SEAL OF THE CITY OF TACOMA
1884

STATEMENT OF NET POSITION

December 31, 2021
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 395,399	$ 550,563	$ 945,962
Accounts Receivables (Net)	51,428	131,729	183,157
Due From Other Governmental Units	27,350	1,196	28,546
Internal Balances	1,507	(1,507)	-
Inventory	4,215	15,783	19,998
Prepaids	1,704	19,764	21,468
Restricted Cash			
Cash and Cash Equivalents	-	232,378	232,378
Notes and Contracts Receivable	-	102	102
Non Currrent Assets			
Cash and Cash Equivalents	-	28,473	28,473
Long-Term Contracts and Notes	-	10,170	10,170
Net Pension Asset	177,099	-	177,099
Other Non Current Assets	-	40,239	40,239
Capital Assets			
Depreciable Capital Assets (Net of Accumulated Depreciation)	696,834	2,711,131	3,407,965
Non-Depreciable Capital Assets	94,777	301,146	395,923
Total Assets	1,450,313	4,041,167	5,491,480
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows related to Bond Refunding	411	6,090	6,501
Deferred Outflows related to Pensions	40,888	64,736	105,624
Deferred Outflows related to OPEB	42,052	9,520	51,572
Total Deferred Outflows of Resources	83,351	80,346	163,697
LIABILITIES			
Accounts Payable	32,174	46,572	78,746
Deposits Payable	64	24,046	24,110
Due to Other Governmental Units	150	892	1,042
Unearned Revenue	10,308	8,922	19,230
Other Liabilities Payable	19,679	65,912	85,591
Payable From Restricted Assets:			
Other Current Liabilities	-	1,017	1,017
Special Assessment Debt with Government Commitment	19,595	-	19,595
Bonds and Other Debt Payable:			
Due Within One Year	53,812	47,200	101,012
Due in More Than One Year	391,972	1,449,999	1,841,971
Total Liabilities	527,754	1,644,560	2,172,314
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Advanced Payment of Special Assessments	20,305	-	20,305
Deferred Inflows - Property Taxes	1,749	-	1,749
Deferred Inflows - Rate Stabilization	-	130,575	130,575
Deferred Inflows related to Bond Refunding	2,093	165	2,258
Deferred Inflows related to Pensions	92,640	10,244	102,884
Deferred Inflows related to OPEB	22,286	5,996	28,282
Total Deferred Inflows of Resources	139,073	146,980	286,053
NET POSITION			
Net Investment in Capital Assets	646,034	1,722,339	2,368,373
Restricted:			
Capital Projects	34,843	2,850	37,693
Debt Service	14,031	13,957	27,988
Utility Donations & System Development	-	73,158	73,158
Culture and recreation	9,782	13,337	23,119
Self Insurance	-	7,894	7,894
Environmental Services and Programs	-	4,095	4,095
Inspection	-	1,057	1,057
Pension	177,099	-	177,099
Reserves	5,913	40,064	45,977
Public Safety	4,411	-	4,411
Transportation	24,756	-	24,756
Grants	23,945	-	23,945
Housing and Economic development	30,686	-	30,686
Unrestricted	(104,663)	451,222	346,559
Total Net Position	$ 866,837	$ 2,329,973	$ 3,196,810

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

Component Units		
TCRA	GTRCC PFD	FWDA
$ 7,026	$ 3,080	$ -
-	939	-
261	-	-
-	-	-
-	-	-
24	-	-
-	-	-
1,590	-	-
	-	-
40,548	-	-
-	-	-
186	-	-
7,990	-	-
1,585	-	-
59,210	4,019	-
-	-	-
-	-	-
-	-	-
-	-	-
178	-	-
-	-	-
-	4,019	-
-	-	-
746	-	-
-	-	-
-	-	-
-	-	-
5,393	-	-
6,317	4,019	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,682	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
48,212	-	-
-	-	-
$ 52,894	$ -	$ -

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021
(amounts expressed in thousands)
Page 1 of 2

	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
FUNCTIONS / PROGRAMS:				
Primary Government				
Governmental Activities:				
General Government	$ 44,056	$ 16,967	$ 39,527	$ -
Public Safety	160,016	9,545	16,072	64
Transportation	47,414	1,273	5,157	20,393
Natural and Economic Environmen	29,618	1,899	7,516	-
Economic Development	-	-	4,404	-
Social Services	14,368	154	-	4,146
Culture and Recreation	20,417	694	-	-
Interest on Long-Term Debt	9,531	-	-	-
	325,419	30,532	72,676	24,603
Business-Type Activities				
Solid Waste	64,787	83,797	-	-
Waste Water	102,481	124,804	-	5,153
Water	103,268	112,172	-	18,548
Power	441,413	470,952	-	12,329
Nonmajor Business-Type Activities	75,496	78,179	-	(699)
	787,445	869,904	-	35,331
Total Primary Government	$ 1,112,864	$ 900,436	$ 72,676	$ 59,934
Component Units				
TCRA	3,243	450	3,721	-
GTRCC PFD	5,410	-	-	-
FWDA	25,131	-	2,457	-
Total Component Units	$ 33,784	$ 450	$ 6,178	$ -

General Revenues:
Taxes:
Property Tax
Retail Sales & Use Tax
Business Tax
Excise Tax
Gain on Sale of Capital Assets
Total General Revenues

Investment Earnings
Transfers

Change in Net Position

Net Position, January 1

Prior Period Adjustment

Net Position, January 1 restated

Net Position, December 31

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

Net (Expense) Revenue and Changes in Net Position			Component Units		
Governmental Activities	Business-Type Activities	Total	TCRA	GTRCC PFD	FWDA
$ 12,438	$ -	$ 12,438	$ -	$ -	$ -
(134,335)	-	(134,335)	-	-	-
(20,591)	-	(20,591)	-	-	-
(20,203)	-	(20,203)	-	-	-
4,404	-	4,404	-	-	-
(10,068)	-	(10,068)	-	-	-
(19,723)	-	(19,723)	-	-	-
(9,531)	-	(9,531)	-	-	-
(197,608)	-	(197,608)	-	-	-
-	19,010	19,010	-	-	-
-	27,476	27,476	-	-	-
-	27,452	27,452	-	-	-
-	41,868	41,868	-	-	-
-	1,984	1,984	-	-	-
-	117,790	117,790	-	-	-
$ (197,608)	$ 117,790	$ (79,818)	$ -	$ -	$ -
			928	-	-
			-	(5,410)	-
			-	-	(22,674)
			$ 928	$ (5,410)	$ (22,674)
$ 81,783	$ -	$ 81,783	$ -	$ -	$ -
106,635	-	106,635	-	5,415	-
46,381	-	46,381	-	-	-
23,340	-	23,340	-	-	-
2,353	3,101	5,454	-	-	-
260,492	3,101	263,593	-	5,415	-
(988)	(3,885)	(4,873)	(10)	(5)	-
53,569	(53,569)	-	-	-	-
115,465	63,437	178,902	918	-	(22,674)
750,682	2,266,584	3,017,266	51,834	-	22,674
690	(48)	642	142	-	-
751,372	2,266,536	3,017,908	51,976	-	22,674
$ 866,837	$ 2,329,973	$ 3,196,810	$ 52,894	$ -	$ -

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

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021
(amounts expressed in thousands)

	General Fund Fund #0010	Trans Capital & Engineering Fund #1060	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 92,148	$ 5,409	$ 205,159	$ 302,716
Accounts Receivables (Net)	13,940	29	36,965	50,934
Due From Other Governmental Units	15,444	2,592	9,314	27,350
Inventory	1,463	-	1,671	3,134
Prepaids	56	-	-	56
Total Assets	123,051	8,030	253,109	384,190
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
Total Assets and Deffered Outflows	123,051	8,030	253,109	384,190
LIABILITIES				
Account Payable	8,495	1,123	6,722	16,340
Customer Deposits	39	-	25	64
Other Liabilities Payable	1,604	7	2,067	3,678
Due to Other Governmental Units	150	-	-	150
Unearned Revenue	-	-	3,627	3,627
Total Liabilities	10,288	1,130	12,441	23,859
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	7,484	2	19,948	27,434
Total Deferred Inflow of Resources	7,484	2	19,948	27,434
FUND BALANCE				
Nonspendable	1,519	-	6,599	8,118
Restricted	369	4,801	143,197	148,367
Committed	916	-	40,431	41,347
Assigned	1,247	2,097	30,493	33,837
Unassigned	101,228	-	-	101,228
Total Fund Balance	$ 105,279	$ 6,898	$ 220,720	$ 332,897
Total Liabilities, Deferred Inflows and Fund Balance	$ 123,051	$ 8,030	$ 253,109	$ 384,190

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

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

December 31, 2021

(amounts expressed in thousands)

Total governmental fund balances as reported on this statement		$ 332,897
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.		751,338
Other non-current assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Net pension asset		177,099
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	19,004	
Unavailable revenue reported for special assessments	(20,305)	
		(1,301)
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.		66,146
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds and loans payable	(145,227)	
Premium on Bonds Payable	(761)	
Deferred amount on bond refunding	(1,587)	
Deferred amounts related to OPEB	19,766	
Deferred amounts related to pensions	(62,814)	
Interest payable	(4,419)	
Net pension liability	(11,106)	
Police and Fire liability	(41,519)	
Total OPEB liability	(192,965)	
Compensated absences payable	(18,710)	
		(459,342)
Net position of government activities as reported on the statement of net position		$ 866,837

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021
(amounts expressed in thousands)

	General Fund Fund #0010	Trans Capital & Engineering Fund #1060	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	$ 64,678	$ -	$ 18,905	$ 83,583
Retail Sales & Use	76,621	-	30,014	106,635
Business	43,962	-	2,419	46,381
Excise	2,680	-	20,660	23,340
Licenses and Permits	1,858	-	1,428	3,286
Intergovernmental	9,453	20,761	61,562	91,776
Charges for Services	10,011	61	8,436	18,508
Fines and Forfeitures	797	-	5,658	6,455
Investment Earnings	(102)	(23)	(400)	(525)
Miscellaneous	610	69	1,604	2,283
Total Revenues	210,568	20,868	150,286	381,722
EXPENDITURES				
Current:				
General Government	36,338	-	516	36,854
Public Safety	153,939	-	31,564	185,503
Transportation	-	1,420	34,363	35,783
Natural and Economic Environment	5,306	-	14,398	19,704
Social Services	8,499	-	6,157	14,656
Culture and Recreation	14,014	-	4,184	18,198
Debt Service:				
Principal	-	-	30,214	30,214
Interest and Other Costs	3	9	6,751	6,763
Capital Outlay	1,053	26,391	7,896	35,340
Total Expenditures	219,152	27,820	136,043	383,015
Excess (Deficiency) of Revenues OVER EXPENDITURES	(8,584)	(6,952)	14,243	(1,293)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	14	-	1,988	2,002
Insurance Recoveries	26	-	135	161
Issuance of Debt	-	-	19,762	19,762
Transfers In	52,147	5,935	78,323	136,405
Transfers Out	(31,695)	-	(55,722)	(87,417)
Total Other Financing Sources and Uses	20,492	5,935	44,486	70,913
Net Change in Fund Balance	11,908	(1,017)	58,729	69,620
Fund Balance - January 1, as Previously Reported	92,811	7,915	162,761	263,487
Prior Period Adjustment	560	-	(770)	(210)
Fund Balance - January 1, restated	93,371	7,915	161,991	263,277
Fund Balance - Ending	$ 105,279	$ 6,898	$ 220,720	$ 332,897

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

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, 2021

(amounts expressed in thousands)

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance		$ 69,620
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	35,340	
Depreciation Expense	(45,480)	(10,140)
The net effect of various miscellaneous transactoins involving capital assets.		27,229
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		(19,762)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property taxes	(1,800)	
Special assessments	(1,998)	
Amortization of bond premium	(3,867)	
		(7,665)
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on the net position.		30,178
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.		(12,300)
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	3,133	
Change in net pension obligation or asset	34,919	
Change in net other postemployment benefits	(434)	
Change in compensated absences payable	687	
		38,305
Change in net position on the Statement of Activities		$ 115,465

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
(amounts expressed in thousands)

	Enterprise Funds			
	Solid Waste Fund #4200	Wastewater Fund #4300	Water Fund #4600	Power Fund #4700
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 54,678	$ 128,553	$ 63,100	$ 248,356
Accounts Receivables (Net)	9,417	18,127	14,631	78,498
Due From Other Governmental Units	108	178	482	-
Inventory	-	2,362	3,168	8,423
Prepaid Expenses	-	268	2,868	12,920
Restricted Cash:				
Debt Service	394	1,376	3,970	16,852
Construction	-	29,410	-	1
Other	45	-	118,224	34,026
Note, Contracts, Lease Receivable	-	102		-
Total Current Assets	64,642	180,376	206,443	399,076
Noncurrent Assets				
Restricted Cash, Bond Reserves	2,109	4,672	21,692	-
Long-Term Contracts and Notes	-	-		1,961
Other non-current assets	-	581	3,452	36,175
Capital Assets:				
Land	3,241	25,301	26,931	74,546
Property, Plant, and Equipment	205,671	896,292	1,195,259	2,210,959
Construction in Progress	189	72,647	20,470	36,898
Less: Accumulated Depreciation	(118,939)	(332,225)	(333,491)	(1,197,844)
Total Capital Assets (Net of A/D)	90,162	662,015	909,169	1,124,559
Total Noncurrent Assets	92,271	667,268	934,313	1,162,695
Total Assets	156,913	847,644	1,140,756	1,561,771
DEFERRED OUTFLOW OF RESOURCES			-	
Deferred Outflow from Bond Refunding	-	3,219	614	-
Deferred Outflow related to Pensions	5,406	9,761	8,571	35,750
Deferred Outflow related to OPEB	855	1,901	1,485	3,225
Total Deferred Outflow of Resources	6,261	14,881	10,670	38,975

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
(amounts expressed in thousands)

	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 41,790	$ 536,477	$ 106,769
Accounts Receivables (Net)	11,056	131,729	494
Due From Other Governmental Units	428	1,196	-
Inventory	1,354	15,307	1,557
Prepaid Expenses	3,708	19,764	1,648
Restricted Cash:			
Debt Service	3,111	25,703	-
Construction	-	29,411	-
Other	24,969	177,264	-
Note, Contracts, Lease Receivable	-	102	-
Total Current Assets	86,416	936,953	110,468
Noncurrent Assets			
Restricted Cash, Bond Reserves	-	28,473	-
Long-Term Contracts and Notes	8,209	10,170	-
Other non-current assets	31	40,239	-
Capital Assets:			
Land	35,913	165,932	357
Property, Plant, and Equipment	343,842	4,852,023	134,673
Construction in Progress	4,942	135,146	5,067
Less: Accumulated Depreciation	(159,105)	(2,141,604)	(99,044)
Total Capital Assets (Net of A/D)	225,592	3,011,497	41,053
Total Noncurrent Assets	233,832	3,090,379	41,053
Total Assets	320,248	4,027,332	151,521
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow from Bond Refunding	2,257	6,090	-
Deferred Outflow related to Pensions	4,346	63,834	14,043
Deferred Outflow related to OPEB	2,054	9,520	-
Total Deferred Outflow of Resources	8,657	79,444	14,043

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
(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	2,401	12,647	3,435	22,951
Due to Other Governmental Units	-	780	-	-
Customer Deposits	43	-	186	9,475
Interest Payable	-	156	1,631	10,907
Environment Liabilities - Current	632	215	-	325
Notes, Contract, Lease Payable - Current	-	4,843	164	-
Compensated Absences - Current	181	368	327	1,502
Bonds Payable - Current	2,209	6,595	14,745	5,945
Payable From Restricted Assets:				
Debt Principal Payable - Current	201	600	-	-
Interest Payable	193	776	-	-
Deposits and Other Payable	48	-	-	-
Unearned Revenue	292	512	-	2,017
Other Liabilities Payable	1,105	1,634	2,985	12,357
Total Current Liabilities	7,305	29,126	23,473	65,479
Noncurrent Liabilities				
Bonds Payable	51,423	228,540	339,676	524,255
Unearned Revenue	-	-	6,049	-
Compensated Absences	1,381	3,316	2,942	13,519
Environmental Liabilities	12,881	2,321	-	-
Other LT Liabilities Payable	421	3,854	13,542	1,931
Notes, Contracts, and Lease Payables	-	53,571	64,793	10,000
Total OPEB Liability	3,201	3,856	4,781	13,296
Net Pension Liability	3,998	7,218	6,338	26,436
Total Noncurrent Liabilities	73,305	302,676	438,121	589,437
Total Liabilities	80,610	331,802	461,594	654,916
DEFERRED INFLOW OF RESOURCES				
Deferred Inflow - Rate Stabilization	7,000	25,000	35,575	63,000
Deferred Inflow Related to Bond Refunding	116	-	-	-
Deferred Inflow related to Pensions	855	1,545	1,357	5,656
Deferred Inflow related to OPEB	295	1,400	305	1,179
Total Deferred Inflow of Resources	8,266	27,945	37,237	69,835
NET POSITION				
Net Investment in Capital Assets	43,606	409,094	512,097	589,358
Restricted for:				
Capital Purchase	-	-	-	-
Debt Service	2,109	-	2,339	5,945
Utility Donations & System Development	-	-	73,158	-
Culture and Recreation	-	-	-	-
Self Insurance	-	-	-	-
Environment Service & Program	-	-	-	-
Inspection	-	-	-	-
Pension	-	-	-	-
Reserves	-	4,672	-	29,028
Unrestricted	28,583	89,012	65,001	251,664
Total Net Position	$ 74,298	$ 502,778	$ 652,595	$ 875,995

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
(amounts expressed in thousands)
Page 4 of 4

	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,020	44,454	14,274
Due to Other Governmental Units	112	892	-
Customer Deposits	14,342	24,046	-
Interest Payable	221	12,915	-
Environment Liabilities - Current	-	1,172	-
Notes, Contract, Lease Payable - Current	844	5,851	-
Compensated Absences - Current	311	2,689	3,119
Bonds Payable - Current	7,167	36,661	-
Payable From Restricted Assets:			
Debt Principal Payable - Current	-	801	-
Interest Payable	-	969	-
Deposits and Other Payable	-	48	-
Unearned Revenue	52	2,873	-
Other Liabilities Payable	1,471	19,552	46,539
Total Current Liabilities	27,540	152,923	63,932
Noncurrent Liabilities			
Bonds Payable	51,699	1,195,593	-
Unearned Revenue	-	6,049	-
Compensated Absences	2,791	23,949	2,931
Environmental Liabilities	-	15,202	-
Other LT Liabilities Payable	7,279	27,027	14,820
Notes, Contracts, and Lease Payables	2,487	130,851	-
Total OPEB Liability	11,164	36,298	-
Net Pension Liability	3,213	47,203	10,384
Total Noncurrent Liabilities	78,633	1,482,172	28,135
Total Liabilities	106,173	1,635,095	92,067
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow - Rate Stabilization	-	130,575	-
Deferred Inflow Related to Bond Refunding	49	165	-
Deferred Inflow related to Pensions	688	10,101	2,222
Deferred Inflow related to OPEB	2,817	5,996	-
Total Deferred Inflow of Resources	3,554	146,837	2,222
NET POSITION			
Net Investment in Capital Assets	167,404	1,721,559	41,053
Restricted for:			
Capital Purchase	2,850	2,850	-
Debt Service	3,564	13,957	-
Utility Donations & System Development	-	73,158	-
Culture and Recreation	13,337	13,337	-
Self Insurance	-	-	7,894
Environment Service & Program	4,095	4,095	-
Inspection	1,057	1,057	-
Pension	-	-	-
Reserves	6,364	40,064	-
Unrestricted	20,507	454,767	22,328
Total Net Position	$ 219,178	$ 2,324,844	$ 71,275

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

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

December 31, 2021
(amounts expressed in thousands)

NET POSITION - TOTAL ENTERPRISE FUNDS	$ 2,324,844
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 support 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.	5,129
NET POSITION OF BUSINESS-TYPE ACTIVITIES	$ 2,329,973

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2021
(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	$ 82,922	$ 119,291	$ 98,999	$ 448,242
Interfund Insurance Premiums	-	-	-	-
Other Operating Revenue	446	3,930	12,367	22,054
Total Operating Revenue	83,368	123,221	111,366	470,296
OPERATING EXPENSES				
Salaries and Benefits	23,490	38,121	31,632	129,253
Supplies	1,302	5,282	3,163	148,364
Services	31,027	32,247	21,549	77,424
Taxes	1,420	1,687	5,856	21,396
Depreciation	6,057	18,589	27,728	50,607
Total Operating Expenses	63,296	95,926	89,928	427,044
Operating Income (Loss)	20,072	27,295	21,438	43,252
NON-OPERATING REVENUE (EXPENSE)				
Interest Revenue	485	1,391	1,882	2,481
Operating Contributions	415	-	482	-
Other Non-Operating Revenues	14	1,583	324	656
Gain (Loss) on Sale of Capital Assets	336	20	2,118	606
Unrealized Net Gain(Loss) on Fair Value Investment	(823)	(2,480)	(3,064)	(3,578)
Interest Expense	(1,665)	(9,448)	(17,095)	(19,410)
Other Non-Operating Expenses	(254)	-	-	-
External Contributions	-	-	-	(2,086)
Total Non-Operating Revenues (Expenses)	(1,492)	(8,934)	(15,353)	(21,331)
Income (Loss) Before Contributions & Transfers	18,580	18,361	6,085	21,921
Capital Contributions	-	5,153	18,548	12,329
Transfers In	286	391	203	1,086
Transfers Out	(6,636)	(11,185)	(8,306)	(36,341)
Change in Net Position	12,230	12,720	16,530	(1,005)
Net Position, January 1	62,068	490,058	636,065	877,000
Prior Period Adjustment	-	-	-	-
Net Position, January 1 restated	62,068	490,058	636,065	877,000
Net Position, December 31	$ 74,298	$ 502,778	$ 652,595	$ 875,995

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2021
(amounts expressed in thousands)
Page 2 of 2

	Enterprise Funds		
	Non-Major Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES			
Charges for Services	$ 61,484	$ 810,938	$ 88,641
Interfund Insurance Premiums	-	-	102,305
Other Operating Revenue	615	39,412	-
Total Operating Revenue	62,099	850,350	190,946
OPERATING EXPENSES			
Salaries and Benefits	35,772	258,268	59,674
Supplies	1,630	159,741	2,790
Services	25,699	187,946	122,748
Taxes	640	30,999	-
Depreciation	10,397	113,378	6,797
Total Operating Expenses	74,138	750,332	192,009
Operating Income (Loss)	(12,039)	100,018	(1,063)
NON-OPERATING REVENUE (EXPENSE)			
Interest Revenue	600	6,839	850
Operating Contributions	15,253	16,150	-
Other Non-Operating Revenues	827	3,404	27
Gain (Loss) on Sale of Capital Assets	21	3,101	194
Unrealized Net Gain(Loss) on Fair Value Investment	(779)	(10,724)	(1,569)
Interest Expense	(2,448)	(50,066)	-
Other Non-Operating Expenses	(169)	(423)	(10)
External Contributions	(2)	(2,088)	-
Total Non-Operating Revenues (Expenses)	13,303	(33,807)	(508)
Income (Loss) Before Contributions & Transfers	1,264	66,211	(1,571)
Capital Contributions	1,144	37,174	(1,843)
Transfers In	12,651	14,617	4,626
Transfers Out	(5,718)	(68,186)	(45)
Change in Net Position	9,341	49,816	1,167
Net Position, January 1	209,885	2,275,076	69,208
Prior Period Adjustment	(48)	(48)	900
Net Position, January 1 restated	209,837	2,275,028	70,108
Net Position, December 31	$ 219,178	$ 2,324,844	$ 71,275

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

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, 2021
(amounts expressed in thousands)

NET CHANGE IN NET POSITION - TOTAL ENTERPRISE FUNDS	$	49,816
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.		13,621
NET POSITION OF BUSINESS ACTIVITIES	$	63,437

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

STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
For the Year Ended December 31, 2021
(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	$ 79,304	$ 118,991	$ 108,845	$ 479,770
Receipts from interfund services provided	-	-	-	-
Contribution received - employee/employer	-	-	-	-
Payments to suppliers	(31,130)	(33,921)	(25,981)	(214,272)
Payments to employees	(23,708)	(38,711)	(31,637)	(133,420)
Payments for taxes	(1,294)	(2,160)	(5,782)	(21,332)
Payments for interfund services used	-	-	-	-
Other operating or non-operating revenues	-	-	-	221
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	23,172	44,199	45,445	110,967
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other funds	286	391	203	1,086
Grants and contributions received	307	522	-	-
Payments paid on noncapital debts	(332)	(1,055)	-	-
Transfer to other funds	(6,636)	(11,185)	(8,306)	(37,341)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITES	(6,375)	(11,327)	(8,103)	(36,255)
CASH FLOWS PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	-	-
Proceeds received from capital debts	-	30,439	-	145,605
Proceeds from sales of capital assets	368	89	2,020	1,127
Contributions and donations	-	1,237	13,076	5,677
Acquisitions and constructions of capital assets	(11,922)	(49,985)	(32,272)	(73,483)
Principals paid on capital debts	(2,315)	(11,275)	(15,461)	(152,470)
Interest and issuance costs paid on capital debts	(2,074)	(10,030)	(18,124)	6,985
Transfers to other funds	-	-	-	-
Other Long-Term Liabilities	-	-	1,816	(104)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITES	(15,943)	(39,525)	(48,945)	(66,663)
CASH FLOW FROM INVESTING ACTIVITIES				
Interests and dividends received	(338)	(1,089)	(1,183)	(1,096)
Change in fair value of investment	-	-	-	-
Other Non-Operating Revenues	(272)	1,181	432	(198)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(610)	92	(751)	(1,294)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	244	(6,561)	(12,354)	6,755
CASH AND CASH EQIVALENTS, JANUARY 1	56,982	170,572	219,340	292,480
CASH AND CASH EQIVALENTS, DECEMBER 31	$ 57,226	$ 164,011	$ 206,986	$ 299,235

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

STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
For the Year Ended December 31, 2021
(amounts expressed in thousands)
Page 2 of 4

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt from customers and users	$ 65,557	$ 852,467	$ 15,708
Receipts from interfund services provided	-	-	74,298
Contribution received - employee/employer	-	-	100,814
Payments to suppliers	(25,269)	(330,573)	(33,242)
Payments to employees	(35,914)	(263,390)	(143,637)
Payments for taxes	(734)	(31,302)	(1,236)
Payments for interfund services used	(2,343)	(2,343)	(2,906)
Other operating or non-operating revenues	1,378	1,599	19
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,675	226,458	9,818
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	7,305	9,271	2,643
Grants and contributions received	11,236	12,065	18
Payments paid on noncapital debts	3,849	2,462	-
Transfer to other funds	(2,911)	(66,379)	(45)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITES	19,479	(42,581)	2,616
CASH FLOWS PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	540	540	1,983
Proceeds received from capital debts	3,984	180,028	-
Proceeds from sales of capital assets	-	3,604	216
Contributions and donations	6,651	26,641	-
Acquisitions and constructions of capital assets	(6,695)	(174,357)	(2,911)
Principals paid on capital debts	(9,520)	(191,041)	-
Interest and issuance costs paid on capital debts	(2,721)	(25,964)	-
Transfers to other funds	(2,803)	(2,803)	(1,843)
Other Long-Term Liabilities	-	1,712	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITES	(10,564)	(181,640)	(2,555)
CASH FLOW FROM INVESTING ACTIVITIES			
Interests and dividends received	609	(3,097)	850
Change in fair value of investment	(779)	(779)	(1,569)
Other Non-Operating Revenues		1,143	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(170)	(2,733)	(719)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,420	(496)	9,160
CASH AND CASH EQIVALENTS, JANUARY 1	58,450	797,824	97,609
CASH AND CASH EQIVALENTS, DECEMBER 31	$ 69,870	$ 797,328	$ 106,769

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

STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
For the Year Ended December 31, 2021
(amounts expressed in thousands)
Page 3 of 4

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Solid Waste Fund #4200	Wastewater Fund #4300	Water Fund #4600	Power Fund #4700
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 20,072	$ 27,295	$ 21,438	$ 43,252
Adjustments to reconcile operating income (loss) to net cash provided (used) by:				
Operating Activities:				
Depreciation and amortization expenses	6,057	18,589	27,728	50,607
(Increase) decrease in accounts receivable	(1,700)	(1,047)	(2,443)	(15,526)
(Increase) decrease in intergovernmental receivables	-	-	-	221
(Increase) decrease in inventories	-	(216)	(393)	(313)
(Increase) decrease in prepaid items	-	9	(481)	-
(Increase) decrease in other assets	-	103	-	5,845
Increase (decrease) in deposit payable	(17)	(4)	(63)	3,189
Increase (decrease) in accounts payable	(242)	(2,041)	(410)	(1,188)
Increase (decrease) in accrued wages payable	73	80	176	745
Increase (decrease) in compensated absences	(38)	46	27	1,414
Increase (decrease) in intergovernmental payable	-	-	-	-
Increase (decrease) in deferred revenues	-	44	-	25,000
Increase (decrease) in other current liabilities	170	11	74	-
Increase (decrease) long term liabilities	(1,203)	1,268	(208)	(2,279)
Miscellaneous non-operating revenues (expenses)	-	62	-	-
Prior Period Adjustment	-	-	-	-
Total adjustments	3,100	16,904	24,007	67,715
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 23,172	$ 44,199	$ 45,445	$ 110,967
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contribution of capital assets	-	3,852	7,283	1,083

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

STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
For the Year Ended December 31, 2021
(amounts expressed in thousands)
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	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (12,039)	$ 100,018	$ (1,063)
Adjustments to reconcile operating income (loss) to net cash provided (used) by:			
Operating Activities:			
Depreciation and amortization expenses	10,397	113,378	6,797
(Increase) decrease in accounts receivable	1,873	(18,843)	(74)
(Increase) decrease in intergovernmental receivables	-	221	-
(Increase) decrease in inventories	(96)	(1,018)	(391)
(Increase) decrease in prepaid items	(1,322)	(1,794)	(73)
(Increase) decrease in other assets	51	5,999	(7)
Increase (decrease) in deposit payable	3,573	6,678	-
Increase (decrease) in accounts payable	(1,037)	(4,918)	551
Increase (decrease) in accrued wages payable	63	1,137	1,738
Increase (decrease) in compensated absences	278	1,727	(2,029)
Increase (decrease) in intergovernmental payable	1	1	-
Increase (decrease) in deferred revenues	(657)	24,387	-
Increase (decrease) in other current liabilities	873	1,128	3,345
Increase (decrease) long term liabilities	765	(1,657)	101
Miscellaneous non-operating revenues (expenses)	-	62	23
Prior Period Adjustment	(48)	(48)	900
Total adjustments	14,714	126,440	10,881
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 2,675	$ 226,458	$ 9,818
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contribution of capital assets	-	12,218	-

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021
(amounts expressed in thousands)

	Seizure Fund	Pension Trust Fund
ASSETS		
Cash and Cash Equivalents	$ 60	2,939
Investments	-	55,279
Equities	-	969,866
Fixed income	-	783,126
Real estate	-	117,040
Venture capital and partnerships	-	361,673
Securities lending collateral	-	111,556
Due From Other Governments	-	2,136
Interest and Dividends	-	2,844
Investment Sales	-	59,719
Capital Assets, net of accumulated depreciation	-	7
Net pension assets	-	-
Total Assets	60	2,466,185
DEFERRED OUTFLOW OF RESOURCES	-	
TOTAL DEFERRED OUTFLOW OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	2,511
Accrued Wages and Benefits Payable	-	111
Investments Purchase Payable	-	237,790
Other Current Liabilities	60	5
Total Current Liabilities	60	240,417
Noncurrent Liabilities		
Accrued Employee Leave Benefits	-	156
Total Noncurrent Liabilities	-	156
Total Liabilities	60	240,573
DEFERRED INFLOW OF RESOURCES		
TOTAL DEFERRED INFLOW OF RESOURCES	-	-
NET POSITION		
Net position restricted for pensions and other purposes	$ -	2,225,612

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, 2021
(amounts expressed in thousands)

	Seizure Fund	Pension Trust Fund
ADDITIONS		
Employer Contributions	$ -	32,335
Member Contributions	-	28,444
Other Contributions	-	-
Total Contributions	-	60,779
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	(2)	324,648
Interest and Dividends	2	34,388
Total Investment Income	-	359,036
Less Investment Expenses:		
Investment Management Fees	-	(8,629)
Securities Lending - Agent Fees	-	(66)
Securities Lending - Broker Rebates	-	16
Total Investment Expense	-	(8,679)
Net Investment Income	-	350,357
Total Additions	-	411,136
DEDUCTIONS		
Wages and Benefit Payments	-	976
Healthcare Benefit Payments	-	96,997
Refunds of Contributions	-	2,236
Administrative Expense	-	1,075
Total Deductions	-	101,284
Net Increase (Decrease)	-	309,852
NET POSITION HELD IN TRUST FOR PENSION BENEFITS		
Net position - beginning	2	1,915,760
Prior period adjustment	(2)	-
Net position - beginning (restated)	-	1,915,760
Net position - ending	$ -	2,225,612

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021, the City applied the following new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB):

> GASB Statement No. 98 – The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Division has applied the effective accounting and financial reporting provisions as prescribed by GASB Statement No. 98.

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, Water, Wastewater, Surface Water, Solid Waste and Rail.

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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 G.

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 in 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 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 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.
Joint Ventures:

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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. Internal service funds account for support services provided to other City departments, such as motor pool, facilities and telecommunication services, and computer and system support.

Fiduciary fund statements for the pension trust are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, and additions to and deductions from (including contributions, benefits, and refunds) plan net position of the retirement funds are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 H 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 assets 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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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. Related restricted net position of the net pension asset is calculated using the GASB preferred method which is equal to the net pension asset balance, excluding deferred inflows and deferred outflows.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

funds is determined by formal action by the City Council, by adoption of an ordinance, or by state statute.

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 $1,228,079 for 2021.

B. Deficits in fund balance or net position

Notes to the Financial Statements
For the Year Ended December 31, 2021

The following governmental and proprietary funds had deficit net position.

Voted Bonds fund has a net fund balance deficit of $3 thousand due to General Obligation Bonds refunding in April 2021.

TPU Fleet Service fund has a net position deficit of $1.3 million due to an increase in capital contribution to the Power fund.

Third Party Liability Claims Fund has a net position deficit of $29.9 million, creating a deficit $2.8 million larger than the prior year. This is due to the increases in liability claims.

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

Net Deficit
(expressed in thousands)

FUND	AMOUNT
Voted Bond (#2010)	$ (3)
TPU Fleet Service (#5050)	(1,258)
Third Party Liability Claims (#5550)	(29,869)
	$ (31,130)

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 $106,394,647.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

authorized to enter into reverse repurchase agreements.

The City sustained no investment losses during 2021, 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.S. Treasury Bills, Certificates, Notes and Bonds: Portfolio mix guidelines allow for a maximum of 100% of the total portfolio to be invested in these securities.

2. U.S. Government Agency Securities: Portfolio mix guidelines suggest a maximum of 90% of the total portfolio with no more than 50% of the total portfolio per agency.

3. Supranational Agency Bonds: 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. Bankers Acceptances: 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. Commercial Paper: 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. Repurchase Agreements: 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.

7. Reverse Repurchase Agreements: The City did not participate in any reverse repurchase agreements in 2021.

8. Municipal Bonds: 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. Certificates of Deposit (CDs): 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. Corporate Notes: 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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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. Local Government Investment Pools: A maximum of 25% of the portfolio may be invested in local government investment pools.

2. Deposits and investments – December 31, 2021

Custodial credit risk – 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 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, 2021, the City's total deposits and investments consisted of the following:

Schedule of Deposits and Investments
December 31, 2021
(amounts expressed in thousands)

Reconciliation of Cash and Investments:	2021
Investments (less Component Units)	$ 3,501,958
Treasurer's Cash, net	106,120
Petty Cash Funds	274
Sub-total	3,608,352
Component Units:	
Tacoma Community Redevelopment Authority (TCRA)	1,674
TCRA - External Cash	5,352
Public Facililities District (PFD)	3,080
Sub-total (Component Units)	10,106
Total	$ 3,618,458

Notes to the Financial Statements
For the Year Ended December 31, 2021

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	$ 945,962
Restricted cash and cash equivalents	260,851
Total Primary Government	1,206,813
Component Units	
TCRA	7,026
GTRCC PFD	3,080
Total Component Units	10,106
Fiduciary Funds	
Cash and cash equivalents	2,999
Investments at fair value	55,279
Pension Trust	2,343,261
Total Fiduciary Funds	2,401,539
Total cash and investments	$ 3,618,458

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

Investments:	Fair Value at 12/31/2021
Financial Institutions	
WA State Local Government Investment Pool	$ 95,864
Government Agencies (various)	1,012,307
Equity in Pool Transferred to Component Units	(7,752)
Total Investments with Financial Institutions	1,100,419
Pension Trust	
Equities	969,866
Fixed Income	783,127
Real Estate	117,040
Venture Capital & Partnerships	361,673
Short Term Bill & Notes	28,648
Other Assets	16
Cash and Cash Equivalents	29,613
Securities Lending Collateral	111,556
Total Other Investments - Pension Trust	2,401,539
Total	$ 3,501,958

Notes to the Financial Statements
For the Year Ended December 31, 2021

3. 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 $95,155,537 with the State Treasurer's Local Government Investment Pool and $107,333,660 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	$ 107,333,660	$ 107,333,660	$ -	$ -	$ -	$ -
Bank Demand Deposits & State Pool	95,864,422	95,864,422	-	-	-	-
Fixed Rate Non-Callable Municipal Securities	5,094,110	5,094,110	-	-	-	-
Fixed Rate Non-Callable Agency Securities	350,758,768	123,474,498	119,057,979	54,860,415	53,365,876	-
Fixed Rate Callable Agency Securities	24,981,260	-	24,981,260	-	-	-
Totals	$ 584,032,220	$ 331,766,690	$ 144,039,239	$ 54,860,415	$ 53,365,876	$ -
Percent of Total		56.81%	24.66%	9.39%	9.14%	0.00%

4. 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 2020 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.

Investment Type	Par	Minimum Legal Requirement	FDIC and PDPC	AAA	AA	A
Bank Demand Deposits & State Pool	$ 203,198,082	FDIC & PDPC	$ 203,198,082	$ -	$ -	$ -
Fixed Rate Non-Callable Municipal Securities	5,094,110	A	-	994,150	4,099,960	-
Fixed Rate Non-Callable Agency Securities	350,758,768	AAA	-	350,758,768	-	-
Fixed Rate Callable Agency Securities	24,981,260	AAA	-	24,981,260	-	-
Total	$ 584,032,220		$ 203,198,082	$ 376,734,178	$ 4,099,960	$ -

5. Concentration of Credit Risk

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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	98,608,480	9.7%
Federal Home Loan Bank	Agency Securities	119,113,543	11.8%
Federal Home Mortgage Corporation	Agency Securities	82,805,205	8.2%
Federal National Mortgage Association	Agency Securities	75,212,800	7.4%
Total		$ 375,740,028	

6. Disclosure of Custodial Credit Risk

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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Investments Measured at Fair Value

Debt Securities	As of 12/31/2021	Level 1	Level 2	Level 3
U.S. Treasury Securities	$ 549,528,777	$ -	$ 549,528,777	$ -
Supranational Securities	25,416,670	-	25,416,670	-
Municipal Bonds	5,094,110	-	5,094,110	-
Agency Securities	375,740,028	-	375,740,028	-
Money Market	708,884	708,884	-	
Corporate Securities	56,527,275	-	56,527,275	-
Total	$ 1,013,015,744	$ 708,884	$ 1,012,306,860	$ -

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)

Accounts Receivable (amounts expressed in thousands)	General Fund	Trans Capital & Enginerring Fund	Non-Major Governmental Funds	Solid Waste Fund	Waste Water Fund
Accounts Receivable (net short-term)	$ 13,940	$ 29	$ 36,965	$ 9,417	$ 18,127
Due from other Funds	-	-	-	-	-
Advances to other Funds	-	-	-	-	-
Due from Other Governments	15,444	2,592	9,314	108	178
Interest Receivable (net short-term)	-	-	-	-	-
Notes and Contracts Receivable (net short-term)	-	-	-	-	102
Notes and Contracts Receivable (net long-term)	-	-	-	-	-
TOTAL	$ 29,384	$ 2,621	$ 46,279	$ 9,525	$ 18,407

Accounts Receivable (amounts expressed in thousands)	Water Fund	Power Fund	Non-Major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
Accounts Receivable (net short-term)	$ 14,631	$ 78,498	$ 11,056	$ 494	$ -	$ 183,157
Due from other Funds	-	-	-	-	-	-
Advances to other Funds	-	-	-	-	-	-
Due from Other Governments	482	-	428	-	2,136	30,682
Interest Receivable (net short-term)	-	-	-	-	2,844	2,844
Notes and Contracts Receivable (net short-term)	-	-	-	-	-	102
Notes and Contracts Receivable (net long-term)		1,961	8,209	-	-	10,170
TOTAL	$ 15,113	$ 80,459	$ 19,693	$ 494	$ 4,980	$ 226,955

Notes to the Financial Statements
For the Year Ended December 31, 2021

C. Capital assets

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

(amounts expressed in thousands)

Governmental activities	Beg Bal	Increases	Decreases	End Bal
Capital assets not being depreciated:				
Land	$ 35,844	$ 7,002	$ (3,218)	$ 39,628
Art	3,004	14	-	3,018
Construction Work in progress	33,841	29,814	(11,456)	52,199
Total Capital assets, not being depreciated	72,689	36,830	(14,674)	94,845
Capital assets, being depreciated				
Property, plant, and equipment	291,174	38,876	(7,063)	322,987
Infrastructure	1,487,511	11,914	-	1,499,425
Total capital assets, being depreciated	1,778,685	50,790	(7,063)	1,822,412
Less Accumulated depreciation:				
Property, plant, and equipment	(186,854)	(23,741)	2,347	(208,248)
Infrastructure	(889,046)	(28,352)	-	(917,398)
Total accumulated depreciation	(1,075,900)	(52,093)	2,347	(1,125,646)
Governmental activities, capital assets (net of accumulated depreciation)	$ 775,474	$ 35,527	$ (19,390)	$ 791,611

Business Type Activities	Beg Bal	Increases	Decreases	End Bal
Capital assets not being depreciated:				
Land	$ 164,157	$ 1,867	$ (92)	$ 165,932
Construction Work in progress	126,845	85,758	(77,390)	135,213
Total Capital assets, not being depreciated	291,002	87,625	(77,482)	301,145
Capital assets, being depreciated				
Property, plant, and equipment	4,698,301	176,613	(19,056)	4,855,858
Total capital assets, being depreciated	4,698,301	176,613	(19,056)	4,855,858
Less Accumulated depreciation:				
Property, plant, and equipment	(2,053,054)	(113,564)	21,886	(2,144,732)
Total accumulated depreciation	(2,053,054)	(113,564)	21,886	(2,144,732)
Business Type Activities, capital assets (net of accumulated depreciation)	$ 2,936,249	$ 150,674	$ (74,652)	$ 3,012,271

Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Governmental Activities:		
General Government	$	913
Public Safety		2,880
Transportation		29,463
Economic Environment		10,322
Social Services		3
Culture and Recreation		1,899
Capital Assets held by Internal Services funds which are charged to various functions based on their usage of the assets		6,613
Total depreciation expense - governmental activities		52,093
Business-type activities:		
Permit	$	34
Mountain Rail		785
Parking Garage		1,380
Convention Center		1,740
Baseball Park		1,474
Tacoma Dome		1,607
Performing Arts		1,109
TPU Fleet *		186
Solid Waste		6,057
Waste Water		18,589
Tacoma Rail		2,268
Water		27,728
Power		50,607
Total depreciation expense - business-type activities		113,564

* Internal Service Fund that solely supports business-type activities.

Notes to the Financial Statements
For the Year Ended December 31, 2021

D. Leases

Tacoma Power obtained a lease agreement with Mason County Public Utility District No. 3 (PUD 3) for a Telecommunication Network. This is a 20-year capital lease for the use of multiple segments on PUD 3's internal network. The value for this lease is $812 and there is no interest on the lease.

(amounts expressed in thousands)

Year Ending December 31	Amount
2022	32
2023	32
2024	32
2025	32
2026	32
2027 - 2037	345
	$505

E. 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, 2021 are as follows:

	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2022	11,962	3,409	$ 2,533	$ 1,939
2023	9,394	3,727	2,505	1,816
2024	9,230	3,887	2,625	1,690
2025	8,525	4,017	2,750	1,559
2026	8,591	3,960	2,890	1,422
2027-2031	40,399	19,056	16,670	4,981
2032-2036	33,118	10,482	14,258	1,323
2037-2041	3,575	193	-	-
	$ 124,794	$ 48,731	$ 44,231	$ 14,730

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 Maturity	Outstanding December 31, 2021
Governmental activities	1.12580 - 7.2020%	$ 124,794
Business-type activities	2.2439 - 3.2066%	$ 44,231

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, 2021, the amount of LID Special Assessment delinquency equals $2,326,276. The bond interest rates range from 3.125 to 5.75% and are payable over the next twenty-six 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)

	Principal	Interest	Total
2022	$ -	$ 1,010	$ 1,010
2023	-	1,010	1,010
2024	-	1,010	1,010
2025	-	1,010	1,010
2026	-	1,010	1,010
2027-2031	-	5,049	5,049
2032-2036	1,380	5,049	6,429
2037-2041	-	4,825	4,825
2042-2046	15,075	2,224	17,299
2047-2054	3,140	98	3,238
Total	$ 19,595	$ 22,294	$ 41,889

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 $1.3 billion. During 2021, new debt issues amounted to $164 million for capital improvements in the Tacoma Power fund and refunding bonds in the Water and Sewer funds.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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

	Principal	Interest	Total
2022	40,090	52,945	93,036
2023	38,106	52,714	90,820
2024	39,719	51,489	91,207
2025	38,042	50,048	88,090
2026	39,350	48,885	88,235
2027-2031	230,772	215,649	446,421
2032-2036	317,345	148,863	466,207
2037-2041	253,890	77,739	331,629
2042-2046	162,126	25,228	187,354
2047-2054	65,519	4,738	70,257
Total	$ 1,224,959	$ 728,298	$ 1,953,257

Changes in long-term liabilities for the year ended December 31, 2021 are as follows:

Changes in long-term liabilities

Governmental activities

Long-term liabilities (amounts expressed in thousands)	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
General obligation bonds	$ 132,485	$ 18,873	$ (28,276)	123,081	$ 11,392
Add: Unamortized premium	-	888	(127)	761	-
Less: Unamortized discount	(38)	(66)	9	(95)	-
Public works trust fund loans	2,281	-	(571)	1,710	570
Bond anticipation notes	841	-	-	841	841
Special assessment debt	20,035	-	(440)	19,595	-
Claims and judgments	37,288	10,240	(8,515)	39,013	31,893
Total OPEB Liabilities	177,614	60,122	(44,771)	192,965	-
Total pension liability-Police and Firefighters'	43,808	-	(2,289)	41,519	4,152
Net pension liability	-	21,490	-	21,490	-
Compensated absences	19,397	35,339	(30,238)	24,498	4,964
Total governmental activities - long-term liabilities	$ 433,711	$ 146,886	$ (115,219)	$ 465,379	$ 53,812

Long-term liabilities are included as part of the above totals for governmental activities. At year-end, $5.8 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 $18.9 million listed above represents the Governmental Funds issuance of long-term debt ($18.9) million reported in the government wide financial statements.

Notes to the Financial Statements
For the Year Ended December 31, 2021

Business-Type activities

Long-term liabilities (amounts expressed in thousands)	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Revenue Bonds, Public Works Trust Fund loans	$ 1,019,721	$ 121,855	$ (31,672)	$ 1,109,904	$ 28,801
General obligation bonds	46,714	887	(3,369)	44,232	2,533
Add: Unamortized premium	53,944	23,959	(5,099)	72,804	-
Less: Unamortized discount	(10)	(4)	3	(11)	-
Muckleshoot liability	6,412	-	(167)	6,244	164
State COP Loan	12,795	-	(525)	12,270	565
State Revolving Fund (SRF) Loan	104,394	2,627	(11,086)	95,935	10,405
WIFIA Loan	-	15,049	-	15,049	-
WA State Rail Loan	3,940	275	(886)	3,329	844
Revolving line of credit	131,250	23,750	(145,000)	10,000	-
Environmental liability	1,692	2,132	(963)	2,861	540
Landfill postclosure care cost liability	14,435	-	(922)	13,513	632
Total OPEB liabilities	30,808	36,298	(30,808)	36,298	-
Compensated absences	24,848	29,186	(27,134)	26,900	2,715
Net pension liability	-	47,870	-	47,870	-
Total business-type activities - long-term liabilities	$ 1,450,943	$ 303,884	$ (257,628)	$ 1,497,199	$ 47,200

Note 14 summarizes changes in long-term debt.

Debt issued in 2021

Governmental activities

On April 13, 2021 the City issued Limited Tax General Obligation Bonds in the amount of $16.085 million with the interest rates of 2.2158%-2.7447%. The bonds were issued to refund bond 2009B, 2010B, 2009C, and 2010E. The City also issued Unlimited General Obligation Bonds in the amount of $3.675 million with the interest rates of 1.258% to refund 2010A Bonds.

Business-type activities:

Tacoma Power issued $121.9 million of Electric System Revenue Bonds, Series 2021 (Green Bonds) in September 2021. The proceeds of the issuance were used to pay down $145.0 million of the Wells Fargo line of credit. In August and October 2021 Tacoma Power took a draw of $13.8 million and $10.0 million, respectively, on the line of credit agreement with Wells Fargo.

In 2021, Tacoma Sewer received a State Revolving Fund Loan of $2,626,625 with interest rate of 1.2% to reimburse a portion of costs related to the design of the Central Treatment Plant Electrical Distribution System Replacement projects. Also, a loan was placed with US Environmental Protection Agency (EPA) in accordance with a Water Infrastructure Finance and Innovation Act (WIFIA) with the amount of $15,026,875 with the interest rate of 1.2%. The outstanding balance of WIFIA loan as of December 31, 2021 is $15,049,415 including $22,540 of interest.

Bond Defeasance

As of December 31, 2020, there was $4.6 million 2013 Electric System Revenue Refunding Bonds, Series A considered defeased in substance. As of December 31, 2021, there were no bonds defeased in substance. Total $4.6 million of 2013 Electric System Revenue Refunding Bonds, Series A, was paid off through the escrow account during 2021.

Notes to the Financial Statements
For the Year Ended December 31, 2021

As of December 31, 2021, there was no Sewer Revenue Refunding bonds defeased in substance. Total of $34.3 million of outstanding Sewer Revenue Refunding bond, 2006 and 2011, in the market was called and paid off through the escrow account on December 1, 2021.

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.

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, 2021, has no outstanding arbitrage liability.

F. Restricted assets

The balance of the current restricted assets accounts in the enterprise funds are as follows:

(amounts expressed in thousands)

Cash for debt service	$	25,703
Cash for bond reserve		28,473
Cash for construction		29,411
Cash for other special purposes		177,264
	$	260,851

G. 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.

H. 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:

Notes to the Financial Statements
For the Year Ended December 31, 2021

* 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.

	Major Funds		Non-major Funds			
	General Fund	Transp Capital & Engr	Special Revenue	Debt Service	Capital Project	Total Funds
Fund balances:						
Nonspendable:						
Accounts Receivable	$ -	$ -	$ 35	$ -	$ -	$ 35
Economic development programs	-	-	4,876	-	-	4,876
Inventory	1,463	-	1,671	-	-	3,134
Prepaids	56	-	-	-	-	56
Trust	-	-	17	-	-	17
Total nonspendable	1,519	-	6,599	-	-	8,118
Restricted:						
Crime Prevention & Safety	336	-	4,075	-	-	4,411
Culture and recreation	-	-	-	-	3	3
Debt service	-	-	8,134	4,541	1,356	14,031
Grants	-	-	23,945	-	-	23,945
Housing Development	-	-	5,647	-	-	5,647
Library, Culture, Arts, Preservation	-	-	9,779	-	-	9,779
Neighborhoods	-	-	1,387	-	-	1,387
Other capital & purchase	-	-	-	-	702	702
Other reserves	-	-	5,913	-	-	5,913
Paths & Trails	-	-	360	-	-	360
Public services	33	-	23,619	-	-	23,652
Public Works projects	-	-	13,303	-	20,478	33,781
Sidewalk & Street projects	-	4,801	1,500	-	18,455	24,756
Total restricted	369	4,801	97,662	4,541	40,994	148,367
Committed:						
Council contingency*	916	-	-	-	-	916
Crime Prevention & Safety	-	-	-	-	4,311	4,311
Library, Culture, Arts, Preservation	-	-	4,432	-	1,179	5,611
Neighborhoods	-	-	2,858	-	754	3,612
Public services	-	-	4,363	-	-	4,363
Public Works projects	-	-	22,461	-	73	22,534
Total committed	916	-	34,114	-	6,317	41,347
Assigned:						
Business & Training Assistance	-	-	428	-	-	428
Crime Prevention & Safety	421	-	33	-	-	454
Demolitions	-	-	2,933	-	-	2,933
Economic development programs	76	-	4,542	-	-	4,618
Library, Culture, Arts, Preservation	-	-	2,763	-	-	2,763
Neighborhoods	443	-	2,913	-	-	3,356
Open Space Properties	-	-	532	-	-	532
Police activities	-	-	1,557	-	-	1,557
Public services	28	-	2,673	-	-	2,701
Public Works projects	-	2,097	5,269	-	14	7,380
Sidewalk & Street projects	-	-	6,780	-	-	6,780
Other purposes	279	-	56	-	-	335
Total assigned	1,247	2,097	30,479	-	14	33,837
Unassigned:	101,228	-	-	-	-	101,228
Total fund balances:	$ 105,279	$ 6,898	$ 168,854	$ 4,541	$ 47,325	$ 332,897

Notes to the Financial Statements
For the Year Ended December 31, 2021

I. 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		
Crime prevention & safety	$	4,411
Debt service		14,031
Culture and recreation		3
Library arts & preservation		9,779
Neighborhoods		1,387
Grants		23,944
Other capital		6,615
Paths & trails		360
Public services		23,653
Public works projects		33,781
Sidewalks & street projects		24,756
Housing development		5,647
	$	148,367

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 2021:

Aggregate Pension Amounts - All Plans		
Pension liabilities	$	(69,360,121)
Pension assets	$	177,099,205
Deferred outflows of resources	$	105,623,759
Deferred inflows of resources	$	(102,884,251)
Pension expense/expenditures	$	336,565

At December 31, 2021, The City reported the aggregate deferred outflows of resources and deferred inflows of resources for all pension plans as follows:

Notes to the Financial Statements
For the Year Ended December 31, 2021

Total - All Plans	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ (10,460,984)	$ 18,984,865
Changes of assumptions	$ (6,744,209)	$ 51,642,891
Net difference between projected and actual earnings	$ (83,483,421)	$ -
Contributions made subsequent to the measurement date	$ -	$ 32,217,678
Changes in employer proportion	$ (2,195,637)	$ 2,778,326
Total	$ (102,884,251)	$ 105,623,759

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 that includes financial statements and required supplementary information and can be obtained by writing to:

Tacoma Employee's Retirement System
3628 South 35th Street
Tacoma, WA 98409

Or the TERS comprehensive annual financial report 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, 2021 is as follows:

Notes to the Financial Statements
For the Year Ended December 31, 2021

Retirees and beneficiaries		2,653
Terminated vested and other terminated participants		790
Active members:		
City of Tacoma	2,740	
Pierce Transit	10	
South Sound 911	2	
Tacoma-Pierce County Health Department	285	
Total active members		3,037
Total membership		6,480

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 1st 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 18.97%. The difference of 2.03% 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. *The Normal Cost Rate increased from 18.59% of pay to 18.97% of pay from the prior actuarial valuation. Therefore, the portion of the total 21.00% of pay contribution rate available to amortize the UAAL after Normal Costs are financed decreased from 2.41% of pay at January 1, 2020 (21.00% - 18.59%) to 2.03% of pay at January 1, 2021 (21.00% - 18.97%).

	TERS	
Actual Contribution Rates	Employer	Employee*
January - December 2021		
TERS	11.34%	9.66%
TERS UAAL	2.03%	
Administrative fee	0.80%	
Total	14.17%	9.66%

Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Measurement Date	December 31, 2020
Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Funding is based on statutory contribution 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 • 3.25% amortization grown rate
Asset Valuation Method	4 year smoothing period; Corridor - None
Inflation	2.50%
Salary Increases	Varies by service; details in funding valuation report
Investment Rate of Return	6.75%
Cost of Living Adjustment	2.125%
Retirement Age	Varies by age, gender, eligibility; details in funding valuation report.
Turnover	Varies by service, gender; details in funding valuation report.
Mortality	105% of Male and 100% of the Female PubG-2010 Amount Weighted Mortality Tables, sex distinct. Generational improvements with projection unisex based on Social Security Administration Data from 1957-2017
Active Members: Inactive Members, Retired Members and Beneficiaries: Disabled Members:	Employee Mortality Healthy Retiree Mortality Disabled Retired Mortality

*The actual contribution is used if that rate is greater than the rate necessary to amortize the UAAL.
Note that the UAAL amortization period is 30 years for years 2017 and earlier and 25 for years beginning January 1, 2018 and later.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2020 and January 1, 2021 assumptions were not changed.

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

Valuations as of January 1

2021 Nearly all economic and non-economic actuarial assumptions were changed
2020 No change
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 Janurary 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 expected volatility and correlation. The capital market assumptions are per the System's investment advisors as of December 31, 2021. The target asset allocation is based on TERS Investment Policy Statement dated November 2021.

Asset Class	Target Allocation	Arithmetic Real Rate of Return
Investment Grade Fixed income	19.5%	2.00%
US Bank/Leveraged loans	3.0%	3.14%
US long government bonds	3.0%	2.30%
High Yield Bonds	6.0%	3.60%
Emerging Market Debt	5.0%	3.20%
Global equity	34.5%	5.15%
Private Real Estate	10.0%	5.90%
Reivate Equity	10.0%	8.10%
Master Limited Partnerships	4.0%	6.60%
Timber	1.5%	3.88%
Infrastructure	2.0%	7.55%
Agriculture	1.5%	4.23%
Assumed Inflation - Mean		2.50%
Assumed Inflation - Standard Deviation		1.23%
Portfolio 30 year Arithmetic Real Return		7.26%
Portfolio 30 year Geometric Rate of Return		6.71%
Portfolio Standard Deviation		10.97%
Long-Term Expected Rate of return, net of investment expenses		6.75%

Notes to the Financial Statements
For the Year Ended December 31, 2021

8. ***Sensitivity Analysis***: The following presents the employer's proportionate share of the collective net pension liability as of the December 31, 2020 measurement date calculated using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease 5.75%	Current Discout Rate 6.75%	1% Increase 7.75%
Employer's proportionate share of the net pension liability	$307,047,140	$69,360,120	($128,727,913)

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, 2021, the employer recognizes the following amounts:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ (9,711,560)	$ 12,553,174
Changes of assumptions	$ -	$ 51,581,592
Net difference between projected and actual earnings	$ (5,085,385)	$ -
Contributions made subsequent to the measurement date	NA	$ 29,661,963
Changes in employer proportion	$ (45,870)	$ 942
Total	$ (14,842,815)	$ 93,797,671

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 Ending December 31	
2021	$ 7,240,096
2022	$ 24,130,966
2023	$ (7,951,145)
2024	$ 20,316,529
2025	$ 5,556,446
Thereafter	$ -

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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

Employer	2020 Employer Contributions	Rounded Percentage of Total Contributions	Beginning Net Beginning Net Pension Liability*	Ending Net Ending Net Pension Liability**
City of Tacoma	$ 28,635,219	92.22974%	$ (18,606,284)	$ 69,360,120
South Sound 911	27,296	0.08792%	(17,732)	66,116
Pierce Transit	99,496	0.32046%	(53,437)	240,999
Health Department	2,285,696	7.36189%	(1,458,516)	5,536,404
Grand Total	$ 31,047,707	100.00000%	$ (20,135,969)	$ 75,203,639

**Based on unrounded contributions from 2019*

***Based on unrounded contributions from 2020*

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 that includes financial statements and required supplementary information for each plan. The DRS comprehensive annual financial report may be obtained by writing to:

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

Or the DRS comprehensive annual financial report 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 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 2021. Employers paid only the administrative expense of 0.18 percent of covered payroll.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2021.

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

LEOFF Plan 2		
Actual Contribution Rates	**Employer**	**Employee**
January - June 2021		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	**5.33%**	**8.59%**
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	
Total	**8.77%**	**8.59%**
July - December 2021		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
Total	**5.30%**	**8.53%**
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
Total	**8.71%**	**8.53%**

The City of Tacoma's actual contributions to the plan were $4,982,250 for the year ended December 31, 2021.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For fiscal year ending June 30, 2020, the state contributed $78,170,320 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is $4,866,699.

Notes to the Financial Statements
For the Year Ended December 31, 2021

Actuarial Assumptions

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

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

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

Discount Rate

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2020, 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 the Net Pension Liability/(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	$ (31,774,954)	$ (35,295,141)	$ (38,340,700)
LEOFF 2	$ (89,431,743)	$ (141,804,064)	$ (184,694,734)

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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City of Tacoma reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
LEOFF 1	$ (35,295,141)
LEOFF 2	$ (141,804,064)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City of Tacoma. The amount recognized by the City of Tacoma as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City of Tacoma were as follows:

	LeOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	$ (35,295,141)	$ (141,804,064)
State's proportionate share of the net pension asset associated with the employer	$ (238,735,457)	$ (91,479,100)
Total	$ (274,030,598)	$ (233,283,164)

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

	Proportionate Share 6/30/2020	Proportionate Share 6/30/2021	Change in Proportion
LEOFF 1	1.03%	1.03%	0.00%
LEOFF 2	2.50%	2.44%	(0.06%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). 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 2021, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Notes to the Financial Statements
For the Year Ended December 31, 2021

Pension Expense

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

	Pension Expense
LEOFF 1	$ (5,216,825)
LEOFF 2	(17,416,460)
Total	$ (22,633,285)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

LEOFF 1	Deferred Outlfows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (10,784,838)
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate shre of contributions	$ -	$ -
Contributions subsequent to the measurement date	$ -	$ -
Total	$ -	$ (10,784,838)

LEOFF 2	Deferred Outlfows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,431,691	$ (749,424)
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (67,613,197)
Changes of assumptions	$ 61,298	$ (6,744,209)
Changes in proportion and differences between contributions and proportionate shre of contributions	$ 2,777,384	$ (2,149,767)
Contributions subsequent to the measurement date	$ 2,555,715	$ -
Total	$ 11,826,087	$ (77,256,597)

Notes to the Financial Statements
For the Year Ended December 31, 2021

Deferred outflows of resources related to pensions resulting from the City of Tacoma contributions subsequent to the measurement date but before the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period. 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
2022	$ (2,864,840)
2023	$ (2,620,422)
2024	$ (2,472,613)
2025	$ (2,826,963)
2026	$ -
Thereafter	$ -

Year ended December 31:	LEOFF 2
2022	$ (17,988,042)
2023	$ (16,758,246)
2024	$ (15,829,077)
2025	$ (17,830,031)
2026	$ (198,050)
Thereafter	$ 617,222

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 2021:

Aggregate Pension Amounts	Firefighters' Pension Fund	Police Pension Fund
Total pension liability	$ 29,150,827	$ 12,368,467

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 City does not collect contributions or hold assets in trust for the PRP or FRP plans. Any monies provided by the City for future benefit payments are not legally protected from creditors and are not dedicated to the provision of pensions to plan members. Per GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the plans do not meet the criteria for pension plans administered through trusts. Therefore, the plans are accounted for as part of the General Fund.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021. Retirees and beneficiaries of deceased retirees eligible to receive pension benefits currently number 106 for the PRP and 143 for the FRP as of December 31, 2021. 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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 $3.9 million and $4.6 million for 2021.

The state contributes 25% of taxes on fire insurance premiums to the FRP and the amount contributed in 2021 was $479,000.

4. *Actuarial Assumptions*

The total pension liability (TPL) was determined by an actuarial valuation as of January 1, 2020, projected forward to the measurement date of December 31, 2021. The liability was calculated based on the discount rate and other actuarial assumptions below.

	Firefighter Relief and Pension	**Police Relief and Pension**
Discount Rate		
Municipal bond rate	2.00%	2.00%
Actuarial Assumptions:		
Valuation Date	January 1, 2020	January 1, 2020
Measurement Date	December 31, 2021	December 31, 2021
Inflation	2.25%	2.25%
Salary increases including inflation	3.25%	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 males and forward one year 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 disabled members).
Actual Cost Method	Entry Age Normal	Entry Age Normal

Notes to the Financial Statements
For the Year Ended December 31, 2021

5. *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, 2020	$ 30,675,679	$ 13,131,961
Changes for the year:		
Service cost	-	-
Interest	592,446	252,529
Effect of plan changes	-	-
Effect of economic/demographic gains or losses	-	-
Effect of assumptions changes or inputs	-	-
Benefit payments*	(2,117,298)	(1,016,023)
Net changes	**(1,524,852)**	**(763,494)**
Balance as of December 31, 2021	**29,150,827**	**12,368,467**

*Benefit payments are estimated based on expected payouts.

6. *Sensitivity of the Total Pension Liability*

The following presents the net pension liability of the City, calculated using the discount rate of 2.00%, 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 (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (1.00%)
Total pension liability - Fire	$ 31,886,521	$ 29,150,827	$ 26,786,794
Total pension liability - Police	$ 13,439,732	$ 12,368,467	$ 11,434,637

7. *Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions*

Pension expense of $113,446 and $252,529 were recognized in 2021 for the FRP and PRP. As of December 31, 2021, 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. There is no effect of changes in assumptions in the current year.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021:

Aggregate OPEB Amounts - All Plans		
OPEB liabilities	$	(229,262,808)
OPEB assets	$	-
Deferred outflows of resources	$	51,572,376
Deferred inflows of resources	$	(28,282,385)
OPEB expense/expenditures	$	917,028

1. *Plan description:*

The City provides the opportunity to receive medical benefits to most of its retirees until the age of 65. Eligibility and the amount of benefits paid by the City for Other Post-Employment Benefits (OPEB) vary by retirement group (TERS, LEOFF 1, LEOFF 2, or Rail) The City charges some early retirees not yet eligible for Medicare a health premium based on the claims experience of both active members and retirees. 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. Eligibility and the amount of benefits paid by the City for OPEB vary by retirement group. Each plan provides medical benefits to eligible retired City employees and beneficiaries.

Benefits per retirement group are as follows:
Medical TERS and LEOFF 2 Upon retirement, members are permitted to receive medical benefits. Retirees pay a blended/composite rate that reflects the costs for both active and retired employees under age 65. Spouses and child dependents are also covered while the employee is under age 65 and the retirees pay the same premium regardless of the number of lives covered.

Medical Rail Retirees and their spouses receive medical benefits through age 65, paid fully by the employer if the employee belongs to one of the following personnel sub-areas:
• BL Engineers
• UTU Switch Crew
• UTU Yardmasters
Other Rail employees and their spouses can purchase medical benefits for the same rates as TERS members.
Medical LEOFF 1 The necessary hospital, medical and nursing care expenses not payable by workers' compensation, Social Security, or other programs are covered for any retired LEOFF 1 member. These expenses are paid both prior to age 65 and afterwards. The City also pays the Medicare Part B premiums for all LEOFF 1 employees who are over age 65.Spouses of LEOFF 1 members are permitted to purchase medical insurance. The premium rates are set specifically for the spouses of LEOFF 1 members and are not subsidized by the City. We therefore do not include liability for LEOFF 1 spouses.

Dental Non-LEOFF 1 retirees are paid in full by the retirees and are not considered in this valuation.

Dental LEOFF 1 retirees are paid by the city and included in this valuation.

Benefit provisions for TERS are established in accordance with Chapter 41.28 Revised Code of Washington and Chapter 1.30 of the Tacoma City Code. These statutes assign the authority to establish benefit provision for TERS. For LEOFF Plan 2, benefits are established in accordance with RCWs 41.16, 41.18, 41.20 and

Notes to the Financial Statements
For the Year Ended December 31, 2021

41.26. These statutes assign the authority to establish benefit provisions. For LEOFF Plan 1, these benefit provision are established by state statute of the State of Washington through the Department of Retirement Systems, per RCW 41.26. LEOFF Plan 1 is closed to new entrants. For the Railroad Retirement System, these are administered by Federal statute under the Railroad Retirement Act (45 U.S.C. 23l et seq.) and authority resides by these Federal statutory provisions.

Financial reports for the LEOFF Plans and Railroad Retirement System plans are available at the addresses below. These reports may be obtained by writing at the following addresses:

LEOFF Plan 1
State of Washington
Office of Financial Management
P.O. Box 43113
Olympia, WA 98504-3113

U.S. Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611-2092

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, 2021	Non-LEOFF 1 as of January 1, 2020	Total
Inactive employees or beneficiaries currently receiving benefits	322	370	692
Inactive employees entitled to but not yet receiving benefits	562	-	562
Active employees	3,531	1	3,532
Total	4,415	371	4,786

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, 2021 for non-LEOFF 1 members and January 1, 2020 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, 2020. 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. The Reporting Date is December 31, 2021. 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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

	Non-LEOFF 1	LEOFF 1
Valuation Date	January 1, 2020	January 1, 2020
Measurement Date	December 31, 2020	December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Discount Rate – based on 20 Year Tax-Exempt Municipal Bond Yield with an average rating of AA/Aa or higher at the Measurement Date	2.12%	2.12%
Funding Plan	Pay-as-you-go	Pay-as-you-go
Medical Cost and Dental Trends Combined. *Dental not applicable to Non-LEOFF	2021 6.0% 2022 5.5% 2023 5.0% 2030 4.7% 2040 4.9% 2050 4.9% 2060 4.7% Grading down to an ultimate rate of 4.0% in 2074. The trends above assume that, overtime, deductibles and out of pocket maximums will be periodically increased as medical trends increase.	**Pre-65 Post-65** 2020-2021 6.10% 5.5% 2021-2022 5.50% 5.2% 2022-2023 4.9% 4.8% 2023-2024 4.8% 4.8% 2024-2025 4.7% 4.7% Grading down to an ultimate rate of 3.7% in 2074. The trends above do not reflect increases in costs due to excise tax.
Long-Term Care Inflation Rate	Not applicable	4.5%
Participation Assumption	100% Rail employees eligible for City-paid retiree medical benefits. 25% of TERS and LEOFF 2 active employees who are not eligible for benefits paid entirely by the City. 25% of Rail employees who are not eligible for benefits paid entirely by the City are assumed to receive medical benefits. 5% of terminate-vested members are assumed to receive retiree medical benefits.	100% participation
Experience Study Dates	Social Security Administration data from the most recent 60 years available (1957-2017) (adopted 1/1/2021).	2007-2012
Demographic Assumptions (Eligibility):		
Disability	Five years of service are required for non-service connected disability for TERS and LEOFF 2. Ten years of service are required for non-service connected disability for Rail.	For a duty disability, employee is eligible after six-month waiting period (RCW 41.18.050, RCW 41.20.060). For non-duty disability, employee eligible after 90-day-6 months waiting period (RCW 41.18.080 RCW 41.20.065).

Notes to the Financial Statements
For the Year Ended December 31, 2021

	Non-LEOFF 1	LEOFF 1
Retirement	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 year Former members who are entitled to a deferred vested pension benefit are also eligible to receive medical benefits after pension benefits commence. LEOFF 2 members are eligible for retiree medical benefits after achieving one of the following: - 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.	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:		
Contributing Members	105% of Male and 100% of Female PubG-2010Amount-Weightd Employee Mortality Tables, projected with a unisex table based on Social Security Administration data from the most recent 60 years available (1957-2017 (adopted 1/1/2021).	RP-2000 Mortality Table (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.
Inactive Members, Retired Members, and Beneficiaries	105% of Male and 100% of Female PubG-2010Amount-Weightd Employee Mortality Tables, projected with a unisex table based on Social Security Administration data from the most recent 60 years available (1957-2017 (adopted 1/1/2021).	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males.
Disabled Members	105% of Male and 100% of Female PubG-2010Amount-Weightd Employee Mortality Tables, projected with a unisex table based on Social Security Administration data from the most recent 60 years available (1957-2017 (adopted 1/1/2021).	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set forward two years for disabled members.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 201,643,547	$ 229,262,808	$ 262,129,286

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.12%, 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 (1.12%) or one percentage point higher (3.12%) than the current rate.

	1% Decrease 1.12%	Discout Rate 2.12%	1% Increase 3.12%
Total OPEB Liability	$ 259,431,218	$ 229,262,808	$ 204,053,720

4. *Changes in the Total OPEB Liability:*

Changes in the Total OPEB Liability for reporting period ending December 31, 2020, are as follows:

	Increase (Decrease) Total OPEB Liability
Total OPEB Liability at beginning of period	$ 208,422,031
Changes for the year:	
Service cost	2,576,496
Interest on total OPEB liability	5,661,711
Effect of plan changes	-
Effect of economic/demographic gains or losses	373,959
Effect of assumptions changes or inputs	21,021,530
Expected benefit payments	(8,792,919)
Total OPEB Liability at end of period	$ 229,262,808

There was a change in assumption as the discount rate from 4.10% for 2020 and 2.12% for 2021.

The total OPEB liability of $229,262,808 was determined by an actuarial valuation as of the valuation dates of January 1, 2021, calculated based on the discount rate of 2.12%, and then projected to the measurement date of December 31, 2019. The City recognized an OPEB expense of $10,342,732. The OPEB expense for December 31, 2021 financial reporting period is as follows:

Notes to the Financial Statements
For the Year Ended December 31, 2021

	OPEB Expense
Service Cost	$ 2,576,496
Interest on total OPEB liability	5,661,711
Effect of plan changes	-
Recognition of deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(533,744)
Recognition of assumptions changes or inputs	2,638,269
OPEB Expense	$ 10,342,732

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outlfows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 345,461	$ (2,453,314)
Changes of assumptions	25,600,134	(9,627,994)
Changes in proportionate share	13,925,624	(13,925,624)
Difference in contributions	2,275,453	(2,275,453)
Contributions made subsequent to the measurement date	9,425,704	-
Total	$ 51,572,376	$ (28,282,385)

Deferred outflows of resources of $9,425,704, 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, 2022. 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:	
2021	$ 2,104,525
2022	$ 2,104,525
2023	$ 767,741
2024	$ 3,406,505
2025	$ 3,245,644
Thereafter	$ 2,235,347

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 into a retirement savings plan. Withdrawals from a participant's account are normally available at separation, retirement, disability, or to a beneficiary in the case of an employee's death. As an active employee a withdrawal can be done through in-service withdrawals upon turning age 59 ½ or older, in-service withdrawal within the one-year period of a qualifying birth or adoption, in the form of a hardship withdrawal or through a loan provision. An employee may defer 100% of their salary net of employee pension contributions and any Section 125 deductions, up to the IRS annual contribution limits. The 2021 contribution

Notes to the Financial Statements
For the Year Ended December 31, 2021

limits are $20,500 for regular deferral, $41,000 for pre-retirement and $27,000 for age 50 provision deferrals. The City has agreed through contract negotiation with the Local 6 Police union and the Local 31 Fire union to match contributions made by all Police Officers and Fire Officers up to a maximum of $211 per pay period. Local 26 Police Officers and Fire/Police Professional Public Safety Management Association employees receive an employer contribution of $238 per pay period. Tacoma Rail employees also receive matching contributions up to three percent per TMC 1.12.115 and applicable collective bargaining agreements.

Benefit Plan	Third Party Administrator	Pre-Tax Employer Contributions	Pre-Tax Employee Contributions	After-Tax Employee Contributions	Total by Plan
457 deferred compensation	MissionSquare	2,001,724	14,545,890	2,235,002	18,782,616
457 deferred compensation	Nationwide	1,525,799	3,091,109	168,738	4,785,646
Total		$ 3,527,523	$ 17,636,999	$ 2,403,740	$ 23,568,262

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 information below provides detail of the advances, or interfund payable transactions:

There are no interfund advances for Non-Major Governmental Funds and Non-Major Enterprise Funds.

The composition of interfund transfers for the year ended December 31, 2021 is as follows:

Interfund Transfers
(amounts expressed in thousands)

	Transfer In									
	General Fund	Trans Capital & Engineering	Solid Waste	Wastewater & Surface Water	Tacoma Water	Tacoma Power	Internal Service Funds	Non-Major Governmental Funds	Non-Major Enterprise Funds	Transfer Out Total
Transfer Out										
General Fund	$ 275	$ 1,380	$ -	$ -	$ -	$ -	$ 1,058	$ 22,309	$ 6,672	$ 31,694
Solid Waste Fund	4,977	-	-	-	-	-	-	1,659	-	6,636
Waste Water Fund	7,509	-	-	-	-	-	-	2,503	1,172	11,184
Water	6,239	-	-	-	-	-	-	2,067	-	8,306
Power	29,151	-	-	-	-	-	-	7,189	-	36,340
Internal Service Fund	-	-	-	-	-	-	44	1	-	45
Non-Major Governmental	1,919	4,555	286	391	203	1,086	3,463	39,013	4,806	55,722
Non-Major Enterprise	2,077	-	-	-	-	-	60	3,581	-	5,718
Transfer In Total	$ 52,147	$ 5,935	$ 286	$ 391	$ 203	$ 1,086	$ 4,625	$ 78,322	$ 12,650	$ 155,645

The information below provides detail of the interfund transfer transactions:

$275,000 was transferred from the General Fund to General Fund for Contingency

Notes to the Financial Statements
For the Year Ended December 31, 2021

$1,380,360 was transferred from the General Fund to Trans Capital & Engineering Fund for Broadway LID project

$1,057,981 was transferred from the General Fund to Internal Service Funds for services and projects

$22,309,262 was transferred from the General Fund to Non-Major Governmental Funds for grant matches, debt service, capital projects, non-capital projects and regular operations

$6,672,192 was transferred from the General Fund to Non-Major Enterprise Funds for contributions to support debt services payments, capital projects and regular operations

$4,976,960 was transferred from the Solid Waste Fund to General Fund for Gross Earnings Tax

$1,658,987 was transferred from the Solid Waste Fund to Non-Major Governmental Funds for Gross Earning Tax

$7,509,372 was transferred from the Waste Water Fund to General Fund for Gross Earnings Tax

$2,503,124 was transferred from the Waste Water Fund to Non-Major Governmental Funds for Gross Earning Tax

$1,172,500 was transferred from the Waste Water Fund to Non-Major Enterprise Fund for operations of PDS Development Service

$6,239,133 was transferred from the Water Fund to General Fund for Gross Earnings Tax

$2,066,764 was transferred from the Water Fund to Non-Major Governmental Funds for Gross Earnings Tax

$29,151,362 was transferred from the Power Fund to General Fund for Gross Earnings Tax

$7,189,413 was transferred from the Power Fund to Non-Major Governmental Funds for Gross Earning Tax

$44,488 was transferred from the Internal Service Funds to Internal Service Fund for purchasing vehicle

$620 was transferred from the Internal Service Funds to Non-Governmental Funds for operation

$1,918,592 was transferred from the Non-Major Governmental Funds to General Fund to reimburse capital project

$4,555,010 was transferred from the Non-Major Governmental funds to Trans Capital & Engineering Fund for capital projects

$285,726 was transferred from the Non-Major Governmental funds to Solid Waste for Federal grants

$391,187 was transferred from the Non-Major Governmental Funds to Waste Water Fund for Federal grants

$202,658 was transferred from the Non-Major Governmental funds to Water Fund for Federal grants

$1,085,608 was transferred from the Non-Major Governmental funds to Power Fund for Federal grants

$3,463,238 was transferred from the Non-Major Governmental Funds to Internal Services Funds for purchasing vehicles

$39,013,131 was transferred from the Non-Major Governmental funds to Non-Major Governmental Funds for various capital projects and debt service payments

Notes to the Financial Statements
For the Year Ended December 31, 2021

$4,805,906 was transferred from the Non-Major Governmental funds to Non-Major Enterprise funds for debt service payments

$2,076,895 was transferred from the Non-Major Enterprise Funds to General Fund for Gross Earnings Tax

$59,838 was transferred from the Non-Major Enterprise Funds to the Internal Service Funds for vehicle purchasing

$3,580,814 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

There were no accounting changes effective for the fiscal year 2021.

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 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 Revised Code of Washington in RCW 35.21.085(2). The General Government of the City carries a supplemental liability policy with a $15 million limit and a $5 million self-insurance retention excluding law enforcement for General Government, renewable on May 15 of each year. TPU carries separate supplemental liability policies with total limits of $52.5 million, $250,000 retention for wrongful acts claims and a $24.5 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 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 $1.25 million retention for each occurrence. 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.

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 $10.96M. Settlement payments were within amounts available for coverage for the last three years—2021, 2020, and 2019.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 Insurance Fund		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Balance 01/01	$ 33,131	$ 35,663	$ 28,714	$ 4,158	$ 3,870	$ 5,049	$ 3,099	$ 4,034	5172
New Claims	84	106	449	1,295	1,566	1,869	1,140	2,679	536
Adjustments to Claims	7,137	2,677	8,657	2,431	2,734	473	(648)	(2,709)	(1,075)
Claims Payment	(4,827)	(5,315)	(2,157)	(4,397)	(4,012)	(3,521)	(521)	(905)	(599)
Balance 12/31	$ 35,525	$ 33,131	$ 35,663	$ 3,487	$ 4,158	$ 3,870	$ 3,070	$ 3,099	$ 4,034

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, 2021 financial statements, prior period adjustments were made.

Governmental Funds:	Description
Geneal Fund # 0010	Beginning net position increased by $560,475 from reclassing capital to expenditures, and correcting grant revenus and expenditures
Special Funds # 1065# 1090, # 1155, #1195, and #1267	Beginning net position decreased by $371,813 from reclassing capital asset to expenditures, AR write-off, and correcting grant revenus and expenditures
Capital Project Fund # 3211	Beginning net position decreased by $398,215 from reclassing capital asset to expenditures, and correcting grant revenus and expenditures

Enterprise Funds:	Description
Permit Service Fund # 4110	Beginning net position decreased by $7,194 from grant revenue posted incorrectly
Parking Fund # 4140	Beginning net position increased by $48,965 from misclassifed revenue and correction of tax expenses.
Convention Center Fund # 4165	Beginning net position decreased by $90,003 from prior year amortized bond premium expense
Equipment Rental Fund # 5400	Beginning net position increased by $513,147 from duplicated expenses in previous year

The prior period adjustments on the fund statements detailed above impacted the Government-Wide statements as follows:

Notes to the Financial Statements
For the Year Ended December 31, 2021

Government-wide Statements
(amounts expressed in thousands)

Activity	Amount	Description
Governmental	690,975	General Fund, Public Works Street, Fire, Fire EMS, Community & Economic Development, Police SR, Capital Project, Equipment Rental, and Unemployment Compensation
Business	(48,232)	Permit Service, Parking, and Conventin Center
Total	$ 642,743	

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

	Parking Garage Fund #4140	Convention Center Fund #4165	Union Station Fund #4450
Assets:			
Current assets	$ 959	$ 2,769	$ -
Accounts receivable (net)	275	184	3,275
Prepayments	35	78	-
Restricted assets	-	2,728	2,003
Capital assets (net)	45,608	51,350	-
Other non-current assets	-	31	-
Total assets	46,877	57,140	5,278
Deferred outflow of resources	360	2,738	-
Liabilities:			
Current liabilities	2,266	4,601	1,988
Net pension liabilities	266	355	-
Non-current liabilities	3,424	48,473	2,368
Total liabilities	5,956	53,429	4,356
Deferred inflow of resources	89	93	-
Net position			
Net invesment in capital assets	40,501	1,597	-
Restricted	-	2,728	1,951
Unrestricted	691	2,031	(1,029)
Total Net Position	$ 41,192	$ 6,356	$ 922

Notes to the Financial Statements
For the Year Ended December 31, 2021

CONDENSED STATEMENT OF REVENUES
EXPENSES, AND CHANGES IN NET POSITION

	Parking Garage Fund #4140	Convention Center Fund #4165	Union Station Fund #4450
Operating revenues	$ 3,217	$ 785	$ -
Depreciation expense	(1,379)	(1,739)	-
Other operating expenses	(3,590)	(4,897)	(4)
Operating income	(1,752)	(5,851)	(4)
Nonoperating revenues (expenses)			
Interest revenue	18	61	-
Interest expense	(185)	(1,929)	(344)
Other nonoperating revenues(expenses)	(43)	3,988	343
Capital contributions	-	-	-
Transfers	2,085	4,806	-
Change in net position	123	1,075	(5)
Beginning net position	41,020	5,371	927
Prior period adjustments	49	(90)	-
Ending net position	$ 41,192	$ 6,356	$ 922

CONDENSED STATEMENT OF CASH FLOW

	Parking Garage Fund #4140	Convention Center Fund #4165	Union Station Fund #4450
Net cash provided (used) by:			
Operating activities	$ (32)	$ (4,348)	$ 435
Noncaptial financing activities	3,300	4,017	-
Captial and related financing activities	(5,137)	(545)	(772)
Investing activities	(25)	(22)	-
Net increase (decrease)	(1,894)	(898)	(337)
Beginning cash and cash equivalents	2,853	6,395	2,340
Ending cash and cash equivalents	$ 959	$ 5,497	$ 2,003

- 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.

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 a joint venture with 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 DEPARTMENT
Balance Sheet Date	12/31/2020
Total Assets	$ 20,999
Captial Assets (net of accumulated depreciation)	1,845
Deferred Outflows	4,389
Total Liabilities	5,661
Non-current Liabilities	413
Deferred Inflows	5,565
Total Net Position	15,595
Total Revenues	55,051
Total Expenditures/Expenses	48,684
Net Increase/(Decrease) in Net Assets	6,367
City Contribution	-

Additional information about the entity can be obtained from separately published financial statements by contacting 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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 7B for risk management information.

B. Construction Commitments

The City has various construction projects as of December 31, 2021. 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)

Project	Authorized	Spent-to-date	Remaining Commitment
2021 Striping Contract	598,251		598,251
56th St and Cirque Drive Corridor Improvements Phase 2	6,639,949	3,642,442	2,997,507
Asphalt Plant Auger Replacement	195,517	136,044	59,473
Convention Center Guard House		253,769	(253,769)
E. 34th Street Bridge Repair	182,820	161,804	21,016
E. 64th Street, Phase 1, Pacific to McKinley	7,929,245	7,905,422	23,823
East Locomotive Servicing Facility	3,873,766		3,873,766
East Portland Avenue Improvements	2,674,558	2,416,463	258,095
Fawcett Avenue/S. 21st Street	4,653,511		4,653,511
McKinley Ave Crosswalk Improvements - E 36th and E 37th	380,000	358,474	21,526
Murray Morgan Bridge Elevator Window Repair	72,528	72,528	-
On-Call Nuisance Abatement Services, 2019-2020	278,345	320,926	(42,580)
On-Call Securing Properties, 2019-2020	456,225	410,399	45,826
Pipeline Trail Phase 3	2,012,188	1,961,011	51,177
Rail Crossing Improvements 6th Ave & S 19th St	298,824		298,824
Revitalizing Tacoma's Brewery District	6,605,605	222,862	6,382,743
Rialto Theater Fence Security Enhancements		3,040	(3,040)
S 19th St Signal & Crosswalk Improvements at Yakima Ave &	520,000	510,773	9,227
Sidewalk Beveling Pilot Project - Joint Contract with City of Seattle		24,754	(24,754)
South 19 and Clay Huntington	592,930	528,660	64,270
South 21st and Fawcett Improvement Project	6,889,462	1,770,391	5,119,070
Streets Initiative Package #13	2,789,820	3,073,179	(283,360)
Streets Initiative Package #14	4,824,847	2,023,956	2,800,891
Streets Initiative Package #22	358,184	2,349,104	(1,990,920)
Streets Initiative Package #33	467,467	360,450	107,017
Taylor Way Rehabilitation	23,644,969	21,177,628	2,467,341
TEMS 4 - S 69th & Proctor - Civil		228,254	(228,254)
TEMS 4 - S 69th & Proctor - Electrical	158,160	161,049	(2,889)
Yakima Avenue Bridge Deck Repair	1,857,822	1,512,839	344,984
	$ 78,954,993	$ 51,586,222	$ 27,368,770

Notes to the Financial Statements
For the Year Ended December 31, 2021

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. 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. In February of 2019, the City and the TPCHD executed an agreement where in the City agreed to comply with TPCHD closure permit requirements and a new Solid Waste permit was issued by TPCHD expiring in March of 2020. The new Solid Waste Permit was renewed in 2021 and now expires March 24, 2022.

Long-term plans for the closed capped areas of the Tacoma Landfill include recreational facilities, such as trails and playfields, as well as other governmental 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 $13,513,313 as landfill post-closure care liability as of December 31, 2021 based on 100% use of the total capacity of the Tacoma Landfill. This compares to $14,435,352 at December 31, 2020 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.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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) 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 designed and subsequently implemented in 2020 under EPA oversight. Because contaminated material was left in place under a cap at the site, long-term monitoring is expected to continue on a periodic basis in perpetuity. The results of this monitoring may result in additional limited maintenance efforts in the future. Included in the financial statements for the years 2021 and 2020 are liabilities of $420,000 and $475,000 respectively.

Wastewater and Surface Water (#4300-01) Foss Consent Decree – Under the current long-term Monitoring Plan developed in accordance with the Foss Consent Decree, the City has an obligation for continued monitoring through 2028. It is expected that another long-term Monitoring Plan will be developed following completion of monitoring under the current plan. Because contaminated material is left in place under caps in the waterway, some level of periodic monitoring will continue in perpetuity. Erosion in two areas was identified and requires maintenance to protect the integrity of the remedy. The basis of design evaluation began in 2021, design is continuing in 2022, and construction of the maintenance project is planned for 2023/2024. Ongoing monitoring may result in additional limited maintenance efforts in the future. Included in the financial statements for the years 2021 and 2020 are liabilities of $2,116,000 and $817,000, 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

Notes to the Financial Statements
For the Year Ended December 31, 2021

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 cleanup or closure of the site. In mid-2016, Ecology contacted the City and other potentially liable 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. Other parties are performing the work under the Agreed Order, and the City's role and cost obligation should be limited. This new Agreed Order was fully executed on September 13, 2018 and work has commenced.

Tacoma Rail (#4500) Estate of Wesley Evans v. the City of Tacoma, TPU and Tacoma Rail – On September 19,2017 Wesley Evans was killed when the vehicle he was driving collided with a Tacoma Rail train at a railroad crossing located on Milwaukee Way near the intersection of Lincoln Avenue within the city limits of the City of Tacoma. On September 9, 2020, a Complaint for Wrongful Death and Survival was filed in Pierce County Superior Court on behalf of the estate and beneficiaries of Wesley Evans. The City of Tacoma, Tacoma Public Utilities and Tacoma Rail are represented by outside counsel Debra Dickerson, of the law firm of Preg, O'Donnell & Gillett (appointed by our insurance carrier). Trial is scheduled for September 8, 2021.

Tacoma Water (#4600) Capital Improvements – The financial requirement for Tacoma Water's 2021-2022 biennial Capital Improvement program is approximately $79.3 million and Tacoma Water has substantial contractual commitments relating to the program. At December 31, 2021 the remaining financial requirement for Capital Improvement Programs relating to all prior biennia is approximately $55.2 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) 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 2021/2022 biennial Capital Improvement Program is approximately $149.9 million. As of December 31, 2021, the remaining financial requirement for the 2021/2022 biennial Capital budget was approximately $93.1 million.

Tacoma Power (#4700) Kosmos Mill Oil Seep - On November 21, 2019, emergency action was initiated and subsequently completed 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 is working with the Department of Ecology towards a remedial investigation of the site and has recognized a liability in the amount of $325,000 as the known cost for the site investigation progress in 2022.

Notes to the Financial Statements
For the Year Ended December 31, 2021

Tacoma Power (#4700) General Legal Matters - Tacoma Power has received several other miscellaneous claims that either do not allege significant amounts or that the Legal Department has determined do not pose a risk to liability to the Utility.

Western Metal Industry Pension Fund - The City of Tacoma had approximately 113 employees who participated in the Western Metal Industry Pension Fund (WMIPF). WMIPF is a cost-sharing, defined benefit, multiple-employer pension plan and is administered by the Board of Trustees. The Trustees and other WMIPF fiduciaries have discretionary authority to interpret the WMIPF and determine entitlement to WMIPF benefits.

The WMIPF fell into critical status following the 2009 Plan Year and was certified as "critical" in 2010. In an effort to improve the WMIPF 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 WMIPF 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 WMIPF administrator.

The employer is required to make contributions to the WMIPF 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 WMIPF. The contributions submitted for the December 31, 2018 payroll were 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 agreement for the International Association of Machinists and Aerospace Workers District Lodge 160, Local Lodge 297 covering City of Tacoma Rail Yard Clerks. Contained in this agreement was a call for cessation of the participation in the WMIPF. The contributions submitted for the December 31, 2019 payroll were the final contributions made on behalf of the employees in this unit. As December 31, 2020, there were no employees participating in the WMIPF. Rail had 26 employees who participated in the WMIPF, those employees who vested would be eligible for benefits based on their date of withdrawal.

There were no contribution rates applicable for 2021 and 2020. There were no contributions in 2021 and 2020.

There is currently no schedule to amortize the unfunded liability for the employees who are remaining within the WMIPF 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.

On November 5, 2021, the City received a Withdrawal Liability Demand Letter from the Plan. The actuaries for the WMIPF determined that the withdrawal liability attributed to City of Tacoma is $44,325,881 in total, but the liability was recorded for 20-year limitation liability of $17,863,052 in accordance with Section 4219 (c) of the Employee Retirement Income Security Act (ERISA), 20 U.S.C. 1399(c). Each operating division recorded the respective liability based on its proportionate share of the 20-year limitation liability as at December 31, 2021. The initial $337,619 payment was due on or before January 1, 2022 which was comprised of $169,829 attributable to the partial withdrawal and $167,790 attributable to the complete withdrawal. Subsequent payments will be due

Notes to the Financial Statements
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quarterly. The partial withdrawal quarterly payment will continue until 80 quarterly payments are made for a total of $13,586,320 while the last quarterly installment for the complete withdrawal will be due on April 1, 2028, for a total of $4,276,732, the last payment amount will be $81,982.

As of December 31, 2021, the Division reported a liability of $2,979,324 for its proportionate share of the collective total withdrawal liability of $17,525,433 compared to $2,354,440 at December 31, 2020. The current portion of the withdrawal liability is $229,581 as of December 31, 2021 and there was no current liability as of December 31, 2020. At December 31, 2021 and 2020, the Division's proportion was 17.0% and 16.8%, respectively. For the year ended December 31, 2021, the Division recognized a withdrawal expense of $682,279.

On January 26, 2022, the City submitted an appeal over the liability calculation subject to the Employee Retirement Income Security Act of 1974 (ERISA). The outcome of the appeal is uncertain at the time of the report issuance and may affect the liability amount.

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 – TAX ABATEMENTS

As of December 31, 2021, 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 2021 is 0.012536078 of assessed value. The City of Tacoma receives 20.564% 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

Notes to the Financial Statements
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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 2021 is 0.012536078 of assessed value. The City of Tacoma receives 20.564% 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. ***Aerospace Industries Tax Exemption***

Aerospace industries are allowed a tax exemption for computer hardware, software and peripherals. This program was established under the Washington State RCW Chapters 82.08.975 and 82.12.975 Exemptions – Computer parts and software related to the manufacture of commercial airplanes. The City of Tacoma's data is confidential and cannot be disclosed.

4. ***Manufacturing Facilities Tax Exemption***

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.

5. ***Multi-Unit Urban Housing Tax Exemption***

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, 2021 is:

Tax Abatement Program		Amount of Taxes Abated (in thousands)
Multifamily Property Tax Exemption	$	1,289
Special Value Tax Exemption	$	136
Future Nonprofit Low-Income Housing	$	1,252

Note 11 - COVID-19 PANDEMIC

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

Notes to the Financial Statements
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limited to, the following: reduction of 2020 revenue projections, 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. During the 2021-2022 budget development process the City took quick action to reduce the expenses through program eliminations, reduced hiring, and temporary furloughs to address the projected revenue losses. In 2021, the City's tax revenues performed better than projections and the City was able to return funding for a limited number of one-time programs and investments. The City will continue to monitor the community impacts of COVID-19 and remain flexible on responding to community needs.

Note 12 – SUBSEQUENT EVENTS

In Mid-May of 2022, the City expects to receive approximately $30.4 million, the second tranche of funds from the total of $60.9 million from the American Rescue Plan Act ("ARPA"). ARPA provides $350 billion to help states, counties, cities and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic. Based on allocation projections, the City expects to receive approximately $60.9 million in ARPA assistance, of which approximately $30.5 million was received in May of 2021. Funds received under the ARPA 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.

Note 13 – DISSOLUTION OF FOSS WATERWAY DEVELOPMENT AUTHORITY

In 1996 the Tacoma City Council established the Foss Waterway Development Authority (Authority) to assist in redeveloping certain real property in and along the Foss Waterway, by acquiring, managing and disposing of real property, securing financing, undertaking or providing for redevelopment and entering into agreements with developers proposing to develop projects along the Waterway. In 1997, the City and the Authority executed a series of Operating Agreements to guide the Authority's work. The final extension of the Operating Agreements expired on December 31, 2020, having successfully completed the majority of development work. In 2021, the Authority was dissolved in accordance with the agreement and commenced a transition process, concluding in the orderly dissolution of the Authority consistent with requirements of TMC 1.60.430. All assets, obligations, property and liabilities were assumed/transferred to the City.

The acquired balances of the Authority's assets, liabilities, and net position as of the beginning of the period were determined on the basis of the carrying values reported in their financial statements as of December 31, 2020. The City acquired $85,706 in current assets, $25,805,510 in capital assets, and $760,555 in current liabilities.

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NOTE 14
CHANGES IN LONG TERM DEBT
(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 01-01-21	ISSUED 2021	REDEEMED 2021	AMOUNT O/S 12/31/201
GENERAL OBLIGATION BONDS, LOANS, & NOTES									
Unlimited General Obligation Bonds									
Genl Obl Bonds 2010	Refunding 2002 Bonds	11/10/10	2011 - 2022	21,870	2.6323	5,150		5,150	0
Genl Obl Bonds 2021	Refunding 2010A Bonds	04/13/21	2021 - 2022	3,675		0	3,675	1,190	2,485
	Subtotal Unlimited (Voted)					**5,150**	**3,675**	**6,340**	**2,485**
Limited General Obligation Bonds									
Ltd. Genl Obl Bonds 2009A Cheney	Capital Improvements	12/17/09	2011 - 2035	15,380	5.8600	13,260		410	12,850
Ltd. Genl Obl Bonds 2009B Dock & Salishan	Capital Improvements	12/17/09	2035	3,320	3.5400	3,320		3,320	0
Ltd. Genl Obl Bonds 2009C Cheney	Capital Improvements	12/17/09	2034	4,975	4.8800	4,975		4,975	0
Ltd. Genl Obl Bonds 2009E Multiple Projects	Capital Improvements	12/17/09	2026 - 2035	13,526	5.7500	13,526			13,526
Ltd. Genl Obl Bonds 2009E Acreted Interest		12/18/09	2026 - 2036	13,526	5.7500	11,503	1,447		12,950
Ltd. Genl Obl Bonds 2009F Cheney & Env Remed	Capital Improvements	12/17/09	2023 - 2026	6,681	7.2020	6,681			6,681
Ltd. Genl Obl Bonds 2009F Acreted Interest		12/18/09	2023 - 2027	6,681	7.2020	7,758	1,053		8,811
Ltd. Genl Obl Bonds 2010B Refunding Bonds	Refund 1997B, 2001, 2004, 2006A	11/10/10	2015 - 2022	7,355	2.7966	1,445		1,445	0
Ltd. Genl Obl Bonds 2010C Refunding Bonds	Refund 2001, 2007, 2009	11/10/10	2015 - 2022	7,355	3.8076	2,040		1,000	1,040
Ltd. Genl Obl Bonds 2010D Bonds	Capital Improvements	11/10/10	2015 - 2033	30,225	5.0399	22,415		1,410	21,005
Ltd. Genl Obl Bonds 2010E Bonds	Capital Improvements	11/10/10	2015 - 2040	9,130	5.7155	7,570		4,640	2,930
Ltd. Genl Obl Bonds 2013 Refunding Bonds	Refund 2001 & 2004	03/05/13	2015 - 2034	44,170	3.1768	34,775		1,825	32,950
Ltd. Genl Obl Bonds 2015A Refunding Bonds	Ref 2006A, 2006B, & 2007	12/29/15	2016 - 2036	12,735	3.2066	11,010		475	10,535
Ltd. Genl Obl Bonds 2015B Refunding Bonds	Ref 2006A, 2006B, & 2007	12/29/15	2016 - 2027	20,215	2.8933	11,450		3,930	7,520
Ltd. Genl Obl Bonds 2017 - Tacoma Dome	Capital Improvements	12/12/17	2019 - 2037	25,295	3.2114	22,320		1,040	21,280
Ltd. Genl Obl Bonds 2021A Refunding Bonds	Refund 2009B/2010B	04/13/21	2021 - 2035	4,555		0	4,555	725	3,830
Ltd. Genl Obl Bonds 2021B Refunding Bonds	Refund 2009C	04/13/21	2034	4,475		0	4,475		4,475
Ltd. Genl Obl Bonds 2021C Refunding Bonds	Refund 2010E	04/13/21	2021 - 2040	4,555		0	4,555	110	4,445
	Subtotal Limited (Councilmanic)					**174,048**	**16,085**	**25,305**	**164,828**
Washington State Public Works Trust Fund Loan									
CTED PWTF No. 04-691-068	Capital Improvements	06/02/04	2004 - 2024	4,500	0.5000	2,282		571	1,711
	Subtotal Washington State Loan (Councilmanic)					**2,282**	**0**	**571**	**1,711**
Total General Obligation Bonds, Loans, & Notes						**$ 181,480**	**$ 19,760**	**$ 32,216**	**$ 169,024**
ENTERPRISE REVENUE BONDS, LOANS, & NOTES									
Greater Tacoma Convention Center									
Tac CC & Parking Rev/Ref Bonds, Series 2010	Refunding 2004 Bonds	11/10/10	2015 - 2024	5,015	3.7656	2,300		535	1,765
Tac CC & Parking Rev/Ref Bonds, Series 2015	Refunding 2004 Bonds	08/14/15	2015 - 2024	20,453	2.3304	8,648		2,096	6,552
	Subtotal Convention Center					**10,948**	**0**	**2,631**	**8,317**
Wastewater Utility									
State Revolving Fund (SRF) Loan #40006A	Treatment Plant Upgrade	09/19/03	2008 - 2028	53,491	1.5000	22,583		2,866	19,717
State Revolving Fund (SRF) Loan #40006B	Treatment Plant Upgrade	09/20/03	2009 - 2028	21,687	2.6000	9,766		1,195	8,571
Sewer Rev & Ref Bonds 2015	Refunding	03/18/15	2016 - 2045	109,300	3.5358	100,835		2,015	98,820
Sewer Rev & Ref Bonds 2016A	Refunding	06/15/16	2016 - 2038	31,855	2.8277	27,205		1,145	26,060
Sewer Rev & Ref Bonds 2016B	Refunding	06/15/16	2017 - 2020	11,865	1.3269	2,605		2,605	0
Sewer Revenue Bonds 2018 Waste I	Improvements	11/28/19	2019 - 2048	43,460	3.9387	41,760		905	40,855

NAME OF BOND ISSUE	PURPOSE OF ISSUE	DATE OF ISSUE	MATURITY DATES	ORIGINAL AMOUNT	EFFECTIVE INTEREST RATE	AMOUNT O/S 01-01-21	ISSUED 2021	REDEEMED 2021	AMOUNT O/S 12/31/201
Sewer Revenue Bonds 2018 Waste II	Improvements	11/28/19	2019 - 2031	6,115	3.0387	6,100		10	6,090
State Revolving Fund (SRF) Loan #0166	Treatment Plant Upgrade	11/08/21	2021 - 2041	2,627		0	2,627	72	2,555
WIFIA Loan	Treatment Plant Upgrade	12/01/21	2026 - 2054	15,049		0	15,049		15,049
	Subtotal Sewer					**210,854**	**17,676**	**10,813**	**217,717**
Surface Water Utility									
DOE SFR Loan L-1000007	Sewer Plant Upgrade	02/07/06	2011 - 2030	474	2.9000	276		24	252
Sewer Revenue Bonds 2018 Surface I	Improvements	11/28/19	2019 - 2048	26,930	3.9387	25,875		560	25,315
Sewer Revenue Bonds 2018 Surface II	Improvements	11/28/19	2019 - 2031	24,440	3.0387	24,380		35	24,345
	Subtotal Surface Water					**50,531**	**0**	**619**	**49,912**
Solid Waste Utility									
Solid Waste Revenue Bonds, 2015	Capital Improvements	03/18/15	2017 - 2025	21,095	2.1375	12,645		2,315	10,330
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
	Subtotal Refuse					**50,870**	**0**	**2,315**	**48,555**
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	96,125		7,470	88,655
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 - 2046	70,575		70,575			70,575
Electric System 2021 Revenue Bonds	Refunding of Bank Note	09/14/21	2036 - 2051	121,855		0	121,855		121,855
	Subtotal Electric System					**373,575**	**121,855**	**7,470**	**487,960**
Water System									
PW-DWSRF-00-65120-031	Construction	10/07/02	2003 - 2021	3,060	2.5000	161		161	0
PW -00-691-PRE-115	Construction	04/11/01	2003 - 2021	1,000	0.5000	53		53	0
PW-01-691-061	Construction	08/27/01	2003 - 2021	10,000	0.5000	533		533	0
PW -01-691-PRE-127	Construction	02/15/02	2003 - 2021	1,000	0.5000	54		54	0
PW-02-691-056	Construction	04/15/02	2004 - 2022	10,000	0.5000	1,063		531	532
PW-04-691-PRE-101	Construction	03/19/04	2006 - 2024	1,000	0.5000	214		53	161
Water Sys Ref & Rev Bonds 2005	Construction & Refinance	10/11/05	2006 - 2025	46,550	4.6390	5			5
PW-06-962-043	Construction	07/18/06	2008 - 2026	7,000	0.5000	2,224		371	1,853
Water Sys Rev Bonds 2009 (Taxable BABS)	Capital Improvements	11/04/09	2033 - 2039	76,775	3.7780	76,775			76,775
PC08-951-047	Construction	11/25/09	2010 - 2028	10,000	0.5000	4,367		546	3,821
DM07-952-015	Construction	03/31/10	2010 - 2028	4,040	1.5000	1,721		215	1,506
PW-DWSRF 09-952-074	Construction	04/09/10	2013 - 2032	6,579	1.0000	4,405		367	4,038
Water Sys Rev Bonds 2010B (BABS)	Construction	08/24/10	2024 - 2040	74,985	5.5636	74,985			74,985
Water RWSS Revenue Bonds 2010A	Construction	08/24/10	2013 - 2024	3,595	3.2460	1,345		315	1,030
Water RWSS Revenue Bonds 2010B (BABS)	Construction	08/24/10	2025 - 2040	44,245	5.5636	44,245			44,245
PW-DWSRF 10-952-026	Construction	06/17/11	2015 - 2034	6,060	1.5000	3,636		303	3,333
PW-DWSRF 11-952-035	Construction	06/30/11	2016 - 2035	6,060	1.5000	1,580		122	1,458
PW-DWSRF 11-952-036	Construction	06/30/11	2016 - 2035	6,060	1.5000	4,545		303	4,242
PC 12-951-017	Construction	07/01/11	2011 - 2031	10,000	0.5000	6,111		556	5,555
PW-DWSRF 12-952-088	Construction	01/22/13	2017 - 2036	12,120	1.5000	9,090		606	8,484
Water Sys Rev Ref Bonds 2013 (RWSS)	Refinance	04/16/13	2013 - 2032	64,795	3.1477	55,920		1890	54,030
Water Sys Rev Ref Bonds 2013	Refinance	05/07/13	2013 - 2043	78,305	3.8523	74,355			74,355
PW-DWSRF-13-952-133	Construction	10/07/13	2019 - 2037	12,120	1.5000	9,090		606	8,484
PW-DWSRF-10-952-031	Construction	03/26/14	2015 - 2034	6,060	1.5000	4,264		305	3,959
PW-DWSRF-13-952-167	Construction	11/06/14	2015 - 2037	12,120	1.5000	9,090		606	8,484

NAME OF BOND ISSUE	PURPOSE OF ISSUE	DATE OF ISSUE	MATURITY DATES	ORIGINAL AMOUNT	EFFECTIVE INTEREST RATE	AMOUNT O/S 01-01-21	ISSUED 2021	REDEEMED 2021	AMOUNT O/S 12/31/201
Water Sys Ref Bonds 2015A	Refinance	05/12/15	2017 - 2025	16,645	1.9926	9,230		1670	7,560
DM15-952-033	Construction	06/01/14	2016 - 2034	12,120	1.5000	9,568		638	8,930
2020 Water Refunding Bonds	Refunding	05/14/20	2020-2023	14,467	1.7107	13,158		4490	8,668
	Subtotal Water System					**421,787**	**0**	**15,294**	**406,493**
Tacoma Rail									
WA State Rail Loan RR00407 2009	Capital Improvements	08/04/09	2010 - 2024	26	0.0000	7		2	5
WA State Rail Loan RR00408 2009	Capital Improvements	08/04/09	2011 - 2025	249	0.0000	83		17	66
WA State Rail Loan RRB-1007	Capital Improvements	12/06/11	2013 - 2022	450	0.0000	90		45	45
WA State Rail Loan RRB-1010	Capital Improvements	03/28/12	2013 - 2022	612	0.0000	122		61	61
WA State Rail Loan RRB-1011	Capital Improvements	03/28/12	2013 - 2022	349	0.0000	70		35	35
WA State Rail Loan RRB-1026	Capital Improvements	09/06/12	2014 - 2023	347	0.0000	104		35	69
WA State Rail Loan RRB-1030	Capital Improvements	09/06/12	2014 - 2023	364	0.0000	109		36	73
WA State Rail Loan RRB-1045	Capital Improvements	08/01/13	2015 - 2024	823	0.0000	247		62	185
WA State Rail Loan RRB-1046	Capital Improvements	08/01/13	2015 - 2024	250	0.0000	100		25	75
WA State Rail Loan RRB-1052	Capital Improvements	10/24/13	2016 - 2025	366	0.0000	183		37	146
WA State Rail Loan RRB-1053	Capital Improvements	10/24/13	2016 - 2025	773	0.0000	387		77	310
WA State Rail Loan RRB-1054	Capital Improvements	10/24/13	2016 - 2025	1,015	0.0000	553		111	442
WA State Rail Loan RRB-1055	Capital Improvements	10/08/13	2016 - 2025	516	0.0000	258		52	206
WA State Rail Loan RRB-1086	Capital Improvements	10/27/15	2016 - 2025	1,037	0.0000	455		91	364
WA State Rail Loan RRB-1108	Capital Improvements	07/03/17	2017 - 2026	311	0.0000	187		31	156
WA State Rail Loan RRB-1109	Capital Improvements	09/29/16	2017 - 2026	121	0.0000	73		12	61
WA State Rail Loan RRB-1110	Capital Improvements	09/08/16	2017 - 2026	406	0.0000	243		41	202
WA State Rail Loan RRB-1111	Capital Improvements	01/06/17	2017 - 2026	370	0.0000	222		37	185
WA State Rail Loan RRB-1112	Capital Improvements	12/06/16	2017 - 2026	150	0.0000	90		15	75
WA State Rail Loan RRB-1225	Capital Improvements	06/30/20	2021 - 2029	233	0.0000	233		23	210
WA State Rail Loan RRB-1226	Capital Improvements	12/30/20	2021 - 2029	125	0.0000	125	275	40	360
	Subtotal Tacoma Rail					**3,941**	**275**	**885**	**3,331**
Lease Revenue									
Lease Revenue Bonds 1990	Construction	03/15/90	1992-2022	36,250	9.3476	4,960		3,230	1,730
Lease Revenue Bonds 1992	Construction	12/15/92	1993-2022	4,695	7.4769	590		385	205
	Subtotal Lease Revenue					**5,550**	**0**	**3,615**	**1,935**
Total Revenue Bonds						**$ 1,128,056**	**$ 139,806**	**$ 43,642**	**$ 1,224,220**
Total General Obligation & Revenue Bonds						**$ 1,309,536**	**$ 159,566**	**$ 75,858**	**$ 1,393,244**
SPECIAL ASSESSMENT BONDS									
Local Improvement District Bonds									
District #64 Bonds	Construction	04/05/16		2,341	3.2500	1,530		150	1,380
District #65 Bonds	Construction	04/29/13	2043	30,999	5.7500	15,075			15,075
District #66 Bonds	Construction	12/19/19	2047	4,011	3.1250	3,430		290	3,140

NAME OF BOND ISSUE	PURPOSE OF ISSUE	DATE OF ISSUE	MATURITY DATES	ORIGINAL AMOUNT	EFFECTIVE INTEREST RATE	AMOUNT O/S 01-01-21	ISSUED 2021	REDEEMED 2021	AMOUNT O/S 12/31/201
	Subtotal LID Bonds/Notes					**20,035**	**0**	**440**	**19,595**
Bond Anticipation Notes									
Revolving Line of Credit	LID Construction	07/01/16	At CLID Issue	$15mm	Floating	841			841
	Subtotal Bond Anticipation Notes					**841**	**0**	**0**	**841**
Total Special Assessment Bonds						**$20,876**	**$0**	**$440**	**$20,436**
Wells Fargo Revolving Line of Credit	Capital Improvements	05/15/15	5/11/2019	$100mm Max	0.5000	131,250	23,750	145,000	10,000
	Subtotal Wells Fargo Revolving Line of Credit					**131,250**	**23,750**	**145,000**	**10,000**
Local Agent Site Lease, Series 2020C	Capital Improvements	07/21/20	2021 - 2040	12,795	2.1197	12,795		525	12,270
	Subtotal Local Agent Site Lease					**12,795**	**0**	**525**	**12,270**
Total All Bonds						**$1,474,457**	**$183,316**	**$221,823**	**$1,435,950**
									$1,435,950

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.

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