-entry only form, the principal of and interest on the Bonds will be paid by the Bond Registrar to DTC, which in turn is obligated to remit such payments to its broker-dealer participants for subsequent disbursement to the Beneficial Owners. See "THE BONDS—Registration and Payment" and APPENDIX D—"BOOK-ENTRY SYSTEM."

Proceeds of the Bonds will be used to refund on a current basis certain outstanding general obligation bonds of the City for overall debt service savings and to pay the costs of issuance of the Bonds. See "USE OF PROCEEDS." The UTGO Bonds are not subject to redemption prior to maturity. The LTGO Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS—Redemption."

#### Maturity Dates, Principal Amounts, Interest Rates, Yields, Prices, and CUSIP Numbers on Inside Cover

UTGO Bonds. The UTGO Bonds are unlimited tax general obligations of the City payable from excess property tax revenues of the City and such other money of the City as is lawfully available. For as long as any of the UTGO Bonds are outstanding, the City has irrevocably covenanted that it will levy taxes annually upon all taxable property in the City without limitation as to rate or amount and in amounts sufficient, together with other money of the City that is lawfully available, to pay when due the principal of and interest on the UTGO Bonds.

LTGO Bonds. The LTGO Bonds are limited tax general obligations of the City payable from regular property tax revenues of the City and such other money of the City as is lawfully available. For as long as any of the LTGO Bonds are outstanding, the City irrevocably has pledged that it will, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money of the City that is lawfully available, to pay when due the principal of and interest on the LTGO Bonds.

The full faith, credit and resources of the City have been pledged irrevocably for the prompt payment of the principal of and interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. The City's authority to collect taxes, including its property tax levy, is subject to various limitations. See "CITY TAXING AUTHORITY—General Property Tax Levies" and "REGULAR PROPERTY TAX LIMITATIONS." The Bonds do not constitute a debt or indebtedness of the State or any political subdivision thereof other than the City.

The City has not designated the Tax-Exempt Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approving legal opinions of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, and certain other conditions. Forms of Bond Counsel's opinions are attached hereto as Appendix A. Certain matters will be passed upon for the Underwriter by its counsel, K&L Gates LLP, Seattle, Washington. It is anticipated that the Bonds in definitive book-entry form will be available for delivery through the facilities of DTC in New York, New York, or to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer, on or about April 13, 2021.



#### CITY OF TACOMA, WASHINGTON

# \$3,675,000 UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2021

<b>Maturity Year</b>	Principal	Interest			CUSIP*
December 1	Amounts	Rates	Yields	Prices	Nos. (873465)
2021	\$ 1,190,000	3.000%	0.200%	101.771	D96
2022	2,485,000	3.000	0.240	104.496	E20

# \$4,555,000 LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2021A

<b>Maturity Year</b>	Principal	Interest			CUSIP*
December 1	Amounts	Rates	Yields	Prices	Nos. (873465)
2021	\$ 725,000	3.000%	0.220%	101.758	E38
2022	710,000	3.000	0.280	104.429	E46
2035	3,120,000	3.000	1.850**	110.103	E53

# \$4,475,000 LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2021B (RECOVERY ZONE FACILITY BONDS)

Maturity Year	Principal	Interest	*** 11	ъ.	CUSIP*
December 1	Amount	Rate	Yield	Price	No. (873465)
2034	\$ 4,475,000	3.000%	1.820%**	110.382	E61

# \$4,555,000 LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2021C (TAXABLE)

Maturity Year December 1	Principal Amounts	Interest Rates	Yields	Prices	CUSIP* Nos. (873465)
2021	\$ 110,000	0.375%	0.375%	100.000	E79
2031	400,000	2.125	2.125	100.000	E87
2032	410,000	2.250	2.250	100.000	E95
2033	420,000	2.375	2.375	100.000	F29
2034	430,000	2.400	2.400	100.000	F37
2035	435,000	2.500	2.500	100.000	F45
2036	445,000	2.600	2.600	100.000	F52

\$1,905,000, 2.750% Term Bond, due December 1, 2040, yield 2.900%, price 97.764, CUSIP\* No. 873465F60

<sup>\*</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. The City takes no responsibility for the accuracy of such CUSIP numbers.

<sup>\*\*</sup> Calculated to the par call date of December 1, 2030.

# CITY OF TACOMA, WASHINGTON 747 MARKET STREET TACOMA, WASHINGTON 98402 (253) 591-5000

 $www.cityoftacoma.org^{(1)}\\$ 

# MAYOR AND TACOMA CITY COUNCIL

Name	Position		
Victoria Woodards	Mayor		
Keith Blocker	Deputy Mayor and Councilmember		
Chris Beale	Councilmember		
John Hines	Councilmember		
Lillian Hunter	Councilmember		
Conor McCarthy	Councilmember		
Robert Thoms	Councilmember		
Catherine Ushka	Councilmember		
Kristina Walker	Councilmember		

# **City Officials**

Elizabeth Pauli	City Manager
Andy Cherullo	Finance Director
Susan Calderon	Assistant Finance Director/Controller

Reid Bennion Acting Budget Officer
Michael San Soucie Treasury Manager
William C. Fosbre City Attorney
Doris Sorum City Clerk

# **Bond Counsel and Disclosure Counsel**

Pacifica Law Group LLP Seattle, Washington

# **Municipal Advisor**

Piper Sandler & Co. Seattle, Washington

# **Bond Registrar**

Washington State Fiscal Agent (Currently, U.S. Bank National Association, Seattle, Washington)

The City's website is not part of this Official Statement, and investors should not rely on information presented in the City's website in determining whether to purchase the Bonds. This inactive textual reference to the City's website is not a hyperlink and does not incorporate the City's website by reference.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

The information within this Official Statement has been compiled from sources considered reliable and, while not guaranteed as to accuracy, is believed to be correct as of its date. The City makes no representation regarding the accuracy or completeness of the information in APPENDIX D—"BOOK-ENTRY SYSTEM," which has been obtained from DTC's website, the form of opinion of Bond Counsel, or the information provided by or obtained from any entity providing bond insurance or other credit facility. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or in the other matters described herein since the dates as of which such information is provided.

Information on website addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor should any such information be relied upon in making investment decisions regarding the Bonds.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, sales representative, or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

The outbreak of the 2019 novel coronavirus ("COVID-19") is a significant event that has had and is expected to have ongoing, material effects on the region where the City is located. Certain historical information in this Official Statement about the finances and operations of the City predate the outbreak of COVID-19 and should be considered in light of the possible or probable negative effects the COVID-19 pandemic may have on the current and future finances and operations of the City and economy of the State of Washington. See "THE CITY OF TACOMA—Response to COVID-19."

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts shown. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, technological change, seismic events, infectious disease including the coronavirus pandemic, and various other events, conditions and circumstances, many of which are beyond the control of the City. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. These forward-looking statements speak only as of the date they were prepared. The City does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based occur and specifically disclaims any such obligation.

The presentation of certain information, including tables of receipts from taxes and other revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue to be repeated in the future. Information relating to debt and tax limitations is based on existing statutes and constitutional provisions. Changes in State law could alter these provisions.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. No federal or state securities commission or regulatory authority has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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#### OFFICIAL STATEMENT

#### CITY OF TACOMA, WASHINGTON

\$3,675,000 UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2021

\$4,555,000 LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2021A \$4,475,000 LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2021B (RECOVERY ZONE FACILITY BONDS) \$4,555,000 LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2021C (TAXABLE)

#### INTRODUCTION

The City of Tacoma, Washington (the "City"), a municipal corporation duly organized and existing under the laws of the state of Washington (the "State"), furnishes this Official Statement in connection with the offering of its Unlimited Tax General Obligation Refunding Bonds, 2021 (the "UTGO Bonds"), its Limited Tax General Obligation Refunding Bonds, 2021A (the "LTGO 2021A Bonds"), its Limited Tax General Obligation Refunding Bonds, 2021B (Recovery Zone Facility Bonds) (the "LTGO 2021B Bonds," and together with the UTGO Bonds and the LTGO 2021A Bonds, the "Tax-Exempt Bonds") and its Limited Tax General Obligation Refunding Bonds, 2021C (Taxable) (the "LTGO 2021C Bonds"). The LTGO 2021A Bonds, the LTGO 2021B Bonds and the LTGO 2021C Bonds are referred to herein as the "LTGO Bonds," and the UTGO Bonds and the LTGO Bonds are referred to herein as the "Bonds." This Official Statement, which includes the cover page, the inside cover page and appendices, provides information concerning the City and the Bonds.

The Bonds are to be issued pursuant to Ordinance No. 28740, passed by the City Council (the "Council") on March 9, 2021 (the "Bond Ordinance"), and under and in accordance with the City Charter and the laws and provisions of the State, including chapters 39.36, 39.46 and 39.53 of the Revised Code of Washington ("RCW"). The Bonds do not require voter approval. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Ordinance, a form of which is available from the City.

The City is located in the west central part of Washington State near the southern tip of Puget Sound. It is the third largest city in the State with an estimated 2020 population of 213,300. The City is located approximately 32 miles south of the City of Seattle and 28 miles northeast of the City of Olympia, the State capital. See "THE CITY OF TACOMA" and Appendix C—"ECONOMIC AND DEMOGRAPHIC INFORMATION."

The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized, or otherwise defined herein, indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given it in such agreement or document.

In the preparation of the projections in this Official Statement, the City has made certain assumptions with respect to conditions that may occur in the future. Although the City believes these assumptions are reasonable for the purpose of the projections, they are dependent upon future events, and actual conditions may differ from those assumed. To the extent actual future events or conditions differ from those assumed by the City or provided to the City by others, the actual results will vary from those projected.

The outbreak of the 2019 novel coronavirus ("COVID-19") is a significant event that has had and is expected to have ongoing, material effects on the regional and global economies. Historic information in this Official Statement about the finances and operations of the City predate the outbreak of COVID-19 and should be considered in light of the possible or probable negative effects the COVID-19 pandemic may have on the current and future finances and operations of the City. See "THE CITY OF TACOMA—Response to COVID-19."

The purchase of the Bonds involves investment risk. Prospective purchasers of the Bonds should consider carefully all of the information set forth in this Official Statement, including its appendices, evaluate the investment considerations

and merits of an investment in the Bonds and confer with their own tax and financial advisors when considering a purchase of the Bonds.

#### THE BONDS

#### General

The Bonds will be dated their date of delivery and will be issued in fully registered form in denominations of \$5,000 each or integral multiples thereof within a series and maturity. The Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement and will bear interest from their date, payable on December 1, 2021 and semiannually thereafter on June 1 and December 1 of each year, until maturity or prior redemption, as applicable, at the rates set forth on the inside cover of this Official Statement. Interest on the Bonds will be calculated on the basis of a year of 360 days and twelve 30-day months.

#### **Registration and Payment**

Book-Entry System. The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"). DTC will act as the initial securities depository for the Bonds. Individual purchases and sales of the Bonds will be made in book-entry form only in minimum denominations of \$5,000 or integral multiples thereof within a series and maturity. Purchasers ("Beneficial Owners") will not receive certificates representing their interests in the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Registered Owners will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the Bonds. For information about DTC and its book-entry system, see APPENDIX D—"BOOK-ENTRY SYSTEM." The City makes no representation as to the accuracy or completeness of the information in Appendix D provided by DTC. Purchasers of the Bonds should confirm this information with DTC or its broker-dealer participants.

Bond Registrar. The City has adopted the system of registration for the Bonds approved, from time to time, by the State Finance Committee (the "Committee"). Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agencies for bonds issued within the State. The State fiscal agency contract is bid out on a competitive basis for a four-year term. The current contract began on February 1, 2015 and has been extended to January 31, 2023. U.S. Bank National Association, Seattle, Washington (the "Bond Registrar") currently serves in this capacity. The Bond Registrar will authenticate the Bonds and act as the paying agent and registrar for the purpose of paying the principal of and interest on the Bonds, recording the purchase and registration, exchange or transfer, and payment of Bonds and performing the other obligations of the paying agent and registrar. No resignation or removal of the Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Bond Registrar.

Payments. To pay the principal of and interest on the Bonds when due, the City will remit money from the funds or accounts held under the Bond Ordinance for the purpose of paying debt service on each series of Bonds (together, the "Debt Service Fund") to the Bond Registrar. The Bond Registrar is obligated to remit such payments to DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds as described in Appendix D.

For so long as the Bonds of a series are held by a depository, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of DTC. In the event that the Bonds of a series are no longer held by a depository, interest on the Bonds of that series shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date (as defined below), or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least by the Record Date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar. "Record Date" is defined in the Bond Ordinance as the close of business for the Bond Registrar that is 15 days preceding any interest and/or principal payment or redemption date.

Transfer and Exchange. The transfer of any Bond may be registered and Bonds may be exchanged as provided in the Bond Ordinance. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same series, date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of

Bonds of the same series, date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Bond during the period between the preceding Record Date and the principal payment or redemption date.

# **Redemption Provisions**

Optional Redemption. The UTGO Bonds are not subject to optional redemption prior to maturity.

The LTGO 2021A Bonds maturing on December 1 in the years 2021 and 2022, are not subject to redemption prior to their stated maturity. The LTGO 2021A Bonds maturing on December 1, 2035 are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after December 1, 2030, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

The LTGO 2021B Bonds maturing on December 1, 2034 are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after December 1, 2030, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

The LTGO 2021C Bonds maturing on or after December 1, 2031 are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after December 1, 2030, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

Mandatory Redemption. The LTGO 2021C Bonds stated to mature on December 1, 2040 are term bonds and, if not previously redeemed under the optional redemption provisions or purchased by the City and surrendered for cancellation, are to be called for mandatory redemption at a price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, on the dates and in the principal amounts set forth below.

#### **TERM BONDS**

Years	
(December 1)	Amounts
2037	\$ 460,000
2038	470,000
2039	480,000
$2040^{(1)}$	495,000

To the extent that the City redeems (other than in satisfaction of the mandatory sinking fund requirements) or purchases for cancellation any term bonds that are subject to mandatory redemption, the City may reduce the mandatory sinking funk requirement of such term bonds of the same maturity, in like aggregate principal amount for the year specified by the City.

Selection of LTGO Bonds for Redemption. For as long as the LTGO Bonds are held in book-entry only form, the selection of LTGO Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the LTGO Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made as follows.

If the City redeems at any one time fewer than all of the LTGO 2021A Bonds or LTGO 2021B Bonds having the same maturity date, the particular LTGO 2021A Bonds or LTGO 2021B Bonds or portions of LTGO 2021A Bonds or LTGO 2021B Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a LTGO 2021A Bond or LTGO 2021B Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each such Bond as representing such number of separate LTGO 2021A Bonds or LTGO 2021B Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such LTGO 2021A Bonds or LTGO 2021B Bonds, as applicable, by \$5,000. In the event that only a portion of the principal sum of a LTGO 2021A Bond or LTGO 2021B Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a LTGO

<sup>(1)</sup> Final Maturity

2021A Bond or LTGO 2021B Bond of like maturity, series, and interest rate in any of the denominations authorized in the Bond Ordinance.

If the City redeems at any one time fewer than all of the LTGO 2021C Bonds having the same maturity date, the particular LTGO 2021C Bonds or portions of LTGO 2021C Bonds of such series and maturity to be redeemed shall be selected on a pro rata pass-through distribution of principal basis. In the event that only a portion of the principal sum of a LTGO 2021C Bond is redeemed, upon surrender of such LTGO 2021C Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a LTGO 2021C Bond or Bonds of like series, maturity and interest rate in any of the denominations authorized in the Bond Ordinance. It is the City's intent that redemption allocations made by DTC be made in accordance with these same proportional provisions. However, the City can provide no assurance that DTC will allocate redemptions among Beneficial Owners on such a proportional basis for the LTGO 2021C Bonds.

Notice of Redemption; Conditional Redemption; Rescission. For so long as the LTGO Bonds are held by a depository, notice of redemption shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. The notice of redemption may be conditional. If the LTGO Bonds are no longer held by a depository, notice of redemption will be given as follows. Unless waived by any owner of LTGO Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the LTGO Bond or LTGO Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or unless such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the LTGO Bonds or portions of LTGO Bonds which are to be redeemed on that date.

The City retains the right to rescind any redemption notice and the related optional redemption of LTGO Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the LTGO Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

Effect of Call for Redemption. If an unconditional notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the LTGO Bonds or portions of LTGO Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such LTGO Bonds or portions of LTGO Bonds shall cease to bear interest. Upon surrender of such LTGO Bonds for redemption in accordance with said notice, such LTGO Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as provided in the Bond Ordinance for payment of interest. All LTGO Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

#### Purchase

The City reserves the right to purchase any or all of the Bonds offered to the City at a time at a price deemed reasonable by the City plus accrued interest to the date of purchase.

#### Failure to Pay Bonds

If any Bond is duly presented for payment and funds have not been provided by the City on the applicable payment date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on the Bond until the Bond is paid.

#### **Defeasance**

In the event that the City, to effect the payment, retirement, or redemption of any Bond, sets aside in a Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the

interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into such Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any benefit or security of the Bond Ordinance except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account, and such Bond shall be deemed to be not outstanding under the Bond Ordinance. The City shall give written notice of defeasance to the Registered Owner(s) of the Bonds and to each party entitled to receive notice in accordance with the Continuing Disclosure Certificate.

The term "Government Obligations" is defined in the Bond Ordinance to mean those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct or indirect obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, as such chapter may be hereafter amended or restated.

Defeasance of any LTGO 2021C Bond may result in a reissuance thereof, in which event a holder will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in the LTGO 2021C Bond. See "CERTAIN INCOME TAX CONSEQUENCES RELATING TO THE LTGO 2021C BONDS."

#### USE OF PROCEEDS

#### General

Proceeds of the UTGO Bonds will be used, together with other available funds of the City, to currently refund all of the City's outstanding Unlimited Tax General Obligation Refunding Bonds, 2010A (the "2010A Bonds") and to pay costs of issuance of the UTGO Bonds.

Proceeds of the LTGO 2021A Bonds will be used to currently refund all of the City's outstanding Limited Tax General Obligation Bonds, Series 2009B (Taxable Recovery Zone Economic Development Bonds—Direct Payment) (the "2009B Bonds") and Limited Tax General Obligation Refunding Bonds, 2010B (the "2010B Bonds") and to pay costs of issuance of the LTGO 2021A Bonds.

Proceeds of the LTGO 2021B Bonds will be used, together with other available funds of the City, to currently refund all of the City's outstanding Limited Tax General Obligation Bonds, Series 2009C (Recovery Zone Facility Bonds) (the "2009C Bonds") and to pay costs of issuance of the LTGO 2021B Bonds.

Proceeds of the LTGO 2021C Bonds will be used to currently refund a portion of the City's outstanding Limited Tax General Obligation Bonds, 2010E (Taxable Recovery Zone Economic Development Bonds—Direct Payment to Issuer) (the "2010E Bonds") and to pay costs of issuance of the LTGO 2021C Bonds.

The 2009B Bonds and the 2010E Bonds were issued as taxable "Recovery Zone Economic Development Bonds" under the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). The Recovery Act permitted the City to issue taxable Recovery Zone Economic Development Bonds to finance capital expenditures for which it could issue tax-exempt bonds, and to elect to receive an interest payment subsidy from the federal government. The City expects to refund all of the outstanding 2009B Bonds and a portion of the outstanding 2010E Bonds with proceeds of the LTGO 2021A Bonds and the LTGO 2021C Bonds, respectively. From and after the refunding, the City will no longer receive interest subsidies with respect to such refunded 2009B Bonds and 2010E Bonds.

The 2009C Bonds were issued as tax-exempt "Recovery Zone Facility Bonds" under the Recovery Act. Pursuant to Resolution 37925, adopted by the City Council on November 24, 2009 (the "Recovery Zone Resolution"), the City has designated the geographical boundaries of the City as a "recovery zone" pursuant to Sections 1400U-1, 1400U-2 and 1400U-3 of the Internal Revenue Code of 1986, as amended (the "Code"). The City was allocated \$4,979,000 of volume cap for the issuance of Recovery Zone Facility Bonds, and the 2009C Bonds were issued pursuant to such allocation.

# Plan of Refunding

Proceeds of the Bonds are to be used to refund on a current basis all of the following 2009B Bonds, 2009C Bonds, 2010A Bonds, 2010B Bonds, and 2010E Bonds (as identified below, the "Refunded Bonds"):

TABLE 1 REFUNDED BONDS

Series	Maturity Date (December 1)	Principal Amounts	Interest Rates	Call Date	Redemption Price
Refunded with the UTGO Bonds					
2010A Bonds	2021	\$ 2,525,000	4.000%	04/14/2021	100%
	2022	2,625,000	4.000	04/14/2021	100
Refunded with the LTGO 2021A Bonds 2009B Bonds	2035	\$ 3,320,000	6.380%	04/14/2021	100%
2010B Bonds	2021	\$ 720,000	3.125%	04/14/2021	100%
	2022	725,000	3.250	04/14/2021	100
Refunded with the LTGO 2021C Bonds 2010E Bonds	2040*	\$ 4,360,000	6.000%	04/14/2021	100%
Refunded with the LTGO 2021B Bonds 2009C Bonds	2034	\$ 4,975,000	4.625%	04/14/2021	100%

<sup>\*</sup> Term bond.

The Refunded Bonds are currently callable on any date. On the day of issuance of the Bonds, net proceeds of the Bonds and other available funds of the City will be deposited with U.S. Bank National Association, as paying agent for the Refunded Bonds, and used on the call date listed above to pay the full redemption price (100% of par) of the Refunded Bonds, all pursuant to the terms of an Escrow Deposit Agreement between the City and U.S. Bank National Association.

#### Sources and Uses of Funds

The table below sets forth the sources and uses of Bond proceeds (amounts in table have been rounded).

TABLE 2 SOURCES AND USES OF FUNDS<sup>(1)</sup>

	UTGO	LTGO	LTGO	LTGO	
Sources of Funds	Bonds	2021A Bonds	2021B Bonds	2021C Bonds	Total
Par Amount of the Bonds	\$3,675,000	\$4,555,000	\$4,475,000	\$4,555,000	\$17,260,000
Plus (Less) Net Original Issue					
Premium (Discount)	132,800	359,405	464,594	(42,596)	914,204
City Contribution	1,470,234		174,129		1,644,363
Total Sources of Funds	\$5,278,034	\$4,914,405	\$5,113,723	\$4,512,404	\$19,818,567
<b>Uses of Funds</b>					
Refunding of Refunded Bonds	\$5,226,106	\$4,860,272	\$5,060,007	\$4,456,647	\$19,603,031
Costs of Issuance/Additional					
Proceeds <sup>(2)</sup>	51,928	54,133	53,716	55,757	215,536
Total Uses of Funds	\$5,278,034	\$4,914,405	\$5,113,723	\$4,512,404	\$19,818,567

<sup>(1)</sup> Totals may not foot due to rounding.

#### SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

UTGO Bonds. The UTGO Bonds are unlimited tax general obligations of the City. For as long as the UTGO Bonds are outstanding, the City has irrevocably covenanted that, unless the principal of and interest on the UTGO Bonds are paid from other sources, it will make annual levies of excess property taxes without limitation as to rate or amount upon all property in the City subject to taxation in amounts sufficient to pay such principal and interest as the same become due. The excess property taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the UTGO Bonds and any other unlimited tax general obligation bonds and for no other purpose until such bonds will have been fully paid, satisfied and discharged.

LTGO Bonds. The LTGO Bonds are limited tax general obligation bonds of the City. The City, as authorized by law and the Bond Ordinance, has covenanted and agreed irrevocably that it will include in its budget and levy an ad valorem tax upon all the property within the City subject to taxation an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bonds when due. The City has irrevocably pledged that such tax will be within and as a part of the tax levy permitted to cities without a vote of the people. The full faith, credit and resources of the City have been pledged irrevocably for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

General. The full faith, credit and resources of the City are irrevocably pledged for the annual levy and collection of the taxes and for the prompt payment of the principal of and interest of the Bonds. See "CITY TAXING AUTHORITY" for a summary of property taxes and other taxes imposed by the City. The City may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds.

To the extent permitted by law, the City has also pledged certain lodging taxes levied and received by the City, pursuant to RCW 67.28.181 ("Lodging Taxes") to the payment of the portion of the LTGO 2021A Bonds issued to refund the City's 2010B Bonds. In the Bond Ordinance the City covenants to levy the Lodging Taxes at the maximum rate permitted by law so long as the portion of the LTGO 2021A Bonds issued for the purpose of refunding the 2010B Bonds remain outstanding. See "CITY TAXING AUTHORITY—Collection of Other Taxes."

The Bonds do not constitute a debt or indebtedness of Pierce County (the "County"), the State, or any political subdivision thereof other than the City. Bond owners do not have a perfected security interest in or an express statutory lien on particular revenues or assets of the City. State law provides that the payment of general obligation bonds is

<sup>(2)</sup> Costs of issuance include legal fees, Municipal Advisor's fees, underwriting fees, rating agency fees and other costs incurred in connection with the issuance of the Bonds and any rounding amount.

enforceable in mandamus against the issuer. There is no express provision in the State Constitution or statutes on the priority of payment of debt service on general obligations incurred by a Washington municipality. In the case of excess taxes levied to pay voter-approved bonds, such as the UTGO Bonds, the taxes, when collected, are required to be applied solely for the purpose of payment of principal of and interest on the UTGO Bonds and other voter approved bonds of the City and for no other purpose until such obligations have been fully paid, satisfied and discharged. The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency and to other laws affecting the rights and remedies of creditors and to the exercise of judicial discretion. See "CERTAIN INVESTMENT CONSIDERATIONS—Limitations on Remedies."

#### CITY TAXING AUTHORITY

The City has statutory authority to levy various taxes within its boundaries, including local option sales and use taxes, real estate excise taxes, utility taxes, property taxes, and other taxes. In some cases, State law specifies the purposes for which various taxes can be used. The State Constitution requires that all taxes on property be uniform.

All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental funds, such as the General Fund, are used to account for the functions reported as governmental activities in the government-wide financial statements. The City uses two types of proprietary funds, internal service and enterprise. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. Enterprise funds account for various utilities which provide services such as power, water, sewer and solid waste collection. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government.

The City's major sources of General Fund tax revenue are its regular property tax levy, business and occupation ("B&O") taxes, sales and use taxes, and gross earnings excise tax on utilities. The following table shows the historical General Fund revenues from taxes collected by the City.

TABLE 3
GENERAL FUND TAX REVENUE BY SOURCE<sup>(1)</sup>
(000's)

Taxes	2015	2016	2017	2018	2019	$2020^{(2)}$
Property Taxes	\$54,943	\$55,743	\$57,436	\$59,142	\$61,037	\$62,661
Retail Sales						
Taxes	47,770	50,769	54,946	58,526	58,312	56,134
B&O Taxes	45,908	45,687	48,142	50,466	51,203	49,790
Excise Taxes <sup>(3)</sup>	848	904	1,054	1,123	1,360	716
Total	\$149,469	\$153,103	\$161,578	\$69,237	\$171,912	\$169,301

<sup>(1)</sup> Information in table is based on audited financial statements of the City.

Source: The City of Tacoma.

# **Authorized Property Tax Levies**

Under the State's laws and Constitution, property taxes are classified as either "regular" property taxes or "excess" property taxes. The City is authorized to levy both types of taxes. It submits a levy amount request to the County Assessor (the "Assessor"), a County elected official, who calculates the levy rate by spreading the levy amount across the assessed valuation on the tax rolls, following procedures established by the State Department of Revenue. The Assessor confirms that the levy is within applicable statutory and constitutional limitations and makes any necessary reductions before the County Treasurer (the "Treasurer") may begin to collect the levy on behalf of the City. See "PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES" below.

The City is authorized to impose (i) a regular property tax levy and (ii) excess property tax levies (unlimited as to rate or amount). RCW 84.52.043 generally allows a city to levy regular property taxes of up to \$3.375 per \$1,000 of assessed valuation on all taxable property in the city. In addition, any city that is annexed into a library district or a fire district is authorized to levy taxes at rates not exceeding \$3.60 per \$1,000 of assessed valuation, less the rates levied in any given

<sup>(2)</sup> Preliminary.

<sup>(3)</sup> Includes admission taxes.

year by the library and/or fire district. The City is not annexed into either a library district or fire district. RCW 41.16.060 allows an additional \$0.225 per \$1,000, for any municipal purpose, if the city is required to maintain certain firefighter pension programs but those programs are fully funded and therefore is not being levied.

The City's regular levy for the 2021 collection year is \$2.12935 per \$1,000 of assessed value. The regular levy is imposed for general purposes, including payment of debt service on the LTGO Bonds, and is subject to limitations (see "REGULAR PROPERTY TAX LIMITATIONS—Limitations on Regular Property Taxes" herein). The City also levies an emergency medical services levy and an excess levy, including for the payment of debt service on the UTGO Bonds.

# **General Property Tax Levies**

The following sections provide a general description of the City's authority to levy property taxes and limitations thereon, the method of determining the assessed value of real and personal property, tax collection procedures, and tax collection information.

Authorized Property Taxes. The City is authorized to levy both "regular" property taxes and "excess" property taxes.

- (1) Regular Property Taxes. Regular property taxes are subject to constitutional and statutory limitations as to rate and amount. See "PROPERTY TAX LIMITATIONS" herein. Regular property taxes are usually levied for general municipal purposes, though certain statutes authorize additional levies for particular limited purposes. General purpose levies may be used for the payment of debt service on limited tax general obligation indebtedness, such as the LTGO Bonds, but State law does not provide any priority of use. In general, regular property taxes do not require voter approval, though certain statutes authorizing limited purpose levies may require voter approval. Certain tax limitations may be exceeded upon voter approval.
- (2) Excess Property Taxes. Excess property taxes for cities are not subject to constitutional or statutory limitations as to rate or amount, but must be authorized by a at least 60% approving vote in an election meeting minimum voter turnout requirements. Excess property tax levies may be made (1) by any taxing district for the repayment of bonds, such as the UTGO Bonds, issued for capital purposes, excluding replacement of equipment; (2) by any taxing district for one year for any governmental purpose; or (3) without a vote when necessary to prevent impairment of an obligation of contract, if ordered by a court of last resort. Excess levies for the repayment of unlimited tax general obligation bonds, such as the UTGO Bonds, must meet the minimum voter requirements set forth below under "GENERAL OBLIGATION DEBT—Limits of Indebtedness."

#### **Collection of Other Taxes**

In addition to property tax levies, the City is authorized to impose various other taxes, including those described below. The City's major sources of General Fund tax revenue are its regular property tax levy, B&O taxes, sales and use taxes, and gross earnings excise tax on utilities. See Table 3 above. Neither the State nor local governments in the State currently collect an income tax.

Lodging Taxes. Chapter 67.28 RCW authorizes Washington cities to levy a lodging tax for the purpose of tourism promotion or for the acquisition or operation of tourism-related facilities. The City is currently imposing the two percent basic lodging tax and an additional lodging tax of five percent, for a total lodging tax of seven percent. To the extent permitted by law, the City has pledged Lodging Taxes to the payment of the portion of the LTGO 2021A Bonds issued to refund the City's 2010B Bonds. Proceeds of the 2010B Bonds were used to refinance the acquisition, construction, improvement and equipping of the Greater Tacoma Convention Center (the "Convention Center"). Under the terms of the Bond Ordinance, the City has covenanted to continue levying such Lodging Taxes and has pledged such taxes to the payment of the portion of the LTGO 2021A Bonds issued to refund the City's 2010B Bonds to the extent permitted to it by statute. Chapter 67.28 RCW authorizes Washington cities to levy a lodging tax for the purpose of tourism promotion or for the acquisition or operation of tourism-related facilities such as the Convention Center.

In 1998 the Washington State Legislature comprehensively amended the lodging tax statutes to provide Washington cities with the authority to levy a two percent basic lodging tax (RCW 67.28.180) and an additional lodging tax of two percent (RCW 67.28.181). A number of cities also retained the authority to levy additional lodging taxes at

grandfathered rates. As a result, the City is currently authorized to levy the two percent basic lodging tax and an additional lodging tax of five percent, for a total lodging tax of seven percent. Pursuant to the Bond Ordinance, the additional seven percent lodging tax is pledged to the payment of the principal of and interest on the portion of the LTGO 2021A Bonds issued to refund the City's 2010B Bonds.

The following table reflects actual collections of City's lodging taxes for 2015 through 2019.

# TABLE 4 LODGING TAX COLLECTIONS (000's)

	2015	2016	2017	2018	2019	$2020^{(1)}$
Basic 2% Tax	\$ 1,186,178	\$ 1,264,018	\$ 1,326,059	\$ 1,413,008	\$ 1,487,726	\$ 812,816
Additional Tax	2,904,090	3,094,664	3,246,558	3,459,433	3,642,362	1,989,997
Total	\$ 4,090,268	\$ 4,358,682	\$ 4,572,617	\$ 4,872,441	\$ 5,130,088	\$ 2,802,813

(1) Preliminary.

Source: The City of Tacoma.

Local Sales and Use Tax. The State imposes a sales and use tax at a rate of 6.5%, and local governments (cities, counties and certain other municipal corporations) are authorized to levy additional "local option" sales and use taxes. In general, sales taxes are imposed on the purchase by consumers of a broad base of tangible personal property and selected services (including construction (labor and materials), machinery and supplies, services and repair of real and personal property). The use tax supplements the sales tax by taxing the use of certain services and personal property on which a sales tax has not been paid. Sales taxes upon applicable retail sales are collected by the seller from the consumer. Use taxes are payable by the consumer upon applicable rendering of services or uses of personal property. Each seller is required to hold taxes collected until remitted to the State Department of Revenue (the "DOR"), typically occurs on a monthly basis. The DOR collects and distributes all sales and use tax revenue in the State and retains 1% of all taxes collected to offset administration costs. Distribution to the local governments occurs on a monthly basis and lags approximately two months behind collections. The current sales and use tax rate in the City, including the State, County, Tacoma Transportation Benefit District, and the City sales and use taxes, is 10.2%.

Among the items currently exempt are most personal services, motor vehicle fuel, most food sold for consumption off premises, trade-ins of items (e.g., automobiles) and purchases for resale. The State Legislature, and the voters through the initiative process, have changed the base of the sales and use tax on occasion. State law does not provide a general exemption for businesses, nonprofits or governmental entities from payment of sales and use taxes. The State Legislature approved legislation that changed the State sales tax system from an origin-based system to a destination-based system, effective July 1, 2008. Under destination sourcing, sales taxes are credited to the taxing jurisdiction where the purchaser takes delivery of the goods (based on the local tax rate), which may differ from the point of sale with respect to goods delivered to the purchaser.

Local option sales and use taxes may be imposed on any sale or use upon which the State also imposes a sales and use tax. As described below, some sales and use tax authority is for general purposes and some is restricted as to use. Additionally, some local option taxes are subject to approval of the voters within the local jurisdiction. Historical taxable retail sales for the City are shown in Appendix C attached hereto.

Basic and Optional Sales and Use Taxes. The City imposes a basic sales and use tax at a rate of 0.5% as provided by RCW 82.14.030(1), and an optional sales and use tax at a rate of 0.5% as provided by RCW 82.14.030(2). The revenue collected from the sales and use tax is not restricted, and therefore may be used for general City purposes. The City receives 85% of the tax collected within the City and the balance is distributed to the County per State law.

Sales & Use Tax for Affordable and Supportive Housing. In the 2019 Regular Session, the State Legislature approved and the Governor signed Substitute House Bill 1406 (Chapter 338, Laws of 2019) ("SHB 1406"), authorizing cities and counties in the State to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of affordable or supportive housing, and for certain cities and counties, providing rental assistance to tenants. The tax may be imposed for a period not to exceed 20 years and will be credited against sales and use taxes collected by the State within the city or county

imposing the tax. The sales and use tax available under SHB 1406 may be imposed at a rate of 0.0073% or, if a city has enacted one or more of certain voter-approved taxes designated in SHB 1406 as qualifying local taxes, at a rate of 0.0146%. The City currently imposes this sales and use tax at a rate of 0.0146%. Revenue received under the tax authorized by SHB 1406 must be used for affordable and/or supportive housing.

Sales & Use Tax Streamlining Mitigation Payments. The State currently provides payments to certain jurisdictions to mitigate net losses in sales and use tax collections of local taxing jurisdictions resulting from the change to a destination-based system. Mitigation payments are distributed at the end of each quarter for the net loss experienced in the preceding quarter. The City has historically received mitigation payments. In 2017, the State Legislature enacted Engrossed House Bill 2163, Chapter 28, Laws of 2017, 3rd special session ("EHB 2163"). Pursuant to EHB 2163, the State planned to cease mitigation payments to local governments on September 30, 2019. This date was extended to June 30, 2020. This legislation is expected to increase revenues from local sales and use taxes remitted by customers within the State and by sellers and "marketplace facilitators" located outside the State, including from certain online purchases. In South Dakota v. Wayfair (No. 17-494, June 21, 2018), the U.S. Supreme Court held for the first time that states have the authority to collect sales taxes directly from out-of-state sellers having no physical presence in the taxing state. The City cannot predict the effects of this legislation or South Dakota v. Wayfair, including any impact on future collections of sales tax.

Real Estate Excise Tax. The City is authorized to impose a real estate excise tax ("REET") on each sale of real property within City corporate limits at the rate of 0.25% of the selling price ("REET 1") plus an additional 0.25% of the selling price ("REET 2"). This is in addition to the real estate excise tax imposed by the State at the rate of 1.28%.

REET 1 in the amount of 0.25% of the selling price is imposed by the City pursuant to RCW 82.46.010 and may be used for financing certain "capital projects" specified in a capital facilities plan element of the City's comprehensive plan or, within certain limitations, maintenance and operating expenses. Eligible "capital projects" for REET 1 include: streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, parks, recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and judicial facilities. A limited amount of REET 1 revenue may be used for maintenance and operation expenses of capital facilities if certain conditions are satisfied.

REET 2 may be imposed pursuant to RCW 82.46.035(2) in the amount of 0.25% of the selling price and may be used for certain capital projects specified in a capital facilities plan element of a city's comprehensive plan or, within certain limitations, maintenance and operating expenses. Eligible "capital projects" for REET 2 include: streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, facilities for those experiencing homelessness and affordable housing, and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks. REET 2 excludes the use of funds to acquire land for parks. A limited amount of REET 2 revenue may be used for maintenance and operation expenses of capital facilities if certain conditions are satisfied.

The City must deposit and account for real estate excise tax proceeds in a separate capital projects fund or account. REET 1 and REET 2 revenues must be tracked separately because the uses to which they may be put are different. Real estate excise taxes are collected by each Treasurer and distributed to the City periodically. Distributions may be suspended if the City is not compliant with RCW 36.70A.340 (relating to growth management planning).

Business and Occupation Tax. The City's B&O tax is a gross receipts tax, measured on the value of products, gross proceeds of sale, or gross income of the business. The City charges a B&O tax for work conducted within the City limits by the following industries during any tax year.

TABLE 5
B&O TAX RATES

Type of Business	Current Tax Rate
Service and Other/Retail Services	0.400%
Retailing	0.153
Public Road Construction	0.110
Manufacturing/Extraction	0.110
Wholesaling	0.102

Source: The City of Tacoma.

Utility Taxes. Utility taxes are taxes applied to utilities providing services in the City including City-owned and privately-owned utilities. The City imposes a gross receipts utility business and occupation tax on investor- and City-owned utilities, also known as a utility tax. Under State law, the tax rate for electric, phone and natural gas utilities is limited to 6% without voter approval; there is no limitation on tax rates on other utilities. The following table displays the maximum utility tax rate permitted under State law without voter approval and the City's current utility tax rate.

TABLE 6 UTILITY TAX DETAIL

	Maximum Rate without	Current
Utility	Voter Approval	Rate <sup>(1)</sup>
Investor-owned <sup>(1)</sup>		
Telephone	6.0%	7.5%
Electric	6.0	7.5
Natural Gas	6.0	7.5
Cable Television	None	$8.0^{(2)}$
Solid Waste	None	8.0
City-owned		
Water	None	8.0
Sewer	None	8.0
Stormwater	None	8.0
Electric <sup>(1)</sup>	6.0	7.5
Solid Waste	None	8.0

<sup>(1)</sup> Pursuant to RCW 35.21.870, the City voters approved an additional 1.5% increase to the earnings tax applicable to investor and city utilities related to telephone, electric, and natural gas services for a period of 10 years beginning in 2016 to fund various street improvements.

Source: The City of Tacoma.

Other Taxes and Licenses. Several other taxes and regulatory licenses are administered by the City and affect businesses in the City.

#### REGULAR PROPERTY TAX LIMITATIONS

The authority of a city to levy taxes without voter approval for general city purposes, including the payment of debt service on its general obligation indebtedness, is subject to the limitations described below. Information relating to regular property tax limitations is based on existing statutes and constitutional provisions, and is subject to change. Changes in such laws could alter the impact of other interrelated tax limitations on the City.

<sup>(2)</sup> The rate must not be unduly discriminatory against cable operators and subscribers and therefore should be consistent with the other utility rates charged.

#### **Uniformity Requirement**

The State Constitution requires that property taxes be levied at a uniform rate upon the same class of property within the territorial limits of a taxing district levying such taxes. The State Constitution also provides that all real estate constitutes a single class, except for certain agricultural properties eligible for special use classification, which may be valued based on current use. It is possible, because of different overlapping taxing district boundaries, the maximum permissible levy might vary within the boundaries of a particular taxing district. In that event, to comply with the constitutional requirement for uniformity of taxation, the lowest permissible rate for any part of a taxing district would be applied to the entire taxing district.

#### **Limitations on Regular Property Taxes**

The taxes levied to repay the UTGO Bonds are voter-approved excess levies and are not subject to the limitations on regular property tax levies described below.

The One Percent Aggregate Regular Levy Limitation. Article VII, Section 2 of the Washington Constitution, as amended in 1973, limits aggregate regular property tax levies by the State (which may not exceed \$3.60 per \$1,000 of assessed value, as it may be adjusted, to be used exclusively for the support of the common schools) and all taxing districts, except port districts and public utility districts, to one percent of the true and fair value of property. RCW 84.52.050 provides the same limitation by statute.

Aggregate Regular Levy Limitation. The State Constitution and statutes limit the aggregate of all regular property tax levies imposed on any given tax parcel by the State and all overlapping taxing districts, except port districts and public utility districts, to 1% of the true and fair value of property. Within the 1% limitation, the levy by the State may not exceed \$3.60 per \$1,000 of assessed valuation and the aggregate of all regular levies by all taxing districts (other than the State and other than certain specified levies) may not exceed \$5.90 per \$1,000 of assessed valuation (the "\$5.90 limitation"). Those specified levies excluded from the \$5.90 limitation include port or public utility district levies; excess property tax levies; levies for acquiring conservation futures; levies for emergency medical care or emergency medical services; levies to finance affordable housing for very low-income residents; certain portions of levies by metropolitan park districts; certain levies imposed by ferry districts; levies for criminal justice purposes; certain portions of levies by fire protection districts; levies by counties for transit-related purposes; portions of certain levies by certain flood control zone districts; and levies imposed by a regional transit authority. The list of levies excluded from the \$5.90 limitation is statutory and subject to change by the State Legislature at any time; certain of these exclusions expired in 2018.

Because various taxing districts may overlap, the aggregate levy rate applied to any two tax parcels within a single taxing district may not be identical. If the aggregate levy rate exceeds the aggregate rate limitation on any single parcel within a taxing district, the regular levy rates of certain taxing districts that include that parcel may be reduced. Because of the constitutional requirement for uniformity of taxation within a taxing district (described above), any reduction affects the entire taxing district. If reductions are required, they are made by the County Assessor, in accordance with State statutes and guidance from the DOR setting forth a prioritization of regular levies. The regular levies of the State, counties, road districts, cities, towns, port districts, and public utility districts are considered "senior" levies; the regular levies of all other taxing districts are considered "junior" levies. State statute prescribes the order in which the levies of the various junior levies are reduced or eliminated in order to comply with the aggregate rate limitations. Senior levies, such as the City's, are not subject to reduction or elimination based on aggregate rate limitations. The regular levy rates within the City are below both the individual and aggregate levy rate limitations.

Maximum Amount Increase Limitation. State law also limits the amount of a regular levy for any particular year to the highest amount that could have been levied in any prior year, multiplied by a specified percentage (the "limit factor") plus an adjustment for new construction, annexations, certain improvements to property, and state assessed property. The limit factor is defined as the greater of (i) the lesser of 101% or 100% plus inflation, or (ii) if approved by a majority plus one vote of the governing body upon a finding of substantial need, any percentage up to 101%. If a taxing district levies less than its highest allowable levy, the amount not levied is nonetheless included in the base for determining the maximum amount limitation for succeeding years. This difference between the highest allowable levy amount and the amount actually levied is sometimes referred to as "banked" levy capacity. The City has no "banked" levy capacity.

The maximum amount increase limitation may be exceeded upon approval of a simple majority of voters. This is known as a "levy lid lift." A levy lid lift permits a levy amount increase greater than would otherwise be allowed, which increase may be effective indefinitely or for a limited period of time. Tax receipts from the incremental increase may be (but are not required to be) restricted in the ballot proposition to satisfy a limited purpose. A levy lid lift will not increase the levy if it would cause the taxing district's levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. A newly created taxing district can initiate its levy at the maximum permitted statutory levy rate, unless that rate would exceed any of the limitations described above. City voters authorized a levy lid lift of \$0.20 per \$1,000 of assessed value for collection for 10 years beginning in 2016 to fund various street improvements.

Relationship Between Rate and Amount Limitations. Regular levies are limited by both the rate limitations and the amount limitations described above and, therefore, may need to be reduced below one threshold to avoid exceeding the other. Because the regular property tax increase limitation applies to the total dollar amount levied rather than to the levy rate, increases in the assessed value of all property in the taxing district (excluding new construction, improvements, annexations and State-assessed property) which exceed the rate of growth in taxes allowed by the limit factor result in decreased regular tax levy rates, unless voters authorize a higher levy or the taxing district uses banked levy capacity. Decreases in the assessed value of all property in the taxing district (including new construction, improvements, annexations and State-assessed property) or increases in such assessed value that are less than the rate of growth in taxes imposed, among other events, may result in increased regular tax levy rates. Thus, as assessed values rise, the levy amount increase limitation may restrict levy rate growth. As assessed values fall, the levy rate limitation may restrict growth in the levy amount.

Guaranty Fund Levies. The City has outstanding approximately \$19,885,000 in local improvement district bonds and does not anticipate issuing additional local improvement district bonds in the next 12 months. In addition, the City maintains a line of credit with Washington Federal, N.A. in the amount of not to exceed \$15,000,000, of which approximately \$1 million is currently outstanding, which is used as interim financing for local improvement projects prior to the formation and sale of local improvement bonds. The line of credit expires on July 1, 2021. Each advance bears interest at a rate equal to the Prime Rate published by the Wall Street Journal multiplied by 64% and is secured by local improvement district funds. Outside of the \$3.60 per \$1,000 and \$5.90 per \$1,000 limitations described above, but within the constitutional one percent aggregate levy limitation, Washington law requires cities to establish a local improvement district guaranty fund (the "Guaranty Fund") for the purpose of guaranteeing the payment of principal of and interest on its local improvement district bonds, notes and warrants. The amount of a guaranty fund levy in any given collection year may not exceed the greater of (i) 12% of the outstanding obligations guaranteed by the fund, or (ii) the total amount of delinquent assessments and interest accumulated on the delinquent assessments before the levy, as of September 1 (RCW 35.54.060). The taxes levied for the maintenance of the guaranty fund will be in addition to and, if need be, in excess of all statutory and charter limitations applicable to tax levies in any city or town. The balance in the City's Guaranty Fund, as of February 15, 2021, was approximately \$2,662,494.

# PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

# **Assessed Value**

The Pierce County Assessor (the "Assessor"), determines the value of all real and personal property throughout the County that is subject to *ad valorem* taxation, except certain utility properties which are valued by the DOR. The Assessor is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the DOR.

The assessed value is equal to 100% of fair market value, as determined by the Assessor using procedures prescribed by the DOR. Three approaches may be used to determine the fair market value of real property: market data, replacement cost and income generating capacity. In the County, all property is subject to revaluation every year based on market statistics and an on-site appraisal every six years. Though the intent is that the assessed value reflect 100% of market value, the infrequency of on-site appraisals can lead to assessed valuations that lag market and other adjustments. Personal property is valued each year based on affidavits filed by the property owner. The property is listed by the Assessor on a roll at its current assessed value and the roll is filed in the Assessor's office. The Assessor's determinations are subject to revision by the County Board of Equalization and, for certain property, subject to further revision by the State Board of Equalization.

# Current and Historical Assessed Valuation and Property Tax Levy Rates and Amounts

Set forth in the following table are the historical and current assessed valuation of taxable property located within the City. Assessed valuation within the City is based upon 100% of estimated actual valuation.

TABLE 7
TRENDS IN REGULAR ASSESSED VALUE

Regular						
Tax Collection Year	Assessed Valuation	Percent Change				
2021	\$ 32,426,115,141	8.88%				
2020	29,781,934,614	12.17				
2019	26,551,124,530	14.55				
2018	23,179,089,876	11.62				
2017	20,766,300,003	$9.21^{(1)}$				

The City's regular assessed value was \$19,015,503,769 for tax collection year 2016. *Source: Pierce County Assessor's Office.* 

The following table shows the City's levy rates and dollar amounts levied since 2017.

TABLE 8
AD VALOREM TAX LEVIES
(dollars per \$1,000 of Assessed Valuation)

Collection		Levy l	Rates			Levy A	mounts	
Year	Regular	Bond <sup>(1)</sup>	EMS <sup>(2)</sup>	Total <sup>(3)</sup>	Regular	Bond <sup>(1)</sup>	EMS <sup>(2)</sup>	Total <sup>(3)</sup>
2021	\$2.12935	\$0.08758	\$0.36100	\$2.57793	\$69,046,555	\$2,812,930	\$11,705,820	\$83,565,305
2020	2.26210	0.09513	0.38350	2.74073	67,369,845	2,807,780	11,421,485	81,599,110
2019	2.45864	0.10637	0.41680	2.98181	65,279,732	2,796,193	11,066,573	79,142,498
2018	2.72770	0.12194	0.46230	3.31194	63,225,619	2,795,678	10,715,792	76,737,089
2017	2.95982	0.13183	0.50000	3.59165	61,464,420	2,708,250	10,383,150	74,555,820

For voter-approved general obligation bonds, such as the UTGO Bonds. The bond levy is an excess levy of the City.

Source: Pierce County Assessor's Office.

Emergency medical service ("EMS") levy. The limitations in RCW 84.52.043 do not apply to the EMS levy. See "CITY TAXING AUTHORITY—Authorized Property Tax Levies."

<sup>(3)</sup> Totals may not foot due to rounding.

The following table shows the City's top 10 taxpayers based on percentage of assessed valuation.

TABLE 9 MAJOR PROPERTY TAXPAYERS

City Taxpayer	Assessed Valuation <sup>(1)</sup>	% of Total City Assessed Valuation		
Puget Sound Energy & Gas	\$ 281,993,365	0.87%		
Tacoma Mall Partnership #9600	270,194,511	0.83		
US Oil & Refining Co	233,286,300	0.72		
Rocktenn CP LLC	222,301,800	0.69		
Westridges Apartments Property Owner LLC	116,368,100	0.36		
SeaPort Sound Terminal LLC	100,805,700	0.31		
IPT Tacoma Logistics Center LLC	99,098,800	0.31		
Prologis Targeted US Logistics Fund LP	89,781,700	0.28		
Newcold Seattle LLC	87,294,448	0.27		
Yareton Investment & Management (Tacoma) LLC	86,753,400	0.27		
Subtotal—The City's Top 10 Largest Taxpayers	\$ 1,587,887,124	4.90%		
All other City Taxpayers	\$30,838,228,017	95.10%		
Total City Taxpayers	\$32,426,115,141	100.00%		

<sup>(1)</sup> Assessed valuation for 2021 as of December 31, 2020.

Source: Pierce County Assessor's Office.

# **Property Tax Collection Procedure**

Property taxes are levied in specific amounts by the taxing districts. The levy rate is calculated and fixed by the Assessor, based upon the assessed value of the taxable property within the taxing district and adjusted, in accordance with detailed guidelines from the DOR, to comply with the statutory and constitutional rate and amount limitations. See "REGULAR PROPERTY TAX LIMITATIONS" above.

The Assessor, as applicable, extends the taxes to be levied within each taxing district upon a tax roll which contains the total amount of taxes to be so levied and collected. The tax roll is delivered to the Treasurer by January 15 of each year. The Treasurer creates a tax account for each taxpayer and is responsible for the collection of taxes due for each account. All taxes are due and payable on April 30 of each year, but if the amount due from a taxpayer exceeds \$50, one-half may be paid then and the balance no later than October 31 of that year. Delinquent taxes are subject to interest at the rate of 12% per year computed on a monthly basis from the date of delinquency until paid. In addition, a penalty of 3% is imposed on June 1 of the year in which the tax is due and 8% on December 1 of the year due. Penalties are credited to the account of the taxing district; interest on delinquent taxes is credited to the applicable county's current expense fund. During a state of emergency declared under RCW 43.06.010(12), the Treasurer, on the Treasurer's own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any such taxes as the treasurer deems proper. Further, during a declared state of emergency, the State Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes.

In response to the COVID-19 pandemic, pursuant to RCW 43.06.010(12), on March 30, 2020, the County Treasurer issued an order extending the first-half 2020 property tax deadline from April 30 to June 1. The order applied to individual residential and commercial taxpayers who pay property taxes themselves, rather than to mortgage lenders. Similar orders were made in other counties in the State, including King, Snohomish and Spokane Counties. The County Treasurer did not extend the October 31, 2020 property tax payment deadline for second-half taxes, and is not expected to extend the April 30, 2021 deadline. See "CERTAIN INVESTMENT CONSIDERATIONS—COVID-19 Pandemic."

The method of giving notice of payment of taxes due, the Treasurer's accounting for the money collected, the division of the taxes among the various taxing districts, notices of delinquency and collection procedures are all covered by detailed statutes and regulations.

Property taxes and all charges and expenses relating to the taxes constitute a statutory lien on the property taxed. The lien attaches to the property from and including January 1 in the year in which the tax is levied, and is discharged only when the taxes are paid. By law, the Treasurer may commence foreclosure of a tax lien on real property after three years have passed since the first delinquency.

The lien on property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation except for federal civil judgment liens and the possible application of the State "homestead exemption" described below. A federal lien on personal property that is filed before the personal property tax is levied is senior to the local personal property tax lien. In addition, a federal civil judgment lien (but not a federal tax lien) is senior to real property taxes that are imposed after the judgment lien has been recorded. The State's courts have not decided whether the Homestead Law (chapter 6.13 RCW) may give the occupying homeowner a right to retain the first \$125,000 of proceeds of a forced sale of the family residence or other "homestead property" for delinquent property taxes. The United States Bankruptcy Court for the Western District of Washington has held that the homestead exemption applies to the lien securing property taxes, while the State Attorney General has taken the position that it does not. *See Algona v. Sharp,* 30 Wn. App. 837, 638 P.2d 627 (1982) (holding that liens securing improvement district assessments are subject to the homestead exemption).

The following tables show the City's regular and excess property tax levy and property tax collection records for the years shown.

TABLE 10
REGULAR PROPERTY TAX LEVY COLLECTION RECORD
(as of October 31, 2020)

			Regular Property T	Tax Collection
Collection	Regular Property	Regular Property	Percent	Percent Callantal to Date
<u>Year</u>	Tax Levy Rate	Tax Levy	Collected Year of Levy	<b>Collected to Date</b>
2020	\$2.26104	\$67,369,845	89.94%	89.94%
2019	2.45864	65,279,732	98.36	99.15
2018	2.72770	63,225,619	98.32	99.38
2017	2.95982	61,464,420	98.11	99.59
2016	3.14855	59,871,344	97.80	99.37

NOTE: Taxes are due and payable on April 30 of each year of the levy. The entire tax or first half must be paid on or before April 30, otherwise the total amount becomes delinquent on May 1. The second half of the tax is payable on or before October 31, becoming delinquent November 1.

Source: Pierce County Assessor's and Treasurer's Offices.

TABLE 11
EXCESS PROPERTY TAX LEVY COLLECTION RECORD
(as of October 31, 2020)

			Excess Property	Γax Collection
Collection Year	Excess Property Tax Levy Rate	Excess Property Tax Levy	Percent Collected Year of Levy	Percent Collected to Date
2020	\$0.09513	\$2,807,780	89.81%	89.81%
2019	0.10637	2,796,193	98.29	99.07
2018	0.12194	2,795,678	98.26	99.28
2017	0.13183	2,708,250	97.97	99.41
2016	0.14784	2,785,172	97.57	99.11

NOTE: Taxes are due and payable on April 30 of each year of the levy. The entire tax or first half must be paid on or before April 30, otherwise the total amount becomes delinquent on May 1. The second half of the tax is payable on or before October 31, becoming delinquent November 1.

Source: Pierce County Assessor's and Treasurer's Offices.

### **Overlapping Levy Rates**

The overlapping taxing districts within the City have the statutory power to levy regular property taxes at the following rates subject to the limitations provided by chapter 84.55 RCW and to levy excess voter-approved property taxes. For purposes of demonstration, representative levy rates (regular and excess) for "levy code 005" of the County, as well as the statutory levy authority of each type of overlapping district currently formed in such area, are listed below. Levy code 005 does not include all of the property within the City; as a result, additional taxing districts, not listed below, currently or may in the future levy taxes within the City. The information in the following table does not reflect all approved property tax adjustments that are expected to be levied in future years.

TABLE 12 STATUTORY REGULAR LEVY AUTHORITY AND REPRESENTATIVE 2020 REGULAR AND EXCESS LEVY RATES (Rates per \$1,000 of assessed value)

	Statutory		Representative	Representative
	Regular Levy	Representative	Excess Levy	Aggregate Levy
Taxing District	Authority	Regular Levy Rate	Rate	Rate
Pierce County	\$ 1.80000(1)	\$ 0.98492	_	\$ 0.98492
Port of Tacoma	0.45000	0.17316	_	0.17316
The City	3.37500	$2.12935^{(2)}$	\$ 0.08758	2.21693
Cities and Towns	$0.22500^{(3)}$	_	_	_
Pierce County Flood Control Zone	0.50000	0.10020	_	0.10020
State Schools Levy	$3.60000^{(4)}$	$1.90761^{(5)}$	1.02707	$2.93468^{(5)}$
Tacoma Metropolitan Park District	0.75000	0.51073	0.39735	0.90808
Tacoma School District No. 10	_	_	4.66001	4.66001
Regional Transit Authority	0.25000	$0.19709^{(6)}$	_	0.19709
Emergency Medical Services	0.50000	$0.36100^{(7)}$	_	0.36100
Total Represent	ative Levy Rates:	\$ 6.36406	\$ 6.17201	\$ 12.53607

<sup>(1)</sup> Pursuant to RCW 84.52.043(1), a county may increase its levy from \$1.80 per \$1,000 of assessed value to a rate not to exceed \$2.475 per \$1,000 of assessed value for general county purposes if (i) the total levies for both the county and any road district within the county do not exceed \$4.05 per \$1,000 of assessed value and (ii) no other taxing district has its levy reduced as a result of the increased county levy.

Source: Pierce County Assessor's Office.

<sup>(2)</sup> Includes a voter-approved levy lid lift to fund street repairs and improvements through 2025. The City also levies an emergency medical services levy of \$0.50 per \$1,000 of assessed value.

<sup>(3)</sup> RCW 41.16.060. To be used for pension funding purposes, if required; otherwise this tax may be levied and used for any other municipal purpose.

<sup>(4)</sup> RCW 84.52.043(1). The levy by the State shall not exceed \$3.60 per \$1,000 of assessed value adjusted to the State equalized value in accordance with the indicated ratio fixed by the State Department of Revenue to be used exclusively for the support of the common schools.

<sup>(5)</sup> For taxes levied for collection in calendar years 2018 through 2021, the aggregate rate of property taxes levied by the State exclusively for the support of the common schools will increase to \$2.70 per \$1,000 of assessed value adjusted to the State equalized value in accordance with the indicated ratio fixed by the State Department of Revenue. RCW 84.52.065.

<sup>(6)</sup> RCW 81.104.175(1). At the November 8, 2016, general election, voters approved a ballot measure that provides funding for the Central Puget Sound Regional Transit Authority ("Sound Transit") to expand light rail, commuter rail, and bus service in King, Pierce, and Snohomish Counties. The measure allows Sound Transit to impose a maximum property tax levy of \$0.25 or less per \$1,000 of assessed value beginning with the 2017 collection year.

<sup>(7)</sup> Imposed by the City pursuant to RCW 84.52.069(2).

#### GENERAL OBLIGATION DEBT

#### **Authorization of Debt**

The power of the City to contract debt of any kind is controlled and limited by State law. All debt must be set forth in accordance with detailed budget procedures and paid for out of identifiable receipts and revenues. The budget must be balanced for each fiscal year. It is unlawful for an officer or employee of the City to incur liabilities in excess of budgetary appropriations.

In an emergency, the City Council may put a plan into effect and authorize indebtedness outside the current budget. All expenditures for emergency purposes must be paid from any available money in the fund properly chargeable with such expenditures.

#### **Limits of Indebtedness**

The State Constitution and statutes limit the City's ability to incur indebtedness based on a percentage of the assessed valuation of the taxable property within the City at the time the indebtedness is incurred. See "PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES" above.

As prescribed by State statutes, the unlimited tax general obligation indebtedness, such as the UTGO Bonds, permitted for cities, subject to 60% voter approval, is limited to 2.5% of assessed value for general purposes, an additional 2.5% of assessed value for certain utility purposes and an additional 2.5% of assessed value for open space, park facilities and capital facilities associated with economic development. The minimum turnout must be at least 40% of city voters who voted at the last preceding State general election. If the ballot proposition approving issuance of voter-approved debt also approved the levy of taxes without limitation in amounts sufficient to repay those voter-approved bonds, then bonds will be payable from an excess property tax levy. See "REGULAR PROPERTY TAX LIMITATIONS" above. Proceeds of the UTGO Bonds will be used to refund voter-approved obligations of the City payable from excess property tax levies and do not require additional voter approval.

Within the 2.5% of assessed value for general purposes, the City may, without voter approval, incur general obligation indebtedness, such as the LTGO Bonds, in an amount not to exceed 1.5% of assessed value. Additionally, within the 2.5% of assessed value for general purposes, the City may, also without voter approval, enter into financing leases and conditional sale contracts if the total principal component of the lease and contract payments, together with the other non-voted general obligation indebtedness of the City, does not exceed 1.5% of assessed value. The LTGO Bonds constitute non-voted debt of the City.

There is no express provision in the State's laws or Constitution on the priority of payment of debt service on general obligation bonds as compared to the payment of other general obligations of the municipality. In the case of excess taxes levied to pay voter-approved bonds such as the UTGO Bonds, the taxes, when collected, are required to be applied solely for the purpose of payment of principal of and interest on the UTGO Bonds and other voter approved bonds of the City and for no other purpose until such obligations have been fully paid, satisfied and discharged.

Aggregate Debt Limitations. The combination of voter-approved and non-voted general obligation debt for general municipal purposes may not exceed 2.5% of the City's assessed valuation. The total of all general obligation debt for all purposes may not exceed 7.5% of the City's assessed valuation.

Short-Term Obligations. Within the limitations described above, State law permits municipal corporations to borrow money and issue short-term obligations for any lawful purpose, including the anticipation of the receipt of revenues, taxes, or grants or the sale of bonds, if the bonds have been authorized by the governing body or the voters, as applicable. Short-term obligations issued in anticipation of taxes must be repaid within six months after the end of the fiscal year in which they are issued.

#### **Outstanding General Obligation Debt**

As noted above, the City may, without a vote of the electors, incur general obligation indebtedness (such as the LTGO Bonds) in an amount not to exceed 1.5% of assessed value. RCW 39.36.030 provides an exception to the City's statutory debt limitation if refinancing indebtedness does not increase the total amount of the City's indebtedness. In an emergency, the City may put a plan into effect and authorize indebtedness outside of the current budget.

In computing total general obligation indebtedness, the following "assets" may be deducted against the principal amount of indebtedness outstanding: (i) money and investments on deposit in general obligation bond retirement funds; (ii) taxes (both current and delinquent) levied for the payment of general obligation indebtedness; and (iii) delinquent (but not current) taxes due the general fund.

As of the date of issue of the Bonds, the City expects to have the following outstanding general obligation indebtedness (including the Bonds and excluding all of the Refunded Bonds).

TABLE 13 OUTSTANDING GENERAL OBLIGATION DEBT

Limited Tax General Obligation Bonds <sup>(1)</sup>	Date of Issue	Date of Final Maturity	Amount Issued		Amount Outstanding
LTGO Bonds, 2009A (Taxable)	12/18/09	12/01/35	\$ 15,380,000	\$	13,260,000
LTGO Bonds, 2009E (Compound Accreted Value at					
Maturity)	12/18/09	12/01/35	13,526,023		$43,955,000^{(2)}$
LTGO Bonds, 2009F (Compound Accreted Value at					
Maturity) (Taxable)	12/18/09	12/01/26	6,680,900		$19,510,000^{(2)}$
LTGO Refunding Bonds, 2010C (Taxable)	11/10/10	12/01/22	7,355,000		2,040,000
LTGO Bonds, 2010D (Taxable Build America Bonds –					
Direct Payment)	11/10/10	12/01/33	30,225,000		22,415,000
LTGO Bonds, 2010E (Taxable Recovery Zone					
Economic Development Bonds – Direct Payment) <sup>(3)</sup>	11/10/10	12/01/30	9,130,000		3,210,000
LTGO Refunding Bonds, 2013	03/05/13	12/01/34	44,170,000		34,775,000
LTGO Refunding Bonds, 2015A	12/29/15	12/01/36	12,735,000		11,010,000
LTGO Refunding Bonds, 2015B	12/29/15	12/01/27	20,215,000		11,450,000
LTGO Bonds, 2017 (Taxable)	12/12/17	12/01/37	25,295,000		22,320,000
The LTGO 2021A Bonds	04/13/21	12/01/35	4,555,000		4,555,000
The LTGO 2021B Bonds	04/13/21	12/01/34	4,475,000		4,475,000
The LTGO 2021C Bonds	04/13/21	12/01/40	4,555,000		4,555,000
Total LTGO Bonds				\$	197,530,000
Other Nonvoted General Obligation Debt					
CTED Public Works Trust Fund Loan <sup>(4)</sup>	06/02/04	07/01/24	10,000,000	\$	2,281,770
Financing Lease (Washington LOCAL Program) <sup>(5)</sup>	07/21/20	06/01/40	12,795,000	-	12,795,000
Total Other Nonvoted Debt			, ,	\$	15,076,770
Total Nonvoted General Obligation Debt				\$	212,606,770
<b>Unlimited Tax General Obligation Bonds</b>					
The UTGO Bonds	04/13/21	12/01/22	3,675,000	\$	3,675,000
<b>Total Voted General Obligation Debt</b>				\$	3,675,000
<b>Total General Obligation Direct Debt of the City</b>				\$	216,281,770

<sup>(1)</sup> Amounts in table rounded to the nearest dollar.

Source: The City of Tacoma.

<sup>&</sup>lt;sup>(2)</sup> Zero coupon bonds; reflects accreted value at maturity.

The December 1, 2025 and December 1, 2030 maturities of the 2010E Bonds will remain outstanding after this refunding.

The Community Trade and Economic Development Public Works Trust Fund loan is a general obligation of the General Fund.

<sup>&</sup>lt;sup>(5)</sup> Financing lease is a general obligation of the General Fund, however, the City expects to use utility revenues to pay debt service on this loan.

# **Debt Capacity Computation**

The City may issue general obligation debt if, at the time the debt is issued, the City has sufficient debt capacity. Once the debt has been issued, changes in assessed valuation have no effect on the validity of outstanding debt or the City's ability to refund outstanding debt. Future declines in assessed valuation can impact the ability to issue future general obligation debt. The information in the following table is based on the 2021 assessed valuation of property within the City for collection of taxes in 2021 and the general obligation debt of the City expected to be outstanding after the issuance of the Bonds. Table excludes all of the Refunded Bonds.

# TABLE 14 COMPUTATION OF DEBT CAPACITY<sup>(1)</sup>

Assessed Valuation (2021 tax year)		\$32,426,115,141
General Purposes		
Non-Voted Debt Capacity (1.5% of Assessed Valuation) Outstanding Non-Voted General Obligation Debt The LTGO Bonds	\$ 199,021,770 13,585,000	\$ 486,391,727
Net Non-Voted General Obligation Debt	\$ 212,606,770	(212,606,770)
Remaining Non-Voted General Purpose Debt Capacity		\$ 273,784,957
Voted and Non-Voted Debt Capacity (2.5% of Assessed Valuation) Outstanding Voted General Obligation Debt The UTGO Bonds Plus: Net Non-Voted General Obligation Debt (calculated above)	\$ 0 3,675,000 212,606,770	\$ 810,652,879
Direct Debt	\$ 216,281,770	(216,281,770)
Remaining Debt Capacity for General Municipal Purposes		\$ 594,371,109
Utility Purposes		
Debt Capacity (2.5% of Assessed Valuation) Utility Purpose Bonds Outstanding		\$ 810,652,879 (0)
Remaining General Obligation Debt Capacity for This Purpose		\$ 810,652,879
Parks and Open Space and Economic Development Purposes		
Debt Capacity (2.5% of Assessed Valuation) Park and Open Space and Economic Development Purpose Bonds Outstanding		\$ 810,652,879 (0)
Remaining General Obligation Debt Capacity for This Purpose		\$ 810,652,879

<sup>(1)</sup> Includes the Bonds and excludes all of the Refunded Bonds. See Table 13 titled "OUTSTANDING GENERAL OBLIGATION DEBT" above. Zero coupon bonds reflect accreted value at maturity. Source: The City of Tacoma.

# Summary of Limited Tax General Obligation Bonds Debt Service Requirements

The following table shows the scheduled debt service for the LTGO Bonds and other nonvoted limited tax general obligation bonds of the City, excluding all of the Refunded Bonds.

TABLE 15 LIMITED TAX GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS  $^{(1)}$ 

	Outsta LTGO F		LTGO 2 Bon		LTGO Boi		LTGO Bor		
Year(3)	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	\$13,460,431	\$10,171,726	\$ 725,000	\$86,545		\$85,025	\$110,000	\$71,734	\$24,710,461
2022	14,741,095	11,892,302	710,000	114,900	-	134,250	-	112,853	27,705,400
2023	10,273,230	11,752,262	-	93,600	-	134,250	-	112,853	22,366,195
2024	9,548,096	9,985,857	-	93,600	-	134,250	-	112,853	19,874,656
2025	8,817,180	7,693,261	-	93,600	-	134,250	-	112,853	16,851,144
2026	9,021,010	7,495,123	-	93,600	-	134,250	-	112,853	16,856,836
2027	9,247,750	7,266,576	-	93,600	-	134,250	-	112,853	16,855,029
2028	8,734,036	6,999,955	-	93,600	-	134,250	-	112,853	16,074,694
2029	7,815,061	2,930,693	-	93,600	-	134,250	-	112,853	11,086,457
2030	8,574,034	4,049,512	-	93,600	-	134,250	-	112,853	12,964,249
2031	8,040,000	1,794,428	-	93,600	-	134,250	400,000	112,853	10,575,131
2032	8,395,000	1,436,472	-	93,600	-	134,250	410,000	104,352	10,573,674
2033	8,805,000	1,030,762	-	93,600	-	134,250	420,000	95,127	10,578,739
2034	7,060,000	603,428	-	93,600	\$4,475,000	134,250	430,000	85,152	12,881,430
2035	3,960,000	324,922	3,120,000	93,600	-	-	435,000	74,832	8,008,354
2036	2,525,000	149,631	-	-	-	-	445,000	63,957	3,183,588
2037	1,670,000	60,287	-	-	-	-	460,000	52,387	2,242,674
2038	-	-	-	-	-	-	470,000	39,737	509,737
2039	-	-	-	-	-	-	480,000	26,812	506,812
2040							495,000	13,612	508,612
Total	\$140,686,923	\$85,637,195	\$4,555,000	\$1,418,245	\$4,475,000	\$1,830,275	\$4,555,000	\$1,756,232	\$244,913,872

<sup>(1)</sup> Totals may not foot due to rounding.

Source: City of Tacoma and the Municipal Advisor.

Principal and interest payments on the outstanding limited tax general obligation bonds, excluding the Refunded Bonds. Table reflects gross debt service due on the City's taxable direct-pay bonds; interest has not been reduced by the subsidy payments expected to be received by the City in connection with such bonds from the United States Department of Treasury. Data in the table also excludes State loans. Includes the accreted value at maturity of the City's deferred interest bonds. See Table 13 titled "OUTSTANDING GENERAL OBLIGATION DEBT" above.

<sup>(3)</sup> Calendar years ending December 31.

#### Summary of Unlimited Tax General Obligation Bonds Debt Service Requirements

The following table shows the scheduled debt service for the UTGO Bonds, excluding the Refunded Bonds. After the issuance of the UTGO Bonds and the refunding of the 2010A Bonds, the City will not have any other unlimited tax general obligation debt outstanding.

TABLE 16 UNLIMITED TAX GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS<sup>(1)</sup>

TITCO D

	UTGO Bo		
Year <sup>(2)</sup>	Principal	Interest	Total
2021	\$ 1,190,000	\$ 69,825	\$ 1,259,825
2022	2,485,000	74,550	2,559,550
Total	\$ 3,675,000	\$ 144,375	\$ 3,819,375

<sup>(1)</sup> Totals may not foot due to rounding.

Source: City of Tacoma and the Municipal Advisor.

# **Summary of Overlapping Debt**

A number of other taxing districts are located within all or a portion of the City, including the County, a port district, school districts and other special purpose districts. Taxable property located within the City is subject to property taxes imposed by these overlapping taxing districts including the City. The table on the following page sets forth the outstanding principal amount of general obligation debt of the City, adjusted to reflect the issuance of the Bonds (the "Direct Debt") and the outstanding principal amount of general obligation debt incurred by other governmental entities whose taxing jurisdiction includes a part or all of the City and the estimated portion of that debt which is applicable to the property within the City (the "Overlapping Debt"). The estimate of the percentage of a governmental entity's debt which is applicable to property within the City is based on the proportion of the overlapping jurisdiction that lies within the City.

The City has obtained the information regarding the Overlapping Debt from the overlapping taxing districts, the County and other sources the City believes to be reliable, but the City has not independently verified the accuracy or completeness of such information. No person should rely upon such information as being accurate or complete. Furthermore, the amounts described below relate only to general obligation bonds issued by the various taxing districts and reported in their most recent audited financial statements. These amounts may not reflect bank loans or other obligations incurred after the date of such financial statements and certain leases or other contracts that may constitute indebtedness under State law.

<sup>(2)</sup> Calendar years ending December 31.

The table below reflects only existing general obligations payable from property taxes and does not reflect obligations secured by a pledge of other revenues such as utility revenues, excise taxes, sales taxes, and/or motor vehicle excise taxes. The taxing districts listed below may have issued additional general obligation debt since the dates indicated below and these and other taxing districts may have plans for future general obligation debt issuances.

TABLE 17 ESTIMATED 2021 OVERLAPPING DEBT

		Outstanding			
	2021 Assessed	Percent	General	<b>Estimated</b>	
Overlapping Taxing Districts	Value	Overlap	Obligation Debt <sup>(1)</sup>	Overlapping Debt	
Tacoma Metropolitan Park District	\$33,024,517,373	98.19%	\$ 143,045,000	\$ 140,453,033	
Tacoma School District No. 10	34,059,689,021	92.76	975,380,000	904,776,977	
Port of Tacoma	137,747,760,447	23.54	$165,400,000^{(2)}$	38,935,511	
Pierce County	137,747,447	23.54	133,125,000	31,337,908	
Fife School District No. 417	4,172,392,914	10.97	150,363,837	16,489,763	
University Place School District No. 83	4,697,495,195	3.74	38,171,925	1,427,251	
Clover Park School District No. 400	8,106,941,121	1.97	117,025,000	2,300,195	
Franklin Pierce School District No. 402	5,695,081,206	0.69	131,615,000	907,928	
Lakewood Water District	8,266,322,229	< 1.00	$0^{(3)}$	0	
Sound Transit <sup>(4)</sup>	110,506,576,422	29.34	0	0	
Total			\$ 1,854,125,762	\$ 1,136,628,566	

<sup>(1)</sup> As of January 31, 2021, unless otherwise noted.

Source: Pierce County Assessor's and Treasurer's Offices, and certain other issuers listed.

<sup>(2)</sup> As of December 31, 2019.

<sup>(3)</sup> As of December 31, 2018 (most recent data available).

<sup>(4) 2021</sup> Assessed Value includes only the Pierce County portion of the Sound Transit taxing area.

#### **Direct and Overlapping Debt**

The following table presents information regarding the City's direct debt (including the Bonds) and the estimated portion of the debt of overlapping taxing districts allocated to the City's residents.

# TABLE 18 DIRECT AND OVERLAPPING DEBT

Regular Assessed Value (2021 Tax Collection Year) Estimated 2020 Population <sup>(1)</sup>	\$ 32,426,115,141 213,300		
Debt Information			
Direct Debt <sup>(2)</sup>	\$ 216,281,770		
Estimated Overlapping Debt (as previously detailed herein)	\$ 1,136,628,566		
Total Direct Debt and Overlapping Debt	\$ 1,352,910,336		
Bonded Debt Ratios			
Direct Debt to Assessed Value	0.67%		
Direct Debt and Overlapping Debt to Assessed Value	4.17%		
Per Capita Assessed Value	\$ 152,021		
Per Capita Direct Debt	\$ 1,014		
Per Capital Total Direct and Overlapping Debt	\$ 6,343		

As of April 1, 2020. Estimate derived from the State of Washington, Office of Financial Management, Forecasting Division.

# **Debt Payment Record**

The City has promptly met all debt service payments on outstanding obligations. No refunding bonds have been issued to prevent an impending default.

# **Future Financings**

Other than the Bonds, the City has no authorized but unissued general obligation bonds outstanding. The City does not have current plans to issue any other general obligation bonds within the next 12 months.

#### AUTHORIZED INVESTMENTS

Chapter 35.39 RCW authorizes the investment of funds of local governments in the following instruments: (i) bonds of the State or any local government in the State, (ii) general obligation bonds of any other state or local government thereof which have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency, (iii) registered warrants of a local government in the same county as the local government making the investment, (iv) obligations of the U.S. government, its agencies and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided, that at the time of investment, the United States government is the largest shareholder of such institution, (v) obligations of the Federal Home Loan Bank, Federal Land Bank and Fannie Mae, and obligations of other government-sponsored corporations whose obligations are or may become eligible as collateral for advances to member banks of the Federal Reserve System, (vi) bankers' acceptances purchased on the secondary market, (vii) commercial paper purchased on the secondary market, subject to State Investment Board policies, and (viii) corporate notes purchased on the secondary market, subject to State Investment Board policies.

#### CITY FINANCIAL AND BUDGETARY INFORMATION

The historical financial information shown on the following page was extracted from the City's audited annual financial statements for the fiscal years ending December 31, 2015 through 2019. Additional information that may interpret, clarify or modify the data presented below may be contained in the complete financial statements, including the

Includes the Bonds, outstanding limited and unlimited tax general obligation bonds and outstanding Public Works Trust Fund loans. Excludes the Refunded Bonds. Zero coupon bonds reflect accreted value at maturity.

accompanying notes. As noted in this Official Statement, the historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors.

TABLE 19
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(Years Ending December 31)
(000's)<sup>(1)</sup>

	2015	2016	2017	2018	2019
Revenues			 	 	 _
Taxes	\$ 149,469	\$ 153,103	\$ 161,578	\$ 169,257	\$ 171,912
Licenses and permits	4,042	5,028	7,197	7,320	7,271
Intergovernmental revenue	10,104	12,172	11,347	21,053	13,682
Charges for goods and services	18,450	$31,190^{(2)}$	13,081	12,613	13,286
Fines and penalties	1,018	2,215	1,344	1,584	1,375
Interest and other earnings	695	1,012	1,052	1,865	3,062
Miscellaneous revenues	306	185	 825	 92	 145
Total Revenues	\$ 184,084	\$ 204,905	\$ 196,424	\$ 213,784	\$ 210,733
Expenditures					
Current:					
General government	\$ 52,702	\$ 53,100	\$ 34,195	\$ 36,617	\$ 35,390
Public Safety	120,438	132,942	139,249	145,013	156,716
Transportation	469	525	368	375	27
Economic environment	14,094	15,498	17,262	19,311	19,480
Culture and recreation	11,320	11,294	12,861	12,989	14,816
Debt Service		• • • • •			
Principal payments		3,000			
Capital Outlay	2,209	1,530	 1,280	 1,213	 1,412
Total expenditures	\$ 201,232	\$ 217,889	\$ 205,215	\$ 215,518	\$ 227,841
Excess (deficiency) of revenues over	\$ (17,148)	\$ (12,984)	\$ (8,791)	\$ (1,734)	\$ (17,108)
(under) expenditures	, , ,	, ,	, ,		, , ,
Other Financing Sources (Uses)					
Transfer In	\$ 42,494	\$ 42,358	\$ 46,227	\$ 47,136	\$ 47,661
Transfers (out)	(19,343)	(22,215)	(37,647)	(33,647)	(45,645)
Insurance recoveries	148	55	59	71	32
Other – Proceeds from sale of capital assets	7		 	 2	 19
Total Other Financing Sources (uses)	\$ 23,306	\$ 20,198	\$ 8,639	\$ 13,562	\$ 2,067
Net change in fund balance	\$ 6,158	\$ 7,214	\$ (152)	\$ 11,828	\$ (15,041)
Fund Balance – January 1	\$ 66,300	\$ 72,771	\$ 80,348	\$ 80,214	\$ 92,416
Prior period adjustment	229	(135)	18	374	(89)
Change in accounting principle	84	498	_	_	_
Fund Balance – January 1 (Restated)	\$ 66,613	\$ 73,134	\$ 80,366	\$ 80,588	\$ 92,327
Fund balance – December 31	\$ 72,771	\$ 80,348	\$ 80,214	\$ 92,416	\$ 77,286

Information in table is based on audited financial statements of the City. Columns may not foot due to rounding.

Source: The City of Tacoma.

Beginning in 2016, revenue dedicated to the firefighter and police pension fund is reported in the General Fund because it does not meet the criteria to be classified as a fiduciary fund.

TABLE 20 GENERAL FUND BALANCE SHEET (Years Ending December 31)(1) (000's)

Assets	2015	2016	2017	2018	2019
Cash and cash equivalents	\$ 52,187	\$ 61,687	\$ 60,627	\$ 79,234	\$ 64,688
Accounts receivables (net)	11,494	15,960	17,253	17,568	14,934
Due from other funds	1,775	1,848	3,960	487	_
Due from other governments	14,086	14,131	16,429	16,110	14,679
Inventories	1,138	1,105	1,160	1,429	1,586
Prepayments	13	6	7	4	5
Other current assets		_	_	_	_
Advances to other funds	6,530	4,200	_	_	
<b>Total Assets</b>	\$ 87,223	\$ 98,937	\$ 99,436	\$ 114,832	\$ 95,892
Liabilities					
Accounts payable	3,011	3,429	3,919	7,813	5,457
Due to other funds	920	2,389	1,330	3,650	_
Due to other governments	129	81	180	88	91
Accrued wages	1,459	1,959	2,061		_
Accrued benefits				_	
Accrued taxes	15	32	41		_
Unearned Revenue	_	_	_		_
Other liabilities	1,137	1,351	722	830	3,825
Total Liabilities	\$ 6,671	\$ 9,241	\$ 8,253	\$ 12,381	\$ 9,373
Unavailable revenues	7,781	9,348	10,969	10,035	9,233
<b>Total Fund Balances</b>	\$ 72,771	\$ 80,348	\$ 80,214	\$ 92,416	\$ 77,286
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 87,223	\$ 98,937	\$ 99,436	\$ 114,832	\$ 95,892

<sup>(1)</sup> Information in table is based on audited financial statements of the City. Columns may not foot due to rounding.

Source: The City of Tacoma.

# TABLE 21 GENERAL FUND BUDGET

2019-20 2019-20<sup>(1)</sup> (Re-approps and 2019-20 Mid Biennium (COVID-19 2021-22 **Revenues by Category Adopted Budget** Mod) Adjustments) **Adopted Budget** \$ \$ 120,198,281 Property Tax 122,993,153 122,975,560 127,724,824 Sales Tax 116,993,269 118,809,098 106,995,726 104,582,278 **Business Tax** 106,365,631 106,815,631 102,251,759 106,557,097 **Utility Tax** 93,740,974 93,908,965 97,522,779 94,577,339 Other Taxes 3,985,960 3,985,960 4,194,604 4,101,005 Licenses and permits 14,600,045 15,080,045 14,113,697 13,068,052 Intergovernmental revenue 21,279,325 23,564,646 22,480,766 24,999,914 Charges for service 8,175,335 6,876,852 6,691,008 6,519,754 Fines and forfeitures 1,709,665 1,709,665 1,903,838 1,088,610 Contributions and Transfers (Indirect 1,295,280 164,860 24,000 1,295,280 Costs) 2,699,483 Other revenue (Misc. Revs.) 4,314,919 5,281,259 5,582,303 Cash Balance 20,784,423 39,799,861 38,388,905 17,013,571 **Total Revenues** 514,622,542 539,136,482 517,101,182 508,925,047 **Expenditures** City Attorney's Office \$ (5,457,975)(5,193,353)(5,457,975)(5,185,412)City Manager's Office (1,073,847)(5,001,813)(980,758)(1,003,822)Community and Economic Development (7,032,916)(7,233,147)(6,972,266)(6,980,454)Finance (8,806,909)(8,806,909)(8,546,846)(10,524,216)Fire (125,216,956)(127,825,451)(127, 153, 892)(133,094,989)Information Technology (427,022)(102,994)(1,575,668)(422,188)Library (29,200,288)(28,308,562)(28,209,624)(28,571,808)Municipal Court (8,081,016)(8,181,016)(7,764,275)(7,727,499)Neighborhood and Community Services (26,379,884)(27,165,848)(25,169,831)(22,488,839)Non-Departmental (116,263,884)(134,211,673)(122,082,516)(102,627,586)Planning and Development Services (4,713,527)(4,276,535)(3,662,272)(3,858,577)Police (175,483,381)(176,615,461)(172,430,340)(172,318,197)**Public Works** (6,001,884)(6,001,884)(5,720,298)(6,598,163)(2,422,664)(2,422,664)(2,375,652)(2,371,828)Tacoma Venues and Events (514,622,542)(539, 136, 481)\$ (517,101,182) (508,925,047)Total expenditures

#### THE CITY OF TACOMA

The City was incorporated in 1884 and utilizes the council-manager form of government, which is administered by a City Council under the Constitution and laws of the State and the City Charter. The City Council is composed of nine members: a Mayor and eight Councilmembers, five of whom are elected from districts which have been apportioned according to population. The three remaining positions are "at large" positions, nominated and elected City-wide. The Councilmember positions are four year terms with overlapping terms to allow for the election of four Councilmembers every two years. The Mayor is elected City-wide for a four year term and is the presiding officer of the City Council. Councilmembers, including the Mayor, can serve no more than ten consecutive years as a member of the City Council, Mayor or combination thereof.

Various departments provide a full range of services to the citizens of the City including police and fire protection, electrical generation and distribution, water distribution, wastewater and surface water services, solid waste services, public works (which includes street operations, engineering, facility management and fleet operations), planning and development services, community and economic development, neighborhood and community services, and many others.

<sup>(1)</sup> Adjusted the projected budget in March of 2020 and again in June of 2020. Source: The City of Tacoma.

# City Officials

Current members of the City Council are listed in the following table.

# TABLE 22 ELECTED OFFICIALS

Name	Position	<b>Term Expires December 31</b>
Victoria Woodards	Mayor	2021
Keith Blocker	Deputy Mayor and Councilmember	2023
Chris Beale	Councilmember	2021
John Hines	Councilmember	2023
Lillian Hunter	Councilmember	2021
Conor McCarthy	Councilmember	2023
Robert Thoms	Councilmember	2021
Catherine Ushka	Councilmember	2021
Kristina Walker	Councilmember	2023

Source: The City of Tacoma.

#### Administration

The City Council appoints a City Manager who is the chief executive officer of the City. The City Manager is responsible to the City Council for the administration of all departments of the City with the exception of the Department of Public Utilities. Pursuant to an amendment to the City Charter approved by the voters in 2014, the City Manager's appointments of department heads require confirmation by the City Council.

The City Manager appoints a Finance Director who supervises the financial and purchasing functions of the City, including the City's accounting system. The Finance Director is responsible for preparing the Comprehensive Annual Financial Report in accordance with generally accepted accounting principles and the instructions of the State Auditor's Office. The Finance Director is responsible for the payment of principal and interest on all bonds issued by the City. Under the Finance Director, a Budget Officer of the Office of Management and Budget, is responsible for the preparation and monitoring of the biennial budget, which provides for the servicing of debt and provides for anticipated revenues to meet the estimated costs of expenditures. The budget is presented to the City Council for its review and approval and final adoption.

The City Manager appoints the City Treasurer who is responsible for the receipt, custody and disbursement of City funds. The City Treasurer receives all money due and belonging to the City, and keeps a detailed account of the same in the manner prescribed by the Finance Director. The Government Performance and Finance Committee, composed of four council members, is responsible for the financial management and policies of the City.

Elizabeth Pauli, City Manager. Ms. Pauli was appointed City Manager in May 2017. Prior to her appointment, she served as Interim City Manager. She joined the City in May 1998, as Chief Assistant City Attorney and was appointed City Attorney in 2004. Prior to her work with the City, she was a partner at McGavick Graves. Ms. Pauli is a graduate of the University of Wisconsin-Madison Law School. She also holds a Bachelor of Science degree in education and social work from University of Wisconsin-Madison. Ms. Pauli is a member of the Washington State Bar Association and the Washington State Association of Municipal Attorneys.

Andrew ("Andy") Cherullo, Finance Director. Andrew Cherullo joined the City in February 2013. Prior to joining the City, he most recently served as the Chief Financial Officer for the Washington State Health Care Authority. Prior to that, Mr. Cherullo served as the Chief Financial Officer for the Massachusetts School Building Authority. He started his career in public finance at the Massachusetts House Ways and Means Committee, where within four years became the Budget Director. As Finance Director for the City, Mr. Cherullo serves as the Chief Financial Officer for the City Manager and the City Council. He is responsible for overseeing the City's financial affairs, including accounting, debt and investment management, procurement and purchasing, and financial reporting. Mr. Cherullo has Bachelor's degrees in Economics and Political Science from the University of Montana and a Master's degree in Economics from Tufts University.

Michael San Soucie, Treasury Manager. Mr. San Soucie joined the City in 2013. He has 25 years of governmental experience at both the state and local levels.

William C. Fosbre, City Attorney. Mr. Fosbre was appointed City Attorney in May 2017. He joined the City in 1999 as Assistant City Attorney in the Prosecution Division and was later appointed Division Supervisor. He left the City in 2002 to serve as the Snohomish County Director of District Administration until 2005 when he returned to the City Attorney's Office. A graduate of Seattle University School of Law, Mr. Fosbre also holds a Master of Arts degree in political science and a Bachelor of Arts degree in sociology from Western Washington University.

Doris Sorum, City Clerk. Ms. Sorum is responsible for the recording and safekeeping of all proceedings of the City Council. Ms. Sorum began her career with the City's Finance Department in April 1980. She transferred to the City Clerk's office in 1985 and was appointed to the position of City Clerk in August, 2000. Ms. Sorum attended Tacoma Community College and has completed additional coursework through the University of Washington.

# **Budgetary Policies**

The biennial budget is proposed by the City Manager and adopted by the City Council with legal budgetary control at the fund level. The City Manager may authorize transfers within funds; however, the City Council must approve, by ordinance, any amendments which increase the total for the fund. Any unexpended appropriated balances lapse at the end of the fiscal biennium.

#### Auditing

Accounting systems and budgetary controls are prescribed by the Office of the State Auditor in accordance with RCW 43.09.200 and RCW 43.09.230. State statutes require audits for cities to be conducted by the Office of the State Auditor. The City complies with the systems and controls prescribed by the Office of the State Auditor and establishes procedures and records which reasonably assure safeguarding of assets and the reliability of financial reporting.

The State Auditor is required to examine the affairs of cities and the City is audited annually. The examination must include, among other things, the financial condition and resources of the City, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the City. Reports of the auditor's examinations are required to be filed in the office of the State Auditor and in the finance department of the City. The audited financial statements of the City for fiscal year ended December 31, 2019 prepared by the City Finance Department and audited by the Office of the State Auditor are contained in Appendix B. The State Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The State Auditor also has not performed any procedures related to this Official Statement.

# Response to COVID-19

The COVID-19 pandemic currently is affecting many parts of the world, including the State, the County, and the City. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 a national emergency. On February 29, 2020, Washington's Governor declared a state of emergency due to the number of confirmed cases of COVID-19 in the State, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 12, 2020, the Mayor also declared a State of Emergency due to COVID-19. The State Governor has issued a series of proclamations designed to limit social interactions, including orders requiring or encouraging individuals, governments and businesses to take certain precautionary measures designed to prevent the spread of COVID-19. On March 23, 2020, the State Governor issued a statewide "Stay Home, Stay Healthy" proclamation, requiring individuals to stay home except for essential activities, banning social and other gatherings, and closing all businesses with certain exceptions for essential businesses. Washington State currently is following a phased re-opening approach. The City has and continues to coordinate its response to the pandemic with the Tacoma-Pierce County Health Department, as well as the Washington State Department of Health.

The COVID-19 pandemic is ongoing, and the duration and severity of the crisis are uncertain. The City took aggressive budget actions in early 2020 to manage the impacts of COVID-19. The actions included, but are not limited to, the following: reduction of 2020 revenue projections by approximately \$40 million, eliminated discretionary spending, cancelled planned projects, established purchasing and contract freezes, established a hiring freeze, put certain staff on

temporary furloughs and did targeted lay-offs. Other actions the City took in response to COVID-19 included, but are not limited to, the following: instituted telework for all non-frontline service staff (approximately 1,800 staff converted to telework), health screening for employees reporting to City facilities, implemented an Emergency Leave Program for employees impacted by COVID-19, increased the number of homeless shelter beds by over 250, provided additional funding for Rental Assistance programs, and provided additional funding for utility bill assistance. The City will continue to monitor the community impacts of COVID-19 and remain flexible on responding to community needs.

The City has and will continue to review the range of financial impacts of COVID-19 on the City and its finances. The City's adopted 2021-2022 biennial budget includes reduced projections for sales and use taxes, licenses and permits and various other revenue sources. As part of the 2021-2022 budget process, City departments were asked to submit spending plans based on approximately 15% reductions. The final adopted budget included a variety of reductions across City departments to meet the reduced revenue estimates. See Table 21 above.

The City did receive from the State and Pierce County in 2020 approximately \$9.6 million in Federal CARES Act assistance. Based on allocation projections, the City expects to receive approximately \$63 million in American Rescue Plan Act of 2021 (the "2021 Act") assistance. Funds received under the 2021 Act may be used for authorized purposes relating to mitigating the fiscal effects of the COVID-19 pandemic, including responding to the public health emergency, providing governmental services, and making certain infrastructure investments, among other purposes. The City will monitor and apply for additional Federal and State support for expenses related to responding to the COVID-19 pandemic if and as such relief becomes available.

While the full impact of the COVID-19 pandemic on the City and the regional economy is currently uncertain, the City currently believes that the measures it has taken will help mitigate its anticipated revenue shortfall. The City, however, cannot predict the duration and extent of the COVID-19 public health emergency, or quantify the magnitude of the impact on the regional and local economy or on the revenues and expenses of the City. The City will continue to monitor the evolving situation and respond as needed. See "CERTAIN INVESTMENT CONSIDERATIONS—COVID-19 Pandemic."

# Pension

Substantially all City employees, are covered by a contributory retirement plan administered by the City's Employee Retirement System ("TERS"), an actuarially funded system administered by the City. Law enforcement officers and firefighters are covered by the Law Enforcement Officer and Firefighter Retirement System ("LEOFF"), which is operated by the State for law enforcement officers and firefighters throughout the State. Additionally, the City administers two single-employer pension funds as required by State Statute: a Police Relief and Pension Fund and a Firemen's Relief and Pension Fund. The following information regarding TERS is provided on a City-wide basis. The most recent actuarial valuation of TERS was completed as of January 1, 2020 by Milliman (the "Milliman Report"). Additional information, including the Milliman Report, is available on the TERS website (which website is not incorporated herein by this reference) at: www.cityoftacoma.org/retirement.

TERS is a cost-sharing multiple-employer, defined benefit retirement plan covering substantially all employees of the City, with the exception of police officers, firefighters, Tacoma Rail employees who are covered by other retirement plans. Employees of the Tacoma-Pierce County Health Department, as well as certain employees of Pierce Transit and South Sound 911 (formerly known as Law Enforcement Support Agency) who established membership in TERS when these agencies were still City departments, are also members. The Board of Administration of TERS (the "Board") administers the plan, and benefit provisions are established in accordance with chapter 41.28 RCW and Chapter 1.30 of the Tacoma Municipal Code. The Board consists of nine members, including the City Mayor, who serves as chair, Finance Director, City Manager (or designee), Public Utilities Director (or designee), three employees one retiree and one City resident (not employed by the City) elected by the other eight members. The Board is required by the City's municipal code to make annual reports to the City Council on the financial condition of TERS. The Board, subject to City council approval, appoints the Director who is responsible for managing the daily operations of TERS. As of January 1, 2021, there were 2,654 retirees and beneficiaries currently receiving benefits, 582 vested terminated members entitled to future benefits and 3,037 active members in TERS.

Contributions City-wide totaled \$51.7 million in 2019 (\$27.9 million in employer contributions and \$23.8 million in employee contributions) and \$48.9 million in 2018 (\$26.4 million in employer contributions and \$22.5 million in employee contributions). The contribution rate for the City's covered payroll is currently set at 21.00% of pensionable wages for 2020 (11.34% paid by the City and 9.66% paid by employees).

The City is current in all payments to TERS. Further details about the plan are included in Note 4 to the City's Audited Financial Statements for 2019 attached as Appendix B.

In addition to TERS, City employees participate in the federal social security program. The City withholds the employee contribution from City employee's wages.

Law Enforcement Officer and Firefighter Retirement System ("LEOFF"). LEOFF is a cost-sharing multiple-employer defined benefit pension plan. Membership in the plan includes all full-time, fully compensated local law enforcement officers and fire fighters. The LEOFF system includes two plans. Participants who joined the system by September 30, 1977, are LEOFF Plan 1 members. Those joining thereafter are enrolled in LEOFF Plan 2. Retirement benefits are financed from employee and employer contributions, investment earnings, and State contributions. 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:

TABLE 23 LEOFF BENEFIT PER YEAR DETAILS

Term of	Percent of
Service	Final Average Salary
5-9 Years	1.0%
10-19 Years	1.5
20 or more years	2.0

Source: The City of Tacoma.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service (FAS is based on the highest consecutive 60 months). Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. 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 cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF Plan 1 employer and employee contribution rates are established by statute, and the State is responsible for the balance of the funding at rates set by the Pension Funding Council to fully amortize the total costs of the plan. Employer and employee rates for LEOFF Plan 2 are set by the director of the Department of Retirement Systems, based on recommendations by the Office of the State Actuary, to continue to fully fund the plan. LEOFF Plan 2 employers and employees are required to contribute at the level required by State law. The methods used to determine the contribution rates are established under State statute in accordance with chapters 41.26 and 41.45 RCW.

The following table outlines the contribution rates of employees and employers under LEOFF.

# TABLE 24 LEOFF CONTRIBUTION RATES

	Plan 1	Plan 2
Employer(1)	0.18%	5.33%
Employee	0.00	8.59
State	N/A	3.44

<sup>(1)</sup> Includes a 0.18% Department of Retirement Services administrative expense rate.

Source: The City of Tacoma.

For the years ending December 31, 2019 and December 31, 2020, the City contributed approximately \$4.8 million and \$4.9 million, respectively, to LEOFF Plan 2.

Information regarding LEOFF is presented in annual financial report of the State Department of Retirement Systems ("DRS"), which may be obtained from:

Department of Retirement Systems 1025 East Union Street P.O. Box 48380 Olympia, WA 98504-8380

Internet Address: www.drs.wa.gov (which website is not incorporated herein by reference)

While the City's contributions in 2019 represented its full statutorily required contribution to LEOFF, any unfunded pension benefit obligations within the systems could be reflected in future years as higher contribution rates. The website of the Office of the State Actuary (which is not incorporated into this Official Statement by reference) includes information regarding the values and funding levels of LEOFF and other State-administered pension plans. The DRS Comprehensive Annual Financial Report for the year ended June 30, 2020 reported that LEOFF Plan 1 and Plan 2 each has a funded ratio in excess of 100% and a net pension asset.

Police Relief and Fire Relief and Pension Fund. The Police Relief and Pension Fund and the Fire Relief and Pension Fund are single-employer, defined benefit pension funds established and administered by the City in accordance with the requirements of State law. Membership is limited to firefighters employed prior to March 1, 1970. Since the effective date of the LEOFF on March 1, 1970, no payroll deductions for active employees have been taken under these pension plans. See Note 4 to the City's Audited Financial Statements for 2019 attached as Appendix B for additional information regarding these plans.

GASB 67/68 Reporting Rules. GASB Statement 68, Accounting and Financial Reporting for Pensions ("GASB 68") became effective for the City for the year ended December 31, 2015. Among the changes imposed by GASB 68 are that lower discount rates are required to be used for underfunded plans in certain cases and the difference between expected and actual investment returns each year will be recognized over a closed five-year smoothing period. GASB 68 also requires employers that participate in the State sponsored plans to report their proportionate share of Net Pension Liability, Deferred Inflows of Resources, Deferred Outflows of Resources, and Pension Expense for the State plans. DRS determines each participating employer's proportionate share of overall plan liability and the State Actuary determines each plan's accounting valuation. GASB 68 affects the accounting for pensions, but does not change the funding status of the plans calculated by State Actuary or pension contribution rates that are set based on statutory assumptions.

In 2019, the City reported a net pension liability for all plans of \$117,009,191. The City also reported net pension assets related to in the aggregate amount of \$75,660,594. See Note 4 to the City's Audited Financial Statements for 2019 attached as Appendix B for additional information.

# **Other Post-Employment Benefits**

In addition to pensions, many state and local governmental employers provide other post-employment benefits ("OPEB") as part of total compensation to attract and retain the services of qualified employees. OPEB includes post-employment health care as well as other forms of post-employment benefits that are provided separately from pension plan benefits. GASB issued a standard concerning Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions. The standard provides for the measurement, recognition and display of OPEB expenses/expenditures, related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports. This pronouncement became effective for the City for the Fiscal Year ended December 31, 2007.

The City is financing the benefits on a pay-as-you-go basis. The City provides the option for retirees to pay the full premium cost of medical benefits until age 65, and for LEOFF Plan 1, after age 65. Eligibility and the amount of benefits paid by the City vary by group (TERS, LEOFF Plan 1, LEOFF Plan 2, or Rail employees). For additional information regarding the City's OPEB, see Note 5 to the City's Audited Financial Statements for 2019, attached as Appendix B.

# **Deferred Compensation**

The City offers its employees a deferred compensation plan through a third party created in accordance with Internal Revenue Code Section 457. The plan, available to all City permanent full-time and part-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable emergency, but the plan offers a loan provision. An employee may defer 100% of their salary net of employee pension contributions and any Section 125 deductions. The 2019 contribution limits are \$19,000 for regular deferral, \$38,000 for pre-retirement and \$25,000 for age 50 provision deferrals. The City agreed through labor contract negotiations to match contributions made by all Police Officers and Fire Officers up to a maximum of \$192 per pay period. For additional information, see Note 5 to the City's Audited Financial Statements for 2019, attached as Appendix B.

# **Investment Practices**

The City Investment Policy permits legal investments as authorized by State law. Among the investments permitted by State law and the Investment Committee's policy are banker's acceptances of the top 50 world banks as published by American Banker, U.S. Treasury bills, certificates, notes and bonds, certain U.S. Government agency securities, commercial paper with the highest rating by at least two nationally recognized rating agencies, repurchase agreements with the market value of collateral exceeding the dollar amount of the repurchase agreement by two percent over the term of the agreement, reverse repurchase agreements, the State Local Government Investment Pool (the "LGIP") (described below), municipal securities, certificates of deposit, corporate notes and supranational agency bonds. Daily liquidity requirement to meet the City's daily obligations is maintained by investing a portion of the City Treasurer's Tacoma Investment Pool ("TIP") in the LGIP.

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As of December 31, 2020, the City's cash and investments on a fair value basis, totaled approximately \$1.1 billion, not including City pension funds. The portfolio was distributed in various types of investment instruments in the following percentages:

# TABLE 25 City Investments (As of December 31, 2020)<sup>(1)</sup>

Bank Interest-Bearing Accounts	7.07%
Local Government Investment Pool	6.82
U.S. Treasuries	33.75
Municipal Securities	1.06
Federal Home Loan Mortgage Assn (Freddie Mac)	11.74
Federal Farm Credit Bank (Farm Credit)	10.98
Federal Home Loan Bank (Home Loan)	11.76
Federal National Mortgage Assn (Fannie Mae)	10.20
Corporate	5.70
Supernational	0.91
Total	100.00%

<sup>(1)</sup> Unaudited. Total may not foot due to rounding.

Source: City of Tacoma

State Local Investment Pool. The State Treasurer's Office administers the Local Government Investment Pool (the "LGIP"), an optional investment tool that in fiscal year 2020 held an average balance of \$17.7 billion on behalf of 630 participants. In its management of LGIP, the State Treasurer is required to adhere, at all times, to the principles appropriate for the prudent investment of public finds. These are, in priority order, (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) to attain the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

The LGIP, authorized by chapter 43.250 RCW, is a voluntary pool which provides its participants the opportunity to benefit from the economies of scale inherent in pooling. It is also intended to offer participants increased safety of principal and the ability to achieve a higher investment yield than would otherwise be available to them. Although not regulated by the U.S. Securities and Exchange Commission (the "SEC"), the LGIP is invested in a manner generally consistent with the SEC guidelines for Rule 2a-7 money market funds; for example, currently it has a maximum weighted average maturity of 60 days and a maximum weighted average life of 120 days. The maximum final maturity is 397 days except for floating and variable-rate securities and securities that are used for repurchase agreements. The weighted average maturity of the LGIP generally ranges from 30 to 60 days. Investments permitted under the pool's guidelines include U.S. government and agency securities, bankers' acceptances, high quality commercial paper, repurchase and reverse repurchase agreements, motor vehicle fund warrants, and certificates of deposit issued by qualified State depositories. The City may withdraw funds in their entirety on less than 24 hours' notice.

# Risk Management

The City is self-insured for tort liability, medical, benefits, unemployment and worker's compensation and records its claims and liabilities in the accrual basis of accounting. Liabilities include an estimate for Incurred but Not Reported ("IBNR") claims. The estimate for reported claims is based on Risk Management and Legal Departments' projections and is adjusted annually. The IBNR for the self-insured employee benefits is based on an average of two-month claims from the reporting year. The IBNR for tort liabilities are calculated by a periodic actuarial study. The handling and paying of all tort liability claims for which the City is found legally liable is accounted for in either the Self-Insurance Claim Fund or the Tacoma Public Utility ("TPU") Self Insurance Claim Fund. Moneys are appropriated from various cost centers based on prior claims history and paid to these funds.

The Self-Insurance Program is maintained in conformity with all laws, rules and regulations pertaining thereto and in accordance with RCW 35.21.085(2). The general government of the City carries a supplemental liability policy with a \$20 million limit and a \$5 million self-insurance retention for law enforcement, and a \$3 million self-insured retention for General Government, renewable on May 1 of each year. TPU carries separate supplemental liability policies with total limits of \$60 million, \$250,000 retention for wrongful acts claims and a \$1.5 million self-insured retention for all

other covered claims, renewable on December 1 of each year. The Belt Line Railroad carries separate Railroad Liability policies with total limits of \$50 million each occurrence and a \$1 million self-insured retention renewable on December 1 of each year. Mountain Rail carries a separate Railroad Liability policy with a limit of \$7 million each occurrence, \$14 million annual aggregate and a \$50,000 self-insured retention renewable on December 2 of each year. These policies are provided to supplement the City's current self-insurance risk for settlements in excess of the self-insured retentions.

The City also has a policy to cover extraordinary worker's compensation claims with a statutory liability limit and a \$1 million retention for each occurrence as well as an additional \$250,000 of total loss in excess of the retention. Such additional \$250,000 deductible may be satisfied by loss from one or more occurrences. This policy renews January 1 of each year.

The City carries property coverage with a maximum single occurrence limit of \$500 million with sub-limits, and \$150,000 deductible per occurrence, with exceptions. This policy renews July 1 of each year. TPU carries separate property coverage with a maximum single occurrence limit of \$150 million with sub-limits, and a \$250,000 deductible per occurrence, with exceptions. This policy renews July 1 of each year.

See Note 7 to the City's Audited Financial Statements attached hereto as Appendix B.

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# Labor Relations

As of February 1, 2021, the City employed 3,640 people, including 2,216 general government and 1,424 TPU employees. As of such date, approximately 71% of those employees who are eligible under State law to be represented by a labor organization were members of one of the labor unions representing City employees. The following table shows the current union contracts and their respective expiration dates. The City considers its relationship with the bargaining units to be good.

TABLE 26 LABOR RELATIONS DETAIL

<b>Bargaining Unit</b>	<b>Number of Employees</b>	<b>Contract Expiration Date</b>
BLET	19	06/31/2017 <sup>(1)</sup>
District 160 General	83	12/31/2023
District 160 Mechanics	15	$12/31/2020^{(1)}$
District 160 Track Workers	7	12/31/2023
District 160 WWTP Supervisors	4	12/31/2023
District 160 Yard Clerks	5	12/31/2023
Local 117 Teamsters – General	187	12/31/2022
Local 117 Teamsters – TVE	23	12/31/2021
Local 120 General	145	12/31/2022
Local 17 PTE (PROTEC 17)	240	12/31/2022
Local 26 Police Cpts & Lts	20	12/31/2021
Local 31 Fire Dept.	394	12/31/2021
Local 313 Teamsters	126	12/31/2021
Local 483 Clerical	161	$12/31/2020^{(2)}$
Local 483 Court Clerks	19	12/31/2021
Local 483 Custodians	23	12/31/2022
Local 483 Customer & Field Services	165	12/31/2021
Local 483 Human Resources	21	12/31/2022
Local 483 Power	288	03/31/2021
Local 483 Supervisors	13	$12/31/2020^{(3)}$
Local 483 Water	114	12/31/2021
Local 483 Water Pollution Control	52	12/31/2022
Local 6 Police	310	$12/31/2020^{(2)}$
PPSMA Asst. & Deputies	8	$12/31/2020^{(2)}$
SMART-TD Conductors	34	$06/31/2015^{(1)}$
SMART-TD Yardmasters	6	12/31/2018(1)

<sup>(1)</sup> Unexpired or evergreen contracts without expiration dates.

Source: The City of Tacoma.

# TAX MATTERS RELATING TO THE TAX-EXEMPT BONDS

General. In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, interest on the UTGO Bonds, LTGO 2021A Bonds, and LTGO 2021B Bonds (herein referred to herein as the "Tax-Exempt Bonds") is excludable from gross income for federal income tax purposes under Section 103 of the Code, except for interest on any LTGO 2021B Bond for any period during which such LTGO 2021B Bond is held by a "substantial user" of the facilities refinanced by the LTGO 2021B Bonds or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The proposed forms of opinions of Bond Counsel with respect to the Tax-Exempt Bonds to be delivered on the date of issuance of the Tax-Exempt Bonds are set forth in Appendix A.

The Code contains a number of requirements that apply to the Tax-Exempt Bonds, and the City has made certain representations and has covenanted to comply with each such requirement. Bond Counsel's opinion assumes the

<sup>(2)</sup> Under negotiation.

<sup>&</sup>lt;sup>(3)</sup> 2021 agreement is scheduled for Council consideration in March 2021.

accuracy of the representations made by the City and is subject to the condition that the City comply with the above-referenced covenants. If the City fails to comply with such covenants or if the City's representations are inaccurate or incomplete, interest on the Tax-Exempt Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the Tax-Exempt Bonds, or the amount, accrual or receipt of interest on, the Tax-Exempt Bonds. Owners of the Tax-Exempt Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Tax-Exempt Bonds.

Original Issue Premium and Discount. If the initial offering price to the public at which a Tax-Exempt Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes. If the initial offering price to the public at which a Tax-Exempt Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Tax-Exempt Bonds who purchase the Tax-Exempt Bonds after the initial offering of a substantial amount of such maturity. Owners of such Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Tax-Exempt Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the Tax-Exempt Bond (said term being the shorter of the Tax-Exempt Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Tax-Exempt Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Tax-Exempt Bond is amortized each year over the term to maturity of the Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Tax-Exempt Bond premium is not deductible for federal income tax purposes. Owners of premium Tax-Exempt Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax consequences of owning such Tax-Exempt Bonds.

Post Issuance Matters. The opinions of Bond Counsel are based on current legal authority, covers certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. The opinions are not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the

market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the City or the Owners to incur significant expense.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Not Bank Qualified. The City has <u>not</u> designated the Tax-Exempt Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

# CERTAIN INCOME TAX CONSEQUENCES RELATING TO THE LTGO 2021C BONDS

The interest on the LTGO 2021C Bonds is not intended by the City to be excluded from gross income for federal income tax purposes. Owners of the LTGO 2021C Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the LTGO 2021C Bonds may have federal income tax consequences not described herein and should consult their own tax advisors with respect to federal income tax consequences of owning such LTGO 2021C Bonds. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the LTGO 2021C Bonds other than as expressly described above.

The proposed form of opinion of Bond Counsel with respect to the LTGO 2021C Bonds to be delivered on the date of issuance of the LTGO 2021C Bonds is set forth in Appendix A.

# **ERISA CONSIDERATIONS**

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any LTGO 2021C Bond. In all events investors should consult their own tax advisors in determining the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of the LTGO 2021C Bonds.

# CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the Bonds should consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the Bonds. This section does not purport to be a comprehensive list or description of all potential risks which, if realized, could adversely affect the payment or the value of the Bonds. The order of presentation of these factors below is not intended to create any implication as to the relative importance of any one risk factor over another.

# **Initiative and Referendum**

Under the State Constitution, the voters of the State have the ability to initiate legislation and modify existing legislation through the powers of initiative and referendum, respectively. The initiative power in Washington may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least eight percent (initiative) and four percent (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

Under the City Charter, voters may initiate City Charter amendments and local legislation, including modifications to existing legislation, and through referendum may prevent legislation passed by the City Council from becoming law. Some ordinances become effective immediately, including ordinances passed as emergency measures, or relating to local improvements and assessments and authorization of bonds therefor, or adopting annual budgets, or levying taxes, or making appropriations. Ordinances granting a franchise, right, or privilege, or authorizing the issuance of revenue bonds in an amount exceeding \$5 million take effect as the City Council determines. All other ordinances take effect only after the expiration of 10 days from publication and are subject to the provisions of the City Charter concerning referendum. Under Washington law, the Bond Ordinance may not be a proper subject for a referendum petition. Nonetheless, as of the date of this Official Statement, the referendum period for the Bond Ordinance has expired and during such period no referendum petition was filed.

In recent years there has been an increase in the number of initiatives and referenda filed in Washington, including state initiatives targeting property taxes imposed by local jurisdictions. The City cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures to be certified to the ballot, and whether such initiatives will be approved by the voters and, if challenged, upheld by the courts.

# **Limitations on Remedies**

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Bond Ordinance are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the City fails to comply with its covenants under the Bond Ordinance or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

In addition to the limitations on remedies contained in the Bond Ordinance, the rights and obligations under the Bonds and the Bond Ordinance may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. The opinions to be delivered by Pacifica Law Group LLP, as Bond Counsel, concurrently with the issuance of the Bonds, will be subject to limitations regarding bankruptcy, insolvency and other laws relating to or affecting creditors' rights. See copies of the proposed forms of opinions of Bond Counsel in Appendix A.

# No Acceleration

Under the Bond Ordinance, a Bond owner cannot require acceleration of debt service on the Bonds upon the occurrence of an event of default. The City is liable for principal and interest payments only as they become due. In the event of multiple defaults in payment of principal of or interest on the Bonds, the bond owners would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between owners of earlier and later maturing Bonds.

# **Municipal Bankruptcies**

Under current State law, local governments, such as the City, may be able to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"). A creditor, however, cannot bring an involuntary bankruptcy proceeding against a municipality, including the City. The federal bankruptcy courts have broad discretionary powers under the Bankruptcy Code. Taxing districts in the State are expressly authorized to carry out a plan of readjustment if approved by the appropriate court. If the City were to become a debtor in a federal bankruptcy case, owners of the Bonds may not be able to exercise any of their remedies under a Bond Ordinance during the course of a proceeding. Legal proceedings to resolve issues could be time-consuming and expensive, and substantial delays and/or reductions in payments could result.

The City is authorized by law to provide for the payment of the principal and interest of the UTGO Bonds by annual levies of the voter-approved excess property tax, but the statute does not characterize the nature of such payment obligation in the event of a City bankruptcy.

Under Chapter 9, "special revenues" are granted certain protections in cases brought by municipalities. The definition of "special revenues" includes, but is not limited to, "taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes (other than tax-increment financing) levied to finance

the general purposes of the debtor." To the extent that excess property tax levies collected solely for the purpose of paying debt service on unlimited tax general obligation bonds, such as the UTGO Bonds, are considered "special revenues" under the Bankruptcy Code, then such excess property tax levies may be afforded certain protections in a bankruptcy proceeding. There is no assurance, however, that a court would hold that such excess property tax levies are "special revenues" for purposes of the Bankruptcy Code.

# Seismic, Volcanic, Flooding, and Other Risks

The City's Comprehensive Emergency Management Plan identifies the following natural hazards: severe storms, earthquakes, floods, fire hazards, landslides, drought, tsunami, epidemic/pandemic and volcanic hazards. In 2001, a 6.8 magnitude earthquake occurred near Olympia, Washington, within 50 miles of the City. According to the U.S. Geological Survey, over the past 10,000 years, Mount Rainier (located within 60 miles of the City) has been the source of numerous lahars (volcanic debris flows). The most recent large lahar occurred about 500 years ago. The Emergency Management Plan addresses disaster planning, but may not anticipate all potential hazards and their effects.

The Western United States, including Washington, have also recently experienced a series of major wildfires causing extensive damage in certain areas and diminishing air quality. Other natural disasters, such as volcanic eruptions, flooding, mudslides, and windstorms, are also possible. The City can give no assurance regarding the effect of an earthquake, a volcanic eruption, mudslide or other natural disaster, or other risks such as climate change, epidemics and pandemics including without limitation the COVID-19 pandemic, wildfires, or acts of terrorism. The City can give no assurance that the City's insurance reserves or proceeds of insurance carried by the City, if any, would be sufficient, if available, to rebuild and reopen City facilities or that City facilities or surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a major disaster.

Climate change could intensify and increase the frequency of extreme weather events, such as drought, wildfires, floods and heatwaves. The loss of life and property damage that could result from wildfires and other major natural disasters could have a material and adverse impact on the City and the local community and economy. Under Washington law, any person, firm or corporation may be liable if it creates or allows extreme fire hazards to exist and which hazards contribute to the spread of the fires.

# **COVID-19 Pandemic**

As discussed herein, the COVID-19 pandemic is affecting many parts of the world, including the State and local region. The impact that the COVID-19 pandemic is having and will have on commerce, financial markets, the State and region is significant, and the nature of the impact is likely to evolve over the next several years. The City has provided the information contained in this Official Statement to describe some of the impacts that the COVID-19 pandemic and related orders have had on the City's finances and operations, and to describe some of the actions that the City is taking in response. The City cannot predict the duration and extent of the COVID-19 public health emergency, or quantify the magnitude of the impact on the State and regional economy. The COVID-19 outbreak is ongoing, and its dynamic nature leads to many uncertainties. Prospective investors should assume that the restrictions and limitations instituted related to COVID-19 may continue, and the current upheaval to the national and global economies may continue and/or be exacerbated, at least over the near term, and the recovery may be prolonged.

# Cybersecurity

The City relies on a complex technology environment to conduct its operations. A cybersecurity breach could damage the systems and cause material disruption to operations and services. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose the City to litigation and other legal risks, which could cause the City to incur costs related to legal or regulatory claims. The City currently maintains cybersecurity insurance coverage.

# CONTINUING DISCLOSURE UNDERTAKING

Pursuant to a certificate to be executed by the City on or prior to the date of issuance and delivery of the Bonds (a "Continuing Disclosure Certificate"), the City will covenant for the benefit of the owners and the "Beneficial Owners" (as defined in the Continuing Disclosure Certificate) of the Bonds pursuant to Securities and Exchange Commission Rule 15c2-12 to provide certain financial information and operating data not later than the end of nine months after the end of each of the City's fiscal years (presently, December 31), commencing in 2021 with the report for the fiscal year ended December 31, 2020, and to provide notices of the occurrence of certain enumerated events with

respect to the Bonds. The information will be filed by or on behalf of the City with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. See Appendix E for a form of the Continuing Disclosure Certificate.

Other Ongoing Disclosure Undertakings of the City. The City has previously entered into continuing disclosure undertakings in connection with various City financings under Rule 15c2-12 (the "Prior Undertakings"). With respect to its Prior Undertakings, the City failed to link to the related CUSIPs certain lodging tax rate information for the fiscal year ended December 31, 2017 and failed to timely file (i) certain financial and operating information in connection with the City's Consolidated Local Improvement District No. 65 Bonds for fiscal years ended December 31, 2015 and 2016; (ii) taxable sales information and solid waste tonnage percentage calculations for fiscal years ended December 31, 2015 through 2018, and (iii) related notices of failure to file. As of the date of this Official Statement, the foregoing financial and operating information has been filed and/or linked to the respective issues on EMMA.

### RATINGS

As noted on the cover page of this Official Statement, Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P"), have assigned ratings of "Aa2," and "AA," respectively, to the Bonds. The ratings reflect only the views of the rating agencies and an explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds. The City does not have any obligation to take any action, other than file a listed event notification, if the ratings on the Bonds are changed, suspended or withdrawn.

# UNDERWRITING

UTGO Bonds. The UTGO Bonds are being purchased by KeyBanc Capital Markets Inc. (the "Underwriter") at a price of \$3,789,809.62, and will be reoffered at a price of \$3,807,800.50. The Underwriter may offer and sell the UTGO Bonds to certain dealers (including dealers depositing the UTGO Bonds into investment trusts) and others at prices lower than the initial offering prices and yields set forth in this Official Statement, and such initial offering prices and yields may be changed from time to time, by the Underwriter. After the initial public offering, the public offering prices and yields may be varied from time to time.

LTGO 2021A Bonds. The LTGO 2021A Bonds are being purchased by the Underwriter at a price of \$4,892,106.11, and will be reoffered at a price of \$4,914,405.00. The Underwriter may offer and sell the LTGO 2021A Bonds to certain dealers (including dealers depositing the LTGO 2021A Bonds into investment trusts) and others at prices lower than the initial offering prices and yields set forth in this Official Statement, and such initial offering prices and yields may be changed from time to time, by the Underwriter. After the initial public offering, the public offering prices and yields may be varied from time to time.

LTGO 2021B Bonds. The LTGO 2021B Bonds are being purchased by the Underwriter at a price of \$4,917,687.21, and will be reoffered at a price of \$4,939,594.50. The Underwriter may offer and sell the LTGO 2021B Bonds to certain dealers (including dealers depositing the LTGO 2021B Bonds into investment trusts) and others at prices lower than the initial offering prices and yields set forth in this Official Statement, and such initial offering prices and yields may be changed from time to time, by the Underwriter. After the initial public offering, the public offering prices and yields may be varied from time to time.

LTGO 2021C Bonds. The LTGO 2021C Bonds are being purchased by the Underwriter at a price of \$4,490,105.29, and will be reoffered at a price of \$4,512,404.20. The Underwriter may offer and sell the LTGO 2021C Bonds to certain dealers (including dealers depositing the LTGO 2021C Bonds into investment trusts) and others at prices lower than the initial offering prices and yields set forth in this Official Statement, and such initial offering prices and yields may be changed from time to time, by the Underwriter. After the initial public offering, the public offering prices and yields may be varied from time to time.

# MUNICIPAL ADVISOR

The City has retained Piper Sandler & Co., Seattle, Washington, as Municipal Advisor (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement. While under contract to the City, the Municipal Advisor may not participate in the underwriting of any City debt.

# **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of Bonds by the City are subject to the approving legal opinions of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel. Copies of the forms of opinions of Bond Counsel are attached hereto as Appendix A. Pacifica Law Group LLP is also serving as Disclosure Counsel to the City in connection with the issuance of the Bonds.

Certain legal matters will be passed on for the Underwriter by K&L Gates LLP, Counsel to the Underwriter. Any opinion of such firm will be addressed solely to the Underwriter, will be limited in scope, and cannot be relied upon by investors.

# LITIGATION

# No Litigation Concerning the Bonds

There is no litigation pending or threatened in any court (local, state, or federal) to restrain or enjoin the issuance or delivery of the Bonds, or questioning the creation, organization, existence, or title to office of the officers of the City, the validity or enforceability of the Bond Ordinance, or the proceedings for the authorization, execution, sale, and delivery of the Bonds.

# Other Litigation

Because of the nature of its activities, the City is subject to various pending and threatened legal actions which arise in the ordinary course of business. The City believes, based on the information presently known, the ultimate liability for any legal actions, individually or in the aggregate, taking into account established accruals for estimated liabilities, will not be material to the financial position of the City, but could be material to results of operations or cash flows for a particular annual period. No assurance can be given, however, as to the ultimate outcome with respect to any particular claim.

# POTENTIAL CONFLICTS OF INTEREST

Some or all of the fees of the Municipal Advisor, the Bond Registrar, the Underwriter, Underwriter's Counsel, Disclosure Counsel and Bond Counsel are contingent upon the issuance and sale of the Bonds. None of the members of the City Council or other officers of the City have interests in the issuance of the Bonds that are prohibited by applicable law. Currently and from time to time Bond Counsel and Disclosure Counsel serve as counsel to other parties involved with the Bonds, such as the Municipal Advisor and the Underwriter, with respect to transactions other than the issuance of the Bonds. From time to time Underwriter's Counsel serves as counsel to other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds.

The City's code of ethics sets forth types of prohibited conduct for City officers and employees. Such prohibited conduct includes, but is not limited to, participating in the making of a contract in which he or she has a direct or indirect financial interest; influencing the City's selection of or conduct of business with a corporation, person or firm having or proposing to do business with the City, if the officer or employee has a financial interest in the corporation, person or firm; and appearing or giving an official opinion before the City Council while having a financial interest in any legislation coming before the City Council and participating in discussion with or giving an official opinion to the City Council (excluding, in each case, a remote interest that is disclosed in advance).

# **OFFICIAL STATEMENT**

At the time of delivery of the Bonds, one or more officials of the City will furnish a certificate stating that to the best of his or her knowledge, this Official Statement, as of its date and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading (however, the City will make no representation regarding Bond Counsel's forms of opinions or the information provided by or obtained from DTC).

All estimates, assumptions, statistical information and other statements contained herein, while taken from sources the City considers reliable, are not guaranteed by the City. The statements relating to the Bond Ordinance are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers of the Bonds. The City has authorized the preparation and distribution of this Official Statement.

CITY OF TACOMA, WASHINGTON

By: /s/Andy Cherullo

Finance Director

# APPENDIX A

# FORMS OF BOND COUNSEL OPINIONS

# UTGO and LTGO 2021A Bonds

April 13, 2021

City of Tacoma Tacoma, Washington

KeyBanc Capital Markets Inc. Seattle, Washington

Re: City of Tacoma, Washington

Unlimited Tax General Obligation Refunding Bonds, 2021 - \$3,675,000 Limited Tax General Obligation Refunding Bonds, 2021A - \$4,555,000

### Ladies and Gentlemen:

We have acted as bond counsel to the City of Tacoma, Washington (the "City"), and have examined a certified transcript of the proceedings taken in the matter of the issuance by the City of its Unlimited Tax General Obligation Refunding Bonds, 2021 (the "UTGO Bonds") and Limited Tax General Obligation Refunding Bonds, 2021A (the "LTGO 2021A Bonds" and together with the UTGO Bonds, the "Bonds"), dated as of the date hereof. The UTGO Bonds are issued in the aggregate principal amount of \$3,675,000, and the LTGO 2021A Bonds are issued in the aggregate principal amount of \$4,555,000, pursuant to Ordinance No. 28740 passed on March 9, 2021 (the "Bond Ordinance") for the purpose of providing funds to refund certain outstanding unlimited tax general obligations and limited tax general obligations of the City and to pay the costs of issuance of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance.

The UTGO Bonds are not subject to redemption prior to their stated maturities and the LTGO 2021A Bonds are subject to redemption prior to their stated maturities as provided in the Official Statement prepared in connection with the issuance of the Bonds. Simultaneously with the issuance of the Bonds, the City is issuing its Limited Tax General Obligation Refunding Bonds, 2021B (Recovery Zone Facility Bonds) and its Limited Tax General Obligation Refunding Bonds, 2021C (Taxable) pursuant to the terms of the Bond Ordinance.

Regarding questions of fact material to our opinion, we have relied on representations of the City in the Bond Ordinance, the Tax Certificate executed by the City in connection with the issuance of the Bonds and the exhibits attached thereto, and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. The City has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Based on the foregoing, we are of the opinion that, under existing law:

- 1. The Bonds have been legally issued and constitute valid and binding general obligations of the City, except to the extent that the enforcement of the rights and remedies of the holders and owners of the Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.
- 2. The Bond Ordinance is a legal, valid and binding obligation of the City, has been duly authorized, executed and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.
- 3. Both principal of and interest on the LTGO 2021A Bonds are payable out of annual levies of *ad valorem* taxes to be made upon all of the taxable property within the City permitted to be levied without a vote of the electorate in the amounts that, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due. Both principal of and interest on the UTGO Bonds are payable out of annual levies of *ad valorem* taxes to be made upon all taxable property within the City without limitation as to rate or amount and in amounts that, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.
- 4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the City must comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all applicable requirements. Failure to comply with certain of such requirements with respect to the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the City to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PACIFICA LAW GROUP LLP

# LTGO 2021B Bonds

April 13, 2021

City of Tacoma Tacoma, Washington

KeyBanc Capital Markets Inc. Seattle, Washington

Re: City of Tacoma, Washington

Limited Tax General Obligation Refunding Bonds, 2021B (Recovery Zone Facility Bonds) -

\$4,475,000

# Ladies and Gentlemen:

We have acted as bond counsel to the City of Tacoma, Washington (the "City"), and have examined a certified transcript of the proceedings taken in the matter of the issuance by the City of its Limited Tax General Obligation Refunding Bonds, 2021B (Recovery Zone Facility Bonds) (the "LTGO 2021B Bonds"), dated as of the date hereof. The LTGO 2021B Bonds are issued in the aggregate principal amount of \$4,475,000, pursuant to Ordinance No. 28740 passed on March 9, 2021 (the "Bond Ordinance") for the purpose of providing funds to refund certain outstanding limited tax general obligations of the City and to pay the costs of issuance of the LTGO 2021B Bonds. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance.

The LTGO 2021B Bonds are subject to redemption prior to their stated maturities as provided in the Official Statement prepared in connection with the issuance of the LTGO 2021B Bonds. Simultaneously with the issuance of the LTGO 2021B Bonds, the City is issuing its Unlimited Tax General Obligation Refunding Bonds, 2021, Limited Tax General Obligation Refunding Bonds, 2021A, and Limited Tax General Obligation Refunding Bonds, 2021C (Taxable) pursuant to the terms of the Bond Ordinance.

Regarding questions of fact material to our opinion, we have relied on representations of the City in the Bond Ordinance, the Tax Certificate executed by the City in connection with the issuance of the LTGO 2021B Bonds and the exhibits attached thereto, and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

- 1. The LTGO 2021B Bonds have been legally issued and constitute valid and binding general obligations of the City, except to the extent that the enforcement of the rights and remedies of the holders and owners of the LTGO 2021B Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.
- 2. The Bond Ordinance is a legal, valid and binding obligation of the City, has been duly authorized, executed and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

- 3. Both principal of and interest on the LTGO 2021B Bonds are payable out of annual levies of *ad valorem* taxes to be made upon all of the taxable property within the City permitted to be levied without a vote of the electorate in the amounts that, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.
- 4. Interest on the LTGO 2021B Bonds is excludable from gross income for federal income tax purposes, except during any period while such LTGO 2021B Bond is held by a "substantial user" of the facilities refinanced by the LTGO 2021B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the LTGO 2021B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentences is subject to the condition that the City must comply with all requirements of the Code that must be satisfied subsequent to the issuance of the LTGO 2021B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all applicable requirements. Failure to comply with certain of such requirements with respect to the LTGO 2021B Bonds may cause interest on the LTGO 2021B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the LTGO 2021B Bonds.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the LTGO 2021B Bonds, or the amount, accrual or receipt of interest on, the LTGO 2021B Bonds. Owners of the LTGO 2021B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the LTGO 2021B Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the City to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PACIFICA LAW GROUP LLP

# LTGO 2021C Bonds

April 13, 2021

City of Tacoma Tacoma, Washington

KeyBanc Capital Markets Inc. Seattle, Washington

Re: City of Tacoma, Washington

Limited Tax General Obligation Refunding Bonds, 2021C (Taxable) - \$4,555,000

# Ladies and Gentlemen:

We have acted as bond counsel to the City of Tacoma, Washington (the "City"), and have examined a certified transcript of the proceedings taken in the matter of the issuance by the City of its Limited Tax General Obligation Refunding Bonds, 2021C (Taxable) (the "LTGO 2021C Bonds"), dated as of the date hereof. The LTGO 2021C Bonds are issued in the aggregate principal amount of \$4,555,000, pursuant to Ordinance No. 28740 passed on March 9, 2021 (the "Bond Ordinance") for the purpose of providing funds to refund certain outstanding limited tax general obligations of the City and to pay the costs of issuance of the LTGO 2021C Bonds. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance.

The LTGO 2021C Bonds are subject to redemption prior to their stated maturities as provided in the Official Statement prepared in connection with the issuance of the LTGO 2021C Bonds. Simultaneously with the issuance of the LTGO 2021C Bonds, the City is issuing its Unlimited Tax General Obligation Refunding Bonds, 2021, Limited Tax General Obligation Refunding Bonds, 2021A, and Limited Tax General Obligation Refunding Bonds, 2021B (Recovery Zone Facility Bonds) pursuant to the terms of the Bond Ordinance.

Regarding questions of fact material to our opinion, we have relied on representations of the City in the Bond Ordinance and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

- 1. The LTGO 2021C Bonds have been legally issued and constitute valid and binding general obligations of the City, except to the extent that the enforcement of the rights and remedies of the holders and owners of the LTGO 2021C Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.
- 2. The Bond Ordinance is a legal, valid and binding obligation of the City, has been duly authorized, executed and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.
- 3. Both principal of and interest on the LTGO 2021C Bonds are payable out of annual levies of *ad valorem* taxes to be made upon all of the taxable property within the City permitted to be levied without a vote of the electorate in the amounts that, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

4. Interest on the LTGO 2021C Bonds is not intended to be exempt from federal income taxes.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the LTGO 2021C Bonds, or the amount, accrual or receipt of interest on, the LTGO 2021C Bonds. Owners of the LTGO 2021C Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the LTGO 2021C Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the City to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PACIFICA LAW GROUP LLP

# APPENDIX B

# AUDITED FINANCIAL STATEMENTS OF THE CITY AS OF DECEMBER 31, 2019

(attached)





# Financial Statements and Federal Single Audit Report

# City of Tacoma

For the period January 1, 2019 through December 31, 2019

Published September 30, 2020 Report No. 1027087





# Office of the Washington State Auditor Pat McCarthy

September 30, 2020

Mayor and City Council City of Tacoma Tacoma, Washington

# Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Tacoma's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

Pat McCarthy

Tat Muchy

State Auditor

Olympia, WA

# Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at <a href="webmaster@sao.wa.gov">webmaster@sao.wa.gov</a>.

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

# City of Tacoma January 1, 2019 through December 31, 2019

# SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of the City of Tacoma are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

# Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- Significant Deficiencies: We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

# Federal Awards

Internal Control over Major Programs:

- Significant Deficiencies: We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- Material Weaknesses: We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

# **Identification of Major Federal Programs**

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
14.218	CDBG – Entitlement Grants Cluster – Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program
14.248	Community Development Block Grants Section 108 Loan Guarantees
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

# SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

# SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



# SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

# City of Tacoma January 1, 2019 through December 31, 2019

This schedule presents the status of federal findings reported in prior audit periods.

Audit Period:	Report Ref. No.:	Finding Ref. No.:	CFDA Number(s):
January 1, 2018 through	1024781	2018-001	14.218
December 31, 2018			
Federal Program Name and Granting Agency:		Pass-Through Agency Name:	
Community Development Block		N/A	
Grant/Entitlement Grants			
Department of Housing and Urban Development			

# **Finding Caption:**

The City did not have adequate internal controls to ensure compliance with federal reporting and subrecipient monitoring requirements.

# **Background:**

The primary objective of the Community Development Block Grant (Program) is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, mainly for people with low to moderate income. The City spent \$2,059,134 in grant funds during fiscal year 2018, of which it passed \$1,421,251 through subrecipients.

Federal regulations require grant recipients to establish and maintain internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring program compliance.

The City did not have controls in place or a process to ensure it prepared and submitted the HUD 60002 report when it was due to the granting agency, as required. The City could not demonstrate controls were in place to ensure information provided to, evaluation of, and monitoring for their subrecipients took place.

Status of Corrective Action: (check one)			
⊠ Fully	☑ Partially	□ Not Corrected	☐ Finding is considered no
Corrected	Corrected	□ Not Coffected	longer valid
Corrective Action Taken: The City has fully corrected the finding. The City is collecting the			
Section 3 data quarterly and are submitting the HUD 60002 Report into SPEARS (HUD's)			
reporting system annually. These reports were provided during the TCRA Audit.			
Corrective Action Taken: City staff has a draft of subrecipient monitoring, however, it has not			
been reviewed for final draft of implementation. This finding has been partially corrected with			

and anticipated implementation date of September 2020.

Audit Period:	Report Ref. No.:	Finding Ref. No.:	CFDA Number(s):
January 1, 2018 through	1024781	2018-002	14.239
December 31, 2018			
Federal Program Name and Granting		Pass-Through Agency Name:	
Agency:		N/A	
HOME Investment Partnership Program,			
Department of Housing and Urban			
Development			

# **Finding Caption:**

The City did not have adequate internal controls to ensure compliance with federal matching and reporting requirements

# **Background:**

The City of Tacoma administers the Home Investment Partnership Program (HOME). The City spent \$843,984 in grant funds during fiscal year 2018. One of the main objectives of HOME is to expand the supply of decent and affordable housing, particularly for low- and very-low-income households. The Program supports construction, acquisition or rehabilitation of affordable housing units, and creates rental and home-ownership opportunities.

Federal regulations require grant recipients to establish and maintain internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring for program compliance.

The City did not have controls in place or a process to ensure it prepared and submitted the HUD 60002 report when it was due to the granting agency, as required. The City also did not have controls in place to ensure it identified, calculated or reported its matching contributions, as required.

Status of Corrective Action: (check one)			
⊠ Fully	☐ Partially	☐ Not Corrected	☐ Finding is considered no
Corrected	Corrected	□ Not Coffected	longer valid
<b>Corrective Action Taken:</b> Completing HOME Match Report Procedure was created and implemented in 2019 and has fully corrected the finding. The report was supplied to the SAO during the TCRA Audit.			
Corrective Action Taken: HUD 60002 - The City has fully corrected the finding and City are			
collecting the Section 3 data quarterly and are submitting the HUD 60002 Report into SPEARS			
(HUD's) reporting system annually. These reports were provided during the TCRA Audit.			

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

# City of Tacoma January 1, 2019 through December 31, 2019

Mayor and City Council City of Tacoma Tacoma, Washington

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Tacoma, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 31, 2020.

Our report includes a reference to other auditors who audited the financial statements of the Power, Sewer, Water, Solid Waste, and Tacoma Rail funds, as described in our report on the City's basic financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

As discussed in Note 1 to the financial statements, during the year ended December 31, 2019, the City implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

As discussed in Note 10 to the financial statements, in March 2020, a state of emergency was declared that could have a negative financial effect on the City.

# INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

# COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

# PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the

City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

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State Auditor

Olympia, WA

August 31, 2020

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

# City of Tacoma January 1, 2019 through December 31, 2019

Mayor and City Council City of Tacoma Tacoma, Washington

# REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Tacoma, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of the Tacoma Community Redevelopment Authority, which expended \$4,966,208 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2019. Our audit, described below, did not include the operations of the Tacoma Community Redevelopment Authority because it has arranged for a separate audit of its federal awards.

# Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

# Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the

United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

# Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

# REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on

a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

# Purpose of this Report

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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

State Auditor

Olympia, WA

September 28, 2020

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

# City of Tacoma January 1, 2019 through December 31, 2019

Mayor and City Council City of Tacoma Tacoma, Washington

# REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Tacoma, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed on page 19.

# 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 did not audit the financial statements of the Power, Wastewater, Water, or Solid Waste funds, which are presented as major funds and in aggregate represent 92 percent, 90 percent, and 90 percent, respectively, of the assets, net position, and revenues of the business-type activities. We also did not audit the financial statements of the Tacoma Rail fund, which represents 1 percent, 1 percent and 4 percent, respectively, of the assets, net position, and revenues of the business-types activities and 2 percent, 1 percent, and 5 percent, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the

amounts included for the Power, Wastewater, Water, Solid Waste, and Tacoma Rail funds, is based solely on the reports of the other auditors.

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.

# **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Tacoma, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# **Matters of Emphasis**

As discussed in Note 1 to the financial statements, in 2019, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note 10 to the financial statements, in March 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

### Other Matters

# Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 19 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 as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

# OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2020 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. 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.

Pat McCarthy

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State Auditor

Olympia, WA

August 31, 2020

# FINANCIAL SECTION

# City of Tacoma January 1, 2019 through December 31, 2019

# REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2019

# BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2019

Statement of Activities – 2019

Balance Sheet - Governmental Funds – 2019

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position -2019

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds – 2019

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities – 2019

Statement of Net Position – Proprietary Funds – 2019

Reconciliation of Total Enterprise Net Position to the Government wide Statement of Net Position – 2019

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – 2019

Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position of Enterprise Funds to the Statement of Activities – Business-type Activities – 2019

Statement of Cash Flow – Proprietary Funds – 2019

Statement of Fiduciary Net Position – Fiduciary Funds – 2019

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2019

Notes to Financial Statements – 2019

# REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund – 2019

Schedule of Proportionate Share of the Net Pension Liability – LEOFF 1, LEOFF 2, TERS – 2019

Schedule of the City of Tacoma's Contributions – LEOFF 2, TERS – 2019

Schedule of Changes in Total Pension Liability and Related Ratios – Firefighters and Police Pension Fund – 2019

Schedule of Changes in Total OPEB Liability and Related Ratios – 2019

Notes to Required Supplementary Information (RSI) – 2019

# SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2019 Notes to the Schedule of Expenditures of Federal Awards – 2019

# Management's Discussion and Analysis For the Year Ended December 31, 2019

As management of the City of Tacoma, we offer readers of the City of Tacoma's financial statements this narrative overview and analysis of the financial activities of the City of Tacoma for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on page 1-1 to 1-6 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

# Financial Highlights

- Total assets and deferred outflows of resources exceeded the City's liabilities and deferred inflows of resources by \$2.9 billion. Of this amount, \$235 million is reported as unrestricted net position, representing amounts which are available to meet the City's on-going obligations to citizens and creditors.
- The City's overall net position increased by \$38.4 million in 2019. Governmental activities increased the City's net position by \$5.9 million and business-type activities increased the net position by \$32.5 million.
- Tacoma Power's net Position for 2019 was \$832 million which was a decrease of \$31 million from 2018.
- Tacoma Water's net position for 2019 was \$603 million which was an increase of \$21 million from 2018.
- Tacoma Sewer's net position for 2019 was \$475 million which was an increase of \$16 million from 2018.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Tacoma's basic financial statements. The City of Tacoma's basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements intended to furnish additional detail to support the basic financial statements themselves.

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

The government-wide financial statements are designed to provide readers with a broad overview of the City of Tacoma's finances, and are similar to private sector financial statements. The statements also include the discretely presented component units: Tacoma Community Redevelopment Authority (TCRA), the Greater Tacoma Regional Convention Center Public Facilities District (GTRCCPFD), and the Foss Waterway Development Authority (FWDA.)

The Statement of Net Position includes information on all assets and deferred outflows of resources and all liabilities and deferred inflows of resources of the City of Tacoma's general government as well as its business-type activities. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City of Tacoma is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

# Management's Discussion and Analysis For the Year Ended December 31, 2019

Both the Statement of Net Position and the Statement of Activities differentiate the functions of general government from the functions of business-type activities. Governmental activities reflect the City's basic functions such as general government, public safety, transportation, economic environment, social services, and culture and recreation. Governmental activities are primarily supported by taxes and intergovernmental revenues. Business-type activities, primarily utilities, are intended to recover most if not all of their costs through user fees and charges for services. The government-wide financial statements can be found on pages 3-2 to 3-5 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Tacoma, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Tacoma can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison.

The focus of the governmental fund statements is on major funds. A fund is considered major if it represents at least 10% of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures of its fund category and at least 5% of the corresponding totals for the governmental and business-type activities combined. All other governmental funds are combined and presented as a single column in the respective governmental fund statements. Individual fund data for each of these combined non-major funds is provided in the form of combining statements elsewhere in this report.

The City of Tacoma adopts a biennial budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 3-6 to 3-9 of this report.

# Management's Discussion and Analysis For the Year Ended December 31, 2019

### **Proprietary Funds**

There are two types of proprietary funds, internal service and enterprise, both of which the City of Tacoma uses. Internal service funds are used to accumulate and allocate costs internally among the City of Tacoma's various functions. Because these services primarily benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. There are two exceptions with the Self Insurance and Utility Fleet funds which only services utilities funds and are included within business-type activities. Enterprise funds account for various utilities which provide services such as power, water, sewer, and solid waste collection. The service area for these utilities is generally broader than the corporate limits of the City. The activities in these funds are primarily supported by user fees and are presented as business-type activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 3-10 to 3-21 of this report.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Tacoma's programs. The accounting used by the fiduciary funds is similar to that used for proprietary funds. The basic fiduciary fund statements can be found on pages 3-22 to 3-23 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 3-24 to 3-91 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also contains certain **Required Supplementary Information** (RSI) concerning the City of Tacoma's budget. Required supplementary information can be found on pages 4-1 to 4-8 of this report. The **Combining Statements** referred to earlier in connection with Non-Major governmental funds, Non-Major enterprise funds, and internal service funds can be found on pages 5-1 to 5-95 of this report. The **Statistical Section** provides financial trends, revenue and debt capacity, and demographic and economic information about the City's operations. The Statistical Section can be found on pages 6-1 to 6-35.

# **Government-wide Financial Analysis**

#### **Statement of Net Position**

The following table is a condensed Statement of Net Position for the City of Tacoma for December 31, 2019, which compares the current year to the prior year.

STATEMENT OF NET POSITION	
(in thousands \$)	

	Govern	man	tal	Busine	ee_tv	'no		To	ıtal	
	Activ			Activ	•		Primary Government			
	2019		2018	2019		2018		2019		2018
Current and other assets	\$ 457,888	\$	431,227	\$ 983,624	\$	1,028,720	\$	1,441,512	\$	1,459,947
Capital assets, net of										
accumulated depreciation	793,885		818,614	2,890,999		2,871,352		3,684,884		3,689,966
Total assets	1,251,773		1,249,841	3,874,623		3,900,072		5,126,396		5,149,913
Deferred Outflows of Resources	74,210		40,789	106,741		41,327		180,951		82,116
Long-term liabilities	479,921		462,040	1,516,391		1,467,277		1,996,312		1,929,317
Other liabilities	56,556		48,081	126,017		130,457		182,573		178,538
Total liabilities	536,477		510,121	1,642,408		1,597,734		2,178,885		2,107,855
Deferred Inflows of Resources	66,190		63,106	127,710		167,644		193,900		230,750
Net position										
Net investment in capital assets	628,205		634,650	1,699,160		1,671,671	_	2,327,365	_	2,306,321
Restricted	194,244		179,780	177,563		211,427	,	371,807	•	391,207
Unrestricted	(99,133)		(97,027)	334,523		295,681		235,390		198,654
Total net position	\$ 723,316	\$	717,403	\$ 2,211,246	\$	2,178,779	\$	2,934,562	\$	2,896,182

As noted earlier, net position may serve as a useful indicator of a government's financial position. The City's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$2.9 billion at December 31, 2019. The City's investment in capital assets less any outstanding debt used to acquire those assets, known as the Net Investment in Capital Assets is 79.3% of the total net position. The City uses these capital assets to provide services to its citizens; thus, they do not represent resources available for future spending. Unrestricted net position is 8.0% of the total net position, these are funds readily available for meeting the City's ongoing obligations such as road maintenance, employee salaries and other general government services. The remaining 12.7% of net position is restricted for other purposes such as debt redemption and new capital



construction. Governmental activities represent 24.6% of total net position and business-type activities represent 75.4% of total net position.

# **Changes in Net Position**

The following table is a condensed version of the City's changes in net position. This table will show the revenue, expenses, and related changes in net position for the governmental activity as well as business-type activities.

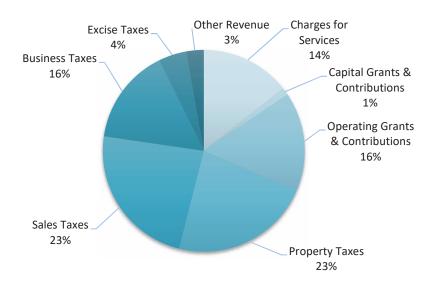
CHANGES IN NET POSITION (in thousands \$)												
		nmental vities 2018		ess-type vities	Total							
Revenues:	2010		2010	2010	2010							
Program revenues												
Charges for services	\$ 49,946	\$ 46,788	\$ 844,654	\$ 823,360	\$ 894,600	\$ 870,148						
Operating grants and contributions	55,031	44,865	-	-	55,031	44,865						
Capital grants and contributions	4,122	18,304	50,369	52,194	54,491	70,498						
General revenues	ŕ	•	ŕ	,	,	•						
Property taxes	77,970	74,918	_	_	77,970	74,918						
Retail Sales & Use Tax	81,132	76,153	_	1.387	81,132	77,540						
Business	53,563	53,249	_	-	53,563	53,249						
Excise taxes	15,320	15,665	_	_	15,320	15,665						
Investment earnings	9,473	5,028	24,682	10,848	34,155	15,876						
Miscellaneous revenue	366	1,233	107	3,250	473	4,483						
Total revenues	346,923	336,203	919,812	891,039	1,266,735	1,227,242						
_			-									
Expenses:												
General government	44,839	39,791	-	-	44,839	39,791						
Public safety	188,233	154,794	-	-	188,233	154,794						
Transportation	95,718	78,066	-	-	95,718	78,066						
Nature and Economic Environment	25,435	25,864	-	-	25,435	25,864						
Social Service	6,167	7,425	-	-	6,167	7,425						
Culture and recreation	24,249	15,380	-	-	24,249	15,380						
Interest on long-term debt	16,261	6,680	-	-	16,261	6,680						
Solid Waste	-	-	61,512	55,544	61,512	55,544						
Waste Water	-	-	104,543	91,802	104,543	91,802						
Water	-	-	101,045	96,565	101,045	96,565						
Power	-	-	481,894	406,741	481,894	406,741						
Nonmajor Business-Type Activities	-		82,202	70,862	82,202	70,862						
Total expenses	400,902	328,000	831,196	721,514	1,232,098	1,049,514						
Change in net position before transfers	(53,979)	8,203	88,616	169,525	34,637	177,728						
Transfers	52,627	49,459	(52,627)	(49,459)	-	-						
Change in net position	(1,352)	57,662	35,989	120,066	34,637	177,728						
Net Position, January 1, as Previously Reported	717,403	766,227	2,178,779	2,068,104	2,896,182	2,834,331						
Prior Period Adjustment	7,265	(6,856)	(3,522)	442	3,743	(6,414)						
Change in Accounting Principle	- ,203	(99,630)	(5,522)	(9,833)	5,145	(109,463)						
Net Position, January 1, as Restated	724,668	659,741	2,175,257	2,058,713	2,899,925	2,718,454						
Net position, December 31												
net position, December 31	\$ 723,316	\$ 717,403	\$2,211,246	\$2,178,779	\$2,934,562	\$2,896,182						

**Governmental Activities** net position increased by \$5.9 million which was a 0.8% increase from 2018. Some key revenue and expenditure highlights of governmental activities for 2019 are as follows:

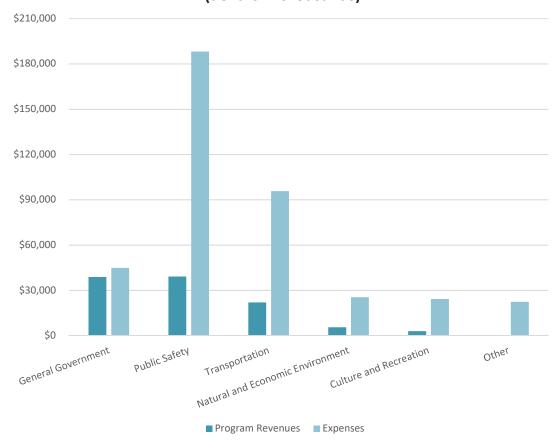
- Operating grants and contributions increased by \$10.2 million, which was a 22.7% increase over 2018. The
  largest portion of this increase was due Ground Emergency Medical Transportation (GEMT). Approximately
  \$10 million was received for back payments from mid-2016 through June 2018, when the program was
  allowed by the legislature but the state Health Care Authority had not yet established a billing mechanism.
- Charges for services increased by \$3.1 million, which was a 6.7% increase over 2018. General government increased \$1.3 million, Public Safety increased \$3.0 million, and Culture and Recreation increased \$2.5 million. Natural and Economic Environment decreased by \$.5 million and Transportation decreased \$3.2 million.
- Overall general tax revenues increased by \$8.0 million which is a 9.0% increase over 2018. All but the excise tax categories showed an increase over 2018, reflects stable growth in the 2019 economy.
  - o Retail & use tax revenue increased by \$5.0 million or 6.5%
  - o Property tax revenue increased \$3.0 million or 4.1%.
  - Excise taxes revenues decreased by \$0.3 million which or 2.2%.
  - o Business tax revenues increased by \$0.3 million or 0.6%
- Governmental activities expenses increased by \$72.9 million which was a 22.2% increase. The most significant sources of the increase in expenses can be attributed to public safety activities increasing \$33.4 million (22%), transportation increasing \$17.7 million (23%), and general government by \$5.0 million (13%). Interest expense on long term debt increased by \$9.6 million (143%), culture and recreation increased \$8.9 million (58%), social service decreased by \$1.3 million (17%), nature and economic environment decreased by 0.4 million (2%)

There are two charts depicted below for governmental activities. The first chart provides a summary of the governmental revenues sources by activity while the second shows the relationship of the revenues to expenses for the varying activities of the City.

# **Revenue by Source - Governmental Activities**



# **Expenses and Program Revenues- Governmental Activities** (dollars in thousands)

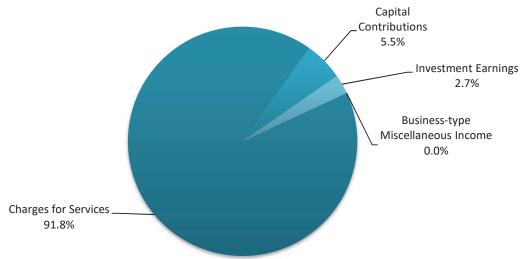


**Business-Type Activities** net position increased by \$32.5 million which was a 1.5% increase with an ending net position of \$2.2 billion. The major enterprise funds are the Solid Waste, Wastewater, Water and Power funds.

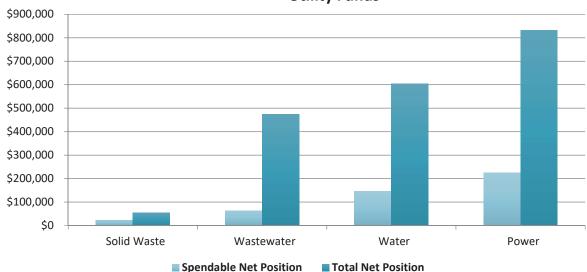
- Charges for Services increased by \$21.3 million or a 2.6% in 2019. The largest portion of this increase is attributable to non-major business-type activities accounting for \$11.9 million driven by an increase in revenue at the Tacoma Dome, permit services fund, and Tacoma Rail Belt Line Division. Solid waste revenues increased \$4.0 million driven by a service rate increase of 3.9%, Power increased \$3.7 million due to a 3.9% service rate increase, water increased \$1.0 million driven by a service rate increase of 2.5%, and waste water increased \$0.7 million.
- Investment Earnings saw a \$13.8 million increase to \$24.7 million in 2019, another sign of the improving economy as interest rates are still favorable.
- The business-type activities expenses overall increased by 15.2% in 2019 to \$831 million. Power expenses increased by \$75.2 million (18.5 %), waste water expenses increased by \$12.7 million (13.9%), and water expenses increased by \$4.5 million (4.6 %). Solid waste expenses increased in 2019 by \$6.0 million (10.7 %) from increased recycling costs on the international market. Non major business-types activities expenses increased \$11.3 million (16.0%).

The following charts present the business-type activities. The first chart provides a summary of the business-type activities while the second chart shows the relationship of spendable net position to the total net position of the utility funds. A majority of the net position in each of these funds is related to capital infrastructure such as hydroelectric dams, water mains, sewer mains. Therefore, these funds are not readily available for spending in support of ongoing expenses.

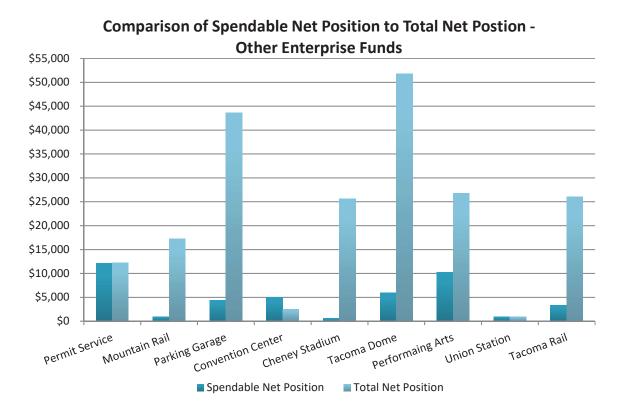
# **Revenues by Source - Business-type Activities**



# Comparison of Spendable Net Position to Total Net Position - Utility Funds



The following table shows the remaining enterprise funds and their relationship between net positions that is spendable to the total net position. Similar to the major enterprise funds, a majority of the net position in each of these funds is related to capital infrastructure such as parking garages, buildings. Therefore, these funds are not readily available for spending in support of ongoing expenses.



Information on significant outstanding claims can be found in Note 8.

### Financial Analysis of the City's Fund Statements

The City prepares fund statements for both governmental funds and proprietary funds.

#### **Governmental Fund Statements**

Fund balance for the City's General Fund was \$77.3 million, a decrease of \$15.1 million or 16.4% lower than 2018. Overall general fund revenues saw a 1.4% decrease in 2019, the largest contributor of this was the decrease in intergovernmental revenue of \$7.4 million. Fund balance for the Transportation Capital and Engineering fund is \$3.0 million which decreased by \$0.1 million (4.4%) in 2019. Transportation revenues decreased by \$6.2 million mainly driven by decreased in intergovernmental revenues and overall expenditures decreased by \$3.8 million. Fund balance for the Non-Major governmental funds, which include debt service funds, capital projects funds, and special revenue funds, was \$150.9 million which increased \$30.6 million. Overall other governmental funds revenue increased by \$21.7 million, with intergovernmental revenues being the largest contributor, and expenditures decreased by 14.4 million.

# Management's Discussion and Analysis For the Year Ended December 31, 2019

#### **Fund Balances**

At December 31, 2019, the City's governmental funds reported combined ending fund balances of \$231.2 million. Of this amount, \$5.5 million is nonspendable, either due to its form or legal constraints. \$118.6 million is restricted for specific programs by external constraints. \$16.4 million is committed for specific purposes as approved by City Council. \$20.6 million is assigned to specific purposes by management and the remaining \$70.1 million is unassigned.

#### **Proprietary Fund Statements**

Total net position for enterprise funds for 2019 was \$2.2 billion which increased by \$43 million in 2019. Power, Water, Solid Waste and Sewer utilities make up the majority of the proprietary funds and activity in these utilities contributed \$13 million for the change in the net position, and non-major enterprise funds contributed \$30 million.

The Power fund net position for 2019 was \$832 million this is a \$31.4 million decrease in net position (3.6% decrease) from 2018. Operating Revenues totaled \$461.4 million in 2019, an increase of \$6.1 million (1.3%), primarily due to an increase in revenues from residential, commercial, general, and industrial customers of 11.9 million (3.4%). Residential sales accounted for 44.5% of electric revenues, commercial and industrial revenues accounted for 44.1% and wholesale power revenues accounted for 11.4%. Total operating expenses increased \$70.3 million. Purchased power increased 26.5 million, prices have increased compared to 2018 and purchase volume was also up because stream flows were down. Generation expenses increased \$12.1 million.

The Water fund had a net position of \$602.8 million in 2019, this was a 3.6% increase of \$21 million over 2018. Operating revenues were \$102.5 million in 2019, an increase of 0.6 million (0.6%), which was primarily due to an average rate increase of 2.5% effective January 1, 2019. Operating expenses increased \$3.5 million (4.6%) compared to 2018.

The Sewer fund net position was \$474.8 million in 2019 which increased by \$15.9 million (3.5 %) from 2018. The Sewer funds net investments in capital assets is the largest portion of the net position which totaled \$412 million in 2018. Operating revenues increased by \$1.1 million in 2019 to \$116.9 million. This can be attributed to an approved average rate increases of 4.0% for Wastewater and 3.5% increase for Surface water that went into effect January 1st 2019. Operating expenses for Sewer were \$92.7 million, an increase \$8.9 million (10.6%).

The Solid Waste fund net position increased in 2019 by \$8.0 million to \$54.1 million, this was a 17.3% increase over 2018. Operating revenue increased \$4.4 million (6.0%). An average service rate increase of 3.9% went into effect at the beginning of the year, residential customer revenues increased by \$1.5 million, due to an increase in both the number of customer accounts during the year and a rate increase at beginning of the year. Commercial customers increased by \$2.6 million due to a strong economic growth in 2019. Disposal revenues had increased revenues of \$315,000, but due to the disruption in the international recycling market, the salvage revenues were down by \$87,000. Operating expenses increased in 2019 by \$5.9 million to \$59.6 million. Increases in employee salaries and benefit costs, fleet maintenance, and external contract services contributed to this increase. There was \$6.0 million that was transferred to the general fund for gross earnings tax. Another \$104,000 was paid to the City's Fleet Fund for purchases vehicle purchases.

# **General Fund Budgetary Highlights**

The City of Tacoma budgets on a biennial basis; that is, the City Council adopts a budget that spans two years. Each budget begins on January 1 of an odd-numbered year and is concluded on December 31 of an even-numbered year, with 2019 being the start of the 2019-2020 biennium budget. Budget revisions included a reappropriation of \$13.5 million in carryforward from 2017-2018 which was added to the General Fund budget.

### Capital Assets, Infrastructure, Bond Debt Administration

# **Capital Assets**

The City of Tacoma's capital assets net of accumulated depreciation for its governmental and business-type activities as of December 31, 2019 is \$3.68 billion. This investment in capital assets includes land, construction in process, property, plant and equipment, and infrastructure. The vast majority of this amount represents assets held by the City's various utilities and infrastructure.

Schedule of Capital Assets													
		Governmental				Busines	s-T	уре	Total				
		Activities			Activities					Primary Government			
		2019		2018		2019	2018			2019	2018		
Land	\$	35,843	\$	35,828	\$	165,485	\$	165,055	\$	201,328	\$	200,883	
Art		2,940		2,654		-		-	\$	2,940	\$	2,654	
Construction in progress		16,896		56,277		77,971		74,656		94,867		130,933	
Property, plant and equipment		289,355		289,905	4	4,660,986	4	1,551,188	4	1,950,341	4	4,841,093	
Infrastructure	•	1,481,962		1,423,474		-		-	1	1,481,962		1,423,474	
Less Accumulated depreciation	(*	(1,033,111)		(989,524)		2,013,443)	(1,919,547)		(3,046,554)		6,554) (2,909,		
	\$	793,885	\$	818,614	\$ 2	2,890,999	\$ 2	2,871,352	\$ 3	3,684,884	\$ :	3,689,966	

Additional information on the City's capital assets can be found in Notes 1-D5 and 3-C of the Notes to the Financial Statements.

### **Outstanding Debt**

The City's debt at December 31, 2019 was \$2.0 billion, an increase of \$17.9 million from governmental activities and an increase of \$49.1 million from business-type activities caused the \$67 million increase total primary government from 2018. Approximately 76% of the bonded debt is related to utilities with repayment pledged by specific revenue sources generated by the utilities. Of the remaining 24% bonded debt, debt is either secured by voter approved special levies or general government resources.

In 2019, there was an issue of Consolidated Local Improvement District (CLID) Special Assessment Bonds in the amount \$4.0 million by Public Works. The Power fund had a \$100 million line-of-credit agreement with Wells Fargo that matured in May 2018, but an amendment was issued to extend it for 3 years out to May 2021. Additional information on the City of Tacoma's long-term debt can be found in Note 3-F and Note 11 of the Notes to the Financial Statements.

	Schedule of Long Term Liabilities												
	Govern	mental	Busines	ss-Type	Total								
	Activ	ities	Activ	ities	Primary Government								
	2019	2018	2019	2018	2019	2018							
Bonded debt and loans	\$ 167,113	\$ 183,973	\$1,362,389	\$1,394,085	\$1,529,502	\$1,578,058							
Claims and judgments	39,533	33,763	-	-	39,533	33,763							
Accrued landfill liability	-	-	23,083	17,960	23,083	17,960							
Net OPEB Obligation	-	-	-	-	-	-							
Total OPEB Liability	175,076	185,867	29,037	34,945	204,113	220,812							
Net Pension Obligation	-	-	-	-	-	-							
Total Pension Liability Police and Firefighters	40,527	38,296	-	-	40,527	38,296							
Pension Liability	35,805	-	81,204	-	117,009	-							
Compensated absences	21,867	21,867 20,145		20,289	42,545	40,434							
	\$ 479,921	\$ 462,044	\$1,516,391	\$1,467,279	\$1,996,312	\$1,929,323							

The City's debt rating for 2019 is as follows:

Bond Ratings											
Bond	Moody's	S&P	Fitch								
GO	Aa2	AA	AA								
LTGO	Aa2	AA	AA								
Solid Waste	A1	AA	AA-								
Sewer	Aa2	AA+	AA+								
Water	Aa2	AA									
RWSS	Aa2	AA									
Power	Aa3	AA	AA-								
Convention Center Revenue	A2	Α	A+								

# **Economic Factors**

Over the past year the economy has continued to grow. Pierce County added about 6,225 jobs in 2019, with the most robust growth in the construction sector, which added 1,700 jobs. Uncertainty related to tariffs was a factor in the County's economy. Container shipments grew by 1.8% at the Port of Tacoma, which operates jointly with the Port of Seattle as part of the Seaport Alliance.

The Tacoma Streets Initiative had completed its fourth year in 2019. The initiative was made up of two voter passed propositions in November of 2015. Proposition A raised sales tax by 1/10 of 1% over ten years, while Proposition 3 authorized an additional 1.5% gross earning tax to natural gas, electric and phone companies, and increase in the regular property tax levy of \$.20 per \$1,000 of assessed value. Including grant and partnership funding, the program raised \$35.6 million in 2019 that brought the total funds raised to \$149 million, of the end goal of \$325 million over 10 years. Maintenance performed from the initiative has improved or maintained 690 blocks in 2019 through the use of either overlays, surface treatments, or other preventative maintenance to bring the total up to 2,349 blocks out of the estimated 5.822.

Tacoma Creates, and arts access program based on a 0.1% Sales Tax levy approved by City voters in 2018, began to distribute some of its funds at the end of 2019. As of December 2019, the program had begun to distribute approximately \$630,000 in funds to arts organizations of various sizes throughout the City. These organizations were chosen through a competitive process.

The Tacoma City council unanimously approved an ordinance No. 28623 effective January 1, 2020 that allowed Solid Waste Management to collect an additional \$2.82 monthly surcharge to residential customers. The estimated revenue expected to be collected is \$1.8 million.

Tacoma's Public Utility Board and City Council approved \$2.4 Million funding for Tacoma Public Utilities' Emergency Assistance Program, a relief program established on March 17, 2020 in response to the COVID-19 State of Emergency.

While the 2019 year ended with expenses and revenues closely mirroring projections, early 2020 has brought on unexpected challenges for the City of Tacoma, the region, and the world as the coronavirus emergency brought economic activity to a standstill. The city could experience a significant short-term impact to operations.

# **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tacoma Finance Department, 747 Market Street Room 132, Tacoma, Washington 98402.



# STATEMENT OF NET POSITION

December 31, 2019 (amounts expressed in thousands) Page 1 of 2

				Prir	mary Government		
ASSETS         288,648         \$ 449,584         \$ 738,232           Cash and Cash Equivalents         5,048         101,032         5,048           Accounts Receivables (Net)         51,438         101,032         5,048           Accounts Receivables (Net)         51,438         11,184         22,200           Internal Balances         1,249         11,254         16,274           Prepaids         2,372         17,336         19,368           Restricted Cash         3,009,796         309,796         309,796           Cash and Cash Equivalents         -         2,236         22,236           Cash and Cash Equivalents         -         2,236         22,236           No Current Assets         -         2,889         2,889           Long-Ferm Contracts and Notes         75,660         18,677         18,677           No Current Assets         75,660         19,677         18,677           Not Pepreciable Capital Assets (Note of Accumulated Depreciation)         738,206         2,447,543         3,387,49           Del Ferm Courter Assets         5,5079         243,456         298,135           Total Assets         7,5060         7,209         10,876           Capital Assets (Net of Accumulated Depreciation)					Business-Type		T
Cash and Cash Equivalents         \$288,648         \$49,584         \$738,232           Investments         5,1438         101,032         152,470           Due From Other Governmental Units         23,896         1,184         25,260           Inventory         3,720         12,554         10,224           Prepaids         23,096         1,184         23,080           Inventory         3,720         12,554         10,224           Prepaids         20,300         30,796         30,796           Cash and Cash Equivalents         2         2,300         30,796           Notes and Contracts Receivable         2         2,300         2,256           Note and Contracts Receivable         7,586         18,677         18,677           Note and Contracts Receivable         7,586         18,677         18,677           Note and Contracts Receivable         7,586         18,677         18,677           Note and Cash Equivalents         7,586         18,677         18,677           Note and Cash Equivalents         7,586         2,475,43         3,335,49           Note and Cash Equivalents         7,586         2,475,43         3,335,49           State of Cash Sassis (Pet of Accumulated Depreciation)         7,58			Activities		Activities		lotal
Investments		¢	288 648	œ	440 594	Ф	739 232
		φ		Ф	449,364	Ф	
Due From Other Governmental Units         23,896         1,184         25,080           Inventory         3,720         12,554         16,274           Inventory         3,720         12,554         16,274           Prepaids         2,032         17,366         19,886           Restricted Cash         -         309,796         309,796           Cash and Cash Equivalents         -         2,236         2,236           Notes and Contracts Receivable         -         2,889         2,889           Notes and Contracts Receivable         -         18,677         18,677           Cash and Cash Equivalents         -         18,677         18,677           Note Terror Contracts and Notes         -         1,680         49,685           Active Person Assets         -         49,685         48,685           Other Courtert Assets         -         49,685         48,685           Deprecible Capital Assets (Net of Accumulated Depreciation)         73,820         243,465         299,135           Total Assets         -         1,251,773         3,874,623         299,135           Deferred Outflows related to Bond Refunding         3,699         7,209         10,878           Deferred Outflows related to Persons <td></td> <td></td> <td>-,</td> <td></td> <td>101 032</td> <td></td> <td></td>			-,		101 032		
Internal Balances							
Inventory   3,720   12,554   19,278   19,388   Restricted Cash   2,032   17,336   19,388   Restricted Cash   2,032   17,336   19,388   Restricted Cash   2,032   2,036   2,0							20,000
Pepalé   Restricted Cash   Cash and Cash Equivalents   Cash and Cash a					,		16.274
Restricted Cash         a	· · · · · · · · · · · · · · · · · · ·						
Interest Receivable			,				.,
Notes and Contracts Receivable   -   2,236   2,236   2,236   2,236   2,236   2,236   2,236   2,236   2,336	Cash and Cash Equivalents		-		309,796		309,796
Non Current Assets	Interest Receivable		-		87		87
Cash and Cash Equivalents	Notes and Contracts Receivable		-		2,236		2,236
Long-Term Contracts and Notes	Non Currrent Assets						
NePersion Asset	Cash and Cash Equivalents		-		28,899		28,899
Chien Non Current Assets	Long-Term Contracts and Notes		-		18,677		18,677
Capital Assets         Capital Assets         Capital Assets         3.385,740           Non-Depreciable Capital Assets         55,679         243,456         299,135           Total Assets         1,251,773         3,874,623         5,126,396           DEFERED OUTFLOWS OF RESOURCES         3,669         7,209         10,878           Deferred Outflows related to Persions         51,277         96,111         147,388           Deferred Outflows related to Persions         51,277         96,111         147,388           Deferred Outflows related to Persions         74,210         106,741         120,895           Total Deferred Outflows of Resources         74,210         106,741         120,895           Total Deferred Outflows of Resources         44,524         3,421         22,885           Accounts Payable         23,732         44,524         68,525           Accounts Payable         895         3,228         4,123           Due to Other Governmental Units         91         720         151           Unearmed Revenue         9,560         7,515         1,707           Other Crowermental Units         91         1,510         1,510           Special Assessment Debt with Government Commitment         22,628         5,675         10			75,660		-		
Depreciable Capital Assets (Net of Accumulated Depreciation)   738,206   2,847,543   3,385,749   Non-Depreciable Capital Assets   1,251,773   3,874,623   5,126,366   299,135   Total Assets   1,251,773   3,874,623   5,126,366   299,135   Total Assets   1,251,773   3,874,623   5,126,366   299,135   20,251,251,251   20,251,251,251   20,251,25			-		49,685		49,685
Non-Depreciable Capital Assets	•						
DEFERRED OUTFLOWS OF RESOURCES							
DeFERRED OUTFLOWS OF RESOURCES   Deferred Outflows related to Bond Refunding   3,669   7,209   10,878   Deferred Outflows related to Pensions   51,277   96,111   147,388   Total Deferred Outflows related to OPEB   19,264   3,421   22,888   Total Deferred Outflows of Resources   74,210   106,741   180,95	Non-Depreciable Capital Assets		55,679		243,456		299,135
Deferred Outflows related to Pensions         3,669         7,209         10,878           Deferred Outflows related to PEB         13,274         96,111         147,388           Deferred Outflows related to OPEB         19,264         3,421         22,685           Total Deferred Outflows of Resources         74,210         106,741         180,951           LIABILITIES         Seconds         3,228         4,224         68,256           Deposits Payable         23,732         44,524         68,256           Deposits Payable         895         3,228         4,123           Due to Other Governmental Units         91         720         811           Unearred Revenue         9,560         7,515         17,075           Other Liabilities Payable         22,278         68,520         90,788           Special Assessment Debt with Government Commitment         22,626         68,520         90,788           Special Assessment Debt with Government Commitment         22,626         68,520         1,510         1,510           Bodid Assessment Debt with Government Commitment         22,626         69,575         106,503           Decisit Current Liabilities         3,647         1,459,416         1,6503           Due in More Than One Year	Total Assets		1,251,773		3,874,623		5,126,396
Deferred Outflows related to Pensions         3,669         7,209         10,878           Deferred Outflows related to PEB         13,274         96,111         147,388           Deferred Outflows related to OPEB         19,264         3,421         22,685           Total Deferred Outflows of Resources         74,210         106,741         180,951           LIABILITIES         Seconds         3,228         4,224         68,256           Deposits Payable         23,732         44,524         68,256           Deposits Payable         895         3,228         4,123           Due to Other Governmental Units         91         720         811           Unearred Revenue         9,560         7,515         17,075           Other Liabilities Payable         22,278         68,520         90,788           Special Assessment Debt with Government Commitment         22,626         68,520         90,788           Special Assessment Debt with Government Commitment         22,626         68,520         1,510         1,510           Bodid Assessment Debt with Government Commitment         22,626         69,575         106,503           Decisit Current Liabilities         3,647         1,459,416         1,6503           Due in More Than One Year	DEFERRED OUTELOWS OF DESCUREES						
Deferred Outflows related to Pensions         51.277         96.111         147.388           Deferred Outflows related to OPEB         19.264         3.421         22.685           Total Deferred Outflows of Resources         19.264         3.421         22.685           Total Deferred Outflows of Resources         23.732         44.524         68.256           Deposits Payable         29.3732         44.524         68.256           Deposits Payable         91         7.20         81           Unce of Other Governmental Units         91         7.20         81           Une of Other Governmental Units         91         7.20         81           Une of Other Governmental Units         91         7.20         81           Une Other Governmental Units         91         7.20         80         7.81         1.61         1.51         1.51         1.51         1.51         1.51         1.51         1.51			0.000		7.000		40.070
Deferred Outflows related to OPEB Total Deferred Outflows of Resources	9						
Total Deferred Outflows of Resources			- ,		/		
Main		_					
Accounts Payable         23,732         44,524         68,556           Deposits Payable         895         3,228         4,123           Due to Other Governmental Units         91         720         811           Unearned Revenue         9,560         7,515         17,075           Other Laibilities         22,278         68,520         90,798           Payable From Restricted Assets:         1,510         1,510         1,510           Special Assessment Delt with Government Commitment         22,626         5         22,626           Bonds and Other Debt Payable:         2         49,528         56,975         106,503           Due Within One Year         49,528         56,975         106,503           Due in More Than One Year         407,767         1,459,416         1,807,188           Total Liabilities         536,477         1,642,408         2,178,885           DEFERRED INFLOWS OF RESOURCES           Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows - Rate Stabilization         -         105,575         105,575           Deferred Inflows related to Pensions         26,101         1,699         36,770	Total Deletted Outflows of Resources	_	74,210		100,741		100,931
Deposits Payable         895         3,228         4,123           Due to Other Governmental Units         91         720         811           Unearned Revenue         9,560         7,515         17,075           Other Liabilities Payable         22,278         68,520         90,798           Payable From Restricted Assets:         0         1,510         1,510           Other Current Liabilities         1         1,510         1,510           Special Assessment Debt with Government Commitment         22,626         1         22,626           Bonds and Other Debt Payable:         2         68,6975         106,503           Due Within One Year         49,528         56,975         106,503           De within One Year         49,528         56,975         106,503           Total Liabilities         36,477         1,459,416         1,867,183           Total Liabilities         36,477         1,642,408         2,178,885           DEFERRED INFLOWS OF RESOURCES           Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows - Rate Stabilization         2         6,101         10,669         36,770           Deferred Inflows related to Bond Refun	LIABILITIES						
Due to Other Governmental Units         91         720         811           Unearned Revenue         9,560         7,515         17,075           Other Liabilities Payable         22,278         68,520         90,788           Payable From Restricted Assets:         3         1,510         1,510           Other Current Liabilities         -         1,510         1,510           Special Assessment Debt with Government Commitment         22,626         -         22,626           Bonds and Other Debt Payable:         3         56,975         106,503           Due Within One Year         49,528         56,975         106,503           Due in More Than One Year         407,767         1,459,416         1,867,183           Total Liabilities         536,477         1,642,408         2,178,885           Deferred Inflows related to Person         23,898         4,339         28,237           Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows related to Bond Refunding         -         105,575         105,575         105,575         105,575         105,575         105,575         105,575         105,575         105,575         105,575         105,575         105,575 <td></td> <td></td> <td>23,732</td> <td></td> <td>44,524</td> <td></td> <td>68,256</td>			23,732		44,524		68,256
Unearned Revenue         9,560         7,515         17,075           Other Liabilities Payable         22,278         68,520         90,798           Payable From Restricted Assets:         Uniform Restricted Assets:         30,798           Other Current Liabilities         1,510         1,510           Special Assessment Debt with Government Commitment         22,626         -         22,626           Bonds and Other Debt Payable:         35,528         5,975         106,503           Due Within One Year         49,528         56,975         106,503           Due in More Than One Year         407,767         1,459,416         1,867,183           Total Liabilities         536,477         1,642,408         2,178,885           Deferred Inflows Fata Over Year         407,767         1,459,416         1,867,183           Total Liabilities         33,647         1,642,408         2,178,885           Deferred Inflows Fata Over Year         407,767         1,459,416         1,867,183           Total Liabilities         23,898         4,339         28,237           Deferred Inflows Fata Obe Ond Refunding         -         419         419           Deferred Inflows Felated to Bond Refunding         26,101         10,609         36,770	. ,						
Other Liabilities Payable         22,278         68,520         90,798           Payable From Restricted Assets:         Other Current Liabilities         -         1,510         1,510           Special Assessment Debt with Government Commitment         22,626         -         22,626           Bonds and Other Debt Payable:         30,500         1,459,416         1,867,183           Due Within One Year         49,528         56,975         106,503           Due in More Than One Year         407,767         1,459,416         1,867,183           Total Liabilities         536,477         1,642,408         2,178,885           DEFERRED INFLOWS OF RESOURCES           Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows - Rate Stabilization         -         105,575         105,575           Deferred Inflows related to Bond Refunding         -         419         419           Deferred Inflows related to Pensions         26,101         10,669         36,770           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources         66,190         127,710         193,390           Net Investment in Capital Assets         628,							
Payable From Restricted Assets:         1         1,510         1,510           Other Current Liabilities         2         6         1         1,510           Special Assessment Debt With Government Commitment         22,626         6         2         2,626           Bonds and Other Debt Payable:         3         49,528         56,975         106,503           Due in More Than One Year         49,528         56,975         106,503           Total Liabilities         536,477         1,459,416         1,867,188           DEFERRED INFLOWS OF RESOURCES           DEFERRED INFLOWS OF RESOURCES           Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows related to Bond Refunding         -         105,575         105,575           Deferred Inflows related to Pensions         26,101         10,669         36,770           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources         66,190         127,710         193,900           NET POSITION           Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         20,20							
Öther Current Liabilities         1,510         1,510           Special Assessment Debt with Government Commitment         22,626         -         22,626           Bonds and Other Debt Payable:         -         -         1,650,33           Due Within One Year         49,528         56,975         106,503           Due in More Than One Year         407,767         1,459,416         1,867,183           Total Liabilities         536,477         1,642,408         2,178,885           Deferred Inflows Pack Exbolization         -         1,65,75         105,575           Deferred Inflows - Rate Stabilization         -         105,575         105,575           Deferred Inflows related to Bond Refunding         -         419         419           Deferred Inflows related to OPEB         16,191         6,769         36,770           Deferred Inflows related to OPEB         66,190         127,710         193,900           NET POSITION         ***  Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         ***  Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility and recreation         15,782	*		22,278		68,520		90,798
Special Assessment Debt with Government Commitment         22,626         -         22,626           Bonds and Other Debt Payable:         349,528         56,975         106,503           Due in More Than One Year         407,767         1,459,416         1,867,183           Total Liabilities         536,477         1,642,408         2,178,885           DEFERRED INFLOWS OF RESOURCES         Secondary of the Committee of Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows related to Bond Refunding         -         105,575         105,575           Deferred Inflows related to Pensions         26,101         10,669         36,770           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources         66,190         127,710         193,900           NET POSITION         Set Interpretable of Capital Assets         628,205         1,699,160         2,327,365           Restricted:         Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,936           Utility Donations & System Development </td <td></td> <td></td> <td></td> <td></td> <td>4.540</td> <td></td> <td>4.540</td>					4.540		4.540
Due Within One Year					1,510		
Due Within One Year         49,528         56,975         106,030           Due in More Than One Year         407,767         1,459,416         1,867,183           Total Liabilities         536,477         1,642,408         2,178,885           DEFERRED INFLOWS OF RESOURCES           Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows - Rate Stabilization         -         105,575         105,575           Deferred Inflows related to Bond Refunding         -         419         449           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources           NET POSITION           NET POSITION         66,190         127,710         193,900           NET POSITION         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         5,099         5,099         5,099         5,099         5,099         5,099         5,099<			22,020		-		22,020
Due in More Than One Year         407,767         1,459,416         1,867,183           Total Liabilities         536,477         1,642,408         2,178,885           DEFERRED INFLOWS OF RESOURCES         Secondary of the part	•		40 528		56 075		106 503
Total Liabilities         536,477         1,642,408         2,178,885           DEFERRED INFLOWS OF RESOURCES         Deferred Inflows - Advanced Payment of Special Assessments Deferred Inflows - Advanced Payment of Special Assessments Deferred Inflows - Rate Stabilization         23,898         4,339         28,237           Deferred Inflows - Rate Stabilization         -         105,575         105,57							
DEFERRED INFLOWS OF RESOURCES           Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows - Rate Stabilization         -         105,575         105,575           Deferred Inflows related to Bond Refunding         -         419         419           Deferred Inflows related to Pensions         26,101         10,669         36,770           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources         66,190         127,710         193,900           NET POSITION         Strict Interest In Capital Assets         628,205         1,699,160         2,327,365           Restricted:         Strict Interest Inte		_		_			
Deferred Inflows - Advanced Payment of Special Assessments         23,898         4,339         28,237           Deferred Inflows - Rate Stabilization         -         105,575         105,575           Deferred Inflows related to Bond Refunding         -         419         419           Deferred Inflows related to Pensions         26,101         10,669         36,770           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources         66,190         127,710         193,900           NET POSITION           Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         2         31,810         36,830           Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -	Total Liabilities		330,477		1,042,400		2,170,003
Deferred Inflows - Rate Stabilization         -         105,575         105,755           Deferred Inflows related to Bond Refunding         -         419         419           Deferred Inflows related to Pensions         26,101         10,669         36,770           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources         66,190         127,710         193,900           NET POSITION           Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         2         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541 <t< td=""><td>DEFERRED INFLOWS OF RESOURCES</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows related to Bond Refunding         -         419         419           Deferred Inflows related to Pensions         26,101         10,669         36,770           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources         66,190         127,710         193,900           NET POSITION           Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         2         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants <td< td=""><td>Deferred Inflows - Advanced Payment of Special Assessments</td><td></td><td>23,898</td><td></td><td>4,339</td><td></td><td>28,237</td></td<>	Deferred Inflows - Advanced Payment of Special Assessments		23,898		4,339		28,237
Deferred Inflows related to Pensions         26,101         10,669         36,770           Deferred Inflows related to OPEB         16,191         6,708         22,899           Total Deferred Inflows of Resources         66,190         127,710         193,900           NET POSITION           Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         2         3,020         31,810         36,830           Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         <	Deferred Inflows - Rate Stabilization		-		105,575		105,575
Deferred Inflows related to OPEB Total Deferred Inflows of Resources         16,191 6,190 127,710         6,708 22,899 123,900           NET POSITION         Net Investment in Capital Assets         628,205 628,205 1,699,160         2,327,365           Restricted:         "Total Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         3,541           Transportation         73,238         -         3,541           Transportation         288         -         2,88           Housing and Economic development         9,318         -         9,318           Urrestricted	Deferred Inflows related to Bond Refunding		-		419		419
Total Deferred Inflows of Resources         66,190         127,710         193,900           NET POSITION           Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         Feature of the colspan="2">Testivate of the	Deferred Inflows related to Pensions		26,101		10,669		36,770
NET POSITION           Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390							
Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Urrestricted         (99,133)         334,523         235,390	Total Deferred Inflows of Resources		66,190		127,710		193,900
Net Investment in Capital Assets         628,205         1,699,160         2,327,365           Restricted:         Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Urrestricted         (99,133)         334,523         235,390	NET POSITION						
Restricted:         Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Urrestricted         (99,133)         334,523         235,390			628 205		1 699 160		2 327 365
Capital Projects         5,020         31,810         36,830           Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Urrestricted         (99,133)         334,523         235,390	·		020,200		1,000,100		2,021,000
Debt Service         11,010         22,928         33,938           Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390			5.020		31.810		36.830
Utility Donations & System Development         -         71,829         71,829           Culture and recreation         15,782         9,016         24,798           Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Urrestricted         (99,133)         334,523         235,390							
Self Insurnace         -         5,099         5,099           Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390	Utility Donations & System Development		-				71,829
Environmental Services and Programs         -         3,118         3,118           Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390	Culture and recreation		15,782		9,016		24,798
Inspection         -         397         397           Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390	Self Insurnace		-		5,099		5,099
Pension         76,047         -         76,047           Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390	· ·		-		3,118		3,118
Reserves         -         33,366         33,366           Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390	Inspection		-		397		397
Public Safety         3,541         -         3,541           Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390			76,047		-		
Transportation         73,238         -         73,238           Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,132)         334,523         235,390			-		33,366		
Grants         288         -         288           Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390	· · · · · · · · · · · · · · · · · · ·				-		
Housing and Economic development         9,318         -         9,318           Unrestricted         (99,133)         334,523         235,390	·				-		
Unrestricted (99,133) 334,523 235,390					-		
Total Net Position \$\\\ \begin{array}{cccccccccccccccccccccccccccccccccccc		_		_		_	
	Total Net Position	\$	723,316	\$	2,211,246	\$	2,934,562

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		Comp	onent Units		
	TCRA	G	TRCC PFD		FWDA
\$	8,280	\$	1,968	\$	511
	832 145		739		20
	-		-		-
	23		-		45
	- 6		-		-
	1,030		-		-
	39,097		-		-
	1,272		-		-
	8,547 1,462		-		19,690 7,002
	60,694		2,707		27,268
	_		_		
	-		-		-
			-		-
	980		-		31
	-		2,707		29
	- 354		-		831 2,470
	-		-		-
	-		-		42
	5,494		<u> </u>		
	6,828		2,707		3,403
	-		-		-
	-		-		-
	-		-		-
	5,014		-		24,236
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	48,852		-		-
\$	53,866	\$	<u> </u>	\$	(371) 23,865
Ψ	33,000	Ψ		Ψ	20,000

#### **STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019 (amounts expressed in thousands) Page 1 of 2

		Program Revenues									
	•		Charges		Operating		Capital				
			for Services		Grants and		Grants and				
	Expenses		and Fines		Contributions		Contributions				
FUNCTIONS / PROGRAMS:											
Primary Government											
Governmental Activities:											
General Government	\$ 44,839	\$	25,512	\$	13,372	\$	-				
Public Safety	188,233		17,729		21,182		284				
Transportation	95,718		1,911		16,249		3,838				
Natural and Economic Environment	25,435		1,906		3,686		-				
Economic Development			-		427		-				
Social Services	6,167		21		-		-				
Culture and Recreation	24,249		2,867		115		-				
Interest on Long-Term Debt	16,261		-		-		-				
	400,902		49,946		55,031		4,122				
Business-Type Activities											
Solid Waste	61,512		73,580		_		_				
Waste Water	104,543		119,257		_		4,124				
Water	101,045		104,365		_		16,385				
Power	481,894		462,673		_		11,400				
Nonmajor Business-Type Activities	82,202		84,779		-		18,460				
,	831,196		844,654		-		50,369				
Total Primary Government	\$ 1,232,098	\$	894,600	\$	55,031	\$	54,491				
Component Units											
TCRA	2,299		744		1,268						
GTRCC PFD	2,299 4,424		744		1,∠00		-				
FWDA	1,691		347		-		408				
Total Component Units	\$ 8,414	\$	1,091	\$	1,268	\$	408				
				_							

General Revenues:

Taxes:

Property Tax

Retail Sales & Use Tax

Business Tax

Excise Tax

Investment Earnings

Gain on Sale of Capital Assets

Transfers

**Total General Revenues** 

Change in Net Position

Net Position, January 1

Prior Period Adjustment

Change in Accounting Principle

Net Position, January 1 restated

Net Position, December 31

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			ense) Revenue es in Net Positi					Comp	onent Units	<b>;</b>	
G	overnmental Activities	В	usiness-Type Activities		Total		TCRA	GT	RCC PFD		FWDA
\$	(5,955)	\$	-	\$	(5,955)	\$	-	\$	-	\$	-
	(149,038)		-		(149,038)		-		-		-
	(73,720) (19,843)		-		(73,720) (19,843)		-		-		-
	427		-		(19,043) 427		-		-		-
	(6,146)		_		(6,146)		-		_		-
	(21,267)		-		(21,267)		-		-		-
	(16,261)				(16,261)						-
	(291,803)				(291,803)		-		-		
	_		12,068		12,068		-		_		_
	-		18,838		18,838		-		-		-
	-		19,705		19,705		-		-		-
	-		(7,821)		(7,821)		-		-		-
			21,037		21,037						
			63,827		63,827						
\$	(291,803)	\$	63,827	\$	(227,976)	\$		\$		\$	
							(287)		_		-
							` -		(4,424)		-
							<del>-</del>				(936)
						\$	(287)	\$	(4,424)	\$	(936)
\$	77,970	\$	-	\$	77,970	\$	-	\$	4,363	\$	-
	81,132 53,563		-		81,132 53,563		-		4,303		-
	15,320		_		15,320		_		-		-
	9,473		24,682		34,155		52		61		11
	366		107		473		-		-		-
	52,627		(52,627)		-		-		4 404		- 44
	290,451		(27,838)		262,613		52		4,424		11
	(1,352)		35,989		34,637		(235)		-		(925)
	717,403		2,178,779		2,896,182		54,003				19,539
	7,265		(3,522)		3,743		98		-		5,251
	- 724,668		- 2 175 257		- 2,899,925		- 54,101		-		- 24,790
ф.		<u> </u>	2,175,257	ф.		ф.		<u> </u>		<u> </u>	
\$	723,316	\$	2,211,246	\$	2,934,562	\$	53,866	\$		<u>\$</u>	23,865

# BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2019 (amounts expressed in thousands)

	General Fund Fund #0010	Trans Capital & Engineering Fund #1060	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 64,688	\$ 2,966	\$ 131,901	\$ 199,555
Investments	-	-	5,048	5,048
Accounts Receivables (Net)	14,934	127	35,415	50,476
Due From Other Governmental Units	14,679	840	8,377	23,896
Inventory	1,586	-	1,406	2,992
Prepaids	5	-	8	13
Advance to Other Funds			267	267
Total Assets	95,892	3,933	 182,422	282,247
DEFERRED OUTFLOWS OF RESOURCES	-	-	_	-
Total Assets and Deffered Outflows	95,892	3,933	182,422	282,247
LIABILITIES				
Account Payable	5,457	868	3,856	10,181
Customer Deposits	-	-	895	895
Other Liabilities Payable	3,825	8	1,291	5,124
Due to Other Governmental Units	91	_	_	91
Advances from Other Funds	_	_	267	267
Unearned Revenue	-	-	188	188
Total Liabilities	9,373	876	6,497	16,746
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	9,233	13	25,067	34,313
Total Deferred Inflow of Resources	9,233	13	25,067	34,313
FUND BALANCE				
Nonspendable	4,074	_	1,423	5,497
Restricted	395	1,405	116,757	118,557
Committed	710	_	15,651	16,361
Assigned	1,992	1,639	17,027	20,658
Unassigned	70,115	-	-	70,115
Total Fund Balance	\$ 77,286	\$ 3,044	\$ 150,858	\$ 231,188
Total Liabilities, Deferred Inflows and				
Fund Balance	\$ 95,892	\$ 3,933	\$ 182,422	\$ 282,247

# RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2019

Total governmental fund balances as reported on this statement	(	\$ 231,188	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.		753,670	
Other non-current assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.  Investment in Joint Ventures  Prepaids	e are		
Interest receivable on investments		75.000	
Net pension asset		75,660	
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the governmental funds.			
Unearned revenue beyond the city's measurable and available period		1,043	
Unavailabe revenue reported for special assessments	0		
Internal service funds are used by management to charge the cost of certain activities, such as insurance, fleet, maintenance and information technology, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position.		73,780	
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Bonds and loans payable (166,	924)		
Premium on Bonds Payable	(190)		
Deferred amount on bond refunding 3,	669		
·	073		
·	442		
	904)		
Net pension liability (18,	875)		
Police and Fire liability (40,	527)		
Total OPEB liability (175,	,		
Compensated absences payable (17,	713)		
		(412,025)	)
Net position of government activities as reported on the statement of net position		\$ 723,316	_

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019 (amounts expressed in thousands)

		General Fund Fund #0010	Trans Capital & Engineering Fund #1060	Go	Other vernmental Funds	Go	Total vernmental Funds
REVENUES							
Taxes:	_		_	_		_	
Property	\$	61,037	\$ -	\$	17,971	\$	79,008
Retail Sales & Use		58,312	-		22,820		81,132
Business		51,203			2,360		53,563
Excise		1,360	-		13,960		15,320
Licenses and Permits		7,271	-		3,754		11,025
Intergovernmental		13,682	14,751		27,539		55,972
Charges for Services		13,286	549		7,463		21,298
Fines and Forfeitures		1,375	2		5,491		6,868
Investment Earnings		3,062	66		3,613		6,741
Miscellaneous		145	10		10,600		10,755
Total Revenues	_	210,733	15,378		115,571		341,682
EXPENDITURES							
Current:							
General Government		35,390	-		4,633		40,023
Public Safety		156,716	-		26,896		183,612
Transportation		27	2,238		42,432		44,697
Natural and Economic Environment		19,480	-		5,356		24,836
Social Services		-	-		6,068		6,068
Culture and Recreation		14,816	-		6,501		21,317
Debt Service:							
Principal		-	-		22,629		22,629
Interest and Other Costs		-	421		8,385		8,806
Capital Outlay		1,412	19,470		3,507		24,389
Total Expenditures		227,841	22,129		126,407		376,377
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	_	(17,108)	(6,751)		(10,836)		(34,695)
OTHER FINANCING SOURCES (USES)							
Sales of Capital Assets		19	-		67		86
Insurance Recoveries		32	-		2		34
Issuance of Debt		-	-		6,219		6,219
Transfers In		47,661	6,886		79,030		133,577
Transfers Out		(45,645)	(252)		(43,774)		(89,671)
Total Other Financing Sources and Uses		2,067	6,634		41,544		50,245
Net Change in Fund Balance		(15,041)	(117)		30,708		15,550
Fund Balance - January 1, as Previously Reported		92,416	3,184		120,293		215,893
Prior Period Adjustment		(89)	(23)		(143)		(255)
Fund Balance - January 1, restated		92,327	3,161		120,150		215,638
Fund Balance - Ending	\$	77,286	\$ 3,044	\$	150,858	\$	231,188

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019 (amounts expressed in thousands)

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance	\$	15,550
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.		
Capital Outlays	24,389	
Depreciation Expense	(47,099)	(22,710)
The net effect of various miscellaneous transactoins involving capital assets.		(11,198)
Debt proceeds are reported as financing sources in governmental fund and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.		
Issuance of new debt		(6,219)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property taxes	(1,038)	
Amortization of bond premium	327	
Denoting out of the universal of languature debt consumed the august financial recovered of		(711)
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on the net position.		22,751
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense)		
of certain internal service funds is reported with governmental activities.		8,716
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.		
Change in accrued interest payable	(7,904)	
Change in net pension obligation or asset	2,221	
Change in net other postemployment benefits	(134)	
Change in compensated absences payable	(1,714)	
		(7,531)
Change in net position on the Statement of Activities	\$	(1,352)

December 31, 2019 (amounts expressed in thousands) Page 1 of 4

	 Enterprise Funds						
	Solid Waste Fund #4200		Wastewater Fund #4300		Water Fund #4600		Power Fund #4700
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 49,428	\$	92,118	\$	68,316	\$	177,471
Accounts Receivables (Net)	6,717		15,257		11,367		56,824
Due From Other Governmental Units	-		652		301		231
Inventory	-		1,428		2,781		6,742
Prepaid Expenses	-		250		2,178		12,723
Restricted Cash:							
Debt Service	1,199		1,406		4,410		19,209
Construction	2,610		82,195		11,632		12,397
Other	49		-		116,843		32,059
Interest Receivable							
Note, Contracts, Lease Receivable	-		151		-		533
Total Current Assets	60,003		193,457		217,828		318,189
Noncurrent Assets							
Restricted Cash, Bond Reserves	2,110		4,672		22,117		-
Long-Term Contracts and Notes	-		746		-		2,396
Other non-current assets	-		94		2,059		47,422
Capital Assets:							
Land	2,856		23,853		25,247		77,616
Water Rights							
Property, Plant, and Equipment	191,570		861,673		1,119,851		2,091,969
Construction in Progress	1,682		19,461		11,458		39,025
Less: Accumulated Depreciation	(115,037)		(299,767)		(281,403)		(1,138,697)
Total Capital Assets (Net of A/D)	81,071		605,220		875,153		1,069,913
Total Noncurrent Assets	 83,181		610,732		899,329		1,119,731
Total Assets	 143,184		804,189		1,117,157		1,437,920
DEFERRED OUTFLOW OF RESOURCES	 						
Deferred Outflow from Bond Refunding	_		3,629		989		_
Deferred Outflow related to Pensions	7,760		15,422		12,149		54,329
Deferred Outflow related to OPEB	206		1,053		471		952
Total Deferred Outflow of Resources	 7,966		20,104		13,609		55,281
	 				,		

December 31, 2019 (amounts expressed in thousands) Page 2 of 4

	Enterpris	Go	overnmental Activities	
	Non-Major Enterprise Funds	Total Enterprise Funds	Ser	Internal vice Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 36,150	\$ 423,483	\$	115,194
Accounts Receivables (Net)	10,666	100,831		1,163
Due From Other Governmental Units	-	1,184		-
Inventory	1,224	12,175		1,107
Prepaid Expenses	2,185	17,336		2,019
Restricted Cash:				
Debt Service	3,331	29,555		-
Construction	182	109,016		-
Other	22,274	171,225		-
Interest Receivable	87	87		
Note, Contracts, Lease Receivable	 1,552	 2,236		<del></del>
Total Current Assets	 77,651	 867,128		119,483
Noncurrent Assets				
Restricted Cash, Bond Reserves	-	28,899		-
Long-Term Contracts and Notes	15,535	18,677		-
Other non-current assets	110	49,685		-
Capital Assets:				
Land	35,913	165,485		357
Water Rights				
Property, Plant, and Equipment	329,915	4,594,978		188,916
Construction in Progress	4,496	76,122		6,237
Less: Accumulated Depreciation	 (138,470)	 (1,973,374)		(127,507)
Total Capital Assets (Net of A/D)	 231,854	 2,863,211		68,003
Total Noncurrent Assets	 247,499	 2,960,472		68,003
Total Assets	 325,150	 3,827,600		187,486
DEFERRED OUTFLOW OF RESOURCES				
Deferred Outflow from Bond Refunding	2,591	7,209		-
Deferred Outflow related to Pensions	5,237	94,897		20,039
Deferred Outflow related to OPEB	 739	3,421		
Total Deferred Outflow of Resources	 8,567	 105,527		20,039

December 31, 2019 (amounts expressed in thousands) Page 3 of 4

	Enterprise Funds					
	Solid Waste Fund #4200	Wastewater Fund #4300	Water Fund #4600	Power Fund #4700		
LIABILITIES						
Current Liabilities:						
Accounts Payable	1,815	4,014	1,334	31,182		
Due to Other Governmental Units	-	720	-	-		
Customer Deposits	69	-	352	2,802		
Interest Payable	-	167	1,766	9,844		
Environment Liabilities - Current	859	1,766	-	5,258		
Notes, Contract, Lease Payable - Current	-	4,011	173	-		
Compensated Absences - Current	141	285	237	1,138		
Bonds Payable - Current	2,081	6,375	14,878	9,365		
Advance from Other Funds	-	· -	-	-		
Payable From Restricted Assets:						
Debt Principal Payable - Current	189	580	_	_		
Interest Payable	204	826	_	_		
Deposits and Other Payable	51	-	_	_		
Unearned Revenue	261	457	_	2,518		
Other Liabilities Payable	812	930	2,348	11,157		
Total Current Liabilities	6,482	20,131	21,088	73,264		
Total Guitett Liabilities	0,402	20,131	21,000	75,204		
Noncurrent Liabilities						
Bonds Payable	57,496	245,297	359,502	395,175		
Unearned Revenue	-	-	7,515	-		
Compensated Absences	1,215	2,566	2,136	10,243		
Environmental Liabilities	14,007	1,192	-	-		
Other LT Liabilities Payable	437	3,280	8,402	5,158		
Notes, Contracts, and Lease Payables	- ·	32,625	78,181	75,250		
Total OPEB Liability	2,405	2,555	3,566	10,563		
Net Pension Liability	6,556	13,030	10,265	45,903		
Total Noncurrent Liabilities	82,116	300,545	469,567	542,292		
Total Liabilities	88,598	320,676	490,655	615,556		
DEFERRED INFLOW OF RESOURCES	7.000	25.000	05.535			
Deferred Inflow - Rate Stabilization	7,000	25,000	35,575	38,000		
Deferred Inflow Related to Bond Refunding	289	36	-	-		
Deferred Inflow related to Pensions	861	1,712	1,349	6,032		
Deferred Inflow related to OPEB	279	2,106	371	1,586		
Total Deferred Inflow of Resources	8,429	28,854	37,295	45,618		
NET POSITION						
Net Investment in Capital Assets	31,007	412,291	457,157	607,518		
Restricted for:	- 1,	,	,	,		
Capital Purchase	_	_	_	_		
Debt Service	2,916	4,672	2,644	9,365		
Utility Donations & System Development	2,510	7,072	71,829	5,000		
Culture and Recreation	-	-	11,029	-		
Self Insurance	-	-	-	-		
Environment Service & Program	-	-	-	-		
· · · · · · · · · · · · · · · · · · ·	-	-	-	-		
Inspection Reserves	-	-	-	27,061		
Unrestricted	20,200	- 57 000	71,186	188,083		
		57,800				
Total Net Position	\$ 54,123	\$ 474,763	\$ 602,816	\$ 832,027		

December 31, 2019 (amounts expressed in thousands) Page 4 of 4

		Governmental	
	Enterprise	e Funds	Activities
	Non-Major	Total	
	Enterprise	Enterprise	Internal
	Funds	Funds	Service Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,654	42,999	9,952
Due to Other Governmental Units	-	720	-
Customer Deposits	5	3,228	-
Interest Payable	10,122	21,899	-
Environment Liabilities - Current	-	7,883	-
Notes, Contract, Lease Payable - Current	820	5,004	-
Compensated Absences - Current	248	2,049	440
Bonds Payable - Current	8,546	41,245	1,139
Advance from Other Funds	-	-	-
Payable From Restricted Assets:			
Debt Principal Payable - Current	-	769	-
Interest Payable	429	1,459	-
Deposits and Other Payable	-	51	-
Unearned Revenue	1,103	4,339	-
Other Liabilities Payable	1,165	16,412	46,704
Total Current Liabilities	27,092	148,057	58,235
Noncurrent Liabilities			
Bonds Payable	68,262	1,125,732	
Unearned Revenue	00,202	7,515	-
Compensated Absences	2,218	18,378	3,965
Environmental Liabilities	2,210	15,199	3,903
Other LT Liabilities Payable	6,299	23,576	13,722
Notes, Contracts, and Lease Payables	3,583	189,639	10,722
Total OPEB Liability	9,948	29,037	_
Net Pension Liability	4,425	80,179	16,930
Total Noncurrent Liabilities	94,735	1,489,255	34,617
Total Liabilities	121,827	1,637,312	92,852
	121,021	1,037,312	92,032
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow - Rate Stabilization	-	105,575	-
Deferred Inflow Related to Bond Refunding	94	419	-
Deferred Inflow related to Pensions	580	10,534	2,226
Deferred Inflow related to OPEB	2,366	6,708	
Total Deferred Inflow of Resources	3,040	123,236	2,226
NET POSITION			
Net Investment in Capital Assets	163,399	1,671,372	68,003
Restricted for:			
Capital Purchase	5,534	5,534	26,276
Debt Service	3,331	22,928	-
Utility Donations & System Development	· -	71,829	-
Culture and Recreation	9,016	9,016	-
Self Insurance	-	-	5,099
Environment Service & Program	3,118	3,118	-,
Inspection	397	397	-
Reserves	6,305	33,366	-
Unrestricted	17,750	355,019	13,069
Total Net Position	\$ 208,850	\$ 2,172,579	\$ 112,447

# RECONCILIATION OF TOTAL ENTERPRISE NET POSITION TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION

December 31, 2019 (amounts expressed in thousands)

### **NET POSITION - TOTAL ENTERPRISE FUNDS**

\$ 2,172,579

Amounts reported for business activities in the statement of net position are different because:

Internal service funds are used by management to charge the cost of suppport services to individual enterprise funds. In this case the support service is Fleet Management. The assets and liabilities of the Fleet fund are included in the business activities in the government-wide statement of net position.

38,667

NET POSITION OF BUSINESS-TYPE ACTIVITIES

\$ 2,211,246

# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2019 (amounts expressed in thousands)

Page 1 of 2

	Enterprise Funds					
	Solid Waste Fund #4200	Wastewater Fund #4300	Water Fund #4600	Power Fund #4700		
OPERATING REVENUES						
Charges for Services	\$ 72,909	\$ 114,346	\$ 90,308	\$ 442,565		
Interfund Insurance Premiums	-	-	-	-		
Other Operating Revenue	641	2,573	12,237	18,802		
Total Operating Revenue	73,550	116,919	102,545	461,367		
OPERATING EXPENSES						
Salaries and Benefits	23,650	38,586	29,069	129,543		
Supplies	1,015	4,457	2,934	166,621		
Services	28,303	29,980	18,336	92,563		
Taxes	1,090	1,869	5,189	22,140		
Depreciation	5,579	17,842	25,295	48,700		
Other Operating Expenses	-	-	-	-		
Total Operating Expenses	59,637	92,734	80,823	459,567		
Operating Income (Loss)	13,913	24,185	21,722	1,800		
NON-OPERATING REVENUE (EXPENSE)						
Interest Revenue	1,150	3,890	4,839	4,940		
Operating Contributions	1,130	598	4,039	(502)		
Other Non-Operating Revenues	30	1,740	1,820	1,808		
Gain (Loss) on Sale of Capital Assets	41	(104)	,020	1		
Unrealized Net Gain(Loss) on Fair Value Investment	608	2,084	2,531	2,667		
Interest Expense	(1,693)	(10,216)	(18,182)	(19,523)		
Other Non-Operating Expenses	-	-	(17)	(11)		
External Contributions	<u> </u>					
Total Non-Operating Revenues (Expenses)	136	(2,008)	(9,009)	(10,620)		
Income (Loss) Before Contributions & Transfers	14,049	22,177	12,713	(8,820)		
Capital Contributions	_	4,124	16,385	11,400		
Transfers In	-	671	-	-		
Transfers Out	(6,076)	(11,048)	(8,020)	(33,985)		
Change in Net Position	7,973	15,924	21,078	(31,405)		
Net Position, January 1	46,150	458,839	581,738	863,432		
Prior Period Adjustment	-	-	-	-		
Change in Accounting Principle	-	-	-	-		
Net Position, January 1 restated	46,150	458,839	581,738	863,432		
Net Position, December 31	\$ 54,123	\$ 474,763	\$ 602,816	\$ 832,027		

# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2019 (amounts expressed in thousands)
Page 2 of 2

	Entern		ndo		ernmental
	 Enterpr Non-Major	ise ru	Total		Activities
	Enterprise		Enterprise		Internal
	Funds		Funds	Servi	ce Funds
	1 dild3		1 unus	OCIVI	oc i ulius
OPERATING REVENUES					
Charges for Services	\$ 77,574	\$	797,702	\$	88,182
Interfund Insurance Premiums	-		-		89,852
Other Operating Revenue	1		34,254		7
Total Operating Revenue	77,575		831,956		178,041
OPERATING EXPENSES					
Salaries and Benefits	35,756		256,604		59,522
Supplies	2,066		177,093		4,088
Services	29,551		198,733		118,790
Taxes	967		31,255		- 110,700
Depreciation	9,090		106,506		10,113
Other Operating Expenses	5,050		100,000		10,110
Total Operating Expenses	77,430		770,191		192,513
Operating Income (Loss)	145		61,765		(14,472)
Interest Revenue Operating Contributions Other Non-Operating Revenues Gain (Loss) on Sale of Capital Assets Unrealized Net Gain(Loss) on Fair Value Investment Interest Expense Other Non-Operating Expenses External Contributions Total Non-Operating Revenues (Expenses) Income (Loss) Before Contributions & Transfers Capital Contributions Transfers In	1,356 1,203 6,001 169 617 (3,444) (547) (80) 5,275 5,420 18,460 12,100		16,175 1,299 11,399 107 8,507 (53,058) (575) (80) (16,226) 45,539 50,369 12,771		2,062 43 313 1,221 (4) - 3,635 (10,837)
Transfers Out	 (6,269)		(65,398)		(665)
Change in Net Position	 29,711		43,281		(2,116)
Net Position, January 1 Prior Period Adjustment Change in Accounting Principle	179,121 18 -		2,129,280 18 -		114,563
Net Position, January 1 restated	179,139		2,129,298		114,563
Net Position, December 31	\$ 208,850	\$	2,172,579	\$	112,447

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES BUSINESS-TYPE ACTIVITIES

For the Year Ended December 31, 2019 (amounts expressed in thousands)

NET CHANGE IN NET POSITION - TOTAL ENTERPRISE FUNDS	\$ 43,281
Amounts reported for business activities in the statement of activities are different because:	
The net revenue of certain activities of internal service funds is reported with business activities.	(7,292)
NET POSITION OF BUSINESS ACTIVITIES	\$ 35,989

For the Year Ended December 31, 2019 (amounts expressed in thousands) Page 1 of 4

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							
	Solid Waste Fund #4200	Wastewater Fund #4300	Water Fund #4600	Power Fund #4700				
CASH FLOW FROM OPERATING ACTIVITIES								
Receipt from customers and users	\$ 72,997	\$ 116,583	\$ 101,966	\$ 458,060				
Receipts from interfund services provided	-	-	· · · · · · · · · · · ·	-				
Contribution received - employee/employer	-	-	-	-				
Payments to suppliers	(29,797)	(32,115)	(27,068)	(245,374)				
Payments to employees	(22,135)	(37,201)	(23,692)	(123,866)				
Payments for taxes	(995)	(1,870)	(5,333)	(22,399)				
Payments for interfund services used	-	· -	· -	· -				
Other operating or non-operating revenues	-	-	_	237				
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	20,070	45,397	45,873	66,658				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfer from other funds	_	_	_	_				
Grants and contributions received	_	16	_	_				
Payments paid on noncapital debts	(332)	(1,054)	_	_				
Transfer to other funds	(6,525)	(11,768)	(8,020)	(33,985)				
Contributions made	(0,020)	(,	(0,020)	(500)				
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING				(000)				
ACTIVITES	(6,857)	(12,806)	(8,020)	(34,485)				
CASH FLOWS PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES								
Transfers from other funds	_	671	_	_				
Proceeds received from capital debts	_	-	_	20,000				
Proceeds from sales of capital assets	47	5	_	20,000				
Contributions and donations	-	3,390	10,557	11,043				
Acquisitions and constructions of capital assets	(6,889)	(27,013)	(23,152)	(49,347)				
Principals paid on capital debts	(2,160)	(9,945)	(14,715)	(10,095)				
Interest and issuance costs paid on capital debts	(2,221)	(12,349)	(19,445)	(21,294)				
Transfers to other funds	(=,== : )	(.2,0.0)	(.0,0)	(= :,== :)				
Other Long-Term Liabilities	_	_	778	(871)				
NET CASH PROVIDED (USED) BY CAPITAL FINANCING								
ACTIVITES	(11,223)	(45,241)	(45,977)	(50,564)				
CASH FLOW FROM INVESTING ACTIVITIES		-						
Interests and dividends received	1,776	5,972	7,370	7,608				
Change in fair value of investment	´ <u>-</u>	, <u>-</u>	· -	, _				
Other Non-Operating Revenues	30	1,722	1,803	1,796				
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,806	7,694	9,173	9,404				
NET INCREASE (DECREASE) IN CASH AND CASH								
EQUIVALENTS	3,796	(4,956)	1,049	(8,987)				
CASH AND CASH EQIVALENTS, JANUARY 1	51,600	185,347	222,269	250,123				
CASH AND CASH EQIVALENTS, DECEMBER 31	\$ 55,396	\$ 180,391	\$ 223,318	\$ 241,136				

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

For the Year Ended December 31, 2019 (amounts expressed in thousands) Page 2 of 4

	BUSINESS-TY ENTERPRI	GOVERNMENTAL ACTIVITIES	
	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES	1 drido	1 dild5	Cervice i dilas
Receipt from customers and users	\$ 80,985	\$ 830,591	\$ 24,317
Receipts from interfund services provided	φ 00,905	ψ 030,391 -	64,247
Contribution received - employee/employer	_	_	87,361
Payments to suppliers	(39,035)	(373,389)	(103,131)
Payments to employees	(34,723)	(241,617)	(55,348)
Payments for taxes	(943)	(31,540)	(1,537)
Payments for interfund services used	(5,552)	(5,552)	(4,205)
Other operating or non-operating revenues	5,424	5,661	45
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	6,156	184,154	11,749
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	7,185	7,185	9,386
Grants and contributions received	(8,524)	(8,508)	-
Payments paid on noncapital debts	-	(1,386)	-
Transfer to other funds	(3,043)	(63,341)	(665)
Contributions made	(79)	(579)	· -
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING			
ACTIVITES	(4,461)	(66,629)	8,721
CASH FLOWS PROVIDED (USED) BY CAPITAL			
FINANCING ACTIVITIES			
Transfers from other funds	4,915	5,586	-
Proceeds received from capital debts	-	20,000	-
Proceeds from sales of capital assets	271	323	-
Contributions and donations	18,459	43,449	- (40.000)
Acquisitions and constructions of capital assets	(11,055)	(117,456)	(12,233)
Principals paid on capital debts	(8,940)	(45,855)	-
Interest and issuance costs paid on capital debts  Transfers to other funds	(3,636) (3,226)	(58,945) (3,226)	-
Other Long-Term Liabilities	(3,220)	(93)	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING		(93)	
ACTIVITES	(3,212)	(156,217)	(12,233)
CASH FLOW FROM INVESTING ACTIVITIES			
Interests and dividends received	1,331	24,057	2,053
Change in fair value of investment	638	638	1,227
Other Non-Operating Revenues	000	5,351	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,969	30,046	3,280
NET INCREASE (DECREASE) IN CASH AND CASH			
EQUIVALENTS	452	(8,646)	11,517
CASH AND CASH EQIVALENTS, JANUARY 1	61,485	770,824	103,677
CASH AND CASH EQIVALENTS, DECEMBER 31	\$ 61,937	\$ 762,178	\$ 115,194

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

For the Year Ended December 31, 2019 (amounts expressed in thousands) Page 3 of 4

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS								
		olid Waste und #4200		/astewater und #4300	F	Water und #4600	F	Power und #4700	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES									
Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided (used) by:	_\$	13,913	\$	24,185	\$	21,722	\$	1,800	
Operating Activities:									
Depreciation and amortization expenses		5,579		17,842		25,295		48,700	
(Increase) decrease in accounts receivable		4		243		241		-	
(Increase) decrease in intergovernmental receivables		-		-		(1)		237	
(Increase) decrease in due from other funds		71		98		757		1,846	
(Increase) decrease in inventories		-		(329)		(311)		-	
(Increase) decrease in prepaid items		-		71		(116)		(2,232)	
(Increase) decrease in other assets		(2,660)		(85)		(5,304)		9,205	
Increase (decrease) in deposit payable		41		(9)		9		94	
Increase (decrease) in accounts payable		296		(1,626)		(619)		-	
Increase (decrease) in accrued wages payable		3,698		(62)		110		572	
Increase (decrease) in compensated absences		16		(192)		(61)		421	
Increase (decrease) in intergovernmental payable		-		121		-		-	
Increase (decrease) in due to other funds		(466)		(556)		(1,566)		(207)	
Increase (decrease) in deferred revenues		-		-				-	
Increase (decrease) in other current liabilities		(88)		544		-		-	
Increase (decrease) long term liabilities		(334)		5,152		5,717		6,222	
Miscellaneous non-operating revenues (expenses)		-		-		-		-	
Prior Period Adjustment		-		-		-		-	
Total adjustments		6,157		21,212		24,151		64,858	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$	20,070	\$	45,397	\$	45,873	\$	66,658	
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES									
Contribution of capital assets		-		2,422		5,326		619	

For the Year Ended December 31, 2019 (amounts expressed in thousands) Page 4 of 4

		INESS-TYP ENTERPRIS	GOVERNMENTAL ACTIVITIES		
	Non-Major Total Enterprise Enterprise Funds Funds			Internal Service Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided (used) by:	\$	145	\$ 61,765	\$	(14,472)
Operating Activities:					
Depreciation and amortization expenses		9,089	106,505		10,113
(Increase) decrease in accounts receivable		2,566	3,054		(422)
(Increase) decrease in intergovernmental receivables		-	236		` 8
(Increase) decrease in due from other funds		845	3,617		1,069
(Increase) decrease in inventories		(11)	(651)		(45)
(Increase) decrease in prepaid items		(667)	(2,944)		623
(Increase) decrease in other assets		(1,856)	(700)		(7,248)
Increase (decrease) in deposit payable		(12,078)	(11,943)		-
Increase (decrease) in accounts payable		1,017	(932)		(90)
Increase (decrease) in accrued wages payable		2,608	6,926		9,772
Increase (decrease) in compensated absences		163	347		34
Increase (decrease) in intergovernmental payable		(2)	119		11
Increase (decrease) in due to other funds		(449)	(3,244)		(86)
Increase (decrease) in deferred revenues		59	59		(1)
Increase (decrease) in other current liabilities		(28)	428		5,923
Increase (decrease) long term liabilities		(685)	16,072		6,521
Miscellaneous non-operating revenues (expenses)		5,422	5,422		39
Prior Period Adjustment		18	18		-
Total adjustments		6,011	122,389		26,221
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$	6,156	\$ 184,154	\$	11,749
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contribution of capital assets		-	8,367		-

# STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

December 31, 2019 (amounts expressed in thousands)

		Deferred Compensation Fund #6050		Pension (and OPEB) Trust Fund
ASSETS				
Cash and Cash Equivalents	\$	4	\$	1,898
Investments		-		10,165
Equities		-		964,057
Fixed income		-		639,305
Real estate		-		81,146
Venture capital and partnerships		-		183,495
Securities lending collateral		-		52,385
Receivables - net uncollectible accounts		42		· -
Due From Other Governments		-		1,570
Interest and Dividends		-		2,836
Investment Sales		-		4,704
Capital Assets, net of accumulated depreciation		-		8
Total Assets	_	46		1,941,569
	-			
TOTAL DEFERRED OUTFLOW OF RESOURCES		-		-
LIABILITIES				
Current Liabilities:				
Accounts Payable		1		1,287
Accrued Wages and Benefits Payable		2		61
Compensated Absences - Current		-		13
Investments Purchase Payable		-		63,995
Other Current Liabilities		-		5
Total Current Liabilities	-	3		65,361
Noncurrent Liabilities	-			
Accrued Employee Leave Benefits		-		114
Total Noncurrent Liabilities	-	-		114
Total Liabilities		3		65,475
TOTAL DEFERRED INFLOW OF RESOURCES		-		-
NET POSITION	_			
Net position restricted for pensions and other purposes	\$_	43	\$.	1,876,094

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

# STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended December 31, 2019 (amounts expressed in thousands)

		Deferred Compensation Fund #6050	Pension (and OPEB) Trust Fund
ADDITIONS	_		
Employer Contributions	\$	-	\$ 30,239
Member Contributions		-	26,303
Other Contributions		208	-
Total Contributions		208	56,542
Investment Income:	-		
Net Appreciation (Depreciation) in Fair Value of Investments	;	-	245,757
Interest and Dividends		-	37,858
Total Investment Income	_	-	283,615
Less Investment Expenses:	_		_
Investment Management Fees		-	(7,053)
Securities Lending - Agent Fees		-	(66)
Securities Lending - Broker Rebates	_	-	(1,082)
Total Investment Expense		-	(8,201)
Net Investment Income		-	275,414
Total Additions	_	208	331,956
DEDUCTIONS			
Wages and Benefits Payable		115	896
Healthcare Benefit Payments		-	86,488
Refunds of Contributions		-	2,604
Administrative Expense		88	894
Total Deductions	_	203	90,882
Net Increase (Decrease)		5	241,074
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Net position - beginning		38	1,635,020
Net position - ending	\$_	43	\$ 1,876,094

#### Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tacoma's financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Effective for the fiscal year 2019, the City considered the following new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 83 - Certain Asset Retirement Obligations. The object of this statement is to address accounting and financial reporting for asset retirements that carry legally enforceable remediation obligations. It establishes criteria for determining the timing and patter of recognition of a liability and a corresponding deferred outflow of resources. This statement will enhance comparability of financial statements among governments by establishing uniform criteria to recognize and measure decision-usefulness of the information provided to finance statement users by requiring disclosure related to those assets.

GASB Statement No. 84 – *Fiduciary Activities*. The object of this statement is to improve the identification of fiduciary activities and how they should be reported. It establishes criteria for identifying activities related to control of those assets. Control is defined as holding the assets or the ability to use, exchange, or employ the assets in a manner that provides benefits to the intended recipients. Where applicable the City has made the required adjustments as prescribed by GASB Statement No. 84.

GASB Statement No. 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The object of this statement is to improve the information that is disclosed in the notes related to debt, clarifying which liabilities should be included when disclosing that information. Debt is defined as a fixed liability that arises from a contractual obligation to pay cash or other assets as established at the contract date. This Statement requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. The object of this statement now requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Where applicable the City has made the required adjustments as prescribed by GASB Statement No. 89.

GASB Statement No. 90 – Majority Equity Interests (an Amendment of GASB Statements No. 14 & 61). The object of this statement is to clarify the reporting of the City's majority equity interest in a legally separate organization and the component units of 100% equity acquisition. Equity is defined as a financial interest evidenced through an explicit, measurable right to net resources of an organization that is usually based on an investment of financial or capital resources by a government.

For more information on the accounting changes, please see Note 7A – *Accounting changes*.

### A. Reporting Entity

The City of Tacoma is a municipal corporation incorporated January 7, 1884. The City operates under a Council-Manager form of government, and under its charter has all powers granted by the constitution and laws of the State of Washington. The City provides the full range of services contemplated by statute or charter. Areas under City Council include:

- 1. Governmental functions: City Attorney, Community & Economic Development, Environmental Policy & Sustainability, Environmental Services, Finance, Fire, Governmental Relations, Hearing Examiner, Human Resources, Information Technology, Library, Municipal Court, Media & Communications, Neighborhood & Community Services, Office of Management and Budget, Planning & Development Services, Police, Tacoma Venues and Events, and Public Works; and,
- 2. Utility functions: Power, Rail, and Water.

The accompanying financial statements present the City and its component units.

Component units are required to be blended if the component unit's governing body is substantively the same as the governing body of the primary government and (1) there is a financial benefit/burden relationship between the primary government and the component unit or (2) management of the primary government has operational responsibility for the component unit. Additionally, per GASB Statement No. 80 a component unit should be included using blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member. A component unit should be presented as blended when the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

Discretely presented component units are separate legal entities for which the City is financially accountable and there is a financial benefit/burden relationship with the City. Exclusion of these entities would cause the City's financial statements to be misleading or incomplete. To be presented as a discretely presented component unit all of the following criteria must be met:

- 1. The economic resources received or held by the organization are almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- 2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- **3.** The economic resources received or held by an individual organization of the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

For related party transactions refer to Note 3 Section H.

Blended Component Units:

Tacoma Transportation Benefit District (TBD) is governed by a Board, comprised of Tacoma City Councilmembers acting ex officio and independently of their elected position, as required by the authorizing state law. Though it is legally separated from the City the TBD is reported as if it was part of the primary government because its sole purpose is to acquire, construct, improve, and provide funding for transportation improvements for the benefit of the City and City management has operational responsibility and services are provided entirely to the City. The authority to form a TBD was granted under Washington State RCW 35.21.225 and RCW 36.73.020. During 2012 City Council created the TBD, by ordinance No. 28099 and RCW 82.80.140 gives the TBD the authority to impose taxes, fees, charges, and tolls. The TBD approved Resolution No. TBD001 imposing a \$20 vehicle registration fee within the district's boundaries, effective for 2013.

Financial statements for the TBD can be found in the Combining Statements located in the Financial Section of this report.

Discretely presented Component Units:

Tacoma Community Redevelopment Authority (TCRA) is a separate public development authority established through City ordinances and the laws of the State of Washington. TCRA was created to administer Housing and Urban Development (HUD) and Economic Development Administration (EDA) funds assisting the City in housing rehabilitation and business economic development projects. The Tacoma Community Redevelopment Authority is governed by a 10-member board appointed by the Tacoma City Council. Although it is legally separated from the City, the TCRA is a component unit of the primary government because its sole purpose is to finance and provide housing rehabilitation and community & economic development loans to residents and businesses in the City of Tacoma. The City has operational responsibility and exercises oversight responsibility for administration and contract approval.

Separate financial statements for TCRA can be obtained from: TCRA, 747 Market Street, Room 132, Tacoma, Washington 98402.

The Greater Tacoma Regional Convention Center Public Facilities District (the District) is a public corporation organized under the Laws of Washington, Chapter 165, 1999 Regular Session, Sections 1 through 23 and pursuant to an interlocal agreement between the Cities of Tacoma, Fife, University Place, Lakewood and Pierce County. Liability of the District is limited to the District's assets with no recourse to the City of Tacoma assets or property. Although it is legally separated from the City, the District is a component unit of the primary government because its sole purpose is to assist finance, and otherwise facilitate the construction and operation of a Convention Center. The City appoints a voting majority of the board and has exercised oversight responsibility for administration for the debt service on bonds issued by the City for the construction of the Convention Center. The District imposed the 0.033 percent sales and use tax authorized by RCW 82.08 and 82.12. The District pays these revenues to the City of Tacoma primarily for the debt service for bond issued by the City of Tacoma to fund the design, development, construction and operation of Convention Center inclusive of real property, buildings, fixtures, furnishings, appurtenances and improvements.

Separate financial statements for the District can be obtained from: GTRCC PFD, c/o the City of Tacoma Finance Department, 747 Market Street, Room 132, Tacoma, Washington 98402.

<u>The Foss Waterway Development Authority (FWDA or Authority)</u> is a separate legal entity and a component unit of the primary government because its sole purpose is to manage the redevelopment of property within and along the Thea Foss Waterway for the City's benefit. The City provides contributions, as necessary, to support FWDA activities. The Authority was created on October 1, 1996 by Resolution No. 33513. Under the terms of an agreement between the City and the Authority, the Authority serves to improve the environment, and along with the City, is taking steps to enhance the Waterway.

Separate financial statements for the Authority can be obtained from: Foss Waterway Development Authority, c/o the City of Tacoma Finance Department, 747 Market Street, Room 132, Tacoma, Washington 98402.

Joint Ventures:

The City participates in two joint ventures: the South Sound 911 and the Tacoma-Pierce County Health Department.

### South Sound 911

On November 8, 2011, voters in Pierce County approved a county-wide one-tenth of one percent local sales and use tax to fund costs associated with regional 911 system and facility improvements. Development of the regional system is being managed by South Sound 911, an interlocal agency created by Pierce County, the City of Tacoma, the City of Lakewood, the City of Fife and West Pierce Fire and Rescue pursuant to RCW 39.34. All services previously provided by the Law Enforcement Support Agency (LESA) are now being provided by South Sound 911. On December 17, 2012, all LESA employees were transitioned to the new agency. All assets and liabilities were transferred to South Sound 911 on the official transition date of January 1, 2013. During the next few years.

# Notes to the Financial Statements For the Year Ended December 31, 2019

Public Safety Answering Points (PSAP's) managed by the City of Tacoma, City of Fife and West Pierce Fire and Rescue will transition to South Sound 911.

In 2012, South Sound 911 established its first Policy Board consisting of nine voting members.

Members of the Policy Board include:

- One member of the Pierce County Council;
- The Pierce County Executive;
- The Mayor of Tacoma;
- One member of the Tacoma City Council;
- The Mayor or one member of the Lakewood City Council;
- The Pierce County Sheriff;
- The Mayor or one member of the Fife City Council;
- One Fire Commissioner of West Pierce Fire & Rescue;
- One Mayor or Councilmember of a city or town within Pierce County with a population under (50,000) fifty-thousand residents, provided that such city or town contracts with South Sound 911 or a Member Agency. Such position shall be filled for a two-year term by appointment through a vote of the Policy Board.

South Sound 911 also established an Operations Board under the authority of the Policy Board. The members of the Operations Board are the members of the Law Enforcement Services and Fire Services Committees. Each committee will have (1) one vote. If the Operations Board cannot reach consensus, the deciding vote will be cast by the Policy Board.

On July 9, 2019, in consideration of all interests, the parties to the original interlocal agreement voted to be reorganized as a public development authority, established under the provisions of chapter 35.21 RCW and chartered by the City of Tacoma. The newly established South Sound 911 Public Authority officially assumed the rights and responsibilities of the original Interlocal Agency, dissolving the original agreement and transitioning all operations, employees and services on December 23, 2019. South Sound 911 Public Authority is considered a separate entity and not subject to any future reporting requirements.

# **Tacoma-Pierce County Health Department**

The Health Department is a joint venture of the City and County providing personal and environmental health services throughout the County. The Department provides community leadership in protecting the public's health, preventing health problems, and promoting healthy and safe living. The Health Department was created pursuant to the provisions of Chapter 70.08 of the Revised Code of Washington (RCW) to serve the needs of the constituents of the City of Tacoma, Pierce County, and other cities and towns within the County. The operations of the Health Department are governed by an agreement, dated May 23, 2006, between the City of Tacoma and Pierce County. The Health Department is managed by the Board of Health, which consists of the Pierce County Executive or a duly designated representative, three members of the County Council, Mayor of the City of Tacoma or a duly designated representative, one member of the City Council, one member representing Pierce County Cities and Towns Association, and one member-at-large appointed by the first six representatives. The City of Tacoma and Pierce County are responsible for its debts and are entitled to the surplus.

Financial information for both entities is included in Note 7 Section F. The City of Tacoma however, does not report an equity interest in the Government-wide financial statements.

#### B. Government-wide and fund financial statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which

# Notes to the Financial Statements For the Year Ended December 31, 2019

are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes, charges between the City's utilities and various other functions of the government, and some indirect cost allocations between the general fund and other funds of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities demonstrates the degree to which the direct expenses of a given governmental function or business segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a given function or segment. Taxes, transfers between funds, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The City uses encumbrance accounting. Purchase orders, contracts and other commitments are recorded as encumbrances. Encumbrances at year-end are no longer specifically reported as reservations of fund balances for governmental type funds. They are included in the restricted, committed, or assigned fund balance as defined by GASB Statement No. 54.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to generally be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred and when goods and services are received, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Deferred Inflows of Resources includes property taxes that were not available to finance expenditures of the current period and grant revenues received in advance. Detailed information on property taxes is contained in the Statistical Section, Table 8. All other revenue items are considered to be measurable and available only when cash is received by the government.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. In addition, the City has two Internal Service Funds that provides 100% support to business-type activities only. A reconciliation is provided to explain the adjustment needed to transform the fund based financial statements into the business-type column of the government-wide presentation. These reconciliations are included as part of the basic financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's various utilities and internal service funds are charges to customers for sales and services. The City enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

The City reports the following major governmental funds:

- The General fund (#0010) is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Transportation Capital and Engineering fund (#3-1060) accounts for maintenance, engineering, and construction of city streets.

The City reports the following major proprietary funds:

- The Solid Waste fund (#4200) provides solid waste collection and disposal services for residential and commercial customers. Services include recycling, long-haul to an outside landfill, and disposal in the City owned landfill.
- The Wastewater and Surface Water (Sewer) fund (#4300-01) accounts for the planning, design, construction, operation, and maintenance of the wastewater and surface water facilities owned by the City.
- The Tacoma Water fund (#4600) accounts for the activities of the City's water distribution system.
- The Tacoma Power fund (#4700) accounts for the activities of the City's electric production and distribution operations.

### D. Assets, liabilities and net position or fund balances

#### 1. Cash and investments

The City's cash and cash equivalents include cash on hand, cash working fund, restricted cash, short term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the City-wide investment pool. Investments, including equity in pooled cash and investments are stated at fair value, except for the Pension trust fund which is reported on a trade date basis, at fair value. No direct investments restricted or otherwise, are considered to be cash equivalents. The City uses a pooled investment portfolio. Each fund receives interest based on a pro-rata share of its cash balance to the total cash invested. Portfolio earnings are distributed monthly based on average daily cash balances of the participating funds.

#### 2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds," if current, or "advances to/from other funds," if long-term. All other outstanding balances between funds are reported as "due to/from other funds." Any residual

balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the governmental fund financial statements, are included in the non-spendable classification in fund balance unless the proceeds from collection are restricted, committed, or assigned.

Property taxes are levied in November and become a property lien as of January 1. The first half is due April 30 and the second half on October 31. If the first half is not paid by April 30, the total annual tax becomes delinquent. Property taxes are collected by Pierce County and remitted to the City monthly. An allowance for uncollectible accounts is deemed unnecessary as delinquent taxes become an enforceable lien on the property. Property taxes collected within 60 days after year-end are considered measurable and available and are recognized as revenues in the fund statements. The total levy is recognized as revenue in the government-wide financial statements, regardless of when collected.

Utility receivables are shown net of an allowance for uncollectables. The uncollectable amount is established based on an analysis of historical experience. Allowances for other receivables are not utilized because the amounts are not material.

Notes and contracts receivable signed between the City and/or the Tacoma Community Redevelopment Authority (TCRA) and various parties represent economic development efforts of either a business nature or with homeowners. A large majority of the Power utility notes and contracts receivable represent energy conservation efforts between the City and homeowners or businesses.

#### 3. Inventories and prepaid items

Inventories for proprietary funds are valued at first-in/first out, moving average cost method, or lower of cost or market, depending on the fund. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items accounted for under the consumption method and are expensed over the period the services are provided rather than when purchased.

#### 4. Restricted assets

Restricted assets in the enterprise funds are monies which are restricted by legal or contractual requirements. These assets are generally intended for either construction of capital assets or for the repayment of debt. See Note 3 Section G for further information.

#### 5. Capital assets

Capital assets; which include land, property, plant, equipment, and work in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated life in excess of one year except for land, easements, rights-of-way, infrastructure and buildings and improvements. Land, easements, and rights-of-way are capitalized regardless of cost. Infrastructure capitalization threshold is \$5,000 or more. Building and infrastructure improvements are capitalized when the cost is greater than \$5,000 and increases its useful life or service capacity. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or the life of the asset are expensed.

Depreciation on all capital assets is recorded as an allocated expense in the government-wide Statement of Activities and in the proprietary fund statements. Capital assets are reported net of depreciation. The City uses a combination of group depreciation and straight-line depreciation over the life of the assets.

The estimated useful lives for all City funds are:

Property, plant, and equipment	3-100 years
Water Plant	13-60 years
Power Plant	2-62 years
Parks	33 years
Library materials	5 years
Intangibles	3-25 years
Infrastructure	5-60 years

### 6. Compensated absences

The City has two different policies for compensated absences. The City's original policy allows employees to accrue vacation based on the number of years worked with a maximum accrual equal to the amount earned in a two-year period. These employees also accrue one day of sick leave per month without any ceiling on the maximum accrued. An employee is entitled to 100% of the value of the vacation leave; 25% of the value of the sick leave at retirement or death, or 10% of the value of the sick leave upon termination for any other reason. Under a revised City policy, employees earn Personal Time off (PTO) without distinction between vacation and sick leave with a maximum accrual of 960 hours. Employees who worked for the City prior to the change, or are covered by a collective bargaining agreement that provides only for vacation and sick leave could choose to stay with the original policy or may opt to convert to the new policy. The amount of leave earned is based on years of service. The Tacoma Public Library has slightly different rules governing sick leave and vacation leave, but these differences are not considered material to the City's financial statements.

#### 7. Pensions

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

### 8. Long-term obligations

In the government-wide financial statements and the proprietary 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 deferred and amortized over the life of the bonds using the straight line method or weighted average of the bonds outstanding. Bonds payable are reported net of the applicable bond premium or discount.

In proprietary funds, unamortized debt issue costs for insurance are recorded as an asset and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

#### 9. Fund equity

#### Fund balance

The City of Tacoma implemented Governmental Accounting Standards Board (GASB) Statement No. 54 in 2011. For governmental fund financial statements fund balances are reported in five classifications.

- 1. Nonspendable: Includes amounts that are not in a spendable form, such as inventories, prepaid items, long-term interfund receivables, and amounts that are legally or contractually required to be maintained intact or required to be retained in perpetuity, such as the principal of an endowment fund.
- 2. Restricted: Includes amounts that can be spent only for the specific purposes stipulated by external resource providers. Amounts should be reported as restricted when constraints placed on use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- 3. Committed: Fund Balance can only be used for specific purposes as determined by formal action by the City Council. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation. The amount committed in the General Fund is accounted for under Fund 1030 Contingency Fund.
- 4. Assigned: Includes amounts that have been allocated by the General Fund through the encumbrance process, previously classified as unassigned. The authority to assign funds is delegated to City Management through the adoption of the biennium budget by the City Council. Fund balances of special revenue funds, debt service funds, capital project funds, that are not classified as nonspendable, restricted, or committed will be classified as assigned for the purpose of the fund. The authority to create funds is determined by formal action by the City Council, by adoption of an ordinance, or by state statue.
- 5. Unassigned: Includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report this category as a positive fund balance. In other governmental funds, if the expenditures incurred for specific purposes exceeds the amounts, restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

It is the policy of the City of Tacoma to spend funds in the following order:

- 1. Restricted
- 2. Committed
- 3. Assigned
- 4. Unassigned

Use of resources will be spent in the following hierarchy:

- 1. Bond Proceeds
- 2. Federal Funds
- 3. State Funds
- 4. Local Non-city Funds
- 5. City Funds

For detailed information on fund balances of governmental funds, please refer to Note 3 Section J.

#### Net position

Proprietary fund financial statements report reservations of net position amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### Note 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary information

The Tacoma City Council adopts a biennial budget using an appropriation ordinance. While not legally required by law, the City also adopts budgets for debt service funds, proprietary funds, and some selected trust funds. Capital project budgets are adopted for fiscal periods that correspond to the lives of the projects.

The description of the budget process and the budget reconciliation schedule are included in the budget notes in the Required Supplementary Information (RSI) and Combining Statements – Non-Major funds sections. Budgetary data for the general fund is included in the RSI and Non-Major governmental funds are included in the Combining Statements – Non-Major funds section. The budgetary statements show the original budget, revised amended budget and actual amounts expended to date for the biennium.

For budgetary tracking purposes, in the General Fund, assessments are budgeted as negative revenues. These negative revenues are considered a budgetary authority increase to both revenues and expenditures for reporting purposes in the original and final adopted budgets. The budgeted amount totaled \$1,259,438 for 2019.

#### B. Deficits in fund balance or net position

The following governmental and proprietary funds had deficit net position.

The Third Party Liability Claims Fund has a net position deficit of \$28.1 million, a decrease of \$2.9 million over the prior year, due to an increase in claims liability.

The City continues studying these programs to ensure that future claims are fully funded.

# Net Deficit (amounts expressed in thousands)

FUND	A	MOUNT
Third Party Liability Claims (#5550)	\$	(28,070)

#### C. Legal and contractual compliance

The City has complied, to the best of its knowledge, with all material finance related legal and contractual provisions.

### Note 3 – DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

### 1. Legal, Contractual and Administrative Provisions

Certificates of deposit (CDs) and Demand Deposits: The City places certificates of deposit and demand

deposits only with State of Washington banks and savings and loan institutions approved as qualified public depositories under chapter 39.58 RCW by the Washington State Public Deposit Protection Commission (WSPDPC). Qualified public depositories are limited to banks operating within Washington State, which have executed a Deposit Pledge Agreement with the WSPDPC. Until July 1, 2009, the WSPDPC maintained a multiple financial institution collateral pool wherein the qualified public depositories pledge and transmit to a third party trustee, securities through the execution of the pledge agreement, providing common collateral for their deposits of public funds. The assets of the pool and the power to make additional assessments against the members of the pool insured there would be no loss of public funds because of default of a member. Effective July 1, 2009, the WSPDPC required public depositaries to fully collateralize their uninsured public deposits at 100%. The WSPDPC allows for deposits up to the net worth of a qualified institution.

At year-end, the carrying amount of the City's deposits was \$71,910,976.

*Other investments:* State statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, bankers' acceptances, commercial paper, and repurchase agreements. The City is also authorized to enter into reverse repurchase agreements.

The City sustained no investment losses during 2019, there was no significant loss potential, and there were no significant or recurring violations of administrative, legal or contractual provisions.

*Investment committee guidelines:* The City's Investment Committee, composed of the Mayor, the Finance Director and the City Treasurer, recommended the following portfolio mix guidelines. These guidelines are intended to limit risk and generate a competitive return on investments. The Committee recognizes that daily transactions may misalign this mix.

- 1. <u>U.S. Treasury Bills, Certificates, Notes and Bonds</u>: Portfolio mix guidelines allow for a maximum of 100% of the total portfolio to be invested in these securities.
- 2. <u>U.S. Government Agency Securities</u>: Portfolio mix guidelines suggest a maximum of 90% of the total portfolio with no more than 50% of the total portfolio per agency.
- 3. <u>Supranational Agency Bonds:</u> U.S. dollar denominated bonds, notes, or other obligations that are issued or guaranteed by supranational institutions, provided that, at the time of investment: (1) the Supranational is rated within one of the two highest rating categories of a NRSRO; and the institution has the United States government as its largest shareholder. No more than 10% of the Portfolio may be invested in Supranational Agency obligations with no more than 5% being invested in obligations of a single Supranational Agency.
- 4. <u>Bankers Acceptances:</u> City investment policy allows for purchases of bankers acceptances from the top 50 world banks as published by American Banker. A maximum of 20% of the total portfolio may be invested in bankers acceptances with no more than 5% of the total portfolio in any one bank.
- 5. <u>Commercial Paper:</u> Portfolio mix guidelines require the highest rating by at least two nationally recognized rating agencies for purchase with no more than 10% of the portfolio invested in commercial paper with an additional limit of no more than 5% in any one issuer.
- 6. <u>Repurchase Agreements:</u> Portfolio mix guidelines suggest repurchase agreements be limited to maximum of 25% of the total portfolio. The market value of collateral must exceed the dollar amount of the repurchase agreement by 2% over the term of the agreement. The collateral must be an investment instrument which the City is authorized to purchase.

# Notes to the Financial Statements For the Year Ended December 31, 2019

- 7. Reverse Repurchase Agreements: The City did not participate in any reverse repurchase agreements in 2019.
- 8. <u>Municipal Bonds:</u> A maximum of 30% of the portfolio invested in municipal bonds with no more than 5% of the portfolio being invested in bonds of any one municipal bond issuer. The maximum maturity for investments in municipal bonds shall be limited to five years.
- 9. <u>Certificates of Deposit (CDs)</u>: The percentage of CDs may not exceed 25% of the total assets of the portfolio with the percentage limited to 3% for any single bank or savings and loan association. Maturities shall not exceed one year.
- 10. <u>Corporate Notes:</u> Unsecured debt obligations purchased on the secondary market, provided that such investments are made in accordance with the investment policies and procedures adopted by the State Investment Board. No more than 10% of the portfolio may be invested in corporate notes and no more than 2% with any one issuer.
- 11. Money Market Funds: Money Market Funds meeting the requirements outlined in the City's Investment Policy are permissible investments exclusively for bond proceeds invested in accordance with Section 1.148 of the U.S. Internal Revenue Code, related to arbitrage rebate. A maximum of 25% of such bond proceeds may be invested in Money Market Funds.
- 12. <u>Local Government Investment Pools:</u> A maximum of 25% of the portfolio may be invested in local government investment pools.

#### 2. Deposits and investments – December 31, 2019

<u>Custodial credit risk</u> – All bank deposits are covered 100% by federal depository insurance and pledged collateral on deposit with WSPDPC.

Foreign currency risk The City has no deposits in subject to foreign currency risk.

All certificates of deposit held by the City are in the City's name and are insured by FDIC up to \$250,000 and by the Washington State Public Deposit Protection Commission (WSPDPC) for amounts over \$250,000. Under Washington State statute, members of the WSPDPC, a multiple financial institution collateral pool, may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss.

At December 31, 2019, the City's total deposits and investments consisted of the following:

# Schedule of Deposits and Investments December 31, 2019 (amounts expressed in thousands)

#### Reconciliation of Cash and Investments:

Investments (less Component Units)	\$ 2,942,520
Certificates of Deposit	3,171
Treasurer's Cash, net	68,463
Petty Cash Funds	277
Sub-total	3,014,431
Component Units:	
Tacoma Community Redevelopment Authority (TCRA)	1,643
TCRA - External Cash	6,637
Foss Waterway Development Authority (FWDA)	248
FWDA - External Cash	263
Public Facililities District (PFD)	1,968
Sub-total (Component Units)	10,759
Total	\$ 3,025,190

Reconciliation of cash, cash equivalents, deposits and investments to Statement of Net Position:

	Amounts
	expressed in
	thousands
From Statement of Net Position	
Cash and cash equivalents	\$ 738,232
Investments at fair value	5,048
Restricted cash and cash equivalents	338,696
Total Primary Government	1,081,976
Component Units	
TCRA	8,280
GTRCC PFD	1,968
FWDA	511
Total Component Units	10,759
Fiduciary Funds	
Cash and cash equivalents	1,902
Investments at fair value	10,165
Pension Trust	1,920,388
Total Fiduciary Funds	1,932,455
Total cash and investments	\$ 3,025,190

At year-end, the government's investment balances, expressed in thousands, were as follows:

Investments:		Fair Value at 12/31/19
Financial Institutions		
WA State Local Government Investment Pool	\$	70,752
Government Agencies (various)		945,073
Equity in Pool Transferred to Component Units		(5,760)
Total Investments with Financial Institutions		1,010,065
Pension Trust		
Equities		964,057
Fixed Income		639,305
Real Estate		81,146
Venture Capital & Partnerships		183,495
Short Term Bill & Notes		805
Cash and Cash Equivalents		11,262
Securities Lending Collateral	_	52,385
Total Other Investments - Pension Trust		1,932,455
Total	\$	2,942,520

# 3. GASB 40 - General Disclosure and Disclosure Relating to Interest Rate Risk/Segmented Time Distribution Method

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. City of Tacoma Investment Policy allows for authorized investments up to 60 months in maturity. One way the City manages its exposure to interest rate risk is by timing cash flows from maturities so that portions of the portfolio are maturing over time to provide cash flow and liquidity needed for operations. The city has deposits of \$64,548,222 with the State Treasurer's Local Government Investment Pool, \$8,331,446 in an interest bearing certificate of deposit with a commercial bank and \$67,503,723 in the city's deposit accounts with commercial banks. The monies from these accounts are available immediately.

	_	Maturing (in months)						
Investment Type	Par	Less than 12	13-24	25-36	37-48	49-60		
Main Bank Demand Deposits	\$ 67,503,723 \$	67,503,723 \$	- \$	- \$	- \$	-		
Bank Demand Deposits & State Pool	73,922,906	73,922,906	-	-	-	-		
Fixed Rate Non-Callable Municipal Securities	17,764,606	13,269,760	4,494,846	-	-	-		
Fixed Rate Non-Callable Agency Securities	440,003,454	183,941,104	132,734,079	25,562,255	43,069,620	54,696,397		
Fixed Rate Callable Agency Securities	 9,499,126	9,499,126	<u> </u>	<u> </u>	<u> </u>	-		
Totals	\$ 608,693,815 \$	348,136,619 \$	137,228,925 \$	25,562,255 \$	43,069,620 \$	54,696,397		
Percent of Total		57.19%	22.54%	4.20%	7.08%	8.99%		

#### 4. GASB 40 - Disclosure Relating to Credit Risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by state statute, which is the same in the City Investment policy and the actual rating as of the end of the year 2019 for each type of investment. AAA is the highest rating for bonds. The Bank Certificates of Deposit and Demand Deposit Accounts are protected

by the Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000. All CD and DDA deposits not covered by FDIC are covered by the Washington State Public Deposit Protection Commission (PDPC) of the State of Washington. The PDPC is a statutory authority established under the Revised Code of Washington (RCW) 39.58. It constitutes fully insured or fully collateralized pool. The WA State Treasurers Local Government Investment Pool (LGIP) is authorized by the Revised Code of Washington (RCW) 43.250. The LGIP operates like a 2A7 fund and is collateralized by short term legal investments.

		Minimum	FDIC				
		Legal	and				
Investment Type	Par	Requirement	PDPC	AAA		AA	A
Bank Demand Deposits & State Pool	\$ 141,426,629	FDIC & PDPC	\$ 141,426,629	\$	Ş	-	\$ -
Fixed Rate Non-Callable Municipal Securities	17,764,606	A	-	11,054,627		6,709,979	-
Fixed Rate Non-Callable Agency Securities	440,003,454	AAA	-	440,003,454		-	-
Fixed Rate Callable Agency Securities	 9,499,126	AAA	-	 9,499,126	_	-	-
Total	\$ 608,693,815		\$ 141,426,629	\$ 460,557,207	\$	6,709,979	\$ -

#### 5. GASB 40 - Concentration of Credit Risk

**Concentration Risk** disclosure is required for all investments in any one issuer that is 5% or more of the total of the City's investments.

The following, which are more than 5%, are Financial, State Government, or Government Sponsored Agencies.

Issuer	Investment Type	Amount Reported	Percentage
Washington State	Municipal Securities	\$ n/a	n/a
Federal Farm Credit Bank	Agency Securities	58,029,157	6.1%
Federal Home Loan Bank	Agency Securities	221,893,447	23.5%
Federal Home Mortgage Corporation	Agency Securities	66,959,321	7.1%
Federal National Mortgage Association	Agency Securities	87,561,330	9.3%
Total		\$ 434,443,255	

#### 6. Disclosure of Custodial Credit Risk

Custodial Credit Risk - Investment

The city policy states that all security transactions will be settled "delivery versus payment" by the City's safekeeping bank.

#### 7. Investments Measured at Fair Value

The City measures and records its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, where fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.
- Level 2 Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are sourced from pricing vendors using

models that are market-based and corroborated by observable market data including: quoted prices; nominal yield spreads; benchmark yield curves; and other corroborated inputs.

 Level 3 – Level 3 inputs are unobservable inputs for the asset or liability and should only be used when relevant Level 1 or Level 2 inputs are unavailable.

The fair value evaluations are provided by Interactive Data. Interactive Data utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information and for structured securities, cash flow and, when available, loan performance data. Because many fixed income securities do not trade on a daily basis, Interactive Data's evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations. In addition, Interactive Data uses model processes, such as the Option Adjusted Spread model to assess interest rate impact and development payment scenarios. Their models and processes take into account market convention. For each asset class, a team of evaluators gathers information from market sources and integrates relevant credit information, perceived market movements and sector news into the evaluated pricing applications and models.

Cash and cash equivalents include highly liquid investments including short-term investment funds. Cash and cash equivalents are valued at cost and, therefore, excluded from the fair value schedule.

Data regarding the City's investments, valued and categorized according to the above outlined levels is included below:

#### Investments Measured at Fair Value

	As of			
Debt Securities	12/31/2019	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 394,034,439	\$ -	\$ 394,034,439	\$ -
Supranational Securities	20,035,790	-	20,035,790	-
Municipal Bonds	17,764,606	-	17,764,606	-
Agency Securities	449,502,580	-	449,502,580	-
Corporate Securities	63,736,264	-	63,736,264	-
l'otal	\$ 945,073,679	\$ -	\$ 945,073,679	\$ -

# B. Receivables

Receivables as of year-end for the governments and enterprise's individual major and non-major funds, internal service and fiduciary funds, including applicable allowances for uncollectible accounts are as follows:

# (amounts expressed in thousands)

			,	Trans Capital	l	Non-Major			
Accounts Receivable		General	8	& Enginerrin	g (	Governmental	Solid Waste	1	Waste Water
(amounts expressed in thousands)		Fund		Fund		Funds	Fund		Fund
Accounts Receivable (net short-term)	\$	14,934	\$	127	Ş	35,415	\$ 6,717	\$	15,257
Due from other Funds		-		-		-	-		-
Advances to other Funds		-		-		267	-		-
Due from Other Governments		14,679		840		8,377	-		652
Interest Receivable (net short-term)		-		-		-	-		-
Notes and Contracts Receivable (net short-term)		-		-		-	-		151
Notes and Contracts Receivable (net long-term)		-		-		-	-		746
TOTAL	\$	29,613	\$	967	\$	44,059	\$ 6,717	Ş	16,806
	-				•			-	
						Non-Major	Internal		

			Non-Major	Internal			
Accounts Receivable	Water	Power	Enterprise	Service		Fiduciary	
(amounts expressed in thousands)	Fund	Fund	Funds	Funds		Funds	Total
Accounts Receivable (net short-term)	\$ 11,367 \$	56,824 \$	10,666 \$	1,163	\$	42	\$ 152,512
Due from other Funds	-	-	-	-		-	-
Advances to other Funds	-	-	-	-		-	267
Due from Other Governments	301	231	-	-		1,570	26,650
Interest Receivable (net short-term)	-	-	87	-		2,836	2,923
Notes and Contracts Receivable (net short-term)	-	533	1,552	-		4,704	6,940
Notes and Contracts Receivable (net long-term)		2,396	15,535	-	_	-	18,677
TOTAL	\$ 11,668 \$	59,984 \$	27,840 \$	1,163	\$	9,152	\$ 207,969

**C.** Capital assets
Capital asset activity for the year-ended December 31, 2019 was as follows:

# (amounts expressed in thousands)

Governmental activities		Beg Bal		Increases		Decreases	End Ba	1
Capital assets not being depreciated: Land Art Construction Work in progress Total Capital assets, not being depreciated	\$	35,828 2,654 56,277 94,759	\$	15 286 9,657 9,958	\$	- \$ - (49,038) (49,038)	35,84 2,94 16,89 55,67	10 06
Capital assets, being depreciated Property, plant, and equipment Infrastructure Total capital assets, being depreciated	_	289,905 1,423,474 1,713,379	· _	6,605 58,488 65,093	_	(7,155) - (7,155)	289,35 1,481,96 1,771,31	52_
Less Accumulated depreciation: Property, plant, and equipment Infrastructure Total accumulated depreciation	_	(168,940) (820,584) (989,524)	· _	(16,923) (38,844) (55,767)	_	6,723 5,457 12,180	(179,14 (853,97 (1,033,11	71)
Governmental activities, capital assets (net of accumulated depreciation)	\$_	818,614	\$_	19,284	\$_	(44,013) \$	793,88	<u>5</u>
Business Type Activities		Beg Bal		Increases		Decreases	End Ba	<u>.l</u>
Capital assets not being depreciated: Land Construction Work in progress Total Capital assets, not being depreciated	\$	165,055 74,656 239,711	\$	701 116,171 116,872	\$	(271) \$ (112,856) (113,127)	165,48 77,97 243,45	1
Capital assets, being depreciated Property, plant, and equipment Total capital assets, being depreciated	_	4,551,188 4,551,188	· _	133,822 133,822	_	(24,024) (24,024)	4,660,98 4,660,98	_
Less Accumulated depreciation: Property, plant, and equipment Total accumulated depreciation	<del>-</del>	(1,919,547) (1,919,547)	· –	(110,301) (110,301)	_	16,405 16,405	(2,013,44	_
Business Type Activities, capital assets (net of accumulated depreciation)	f \$_	2,871,352	\$_	140,393	\$_	(120,746) \$	2,890,99	19

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		
General Government	\$	1,031
Public Safety		3,529
Transportation		39,982
Economic Environment		122
Social Services		3
Culture and Recreation		2,432
Capital Assets held by Internal Services funds which are charged		
to various functions based on their usage of the assets	_	8,668
Total depreciation expense - governmental activities	_	55,767
Prior period adjustment	_	0
Total depreciation increase	\$	55,767
Business-type activities:		
Permit	\$	20
Mountain Rail		775
Parking Garage		1,375
Convention Center		1,926
Baseball Park		1,475
Tacoma Dome		930
Performing Arts		748
TPU Fleet *		3,795
Solid Waste		5,579
Waste Water		17,842
Tacoma Rail		1,841
Water		25,295
Power	_	48,700
Total depreciation expense - business-type activities		110,301
Prior period adjustment	_	0
Total depreciation increase	\$	110,301

<sup>\*</sup> Internal Service Fund that solely supports business-type activities.

#### D. Leases

Amounts expressed in thousands, Tacoma Power lease agreement with Mason County Public Utility District No. 3 (PUD 3), Telecommunication Networks, \$599. This capital lease is for the use of multiple segments on PUD 3's internal network is a 20 year lease. The value for this lease is \$812. There is no interest on the lease.

(amounts expressed in thousands)

Year Ending December 31	Amount			
2020	\$32			
2021	32			
2022	32			
2023	32			
2024	32			
2025 - 2039	439			
	\$599			
	·			

#### E. Short-term debt

Governmental activities: No short-term debt was issued or outstanding in 2019. Business-type activities: No short-term debt was issued or outstanding in 2019.

# F. Long-term debt

### General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities.

The annual debt service requirements to maturity, including principal and interest, for general obligation bonds as of December 31, 2019 are as follows:

	 Governmen	ctivities	Business-type activities				
	 Principal		Interest	Principal		Interest	
2020	10,468		4,545	\$ 2,677	\$	2,168	
2021	10,852		4,179	2,763		2,043	
2022	11,219		3,803	2,861		1,932	
2023	8,201		4,726	2,505		1,797	
2024	8,076		4,849	2,625		1,672	
2025-2029	39,523		23,756	15,200		6,304	
2030-2034	38,871		22,546	18,975		2,687	
2035-2039	12,890		3,999	1,785		93	
2040-2044	505		90	-		-	
Total	\$ 140,605	\$	72,493	\$ 49,390	\$	18,697	

General obligation bonds are direct obligations and pledge the full faith and credit of the government and are being repaid with general governmental revenue sources. General obligation bonds currently outstanding are as follows:

# General obligation bonds outstanding (amoutns expressed in thousands)

	Interest Rates to	Οι	ıtstanding
	Maturity	Dece	mber 31,2019
Governmental activities	2.6323 - 7.2020%	\$	140,605
Business-type activities	2.7966 - 3.20667%	\$	49,390

#### Special assessment bonds

The City has issued special assessment bonds for various capital construction purposes. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other foreclosure proceeds are received. As of December 31, 2019, the amount of LID Special Assessment delinquency equals \$1,202,916. The bond interest rates range from 3.125 to 5.75% and are payable over the next twenty-eight years.

Annual debt service requirements to maturity, including principal and interest, for special assessment bonds outstanding at year-end are as follows:

Governmental activities	
Special Assessment Bonds	
(amounts expressed in thousands)	
D: : 1 T	700 1

_	Principal	Interest	Total
2020	-	1,151	1,151
2021	-	1,157	1,157
2022	-	1,157	1,157
2023	-	1,157	1,157
2024	-	1,157	1,157
2025-2029	-	5,787	5,787
2030-2034	-	5,787	5,787
2035-2039	1,530	5,638	7,168
2040-2044	17,085	4,556	21,641
2045-2048	4,011	376	4,387
Total	22,626	27,926	50,552

#### Revenue Bonds and Loans

The City also issues bonds where the City pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds are secured by net operating revenue and cash and equity in pooled investment balances in the bond construction, reserve, and debt service funds. The bonds are also subject to certain financial and non-financial covenants. The original amount of outstanding revenue bonds, Washington State Public Works Trust Fund loans, Washington State Department of Transportation Rail loans, and Drinking Water State Revolving Fund loans issued in prior years was \$1.2 billion. During 2019, new debt issues amounted to \$20 million for capital improvements in the Tacoma Power fund.

Business-type activities Revenue Bonds and Loans (amounts expressed in thousands)

	Principal	Interest	Total
2020	44,169	52,606	96,774
2021	43,494	50,903	94,397
2022	40,017	49,273	89,290
2023	38,200	47,864	86,064
2024	39,536	46,477	86,013
2025-2029	207,717	208,009	415,726
2030-2034	286,651	154,496	441,147
2035-2039	245,599	79,950	325,549
2040-2044	191,975	26,570	218,545
2045-2048	34,880	2,695	37,575
Total	\$ 1,172,237	\$ 718,843	\$ 1,891,080

Changes in long-term liabilities for the year ended December 31, 2019 are as follows:

# Changes in long-term liabilities

Governmental activities

Long-term liabilities (amounts expressed in thousands)	Beginning Balance	А	dditions	Re	eductions	Ending Balance	ie within ne year	concile to Note 11
General obligation bonds	\$ 148,524	\$	2,208	\$	(10,128)	140,604	\$ 10,467	\$ 140,604
Add: Unamortized premium	565		-		(332)	233	-	-
Less: Unamortized discount	(48)		-		5	(43)	-	-
Public works trust fund loans	3,422		-		(570)	2,852	570	2,852
Bond anticipation notes	8,572		-		(7,731)	841	841	841
Special assessment debt	22,938		4,011		(4,323)	22,626	-	22,626
Claims and judgments	33,763		7,659		(1,889)	39,533	32,332	-
Total OPEB Liabilities	185,867		20,878		(31,667)	175,076	-	-
Total pension liability-Police and Firefighters'	38,296		2,231		-	40,527	3,131	-
Net pension liability	-		35,805		-	35,805	-	-
Compensated absences	 20,145		28,580		(26,858)	21,867	2,187	-
Total governmental activities - long-term liabilities	\$ 462,044	\$	101,372	\$	(83,493)	\$ 479,921	\$ 49,528	\$ 166,923

Long-term liabilities are included as part of the above totals for governmental activities. At year-end, \$4.2 million of internal service funds compensated absences were included in the above amounts. Additionally, the governmental activities, claims and judgments, and employee benefits are generally liquidated by the Third Party Claims and Workers' Compensation funds, Information Services fund, and the General fund respectively.

The additions for governmental activities general obligations bonds in the amount of \$2,208 listed above represents the Governmental Funds issuance of long-term debt (\$2,208) reported in the government wide financial statements.

# Notes to the Financial Statements For the Year Ended December 31, 2019

Business-Type activities					
Long-term liabilities	Beginning			Ending	Due within
(amounts expressed in thousands)	Balance	Additions	Reductions	Balance	one year
Revenue Bonds, Drinking Water State Revolving loans, WA					
DOT Rail loans	\$ 1,215,938	\$ -	\$ (43,701)	\$ 1,172,237	\$ 44,169
Muckleshoot liability	6,763	-	(177)	6,586	173
General obligation bonds	51,987	-	(2,597)	49,390	2,677
Add: Unamortized premium	64,163	9	(5,234)	58,938	-
Less: Unamortized discount	(16)	-	3	(13)	-
Revolving line of credit	55,250	20,000	-	75,250	-
Environmental liability	2,235	6,460	(478)	8,217	7,024
Landfill postclosure care cost liability	15,725	-	(859)	14,866	859
Total OPEB liabilities	34,945	3,931	(9,840)	29,037	
Compensated absences	20,289	17,750	(17,362)	20,678	2,074
Net pension liability		81,204		81,204	
Total business-type activities - long-term liabilities	\$ 1,467,279	\$ 129,354	\$ (80,245)	\$ 1,516,391	\$ 56,975

Note 11 summarizes changes in long-term debt.

#### Debt issued in 2019

#### Governmental activities

In 2019, there was an issue of Consolidated Local Improvement District (CLID) Special Assessment Bonds in the amount \$4.0M by Public Works.

#### Business-type activities:

In 2015, Tacoma Power entered into a \$100 million line-of-credit agreement with Wells Fargo for working capital. The line matured in May 2018. An amendment was executed in May 2018 to extend the line-of-credit for an additional 3 years and will mature in May 2021. Each advance will bear interest at 80% of the London Interbank Offered Rate (LIBOR) of 1.7625% at December 31, 2019. Each advance is secured by Revenues as set forth in the Note Ordinance. The balance outstanding is \$75.3 million as of December 31, 2019.

# **Bond Defeasance**

As of December 31, 2019, the following outstanding bonds were considered defeased in substance:

<u>lssue</u>	<u>Amount</u>
2013 Electric System Revenue Refunding Bonds, Series A	24,741,029
	\$ 24,741,029

These refunded bonds constitute a contingent liability of Tacoma Power only to the extent that cash and investments presently in the control of the refunding trustees are not sufficient to meet debt service requirements, and are therefore excluded from the financial statements because the likelihood of additional funding requirements is considered remote.

<u>Issue</u>	<u>Amount</u>
Sewer Revenue Refunding bonds, 2006 and 2011	\$ 34,320,000
Sewer Revenue Refunding Bonds, Series 2016 A	
(TES Properties Lease Revenue Bonds 2009)	 31,055,000
	\$ 65,375,000

These refunded bonds constitute a contingent liability of the Wastewater and Surface Water Fund only to the extent that cash and investments presently in the control of the refunding trustees are not sufficient to meet debt service requirements, and are therefore excluded from the financial statements because the likelihood of additional funding requirements is considered remote.

### **Arbitrage**

Under US Treasury Department regulations, all tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. In general, the requirements stipulate that the earnings from investments of tax-exempt bond proceeds that exceed interest expenditures on the related debt, must be remitted to the Federal government on every fifth anniversary of each bond issue. At the fund level, the City recognizes this liability only when it is due and payable. The city has evaluated each general obligation bond and revenue bond issue subject to the arbitrage rebate requirement and, as of December 31, 2019, has no outstanding arbitrage liability.

#### G. Restricted assets

The balance of the current restricted assets accounts in the enterprise funds are as follows: (amounts expressed in thousands)

	\$ 309,796
Cash for other special purposes	144,110
Cash for construction	109,016
Cash for bond reserve	27,115
Cash for debt service	\$ 29,555

#### H. Related party transactions

The City of Tacoma's Mayor appoints the Governing Board for the Tacoma Housing Authority, which is not considered a component unit of the City. The City is under no obligation to subsidize, nor does it exercise any other prerequisite for inclusion.

City Officials serve on boards of several organizations, Workforce Central, Pierce Transit and South Sound 911. There is no evidence City Council can influence the programs and activities of these organizations or that they create a significant financial benefit or burden to the City. There are no material financial transactions between the City and these organizations and therefore are not included in the reporting entity.

As of December 23, 2019 South Sound 911 Public Authority officially assumed the rights and responsibilities of the original Interlocal Agency, dissolving the original agreement and transitioning all operations, employees and services. There are no material or financial transactions between the City and this organization and therefore are not included in the reporting entity.

#### I. Fund balances

The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. Balances previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, and unassigned. Please refer to Note 1 Section C for fund balance descriptions.

The following shows a composition of the fund balances of the governmental funds:

\* The City Council adopted through Ordinance No. 19315 the establishment of the Council Contingency fund per RCW 35.21.070. This fund rolls into the General Fund for financial reporting purposes. Use of the Contingency Fund requires approval from majority of the City Council through the adoption of an ordinance detailing the facts surrounding its reason for withdrawal.

Part		 Major	Funds	3	Non-major Funds			_			
Nonspendable:   Long-term receivables/advances   \$ 2,482   \$ - \$ - \$ 1,406			Ca	ipital &			Deb	ot Service		То	otal Funds
Long-term receivables/advances   \$ 2,482   \$ - \$ - \$ - \$ \$ - \$ 2,482     Inventory   1,587   - 1,406   2,293     Prepaids   5   17   17     Total nonspendable   44,774   - 1,123   1,77     Total nonspendable   44,774   - 1,123   1,77     Total nonspendable	Fund balances:	 									
Inventory	Nonspendable:										
Prepaids         5         -         -         17         -         -         17           Total nonspendable         4,074         -         1,423         -         -         5,497           Restricted:         -         -         66         -         -         66           Crime Prevention & Safety         -         -         66         -         -         3,541           Debt service         -         -         4,468         5,291         1,252         11,011           Economic development programs         -         -         8,988         -         -         8,988           Grants         -         -         288         -         -         2,888           Library, Gulture & Arts & Preservation         -         263         -         -         2,888           Library, Gulture & Arts & Preservation         -         -         263         -	Long-term receivables/advances	\$ 2,482	\$	-	\$	-	\$	-	\$ -	\$	2,482
Trust         4,074         -         1,7         -         1,7           Restricted:         Business & Training Assistance         -         66         -         -         66           Crime Prevention & Safetry         -         -         3,541         -         -         3,541           Debt service         -         -         4,468         5,291         1,252         11,011           Economic development programs         -         -         8,988         -         -         8,988           Grants         -         -         288         -         -         288           Library, Culture & Arts & Preservation         -         -         15,305         -         478         15,783           Neighborhoods         -         -         263         -         -         263           Other capital & purchase         -         -         15,701         -         -         263           Other capital & purchase         -         -         171         -         -         171           Pensions         387         -         -         171         -         -         24,658           Public works projects         -	Inventory	1,587		-		1,406		-	-		2,993
Total nonspendable	Prepaids	5		-		-		-	-		5
Restricted:   Business & Training Assistance   -   66   -   66   Crime Prevention & Safety   -   -   3,541   -   -   3,541   Debt service   -   4,468   5,291   1,252   11,011   Economic development programs   -   8,988   -   -   8,988   Grants   -   288   Library, Culture & Arts & Preservation   -   -   15,005   -   478   15,783   Nieighborhoods   -   -   263   -   263   -   263   Other capital & purchase   -   -   4,994   -   530   5,524   Paths & Trails   -   -   171   -   171   Pensions   387   -   -   24,649   -   -   24,658   Public Works projects   -   1,405   16,268   -   11,814   29,487   Total restricted   396   1,405   86,542   5,291   24,923   118,557   Committed:   Council contingency*   710   -   -   -   -   710   Nieighborhoods   -   -   -   -   -   770   Public services   -   -   -   -   -   -   -   -   -	Trust	-		-		17		-	-		17
Business & Training Assistance         -         -         66           Crime Prevention & Safety         -         -         3,541         -         -         3,541           Debt service         -         -         4,468         5,291         1,252         11,011           Economic development programs         -         -         8,988         -         -         8,988           Grants         -         -         288         -         -         288           Library, Culture & Arts & Preservation         -         -         15,055         -         478         15,783           Neighborhoods         -         -         203         -         -         263           Other capital & purchase         -         -         4,994         -         530         5,524           Paths & Trails         -         -         171         -         -         171           Pensions         387         -         -         171         -         -         171           Pensions         387         -         -         171         -         -         263           Public works projects         -         -         7,541	Total nonspendable	 4,074		-		1,423			 -		5,497
Crime Prevention & Safety         -         -         3,541         -         -         3,541           Debt service         -         -         4,468         5,291         1,252         11,011           Economic development programs         -         -         8,988         -         -         8,988           Grants         -         -         288         -         -         288           Library, Culture & Arts & Preservation         -         -         15,305         -         -         203           Other capital & purchase         -         -         263         -         -         203           Other capital & purchase         -         -         171         -         -         171           Paths & Trails         -         -         171         -         -         171           Pensions         387         -         -         -         -         171         -         -         24,658           Public services         9         -         24,649         -         -         24,658           Public Works projects         -         1,405         16,268         -         11,814         29,487	Restricted:										
Debt service         -         4,468         5,291         1,252         11,011           Economic development programs         -         -         8,988         -         -         8,988           Grants         -         -         288         -         -         288           Library, Culture & Arts & Preservation         -         -         15,305         -         478         15,783           Neighborhoods         -         -         263         -         -         263           Other capital & purchase         -         -         4,994         -         530         5,524           Paths & Trails         -         -         171         -         -         387           Public services         9         -         24,649         -         -         -         24,658           Public Works projects         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed:         -         -         1,405         86,542         5,291         24,923         118,557           Council	Business & Training Assistance	-		-		66		-	-		66
Economic development programs         -         -         8,988         -         -         8,988           Grants         -         -         2,886         -         478         15,783           Neighborhoods         -         -         263         -         -         263           Other capital & purchase         -         -         4,994         -         530         5,524           Path & Trails         -         -         171         -         -         171           Pensions         387         -         -         -         -         171           Pensions         387         -         -         -         171         -         -         171           Public Works projects         -         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         16,268         -         11,814         29,487           Total cestricted         396         1,405         16,268         -         11,814         29,487           Total cestricted         396         1,405         16,268         -         11,814         29,487           Total	Crime Prevention & Safety	-		-		3,541		-	-		3,541
Grants         -         288         -         -         288           Library, Culture & Arts & Preservation         -         -         15,305         -         478         15,783           Neighborhoods         -         -         263         -         -         263           Other capital & purchase         -         -         4,994         -         530         5,524           Paths & Trails         -         -         171         -         -         171           Pensions         387         -         -         -         0         387           Public services         9         -         24,649         -         -         24,658           Public works projects         -         -         7,541         -         10,849         18,390           Sidewalk & Street projects         -         -         7,541         -         10,849         18,390           Committed:         -         -         -         7,541         -         10,849         18,390           Committed:         -         -         -         7,541         -         10,849         18,390           Committed:         -         -	Debt service	-		-		4,468		5,291	1,252		11,011
Library, Culture & Arts & Preservation Neighborhoods	Economic development programs	-		-		8,988		-	-		8,988
Neighborhoods         -         2 263         -         2 263           Other capital & purchase         -         -         4,994         -         530         5,524           Paths & Trails         -         -         1,711         -         -         1,717           Pensions         387         -         -         -         -         387           Public works projects         9         -         24,649         -         -         24,658           Public Works projects         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed         -         -         1,405         86,542         5,291         24,923         118,557           Committed         -         -         -         -         -         710         -	Grants	-		-		288		-	-		288
Other capital & purchase         -         -         4,994         -         530         5,524           Paths & Trails         -         -         171         -         -         171           Pensions         387         -         -         -         -         -         387           Public services         9         -         24,649         -         -         24,658           Public Works projects         -         -         7,541         -         10,849         18,390           Sidewalk & Street projects         -         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         18,557           Committed:         -	Library, Culture & Arts & Preservation	-		-		15,305		-	478		15,783
Paths & Trails         -         171         -         -         171           Pensions         387         -         -         -         -         387           Public services         9         -         24,649         -         -         24,658           Public Works projects         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed         396         1,405         86,542         5,291         24,923         118,557           Committed         396         1,405         86,542         5,201         24,923         118,557           Committed         710         -         -         -         -         -         70         10           Neighborhooks         -         -         97         -         574         574         574         14,154         14,154         14,154         14,154         14,154         14,154         14,154         14,154         14,154         1	Neighborhoods	-		-		263		-	-		263
Paths & Trails         -         171         -         -         171           Pensions         387         -         -         -         -         387           Public services         9         -         24,649         -         -         24,658           Public Works projects         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed         396         1,405         86,542         5,291         24,923         118,557           Committed         396         1,405         86,542         5,201         24,923         118,557           Committed         710         -         -         -         -         -         70         10           Neighborhooks         -         -         97         -         574         574         574         14,154         14,154         14,154         14,154         14,154         14,154         14,154         14,154         14,154         1	Other capital & purchase	-		-		4,994		-	530		5,524
Public services         9         -         24,649         -         -         24,638           Public Works projects         -         -         7,541         -         10,849         18,309           Sidewalk & Street projects         -         1,405         16,668         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed:         ***Council contingency**         710         -         -         -         710           Neighborhoods         -         -         97         -         -         97           Public services         -         -         -         -         -         826         826           Other Capital         -         -         -         -         -         574         574         574           Public Works projects         -         -         -         97         -         15,554         14,154           Total committed         710         -         -         97         -         15,554         14,154           Total committed         710         -         -         27         <		_		_		171		_	_		171
Public Works projects         -         -         7,541         -         10,849         18,390           Sidewalk & Street projects         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed:         Committed:           Council contingency*         710         -         -         -         -         710           Neighborhoods         -         -         97         -         -         97           Public services         -         -         -         -         -         -         97           Public works projects         -         -         -         -         -         574         574           Public Works projects         -         -         -         -         -         -         14,154         14,154           Total committed         710         -         -         -         -         -         -         228           Demolitions         -         -         -         228         -         -         -         228           Demolit	Pensions	387		_		-		_	_		387
Public Works projects         -         -         7,541         -         10,849         18,309           Sidewalk & Street projects         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed:         Committed:           Council contingency*         710         -         -         -         -         710           Neighborhoods         -         -         97         -         -         97           Public services         -         -         -         -         -         826         826           Other Capital         -         -         -         -         -         574         574         574           Public Works projects         -         -         -         -         -         574         574         574           Public Works projects         -	Public services	9		_		24,649		_	_		24,658
Sidewalk & Street projects         -         1,405         16,268         -         11,814         29,487           Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed:         86,542         5,291         24,923         118,557           Committed:         87         86,542         5,291         24,923         118,557           Committed:         710         -         -         -         -         710           Neighborhoods         -         -         97         -         -         97           Public works projects         -         -         -         -         -         14,154         14,154           Total committed         710         -         97         -         14,154         14,154           Total committed         710         -         97         -         14,154         14,154           Total committed         710         -         97         -         15,554         16,361           Assigned:         -         -         228         -         -         228           Business & Training Assistance         -         -         2,717 <td>Public Works projects</td> <td>_</td> <td></td> <td>_</td> <td></td> <td></td> <td></td> <td>_</td> <td>10,849</td> <td></td> <td></td>	Public Works projects	_		_				_	10,849		
Total restricted         396         1,405         86,542         5,291         24,923         118,557           Committed:         Council contingency*         710         -         -         -         -         710           Neighborhoods         -         -         97         -         -         97           Public services         -         -         9         -         574         574           Public Works projects         -         -         -         97         -         574         574           Public Works projects         -         -         97         -         15,554         16,361           Assigned:         Business & Training Assistance         -         97         -         15,554         16,361           Assigned:         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         3,738           Open Space Proper	* '	_		1.405				_			
Committed:         Council contingency*         710         -         -         -         710           Neighborhoods         -         -         97         -         -         97           Public services         -         -         -         -         -         826         826           Other Capital         -         -         -         -         574         574           Public Works projects         -         -         -         -         14,154         14,154           Total committed         710         -         97         -         15,554         16,361           Assigned:         -         -         -         97         -         15,554         16,361           Assigned:         -         -         -         97         -         15,554         16,361           Assigned:         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139 </td <td>1 /</td> <td> 396</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>5,291</td> <td></td> <td></td> <td></td>	1 /	 396						5,291			
Neighborhoods         -         -         97         -         -         97           Public services         -         -         -         -         -         826         826           Other Capital         -         -         -         -         574         574           Public Works projects         -         -         -         -         14,154         14,154           Total committed         710         -         97         -         15,554         16,361           Assigned:         -         -         97         -         15,554         16,361           Assigned:         -         -         97         -         15,554         16,361           Assigned:         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -				,,,,,,							
Neighborhoods         -         -         97         -         -         97           Public services         -         -         -         -         -         826         826           Other Capital         -         -         -         -         574         574           Public Works projects         -         -         -         -         14,154         14,154           Total committed         710         -         97         -         15,554         16,361           Assigned:         -         -         97         -         15,554         16,361           Assigned:         -         -         97         -         15,554         16,361           Assigned:         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -	Council contingency*	710		_		-		_	_		710
Public services         -         -         -         -         826         826           Other Capital         -         -         -         -         574         574           Public Works projects         -         -         -         -         14,154         14,154           Total committed         710         -         97         -         15,554         16,361           Assigned:           Business & Training Assistance         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         2,484           Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -         3,738           Open Space Properties         -         -         931         -         -         931           Local Improvement District         -	~ .	_		_		97		_	_		97
Other Capital         -         -         -         -         574         574           Public Works projects         -         -         -         -         14,154         14,154           Total committed         710         -         97         -         15,554         16,361           Assigned:           Business & Training Assistance         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         2,484           Municipal TV         -         -         3,738         -         -         3,738           Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         4,388           Public Services         -	ě	_		_		-		_	826		826
Public Works projects         -         -         -         -         14,154         14,154           Total committed         710         -         97         -         15,554         16,361           Assigned:           Business & Training Assistance         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -         3,738           Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         4,388           Public Works projects         -         -         4,388         -         -         -         4,388           Public servi		_		_		-		_			
Total committed         710         -         97         -         15,554         16,361           Assigned:         Business & Training Assistance         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -         3,738           Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         7           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -	*	_		_		-		_			
Assigned:  Business & Training Assistance 228 228  Demolítions 2,717 2,717  Library 2,484 2,484  Municipal TV 1,139 1,139  Neighborhoods 3,738 3,738  Open Space Properties 465 465  Police activities 931 931  Local Improvement District - 7 - 931 931  Local Improvement District - 7 - 4,388  Public Services - 1,632 639 - 269 2,540  Other purposes 1,992 29 2,021  Total assigned 1,992 1,639 16,729 - 298 20,658  Unassigned: 70,115 70,115	1 /	 710				97			 		
Business & Training Assistance         -         -         228         -         -         228           Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -         3,738           Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         931           Local Improvement District         -         7         -         -         -         93           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         - </td <td></td> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td> </td> <td></td> <td></td>		 							 		
Demolitions         -         -         2,717         -         -         2,717           Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -         3,738           Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         7           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -	9	_		_		228		_	_		228
Library         -         -         2,484         -         -         2,484           Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -         3,738           Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         7           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         70,115		_		_				_	_		2.717
Municipal TV         -         -         1,139         -         -         1,139           Neighborhoods         -         -         3,738         -         -         3,738           Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         7           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         70,115		_		_				_	_		
Neighborhoods         -         -         3,738         -         -         3,738           Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         7           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         2         202           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         70,115	,	_		_				_	_		
Open Space Properties         -         -         465         -         -         465           Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         7           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         70,115		_		_				_	_		
Police activities         -         -         931         -         -         931           Local Improvement District         -         7         -         -         -         7           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         70,115	O .	_		_				_	_		
Local Improvement District         -         7         -         -         7           Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         70,115		_		_				_	_		
Public Works projects         -         -         4,388         -         -         4,388           Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         70,115		_		7		_		_	_		
Public services         -         1,632         639         -         269         2,540           Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         70,115	1	_		_		4,388		_	_		4.388
Other purposes         1,992         -         -         -         29         2,021           Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         -         70,115	1 ,	-		1,632				_	269		
Total assigned         1,992         1,639         16,729         -         298         20,658           Unassigned:         70,115         -         -         -         -         -         70,115		1.992		-,				_			
Unassigned: 70,115 70,115	* *	 		1,639	_	16.729			 		
	~	 							 		
		\$ 	\$		\$	104,791	\$	5,291	\$ 40,775	\$	

#### J. Restricted fund balance – governmental funds

In the governmental funds financial statements fund balance is restricted when constraints placed on fund balance use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Amounts expressed in thousands.

Purpose	
Capital purchases	\$ 4,994
Debt Service	11,011
Culture and recreation	15,782
Public safety	3,541
Transportation	73,236
Grants	288
Housing and economic development	9,318
Pension	 387
	\$ 118,557

#### Note 4 – PENSION PLANS OBLIGATIONS AND OTHER POST-EMPLOYMENT BENEFITS

Employees of the City, other than law enforcement officers, firefighters, and railroad employees, are covered by the Tacoma Employees' Retirement System (the System), an actuarially funded system operated by the City. Law enforcement officers and firefighters are covered by the Law Enforcement Officer and Firefighter Retirement System (LEOFF), a cost-sharing multi-employer plan administered by the State of Washington for law enforcement officers and firefighters throughout the State of Washington. Additionally, the City administers two single employer Pension funds as required by State Statute - a Police Relief and Pension fund and a Firemen's Relief and Pension fund.

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2019:

Aggregate Pension Amounts – All Plans					
Pension liabilities	(\$117,009,191)				
Pension assets	\$75,660,594				
Deferred outflows of resources	\$147,387,716				
Deferred inflows of resources	(\$36,769,693)				
Pension expense/expenditures	\$45,412,510				

At December 31, 2019, The City reported the aggregate deferred outflows of resources and deferred inflows of resources for all pension plans as follows:

Total - All Plans	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	(\$16,348,311)	\$7,629,482
Changes of assumptions	(\$6,215,371)	\$17,212,697
Net difference between projected and actual earnings	(\$13,442,120)	\$89,758,820
Contributions made subsequent to the measurement date	n/a	\$30,454,361
Changes in employer proportion	(\$763,891)	\$2,332,355
Total	(\$36,769,693)	\$147,387,716

#### A. Tacoma Employees' Retirement System fund (TERS)

The Tacoma Employees' Retirement System (TERS), a pension trust fund of the City of Tacoma, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information and can be obtained by writing to:

Tacoma Employee's Retirement System 3628 South 35<sup>th</sup> Street Tacoma, WA 98409

Or the TERS CAFR may be downloaded from the TERS website at www.cityoftacoma.org/retirement

1. Administration of the system: The Tacoma Employees' Retirement System is a cost-sharing, multiple-employer, defined benefit retirement plan covering substantially all employees of the City of Tacoma, with the exception of police officers, firefighters, and Tacoma Rail employees who are covered by state and federal retirement plans. Employees of the Tacoma-Pierce County Health Department as well as certain employees of Pierce Transit and South Sound 911 (formerly known as Law Enforcement Support Agency) who established membership in the System when these agencies were still departments of the City of Tacoma are also members. The Board of Administration of the Tacoma Employees' Retirement System administers the plan and derives its authority in accordance with Chapter 41.28 Revised Code of Washington and Chapter 1.30 of the Tacoma City Code.

At the direction of the City Council, the System is administered by the Board of Administration (the Board) consisting of nine regular members and one alternate member. The members of the Board are: the Mayor, who serves as Chair; the Director of Finance; the City Manager (or designee); the Public Utilities Director (or designee); three elected employee representatives; one elected retired representative; and one City resident (not employed by the City) elected by the other eight members. The nine Board members appoint a TERS member, either active or retired, as an alternate Board member. The Board is required by the Tacoma Municipal Code to make annual reports to the City Council on the financial condition of the Retirement System. The Board, subject to City Council approval, appoints the Director who is responsible for managing the daily operations of the System.

2. Membership: Substantially all employees of the City of Tacoma are members of the System, with the exception of police officers, firefighter, and Tacoma Rail employees, who are covered by state or federal retirement plans. Other members include employees of the Tacoma-Pierce County Health Department, and certain employees of the Pierce Transit and the South Sound 911 who established membership in the System when these agencies were still City of Tacoma departments. The breakdown of membership as of January 1, 2019 is as follows:

Retirees and beneficiaries currently receiving benefits	2,474	
Terminated vested and other terminated participants	747	
Active members:		
City of Tacoma	2,706	
South Sound 911	2	
Pierce Transit	7	
Tacoma-Pierce County Health Department	274	
Total active members		2,989
Total membership		6,210

**3.** *Benefits*: There are two formulas to calculate the retirement benefits. The benefit paid will be issued on the formula which provides the higher benefit. The most commonly applied formula, "service retirement", is a product of the member's average monthly salary for the highest, consecutive 24-month period, the number of years of membership credit, and a percentage factor (2% maximum) that is based on the member's age and years of service. The other formula is an annuity based on member contributions. There are several options available for the retiree to provide for their beneficiaries. The System also provides death, disability and deferred retirement. Additionally, the System provides cost of living adjustment (COLA) increases up to 2.125% as of July 1<sup>st</sup> of each year; the actual COLA granted is dependent on the Consumer Price Index (Seattle Area – all items) over the preceding calendar year.

Any active member who has not retired, and has five or more years of service may purchase up to five additional years of service at the time of retirement. Total service including service purchased cannot exceed 30 years.

The System participates in the portability of public retirement benefits in Washington State public retirement. As provided under Chapter 41.54 of the RCW, this allows a member to use all years of service with qualified Washington systems to determine retirement eligibility and percentage factor for benefits under the System.

**4.** *Contributions*: The participating employers are responsible for funding the System at a level sufficient to pay obligations and ensure the actuarial and financial soundness of the System. Contribution rates for the employer and the employee are recommended by the Board of Administration and final approval rests with the Tacoma City Council. Currently, the required contribution rate for employees is 9.66% of their regular base pay; the employer contributes 11.34%, for a combined total of 21.00%. This is consistent with the Board's goal of maintaining a contribution rate that is greater than or equal to the normal cost rate of 18.53%. The difference of 2.47% between the contribution rate and the normal cost rate will be used to amortize the unfunded liability of the System. Changes to the contribution rate are subject to Sections 1.30.340 and 1.30.360 of the Tacoma Municipal Code.

TERS		
<b>Actual Contribution Rates</b>	Employer	Employee*
January – December 2019		
TERS	11.34%	9.66%
TERS UAAL	2.47%	
Administrative Fee	0.80%	
Total	14.61%	9.66%

**5.** *Significant Assumptions:* The following actuarial methods were used in the funding valuation.

Measurement Date	December 31, 2018	
Valuation Date	January 1, 2019	
Actuarial Cost Method	Entry Age Normal	
Amortization Method	Funding is based on statutory contributions rate.	
	This amount is compared to a 25-year amortization for the purposes of calculating the Actuarially Determined Contribution. The amortization method for the ADC is as follows:	
	Level percent	
	Open periods	
	• 25 year amortization period	
	• 3.75% amortization grown rate	
	Style / a uniotization gio mi tuto	
Asset Valuation Method	4 year smoothing period; Corridor - None	
Inflation	2.75%	
Salary Increases	Varies by service; details in funding valuation	
	report	
Investment Rate of Return	7.00%	
Cost of Living Adjustment	2.125%	
Retirement Age	Varies by age, gender, eligibility; details in funding	
Turnover	valuation report.  Varies by service, gender; details in funding	
Turnover	valuation report.	
Mortality	RP-2014 Mortality for Healthy and Disabled	
Worthing	Annuitants, with age adjustments	
Active Members:	RP-2014 Employee Mortality, sex-distinct.	
Male Inactive Members and Male Beneficiaries:	RP-2014 50% Blue Collar/50% White Collar	
	Mortality for Healthy Males, RP-2014 Disabled	
	Mortality for males.	
Female Inactive Members and Female	RP-2014 Blue Collar Mortality for Healthy	
Beneficiaries:	Females, RP-2014 Disabled Mortality for females.	

<sup>\*</sup>Note that the actual contribution is used if that rate is greater than the rate necessary to amortize the UAAL in 30 years. Note that a period of 30 years is used for years beginning January 1, 2017 and earlier and a period of 25 years is used for years beginning January 1, 2018 and later.

**6.** *Benefit and Assumption Changes*: The comparability of the data from year to year can be affected by changes in actuarial assumptions, benefit provisions, accounting policies, and other factors. Between January 1, 2018 and January 1, 2019 assumptions were not changed.

Significant Changes in Benefits, Contributions, and Assumptions were as follows:

Valuations as of January 1

2019 No change

2018 Contribution rates were increased effective February 2018

2017 Nearly all economic and non-economic actuarial assumptions were changed

2016 No change

2015 No change

2014 The discount rate (investment return assumption was lowered)

2013 The discount rate (investment return assumption) was lowered, along with price amd wage inflation. Most active demographic assumptions were changed. The mortality assumption for contributing members, service retirees, beneficiaries, and disabled members was changed.

2012 Contribution rates were increased effective January 1, 2012.

7. *Target Allocations*: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation. The capital market assumptions are per Milliman's (the System's actuary) investment consulting practice as of December 31, 2019. The target asset allocation is based on TERS Investment Policy Statement dated March 2019.

	Target	Arithmetic Real
Asset Class	Allocation	Rate of Return
Investment Grade Fixed Income	19.5%	1.46%
US bank/leveraged loans	3.0	2.69
US long government bonds	3.0	1.69
High Yield Bonds	6.0	3.08
Emerging Market Debt	5.0	3.31
Global Equity	34.5	5.07
Private Real Estate	10.0	3.84
Private Equity	10.0	9.47
Master Limited Partnerships	4.0	3.98
Timber	1.5	4.00
Infrastructure	2.0	4.79
Agriculture	1.5	4.49
Assumed Inflation - Mean		2.75
Assumed Inflation - Standard Deviation		1.65
Portfolio Arithmetic Real Mean Return		4.23
Portfolio Median Nominal Geometric Return		6.54
Portfolio Standard Deviation		9.81
Long-Term Expected Rate of Return, net of investment expenses		7.00

8. Sensitivity Analysis: The following presents the employer's proportionate share of the collective net pension liability as of the December 31, 2018 measurement date calculated using the discount rate of 7.00%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1%	Current	1%	
	Decrease	Discount Rate	Increase	
	6.00%	7.00%	8.00%	
Employers proportionate share				
of the net pension liability	\$324,650,261	\$117,009,191	(\$56,523,556)	

9. Deferred outflows of resources and deferred inflows of resources: These balances are presented by source (for example, experience gains and losses, or differences between assumed and actual investment earnings)

For the period ended December 31, 2019, the employer recognizes the following amounts:

	Deferred Inflows	Deferred Outflows
	of Resources	of Resources
Difference between expected and actual experience	(\$15,355,093)	\$3,655,045
Changes of assumptions	-	17,121,707
Net difference between projected and actual earnings	-	89,758,820
Contributions made subsequent to the measurment date	n/a	27,942,195
Changes in employer proportion	(19,818)	10,455
Total	(15,374,911)	138,488,222

10. Deferred outflows for contribution subsequent to the measurement date: The total contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period.

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.\* Note that the employer reporting date is one year later than the measurement date.

Year-ended December 31	
2019	\$33,084,473
2020	\$13,298,103
2021	\$15,695,280
2022	\$32,616,781
2023	\$476,479
Thereafter	-

# Notes to the Financial Statements For the Year Ended December 31, 2019

11. Schedule of Pension Amounts by Employer: The employer's percentage of the collective net pension liability, how it was determined, and any change in the percentage since the previous measurement.

The following table is a schedule of the proportionate share by employer. Each employer in TERS contributes at the same rate of payroll. Using the actual contributions for the year provides a reasonable basis for each employer's projected long-term contribution effort.

		Rounded	Beginning	Ending Net
	2018 Employer	Percentage of	Net Pension	Pension
Employer	Contributions	Total Contributions	Liability *	Liability **
City of Tacoma	\$26,414,402	92.39702%	(\$39,323,299)	\$117,009,191
South Sound 911	24,685	0.08635%	(37,414)	109,348
Pierce Transit	66,435	0.23239%	(119,702)	294,290
Health Department	2,082,415	7.28424%	(3,049,483)	9,224,577
Grand Total	28,587,937	100.00000%	(42,529,898)	126,637,406

<sup>\*</sup> Based on unrounded contributions from 2017.

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

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

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

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

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

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest

<sup>\*\*</sup> Based on unrounded contributions from 2018.

consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

#### Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18 percent of covered payroll.

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

#### Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% as of July 1, 2019.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

LEOFF Plan 2			
<b>Actual Contribution Rates</b>		Employer	Employee
January – June 2019			
State and local governments		5.25%	8.75%
Administrative Fee		0.18%	
	Total	5.43%	8.75%
Ports and Universities		8.75%	8.75%
Administrative Fee		0.18%	
	Total	8.93%	8.75%
July – December 2019			
State and local governments		5.15%	8.59%
Administrative Fee		0.18%	
	Total	5.33%	8.59%
Ports and Universities		8.59%	
Administrative Fee		0.18%	
	Total	8.77%	8.59%

The City of Tacoma's actual contributions to the plan were \$4,857,590 for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For fiscal year ending June 30, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$4,395,589.

# **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

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

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

- For all active members in TRS, OSA increased the assumed salary growth for 2018 from 3.5percent to 8.0 percent. This was done to reflect recent increases in state funding for
- OSA updated modeling to reflect providing benefit payments to the date of initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated Cost-of-Living Adjustment (COLA) programming to reflect legislation signed during the 2018 Legislative Session (C151 L18). This law provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5 percent increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

#### **Discount Rate**

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

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. LEOFF 1 uses 7.5 percent. Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

## **Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

#### **Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

#### Sensitivity of NPL/(Asset)

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

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
LEOFF 1	(\$16,711,659)	(\$20,428,571)	(\$23,637,770)
LEOFF 2	(\$10,269,964)	(\$55,232,023)	(\$91,931,354)

# **Pension Plan Fiduciary Net Position**

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

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

At June 30, 2019, the City of Tacoma reported a total LEOFF pension asset of \$75,660,594 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
LEOFF 1	(\$20,428,571)
LEOFF 2	(\$55,232,023)

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	(\$20,428,571)	(\$55,232,023)
State's proportionate share of the net pension liability/(asset) associated with the employer	(\$138,178,348)	(\$36,169,575)
TOTAL	(\$158,606,919)	(\$91,401,597)

At June 30, 2019, the City of Tacoma's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
LEOFF 1	1.05%	1.03%	(.02%)
LEOFF 2	2.47%	2.38%	(.09%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2019 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.42 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

#### Pension Expense

For the year ended December 31, 2019, the City of Tacoma recognized pension expense as follows:

	Pension Expense
LEOFF 1	(\$757,841)
LEOFF 2	1,517,306
TOTAL	759,465

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

At December 31, 2019, the City of Tacoma reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LEOFF 1	Deferred	Deferred Inflows
	Outflows of	of Resources
	Resources	
Differences between expected and actual	\$0	\$0
experience		
Net difference between projected and actual	\$0	(\$2,117,829)
investment earnings on pension plan investments		, , , , , , , , , , , , , , , , , , ,
Changes of assumptions	\$0	\$0
Changes in proportion and differences between	\$0	\$0
contributions and proportionate share of		
contributions		
Contributions subsequent to the measurement	\$0	\$0
date		
TOTAL	\$0	(\$2,117,829)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and ectual		of Resources
Differences between expected and actual	\$3,974,437	
experience		(\$993,218)
Net difference between projected and actual		
investment earnings on pension plan investments	\$0	(\$11,324,291)
Changes of assumptions	\$90,990	(\$6,215,371)
Changes in proportion and differences between		
contributions and proportionate share of		
contributions	\$2,321,900	(\$744,073)
Contributions subsequent to the measurement		
date	\$2,512,166	\$0
TOTAL	\$ 8,899,494	(\$19,276,953)

Deferred outflows of resources related to pensions resulting from the City of Tacoma's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	LEOFF 1
2020	(491,911)
2021	(1,084,222)
2022	(393,433)
2023	(148,263)
2024	
Thereafter	

Year ended December 31:	LEOFF 2
2020	(2,758,165)
2021	(5,543,574)
2022	(2,429,152)
2023	(1,228,204)
2024	(320,830)
Thereafter	(609,700)

# C. Police and Firefighter's Relief and Pension Funds

The following table represents the aggregate pension amounts for the single plan subject to the requirements of the GASB Statement 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 for the year 2019:

<b>Aggregate Pension Amounts</b>		
	Firefighters' Pension Fund	Police Pension Fund
Total pension liability	\$26,517,271	\$14,009,753

## 1. Plan description:

The Police Relief and Pension Fund (PRP) and the Fire Relief and Pension Fund (FRP) are single-employer defined-benefit pension plans. These funds were established and administered by the City in accordance with the requirements of the Revised Code of Washington (RCW) 41.18 and 41.20. Both pension funds were reclassified from a fiduciary fund to the General Fund in 2016, as prescribed by GASB Statement 73, paragraph 115. The City implemented the rest of GASB Statement 73 that became effective in fiscal year 2017.

The plans provide retirement and medical benefits to all police officers, firefighters and their beneficiaries for individuals employed before March 1, 1970, the effective date of LEOFF. The LEOFF laws were subsequently amended by the Pension Reform Act, which took effect October 1, 1977. Through the LEOFF Act, the state undertook to provide the bulk of police and fire pensions; however, the municipalities continue to be responsible for all or part of pension benefits for employees hired before March 1, 1970. The plans are closed plans that provide pension and medical benefits, some of which can be in excess of LEOFF benefits. There are 0 active Police Officer and 1 active Firefighters with prior rights covered under these plans as of

December 31, 2019. Retirees and beneficiaries of deceased retirees eligible to receive pension benefits currently number 113 for the PRP and 154 for the FRP as of December 31, 2019. There are no terminated employees under either plan who are entitled to benefits but not receiving them.

Each retiree 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 for any police or firefighter, the excess benefits are paid from the FRP and PRP of the city employment them on March 1, 1970.

The Police Pension Board consists of six members authorized by statute: the Mayor as Chair, the City Clerk, the City Treasurer, and three law enforcement officers (active or retired LEOFF 1 or LEOFF 2 officers), who will serve in the elected capacity for three-year terms.

The Fire Pension Board consists of five members authorized by statute: the Mayor as Chair, the Finance Director, the City Treasurer, and two elected firefighters (active or retired LEOFF 1 or LEOFF 2 firefighters). The two elected firefighters serve two year terms and select a third firefighter who serves as an alternate in the event of an absence of one of the regularly elected firefighters.

#### 2. Benefit Provisions

The LEOFF Act requires a varying obligation of the City for benefits paid to police officers and firefighters.

- Pension and medical expenses for police officers and firefighters retired prior to March 1, 1970;
   continue to be paid in their entirety by the City under the old pension laws.
- Police officers and firefighters hired before, but not retired on March 1, 1970, received at
  retirement the greater of the pension benefit provided under the old pension laws and under the
  LEOFF Act. Any excess of the old benefit over the LEOFF benefit is provided by the City. The
  City also pays the reasonable cost of necessary medical expenses of the retiree for life.
- For police officers and firefighters hired on or after March 1, 1970, and prior to October 1, 1977, the City is obligated for lifetime medical expenses only. The LEOFF system pays the entire retirement allowance.
- Police officers and firefighters hired on or after October 1, 1977, are covered entirely by the LEOFF system with no City obligation for either retirement allowance or medical expenses.
- The benefits are directly correlated to the salaries of active employees. Cost of Living Adjustments (COLAs) provided at the state level do not impact the total pension benefits provided to the members. The City's obligation under the Plan consists of paying the difference between pension and medical benefits provided by LEOFF and those provided by the City's Plan. There were no changes in benefit provisions in the current year.

#### 3. Contributions

The PRP is funded entirely from annual contributions from the City's General Fund that are budgeted and approved by the City Council. Funding of these benefits is required by RCW 41.20. The FRP contributions are required by RCW 41.18 and are funded from two sources: (1) state contributions of 25% on fire insurance premium collections and is considered a non-employer contributing entity and (2) a property tax levy of up to \$.225 per \$1,000 of assessed valuation. Retirement benefit provisions are established in state statute and may only be amended by the State Legislature. Amendments to each of the Plans are authorized by the separate Police and Fire Pension Boards.

Contributions are determined on a pay-as-you-go basis. There have been no required employee contributions to the police and firefighter's relief and pension plans since March 1, 1970.

The General Fund is responsible for the costs of administering the plans and ensuring that the fund has adequate cash to pay its obligations each year. The total General Fund contributions to the PRD and FRP were \$4.2 million and \$5.1 million for 2019.

The state contributes 25% of taxes on fire insurance premiums to the FRP and the amount contributed in 2019 was \$388,000.

#### 4. Actuarial Assumptions

The total pension liability (TPL) was determined by an actuarial valuation as of January 1, 2018, projected forward to the measurement date of December 31, 2018. The liability was calculated based on the discount rate and other actuarial assumptions below.

Discount Rate Municipal bond rate Actuarial Assumptions:	Firefighter Relief and Pension 2.75%	Police Relief and Pension 2.75%
Valuation Date Measurement Date Inflation Salary increases including inflation	January 1, 2018 December 31, 2019 2.25% 3.25%	January 1, 2018 December 31, 2019 2.25% 3.25%
Mortality	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Project Scale BB, with ages set back one year for females (set forward two years for disabled members).	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Project Scale BB, with ages set back one year for females (set forward two years for
Actual Cost Method	Entry Age Normal	disabled members). Entry Age Normal

## 4. Changes in the Total Pension Liability

	Firefighters' Relief Pension	Police Relief Pension
	Increase (Decrease) Total Pension Liability	Increase (Decrease) Total Pension Liability
Balance as of December 31, 2018	\$ 24,903,710	\$ 13,391,119
Changes for the year:		
Service cost	-	-
Interest	957,185	511,952
Effect of plan changes	-	-
Effect of economic/demographic gains or losses	-	-
Effect of assumptions changes or inputs	2,623,818	1,303,013
Benefit payments*	(1,967,442)	(1,196,331)
Net changes	1,613,561	618,634
Balance as of December 31, 2019	26,517,271	14,009,753

<sup>\*</sup>Benefit payments are estimated based on expected payouts.

#### 5. Sensitivity of the Total Pension Liability

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 (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total pension liability - Fire	\$28,987,179	\$26,517,271	\$24,381,881
Total pension liability - Police	\$15,227,828	\$14,009,753	\$12,950,054

# 6. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

Pension expense of \$3,193,003 and \$1,814,695 were recognized in 2019 for the FRP and PRP. As of December 31, 2019, there are no deferred outflows or deferred inflows of resources related to these pension funds. The effects of changes in assumptions/inputs and economic/demographic gains or losses are recognized over the average remaining service life for all active and inactive members, with immediate recognition when the average remaining service life is less than one. Therefore, the (\$2,623,818) and (\$1,303,013) shown above for the effect of changes in assumptions were expensed in the current year.

#### D. Defined Benefit Other Post-Employment Benefits (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2019:

Aggregate OPEB Amounts – All Plans		
OPEB liabilities	(\$204,113,449)	
OPEB assets	-	
Deferred outflows of resources	22,685,091	
Deferred inflows of resources	(22,899,340)	
OPEB expense/expenditures	9,252,035	

#### 1. Plan description:

Eligibility and the amount of benefits paid by the City for Other Post-Employment Benefits (OPEB) vary by retirement group. Each plan provides medical benefits to eligible retired City employees and beneficiaries. The City contributes to multiple retirement systems including the Tacoma Employees' Retirement System Fund (TERS), a cost sharing-multi employer plan; the Law Enforcement Officers' and Firefighters' Retirement System Plans (LEOFF Plan 1) administered by the City; the Law Enforcement Officers' and Firefighters' Retirement System Plan (LEOFF Plan 2), a cost sharing-multi employer plans administered by Washington State; and the Railroad Retirement System which is an independent agency in the executive branch of the U.S. Government which administers the Railroad Retirement Act. The benefits under the Railroad Retirement Act are not payments under a 'pension plan' but rather are grants under a Federal statute. Railroad benefit amounts are divided into a social security level benefit, staff-type benefits based on a railroad services, and in some instances a dual benefit component. The railroad retirement benefits are paid from the Railroad Retirement Account, maintained by the Department of the Treasury of the U.S. and is financed through taxes levied upon railroad employees and employers by the Railroad Retirement Tax Act (26 U.S.C. 3201 et seq.), which is administered by the Internal Revenue Service.

Benefit payments are recognized when due and payable in accordance with benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the City of Tacoma's Human Resources Department. The membership in the program is as follows:

	Non-LEOFF 1 as of January 1, 2017	LEOFF 1 As of January 1, 2018	Total
Inactive employees or beneficiaries currently receiving benefits	255	406	661
Inactive employees entitle to but not yet receiving benefits	476	0	476
Active employees	3,490	1	3,491
Total	4,221	407	4,628

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

### 2. Actuarial Assumptions and Other Inputs:

The Valuation Date is January 1, 2019 for non-LEOFF 1 members and January 1, 2018 for LEOFF 1 members. This is the date as of which the census data is gathered and the actuarial valuation is performed. The Measurement Date is December 31, 2018. This is the date as of which the total OPEB liability is determined. Note that GASB 75 allows a lag of up to one year between the measurement date and the reporting date. No adjustment is required between the measurement date and the reporting Date is December 31, 2019. This is the employer's fiscal year ending date.

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rates below, and then projected to the measurement dates. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

	Non-LEOFF 1	LEOFF 1
Valuation Date	January 1, 2019	January 1, 2018
Measurement Date	December 31, 2018	December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Discount Rate – based on 20 Year	4.10%	2.75%
Tax-Exempt Municipal Bond Yield		
with an average rating of AA/Aa or		
higher at the Measurement Date		
Funding Plan	Pay-as-you-go	Pay-as-you-go
Medical Cost Trends	2019 9.1%	Pre-65 Post-65
	2020 6.0%	2020-2021 6.10% 5.5%
	2021 5.5%	2021-2022 5.50% 5.2%
	2030 5.0%	2022-2023 4.9% 4.8%
	2040 5.1%	2023-2024 4.8% 4.8%
	2050 5.1%	2024-2025 4.7% 4.7%
	2060 5.0%	
	Grading down to an ultimate rate	Grading down to an ultimate rate
	of 4.4% in 2074.	of 3.7% in 2080.
	The trends above do not reflect	The trends above do not reflect
	increases in costs due to excise	increases in costs due to excise
Dental Trend	tax.  Not applicable	tax.  Minimum of 4% and Medical
Dental Trend	Not applicable	Trend.
Long-Term Care Inflation Rate	Not applicable	4.5%
Participation Assumption	100% Rail employees eligible for	100% participation
1 articipation Assumption	City-paid retiree medical	10070 participation
	benefits.	
	ochents.	
	250/ C TEDG 1 LEGEE 2	
	25% of TERS and LEOFF 2	
	active employees who are not	
	eligible for benefits paid entirely	
	by the City.	
	5% of terminated vested	
	members.	2007-2012
Experience Study Dates	2012-2015	2007-2012
Demographic Assumptions (Eligibili		In the second
Disability	Five years of service are	For a duty disability, employee
	required for non-service	is eligible after six-month
	connected disability.	waiting period (RCW 41.18.050,
		RCW 41.20.060). For non-duty
		disability, employee eligible
		after 90-day waiting period (RCW 41.18.080 RCW
		41.20.065).

	Non-LEOFF 1	LEOFF 1
Retirement	Non-LEOFF 1  TERS members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits).  - 30 years of service  - 60 years of age  - Age + Service = 80 years  - Age 55 with 10 service years  - Age 40 with 20 service years  LEOFF 2 members are eligible for retiree medical benefits after achieving one of the following:	Members are eligible to receive lifetime medical benefits upon service retirement after age 50 with at least five years of service. If they are not eligible to retire at time of termination but have 20 years of service credit, they are eligible for medical benefits when pension benefits commence.
Mortality:	- Age 53 with 5 service years - Age 50 with 20 service years - Certain Rail employees and their spouses are entitled to employer-paid retiree medical benefits until age 65 when retiring at age 60 with 30 service years.	
Active Members	RP-2014 Employee Tables for	RP-2000 Mortality Table
Teave memors	respective sexes, projected with a unisex table based on Social Security Administration data from the most recent 60 years available (adopted 1/1/2017).	(combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females.
Male Inactive Members, Retired Members, and Beneficiaries	RP-2014 Mortality Table for Males, blended 50% Blue Collar and 50% White Collar, projected with a unisex table based on Social Security Administration data from the most recent 60 years available (adopted 1/1/2017).	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males.
Female Inactive Members, Retired Members, and Beneficiaries:	RP-2014 Blue Collar Mortality for Females, projected with a unisex table based on Social Security Administration data from the most recent 60 years available (adopted 1/1/2017).	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set forward one year for females.
Disabled Members	RP-2014 Disabled Male Mortality projected with unisex table based on Social Security Administration data from the most recent 60 years available (adopted 1/1/2017).	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set forward two years for disabled members.

#### 3. Sensitivity Analysis:

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

		Current Healthcare	
	1% Decrease	Cost Trend Rates	1% Increase
Total OPEB Liability	\$180,092,433	\$204,113,449	\$232,705,456

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.10%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current rate.

	1% Decrease 3.10%	Discount Rate 4.10%	1% Increase 5.10%
Total OPEB Liability	\$230,382,321	\$204,113,449	\$182,158,953

### 4. Changes in the Total OPEB Liability:

Changes in the Total OPEB Liability for reporting period ending December 31, 2018, are as follows:

	Increase (Decrease) Total OPEB Liability
Total OPEB Liability at beginning of period	\$220,811,987
Changes for the year:	
Service cost	3,302,063
Interest on total OPEB liability	7,561,650
Effect of plan changes	-
Effect of economic/demographic gains or losses	53,750
Effect of assumptions changes or inputs	(18,945,406)
Expected benefit payments	(8,670,595)
Total OPEB Liability at end of period	204,113,449

There was a change in assumption as the discount rate was updated to 3.50% to 4.10%.

The total OPEB liability of \$204,113,449 was determined by an actuarial valuation as of the valuation dates of January 1, 2018 and 2019, calculated based on the discount rate of 4.10%, and then projected to the measurement date of December 31, 2018. The City recognized an OPEB expense of \$9,252,035. The OPEB expense for December 31, 2019 financial reporting period is as follows:

	OPEB Expense
Service cost	\$3,302,063
Interest on total OPEB liability	7,561,650
Effect of plan changes	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	8,811
Recognition of assumptions changes or inputs	(1,620,489)
OPEB Expense	9,252,035

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of	Deferred Inflows of
	Resources	Resources
Differences between expected and actual	\$44,939	\$-
experience		
Changes of assumptions	6,089,791	(15,839,602)
Changes in proportionate share	5,749,149	(5,749,149)
Difference in contributions	1,310,589	(1,310,589)
Contributions made subsequent to the	9,490,623	-
measurement date		
TOTAL	22,685,091	(22,899,340)

Deferred outflows of resources of \$9,490,623 resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense below. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Year ended December 31:	
2019	\$(1,611,678)
2020	(1,611,678)
2021	(1,611,678)
2022	(1,611,678)
2023	(2,948,462)
Thereafter	\$ (309,698)

#### 5. Excise Tax for High Cost or "Cadillac" Health Plans in 2020 and Beyond:

An excise tax for high cost health coverage or "Cadillac" health plans was included in the Affordable Care Act (ACA) passed into law in March 2010. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. The Consolidated Appropriations Act (CAA), which was signed into law in December 2015, delays the tax for two years, until 2020.

The City believes the current provisions of ACA should be reflected in the projection of benefits and therefore, we do include the value of the excise tax in the valuation. The City assumes there will be no changes to the current tax law and that there will be no changes in the plan design to help mitigate the impact of the tax.

GASB Statement No. 75 indicates that the projection of benefits should include all benefits to be provided to retirees in accordance with the current "substantive" plan. The substantive plan refers to the plan terms as understood by the employer and plan members at the time of the valuation. For this reason, we believe the current provisions of ACA should be reflected in the projection of benefits and therefore, we do include the value of the excise tax in this valuation. The City assumes there will be no changes to the current tax law and that there will be no changes in the plan design to help mitigate the impact of the tax.

#### Note 5 - DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan through a third party created in accordance with Internal Revenue Code Section 457. The plan, available to all City permanent full-time and part-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable emergency, but the plan does offer a loan provision. An employee may defer 100% of their salary net of employee pension contributions and any Section 125 deductions. The 2019 contribution limits are \$19,000 for regular deferral, \$38,000 for pre-retirement and \$25,000 for age 50 provision deferrals. The City has agreed through contract negotiation with the Police union and the Fire union to match contributions made by all Police Officers and Fire Officers up to a maximum of \$192 per pay period.

		Pre-Tax	Pre-Tax	After-Tax	
	Third Party	Employer	Employee	Employee	
Benefit Plan	Administrator	Contributions	Contributions	Contributions	Total by Plan
457 deferred compensation	ICMA	2,113,201	14,569,853	1,493,242	18,176,296
457 deferred compensation	Nationwide	1,412,085	2,618,283	103,103	4,133,471
Total		\$ 3,525,286	\$ 17,188,136	\$ 1,596,345	\$ 22,309,767

#### Note 6 - INTERFUND ACTIVITY

Interfund activity is composed of three types of transactions. Due to and due from other funds represent internal charges for services. Advances to and from other funds are loans between funds for capital or cash flow purposes. Transfers represent a sharing of resources between funds. At the fund level, these transfers increase or decrease individual funds resources, but they do not affect the City's total resources. These internal activities do not represent inflows or outflows of the City's resources; rather, they reflect resources being moved within the City. The effects of these transactions are included in the City's fund statements but are removed from the entity-wide financial statements.

The composition of interfund advances to and from other funds balances at December 31, 2019 is as follows:

Interfund Advances to/from Other Funds (amounts expressed in thousands)

	Interfund A	dvances to	
	Non-Major	Non-Major	
Interfund Advances from	Governmental	Enterprise	Total
Non-Major Governmental	\$267	\$0	\$267
Total	\$267	\$0	\$267

The information below provides detail of the advances, or interfund payable transactions:

\$266,658 was authorized from the Capital Projects Fund (#3211) to the Fire Department Fund (#1090) to refit and renovate a fireboat.

The composition of interfund transfers for the year ended December 31, 2019 is as follows:

# Interfund Transfers (amounts expressed in thousands)

								Transfer	In									
_	General Fund			Trans Capital & Engineering		Non-Major Governmenta 1 Funds				Tacoma Water		Tacoma Power		Non-Major Enterprise Funds		Internal Service Funds		Transfer Out Total
Transfer Out																		
General Fund	\$	300	\$	300	\$	34,241	\$	-	\$	-	\$	-	\$	3,176	\$	7,629	\$	45,646
Trans Capital & Engineering		-		-		-		39		-		-		214		-		253
Non-Major Governmental Funds		99		6,336		27,654		632		-		-		7,445		1,609		43,775
Solid Waste		4,479		-		1,494		-		-		-		-		103		6,076
Wastewater & Surface Water		7,335		-		2,447		-		-		-		1,267				11,049
Tacoma Water		6,012		-		2,007		-		-		-		-		-		8,019
Tacoma Power		27,154		-		6,831		-		-		-		-		-		33,985
Non-Major Enterprise Funds		2,282		250		3,737		-		-		-		-		-		6,269
Internal Service Funds		-		-		620		-		-		-		-		45		665
Transfer In Total	\$	47,661	\$	6,886	\$	79,031	\$	671	\$	-	\$	-	\$	12,102	\$	9,386	\$	155,737

The information below provides detail of the interfund transfer transactions:

\$300,000 was transferred from the General Fund to General Fund for Contingency

\$300,000 was transferred from the General Fund to Trans Capital & Engineering Fund for capital projects

\$7,628,860 was transferred from the General Fund to Internal Service Funds for services and projects

\$34,240,822 was transferred from the General Fund to Non-Major Governmental Funds for grant matches, debt service, capital projects, non-capital projects and regular operations

\$3,175,772 was transferred from the General Fund to Non-Major Enterprise Funds for contributions to support debt services payments, capital projects and regular operations

\$38,608 was transferred from the General Fund to General Fund for Contingency

\$213,800 was transferred from the Trans Capital & Engineering Fund to Non-Major Enterprise Funds for capital projects

\$4,478,961 was transferred from the Solid Waste Fund to General Fund for Gross Earnings Tax

\$103,000 was transferred from the Solid Waste to Internal Service Funds to purchase Fleet's vehicle

\$1,493,987 was transferred from the Solid Waste Fund to Non-Major Governmental Funds for Gross Earning Tax

\$7,334,724 was transferred from the Waste Water Fund to General Fund for Gross Earnings Tax

\$2,446,908 was transferred from the Waste Water Fund to Non-Major Governmental Funds for Gross Earning Tax

\$1,266,500 was transferred from the Waste Water Fund to Non-Major Enterprise Fund for operations of PDS Development Service

\$6,012,493 was transferred from the Water Fund to General Fund for Gross Earnings Tax

\$2,007,145 was transferred from the Water Fund to the Non-Major Governmental Funds for Gross Earnings Tax

\$27,153,773 was transferred from the Power Fund to the General Fund for Gross Earnings Tax

# Notes to the Financial Statements For the Year Ended December 31, 2019

\$6,831,380 was transferred from the Power Fund to Non-Major Governmental Funds for Gross Earning Tax

\$45,000 was transferred from the Internal Service Funds to Internal Service Fund for Fire vehicle operations

\$620,020 was transferred from the Internal Service Funds to Non-Governmental Funds for purchasing and operating vehicles

\$99,016 was transferred from the Non-Major Governmental Funds to General Fund to fund Schuster Pkwy Advisory Group

\$6,335,743 was transferred from the Non-Major Governmental funds to Trans Capital & Engineering Fund for capital projects

\$632,204 was transferred from the Non-Major Governmental Funds to Waste Water Fund for Water Quality Street Initiatives and GSI Project

\$1,609,377 was transferred from the Non-Major Governmental Funds to Internal Services Funds for purchasing capital assets

\$27,653,562 was transferred from the Non-Major Governmental funds to Non-Major Governmental Funds for various capital projects and debt service payments

\$7,444,735 was transferred from the Non-Major Governmental funds to Non-Major Enterprise funds for capital projects and debt service payments

\$2,282,235 was transferred from the Non-Major Enterprise Funds to General Fund for Gross Earnings Tax

\$250,000 was transferred from the Non-Major Enterprise Funds to the Trans Capital & Engineering Fund for capital projects

\$3,737,191 was transferred from the Non-Major Enterprise Funds to Non-Major Governmental Funds for Gross Earnings Tax and debt service payments

# **Note 7 – OTHER INFORMATION**

#### A. Accounting changes

Effective for the fiscal year 2019, the City implemented the following new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 84 – *Fiduciary Activities*. The object of this statement is to improve the identification of fiduciary activities and how they should be reported. It establishes criteria for identifying activities related to control of those assets. Control is defined as holding the assets or the ability to use, exchange, or employ the assets in a manner that provides benefits to the intended recipients. Where applicable the City has made the required adjustments as prescribed by GASB Statement No. 84.

#### B. Risk management

The City is self-insured for tort liability, medical benefits, unemployment and worker's compensation and records its claims and liabilities in the accrual basis of accounting. Liabilities include an estimate for Incurred but Not Reported (IBNR) claims. The estimate for reported claims is based on Risk Management and Legal Departments'

projections and is adjusted annually. The IBNR for the self-insured employee benefits is based on an average of 2-months claims from the reporting year. The IBNR for tort liabilities are calculated by a periodic actuarial study. The handling and paying of all tort liability claims for which the City is found legally liable is accounted for in either the Self-Insurance Claim Fund or the TPU Self Insurance Claim Fund. Monies are appropriated from various cost centers based on prior claims history and paid to these funds.

The Self-Insurance Program is maintained in conformity with all laws, rules and regulations pertaining thereto and in accordance with the Revised Code of Washington in RCW 35.21.085(2). The general government of the City carries a supplemental liability policy with a \$20 million limit and a \$5 million self-insured retention for law enforcement, and a \$3 million self-insured retention for General Government, renewable on May 1 of each year. TPU carries separate supplemental liability policies with total limits of \$60,000,000, \$250,000 retention for wrongful acts claims and a \$1,500,000 self-insured retention for all other covered claims, renewable on December 1 of each year. The Belt Line Railroad carries separate Railroad Liability policies with total limits of \$50,000,000 each occurrence and a \$1,000,000 self-insured retention renewable on December 1 of each year. Mountain Rail carries a separate Railroad Liability policy a limit of \$7,000,000 each occurrence and a \$50,000 self-insured retention renewable on December 2 of each year. These policies are provided to supplement the City's current self-insurance risk for settlements in excess of the self-insured retentions.

The City also has a policy to cover extraordinary worker's compensation claims with a statutory liability limit and a \$1 million retention for each occurrence as well as an additional \$250,000 for any one policy year. This policy renews January 1st of each year.

The City carries property coverage with a maximum single occurrence limit of \$500,000,000 with sub-limits, and \$150,000 deductible per occurrence, with exceptions. This policy renews July 1st of each year. TPU carries separate property coverage with a maximum single occurrence limit of \$150,000,000 with sub-limits, and a \$250,000 deductible per occurrence, with exceptions. This policy renews July 1st of each year.

The TPU Self-Insurance Claim Fund was established in 1979 to cover general liability claims of the Light and Water divisions. The Belt Line Railroad became a participant in 1985. Total assets in this fund are \$9.1M. Settlement payments were within amounts available for coverage for the last three years—2019, 2018, and 2017.

Changes in estimated claims settlements liability for the past two years were as follows:

#### (Amounts expressed in thousands)

	Self Insurance Fund				Worker Compensation Fund						TPU Self Insuranœ Fund					
		2019		2018		2017	2019		2018		2017		2019		2018	2017
Balance 01/01	\$	28,714	\$	28,700	\$	21,502	\$ 5,049	\$	5,084	\$	5,681	\$	5,172	\$	5,878	4827
New Claims		449		875		1,191	1,869		1,791		2,320		536		1,254	969
Adjustments to Claims		8,657		3,419		10,380	473		3,435		1,419		(1,075)		(2,131)	1499
Claims Payment		(2,157)		(4,280)		(4,373)	(3,521)		(5,261)		(4,336)		(599)		171	(1,417)
Balanœ 12/31	\$	35,663	\$	28,714	Ş	28,700	\$ 3,870	Ş	5,049	\$	5,084	\$	4,034	\$	5,172 \$	5,878

#### C. Prior-Period Adjustments

Prior year adjustments are used for the correction of an error or the implementation of a new authoritative standard.

Subsequent to the issuance of the December 31, 2019 financial statements, prior period adjustments were made.

# Notes to the Financial Statements For the Year Ended December 31, 2019

Governmental F	und	S
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Fund Name	Description
Geneal Fund # 0010	Beginning net position decreased by \$89,115 from prior year revenue correction and grant expenditures
Transportaion Capital and Engin #1060	Beginning net position decreased by \$23,175 from duplicate revenue posting
Special Funds # 1070, #1085, #1155 and #1267	Beginning net position decreased by \$143,317 from prior year revenue correction and accrual corrections
Debt Service Fund # 7999	Beginning net position increased by \$3,535 from correction of debt

# Enterprises Funds

Fund Name	Description
Fund #4190	Beginning net position increased by \$17,879 from prior year interest receivable correction

Government-wide Statements (amounts expressed in thousands)

The impact of the prior period adjustments on the fund statements detailed above impacted the Government-Wide statements as followed:

Activity	Amo	unt	Description
Governmental	\$	(252,072)	General Fund, Trans Capital and Engineering, Street
			Initiative, Fire EMS, Police, and Debt Service
Business		17,879	Performing Art
Total	\$	(234,193)	

# D. Segment Information

The following are the three segment enterprise funds maintained by the City. Segment information was as follows: (Amounts expressed in thousands)

CONDENSED STATEMENT OF NET POSITION	(	arking Sarage id #4140	nvention Center nd #4165	F	Union Station und #4450
Assets:					_
Current assets	\$	2,082	\$ 4,002	\$	-
Accounts receivable (net)		935	344		4,051
Prepayments		27	62		-
Restricted assets		3,610	2,394		2,340
Capital assets (net)		46,070	54,585		-
Other non-current assets		-	110		7,327
Total assets		52,724	61,497		13,718
Deferred outflow of resources		533	3,352		-
Liabilities:					
Current liabilities		2,184	5,486		4,536
Due to other funds		-	-		-
Net pension liabilities		-	-		-
Non-current liabilities		7,332	56,717		8,253
Total liabilities		9,516	62,203		12,789
Deferred inflow of resources		126	111		-
Net position					
Net invesment in capital assets		39,222	(2,423)		-
Restricted		3,610	2,394		2,340
Unrestricted		783	2,564		(1,411)
Total Net Position	\$	43,615	\$ 2,535	\$	929

# CONDENSED STATEMENT OF REVENUES EXPENSES, AND CHANGES IN NET POSITION

	G	rking arage 1 #4140	Onvention Center and #4165	F	Union Station Fund #4450
Operating revenues	\$	7,357	\$ 2,870	\$	-
Depreciation expense		(1,375)	(1,926)		-
Other operating expenses		(4,674)	(5,562)		(5)
Operating income		1,308	(4,618)		(5)
Nonoperating revenues (expenses)					
Tax		-	-		=
Interest revenue		209	141		7
Interest expense		(285)	(2,149)		(947)
Other nonoperating revenues(expenses)		64	62		946
Capital contributions		-	4,521		-
Transfers		(1,206)	5,363		-
Change in net position		90	3,320		1
Beginning net position		43,525	(785)		928
Prior period adjustments		-	-		_
Ending net position	\$	43,615	\$ 2,535	\$	929

# CONDENSED STATEMENT OF CASH FLOW

	Parking Garage Fund #4140		Convention Center Fund #4165		Union Station Fund #4450	
Net cash provided (used) by:						
Operating activities	\$	2,516	\$ (1,795)	\$	4,304	
Noncaptial financing activities		-	500		-	
Captial and related financing activities		(3,122)	3,496		(3,967)	
Investing activities		209	202		6	
Net increase (decrease)		(397)	2,403		343	
Beginning cash and cash equivalents		6,089	3,993		1,997	
Ending cash and cash equivalents	\$	5,692	\$ 6,396	\$	2,340	

- Parking Garage fund (#4140) accounts for the City's parking facilities.
- Convention Center fund (#4165) accounts for activities associated with operating the Convention Center.
- Union Station fund (#4450) accounts for the thirty-year lease with the Federal Government who uses Union Station as a Federal Courthouse.

## E. Tax expense – Utility Funds

The taxes expense shown in the statements for Enterprise Funds consists primarily of an 8.0% tax upon gross earnings for Tacoma Water, Tacoma Rail, Surface Water, Waste Water, and Solid Waste and a 7.5% tax upon gross earnings for Tacoma Power which is paid to the General Fund. Non-governmental utilities also pay gross earnings tax at the following rates: Natural Gas, 7.5%; Cable TV, 8.0%; Electricity, 7.5%; Solid Waste Collection, 8% and Telephone, 7.5%.

#### F. Results of operations of joint ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and 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) on-going financial responsibility.

The City participates in two joint ventures: South Sound 911 and the Tacoma-Pierce County Health Department (Health Department). The City of Tacoma however, does not report an equity interest in the Government-wide financial statements.

Summary financial information on the joint ventures is listed below for the year of the last audited financials. These figures reflect the information as prepared and submitted to the City by the various entities.

Joint Venture (amounts expressed in thousands)

			HEALTH
	SOU	TH SOUND 911	 DEPARTMENT
Balance Sheet Date		12/31/2018	 12/31/2018
Total Assets	\$	25,833	\$ 16,336
Captial Assets (net of accumulated depreciation)		7,388	721
Deferred Outflows		2,405	3,978
Total Liabilities		3,143	3,809
Non-current Liabilities		10,172	157
Deferred Inflows		4,510	5,218
Total Net Position		17,801	11,851
Total Revenues		40,921	34,124
Total Expenditures/Expenses		36,211	30,949
Net Increase/(Decrease) in Net Assets		4,710	3,175
City Contribution		7,327	571

Additional information about each entity can be obtained from separately published financial statements by each entity by contacting South Sound 911, Budget and Finance Manager, 955 Tacoma Avenue South #102, Tacoma, WA 98402 and the Tacoma/Pierce County Health Department, Christopher Schuler, Business Support Services, 3629 South D Street, Tacoma, WA 98418-6813.

#### Note 8 - CLAIMS, JUDGEMENTS AND COMMITMENTS

#### A. Claims

From time to time, claims have been filed against the City involving tort actions for such things as defective sidewalks, automobile accidents, claims of false arrest, etc.; all of which are in a sense routine in nature and common to all local governments. In those instances, when material, where it has been determined that it is probable that a claim will be paid by the City, the expenditure/expense and the related liability are reported in the

statements of the appropriate fund in the year when such a determination is made. See Note 7B for risk management information.

The City has entered into interlocal agreements with the Tacoma-Pierce County Health Department. If, in fact, this entity was to suffer a catastrophic disaster, claim or lawsuit that exceeded the levels of insurance maintained by the Health Department, their self-insurance funds or otherwise resources were to be depleted; the City and other participating jurisdictions may be required to stand behind and make good the excess liability.

Under state law, the City is required to pay for unemployment and industrial insurance and medical aid. The City has chosen to self-insure rather than remit its payments to the state pool. See Note 8 B for risk management information.

#### **B.** Construction Commitments

The City has various construction projects as of December 31, 2019. The projects include street and capital project constructions for improvements of existing streets and bridges or new bridges. At year-end the City's major commitments with the contractors are as follows: (amounts expressed in thousands)

			Remaining
Project	Authorized	Spent-to-date	Commitment
2019 Striping Contract	541,097	529,828	11,269
Beautification of S. Tax Way and Pac Ave	175,000	167,366	7,634
E. 25th Street Improvements	-	765,625	(765,625)
First Creek & Lister Safe Routes to School	455,105	447,433	7,672
On-Call Building Demolition	505,078	427,520	77,558
On-Call Nuisance Abatement Services	730,357	724,565	5,792
Pipeline Trail Phase 2	2,726,445	2,683,820	42,625
Pipeline Trail Phase 3	1,902,188	1,309,532	592,656
Puyallup River Bridge F-16 A & B	30,650,000	25,282,934	5,367,066
Streets Initiative Package #10	1,528,216	1,475,688	52,528
Streets Initiative Package #13	2,789,820	1,581,996	1,207,824
Streets Initiative Package #17	2,188,800	467,991	1,720,809
Streets Initiative Package #19	837,060	704,037	133,023
Streets Initiative Package #16			-
Superstructure Demo: Muni Dock Sites 10&12	588,444	500,559	87,885
Yakima Streetscape	2,436,459	2,143,598	292,861
	\$ 48,054,069	\$39,212,492	\$ 8,841,577

# Notes to the Financial Statements For the Year Ended December 31, 2019

These commitments are being funded by a variety of funding sources such as Federal, State and Local Grants, Gas Tax Revenue, City contributions and long-term debt.

#### C. Tax Abatements

As of December 31, 2019, the City provides tax abatements for the following programs:

#### 1. Multifamily Housing Property Tax Exemption

The Multifamily Housing Property Tax Exemption Program encourages development of market rate and affordable housing in mixed use areas. This program was established under the Tacoma Municipal Code, Section 6A.110.020.

Criteria: The applicant must be the owner of the property, and the property must be located within the boundaries of a mixed-use center. The Tax Review Committee, made up of City staff from the Community & Economic Development Dept. and the Legal Dept., and a representative from the Pierce County Assessor's Office, approve the request. Once approved, the construction must be completed within 3 years. If the owner sells the property after the tax exemption has been granted, the exemption stays with the property and is transferred to the new owner. The contract includes the agreed upon specifications of the housing improvements. The exemption will begin after the improvements are completed. The City will issue a Final Certificate of Tax Exemption with the Pierce County Assessor's Office and the property owner's assessed value will be adjusted to reflect this exemption. The property tax abatement is determined by a percentage of assessed value. In Pierce County, the tax rate in 2019 is .012964032 of assessed value. The City of Tacoma receives 23.001% of that tax.

#### 2. Special Valuation Property Tax Exemption

This Special Valuation Property Tax Exemption Program encourages the owners of historic properties to invest in the improvement and rehabilitation of historic buildings. This program was established under the Washington State RCW Chapter 84.26, Historic Property.

Criteria: Property owners may obtain a reduced tax assessment by submitting an application at the conclusion of project construction. The applicant must be the owner of the property, and the property must be listed on the Tacoma Register of Historic Places or be a historically contributing property within a local historic overlay zone. In addition, the project must meet the Secretary of Interior's Standards for Rehabilitation of Historic Buildings and must not adversely affect the building's historically significant, character defining elements. Exterior modifications must be approved by the Tacoma Landmarks Preservation Commission. The project investment expenditures must be a minimum of 25% of the assessed value of current improvements on the property over a 24 month consecutive period. The reduced assessment begins the tax year following the approval. This program is jointly processed and administered by the City's Historic Preservation Program and the Pierce County Assessor. The property owner's assessed value will be adjusted to reflect this exemption. The property tax abatement is determined by a percentage of assessed value. In Pierce County, the tax rate in 2019 is .012964032 of assessed value. The City of Tacoma receives 23.001% of that tax.

The City is required to disclose other abatement arrangements entered into by other governments that reduce the City's tax revenues. The State of Washington's tax abatements that affected the City of Tacoma tax revenue are included below:

3. Manufacturing facilities in counties with high unemployment rates are allowed to defer sales and use tax. This program was established under the Washington State RCW Chapter 82.60, Tax Deferrals for Investment Projects in Rural Counties. The City of Tacoma's data is confidential and cannot be disclosed.

4. The Multi-Unit Urban Housing Exemption encourages increased residential opportunities, including affordable housing opportunities, in cities that are required to plan or choose to plan under the growth management act within urban centers where the governing authority of the affected city has found there is insufficient housing opportunities, including affordable housing opportunities. It also encourages the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers having insufficient housing opportunities that will increase and improve residential opportunities, including affordable housing opportunities within these urban centers. This program was established under the Washington State RCW 84.14, New and Rehabilitated Multiple-Unit Dwellings in Urban Centers.

Information relevant to the disclosure of those programs under contract with the City of Tacoma for the fiscal year ended December 31, 2019 is:

Tax Abatement Program	Amount of Taxes Abated in Thousands
Multifamily Property Tax Exemption	\$ 1,023
Special Valuation Tax Exemption	\$ 142
Future Nonprofit Low-Income Housing	\$ 1,298

#### Solid waste utility—landfill closure and post closure liabilities

The Division operates a 235-acre landfill site, which became part of the South Tacoma Channel Superfund Site in 1983. In 1991, the City entered a Consent Decree settlement with the United States Environmental Protection Agency (EPA) and the Washington State Department of Ecology (DOE), titled United States et al v. City of Tacoma US District Court Case No. C-89C583T, to "clean-up" the release of hazardous substances at the Landfill. The City completed the majority of the remediation work required by the Consent Decree several years ago. The remaining work mostly involves monitoring the remediation work completed by the City in the 1990s to assure that it continues to protect human health and the environment. The Consent Decree settlement was entered pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. §9601 et seq., and the state Model Toxics Control Act (MTCA), Chapter 70.105D RCW.

The City's remediation work has included: (1) covering the landfill with a double flexible membrane cap that is impermeable to water; (2) capturing methane gas within and at the landfill perimeter to prevent off-site migration; (3) pumping and treating ground water to remove contamination at the point of compliance and beyond property boundaries; and (4) closing the landfill in accordance with the above-referenced Consent Decree. The City has an obligation under the Consent Decree to monitor the remediation work over the next 20 years, or more years to make sure it continues to be effective at protecting human health and the environment.

The costs for ongoing maintenance of the Tacoma Landfill are not expected to require rate increases above those already projected. The City will be responsible for the costs of additional work if migration of pollutants from the site is not completely controlled by current remedial actions. The City's on-going monitoring efforts indicate the remedial actions undertaken by the City at the Tacoma Landfill are performing as designed.

In 2014, following closure of the portions of the Tacoma Landfill as required by the Consent Decree, the remaining recovery and transfer facilities continued to be permitted by the Tacoma Pierce County Health Department (TPCHD) through the same permitting process. All closed portions of the Landfill will also be covered by a TPCHD closure permit, which may be incorporated into the overall facility permit. The closure permit will mirror the requirements implemented as a result of the Landfill remedial action. The Tacoma-Pierce County Health Department has determined that the Tacoma Landfill is exempt under RCW 70.105D and WAC 173-351-700(4)(c) from TPCHD closure permit requirements. However, the City and the TPCHD are working cooperatively on an agreement pursuant to which the City will voluntarily comply with the TPCHD closure permit requirements.

Long-term plans for the closed capped areas of the Tacoma Landfill include recreational facilities, such as trails and playfields, as well as other govern mental facilities, such as greenhouses for grounds maintenance operations. All development on the Tacoma Landfill site must be designed to accommodate differential settlement and allow for continued functioning of the environmental remediation systems.

The Division reported \$14,865,976 as landfill post-closure care liability as of December 31, 2019 based on 100% use of the total capacity of the Tacoma Landfill. This compares to \$15,724,975 at December 31, 2018 based on 100% of capacity. Actual care costs may be higher or lower due to inflation, changes in technology, or changes in regulations. The Division will be responsible for the costs of additional work if migration of pollutants from the site is not completely controlled by current remedial actions. To meet the previous requirements of State and Federal laws and regulations, contributions were made to a reserve for financing closure costs.

### E. Potential environmental contamination or utility claims or suits

Solid Waste (#4200) Landfill Clean Air Act Enforcement Action - Puget Soundkeeper Alliance v City of Tacoma, Clean Water Act Litigation; Federal District Court, Western District Wash., Case No. 3:16-cv-05195-RBL. On January 14, 2016, the City of Tacoma received a notice of Intent to Sue from Puget Soundkeeper Alliance ("Soundkeeper"). The Notice was filed pursuant to 33 U.S.C. Section 1365 of the Clean Water Act. This act allows third parties to bring claims against municipalities for violation of National Pollution Discharge Elimination System ("NPDES") Permits and order issued pursuant to the Clean Water Act. Plaintiffs filed suit against the City on March 15, 2016. A consent decree was filed February 9, 2017 settling all claims. The Consent Decree includes on-going obligations of the City to update its pretreatment program which the City has undertaken. The Consent Decree will terminate on May 11, 2019. The City continues the work to update its pretreatment program.

Because of the nature of its activities, the Division is subject to various pending and threatened legal actions, which arise in the ordinary course of business. The Division believes, based on the information presently known, the ultimate liability for any legal actions, individually or in the aggregate, taking into account established accruals for estimated liabilities, will not be material to the financial position of the Division, but could be material to results of operations or cash flows for a particular annual period. No assurance can be given, however, as to the ultimate outcome with respect to any particular claim.

#### **Note 9 – CONTINGENT LIABILITIES**

Solid Waste (#4200) Long-term Contract – Land Recovery, Inc. - In February 2000, the Division entered into a 20-year contract with Land Recovery, Inc. (LRI) to dispose of all "acceptable waste" collected or handled by the Division (as that term is defined in the agreement), at the 304th Street landfill operated by LRI. The Division entered into this agreement to extend the life of the Tacoma Landfill and to secure a long-term disposal arrangement at a favorable disposal cost. The agreement excludes solid waste that LRI is not authorized by law or permit to receive, or which could create or expose LRI or the Division to potential liability, among other things. Recycling and/or composting waste is not covered by the agreement. The agreement further provides that LRI shall charge a base rate per ton for disposal services, and that said rate shall decrease as the tonnage increases during each contract year. The agreement also provides that the base rate charged by LRI shall increase annually based on the Seattle-Tacoma CPI. The rate per ton is periodically increased by LRI to cover certain increased costs, including the increased cost of landfill closure liabilities. These rate adjustments are part of the existing agreement.

Solid Waste (#4200) Long-term Contract – Pierce County Recycling, Composting and Disposal - In October 2004 the Division entered into a ten (10) year agreement with Pierce County Recycling Composting and Disposal (PCRCD) LLC to accept organic material collected by the City curbside or delivered to the City's landfill for processing into compost. Under the agreement, which has two 5-year renewal options, PCRCD will charge a base rate per ton for the organic waste it receives from the City. This price may be adjusted beginning on the second anniversary of the agreement, and thereafter annually based on the Seattle-Tacoma-Bremerton CPI. The

agreement also includes a revenue sharing component. The Division entered into this agreement to extend the life of the Tacoma landfill and secure a long-term composting arrangement at a favorable cost through 2030.

Wastewater and Surface Water (#4300-01) Commencement Bay Natural Resource Damages - The City resolved federal, state, and tribal natural resource damage claims associated with municipal storm water discharges in Commencement Bay through a Consent Decree, effective December 30, 1997. The stated value of the City's settlement was approximately \$7,700,000. Under the Consent Decree (the NRDA Consent Decree), the City agreed to undertake five restoration projects within the Commencement Bay watershed and make certain cash payments. The construction was completed on four projects and the City made a payment to the Port of Tacoma of \$134,692 to construct the fifth project. This final project, Place of Circling Waters, was built in 2010 and the monitoring period was completed in 2016.

The City provided notification to the Trustees in 2013 that the obligations of the NRDA Consent Decree were fulfilled. In the Trustees' response, they indicated that monitoring of Place of Circling Waters needed to be complete before the Consent Decree could be closed out. On January 11, 2017, following completion of this monitoring, the City again provided notification to the Trustees that the obligations of the NRDA Consent Decree were fulfilled. On May 28, 2019, the City received notification that the Trustees had executed a Resolution agreeing that the City had completed their obligations under the Consent Decree.

Although the City resolved its NRDA liability, it remains a property owner of the restoration sites. The City expects that any financial obligation it may have related to these parcels in the future will be de minimus and similar to the liability related to ownership of other properties within the City.

Wastewater and Surface Water (#4300-01) Olympic View Resource Area - In 2001, the City entered into an Administrative Order on Consent for Removal Action at the Olympic View Resource Area (OVRA) with the Environmental Protection Agency (EPA). Contamination identified during construction of the NRDA site in this location led to the need for sediment cleanup work to be performed as a separate action. The cleanup action was completed in 2002, followed by long-term monitoring to ensure the protectiveness of the cap. In 2014, results of this monitoring indicated the potential of some loss of the capping material present at the site. This material loss was confirmed by subsequent surveys and a cap material replenishment project was required. A report of these findings was submitted to EPA in early 2017 along with a Contingency Planning Proposal, and upon approval, the City began implementation of this proposal. The project is currently in design and construction is planned for the summer of 2020. Long-term monitoring will be required following construction. Included in the financial statements for the years 2019 and 2018 are liabilities of \$2,046,057 and \$1,050,662 respectively.

Wastewater and Surface Water (#4300-01) Foss Consent Decree – Following the first ten years of monitoring, the City worked with the Environmental Protection Agency to develop the Long Term Monitoring Plan for the Thea Foss Waterway. Under this Long-term Monitoring Plan developed in accordance with the Foss Consent Decree, the City has an obligation for continued monitoring through at least 2028. The results of this monitoring may result in additional limited cleanup efforts in the future. It is expected that another Long-term Monitoring Plan will be developed following completion of monitoring under the current plan. Included in the financial statements for the years 2019 and 2018 are liabilities of \$912,000 and \$987,500 respectively.

The City indemnified certain parties when it purchased real property along the Thea Foss Waterway in the late 1980's and early 1990's. The City expects that any financial obligation it may have related to these indemnities will be de minimus given the historical uses of the indemnified properties and the limited potential for releases from these properties to damage natural resources.

Wastewater and Surface Water (#4300-01) Coal-Gas Site Agreed Order - In 1993 the City became a party to an agreed order with the State Department of Ecology under MTCA (RCW 70.105D.050(1)) for the clean-up of the coal-gas properties located at the head of the Foss Waterway just south of the cable stay bridge below the SR 705 spur. The City is one of several potentially liable parties (PLPs) that are signatories to this agreed order. The agreed order, and subsequent amendments, provided for interim measures to control the coal-tar from migrating from this site into the Foss Waterway but did not provide for final clean-up or closure of the site. In early-2016

# Notes to the Financial Statements For the Year Ended December 31, 2019

the other PLPs contacted the City of Tacoma regarding monitoring of the wells on the site, which they subsequently did on several occasions with Ecology authorization.

In mid-2016, Ecology contacted the City and other parties to initiate the negotiations of a new Agreed Order which would address final closure of the Coal Gas Site by completion of a Remedial Investigation/Feasibility Study (RI/FS) and development of a draft Cleanup Plan (dCAP) for the site. The City's role and cost obligation should be limited. This new Agreed Order was fully executed in 2018 and work has commenced.

**Tacoma Water (#4600) Capital Improvements** – The financial requirement for Tacoma Water's 2019-2020 biennial Capital Improvement program is approximately \$61.4 million and Tacoma Water has substantial contractual commitments relating to the program. At December 31, 2019 the remaining financial requirement for Capital Improvement Programs relating to all prior biennia is approximately \$42.9 million.

Tacoma Water (#4600) Muckleshoot Indian Tribe Settlement – A mutually beneficial settlement agreement was reached with the Muckleshoot Indian Tribe in 1995. The settlement package has a cost of approximately \$30 million and includes five basic elements: 1) building a fish restoration facility and annual operation and maintenance of that facility, or in the alternative, providing \$12 million (indexed at 1995 dollars) into a fish restoration fund; 2) providing for enhanced flows in the Green River; 3) transferring certain lands; 4) establishing a trust fund payable over 40 years which is intended to provide for the general welfare, educational and other needs of the Tribe; and 5) limited access into the Green River Watershed. The settlement resolved past damage claims by the Tribe for Tacoma Water's historical operations on the river, gain the Tribe's support for the Second Supply Project and provide the basis for a long-term, cooperative working relationship on the Green River. Tacoma Water has been implementing this agreement.

Tacoma Water (#4600) Willa Taulolo v. City of Tacoma, et al. - On April 25, 2019, Willa Taulolo, was involved in a motor vehicle accident with Kyle Wicks in Tacoma, Washington. Mr. Wicks was driving a City of Tacoma Water truck. Both drivers claimed that they had the green traffic control signal for their direction of travel and there are no independent witnesses. On July 1, 2019, Ms. Taulolo filed a claim for damages with the City of Tacoma. On January 24, 2020, the City was served with a Summons, Complaint and Interrogatories. The Summons and Complaint were filed in Pierce County Superior Court on February 11, 2020. A Notice of Appearance was served on Plaintiff's counsel advising them of our representation of the City of Tacoma and Mr. Wicks. An Answer and Counterclaim were filed and served on Plaintiff's counsel on February 11, 2020.

**Tacoma Water** (#4600) **General Legal Matters** - The Water Division has received several other miscellaneous claims or litigation that either do not allege material amounts or that the Legal Department has determined do not pose a risk of liability to the Utility.

*Tacoma Power (#4700) Capital Improvements* — The financial requirement for Tacoma Power's 2019/2020 biennial Capital Improvement Program is approximately \$149.7 million. As of December 31, 2019, the remaining financial requirement for the 2019/2020 biennial Capital budget was approximately \$110.2 million.

**Tacoma Power** (#4700) Kosmos Mill Oil Seep - On November 21, 2019, an emergency action was approved by the Director to begin work to install a containment cap on oil seepage near Riffe Lake on the Cowlitz River. A sawmill was historically located at this site near the town of Kosmos before the area was inundated by Riffe Lake. The Division has recognized a liability in the amount of \$5.3 million as the cost to repair the oil seepage and address the environmental impacts are both probable and reasonably estimated.

# Notes to the Financial Statements For the Year Ended December 31, 2019

**Western Metal Industry Pension Fund** - The City of Tacoma had approximately 113 employees who participated in the Western Metal Industry Pension Fund (Plan). The Plan is a cost-sharing, defined benefit, multiple-employer pension plan and is administered by the Board of Trustees. The Trustees and other Plan fiduciaries have discretionary authority to interpret the Plan and determine entitlement to Plan benefits.

Information was unavailable to determine if an actuarial liability exists for the City in 2019, however, the Plan was in "critical" status in the Plan Year beginning January 1, 2019. The Plan fell into critical status following the 2009 Plan Year and was certified as "critical" in 2010. In an effort to improve the Plan's funding situation, the Trustees adopted a Rehabilitation Plan on May 28, 2010 and subsequently updated it on July 24, 2012 and December 9, 2016.

The Rehabilitation Plan consists of reductions in adjustable benefits including early retirement benefits and retirement payment options, and contribution increases of 16% per year for up to 11 years over the current contribution level. These contribution increases do not translate into additional benefit accruals but instead are directed solely toward improving the Plan's funded status. The Trustees have adopted the "free look" rule set forth in subsection 4210(a) of ERISA related to withdrawal liabilities.

Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or, a copy of the Plan's annual report may be obtained by making a written request to the Plan administrator.

The employer is required to make contributions to the Plan absent terms of a Collective Bargaining Agreement.

On December 11, 2018 the Tacoma City Council approved the collective bargaining agreement for the International Association of Machinists and Aerospace Workers District Lodge 160, Local Lodge 297 covering City of Tacoma Rail Mechanics and Track Workers. Contained in these agreements were a call for cessation of the participation in the Western Metal Industry Pension Fund (WMIPF). The contributions submitted for the December 31, 2018, payroll was the final contributions made on behalf of the employees in those two units.

On December 3, 2019 the Tacoma City Council approved the collective bargaining agreements for the following groups; the International Association of Machinists and Aerospace Workers District Lodge 160, Local Lodge 297 covering City of Tacoma Rail Yard Clerks and the General Unit, and District Lodge 160, local lodge 282 covering Wastewater Treatment Plant Maintenance Supervisors' Unit. Contained in this agreement was a call for cessation of the participation in the Western Metal Industry Pension Fund (WMIPF). The contributions submitted for the December 31, 2019, payroll was the final contributions made on behalf of the employees in this unit. As of January 1, 2020, no employees were participating in the plan.

Those employees who vested would be eligible for benefits based on their date of withdrawal.

The contribution rates for 2018 and 2019 by classification were as follows:

	January 1, 2018 -	January 1, 2019 -
Classification	December 31, 2018	December 31, 2019
Equipment Mechanic, Heavy	5.91% of gross pay	6.47% of gross pay
Fabrication Welder	5.98% of gross pay	6.21% of gross pay
Fire & Marine Diesel Mechanic	5.50% of gross pay	6.05% of gross pay
Fire & Marine Shop Supervisor	5.24% of gross pay	5.73% of gross pay
Machinist	5.80% of gross pay	6.36% of gross pay
Solid Waste Mechanic	6.45% of gross pay	7.06% of gross pay
Vehicle & Equip Shop Attendant	4.88% of gross pay	5.34% of gross pay
Vehicle & Equipment Shop Supervisor	5.08% of gross pay	5.57% of gross pay
WWTP Assistant	4.95% of gross pay	5.43% of gross pay
WWTP Maintenance Machinist	5.76% of gross pay	6.31% of gross pay
WWTP Maintenance Machinist, Senior	5.67% of gross pay	6.22% of gross pay
WWTP Maintenance Supervisor	3.66% of gross pay	4.03% of gross pay
	July 1, 2018 -	
	December 31, 2018	
	\$274.40 every two	
Mechanics	weeks	
	\$213.64 per pay	
Track Workers	period	
	July 1, 2018 - June 30,	July 1, 2019 -
	2019	December 31, 2019
	\$1.48 per	\$1.60 per
Yard Clerks	compensable hour	compensable hour

In 2018 and 2019 the City contributed \$143,604 and \$20,421, respectively.

There is currently no schedule to amortize the unfunded liability for the employees who are remaining within the Plan and the system is currently functioning on a pay-as-you-go basis. The City's obligation is to pay, in full, the payroll withholdings to the system.

At this time, WMIPF has not provided a withdrawal liability estimate. The City utilized employee data from 2017, the last year in which all units were actively contributing to WMIPF to estimate the City's withdrawal liability. The City has recognized a liability in the amount of \$14,056,280 and \$2,320,000 as of December 31, 2019 and December 31, 2018, respectively.

## Grants

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

#### **Note 10 – SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population. Given the dynamic nature of these circumstances and potential business disruption, the City could experience a significant short-term impact to operations. Management will continue to monitor the situation closely, but given the uncertainty about the situation, it is unable to estimate the impact to the financial statements.

The City selected Rainier Connect North, LLC ("Rainier Connect") to conduct in-depth negotiations for the continued operation of the Click! commercial network. On November 5, 2019 the policymakers approved the Click! Business Transaction Agreement with Rainier Connect which put into motion a transfer of operational control over approximately a 120-day transition period. As expected, on April 1, 2020, Rainier Connect entered into an Indefeasible Right of Use Agreement and took operational control of the commercial network. The change of control took place as anticipated.

On May 14, 2020, Tacoma Water, issued the Water System Subordinate Revenue Refunding Bond, Series 2020 Direct Purchase Option with Key Government Finance, Inc. in an amount of \$18.3 million in order to refund the 2010 Series A Water System Revenue Refunding Bonds.

# CITY OF TACOMA, WASHINGTON

NOTES TO THE FINANCIAL STATEMENTS FOR DECEMBER 31, 2019

NOTE 11 CHANGES IN LONG TERM DEBT (all dollar values in thousands)

(all dollar values in thousands)									
NAME OF BOND ISSUE	PURPOSE OF ISSUE	DATE OF ISSUE	MATURITY DATES	ORIGINAL AMOUNT	EFFECTIVE INTEREST RATE	AMOUNT O/S 01-01-19	ISSUED 2019	REDEEMED 2019	AMOUNT O/S 12/31/19
GENERAL OBLIGATION BONDS, LOANS, & NOT	res								
Unlimited General Obligation Bonds									
Genl Obl Bonds 2010	Refunding 2002 Bonds	11/10/10	2011 - 2022	21,870	2.6323	9,825		2,275	7,550
Subto	tal Unlimited (Voted)					9,825	0	2,275	7,550
Limited General Obligation Bonds									
Ltd. Genl Obl Bonds 2009A Cheney	Capital Improvements	12/17/09	2011 - 2035	15,380	5.8600	13.950		325	13.625
Ltd. Genl Obl Bonds 2009A Chency Ltd. Genl Obl Bonds 2009B Dock & Salishan	Capital Improvements	12/17/09	2035	3,320	3.5400	3,320		323	3.320
Ltd. Geni Obi Bonds 2009C Cheney	Capital Improvements	12/17/09	2034	4,975	4.8800	4,975			4,975
Ltd. Genl Obl Bonds 20096 Gherley  Ltd. Genl Obl Bonds 20096 Multiple Projects	Capital Improvements	12/17/09	2026 - 2035	13,526	5.7500	13,526			13,526
Ltd. Genl Obl Bonds 2009E Multiple i Tojects Ltd. Genl Obl Bonds 2009E Acreted Interest	Capital Improvements	12/17/09	2026 - 2036	13,526	5.7500	8,842	1,293		10,135
Ltd. Geni Obi Bonds 2009E Acreted Interest Ltd. Geni Obi Bonds 2009F Cheney & Env Re	m Capital Improvements	12/17/09	2020 - 2030	6,681	7.2020	6,681	1,293		6,681
Ltd. Geni Obi Bonds 2009F Cheriey & Env Re	in Capital Improvements	12/17/09	2023 - 2026	6,681	7.2020	5,862	915		6,777
	Refund 1997B, 2001, 2004,		2015 - 2022	7,355	2.7966	2,945	915	750	2.195
Ltd. Genl Obl Bonds 2010B Refunding Bonds				,		,			,
Ltd. Genl Obl Bonds 2010C Refunding Bonds	Refund 2001, 2007, 2009 L		2015 - 2022	7,355	3.8076	3,925		925	3,000
Ltd. Genl Obl Bonds 2010D Bonds	Capital Improvements	11/10/10	2015 - 2033	30,225	5.0399	25,130		1,340	23,790
Ltd. Genl Obl Bonds 2010E Bonds	Capital Improvements	11/10/10	2015 - 2040	9,130	5.7155	8,115		270	7,845
Ltd. Genl Obl Bonds 2013 Refunding Bonds	Refund 2001 & 2004	03/05/13	2015 - 2034	44,170	3.1768	38,200		1,680	36,520
Ltd. Genl Obl Bonds 2015A Refunding Bonds	Ref 2006A, 2006B, & 2007	12/29/15	2016 - 2036	12,735	3.2066	11,895		435	11,460
Ltd. Genl Obl Bonds 2015B Refunding Bonds	Ref 2006A, 2006B, & 2007	12/29/15	2016 - 2027	20,215	2.8933	18,980		3,725	15,255
Ltd. Genl Obl Bonds 2017 - Tacoma Dome	Capital Improvements	12/12/17	2019 - 2037	25,295	3.2114	24,340		1,000	23,340
Subto	tal Limited (Councilmanic)					190,686	2,208	10,450	182,444
Washington State Public Works Trust Fund Loan									
CTED PWTF No. 04-691-068	Capital Improvements	06/02/04	2004 - 2024	4,500	0.5000	3,423		570	2,853
Subto	tal Washington State Loan (Co	uncilmanic)				3,423	0	570	2,853
	,	,							
Total General Obligation Bonds, Loan	s, & Notes					203,934	2,208	13,295	192,847
ENTERPRISE REVENUE BONDS, LOANS, & NOT	res								
Greater Tacoma Convention Center									
Tac CC & Parking Rev/Ref Bonds, Series 201	0 Refunding 2004 Ronds	11/10/10	2015 - 2024	5,015	3.7656	3,300		490	2,810
•	•								,
Tac CC & Parking Rev/Ref Bonds, Series 201	5 Refunding 2004 Bonds	08/14/15	2015 - 2024	20,453	2.3304	12,716		2,014	10,702
Subto	tal Convention Center					16,016	0	2,504	13,512
Wastewater Utility									
State Revolving Fund (SRF) Loan #40006A	Treatment Plant Upgrade	09/19/03	2008 - 2028	53,491	1.5000	28,189		2,782	25,407
State Revolving Fund (SRF) Loan #40006B	Treatment Plant Upgrade	09/20/03	2009 - 2028	21,687	2.6000	12,064		1,134	
Sewer Rev & Ref Bonds 2015	Refunding	03/18/15	2016 - 2045	109,300	3.5358	104,600		1,845	
	•								

NAME OF BOND 199115	DUDDOOF OF IOOUE	DATE OF	MATURITY	ORIGINAL	EFFECTIVE INTEREST	AMOUNT O/S	ISSUED		AMOUNT O/S
NAME OF BOND ISSUE	PURPOSE OF ISSUE	ISSUE	DATES	AMOUNT	RATE	01-01-19	2019	2019	12/31/19
Sewer Rev & Ref Bonds 2016A	Refunding	06/15/16	2016 - 2038	31,855	2.8277	29,345		1,045	28,300
Sewer Rev & Ref Bonds 2016B Sewer Revenue Bonds 2019 Waste I	Refunding Improvements	06/15/16 11/28/19	2017 - 2020 2019 - 2048	11,865 43,460	1.3269 3.9387	7,450 43,460		2,360 830	5,090 42,630
Sewer Revenue Bonds 2019 Waste II	Improvements	11/28/19	2019 - 2031	43,460 6,115	3.0387	43,460 6,115		5	6,110
Sewel Revenue Bolius 2019 Waste II	improvements	11/20/19	2019 - 2031	0,115	3.0307	0,115		5	0,110
Subtota	al Sewer					231,223	0	10,001	221,222
Surface Water Utility									
DOE SFR Loan L-1000007	Sewer Plant Upgrade	02/07/06	2011 - 2030	474	2.9000	322		23	299
Sewer Revenue Bonds 2019 Surface I	Improvements	11/28/19	2019 - 2048	26,930	3.9387	26,930		515	26,415
Sewer Revenue Bonds 2019 Surface II	Improvements	11/28/19	2019 - 2031	24,440	3.0387	24,440		25	24,415
	·								
Subtota	al Surface Water					51,692	0	563	51,129
Solid Waste Utility	0 "11	00/40/45	0047 0005	04.005	0.4075	47.075		0.400	11015
Solid Waste Revenue Bonds, 2015	Capital Improvements	03/18/15	2017 - 2025	21,095	2.1375	17,075		2,160	14,915
Solid Waste Rev/Ref Bonds, 2016A	Refunding	06/15/16	2031 - 2036	23,200	3.4260	23,200			23,200
Solid Waste Rev/Ref Bonds, 2016B	Refunding	06/15/16	2026 - 2031	15,025	2.9985	15,025			15,025
Subtota	al Refuse					55,300	0	2,160	53,140
Electric System									
Electric System 2010B Rev Bonds (BABS)	Capital Improvements	07/27/10	2031 - 2035	147,070	3.9071	147,070			147,070
Electric System 2010C Rev Bonds (CREBS)	Capital Improvements	07/27/10	2027	24,185	1.9235	24,185			24,185
Electric System 2013A Rev Ref Bonds	Refund & Capital Imp	06/13/13	2014 - 2042	181,610	3.3869	115,585		10,095	105,490
Electric System 2013B Rev Ref Bonds	Refunding	06/13/13	2014 - 2030	35,620	3.3427	35,620			35,620
Electric System 2017 Revenue Bonds	Capital Improvements	09/01/17	2022 2040	70,575		70 575			70 575
•	Capital Improvemente	09/01/17	2022-2046	70,575		70,575			70,575
•	al Electric System	09/01/17	2022-2046	10,515		393,035	0	10,095	382,940
•	, ,	09/01/17	2022-2046	70,373			0	10,095	
Subtota	, ,	10/07/02	2022-2046	3,060	2.5000		0	<b>10,095</b>	
Subtota Water System	al Electric System			·	2.5000 0.5000	393,035	0	· ·	382,940
Subtota Water System PW-DWSRF-00-65120-031	al Electric System  Construction	10/07/02 04/11/01 08/27/01	2003 - 2021	3,060		<b>393,035</b> 483	0	161	382,940 322 105 1,067
Subtota Water System PW-DWSRF-00-65120-031 PW-00-691-PRE-115 PW-01-691-061 PW-01-691-PRE-127	al Electric System  Construction Construction Construction Construction Construction	10/07/02 04/11/01 08/27/01 02/15/02	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021	3,060 1,000 10,000 1,000	0.5000 0.5000 0.5000	393,035 483 158 1,600 163	0	161 53 533 54	382,940 322 105 1,067 109
Subtota  Water System	Construction Construction Construction Construction Construction Construction Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022	3,060 1,000 10,000 1,000	0.5000 0.5000 0.5000 0.5000	393,035 483 158 1,600 163 2,125	0	161 53 533 54 531	382,940 322 105 1,067 109 1,594
Subtotal Water System PW-DWSRF-00-65120-031 PW -00-691-PRE-115 PW-01-691-061 PW -01-691-PRE-127 PW-02-691-056 PW-04-691-PRE-101	Construction Construction Construction Construction Construction Construction Construction Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024	3,060 1,000 10,000 1,000 10,000 1,000	0.5000 0.5000 0.5000 0.5000 0.5000	393,035 483 158 1,600 163 2,125 320	0	161 53 533 54	382,940 322 105 1,067 109 1,594 267
Subtota  Water System     PW-DWSRF-00-65120-031     PW -00-691-PRE-115     PW-01-691-061     PW -01-691-PRE-127     PW-02-691-056     PW-04-691-PRE-101     Water Sys Ref & Rev Bonds 2005	Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025	3,060 1,000 10,000 1,000 10,000 1,000 46,550	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390	393,035 483 158 1,600 163 2,125 320 5	0	161 53 533 54 531 53	382,940 322 105 1,067 109 1,594 267 5
Subtota  Water System     PW-DWSRF-00-65120-031     PW -00-691-PRE-115     PW-01-691-061     PW -01-691-PRE-127     PW-02-691-PRE-101     Water Sys Ref & Rev Bonds 2005     PW-06-962-043	Construction & Refinance Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026	3,060 1,000 10,000 1,000 10,000 1,000 46,550 7,000	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000	393,035 483 158 1,600 163 2,125 320 5 2,965	0	161 53 533 54 531	382,940 322 105 1,067 109 1,594 267 5 2,594
Subtota  Water System	Construction & Refinance Construction Capital Improvements	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026 2033 - 2039	3,060 1,000 10,000 1,000 1,000 1,000 46,550 7,000 76,775	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775	0	161 53 533 54 531 53 371	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775
Subtota  Water System	Construction & Refinance Construction Capital Improvements Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028	3,060 1,000 10,000 1,000 1,000 1,000 46,550 7,000 76,775 10,000	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780 0.5000	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775 5,459	0	161 53 533 54 531 53 371	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913
Subtotal Water System	Construction Capital Improvements Construction Construction Construction Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028	3,060 1,000 10,000 1,000 10,000 1,000 46,550 7,000 76,775 10,000 4,040	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780 0.5000 1.5000	393,035 483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151	0	161 53 533 54 531 53 371 546 215	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936
Subtotal Water System	Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2013 - 2028 2013 - 2032	3,060 1,000 10,000 1,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780 0.5000 1.5000	393,035 483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139	0	161 53 533 54 531 53 371 546 215 367	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772
Subtota  Water System	Construction Capital Improvements Construction Construction Construction Construction Refunding	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10 08/24/10	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2013 - 2038 2013 - 2032 2012 - 2023	3,060 1,000 10,000 1,000 10,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579 29,100	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780 0.5000 1.5000 1.0000 3.2789	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139 21,890	0	161 53 533 54 531 53 371 546 215	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772 17,790
Subtotal Water System PW-DWSRF-00-65120-031 PW -00-691-PRE-115 PW-01-691-061 PW -01-691-PRE-127 PW-02-691-056 PW-04-691-PRE-101 Water Sys Ref & Rev Bonds 2005 PW-06-962-043 Water Sys Rev Bonds 2009 (Taxable BABS) PC08-951-047 DM07-952-015 PW-DWSRF 09-952-074 Water Sys Rev & Ref Bonds 2010A Water Sys Rev Bonds 2010B (BABS)	Construction Capital Improvements Construction Construction Construction Construction Construction Construction Construction Refunding Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10 08/24/10	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2010 - 2028 2013 - 2032 2012 - 2023 2024 - 2040	3,060 1,000 10,000 1,000 1,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579 29,100 74,985	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780 0.5000 1.5000 1.0000 3.2789 5.5636	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139 21,890 74,985	0	161 53 533 54 531 53 371 546 215 367 4,100	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772 17,790 74,985
Subtotal Water System	Construction Capital Improvements Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10 08/24/10 08/24/10	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2010 - 2028 2013 - 2032 2012 - 2023 2024 - 2040 2013 - 2024	3,060 1,000 10,000 1,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579 29,100 74,985 3,595	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780 0.5000 1.5000 1.0000 3.2789 5.5636 3.2460	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139 21,890 74,985 1,955	0	161 53 533 54 531 53 371 546 215 367	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772 17,790 74,985 1,655
Subtotal  Water System	Construction Capital Improvements Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10 08/24/10 08/24/10 08/24/10	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2010 - 2028 2013 - 2032 2012 - 2023 2024 - 2040 2013 - 2024 2013 - 2024	3,060 1,000 10,000 1,000 10,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579 29,100 74,985 3,595 44,245	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780 0.5000 1.5000 1.0000 3.2789 5.5636 3.2460 5.5636	393,035 483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139 21,890 74,985 1,955 44,245	0	161 53 533 54 531 53 371 546 215 367 4,100	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772 17,790 74,985 1,655 44,245
Subtotal  Water System	Construction Capital Improvements Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10 08/24/10 08/24/10 08/24/10 08/24/10 06/17/11	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2024 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2010 - 2028 2010 - 2028 2012 - 2023 2024 - 2040 2013 - 2024 2025 - 2040 2015 - 2034	3,060 1,000 10,000 1,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579 29,100 74,985 3,595 44,245 6,060	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 3.7780 0.5000 1.5000 1.0000 3.2789 5.5636 3.2460 5.5636 1.5000	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139 21,890 74,985 1,955 44,245 4,242	0	161 53 533 54 531 53 371 546 215 367 4,100 300	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772 17,790 74,985 1,655 44,245 3,939
Subtota  Water System	Construction Capital Improvements Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10 08/24/10 08/24/10 08/24/10 08/24/10 08/24/10 06/17/11	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2010 - 2028 2010 - 2028 2012 - 2023 2024 - 2040 2013 - 2024 2025 - 2040 2015 - 2034 2016 - 2035	3,060 1,000 10,000 1,000 10,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579 29,100 74,985 3,595 44,245 6,060 6,060	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 1.5000 1.0000 3.2789 5.5636 3.2460 5.5636 1.5000 1.5000	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139 21,890 74,985 1,955 44,242 1,823	0	161 53 533 54 531 53 371 546 215 367 4,100 300	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772 17,790 74,985 1,655 44,245 3,939 1,702
Subtota  Water System	Construction Capital Improvements Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10 08/24/10 08/24/10 08/24/10 06/17/11 06/30/11	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2010 - 2028 2013 - 2032 2012 - 2023 2024 - 2040 2013 - 2024 2025 - 2040 2015 - 2035 2016 - 2035	3,060 1,000 10,000 1,000 1,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579 29,100 74,985 3,595 44,245 6,060 6,060 6,060	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 1.5000 1.0000 3.2789 5.5636 3.2460 5.5636 1.5000 1.5000 1.5000	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139 21,890 74,985 1,955 44,245 4,242 1,823 5,151	0	161 53 533 54 531 53 371 546 215 367 4,100 300	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772 17,790 74,985 1,655 44,245 3,939 1,702 4,848
Subtota  Water System	Construction Capital Improvements Construction	10/07/02 04/11/01 08/27/01 02/15/02 04/15/02 03/19/04 10/11/05 07/18/06 11/04/09 11/25/09 03/31/10 04/09/10 08/24/10 08/24/10 08/24/10 08/24/10 08/24/10 06/17/11	2003 - 2021 2003 - 2021 2003 - 2021 2003 - 2021 2004 - 2022 2006 - 2025 2008 - 2026 2033 - 2039 2010 - 2028 2010 - 2028 2010 - 2028 2012 - 2023 2024 - 2040 2013 - 2024 2025 - 2040 2015 - 2034 2016 - 2035	3,060 1,000 10,000 1,000 10,000 1,000 46,550 7,000 76,775 10,000 4,040 6,579 29,100 74,985 3,595 44,245 6,060 6,060	0.5000 0.5000 0.5000 0.5000 0.5000 4.6390 0.5000 1.5000 1.0000 3.2789 5.5636 3.2460 5.5636 1.5000 1.5000	393,035  483 158 1,600 163 2,125 320 5 2,965 76,775 5,459 2,151 5,139 21,890 74,985 1,955 44,242 1,823	0	161 53 533 54 531 53 371 546 215 367 4,100 300	382,940 322 105 1,067 109 1,594 267 5 2,594 76,775 4,913 1,936 4,772 17,790 74,985 1,655 44,245 3,939 1,702

		DATE OF	MATURITY	ORIGINAL	EFFECTIVE INTEREST	AMOUNT O/S	ISSUED	REDEEMED	AMOUNT O/S
NAME OF BOND ISSUE	PURPOSE OF ISSUE	ISSUE 05/07/13	DATES	AMOUNT	RATE	01-01-19	2019	2019	12/31/19
Water Sys Rev Ref Bonds 2013 PW-DWSRF-13-952-133	Refinance Construction	10/07/13	2013 - 2043 2019 - 2037	78,305 12,120	3.8523 1.5000	74,355 10,302		606	74,355 9,696
PW-DWSRF-10-952-031	Construction	03/26/14	2015 - 2034	6,060	1.5000	4,873		305	4,568
PW-DWSRF-13-952-167	Construction	11/06/14	2015 - 2037	12,120	1.5000	10,302		606	9,696
Water Sys Ref Bonds 2015A	Refinance	05/12/15	2017 - 2025	16,645	1.9926	12,340		1520	10,820
DM15-952-033	Construction	06/01/14	2016 - 2034	12,120	1.5000	10,844		638	10,206
	Subtotal Water System					451,574	0	14,538	437,036
Tacoma Rail								,	,
WA State Rail Loan RR00407 2009	Capital Improvements	08/04/09	2010 - 2024	26	0.0000	10		2	8
WA State Rail Loan RR00408 2009	Capital Improvements	08/04/09	2011 - 2025	249	0.0000	116		16	100
WA State Rail Loan RRB-1007	Capital Improvements	12/06/11	2013 - 2022	450	0.0000	180		45	135
WA State Rail Loan RRB-1010	Capital Improvements	03/28/12	2013 - 2022	612	0.0000	245		61	184
WA State Rail Loan RRB-1011	Capital Improvements	03/28/12	2013 - 2022	349	0.0000	139		35	104
WA State Rail Loan RRB-1026	Capital Improvements	09/06/12	2014 - 2023	347	0.0000	173		35	138
WA State Rail Loan RRB-1030	Capital Improvements	09/06/12	2014 - 2023	364	0.0000	182		36	146
WA State Rail Loan RRB-1045	Capital Improvements	08/01/13	2015 - 2024	823	0.0000	371		62	309
WA State Rail Loan RRB-1046	Capital Improvements	08/01/13	2015 - 2024	250	0.0000	150		25	125
WA State Rail Loan RRB-1052	Capital Improvements	10/24/13	2016 - 2025	366	0.0000	256		37	219
WA State Rail Loan RRB-1053	Capital Improvements	10/24/13	2016 - 2025	773	0.0000	541		77	464
WA State Rail Loan RRB-1054	Capital Improvements	10/24/13	2016 - 2025	1,015	0.0000	773		110	663
WA State Rail Loan RRB-1055	Capital Improvements	10/08/13	2016 - 2025	516	0.0000	361		52	309
WA State Rail Loan RRB-1086	Capital Improvements	10/27/15	2016 - 2025	1,037	0.0000	637		91	546
WA State Rail Loan RRB-1108	Capital Improvements	07/03/17	2017 - 2026	311	0.0000	249		31	218
WA State Rail Loan RRB-1109	Capital Improvements	09/29/16	2017 - 2026	121	0.0000	249 97		12	
WA State Rail Loan RRB-1110	' '	09/29/16	2017 - 2026	406	0.0000	324		41	283
	Capital Improvements					324 296			259
WA State Rail Loan RRB-1111 WA State Rail Loan RRB-1112	Capital Improvements	01/06/17 12/06/16	2017 - 2026 2017 - 2026	370 150	0.0000 0.0000	296 120		37 15	259 105
WA State Rail Loan RRD-1112	Capital Improvements	12/00/10	2017 - 2020	150	0.0000	120		15	105
	Subtotal Tacoma Rail					5,220	0	820	4,400
Lease Revenue									
Lease Revenue Bonds 1990	Construction	03/15/90	1992-2022	36,250	9.3476	10,600		2,690	7,910
Lease Revenue Bonds 1992	Construction	12/15/92	1993-2022	4,695	7.4769	1,275		330	945
	Subtotal Lease Revenue					11,875	0	3,020	8,855
Total Revenue Bonds						£4 24E 02E	\$0	£42.704	£4.470.004
Total Revenue Bolius						\$1,215,935	<b>\$</b> 0	\$43,701	\$1,172,234
Total General Obligation & Rev	enue Bonds					\$1,419,869	\$2,208	\$56,996	\$1,365,081
SPECIAL ASSESSMENT BONDS									
Local Improvement District Bonds									
District #63 Bonds	Construction	09/29/11	2023	1,557	4.1800	153		153	0
District #64 Bonds	Construction	04/05/16		2,341	3.2500	1,680		150	1,530
District #65 Bonds	Construction	04/29/13	2043	30,999	5.7500	21,105		4,020	17,085
District #66 Bonds	Construction	12/19/19	2047	4,011	3.1250	0	4,011	0	4,011
Subtotal LID Bonds/Note:	S					22,938	4,011	4,323	22,626

									\$1,463,798
Total All Bonds						\$1,506,629	\$26,219	\$69,050	\$1,463,798
S	ubtotal Wells Fargo Revolving Li	ne of Credit				55,250	20,000	0	75,250
Wells Fargo Revolving Line of Credit	Capital Improvements	05/15/15	5/11/2019	\$100mm Max	0.5000	\$55,250	\$20,000		75,250
Total Special Assessment Bonds						\$31,510	\$4,011	\$12,054	\$23,467
Subtotal Bond Anticipation Notes						8,572	0	7,731	841
Bond Anticipation Notes Revolving Line of Credit	LID Construction	07/01/16	At CLID Issue	\$15mm Max	Floating	8,572		7,731	841
NAME OF BOND ISSUE	PURPOSE OF ISSUE	DATE OF ISSUE	MATURITY DATES	ORIGINAL AMOUNT	EFFECTIVE INTEREST RATE	AMOUNT O/S 01-01-19	ISSUED 2019	REDEEMED 2019	AMOUNT O/S 12/31/19

#### Notes related to debt increases:

- 1. Ltd. Genl Obl Bonds 2009E Multiple Projects Additions represent accreted interest capitalized to bond principal.
  2. Ltd. Genl Obl Bonds 2009F Cheney & Env Remed Additions represent accreted interest capitalized to bond principal.
  3. PW-DWSRF & DM Additions for each of these represent an additional draw from available funds.

## GENERAL FUND

#### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended December 31, 2019 (amounts expressed in thousands)

	APPROVED ORIGINAL BUDGET 2019-2020 BIENNIUM	APPROVED REVISED BUDGET 2019-2020 BIENNIUM	ACTUAL BIENNIUM- TO-DATE THRU 12/31/2019	VARIANCE WITH APPROVED REVISED BUDGET OVER (UNDER)
Revenues				
Taxes				
Property	\$ 122,993 \$	122,976 \$	61,037 \$	(61,939)
Sales	120,167	121,983	58,312	
Business	104,608	105,058	51,203	(53,855)
Excise	2,089	2,089	1,360	(729)
Other	-	-	-	-
Licenses and permits	14,104	14,251	7,271	(6,980)
Intergovernmental revenue	22,575	24,860	13,294	(11,566)
Charges for goods and services	7,409	8,335	4,051	(4,284)
Fines and forfeitures	3,444	3,301	1,375	(1,926)
Interest income	1,775	3,675	3,026	(649)
Other revenues Total Revenues	748 399,912	40	201,056	(141.041)
1 Otal Revenues	399,912	406,568	201,050	(141,841)
Current:				
General government	76,756	81,935	35,197	(46,738)
Public Safety	291,947	296,853	147,087	(149,766)
Transportation	-	-	=	-
Natural and economic environment	-	-	19,480	19,480
Social services	41,079	42,715	=	(42,715)
Culture and recreation	-	-	14,816	
Capital outlay	32,986	33,977	1,412	(32,565)
Principal retirement				
Interest and fiscal charges	442,768	455,480	217,992	(252,304)
Excess (Deficiency) of revenues over expenditures	(42,856)	(48,912)	(16,936)	110,463
Other Financing Sources (Uses)				
Sales of capital assets	184	-	19	19
Insurance Recoveries	-	-	31	31
Proceed of long-term debt	-	-	-	-
Premium on bonds sold	-	-	-	-
Proceeds of refunding long-term debt	-	-	=	-
Issuance discount on long-term debt	-	-	-	-
Payments to escrow agent - refunded bond	-	34	-	(34)
Transfer in	93,741	93,994	47,361	(46,633)
Transfer out	(71,854)	(84,916)	(45,645)	39,271
Total Other Finance Sources (Uses)	22,071	9,112	1,766	(7,346)
Net Change in Fund Balance	(20,785)	(39,800)	(15,170)	24,630
Fund Balance - January 1	20,784	39,800	91,449	51,649
Prior period adjustment	20,704	32,000	(89)	(89)
Change in accounting principle			(07)	(07)
Fund Balance - January 1, Restated		39,800	91,360	51,560
Fund Balance - December 31	s <u> </u>	1 \$	76,190 \$	76,189
Perspective Difference Reconciliation: ACTUAL FUND BALANCE - GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND				
BALANÇE		\$	76,190	
The following funds were budgeted as special revenue funds or trust funds but do not meet the defination of a special revenue fund or trust fund and therefore are accounted for within the General Fund:				
Contingency Fund #1030			710	
Police Pension Fund #6120			147	
Firefighters Pension Fund #6150			240	
TOTAL FUND BALANCE - GENERAL FUND				
BALANCE SHEET FOR GOVENRMENTAL FUNDS		\$	77,997	

## **Required Supplementary Information**

## LEOFF 1

## Proportionate Share of the Net Pension Liability Last 10 Years\*

Fiscal Years Ended June 30

	2019	2018	2017	2016	2015	2014-2010
Employer's proportion of the net pension liability(asset) as a percentage	1.03%	1.05%	1.07%	1.08%	1.09%	N/A
Employer's proportionate share of net pension liability(asset)	(20,428,571)	(19,103,856)	(16,163,187)	(11,098,437)	(13,178,851)	N/A
State's proportionate share of the net pension liability(asset) associated with the employer	(138,178,348)	(129,218,006)	(109,327,398)	(75,069,549)	(89,141,418)	N/A
Total	(158,606,919)	(148,321,862)	(125,490,585)	(86,167,986)	(102,320,269)	N/A
Covered payroll	-	-	-	-	-	N/A
Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	148.78%	144.42%	135.96%	123.74%	127.36%	N/A

<sup>\*</sup>Until a full 10-year trend is compiled, only information for those years available is presented.

LEOFF 2

Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years\*

## Fiscal Years Ended June 30

	2019	2018	2017	2016	2015	2014-2010
Employer's proportion of the net pension						
liability(asset) as a percentage	2.38%	2.47%	2.59%	2.48%	2.47%	N/A
Employer's proportionate share of net pension liability(asset)	(55,232,023)	(50,235,694)	(35,974,279)	(14,416,299)	(25,352,743)	N/A
State's proportionate share of the net pension liability (asset) associated with the employer	(36,169,575)	(32,526,664)	(23,335,843)	(9,398,378)	(16,763,253)	N/A
Total	(91,401,598)	(82,762,358)	(59,310,122)	(23,814,677)	(42,115,996)	N/A
Covered payroll	71,393,403	79,762,242	77,370,718	77,913,215	72,486,494	N/A
Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll	-77.36%	-62.98%	-46.50%	-18.50%	-34.98%	N/A
Plan fiduciary net position as a percentage the total pension liability	119.43%	118.50%	113.36%	106.04%	111.67%	N/A

<sup>\*</sup>Until a full 10-year trend is compiled, only information for those years available is presented.

## Schedule of the City of Tacoma's Contributions Last 10 Fiscal Years\*

## Fiscal Year Ended December 31

_	2019	2018	2017	2016	2015	2014-2010
Contractually required employer contribution	\$4,687,724	\$4,448,565	\$4,025,059	\$4,026,349	\$3,716,978	N/A
Contributions in relation to the contracturally						
required employer contribution	(4,687,724)	(4,448,565)	(4,025,059)	(4,026,349)	(3,716,978)	N/A
Employer contribution deficency (excess)	0	0	0	0	0	N/A
Covered payroll	\$90,117,849	\$84,770,897	\$78,198,160	\$79,849,106	\$73,603,497	N/A
Employer contribution as a percentage of covered						
payroll	5.20%	5.25%	5.15%	5.04%	5.05%	N/A

<sup>\*</sup>Until a full 10-year trend is compiled, only information for those years available is presented.

## Tacoma Employee's Retirement System Fund (TERS)

## Proportionate Share of the Net Pension Liability Last 10 Fiscal Years\*

Fiscal Year Ended December 31 2018 2017 2016 2015 2014 2013-2009 Employer's proportion of the net pension liability(asset) as a percentage 92.39% 92.46% 92.48% 92.67% N/A 92.63% Employer's proportion share of net pension liability(asset) 117,009,191 (39,323,299) 92,880,524 86,584,348 (9,606,514)N/A Covered payroll (1) 233,555,537 218,669,028 210,616,602 205,085,611 N/A 223,371,667 Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll 50.10% -17.60% 42.48% 41.11% -4.68% N/A Plan fiduciary net position as a percentage the total pension liability 92.81% 102.53% 93.91% 93.94% 100.71% N/A

## Schedule of the City of Tacoma's Contributions Last 10 Fiscal Years\*

#### Fiscal Year Ended December 31

	2019	2018	2017	2016	2015	2014	2013-2010
Contractually required employer contribution Contributions in relation to the contracturally	\$27,942,195	\$26,414,402	\$24,124,140	\$23,616,255	\$22,746,593	\$22,149,246	N/A
required employer contribution	(27,942,195)	(26,414,402)	(24,124,140)	(23,616,255)	(22,746,593)	(22,149,246)	N/A
Employer contribution deficency (excess)	0	0	0	0	0	0	N/A
Covered payroll	\$246,403,836	\$233,555,537	\$223,371,667	\$218,669,028	\$210,616,602	\$205,085,611	N/A
Employer contribution as a percentage of covered payroll	11.34%	11.31%	10.80%	10.80%	10.80%	10.80%	N/A

<sup>\*</sup>The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This table is intended to show ten years of data. As more information becomes available, this table will be updated.

<sup>\*</sup>The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This table is intended to show ten years of data. As more information becomes available, this table will be updated.

## Firefighters and Police Pension Fund

Schedule of Changes in Total Pension Liability and Related Ratios Last 10 Years\* (dollars expressed in thousands)

## Firefighters' Pension Fund

## Fiscal Year Ended December 31

	2019	2018	2017	2016 - 2010*
Total Pension Liability				
Service cost	\$ - \$	- \$	-	N/A
Interest on total pension liability	957	975	1,058	N/A
Effect of plan changes	-	-	-	N/A
Effect of economic/demographic gains or (losses)	-	(1,871)	-	N/A
Effect of assumption changes or inputs	2,624	(1,076)	622	N/A
Benefit payments	(1,968)	(1,952)	(2,100)	N/A
Net change in total pension liability	1,613	(3,924)	(420)	N/A
Total pension liability, beginning	24,904	28,828	29,248	N/A
Total pension liability, ending	26,517	24,904	28,828	N/A
Covered payroll	-	-	-	N/A
Total pension liability as a % of covered payroll	N/A	N/A	N/A	N/A

## Police Relief and Pension Fund

## Fiscal Year Ended December 31

	2019		2018	2018 2017	
Total Pension Liability					
Service cost	\$	- \$	- \$	-	N/A
Interest on total pension liability		512	514	573	N/A
Effect of plan changes		-	-	-	N/A
Effect of economic/demographic gains or (losses)		-	(667)	-	N/A
Effect of assumption changes or inputs		1,303	(540)	311	N/A
Benefit payments		(1,196)	(1,406)	(1,341)	N/A
Net change in total pension liability		619	(2,098)	(456)	N/A
Total pension liability, beginning		13,391	15,490	15,946	N/A
Total pension liability, ending		14,009	13,391	15,490	N/A
Covered payroll		-	-	N/A	N/A
Total pension liability as a % of covered payroll		N/A	N/A	N/A	N/A

<sup>\*</sup>This table is intended to represent 10 years of comparative data. Prior years are not available. As future years become available the table will be updated.

## Other Post Employment Benefit Plan (OPEB)

## Schedule of Changes in Total OPEB Liability and Related Ratios Last 10 Years\* (dollars expressed in thousands)

Measurement Period Ended December 31

	THEMOMICHICITY I C.	nod Ended Decemb	CI 31
	 2018	2017	2016-2009*
Total OPEB Liability			
Service cost	\$ 3,302 \$	3,010	N/A
Interest on total OPEB liability	7,562	7,866	N/A
Changes in benefit terms	-	-	N/A
Effect of economic/demographic gains or (losses)	54	-	N/A
Effect of assumption changes or inputs	(18,945)	9,060	N/A
Expected benefit payments	(8,671)	(8,352)	N/A
Net change in total OPEB liability	(16,698)	11,584	N/A
Total OPEB liability, beginning	220,811	209,227	N/A
Total OPEB liability, ending	204,113	220,811	N/A
Covered-employee payroll	\$ 350,507 \$	330,788	N/A
Total OPEB liability as a % of covered-employee payroll	58.23%	66.75%	N/A

### Notes to Required Supplementary Information (RSI)

### Note 1—Budgetary data

### A. General budget policies

The biennial budget is adopted by appropriation ordinance of the Tacoma City Council and may be amended by subsequent ordinances. Biennial budgets are legally adopted for all governmental fund types. Any comparisons between budget and actual revenues and expenditures are reported under the GAAP basis. The budget is adopted with budgetary control at the fund level, so expenditures may not legally exceed appropriations at that level of detail. Transfers or revisions within funds are administratively allowed, but only City Council has the legal authority to increase or decrease a given funds biennial budget. While not required by law, the City adopts budgets for proprietary funds and some selected trust funds. These budgets are "management budgets" and as such, are not reported in the CAFR.

Although the City is not legally responsible for the Tacoma Community Redevelopment Authority (TCRA), the City has included certain financial information pertaining to TCRA. The City is not required to report the TCRA, Foss Waterway Development Authority (FWDA), or the Greater Tacoma Regional Convention Center Public Facilities District (GTRCCPFD)'s budgets and therefore it is excluded from the budget and actual comparisons.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded, is employed as an extension of formal budgetary control for governmental fund types. Encumbrances outstanding at December 31 are reported as restricted, committed, or assigned fund balances as defined by GASB 54. Encumbrances outstanding at the end of the biennium are re-appropriated at the beginning of the next biennium with budget's approval.

#### B. Budget basis of accounting

All budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

#### C. The budget process

The budget process begins with the City Council making appropriate revisions to the City's long-term strategic plan, identifying goals, and setting priorities. In early June, the initial revenue forecast is completed by the Office of Management, Budget and Analysis (OMBA) and City departments and agencies begin budget preparation. Budget requests are due to OMBA in late July. OMBA reviews and revises budget requests in August. The revenue forecast is refined in early September and a preliminary budget is presented to the Executive Forum in early October. The preliminary budget is further refined during the month of October.

By Washington State law, the City Council must receive a balanced preliminary budget by November 1st. Public budget hearings are conducted by the City Council in mid-November. Any changes the Council decides to make to the preliminary budget are made after the public hearings and before the reading of the budget ordinance in December. Washington State law requires that the City Council adopt a balanced budget on or before December 31.

Washington State law requires that a mid-biennial review and modification be conducted between September 1 and December 31 of the first year of the biennium. Supplemental budget requests are accepted from departments during the month of August. Revenue estimates for the biennium are reviewed and adjusted in early September. The new revenue estimates and the supplemental requests are submitted to the Budget Committee and the Executive Forum in late September. Preliminary modifications are presented to the City Manager for review and changes in October. Modifications are submitted to the City Council in early November. Public hearings are conducted in November. The City Council adopts the amended biennial budget on or before December 31.

## D. Funds presented

Budgetary information is displayed for all funds that are subject to the City's biennial budget process. The General Fund's budgetary information is located in the Required Supplementary Information section on page 4-8. Non-major special revenue funds budgetary information are located in the Combining Statements Non-Major Funds section on pages 5-17 to 5-38. Non-major debt service funds budgetary information are located in the Combining Statements Non-Major Funds section on pages 5-46 to 5-54.

#### Note 2 Pensions

Schedule of Changes in the Employer Net Pension Liability or Asset: The total pension liability contained in the schedule was provided by the System's actuary, Milliman. The net pension liability or asset is measured at the total pension liability, less the amount of System's fiduciary net position.

Schedule of Employer Contributions: The required employee contributions and percent of those contributions actually made are presented in the schedule.

Actuarial Assumptions: The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board.

The police and firefighters pension funds are not within the scope of GASB 68 and are not administered through an irrevocable trust. They are required to be reported under the requirements of GASB 73. The assets accumulated for this purpose are recorded in the General Fund.

## Note 3 Other Post-Employment Benefits (OPEB)

Schedule of Changes in the Total OPEB Liability and Related Ratios are presented above. The schedule was provided by the actuary. It includes a 10-year schedule of changes in the total OPEB liability as well as the total OPEB liability, covered-employee payroll and the total OPEB liability as a percentage of covered-employee payroll.

There are no assets accumulated in a trust that meets the criteria set forth in paragraph 4 of GASB 75 to pay related benefits. There have been no significant changes between the valuation date and the fiscal year end. If there were significant changes, an additional analysis or valuation might be required. GASB 75 requires the discount rate used to measure the Total OPEB Liability to be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Compared to the prior measurement date, the discount rate changed from 3.44% to 4.10% at the December 31, 2018 measurement date.

					=======================================			
Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	No
MINORITY BUSINESS DEVELOPMENT AGENCY, COMMERCE, DEPARTMENT OF	MBDA Business Center	11.805	MB16OBD8050 037	-	345,525	345,525	-	
CDBG - Entitlement Grants Cluste	er							
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-53- 0007	-	59,614	59,614	58,590	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-53- 0007	-	300,276	300,276	300,276	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-53- 0007	-	132,230	132,230	132,230	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-53- 0007	-	644,074	644,074	480,918	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-53- 0007	-	639,711	639,711	510,444	
	Total CDE	3G - Entitlem	ent Grants Cluster:	: -	1,775,905	1,775,905	1,482,457	

					•			
Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Emergency Solutions Grant Program	14.231	E-18-MC-53- 0007	-	111,148	111,148	100,524	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Emergency Solutions Grant Program	14.231	E-19-MC-53- 0007	-	123,980	123,980	120,079	
			Total CFDA 14.231:	-	235,128	235,128	220,603	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-15-DC-53- 0206	-	4,112	4,112	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-16-DC-53- 0206	-	42,938	42,938	41,888	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-17-DC-53- 0206	-	351,229	351,229	336,827	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-18-DC-53- 0206	-	438,499	438,499	398,458	

**Expenditures** 

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	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-19-DC-53- 0206	-	71,343	71,343	-	
				Total CFDA 14.239:	-	908,121	908,121	777,173	
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants Section 108 Loan Guarantees	14.248	N/A	-	2,902,000	2,902,000	-	4
	ASSISTANT SECRETARY FOR FAIR HOUSING AND EQUAL OPPORTUNITY, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Fair Housing Assistance Program State and Local	14.401	FF-210K-19- 1007	-	45,039	45,039	-	
	OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via Pierce County Sherriff's Department)	Violence Against Women Formula Grants	16.588	N/A	7,054	-	7,054	-	
	OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX- 0163	-	99,542	99,542	-	
	OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX- 0491	-	48,994	48,994	-	
j				Total CFDA 16.738:	-	148,536	148,536	-	
	CRIMINAL DIVISION, JUSTICE, DEPARTMENT OF	Equitable Sharing Program	16.922	N/A	-	46,942	46,942	-	

Expenditures

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
Department of Justice - Federal Bureau of Investigation	Pacific NW FBI Innocence Lost Task Force	16.U01	N/A	-	2,187	2,187	-	
Department of Justice - Federal Bureau of Investigation	South Side Gang Task Force	16.U02	N/A	-	13,705	13,705	-	
Department of Justice - Drug Enforcement Administration	Tacoma Regional Task Force	16.U03	N/A	-	15,285	15,285	-	
Highway Planning and Construct	ion Cluster							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-1280(038)	689,532	-	689,532	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BRM-3246(012)	6,694,317	-	6,694,317	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-9927(054)	23,060	-	23,060	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	RAIL-1280(039)	31,666	-	31,666	-	

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Expenditures

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	ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF (via	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)		20.205	STPUL-3200 (002)	15,371	-	15,371	-	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)		20.205	HSIP-0007(24)	58,926	-	58,926	-	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)		20.205	STPE-1280 (037)	256,560	-	256,560	-	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)		20.205	STPUL-3149 (005)	691,863	-	691,863	-	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)		20.205	HSIP-3133(007)	18,769	-	18,769	-	
Daga 126	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (467)	63,582	-	63,582	-	

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Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	SRTS-3133 (008)	113,345	-	113,345	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	SRTS-3137 (002)	290,491	-	290,491	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	NHPP-3244 (006)	99,355	-	99,355	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BHM-3011(004)	70,814	-	70,814	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-1280(040)	1,281,236	-	1,281,236	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-9927(063)	58,747	-	58,747	-	
	(Pass-Through Agency)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Federal Program   Number	Federal Program   Number   Number	Federal Agency (Pass-Through Agency)   Federal Program   CFDA Number   Nu	Federal Agency (Pass-Through Agency)   Federal Program   Number   Number   Number   Number   Awards   Awards   Awards   From Direct	Federal Agency (Pass-Through Agency) Federal Program  Federal Program  Federal Program  Federal Program  Highway Planning and Construction  Figure 20,205  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)  FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, TRANS	Federal Agency (Pass-Through Agency)   Federal Program   CFDA Number   Nu

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Expenditures

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	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-2027(071)	13,818	-	13,818	-	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (526)	365	-	365	-	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM- 2027(071)	75,000	-	75,000	-	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HISP-3278(003)	8,479	-	8,479	-	
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-3011(005)	1,897	-	1,897	-	
,	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HISP-3101(006)	3,107	-	3,107	-	

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	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-3244(007)	4,544		4,544	-	
		Total Highway Plar	nning and Co	onstruction Cluster:	10,564,844	-	10,564,844	-	
	Federal Transit Cluster								
	FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Sound Transit)	Federal Transit Capital Investment Grants	20.500	WA-2016-007- 00	450,513	-	450,513	-	
			Total Fede	eral Transit Cluster:	450,513	-	450,513		
	Highway Safety Cluster								
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Traffic Safety Commission)	State and Community Highway Safety	20.600	N/A	22,704	-	22,704	-	
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Traffic Safety Commission)	National Priority Safety Programs	20.616	2019-AG-2959- Tacoma	47,371	-	47,371	-	
,	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Traffic Safety Commission)	National Priority Safety Programs	20.616	N/A	16,182	-	16,182	-	

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**Expenditures** 

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	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
				Total CFDA 20.616:	63,553		63,553		
			Total High	nway Safety Cluster:	86,257	-	86,257	-	
	EQUAL EMPLOYMENT OPPORTUNITY COMMISSION, EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	Employment Discrimination Title VII of the Civil Rights Act of 1964	30.001	EEC45015C005 6P00003	-	8,692	8,692	-	
	Institute of Museum and Library Services, Institute of Museum and Library Services (via Office of the Secretary of State, Washington State Library)	Grants to States	45.310	2018-WA-81184	11,345	-	11,345	-	
	ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington State Department of Ecology)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	WQNE-2016- TacoES-000008	539,689	-	539,689	-	
	ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY	Environmental Workforce Development and Job Training Cooperative Agreements	66.815	JT-01J23001	-	33,670	33,670	-	
	ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY	Environmental Workforce Development and Job Training Cooperative Agreements	66.815	JT-01J52501	-	58,072	58,072	-	
<b>.</b>				Total CFDA 66.815:	-	91,742	91,742	-	
1	Department of Energy - Bonneville Power Administration	COMM HVAC CHEPS	81.U01	GRT #76515	-	3,273	3,273	-	

**Expenditures** 

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note	
Department of Energy - Bonneville Power Administration	2045 Smart Water Heater Field Test	81.U02	GRT # 75458	-	62	62	-		
Department of Energy - Bonneville Power Administration	COMM SEM Field Test	81.U03	GRT # 78138	-	36,223	36,223	-		
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT (via Pierce County Sherriff's Department)	High Intensity Drug Trafficking Areas Program	95.001	N/A	10,947	-	10,947	-		
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Parks and Recreation Commission)	Boating Safety Financial Assistance	97.012	N/A	11,820	-	11,820	-		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)	National Urban Search and Rescue (US&R) Response System	97.025	N/A	30,213	-	30,213	-		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E18-013	130,854	-	130,854	-		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	N/A	-	24,702	24,702	-		
	Department of Energy - Bonneville Power Administration  Department of Energy - Bonneville Power Administration  EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT (via Pierce County Sherriff's Department)  U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Parks and Recreation Commission)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Department of Energy - Bonneville Power Administration  EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT (via Pierce County Sherriff's Department)  U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Parks and Recreation Commission)  FEDERAL EMERGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)  FEDERAL EMERGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)  FEDERAL EMERGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)  FEDERAL EMERGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)  FEDERAL EMERGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, FIND THE Heater Field Test  COMM SEM Field Test  High Intensity Drug Trafficking Areas Program  National Urban Search and Rescue (US&R) Response System  Performance Grants	Department of Energy - Bonneville Power Administration  EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT (via Pierce County Sherriff's Department)  U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Parks and Recreation Commission)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTIMENT OF (via Pierce County Department)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTIMENT OF (via Pierce County Department of Emergency Management)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)  FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)  Assistance to Firefighters Grant  97.044 Firefighters Grant	Pederal Program   Number   Number	Pederal Program   Number   Number   Awards	Pass-Through Agency   Federal Program   Number   Number   Awards   Awards	Pederal Program   Number   Number   Number   Awards   Awards   Total	Commission   Com	Pederal Program   Number   N

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Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Port Security Grant Program	97.056	EMW-2018-PU- 00329	-	162,698	162,698	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Port Security Grant Program	97.056	EMW-2015-PU- 00600	-	8,119	8,119	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Port Security Grant Program	97.056	EMW-2017-PU- 00161	-	111,410	111,410	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Seattle Fire Department)	Port Security Grant Program	97.056	Unknown	18,330	-	18,330	-	
			Total CFDA 97.056:	18,330	282,227	300,557	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Seattle Fire Department)	Homeland Security Grant Program	97.067	EMW-02018-SS -00088-S01	11,141	-	11,141	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Seattle Fire Department)	Homeland Security Grant Program	97.067	EMW-02017-SS -00101-S01	4,551	-	4,551	-	

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Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)	Homeland Security Grant Program	97.067	FFY18SHSP	49,266	-	49,266	-	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)	Homeland Security Grant Program	97.067	CERT Training	7,332	-	7,332	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)	Homeland Security Grant Program	97.067	FFY18SHSP	245	-	245	-	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Pierce County Department of Emergency Management)	Homeland Security Grant Program	97.067	FFY17SHSP- E346	12,158	-	12,158	-	5
			Total CFDA 97.067:	84,693	-	84,693	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FS- 00491	-	855,789	855,789	-	

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Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via King County Office of Emergency Management)	Preparing for Emerging Threats and Hazards	97.133	EMW-2016-GR- 00145-S01	58,855	-	58,855		
Department of Health and Human Services - Substance Abuse and Mental Health Services Administration (via Washington State Health Care Authority)	Opioid STR	97.788	H79TI081705	226,706	-	226,706	-	
	1	otal Federal	Awards Expended:	12,232,120	7,741,083	19,973,203	2,480,233	

#### CITY OF TACOMA. WASHINGTON

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

#### **NOTE 1 - BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the City of Tacoma's financial statements. Governmental fund financial statements use the modified accrual basis of accounting, and proprietary funds use the accrual basis of accounting.

#### **NOTE 2 - PROGRAM COSTS**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of Tacoma's portion, may be more than shown.

## **NOTE 3 - INDIRECT COST RATE**

The City of Tacoma has elected not to use the 10% de minimus indirect cost rate allowed under uniform guidance.

## **NOTE 4 – FEDERAL LOAN GUARANTEES**

Section 108 Loan issued by the U.S. Department of Housing and Urban Development (CFDA 14.248) in the amount of \$3,146,000 to the LeMay Museum. The loan term was amended in 2017 to be extended through August 2029.

#### NOTE 5 - NON-CASH AWARDS - EQUIPMENT

The City received equipment and supplies that were purchased with federal Department of Homeland Security funds by Pierce County. The amount reported on the schedule is the value of the property on the date it was received by the City and priced by the County.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as <u>fraud</u>, state <u>whistleblower</u> and <u>citizen hotline</u> investigations.

The results of our work are widely distributed through a variety of reports, which are available on our <u>website</u> and through our free, electronic <u>subscription</u> service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office			
Public Records requests	PublicRecords@sao.wa.gov		
Main telephone	(564) 999-0950		
Toll-free Citizen Hotline (866) 902-3900			
Website www.sao.wa.gov			



#### APPENDIX C

#### ECONOMIC AND DEMOGRAPHIC INFORMATION

Tacoma, the county seat of Pierce County (the "County"), is located in the west central part of Washington State near the southern tip of Puget Sound. It is the third largest city in the State with a 2020 estimated population of 213,300. The City is located 32 miles south of the City of Seattle and 31 miles northeast of the City of Olympia, the State capital.

The historical population of the City and Pierce County is shown in the following table.

**TABLE C-1: POPULATION** 

Year	Tacoma	<b>Pierce County</b>
2020	213,300	900,700
2019	211,400	888,300
2018	209,100	872,220
2017	208,100	859,400
2016	206,100	844,490

Source: Washington State Office of Financial Management estimates.

The following are economic indicators for the City and Pierce County.

TABLE C-2: PIERCE COUNTY 2020 MAJOR EMPLOYERS

Employer	Sector	Number of Full Time Employees
Joint Base Lewis-McCord	Military	54,000
MultiCare Health System	Health Care	8,264
The State	Government	7,859
CHI Franciscan Health	Health Care	5,682
Tacoma School District	Education	3,649
The City and Tacoma Public Utilities	Government	3,623
Pierce County Government	Government	3,304
Puyallup School District	Education	2,711
Bethel School District	Education	2,689
Safeway and Albertsons	Retail	2,153

Source: Economic Development Board of Tacoma-Pierce County.

## TABLE C-3: CITY RESIDENTIAL AND COMMERCIAL BUILDING PERMIT VALUES

Residential Commercial

Year	Number of Permits	Value of Permits	<b>Number of Permits</b>	Value of Permits
2020	1,343	\$ 83,997,539	1,052	\$ 218,767,691
2019	1,327	75,743,070	1,243	450,644,272
2018	1,415	76,281,408	1,465	595,199,594
2017	1,444	84,776,177	1,283	657,021,518
2016	1,289	65,195,877	1,307	356,078,555
2015	1,525	83,409,875	1,447	261,495,508

Source: City of Tacoma

TABLE C-4: PIERCE COUNTY AND CITY OF TACOMA TAXABLE RETAIL SALES (\$000)

Year	Pierce County	City of Tacoma
2020(1)	\$ 14,037,050,273	\$ 4,109,177,213
2019	18,746,939,008	5,887,578,667
2018	17,592,771,533	5,821,935,082
2017	16,081,078,014	5,465,163,728
2016	14,878,550,727	5,015,371,719
2015	13,846,294,222	4,641,369,381

<sup>(1)</sup> Through the third quarter of 2020.

Source: Washington State Department of Revenue.

TABLE C-5: PIERCE COUNTY AND WASHINGTON STATE MEDIAN HOUSEHOLD INCOME

Year	Pierce County	Washington State
2019(1)	\$ 71,629	\$ 74,992
$2018^{(2)}$	70,320	73,294
2017	65,517	69,287
2016	61,042	65,500
2015	59,566	63,439

<sup>(1)</sup> Projected.

Source: Washington State Office of Financial Management for County and State data.

<sup>(2)</sup> Preliminary estimates.

## TABLE C-6: PIERCE COUNTY AND STATE OF WASHINGTON TOTAL PERSONAL AND PER CAPITA INCOME

Pierce County State of Washington Total Personal Income Total Personal Income Per Capita Year (in thousands)(1) Per Capita Income<sup>(1)</sup> (in thousands)<sup>(2)</sup> Income<sup>(2)</sup> 2019 \$ 48,481,266 \$ 493,127,859 \$ 64,758 \$ 53,572 45,753,481 2018 51,192 468,005,125 62,209 2017 42,955,131 48,832 433,795,843 58,437 40,552,080 407,060,366 2016 46,995 55,802 2015 38,492,409 45,619 385,904,752 53,870 2014 36,548,565 43,892 363,326,659 51,502

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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<sup>(1)</sup> Estimates for 2014-2018 reflect county population estimates available as of March 2019.

<sup>(2)</sup> Estimates for 2014-2018 use state population estimates as of March 2019.

Employment within the County is described in the following table:

## TABLE C-7: TACOMA METROPOLITAN AREA (PIERCE COUNTY) RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT AND AVERAGE CIVILIAN NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

NAICS Industry Title	Annual Average					
Residential Labor Force	2020	2019	2018	2017	2016	2015
Civilian Labor Force	454,097	442,094	428,870	415,689	403,890	391,623
Total Employment	410,611	419,394	403,258	393,077	379,561	365,985
Total Unemployment	43,486	22,700	22,612	22,612	24,329	25,638
Unemployment Percent of Labor Force	9.6%	5.1%	5.3%	5.4%	6.0%	6.5%
Total Nonfarm	312,300	327,100	321,400	313,200	306,200	296,400
Total Private	255,300	267,600	262,300	254,600	248,600	239,000
Goods Producing	41,600	43,200	42,200	40,400	39,000	37,400
Mining and Logging	300	300	300	300	300	300
Construction	24,700	25,100	24,500	23,100	21,600	19,900
Specialty Trade Contractors	16,600	16,700	16,000	14,800	13,600	12,700
Manufacturing	16,600	17,700	17,400	17,000	17,200	17,200
Services Providing	270,700	284,000	279,200	272,800	267,200	259,000
Trade, Transportation and Utilities	67,100	68,100	68,000	67,500	65,900	62,500
Wholesale Trade	12,600	13,400	13,200	12,600	12,500	12,900
Retail Trade	34,500	36,100	36,100	35,500	35,500	34,900
Food and Beverage Stores	6,400	6,000	5,900	5,800	5,800	6,000
General Merchandise Stores	9,300	8,800	8,800	8,600	8,800	8,800
Transportation and Utilities	20,100	18,500	18,800	19,400	18,000	14,800
Information	2,100	2,200	2,400	2,600	2,700	2,800
Financial Activities	14,500	14,700	14,700	17,700	14,100	13,800
Professional and Business Services	33,300	33,900	32,900	30,800	29,700	27,700
Admin, Support, Waste Mgmt & Remed.	21,600	22,300	21,800	20,100	19,0000	17,400
Administrative and Support Services	19,700	20,500	20,200	18,500	17,500	15,900
Education and Health Services	56,400	56,900	54,700	52,700	52,600	51,000
Ambulatory Health Care Services	18,000	18,100	17,100	16,300	15,900	15,200
Hospitals	13,4500	13,100	12,300	11,900	11,900	11,300
Leisure and Hospitality	27,800	34,000	33,100	31,600	30,700	30,200
Food Services and Drinking Places	23,100	27,400	26,800	25,600	24,800	24,400
Other Services	12,600	14,700	14,300	14,200	13,900	13,600
Government	56,900	59,500	59,100	58,600	57,600	57,400
Federal Government	11,600	11,900	11,800	11,900	12,000	11,700
State Government	11,000	11,200	11,400	11,500	11,000	11,900
State Government Educational Services	3,500	3,600	3,700	3,800	3,800	3,800
Local Government	34,400	36,400	35,800	35,200	34,600	33,800
Local Government Educational Services	19,300	20,300	20,100	19,600	19,100	18,600

Source: Washington State Employment Security Department.

#### APPENDIX D

#### **BOOK-ENTRY SYSTEM**

The following information has been provided by DTC. The City makes no representation regarding the accuracy or completeness thereof. Beneficial Owners should therefore confirm the following with DTC or the Direct Participants (as hereinafter defined). Language in [brackets] with strike through has been deleted as permitted by DTC as it does not pertain to the Bonds.

- 1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
- DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
- 3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
- 4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

- 5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
- [6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]
- 7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
- 8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
- [9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]
- 9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
- 10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
- 11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

#### APPENDIX E

#### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the City of Tacoma, Washington (the "City"), in connection with the issuance by the City of its Unlimited Tax General Obligation Refunding Bonds, 2021 (the "UTGO Bonds"), its Limited Tax General Obligation Refunding Bonds, 2021A (the "LTGO 2021A Bonds"), its Limited Tax General Obligation Refunding Bonds, 2021B (Recovery Zone Facility Bonds) (the "LTGO 2021B Bonds") and its Limited Tax General Obligation Refunding Bonds, 2021C (Taxable) (the "LTGO 2021C Bonds", and together, the "Bonds"), pursuant to Ordinance No. 28740 of the City Council of the City (the "Council"), passed on March 9, 2021 (the "Bond Ordinance"). Pursuant to the Bond Ordinance, the City hereby covenants and agrees as follows:

<u>Section 1</u>. <u>Purpose of this Certificate</u>. This Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

<u>Section 2</u>. <u>Definitions</u>. In addition to the definitions set forth herein, in the Bond Ordinance or in the Official Statement, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

Commission means the Securities and Exchange Commission.

Financial obligation means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of clause (A) or (B) of this definition. The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Official Statement related to the Bonds.

Participating Underwriter means the original underwriter of the Bonds required to comply with the Rule in connection with offering the Bonds.

Rule means Section (b)(5) of Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

## Section 3. Provisions of Annual Information.

- (a) Financial Statements/Operating Data. The City agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing in 2021 for the fiscal year ended December 31, 2020):
- (1) Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City's general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the Official Statement;
  - (2) The assessed valuation of taxable property in the City;
  - (3) Ad valorem taxes due and percentage of taxes collected;
  - (4) Property tax levy rate per \$1,000 of assessed valuation; and

(5) Outstanding general obligation debt of the City.

Items (2)-(5) shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before the last day of the ninth month after the end of the City's fiscal year. The City's fiscal year currently ends on December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross refer to other documents available to the public on the MSRB's internet website or filed with the Commission.

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

- (b) Listed Events. The City further agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
  - Principal and interest payment delinquencies;
  - Non-payment related defaults, if material;
  - Unscheduled draws on debt service reserves reflecting financial difficulties;
  - Unscheduled draws on credit enhancements reflecting financial difficulties;
  - Substitution of credit or liquidity providers, or their failure to perform;
  - Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final
    determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material
    notices or determinations with respect to the tax status of the Bonds, or other material events
    affecting the tax status of the Bonds;
  - Modifications to the rights of Bondholders, if material;
  - Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
  - Defeasances:
  - Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - Rating changes;
  - Bankruptcy, insolvency, receivership or similar event of the City;
  - The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - Incurrence of a financial obligation of the City, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and
  - Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

<u>Section 4.</u> <u>Notification Upon Failure to Provide Financial Data.</u> The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in above on or prior to the date set forth in above.

Section 5. EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by this undertaking to be

provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

Section 6. <u>Termination/Modification</u>. The City's obligations to provide annual financial information and notices of listed events with respect to a series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of such series of Bonds. Any provision of this undertaking shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of all or any portion of this undertaking.

Notwithstanding any other provision of this certificate, the City may amend this certificate, and any provision of the undertaking contained herein may be waived, in accordance with Rule, which, as currently interpreted by the Commission, requires that (i) the amendment or waiver be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (ii) the undertaking, as amended or waived, would have complied with the requirements of Rule at the time of the primary offering, after taking into account any amendments or interpretations of Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of holders of the Bonds, as determined either by parties unaffiliated with the City (such as bond counsel) or by the approving vote of holders of the Bonds.

In the event of any amendment or waiver of the undertaking provided for in this certificate, the City shall describe such amendment or waiver in the next annual report, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event above, and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Bond Owner's Remedies. The right of any bond owner or beneficial owner of Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City's obligations under this undertaking, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this Certificate, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 8. Responsible Officer; Dissemination Agent. The Finance Director (or his or her designee) is designated to carry out this undertaking in accordance with Rule 15c2-12. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

DATED this April 13, 2021.

CITT OF TACOMA, V	WASIIINGTON	

CITY OF TACOMA, WACHINGTON



