



*Wastewater and Surface Water  
Management  
Financial Report  
August 2015*



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## *Notification*

These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles. Immaterial differences may occur due to rounding.

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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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# *Joint Financial Statements*

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

	August 31,		Increase
	2015	2014	(Decrease)
ASSETS			
Current Assets:			
Cash and cash equivalents (C&CE)	\$ 49,136,518	\$ 56,370,102	\$ (7,233,584)
Accounts receivable (net)	12,259,341	11,547,890	711,451
Due from other governments	71,000	15,142	55,858
Inventory	972,709	911,778	60,931
Prepayments	262,522	931,415	(668,893)
Other current assets	34,669	2,646	32,023
Current restricted assets:			
C&CE - debt service, deposits and replacements	12,357,570	10,667,527	1,690,043
C&CE - construction accounts	62,277,496	2,745,938	59,531,558
Customer deposits - detention ponds	-	103,178	(103,178)
Total restricted assets	<u>74,635,066</u>	<u>13,516,643</u>	<u>61,118,423</u>
Total current assets	<u>137,371,825</u>	<u>83,295,616</u>	<u>54,076,209</u>
Non-current assets:			
Other non-current assets	4,198,436	3,636,823	561,613
Capital assets:			
Land and easements	19,609,290	19,473,992	135,298
Property, plant, and equipment	722,384,807	675,514,532	46,870,275
Less: accumulated depreciation	(231,017,578)	(216,738,871)	(14,278,707)
Construction work in progress	37,370,160	38,477,896	(1,107,736)
Total capital assets net of depreciation	<u>548,346,679</u>	<u>516,727,549</u>	<u>31,619,130</u>
Total non-current assets	<u>552,545,115</u>	<u>520,364,372</u>	<u>32,180,743</u>
TOTAL ASSETS	<u>689,916,940</u>	<u>603,659,988</u>	<u>86,256,952</u>
DEFERRED OUTFLOW OF RESOURCES			
Unamortized loss on refunding	3,394,049	1,057,493	2,336,556
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>3,394,049</u>	<u>1,057,493</u>	<u>2,336,556</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 693,310,989</u>	<u>\$ 604,717,481</u>	<u>\$ 88,593,508</u>

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



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

	August 31,		Increase
	2015	2014	(Decrease)
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,937,906	\$ 1,932,917	\$ 1,004,989
Due to other governments	255,529	906,563	(651,034)
State Revolving Loan Interest payable	409,911	437,278	(27,367)
Accrued wages and benefits payable	917,942	826,597	91,345
Accrued taxes	153,689	81,199	72,490
Environmental liability - current	275,469	584,241	(308,772)
Notes & leases - current	3,917,727	3,831,498	86,229
Bond interest payable	1,743,294	1,094,253	649,041
Deposits and other payables	-	103,178	(103,178)
Total current liabilities	<u>10,611,467</u>	<u>9,797,724</u>	<u>813,743</u>
Non-current liabilities:			
Revenue bonds payable (net)	171,248,318	93,289,669	77,958,649
Compensated absences	2,646,180	2,684,113	(37,933)
Environmental liability - non-current	400,000	500,000	(100,000)
Notes & leases - non-current	78,440,321	81,253,721	(2,813,400)
Net OPEB obligation	2,231,603	1,967,642	263,961
Total non-current liabilities	<u>254,966,422</u>	<u>179,695,145</u>	<u>75,271,277</u>
<b>TOTAL LIABILITIES</b>	<u>265,577,889</u>	<u>189,492,869</u>	<u>76,085,020</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Rate stabilization	25,000,000	25,000,000	-
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<u>25,000,000</u>	<u>25,000,000</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	402,271,128	383,817,627	18,453,501
Restricted for debt	10,614,276	9,573,274	1,041,002
Unrestricted	(10,152,304)	(3,166,289)	(6,986,015)
<b>TOTAL NET POSITION</b>	<u>402,733,100</u>	<u>390,224,612</u>	<u>12,508,488</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES</b>			
<b>RESOURCES, AND NET POSITION</b>	<u>\$ 693,310,989</u>	<u>\$ 604,717,481</u>	<u>\$ 88,593,508</u>

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

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**City of Tacoma, Washington**  
**Environmental Services Department**  
**Wastewater and Surface Water Management**  
**Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)**

	August Year-to-Date		% Chg
	2015	2014	
<b>OPERATING REVENUES</b>			
Wastewater residential	\$ 27,920,389	\$ 26,240,733	6%
Wastewater commercial and public authorities	14,800,270	13,673,733	8%
Surface water	20,506,415	19,429,017	6%
Other revenues	1,357,085	869,061	56%
<b>TOTAL OPERATING REVENUES</b>	<b>64,584,159</b>	<b>60,212,544</b>	<b>7%</b>
<b>OPERATING EXPENSES</b>			
Salary and wages	13,406,451	12,880,230	4%
Personnel benefits	7,577,553	7,244,822	5%
Supplies	2,809,872	3,176,928	(12%)
Services	15,089,947	13,472,715	12%
Intergovernmental taxes	1,013,114	2,393,487	(58%)
Depreciation	9,876,103	9,454,221	4%
<b>TOTAL OPERATING EXPENSES</b>	<b>49,773,040</b>	<b>48,622,403</b>	<b>2%</b>
<b>OPERATING INCOME</b>	<b>14,811,119</b>	<b>11,590,141</b>	<b>28%</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and other earnings	601,650	423,441	42%
Interest and other related costs	(5,688,524)	(3,876,551)	47%
Amortization of bond premium and loss on refunding	400,924	172,014	133%
Operating contributions - federal/state/local	101,207	-	n/a
Other non revenues and (expenses)	365,132	235,687	55%
Loss on disposition of property	(12,122)	(3,434)	253%
<b>NON OPERATING REVENUE NET OF EXPENSE</b>	<b>(4,231,733)</b>	<b>(3,048,843)</b>	<b>39%</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>10,579,386</b>	<b>8,541,298</b>	<b>24%</b>
Capital contributions - interfund	-	218,665	(100%)
Capital contributions - federal/state/local	934,351	(26,718)	(3,597%)
Capital contributions - private	124,718	1,802	6,821%
Transfer in	1,320	750	76%
Transfer (out) & gross earnings tax	(5,265,410)	(4,869,605)	8%
<b>Total contributions and transfers</b>	<b>(4,205,021)</b>	<b>(4,675,106)</b>	<b>(10%)</b>
<b>CHANGES IN NET POSITION</b>	<b>6,374,365</b>	<b>3,866,192</b>	<b>65%</b>
<b>NET POSITION</b>			
NET POSITION - JANUARY 1	396,358,735	386,358,420	3%
NET POSITION - AUGUST 31	\$ 402,733,100	\$ 390,224,612	3%

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

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## *Financial Statements by Utility*

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

	Wastewater August 31,		Surface Water August 31,	
	2015	2014	2015	2014
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents (C&CE)	\$ 26,149,344	\$ 33,407,577	\$ 22,987,174	\$ 22,962,525
Accounts receivable (net)	8,122,079	7,753,774	4,137,262	3,794,116
Due from other governments	-	-	71,000	15,142
Inventory	972,709	911,778	-	-
Prepayments	229,815	896,683	32,707	34,732
Other current assets	18,781	1,504	15,888	1,142
Current restricted assets:				
C&CE - debt service, deposits and replacements	8,034,028	6,694,357	4,323,542	3,973,170
C&CE - construction accounts	45,255,426	745,126	17,022,070	2,000,812
Customer deposits - detention ponds	-	-	-	103,178
Total restricted assets	<u>53,289,454</u>	<u>7,439,483</u>	<u>21,345,612</u>	<u>6,077,160</u>
Total current assets	<u>88,782,182</u>	<u>50,410,799</u>	<u>48,589,643</u>	<u>32,884,817</u>
Non-current assets:				
Other non-current assets	2,927,382	2,365,769	1,271,054	1,271,054
Capital assets:				
Land and easements	7,561,938	7,488,228	12,047,352	11,985,764
Property, plant, and equipment	531,042,936	505,993,267	191,341,871	169,521,265
Less: accumulated depreciation	(186,424,738)	(175,711,956)	(44,592,840)	(41,026,915)
Construction work in progress	24,657,328	23,875,706	12,712,832	14,602,190
Total capital assets net of depreciation	<u>376,837,464</u>	<u>361,645,245</u>	<u>171,509,215</u>	<u>155,082,304</u>
Total non-current assets	<u>379,764,846</u>	<u>364,011,014</u>	<u>172,780,269</u>	<u>156,353,358</u>
<b>TOTAL ASSETS</b>	<u><u>468,547,028</u></u>	<u><u>414,421,813</u></u>	<u><u>221,369,912</u></u>	<u><u>189,238,175</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Unamortized loss on refunding	1,172,458	315,653	2,221,591	741,840
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<u>1,172,458</u>	<u>315,653</u>	<u>2,221,591</u>	<u>741,840</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u><u>\$ 469,719,486</u></u>	<u><u>\$ 414,737,466</u></u>	<u><u>\$ 223,591,503</u></u>	<u><u>\$ 189,980,015</u></u>

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

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

	Wastewater August 31,		Surface Water August 31,	
	2015	2014	2015	2014
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 811,538	\$ 836,350	\$ 2,126,368	\$ 1,096,567
Due to other governments	255,529	906,563	-	-
State Revolving Loan Interest payable	407,955	435,250	1,956	2,028
Accrued wages and benefits payable	645,764	588,337	272,178	238,260
Accrued taxes	107,926	44,217	45,763	36,982
Environmental liability - current	-	-	275,469	584,241
Notes & leases - current	3,781,368	3,718,065	136,359	113,433
Bond interest payable	852,942	368,641	890,352	725,612
Deposits and other payables	-	-	-	103,178
Total current liabilities	<u>6,863,022</u>	<u>6,897,423</u>	<u>3,748,445</u>	<u>2,900,301</u>
Non-current liabilities:				
Revenue bonds payable (net)	85,544,625	30,766,510	85,703,693	62,523,159
Compensated absences	1,977,586	2,025,564	668,594	658,549
Environmental liability - non-current	-	-	400,000	500,000
Notes & leases - non-current	63,280,357	68,163,735	15,159,964	13,089,986
Net OPEB obligation	1,761,706	1,516,485	469,897	451,157
Total non-current liabilities	<u>152,564,274</u>	<u>102,472,294</u>	<u>102,402,148</u>	<u>77,222,851</u>
<b>TOTAL LIABILITIES</b>	<u>159,427,296</u>	<u>109,369,717</u>	<u>106,150,593</u>	<u>80,123,152</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Rate stabilization	<u>17,000,000</u>	<u>17,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<u>17,000,000</u>	<u>17,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
<b>NET POSITION</b>				
Net investment in capital assets	270,658,998	260,057,714	131,612,130	123,759,913
Restricted for debt	7,181,086	6,325,716	3,433,190	3,247,558
Unrestricted	15,452,106	21,984,319	(25,604,410)	(25,150,608)
<b>TOTAL NET POSITION</b>	<u>293,292,190</u>	<u>288,367,749</u>	<u>109,440,910</u>	<u>101,856,863</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES RESOURCES, AND NET POSITION</b>	<u>\$ 469,719,486</u>	<u>\$ 414,737,466</u>	<u>\$ 223,591,503</u>	<u>\$ 189,980,015</u>

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

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**City of Tacoma, Washington**  
**Environmental Services Department**  
**Wastewater and Surface Water Management**  
**Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)**

	Wastewater		Surface Water	
	August Year-to-Date		August Year-to-Date	
	2015	2014	2015	2014
OPERATING REVENUES				
Wastewater residential	\$ 27,920,389	\$ 26,240,733	\$ -	\$ -
Wastewater commercial and public authorities	14,800,270	13,673,733	-	-
Surface water	-	-	20,506,415	19,429,017
Other revenues	1,244,299	756,915	112,786	112,146
<b>TOTAL OPERATING REVENUES</b>	<b>43,964,958</b>	<b>40,671,381</b>	<b>20,619,201</b>	<b>19,541,163</b>
OPERATING EXPENSES				
Salary and wages	9,461,985	9,447,670	3,944,466	3,432,560
Personnel benefits	5,155,293	4,952,138	2,422,260	2,292,684
Supplies	2,276,070	2,539,935	533,802	636,993
Services	9,947,166	8,421,179	5,142,781	5,051,536
Intergovernmental taxes	709,806	2,108,831	303,308	284,656
Depreciation	7,412,335	7,270,402	2,463,768	2,183,819
<b>TOTAL OPERATING EXPENSES</b>	<b>34,962,655</b>	<b>34,740,155</b>	<b>14,810,385</b>	<b>13,882,248</b>
<b>OPERATING INCOME</b>	<b>9,002,303</b>	<b>5,931,226</b>	<b>5,808,816</b>	<b>5,658,915</b>
NON-OPERATING REVENUES (EXPENSES)				
Interest and other earnings	375,416	241,009	226,234	182,432
Interest and other related costs	(2,882,250)	(1,796,211)	(2,806,274)	(2,080,340)
Amortization of bond premium and loss on refunding	184,500	38,108	216,424	133,906
Operating contributions - federal/state/local	-	-	101,207	-
Other non revenues and (expenses)	218,695	130,020	146,437	105,667
Loss on disposition of property	-	-	(12,122)	(3,434)
<b>NON OPERATING REVENUE NET OF EXPENSE</b>	<b>(2,103,639)</b>	<b>(1,387,074)</b>	<b>(2,128,094)</b>	<b>(1,661,769)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>6,898,664</b>	<b>4,544,152</b>	<b>3,680,722</b>	<b>3,997,146</b>
Capital contributions - interfund	-	-	-	218,665
Capital contributions - federal/state/local	-	-	934,351	(26,718)
Capital contributions - private	123,641	-	1,077	1,802
Transfer in	660	-	660	750
Transfer (out) & gross earnings tax	(3,596,676)	(3,270,171)	(1,668,734)	(1,599,434)
<b>Total contributions and transfers</b>	<b>(3,472,375)</b>	<b>(3,270,171)</b>	<b>(732,646)</b>	<b>(1,404,935)</b>
<b>CHANGES IN NET POSITION</b>	<b>3,426,289</b>	<b>1,273,981</b>	<b>2,948,076</b>	<b>2,592,211</b>
NET POSITION				
NET POSITION - JANUARY 1	289,865,901	287,093,768	106,492,834	99,264,652
<b>NET POSITION - AUGUST 31</b>	<b>\$ 293,292,190</b>	<b>\$ 288,367,749</b>	<b>\$ 109,440,910</b>	<b>\$ 101,856,863</b>

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

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