

Required Supplementary Information

LEOFF 1

Proportionate Share of the Net Pension Liability
Last 10 Years*

	Fiscal Years Ended June 30			
	2017	2016	2015	2014-2008
Employer's proportion of the net pension liability(asset) as a percentage	1.07%	1.08%	1.09%	N/A
Employer's proportion share of net pension liability(asset)	(16,163,187)	(11,098,437)	(13,178,851)	N/A
Employer's Covered payroll (1)	140,884	117,193	206,871	N/A
Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll	-11472.69%	-9470.22%	-6370.56%	N/A
Plan fiduciary net position as a percentage the total pension liability	135.96%	123.74%	127.36%	N/A

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This table is intended to show ten years of data. As more information becomes available, this table will be updated.

(1) The covered payroll has been updated per GASB 82 to accurately reflect the covered payroll, which therefore also updated the calculation for the Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll.

Schedule of the City of Tacoma's Contributions
Last 10 Fiscal Years*

	Fiscal Years Ended December 31			
	2017	2016	2015	2014-2008
Contractually required employer contribution	\$0	\$0	\$0	N/A
Contributions in relation to the contractually required employer contribution	0	0	0	N/A
Employer contribution deficiency (excess)	\$0	\$0	\$0	N/A
Employer's covered payroll	\$133,877	\$140,884	\$117,194	N/A
Employer contribution as a percentage of covered payroll	0.00%	0.00%	0.00%	N/A

*This table is intended to show ten years of data. As more information becomes available, this table will be updated.

LEOFF 2Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	Fiscal Years Ended June 30			
	2017	2016	2015	2014-2008
Employer's proportion of the net pension liability(asset) as a percentage	2.59%	2.48%	2.47%	N/A
Employer's proportion share of net pension liability(asset)	(35,974,279)	(14,416,299)	(25,352,743)	N/A
Employer's covered payroll	77,370,718	77,913,214	72,486,494	N/A
Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll	-46.50%	-18.50%	-34.98%	N/A
Plan fiduciary net position as a percentage the total pension liability	113.36%	106.04%	111.67%	N/A

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This table is intended to show ten years of data. As more information becomes available, this table will be updated.

(1) The covered payroll has been updated per GASB 82 to accurately reflect the covered payroll, which therefore also updated the calculation for the Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll.

Schedule of the City of Tacoma's Contributions
Last 10 Fiscal Years*

	Fiscal Year Ended December 31			
	2017	2016	2015	2014-2008
Contractually required employer contribution	\$4,025,059	\$4,026,349	\$3,716,978	N/A
Contributions in relation to the contractually required employer contribution	(4,025,059)	(4,026,349)	(3,716,978)	N/A
Employer contribution deficiency (excess)	0	0	0	N/A
Employer's covered payroll	\$79,762,242	\$77,370,718	\$77,913,215	N/A
Employer contribution as a percentage of covered payroll	5.05%	5.20%	4.77%	N/A

* This table is intended to show ten years of data. As more information becomes available, this table will be updated.

Tacoma Employee's Retirement System Fund (TERS)

Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	Fiscal Year Ended December 31			
	2017	2016	2015	2014-2008
Employer's proportion of the net pension liability(asset) as a percentage	92.48%	92.63%	92.67%	N/A
Employer's proportion share of net pension liability(asset)	92,880,524	86,584,348	(9,606,514)	N/A
Employer's Covered payroll (1)	230,229,890	231,297,980	216,468,374	N/A
Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll	40.34%	37.43%	-4.68%	N/A
Plan fiduciary net position as a percentage the total pension liability	93.91%	93.94%	100.71%	N/A

**The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This table is intended to show ten years of data. As more information becomes available, this table will be updated.*

(1) The covered payroll has been updated per GASB 82 to accurately reflect the covered payroll, which therefore also updated the calculation for the Employer's proportionate share of net pension liability (asset) as a percentage of its covered payroll.

Schedule of the City of Tacoma's Contributions
Last 10 Fiscal Years*

	Fiscal Year Ended December 31			
	2017	2016	2015	2014-2008
Contractually required employer contribution	\$23,616,255	\$22,746,593	\$22,149,246	N/A
Contributions in relation to the contractually required employer contribution	(23,616,255)	(22,746,593)	(22,149,246)	N/A
Employer contribution deficiency (excess)	0	0	0	N/A
Employer's covered payroll	\$237,558,151	\$230,229,890	\$231,291,980	N/A
Employer contribution as a percentage of covered payroll	9.94%	9.88%	9.58%	N/A

*This table is intended to show ten year of data. As more information becomes available, this table will be updated.

Firefighters and Police Pension Fund**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS****Firefighters' Pension Fund**

	Fiscal Year Ended December 31	
	2017	2016-2008*
Total Pension Liability		
Service cost	\$ -	N/A
Interest on total pension liability	1,058	N/A
Effect of plan changes	-	N/A
Effect of economic/demographic gains or (losses)	-	N/A
Effect of assumption changes or inputs	622	N/A
Benefit payments	(2,100)	N/A
Net change in total pension liability	(420)	N/A
Total pension liability, beginning	29,248	N/A
Total pension liability, ending	28,828	N/A
 Covered payroll	 \$ -	 N/A
Total pension liability as a % of covered payroll	N/A	N/A

Police Relief and Pension Fund

	Fiscal Year Ended December 31	
	2017	2016-2008*
Total Pension Liability		
Service cost	\$ -	N/A
Interest on total pension liability	573	N/A
Effect of plan changes	-	N/A
Effect of economic/demographic gains or (losses)	-	N/A
Effect of assumption changes or inputs	311	N/A
Benefit payments	(1,341)	N/A
Net change in total pension liability	(456)	N/A
Total pension liability, beginning	15,946	N/A
Total pension liability, ending	15,490	N/A
 Covered payroll	 \$ -	 N/A
Total pension liability as a % of covered payroll	N/A	N/A

*This table is intended to represent 10 years of comparative data. Prior years are not available. As future years become available the table will be updated.

Other Post Employment Benefit Plan (OPEB)

SCHEDULE OF FUNDING PROGRESS: (\$ in millions)

Tacoma Employee's Retirement System Fund (TERS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2009	-	34.93	34.93	0.0%	NA	NA
1/1/2010	-	34.93	34.93	0.0%	NA	NA
1/1/2011	-	39.30	39.30	0.0%	NA	NA
1/1/2012	-	39.30	39.30	0.0%	210.60	19%
1/1/2013	-	45.50	45.50	0.0%	206.21	22%
1/1/2014	-	45.50	45.50	0.0%	216.47	21%
1/1/2015	-	28.40	28.40	0.0%	231.29	12%
1/1/2016	-	28.40	28.40	0.0%	230.23	12%
1/1/2017	-	15.94	15.94	0.0%	237.56	7%

Law Enforcement Officers and Fire Fighters Retirement System Plan 1 (LEOFF Plan 1)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2009	-	156.69	156.69	0.0%	NA	NA
1/1/2010	-	156.69	156.69	0.0%	NA	NA
1/1/2011	-	190.57	190.57	0.0%	NA	NA
1/1/2012	-	190.57	190.57	0.0%	1.58	12063%
1/1/2013	-	182.21	182.21	0.0%	0.73	25107%
1/1/2014	-	182.21	182.21	0.0%	0.21	88079%
1/1/2015	-	163.78	163.78	0.0%	0.18	90989%
1/1/2016	-	163.78	163.78	0.0%	0.14	116986%
1/1/2017	-	207.57	207.57	0.0%	0.13	159669%

Law Enforcement Officers and Fire Fighters Retirement System Plan 2 (LEOFF Plan 2)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2009	-	12.39	12.39	0.0%	NA	NA
1/1/2010	-	12.39	12.39	0.0%	NA	NA
1/1/2011	-	16.88	16.88	0.0%	NA	NA
1/1/2012	-	16.88	16.88	0.0%	70.55	24%
1/1/2013	-	22.64	22.64	0.0%	70.26	32%
1/1/2014	-	22.64	22.64	0.0%	72.49	31%
1/1/2015	-	13.84	13.84	0.0%	77.91	18%
1/1/2016	-	13.84	13.84	0.0%	77.37	18%
1/1/2017	-	11.77	11.77	0.0%	79.76	15%

Rail

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio	Covered Payroll ⁽¹⁾ (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2009	-	1.16	1.16	0.0%	NA	NA
1/1/2010	-	1.16	1.16	0.0%	NA	NA
1/1/2011	-	1.82	1.82	0.0%	NA	NA
1/1/2012	-	1.82	1.82	0.0%	8.38	22%
1/1/2013	-	1.43	1.43	0.0%	8.02	17.84%
1/1/2014	-	1.43	1.43	0.0%	9.88	14.47%
1/1/2015	-	2.80	2.80	0.0%	11.60	24.14%
1/1/2016	-	2.80	2.80	0.0%	10.97	25.52%
1/1/2017	-	5.17	5.17	0.0%	11.01	46.96%

Notes to Required Supplementary Information (RSI)

Note 1—Budgetary data

A. General budget policies

The biennial budget is adopted by appropriation ordinance of the Tacoma City Council and may be amended by subsequent ordinances. Biennial budgets are legally adopted for all governmental fund types. Any comparisons between budget and actual revenues and expenditures are reported under the GAAP basis. The budget is adopted with budgetary control at the fund level, so expenditures may not legally exceed appropriations at that level of detail. Transfers or revisions within funds are administratively allowed, but only City Council has the legal authority to increase or decrease a given funds biennial budget. While not required by law, the City adopts budgets for proprietary funds and some selected trust funds. These budgets are "management budgets" and as such, are not reported in the CAFR.

Although the City is not legally responsible for the Tacoma Community Redevelopment Authority (TCRA), the City has included certain financial information pertaining to TCRA. The City is not required to report the TCRA, Foss Waterway Development Authority (FWDA), or the Greater Tacoma Regional Convention Center Public Facilities District (GTRCCPFDD)'s budgets and therefore it is excluded from the budget and actual comparisons.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded, is employed as an extension of formal budgetary control for governmental fund types. Encumbrances outstanding at December 31 are reported as restricted, committed, or assigned fund balances as defined by GASB 54. Encumbrances outstanding at the end of the biennium are re-appropriated at the beginning of the next biennium with budget's approval.

B. Budget basis of accounting

All budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

C. The budget process

The budget process begins with the City Council making appropriate revisions to the City's long-term strategic plan, identifying goals, and setting priorities. In early June, the initial revenue forecast is completed by the Office of Management, Budget and Analysis (OMBA) and City departments and agencies begin budget preparation. Budget requests are due to OMBA in late July. OMBA reviews and revises budget requests in August. The revenue forecast is refined in early September and a preliminary budget is presented to the Executive Forum in early October. The preliminary budget is further refined during the month of October.

By Washington State law, the City Council must receive a balanced preliminary budget by November 1st. Public budget hearings are conducted by the City Council in mid-November. Any changes the Council decides to make to the preliminary budget are made after the public hearings and before the reading of the budget ordinance in December. Washington State law requires that the City Council adopt a balanced budget on or before December 31.

Washington State law requires that a mid-biennial review and modification be conducted between September 1 and December 31 of the first year of the biennium. Supplemental budget requests are accepted from departments during the month of August. Revenue estimates for the biennium are reviewed and adjusted in early September. The new revenue estimates and the supplemental requests are submitted to the Budget Committee and the Executive Forum in late September. Preliminary modifications are presented to the City Manager for review and changes in October. Modifications are submitted to the City Council in early November. Public hearings are conducted in November. The City Council adopts the amended biennial budget on or before December 31.

D. Funds presented

Budgetary information is displayed for all funds that are subject to the City's biennial budget process. The General Fund's budgetary information is located in the Required Supplementary Information section on page 4-9. All other major funds non-major governmental funds budgetary information are located in the Combining Statements Non-Major Funds section on pages 5-23 to 5-62.

Note 2 Combining statements

The Non-Major Governmental, Proprietary funds and Internal Service funds are displayed in aggregated columns in the City's fund statements. This section of the report contains combining statements that display the financial information for these funds. There are separate combining statements for Non-Major Governmental funds, Non-Major Enterprise funds and the Internal Service funds.

Note 3 Pensions

Schedule of Changes in the Employer Net Pension Liability or Asset: The total pension liability contained in the schedule was provided by the System's actuary, Milliman. The net pension liability or asset is measured at the total pension liability, less the amount of System's fiduciary net position.

Schedule of Employer Contributions: The required employee contributions and percent of those contributions actually made are presented in the schedule.

Actuarial Assumptions: The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board.

The police and firefighters pension funds are not within the scope of GASB 68 and are not administered through an irrevocable trust. They are required to be reported under the requirements of GASB 73. The assets accumulated for this purpose are recorded in the General Fund.

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 For the Year Ended December 31, 2017
 (amounts expressed in thousands)

	APPROVED ORIGINAL BUDGET 2017-2018 BIENNIUM	APPROVED REVISED BUDGET 2017-2018 BIENNIUM	ACTUAL BIENNIUM- TO-DATE THRU 12/31/2017	VARIANCE WITH APPROVED REVISED BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 312,936	\$ 324,640	\$ 161,578	\$ (163,062)
Licenses and permits	12,149	13,292	7,197	(6,095)
Intergovernmental revenue	20,997	22,099	10,965	(11,134)
Charges for goods and services	5,439	5,523	3,665	(1,858)
Fines and penalties	2,996	3,037	1,344	(1,693)
Interest and other earnings	1,442	1,877	1,043	(834)
Miscellaneous revenues	40	78	823	745
TOTAL REVENUES	<u>355,999</u>	<u>370,546</u>	<u>186,615</u>	<u>(183,931)</u>
EXPENDITURES				
Current:				
General government	75,235	78,168	34,052	(44,116)
Public safety	265,463	267,610	129,324	(138,286)
Transportation	758	770	368	(402)
Economic environment	35,531	38,419	17,262	(21,157)
Mental and physical health	-	-	-	-
Culture and recreation	28,585	30,112	12,861	(17,251)
Debt service:				
Principal payments	-	-	-	-
Capital outlay	-	-	1,280	1,280
TOTAL EXPENDITURES	<u>405,572</u>	<u>415,079</u>	<u>195,147</u>	<u>(219,932)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(49,573)</u>	<u>(44,533)</u>	<u>(8,532)</u>	<u>36,001</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	36	36	-	(36)
Insurance recoveries	-	-	59	59
Transfer in	87,312	94,085	45,977	(48,108)
Transfer out	(55,636)	(73,018)	(37,647)	35,371
TOTAL OTHER FINANCE SOURCES (USES)	<u>31,712</u>	<u>21,103</u>	<u>8,389</u>	<u>(12,714)</u>
NET CHANGE IN FUND BALANCE	<u>(17,861)</u>	<u>(23,430)</u>	<u>(143)</u>	<u>23,287</u>
FUND BALANCE - January 1	17,861	23,430	79,297	55,867
Prior period adjustment	-	-	18	18
Change in accounting principle	-	-	-	-
FUND BALANCE - January 1, Restated	<u>17,861</u>	<u>23,430</u>	<u>79,315</u>	<u>55,885</u>
FUND BALANCE (DEFICIT) - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,172</u>	<u>\$ 79,172</u>

Perspective Difference Reconciliation:

ACTUAL FUND BALANCE - GENERAL FUND SCHEDULE OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE

\$ 79,172

The following funds were budgeted as special revenue funds or trust
 funds but do not meet the definition of a special revenue fund or trust
 fund and therefore are accounted for within the General Fund:

Contingency Fund #1030	699
Police Pension Fund #6120	110
Firefighters Pension Fund #6150	233
TOTAL FUND BALANCE - GENERAL FUND	<u>80,214</u>
BALANCE SHEET FOR GOVERNMENTAL FUNDS	<u>\$ 80,214</u>