
November 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

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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 November 30,		Increase
	2020	2019	(Decrease)
ASSETS			
Current assets:			
Cash and equity in pooled investments	\$ 98,884,687	\$ 91,080,590	\$ 7,804,097
Accounts receivable, net	8,428,716	8,034,146	394,570
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	241,120	(89,616)
Inventory	2,015,474	1,415,536	599,938
Prepayments	222,191	189,383	32,808
Restricted cash and equity in pooled investments:			
Debt service funds	11,910,287	11,722,938	187,349
Construction funds	66,484,817	83,077,533	(16,592,716)
Total restricted cash and equity in pooled investments	78,395,104	94,800,471	(16,405,367)
Total current assets	196,941,425	204,025,033	(7,083,608)
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)
Due from other governments	12,700,000	-	12,700,000
Conservation loan fund receivables	641,704	693,827	(52,123)
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	211,034,678	(11,900,095)
Transmission lines and other improvements	437,536,557	423,183,766	14,352,791
Computer software	9,466,301	9,280,373	185,928
Less: accumulated depreciation	(313,089,760)	(298,435,696)	(14,654,064)
Construction work in progress	39,119,703	41,804,775	(2,685,072)
Total capital assets, net	609,301,442	602,328,988	6,972,454
Total non-current assets	627,409,093	612,292,042	15,117,051
TOTAL ASSETS	824,350,518	816,317,075	8,033,443
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - loss on refunding bonds	3,441,156	2,169,800	1,271,356
Deferred outflows - OPEB	1,052,545	317,474	735,071
Deferred outflows - pensions	15,421,731	5,654,674	9,767,057
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,915,432	8,141,948	11,773,484
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 844,265,950	\$ 824,459,023	\$ 19,806,927

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 November 30, 2020	2019	Increase (Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,877,209	\$ 2,963,702	\$ (1,086,493)
Accrued wages payable and compensated absences payable	906,258	306,417	599,841
Accrued taxes payable	143,726	149,672	(5,946)
Due to other funds	132,393	-	132,393
Due to other governments	520,000	171,263	348,737
Accrued environmental liability	330,589	852,044	(521,455)
Accrued State Revolving Fund loan interest payable	102,681	115,115	(12,434)
Current portion of State Revolving Fund loan	4,085,016	4,011,056	73,960
GASB 31 market rate adjustment	-	976,809	(976,809)
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	6,955,000	6,625,000	330,000
Accrued revenue bonds interest payable	4,955,287	5,097,938	(142,651)
Total current liabilities	<u>20,008,159</u>	<u>21,269,016</u>	<u>(1,260,857)</u>
Non-current liabilities:			
Long-term debt - revenue bonds, net	244,237,008	252,348,176	(8,111,168)
Long-term debt - Capital COP loan	12,795,000	-	12,795,000
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	28,595,509	32,636,355	(4,040,846)
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>308,250,132</u>	<u>292,855,833</u>	<u>15,394,299</u>
TOTAL LIABILITIES	<u>328,258,291</u>	<u>314,124,849</u>	<u>14,133,442</u>
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	18,560	37,121	(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)
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>28,836,920</u>	<u>32,607,226</u>	<u>(3,770,306)</u>
NET POSITION			
Net investment in capital assets	411,813,864	408,758,227	3,055,637
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Net pension asset	-	4,409,368	(4,409,368)
Unrestricted	70,684,842	59,887,319	10,797,523
TOTAL NET POSITION	<u>487,170,739</u>	<u>477,726,948</u>	<u>9,443,791</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 844,265,950</u>	<u>\$ 824,459,023</u>	<u>\$ 19,806,927</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)

	November Year-to-Date		\$	%
	2020	2019	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 48,147,277	\$ 46,645,633	\$ 1,501,644	3%
Wastewater commercial and public authorities	21,543,364	25,443,588	(3,900,224)	-15%
Surface water residential	16,944,164	16,236,177	707,987	4%
Surface water commercial	18,547,904	17,980,264	567,640	3%
Other revenues	3,345,502	2,336,988	1,008,514	43%
Total operating revenues	108,528,211	108,642,650	(114,439)	0%
OPERATING EXPENSES				
Business operations	23,832,823	22,625,737	1,207,086	5%
Operations and maintenance	26,680,284	25,686,459	993,825	4%
Science and engineering	16,758,351	13,816,109	2,942,242	21%
Depreciation	16,984,351	16,347,099	637,252	4%
Total operating expenses	84,255,809	78,475,404	5,780,405	7%
Net operating income	24,272,402	30,167,246	(5,894,844)	-20%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	2,694,355	3,582,998	(888,643)	-25%
Interest expenses and other related costs	(10,010,175)	(10,037,710)	27,535	0%
Amortization of bond premium and gain/loss on refunding	888,608	962,012	(73,404)	-8%
Other nonoperating revenues	3,359,874	2,197,037	1,162,837	53%
Gain or loss on sale/disposal of capital assets	(586,044)	900	(586,944)	-65216%
Total nonoperating expenses	(3,653,382)	(3,294,763)	(358,619)	-11%
Net income before contributions and transfers	20,619,020	26,872,483	(6,253,463)	-23%
Capital contributions and grants	1,819,349	1,948,223	(128,874)	-7%
Transfer in from other funds	22,260	263,972	(241,712)	-92%
Transfer out to other funds	(1,160,959)	(1,162,958)	1,999	0%
Gross earnings tax	(8,891,226)	(9,033,571)	142,345	2%
Total contributions and transfers	(8,210,576)	(7,984,334)	(226,242)	-3%
CHANGE IN NET POSITION	12,408,444	18,888,149	(6,479,705)	-34%
NET POSITION - JANUARY 1	474,762,295	458,838,799	15,923,496	3%
NET POSITION - NOVEMBER 30	\$ 487,170,739	\$ 477,726,948	\$ 9,443,791	2%

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		Surface Water	
	As of November 30,		As of November 30,	
	2020	2019	2020	2019
ASSETS				
Current assets:				
Cash and equity in pooled investments	\$ 68,977,363	\$ 68,721,295	\$ 29,907,324	\$ 22,359,295
Accounts receivable, net	6,213,996	5,658,192	2,214,720	2,375,954
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	241,120	-	-
Inventory	2,015,474	1,415,536	-	-
Prepayments	222,191	189,383	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	7,024,450	6,917,401	4,885,837	4,805,537
Construction funds	25,986,305	35,944,931	40,498,512	47,132,602
Total restricted cash and equity in pooled investments	33,010,755	42,862,332	45,384,349	51,938,139
Total current assets	116,261,744	124,424,645	80,679,681	79,600,388
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
Due from other governments	12,700,000	-	-	-
Conservation loan fund receivables	641,704	693,827	-	-
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	189,860,357	1,864,545	1,864,545
Machinery and equipment	179,137,148	197,645,642	19,997,435	13,389,036
Transmission lines and other improvements	237,953,025	225,235,006	199,583,532	197,948,760
Computer software	5,548,488	5,379,793	3,917,813	3,900,580
Less: accumulated depreciation	(252,282,631)	(241,484,259)	(60,807,129)	(56,951,437)
Construction work in progress	24,767,593	27,687,624	14,352,110	14,117,151
Total capital assets, net	418,463,144	416,354,573	190,838,298	185,974,415
Total non-current assets	436,538,761	424,859,523	190,870,332	187,432,519
TOTAL ASSETS	552,800,505	549,284,168	271,550,013	267,032,907
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - loss on refunding bonds	2,157,491	805,906	1,283,665	1,363,894
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
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,832,967	4,909,841	7,082,465	3,232,107
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 565,633,472	\$ 554,194,009	\$ 278,632,478	\$ 270,265,014

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

	Wastewater		Surface Water	
	As of November 30,		As of November 30,	
	2020	2019	2020	2019
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,326,498	\$ 1,888,890	\$ 550,711	\$ 1,074,812
Accrued wages payable and compensated absences payable	693,719	254,232	212,539	52,185
Accrued taxes payable	97,881	107,192	45,845	42,480
Due to other funds	-	-	132,393	-
Due to other governments	520,000	171,263	-	-
Accrued environmental liability	-	-	330,589	852,044
Accrued State Revolving Fund loan interest payable	99,181	111,334	3,500	3,781
Current portion of State Revolving Fund loan	4,061,210	3,987,930	23,806	23,126
GASB 31 market rate adjustment	-	623,113	-	353,696
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	4,180,265	3,987,460	2,774,735	2,637,540
Accrued revenue bonds interest payable	2,844,185	2,929,941	2,111,102	2,167,997
Total current liabilities	13,822,939	14,061,355	6,185,220	7,207,661
Non-current liabilities:				
Long-term debt - revenue bonds, net	143,125,482	147,863,928	101,111,526	104,484,248
Long-term debt - Capital COP loan	12,795,000	-	-	-
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	308,287	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	199,769,660	186,232,962	108,480,472	106,622,871
TOTAL LIABILITIES	213,592,599	200,294,317	114,665,692	113,830,532
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflows - gain on refunding bonds	7,795	15,591	10,765	21,530
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
TOTAL DEFERRED INFLOWS OF RESOURCES	20,156,957	22,155,587	8,679,963	10,451,639
NET POSITION				
Net investment in capital assets	271,125,231	268,889,529	140,688,633	139,868,698
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	-	2,983,298	-	1,426,070
Unrestricted	56,118,685	55,231,278	14,566,156	4,656,041
TOTAL NET POSITION	331,883,916	331,744,105	155,286,823	145,982,843
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 565,633,472	\$ 554,194,009	\$ 278,632,478	\$ 270,265,014

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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	
	November Year-to-Date		November Year-to-Date	
	2020	2019	2020	2019
OPERATING REVENUES				
Wastewater residential	\$ 48,147,277	\$ 46,645,633	\$ -	\$ -
Wastewater commercial and public authorities	21,543,364	25,443,588	-	-
Surface water residential	-	-	16,944,164	16,236,177
Surface water commercial	-	-	18,547,904	17,980,264
Other revenues	3,298,794	2,214,194	46,708	122,794
Total operating revenues	72,989,435	74,303,415	35,538,776	34,339,235
OPERATING EXPENSES				
Business operations	16,348,517	15,190,045	7,484,306	7,435,692
Operations and maintenance	23,323,902	22,151,851	3,356,382	3,534,608
Science and engineering	7,583,112	7,015,501	9,175,239	6,800,608
Depreciation	13,095,448	12,629,678	3,888,903	3,717,421
Total operating expenses	60,350,979	56,987,075	23,904,830	21,488,329
Net operating income	12,638,456	17,316,340	11,633,946	12,850,906
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,620,849	2,213,381	1,073,506	1,369,617
Interest expenses and other related costs	(6,141,637)	(6,036,662)	(3,868,538)	(4,001,048)
Amortization of bond premium and gain/loss on refunding	404,119	476,265	484,489	485,747
Other nonoperating revenues	1,748,831	1,583,469	1,611,043	613,568
Gain or loss on sale/disposal of capital assets	(586,044)	900	-	-
Total nonoperating expenses	(2,953,882)	(1,762,647)	(699,500)	(1,532,116)
Net income before contributions and transfers	9,684,574	15,553,693	10,934,446	11,318,790
Capital contributions and grants	803,901	774,086	1,015,448	1,174,137
Transfer in from other funds	-	-	22,260	263,972
Transfer out to other funds	(107,663)	(108,662)	(1,053,296)	(1,054,296)
Gross earnings tax	(6,029,366)	(6,226,073)	(2,861,860)	(2,807,498)
Total contributions and transfers	(5,333,128)	(5,560,649)	(2,877,448)	(2,423,685)
CHANGE IN NET POSITION	4,351,446	9,993,044	8,056,998	8,895,105
NET POSITION - JANUARY 1	327,532,470	321,751,061	147,229,825	137,087,738
NET POSITION - NOVEMBER 30	\$ 331,883,916	\$ 331,744,105	\$ 155,286,823	\$ 145,982,843



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.