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*May 2021*

***WASTEWATER AND SURFACE WATER  
MANAGEMENT***

***INTERIM FINANCIAL REPORT***



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*Prepared by the City of Tacoma - Finance Department*



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.*

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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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# **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
	2021	2020	(Decrease)
<b>ASSETS</b>			
Current assets:			
Cash and equity in pooled investments	\$ 103,023,685	\$ 98,027,116	\$ 4,996,569
Accounts receivable, net	10,783,988	8,865,749	1,918,239
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	197,975	151,349	46,626
Loan receivable	7,831,735	-	7,831,735
Inventory	2,175,408	1,824,929	350,479
Prepayments	85,407	80,719	4,688
Restricted cash and equity in pooled investments:			
Debt service funds	8,431,662	8,432,787	(1,125)
Construction funds	45,403,506	75,553,192	(30,149,686)
Total restricted cash and equity in pooled investments	53,835,168	83,985,979	(30,150,811)
Total current assets	188,247,986	201,779,590	(13,531,604)
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	579,704	705,704	(126,000)
Prepayments	-	93,913	(93,913)
Capital assets:			
Land and easements	25,259,229	23,897,246	1,361,983
Buildings	213,368,366	205,794,414	7,573,952
Machinery and equipment	199,180,218	207,097,225	(7,917,007)
Transmission lines and other improvements	450,660,112	437,393,265	13,266,847
Computer software	9,318,928	9,307,245	11,683
Less: accumulated depreciation	(321,604,283)	(305,860,853)	(15,743,430)
Construction work in progress	56,154,524	25,850,801	30,303,723
Total capital assets, net	632,337,094	603,479,343	28,857,751
Total non-current assets	639,436,116	608,950,994	30,485,122
<b>TOTAL ASSETS</b>	<b>827,684,102</b>	<b>810,730,584</b>	<b>16,953,518</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - loss on refunding bonds	3,338,478	3,543,834	(205,356)
Deferred outflows - OPEB	992,025	1,052,545	(60,520)
Deferred outflows - pensions	5,480,531	15,421,731	(9,941,200)
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,811,034</b>	<b>20,018,110</b>	<b>(10,207,076)</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 837,495,136</b>	<b>\$ 830,748,694</b>	<b>\$ 6,746,442</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
	2021	2020	(Decrease)
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 3,597,965	\$ 2,227,847	\$ 1,370,118
Accrued wages payable and compensated absences payable	1,076,774	1,907,572	(830,798)
Accrued taxes payable	200,586	178,085	22,501
Due to other governments	520,000	1,300,000	(780,000)
Accrued environmental liability	147,500	1,691,799	(1,544,299)
Accrued State loan interest payable	209,802	108,929	100,873
Current portion of Capital COP loan	525,000	-	525,000
Current portion of State Revolving Fund loan	4,122,545	4,047,854	74,691
Current portion of revenue bonds payable	3,637,500	3,477,499	160,001
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	3,637,500	3,477,501	159,999
Accrued revenue bonds interest payable	4,794,162	4,955,287	(161,125)
Total current liabilities	22,469,334	23,372,373	(903,039)
Non-current liabilities:			
Long-term debt - revenue bonds, net	236,385,256	244,815,101	(8,429,845)
Long-term debt - Capital COP loan	12,270,000	-	12,270,000
Long-term State Revolving Fund loan	26,540,967	30,625,317	(4,084,350)
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	285,526,234	298,063,033	(12,536,799)
<b>TOTAL LIABILITIES</b>	<b>307,995,568</b>	<b>321,435,406</b>	<b>(13,439,838)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	9,281	27,841	(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
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>33,795,039</b>	<b>28,846,201</b>	<b>4,948,838</b>
<b>NET POSITION</b>			
Net investment in capital assets	414,256,130	409,141,943	5,114,187
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Net pension asset	1,847,284	-	1,847,284
Unrestricted	74,929,081	66,653,110	8,275,971
<b>TOTAL NET POSITION</b>	<b>495,704,529</b>	<b>480,467,087</b>	<b>15,237,442</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 837,495,136</b>	<b>\$ 830,748,694</b>	<b>\$ 6,746,442</b>

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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)

	May Year-to-Date		\$	%
	2021	2020	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 22,448,635	\$ 21,880,871	\$ 567,764	3%
Wastewater commercial and public authorities	10,260,547	9,812,996	447,551	5%
Surface water residential	7,831,321	7,710,803	120,518	2%
Surface water commercial	8,301,776	8,318,170	(16,394)	0%
Other revenues	1,753,364	1,531,243	222,121	15%
Total operating revenues	50,595,643	49,254,083	1,341,560	3%
OPERATING EXPENSES				
Business operations	11,621,245	11,138,768	482,477	4%
Operations and maintenance	12,462,812	11,845,032	617,780	5%
Science and engineering	6,737,843	6,204,503	533,340	9%
Depreciation	7,746,926	8,203,799	(456,873)	-6%
Total operating expenses	38,568,826	37,392,102	1,176,724	3%
Net operating income	12,026,817	11,861,981	164,836	1%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	683,318	1,397,237	(713,919)	-51%
Interest expenses and other related costs	(4,334,802)	(4,506,712)	171,910	4%
Amortization of bond premium and gain/loss on refunding	402,794	403,912	(1,118)	0%
Other nonoperating revenues	780,861	826,681	(45,820)	-6%
Gain or loss on sale/disposal of capital assets	19,263	(399,196)	418,459	105%
Total nonoperating expenses	(2,448,566)	(2,278,078)	(170,488)	-7%
Net income before contributions and transfers	9,578,251	9,583,903	(5,652)	0%
Capital contributions and grants	683,685	660,260	23,425	4%
Transfer in from other funds	-	7,552	(7,552)	-100%
Transfer out to other funds	(488,542)	(527,709)	39,167	7%
Gross earnings tax	(4,126,737)	(4,019,214)	(107,523)	-3%
Total contributions and transfers	(3,931,594)	(3,879,111)	(52,483)	-1%
CHANGE IN NET POSITION	5,646,657	5,704,792	(58,135)	-1%
NET POSITION - JANUARY 1	490,057,872	474,762,295	15,295,577	3%
NET POSITION - MAY 31	\$ 495,704,529	\$ 480,467,087	\$ 15,237,442	3%

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

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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 May 31,		Surface Water As of May 31,	
	2021	2020	2021	2020
<b>ASSETS</b>				
Current assets:				
Cash and equity in pooled investments	\$ 70,607,896	\$ 70,906,345	\$ 32,415,789	\$ 27,120,771
Accounts receivable, net	8,370,323	6,578,744	2,413,665	2,287,005
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	197,975	151,349	-	-
Loan receivable	7,831,735	-	-	-
Inventory	2,175,408	1,824,929	-	-
Prepayments	85,407	80,719	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	4,936,122	4,934,318	3,495,540	3,498,469
Construction funds	9,118,453	32,104,844	36,285,053	43,448,348
Total restricted cash and equity in pooled investments	14,054,575	37,039,162	39,780,593	46,946,817
Total current assets	109,696,748	122,251,709	78,551,238	79,527,881
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	579,704	705,704	-	-
Prepayments	-	93,913	-	-
Capital assets:				
Land and easements	13,293,795	12,052,764	11,965,434	11,844,482
Buildings	211,503,821	203,929,869	1,864,545	1,864,545
Machinery and equipment	179,140,887	187,142,414	20,039,331	19,954,811
Transmission lines and other improvements	247,567,965	238,155,403	203,092,147	199,237,862
Computer software	5,451,250	5,391,078	3,867,678	3,916,167
Less: accumulated depreciation	(258,818,458)	(246,870,043)	(62,785,825)	(58,990,810)
Construction work in progress	38,912,262	14,358,686	17,242,262	11,492,115
Total capital assets, net	437,051,522	414,160,171	195,285,572	189,319,172
Total non-current assets	443,634,968	419,599,788	195,801,148	189,351,206
<b>TOTAL ASSETS</b>	<b>553,331,716</b>	<b>541,851,497</b>	<b>274,352,386</b>	<b>268,879,087</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - loss on refunding bonds	2,094,927	2,220,054	1,243,551	1,323,780
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
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,404,311</b>	<b>12,895,530</b>	<b>3,406,723</b>	<b>7,122,580</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 559,736,027</b>	<b>\$ 554,747,027</b>	<b>\$ 277,759,109</b>	<b>\$ 276,001,667</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,	
	2021	2020	2021	2020
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 3,089,509	\$ 1,673,260	\$ 508,456	\$ 554,587
Accrued wages payable and compensated absences payable	815,653	1,414,455	261,121	493,117
Accrued taxes payable	143,498	124,054	57,088	54,031
Due to other governments	520,000	1,300,000	-	-
Accrued environmental liability	-	-	147,500	1,691,799
Accrued State loan interest payable	206,445	105,287	3,357	3,642
Current portion of Capital COP loan	525,000	-	-	-
Current portion of State Revolving Fund loan	4,098,392	4,024,391	24,153	23,463
Current portion of revenue bonds payable	2,186,568	2,090,132	1,450,932	1,387,367
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	2,186,567	2,090,133	1,450,933	1,387,368
Accrued revenue bonds interest payable	2,749,554	2,844,186	2,044,608	2,111,101
Total current liabilities	16,521,186	15,665,898	5,948,148	7,706,475
Non-current liabilities:				
Long-term debt - revenue bonds, net	138,473,812	143,404,576	97,911,444	101,410,525
Long-term debt - Capital COP loan	12,270,000	-	-	-
Long-term State Revolving Fund loan	26,228,684	30,327,077	312,283	298,240
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	184,282,575	189,293,609	101,243,659	108,769,424
<b>TOTAL LIABILITIES</b>	<b>200,803,761</b>	<b>204,959,507</b>	<b>107,191,807</b>	<b>116,475,899</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	3,898	11,693	5,383	16,148
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
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>23,819,784</b>	<b>20,160,855</b>	<b>9,975,255</b>	<b>8,685,346</b>
<b>NET POSITION</b>				
Net investment in capital assets	272,310,283	268,627,200	141,945,847	140,514,743
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	1,363,742	-	483,542	-
Unrestricted	56,798,457	56,359,465	18,130,624	10,293,645
<b>TOTAL NET POSITION</b>	<b>335,112,482</b>	<b>329,626,665</b>	<b>160,592,047</b>	<b>150,840,422</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 559,736,027</b>	<b>\$ 554,747,027</b>	<b>\$ 277,759,109</b>	<b>\$ 276,001,667</b>

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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 May Year-to-Date		Surface Water May Year-to-Date	
	2021	2020	2021	2020
OPERATING REVENUES				
Wastewater residential	\$ 22,448,635	\$ 21,880,871	\$ -	\$ -
Wastewater commercial and public authorities	10,260,547	9,812,996	-	-
Surface water residential	-	-	7,831,321	7,710,803
Surface water commercial	-	-	8,301,776	8,318,170
Other revenues	1,661,885	1,499,744	91,479	31,499
Total operating revenues	34,371,067	33,193,611	16,224,576	16,060,472
OPERATING EXPENSES				
Business operations	7,717,497	7,603,707	3,903,748	3,535,061
Operations and maintenance	11,055,128	10,309,817	1,407,684	1,535,215
Science and engineering	3,656,201	3,350,246	3,081,642	2,854,257
Depreciation	5,920,795	6,131,215	1,826,131	2,072,584
Total operating expenses	28,349,621	27,394,985	10,219,205	9,997,117
Net operating income	6,021,446	5,798,626	6,005,371	6,063,355
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	389,464	844,846	293,854	552,391
Interest expenses and other related costs	(2,627,605)	(2,743,504)	(1,707,197)	(1,763,208)
Amortization of bond premium and gain/loss on refunding	183,224	183,690	219,570	220,222
Other nonoperating revenues	635,647	805,959	145,214	20,722
Gain or loss on sale/disposal of capital assets	23,490	(399,196)	(4,227)	-
Total nonoperating expenses	(1,395,780)	(1,308,205)	(1,052,786)	(969,873)
Net income before contributions and transfers	4,625,666	4,490,421	4,952,585	5,093,482
Capital contributions and grants	359,035	384,268	324,650	275,992
Transfer in from other funds	-	-	-	7,552
Transfer out to other funds	-	(48,938)	(488,542)	(478,771)
Gross earnings tax	(2,805,062)	(2,731,556)	(1,321,675)	(1,287,658)
Total contributions and transfers	(2,446,027)	(2,396,226)	(1,485,567)	(1,482,885)
CHANGE IN NET POSITION	2,179,639	2,094,195	3,467,018	3,610,597
NET POSITION - JANUARY 1	332,932,843	327,532,470	157,125,029	147,229,825
NET POSITION - MAY 31	\$ 335,112,482	\$ 329,626,665	\$ 160,592,047	\$ 150,840,422



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.