



*Wastewater and Surface Water
Management
Interim Financial Report
For the Month ended April 30, 2019*

City of Tacoma, Washington
Prepared by the Finance Department
Eun Joo Ebenhoh, Senior Accountant

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

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

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Management's Discussion and Analysis

The management discussion and analysis (MD&A) is prepared for quarter-end reports: March, June, September, and December. Please refer to the prior quarter-end MD&A for interim months.

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Financial Statements

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

	April 30,		Increase (Decrease)
	2019	2018	
ASSETS			
Current assets:			
Cash and equity in pooled investments	\$ 74,883,366	\$ 100,832,430	\$ (25,949,064)
Accounts receivable, net	8,094,682	6,399,669	1,695,013
Unbilled revenues	8,263,787	6,970,787	1,293,000
Conservation loan fund receivables	236,596	139,339	97,257
Due from other governments	535,674	213,598	322,076
Inventory	1,348,344	1,232,025	116,319
Prepayments	106,916	103,269	3,647
Restricted cash and equity in pooled investments:			
Debt service funds	9,830,454	5,291,930	4,538,524
Construction funds	94,935,870	16,574	94,919,296
Total restricted cash and equity in pooled investments	104,766,324	5,308,504	99,457,820
Total current assets	198,235,689	121,199,621	77,036,068
Non-current assets:			
Restricted cash and equity in pooled investments:			
Debt reserves	4,672,034	14,335,157	(9,663,123)
Net pension asset	4,409,368	-	4,409,368
Conservation loan fund receivables	655,443	643,998	11,445
Prepayments	187,825	281,737	(93,912)
Capital assets:			
Land and easements	23,696,172	23,656,971	39,201
Buildings	191,724,902	191,776,653	(51,751)
Machinery and equipment	209,895,673	209,826,286	69,387
Transmission lines and other improvements	422,991,108	408,710,966	14,280,142
Computer software	9,280,373	8,940,494	339,879
Less: accumulated depreciation	(288,436,250)	(274,524,738)	(13,911,512)
Construction work in progress	29,195,945	14,737,276	14,458,669
Total capital assets, net	598,347,923	583,123,908	15,224,015
Total non-current assets	608,272,593	598,384,800	9,887,793
TOTAL ASSETS	806,508,282	719,584,421	86,923,861
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - loss on refunding bonds	2,244,254	2,849,654	(605,400)
Deferred outflow - OPEB	317,474	-	317,474
Deferred outflow - pensions	5,654,674	11,070,737	(5,416,063)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,216,402	13,920,391	(5,703,989)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 814,724,684	\$ 733,504,812	\$ 81,219,872

These statements should be read in conjunction with the Notes to 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)

	April 30,		Increase
	2019	2018	(Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,997,792	\$ 1,906,337	\$ 91,455
Accrued wages payable and compensated absences payable	1,570,832	1,559,741	11,091
Accrued taxes payable	171,484	157,949	13,535
Due to other governments	775,417	842,759	(67,342)
Accrued environmental liability	1,163,748	821,201	342,547
Accrued State Revolving Fund loan interest payable	61,796	67,912	(6,116)
Current portion of State Revolving Fund loan	3,974,617	3,902,805	71,812
Current portion of revenue bonds payable	3,864,583	2,931,250	933,333
GASB 31 market rate adjustment	976,809	742,934	233,875
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	2,760,417	2,093,750	666,667
Accrued revenue bond interest payable	4,263,612	3,198,180	1,065,432
Deposit in lieu of bond	9,250	-	9,250
Total current liabilities	<u>21,590,357</u>	<u>18,224,818</u>	<u>3,365,539</u>
Non-current liabilities:			
Long-term debt - revenue bonds, net	253,023,992	189,202,328	63,821,664
Long-term accrued compensated absences	2,757,749	2,979,424	(221,675)
Long-term accrued environmental liability	1,012,500	840,000	172,500
Long-term State Revolving Fund loan	34,651,037	38,625,654	(3,974,617)
Net pension liability	-	10,569,592	(10,569,592)
Net OPEB liability	4,101,053	2,968,581	1,132,472
Total noncurrent liabilities	<u>295,546,331</u>	<u>245,185,579</u>	<u>50,360,752</u>
TOTAL LIABILITIES	<u>317,136,688</u>	<u>263,410,397</u>	<u>53,726,291</u>
 DEFERRED INFLOWS OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflow - gain on refunding bonds	47,948	66,509	(18,561)
Deferred inflow - OPEB	64,332	-	64,332
Deferred inflow - pensions	7,505,773	2,277,390	5,228,383
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>32,618,053</u>	<u>27,343,899</u>	<u>5,274,154</u>
 NET POSITION			
Net investment in capital assets	410,223,536	391,093,001	19,130,535
Restricted for:			
Bond reserves	4,672,034	14,335,157	(9,663,123)
Debt service	2,806,425	-	2,806,425
Deposit in lieu of bond	9,250	-	9,250
Net pension asset	4,409,368	-	4,409,368
Unrestricted for:	42,849,330	37,322,358	5,526,972
TOTAL NET POSITION	<u>464,969,943</u>	<u>442,750,516</u>	<u>22,219,427</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES			
AND NET POSITION	<u>\$ 814,724,684</u>	<u>\$ 733,504,812</u>	<u>\$ 81,219,872</u>

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

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

	April Year-to-Date		\$	%
	2019	2018	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 16,598,349	\$ 16,219,713	\$ 378,636	2%
Wastewater commercial and public authorities	9,005,115	8,409,176	595,939	7%
Surface water residential	5,890,528	5,761,189	129,339	2%
Surface water commercial	6,316,135	6,063,592	252,543	4%
Other revenues	767,104	1,231,450	(464,346)	-38%
Total operating revenues	38,577,231	37,685,120	892,111	2%
OPERATING EXPENSES				
Business operations	7,827,391	8,185,861	(358,470)	-4%
Operatings and maintenance	9,020,525	8,736,597	283,928	3%
Science and engineering	5,363,928	5,299,864	64,064	1%
Depreciation	5,942,478	5,846,807	95,671	2%
Total operating expenses	28,154,322	28,069,129	85,193	0%
Net operating income	10,422,909	9,615,991	806,918	8%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,255,509	536,007	719,502	134%
Interest expenses and other related costs	(3,658,665)	(2,703,877)	(954,788)	35%
Amortizatin of bond premium and gain/loss on refunding	349,823	295,067	54,756	19%
Other nonoperating revenues	578,894	507,106	71,788	14%
Gain on sale/disposal of capital assets	900	-	900	n/a
Total nonoperating expenses	(1,473,539)	(1,365,697)	(107,842)	8%
Net income before contributions and transfers	8,949,370	8,250,294	699,076	8%
Capital contribtuions and grants	673,980	2,140,859	(1,466,879)	-69%
Transfer in from other funds	225,364	108,944	116,420	107%
Transfer out to other funds	(424,167)	-	(424,167)	n/a
Gross earnings tax	(3,293,403)	(3,122,556)	(170,847)	5%
Total contributions and transfers	(2,818,226)	(872,753)	(1,945,473)	223%
CHANGE IN NET POSITION	6,131,144	7,377,541	(1,246,397)	-17%
NET POSITION - JANUARY 1	458,838,799	435,372,975	23,465,824	5%
NET POSITION - APRIL 30	\$ 464,969,943	\$ 442,750,516	\$ 22,219,427	5%

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Financial Statements by Utility

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

	Wastewater April 30,		Surface Water April 30,	
	2019	2018	2019	2018
ASSETS				
Current assets:				
Cash and equity in pooled investments	\$ 60,213,705	\$ 62,261,215	\$ 14,669,661	\$ 38,571,215
Accounts receivable, net	6,012,566	4,495,137	2,082,116	1,904,532
Unbilled revenues	5,336,787	4,614,787	2,927,000	2,356,000
Conservation loan fund receivables	236,596	139,339	-	-
Due from other governments	-	-	535,674	213,598
Inventory	1,348,344	1,232,025	-	-
Prepayments	106,916	103,269	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	6,147,078	3,005,859	3,683,376	2,286,071
Construction funds	43,232,552	38	51,703,318	16,536
Total restricted cash and equity in pooled investments	49,379,630	3,005,897	55,386,694	2,302,607
Total current assets	122,634,544	75,851,669	75,601,145	45,347,952
Non-current assets:				
Restricted cash and equity in pooled investments:				
Debt reserves	4,640,000	10,081,491	32,034	4,253,666
Net pension asset	2,983,298	-	1,426,070	-
Conservation loan fund receivables	655,443	643,998	-	-
Prepayments	187,825	281,737	-	-
Capital assets:				
Land and easements	12,012,788	11,993,187	11,683,384	11,663,784
Buildings	189,753,995	189,805,746	1,970,907	1,970,907
Machinery and equipment	196,542,551	196,107,223	13,353,122	13,719,063
Transmission lines and other improvements	225,221,892	222,543,527	197,769,216	186,167,439
Computer software	5,379,794	5,140,169	3,900,579	3,800,325
Less: accumulated depreciation	(233,871,017)	(223,253,731)	(54,565,233)	(51,271,007)
Construction work in progress	19,742,892	5,482,176	9,453,053	9,255,100
Total capital assets, net	414,782,895	407,818,297	183,565,028	175,305,611
Total non-current assets	423,249,461	418,825,523	185,023,132	179,559,277
TOTAL ASSETS	545,884,005	494,677,192	260,624,277	224,907,229
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - loss on refunding bonds	833,559	980,446	1,410,695	1,869,208
Deferred outflow - OPEB	278,085	-	39,389	-
Deferred outflow - pensions	3,825,850	7,553,493	1,828,824	3,517,244
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,937,494	8,533,939	3,278,908	5,386,452
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 550,821,499	\$ 503,211,131	\$ 263,903,185	\$ 230,293,681

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

	Wastewater		Surface Water	
	April 30,		April 30,	
	2019	2018	2019	2018
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,603,930	\$ 1,243,522	\$ 393,862	\$ 662,815
Accrued wages payable and compensated absences payable	1,187,850	1,098,273	382,982	461,468
Accrued taxes payable	120,507	112,776	50,977	45,173
Due to other governments	775,417	842,759	-	-
Accrued environmental liability	-	-	1,163,748	821,201
Accrued State Revolving Fund loan interest payable	58,661	64,562	3,135	3,350
Current portion of State Revolving Fund loan	3,951,824	3,880,662	22,793	22,143
Current portion of revenue bonds payable	2,326,018	1,762,451	1,538,565	1,168,799
GASB 31 market rate adjustment	623,113	455,812	353,696	287,122
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	1,661,442	1,258,894	1,098,975	834,856
Accrued revenue bond interest payable	2,449,044	1,746,965	1,814,568	1,451,215
Deposit in lieu of bond	9,250	-	-	-
Total current liabilities	14,767,056	12,466,676	6,823,301	5,758,142
Non-current liabilities:				
Long-term debt - revenue bonds, net	148,190,112	107,658,692	104,833,880	81,543,636
Long-term accrued compensated absences	2,288,084	2,314,865	469,665	664,559
Long-term accrued environmental liability	-	-	1,012,500	840,000
Long-term State Revolving Fund loan	34,351,467	38,303,290	299,570	322,364
Net pension liability	-	7,211,565	-	3,358,027
Net OPEB liability	3,732,518	2,477,745	368,535	490,836
Total noncurrent liabilities	188,562,181	157,966,157	106,984,150	87,219,422
TOTAL LIABILITIES	203,329,237	170,432,833	113,807,451	92,977,564
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflow - gain on refunding bonds	20,138	27,934	27,810	38,575
Deferred inflow - OPEB	61,726	-	2,606	-
Deferred inflow - pensions	5,078,270	1,553,849	2,427,503	723,541
TOTAL DEFERRED INFLOWS OF RESOURCES	22,160,134	18,581,783	10,457,919	8,762,116
NET POSITION				
Net investment in capital assets	270,009,447	257,165,752	140,214,089	133,927,249
Restricted for:				
Bond reserves	4,640,000	10,081,491	32,034	4,253,666
Debt service	2,036,592	-	769,833	-
Deposit in lieu of bond	9,250	-	-	-
Net pension asset	2,983,298	-	1,426,070	-
Unrestricted for:	45,653,541	46,949,272	(2,804,211)	(9,626,914)
TOTAL NET POSITION	325,332,128	314,196,515	139,637,815	128,554,001
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES				
AND NET POSITION	\$ 550,821,499	\$ 503,211,131	\$ 263,903,185	\$ 230,293,681

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

	Wastewater		Surface Water	
	April Year-to-Date		April Year-to-Date	
	2019	2018	2019	2018
OPERATING REVENUES				
Wastewater residential	\$ 16,598,349	\$ 16,219,713	\$ -	\$ -
Wastewater commercial and public authorities	9,005,115	8,409,176	-	-
Surface water residential	-	-	5,890,528	5,761,189
Surface water commercial	-	-	6,316,135	6,063,592
Other revenues	716,811	865,121	50,293	366,329
Total operating revenues	<u>26,320,275</u>	<u>25,494,010</u>	<u>12,256,956</u>	<u>12,191,110</u>
OPERATING EXPENSES				
Business operations	5,188,230	5,716,516	2,639,161	2,469,345
Operatings and maintenance	7,864,613	7,622,241	1,155,912	1,114,356
Science and engineering	2,689,741	2,435,904	2,674,187	2,863,960
Depreciation	4,587,165	4,525,342	1,355,313	1,321,465
Total operating expenses	<u>20,329,749</u>	<u>20,300,003</u>	<u>7,824,573</u>	<u>7,769,126</u>
Net operating income	<u>5,990,526</u>	<u>5,194,007</u>	<u>4,432,383</u>	<u>4,421,984</u>
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	784,687	332,229	470,822	203,778
Interest expenses and other related costs	(2,203,360)	(1,635,175)	(1,455,305)	(1,068,702)
Amortizatin of bond premium and gain/loss on refunding	173,188	147,512	176,635	147,555
Other nonoperating revenues	567,232	505,654	11,662	1,452
Gain on sale/disposal of capital assets	900	-	-	-
Total nonoperating expenses	<u>(677,353)</u>	<u>(649,780)</u>	<u>(796,186)</u>	<u>(715,917)</u>
Net income before contributions and transfers	<u>5,313,173</u>	<u>4,544,227</u>	<u>3,636,197</u>	<u>3,706,067</u>
Capital contribtuions and grants	544,711	2,041,814	129,269	99,045
Transfer in from other funds	-	-	225,364	108,944
Transfer out to other funds	(40,150)	-	(384,017)	-
Gross earnings tax	(2,236,667)	(2,122,147)	(1,056,736)	(1,000,409)
Total contributions and transfers	<u>(1,732,106)</u>	<u>(80,333)</u>	<u>(1,086,120)</u>	<u>(792,420)</u>
CHANGE IN NET POSITION	<u>3,581,067</u>	<u>4,463,894</u>	<u>2,550,077</u>	<u>2,913,647</u>
NET POSITION - JANUARY 1	<u>321,751,061</u>	<u>309,732,621</u>	<u>137,087,738</u>	<u>125,640,354</u>
NET POSITION - APRIL 30	<u>\$ 325,332,128</u>	<u>\$ 314,196,515</u>	<u>\$ 139,637,815</u>	<u>\$ 128,554,001</u>

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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.

