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***November 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.*

*As of November 30, 2021, total current assets and total current liabilities per November Interim financials were higher than SAP data by approximately \$11.8 million, in which \$4.5 million is under Wastewater and \$7.3 million is under Surface Water. A journal entry of debt service payment was mistakenly posted in November instead of December, which resulted to the understatement of assets and liabilities in SAP data as of November 30, 2021. November Interim Statement of Net Position included a manual journal entry to present the correct amounts of total current assets and total currently liabilities.*

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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
	2021	2020	(Decrease)
<b>ASSETS</b>			
Current assets:			
Cash and equity in pooled investments	\$ 128,202,016	\$ 98,884,687	\$ 29,317,329
Accounts receivable, net	9,680,731	8,428,716	1,252,015
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	100,922	151,504	(50,582)
Loan receivable	5,964,314	-	5,964,314
Inventory	2,338,055	2,015,474	322,581
Prepayments	320,715	222,191	98,524
Restricted cash and equity in pooled investments:			
Debt service funds	9,147,777	11,910,287	(2,762,510)
Construction funds	31,427,948	66,484,817	(35,056,869)
Total restricted cash and equity in pooled investments	40,575,725	78,395,104	(37,819,379)
Total current assets	197,497,098	196,941,425	555,673
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
Due from other governments		12,700,000	(12,700,000)
Conservation loan fund receivables	324,483	641,704	(317,221)
Prepayments	-	93,913	(93,913)
Capital assets:			
Land and easements	25,301,414	25,188,346	113,068
Buildings	213,369,171	211,945,712	1,423,459
Machinery and equipment	199,419,431	199,134,583	284,848
Transmission lines and other improvements	450,827,250	437,536,557	13,290,693
Computer software	9,318,928	9,466,301	(147,373)
Less: accumulated depreciation	(330,778,617)	(313,089,760)	(17,688,857)
Construction work in progress	77,647,651	39,119,703	38,527,948
Total capital assets, net	645,105,228	609,301,442	35,803,786
Total non-current assets	651,949,029	627,409,093	24,539,936
<b>TOTAL ASSETS</b>	<b>849,446,127</b>	<b>824,350,518</b>	<b>25,095,609</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - loss on refunding bonds	3,235,799	3,441,156	(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>9,708,355</b>	<b>19,915,432</b>	<b>(10,207,077)</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 859,154,482</b>	<b>\$ 844,265,950</b>	<b>\$ 14,888,532</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)

	<b>As of November 30,</b>		<b>Increase</b>
	<b>2021</b>	<b>2020</b>	<b>(Decrease)</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 5,450,307	\$ 1,877,209	\$ 3,573,098
Accrued wages payable and compensated absences payable	1,091,438	906,258	185,180
Accrued taxes payable	184,581	143,726	40,855
Due to other funds	-	132,393	(132,393)
Due to other governments	520,000	520,000	-
Accrued environmental liability	14,010	330,589	(316,579)
Accrued State loan interest payable	207,434	102,681	104,753
Current portion of Capital COP loan	565,000	-	565,000
Current portion of State Revolving Fund loan	4,277,431	4,085,016	192,415
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	7,275,000	6,955,000	320,000
Accrued revenue bonds interest payable	4,542,901	4,955,287	(412,386)
Total current liabilities	24,128,102	20,008,159	4,119,943
Non-current liabilities:			
Long-term debt - revenue bonds, net	235,808,290	244,237,008	(8,428,718)
Long-term debt - Capital COP loan	11,705,000	12,795,000	(1,090,000)
Long-term State Revolving Fund loan	26,946,881	28,595,509	(1,648,628)
Long-term WIFIA loan	15,026,875	-	15,026,875
Long-term loan interest payable	22,540	-	22,540
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	299,839,597	308,250,132	(8,410,535)
<b>TOTAL LIABILITIES</b>	<b>323,967,699</b>	<b>328,258,291</b>	<b>(4,290,592)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	-	18,560	(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>33,785,758</b>	<b>28,836,920</b>	<b>4,948,838</b>
<b>NET POSITION</b>			
Net investment in capital assets	400,203,279	411,813,864	(11,610,585)
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Net pension asset	1,847,284	-	1,847,284
Unrestricted	94,678,428	70,684,841	23,993,587
<b>TOTAL NET POSITION</b>	<b>501,401,025</b>	<b>487,170,739</b>	<b>14,230,286</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 859,154,482</b>	<b>\$ 844,265,950</b>	<b>\$ 14,888,532</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)

	November Year-to-Date		\$	%
	2021	2020	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 50,124,259	\$ 48,147,277	\$ 1,976,982	4%
Wastewater commercial and public authorities	22,773,419	21,543,364	1,230,055	6%
Surface water residential	17,227,829	16,944,164	283,665	2%
Surface water commercial	18,304,925	18,547,904	(242,979)	-1%
Other revenues	3,585,569	3,345,502	240,067	7%
Total operating revenues	112,016,001	108,528,211	3,487,790	3%
OPERATING EXPENSES				
Business operations	25,460,660	23,832,823	1,627,837	7%
Operations and maintenance	28,102,565	26,680,284	1,422,281	5%
Science and engineering	15,593,405	16,758,351	(1,164,946)	-7%
Depreciation	17,038,154	16,984,351	53,803	0%
Total operating expenses	86,194,784	84,255,809	1,938,975	2%
Net operating income	25,821,217	24,272,402	1,548,815	6%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	1,320,098	2,694,355	(1,374,257)	-51%
Interest expenses and other related costs	(9,549,171)	(10,010,175)	461,004	5%
Amortization of bond premium and gain/loss on refunding	886,362	888,608	(2,246)	0%
Other nonoperating revenues	1,730,413	3,359,874	(1,629,461)	-48%
Gain or (loss) on sale/disposal of capital assets	76,452	(586,044)	662,496	113%
Total nonoperating expenses	(5,535,846)	(3,653,382)	(1,882,464)	-52%
Net income before contributions and transfers	20,285,371	20,619,020	(333,649)	-2%
Capital contributions and grants	1,278,335	1,819,349	(541,014)	-30%
Transfer in from other funds	-	22,260	(22,260)	-100%
Transfer out to other funds	(1,074,792)	(1,160,959)	86,167	7%
Gross earnings tax	(9,145,761)	(8,891,226)	(254,535)	-3%
Total contributions and transfers	(8,942,218)	(8,210,576)	(731,642)	-9%
CHANGE IN NET POSITION	11,343,153	12,408,444	(1,065,291)	-9%
NET POSITION - JANUARY 1	490,057,872	474,762,295	15,295,577	3%
NET POSITION - NOVEMBER 30	\$ 501,401,025	\$ 487,170,739	\$ 14,230,286	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 November 30,		Surface Water As of November 30,	
	2021	2020	2021	2020
<b>ASSETS</b>				
Current assets:				
Cash and equity in pooled investments	\$ 90,241,953	\$ 68,977,363	\$ 37,960,063	\$ 29,907,324
Accounts receivable, net	7,260,400	6,213,996	2,420,331	2,214,720
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	100,922	151,504	-	-
Loan receivable	5,964,314	-	-	-
Inventory	2,338,055	2,015,474	-	-
Prepayments	320,715	222,191	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	3,431,274	7,024,450	5,716,503	4,885,837
Construction funds	359,638	25,986,305	31,068,310	40,498,512
Total restricted cash and equity in pooled investments	3,790,912	33,010,755	36,784,813	45,384,349
Total current assets	116,390,700	116,261,744	81,106,398	80,679,681
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	-
Due from other governments	-	12,700,000	-	-
Conservation loan fund receivables	324,483	641,704	-	-
Prepayments	-	93,913	-	-
Capital assets:				
Land and easements	13,313,483	13,258,354	11,987,931	11,929,992
Buildings	211,504,626	210,081,167	1,864,545	1,864,545
Machinery and equipment	179,380,100	179,137,148	20,039,331	19,997,435
Transmission lines and other improvements	247,679,563	237,953,025	203,147,687	199,583,532
Computer software	5,451,250	5,548,488	3,867,678	3,917,813
Less: accumulated depreciation	(265,807,315)	(252,282,631)	(64,971,302)	(60,807,129)
Construction work in progress	55,689,718	24,767,593	21,957,933	14,352,110
Total capital assets, net	447,211,425	418,463,144	197,893,803	190,838,298
Total non-current assets	453,539,650	436,538,761	198,409,379	190,870,332
<b>TOTAL ASSETS</b>	<b>569,930,350</b>	<b>552,800,505</b>	<b>279,515,777</b>	<b>271,550,013</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - loss on refunding bonds	2,032,363	2,157,491	1,203,436	1,283,665
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>6,341,747</b>	<b>12,832,967</b>	<b>3,366,608</b>	<b>7,082,465</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 576,272,097</b>	<b>\$ 565,633,472</b>	<b>\$ 282,882,385</b>	<b>\$ 278,632,478</b>

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

	Wastewater As of November 30,		Surface Water As of November 30,	
	2021	2020	2021	2020
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 4,562,093	\$ 1,326,498	\$ 888,214	\$ 550,711
Accrued wages payable and compensated absences payable	823,549	693,719	267,889	212,539
Accrued taxes payable	129,051	97,881	55,530	45,845
Due to other funds	-	-	-	132,393
Due to other governments	520,000	520,000	-	-
Accrued environmental liability	-	-	14,010	330,589
Accrued State loan interest payable	204,223	99,181	3,211	3,500
Current portion of Capital COP loan	565,000	-	-	-
Current portion of State Revolving Fund loan	4,252,926	4,061,210	24,505	23,806
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	4,373,135	4,180,265	2,901,865	2,774,735
Accrued revenue bonds interest payable	179,591	2,844,185	4,363,310	2,111,102
Total current liabilities	15,609,568	13,822,939	8,518,534	6,185,220
Non-current liabilities:				
Long-term debt - revenue bonds, net	138,195,188	143,125,482	97,613,102	101,111,526
Long-term debt - Capital COP loan	11,705,000	12,795,000	-	-
Long-term State Revolving Fund loan	26,588,964	28,287,222	357,917	308,287
Long-term WIFIA loan	15,026,875	-	-	-
Long-term loan interest payable	22,540	-	-	-
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	198,848,646	199,769,660	100,990,951	108,480,472
<b>TOTAL LIABILITIES</b>	<b>214,458,214</b>	<b>213,592,599</b>	<b>109,509,485</b>	<b>114,665,692</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	-	7,795	-	10,765
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>23,815,886</b>	<b>20,156,957</b>	<b>9,969,872</b>	<b>8,679,963</b>
<b>NET POSITION</b>				
Net investment in capital assets	259,233,787	271,125,231	140,969,492	140,688,633
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	1,363,742	-	483,542	-
Unrestricted	72,760,468	56,118,685	21,917,960	14,566,156
<b>TOTAL NET POSITION</b>	<b>337,997,997</b>	<b>331,883,916</b>	<b>163,403,028</b>	<b>155,286,823</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 576,272,097</b>	<b>\$ 565,633,472</b>	<b>\$ 282,882,385</b>	<b>\$ 278,632,478</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	
	November Year-to-Date		November Year-to-Date	
	2021	2020	2021	2020
OPERATING REVENUES				
Wastewater residential	\$ 50,124,259	\$ 48,147,277	\$ -	\$ -
Wastewater commercial and public authorities	22,773,419	21,543,364	-	-
Surface water residential	-	-	17,227,829	16,944,164
Surface water commercial	-	-	18,304,925	18,547,904
Other revenues	3,475,514	3,298,794	110,055	46,708
Total operating revenues	76,373,192	72,989,435	35,642,809	35,538,776
OPERATING EXPENSES				
Business operations	16,986,261	16,348,517	8,474,399	7,484,306
Operations and maintenance	24,580,886	23,323,902	3,521,679	3,356,382
Science and engineering	7,867,386	7,583,112	7,726,019	9,175,239
Depreciation	13,026,545	13,095,448	4,011,609	3,888,903
Total operating expenses	62,461,078	60,350,979	23,733,706	23,904,830
Net operating income	13,912,114	12,638,456	11,909,103	11,633,946
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	740,564	1,620,849	579,534	1,073,506
Interest expenses and other related costs	(5,793,484)	(6,141,637)	(3,755,687)	(3,868,538)
Amortization of bond premium and gain/loss on refunding	403,182	404,119	483,180	484,489
Other nonoperating revenues	1,327,175	1,748,831	403,238	1,611,043
Gain or (loss) on sale/disposal of capital assets	80,679	(586,044)	(4,227)	-
Total nonoperating expenses	(3,241,884)	(2,953,882)	(2,293,962)	(699,500)
Net income before contributions and transfers	10,670,230	9,684,574	9,615,141	10,934,446
Capital contributions and grants	654,271	803,901	624,064	1,015,448
Transfer in from other funds	-	-	-	22,260
Transfer out to other funds	-	(107,663)	(1,074,792)	(1,053,296)
Gross earnings tax	(6,259,347)	(6,029,366)	(2,886,414)	(2,861,860)
Total contributions and transfers	(5,605,076)	(5,333,128)	(3,337,142)	(2,877,448)
CHANGE IN NET POSITION	5,065,154	4,351,446	6,277,999	8,056,998
NET POSITION - JANUARY 1	332,932,843	327,532,470	157,125,029	147,229,825
NET POSITION - NOVEMBER 30	\$ 337,997,997	\$ 331,883,916	\$ 163,403,028	\$ 155,286,823



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.