



# Wastewater and Surface Water Management Interim Financial Report For the Month ended May 31, 2019



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

# Table of Contents

*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.*

Management’s Discussion and Analysis ..... 3

Financial Statements..... 5

Financial Statements by Utility ..... 11

*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.*

# Financial Statements

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

	May 31,		Increase
	2019	2018	(Decrease)
<b>ASSETS</b>			
Current assets:			
Cash and equity in pooled investments	\$ 79,247,764	\$ 100,968,670	\$ (21,720,906)
Accounts receivable, net	7,730,085	6,122,892	1,607,193
Unbilled revenues	8,263,787	6,970,787	1,293,000
Conservation loan fund receivables	241,330	139,339	101,991
Due from other governments	-	155,025	(155,025)
Inventory	1,356,688	1,241,341	115,347
Prepayments	76,936	75,113	1,823
Restricted cash and equity in pooled investments:			
Debt service funds	10,543,745	6,350,316	4,193,429
Construction funds	91,511,698	38	91,511,660
Total restricted cash and equity in pooled investments	102,055,443	6,350,354	95,705,089
Total current assets	198,972,033	122,023,521	76,948,512
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	641,631	643,879	(2,248)
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	209,826,285	69,388
Transmission lines and other improvements	422,991,550	408,711,008	14,280,542
Computer software	9,280,373	8,940,494	339,879
Less: accumulated depreciation	(289,920,941)	(275,985,437)	(13,935,504)
Construction work in progress	32,460,688	16,507,389	15,953,299
Total capital assets, net	600,128,417	583,433,363	16,695,054
Total non-current assets	610,039,275	598,694,136	11,345,139
<b>TOTAL ASSETS</b>	809,011,308	720,717,657	88,293,651
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow - loss on refunding bonds	2,233,618	2,836,087	(602,469)
Deferred outflow - OPEB	317,474	-	317,474
Deferred outflow - pensions	5,654,674	11,070,737	(5,416,063)
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	8,205,766	13,906,824	(5,701,058)
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 817,217,074	\$ 734,624,481	\$ 82,592,593

*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)**

	<b>May 31,</b>		<b>Increase</b>
	<b>2019</b>	<b>2018</b>	<b>(Decrease)</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,089,876	\$ 1,768,914	\$ 320,962
Accrued wages payable and compensated absences payable	826,036	1,914,224	(1,088,188)
Accrued taxes payable	162,805	181,255	(18,450)
Due to other governments	1,015,417	361,515	653,902
Accrued environmental liability	1,163,748	790,487	373,261
Accrued State Revolving Fund loan interest payable	121,241	133,313	(12,072)
Current portion of State Revolving Fund loan	3,974,617	3,902,805	71,812
Current portion of revenue bonds payable	3,312,500	2,512,500	800,000
GASB 31 market rate adjustment	976,809	742,934	233,875
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	3,312,500	2,512,500	800,000
Accrued revenue bonds interest payable	5,116,334	3,837,816	1,278,518
Deposit in lieu of bond	9,250	-	9,250
Total current liabilities	<u>22,081,133</u>	<u>18,658,263</u>	<u>3,422,870</u>
Non-current liabilities:			
Long-term debt - revenue bonds, net	252,927,447	189,116,541	63,810,906
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>295,449,786</u>	<u>245,099,792</u>	<u>50,349,994</u>
<b>TOTAL LIABILITIES</b>	<u>317,530,919</u>	<u>263,758,055</u>	<u>53,772,864</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflow - gain on refunding bonds	46,401	64,962	(18,561)
Deferred inflow - OPEB	64,332	-	64,332
Deferred inflow - pensions	7,505,773	2,277,390	5,228,383
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>32,616,506</u>	<u>27,342,352</u>	<u>5,274,154</u>
<b>NET POSITION</b>			
Net investment in capital assets	409,213,247	391,861,578	17,351,669
Restricted for:			
Bond reserves	4,672,034	14,335,157	(9,663,123)
Debt service	2,114,911	-	2,114,911
Deposit in lieu of bond	9,250	-	9,250
Net pension asset	4,409,368	-	4,409,368
Unrestricted	46,650,839	37,327,339	9,323,500
<b>TOTAL NET POSITION</b>	<u>467,069,649</u>	<u>443,524,074</u>	<u>23,545,575</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES</b>			
<b>AND NET POSITION</b>	<u>\$ 817,217,074</u>	<u>\$ 734,624,481</u>	<u>\$ 82,592,593</u>

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

*This page intentionally left blank.*

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

	May Year-to-Date		\$	%
	2019	2018	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 21,012,603	\$ 20,151,337	\$ 861,266	4%
Wastewater commercial and public authorities	11,139,743	10,543,431	596,312	6%
Surface water residential	7,455,004	7,129,831	325,173	5%
Surface water commercial	8,039,589	7,666,080	373,509	5%
Other revenues	1,073,416	1,709,735	(636,319)	-37%
Total operating revenues	48,720,355	47,200,414	1,519,941	3%
OPERATING EXPENSES				
Business operations	10,103,105	10,381,406	(278,301)	-3%
Operatings and maintenance	11,663,512	11,079,195	584,317	5%
Science and engineering	6,776,359	7,026,500	(250,141)	-4%
Depreciation	7,427,169	7,307,506	119,663	2%
Total operating expenses	35,970,145	35,794,607	175,538	0%
Net operating income	12,750,210	11,405,807	1,344,403	12%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,585,651	695,055	890,596	128%
Interest expenses and other related costs	(4,570,832)	(3,365,262)	(1,205,570)	36%
Amortization of bond premium and gain/loss on refunding	437,278	368,834	68,444	19%
Other nonoperating revenues	1,251,785	656,926	594,859	91%
Gain on sale/disposal of capital assets	900	6,300	(5,400)	-86%
Total nonoperating expenses	(1,295,218)	(1,638,147)	342,929	-21%
Net income before contributions and transfers	11,454,992	9,767,660	1,687,332	17%
Capital contributions and grants	1,192,176	2,143,430	(951,254)	-44%
Transfer in from other funds	225,364	136,180	89,184	65%
Transfer out to other funds	(529,709)	-	(529,709)	n/a
Gross earnings tax	(4,111,973)	(3,896,171)	(215,802)	6%
Total contributions and transfers	(3,224,142)	(1,616,561)	(1,607,581)	99%
CHANGE IN NET POSITION	8,230,850	8,151,099	79,751	1%
NET POSITION - JANUARY 1	458,838,799	435,372,975	23,465,824	5%
NET POSITION - MAY 31	\$ 467,069,649	\$ 443,524,074	\$ 23,545,575	5%

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

*This page intentionally left blank.*

## Financial Statements by Utility

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

	Wastewater May 31,		Surface Water May 31,	
	2019	2018	2019	2018
<b>ASSETS</b>				
Current assets:				
Cash and equity in pooled investments	\$ 62,227,730	\$ 62,146,978	\$ 17,020,034	\$ 38,821,692
Accounts receivable, net	5,544,628	4,261,202	2,185,457	1,861,690
Unbilled revenues	5,336,787	4,614,787	2,927,000	2,356,000
Conservation loan fund receivables	241,330	139,339	-	-
Due from other governments	-	-	-	155,025
Inventory	1,356,688	1,241,341	-	-
Prepayments	76,936	75,113	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	6,492,030	3,607,031	4,051,715	2,743,285
Construction funds	40,814,471	38	50,697,227	-
Total restricted cash and equity in pooled investments	47,306,501	3,607,069	54,748,942	2,743,285
Total current assets	122,090,600	76,085,829	76,881,433	45,937,692
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	641,631	643,879	-	-
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	13,719,062
Transmission lines and other improvements	225,221,892	222,543,527	197,769,658	186,167,481
Computer software	5,379,793	5,140,169	3,900,580	3,800,325
Less: accumulated depreciation	(235,017,808)	(224,384,064)	(54,903,133)	(51,601,373)
Construction work in progress	22,253,488	6,505,408	10,207,200	10,001,981
Total capital assets, net	416,146,699	407,711,196	183,981,718	175,722,167
Total non-current assets	424,599,453	418,718,303	185,439,822	179,975,833
<b>TOTAL ASSETS</b>	<b>546,690,053</b>	<b>494,804,132</b>	<b>262,321,255</b>	<b>225,913,525</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - loss on refunding bonds	829,609	975,885	1,404,009	1,860,202
Deferred outflow - OPEB	278,085	-	39,389	-
Deferred outflow - pensions	3,825,850	7,553,493	1,828,824	3,517,244
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,933,544</b>	<b>8,529,378</b>	<b>3,272,222</b>	<b>5,377,446</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 551,623,597</b>	<b>\$ 503,333,510</b>	<b>\$ 265,593,477</b>	<b>\$ 231,290,971</b>

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

	Wastewater May 31,		Surface Water May 31,	
	2019	2018	2019	2018
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,751,972	\$ 1,068,323	\$ 337,904	\$ 700,591
Accrued wages payable and compensated absences payable	634,308	1,342,183	191,728	572,041
Accrued taxes payable	118,583	121,824	44,222	59,431
Due to other governments	1,015,417	361,515	-	-
Accrued environmental liability	-	-	1,163,748	790,487
Accrued State Revolving Fund loan interest payable	117,322	129,125	3,919	4,188
Current portion of State Revolving Fund loan	3,951,824	3,880,662	22,793	22,143
Current portion of revenue bonds payable	1,993,730	1,510,673	1,318,770	1,001,827
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	1,993,730	1,510,672	1,318,770	1,001,828
Accrued revenue bonds interest payable	2,938,853	2,096,359	2,177,481	1,741,457
Deposit in lieu of bond	9,250	-	-	-
Total current liabilities	15,148,102	12,477,148	6,933,031	6,181,115
Non-current liabilities:				
Long-term debt - revenue bonds, net	148,143,514	107,617,902	104,783,933	81,498,639
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	188,515,583	157,925,367	106,934,203	87,174,425
<b>TOTAL LIABILITIES</b>	<b>203,663,685</b>	<b>170,402,515</b>	<b>113,867,234</b>	<b>93,355,540</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflow - gain on refunding bonds	19,488	27,284	26,913	37,678
Deferred inflow - OPEB	61,726	-	2,606	-
Deferred inflow - pensions	5,078,270	1,553,849	2,427,503	723,541
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>22,159,484</b>	<b>18,581,133</b>	<b>10,457,022</b>	<b>8,761,219</b>
<b>NET POSITION</b>				
Net investment in capital assets	269,330,756	257,347,308	139,882,491	134,514,270
Restricted for:				
Bond reserves	4,640,000	10,081,491	32,034	4,253,666
Debt service	1,559,447	-	555,464	-
Deposit in lieu of bond	9,250	-	-	-
Net pension asset	2,983,298	-	1,426,070	-
Unrestricted	47,277,677	46,921,063	(626,838)	(9,593,724)
<b>TOTAL NET POSITION</b>	<b>325,800,428</b>	<b>314,349,862</b>	<b>141,269,221</b>	<b>129,174,212</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 551,623,597</b>	<b>\$ 503,333,510</b>	<b>\$ 265,593,477</b>	<b>\$ 231,290,971</b>

*This page intentionally left blank.*



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

	<b>Wastewater</b>		<b>Surface Water</b>	
	<b>May Year-to-Date</b>		<b>May Year-to-Date</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>OPERATING REVENUES</b>				
Wastewater residential	\$ 21,012,603	\$ 20,151,337	\$ -	\$ -
Wastewater commercial and public authorities	11,139,743	10,543,431	-	-
Surface water residential	-	-	7,455,004	7,129,831
Surface water commercial	-	-	8,039,589	7,666,080
Other revenues	1,012,225	1,192,431	61,191	517,304
Total operating revenues	<u>33,164,571</u>	<u>31,887,199</u>	<u>15,555,784</u>	<u>15,313,215</u>
<b>OPERATING EXPENSES</b>				
Business operations	6,701,311	7,255,190	3,401,794	3,126,216
Operatings and maintenance	10,175,101	9,702,893	1,488,411	1,376,302
Science and engineering	3,379,327	3,262,171	3,397,032	3,764,329
Depreciation	5,733,956	5,655,675	1,693,213	1,651,831
Total operating expenses	<u>25,989,695</u>	<u>25,875,929</u>	<u>9,980,450</u>	<u>9,918,678</u>
Net operating income	<u>7,174,876</u>	<u>6,011,270</u>	<u>5,575,334</u>	<u>5,394,537</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and other earnings	988,014	431,631	597,637	263,424
Interest expenses and other related costs	(2,751,830)	(2,037,170)	(1,819,002)	(1,328,092)
Amortization of bond premium and gain/loss on refunding	216,484	184,390	220,794	184,444
Other nonoperating revenues	710,434	631,270	541,351	25,656
Gain on sale/disposal of capital assets	900	6,300	-	-
Total nonoperating expenses	<u>(835,998)</u>	<u>(783,579)</u>	<u>(459,220)</u>	<u>(854,568)</u>
Net income before contributions and transfers	<u>6,338,878</u>	<u>5,227,691</u>	<u>5,116,114</u>	<u>4,539,969</u>
Capital contributions and grants	571,022	2,044,385	621,154	99,045
Transfer in from other funds	-	-	225,364	136,180
Transfer out to other funds	(49,938)	-	(479,771)	-
Gross earnings tax	(2,810,595)	(2,654,835)	(1,301,378)	(1,241,336)
Total contributions and transfers	<u>(2,289,511)</u>	<u>(610,450)</u>	<u>(934,631)</u>	<u>(1,006,111)</u>
CHANGE IN NET POSITION	<u>4,049,367</u>	<u>4,617,241</u>	<u>4,181,483</u>	<u>3,533,858</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 - MAY 31	<u>\$ 325,800,428</u>	<u>\$ 314,349,862</u>	<u>\$ 141,269,221</u>	<u>\$ 129,174,212</u>

*This page intentionally left blank.*





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.