
July 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

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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 July 31,		Increase
	2020	2019	(Decrease)
ASSETS			
Current assets:			
Cash and equity in pooled investments	\$ 98,451,595	\$ 83,084,692	\$ 15,366,903
Accounts receivable, net	9,693,496	8,921,315	772,181
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	141,504	223,974	(82,470)
Inventory	1,734,193	1,382,875	351,318
Prepayments	375,990	324,435	51,555
Restricted cash and equity in pooled investments:			
Debt service funds	6,288,429	6,835,597	(547,168)
Construction funds	73,472,010	88,981,638	(15,509,628)
Total restricted cash and equity in pooled investments	79,760,439	95,817,235	(16,056,796)
Total current assets	199,000,966	198,018,313	982,653
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	702,752	654,499	48,253
Prepayments	93,913	187,825	(93,912)
Capital assets:			
Land and easements	23,897,246	23,700,646	196,600
Buildings	211,945,712	191,724,902	20,220,810
Machinery and equipment	198,973,761	210,678,327	(11,704,566)
Transmission lines and other improvements	437,151,504	422,991,852	14,159,652
Computer software	9,463,010	9,280,373	182,637
Less: accumulated depreciation	(307,578,351)	(292,888,741)	(14,689,610)
Construction work in progress	29,797,453	34,565,664	(4,768,211)
Total capital assets, net	603,650,335	600,053,023	3,597,312
Total non-current assets	609,119,034	609,976,749	(857,715)
TOTAL ASSETS	808,120,000	807,995,062	124,938
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - loss on refunding bonds	3,509,608	2,212,345	1,297,263
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	19,983,884	8,184,493	11,799,391
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 828,103,884	\$ 816,179,555	\$ 11,924,329

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 July 31,		Increase
	2020	2019	(Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,393,357	\$ 1,342,712	\$ 1,050,645
Accrued wages payable and compensated absences payable	1,419,332	1,125,233	294,099
Accrued taxes payable	194,804	180,141	14,663
Due to other governments	1,040,000	(27,352)	1,067,352
Accrued environmental liability	1,477,876	916,063	561,813
Accrued State Revolving Fund loan interest payable	211,274	235,401	(24,127)
Current portion of State Revolving Fund loan	4,048,196	3,974,950	73,246
Current portion of revenue bonds payable	2,318,334	2,208,333	110,001
GASB 31 market rate adjustment	-	976,808	(976,808)
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	4,636,666	4,416,667	219,999
Accrued revenue bonds interest payable	1,651,763	1,687,048	(35,285)
Total current liabilities	19,391,602	17,036,004	2,355,598
Non-current liabilities:			
Long-term debt - revenue bonds, net	244,622,403	252,734,357	(8,111,954)
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	30,613,328	34,639,390	(4,026,062)
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	297,858,346	295,245,049	2,613,297
TOTAL LIABILITIES	317,249,948	312,281,053	4,968,895
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	24,747	43,308	(18,561)
Deferred inflows - OPEB	2,106,245	64,332	2,041,913
Deferred inflows - pensions	1,712,115	7,505,774	(5,793,659)
TOTAL DEFERRED INFLOWS OF RESOURCES	28,843,107	32,613,414	(3,770,307)
NET POSITION			
Net investment in capital assets	408,551,916	407,885,884	666,032
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Debt service	-	731,882	(731,882)
Net pension asset	-	4,409,368	(4,409,368)
Unrestricted	68,786,879	53,585,920	15,200,959
TOTAL NET POSITION	482,010,829	471,285,088	10,725,741
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 828,103,884	\$ 816,179,555	\$ 11,924,329

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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)

	July Year-to-Date		\$	%
	2020	2019	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 31,008,135	\$ 29,713,253	\$ 1,294,882	4%
Wastewater commercial and public authorities	13,775,906	15,961,168	(2,185,262)	-14%
Surface water residential	10,885,419	10,179,679	705,740	7%
Surface water commercial	11,973,737	11,462,286	511,451	4%
Other revenues	2,201,276	1,523,998	677,278	44%
Total operating revenues	69,844,473	68,840,384	1,004,089	1%
OPERATING EXPENSES				
Business operations	15,790,387	14,411,810	1,378,577	10%
Operations and maintenance	17,037,197	15,973,983	1,063,214	7%
Science and engineering	9,285,708	8,933,064	352,644	4%
Depreciation	11,472,941	10,394,970	1,077,971	10%
Total operating expenses	53,586,233	49,713,827	3,872,406	8%
Net operating income	16,258,240	19,126,557	(2,868,317)	-15%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,854,699	2,249,831	(395,132)	-18%
Interest expenses and other related costs	(6,265,191)	(6,395,139)	129,948	2%
Amortization of bond premium and gain/loss on refunding	565,477	612,189	(46,712)	-8%
Other nonoperating revenues	1,104,178	1,595,794	(491,616)	-31%
Gain or loss on sale/disposal of capital assets	(586,044)	900	(586,944)	-65216%
Total nonoperating expenses	(3,326,881)	(1,936,425)	(1,390,456)	-72%
Net income before contributions and transfers	12,931,359	17,190,132	(4,258,773)	-25%
Capital contributions and grants	735,575	1,504,793	(769,218)	-51%
Transfer in from other funds	22,260	263,972	(241,712)	-92%
Transfer out to other funds	(738,792)	(740,660)	1,868	0%
Gross earnings tax	(5,701,868)	(5,771,948)	70,080	1%
Total contributions and transfers	(5,682,825)	(4,743,843)	(938,982)	-20%
CHANGE IN NET POSITION	7,248,534	12,446,289	(5,197,755)	-42%
NET POSITION - JANUARY 1	474,762,295	458,838,799	15,923,496	3%
NET POSITION - JULY 31	\$ 482,010,829	\$ 471,285,088	\$ 10,725,741	2%

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 July 31,		Surface Water As of July 31,	
	2020	2019	2020	2019
ASSETS				
Current assets:				
Cash and equity in pooled investments	\$ 70,051,593	\$ 64,251,883	\$ 28,400,002	\$ 18,832,809
Accounts receivable, net	7,133,997	6,529,080	2,559,499	2,392,235
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	141,504	223,974	-	-
Inventory	1,734,193	1,382,875	-	-
Prepayments	375,990	324,435	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	3,734,905	4,234,169	2,553,524	2,601,428
Construction funds	31,232,318	39,571,003	42,239,692	49,410,635
Total restricted cash and equity in pooled investments	34,967,223	43,805,172	44,793,216	52,012,063
Total current assets	120,074,961	121,854,206	78,926,005	76,164,107
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	702,752	654,499	-	-
Prepayments	93,913	187,825	-	-
Capital assets:				
Land and easements	12,052,764	12,015,025	11,844,482	11,685,621
Buildings	210,081,167	189,753,995	1,864,545	1,970,907
Machinery and equipment	179,018,950	197,325,205	19,954,811	13,353,122
Transmission lines and other improvements	237,908,279	225,221,892	199,243,225	197,769,960
Computer software	5,546,843	5,379,794	3,916,167	3,900,579
Less: accumulated depreciation	(247,983,836)	(237,311,526)	(59,594,515)	(55,577,215)
Construction work in progress	16,990,484	22,885,610	12,806,969	11,680,054
Total capital assets, net	413,614,651	415,269,995	190,035,684	184,783,028
Total non-current assets	419,051,316	423,735,617	190,067,718	186,241,132
TOTAL ASSETS	539,126,277	545,589,823	268,993,723	262,405,239
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - loss on refunding bonds	2,199,200	821,708	1,310,408	1,390,637
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	12,874,676	4,925,643	7,109,208	3,258,850
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 552,000,953	\$ 550,515,466	\$ 276,102,931	\$ 265,664,089

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

	Wastewater As of July 31,		Surface Water As of July 31,	
	2020	2019	2020	2019
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,392,868	\$ 970,902	\$ 1,000,489	\$ 371,810
Accrued wages payable and compensated absences payable	1,062,332	853,640	357,000	271,593
Accrued taxes payable	136,512	130,799	58,292	49,342
Due to other governments	1,040,000	(27,352)	-	-
Accrued environmental liability	-	-	1,477,876	916,063
Accrued State Revolving Fund loan interest payable	210,574	234,645	700	756
Current portion of State Revolving Fund loan	4,024,390	3,951,824	23,806	23,126
Current portion of revenue bonds payable	1,393,422	1,329,153	924,912	879,180
GASB 31 market rate adjustment	-	623,113	-	353,695
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	2,786,843	2,658,307	1,849,823	1,758,360
Accrued revenue bonds interest payable	948,062	970,705	703,701	716,343
Total current liabilities	12,995,003	11,695,736	6,396,599	5,340,268
Non-current liabilities:				
Long-term debt - revenue bonds, net	143,311,545	148,050,319	101,310,858	104,684,038
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	286,251	287,923
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	189,200,578	188,422,388	108,657,768	106,822,661
TOTAL LIABILITIES	202,195,581	200,118,124	115,054,367	112,162,929
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflows - gain on refunding bonds	10,394	18,189	14,353	25,119
Deferred inflows - OPEB	1,988,074	61,726	118,171	2,606
Deferred inflows - pensions	1,161,088	5,078,270	551,027	2,427,504
TOTAL DEFERRED INFLOWS OF RESOURCES	20,159,556	22,158,185	8,683,551	10,455,229
NET POSITION				
Net investment in capital assets	267,979,341	267,961,754	140,572,575	139,924,130
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Debt service	-	605,157	-	126,725
Net pension asset	-	2,983,298	-	1,426,070
Unrestricted	57,026,475	52,048,948	11,760,404	1,536,972
TOTAL NET POSITION	329,645,816	328,239,157	152,365,013	143,045,931
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 552,000,953	\$ 550,515,466	\$ 276,102,931	\$ 265,664,089

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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 July Year-to-Date		Surface Water July Year-to-Date	
	2020	2019	2020	2019
OPERATING REVENUES				
Wastewater residential	\$ 31,008,135	\$ 29,713,253	\$ -	\$ -
Wastewater commercial and public authorities	13,775,906	15,961,168	-	-
Surface water residential	-	-	10,885,419	10,179,679
Surface water commercial	-	-	11,973,737	11,462,286
Other revenues	2,163,399	1,440,639	37,877	83,359
Total operating revenues	<u>46,947,440</u>	<u>47,115,060</u>	<u>22,897,033</u>	<u>21,725,324</u>
OPERATING EXPENSES				
Business operations	10,898,405	9,687,052	4,891,982	4,724,758
Operations and maintenance	14,925,945	13,802,143	2,111,252	2,171,840
Science and engineering	4,818,914	4,568,692	4,466,794	4,364,372
Depreciation	8,796,652	8,027,674	2,676,289	2,367,296
Total operating expenses	<u>39,439,916</u>	<u>36,085,561</u>	<u>14,146,317</u>	<u>13,628,266</u>
Net operating income	<u>7,507,524</u>	<u>11,029,499</u>	<u>8,750,716</u>	<u>8,097,058</u>
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,119,112	1,396,220	735,587	853,611
Interest expenses and other related costs	(3,796,854)	(3,848,770)	(2,468,337)	(2,546,369)
Amortization of bond premium and gain/loss on refunding	257,166	303,077	308,311	309,112
Other nonoperating revenues	1,083,476	1,006,856	20,702	588,938
Gain or loss on sale/disposal of capital assets	(586,044)	900	-	-
Total nonoperating expenses	<u>(1,923,144)</u>	<u>(1,141,717)</u>	<u>(1,403,737)</u>	<u>(794,708)</u>
Net income before contributions and transfers	<u>5,584,380</u>	<u>9,887,782</u>	<u>7,346,979</u>	<u>7,302,350</u>
Capital contributions and grants	459,584	639,889	275,991	864,904
Transfer in from other funds	-	-	22,260	263,972
Transfer out to other funds	(68,513)	(69,381)	(670,279)	(671,279)
Gross earnings tax	(3,862,105)	(3,970,194)	(1,839,763)	(1,801,754)
Total contributions and transfers	<u>(3,471,034)</u>	<u>(3,399,686)</u>	<u>(2,211,791)</u>	<u>(1,344,157)</u>
CHANGE IN NET POSITION	<u>2,113,346</u>	<u>6,488,096</u>	<u>5,135,188</u>	<u>5,958,193</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 - JULY 31	<u>\$ 329,645,816</u>	<u>\$ 328,239,157</u>	<u>\$ 152,365,013</u>	<u>\$ 143,045,931</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.