
***November
2019***

***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

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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)
November 30, 2019 and November 30, 2018

	2019	2018	Increase (Decrease)
ASSETS			
Current assets:			
Cash and equity in pooled investments	\$ 91,080,590	\$ 66,280,638	\$ 24,799,952
Accounts receivable, net	8,034,146	6,730,058	1,304,088
Unbilled revenues	8,263,787	6,970,787	1,293,000
Conservation loan fund receivables	241,120	132,911	108,209
Due from other governments	-	155,025	(155,025)
Inventory	1,415,536	1,436,081	(20,545)
Prepayments	189,383	162,904	26,479
Restricted cash and equity in pooled investments:			
Debt service funds	11,722,938	14,299,911	(2,576,973)
Construction funds	83,077,533	107,346,062	(24,268,529)
Total restricted cash and equity in pooled investments	94,800,471	121,645,973	(26,845,502)
Total current assets	204,025,033	203,514,377	510,656
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	693,827	648,916	44,911
Prepayments	187,825	281,737	(93,912)
Capital assets:			
Land and easements	23,736,190	23,687,359	48,831
Buildings	191,724,902	191,781,460	(56,558)
Machinery and equipment	211,034,678	208,305,439	2,729,239
Transmission lines and other improvements	423,183,766	409,902,818	13,280,948
Computer software	9,280,373	8,936,680	343,693
Less: accumulated depreciation	(298,435,696)	(281,496,816)	(16,938,880)
Construction work in progress	41,804,775	25,990,570	15,814,205
Total capital assets, net	602,328,988	587,107,510	15,221,478
Total non-current assets	612,292,042	592,710,197	19,581,845
TOTAL ASSETS	816,317,075	796,224,574	20,092,501
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - loss on refunding bonds	2,169,800	2,297,435	(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	8,141,948	13,368,172	(5,226,224)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 824,459,023	\$ 809,592,746	\$ 14,866,277

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)
November 30, 2019 and November 30, 2018

	2019	2018	Increase (Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,963,702	\$ 1,342,545	\$ 1,621,157
Accrued wages payable and compensated absences payable	306,417	892,341	(585,924)
Accrued taxes payable	149,672	145,858	3,814
Due to other governments	171,263	359,028	(187,765)
Accrued environmental liability	852,044	616,688	235,356
Accrued State Revolving Fund loan interest payable	115,115	127,307	(12,192)
Current portion of State Revolving Fund loan	4,011,056	3,938,535	72,521
Current portion of revenue bonds payable	-	1,375,000	(1,375,000)
GASB 31 market rate adjustment	976,809	742,874	233,935
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	6,625,000	5,025,000	1,600,000
Accrued revenue bonds interest payable	5,097,938	3,010,913	2,087,025
Deposit in lieu of bond	-	9,250	(9,250)
Total current liabilities	<u>21,269,016</u>	<u>17,585,339</u>	<u>3,683,677</u>
Non-current liabilities:			
Long-term debt - revenue bonds, net	252,348,176	258,755,987	(6,407,811)
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>292,855,833</u>	<u>312,760,994</u>	<u>(19,905,161)</u>
TOTAL LIABILITIES	<u>314,124,849</u>	<u>330,346,333</u>	<u>(16,221,484)</u>
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflow - gain on refunding bonds	37,121	55,681	(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>32,607,226</u>	<u>27,333,071</u>	<u>5,274,155</u>
NET POSITION			
Net investment in capital assets	408,758,227	406,876,252	1,881,975
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Debt service	-	6,263,998	(6,263,998)
Deposit in lieu of bond	-	9,250	(9,250)
Net pension asset	4,409,368	-	4,409,368
Unrestricted	59,887,319	34,091,808	25,795,511
TOTAL NET POSITION	<u>477,726,948</u>	<u>451,913,342</u>	<u>25,813,606</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 824,459,023</u>	<u>\$ 809,592,746</u>	<u>\$ 14,866,277</u>

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Revenue, Expense, and Changes in Net Position (Unaudited)
November 30, 2019 and November 30, 2018

	November Year-to-Date		\$	%
	2019	2018	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 46,645,633	\$ 44,922,116	\$ 1,723,517	4%
Wastewater commercial and public authorities	25,443,588	24,381,305	1,062,283	4%
Surface water residential	16,236,177	15,818,926	417,251	3%
Surface water commercial	17,980,264	17,128,659	851,605	5%
Other revenues	2,336,988	3,440,837	(1,103,849)	-32%
Total operating revenues	108,642,650	105,691,843	2,950,807	3%
OPERATING EXPENSES				
Business operations	22,625,737	22,765,999	(140,262)	-1%
Operations and maintenance	25,686,459	24,968,180	718,279	3%
Science and engineering	13,816,109	15,598,346	(1,782,237)	-11%
Depreciation	16,347,099	16,080,402	266,697	2%
Total operating expenses	78,475,404	79,412,927	(937,523)	-1%
Net operating income	30,167,246	26,278,916	3,888,330	15%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	3,582,998	1,712,758	1,870,240	109%
Interest expenses and other related costs	(10,037,710)	(8,005,580)	(2,032,130)	-25%
Amortization of bond premium and gain/loss on refunding	962,012	790,980	171,032	22%
Other nonoperating revenues	2,197,037	1,676,418	520,619	31%
Other nonoperating expenses	-	(8,301)	8,301	100%
Gain on sale/disposal of capital assets	900	(33,586)	34,486	103%
Total nonoperating expenses	(3,294,763)	(3,867,311)	572,548	15%
Net income before contributions and transfers	26,872,483	22,411,605	4,460,878	20%
Capital contributions and grants	1,948,223	2,569,107	(620,884)	-24%
Transfer in from other funds	263,972	328,097	(64,125)	-20%
Transfer out to other funds	(1,162,958)	(42,000)	(1,120,958)	-2669%
Gross earnings tax	(9,033,571)	(8,726,442)	(307,129)	-4%
Total contributions and transfers	(7,984,334)	(5,871,238)	(2,113,096)	-36%
CHANGE IN NET POSITION	18,888,149	16,540,367	2,347,782	14%
NET POSITION - JANUARY 1	458,838,799	435,372,975	23,465,824	5%
NET POSITION - NOVEMBER 30	\$ 477,726,948	\$ 451,913,342	\$ 25,813,606	6%

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)
November 30, 2019 and November 30, 2018

	Wastewater		Surface Water	
	2019	2018	2019	2018
ASSETS				
Current assets:				
Cash and equity in pooled investments	\$ 68,721,295	\$ 54,776,920	\$ 22,359,295	\$ 11,503,718
Accounts receivable, net	5,658,192	4,599,072	2,375,954	2,130,986
Unbilled revenues	5,336,787	4,614,787	2,927,000	2,356,000
Conservation loan fund receivables	241,120	132,911	-	-
Due from other governments	-	-	-	155,025
Inventory	1,415,536	1,436,081	-	-
Prepayments	189,383	162,904	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	6,917,401	9,374,612	4,805,537	4,925,299
Construction funds	35,944,931	52,017,984	47,132,602	55,328,078
Total restricted cash and equity in pooled investments	42,862,332	61,392,596	51,938,139	60,253,377
Total current assets	124,424,645	127,115,271	79,600,388	76,399,106
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	693,827	648,916	-	-
Prepayments	187,825	281,737	-	-
Capital assets:				
Land and easements	12,030,410	12,008,381	11,705,780	11,678,978
Buildings	189,860,357	189,810,553	1,864,545	1,970,907
Machinery and equipment	197,645,642	195,186,823	13,389,036	13,118,616
Transmission lines and other improvements	225,235,006	223,221,576	197,948,760	186,681,242
Computer software	5,379,793	5,142,628	3,900,580	3,794,052
Less: accumulated depreciation	(241,484,259)	(228,617,922)	(56,951,437)	(52,878,894)
Construction work in progress	27,687,624	11,922,272	14,117,151	14,068,298
Total capital assets, net	416,354,573	408,674,311	185,974,415	178,433,199
Total non-current assets	424,859,523	414,244,964	187,432,519	178,465,233
TOTAL ASSETS	549,284,168	541,360,235	267,032,907	254,864,339
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - loss on refunding bonds	805,906	853,312	1,363,894	1,444,123
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	4,909,841	8,406,805	3,232,107	4,961,367
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 554,194,009	\$ 549,767,040	\$ 270,265,014	\$ 259,825,706

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)
November 30, 2019 and November 30, 2018

	Wastewater		Surface Water	
	2019	2018	2019	2018
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,888,890	\$ 1,078,464	\$ 1,074,812	\$ 264,081
Accrued wages payable and compensated absences payable	254,232	634,925	52,185	257,416
Accrued taxes payable	107,192	103,485	42,480	42,373
Due to other governments	171,263	359,028	-	-
Accrued environmental liability	-	-	852,044	616,688
Accrued State Revolving Fund loan interest payable	111,334	123,252	3,781	4,055
Current portion of State Revolving Fund loan	3,987,930	3,916,069	23,126	22,466
Current portion of revenue bonds payable	-	835,000	-	540,000
GASB 31 market rate adjustment	623,113	455,772	353,696	287,102
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	3,987,460	3,021,345	2,637,540	2,003,655
Accrued revenue bonds interest payable	2,929,941	1,930,950	2,167,997	1,079,963
Deposit in lieu of bond	-	9,250	-	-
Total current liabilities	14,061,355	12,467,540	7,207,661	5,117,799
Non-current liabilities:				
Long-term debt - revenue bonds, net	147,863,928	151,575,255	104,484,248	107,180,732
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	186,232,962	199,915,791	106,622,871	112,845,203
TOTAL LIABILITIES	200,294,317	212,383,331	113,830,532	117,963,002
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflow - gain on refunding bonds	15,591	23,386	21,530	32,295
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	22,155,587	18,577,235	10,451,639	8,755,836
NET POSITION				
Net investment in capital assets	268,889,529	268,859,536	139,868,698	138,016,716
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Debt service	-	4,422,317	-	1,841,681
Deposit in lieu of bond	-	9,250	-	-
Net pension asset	2,983,298	-	1,426,070	-
Unrestricted	55,231,278	40,875,371	4,656,041	(6,783,563)
TOTAL NET POSITION	331,744,105	318,806,474	145,982,843	133,106,868
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 554,194,009	\$ 549,767,040	\$ 270,265,014	\$ 259,825,706

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Revenue, Expense, and Changes in Net Position (Unaudited)
November 30, 2019 and November 30, 2018

	Wastewater		Surface Water	
	November Year-to-Date		November Year-to-Date	
	2019	2018	2019	2018
OPERATING REVENUES				
Wastewater residential	\$ 46,645,633	\$ 44,922,116	\$ -	\$ -
Wastewater commercial and public authorities	25,443,588	24,381,305	-	-
Surface water residential	-	-	16,236,177	15,818,926
Surface water commercial	-	-	17,980,264	17,128,659
Other revenues	2,214,194	2,390,400	122,794	1,050,437
Total operating revenues	<u>74,303,415</u>	<u>71,693,821</u>	<u>34,339,235</u>	<u>33,998,022</u>
OPERATING EXPENSES				
Business operations	15,190,045	15,818,690	7,435,692	6,947,309
Operations and maintenance	22,151,851	21,560,066	3,534,608	3,408,114
Science and engineering	7,015,501	7,092,336	6,800,608	8,506,010
Depreciation	12,629,678	12,463,269	3,717,421	3,617,133
Total operating expenses	<u>56,987,075</u>	<u>56,934,361</u>	<u>21,488,329</u>	<u>22,478,566</u>
Net operating income	<u>17,316,340</u>	<u>14,759,460</u>	<u>12,850,906</u>	<u>11,519,456</u>
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	2,213,381	1,084,628	1,369,617	628,130
Interest expenses and other related costs	(6,036,662)	(4,796,360)	(4,001,048)	(3,209,220)
Amortization of bond premium and gain/loss on refunding	476,265	401,338	485,747	389,642
Other nonoperating revenues	1,583,469	1,393,717	613,568	282,701
Other nonoperating expenses	-	(1,641)	-	(6,660)
Gain on sale/disposal of capital assets	900	(5,424)	-	(28,162)
Total nonoperating expenses	<u>(1,762,647)</u>	<u>(1,923,742)</u>	<u>(1,532,116)</u>	<u>(1,943,569)</u>
Net income before contributions and transfers	<u>15,553,693</u>	<u>12,835,718</u>	<u>11,318,790</u>	<u>9,575,887</u>
Capital contributions and grants	774,086	2,183,775	1,174,137	385,332
Transfer in from other funds	-	-	263,972	328,097
Transfer out to other funds	(108,662)	-	(1,054,296)	(42,000)
Gross earnings tax	(6,226,073)	(5,945,640)	(2,807,498)	(2,780,802)
Total contributions and transfers	<u>(5,560,649)</u>	<u>(3,761,865)</u>	<u>(2,423,685)</u>	<u>(2,109,373)</u>
CHANGE IN NET POSITION	<u>9,993,044</u>	<u>9,073,853</u>	<u>8,895,105</u>	<u>7,466,514</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 - NOVEMBER 30	<u>\$ 331,744,105</u>	<u>\$ 318,806,474</u>	<u>\$ 145,982,843</u>	<u>\$ 133,106,868</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.