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***October 2020***

***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 October 31,		Increase
	2020	2019	(Decrease)
<b>ASSETS</b>			
Current assets:			
Cash and equity in pooled investments	\$ 97,589,639	\$ 90,912,576	\$ 6,677,063
Accounts receivable, net	10,225,964	8,676,829	1,549,135
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	151,504	237,302	(85,798)
Due from other governments	35,078	-	35,078
Inventory	1,908,447	1,380,391	528,056
Prepayments	260,641	223,146	37,495
Restricted cash and equity in pooled investments:			
Debt service funds	10,504,823	10,318,132	186,691
Construction funds	69,435,083	85,636,516	(16,201,433)
Total restricted cash and equity in pooled investments	79,939,906	95,954,648	(16,014,742)
Total current assets	198,954,928	205,648,679	(6,693,751)
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	668,071	695,754	(27,683)
Prepayments	93,913	187,825	(93,912)
Capital assets:			
Land and easements	25,188,346	23,736,190	1,452,156
Buildings	211,945,712	191,724,902	20,220,810
Machinery and equipment	199,134,583	211,412,655	(12,278,072)
Transmission lines and other improvements	437,536,556	423,183,293	14,353,263
Computer software	9,466,301	9,280,374	185,927
Less: accumulated depreciation	(311,719,401)	(297,338,593)	(14,380,808)
Construction work in progress	35,617,442	38,281,624	(2,664,182)
Total capital assets, net	607,169,539	600,280,445	6,889,094
Total non-current assets	612,603,557	610,245,426	2,358,131
<b>TOTAL ASSETS</b>	<b>811,558,485</b>	<b>815,894,105</b>	<b>(4,335,620)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - loss on refunding bonds	3,458,269	2,180,436	1,277,833
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>19,932,545</b>	<b>8,152,584</b>	<b>11,779,961</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 831,491,030</b>	<b>\$ 824,046,689</b>	<b>\$ 7,444,341</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 October 31,		Increase
	2020	2019	(Decrease)
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,599,875	\$ 2,746,019	\$ (146,144)
Accrued wages payable and compensated absences payable	865,732	1,761,034	(895,302)
Accrued taxes payable	198,770	194,871	3,899
Due to other governments	1,040,000	692,648	347,352
Accrued environmental liability	490,108	852,044	(361,936)
Accrued State Revolving Fund loan interest payable	52,390	58,692	(6,302)
Current portion of State Revolving Fund loan	4,085,016	4,011,056	73,960
Current portion of revenue bonds payable	579,583	552,083	27,500
GASB 31 market rate adjustment	-	976,809	(976,809)
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	6,375,417	6,072,917	302,500
Accrued revenue bonds interest payable	4,129,406	4,245,215	(115,809)
Total current liabilities	<u>20,416,297</u>	<u>22,163,388</u>	<u>(1,747,091)</u>
Non-current liabilities:			
Long-term debt - revenue bonds, net	244,333,356	252,444,721	(8,111,365)
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	28,592,417	32,636,355	(4,043,938)
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	<u>295,548,388</u>	<u>292,952,378</u>	<u>2,596,010</u>
<b>TOTAL LIABILITIES</b>	<u>315,964,685</u>	<u>315,115,766</u>	<u>848,919</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	20,107	38,668	(18,561)
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>	<u>28,838,467</u>	<u>32,608,773</u>	<u>(3,770,306)</u>
<b>NET POSITION</b>			
Net investment in capital assets	411,981,061	408,635,278	3,345,783
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Net pension asset	-	4,409,368	(4,409,368)
Unrestricted	70,034,783	58,605,470	11,429,313
<b>TOTAL NET POSITION</b>	<u>486,687,878</u>	<u>476,322,150</u>	<u>10,365,728</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 831,491,030</u>	<u>\$ 824,046,689</u>	<u>\$ 7,444,341</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)

	October Year-to-Date		\$	%
	2020	2019	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 44,606,911	\$ 42,870,641	\$ 1,736,270	4%
Wastewater commercial and public authorities	20,003,667	22,924,108	(2,920,441)	-13%
Surface water residential	15,679,834	14,831,928	847,906	6%
Surface water commercial	17,183,392	16,375,009	808,383	5%
Other revenues	2,885,620	2,170,756	714,864	33%
Total operating revenues	100,359,424	99,172,442	1,186,982	1%
OPERATING EXPENSES				
Business operations	22,222,513	20,678,034	1,544,479	7%
Operations and maintenance	24,444,786	23,479,995	964,791	4%
Science and engineering	15,550,407	12,596,050	2,954,357	23%
Depreciation	15,613,992	14,857,090	756,902	5%
Total operating expenses	77,831,698	71,611,169	6,220,529	9%
Net operating income	22,527,726	27,561,273	(5,033,547)	-18%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	2,505,898	3,263,001	(757,103)	-23%
Interest expenses and other related costs	(8,993,813)	(9,128,567)	134,754	1%
Amortization of bond premium and gain/loss on refunding	807,826	874,557	(66,731)	-8%
Other nonoperating revenues	3,219,033	2,051,215	1,167,818	57%
Gain or loss on sale/disposal of capital assets	(586,044)	900	(586,944)	-65216%
Total nonoperating expenses	(3,047,100)	(2,938,894)	(108,206)	-4%
Net income before contributions and transfers	19,480,626	24,622,379	(5,141,753)	-21%
Capital contributions and grants	1,698,374	1,920,535	(222,161)	-12%
Transfer in from other funds	22,260	263,972	(241,712)	-92%
Transfer out to other funds	(1,055,417)	(1,057,417)	2,000	0%
Gross earnings tax	(8,220,260)	(8,266,118)	45,858	1%
Total contributions and transfers	(7,555,043)	(7,139,028)	(416,015)	-6%
CHANGE IN NET POSITION	11,925,583	17,483,351	(5,557,768)	-32%
NET POSITION - JANUARY 1	474,762,295	458,838,799	15,923,496	3%
NET POSITION - OCTOBER 31	\$ 486,687,878	\$ 476,322,150	\$ 10,365,728	2%

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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 October 31,		Surface Water As of October 31,	
	2020	2019	2020	2019
<b>ASSETS</b>				
Current assets:				
Cash and equity in pooled investments	\$ 68,238,072	\$ 68,913,760	\$ 29,351,567	\$ 21,998,816
Accounts receivable, net	7,695,209	6,498,547	2,530,755	2,178,282
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	151,504	237,302	-	-
Due from other governments	-	-	35,078	-
Inventory	1,908,447	1,380,391	-	-
Prepayments	260,641	223,146	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	6,202,064	6,095,304	4,302,759	4,222,828
Construction funds	28,446,856	37,433,424	40,988,227	48,203,092
Total restricted cash and equity in pooled investments	34,648,920	43,528,728	45,290,986	52,425,920
Total current assets	118,573,254	126,118,661	80,381,674	79,530,018
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	668,071	695,754	-	-
Prepayments	93,913	187,825	-	-
Capital assets:				
Land and easements	13,258,354	12,030,410	11,929,992	11,705,780
Buildings	210,081,167	189,761,004	1,864,545	1,963,898
Machinery and equipment	179,137,148	198,023,619	19,997,435	13,389,036
Transmission lines and other improvements	237,953,024	225,234,533	199,583,532	197,948,760
Computer software	5,548,488	5,379,794	3,917,813	3,900,580
Less: accumulated depreciation	(251,214,833)	(240,712,755)	(60,504,568)	(56,625,838)
Construction work in progress	21,797,459	25,309,274	13,819,983	12,972,350
Total capital assets, net	416,560,807	415,025,879	190,608,732	185,254,566
Total non-current assets	421,962,791	423,532,756	190,640,766	186,712,670
<b>TOTAL ASSETS</b>	<b>540,536,045</b>	<b>549,651,417</b>	<b>271,022,440</b>	<b>266,242,688</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - loss on refunding bonds	2,167,918	809,856	1,290,351	1,370,580
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>12,843,394</b>	<b>4,913,791</b>	<b>7,089,151</b>	<b>3,238,793</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 553,379,439</b>	<b>\$ 554,565,208</b>	<b>\$ 278,111,591</b>	<b>\$ 269,481,481</b>

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

	Wastewater As of October 31,		Surface Water As of October 31,	
	2020	2019	2020	2019
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,793,824	\$ 1,937,836	\$ 806,051	\$ 808,183
Accrued wages payable and compensated absences payable	662,223	1,325,753	203,509	435,281
Accrued taxes payable	139,551	139,880	59,219	54,991
Due to other governments	1,040,000	692,648	-	-
Accrued environmental liability	-	-	490,108	852,044
Accrued State Revolving Fund loan interest payable	49,590	55,667	2,800	3,025
Current portion of State Revolving Fund loan	4,061,210	3,987,930	23,806	23,126
Current portion of revenue bonds payable	348,355	332,288	231,228	219,795
GASB 31 market rate adjustment	-	623,113	-	353,696
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	3,831,910	3,655,172	2,543,507	2,417,745
Accrued revenue bonds interest payable	2,370,155	2,440,132	1,759,251	1,805,083
Total current liabilities	14,296,818	15,190,419	6,119,479	6,972,969
Non-current liabilities:				
Long-term debt - revenue bonds, net	143,171,997	147,910,526	101,161,359	104,534,195
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	28,287,222	32,348,432	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	187,021,175	186,279,560	108,527,213	106,672,818
<b>TOTAL LIABILITIES</b>	<b>201,317,993</b>	<b>201,469,979</b>	<b>114,646,692</b>	<b>113,645,787</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	8,445	16,240	11,662	22,428
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>20,157,607</b>	<b>22,156,236</b>	<b>8,680,860</b>	<b>10,452,537</b>
<b>NET POSITION</b>				
Net investment in capital assets	271,298,352	268,673,743	140,682,709	139,961,535
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	-	2,983,298	-	1,426,070
Unrestricted	55,965,487	54,641,952	14,069,296	3,963,518
<b>TOTAL NET POSITION</b>	<b>331,903,839</b>	<b>330,938,993</b>	<b>154,784,039</b>	<b>145,383,157</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 553,379,439</b>	<b>\$ 554,565,208</b>	<b>\$ 278,111,591</b>	<b>\$ 269,481,481</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	
	October Year-to-Date		October Year-to-Date	
	2020	2019	2020	2019
OPERATING REVENUES				
Wastewater residential	\$ 44,606,911	\$ 42,870,641	\$ -	\$ -
Wastewater commercial and public authorities	20,003,667	22,924,108	-	-
Surface water residential	-	-	15,679,834	14,831,928
Surface water commercial	-	-	17,183,392	16,375,009
Other revenues	2,840,380	2,058,499	45,240	112,257
Total operating revenues	67,450,958	67,853,248	32,908,466	31,319,194
OPERATING EXPENSES				
Business operations	15,309,370	13,905,329	6,913,143	6,772,705
Operations and maintenance	21,312,433	20,241,726	3,132,353	3,238,269
Science and engineering	6,968,051	6,394,501	8,582,356	6,201,549
Depreciation	12,027,650	11,476,308	3,586,342	3,380,782
Total operating expenses	55,617,504	52,017,864	22,214,194	19,593,305
Net operating income	11,833,454	15,835,384	10,694,272	11,725,889
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,510,399	2,018,080	995,499	1,244,921
Interest expenses and other related costs	(5,467,825)	(5,491,187)	(3,525,988)	(3,637,380)
Amortization of bond premium and gain/loss on refunding	367,381	432,968	440,445	441,589
Other nonoperating revenues	1,610,440	1,437,647	1,608,593	613,568
Gain or loss on sale/disposal of capital assets	(586,044)	900	-	-
Total nonoperating expenses	(2,565,649)	(1,601,592)	(481,451)	(1,337,302)
Net income before contributions and transfers	9,267,805	14,233,792	10,212,821	10,388,587
Capital contributions and grants	772,186	746,398	926,188	1,174,137
Transfer in from other funds	-	-	22,260	263,972
Transfer out to other funds	(97,875)	(98,875)	(957,542)	(958,542)
Gross earnings tax	(5,570,747)	(5,693,383)	(2,649,513)	(2,572,735)
Total contributions and transfers	(4,896,436)	(5,045,860)	(2,658,607)	(2,093,168)
CHANGE IN NET POSITION	4,371,369	9,187,932	7,554,214	8,295,419
NET POSITION - JANUARY 1	327,532,470	321,751,061	147,229,825	137,087,738
NET POSITION - OCTOBER 31	\$ 331,903,839	\$ 330,938,993	\$ 154,784,039	\$ 145,383,157



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.