
***October
2019***

***WASTEWATER AND SURFACE WATER
MANAGEMENT***

INTERIM FINANCIAL REPORT



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)
October 31, 2019 and October 31, 2018

	2019	2018	Increase (Decrease)
ASSETS			
Current assets:			
Cash and equity in pooled investments	\$ 90,912,576	\$ 66,802,963	\$ 24,109,613
Accounts receivable, net	8,676,829	6,801,202	1,875,627
Unbilled revenues	8,263,787	6,970,787	1,293,000
Conservation loan fund receivables	237,302	139,339	97,963
Due from other governments	-	324,607	(324,607)
Inventory	1,380,391	1,366,155	14,236
Prepayments	223,146	192,884	30,262
Restricted cash and equity in pooled investments:			
Debt service funds	10,318,132	7,115,344	3,202,788
Construction funds	85,636,516	38	85,636,478
Total restricted cash and equity in pooled investments	95,954,648	7,115,382	88,839,266
Total current assets	205,648,679	89,713,319	115,935,360
Non-current assets:			
Restricted cash and equity in pooled investments:			
Debt reserves	4,672,034	11,628,684	(6,956,650)
Net pension asset	4,409,368	-	4,409,368
Conservation loan fund receivables	695,754	600,156	95,598
Prepayments	187,825	281,737	(93,912)
Capital assets:			
Land and easements	23,736,190	23,687,359	48,831
Buildings	191,724,902	191,779,418	(54,516)
Machinery and equipment	211,412,655	210,924,543	488,112
Transmission lines and other improvements	423,183,293	409,653,274	13,530,019
Computer software	9,280,374	8,945,106	335,268
Less: accumulated depreciation	(297,338,593)	(282,911,772)	(14,426,821)
Construction work in progress	38,281,624	24,125,116	14,156,508
Total capital assets, net	600,280,445	586,203,044	14,077,401
Total non-current assets	610,245,426	598,713,621	11,531,805
TOTAL ASSETS	815,894,105	688,426,940	127,467,165
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - loss on refunding bonds	2,180,436	2,308,071	(127,635)
Deferred outflow - OPEB	317,474	-	317,474
Deferred outflow - pensions	5,654,674	11,070,737	(5,416,063)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,152,584	13,378,808	(5,226,224)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 824,046,689	\$ 701,805,748	\$ 122,240,941

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)
October 31, 2019 and October 31, 2018

	2019	2018	Increase (Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,746,019	\$ 1,517,569	\$ 1,228,450
Accrued wages payable and compensated absences payable	1,761,034	1,807,423	(46,389)
Accrued taxes payable	194,871	165,673	29,198
Due to other governments	692,648	119,028	573,620
Accrued environmental liability	852,044	616,688	235,356
Accrued State Revolving Fund loan interest payable	58,692	64,870	(6,178)
Current portion of State Revolving Fund loan	4,011,056	3,938,535	72,521
Current portion of revenue bonds payable	552,083	797,816	(245,733)
GASB 31 market rate adjustment	976,809	742,874	233,935
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	6,072,917	4,227,184	1,845,733
Accrued revenue bonds interest payable	4,245,215	2,509,094	1,736,121
Deposit in lieu of bond	-	9,250	(9,250)
Total current liabilities	<u>22,163,388</u>	<u>16,516,004</u>	<u>5,647,384</u>
Non-current liabilities:			
Long-term debt - revenue bonds, net	252,444,721	152,204,147	100,240,574
Long-term accrued compensated absences	2,757,749	2,979,424	(221,675)
Long-term accrued environmental liability	1,012,500	840,000	172,500
Long-term State Revolving Fund loan	32,636,355	36,647,410	(4,011,055)
Net pension liability	-	10,569,592	(10,569,592)
Net OPEB liability	4,101,053	2,968,581	1,132,472
Total noncurrent liabilities	<u>292,952,378</u>	<u>206,209,154</u>	<u>86,743,224</u>
TOTAL LIABILITIES	<u>315,115,766</u>	<u>222,725,158</u>	<u>92,390,608</u>
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflow - gain on refunding bonds	38,668	57,228	(18,560)
Deferred inflow - OPEB	64,332	-	64,332
Deferred inflow - pensions	7,505,773	2,277,390	5,228,383
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>32,608,773</u>	<u>27,334,618</u>	<u>5,274,155</u>
NET POSITION			
Net investment in capital assets	408,635,278	405,751,865	2,883,413
Restricted for:			
Bond reserves	4,672,034	11,628,684	(6,956,650)
Debt service	-	379,066	(379,066)
Deposit in lieu of bond	-	9,250	(9,250)
Net pension asset	4,409,368	-	4,409,368
Unrestricted	58,605,470	33,977,107	24,628,363
TOTAL NET POSITION	<u>476,322,150</u>	<u>451,745,972</u>	<u>24,576,178</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 824,046,689</u>	<u>\$ 701,805,748</u>	<u>\$ 122,240,941</u>

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Revenue, Expense, and Changes in Net Position (Unaudited)
October 31, 2019 and October 31, 2018

	October Year-to-Date		\$	%
	2019	2018	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 42,870,641	\$ 41,117,402	\$ 1,753,239	4%
Wastewater commercial and public authorities	22,924,108	22,278,385	645,723	3%
Surface water residential	14,831,928	14,448,888	383,040	3%
Surface water commercial	16,375,009	15,675,457	699,552	4%
Other revenues	2,170,756	3,180,597	(1,009,841)	-32%
Total operating revenues	99,172,442	96,700,729	2,471,713	3%
OPERATING EXPENSES				
Business operations	20,678,034	20,763,256	(85,222)	0%
Operations and maintenance	23,479,995	22,398,602	1,081,393	5%
Science and engineering	12,596,050	14,235,651	(1,639,601)	-12%
Depreciation	14,857,090	14,627,558	229,532	2%
Total operating expenses	71,611,169	72,025,067	(413,898)	-1%
Net operating income	27,561,273	24,675,662	2,885,611	12%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	3,263,001	1,562,898	1,700,103	109%
Interest expenses and other related costs	(9,128,567)	(6,932,205)	(2,196,362)	-32%
Amortization of bond premium and gain/loss on refunding	874,557	737,668	136,889	19%
Other nonoperating revenues	2,051,215	1,548,943	502,272	32%
Other nonoperating expenses	-	(1,963)	1,963	100%
Gain on sale/disposal of capital assets	900	(26,233)	27,133	103%
Total nonoperating expenses	(2,938,894)	(3,110,892)	171,998	6%
Net income before contributions and transfers	24,622,379	21,564,770	3,057,609	14%
Capital contributions and grants	1,920,535	2,531,319	(610,784)	-24%
Transfer in from other funds	263,972	300,861	(36,889)	-12%
Transfer out to other funds	(1,057,417)	(42,000)	(1,015,417)	-2418%
Gross earnings tax	(8,266,118)	(7,981,953)	(284,165)	-4%
Total contributions and transfers	(7,139,028)	(5,191,773)	(1,947,255)	-38%
CHANGE IN NET POSITION	17,483,351	16,372,997	1,110,354	7%
NET POSITION - JANUARY 1	458,838,799	435,372,975	23,465,824	5%
NET POSITION - OCTOBER 31	\$ 476,322,150	\$ 451,745,972	\$ 24,576,178	5%

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

Interim Financial Statements by Utility

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)
October 31, 2019 and October 31, 2018

	Wastewater		Surface Water	
	2019	2018	2019	2018
ASSETS				
Current assets:				
Cash and equity in pooled investments	\$ 68,913,760	\$ 54,868,805	\$ 21,998,816	\$ 11,934,158
Accounts receivable, net	6,498,547	4,618,307	2,178,282	2,182,895
Unbilled revenues	5,336,787	4,614,787	2,927,000	2,356,000
Conservation loan fund receivables	237,302	139,339	-	-
Due from other governments	-	-	-	324,607
Inventory	1,380,391	1,366,155	-	-
Prepayments	223,146	192,884	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	6,095,304	4,378,691	4,222,828	2,736,653
Construction funds	37,433,424	38	48,203,092	-
Total restricted cash and equity in pooled investments	43,528,728	4,378,729	52,425,920	2,736,653
Total current assets	126,118,661	70,179,006	79,530,018	19,534,313
Non-current assets:				
Restricted cash and equity in pooled investments:				
Debt reserves	4,640,000	9,540,196	32,034	2,088,488
Net pension asset	2,983,298	-	1,426,070	-
Conservation loan fund receivables	695,754	600,156	-	-
Prepayments	187,825	281,737	-	-
Capital assets:				
Land and easements	12,030,410	12,008,381	11,705,780	11,678,978
Buildings	189,761,004	189,808,511	1,963,898	1,970,907
Machinery and equipment	198,023,619	197,469,759	13,389,036	13,454,784
Transmission lines and other improvements	225,234,533	223,220,031	197,948,760	186,433,243
Computer software	5,379,794	5,142,475	3,900,580	3,802,631
Less: accumulated depreciation	(240,712,755)	(229,939,313)	(56,625,838)	(52,972,459)
Construction work in progress	25,309,274	10,897,232	12,972,350	13,227,884
Total capital assets, net	415,025,879	408,607,076	185,254,566	177,595,968
Total non-current assets	423,532,756	419,029,165	186,712,670	179,684,456
TOTAL ASSETS	549,651,417	489,208,171	266,242,688	199,218,769
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - loss on refunding bonds	809,856	857,262	1,370,580	1,450,809
Deferred outflow - OPEB	278,085	-	39,389	-
Deferred outflow - pensions	3,825,850	7,553,493	1,828,824	3,517,244
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,913,791	8,410,755	3,238,793	4,968,053
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 554,565,208	\$ 497,618,926	\$ 269,481,481	\$ 204,186,822

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)
October 31, 2019 and October 31, 2018

	Wastewater		Surface Water	
	2019	2018	2019	2018
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,937,836	\$ 1,096,207	\$ 808,183	\$ 421,362
Accrued wages payable and compensated absences payable	1,325,753	1,250,062	435,281	557,361
Accrued taxes payable	139,880	117,427	54,991	48,246
Due to other governments	692,648	119,028	-	-
Accrued environmental liability	-	-	852,044	616,688
Accrued State Revolving Fund loan interest payable	55,667	61,626	3,025	3,244
Current portion of State Revolving Fund loan	3,987,930	3,916,069	23,126	22,466
Current portion of revenue bonds payable	332,288	630,845	219,795	166,971
GASB 31 market rate adjustment	623,113	455,771	353,696	287,103
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	3,655,172	2,390,500	2,417,745	1,836,684
Accrued revenue bonds interest payable	2,440,132	1,609,125	1,805,083	899,969
Deposit in lieu of bond	-	9,250	-	-
Total current liabilities	15,190,419	11,655,910	6,972,969	4,860,094
Non-current liabilities:				
Long-term debt - revenue bonds, net	147,910,526	100,112,160	104,534,195	52,091,987
Long-term accrued compensated absences	2,288,084	2,314,865	469,665	664,559
Long-term accrued environmental liability	-	-	1,012,500	840,000
Long-term State Revolving Fund loan	32,348,432	36,336,361	287,923	311,049
Net pension liability	-	7,211,565	-	3,358,027
Net OPEB liability	3,732,518	2,477,745	368,535	490,836
Total noncurrent liabilities	186,279,560	148,452,696	106,672,818	57,756,458
TOTAL LIABILITIES	201,469,979	160,108,606	113,645,787	62,616,552
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflow - gain on refunding bonds	16,240	24,036	22,428	33,192
Deferred inflow - OPEB	61,726	-	2,606	-
Deferred inflow - pensions	5,078,270	1,553,849	2,427,503	723,541
TOTAL DEFERRED INFLOWS OF RESOURCES	22,156,236	18,577,885	10,452,537	8,756,733
NET POSITION				
Net investment in capital assets	268,673,743	268,444,905	139,961,535	137,306,960
Restricted for:				
Bond reserves	4,640,000	9,540,196	32,034	2,088,488
Debt service	-	379,066	-	-
Deposit in lieu of bond	-	9,250	-	-
Net pension asset	2,983,298	-	1,426,070	-
Unrestricted	54,641,952	40,559,018	3,963,518	(6,581,911)
TOTAL NET POSITION	330,938,993	318,932,435	145,383,157	132,813,537
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 554,565,208	\$ 497,618,926	\$ 269,481,481	\$ 204,186,822

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Revenue, Expense, and Changes in Net Position (Unaudited)
October 31, 2019 and October 31, 2018

	Wastewater		Surface Water	
	October Year-to-Date		October Year-to-Date	
	2019	2018	2019	2018
OPERATING REVENUES				
Wastewater residential	\$ 42,870,641	\$ 41,117,402	\$ -	\$ -
Wastewater commercial and public authorities	22,924,108	22,278,385	-	-
Surface water residential	-	-	14,831,928	14,448,888
Surface water commercial	-	-	16,375,009	15,675,457
Other revenues	2,058,499	2,210,143	112,257	970,454
Total operating revenues	<u>67,853,248</u>	<u>65,605,930</u>	<u>31,319,194</u>	<u>31,094,799</u>
OPERATING EXPENSES				
Business operations	13,905,329	14,419,965	6,772,705	6,343,291
Operations and maintenance	20,241,726	19,391,807	3,238,269	3,006,795
Science and engineering	6,394,501	6,420,182	6,201,549	7,815,469
Depreciation	11,476,308	11,335,237	3,380,782	3,292,321
Total operating expenses	<u>52,017,864</u>	<u>51,567,191</u>	<u>19,593,305</u>	<u>20,457,876</u>
Net operating income	<u>15,835,384</u>	<u>14,038,739</u>	<u>11,725,889</u>	<u>10,636,923</u>
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	2,018,080	974,300	1,244,921	588,598
Interest expenses and other related costs	(5,491,187)	(4,157,370)	(3,637,380)	(2,774,835)
Amortization of bond premium and gain/loss on refunding	432,968	368,781	441,589	368,887
Other nonoperating revenues	1,437,647	1,266,241	613,568	282,702
Other nonoperating expenses	-	(373)	-	(1,590)
Gain on sale/disposal of capital assets	900	1,929	-	(28,162)
Total nonoperating expenses	<u>(1,601,592)</u>	<u>(1,546,492)</u>	<u>(1,337,302)</u>	<u>(1,564,400)</u>
Net income before contributions and transfers	<u>14,233,792</u>	<u>12,492,247</u>	<u>10,388,587</u>	<u>9,072,523</u>
Capital contributions and grants	746,398	2,145,987	1,174,137	385,332
Transfer in from other funds	-	-	263,972	300,861
Transfer out to other funds	(98,875)	-	(958,542)	(42,000)
Gross earnings tax	(5,693,383)	(5,438,420)	(2,572,735)	(2,543,533)
Total contributions and transfers	<u>(5,045,860)</u>	<u>(3,292,433)</u>	<u>(2,093,168)</u>	<u>(1,899,340)</u>
CHANGE IN NET POSITION	<u>9,187,932</u>	<u>9,199,814</u>	<u>8,295,419</u>	<u>7,173,183</u>
NET POSITION - JANUARY 1	<u>321,751,061</u>	<u>309,732,621</u>	<u>137,087,738</u>	<u>125,640,354</u>
NET POSITION - OCTOBER 31	<u>\$ 330,938,993</u>	<u>\$ 318,932,435</u>	<u>\$ 145,383,157</u>	<u>\$ 132,813,537</u>

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

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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.