
March 2021

***WASTEWATER AND SURFACE WATER
MANAGEMENT***

INTERIM FINANCIAL REPORT



Prepared by the City of Tacoma - Finance Department

City of Tacoma, Washington
Environmental Services Department
Wastewater and Surface Water Management

Table of Contents

Management’s Discussion and Analysis	3
Interim Financial Statements	9
Statements of Net Position (Unaudited)	10
Statements of Revenue, Expense, and Changes in Net Position (Unaudited)	13
Statements of Cash Flow (Unaudited)	14
Interim Financial Statements by Utility	17
Statements of Net Position (Unaudited)	18
Statements of Revenues, Expense and Changes in Net Position (Unaudited)	21
Statements of Cash Flow (Unaudited)	22

Note:

These financial statements are interim, unaudited reports prepared primarily for the use of management.

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Management's Discussion and Analysis

City of Tacoma, Washington
Environmental Services Department
Wastewater and Surface Water Management
Management's Discussion and Analysis
For the quarters ended March 31, 2021 and 2020

Introduction

The following is management's discussion and analysis (MD&A) of the financial activities of the City of Tacoma's Wastewater and Surface Water Management Division (the Division) for the periods ended March 31, 2021, and 2020. The MD&A is designed to focus on significant financial transactions and activities and to identify changes in financial position. This information should be read in conjunction with the financial statements taken as a whole. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles. Immaterial differences may occur due to rounding.

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 periods ended March 31, 2021, and 2020, 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 Wastewater and Surface Water Management Division'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.

Financial Highlights

- The change in net position was \$2.6 million in the first three months of 2021, compared to \$3.4 million for the same period in 2020.
- Total net position was \$492.7 million at March 31, 2021 compared to \$478.2 million at March 31, 2020.
- Operating revenues were \$29.6 million for the first three months of 2021 compared to \$28.6 million in 2020.
- Cash and equity in pooled investments unrestricted was \$100.1 million at March 31, 2021 compared to \$90.4 million in 2020.

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 statement of net position provides a comparison of net position for the last two periods.

	March 31,		Increase
	2021	2020	(Decrease)
Current, restricted, and other assets	\$ 197,552,975	\$ 203,003,430	\$ (5,450,455)
Net capital assets	627,356,887	605,029,524	22,327,363
Total assets	824,909,862	808,032,954	16,876,908
Deferred outflows of resources	9,845,259	20,052,336	(10,207,077)
Total assets and deferred outflows of resources	<u>\$ 834,755,121</u>	<u>\$ 828,085,290</u>	<u>\$ 6,669,831</u>
Non-current liabilities	\$ 287,777,023	\$ 300,254,952	\$ (12,477,929)
Current liabilities	20,507,829	20,794,937	(287,108)
Total liabilities	308,284,852	321,049,889	(12,765,037)
Deferred inflows of resources	33,798,132	28,849,294	4,948,838
Total liabilities and deferred inflows of resources	<u>342,082,984</u>	<u>349,899,183</u>	<u>(7,816,199)</u>
Net position:			
Net investment in capital assets	415,351,456	414,215,015	1,136,441
Restricted	6,519,318	4,672,034	1,847,284
Unrestricted	70,801,363	59,299,058	11,502,305
Total net position	<u>492,672,137</u>	<u>478,186,107</u>	<u>14,486,030</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 834,755,121</u>	<u>\$ 828,085,290</u>	<u>\$ 6,669,831</u>

The assets and deferred outflows of the Division exceeded liabilities and deferred inflows by \$492.7 million in 2021, compared to \$478.2 million in 2020. The Division's net position increased by \$2.6 million in 2021 compared to an increase of \$3.4 million in 2020. However, 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 \$415.4 million in 2021 compared to \$414.2 million in 2020. 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.

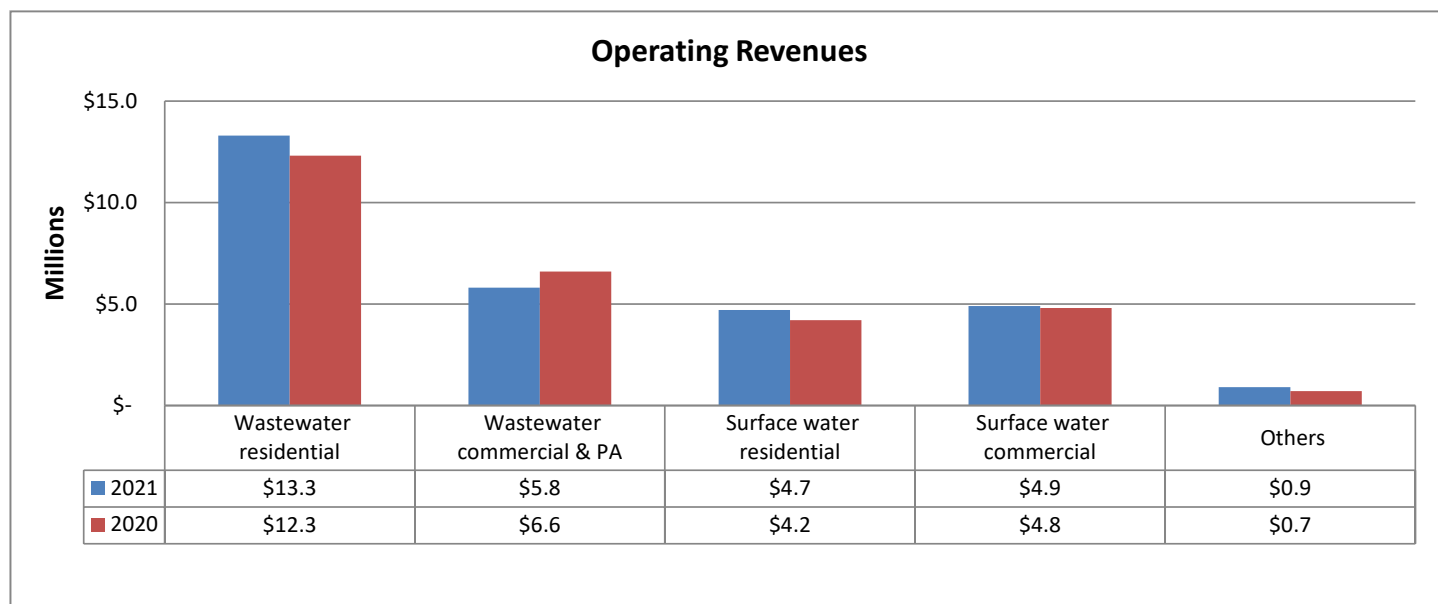
The restricted portion of the Division's net position is \$6.5 million in 2021 compared to \$4.7 million in 2020 and represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$70.8 million for 2021, and \$59.3 million for 2020 is unrestricted.

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

	March Year-to-Date		Increase
	2021	2020	(Decrease)
Operating revenues	\$ 29,604,296	\$ 28,578,828	\$ 1,025,468
Operating expenses	23,155,634	21,893,732	1,261,902
Net operating income	6,448,662	6,685,096	(236,434)
Nonoperating expenses	(1,517,811)	(1,073,065)	(444,746)
Increase in net position			
before transfers	4,930,851	5,612,031	(681,180)
Capital contributions	386,098	432,873	(46,775)
Transfers	(2,702,684)	(2,621,092)	(81,592)
Increase in net position	2,614,265	3,423,812	(809,547)
Net position - Beginning of year	490,057,872	474,762,295	15,295,577
Net position - Ending	\$ 492,672,137	\$ 478,186,107	\$ 14,486,030

Operating revenues

The following graph provides a comparison of operating revenues for the first three months of 2021 and 2020.

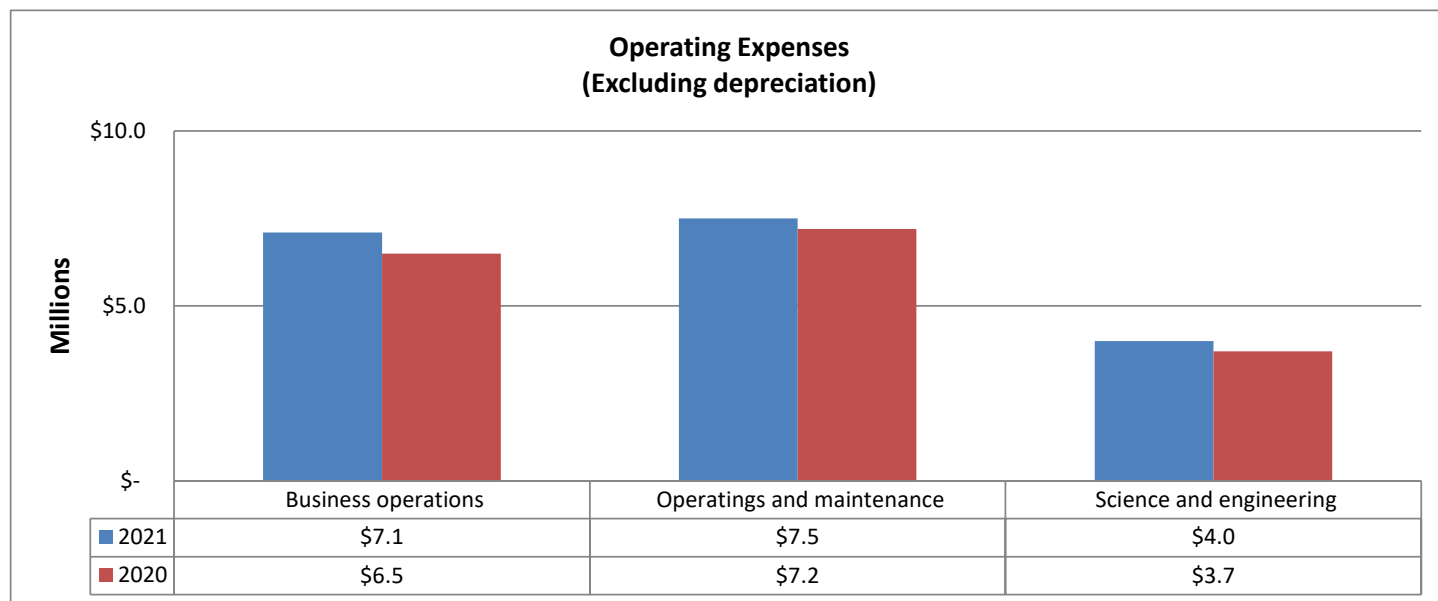


Operating revenues for the first three months of 2021 were \$29.6 million compared to \$28.6 million in 2020. The approved overall rate increases for Wastewater were 1.5% and 4.0% for 2021 and 2020, respectively. The approved overall rate increase for Surface Water was 1.5% and 3.5% for 2021 and 2020, respectively. The rate increases went into effect January 1 of each year.

Wastewater residential revenues increased \$1.0 million or 8% compared to the same period last year. Wastewater commercial and public authority (PA) revenues decreased \$718,000 million or 11% partly due to temporary business shut down and partial closures due to Covid-19 impacts. Surface Water residential revenue increased \$416,000 or 10% and Surface Water commercial revenue increased \$153,000 or 3%. Other revenues increased \$140,000 or 19% mainly due to increased revenues from septic tank and leachates from the Land Recovery Inc.

Operating expenses

The graph below shows operating expenses for each of the operating groups, which excluded depreciation.



Operating expenses excluding depreciation increased \$1.3 million compared to the same period last year.

- Business operation expenses increased \$593,000. The significant events were:
 - Professional service expense increased \$183,000 due in part to establishing the Puget Sound Institute Modelling Center with the University of Washington Tacoma.
 - Bad debts increased \$570,000 due to an increase in aged accounts receivable.
 - Administrative and General (A&G) credit allocated to capital projects increased \$225,000 due in part to more spending on capital projects.
 - The remaining difference of \$65,000 was due to multiple small increases in other expenses.
- Operations and maintenance expenses increased \$306,000. The significant events were:
 - Labor expense including all payroll-associated costs increased \$220,000.
 - Operating supplies increased \$145,000 due in part to increases in repair and maintenance costs for Plant 1 and Pump station.
 - Fleet charges allocated through PM orders decreased \$101,000.
 - The remaining difference of \$42,000 was due to multiple small increases in other expenses.
- Science and engineering expenses increased \$307,000. The significant events were:
 - Professional service increased \$400,000 due to various projects including the WSDOT v. Tacoma I-5 T Street Pipes project with Harbor Consulting, and Flexible Infiltration testing project with Kindred Hydro Inc.
 - Repair and maintenance decreased \$218,000 due in part to the decrease in management and maintenance service costs with Kidder Mathew for the Center for Urban Water building.
 - Legal service increased \$94,000 due in part to the WSDOT v. Tacoma I-5 T Street Pipes project with Ahlers Cressman & Sleight PLLC.
 - The remaining difference of \$31,000 was due to multiple small increases in other expenses.

Non-operating revenues and expenses

Net expenses of \$1.5 million reported for the first three months of 2021 and \$1.1 million for 2020. Compared to last year, investment income decreased \$444,000 due to the decrease in cash balance and lower interest on investments.

Capital Assets

Net capital assets increased \$22.3 million over the prior year. Land and easements increased \$1.3 million mainly due to the Union Pacific Railroad easements. Buildings increased \$17.7 million: \$17.9 million increased for reclassified assets from machinery and equipment, and transmission lines and other improvements, \$1.6 million decreased for disposed assets per physical inventory, and \$1.4 million increased for the Sedimentation Tank #1 & #2 project. Machinery and equipment decreased \$14.5 million: \$12.8 million decreased for reclassified assets to buildings, \$2.8 million decreased for disposed assets per physical inventory, and \$1.1 million increased for vehicles purchased through Fleet and various equipment. Transmission lines and other improvements increased \$7.0 million: 2,166 feet of donated lines were recorded for \$1.5 million, 74,118 feet of old lines were retired at the historical cost of \$300,000, 28,169 feet of new replacement lines and extended sewer lines were recorded for \$11.0 million, and \$5.8 million was decreased for reclassified assets to buildings. Accumulated depreciation increased \$14.9 million and construction in progress increased \$25.6 million.

Debt Administration

At March 31, 2021, the Division had \$289.3 million outstanding debt: \$45.5 million of this is junior lien debt consisting of State Revolving Fund (SRF) loans and Certificate of Participation (COP) loan. The remaining balance is senior parity bonds debt. Of the total outstanding debts, \$11.9 million will be paid in 2021.

Debt Service Coverage

The bonds coverage ratio is calculated by dividing net revenue by debt service as defined by bonds covenants. Net revenue was calculated using the January through March actual results and estimates for the remainder of the year for both Wastewater and Surface Water. The SRF loans are junior lien debt and excluded from the debt service in the bonds coverage ratio calculation.

The Division is required by its bond covenants to maintain a debt service coverage ratio of 1.3. The debt service coverage ratio estimate was 2.84 in 2021. This compares to 2.98 in the same period of 2020.

Request for Information

Wastewater and Surface Water 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.

Interim Financial Statements

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)

	As of March 31,		Increase
	2021	2020	(Decrease)
ASSETS			
Current assets:			
Cash and equity in pooled investments	\$ 100,109,358	\$ 90,395,481	\$ 9,713,877
Accounts receivable, net	9,306,622	8,168,401	1,138,221
Unbilled revenues	7,675,787	7,736,787	(61,000)
GASB 31 market rate adjustment	2,638,833	1,106,962	1,531,871
Conservation loan fund receivables	123,536	151,349	(27,813)
Loan receivable	12,313,258	-	12,313,258
Due from other governments	-	55,823	(55,823)
Inventory	2,125,245	1,751,467	373,778
Prepayments	162,306	148,244	14,062
Restricted cash and equity in pooled investments:			
Debt service funds	5,621,109	5,621,382	(273)
Construction funds	50,380,375	82,347,360	(31,966,985)
Total restricted cash and equity in pooled investments	56,001,484	87,968,742	(31,967,258)
Total current assets	190,456,429	197,483,256	(7,026,827)
Non-current assets:			
Restricted cash and equity in pooled investments:			
Debt reserves	4,672,034	4,672,034	-
Net pension asset	1,847,284	-	1,847,284
Conservation loan fund receivables	577,228	754,227	(176,999)
Prepayments	-	93,913	(93,913)
Capital assets:			
Land and easements	25,205,158	23,897,246	1,307,912
Buildings	213,368,351	195,685,094	17,683,257
Machinery and equipment	199,259,518	213,765,418	(14,505,900)
Transmission lines and other improvements	449,762,639	442,735,419	7,027,220
Computer software	9,466,301	9,307,245	159,056
Less: accumulated depreciation	(318,719,974)	(303,790,653)	(14,929,321)
Construction work in progress	49,014,894	23,429,755	25,585,139
Total capital assets, net	627,356,887	605,029,524	22,327,363
Total non-current assets	634,453,433	610,549,698	23,903,735
TOTAL ASSETS	824,909,862	808,032,954	16,876,908
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - loss on refunding bonds	3,372,703	3,578,060	(205,357)
Deferred outflows - OPEB	992,025	1,052,545	(60,520)
Deferred outflows - pensions	5,480,531	15,421,731	(9,941,200)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,845,259	20,052,336	(10,207,077)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 834,755,121	\$ 828,085,290	\$ 6,669,831

These Statements should be read with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)

	As of March 31,		Increase
	2021	2020	(Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,033,140	\$ 1,898,285	\$ 134,855
Accrued wages payable and compensated absences payable	1,900,820	1,622,517	278,303
Accrued taxes payable	189,722	151,462	38,260
Due to other governments	780,000	780,000	-
Accrued environmental liability	147,500	1,736,567	(1,589,067)
Accrued State loan interest payable	375,176	336,188	38,988
Current portion of Capital COP loan	525,000	-	525,000
Current portion of State Revolving Fund loan	4,085,363	4,011,393	73,970
Current portion of revenue bonds payable	4,850,000	4,636,666	213,334
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	2,425,000	2,318,334	106,666
Accrued revenue bonds interest payable	3,196,108	3,303,525	(107,417)
Total current liabilities	20,507,829	20,794,937	(287,108)
Non-current liabilities:			
Long-term debt - revenue bonds, net	236,577,507	245,007,799	(8,430,292)
Long-term debt - Capital COP loan	12,270,000	-	12,270,000
Long-term State Revolving Fund loan	28,599,505	32,624,538	(4,025,033)
Long-term accrued compensated absences	3,270,411	2,565,742	704,669
Long-term accrued environmental liability	1,144,500	1,192,000	(47,500)
Net pension liability	-	13,029,876	(13,029,876)
Net OPEB liability	2,635,160	2,555,057	80,103
Pension withdrawal liability	3,279,940	3,279,940	-
Total noncurrent liabilities	287,777,023	300,254,952	(12,477,929)
TOTAL LIABILITIES	308,284,852	321,049,889	(12,765,037)
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	12,374	30,934	(18,560)
Deferred inflows - OPEB	1,746,124	2,106,245	(360,121)
Deferred inflows - pensions	7,039,634	1,712,115	5,327,519
TOTAL DEFERRED INFLOWS OF RESOURCES	33,798,132	28,849,294	4,948,838
NET POSITION			
Net investment in capital assets	415,351,456	414,215,015	1,136,441
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Net pension asset	1,847,284	-	1,847,284
Unrestricted	70,801,363	59,299,058	11,502,305
TOTAL NET POSITION	492,672,137	478,186,107	14,486,030
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 834,755,121	\$ 828,085,290	\$ 6,669,831

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City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Revenue, Expense, and Changes in Net Position (Unaudited)

	March Year-to-Date		\$	%
	2021	2020	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 13,306,445	\$ 12,272,351	\$ 1,034,094	8%
Wastewater commercial and public authorities	5,839,482	6,557,491	(718,009)	-11%
Surface water residential	4,655,081	4,238,759	416,322	10%
Surface water commercial	4,940,959	4,788,181	152,778	3%
Other revenues	862,329	722,046	140,283	19%
Total operating revenues	29,604,296	28,578,828	1,025,468	4%
OPERATING EXPENSES				
Business operations	7,053,707	6,460,623	593,084	9%
Operations and maintenance	7,499,800	7,193,595	306,205	4%
Science and engineering	3,957,770	3,650,550	307,220	8%
Depreciation	4,644,357	4,588,964	55,393	1%
Total operating expenses	23,155,634	21,893,732	1,261,902	6%
Net operating income	6,448,662	6,685,096	(236,434)	-4%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	429,086	873,510	(444,424)	-51%
Interest expenses and other related costs	(2,604,581)	(2,748,206)	143,625	5%
Amortization of bond premium and gain/loss on refunding	241,676	242,346	(670)	0%
Other nonoperating revenues	391,158	458,785	(67,627)	-15%
Gain or loss on sale/disposal of capital assets	24,850	100,500	(75,650)	-75%
Total nonoperating expenses	(1,517,811)	(1,073,065)	(444,746)	-41%
Net income before contributions and transfers	4,930,851	5,612,031	(681,180)	-12%
Capital contributions and grants	386,098	432,873	(46,775)	-11%
Transfer in from other funds	-	7,552	(7,552)	-100%
Transfer out to other funds	(293,125)	(316,626)	23,501	7%
Gross earnings tax	(2,409,559)	(2,312,018)	(97,541)	-4%
Total contributions and transfers	(2,316,586)	(2,188,219)	(128,367)	-6%
CHANGE IN NET POSITION	2,614,265	3,423,812	(809,547)	-24%
NET POSITION - JANUARY 1	490,057,872	474,762,295	15,295,577	3%
NET POSITION - MARCH 31	\$ 492,672,137	\$ 478,186,107	\$ 14,486,030	3%

These Statements should be read with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Cash Flow (Unaudited)

	March Year-to-Date	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 28,449,388	\$ 27,274,369
Payments to suppliers	(16,783,827)	(10,007,244)
Payments to employees	(8,827,016)	(8,420,602)
Payments for taxes	(500,986)	(434,984)
Net cash from operating activities	2,337,559	8,411,539
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out to other funds	(2,702,684)	(2,628,644)
Operating grants received	237,692	595,839
Contributions and donations	-	15,820
Net cash from noncapital financing activities	(2,464,992)	(2,016,985)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Transfer in from other funds	-	7,552
Acquisition and construction of capital assets	(8,669,278)	(4,353,294)
Principal payments on capital debt	414,279	-
Interest and issuance costs paid on capital debt	-	(101,377)
Contributions and donations	386,098	388,164
Cash proceeds from sale of capital assets	24,850	100,500
Insurance recoveries	1,818	5,750
Net cash from capital financing activities	(7,842,233)	(3,952,705)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	(2,209,748)	(233,452)
Nonoperating income	389,340	437,215
Net cash from investing activities	(1,820,408)	203,763
NET INCREASE (DECREASE) IN CASH AND EQUITY IN POOLED INVESTMENTS	(9,790,074)	2,645,612
CASH AND EQUITY IN POOLED INVESTMENTS, BEGINNING	170,572,950	180,390,645
CASH AND EQUITY IN POOLED INVESTMENTS, ENDING	\$ 160,782,876	\$ 183,036,257

These Statements should be read with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Cash Flow (Unaudited)

	March Year-to-Date	
	2021	2020
RECONCILIATION OF OPERATING INCOME		
(LOSS) TO NET CASH FROM OPERATING ACTIVITIES:		
Net operating income	\$ 6,448,662	\$ 6,685,096
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation expense	4,644,357	4,588,964
Expense capital project costs	62,050	-
Cash from changes in operating assets and liabilities:		
Accounts receivable, net of allowance	97,638	(648,275)
Inventory	20,276	(323,533)
Prepayments	115,349	101,289
Accounts payable	(9,155,739)	(2,116,246)
Conservation loan fund receivables	85,712	(8,209)
Accrued wages and compensated absences payable	490,845	550,200
Accrued taxes payable	21	9,084
Deposit in lieu of bonds	(4,017)	-
Due to other governments	-	60,000
Accrued environmental liability	-	(29,490)
Unearned revenues	(467,595)	(457,341)
Total adjustments	(4,111,103)	1,726,443
NET CASH FROM OPERATING ACTIVITIES	\$ 2,337,559	\$ 8,411,539

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Interim Financial Statements by Utility

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)

	Wastewater As of March 31,		Surface Water As of March 31,	
	2021	2020	2021	2020
ASSETS				
Current assets:				
Cash and equity in pooled investments	\$ 68,386,929	\$ 68,109,421	\$ 31,722,429	\$ 22,286,060
Accounts receivable, net	6,690,446	6,214,614	2,616,176	1,953,787
Unbilled revenues	4,827,787	4,993,787	2,848,000	2,743,000
GASB 31 market rate adjustment	1,545,642	676,674	1,093,191	430,288
Conservation loan fund receivables	123,536	151,349	-	-
Loan receivable	12,313,258	-	-	-
Due from other governments	-	-	-	55,823
Inventory	2,125,245	1,751,467	-	-
Prepayments	162,306	148,244	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	3,290,748	3,289,069	2,330,361	2,332,313
Construction funds	14,152,696	35,235,397	36,227,679	47,111,963
Total restricted cash and equity in pooled investments	17,443,444	38,524,466	38,558,040	49,444,276
Total current assets	113,618,593	120,570,022	76,837,836	76,913,234
Non-current assets:				
Restricted cash and equity in pooled investments:				
Debt reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	1,363,742	-	483,542	-
Conservation loan fund receivables	577,228	754,227	-	-
Prepayments	-	93,913	-	-
Capital assets:				
Land and easements	13,266,759	12,052,764	11,938,399	11,844,482
Buildings	211,503,807	193,820,550	1,864,544	1,864,544
Machinery and equipment	179,220,187	200,095,181	20,039,331	13,670,237
Transmission lines and other improvements	246,673,758	237,213,579	203,088,881	205,521,840
Computer software	5,548,488	5,391,078	3,917,813	3,916,167
Less: accumulated depreciation	(256,619,103)	(245,826,067)	(62,100,871)	(57,964,586)
Construction work in progress	32,471,384	12,909,999	16,543,510	10,519,756
Total capital assets, net	432,065,280	415,657,084	195,291,607	189,372,440
Total non-current assets	438,646,250	421,145,224	195,807,183	189,404,474
TOTAL ASSETS	552,264,843	541,715,246	272,645,019	266,317,708
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - loss on refunding bonds	2,115,781	2,240,909	1,256,922	1,337,151
Deferred outflows - OPEB	263,428	217,076	728,597	835,469
Deferred outflows - pensions	4,045,956	10,458,400	1,434,575	4,963,331
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,425,165	12,916,385	3,420,094	7,135,951
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 558,690,008	\$ 554,631,631	\$ 276,065,113	\$ 273,453,659

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)

	Wastewater As of March 31,		Surface Water As of March 31,	
	2021	2020	2021	2020
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,509,366	\$ 1,344,992	\$ 523,774	\$ 553,293
Accrued wages payable and compensated absences payable	1,422,348	1,198,873	478,472	423,644
Accrued taxes payable	123,908	111,069	65,814	40,393
Due to other governments	780,000	780,000	-	-
Accrued environmental liability	-	-	147,500	1,736,567
Accrued State loan interest payable	373,162	334,003	2,014	2,185
Current portion of Capital COP loan	525,000	-	-	-
Current portion of State Revolving Fund loan	4,061,210	3,987,930	24,153	23,463
Current portion of revenue bonds payable	2,915,423	2,786,843	1,934,577	1,849,823
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	1,457,712	1,393,422	967,288	924,912
Accrued revenue bonds interest payable	1,833,036	1,896,124	1,363,072	1,407,401
Total current liabilities	15,001,165	13,833,256	5,506,664	6,961,681
Non-current liabilities:				
Long-term debt - revenue bonds, net	138,566,657	143,497,608	98,010,850	101,510,191
Long-term debt - Capital COP loan	12,270,000	-	-	-
Long-term State Revolving Fund loan	28,287,222	32,348,431	312,283	276,107
Long-term accrued compensated absences	2,654,336	2,094,738	616,075	471,004
Long-term accrued environmental liability	-	-	1,144,500	1,192,000
Net pension liability	-	8,836,340	-	4,193,536
Net OPEB liability	1,375,803	1,350,938	1,259,357	1,204,119
Pension withdrawal liability	3,279,940	3,279,940	-	-
Total noncurrent liabilities	186,433,958	191,407,995	101,343,065	108,846,957
TOTAL LIABILITIES	201,435,123	205,241,251	106,849,729	115,808,638
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflows - gain on refunding bonds	5,197	12,992	7,177	17,942
Deferred inflows - OPEB	1,618,935	1,988,074	127,189	118,171
Deferred inflows - pensions	5,196,951	1,161,088	1,842,683	551,027
TOTAL DEFERRED INFLOWS OF RESOURCES	23,821,083	20,162,154	9,977,049	8,687,140
NET POSITION				
Net investment in capital assets	274,016,306	270,499,586	141,335,150	143,715,429
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	1,363,742	-	483,542	-
Unrestricted	53,413,754	54,088,640	17,387,609	5,210,418
TOTAL NET POSITION	333,433,802	329,228,226	159,238,335	148,957,881
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 558,690,008	\$ 554,631,631	\$ 276,065,113	\$ 273,453,659

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City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Revenues, Expense and Changes in Net Position (Unaudited)

	Wastewater		Surface Water	
	March Year-to-Date		March Year-to-Date	
	2021	2020	2021	2020
OPERATING REVENUES				
Wastewater residential	\$ 13,306,445	\$ 12,272,351	\$ -	\$ -
Wastewater commercial and public authorities	5,839,482	6,557,491	-	-
Surface water residential	-	-	4,655,081	4,238,759
Surface water commercial	-	-	4,940,959	4,788,181
Other revenues	774,644	697,077	87,685	24,969
Total operating revenues	19,920,571	19,526,919	9,683,725	9,051,909
OPERATING EXPENSES				
Business operations	4,749,891	4,357,190	2,303,816	2,103,433
Operations and maintenance	6,663,446	6,205,132	836,354	988,463
Science and engineering	2,196,942	1,890,484	1,760,828	1,760,066
Depreciation	3,549,087	3,542,603	1,095,270	1,046,361
Total operating expenses	17,159,366	15,995,409	5,996,268	5,898,323
Net operating income	2,761,205	3,531,510	3,687,457	3,153,586
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	245,634	529,229	183,452	344,281
Interest expenses and other related costs	(1,580,263)	(1,690,156)	(1,024,318)	(1,058,050)
Amortization of bond premium and gain/loss on refunding	109,934	110,213	131,742	132,133
Other nonoperating revenues	373,340	438,063	17,818	20,722
Gain or loss on sale/disposal of capital assets	24,850	100,500	-	-
Total nonoperating expenses	(826,505)	(512,151)	(691,306)	(560,914)
Net income before contributions and transfers	1,934,700	3,019,359	2,996,151	2,592,672
Capital contributions and grants	187,230	293,833	198,868	139,040
Transfer in from other funds	-	-	-	7,552
Transfer out to other funds	-	(29,363)	(293,125)	(287,263)
Gross earnings tax	(1,620,971)	(1,588,073)	(788,588)	(723,945)
Total contributions and transfers	(1,433,741)	(1,323,603)	(882,845)	(864,616)
CHANGE IN NET POSITION	500,959	1,695,756	2,113,306	1,728,056
NET POSITION - JANUARY 1	332,932,843	327,532,470	157,125,029	147,229,825
NET POSITION - MARCH 31	\$ 333,433,802	\$ 329,228,226	\$ 159,238,335	\$ 148,957,881

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Cash Flow (Unaudited)

	Wastewater March Year-to-Date		Surface Water March Year-to-Date	
	2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 19,439,330	\$ 18,343,864	\$ 9,010,058	\$ 8,930,505
Payments to suppliers	(13,022,339)	(7,139,983)	(3,761,488)	(2,867,261)
Payments to employees	(6,620,056)	(6,037,356)	(2,206,960)	(2,383,246)
Payments for taxes	(343,049)	(299,492)	(157,937)	(135,492)
Net cash from operating activities	(546,114)	4,867,033	2,883,673	3,544,506
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfer out to other funds	(1,620,971)	(1,617,436)	(1,081,713)	(1,011,208)
Operating grants received	-	-	237,692	595,839
Contributions and donations	-	-	-	15,820
Net cash from noncapital financing activities	(1,620,971)	(1,617,436)	(844,021)	(399,549)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Transfer in from other funds	-	-	-	7,552
Acquisition and construction of capital assets	(6,609,315)	(2,038,373)	(2,059,963)	(2,314,921)
Principal payments on capital debt	398,119	-	16,160	-
Interest and issuance costs paid on capital debt	-	(101,062)	-	(315)
Contributions and donations	187,230	271,478	198,868	116,686
Cash proceeds from sale of capital assets	24,850	100,500	-	-
Insurance recoveries	-	5,750	1,818	-
Net cash from capital financing activities	(5,999,116)	(1,761,707)	(1,843,117)	(2,190,998)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	(1,300,009)	(147,445)	(909,739)	(86,007)
Nonoperating income	373,340	432,313	16,000	4,902
Net cash from investing activities	(926,669)	284,868	(893,739)	(81,105)
NET INCREASE (DECREASE) IN CASH AND EQUITY IN POOLED INVESTMENTS	(9,092,870)	1,772,758	(697,204)	872,854
CASH AND EQUITY IN POOLED INVESTMENTS, BEGINNING	99,563,243	109,501,129	71,009,707	70,889,516
CASH AND EQUITY IN POOLED INVESTMENTS, ENDING	<u>\$ 90,470,373</u>	<u>\$ 111,273,887</u>	<u>\$ 70,312,503</u>	<u>\$ 71,762,370</u>

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Cash Flow (Unaudited)

	Wastewater March Year-to-Date		Surface Water March Year-to-Date	
	2021	2020	2021	2020
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Net operating income	\$ 2,761,205	\$ 3,531,510	\$ 3,687,457	\$ 3,153,586
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation expense	3,549,087	3,542,603	1,095,270	1,046,361
Expense capital project costs	62,050	-	-	-
Cash from changes in operating assets and liabilities:				
Accounts receivable, net of allowance	379,499	(774,164)	(281,861)	125,889
Inventory	20,276	(323,533)	-	-
Prepayments	115,349	101,289	-	-
Accounts payable	(7,562,033)	(1,362,101)	(1,593,706)	(754,145)
Conservation loan fund receivables	85,712	(8,209)	-	-
Accrued wages and compensated absences payable	358,639	382,227	132,206	167,973
Accrued taxes payable	(7,337)	15,277	7,358	(6,193)
Deposit in lieu of bonds	(4,017)	-	-	-
Due to other governments	-	60,000	-	-
Accrued environmental liability	-	-	-	(29,490)
Unearned revenues	(304,544)	(297,866)	(163,051)	(159,475)
Total adjustments	(3,307,319)	1,335,523	(803,784)	390,920
NET CASH FROM OPERATING ACTIVITIES	\$ (546,114)	\$ 4,867,033	\$ 2,883,673	\$ 3,544,506



The City of Tacoma does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or to request a reasonable accommodation, please contact the City Clerk's Office at (253) 591-5505. TTY or speech to speech users please dial 711 to connect to Washington Relay Services.