

---

***August 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 August 31,		Increase
	2020	2019	(Decrease)
<b>ASSETS</b>			
Current assets:			
Cash and equity in pooled investments	\$ 101,263,242	\$ 87,324,715	\$ 13,938,527
Accounts receivable, net	8,647,114	7,706,815	940,299
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	145,903	237,502	(91,599)
Inventory	1,801,168	1,335,275	465,893
Prepayments	337,540	290,672	46,868
Restricted cash and equity in pooled investments:			
Debt service funds	7,693,894	7,816,659	(122,765)
Construction funds	72,097,940	87,890,576	(15,792,636)
Total restricted cash and equity in pooled investments	79,791,834	95,707,235	(15,915,401)
Total current assets	200,830,550	200,866,001	(35,451)
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	674,134	709,870	(35,736)
Prepayments	93,913	187,825	(93,912)
Capital assets:			
Land and easements	25,150,525	23,705,420	1,445,105
Buildings	211,945,712	191,724,902	20,220,810
Machinery and equipment	198,997,281	210,666,058	(11,668,777)
Transmission lines and other improvements	437,152,096	422,991,852	14,160,244
Computer software	9,466,301	9,280,374	185,927
Less: accumulated depreciation	(308,958,636)	(294,363,472)	(14,595,164)
Construction work in progress	30,289,880	35,784,650	(5,494,770)
Total capital assets, net	604,043,159	599,789,784	4,253,375
Total non-current assets	609,483,240	609,768,881	(285,641)
<b>TOTAL ASSETS</b>	<b>810,313,790</b>	<b>810,634,882</b>	<b>(321,092)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - loss on refunding bonds	3,492,495	2,201,709	1,290,786
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>19,966,771</b>	<b>8,173,857</b>	<b>11,792,914</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 830,280,561</b>	<b>\$ 818,808,739</b>	<b>\$ 11,471,822</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 August 31,		Increase
	2020	2019	(Decrease)
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,528,652	\$ 1,489,133	\$ 1,039,519
Accrued wages payable and compensated absences payable	1,551,304	1,350,704	200,600
Accrued taxes payable	188,168	151,698	36,470
Due to other governments	1,300,000	212,648	1,087,352
Accrued environmental liability	524,265	916,063	(391,798)
Accrued State Revolving Fund loan interest payable	264,618	294,819	(30,201)
Current portion of State Revolving Fund loan	4,048,196	3,974,950	73,246
Current portion of revenue bonds payable	1,738,750	1,656,250	82,500
GASB 31 market rate adjustment	-	976,809	(976,809)
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	5,216,250	4,968,750	247,500
Accrued revenue bonds interest payable	2,477,644	2,539,770	(62,126)
Total current liabilities	19,837,847	18,531,594	1,306,253
Non-current liabilities:			
Long-term debt - revenue bonds, net	244,526,054	252,637,811	(8,111,757)
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	30,632,272	34,639,390	(4,007,118)
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	297,780,941	295,148,503	2,632,438
<b>TOTAL LIABILITIES</b>	<b>317,618,788</b>	<b>313,680,097</b>	<b>3,938,691</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	23,200	41,762	(18,562)
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>	<b>28,841,560</b>	<b>32,611,867</b>	<b>(3,770,307)</b>
<b>NET POSITION</b>			
Net investment in capital assets	408,205,986	407,164,971	1,041,015
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Debt service	-	308,139	(308,139)
Net pension asset	-	4,409,368	(4,409,368)
Unrestricted	70,942,193	55,962,263	14,979,930
<b>TOTAL NET POSITION</b>	<b>483,820,213</b>	<b>472,516,775</b>	<b>11,303,438</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 830,280,561</b>	<b>\$ 818,808,739</b>	<b>\$ 11,471,822</b>

*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)

	August Year-to-Date		\$	%
	2020	2019	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 35,441,269	\$ 33,677,343	\$ 1,763,926	5%
Wastewater commercial and public authorities	15,789,337	18,215,220	(2,425,883)	-13%
Surface water residential	12,490,219	11,621,241	868,978	7%
Surface water commercial	13,619,651	12,941,884	677,767	5%
Other revenues	2,464,628	1,742,337	722,291	41%
Total operating revenues	79,805,104	78,198,025	1,607,079	2%
OPERATING EXPENSES				
Business operations	17,858,390	16,528,162	1,330,228	8%
Operations and maintenance	19,312,588	18,256,500	1,056,088	6%
Science and engineering	10,788,570	10,040,297	748,273	7%
Depreciation	12,853,227	11,881,968	971,259	8%
Total operating expenses	60,812,775	56,706,927	4,105,848	7%
Net operating income	18,992,329	21,491,098	(2,498,769)	-12%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	2,097,937	2,585,842	(487,905)	-19%
Interest expenses and other related costs	(7,144,416)	(7,307,279)	162,863	2%
Amortization of bond premium and gain/loss on refunding	646,261	699,645	(53,384)	-8%
Other nonoperating revenues	1,333,116	1,751,392	(418,276)	-24%
Gain or loss on sale/disposal of capital assets	(586,044)	900	(586,944)	-65216%
Total nonoperating expenses	(3,653,146)	(2,269,500)	(1,383,646)	-61%
Net income before contributions and transfers	15,339,183	19,221,598	(3,882,415)	-20%
Capital contributions and grants	1,075,821	1,610,687	(534,866)	-33%
Transfer in from other funds	22,260	263,972	(241,712)	-92%
Transfer out to other funds	(844,333)	(846,333)	2,000	0%
Gross earnings tax	(6,535,013)	(6,571,948)	36,935	1%
Total contributions and transfers	(6,281,265)	(5,543,622)	(737,643)	-13%
CHANGE IN NET POSITION	9,057,918	13,677,976	(4,620,058)	-34%
NET POSITION - JANUARY 1	474,762,295	458,838,799	15,923,496	3%
NET POSITION - AUGUST 31	\$ 483,820,213	\$ 472,516,775	\$ 11,303,438	2%

*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 August 31,		Surface Water As of August 31,	
	2020	2019	2020	2019
<b>ASSETS</b>				
Current assets:				
Cash and equity in pooled investments	\$ 72,899,386	\$ 67,574,681	\$ 28,363,856	\$ 19,750,034
Accounts receivable, net	6,339,050	5,443,565	2,308,064	2,263,250
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	145,903	237,502	-	-
Inventory	1,801,168	1,335,275	-	-
Prepayments	337,540	290,672	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	4,557,292	4,759,248	3,136,602	3,057,411
Construction funds	30,256,330	38,663,775	41,841,610	49,226,801
Total restricted cash and equity in pooled investments	34,813,622	43,423,023	44,978,212	52,284,212
Total current assets	122,007,130	123,641,505	78,823,420	77,224,496
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	674,134	709,870	-	-
Prepayments	93,913	187,825	-	-
Capital assets:				
Land and easements	13,239,443	12,015,024	11,911,082	11,690,396
Buildings	210,081,167	189,753,995	1,864,545	1,970,907
Machinery and equipment	179,031,946	197,312,936	19,965,335	13,353,122
Transmission lines and other improvements	237,908,279	225,221,892	199,243,817	197,769,960
Computer software	5,548,488	5,379,794	3,917,813	3,900,580
Less: accumulated depreciation	(249,062,142)	(238,449,223)	(59,896,494)	(55,914,249)
Construction work in progress	17,044,053	23,840,655	13,245,827	11,943,995
Total capital assets, net	413,791,234	415,075,073	190,251,925	184,714,711
Total non-current assets	419,199,281	423,596,066	190,283,959	186,172,815
<b>TOTAL ASSETS</b>	<b>541,206,411</b>	<b>547,237,571</b>	<b>269,107,379</b>	<b>263,397,311</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - loss on refunding bonds	2,188,773	817,757	1,303,722	1,383,952
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>12,864,249</b>	<b>4,921,692</b>	<b>7,102,522</b>	<b>3,252,165</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 554,070,660</b>	<b>\$ 552,159,263</b>	<b>\$ 276,209,901</b>	<b>\$ 266,649,476</b>

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

	Wastewater As of August 31,		Surface Water As of August 31,	
	2020	2019	2020	2019
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,815,558	\$ 1,137,347	\$ 713,094	\$ 351,786
Accrued wages payable and compensated absences payable	1,164,920	1,020,204	386,384	330,500
Accrued taxes payable	132,432	109,209	55,736	42,489
Due to other governments	1,300,000	212,648	-	-
Accrued environmental liability	-	-	524,265	916,063
Accrued State Revolving Fund loan interest payable	263,218	293,306	1,400	1,513
Current portion of State Revolving Fund loan	4,024,390	3,951,824	23,806	23,126
Current portion of revenue bonds payable	1,045,066	996,865	693,684	659,385
GASB 31 market rate adjustment	-	623,113	-	353,696
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	3,135,199	2,990,595	2,081,051	1,978,155
Accrued revenue bonds interest payable	1,422,093	1,460,514	1,055,551	1,079,256
Total current liabilities	14,302,876	12,795,625	5,534,971	5,735,969
Non-current liabilities:				
Long-term debt - revenue bonds, net	143,265,029	148,003,721	101,261,025	104,634,090
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	305,195	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	189,154,062	188,375,790	108,626,879	106,772,713
<b>TOTAL LIABILITIES</b>	<b>203,456,938</b>	<b>201,171,415</b>	<b>114,161,850</b>	<b>112,508,682</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	9,744	17,540	13,456	24,222
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>20,158,906</b>	<b>22,157,536</b>	<b>8,682,654</b>	<b>10,454,331</b>
<b>NET POSITION</b>				
Net investment in capital assets	267,565,031	267,235,188	140,640,955	139,929,783
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Debt service	-	308,139	-	-
Net pension asset	-	2,983,298	-	1,426,070
Unrestricted	58,249,785	53,663,687	12,692,408	2,298,576
<b>TOTAL NET POSITION</b>	<b>330,454,816</b>	<b>328,830,312</b>	<b>153,365,397</b>	<b>143,686,463</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 554,070,660</b>	<b>\$ 552,159,263</b>	<b>\$ 276,209,901</b>	<b>\$ 266,649,476</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		Surface Water	
	August Year-to-Date		August Year-to-Date	
	2020	2019	2020	2019
OPERATING REVENUES				
Wastewater residential	\$ 35,441,269	\$ 33,677,343	\$ -	\$ -
Wastewater commercial and public authorities	15,789,337	18,215,220	-	-
Surface water residential	-	-	12,490,219	11,621,241
Surface water commercial	-	-	13,619,651	12,941,884
Other revenues	2,423,200	1,647,729	41,428	94,608
Total operating revenues	53,653,806	53,540,292	26,151,298	24,657,733
OPERATING EXPENSES				
Business operations	12,323,995	11,118,923	5,534,395	5,409,239
Operations and maintenance	16,895,905	15,773,995	2,416,683	2,482,505
Science and engineering	5,650,066	5,155,256	5,138,504	4,885,041
Depreciation	9,874,958	9,177,639	2,978,269	2,704,329
Total operating expenses	44,744,924	41,225,813	16,067,851	15,481,114
Net operating income	8,908,882	12,314,479	10,083,447	9,176,619
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,265,801	1,602,527	832,136	983,315
Interest expenses and other related costs	(4,323,529)	(4,397,240)	(2,820,887)	(2,910,039)
Amortization of bond premium and gain/loss on refunding	293,905	346,374	352,356	353,271
Other nonoperating revenues	1,312,414	1,152,454	20,702	598,938
Gain or loss on sale/disposal of capital assets	(586,044)	900	-	-
Total nonoperating expenses	(2,037,453)	(1,294,985)	(1,615,693)	(974,515)
Net income before contributions and transfers	6,871,429	11,019,494	8,467,754	8,202,104
Capital contributions and grants	560,077	659,251	515,744	951,436
Transfer in from other funds	-	-	22,260	263,972
Transfer out to other funds	(78,300)	(79,300)	(766,033)	(767,033)
Gross earnings tax	(4,430,860)	(4,520,194)	(2,104,153)	(2,051,754)
Total contributions and transfers	(3,949,083)	(3,940,243)	(2,332,182)	(1,603,379)
CHANGE IN NET POSITION	2,922,346	7,079,251	6,135,572	6,598,725
NET POSITION - JANUARY 1	327,532,470	321,751,061	147,229,825	137,087,738
NET POSITION - AUGUST 31	\$ 330,454,816	\$ 328,830,312	\$ 153,365,397	\$ 143,686,463



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.