



*Solid Waste Management
Financial Report
November 2013*

**City of Tacoma
Environmental Services Department
Prepared by: Louis Nguyen**

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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 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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Financial Statements

City of Tacoma, Washington
Environmental Services Department
Solid Waste Management
Statements of Net Position (Unaudited)

| ASSETS | November 30, | | Increase |
|---|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | (Decrease) |
| Current assets: | | | |
| Cash and equity in pooled investments | \$ 21,178,491 | \$ 28,822,315 | \$ (7,643,824) |
| Rate stabilization cash in pooled investments | 6,000,000 | 4,650,000 | 1,350,000 |
| Accounts receivable | 7,085,222 | 6,501,965 | 583,257 |
| Allowance for uncollectible accounts | (3,827,528) | (3,618,001) | (209,527) |
| Unbilled revenue | 3,065,000 | 2,800,000 | 265,000 |
| Grant receivable - operating | - | 30,662 | (30,662) |
| Total current assets | 33,501,185 | 39,186,941 | (5,685,756) |
| Restricted cash and equity in pooled investments: | | | |
| Bond reserve and debt service accounts | 5,963,764 | 5,577,670 | 386,094 |
| Customer deposits | 71,885 | 63,542 | 8,343 |
| Construction funds | 1,362,085 | 3,775,990 | (2,413,905) |
| Reserve for landfill closure | 2,780,404 | 2,780,404 | - |
| Total restricted assets | 10,178,138 | 12,197,606 | (2,019,468) |
| Capital assets: | | | |
| Land | 3,119,781 | 3,102,833 | 16,948 |
| Buildings | 63,922,622 | 63,165,464 | 757,158 |
| Building - capital lease | 7,568,000 | 7,568,000 | - |
| Landfill infrastructure | 62,460,597 | 62,026,363 | 434,234 |
| Machinery and equipment | 46,901,600 | 41,093,988 | 5,807,612 |
| Computer software | 4,586,208 | 4,328,251 | 257,957 |
| Less accumulated depreciation | (104,167,881) | (98,085,847) | (6,082,034) |
| Assets in service net of depreciation | 84,390,927 | 83,199,052 | 1,191,875 |
| Construction in progress | 3,615,980 | 1,511,475 | 2,104,505 |
| Total capital assets | 88,006,907 | 84,710,527 | 3,296,380 |
| Other noncurrent assets | 687,056 | 687,056 | - |
| Total assets | 132,373,286 | 136,782,130 | (4,408,844) |
| DEFERRED OUTFLOWS | | | |
| Deferred GASB 31 market rate adjustment | 285,431 | 307,173 | (21,742) |
| Unamortized loss on refunding | 314,819 | 562,501 | (247,682) |
| Total deferred outflows | 600,250 | 869,674 | (269,424) |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 132,973,536 | \$ 137,651,804 | \$ (4,678,268) |

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
Solid Waste Management
Statements of Net Position (Unaudited)**

| LIABILITIES | November 30, | | Increase |
|---|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | (Decrease) |
| Current liabilities: | | | |
| Accounts payable | \$ 2,900,999 | \$ 964,195 | \$ 1,936,804 |
| Accrued wages payable | 508,889 | 492,845 | 16,044 |
| Accrued taxes payable | 331,217 | 214,056 | 117,161 |
| Accrued low income liabilities | (14,060) | 1,347 | (15,407) |
| Customer deposits | 22,638 | 16,672 | 5,966 |
| Current portion of capital lease obligation | 13,170 | 11,156 | 2,014 |
| Environmental liabilities | - | 165,122 | (165,122) |
| Total current liabilities | <u>3,762,853</u> | <u>1,865,393</u> | <u>1,897,460</u> |
| Liabilities payable from restricted assets: | | | |
| Deposits payable | 72,344 | 61,851 | 10,493 |
| Bond interest payable | 1,630,778 | 1,701,279 | (70,501) |
| Current portion of long-term debt | 2,605,000 | 2,350,000 | 255,000 |
| Current portion of landfill closure | 496,041 | - | 496,041 |
| Total liabilities payable from restricted assets | <u>4,804,163</u> | <u>4,113,130</u> | <u>691,033</u> |
| Noncurrent liabilities: | | | |
| Long-term debt - revenue bonds | 61,150,000 | 63,755,000 | (2,605,000) |
| Unamortized bond premiums | 1,392,055 | 1,739,140 | (347,085) |
| Capital lease obligation | 7,011,502 | 7,156,000 | (144,498) |
| Accrued landfill closure and post closure costs | 24,958,018 | 26,699,202 | (1,741,184) |
| Compensated absences | 1,032,037 | 1,087,692 | (55,655) |
| Net OPEB obligation | 1,100,674 | 911,469 | 189,205 |
| Total noncurrent liabilities | <u>96,644,286</u> | <u>101,348,503</u> | <u>(4,704,217)</u> |
| Total liabilities | <u>105,211,302</u> | <u>107,327,026</u> | <u>(2,115,724)</u> |
| DEFERRED INFLOWS | | | |
| Deferred credit - rate stabilization | 6,000,000 | 4,650,000 | 1,350,000 |
| Total deferred inflows | <u>6,000,000</u> | <u>4,650,000</u> | <u>1,350,000</u> |
| NET POSITION | | | |
| Net investment in capital assets | 26,544,583 | 16,410,035 | 10,134,548 |
| Restricted for bond reserves | 1,727,986 | 4,290,123 | (2,562,137) |
| Unrestricted | (6,510,335) | 4,974,620 | (11,484,955) |
| Total net position | <u>21,762,234</u> | <u>25,674,778</u> | <u>(3,912,544)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | <u>\$ 132,973,536</u> | <u>\$ 137,651,804</u> | <u>\$ (4,678,268)</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
Solid Waste Management
Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)

| | Month of November | | November Year-to-Date | | % Chg |
|-----------------------------------|-------------------|------------------|-----------------------|-------------------|-------|
| | 2013 | 2012 | 2013 | 2012 | |
| OPERATING REVENUES | | | | | |
| Residential collection | \$ 1,326,015 | \$ 2,054,473 | \$ 23,441,817 | \$ 24,589,017 | -5% |
| Commercial collection | 1,127,205 | 1,609,347 | 21,135,470 | 21,023,109 | 1% |
| Disposal revenues | 316,435 | 387,658 | 4,779,161 | 4,231,786 | 13% |
| Salvage revenue | 215,388 | 84,189 | 1,272,565 | 1,143,952 | 11% |
| Other operating revenue | 52,701 | 114,245 | 754,141 | 792,995 | -5% |
| Total operating revenues | <u>3,037,744</u> | <u>4,249,912</u> | <u>51,383,154</u> | <u>51,780,859</u> | (1%) |
| OPERATING EXPENSES | | | | | |
| Commercial collection | 362,745 | 328,464 | 3,854,904 | 3,590,052 | 7% |
| Onsite operations | 923,083 | 891,537 | 14,284,362 | 12,419,038 | 15% |
| Residential collection | 925,719 | 795,752 | 10,985,480 | 10,157,610 | 8% |
| Resource recovery | - | 10,214 | - | 243,626 | N/A |
| Support services | 728,967 | 421,599 | 5,180,576 | 4,923,706 | 5% |
| Tacoma cares cleanup | 45,946 | 46,820 | 433,091 | 537,362 | (19%) |
| Nuisance code enforcement | 159,645 | 138,738 | 1,568,174 | 1,712,203 | (8%) |
| Other operating expenses: | | | | | |
| Insurance | 28,896 | 28,896 | 332,147 | 330,344 | 1% |
| Depreciation | 577,201 | 554,272 | 6,243,680 | 6,284,592 | (1%) |
| Taxes | 63,906 | 73,278 | 851,407 | 899,655 | (5%) |
| IT services | 73,213 | 82,853 | 953,857 | 1,017,261 | (6%) |
| Customer services | 138,107 | 156,359 | 1,553,756 | 1,579,865 | (2%) |
| Subtotal other operating expenses | <u>881,323</u> | <u>895,658</u> | <u>9,934,847</u> | <u>10,111,717</u> | (2%) |
| Total operating expenses | <u>4,027,428</u> | <u>3,528,782</u> | <u>46,241,434</u> | <u>43,695,314</u> | 6% |
| Net operating income | <u>(989,684)</u> | <u>721,130</u> | <u>5,141,720</u> | <u>8,085,545</u> | (36%) |

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

| | Month of November | | November Year-to-Date | | % Chg |
|--|-----------------------------|--------------------------|------------------------------------|------------------------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 | |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | \$ 28,099 | \$ 40,352 | \$ 387,727 | \$ 761,780 | (49%) |
| Rental income | 8,039 | 11,033 | 118,992 | 117,458 | 1% |
| Operating grants | 556 | 30,662 | 619,968 | 139,106 | N/A |
| Disposal of capital assets | 1,900 | - | (120,871) | 23,794 | N/A |
| Interest paid net of capitalized interest | (258,646) | (278,478) | (2,951,541) | (3,077,417) | (4%) |
| Interest on capital lease | (31,477) | (31,420) | (346,133) | (345,618) | 0% |
| Amortization of premium, discount and refunding costs | 7,014 | 13,878 | 92,372 | 20,608 | 348% |
| Other expense | 70 | (5,618) | (78,062) | (71,360) | 9% |
| Total nonoperating expenses | <u>(244,445)</u> | <u>(219,591)</u> | <u>(2,277,548)</u> | <u>(2,431,649)</u> | (6%) |
| CHANGE IN NET POSITION | | | | | |
| Net income before transfers | (1,234,129) | 501,539 | 2,864,172 | 5,653,896 | (49%) |
| Transfers - from/to other funds | - | - | (289,428) | 900,630 | (132%) |
| Transfers - gross earnings taxes | (357,561) | (338,775) | (4,247,232) | (4,168,200) | 2% |
| CHANGE IN NET POSITION | <u>\$(1,591,690)</u> | <u>\$ 162,764</u> | <u>(1,672,488)</u> | <u>2,386,326</u> | <u>(170%)</u> |
| TOTAL NET POSITION - BEGINNING | | | <u>23,434,722</u> | <u>23,288,452</u> | |
| TOTAL NET POSITION - ENDING | | | <u><u>\$ 21,762,234</u></u> | <u><u>\$ 25,674,778</u></u> | |

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