SOLID WASTE MANAGEMENT

2024

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2024
Prepared by the Finance Department

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City of Tacoma, Washington
Environmental Services Department

Solid Waste Management

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Financial Data

Report of Independent Auditors

Honorable Mayor and City Council
City of Tacoma, Environmental Services Department, Solid Waste Management
Tacoma, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Tacoma, Environmental Services Department, Solid Waste Management (the Division), which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Division as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the Division and do not purport to, and do not, present fairly the financial position of City of Tacoma, Washington, as of December 31, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, Proportionate Share of Net Pension Liability Last 10 Years, Schedule of Contributions Last 10 Fiscal Years, and Proportionate Share of the Collective OPEB Liability Last 10 Years (the required supplementary information), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the table of contents. The other information comprises the supplemental information (unaudited) but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025, on our consideration of the Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Division's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tacoma, Environmental Services Department, Solid Waste's internal control over financial reporting and compliance.

Moss Adams LLP

Tacoma, Washington
May 27, 2025

Management Discussion and Analysis

City of Tacoma, Washington
Department of Public Utilities
Solid Waste Management
Management's Discussion and Analysis

Introduction

The following management discussion and analysis of City of Tacoma Solid Waste Management Division's financial performance provides an overview of the financial activities for the years ended December 31, 2024, 2023, and 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of the financial activities, and identify changes in the financial position. We encourage readers to consider the information presented here in conjunction with the financial statements and the accompanying notes taken as a whole.

The management of the Finance Department of the City of Tacoma is responsible for preparing the accompanying financial statements and for their integrity. The statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America, applied on a consistent basis, and include amounts that are based on management's best estimates and judgments.

The basic financial statements, presented on a comparative basis for the years ended December 31, 2024 and 2023, include Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows. The Statements of Net Position present information on all of City of Tacoma's Solid Waste's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. The Statements of Revenues, Expenses and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statements of Cash Flows provide information on cash receipts and disbursements during the year and report changes in cash resulting from operating, non-capital financing, capital and related financing, and investing activities.

The Notes to Financial Statements provide additional disclosures that are essential to a full understanding of the data provided in the financial statements. They are an integral part of the Division's presentation of financial position, results of operations and changes in cash flows.

Financial Highlights

- Total net position increased by $13.6 million to $117.2 million in 2024 compared to an increase of $14.9 million to $103.6 million in 2023, as restated, and an increase of $14.4 million to $88.7 million in 2022.
- Operating revenues were $95.3 million in 2024, $92.2 million in 2023 and $87.3 million in 2022.
- Cash and equity in pooled investments was $94.2 million at December 31, 2024 compared to $94.2 million in 2023 and $82.8 million in 2022.

Financial Analysis – Condensed Statements of Net Position

Net position may serve over time as a useful indicator of an entity's financial position. The following condensed statements of net position provides a comparison of net position for the last three years.

	December 31,		
	2024	2023 (As Restated)	2022
Current, restricted, and other assets	$ 102,166,209	$ 102,052,398	$ 98,166,168
Net capital assets	98,247,397	88,834,443	90,062,726
Total assets	200,413,606	190,886,841	188,228,894
Deferred outflows of resources	9,232,635	10,216,998	5,343,384
Total assets and deferred outflows of resources	$ 209,646,241	$ 201,103,839	$ 193,572,278
Long-term liabilities	$ 74,648,413	$ 79,630,089	$ 77,903,354
Current liabilities	9,785,761	9,917,895	10,029,911
Total liabilities	84,434,174	89,547,984	87,933,265
Deferred inflows of resources	8,047,823	7,963,367	16,906,455
Total liabilities and deferred inflows of resources	92,481,997	97,511,351	104,839,720
Net position:			
Net investment in capital assets	49,393,992	42,438,148	43,660,731
Restricted	2,109,500	2,109,500	10,434,798
Unrestricted	65,660,752	59,044,840	34,637,029
Total net position	117,164,244	103,592,488	88,732,558
Total liabilities, deferred inflows of resources, and net position	$ 209,646,241	$ 201,103,839	$ 193,572,278

The assets and deferred outflows of the Solid Waste Management Division exceeded liabilities and deferred inflows by $117.2 million in 2024, compared to $103.6 million in 2023, as restated, and $88.7 million in 2022. The Division's net position increased by $13.6 million in 2024 compared to an increase of $14.9 million in 2023, as restated, and increased by $14.4 million in 2022. The largest component of net position reflects the Division's net investment in capital assets (e.g., land, buildings, machinery and equipment).

The net investment in capital assets component of net position was $49.4 million in 2024, $42.4 million in 2023, and $43.7 million in 2022. The Division uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Division's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The restricted portion of the Division's net position is $2.1 million for 2024 and 2023, and $10.4 million in 2022, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $65.7 million for 2024, $59.0 million for 2023, as restated, and $34.6 million for 2022 is unrestricted.

Current, restricted, and other assets was $102.2 million, $102.1 million, and $98.2 million as of December 31, 2024, 2023, and 2022, respectively. The increase in 2024 was $114,000, compared to the increase of $3.9 million in 2023. The increase in 2024 was primarily due to the increase of $688,000 in grant and unbilled revenues which was off-set with the decrease of $567,000 in accounts receivable. The increase in 2023 was primarily due to increases of $11.4 million in cash and equity pooled investments, $620,000 in accounts receivable, and $206,000 in unbilled revenues. These increases were off-set with $8.3 million decrease in net pension asset.

Long-term liabilities was $74.6 million, $79.6 million, as restated, and $77.9 million as of December 31, 2024, 2023, and 2022, respectively. The decrease in 2024 was $5.0 million, compared to the increase of $1.7 million in 2023. The decrease in 2024 was mainly due to decreases of $437,000 in net pension liability, $4.7 million in long-term debt, $301,000 in net OPEB liability. These decreases were off-set by an increase of $296,000 in long-term accrued compensated absences. In 2023, the increase was mainly due to $7.5 million increase in net pension liability which was off-set with the decreases of $4.6 million in long-term debt, $633,000 in accrued landfill post closure care cost, and $515,000 in net OPEB liability.

Financial Analysis - Condensed Statements of Revenues, Expenses and Changes in Net Position

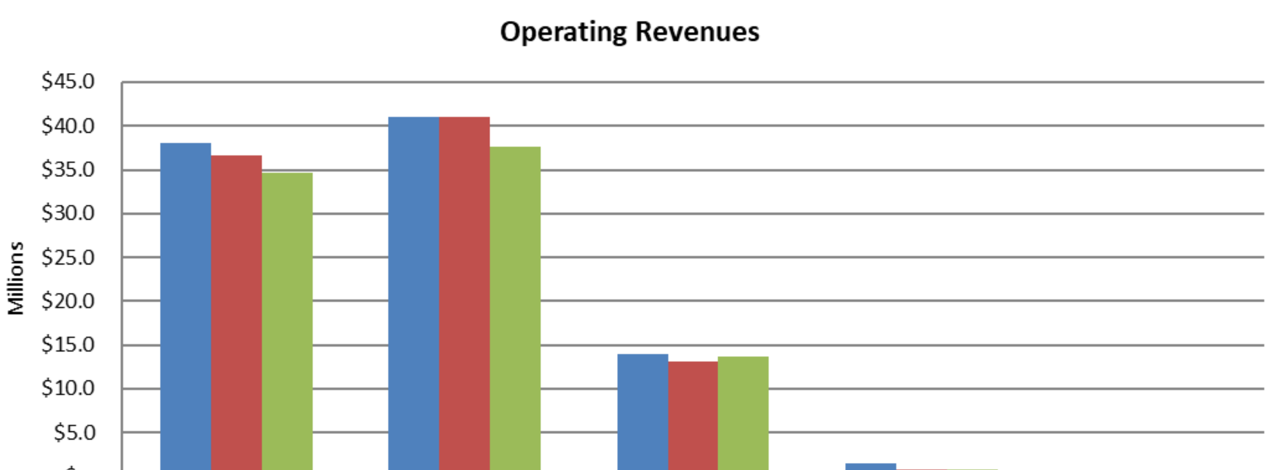
	Year Ended December 31,		
	2024	2023 (As Restated)	2022
Operating revenues	$ 95,305,908	$ 92,219,648	$ 87,347,622
Operating expenses (*)	84,701,684	79,940,314	70,675,025
Net operating income	10,604,224	12,279,334	16,672,597
Nonoperating revenues (expenses)	2,867,438	2,184,305	(4,968,522)
Net income before transfers	13,471,662	14,463,639	11,704,075
Capital contributions and Transfers (*)	100,094	396,291	2,730,726
Increase in net position	13,571,756	14,859,930	14,434,801
Net position - beginning of year	103,592,488	88,732,558	74,297,757
Net position - ending	$ 117,164,244	$ 103,592,488	$ 88,732,558

(*) Gross Earnings Tax expense was reclassified from Capital Contributions and Transfers to Operating expenses for comparative purpose.

Operating revenues

Overall operating revenues increased $3.1 million or 3% in 2024 compared to an increase of $4.9 million or 6% in 2023 and an increase of $4.0 million or 5% in 2022.

The following graph provides a comparison of operating revenue sources for each of the three years.



	Residential	Commercial	Disposal	Salvage	Other revenues
2024	$38.1	$41.0	$14.0	$1.5	$0.7
2023	$36.6	$41.0	$13.1	$0.8	$0.7
2022	$34.7	$37.6	$13.7	$0.8	$0.5

The Division had a 4.0% rate increase to residential customers effective January 1, 2024 and 2023, respectively. The rates increase for commercial customers were 5.0% on average effective January 1, 2024 and 2023, respectively.

Revenues from residential customers increased $1.5 million in 2024 and $1.9 million in 2023. Residential collection revenues increased in 2024 due to rates and the number of customers increasing.

Revenue from commercial customers in 2024 remained unchanged compared to 2023. 2024 saw decreases in drop-off-box for non-compacted customers which was off-set by the commercial rates increase of 5.0%. In 2023, revenue from commercial customers increased $3.5 million due to increases in commercial rates and construction activity and additional commercial housing within the service areas.

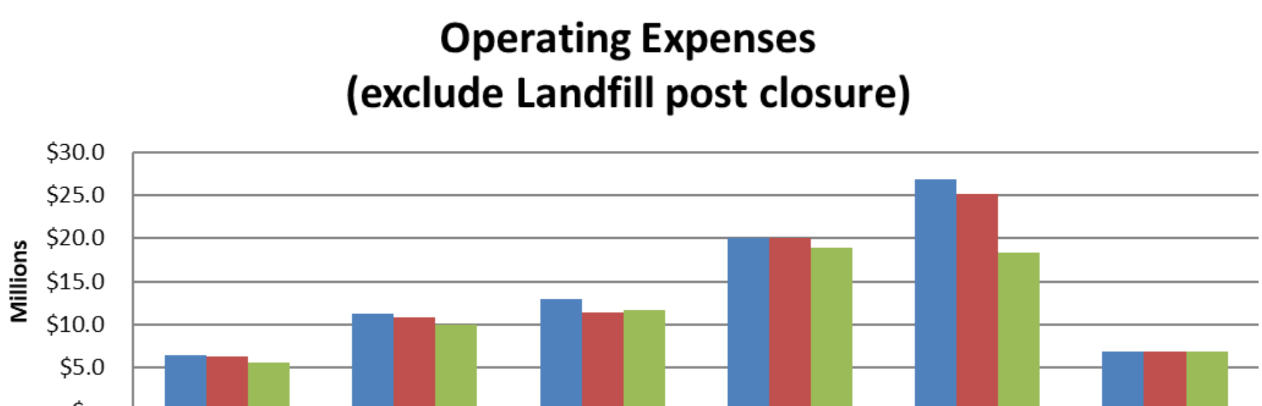
Disposal revenues increased $845,000 in 2024, compared to a decrease of $644,000 in 2023 due to increased commercial self-haul trips and tonnage volume in 2024.

Salvage revenues increased $751,000 due to increases in selling prices for recycle materials in 2024 compared to a decrease of $27,000 in 2023.

Operating expenses

The following graph provides a three-year comparison of operating expenses for the major cost groups.

Total operating costs increased $4.8 million in 2024, compared to increases of $9.3 million in 2023 and increases of $208,000 in 2022.



	Commercial collection	Onsite operations	Residential collection	Other collection services	Support services (*)	Depreciation and amortization
2024	$6.5	$11.3	$13.0	$20.1	$26.8	$6.8
2023	$6.3	$10.8	$11.4	$20.0	$25.2	$6.8
2022	$5.6	$10.0	$11.7	$18.9	$18.3	$6.9

(*) Gross Earnings Tax was reclassified from Transfers to Support services under Operating Expenses.

2024 Activity

Operating expenses were $84.7 million in 2024, an increase of $4.8 million from prior year. Significant changes in operating costs include the following:

- Commercial collection expense increased $162,000 primarily due to $212,000 increase in salaries and benefits, and $156,000 in natural gas expenses. These increases were off-set with decreases of $59,000 in operating supplies and $147,000 in fleet expenses for providing services in the commercial recycle and drop-off-box.
- Onsite operations expense increased $556,000 primarily due to an increase of $1.1 million in salaries and benefits. This increase was off-set by decreases of $140,000 in operating supplies, $318,000 in external contract services, and the remaining decrease in other services such as rent/lease, license and permit expenses.
- Residential collection expense increased $1.6 million mainly due to increases of $393,000 in salaries and benefits, $869,000 in external contract services, $238,000 in fleet expenses, and $203,00 in other services, mostly in natural gas expense. These increases were offset with a decrease of $107,000 in operating supplies.
- Support services expenses increased $1.6 million primarily due to increases of $422,000 in bad debt expense, $730,000 in professional services, $288,000 in external contract services, $110,000 in operating supplies, and $303,000 in gross earnings tax expenses.
- Landfill post closure liability increased $758,000 in 2024 compared to a credit of $536,000 in 2023 due to the annual evaluation forecast for the next 19 years of the remaining liability.

2023 Activity

Operating expenses were $79.9 million in 2023, an increase of $9.3 million from prior year. Significant changes in operating costs include the following:

- Commercial collection expense increased $736,000 primarily due to $135,000 increase in salaries and benefits, $395,000 increase in fleet expenses for providing services in the commercial recycle and Drop-off-Box (box size and frequent pick-up requested by customer), $79,000 increase in gas and garbage expenses, and other increases from the rest for supplies, repair, and external contract services.
- Onsite operations expense increased $781,000 primarily due to increases of $255,000 mostly in operating supplies, repair & maintenance materials and lab services, $245,000 in services such as professional services and external contract services for public receiving building demo and Tacoma landfill decommissioning gas wells, and $247,000 in software, licenses & permits, and rentals.
- Residential collection expense decreased $337,000 mainly due to decreases of $525,000 in external contract services for residential recycling cost, and $178,000 in fleet expenses including fuel and maintenance for collection vehicles. These decreases were offset with the increases of $284,000 in salaries and benefits and $62,000 in operating supplies.
- Other collection services expenses increased $1.2 million, which includes the Tacoma Cares, Nuisance Code Enforcement Abatement, Off-site Transport. The increase is primarily due to increases of $750,000 for external contract services from Waste Connections, Pierce County Recycling Composting and Disposal (PCRCD), $244,000 in fleet support services, and $284,000 in salaries and benefits.
- Support services expenses increased $6.9 million primarily due to increases of $4.2 million in pension expense, $757,000 in bad debt expense, $204,000 in professional services, $156,000 in public liability insurance, $129,000 in credit card bank fees, $1.2 million increase for overhead and assessments, $322,000 from restatement of compensated absences, and $188,000 in gross earning tax expenses.
- Landfill post closure credit of $536,000 reflects a decrease in the total landfill post closure liability in 2023 compared to a credit of $647,000 in 2022 due to the annual evaluation forecast for the next 20 years of the remaining liability.

Nonoperating revenues (expenses)

Interest income earned $3.8 million in 2024 compared to $2.6 million in 2023. The increase of $1.2 million is due to higher cash balance and higher interest rate in City pooled investments in 2024. 2024 saw a decrease in unrealized gain on fair value investment of $960,000 due to lower market value of investments as of December 31, 2024, compared to December 31, 2023. Solid Waste received $496,000 operating grants from Department of Ecology and Environmental Protection Agency in 2024 compared to $291,000 in 2023. Interest paid was $2.6 million, a decrease of $140,000 in 2024. Other expenses decreased by $230,000 mainly due to receiving $104,000 tax rebate for Alternative Fuel Tax Credit and $136,000 less expenses in crediting utility accounts receivable in 2024 compared to 2023. In 2024, the Division received $170,000 in federal funds passing through from Neighborhood and Community Services (NCS) as part of the Family Clean Energy Program. The funding was applied to utility accounts receivable as a credit of $200 per customer that applied and met the requirements for the funding. In 2023, the Division received $306,000 in federal funding as discussed in 2023 section below.

In 2023, Interest income earned $2.6 million in 2023 compared to $994,000 in 2022. The increase of $1.6 million is due to higher cash balance and higher interest rate in City pooled investments in 2023. An increase in unrealized gain on fair value investment of $3.7 million due to higher market value of investments as of December 31, 2023. There was a $291,000 operating grant from Department of Ecology for recycling operation in 2023 compared to $252,000 in 2022. Interest paid was $2.8 million, a decrease of $128,000 in 2023. Other revenue/(expenses) decreased by $1.6 million mainly due to $306,000 expenses to assist overdue utility accounts receivable in 2023 compared to $1.9 million in 2022. The Division received $306,000 in pass-through federal funds from Neighborhood and Community Services (NCS) as part of the Coronavirus State and Local Fiscal Recovery Fund deferral appropriation programs. This funding was applied to overdue utility accounts receivable for customers impacted by COVID-19.

Transfers

In 2024, Transfers from other funds decreased $296,000. The decrease is primarily due to no funding from Tidy Up activity in the amount of $90,000, and less federal funds from NCS in the amount of $136,000 as discussed in the Nonoperating revenue (expenses) section compared to 2023.

In 2023, Transfers from other funds decreased $1.8 million primarily due to the federal funds from NCS as discussed in the Nonoperating revenue (expenses) section.

Capital assets, net

At the end of 2024, the Division's total capital assets, net of accumulated depreciation were $98.2 million compared to $88.8 million in 2023 and $90.1 million in 2022. See Note 5 in the financial statements for detailed activity in capital assets.

<u>2024 Activity</u>

Balances in 2024 increased $9.4 million and the significant changes are:

- Landfill infrastructure which includes improvements other than buildings increased $2.8 million due to two completed capital projects in 2024: Compactor Facility Improvement and Channelization and Asphalt Improvement projects.
- Machinery and equipment increased a net of $11.7 million. Significant changes include:
    - An increase of $8.0 million for vehicles (purchases of $9.8 million less disposals of $1.9 million)
    - An increase of $1.0 million for variety of garbage and recycle containers (purchases of $1.9 million less disposals of $900,000)
    - An increase of $2.5 million for East-West Compactors.

- Accumulated depreciation increased $4.0 million for the year 2024 ($6.7 million current year depreciation and $2.7 million due to disposal of assets).
- Right to use subscription assets increased $246,000 in 2024. Further information can be found in Note 5 and Note 6.
- The construction in progress balance decreased by $1.2 million from 2023 primarily due to capitalization of the completed projects.

2023 Activity

Balances in 2023 decreased $1.3 million and the significant changes are:

- Landfill infrastructure which includes improvements other than buildings increased $290,000 primarily due to improvement on Fleet shop and protected structures.
- The Division implemented GASB Statement No. 96, *Subscription-based information technology arrangements (SBITAs),* effective January 1, 2022. The implementation required the recognition of a right-to-use of another entity's information technology software, alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transactions. Right to use subscription assets were recorded in the net amount of $43,000 as of December 31, 2023. Further information can be found in Note 5 and Note 6.
- Machinery and equipment increased a net of $2.5 million. Significant changes include:
  - An increase of $1.6 million for vehicles (purchases of $3.2 million less disposals of $1.6 million)
  - An increase of $609,000 for variety of garbage and recycle containers (purchases of $1.1 million less disposals of $519,000)
- Accumulated depreciation increased $4.7 million for the year 2023 ($6.8 million current year depreciation and $2.0 million due to disposal of assets).
- The construction in progress balance increased by $544,000 from 2022 primarily due to ongoing projects and capital purchases that were not ready in service.

Debt Administration

At December 31, 2024, the Division had $56.1 million, net of premium, in outstanding revenue bonds of which $4.0 million is due within one year. This compares to $60.6 million in 2023 and $65.1 million in 2022.

The bonds have underlying ratings of A1 by Moody's Investors Service, AA by Standard & Poor's, and AA- by Fitch, Inc. Additional information on the Division's long-term debt can be found in Note 7 of the financial statements.

Debt Service Coverage

Solid Waste Management is required by its bond covenants to maintain a debt service coverage ratio of 1.25. The debt service coverage ratio is 4.56 at the end of 2024. This compares to 4.68 in 2023, as restated, and 5.10 in 2022.

Economic Factors Affecting Next Year

On January 1, 2025, rate increases for Solid Waste Management of approximately 5.5% for residential and commercial services went into effect. The rate increases are expected to bring an additional $4.4 million in operating revenues for 2025. The rate increases remain competitive with surrounding jurisdictions.

Summary

The management of the Finance Department of the City of Tacoma is responsible for preparing the accompanying financial statements and for their integrity. We prepared the financial statements according to GAAP in the United States of America, and they fairly portray the City of Tacoma Solid Waste Management's financial position and operating results. The Notes to Financial Statements are an integral part of the basic financial statements and provide additional financial information. The financial statements have been independently audited by Moss Adams LLP. We have made available to them all pertinent information necessary to complete the audit.

Management considers and takes appropriate action on audit recommendations. Management has established and maintains a system of controls which includes organizational, administrative and accounting processes. These controls provide reasonable assurance that records and reports are complete and accurate, that assets are used appropriately and that business transactions are carried out as authorized.

Request for Information

Solid Waste Management financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

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Financial Statements

City of Tacoma, Washington
Environmental Services Department
Solid Waste Management
Statements of Net Position

	December 31,	
ASSETS	**2024**	**2023**
Current assets:		
Cash and equity in pooled investments	$ 91,480,264	$ 84,647,562
Accounts receivable, net	3,893,965	4,460,836
Due from other governments	250,000	-
Accrued unbilled revenue	3,808,346	3,370,583
Restricted cash and equity in pooled investments:		
Debt service funds	539,267	539,329
Customer deposits	84,867	80,144
Construction funds	-	6,844,444
Total restricted cash and equity in pooled investments	624,134	7,463,917
Total current assets	100,056,709	99,942,898
Noncurrent assets:		
Restricted cash and equity in pooled investments:		
Bond reserves	2,109,500	2,109,500
Capital assets:		
Land	3,242,201	3,242,201
Buildings	61,843,727	61,843,727
Landfill infrastructure	84,975,202	82,214,055
Machinery and equipment	72,904,490	61,230,603
Computer software	5,369,143	5,369,143
Less: accumulated depreciation	(131,181,324)	(127,182,931)
Right to use subscriptions assets	288,951	43,309
Less: accumulated amortization	(51,046)	(1,444)
Construction in progress	856,053	2,075,780
Total capital assets, net	98,247,397	88,834,443
Total assets	200,413,606	190,886,841
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - other post employement benefits	541,297	601,047
Deferred outflows - pensions	8,691,338	9,615,951
Total deferred outflows of resources	9,232,635	10,216,998
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 209,646,241	$ 201,103,839

The accompanying notes are an integral part of the financial statements.

City of Tacoma, Washington
Environmental Services Department
Solid Waste Management
Statements of Net Position

	December 31,	
LIABILITIES	**2024**	**2023 (As Restated)**
Current liabilities:		
Accounts payable	$ 2,284,233	$ 3,230,720
Accrued wages payable and compensated absences	1,573,676	1,116,873
Accrued taxes payable	392,340	419,603
Unearned revenue	347,229	350,695
Customer deposits	78,963	79,647
Accrued landfill postclosure care costs	638,085	493,510
Current OPEB liability	56,134	73,922
Current pension withdrawal liability	35,112	35,112
Current subscription liability	87,143	7,886
Current portion of long-term debt	3,671,250	3,497,083
Total current liabilities	9,164,165	9,305,051
Current payable from restricted assets:		
Deposits payable	82,329	73,515
Accrued revenue bond interest payable	205,517	221,412
Current portion of long-term debt	333,750	317,917
Total liabilities payable from restricted assets	621,596	612,844
Noncurrent liabilities:		
Long-term debt - revenue bonds, net	52,143,579	56,831,957
Long-term accrued landfill postclosure care costs	11,078,327	11,000,906
Long-term accrued compensated absences	1,690,110	1,394,129
Net pension liability	7,012,756	7,450,022
Pension withdrawal liability	350,324	350,324
Long-term subscription liability	98,213	27,000
OPEB liability	2,275,104	2,575,751
Total noncurrent liabilities	74,648,413	79,630,089
Total liabilities	84,434,174	89,547,984
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization	7,000,000	7,000,000
Deferred inflows - OPEB	898,003	718,183
Deferred inflows - pensions	104,600	176,371
Deferred inflows - gain on refunding bonds	45,220	68,813
Total deferred inflows of resources	8,047,823	7,963,367
NET POSITION		
Net investment in capital assets	49,393,992	42,438,148
Restricted bond reserves	2,109,500	2,109,500
Unrestricted	65,660,752	59,044,840
Total net position	117,164,244	103,592,488
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 209,646,241	$ 201,103,839

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City of Tacoma, Washington
Environmental Services Department
Solid Waste Management
Statements of Revenues, Expenses and Changes in Net Position

	Year-to-Date December 31, 2024	2023 (As Restated)
OPERATING REVENUES		
Residential collection	$ 38,107,455	$ 36,586,707
Commercial collection	40,987,592	41,036,691
Disposal revenues	13,942,468	13,097,161
Salvage revenues	1,528,272	776,890
Other operating revenues	740,121	722,199
Total operating revenues	95,305,908	92,219,648
OPERATING EXPENSES		
Commercial collection	6,504,232	6,342,498
Onsite operations	11,321,821	10,766,078
Residential collection	12,983,410	11,387,047
Other collection services	20,075,791	20,010,322
Support services	26,838,363	25,216,217
Depreciation and amortization	6,756,071	6,754,010
Landfill post closure expense (credit)	221,996	(535,858)
Total operating expenses	84,701,684	79,940,314
Net operating income	10,604,224	12,279,334
NONOPERATING REVENUES (EXPENSES)		
Interest income	3,791,236	2,605,846
Unrealized net gain on fair value investment	456,785	1,416,857
Operating grants	495,634	291,229
Interest expenses and other related costs	(2,641,055)	(2,781,341)
Other rental revenues	5,252	25,798
Amortization of premium and refunding gain	706,971	776,594
Other expenses	(68,099)	(297,789)
Gain on sale/disposal of capital assets	120,714	147,111
Total nonoperating revenue (expenses)	2,867,438	2,184,305
Net income before transfers	13,471,662	14,463,639
Transfers - from other funds	100,094	396,291
CHANGE IN NET POSITION	13,571,756	14,859,930
NET POSITION - JANUARY 1	103,592,488	88,732,558
NET POSITION - DECEMBER 31	$ 117,164,244	$ 103,592,488

The accompanying notes are an integral part of the financial statements.

City of Tacoma, Washington
Environmental Services Department
Solid Waste Management
Statements of Cash Flows

	Year Ended December 31,	
	2024	2023 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 94,758,217	$ 91,121,993
Payments to suppliers	(40,088,204)	(38,514,291)
Payments to employees	(27,463,461)	(24,952,626)
Payment for taxes	(1,647,528)	(1,521,286)
Gross earnings taxes paid	(7,661,644)	(7,358,839)
Payments for other expenses	(59,938)	(278,667)
Net cash from operating activities	17,837,442	18,496,284
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interest paid on noncapital debt	(331,917)	(331,917)
Operating grants received	245,634	291,229
Contributions and transfers	100,094	398,301
Net cash from noncapital financing activities	13,811	357,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(16,073,418)	(5,550,126)
Principal payments on subscription	(91,809)	(8,500)
Principal payments on revenue bonds	(3,815,000)	(3,680,000)
Interest expenses and other related costs	(2,328,315)	(2,464,673)
Proceeds from sale of capital assets	199,165	203,850
Insurance recoveries	3,022	8,680
Net cash from capital and related financing activities	(22,106,355)	(11,490,769)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Investment income (loss) [a]	4,248,021	4,022,703
Net cash from investing activities	4,248,021	4,022,703
NET INCREASE/DECREASE IN CASH AND EQUITY IN POOLED INVESTMENTS	(7,081)	11,385,831
CASH AND EQUITY IN POOLED INVESTMENTS, BEGINNING	94,220,979	82,835,148
CASH AND EQUITY IN POOLED INVESTMENTS, ENDING	$ 94,213,898	$ 94,220,979

[a] Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long term-term investments. Information on the increases and decreases in the fair value of long-term investments is shown in the Noncash Investing, Capital, and Financing Activities section of the Statement of Cash Flows.

The accompanying notes are an integral part of the financial statements.

City of Tacoma, Washington
Environmental Services Department
Solid Waste Management
Statements of Cash Flows

	Year Ended December 31, 2024	2023 (As Restated)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEETS:		
Operating funds	$ 91,480,264	$ 84,647,562
Restricted funds	2,733,634	9,573,417
	$ 94,213,898	$ 94,220,979
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Net operating income	$ 10,604,224	$ 12,279,334
Adjustments to reconcile net operating income to net cash from operating activities:		
Depreciation expense	6,706,469	6,752,566
Subscription amortization expense	49,602	1,444
Pension expenses	415,576	1,390,287
Expense capital project costs	65,574	2,470
Net OPEB (benefit)/ expense	(78,865)	6,533
Other expenses	(59,938)	(278,667)
Cash from changes in operating assets and liabilities:		
Accounts receivable, net of allowance	566,871	(619,998)
Accrued unbilled revenue	(437,763)	(205,700)
Accounts payable	(946,488)	(486,943)
Accrued wages and compensated absences payable	456,802	313,832
Accrued taxes payable	(27,263)	21,581
Unearned revenue	(3,466)	(35,362)
Customer deposits payable	8,131	36,752
Pension withdrawal liability	-	(43,890)
Accrued landfill postclosure care costs	144,575	(6,083)
Long-term accrued compensated absences	295,981	1,461
Long-term accrued landfill postclosure care costs	77,420	(633,333)
Total adjustments	7,233,218	6,216,950
NET CASH FROM OPERATING ACTIVITIES	$ 17,837,442	$ 18,496,284
Noncash Investing, Capital, and Financing activities		
Unrealized net gain on fair value investment	$ 456,785	$ 1,416,857
Additions in right to use subscription assets	$ 154,692	$ 34,809

City of Tacoma, Washington
Department of Public Utilities
Solid Waste Management
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 1 SUMMARY OF OPERATIONS

Operations of the Solid Waste Management Division - The Solid Waste Management Division (the Division) is presented as an enterprise fund within the Environmental Services Department under the provisions of the City of Tacoma Charter and is included in the City of Tacoma's (the City) Annual Comprehensive Financial Report.

The Division provides mandatory solid waste collection and disposal services for residents and commercial and industrial entities since 1929. In 1990, the City expanded the Solid Waste Management system to include curbside pickup of residential yard and garden waste. The Division serves the entire area within the City limits, with a 2024 estimated population of 223,968 persons and an area of approximately 62 square miles, including approximately 12 miles of saltwater areas.

The Division receives certain services from other departments and agencies of the City including those normally considered to be general and administrative. The Division is charged for services received from other City departments and agencies and, additionally, must pay gross earnings tax to the City. These transactions are required to be arms-length transactions by law.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation - The financial statements of the Division are prepared under the accrual basis of accounting in accordance with GAAP issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

Accounting Changes – Effective for the fiscal year 2024, the Division implemented the following new accounting and reporting standards issued by the GASB:

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. This statement was issued in June 2022 as an amendment to GASB Statement No. 62 to enhance accounting and financial reporting requirements for accounting changes and error corrections. The goal is to provide clearer, more reliable, relevant, consistent, and comparable information to support decision-making and accountability assessments. This statement categorizes accounting changes into three types: (1) Changes in accounting principles, (2) Changes in accounting estimates, and (3) Changes to or within the financial reporting entity. The statement defines the transactions or events that constitute these changes and specifies that for certain changes in accounting principles and measurement methodologies, the new principle or methodology must be justified as preferable to the previous one. This preferability should align with the qualitative characteristics of financial reporting: understandability, reliability, relevance, timeliness, consistency, and comparability. Additionally, this statement provides guidance for correcting errors in previously issued financial statements. The Division implemented GASB Statement No. 100 for the fiscal year ended December 31, 2024, and included a change in accounting principle from GASB No. 101 as discussed below on Statements of Revenues, Expenses and Changes in Net Position.

GASB Statement No. 101 – *Compensated Absences*. This statement superseded the requirements of GASB Statement No. 16, Accounting for Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosure. The implementation of this standard requires a liability to be recorded for compensated absences and reported in the government-wide and proprietary financial statements for (a) leave that has not been used and (b) leave that has been used but not yet paid or settled through noncash means. Compensated absence liability is recognized for leave that has not been used if (i) the leave is attributable to services already rendered, (ii) the leave accumulates, and (iii) the leave is more likely than not to be used for time off or settled through noncash means. The Division implemented the provisions of GASB Statement No. 101 effective January 1, 2023, and restated financial results for the year ended December 31, 2023, as required by the standard (see Note 3).

Cash and equity in pooled investments - The Division's fund cash balances are a "deposit" with the City Treasurer's Tacoma Investment Pool (TIP) for the purpose of maximizing interest earnings through pooled investment activities. Pooled investments are reported on the Statement of Net Position as Cash and equity in pooled investments. Cash and equity in pooled investments in the TIP are reported at fair value and changes in unrealized gains and losses are recorded in the Statements of Revenues, Expenses and Changes in Net Position. Interest earned on such pooled investments is allocated daily to the participating funds based on each fund's daily equity in the TIP.

The TIP operates like a demand deposit account in that all City departments, including the Division, have fund balances which are their equity in the TIP. Accordingly, balances are considered cash equivalents and the equity in pooled investments is considered cash for cash flow reporting purposes.

The City of Tacoma Investment Policy permits legal investments as authorized by state law including Certificates of Deposit with qualified public depositories (as defined in Chapter 39.58 of the Revised Code of Washington (RCW)), obligations of the U.S. Treasury, Government Sponsored Agencies and Instrumentalities, bonds issued by Washington State and its Local Governments with an A or better rating, general obligation bonds issued by any State or Local Government with an A or better rating, Bankers' Acceptances, Commercial Paper, Repurchase and Reverse Repurchase agreements, and the Washington State Local Government Investment Pool (LGIP).

Daily liquidity requirement to meet the City's daily obligations is maintained by investing a portion of the City's Investment Pool in the LGIP.

The Division's equity in that portion of the TIP held in qualified public depositories at December 31, 2024 and 2023 is entirely covered by the Federal Deposit Insurance Corporation (FDIC) and the Washington State Public Deposit Protection Commission (WSPDPC).

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, longer term investments have greater exposure to changes in market interest rates. The City of Tacoma Investment Policy allows for authorized investments up to 60 months to maturity. One method the City uses to manage 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.

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. Repurchase agreements and commercial paper are protected by the FDIC insurance up to $250,000. All deposits not covered by the FDIC are covered by the WSPDPC. The WSPDPC is a statutory authority established under RCW 39.58. It constitutes a fully insured or fully collateralized pool. The WA State Treasurer's LGIP is authorized by RCW 43.250. The LGIP is operated like a 2A7 fund and is collateralized by short-term legal investments.

Accounts receivable and unbilled revenue - Accounts receivable consist of amounts owed by individuals and organizations for goods delivered or services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. The Division accrues an estimated amount for services that have been provided but not billed as of December 31, 2024 and 2023.

Allowance for uncollectible accounts - A reserve has been established for uncollectible accounts receivable based on historical write-off trends and knowledge of specific circumstances that indicate collection of an account may be unlikely. Generally, accounts receivable are considered past due after 30 days. Allowance for Uncollectible Accounts was $3,875,784 and $3,931,589 as of December 31, 2024 and 2023, respectively.

Interfund and intergovernmental transactions - Unsettled transactions between entities at year end are recorded as due to or due from other funds or other governmental units as appropriate.

Restricted assets - In accordance with bond covenants, agreements, and laws, separate restricted funds have been established. These funds consist of cash and investments in pooled investments with restrictions externally imposed and legally enforceable, established by the City Council. Generally, restricted assets include bond construction, reserve and debt service funds, and customer deposits.

Bond premiums and gain/loss on refunding - Bond premiums are amortized over the life of the bonds using the straight line or the weighted average of the bonds outstanding, are recorded as offset to long-term debt, and are presented in the statement of net position. Gains or losses on bond refunding represent the difference between reacquisition price and the carrying value of the old debt and are amortized on a straight-line basis over the applicable bond period and are presented as deferred inflows/outflows in the statement of net position.

Rate stabilization fund - The Division has established a rate stabilization account to better match revenues and expenses which may reduce volatility in rates. Amounts deposited into the account are excluded from the Statement of Revenues, Expenses and Changes in Net Position in accordance with regulated operation. Revenue will be recognized in subsequent periods when it is withdrawn in accordance with rate decisions.

Capital assets, depreciation and amortization - Capital assets consist of utility plant and are stated at original cost, which includes both direct costs of construction or acquisition and indirect costs. The cost of capital assets contributed is recorded at donated fair value. The cost of maintenance and repairs is charged to expense as incurred while the costs of replacements, improvements, additions, and major renewals that extend the life of an asset are capitalized. Assets are capitalized when costs exceed $5,000 and the useful life exceeds one year.

Depreciation and amortization is recorded using the straight-line method based upon estimated useful lives of the assets. The original cost of property together with removal cost, less salvage, is charged to accumulated depreciation at such time as property is retired and removed from service.

The estimated useful lives range as follows:

Buildings and Improvements	20 – 50 years
Resource Recovery Facility	5 – 50 years
Vehicles	5 – 10 years
Containers and Equipment	5 – 10 years
Other Assets	3 – 10 years
Right to Use	depends on the life of the lease or subscription

Construction in progress - Capitalizable costs incurred on projects which are not in service or ready for use are held in construction in progress. When the asset is ready for service, related costs are transferred to capital assets. Upon determining that a project will be abandoned, the related costs are charged to expense.

Asset impairment - The Division periodically reviews the carrying amount of its long-lived assets for impairment. An asset is considered impaired when estimated future cash flows are less than the carrying amount of the asset. In the event the carrying amount of such asset is not deemed recoverable, the asset is adjusted to its estimated fair value. Fair value is generally determined based on discounted future cash flows. There was no impairment existed in 2024 or 2023.

Capital contributions - In accordance with GASB No. 33 – *Accounting and Financial Reporting for Non-exchange Transactions*, capital grants and capital contributions are recorded as capital contributions.

Compensated absences - The City has two different policies for compensated absences.

The vacation and sick leave 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. Employees in this policy accumulate sick leave at the rate of one day per month with no maximum accumulation specified. Employees receive 25% of the value at retirement or 10% upon termination for any other reason. In the event of death, beneficiaries receive 25% of the value.

The PTO (personal time off) policy allows employees to earn PTO without distinction between vacation and sick leave. The amount of PTO earned is based on years of service. The maximum accrual for PTO is 960 hours, and upon termination, employees are entitled to compensation for unused PTO at 100%.

The accrued liability is computed using the applicable pay rates at year end for leave and associated salary-related payments when leave is earned. Short term compensated absences include sick leave balances more likely than not to be used as time off in future reporting periods, and 10% of vacation, PTO, and sick leave at pay-out based on historical information.

Deferred Outflows of Resources - Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources consist of balances related to pensions and other postemployment benefits other than pensions.

Deferred Inflows of Resources - Deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources consist of balances related to rate stabilization, pensions, other postemployment benefits other than pensions, and gains on refunding of bonds.

Operating revenues - Revenues are derived from providing solid waste services to both residential and commercial customers. Residential rates are based on the size of the garbage container and include services for recycling, yard waste and costs for other special programs. Commercial rates are based on the garbage container type and frequency of collection with additional charges for recycling services. Customers are billed on monthly billing cycles.

The rate structure is designed to meet the Division's needs and obligations on a cost-of-service basis while adhering to legal requirements. These legal requirements include computing rates on a reasonable basis, charging rates uniformly within classes, and using the revenues for utility and regulatory purposes. In addition, there may be laws imposed by the State, City Charter or to meet grant or bond requirements.

The City has a parity bond ordinance that it will establish, maintain and collect rates or charges in connection with the ownership and operation of the utility to 1) pay the cost of maintenance and operation of the utility, 2) to make all payments required to be made for the parity bonds, 3) to make all payments required to be made on any other junior debt, and 4) to prepay debt, invest in improvement projects to utility assets, make payments to the Solid Waste Rate Stabilization Fund, or other lawful City purposes including payment of legal claims and judgments against the utility.

Non-operating revenues and expenses - The Division reports transactions not directly related to primary services as non-operating revenues and expenses. Significant items include investment and rental income and interest expense.

Taxes - The City charges the Division a gross earnings tax at the rate of 8.0%. The Division also pays business and occupation taxes to the State, 1.5% on service revenues and 0.47% on retail revenues. The Division is exempt from payment of federal income tax.

Net position - The Statement of Net Position reports all financial and capital resources. The difference between assets and deferred outflows and liabilities and deferred inflows is net position. There are three components of net position: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, less accumulated depreciation, reduced by the outstanding balances of any bonds, loans or other borrowings, less outstanding construction funds, which are attributable to the acquisition, construction, or improvements of those assets.

Net position components are reported as restricted when constraints placed on net position use 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.

Unrestricted net position components are those that are not "net investment in capital assets” or "restricted".

SBITA – Subscription-based information technology arrangements (SBITA) are recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines a SBITA as a contract that conveys control of the right to use another party’s (the SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.

A subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset at the commencement of the subscription term. The Division uses various SBITA assets that it contracts through cloud computing arrangements such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the net present value of future subscription payments and is adjusted over time by payments and interest. Future subscription payments are discounted using the Daily Treasury Par Yield Curve Rates published by the U.S. Department of Treasury plus 1% spread. Payments for future subscription may be fixed or variable, based on the terms of the agreement between the subscriber and the vendor. The subscription asset is initially recorded as the sum of the subscription liability, payments made at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received prior to the commencement of the subscription term and is subsequently amortized over the life of the subscription. Subscription and capitalizable implementation cost payments made prior to the commencement of the subscription are classified as assets under construction until the subscription commences; after the subscription commences, the assets under construction are reclassified as an intangible right-to-use subscription asset.

Arbitrage rebate requirement - The Division is subject to the Internal Revenue Code (IRC) related to its tax-exempt revenue bonds. The IRC requires that earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. As such, the Division would record such a rebate as a liability. The Division had no liability in the current or prior year.

Landfill post-closure care costs - The Division is required to expense a portion of the estimated closure and post-closure costs in each period that the landfill accepts solid waste. The Division has been reporting a portion of these costs as a liability and as an operating expense since 1994. As of December 31, 2024, the landfill is at 100% of capacity, closed, and capped and 19 years remaining for post closure monitoring.

Environmental Remediation Costs - The Division recognizes environmental obligations and accruals for expected pollution remediation outlays which are recorded when one of the five obligating events occurs and are adjusted as further information develops or circumstances change.

The five obligating events are applied when the Division is: 1) compelled to take action because of an imminent endangerment, 2) the Division is in violation of a pollution prevention-related permit or license, 3) the Division is named or evidence indicates that it will be named by a regulator as a responsible party or potentially responsible party, 4) named in a lawsuit to compel participation in pollution remediation, or 5) the Division commences or legally obligates itself to commence pollution remediation.

Costs related to environmental remediation are charged to operating expense when the liability is recognized; outlays are capitalized when goods and services are acquired under specific circumstances. Measurement is based on the current value of the outlays for the individual remediation components using the expected cash flow technique, adjusted for recoveries from other parties and insurance.

Shared services - The Division is charged for services received from other departments and agencies of the City, including those normally considered to be general and administrative.

Use of estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. The Division used estimates in determining reported unbilled revenues, allowance for doubtful accounts, right to use subscription assets, accrued compensated absences, depreciation, Other Post Employment Benefits (OPEB Liability), pension withdrawal liability, self-insurance liabilities, subscription liabilities, accrued landfill post closure care costs, net pension liability and other contingencies. Actual results may differ from these estimates.

Significant risks and uncertainties - The Division is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include, but are not limited to, weather and natural disaster-related disruptions, collective bargaining labor disputes, Environmental Protection Agency regulations, federal government regulations or orders concerning the operation, maintenance and/or licensing of facilities.

Reclassifications – Changes have been made to prior year account classifications as needed to conform to the current year presentation format.

NOTE 3 RESTATEMENTS

The Division restated the December 31, 2023, financial statements for the adoption of GASB Statement No. 101, *Compensated Absences*, which increased total liabilities and decreased net position in the amount of $322,372. During 2024, the Division determined that gross earnings tax levied by the City, which was reported under Transfers, should have been reported as an operating expense. Therefore, transfers were overstated by $7.4 million and operating expenses were understated in the same amount for the year ended December 31, 2023. The effect of correcting these errors is shown in column Restatement of the table below.

	December 31,		
STATEMENT OF NET POSITION	**2023 (As Previously Reported)**	**Restatement**	**2023 (As Restated)**
LIABILITIES			
Current liabilities:			
Accrued wages payable and compensated absences	$ 741,099	$ 375,774	$ 1,116,873
Noncurrent liabilities:			
Long-term accrued compensated absences	1,447,531	(53,402)	1,394,129
Total liabilities	89,225,612	322,372	89,547,984
NET POSITION			
Net investment in capital assets	42,438,148	-	42,438,148
Restricted debt service	2,109,500	-	2,109,500
Unrestricted	59,367,212	(322,372)	59,044,840
Total net position	103,914,860	(322,372)	103,592,488

	Year-to-Date December 31,		
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	**2023 (As Previously Reported)**	**Restatement**	**2023 (As Restated)**
OPERATING EXPENSES			
Support services	$ 17,535,006	$ 7,681,211	$ 25,216,217
Net operating income	19,960,545	(7,681,211)	12,279,334
Transfers - gross earnings taxes	(7,358,839)	7,358,839	-
CHANGE IN NET POSITION	15,182,302	(322,372)	14,859,930
NET POSITION - END OF YEAR	$ 103,914,860	$ (322,372)	$ 103,592,488

STATEMENT OF CASH FLOWS	Year Ended December 31, 2023 (As Previously Reported)	Restatement	2023 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Gross earnings taxes paid	-	$ (7,358,839)	$ (7,358,839)
Net cash from operating activities	25,855,123	(7,358,839)	18,496,284
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Gross earnings taxes paid	(7,358,839)	7,358,839	-
Net cash from noncapital financing activities	(7,001,226)	7,358,839	357,613
NET INCREASE/DECREASE IN CASH AND EQUITY IN POOLED INVESTMENTS	11,385,831	-	11,385,831
CASH AND EQUITY IN POOLED INVESTMENTS, BEGINNING	82,835,148	-	82,835,148
CASH AND EQUITY IN POOLED INVESTMENTS, ENDING	$ 94,220,979	-	$ 94,220,979

	Year Ended December 31, 2023 (As Previously Reported)	Restatement	2023 (As Restated)
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Net operating income	$ 19,960,545	(7,681,211)	$ 12,279,334
Cash from changes in operating assets and liabilities:			
Accrued wages and compensated absences payable	(61,942)	375,774	313,832
Long-term accrued compensated absences	54,863	(53,402)	1,461
Total adjustments	5,894,578	322,372	6,216,950
NET CASH FROM OPERATING ACTIVITIES	$ 25,855,123	$ (7,358,839)	$ 18,496,284

NOTE 4 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 (adjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement data. 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 of City's investments in TIP are provided by Interactive Data.

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 section in the below schedule.

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

		Fair Value Measurements Using			Not Measured at Fair Value	
Debt Securities	As of 12/31/2024	Level 1	Level 2	Level 3	Amortized Cost	Cost
Cash	$ 5,671	$ -	$ -	$ -	$ -	$ 5,671
Money Market Fund	3,153,160	-	-	-	3,153,160	-
U.S. Treasury Securities	808,114,725	-	808,114,725	-	-	-
U.S. Agency Securities	449,364,653	-	449,364,653	-	-	-
Supranational Securities	16,351,475	-	16,351,475	-	-	-
Municipal Bonds	41,275,075	-	41,275,075	-	-	-
Corporate Securities	108,469,338	-	108,469,338	-	-	-
	$ 1,426,734,097	$ -	$1,423,575,266	$ -	$ 3,153,160	$ 5,671

		Fair Value Measurements Using			Not Measured at Fair Value	
Debt Securities	As of 12/31/2023	Level 1	Level 2	Level 3	Amortized Cost	Cost
Money Market Fund	$ 1,199,500	$ -	$ -	$ -	$ 1,199,500	$ -
U.S. Treasury Securities	643,384,888	-	643,384,888	-	-	-
U.S. Agency Securities	673,735,766	-	673,735,766	-	-	-
Supranational Securities	32,104,066	-	32,104,066	-	-	-
Municipal Bonds	22,877,649	-	22,877,649	-	-	-
Corporate Securities	77,539,603	-	77,539,603	-	-	-
	$ 1,450,841,472	$ -	$1,449,641,972	$ -	$ 1,199,500	$ -

The Division's share of the City's investments shown in the table above is 6.09% and 5.95% as of December 31, 2024 and 2023, respectively.

NOTE 5 CAPITAL ASSETS

A summary of the balances and changes in capital assets for 2024 and 2023 follows:

	2023	Additions	Retirements	Transfers & Adjustments	2024
Capital assets, not being depreciated/amortized:					
Land	$ 3,242,201	$ -	$ -	$ -	$ 3,242,201
Construction in progress	2,075,780	16,001,834		(17,221,561)	856,053
Total capital assets, not being depreciated/amortized	5,317,981	16,001,834	-	(17,221,561)	4,098,254
Capital assets, being depreciated/amortized:					
Buildings	61,843,727	-	-	-	61,843,727
Landfill infrastructure	82,214,055	-	-	2,761,147	84,975,202
Machinery and equipment	61,230,603	-	(2,786,527)	14,460,414	72,904,490
Computer software	5,369,143	-	-	-	5,369,143
Right to use subscription assets	43,309	245,642	-	-	288,951
Total capital assets, being depreciated/amortized	210,700,837	245,642	(2,786,527)	17,221,561	225,381,513
Less					
Accumulated depreciation	(127,182,931)	(6,706,469)	2,708,076	-	(131,181,324)
Accumulated amortization	(1,444)	(49,602)	-	-	(51,046)
Total accumulated depreciation/amortization	(127,184,375)	(6,756,071)	2,708,076	-	(131,232,370)
Total capital assets, being depreciated/amortized, net	83,516,462	(6,510,429)	(78,451)	17,221,561	94,149,143
Total capital assets, net	$ 88,834,443	$ 9,491,405	$ (78,451)	$ -	$ 98,247,397

	2022	Additions	Retirements	Transfers & Adjustments	2023
Capital assets, not being depreciated/amortized:					
Land	$ 3,242,201	$ -	$ -	$ -	$ 3,242,201
Construction in progress	1,531,430	5,539,157		(4,994,807)	2,075,780
Total capital assets, not being depreciated/amortized	4,773,631	5,539,157	-	(4,994,807)	5,317,981
Capital assets, being depreciated/amortized:					
Buildings	61,843,727	-	-	-	61,843,727
Landfill infrastructure	81,923,887	-	-	290,168	82,214,055
Machinery and equipment	58,701,646	-	(2,103,762)	4,632,719	61,230,603
Computer software	5,297,223	-	-	71,920	5,369,143
Right to use subscription assets	-	43,309	-	-	43,309
Total capital assets, being depreciated/amortized	207,766,483	43,309	(2,103,762)	4,994,807	210,700,837
Less					
Accumulated depreciation	(122,477,388)	(6,752,566)	2,047,023	-	(127,182,931)
Accumulated amortization	-	(1,444)	-	-	(1,444)
Total accumulated depreciation/amortization	(122,477,388)	(6,754,010)	2,047,023	-	(127,184,375)
Total capital assets, being depreciated/amortized, net	85,289,095	(6,710,701)	(56,739)	4,994,807	83,516,462
Total capital assets, net	$ 90,062,726	$ (1,171,544)	$ (56,739)	$ -	$ 88,834,443

NOTE 6 SUBSCRIPTION LIABILITY

The Division has two (2) qualified SBITA agreements as the subscriber for software. Both had payments included in the measurement of the subscription liability with periods covering various ranges and the latest expiring on September 30, 2028. The subscription liability was $185,356 including $3,664 interest accrual as of December 31, 2024, compared to $34,886 including $77 interest accrual as of December 31, 2023.

The City used the average incremental borrowing rate of 2.671% in 2023, and 5.54% in 2024 in calculation of net present value of lease liability, as the interest rate is not stated in the agreements.

Subscription liability activities for the year ended December 31, 2024 and 2023 are as follows:

	Subscription Principal Liability
Beginning balance, January 1, 2024	$ 34,809
Additions	245,642
Reductions	(98,759)
Ending Balance, December 31, 2024	181,692
Less: Current Subscription Liability	(83,479)
Long-term Subscription Liability	$ 98,213

Beginning balance, January 1, 2023	$ -
Additions	43,309
Reductions	(8,500)
Ending Balance, December 31, 2023	34,809
Less: Current Subscription Liability	(7,809)
Long-term Subscription Liability	$ 27,000

As of December 31, 2024, future scheduled annual subscription principal and interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 83,479	$ 9,521	$ 93,000
2026	88,477	5,023	93,500
2027	9,736	264	10,000
Total	$ 181,692	$ 14,808	$ 196,500

NOTE 7 LONG-TERM DEBT

Long-term debt activity for the years ended December 31, 2024 and 2023, follows:

	2023	Additions	Reductions	2024	Due within One Year
Revenue bonds	$ 54,925,000	$ -	$ (3,815,000)	$ 51,110,000	$ 4,005,000
Plus: Unamortized premium	5,721,957	-	(683,378)	5,038,579	-
Total long-term debt	$ 60,646,957	$ -	$ (4,498,378)	$ 56,148,579	$ 4,005,000

	2022	Additions	Reductions	2023	Due within One Year
Revenue bonds	$ 58,605,000	$ -	$ (3,680,000)	$ 54,925,000	$ 3,815,000
Plus: Unamortized premium	6,474,958	-	(753,001)	5,721,957	-
Total long-term debt	$ 65,079,958	$ -	$ (4,433,001)	$ 60,646,957	$ 3,815,000

As of December 31, 2024, annual debt service requirements to maturity are as follows:

	Principal	Interest	Total Debt Service
2025	$ 4,005,000	$ 2,466,200	$ 6,471,200
2026	3,940,000	2,265,950	6,205,950
2027	4,140,000	2,068,950	6,208,950
2028	4,345,000	1,861,950	6,206,950
2029	4,560,000	1,644,700	6,204,700
2030-2034	21,405,000	4,809,750	26,214,750
2035-2036	8,715,000	480,400	9,195,400
	$ 51,110,000	$ 15,597,900	$ 66,707,900

The Division's long-term debt at December 31, 2024, and 2023 consists of the following payable from revenues of the Division.

	2024	2023
2015 Revenue Bonds, with an interest rate from 2.0% to 5.0% due in yearly installments of $1,960,000 to $2,760,000 from 2017 through 2025. Original par value $21,095,000. Callable on June 1, 2025.	$ 2,760,000	$ 5,390,000
2016 Series A Refunding Bonds, with interest rates ranging from 3.0% to 5.0%. Principal payments range between $2,905,000 to $4,465,000 between 2031 and 2036. Original par value value $23,200,000.	23,200,000	23,200,000
2016 Series B Refunding Bonds, with interest rates at 5.0%. Principal payments range between $460,000 to $3,205,000 between 2026 and 2031. Original par value value $15,025,000.	15,025,000	15,025,000
2022 Revenue Bonds, with interest rates from 3.0% to 5.0%. Principal payments range between $730,000 to $1,665,000 between 2022 and 2031. Original par value value $13,190,000.	10,125,000	11,310,000
Total revenue bonds outstanding	51,110,000	54,925,000
Less:		
Current portion	(3,671,250)	(3,497,083)
Current portion payable from restricted assets	(333,750)	(317,917)
Plus: Unamortized premium	5,038,579	5,721,957
Total long-term debt - Revenue Bonds	$ 52,143,579	$ 56,831,957

Moody's Investors Service, Standard & Poor's and Fitch Ratings have assigned ratings of "A1," "AA" and "AA-", respectively.

Defeased and outstanding bonds constitute a contingent liability of the Division 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 therefore are excluded from the financial statements because the likelihood of additional funding requirements is considered remote. As of fiscal year-end December 31, 2024 and 2023, the Division did not have any outstanding defeased debt.

The Division's revenue bonds are secured by net operating income and cash and equity in pooled investments balances in the bond construction, reserve, and debt service funds. The bonds are also subject to certain financial and non-financial covenants. Arbitrage calculations were prepared and no arbitrage was due in 2024 or 2023.

NOTE 8 SELF-INSURANCE FUND

The major risks to the Division are flooding, recontamination, wind damage, chemical spills, and earthquakes. Mitigating controls and emergency and business resumption plans are in place. To the extent damage or claims exceed insured values, rates may be impacted.

The City of Tacoma has established a Self-insurance Fund (the Fund) to insure the Division and other divisions within the City for certain losses arising from personal and property damage claims by third parties. The Division participates in the City's self-insurance program for claims that arise during the normal course of business. Environmental and tax claims generally are paid for out of revenue of the Division and not from the Fund. The Division is required to make payments to the Fund to cover claims incurred by the Division and administrative expenses of the Fund. The Division's premium payments totaled $236,025 for 2024 and $220,116 for 2023. The Division only recognizes expense for premium payments because the risk of loss transfers to the Fund.

The City purchased a Fiduciary Liability coverage with a limit of $15.0 million and a $100,000 deductible. This coverage provides for wrongful acts related to the fiduciary duty of the City, trustees, or committee members arising out of the administration of the City's employee benefit programs. The coverage also provides a Government Crime policy with a $5.0 million limit and a $200,000 deductible for employee dishonesty and for fraudulent or dishonest acts by employees against the City for loss of money, securities, and property. Coverage also includes an Excess Worker's Compensation policy with a statutory limit and a self-insured retention of $1.25 million per occurrence. Coverage also has a Cybersecurity policy with a limit of $2.0 million and a deductible of $250,000. An Excess Cyber policy is maintained with a limit of $2.0 million in excess of the primary policy. The City also has an Aviation Liability – Unmanned Aircraft Liability coverage for drones with a limit of $3.0 million. There is no deductible for this coverage.

General Government maintains Property insurance coverage that covers its buildings and contents within the buildings and motor vehicles on insured premises with a limit of $500.0 million per occurrence. A deductible of $150,000 per occurrence applies to the building and contents except a deductible of $250,000 for water damage claims. For loss due to earthquake, a limit of $10.0 million applies with a deductible of 5% of the value of the damaged property subject to a $250,000 minimum. For loss due to flood, a $500,000 deductible applies for property in Flood Zones A & V, while a $150,000 deductible applies to property in all other Flood Zones. Excess liability policies provide coverage for Wrongful Acts, General liability, and Automobile liability with a limit of $20.0 million each occurrence and $20.0 million in the aggregate with a $5.0 million retention for claims other than those related to law enforcement. Excess Law enforcement liability coverage is maintained with a limit of $10.0 million per occurrence and a $10.0 million aggregate with a $5.0 million retention.

The Division's cost for these policies was $54,652 in 2024 and $27,435 in 2023.

Changes in the City's estimated claims settlements liability for the past three years were as follows:

(Amounts expressed in thousands)

	Self Insurance Fund			Worker Compensation Fund			TPU Self Insurance Fund		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Balance 01/01	$42,468	$33,626	$35,525	$2,938	$2,602	$3,487	$4,249	$2,872	3,070
New Claims	771	11,788	138	2,837	3,302	2,212	1,247	2,560	1,179
Adjustments to Claims	23,412	2,995	2,012	3,911	3,223	1,371	964	(911)	(666)
Claims Payment	(8,233)	(5,941)	(4,049)	(5,958)	(6,189)	(4,468)	(2,233)	(272)	(711)
Balance 12/31	$ 58,418	$ 42,468	$ 33,626	$ 3,728	$ 2,938	$ 2,602	$ 4,227	$ 4,249	$ 2,872

NOTE 9 WESTERN METAL INDUSTRY PENSION FUND

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

The Plan fell into critical status following the 2009 Plan Year and was certified as "critical" in 2010. In an effort to improve the Plan's funding situation, the Trustees adopted a Rehabilitation Plan on May 28, 2010, and subsequently updated it on July 24, 2012, and December 9, 2016.

The Rehabilitation Plan consists of reductions in adjustable benefits including early retirement benefits and retirement payment options, and contribution increases of 16% per year for up to 11 years over the current contribution level. These contribution increases do not translate into additional benefit accruals but instead are directed solely toward improving the Plan's funded status. The Trustees have adopted the "free look" rule set forth in subsection 4210(a) of ERISA related to withdrawal liabilities.

Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or, a copy of the Plan's annual report may be obtained by making a written request to the Plan administrator.

The employer is required to make contributions to the Plan absent terms of a Collective Bargaining Agreement.

On December 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 General Unit. Contained in this agreement was a call for cessation of the participation in the Plan. The contributions submitted for the December 31, 2019 payroll were the final contributions made on behalf of the employees in this unit. As of December 31, 2024, there were no employees participating in the plan.

Those employees who vested would be eligible for benefits based on their date of withdrawal.

On November 5, 2021, the City received a Withdrawal Liability Demand Letter from the Plan. The actuaries for the Fund determined that the withdrawal liability attributed to City of Tacoma is $44,325,881 in total, but the collective liability was recorded by the City of Tacoma 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 of 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 are due 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. There was no payment made in 2024 and $1.7 million payment was made in 2023.

On January 26, 2022, the City submitted an appeal over the liability calculation subject to the Employee Retirement Income Security Act of 1974 (ERISA). On April 12, 2023, the City submitted a Demand and Notice of Initiation Arbitration to American Arbitration Association. On January 2, 2024, the City received the ruling on motions for summary judgement and award regarding the interest rate used to calculate the withdrawal liability from American Arbitration Association. On January 23, 2024, the City filed a complaint to enforce arbitration award to United States District Court Western District of Washington in Seattle. The outcome of the complaint is uncertain at the time of the report issuance and may affect the estimated liability amount.

NOTE 10 TACOMA EMPLOYEES'S RETIREMENT SYSTEM (TERS OR THE SYSTEM)

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

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

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

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 the Pierce Transit and South Sound 911 (formerly known as Law Enforcement Support Agency) who established membership in the System when these agencies were still City of Tacoma departments, 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 RCW 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.

The breakdown of membership as of December 31, 2023 and 2022, (measurement date) is as follows:

	Measurement date as of December 31,	
	2023	2022
Retirees and beneficiaries currently receiving benefits	2,836	2,765
Terminated vested and other terminated participants	948	918
Active members:		
City of Tacoma	2,982	2,877
Pierce Transit	15	17
South Sound 911	-	2
Tacoma-Pierce County Health Department	328	305
Total active members	3,325	3,201
Total membership	7,109	6,884

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.

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 as a member 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.

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.

The total contribution rate continues to be 21%, divided as 54% for the employer and 46% for the employee, for a new total of 11.34% from the employer and 9.66% from the employee. Changes to the contribution rate are subject to Sections 1.30.340 and 1.30.360 of the Tacoma Municipal Code.

Significant Assumptions - The following actuarial methods were used in the funding valuation.

Measurement Date	December 31, 2023
Valuation Date	January 1, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	Funding is based on statutory contributions rate. This amount is compared to a 25-year amortization for the purposes of calculating the Actuarially Determined Contribution (ADC). The amortization method for the ADC is as follows*: • Level percent • Open periods • 25 year amortization period* • 3.25% amortization growth rate
Asset Valuation Method	4 year smoothing period; Corridor - None
Inflation	2.50%
Salary Increases	Varies by service
Investment Rate of Return	6.75%
Cost of Living Adjustment	2.125%
Retirement Age	Varies by age, gender, and eligibility
Turnover	Varies by service, and gender
Mortality	105% of the Male and 100% of the Femal PubG-2010 Amount-Weighted Mortality Tables, sex distinct. Generational improvements with unisex projection scale based on Social Security Administration Data 1957-2017.

**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.*

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. There have been no significant changes between the January 1, 2024, valuation date and December 31, 2023, the measurement date. Therefore, no adjustments were needed from the January 1, 2024, actuarial valuation date to the calculated liabilities as of December 31, 2023, measurement date for reporting date of December 31, 2024. There were no changes between the January 1, 2023, and January 1, 2024, valuation dates.

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 Milliman's (the System's actuary) investment consulting practice as of December 31, 2023 and 2022 for reporting date December 31, 2024 and 2023, respectively.

The target asset allocation is based on the Tacoma Employees' Retirement System Investment Policy Statement dated August 2023 and November 2022 for reporting date December 31, 2024, and 2023, respectively.

	Reporting date			
	December 31, 2024		December 31, 2023	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Investment Grade Fixed Income	21.5%	2.28%	19.5%	2.35%
US Bank/ Leveraged Loans	2.0%	4.12%	3.0%	3.75%
US Long Government Bonds	3.0%	2.43%	3.0%	2.38%
High Yield Bonds	5.0%	3.93%	6.0%	4.28%
Emerging Market Debt	5.0%	2.80%	5.0%	4.04%
Global Equity	19.0%	4.35%	34.5%	5.08%
Low Volatility Global Equity	9.5%	4.47%	-	-
Private Real Estate	10.0%	3.53%	10.0%	3.35%
Private Equity	15.0%	7.15%	10.0%	7.78%
Private Credit	3.0%	5.90%	-	-
Master Limited Partnerships	-	-	4.0%	5.73%
Infrastructure	7.0%	5.28%	5.0%	4.12%
Assumed Inflation - Mean		2.50%		2.50%
Assumed Inflation - Standard Deviation		1.44%		1.41%
Portfolio 10 year Geometric Rate of Return		6.60%		7.04%
Portfolio 30 year Arithmetic Rate of Return		7.89%		-
Portfolio 30 year Geometric Rate of Return		7.28%		-
Portfolio Standard Deviation		11.55%		11.04%
Long-Term Expected Rate of Return, net of investment expenses		6.75%		6.75%

Sensitivity Analysis - The following presents the net pension liability (asset) of the System, calculated using the discount rate of 6.75%, as of December 31, 2024 and 2023, as well as what the System’s net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower, 5.75%, or 1 percentage point higher, 7.75%, than the current rate.

As of December 31, 2024	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability (asset)	$ 20,901,723	$ 7,012,756	$ (4,560,106)

As of December 31, 2023	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability (asset)	$ 21,178,771	$ 7,450,022	$ (3,990,471)

As of December 31, 2024 and 2023, the deferred inflows and outflows of resources are as follows:

	December 31, 2024		December 31, 2023	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	$ (98,789)	$ 1,488,637	$ (167,944)	$ 515,571
Changes of assumptions	-	861,270	-	1,464,202
Net Difference Between Projected and Actual Earnings	-	4,377,371	-	5,798,588
Changes in Employer Proportion	(5,811)	311	(8,427)	23
Contributions Made Subsequent to the Measurement Date	-	1,963,749	-	1,837,567
Total	$ (104,600)	$ 8,691,338	$ (176,371)	$ 9,615,951

The Division reported $2.0 million as deferred outflows of resources as of December 31, 2024 related to the amounts associated with contributions subsequent to the measurement date and will be recognized as a reduction of the total pension liability in the fiscal year ending December 31, 2025.

The net amount of deferred inflows and outflows, other than contributions made subsequent to the measurement date, will be recognized as pension expense in each of the next five years.

Amounts will be recognized in pension expense as follows:

2025	$ 2,080,948
2026	1,322,112
2027	3,124,306
2028	(16,251)
2029	111,874
	$ 6,622,989

At December 31, 2024, the Division reported a pension liability of $7,012,756 for its proportionate share of the total System, compared to a pension liability of $7,450,022 at December 31, 2023. The proportionate share of the Solid Waste Division is 5.17% of total System's pension liability as of December 31, 2024, and 5.39% as of December 31, 2023. The proportionate share was based on the actual contributions for the years as of December 31, 2024 and 2023.

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description - The City provides the opportunity to receive medical benefits to most of its retirees until age 65. Eligibility and the amount of benefits paid by the City vary by group (TERS, LEOFF 1, LEOFF 2, or Rail employees). The City charges some early retirees not yet eligible for Medicare a health premium based on the claims experience of both actives and retirees. Since health claims costs generally increase with age, retiree health premiums would be significantly higher if they were determined without regard to active claims experience. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

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 Human Resources Department. The membership as of January 1, 2024 for non-LEOFF 1 members includes 4,038 active participants, 639 vested terminated participants, 255 retirees and surviving spouses, and spouses of current retirees. The membership as of January 1, 2024 for LEOFF 1 members includes 1 active participant and 227 retirees.

This plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Actuarial Assumptions and Other Inputs – The valuation date is January 1, 2024 for both non-LEOFF 1 and 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, 2023. This is the date as of which the total OPEB liability is determined. Note that GASB 75 allows a lag 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, 2024 and 2023.

In preparing the valuation, the actuary relied, without audit, on information as of January 1, 2024, furnished by the City. This information includes, but is not limited to, statutory provisions, member census data, and financial information.

Valuation Date:	January 1, 2024	
Census Date:	January 1, 2024	
Actuarial Cost Method:	Individual Entry Age Normal Cost Method	
Demographic Assumptions:	Demographic assumptions regarding retirements, disability, and turnover are based upon pension valuations for the various pension plans.	
Actuarial Assumptions:		
Discount Rate:	2.00% for pay-as-you-go funding	
Medical Cost Trend:	2024	6.90%
	2025	6.10%
	2026	5.40%
	2030	4.80%
	2040	4.20%
	2050	4.30%
	2060	4.30%
	2070	4.00%
	2080	3.90%
	Note that the trend for year 2024 reflects the percent by which 2025 medical costs are expected to exceed 2024 medical costs. These trend rates assume that, over time, deductibles and out-of-pocket maximums will be periodically increased as medical trends increase.	
Economic Assumptions -		
Discount Rate (Liabilities):	3.25%	
Demographic Assumptions:	Eligibility:	
	Disability - Five years of service are required for non-service connected disability.	

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 years of service
- Age 40 with 20 years of service

Former members who are entitled to a deferred vested pension benefit are also eligible to receive medical benefits after pension benefit commencement.

Survivors of members who die prior to retirement are eligible for medical benefits.

The discount rate was based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes of Assumptions: The discount rate was updated to 3.25% in 2024 from 3.75% in 2023. The medical cost discount rate was updated to 6.9% in 2024 from 6.5% in 2023. The actuarial cost method is the individual entry age actuarial cost method to be in compliance with GASB 75.

OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources

At December 31, 2024 the Division reported a total liability of $2,331,238 for its proportionate share of the collective total OPEB liability of $181.7 million compared to $2,649,673 at December 31, 2023. At December 31, 2024 the Division reported a current liability of $56,134 compared to $73,922 at December 31, 2023. At December 31, 2024, the participating Division's proportion was 1.28333% as compared to 1.37954% at December 31, 2023. For the year ended December 31, 2024, the participating Division recognized an OPEB credit of $78,865 compared to an OPEB expense of $6,533 in 2023.

At December 31, 2024, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2024		December 31, 2023	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	$ (194,125)	$ 21,288	$ (17,335)	$ 29,395
Changes of assumptions	(340,587)	192,263	(484,435)	194,681
Changes in Employer Proportion	(240,872)	200,490	(80,787)	280,872
Differences in Contributions	(122,419)	-	(135,626)	-
Contributions Made Subsequent to the Measurement Date	-	127,256	-	96,099
Total	$ (898,003)	$ 541,297	$ (718,183)	$ 601,047

The Division reported $127,256 as deferred outflows of resources related to the amounts associated with contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB Liability in the fiscal year ending December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	$ (38,988)
2026	(47,736)
2027	(75,907)
2028	(138,172)
2029	(129,928)
Thereafter	(53,231)
	$ (483,962)

Sensitivity of the Division's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

As of December 31, 2024, the following presents the Division's proportionate share of the OPEB liability, calculated using the discount rate of 3.25%, as well as what the Division's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.25%, or one percentage point higher, 4.25%, than the current rate.

As of December 31, 2024	1% Decrease 2.25%	Current Discount Rate 3.25%	1% Increase 4.25%
Net OPEB liability	$ 2,589,105	$ 2,331,238	$ 2,110,349

As of December 31, 2023, the following presents the Division's proportionate share of the OPEB liability, calculated using the discount rate of 3.75%, as well as what the Division's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.75%, or one percentage point higher, 4.75%, than the current rate.

As of December 31, 2023	1% Decrease 2.75%	Current Discount Rate 3.75%	1% Increase 4.75%
Net OPEB liability	$ 2,939,495	$ 2,649,673	$ 2,401,373

Sensitivity of the Division's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

As of December 31, 2024 and 2023, the following presents the Division's proportionate share of the OPEB liability using the healthcare cost trend rate as well as what the Division's proportionate share of the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

As of December 31, 2024	1% Decrease 5.90%	Current Trend Rates 6.90%	1% Increase 7.90%
Net OPEB liability	$ 2,097,830	$ 2,331,238	$ 2,603,360

As of December 31, 2023	1% Decrease 5.50%	Current Trend Rates 6.50%	1% Increase 7.50%
Net OPEB liability	$ 2,364,653	$ 2,649,673	$ 2,983,566

NOTE 12 LANDFILL POST-CLOSURE CARE LIABILITIES

The Environmental Services Solid Waste 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 expired in March of 2020. The agreement was renewed in March of 2023 for a five-year term. The Solid Waste permit issued by TPCHD expires yearly in March. It expired in March of 2024 and was renewed with a new expiration dat in March of 2025. A new permit was issued by the TPCHD in February 2025 and will expire in March 2026. The City anticipates renewal of this permit before its expiration.

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 City reported $11,716,412 as landfill post-closure care liability as of December 31, 2024 based on 100% use of the total capacity of the Tacoma Landfill. This compares to $11,494,416 at December 31, 2023 based on 100% of capacity. Actual care costs may be higher or lower due to inflation, changes in technology, or changes in regulations. The City retains on-going post-closure care liability and 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.

The City has initiated meetings with the State Department of Ecology, the Environmental Protection Agency and the Tacoma-Pierce County Department of Health to discuss closure of the Consent Decree and post closure liabilities. These meetings are on-going.

NOTE 13 COMMITMENTS AND CONTINGENCIES

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 contract was then extended in August of 2024 through February 2030. 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.

Long-term Contract – Cedar Grove Composting, Inc - In December 2022 the Division entered into a five (5) year agreement with Cedar Grove Composting, Inc 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 in which the price per ton may be adjusted beginning on the first anniversary of the effective date of the Contract and annually on each anniversary of the effective date thereafter (each an "Adjustment Date"), the current per-ton rate multiplied by one hundred percent (100%) of the Consumer Price Index Increase. "Consumer Price Index Increase" means the increase in the Consumer Price Index for All Urban Consumers (CPI-U) of the Seattle-Tacoma-Bellevue area, as computed and published by the U.S. Bureau of Labor. 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 2032.

NOTE 14 LITIGATION AND CLAIMS

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

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Required Supplementary Information

Proportionate Share of the Net Pension Liability Last 10 Years

	As of Measurement Date December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset) as a percentage	5.17%	5.39%	5.68%	5.76%	5.73%	5.60%	5.70%	5.56%	5.52%	5.50%
Employer's proportion share of net pension liability (asset)	$ 7,012,756	$7,450,022	($8,325,298)	$3,997,969	($1,065,425)	$6,556,061	($2,240,216)	$5,161,926	$4,779,164	($529,445)
Employer's covered payroll	$16,667,970	$15,904,129	$15,436,350	$14,860,715	$14,756,596	$13,968,588	$13,465,213	$12,772,077	$12,948,158	$12,591,124
Employer's proportionate share of net pension liability (asset) as a percentage of its covered employee payroll	42.07%	46.84%	-53.93%	26.90%	-7.22%	46.93%	-16.64%	40.42%	36.91%	-4.20%
Plan fiduciary net position as a percentage the total pension liability	93.49%	93.02%	107.74%	96.22%	101.08%	92.81%	102.53%	93.91%	93.94%	100.71%

Schedule of Contributions Last 10 Fiscal Years

	Fiscal Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$1,963,749	$1,837,567	$1,774,882	$1,709,737	$1,639,697	$1,565,610	$1,504,807	$1,340,723	$1,303,538	$1,253,635
Contributions in relation to the contractually required employer contribution	(1,963,749)	(1,837,567)	(1,774,882)	(1,709,737)	(1,639,697)	(1,565,610)	(1,504,807)	(1,340,723)	(1,303,538)	(1,253,635)
Employer contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Employer's covered employee payroll	$18,594,113	$16,667,970	$15,904,129	$15,436,350	$14,860,715	$14,756,596	$13,968,588	$13,465,213	$12,772,077	$12,948,158
Employer contribution as a percentage of covered-employee payroll	10.56%	11.02%	11.16%	11.08%	11.03%	10.61%	10.77%	9.96%	10.21%	9.68%

Proportionate Share of the Collective OPEB Liability Last 10 Years*

	As of Measurement Date December 31,							
	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the collective OPEB liability as a percentage	1.28%	1.38%	1.42%	1.40%	1.22%	1.18%	1.18%	1.15%
Employer's proportion share of collective OPEB liability	$2,331,238	$2,649,673	$3,235,065	$3,200,855	$2,536,608	$2,404,966	$2,611,190	$2,401,762
Employer's covered-employee payroll**	$16,667,970	$15,904,129	$15,436,350	$14,860,715	$14,756,596	$13,968,588	$13,465,213	$12,773,370
Employer's proportionate share of collective OPEB liability as a percentage of its covered-employee payroll	13.99%	16.66%	20.96%	21.54%	17.19%	17.22%	19.39%	18.80%

** The above schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Division will present information for available years.*
*** The Division's covered employee payroll has been restated for the measurement date ended December 31, 2017.*

Notes to Required Supplementary Information
For the Fiscal Year Ended December 31, 2024

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms: There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of Assumptions: The discount rate was updated to 3.25% in 2024 from 3.75% in 2023. The medical cost discount rate was updated to 6.9% in 2024 from 6.5% in 2023. The actuarial cost method is the individual entry age actuarial cost method to be in compliance with GASB 75.

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Supplemental Information (Unaudited)

City of Tacoma, Washington
Environmental Services Department
Solid Waste Management
Unaudited Supplemental Information

City of Tacoma, Washington Solid Waste Revenue Bonds, Series 2015
City of Tacoma, Washington Solid Waste Revenue Refunding Bonds, Series 2016A
City of Tacoma, Washington Solid Waste Revenue Refunding Bonds, Series 2016B
City of Tacoma, Washington Solid Waste Revenue Bonds, Series 2022

The following continuing disclosure information for 2023 is provided in accordance with SEC Rule 15c2-12(b)(5)

Outstanding Solid Waste Bonds
Reference Note 6 in Notes to Financial Statements

Debt Service Coverage

	2023 (As Restated)	2024
Parity Bond Debt Service Coverage Ratio	4.68	4.56
Parity Bond Debt Service Coverage Ratio Before Rate Stabilization	4.68	4.56

Number of Customers by Type of Service
The System's number of customers for 2023 and 2024 by type of service is shown below:

Customer Class	2023	2024
Residential	57,045	56,638
Commercial	5,469	5,243
Total Customers	62,514	61,881

Top Ten Customers
The System's ten largest customers for 2024 are shown in the following table.

Customer Name	Amount	Percent of 2024 Operating Revenues [1]
Multicare	$ 1,327,274	1.44%
Puyallup Tribe	851,033	0.92%
St Joseph	763,831	0.83%
City of Tacoma	673,491	0.73%
United Parcel Service	654,600	0.71%
Home Depot	604,504	0.66%
Tacoma School District	598,757	0.65%
Aladdin Camelot Apartments	576,011	0.62%
Salishan	477,967	0.52%
Tacoma Mall Partnership	473,447	0.51%
Total Revenue	$ 7,000,915	7.35%

[1] Total system revenue $ 95,305,908

Revenues by Service

	2023	2024
Residential collection	$ 36,586,707	$ 38,107,455
Commercial collection	41,036,691	40,987,592
Disposal revenues	13,097,161	13,942,468
Salvage revenues	776,890	1,528,272
Other operating revenues	722,199	740,121
Total operating revenues	$ 92,219,648	$ 95,305,908

Municipal Solid Waste Disposal Volumes:

	Thousands of Tons			
	2023 Tonnage	2023 Percent of Total	2024 Tonnage	2024 Percent of Total
Solid waste	207,708	81%	205,342	80%
Recycling	24,238	9%	22,045	10%
Yard waste	26,397	10%	29,803	10%
Total	258,343	100%	257,190	100%

Municipal Solid Waste Disposal Methods:

	Tonnage	Percent of Total	Tonnage	Percent of Total
Hauled to Landfills	207,708	81%	205,342	80%
Recycling and Composting	50,635	19%	51,848	20%
Total	258,343	100%	257,190	100%

Solid Waste Rates

Rates become effective January 1 of each year and are net of refuse collection taxes. The garbage disposal and yard waste rates in 2024 remain unchanged compared to 2023.

	2023		2024	
	Rate Per 100 Pounds	Minimum Charge	Rate Per 100 Pounds	Minimum Charge
Garbage Disposal				
City of Tacoma Resident [1]	$7.25	$20.00	$7.25	$20.00
Non-City of Tacoma Resident	8.50	40.00	8.50	40.00
Commercial	8.50	40.00	8.50	40.00
Yard Waste				
City of Tacoma Resident	$0.00	$0.00	$0.00	$0.00
Non-City of Tacoma Resident	8.50	40.00	8.50	40.00
Commercial	8.50	40.00	8.50	40.00

[1] For City residents, the minimum charge includes the first 400 pounds