
April 2020

***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	5
Statements of Net Position (Unaudited).....	6
Statements of Revenue, Expense, and Changes in Net Position (Unaudited).....	9
Interim Financial Statements by Utility	11
Statements of Net Position (Unaudited).....	12
Statements of Revenues, Expense and Changes in Net Position (Unaudited)	15

Note:

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

This page intentionally left blank.

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.

This page intentionally left blank.

Interim Financial Statements

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

	As of April 30,		Increase
	2020	2019	(Decrease)
ASSETS			
Current assets:			
Cash and equity in pooled investments	\$ 96,174,035	\$ 74,883,366	\$ 21,290,669
Accounts receivable, net	9,484,517	8,094,682	1,389,835
Unbilled revenues	7,736,787	8,263,787	(527,000)
GASB 31 market rate adjustment	1,106,962	-	1,106,962
Conservation loan fund receivables	151,349	236,596	(85,247)
Due from other governments	-	535,674	(535,674)
Inventory	1,744,145	1,348,344	395,801
Prepayments	114,482	106,916	7,566
Restricted cash and equity in pooled investments:			
Debt service funds	7,027,323	9,830,454	(2,803,131)
Construction funds	76,829,728	94,935,870	(18,106,142)
Total restricted cash and equity in pooled investments	83,857,051	104,766,324	(20,909,273)
Total current assets	200,369,328	198,235,689	2,133,639
Non-current assets:			
Restricted cash and equity in pooled investments:			
Debt reserves	4,672,034	4,672,034	-
Net pension asset	-	4,409,368	(4,409,368)
Conservation loan fund receivables	716,133	655,443	60,690
Prepayments	93,913	187,825	(93,912)
Capital assets:			
Land and easements	23,897,246	23,696,172	201,074
Buildings	195,685,094	191,724,902	3,960,192
Machinery and equipment	213,790,704	209,895,673	3,895,031
Transmission lines and other improvements	442,735,664	422,991,108	19,744,556
Computer software	9,307,245	9,280,373	26,872
Less: accumulated depreciation	(305,320,866)	(288,436,250)	(16,884,616)
Construction work in progress	24,524,068	29,195,945	(4,671,877)
Total capital assets, net	604,619,155	598,347,923	6,271,232
Total non-current assets	610,101,235	608,272,593	1,828,642
TOTAL ASSETS	810,470,563	806,508,282	3,962,281
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - loss on refunding bonds	3,560,947	2,244,254	1,316,693
Deferred outflows - OPEB	1,052,545	317,474	735,071
Deferred outflows - pensions	15,421,731	5,654,674	9,767,057
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,035,223	8,216,402	11,818,821
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 830,505,786	\$ 814,724,684	\$ 15,781,102

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 April 30,		Increase
	2020	2019	(Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,834,393	\$ 1,997,792	\$ (163,399)
Accrued wages payable and compensated absences payable	3,244,201	1,570,832	1,673,369
Accrued taxes payable	217,764	171,484	46,280
Due to other governments	1,040,000	775,417	264,583
Accrued environmental liability	1,720,792	1,163,748	557,044
Accrued State Revolving Fund loan interest payable	55,557	61,796	(6,239)
Current portion of State Revolving Fund loan	4,047,853	3,974,617	73,236
Current portion of revenue bonds payable	4,057,083	3,864,583	192,500
GASB 31 market rate adjustment	-	976,809	(976,809)
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	2,897,917	2,760,417	137,500
Accrued revenue bonds interest payable	4,129,406	4,263,612	(134,206)
Deposit in lieu of bond	-	9,250	(9,250)
Total current liabilities	23,244,966	21,590,357	1,654,609
Non-current liabilities:			
Long-term debt - revenue bonds, net	244,911,450	253,023,992	(8,112,542)
Long-term accrued compensated absences	2,565,742	2,757,749	(192,007)
Long-term accrued environmental liability	1,192,000	1,012,500	179,500
Long-term State Revolving Fund loan	30,603,183	34,651,037	(4,047,854)
Net pension liability	13,029,876	-	13,029,876
Net OPEB liability	2,555,057	4,101,053	(1,545,996)
Pension withdrawal liability	3,279,940	-	3,279,940
Total noncurrent liabilities	298,137,248	295,546,331	2,590,917
TOTAL LIABILITIES	321,382,214	317,136,688	4,245,526
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	29,388	47,948	(18,560)
Deferred inflows - OPEB	2,106,245	64,332	2,041,913
Deferred inflows - pensions	1,712,115	7,505,773	(5,793,658)
TOTAL DEFERRED INFLOWS OF RESOURCES	28,847,748	32,618,053	(3,770,305)
NET POSITION			
Net investment in capital assets	410,926,167	410,223,536	702,631
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
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	64,677,623	42,849,330	21,828,293
TOTAL NET POSITION	480,275,824	464,969,943	15,305,881
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 830,505,786	\$ 814,724,684	\$ 15,781,102

This page intentionally left blank.

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

	April Year-to-Date		\$	%
	2020	2019	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 17,618,371	\$ 16,598,349	\$ 1,020,022	6%
Wastewater commercial and public authorities	8,293,693	9,005,115	(711,422)	-8%
Surface water residential	6,231,750	5,890,528	341,222	6%
Surface water commercial	6,704,090	6,316,135	387,955	6%
Other revenues	985,696	767,104	218,592	28%
Total operating revenues	39,833,600	38,577,231	1,256,369	3%
OPERATING EXPENSES				
Business operations	8,868,439	7,827,391	1,041,048	13%
Operations and maintenance	9,650,645	9,020,525	630,120	7%
Science and engineering	5,115,081	5,363,928	(248,847)	-5%
Depreciation	6,119,177	5,942,478	176,699	3%
Total operating expenses	29,753,342	28,154,322	1,599,020	6%
Net operating income	10,080,258	10,422,909	(342,651)	-3%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,142,349	1,255,509	(113,160)	-9%
Interest expenses and other related costs	(3,627,460)	(3,658,665)	31,205	1%
Amortization of bond premium and gain/loss on refunding	323,130	349,823	(26,693)	-8%
Other nonoperating revenues	688,221	578,894	109,327	19%
Gain or loss on sale/disposal of capital assets	100,500	900	99,600	11067%
Total nonoperating expenses	(1,373,260)	(1,473,539)	100,279	7%
Net income before contributions and transfers	8,706,998	8,949,370	(242,372)	-3%
Capital contributions and grants	464,026	673,980	(209,954)	-31%
Transfer in from other funds	7,552	225,364	(217,812)	-97%
Transfer out to other funds	(422,167)	(424,167)	2,000	0%
Gross earnings tax	(3,242,880)	(3,293,403)	50,523	2%
Total contributions and transfers	(3,193,469)	(2,818,226)	(375,243)	-13%
CHANGE IN NET POSITION	5,513,529	6,131,144	(617,615)	-10%
NET POSITION - JANUARY 1	474,762,295	458,838,799	15,923,496	3%
NET POSITION - APRIL 30	\$ 480,275,824	\$ 464,969,943	\$ 15,305,881	3%

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

This page intentionally left blank.

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 April 30,		Surface Water As of April 30,	
	2020	2019	2020	2019
ASSETS				
Current assets:				
Cash and equity in pooled investments	\$ 69,858,582	\$ 60,213,705	\$ 26,315,453	\$ 14,669,661
Accounts receivable, net	6,906,463	6,012,566	2,578,054	2,082,116
Unbilled revenues	4,993,787	5,336,787	2,743,000	2,927,000
GASB 31 market rate adjustment	676,674	-	430,288	-
Conservation loan fund receivables	151,349	236,596	-	-
Due from other governments	-	-	-	535,674
Inventory	1,744,145	1,348,344	-	-
Prepayments	114,482	106,916	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	4,111,932	6,147,078	2,915,391	3,683,376
Construction funds	32,972,650	43,232,552	43,857,078	51,703,318
Total restricted cash and equity in pooled investments	37,084,582	49,379,630	46,772,469	55,386,694
Total current assets	121,530,064	122,634,544	78,839,264	75,601,145
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	-	2,983,298	-	1,426,070
Conservation loan fund receivables	716,133	655,443	-	-
Prepayments	93,913	187,825	-	-
Capital assets:				
Land and easements	12,052,764	12,012,788	11,844,482	11,683,384
Buildings	193,820,550	189,753,995	1,864,544	1,970,907
Machinery and equipment	200,120,467	196,542,551	13,670,237	13,353,122
Transmission lines and other improvements	237,213,675	225,221,892	205,521,989	197,769,216
Computer software	5,391,078	5,379,794	3,916,167	3,900,579
Less: accumulated depreciation	(247,007,493)	(233,871,017)	(58,313,373)	(54,565,233)
Construction work in progress	13,500,789	19,742,892	11,023,279	9,453,053
Total capital assets, net	415,091,830	414,782,895	189,527,325	183,565,028
Total non-current assets	420,541,876	423,249,461	189,559,359	185,023,132
TOTAL ASSETS	542,071,940	545,884,005	268,398,623	260,624,277
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - loss on refunding bonds	2,230,482	833,559	1,330,465	1,410,695
Deferred outflows - OPEB	217,076	278,085	835,469	39,389
Deferred outflows - pensions	10,458,400	3,825,850	4,963,331	1,828,824
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,905,958	4,937,494	7,129,265	3,278,908
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 554,977,898	\$ 550,821,499	\$ 275,527,888	\$ 263,903,185

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

	Wastewater As of April 30,		Surface Water As of April 30,	
	2020	2019	2020	2019
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,254,039	\$ 1,603,930	\$ 580,354	\$ 393,862
Accrued wages payable and compensated absences payable	2,380,580	1,187,850	863,621	382,982
Accrued taxes payable	150,338	120,507	67,426	50,977
Due to other governments	1,040,000	775,417	-	-
Accrued environmental liability	-	-	1,720,792	1,163,748
Accrued State Revolving Fund loan interest payable	52,644	58,661	2,913	3,135
Current portion of State Revolving Fund loan	4,024,390	3,951,824	23,463	22,793
Current portion of revenue bonds payable	2,438,488	2,326,018	1,618,595	1,538,565
GASB 31 market rate adjustment	-	623,113	-	353,696
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	1,741,777	1,661,442	1,156,140	1,098,975
Accrued revenue bonds interest payable	2,370,155	2,449,044	1,759,251	1,814,568
Deposit in lieu of bond	-	9,250	-	-
Total current liabilities	15,452,411	14,767,056	7,792,555	6,823,301
Non-current liabilities:				
Long-term debt - revenue bonds, net	143,451,092	148,190,112	101,460,358	104,833,880
Long-term accrued compensated absences	2,094,738	2,288,084	471,004	469,665
Long-term accrued environmental liability	-	-	1,192,000	1,012,500
Long-term State Revolving Fund loan	30,327,076	34,351,467	276,107	299,570
Net pension liability	8,836,340	-	4,193,536	-
Net OPEB liability	1,350,938	3,732,518	1,204,119	368,535
Pension withdrawal liability	3,279,940	-	-	-
Total noncurrent liabilities	189,340,124	188,562,181	108,797,124	106,984,150
TOTAL LIABILITIES	204,792,535	203,329,237	116,589,679	113,807,451
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflows - gain on refunding bonds	12,343	20,138	17,045	27,810
Deferred inflows - OPEB	1,988,074	61,726	118,171	2,606
Deferred inflows - pensions	1,161,088	5,078,270	551,027	2,427,503
TOTAL DEFERRED INFLOWS OF RESOURCES	20,161,505	22,160,134	8,686,243	10,457,919
NET POSITION				
Net investment in capital assets	270,041,573	270,009,447	140,884,594	140,214,089
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Debt service	-	2,036,592	-	769,833
Deposit in lieu of bond	-	9,250	-	-
Net pension asset	-	2,983,298	-	1,426,070
Unrestricted	55,342,285	45,653,541	9,335,338	(2,804,211)
TOTAL NET POSITION	330,023,858	325,332,128	150,251,966	139,637,815
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 554,977,898	\$ 550,821,499	\$ 275,527,888	\$ 263,903,185

This page intentionally left blank.

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

	Wastewater April Year-to-Date		Surface Water April Year-to-Date	
	2020	2019	2020	2019
OPERATING REVENUES				
Wastewater residential	\$ 17,618,371	\$ 16,598,349	\$ -	\$ -
Wastewater commercial and public authorities	8,293,693	9,005,115	-	-
Surface water residential	-	-	6,231,750	5,890,528
Surface water commercial	-	-	6,704,090	6,316,135
Other revenues	958,972	716,811	26,724	50,293
Total operating revenues	<u>26,871,036</u>	<u>26,320,275</u>	<u>12,962,564</u>	<u>12,256,956</u>
OPERATING EXPENSES				
Business operations	6,007,628	5,188,230	2,860,811	2,639,161
Operations and maintenance	8,370,192	7,864,613	1,280,453	1,155,912
Science and engineering	2,765,011	2,689,741	2,350,070	2,674,187
Depreciation	4,724,030	4,587,165	1,395,147	1,355,313
Total operating expenses	<u>21,866,861</u>	<u>20,329,749</u>	<u>7,886,481</u>	<u>7,824,573</u>
Net operating income	<u>5,004,175</u>	<u>5,990,526</u>	<u>5,076,083</u>	<u>4,432,383</u>
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	691,172	784,687	451,177	470,822
Interest expenses and other related costs	(2,216,831)	(2,203,360)	(1,410,629)	(1,455,305)
Amortization of bond premium and gain/loss on refunding	146,952	173,188	176,178	176,635
Other nonoperating revenues	667,499	567,232	20,722	11,662
Gain or loss on sale/disposal of capital assets	100,500	900	-	-
Total nonoperating expenses	<u>(610,708)</u>	<u>(677,353)</u>	<u>(762,552)</u>	<u>(796,186)</u>
Net income before contributions and transfers	<u>4,393,467</u>	<u>5,313,173</u>	<u>4,313,531</u>	<u>3,636,197</u>
Capital contributions and grants	338,041	544,711	125,985	129,269
Transfer in from other funds	-	-	7,552	225,364
Transfer out to other funds	(39,150)	(40,150)	(383,017)	(384,017)
Gross earnings tax	(2,200,970)	(2,236,667)	(1,041,910)	(1,056,736)
Total contributions and transfers	<u>(1,902,079)</u>	<u>(1,732,106)</u>	<u>(1,291,390)</u>	<u>(1,086,120)</u>
CHANGE IN NET POSITION	<u>2,491,388</u>	<u>3,581,067</u>	<u>3,022,141</u>	<u>2,550,077</u>
NET POSITION - JANUARY 1	<u>327,532,470</u>	<u>321,751,061</u>	<u>147,229,825</u>	<u>137,087,738</u>
NET POSITION - APRIL 30	<u>\$ 330,023,858</u>	<u>\$ 325,332,128</u>	<u>\$ 150,251,966</u>	<u>\$ 139,637,815</u>



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.