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*July 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 July 31,		Increase
	2021	2020	(Decrease)
<b>ASSETS</b>			
Current assets:			
Cash and equity in pooled investments	\$ 100,558,088	\$ 98,451,595	\$ 2,106,493
Accounts receivable, net	10,675,287	9,693,496	981,791
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	105,468	141,504	(36,036)
Loan receivable	7,832,220	-	7,832,220
Inventory	2,256,990	1,734,193	522,797
Prepayments	530,812	375,990	154,822
Restricted cash and equity in pooled investments:			
Debt service funds	6,448,054	6,288,429	159,625
Construction funds	41,682,426	73,472,010	(31,789,584)
Total restricted cash and equity in pooled investments	48,130,480	79,760,439	(31,629,959)
Total current assets	180,403,965	199,000,966	(18,597,001)
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	477,346	702,752	(225,406)
Prepayments	-	93,913	(93,913)
Capital assets:			
Land and easements	25,312,958	23,897,246	1,415,712
Buildings	213,368,366	211,945,712	1,422,654
Machinery and equipment	199,180,218	198,973,761	206,457
Transmission lines and other improvements	450,751,807	437,151,504	13,600,303
Computer software	9,318,928	9,463,010	(144,082)
Less: accumulated depreciation	(324,702,376)	(307,578,351)	(17,124,025)
Construction work in progress	63,353,432	29,797,453	33,555,979
Total capital assets, net	636,583,333	603,650,335	32,932,998
Total non-current assets	643,579,997	609,119,034	34,460,963
<b>TOTAL ASSETS</b>	<b>823,983,962</b>	<b>808,120,000</b>	<b>15,863,962</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - loss on refunding bonds	3,304,251	3,509,608	(205,357)
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>9,776,807</b>	<b>19,983,884</b>	<b>(10,207,077)</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 833,760,769</b>	<b>\$ 828,103,884</b>	<b>\$ 5,656,885</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 July 31,		Increase
	2021	2020	(Decrease)
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,348,002	\$ 2,393,357	\$ (45,355)
Accrued wages payable and compensated absences payable	1,421,265	1,419,332	1,933
Accrued taxes payable	184,260	194,804	(10,544)
Due to other governments	260,000	1,040,000	(780,000)
Accrued environmental liability	88,813	1,477,876	(1,389,063)
Accrued State loan interest payable	223,365	211,274	12,091
Current portion of Capital COP loan	565,000	-	565,000
Current portion of State Revolving Fund loan	4,122,897	4,048,196	74,701
Current portion of revenue bonds payable	2,425,000	2,318,334	106,666
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	4,850,000	4,636,666	213,334
Accrued revenue bonds interest payable	1,598,054	1,651,763	(53,709)
Total current liabilities	<u>18,086,656</u>	<u>19,391,602</u>	<u>(1,304,946)</u>
Non-current liabilities:			
Long-term debt - revenue bonds, net	236,193,006	244,622,403	(8,429,397)
Long-term debt - Capital COP loan	11,705,000	-	11,705,000
Long-term State Revolving Fund loan	26,528,627	30,613,328	(4,084,701)
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	<u>284,756,644</u>	<u>297,858,346</u>	<u>(13,101,702)</u>
<b>TOTAL LIABILITIES</b>	<u>302,843,300</u>	<u>317,249,948</u>	<u>(14,406,648)</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	6,186	24,747	(18,561)
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>	<u>33,791,944</u>	<u>28,843,107</u>	<u>4,948,837</u>
<b>NET POSITION</b>			
Net investment in capital assets	416,680,599	408,551,916	8,128,683
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Net pension asset	1,847,284	-	1,847,284
Unrestricted	73,925,608	68,786,879	5,138,729
<b>TOTAL NET POSITION</b>	<u>497,125,525</u>	<u>482,010,829</u>	<u>15,114,696</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 833,760,769</u>	<u>\$ 828,103,884</u>	<u>\$ 5,656,885</u>

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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		\$	%
	2021	2020	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 31,487,103	\$ 31,008,135	\$ 478,968	2%
Wastewater commercial and public authorities	13,671,619	13,775,906	(104,287)	-1%
Surface water residential	10,983,671	10,885,419	98,252	1%
Surface water commercial	11,708,555	11,973,737	(265,182)	-2%
Other revenues	2,449,738	2,201,276	248,462	11%
Total operating revenues	70,300,686	69,844,473	456,213	1%
OPERATING EXPENSES				
Business operations	16,436,002	15,790,387	645,615	4%
Operations and maintenance	17,434,580	17,037,197	397,383	2%
Science and engineering	9,467,846	9,285,708	182,138	2%
Depreciation	10,845,020	11,472,941	(627,921)	-5%
Total operating expenses	54,183,448	53,586,233	597,215	1%
Net operating income	16,117,238	16,258,240	(141,002)	-1%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	900,560	1,854,699	(954,139)	-51%
Interest expenses and other related costs	(6,064,993)	(6,265,191)	200,198	3%
Amortization of bond premium and gain/loss on refunding	563,912	565,477	(1,565)	0%
Other nonoperating revenues	1,078,491	1,104,178	(25,687)	-2%
Gain or loss on sale/disposal of capital assets	19,263	(586,044)	605,307	103%
Total nonoperating expenses	(3,502,767)	(3,326,881)	(175,886)	-5%
Net income before contributions and transfers	12,614,471	12,931,359	(316,888)	-2%
Capital contributions and grants	879,887	735,575	144,312	20%
Transfer in from other funds	-	22,260	(22,260)	-100%
Transfer out to other funds	(683,958)	(738,792)	54,834	7%
Gross earnings tax	(5,742,747)	(5,701,868)	(40,879)	-1%
Total contributions and transfers	(5,546,818)	(5,682,825)	136,007	2%
CHANGE IN NET POSITION	7,067,653	7,248,534	(180,881)	-2%
NET POSITION - JANUARY 1	490,057,872	474,762,295	15,295,577	3%
NET POSITION - JULY 31	\$ 497,125,525	\$ 482,010,829	\$ 15,114,696	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 July 31,		Surface Water As of July 31,	
	2021	2020	2021	2020
<b>ASSETS</b>				
Current assets:				
Cash and equity in pooled investments	\$ 68,173,199	\$ 70,051,593	\$ 32,384,889	\$ 28,400,002
Accounts receivable, net	8,153,932	7,133,997	2,521,355	2,559,499
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	105,468	141,504	-	-
Loan receivable	7,832,220	-	-	-
Inventory	2,256,990	1,734,193	-	-
Prepayments	530,812	375,990	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	3,831,941	3,734,905	2,616,113	2,553,524
Construction funds	5,347,267	31,232,318	36,335,159	42,239,692
Total restricted cash and equity in pooled investments	9,179,208	34,967,223	38,951,272	44,793,216
Total current assets	102,605,258	120,074,961	77,798,707	78,926,005
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	477,346	702,752	-	-
Prepayments	-	93,913	-	-
Capital assets:				
Land and easements	13,320,660	12,052,764	11,992,298	11,844,482
Buildings	211,503,821	210,081,167	1,864,545	1,864,545
Machinery and equipment	179,140,887	179,018,950	20,039,331	19,954,811
Transmission lines and other improvements	247,607,702	237,908,279	203,144,105	199,243,225
Computer software	5,451,250	5,546,843	3,867,678	3,916,167
Less: accumulated depreciation	(261,186,523)	(247,983,836)	(63,515,853)	(59,594,515)
Construction work in progress	44,903,515	16,990,484	18,449,917	12,806,969
Total capital assets, net	440,741,312	413,614,651	195,842,021	190,035,684
Total non-current assets	447,222,400	419,051,316	196,357,597	190,067,718
<b>TOTAL ASSETS</b>	<b>549,827,658</b>	<b>539,126,277</b>	<b>274,156,304</b>	<b>268,993,723</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - loss on refunding bonds	2,074,072	2,199,200	1,230,179	1,310,408
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>6,383,456</b>	<b>12,874,676</b>	<b>3,393,351</b>	<b>7,109,208</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 556,211,114</b>	<b>\$ 552,000,953</b>	<b>\$ 277,549,655</b>	<b>\$ 276,102,931</b>

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,	
	2021	2020	2021	2020
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,709,665	\$ 1,392,868	\$ 638,337	\$ 1,000,489
Accrued wages payable and compensated absences payable	1,071,443	1,062,332	349,822	357,000
Accrued taxes payable	130,280	136,512	53,980	58,292
Due to other governments	260,000	1,040,000	-	-
Accrued environmental liability	-	-	88,813	1,477,876
Accrued State loan interest payable	222,722	210,574	643	700
Current portion of Capital COP loan	565,000	-	-	-
Current portion of State Revolving Fund loan	4,098,392	4,024,390	24,505	23,806
Current portion of revenue bonds payable	1,457,712	1,393,422	967,288	924,912
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	2,915,423	2,786,843	1,934,577	1,849,823
Accrued revenue bonds interest payable	916,518	948,062	681,536	703,701
Total current liabilities	13,347,155	12,995,003	4,739,501	6,396,599
Non-current liabilities:				
Long-term debt - revenue bonds, net	138,380,967	143,311,545	97,812,039	101,310,858
Long-term debt - Capital COP loan	11,705,000	-	-	-
Long-term State Revolving Fund loan	26,228,685	30,327,077	299,942	286,251
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	183,624,731	189,200,578	101,131,913	108,657,768
<b>TOTAL LIABILITIES</b>	<b>196,971,886</b>	<b>202,195,581</b>	<b>105,871,414</b>	<b>115,054,367</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	2,598	10,394	3,588	14,353
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>23,818,484</b>	<b>20,159,556</b>	<b>9,973,460</b>	<b>8,683,551</b>
<b>NET POSITION</b>				
Net investment in capital assets	273,556,517	267,979,341	143,124,082	140,572,575
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	1,363,742	-	483,542	-
Unrestricted	55,860,485	57,026,475	18,065,123	11,760,404
<b>TOTAL NET POSITION</b>	<b>335,420,744</b>	<b>329,645,816</b>	<b>161,704,781</b>	<b>152,365,013</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 556,211,114</b>	<b>\$ 552,000,953</b>	<b>\$ 277,549,655</b>	<b>\$ 276,102,931</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 July Year-to-Date		Surface Water July Year-to-Date	
	2021	2020	2021	2020
OPERATING REVENUES				
Wastewater residential	\$ 31,487,103	\$ 31,008,135	\$ -	\$ -
Wastewater commercial and public authorities	13,671,619	13,775,906	-	-
Surface water residential	-	-	10,983,671	10,885,419
Surface water commercial	-	-	11,708,555	11,973,737
Other revenues	2,355,411	2,163,399	94,327	37,877
Total operating revenues	47,514,133	46,947,440	22,786,553	22,897,033
OPERATING EXPENSES				
Business operations	11,007,452	10,898,405	5,428,550	4,891,982
Operations and maintenance	15,348,206	14,925,945	2,086,374	2,111,252
Science and engineering	5,028,540	4,818,914	4,439,306	4,466,794
Depreciation	8,288,860	8,796,652	2,556,160	2,676,289
Total operating expenses	39,673,058	39,439,916	14,510,390	14,146,317
Net operating income	7,841,075	7,507,524	8,276,163	8,750,716
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	508,445	1,119,112	392,115	735,587
Interest expenses and other related costs	(3,674,947)	(3,796,854)	(2,390,046)	(2,468,337)
Amortization of bond premium and gain/loss on refunding	256,513	257,166	307,399	308,311
Other nonoperating revenues	896,670	1,083,476	181,821	20,702
Gain or loss on sale/disposal of capital assets	23,490	(586,044)	(4,227)	-
Total nonoperating expenses	(1,989,829)	(1,923,144)	(1,512,938)	(1,403,737)
Net income before contributions and transfers	5,851,246	5,584,380	6,763,225	7,346,979
Capital contributions and grants	528,373	459,584	351,514	275,991
Transfer in from other funds	-	-	-	22,260
Transfer out to other funds	-	(68,513)	(683,958)	(670,279)
Gross earnings tax	(3,891,718)	(3,862,105)	(1,851,029)	(1,839,763)
Total contributions and transfers	(3,363,345)	(3,471,034)	(2,183,473)	(2,211,791)
CHANGE IN NET POSITION	2,487,901	2,113,346	4,579,752	5,135,188
NET POSITION - JANUARY 1	332,932,843	327,532,470	157,125,029	147,229,825
NET POSITION - JULY 31	\$ 335,420,744	\$ 329,645,816	\$ 161,704,781	\$ 152,365,013



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.