



*Wastewater and Surface Water
Management
Financial Report
July 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)

| | July 31, | | Increase |
|--|-----------------------|-----------------------|----------------------|
| | 2015 | 2014 | (Decrease) |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents (C&CE) | \$ 46,914,664 | \$ 58,175,334 | \$ (11,260,670) |
| Accounts receivable (net) | 12,782,344 | 11,127,655 | 1,654,689 |
| Due from other governments | 293,654 | 15,142 | 278,512 |
| Inventory | 1,013,588 | 915,363 | 98,225 |
| Prepayments | 285,797 | 961,960 | (676,163) |
| Other current assets | 34,669 | 2,646 | 32,023 |
| Current restricted assets: | | | |
| C&CE - debt service, deposits and replacements | 11,776,459 | 10,302,776 | 1,473,683 |
| C&CE - construction accounts | 64,185,371 | 3,315,734 | 60,869,637 |
| Customer deposits - detention ponds | | 103,829 | (103,829) |
| Total restricted assets | <u>75,961,830</u> | <u>13,722,339</u> | <u>62,239,491</u> |
| Total current assets | <u>137,286,546</u> | <u>84,920,439</u> | <u>52,366,107</u> |
| Non-current assets: | | | |
| Other non-current assets | 4,212,762 | 3,651,249 | 561,513 |
| Capital assets: | | | |
| Land and easements | 19,609,290 | 19,466,492 | 142,798 |
| Property, plant, and equipment | 722,384,807 | 675,519,917 | 46,864,890 |
| Less: accumulated depreciation | (229,766,869) | (215,563,990) | (14,202,879) |
| Construction work in progress | 32,642,105 | 35,971,477 | (3,329,372) |
| Total capital assets net of depreciation | <u>544,869,333</u> | <u>515,393,896</u> | <u>29,475,437</u> |
| Total non-current assets | <u>549,082,095</u> | <u>519,045,145</u> | <u>30,036,950</u> |
| TOTAL ASSETS | <u>686,368,641</u> | <u>603,965,584</u> | <u>82,403,057</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Unamortized loss on refunding | 3,409,410 | 1,062,602 | 2,346,808 |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | <u>3,409,410</u> | <u>1,062,602</u> | <u>2,346,808</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES | <u>\$ 689,778,051</u> | <u>\$ 605,028,186</u> | <u>\$ 84,749,865</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)

| | July 31, | | Increase |
|---|-----------------------|-----------------------|----------------------|
| | 2015 | 2014 | (Decrease) |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 1,236,036 | \$ 1,794,065 | \$ (558,029) |
| Due to other governments | 25,529 | 696,563 | (671,034) |
| State Revolving Loan Interest payable | 327,354 | 349,214 | (21,860) |
| Accrued wages and benefits payable | 785,852 | 1,630,938 | (845,086) |
| Accrued taxes | 138,116 | 94,354 | 43,762 |
| Environmental liability - current | 278,889 | 583,742 | (304,853) |
| Notes & leases - current | 3,972,652 | 3,881,498 | 91,154 |
| Current payables from restricted assets: | | | |
| Bond interest payable | 1,162,196 | 729,503 | 432,693 |
| Deposits and other payables | - | 104,406 | (104,406) |
| Total current liabilities | <u>7,926,624</u> | <u>9,864,283</u> | <u>(1,937,659)</u> |
| Non-current liabilities: | | | |
| Revenue bonds payable (net) | 171,331,382 | 93,316,279 | 78,015,103 |
| 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 | <u>2,231,603</u> | <u>1,967,642</u> | <u>263,961</u> |
| Total non-current liabilities | <u>255,049,486</u> | <u>179,721,755</u> | <u>75,327,731</u> |
| TOTAL LIABILITIES | <u>262,976,110</u> | <u>189,586,038</u> | <u>73,390,072</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Rate stabilization | <u>25,000,000</u> | <u>25,000,000</u> | <u>-</u> |
| TOTAL DEFERRED INFLOW OF RESOURCES | <u>25,000,000</u> | <u>25,000,000</u> | <u>-</u> |
| NET POSITION | | | |
| Net investment in capital assets | 400,597,100 | 382,998,245 | 17,598,855 |
| Restricted for debt | 10,614,263 | 9,572,696 | 1,041,567 |
| Unrestricted | <u>(9,409,422)</u> | <u>(2,128,793)</u> | <u>(7,280,629)</u> |
| TOTAL NET POSITION | <u>401,801,941</u> | <u>390,442,148</u> | <u>11,359,793</u> |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES | | | |
| RESOURCES, AND NET POSITION | <u>\$ 689,778,051</u> | <u>\$ 605,028,186</u> | <u>\$ 84,749,865</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)

| | July Year-to-Date | | % Chg |
|--|-----------------------|-----------------------|--------------|
| | 2015 | 2014 | |
| OPERATING REVENUES | | | |
| Wastewater residential | \$ 24,411,300 | \$ 22,931,662 | 6% |
| Wastewater commercial and public authorities | 12,664,809 | 11,908,834 | 6% |
| Surface water | 17,880,233 | 17,108,358 | 5% |
| Other revenues | 1,233,398 | 785,772 | 57% |
| TOTAL OPERATING REVENUES | 56,189,740 | 52,734,626 | 7% |
| OPERATING EXPENSES | | | |
| Salary and wages | 11,708,671 | 11,258,493 | 4% |
| Personnel benefits | 6,684,012 | 6,102,655 | 10% |
| Supplies | 2,377,760 | 2,819,090 | (16%) |
| Services | 13,165,570 | 12,777,733 | 3% |
| Intergovernmental taxes | 880,922 | 632,948 | 39% |
| Depreciation | 8,625,395 | 8,279,339 | 4% |
| TOTAL OPERATING EXPENSES | 43,442,330 | 41,870,258 | 4% |
| OPERATING INCOME | 12,747,410 | 10,864,368 | 17% |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest and other earnings | 518,005 | 371,107 | 40% |
| Interest and other related costs | (4,939,473) | (3,419,347) | 44% |
| Amortization of bond premium and loss on refunding | 333,220 | 150,513 | 121% |
| Other non revenues and (expenses) | 329,245 | 244,751 | 35% |
| Loss on disposition of property | (12,122) | (3,434) | 253% |
| NON OPERATING REVENUE NET OF EXPENSE | (3,771,125) | (2,656,410) | 42% |
| INCOME BEFORE CONTRIBUTIONS AND TRANSFERS | 8,976,285 | 8,207,958 | 9% |
| Capital contributions - interfund | - | 211,165 | (100%) |
| Capital contributions - federal/state/local | 934,351 | (80,615) | (1,259%) |
| Capital contributions - private | 119,499 | 573 | 20,755% |
| Transfer in | 1,320 | 750 | 76% |
| Transfer (out) & gross earnings tax | (4,588,249) | (4,256,103) | 8% |
| Total contributions and transfers | (3,533,079) | (4,124,230) | (14%) |
| CHANGES IN NET POSITION | 5,443,206 | 4,083,728 | 33% |
| NET POSITION | | | |
| NET POSITION - JANUARY 1 | 396,358,735 | 386,358,420 | 3% |
| NET POSITION - JULY 31 | \$ 401,801,941 | \$ 390,442,148 | 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 | | Surface Water | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | July 31, | | July 31, | |
| | 2015 | 2014 | 2015 | 2014 |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents (C&CE) | \$ 25,370,095 | \$ 34,995,031 | \$ 21,544,569 | \$ 23,180,303 |
| Accounts receivable (net) | 8,894,886 | 7,353,913 | 3,887,458 | 3,773,742 |
| Due from other governments | - | - | 293,654 | 15,142 |
| Inventory | 1,013,588 | 915,363 | - | - |
| Prepayments | 262,416 | 924,526 | 23,381 | 37,434 |
| Other current assets | 18,781 | 1,504 | 15,888 | 1,142 |
| Current restricted assets: | | | | |
| C&CE - debt service, deposits and replacements | 7,749,709 | 6,571,477 | 4,026,750 | 3,731,299 |
| C&CE - construction accounts | 45,905,789 | 744,608 | 18,279,582 | 2,571,126 |
| Customer deposits - detention ponds | - | - | - | 103,829 |
| Total restricted assets | <u>53,655,498</u> | <u>7,316,085</u> | <u>22,306,332</u> | <u>6,406,254</u> |
| Total current assets | <u>89,215,264</u> | <u>51,506,422</u> | <u>48,071,282</u> | <u>33,414,017</u> |
| Non-current assets: | | | | |
| Other non-current assets | 2,941,708 | 2,380,195 | 1,271,054 | 1,271,054 |
| Capital assets: | | | | |
| Land and easements | 7,561,938 | 7,488,228 | 12,047,352 | 11,978,264 |
| Property, plant, and equipment | 531,042,936 | 505,993,267 | 191,341,871 | 169,526,650 |
| Less: accumulated depreciation | (185,480,478) | (174,809,360) | (44,286,391) | (40,754,630) |
| Construction work in progress | 22,322,211 | 22,802,057 | 10,319,894 | 13,169,420 |
| Total capital assets net of depreciation | <u>375,446,607</u> | <u>361,474,192</u> | <u>169,422,726</u> | <u>153,919,704</u> |
| Total non-current assets | <u>378,388,315</u> | <u>363,854,387</u> | <u>170,693,780</u> | <u>155,190,758</u> |
| TOTAL ASSETS | <u>467,603,579</u> | <u>415,360,809</u> | <u>218,765,062</u> | <u>188,604,775</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Unamortized loss on refunding | 1,177,715 | 317,178 | 2,231,695 | 745,424 |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | <u>1,177,715</u> | <u>317,178</u> | <u>2,231,695</u> | <u>745,424</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES | <u>\$ 468,781,294</u> | <u>\$ 415,677,987</u> | <u>\$ 220,996,757</u> | <u>\$ 189,350,199</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 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | July 31, | | July 31, | |
| | 2015 | 2014 | 2015 | 2014 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 950,783 | \$ 1,258,208 | \$ 285,253 | \$ 535,857 |
| Due to other governments | 25,529 | 696,563 | - | - |
| State Revolving Loan Interest payable | 326,364 | 348,200 | 990 | 1,014 |
| Accrued wages and benefits payable | 552,876 | 1,143,981 | 232,976 | 486,957 |
| Accrued taxes | 97,343 | 55,314 | 40,773 | 39,040 |
| Environmental liability - current | - | - | 278,889 | 583,742 |
| Notes & leases - current | 3,807,628 | 3,744,940 | 165,024 | 136,558 |
| Current payables from restricted assets: | | | | |
| Bond interest payable | 568,628 | 245,761 | 593,568 | 483,742 |
| Deposits and other payables | - | - | - | 104,406 |
| Total current liabilities | <u>6,329,151</u> | <u>7,492,967</u> | <u>1,597,473</u> | <u>2,371,316</u> |
| Non-current liabilities: | | | | |
| Revenue bonds payable (net) | 85,584,099 | 30,772,798 | 85,747,283 | 62,543,481 |
| 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>152,603,748</u> | <u>102,478,582</u> | <u>102,445,738</u> | <u>77,243,173</u> |
| TOTAL LIABILITIES | <u>158,932,899</u> | <u>109,971,549</u> | <u>104,043,211</u> | <u>79,614,489</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Rate stabilization | <u>17,000,000</u> | <u>17,000,000</u> | <u>8,000,000</u> | <u>8,000,000</u> |
| 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 | 269,858,027 | 259,854,505 | 130,739,073 | 123,143,740 |
| Restricted for debt | 7,181,081 | 6,325,716 | 3,433,182 | 3,246,980 |
| Unrestricted | 15,809,287 | 22,526,217 | (25,218,709) | (24,655,010) |
| TOTAL NET POSITION | <u>292,848,395</u> | <u>288,706,438</u> | <u>108,953,546</u> | <u>101,735,710</u> |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES RESOURCES, AND NET POSITION | <u>\$ 468,781,294</u> | <u>\$ 415,677,987</u> | <u>\$ 220,996,757</u> | <u>\$ 189,350,199</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 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | July Year-to-Date | | July Year-to-Date | |
| | 2015 | 2014 | 2015 | 2014 |
| OPERATING REVENUES | | | | |
| Wastewater residential | \$ 24,411,300 | \$ 22,931,662 | \$ - | \$ - |
| Wastewater commercial and public authorities | 12,664,809 | 11,908,834 | - | - |
| Surface water | | - | 17,880,233 | 17,108,358 |
| Other revenues | 1,133,863 | 686,578 | 99,535 | 99,194 |
| TOTAL OPERATING REVENUES | 38,209,972 | 35,527,074 | 17,979,768 | 17,207,552 |
| OPERATING EXPENSES | | | | |
| Salary and wages | 8,298,135 | 8,295,289 | 3,410,536 | 2,963,204 |
| Personnel benefits | 4,548,755 | 4,160,394 | 2,135,257 | 1,942,261 |
| Supplies | 1,900,963 | 2,241,513 | 476,797 | 577,577 |
| Services | 8,582,083 | 8,407,906 | 4,583,487 | 4,369,827 |
| Intergovernmental taxes | 615,860 | 383,733 | 265,062 | 249,215 |
| Depreciation | 6,468,075 | 6,367,805 | 2,157,320 | 1,911,534 |
| TOTAL OPERATING EXPENSES | 30,413,871 | 29,856,640 | 13,028,459 | 12,013,618 |
| OPERATING INCOME | 7,796,101 | 5,670,434 | 4,951,309 | 5,193,934 |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest and other earnings | 321,726 | 210,362 | 196,279 | 160,745 |
| Interest and other related costs | (2,472,756) | (1,581,626) | (2,466,717) | (1,837,721) |
| Amortization of bond premium and loss on refunding | 150,282 | 33,345 | 182,938 | 117,168 |
| Other non revenues and (expenses) | 201,261 | 134,593 | 127,984 | 110,158 |
| Loss on disposition of property | - | - | (12,122) | (3,434) |
| NON OPERATING REVENUE NET OF EXPENSE | (1,799,487) | (1,203,326) | (1,971,638) | (1,453,084) |
| INCOME BEFORE CONTRIBUTIONS AND TRANSFERS | 5,996,614 | 4,467,108 | 2,979,671 | 3,740,850 |
| Capital contributions - interfund | - | - | - | 211,165 |
| Capital contributions - federal/state/local | - | - | 934,351 | (80,615) |
| Capital contributions - private | 118,422 | - | 1,077 | 573 |
| Transfer in | 660 | - | 660 | 750 |
| Transfer (out) & gross earnings tax | (3,133,202) | (2,854,438) | (1,455,047) | (1,401,665) |
| Total contributions and transfers | (3,014,120) | (2,854,438) | (518,959) | (1,269,792) |
| CHANGES IN NET POSITION | 2,982,494 | 1,612,670 | 2,460,712 | 2,471,058 |
| NET POSITION | | | | |
| NET POSITION - JANUARY 1 | 289,865,901 | 287,093,768 | 106,492,834 | 99,264,652 |
| NET POSITION - JULY 31 | \$ 292,848,395 | \$ 288,706,438 | \$ 108,953,546 | \$ 101,735,710 |

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.