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***August 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 August 31,		Increase
	2021	2020	(Decrease)
<b>ASSETS</b>			
Current assets:			
Cash and equity in pooled investments	\$ 104,592,732	\$ 101,263,242	\$ 3,329,490
Accounts receivable, net	10,157,995	8,647,114	1,510,881
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	103,477	145,903	(42,426)
Loan receivable	7,833,406	-	7,833,406
Inventory	2,310,827	1,801,168	509,659
Prepayments	478,288	337,540	140,748
Restricted cash and equity in pooled investments:			
Debt service funds	7,853,331	7,693,894	159,437
Construction funds	40,400,309	72,097,940	(31,697,631)
Total restricted cash and equity in pooled investments	48,253,640	79,791,834	(31,538,194)
Total current assets	184,044,985	200,830,550	(16,785,565)
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	439,134	674,134	(235,000)
Prepayments	-	93,913	(93,913)
Capital assets:			
Land and easements	25,312,958	25,150,525	162,433
Buildings	213,368,366	211,945,712	1,422,654
Machinery and equipment	199,216,788	198,997,281	219,507
Transmission lines and other improvements	450,757,475	437,152,096	13,605,379
Computer software	9,318,928	9,466,301	(147,373)
Less: accumulated depreciation	(326,251,299)	(308,958,636)	(17,292,663)
Construction work in progress	66,229,394	30,289,880	35,939,514
Total capital assets, net	637,952,610	604,043,159	33,909,451
Total non-current assets	644,911,062	609,483,240	35,427,822
<b>TOTAL ASSETS</b>	<b>828,956,047</b>	<b>810,313,790</b>	<b>18,642,257</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - loss on refunding bonds	3,287,138	3,492,495	(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>9,759,694</b>	<b>19,966,771</b>	<b>(10,207,077)</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 838,715,741</b>	<b>\$ 830,280,561</b>	<b>\$ 8,435,180</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
	2021	2020	(Decrease)
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 3,170,646	\$ 2,528,652	\$ 641,994
Accrued wages payable and compensated absences payable	1,733,196	1,551,304	181,892
Accrued taxes payable	216,896	188,168	28,728
Due to other governments	520,000	1,300,000	(780,000)
Accrued environmental liability	61,163	524,265	(463,102)
Accrued State loan interest payable	289,418	264,618	24,800
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	1,818,750	1,738,750	80,000
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	5,456,250	5,216,250	240,000
Accrued revenue bonds interest payable	2,397,081	2,477,644	(80,563)
Total current liabilities	20,351,297	19,837,847	513,450
Non-current liabilities:			
Long-term debt - revenue bonds, net	236,096,881	244,526,054	(8,429,173)
Long-term debt - Capital COP loan	11,705,000	-	11,705,000
Long-term State Revolving Fund loan	26,570,448	30,632,272	(4,061,824)
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	284,702,340	297,780,941	(13,078,601)
<b>TOTAL LIABILITIES</b>	<b>305,053,637</b>	<b>317,618,788</b>	<b>(12,565,151)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	4,640	23,200	(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>33,790,398</b>	<b>28,841,560</b>	<b>4,948,838</b>
<b>NET POSITION</b>			
Net investment in capital assets	417,407,537	408,205,986	9,201,551
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Net pension asset	1,847,284	-	1,847,284
Unrestricted	75,944,851	70,942,193	5,002,658
<b>TOTAL NET POSITION</b>	<b>499,871,706</b>	<b>483,820,213</b>	<b>16,051,493</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 838,715,741</b>	<b>\$ 830,280,561</b>	<b>\$ 8,435,180</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)

	August Year-to-Date		\$	%
	2021	2020	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 36,486,069	\$ 35,441,269	\$ 1,044,800	3%
Wastewater commercial and public authorities	16,437,167	15,789,337	647,830	4%
Surface water residential	12,701,172	12,490,219	210,953	2%
Surface water commercial	13,560,060	13,619,651	(59,591)	0%
Other revenues	2,750,093	2,464,628	285,465	12%
Total operating revenues	81,934,561	79,805,104	2,129,457	3%
OPERATING EXPENSES				
Business operations	18,614,485	17,858,390	756,095	4%
Operations and maintenance	19,987,009	19,312,588	674,421	3%
Science and engineering	10,699,494	10,788,570	(89,076)	-1%
Depreciation	12,393,942	12,853,227	(459,285)	-4%
Total operating expenses	61,694,930	60,812,775	882,155	1%
Net operating income	20,239,631	18,992,329	1,247,302	7%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,006,696	2,097,937	(1,091,241)	-52%
Interest expenses and other related costs	(6,930,076)	(7,144,416)	214,340	3%
Amortization of bond premium and gain/loss on refunding	644,470	646,261	(1,791)	0%
Other nonoperating revenues	1,250,706	1,333,116	(82,410)	-6%
Gain or loss on sale/disposal of capital assets	19,263	(586,044)	605,307	103%
Total nonoperating expenses	(4,008,941)	(3,653,146)	(355,795)	-10%
Net income before contributions and transfers	16,230,690	15,339,183	891,507	6%
Capital contributions and grants	1,053,394	1,075,821	(22,427)	-2%
Transfer in from other funds	-	22,260	(22,260)	-100%
Transfer out to other funds	(781,667)	(844,333)	62,666	7%
Gross earnings tax	(6,688,583)	(6,535,013)	(153,570)	-2%
Total contributions and transfers	(6,416,856)	(6,281,265)	(135,591)	-2%
CHANGE IN NET POSITION	9,813,834	9,057,918	755,916	8%
NET POSITION - JANUARY 1	490,057,872	474,762,295	15,295,577	3%
NET POSITION - AUGUST 31	\$ 499,871,706	\$ 483,820,213	\$ 16,051,493	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 August 31,		Surface Water As of August 31,	
	2021	2020	2021	2020
<b>ASSETS</b>				
Current assets:				
Cash and equity in pooled investments	\$ 71,656,704	\$ 72,899,386	\$ 32,936,028	\$ 28,363,856
Accounts receivable, net	7,357,866	6,339,050	2,800,129	2,308,064
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	103,477	145,903	-	-
Loan receivable	7,833,406	-	-	-
Inventory	2,310,827	1,801,168	-	-
Prepayments	478,288	337,540	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	4,654,628	4,557,292	3,198,703	3,136,602
Construction funds	4,040,717	30,256,330	36,359,592	41,841,610
Total restricted cash and equity in pooled investments	8,695,345	34,813,622	39,558,295	44,978,212
Total current assets	104,809,342	122,007,130	79,235,643	78,823,420
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	439,134	674,134	-	-
Prepayments	-	93,913	-	-
Capital assets:				
Land and easements	13,320,660	13,239,443	11,992,298	11,911,082
Buildings	211,503,821	210,081,167	1,864,545	1,864,545
Machinery and equipment	179,177,457	179,031,946	20,039,331	19,965,335
Transmission lines and other improvements	247,612,665	237,908,279	203,144,810	199,243,817
Computer software	5,451,250	5,548,488	3,867,678	3,917,813
Less: accumulated depreciation	(262,370,441)	(249,062,142)	(63,880,858)	(59,896,494)
Construction work in progress	47,261,496	17,044,053	18,967,898	13,245,827
Total capital assets, net	441,956,908	413,791,234	195,995,702	190,251,925
Total non-current assets	448,399,784	419,199,281	196,511,278	190,283,959
<b>TOTAL ASSETS</b>	<b>553,209,126</b>	<b>541,206,411</b>	<b>275,746,921</b>	<b>269,107,379</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - loss on refunding bonds	2,063,645	2,188,773	1,223,493	1,303,722
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>6,373,029</b>	<b>12,864,249</b>	<b>3,386,665</b>	<b>7,102,522</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 559,582,155</b>	<b>\$ 554,070,660</b>	<b>\$ 279,133,586</b>	<b>\$ 276,209,901</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,	
	2021	2020	2021	2020
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 2,511,420	\$ 1,815,558	\$ 659,226	\$ 713,094
Accrued wages payable and compensated absences payable	1,291,432	1,164,920	441,764	386,384
Accrued taxes payable	154,955	132,432	61,941	55,736
Due to other governments	520,000	1,300,000	-	-
Accrued environmental liability	-	-	61,163	524,265
Accrued State loan interest payable	288,134	263,218	1,284	1,400
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	1,093,284	1,045,066	725,466	693,684
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	3,279,851	3,135,199	2,176,399	2,081,051
Accrued revenue bonds interest payable	1,374,777	1,422,093	1,022,304	1,055,551
Total current liabilities	15,177,245	14,302,876	5,174,052	5,534,971
Non-current liabilities:				
Long-term debt - revenue bonds, net	138,334,545	143,265,029	97,762,336	101,261,025
Long-term debt - Capital COP loan	11,705,000	-	-	-
Long-term State Revolving Fund loan	26,228,685	30,327,077	341,763	305,195
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	183,578,309	189,154,062	101,124,031	108,626,879
<b>TOTAL LIABILITIES</b>	<b>198,755,554</b>	<b>203,456,938</b>	<b>106,298,083</b>	<b>114,161,850</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	1,949	9,744	2,691	13,456
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>23,817,835</b>	<b>20,158,906</b>	<b>9,972,563</b>	<b>8,682,654</b>
<b>NET POSITION</b>				
Net investment in capital assets	273,867,821	267,565,031	143,539,716	140,640,955
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	1,363,742	-	483,542	-
Unrestricted	57,137,203	58,249,785	18,807,648	12,692,408
<b>TOTAL NET POSITION</b>	<b>337,008,766</b>	<b>330,454,816</b>	<b>162,862,940</b>	<b>153,365,397</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 559,582,155</b>	<b>\$ 554,070,660</b>	<b>\$ 279,133,586</b>	<b>\$ 276,209,901</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		Surface Water	
	August Year-to-Date		August Year-to-Date	
	2021	2020	2021	2020
OPERATING REVENUES				
Wastewater residential	\$ 36,486,069	\$ 35,441,269	\$ -	\$ -
Wastewater commercial and public authorities	16,437,167	15,789,337	-	-
Surface water residential	-	-	12,701,172	12,490,219
Surface water commercial	-	-	13,560,060	13,619,651
Other revenues	2,654,101	2,423,200	95,992	41,428
Total operating revenues	55,577,337	53,653,806	26,357,224	26,151,298
OPERATING EXPENSES				
Business operations	12,466,626	12,323,995	6,147,859	5,534,395
Operations and maintenance	17,563,319	16,895,905	2,423,690	2,416,683
Science and engineering	5,610,888	5,650,066	5,088,606	5,138,504
Depreciation	9,472,778	9,874,958	2,921,164	2,978,269
Total operating expenses	45,113,611	44,744,924	16,581,319	16,067,851
Net operating income	10,463,726	8,908,882	9,775,905	10,083,447
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	566,033	1,265,801	440,663	832,136
Interest expenses and other related costs	(4,198,619)	(4,323,529)	(2,731,457)	(2,820,887)
Amortization of bond premium and gain/loss on refunding	293,158	293,905	351,312	352,356
Other nonoperating revenues	927,551	1,312,414	323,155	20,702
Gain or loss on sale/disposal of capital assets	23,490	(586,044)	(4,227)	-
Total nonoperating expenses	(2,388,387)	(2,037,453)	(1,620,554)	(1,615,693)
Net income before contributions and transfers	8,075,339	6,871,429	8,155,351	8,467,754
Capital contributions and grants	551,758	560,077	501,636	515,744
Transfer in from other funds	-	-	-	22,260
Transfer out to other funds	-	(78,300)	(781,667)	(766,033)
Gross earnings tax	(4,551,174)	(4,430,860)	(2,137,409)	(2,104,153)
Total contributions and transfers	(3,999,416)	(3,949,083)	(2,417,440)	(2,332,182)
CHANGE IN NET POSITION	4,075,923	2,922,346	5,737,911	6,135,572
NET POSITION - JANUARY 1	332,932,843	327,532,470	157,125,029	147,229,825
NET POSITION - AUGUST 31	\$ 337,008,766	\$ 330,454,816	\$ 162,862,940	\$ 153,365,397



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.