

---

***May 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 May 31,		Increase
	2020	2019	(Decrease)
<b>ASSETS</b>			
Current assets:			
Cash and equity in pooled investments	\$ 98,027,116	\$ 79,247,764	\$ 18,779,352
Accounts receivable, net	8,865,749	7,730,085	1,135,664
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	241,330	(89,981)
Due from other governments	-	-	-
Inventory	1,824,929	1,356,688	468,241
Prepayments	80,719	76,936	3,783
Restricted cash and equity in pooled investments:			
Debt service funds	8,432,787	10,543,745	(2,110,958)
Construction funds	75,553,192	91,511,698	(15,958,506)
Total restricted cash and equity in pooled investments	83,985,979	102,055,443	(18,069,464)
Total current assets	201,779,590	198,972,033	2,807,557
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	705,704	641,631	64,073
Prepayments	93,913	187,825	(93,912)
Capital assets:			
Land and easements	23,897,246	23,696,172	201,074
Buildings	205,794,414	191,724,902	14,069,512
Machinery and equipment	207,097,225	209,895,673	(2,798,448)
Transmission lines and other improvements	437,393,265	422,991,550	14,401,715
Computer software	9,307,245	9,280,373	26,872
Less: accumulated depreciation	(305,860,853)	(289,920,941)	(15,939,912)
Construction work in progress	25,850,801	32,460,688	(6,609,887)
Total capital assets, net	603,479,343	600,128,417	3,350,926
Total non-current assets	608,950,994	610,039,275	(1,088,281)
<b>TOTAL ASSETS</b>	<b>810,730,584</b>	<b>809,011,308</b>	<b>1,719,276</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - loss on refunding bonds	3,543,834	2,233,618	1,310,216
Deferred outflows - OPEB	1,052,545	317,474	735,071
Deferred outflows - pensions	15,421,731	5,654,674	9,767,057
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>20,018,110</b>	<b>8,205,766</b>	<b>11,812,344</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 830,748,694</b>	<b>\$ 817,217,074</b>	<b>\$ 13,531,620</b>

*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 May 31,		Increase
	2020	2019	(Decrease)
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,227,847	\$ 2,089,876	\$ 137,971
Accrued wages payable and compensated absences payable	1,907,572	826,036	1,081,536
Accrued taxes payable	178,085	162,805	15,280
Due to other governments	1,300,000	1,015,417	284,583
Accrued environmental liability	1,691,799	1,163,748	528,051
Accrued State Revolving Fund loan interest payable	108,929	121,241	(12,312)
Current portion of State Revolving Fund loan	4,047,854	3,974,617	73,237
Current portion of revenue bonds payable	3,477,499	3,312,500	164,999
GASB 31 market rate adjustment	-	976,809	(976,809)
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	3,477,501	3,312,500	165,001
Accrued revenue bonds interest payable	4,955,287	5,116,334	(161,047)
Deposit in lieu of bond	-	9,250	(9,250)
Total current liabilities	<u>23,372,373</u>	<u>22,081,133</u>	<u>1,291,240</u>
Non-current liabilities:			
Long-term debt - revenue bonds, net	244,815,101	252,927,447	(8,112,346)
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	30,625,317	34,651,037	(4,025,720)
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	<u>298,063,033</u>	<u>295,449,786</u>	<u>2,613,247</u>
<b>TOTAL LIABILITIES</b>	<u>321,435,406</u>	<u>317,530,919</u>	<u>3,904,487</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	27,841	46,401	(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)
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>28,846,201</u>	<u>32,616,506</u>	<u>(3,770,305)</u>
<b>NET POSITION</b>			
Net investment in capital assets	409,141,943	409,213,247	(71,304)
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
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	66,653,110	46,650,839	20,002,271
<b>TOTAL NET POSITION</b>	<u>480,467,087</u>	<u>467,069,649</u>	<u>13,397,438</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 830,748,694</u>	<u>\$ 817,217,074</u>	<u>\$ 13,531,620</u>

*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)

	May Year-to-Date		\$	%
	2020	2019	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 21,880,871	\$ 21,012,603	\$ 868,268	4%
Wastewater commercial and public authorities	9,812,996	11,139,743	(1,326,747)	-12%
Surface water residential	7,710,803	7,455,004	255,799	3%
Surface water commercial	8,318,170	8,039,589	278,581	3%
Other revenues	1,531,243	1,073,416	457,827	43%
Total operating revenues	49,254,083	48,720,355	533,728	1%
OPERATING EXPENSES				
Business operations	11,138,768	10,103,105	1,035,663	10%
Operations and maintenance	11,845,032	11,663,512	181,520	2%
Science and engineering	6,204,503	6,776,359	(571,856)	-8%
Depreciation	8,203,799	7,427,169	776,630	10%
Total operating expenses	37,392,102	35,970,145	1,421,957	4%
Net operating income	11,861,981	12,750,210	(888,229)	-7%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,397,237	1,585,651	(188,414)	-12%
Interest expenses and other related costs	(4,506,712)	(4,570,832)	64,120	1%
Amortization of bond premium and gain/loss on refunding	403,912	437,278	(33,366)	-8%
Other nonoperating revenues	826,681	1,251,785	(425,104)	-34%
Gain or loss on sale/disposal of capital assets	(399,196)	900	(400,096)	-44455%
Total nonoperating expenses	(2,278,078)	(1,295,218)	(982,860)	-76%
Net income before contributions and transfers	9,583,903	11,454,992	(1,871,089)	-16%
Capital contributions and grants	660,260	1,192,176	(531,916)	-45%
Transfer in from other funds	7,552	225,364	(217,812)	-97%
Transfer out to other funds	(527,709)	(529,709)	2,000	0%
Gross earnings tax	(4,019,214)	(4,111,973)	92,759	2%
Total contributions and transfers	(3,879,111)	(3,224,142)	(654,969)	-20%
CHANGE IN NET POSITION	5,704,792	8,230,850	(2,526,058)	-31%
NET POSITION - JANUARY 1	474,762,295	458,838,799	15,923,496	3%
NET POSITION - MAY 31	\$ 480,467,087	\$ 467,069,649	\$ 13,397,438	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 May 31,		Surface Water As of May 31,	
	2020	2019	2020	2019
<b>ASSETS</b>				
Current assets:				
Cash and equity in pooled investments	\$ 70,906,345	\$ 62,227,730	\$ 27,120,771	\$ 17,020,034
Accounts receivable, net	6,578,744	5,544,628	2,287,005	2,185,457
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	241,330	-	-
Inventory	1,824,929	1,356,688	-	-
Prepayments	80,719	76,936	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	4,934,318	6,492,030	3,498,469	4,051,715
Construction funds	32,104,844	40,814,471	43,448,348	50,697,227
Total restricted cash and equity in pooled investments	37,039,162	47,306,501	46,946,817	54,748,942
Total current assets	122,251,709	122,090,600	79,527,881	76,881,433
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	705,704	641,631	-	-
Prepayments	93,913	187,825	-	-
Capital assets:				
Land and easements	12,052,764	12,012,788	11,844,482	11,683,384
Buildings	203,929,869	189,753,995	1,864,545	1,970,907
Machinery and equipment	187,142,414	196,542,551	19,954,811	13,353,122
Transmission lines and other improvements	238,155,403	225,221,892	199,237,862	197,769,658
Computer software	5,391,078	5,379,793	3,916,167	3,900,580
Less: accumulated depreciation	(246,870,043)	(235,017,808)	(58,990,810)	(54,903,133)
Construction work in progress	14,358,686	22,253,488	11,492,115	10,207,200
Total capital assets, net	414,160,171	416,146,699	189,319,172	183,981,718
Total non-current assets	419,599,788	424,599,453	189,351,206	185,439,822
<b>TOTAL ASSETS</b>	<b>541,851,497</b>	<b>546,690,053</b>	<b>268,879,087</b>	<b>262,321,255</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - loss on refunding bonds	2,220,054	829,609	1,323,780	1,404,009
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
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>12,895,530</b>	<b>4,933,544</b>	<b>7,122,580</b>	<b>3,272,222</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 554,747,027</b>	<b>\$ 551,623,597</b>	<b>\$ 276,001,667</b>	<b>\$ 265,593,477</b>

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

	Wastewater As of May 31,		Surface Water As of May 31,	
	2020	2019	2020	2019
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,673,260	\$ 1,751,972	\$ 554,587	\$ 337,904
Accrued wages payable and compensated absences payable	1,414,455	634,308	493,117	191,728
Accrued taxes payable	124,054	118,583	54,031	44,222
Due to other governments	1,300,000	1,015,417	-	-
Accrued environmental liability	-	-	1,691,799	1,163,748
Accrued State Revolving Fund loan interest payable	105,287	117,322	3,642	3,919
Current portion of State Revolving Fund loan	4,024,391	3,951,824	23,463	22,793
Current portion of revenue bonds payable	2,090,132	1,993,730	1,387,367	1,318,770
GASB 31 market rate adjustment	-	623,113	-	353,696
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	2,090,133	1,993,730	1,387,368	1,318,770
Accrued revenue bonds interest payable	2,844,186	2,938,853	2,111,101	2,177,481
Deposit in lieu of bond	-	9,250	-	-
Total current liabilities	15,665,898	15,148,102	7,706,475	6,933,031
Non-current liabilities:				
Long-term debt - revenue bonds, net	143,404,576	148,143,514	101,410,525	104,783,933
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	30,327,077	34,351,467	298,240	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	189,293,609	188,515,583	108,769,424	106,934,203
<b>TOTAL LIABILITIES</b>	<b>204,959,507</b>	<b>203,663,685</b>	<b>116,475,899</b>	<b>113,867,234</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflows - gain on refunding bonds	11,693	19,488	16,148	26,913
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
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>20,160,855</b>	<b>22,159,484</b>	<b>8,685,346</b>	<b>10,457,022</b>
<b>NET POSITION</b>				
Net investment in capital assets	268,627,200	269,330,756	140,514,743	139,882,491
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Debt service	-	1,559,447	-	555,464
Deposit in lieu of bond	-	9,250	-	-
Net pension asset	-	2,983,298	-	1,426,070
Unrestricted	56,359,465	47,277,677	10,293,645	(626,838)
<b>TOTAL NET POSITION</b>	<b>329,626,665</b>	<b>325,800,428</b>	<b>150,840,422</b>	<b>141,269,221</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 554,747,027</b>	<b>\$ 551,623,597</b>	<b>\$ 276,001,667</b>	<b>\$ 265,593,477</b>

*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 May Year-to-Date		Surface Water May Year-to-Date	
	2020	2019	2020	2019
OPERATING REVENUES				
Wastewater residential	\$ 21,880,871	\$ 21,012,603	\$ -	\$ -
Wastewater commercial and public authorities	9,812,996	11,139,743	-	-
Surface water residential	-	-	7,710,803	7,455,004
Surface water commercial	-	-	8,318,170	8,039,589
Other revenues	1,499,744	1,012,225	31,499	61,191
Total operating revenues	<u>33,193,611</u>	<u>33,164,571</u>	<u>16,060,472</u>	<u>15,555,784</u>
OPERATING EXPENSES				
Business operations	7,603,707	6,701,311	3,535,061	3,401,794
Operations and maintenance	10,309,817	10,175,101	1,535,215	1,488,411
Science and engineering	3,350,246	3,379,327	2,854,257	3,397,032
Depreciation	6,131,215	5,733,956	2,072,584	1,693,213
Total operating expenses	<u>27,394,985</u>	<u>25,989,695</u>	<u>9,997,117</u>	<u>9,980,450</u>
Net operating income	<u>5,798,626</u>	<u>7,174,876</u>	<u>6,063,355</u>	<u>5,575,334</u>
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	844,846	988,014	552,391	597,637
Interest expenses and other related costs	(2,743,504)	(2,751,830)	(1,763,208)	(1,819,002)
Amortization of bond premium and gain/loss on refunding	183,690	216,484	220,222	220,794
Other nonoperating revenues	805,959	710,434	20,722	541,351
Gain or loss on sale/disposal of capital assets	(399,196)	900	-	-
Total nonoperating expenses	<u>(1,308,205)</u>	<u>(835,998)</u>	<u>(969,873)</u>	<u>(459,220)</u>
Net income before contributions and transfers	<u>4,490,421</u>	<u>6,338,878</u>	<u>5,093,482</u>	<u>5,116,114</u>
Capital contributions and grants	384,268	571,022	275,992	621,154
Transfer in from other funds	-	-	7,552	225,364
Transfer out to other funds	(48,938)	(49,938)	(478,771)	(479,771)
Gross earnings tax	(2,731,556)	(2,810,595)	(1,287,658)	(1,301,378)
Total contributions and transfers	<u>(2,396,226)</u>	<u>(2,289,511)</u>	<u>(1,482,885)</u>	<u>(934,631)</u>
CHANGE IN NET POSITION	2,094,195	4,049,367	3,610,597	4,181,483
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 - MAY 31	<u>\$ 329,626,665</u>	<u>\$ 325,800,428</u>	<u>\$ 150,840,422</u>	<u>\$ 141,269,221</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.