



*Wastewater and Surface Water
Management
Financial Report
June 2015*

City of Tacoma
Environmental Services
Prepared by Eun Joo Ebenhoh

Table of Contents

Management's Discussion and Analysis	3
Joint Financial Statements	9
Financial Statements by Utility	17

Notification

These financial statements are interim, unaudited reports prepared primarily for the use of management.

(This page intentionally left blank)

Management's Discussion and Analysis

City of Tacoma, Washington
Environmental Services Department
Wastewater and Surface Water Management
Management's Discussion and Analysis
June 30, 2015 and 2014

Introduction

The following is management's discussion and analysis (MD&A) of the financial activities of the City of Tacoma's Wastewater and Surface Water Management Division (the Division) for the periods ended June 30, 2015 and 2014. The MD&A is designed to focus on significant financial transactions and activities and to identify changes in financial position. This information should be read in conjunction with the financial statements taken as a whole. 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.

Financial Highlights

- Total net position is \$400.7 million at June 30, 2015 compared to \$390.3 million at June 30, 2014.
- The change in net position for the first six months is \$4.3 million in 2015 compared to \$4.0 million in 2014.
- Total assets and deferred outflows of resources are \$691.0 million, an increase of \$87.3 million from \$603.7 million in 2014.
- Liabilities and deferred inflows of resources are \$290.3 million, an increase of \$76.9 million from \$213.3 million in 2014.

Financial Analysis - Condensed Statements of Net Position

	June 30,		Increase
	2015	2014	(Decrease)
Current, restricted, and other assets	\$ 143,615,935	\$ 87,932,812	\$ 55,683,123
Capital assets	543,916,569	514,675,147	29,241,422
Deferred outflows of resources	3,424,771	1,067,710	2,357,061
Total assets and deferred outflows of resources	<u>\$ 690,957,275</u>	<u>\$ 603,675,669</u>	<u>\$ 87,281,606</u>
Current liabilities and liabilities payable from restricted assets	\$ 10,139,020	\$ 8,579,638	\$ 1,559,382
Noncurrent liabilities	255,142,922	179,758,443	75,384,479
Deferred inflows of resources	25,000,000	25,000,000	-
Total liabilities and deferred inflows of resources	<u>290,281,942</u>	<u>213,338,081</u>	<u>\$ 76,943,861</u>
Net investment in capital assets	401,707,086	383,655,218	18,051,868
Restricted for bond reserves	10,614,263	9,573,274	1,040,989
Unrestricted	(11,646,016)	(2,890,904)	(8,755,112)
Total net position	<u>400,675,333</u>	<u>390,337,588</u>	<u>10,337,745</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 690,957,275</u>	<u>\$ 603,675,669</u>	<u>\$ 87,281,606</u>

Current, restricted, and other assets

Current, restricted, and other assets increased \$55.7 million compared to a year ago. The primary reason for this increase was due to cash proceeds of \$75.2 million from 2015 Sewer Revenue and Refunding bonds recorded in March.

Other changes include a \$582,000 decrease in grant receivable; the Division recorded \$314,000 grants from the State of Washington Ecology Department for the "A" Street Stormwater Retrofit, Asotin CT LID Retrofit, Pt. Defiance Regional Treatment, and Treatment for Phosphorous Removal projects in 2015.

Current liabilities and liabilities payable from restricted assets

Current, restricted, and other liabilities increased \$1.6 million primarily due to a \$1.3 million increase in accounts payable.

Noncurrent liabilities

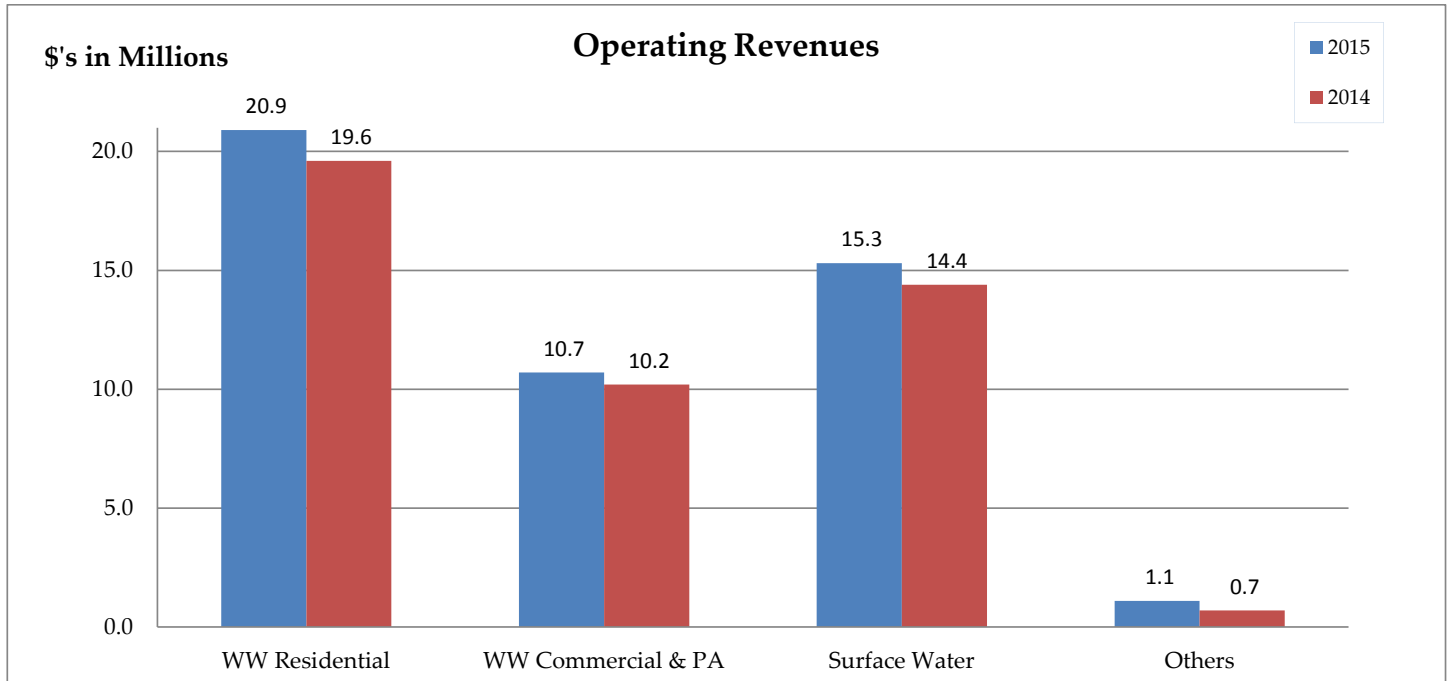
Noncurrent liabilities increased \$75.4 million primarily due to a net increase of \$69.9 million in bonds payable and a \$8.3 million net increase in unamortized bonds premium; 2015 Sewer bonds payable was recorded at \$109.3 million and a \$39.4 million principle payment on 2006 Sewer bonds reduced the outstanding debt balance to \$15.6 million. The premium on 2015 Sewer bonds was recorded at \$9.2 million.

Financial Analysis - Condensed Statements of Revenues, Expenses and Changes in Net Position

	June Year-to-Date		Increase (Decrease)
	2015	2014	
Operating revenues	\$ 47,954,256	\$ 44,912,094	\$ 3,042,162
Operating expenses	36,845,666	35,158,125	1,687,541
Net operating income	11,108,590	9,753,969	1,354,621
Nonoperating revenues (expenses)	(3,270,365)	(2,300,654)	(969,711)
Income before contributions and transfers	7,838,225	7,453,315	384,910
Contributions	402,012	131,123	270,889
Transfers	1,320	750	570
Gross earnings taxes	(3,924,959)	(3,606,020)	(318,939)
Change in net position	4,316,598	3,979,168	337,430
Total net position - beginning	396,358,735	386,358,420	10,000,315
Total net position - ending	\$ 400,675,333	\$ 390,337,588	\$ 10,337,745

Operating revenues

The following graph provides a comparison of operating revenues for the first six months of year 2015 and 2014.

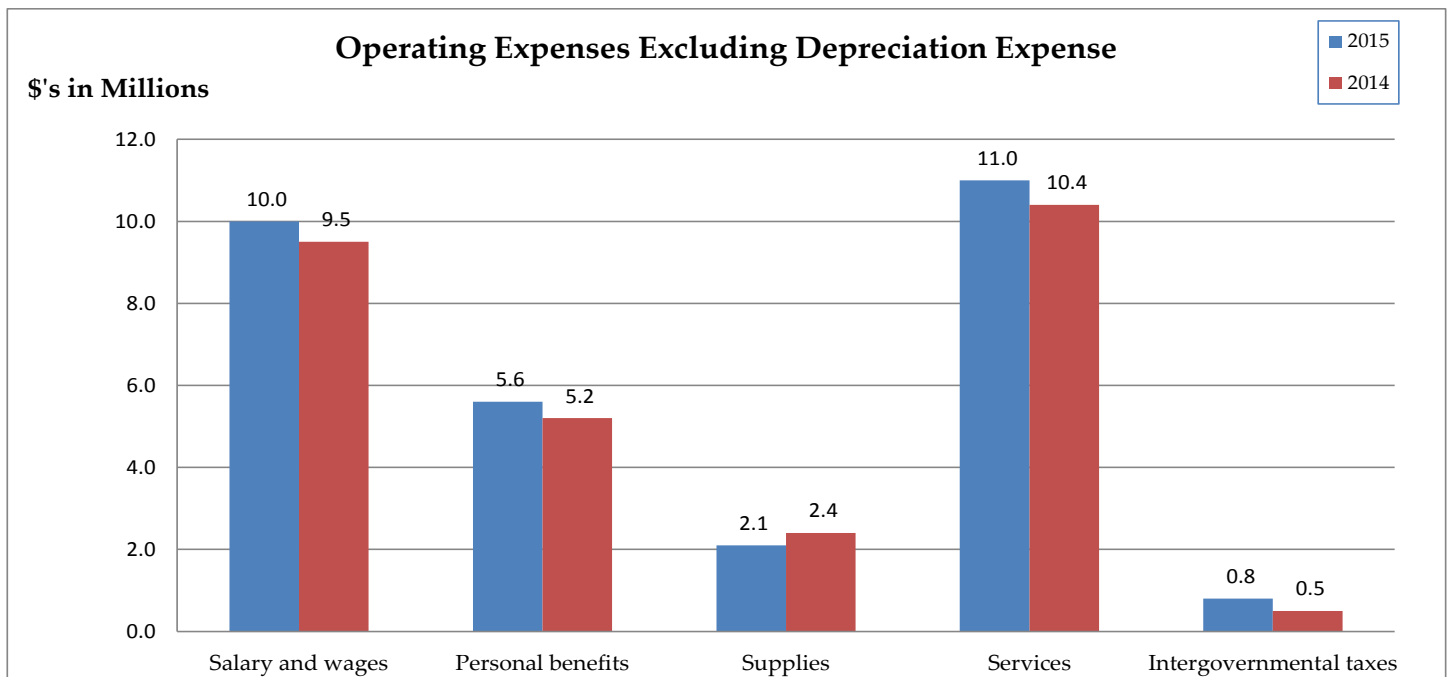


The approved average rate increases for each year 2015 and 2016 are 6% for Wastewater and 5.5% for Surface Water and the rate increases for 2015 went into effect January 1.

Operating revenues for the first six months of 2015 increased \$3.0 million compared to the same period last year. Revenues from Wastewater residential and Surface Water increased 6% and Wastewater commercial and public authorities increased 5% due to the effect of the 2015 rate increase. Other revenues increased 61% due to more revenues from septic tank disposals, and taking leachates from Yelm, Thurston Co., and Darigold.

Operating expenses

The graph below shows operating expenses for each of the operating groups:



Total operating expenses excluding depreciation expense increased \$1.4 million compared to the same period last year.

- Salary and wages increased \$504,000 primarily due to a \$491,000 increase in regular salary and wage costs. The retro pay for employees classified under Local 483 and 16 was processed in March after new contracts were settled in 2015. There were no significant changes in the number of employees; 325 in 2015 and 324 in 2014.
- Personal benefits increased \$363,000 primarily due to a \$456,000 increase in health and welfare costs. This increase was offset by a \$153,000 decrease in industrial insurance costs.
- Services increased \$603,000. The payment to Pierce Co. for the wastewater treatment charges increased \$139,000. Additional rental costs for the Center for Urban Water building increased \$149,000 after a new maintenance agreement with the managing company was awarded. Electricity costs increased \$120,000.
- Intergovernmental taxes increased \$230,000 mainly due to last year's adjusted amounts after recording the refunds from the Department of Revenues as a result of the audit.

Capital Assets

Capital assets net of depreciation increased \$29.2 million over the prior year. Capital lease building increased \$1.5 million due to the allocation rate change. Machinery and equipment increased \$9.3 million primarily due to the capitalization of the Lincoln & Alexander Pump Station and Pump Station Control Panel upgrade projects. Transmission lines and other improvements increased \$27.7 million; 7,096 feet of donated lines were recorded for \$3.3 million, 20,085 feet of old lines were retired at the historical cost of \$255,000, and 26.695 feet of new replacement lines and extended sewer lines were recorded for \$21.0 million. Other improvements reported \$3.7 million including the Cheney Stadium LID Retrofit project recorded for \$2.5 million of which \$1 million was grant funded. Accumulated depreciation increased \$14.5 million and construction in progress increased \$4.6 million. Several ongoing projects include the Dewatering System Upgrade, Flood Wall, Plant Control System Upgrade, and Cleveland Pump Station Upgrade projects.

Debt Administration

The bond coverage ratio is calculated by dividing net revenue by debt service as defined by bond covenants. Net revenue is based on the rate plan for 2015 for both Wastewater and Surface Water. The SRF loans are junior lien debt and excluded from the debt service in the bond coverage ratio calculation. However, 100% of the capital lease obligation on the Urban Waters building was included as parity debt although 20% is expected to be received from the Solid Waste Division.

The bond coverage ratio is estimated at 4.74 for year 2015. This compares to a ratio of 4.43 at the end of year 2014. A bond coverage ratio of 1.3 is required by bond covenants for the Division.

(This page intentionally left blank)

Joint Financial Statements

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

	June 30,		Increase
	2015	2014	(Decrease)
ASSETS			
Current Assets:			
Cash and cash equivalents (C&CE)	\$ 47,855,714	\$ 55,189,811	\$ (7,334,097)
Accounts receivable (net)	12,659,948	11,835,928	824,020
Due from other governments	250,056	831,869	(581,813)
Inventory	976,410	897,604	78,806
Prepayments	70,336	739,188	(668,852)
Other current assets	34,669	2,646	32,023
Current restricted assets:			
C&CE - debt service, deposits and replacements	11,195,361	9,938,025	1,257,336
C&CE - construction accounts	66,361,068	4,756,775	61,604,293
Customer deposits - detention ponds		104,406	(104,406)
Total restricted assets	<u>77,556,429</u>	<u>14,799,206</u>	<u>62,757,223</u>
Total current assets	<u>139,403,562</u>	<u>84,296,252</u>	<u>55,107,310</u>
Non-current assets:			
Other non-current assets	4,212,373	3,636,560	575,813
Capital assets:			
Land and easements	19,621,412	19,466,492	154,920
Property, plant, and equipment	714,533,964	675,519,917	39,014,047
Less: accumulated depreciation	(228,882,248)	(214,387,459)	(14,494,789)
Construction work in progress	38,643,441	34,076,197	4,567,244
Total capital assets net of depreciation	<u>543,916,569</u>	<u>514,675,147</u>	<u>29,241,422</u>
Total non-current assets	<u>548,128,942</u>	<u>518,311,707</u>	<u>29,817,235</u>
TOTAL ASSETS	<u>687,532,504</u>	<u>602,607,959</u>	<u>84,924,545</u>
DEFERRED OUTFLOW OF RESOURCES			
Unamortized loss on refunding	3,424,771	1,067,710	2,357,061
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>3,424,771</u>	<u>1,067,710</u>	<u>2,357,061</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 690,957,275</u>	<u>\$ 603,675,669</u>	<u>\$ 87,281,606</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)

	June 30,		Increase
	2015	2014	(Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,517,274	\$ 1,257,071	\$ 1,260,203
Due to other governments	442,210	486,563	(44,353)
State Revolving Loan Interest payable	250,713	267,378	(16,665)
Accrued wages and benefits payable	1,593,159	1,453,297	139,862
Accrued taxes	140,308	87,502	52,806
Environmental liability - current	586,977	627,460	(40,483)
Notes & leases - current	4,027,281	3,931,210	96,071
Current payables from restricted assets:			
Bond interest payable	581,098	364,751	216,347
Deposits and other payables	-	104,406	(104,406)
Total current liabilities	<u>10,139,020</u>	<u>8,579,638</u>	<u>1,559,382</u>
Non-current liabilities:			
Revenue bonds payable (net)	171,414,446	93,342,890	78,071,556
Compensated absences	2,646,180	2,684,113	(37,933)
Environmental liability - non-current	400,000	500,000	(100,000)
Notes & leases - non-current	78,450,693	81,263,798	(2,813,105)
Net OPEB obligation	2,231,603	1,967,642	263,961
Total non-current liabilities	<u>255,142,922</u>	<u>179,758,443</u>	<u>75,384,479</u>
TOTAL LIABILITIES	<u>265,281,942</u>	<u>188,338,081</u>	<u>76,943,861</u>
DEFERRED INFLOW OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
TOTAL DEFERRED INFLOW OF RESOURCES	<u>25,000,000</u>	<u>25,000,000</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	401,707,086	383,655,218	18,051,868
Restricted for debt	10,614,263	9,573,274	1,040,989
Unrestricted	(11,646,016)	(2,890,904)	(8,755,112)
TOTAL NET POSITION	<u>400,675,333</u>	<u>390,337,588</u>	<u>10,337,745</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES			
RESOURCES, AND NET POSITION	<u>\$ 690,957,275</u>	<u>\$ 603,675,669</u>	<u>\$ 87,281,606</u>

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

(This page intentionally left blank)

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

	June Year-to-Date		% Chg
	2015	2014	
OPERATING REVENUES			
Wastewater residential	\$ 20,867,258	\$ 19,629,918	6%
Wastewater commercial and public authorities	10,715,208	10,158,572	5%
Surface water	15,266,592	14,438,138	6%
Other revenues	1,105,198	685,466	61%
TOTAL OPERATING REVENUES	47,954,256	44,912,094	7%
OPERATING EXPENSES			
Salary and wages	9,993,902	9,489,860	5%
Personnel benefits	5,573,982	5,211,102	7%
Supplies	2,085,366	2,390,485	(13%)
Services	11,046,073	10,443,193	6%
Intergovernmental taxes	751,095	520,677	44%
Depreciation	7,395,248	7,102,808	4%
TOTAL OPERATING EXPENSES	36,845,666	35,158,125	5%
OPERATING INCOME	11,108,590	9,753,969	14%
NON-OPERATING REVENUES (EXPENSES)			
Interest and other earnings	423,420	321,235	32%
Interest and other related costs	(4,176,045)	(2,952,083)	41%
Amortization of bond premium and loss on refunding	265,517	129,011	106%
Operating contributions - federal/state/local	-	-	n/a
Other non revenues and (expenses)	216,743	204,617	6%
Loss on disposition of property	-	(3,434)	(100%)
NON OPERATING REVENUE NET OF EXPENSE	(3,270,365)	(2,300,654)	42%
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	7,838,225	7,453,315	5%
Capital contributions - interfund	-	211,165	(100%)
Capital contributions - federal/state/local	313,674	(80,615)	(489%)
Capital contributions - private	88,338	573	15,317%
Transfer in	1,320	750	76%
Transfer (out) & gross earnings tax	(3,924,959)	(3,606,020)	9%
Total contributions and transfers	(3,521,627)	(3,474,147)	1%
CHANGES IN NET POSITION	4,316,598	3,979,168	8%
NET POSITION			
NET POSITION - JANUARY 1	396,358,735	386,358,420	3%
NET POSITION - JUNE 30	\$ 400,675,333	\$ 390,337,588	3%

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 Cash Flows

	June Year-to-Date	
	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipt from customer and users	\$ 46,947,464	\$ 44,031,143
Payment to suppliers	(17,391,221)	(16,638,876)
Payments to employees	(15,631,597)	(14,705,417)
Payments for taxes	(744,850)	(567,054)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	13,179,796	12,119,796
CASH FLOWS FROM NONCAPAL FINANCING ACTIVITIES		
Transfer from (to) other funds	(4,447,984)	(4,161,902)
Grant received	(6,250)	(755,749)
Debt service related to environmental	(872,620)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(5,326,854)	(4,917,651)
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(13,964,030)	(11,814,781)
Capital assets transferred in (out)	(72,478)	750
Proceeds from sale of capital assets	-	5,750
Bond refunding costs	6,199,023	-
Debt financing and principal payments	69,910,000	-
SRF financing and principal payments	(1,812,894)	(1,780,456)
Capital lease obligation	(1,102,650)	(1,043,934)
Interest paid on capital debt	(2,316,267)	(2,209,991)
Contributions and donations	7,541	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	56,848,245	(16,842,662)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends received	388,751	318,183
Investment others	216,743	205,023
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	605,494	523,206
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	65,306,681	(9,117,311)
CASH & CASH EQUIVALENTS, JANUARY 1	60,105,462	79,106,328
CASH & CASH EQUIVALENTS, JUNE 30	\$ 125,412,143	\$ 69,989,017

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 Cash Flows**

	June Year-to-Date	
	2015	2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income	\$ 11,108,590	\$ 9,753,969
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	7,395,248	7,102,808
(Increase) decrease in accounts receivable	(513,726)	(487,382)
(Increase) decrease in notes and leases	13,245	(126,729)
(Increase) decrease in due from other funds	444,580	108,426
(Increase) decrease in inventory	37,690	(3,519)
(Increase) decrease in prepayments	220,518	(165,382)
(Increase) decrease in other assets	-	7,234
Increase (decrease) in accounts payable	(3,394,639)	(2,367,782)
Increase (decrease) in accrued wages and benefits	(93,349)	(91,754)
Increase (decrease) in accrued taxes	6,245	(46,377)
Increase (decrease) in deposit and other payables	-	(272)
Increase (decrease) in due to other funds	(1,783,425)	(1,317,775)
Increase (decrease) in due to other governments	(48,193)	(6,660)
Increase (decrease) in unearned revenue	(195,619)	(187,889)
Increase (decrease) in environmental liabilities	(17,369)	(51,120)
Total adjustments	2,071,206	2,365,827
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 13,179,796	\$ 12,119,796

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

(This page intentionally left blank)

Financial Statements by Utility

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

	Wastewater		Surface Water	
	June 30,		June 30,	
	2015	2014	2015	2014
ASSETS				
Current Assets:				
Cash and cash equivalents (C&CE)	\$ 25,512,868	\$ 33,794,105	\$ 22,342,846	\$ 21,395,706
Accounts receivable (net)	8,554,314	8,035,772	4,105,634	3,800,156
Due from other governments	-	-	250,056	831,869
Inventory	976,410	897,604	-	-
Prepayments	46,956	712,167	23,380	27,021
Other current assets	18,781	1,504	15,888	1,142
Current restricted assets:				
C&CE - debt service, deposits and replacements	7,465,395	6,448,597	3,729,966	3,489,428
C&CE - construction accounts	48,169,056	838,338	18,192,012	3,918,437
Customer deposits - detention ponds	-	-	-	104,406
Total restricted assets	<u>55,634,451</u>	<u>7,286,935</u>	<u>21,921,978</u>	<u>7,512,271</u>
Total current assets	<u>90,743,780</u>	<u>50,728,087</u>	<u>48,659,782</u>	<u>33,568,165</u>
Non-current assets:				
Other non-current assets	2,941,319	2,365,506	1,271,054	1,271,054
Capital assets:				
Land and easements	7,561,938	7,488,228	12,059,474	11,978,264
Property, plant, and equipment	523,192,093	505,993,267	191,341,871	169,526,650
Less: accumulated depreciation	(184,902,305)	(173,904,736)	(43,979,943)	(40,482,723)
Construction work in progress	29,630,736	21,676,887	9,012,705	12,399,310
Total capital assets net of depreciation	<u>375,482,462</u>	<u>361,253,646</u>	<u>168,434,107</u>	<u>153,421,501</u>
Total non-current assets	<u>378,423,781</u>	<u>363,619,152</u>	<u>169,705,161</u>	<u>154,692,555</u>
TOTAL ASSETS	<u>469,167,561</u>	<u>414,347,239</u>	<u>218,364,943</u>	<u>188,260,720</u>
DEFERRED OUTFLOW OF RESOURCES				
Unamortized loss on refunding	<u>1,182,971</u>	<u>318,702</u>	<u>2,241,800</u>	<u>749,008</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>1,182,971</u>	<u>318,702</u>	<u>2,241,800</u>	<u>749,008</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 470,350,532</u>	<u>\$ 414,665,941</u>	<u>\$ 220,606,743</u>	<u>\$ 189,009,728</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		Surface Water	
	June 30,		June 30,	
	2015	2014	2015	2014
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,215,208	\$ 766,649	\$ 302,066	\$ 490,422
Due to other governments	442,210	486,563	-	-
State Revolving Loan Interest payable	244,773	261,150	5,940	6,228
Accrued wages and benefits payable	1,098,719	994,142	494,440	459,155
Accrued taxes	96,856	53,062	43,452	34,440
Environmental liability - current	-	-	586,977	627,460
Notes & leases - current	3,833,888	3,771,815	193,393	159,395
Current payables from restricted assets:				
Bond interest payable	284,314	122,880	296,784	241,871
Deposits and other payables	-	-	-	104,406
Total current liabilities	<u>8,215,968</u>	<u>6,456,261</u>	<u>1,923,052</u>	<u>2,123,377</u>
Non-current liabilities:				
Revenue bonds payable (net)	85,623,574	30,779,087	85,790,872	62,563,803
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	15,170,336	13,100,063
Net OPEB obligation	1,761,706	1,516,485	469,897	451,157
Total non-current liabilities	<u>152,643,223</u>	<u>102,484,871</u>	<u>102,499,699</u>	<u>77,273,572</u>
TOTAL LIABILITIES	<u>160,859,191</u>	<u>108,941,132</u>	<u>104,422,751</u>	<u>79,396,949</u>
DEFERRED INFLOW OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
TOTAL DEFERRED INFLOW OF RESOURCES	<u>17,000,000</u>	<u>17,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
NET POSITION				
Net investment in capital assets	272,096,670	259,696,049	129,610,416	123,959,169
Restricted for debt	7,181,081	6,325,717	3,433,182	3,247,557
Unrestricted	13,213,590	22,703,043	(24,859,606)	(25,593,947)
TOTAL NET POSITION	<u>292,491,341</u>	<u>288,724,809</u>	<u>108,183,992</u>	<u>101,612,779</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES				
RESOURCES, AND NET POSITION	<u>\$ 470,350,532</u>	<u>\$ 414,665,941</u>	<u>\$ 220,606,743</u>	<u>\$ 189,009,728</u>

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

(This page intentionally left blank)

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	
	June Year-to-Date		June Year-to-Date	
	2015	2014	2015	2014
OPERATING REVENUES				
Wastewater residential	\$ 20,867,258	\$ 19,629,918	\$ -	\$ -
Wastewater commercial and public authorities	10,715,208	10,158,572	-	-
Surface water	-	-	15,266,592	14,438,138
Other revenues	1,017,108	599,809	88,090	85,657
TOTAL OPERATING REVENUES	32,599,574	30,388,299	15,354,682	14,523,795
OPERATING EXPENSES				
Salary and wages	7,110,828	7,057,946	2,883,074	2,431,914
Personnel benefits	3,788,846	3,550,606	1,785,136	1,660,496
Supplies	1,668,246	1,970,277	417,120	420,208
Services	7,171,907	6,958,736	3,874,166	3,484,457
Intergovernmental taxes	523,968	308,449	227,127	212,228
Depreciation	5,544,377	5,463,181	1,850,871	1,639,627
TOTAL OPERATING EXPENSES	25,808,172	25,309,195	11,037,494	9,848,930
OPERATING INCOME	6,791,402	5,079,104	4,317,188	4,674,865
NON-OPERATING REVENUES (EXPENSES)				
Interest and other earnings	260,870	181,143	162,550	140,092
Interest and other related costs	(2,056,825)	(1,363,712)	(2,119,220)	(1,588,371)
Amortization of bond premium and loss on refunding	116,064	28,582	149,453	100,429
Operating contributions - federal/state/local	-	-	-	-
Other non revenues and (expenses)	107,240	115,381	109,503	89,236
Loss on disposition of property	-	-	-	(3,434)
NON OPERATING REVENUE NET OF EXPENSE	(1,572,651)	(1,038,606)	(1,697,714)	(1,262,048)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	5,218,751	4,040,498	2,619,474	3,412,817
Capital contributions - interfund	-	-	-	211,165
Capital contributions - federal/state/local	-	-	313,674	(80,615)
Capital contributions - private	87,261	-	1,077	573
Transfer in	660	-	660	750
Transfer (out) & gross earnings tax	(2,681,232)	(2,409,457)	(1,243,727)	(1,196,563)
Total contributions and transfers	(2,593,311)	(2,409,457)	(928,316)	(1,064,690)
CHANGES IN NET POSITION	2,625,440	1,631,041	1,691,158	2,348,127
NET POSITION				
NET POSITION - JANUARY 1	289,865,901	287,093,768	106,492,834	99,264,652
NET POSITION - JUNE 30	\$ 292,491,341	\$ 288,724,809	\$ 108,183,992	\$ 101,612,779

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 Cash Flows

	Wastewater		Surface Water	
	June Year-to-Date		June Year-to-Date	
	2015	2014	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES:				
Receipt from customer and users	\$ 31,996,068	\$ 29,977,196	\$ 14,951,396	\$ 14,053,947
Payment to suppliers	(9,858,428)	(11,010,692)	(7,532,793)	(5,628,184)
Payments to employees	(10,945,291)	(10,691,340)	(4,686,306)	(4,014,077)
Payments for taxes	(516,353)	(338,658)	(228,497)	(228,396)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	10,675,996	7,936,506	2,503,800	4,183,290
CASH FLOWS FROM NONCAPAL FINANCING ACTIVITIES				
Transfer from (to) other funds	(3,015,637)	(2,784,703)	(1,432,347)	(1,377,199)
Grant received	-	-	(6,250)	(755,749)
Debt service related to environmental	-	-	(872,620)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(3,015,637)	(2,784,703)	(2,311,217)	(2,132,948)
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(10,086,250)	(6,047,059)	(3,877,780)	(5,767,722)
Capital assets transferred in (out)	(73,138)	-	660	750
Proceeds from sale of capital assets	-	-	-	5,750
Bond refunding costs	4,403,435	-	1,795,588	-
Debt financing and principal payments	49,721,429	-	20,188,571	-
SRF financing and principal payments	(1,812,894)	(1,780,456)	-	-
Capital lease obligation	(527,184)	(561,114)	(575,466)	(482,820)
Interest paid on capital debt	(1,533,996)	(971,918)	(782,271)	(1,238,073)
Contributions and donations	7,046	-	495	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	40,098,448	(9,360,547)	16,749,797	(7,482,115)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends received	242,089	179,421	146,662	138,762
Investment others	107,240	115,599	109,503	89,424
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	349,329	295,020	256,165	228,186
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	48,108,136	(3,913,724)	17,198,545	(5,203,587)
CASH & CASH EQUIVALENTS, JANUARY 1	33,039,183	44,994,764	27,066,279	34,111,564
CASH & CASH EQUIVALENTS, JUNE 30	\$ 81,147,319	\$ 41,081,040	\$ 44,264,824	\$ 28,907,977

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 Cash Flows

	Wastewater		Surface Water	
	June Year-to-Date		June Year-to-Date	
	2015	2014	2015	2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$ 6,791,402	\$ 5,079,104	\$ 4,317,188	\$ 4,674,865
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	5,544,377	5,463,181	1,850,871	1,639,627
(Increase) decrease in accounts receivable	(328,397)	(209,318)	(185,329)	(278,064)
(Increase) decrease in notes and leases	13,245	(126,729)	-	-
(Increase) decrease in due from other funds	141,870	64,552	302,710	43,874
(Increase) decrease in inventory	37,690	(3,519)	-	-
(Increase) decrease in prepayments	182,984	(171,047)	37,534	5,665
(Increase) decrease in other assets	-	7,234	-	-
Increase (decrease) in accounts payable	(573,746)	(1,206,028)	(2,820,893)	(1,161,754)
Increase (decrease) in accrued wages and benefits	(65,117)	(78,887)	(28,232)	(12,867)
Increase (decrease) in accrued taxes	7,615	(30,209)	(1,370)	(16,168)
Increase (decrease) in deposit and other payables	-	-	-	(272)
Increase (decrease) in due to other funds	(893,336)	(716,081)	(890,089)	(601,694)
Increase (decrease) in due to other governments	(48,193)	(6,660)	-	-
Increase (decrease) in unearned revenue	(134,398)	(129,087)	(61,221)	(58,802)
Increase (decrease) in environmental liabilities	-	-	(17,369)	(51,120)
Total adjustments	3,884,594	2,857,402	(1,813,388)	(491,575)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 10,675,996	\$ 7,936,506	\$ 2,503,800	\$ 4,183,290

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



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.