



*Wastewater and Surface Water  
Management  
Financial Report  
November 2013*

**City of Tacoma  
Environmental Services Department  
Prepared by Eun Joo Ebenhoh**



# *Table of Contents*

Management's Discussion and Analysis .....	3
Joint Financial Statements.....	5
Financial Statements by Utility .....	11

## *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.

*(This page intentionally left blank)*

## *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.

*(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)**

	November 30,		Increase (Decrease)
	2013	2012	
<b>ASSETS</b>			
Current assets:			
Operating cash and equity in pooled investments:			
Operating Fund	\$ 32,454,128	\$ 54,462,517	\$ (22,008,389)
Rate Stabilization Fund	25,000,000	25,000,000	-
Total operating cash and equity in pooled	57,454,128	79,462,517	(22,008,389)
Accounts receivable	9,464,210	8,747,670	716,540
Allowance for uncollectible accounts	(4,340,716)	(4,097,464)	(243,252)
Unbilled revenue	5,610,000	4,900,000	710,000
Inventory	892,675	1,027,111	(134,436)
Prepaid expenses	596,987	132,387	464,600
Grants receivable	60,978	365,927	(304,949)
Notes and contracts receivable	158,281	143,016	15,265
Total current assets	69,896,543	90,681,164	(20,784,621)
Restricted cash and equity in pooled investments:			
Bond reserve and debt service accounts	11,761,782	10,212,556	1,549,226
Customer deposits - detention ponds	104,604	117,970	(13,366)
Construction accounts	12,171,162	16,294,966	(4,123,804)
Total restricted cash and equity in pooled investments	24,037,548	26,625,492	(2,587,944)
Capital assets:			
Land and easements	10,590,148	10,289,536	300,612
Buildings	151,231,450	147,339,526	3,891,924
Buildings - capital lease	30,272,000	30,272,000	-
Machinery and equipment	143,504,321	137,572,457	5,931,864
Transmission lines	306,126,155	285,336,301	20,789,854
Computer software	7,429,946	7,117,567	312,379
Less: accumulated depreciation	(205,996,425)	(192,898,282)	(13,098,143)
Assets in service, net of accumulated depreciation	443,157,595	425,029,105	18,128,490
Construction in progress	50,437,385	39,989,201	10,448,184
Total capital assets	493,594,980	465,018,306	28,576,674
Other noncurrent assets	3,535,637	3,470,580	65,057
Total assets	591,064,708	585,795,542	5,269,166
<b>DEFERRED OUTFLOWS</b>			
GASB 31 mark to market adjustment	697,560	935,093	(237,533)
Unamortized bonds issuance costs	1,103,471	1,160,635	(57,164)
Total deferred outflows	1,801,031	2,095,728	(294,697)
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 592,865,739</b>	<b>\$ 587,891,270</b>	<b>\$ 4,974,469</b>

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)**

	November 30,		Increase
	2013	2012	(Decrease)
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 974,746	\$ 1,103,895	\$ (129,149)
Accrued wages payable	963,611	872,419	91,192
Compensated absences	271,596	100,181	171,415
Accrued taxes payable	108,239	20,364	87,875
Accrued liability - low income	(26,215)	5,723	(31,938)
Due other governmental units	290,971	320,233	(29,262)
State Revolving Loan interest payable	184,787	195,622	(10,835)
Current portion of long-term debt - State Revolving Loans	3,596,490	3,522,486	74,004
Current portion of capital lease obligation	50,000	48,004	1,996
Environmental liabilities	607,730	680,337	(72,607)
Total current liabilities	<u>7,021,955</u>	<u>6,869,264</u>	152,691
Current liabilities payable from restricted assets:			
Deposit payable - detention ponds	104,604	117,970	(13,366)
Bond interest payable	2,188,508	1,946,637	241,871
Total current liabilities payable from restricted assets	<u>2,293,112</u>	<u>2,064,607</u>	228,505
Noncurrent liabilities:			
Long-term debt - revenue bonds	93,529,171	93,847,034	(317,863)
Long-term debt - State Revolving Loans	55,642,623	59,248,621	(3,605,998)
Capital lease obligation	28,046,000	28,624,000	(578,000)
Compensated absences	2,444,362	1,903,444	540,918
Net OPEB obligation	1,671,120	1,352,510	318,610
Environmental liabilities	550,000	900,000	(350,000)
Total noncurrent liabilities	<u>181,883,276</u>	<u>185,875,609</u>	(3,992,333)
Total liabilities	<u>191,198,343</u>	<u>194,809,480</u>	(3,611,137)
<b>DEFERRED INFLOWS</b>			
Rate stabilization	25,000,000	25,000,000	-
Total deferred inflows	<u>25,000,000</u>	<u>25,000,000</u>	-
<b>NET POSITION</b>			
Net investment in capital assets	367,810,639	339,180,770	28,629,868
Restricted for bond reserves	9,573,274	8,265,919	1,307,355
Unrestricted	(716,517)	20,635,101	(21,351,617)
Total net position	<u>376,667,396</u>	<u>368,081,790</u>	8,585,606
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 592,865,739</u>	<u>\$ 587,891,270</u>	<u>\$ 4,974,469</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)**

	November Year-to-Date	
	2013	2012
<b>OPERATING REVENUES</b>		
Wastewater residential	\$ 34,148,116	\$ 33,006,223
Wastewater commercial and public authorities	18,012,712	17,608,580
Surface Water	24,906,825	21,423,071
Other revenues	955,008	926,523
Total operating revenues	<u>78,022,661</u>	<u>72,964,397</u>
<b>OPERATING EXPENSES</b>		
Administration and general	3,421,899	4,282,344
Operations	11,377,432	10,693,363
Science & engineering	11,167,847	10,574,589
Maintenance	14,636,029	15,533,420
Other	8,054,826	7,816,378
Depreciation	12,369,166	11,657,683
Total operating expenses	<u>61,027,199</u>	<u>60,557,777</u>
Net operating income	<u>16,995,462</u>	<u>12,406,620</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	876,651	2,068,968
Rental income	349,993	343,857
Operating grant revenue	-	227,767
Bond interest expense, net of capitalized interest	(2,924,777)	(2,851,382)
Interest on long-term debt - State Revolving Loans	(1,030,848)	(1,089,066)
Interest on capital lease	(1,384,999)	(1,405,383)
Amortization of premium, discount, and refunding costs	236,519	(318,179)
Other nonoperating revenues	144,228	199,772
Other nonoperating expenses	(222,211)	(85,356)
Total nonoperating expenses	<u>(3,955,444)</u>	<u>(2,909,002)</u>
<b>CHANGE IN NET POSITION</b>		
Net position before capital contributions and transfers	13,040,018	9,497,618
Contributions:		
Cash	106,657	19,355
Capital related grants	217,161	1,106,038
Donated fixed assets	268,531	116,020
Transfers capital related	75,575	-
Transfers operating related	(168,035)	683,107
Transfers - gross earnings tax	(6,359,462)	(6,180,421)
<b>CHANGE IN NET POSITION</b>	<u>7,180,445</u>	<u>5,241,717</u>
<b>TOTAL NET POSITION- BEGINNING</b>	<u>369,486,951</u>	<u>362,840,073</u>
<b>TOTAL NET POSITION- ENDING</b>	<u>\$ 376,667,396</u>	<u>\$ 368,081,790</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)*

## *Financial Statements by Utility*

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

	Wastewater November 30,		Surface Water November 30,	
	2013	2012	2013	2012
<b>ASSETS</b>				
Current assets:				
Operating cash and equity in pooled investments:				
Operating Fund	\$ 19,589,896	\$ 42,038,613	\$ 12,864,232	\$ 12,423,904
Rate Stabilization Fund	17,000,000	17,000,000	8,000,000	8,000,000
Total operating cash and equity in pooled	36,589,896	59,038,613	20,864,232	20,423,904
Accounts receivable	5,958,391	5,455,771	3,505,819	3,291,899
Allowance for uncollectible accounts	(2,435,003)	(2,252,747)	(1,905,713)	(1,844,717)
Unbilled revenue	3,772,000	3,200,000	1,838,000	1,700,000
Inventory	892,675	1,027,111	-	-
Prepaid expenses	561,306	126,816	35,681	5,571
Grants receivable	-	23,097	60,978	342,830
Notes and contracts receivable	158,281	143,016	-	-
Total current assets	45,497,546	66,761,677	24,398,997	23,919,487
Restricted cash and equity in pooled investments:				
Bond reserve and debt service accounts	7,062,999	5,931,397	4,698,783	4,281,159
Customer deposits - detention ponds	-	-	104,604	117,970
Construction accounts	1,371,409	1,898,431	10,799,753	14,396,535
Total restricted cash and equity in pooled investments	8,434,408	7,829,828	15,603,140	18,795,664
Capital assets:				
Land and easements	7,488,228	7,373,844	3,101,920	2,915,692
Buildings	148,682,708	146,338,447	2,548,742	1,001,079
Buildings - capital lease	16,271,200	16,271,200	14,000,800	14,000,800
Machinery and equipment	138,876,087	133,356,026	4,628,234	4,216,431
Transmission lines	172,992,796	159,046,611	133,133,359	126,289,690
Computer software	4,547,056	4,307,433	2,882,890	2,810,134
Less: accumulated depreciation	(167,578,198)	(157,348,996)	(38,418,227)	(35,549,286)
Assets in service, net of accumulated depreciation	321,279,877	309,344,565	121,877,718	115,684,540
Construction in progress	38,362,501	30,233,870	12,074,884	9,755,331
Total capital assets	359,642,378	339,578,435	133,952,602	125,439,871
Other noncurrent assets	2,264,583	2,199,526	1,271,054	1,271,054
Total assets	415,838,915	416,369,466	175,225,793	169,426,076
<b>DEFERRED OUTFLOWS</b>				
GASB 31 mark to market adjustment	441,621	611,781	255,939	323,312
Unamortized bonds issuance costs	329,377	347,675	774,094	812,960
Total deferred outflows	770,998	959,456	1,030,033	1,136,272
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 416,609,913</b>	<b>\$ 417,328,922</b>	<b>\$ 176,255,826</b>	<b>\$ 170,562,348</b>

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 November 30,		Surface Water November 30,	
	2013	2012	2013	2012
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 792,020	\$ 737,575	\$ 182,726	\$ 366,320
Accrued wages payable	656,854	606,409	306,757	266,010
Compensated absences	208,674	79,055	62,922	21,126
Accrued taxes payable	82,132	79,216	26,107	(58,852)
Accrued liability - low income	(17,646)	280	(8,569)	5,443
Due other governmental units	290,971	320,233	-	-
State Revolving Loan interest payable	179,480	190,085	5,307	5,537
Current portion of long-term debt - State Revolving Loans	3,577,053	3,513,113	19,437	9,373
Current portion of capital lease obligation	26,875	25,800	23,125	22,204
Environmental liabilities	-	-	607,730	680,337
Total current liabilities	<u>5,796,413</u>	<u>5,551,766</u>	<u>1,225,542</u>	<u>1,317,498</u>
Current liabilities payable from restricted assets:				
Deposit payable - detention ponds	-	-	104,604	117,970
Bond interest payable	737,283	737,283	1,451,225	1,209,354
Total current liabilities payable from restricted assets	<u>737,283</u>	<u>737,283</u>	<u>1,555,829</u>	<u>1,327,324</u>
Noncurrent liabilities:				
Long-term debt - revenue bonds	30,823,109	30,898,575	62,706,062	62,948,459
Long-term debt - State Revolving Loans	55,225,479	58,802,531	417,144	446,090
Capital lease obligation	15,074,725	15,385,400	12,971,275	13,238,600
Compensated absences	1,878,064	1,502,053	566,298	401,391
Net OPEB obligation	1,243,142	1,017,469	427,978	335,041
Environmental liabilities	-	-	550,000	900,000
Total noncurrent liabilities	<u>104,244,519</u>	<u>107,606,028</u>	<u>77,638,757</u>	<u>78,269,581</u>
Total liabilities	<u>110,778,215</u>	<u>113,895,077</u>	<u>80,420,128</u>	<u>80,914,403</u>
<b>DEFERRED INFLOWS</b>				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Total deferred inflows	<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	256,615,923	233,199,122	111,194,716	105,981,648
Restricted for bond reserves	6,325,716	5,194,114	3,247,558	3,071,805
Unrestricted	25,890,059	48,040,609	(26,606,576)	(27,405,508)
Total net position	<u>288,831,698</u>	<u>286,433,845</u>	<u>87,835,698</u>	<u>81,647,945</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 416,609,913</u>	<u>\$ 417,328,922</u>	<u>\$ 176,255,826</u>	<u>\$ 170,562,348</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 Revenues, Expenses, and Changes in Net Position (Unaudited)**

	Wastewater		Surface Water	
	November Year-to-Date		November Year-to-Date	
	2013	2012	2013	2012
<b>OPERATING REVENUES</b>				
Wastewater residential	\$ 34,148,116	\$ 33,006,223	\$ -	\$ -
Wastewater commercial and public authorities	18,012,712	17,608,580	-	-
Surface Water	-	-	24,906,825	21,423,071
Other revenues	763,927	590,985	191,081	335,538
Total operating revenues	<u>52,924,755</u>	<u>51,205,788</u>	<u>25,097,906</u>	<u>21,758,609</u>
<b>OPERATING EXPENSES</b>				
Administration and general	2,090,799	2,355,459	1,331,100	1,926,885
Operations detail:				
Customer service	591,413	545,336	193,336	224,055
Plant #1	5,255,564	4,952,397	-	-
Wastewater treatment by other	2,170,876	2,017,178	-	-
Plant #3	812,492	922,488	-	-
Biosolids (Tagro)	2,353,751	2,031,909	-	-
Operations	<u>11,184,096</u>	<u>10,469,308</u>	<u>193,336</u>	<u>224,055</u>
Science & engineering detail:				
Engineering	2,175,410	2,317,335	3,238,372	2,776,045
Construction support	292,879	465,607	233,306	98,015
Laboratory	1,154,026	1,355,152	623,825	441,201
Environmental Compliance	1,277,091	1,450,342	1,957,140	1,563,131
Private development	-	-	(18,583)	(47,292)
NRDA	-	-	10,039	16,691
Detention Ponds	-	-	6,657	18,008
Expense construction	-	-	217,685	120,354
Science & engineering	<u>4,899,406</u>	<u>5,588,436</u>	<u>6,268,441</u>	<u>4,986,153</u>
Maintenance detail:				
Pumping	1,524,157	1,729,918	228,174	337,947
Transmission	4,459,179	4,383,964	2,721,999	2,950,443
Plant #1	4,466,319	4,943,569	-	-
Parts	99,766	127,449	-	-
Administration	458,551	421,544	-	-
Plant #3	476,438	442,871	-	-
Holding basins	-	-	9,272	34,058
Biosolids (Tagro)	192,174	161,657	-	-
Maintenance	<u>11,676,584</u>	<u>12,210,972</u>	<u>2,959,445</u>	<u>3,322,448</u>
<b>Subtotal divisional operating expenses</b>	<u>29,850,885</u>	<u>30,624,175</u>	<u>10,752,322</u>	<u>10,459,541</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 Revenues, Expenses, and Changes in Net Position (Unaudited)**

	Wastewater		Surface Water	
	November Year-to-Date		November Year-to-Date	
	2013	2012	2013	2012
<b>OPERATING EXPENSES</b>				
Other expenses detail:				
Insurance	\$ 372,269	\$ 348,913	\$ 41,242	\$ 40,187
Taxes	959,617	1,013,916	357,879	324,029
IT services	1,861,557	1,631,919	1,026,958	1,029,294
Customer service	1,700,121	1,656,785	1,735,183	1,771,335
Other	4,893,564	4,651,533	3,161,262	3,164,845
Depreciation	9,625,069	9,114,548	2,744,097	2,543,135
Total operating expenses	<u>44,369,518</u>	<u>44,390,256</u>	<u>16,657,681</u>	<u>16,167,521</u>
Net operating income	<u>8,555,237</u>	<u>6,815,532</u>	<u>8,440,225</u>	<u>5,591,088</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	516,902	1,332,526	359,749	736,442
Rental income	188,121	184,823	161,872	159,034
Operating grant revenue	-	100,000	-	127,767
Bond interest expense, net of capitalized interest	(570,509)	(743,433)	(2,354,268)	(2,107,949)
Interest on long-term debt - State Revolving Loans	(1,019,033)	(1,076,750)	(11,815)	(12,316)
Interest on capital lease	(744,436)	(755,393)	(640,563)	(649,990)
Amortization of premium, discount, and refunding costs	52,399	(575,190)	184,120	257,011
Other nonoperating revenues	143,762	69,103	466	130,669
Other nonoperating expenses	(194,668)	(51,420)	(27,543)	(33,936)
Total nonoperating expenses	<u>(1,627,462)</u>	<u>(1,515,734)</u>	<u>(2,327,982)</u>	<u>(1,393,268)</u>
<b>CHANGE IN NET POSITION</b>				
Net position before capital contributions and transfers	6,927,775	5,299,798	6,112,243	4,197,820
Contributions:				
Cash	-	1,347	106,657	18,008
Capital related grants	-	-	217,161	1,106,038
Donated fixed assets	89,565	74,430	178,966	41,590
Transfers capital related	(2,000)	-	77,575	-
Transfers operating related	(118,781)	509,000	(49,254)	174,107
Transfers - gross earnings tax	(4,339,472)	(4,214,627)	(2,019,990)	(1,965,794)
<b>CHANGE IN NET POSITION</b>	<u>2,557,087</u>	<u>1,669,948</u>	<u>4,623,358</u>	<u>3,571,769</u>
<b>TOTAL NET POSITION- BEGINNING</b>	<u>286,274,611</u>	<u>284,763,897</u>	<u>83,212,340</u>	<u>78,076,176</u>
<b>TOTAL NET POSITION- ENDING</b>	<u>\$ 288,831,698</u>	<u>\$ 286,433,845</u>	<u>\$ 87,835,698</u>	<u>\$ 81,647,945</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)*



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.