



*Wastewater and Surface Water
Management
Financial Report
October 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)**

	October 31,		Increase (Decrease)
	2015	2014	
ASSETS			
Current Assets:			
Cash and cash equivalents (C&CE)	\$ 52,149,949	\$ 49,960,513	\$ 2,189,436
Accounts receivable (net)	13,459,397	12,283,684	1,175,713
Due from other governments	-	196,829	(196,829)
Inventory	987,379	973,158	14,221
Prepayments	193,561	873,836	(680,275)
Other current assets	34,669	2,646	32,023
Current restricted assets:			
C&CE - debt service, deposits and replacements	13,519,765	11,397,030	2,122,735
C&CE - construction accounts	56,446,852	843,034	55,603,818
Total restricted assets	<u>69,966,617</u>	<u>12,240,064</u>	<u>57,726,553</u>
Total current assets	<u>136,791,572</u>	<u>76,530,730</u>	<u>60,260,842</u>
Non-current assets:			
Other non-current assets	4,171,050	3,650,104	520,946
Capital assets:			
Land and easements	19,609,290	19,473,992	135,298
Property, plant, and equipment	724,842,521	676,639,091	48,203,430
Less: accumulated depreciation	(233,534,438)	(219,093,358)	(14,441,080)
Construction work in progress	39,180,234	45,115,716	(5,935,482)
Total capital assets net of depreciation	<u>550,097,607</u>	<u>522,135,441</u>	<u>27,962,166</u>
Total non-current assets	<u>554,268,657</u>	<u>525,785,545</u>	<u>28,483,112</u>
TOTAL ASSETS	<u>691,060,229</u>	<u>602,316,275</u>	<u>88,743,954</u>
DEFERRED OUTFLOW OF RESOURCES			
Unamortized loss on refunding	3,363,327	1,047,276	2,316,051
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>3,363,327</u>	<u>1,047,276</u>	<u>2,316,051</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 694,423,556</u>	<u>\$ 603,363,551</u>	<u>\$ 91,060,005</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)

	October 31,		Increase
	2015	2014	(Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,506,927	\$ 1,365,803	\$ 141,124
Due to other governments	715,529	70,403	645,126
State Revolving Loan Interest payable	575,024	88,391	486,633
Accrued wages and benefits payable	1,371,832	1,337,444	34,388
Accrued taxes	174,000	134,453	39,547
Environmental liability - current	262,634	579,977	(317,343)
Notes & leases - current	3,841,274	3,764,252	77,022
Current payables from restricted assets:			
Bond interest payable	2,905,489	1,823,756	1,081,733
Total current liabilities	<u>11,352,709</u>	<u>9,164,479</u>	<u>2,188,230</u>
Non-current liabilities:			
Revenue bonds payable (net)	171,082,189	93,236,448	77,845,741
Compensated absences	2,646,180	2,684,113	(37,933)
Environmental liability - non-current	400,000	500,000	(100,000)
Notes & leases - non-current	76,577,574	79,424,371	(2,846,797)
Net OPEB obligation	2,231,603	1,967,642	263,961
Total non-current liabilities	<u>252,937,546</u>	<u>177,812,574</u>	<u>75,124,972</u>
TOTAL LIABILITIES	<u>264,290,255</u>	<u>186,977,053</u>	<u>77,313,202</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	400,226,501	389,230,265	10,996,236
Restricted for debt	10,614,276	9,573,274	1,041,002
Unrestricted	(5,707,476)	(7,417,041)	1,709,565
TOTAL NET POSITION	<u>405,133,301</u>	<u>391,386,498</u>	<u>13,746,803</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES			
RESOURCES, AND NET POSITION	<u>\$ 694,423,556</u>	<u>\$ 603,363,551</u>	<u>\$ 91,060,005</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)

	October Year-to-Date		% Chg
	2015	2014	
OPERATING REVENUES			
Wastewater residential	\$ 35,275,779	\$ 33,090,668	7%
Wastewater commercial and public authorities	18,694,322	17,185,734	9%
Surface water	25,872,235	24,458,224	6%
Other revenues	1,626,137	1,048,079	55%
TOTAL OPERATING REVENUES	81,468,473	75,782,705	8%
OPERATING EXPENSES			
Salary and wages	16,855,796	16,768,293	1%
Personnel benefits	9,392,801	9,154,679	3%
Supplies	3,579,702	3,944,920	(9%)
Services	19,215,495	18,588,606	3%
Intergovernmental taxes	1,281,866	993,020	29%
Depreciation	12,392,963	11,811,480	5%
TOTAL OPERATING EXPENSES	62,718,623	61,260,998	2%
OPERATING INCOME	18,749,850	14,521,707	29%
NON-OPERATING REVENUES (EXPENSES)			
Interest and other earnings	806,966	503,132	60%
Interest and other related costs	(7,586,090)	(4,756,368)	59%
Amortization of bond premium and loss on refunding	536,330	215,017	149%
Operating contributions - federal/state/local	267,610	-	n/a
Other non revenues and (expenses)	437,282	326,639	34%
Loss on disposition of property	(12,122)	(9,901)	22%
NON OPERATING REVENUE NET OF EXPENSE	(5,550,024)	(3,721,481)	49%
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	13,199,826	10,800,226	22%
Capital contributions - interfund	-	211,165	(100%)
Capital contributions - federal/state/local	2,021,541	154,970	1,204%
Capital contributions - private	178,530	99,357	80%
Transfer in	1,320	750	76%
Transfer out & gross earnings tax	(6,626,651)	(6,238,390)	6%
Total contributions and transfers	(4,425,260)	(5,772,148)	(23%)
CHANGES IN NET POSITION	8,774,566	5,028,078	75%
NET POSITION			
NET POSITION - JANUARY 1	396,358,735	386,358,420	3%
NET POSITION - OCTOBER 31	\$ 405,133,301	\$ 391,386,498	4%

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 October 31,		Surface Water October 31,	
	2015	2014	2015	2014
ASSETS				
Current Assets:				
Cash and cash equivalents (C&CE)	\$ 29,016,946	\$ 26,917,119	\$ 23,133,003	\$ 23,043,394
Accounts receivable (net)	9,205,858	8,637,215	4,253,539	3,646,469
Due from other governments	-	-	-	196,829
Inventory	987,379	973,158	-	-
Prepayments	174,461	840,997	19,100	32,839
Other current assets	18,781	1,504	15,888	1,142
Current restricted assets:				
C&CE- debt service, deposits and replacements	8,602,656	6,940,118	4,917,109	4,456,912
C&CE- construction accounts	41,492,175	725,180	14,954,677	117,854
Total restricted assets	<u>50,094,831</u>	<u>7,665,298</u>	<u>19,871,786</u>	<u>4,574,766</u>
Total current assets	<u>89,498,256</u>	<u>45,035,291</u>	<u>47,293,316</u>	<u>31,495,439</u>
Non-current assets:				
Other non-current assets	2,899,996	2,379,050	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	532,931,210	506,811,272	191,911,311	169,827,819
Less: accumulated depreciation	(188,323,581)	(177,517,177)	(45,210,857)	(41,576,181)
Construction work in progress	25,221,186	28,407,554	13,959,048	16,708,162
Total capital assets net of depreciation	<u>377,390,753</u>	<u>365,189,877</u>	<u>172,706,854</u>	<u>156,945,564</u>
Total non-current assets	<u>380,290,749</u>	<u>367,568,927</u>	<u>173,977,908</u>	<u>158,216,618</u>
TOTAL ASSETS	<u><u>469,789,005</u></u>	<u><u>412,604,218</u></u>	<u><u>221,271,224</u></u>	<u><u>189,712,057</u></u>
DEFERRED OUTFLOW OF RESOURCES				
Unamortized loss on refunding	1,161,944	312,603	2,201,383	734,673
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>1,161,944</u>	<u>312,603</u>	<u>2,201,383</u>	<u>734,673</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$ 470,950,949</u></u>	<u><u>\$ 412,916,821</u></u>	<u><u>\$ 223,472,607</u></u>	<u><u>\$ 190,446,730</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 October 31,		Surface Water October 31,	
	2015	2014	2015	2014
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 953,567	\$ 957,792	\$ 553,360	\$ 408,011
Due to other governments	715,529	70,403	-	-
State Revolving Loan Interest payable	571,137	84,334	3,887	4,057
Accrued wages and benefits payable	965,212	935,016	406,620	402,428
Accrued taxes	107,053	94,422	66,947	40,031
Environmental liability - current	-	-	262,634	579,977
Notes & leases - current	3,762,245	3,697,069	79,029	67,183
Current payables from restricted assets:				
Bond interest payable	1,421,570	614,402	1,483,919	1,209,354
Total current liabilities	<u>8,496,313</u>	<u>6,453,438</u>	<u>2,856,396</u>	<u>2,711,041</u>
Non-current liabilities:				
Revenue bonds payable (net)	85,465,675	30,753,933	85,616,514	62,482,515
Compensated absences	1,977,586	2,025,564	668,594	658,549
Environmental liability - non-current	-	-	400,000	500,000
Notes & leases - non-current	61,417,610	66,334,385	15,159,964	13,089,986
Net OPEB obligation	1,761,706	1,516,485	469,897	451,157
Total non-current liabilities	<u>150,622,577</u>	<u>100,630,367</u>	<u>102,314,969</u>	<u>77,182,207</u>
TOTAL LIABILITIES	<u>159,118,890</u>	<u>107,083,805</u>	<u>105,171,365</u>	<u>79,893,248</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	269,399,342	265,442,273	130,827,159	123,787,992
Restricted for debt	7,181,086	6,325,716	3,433,190	3,247,558
Unrestricted	18,251,631	17,065,027	(23,959,107)	(24,482,068)
TOTAL NET POSITION	<u>294,832,059</u>	<u>288,833,016</u>	<u>110,301,242</u>	<u>102,553,482</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES RESOURCES, AND NET POSITION	<u>\$ 470,950,949</u>	<u>\$ 412,916,821</u>	<u>\$ 223,472,607</u>	<u>\$ 190,446,730</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	
	October Year-to-Date		October Year-to-Date	
	2015	2014	2015	2014
OPERATING REVENUES				
Wastewater residential	\$ 35,275,779	\$ 33,090,668	\$ -	\$ -
Wastewater commercial and public authorities	18,694,322	17,185,734	-	-
Surface water	-	-	25,872,235	24,458,224
Other revenues	1,489,386	913,324	136,751	134,755
TOTAL OPERATING REVENUES	55,459,487	51,189,726	26,008,986	24,592,979
OPERATING EXPENSES				
Salary and wages	11,834,020	12,316,721	5,021,776	4,451,572
Personnel benefits	6,391,371	6,308,325	3,001,430	2,846,354
Supplies	2,894,559	3,129,608	685,143	815,312
Services	12,702,276	12,106,078	6,513,219	6,482,528
Intergovernmental taxes	900,879	636,984	380,987	356,036
Depreciation	9,311,178	9,078,395	3,081,785	2,733,085
TOTAL OPERATING EXPENSES	44,034,283	43,576,111	18,684,340	17,684,887
OPERATING INCOME	11,425,204	7,613,615	7,324,646	6,908,092
NON-OPERATING REVENUES (EXPENSES)				
Interest and other earnings	509,001	287,582	297,965	215,550
Interest and other related costs	(4,119,625)	(2,201,523)	(3,466,465)	(2,554,845)
Amortization of bond premium and loss on refunding	252,936	47,635	283,394	167,382
Operating contributions - federal/state/local	-	-	267,610	-
Other non revenues and (expenses)	253,839	180,265	183,443	146,374
Loss on disposition of property	-	(6,467)	(12,122)	(3,434)
NON OPERATING REVENUE NET OF EXPENSE	(3,103,849)	(1,692,508)	(2,446,175)	(2,028,973)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	8,321,355	5,921,107	4,878,471	4,879,119
Capital contributions - interfund	-	-	-	211,165
Capital contributions - federal/state/local	1,000,000	-	1,021,541	154,970
Capital contributions - private	167,453	14,912	11,077	84,445
Transfer in	660	-	660	750
Transfer out & gross earnings tax	(4,523,310)	(4,196,771)	(2,103,341)	(2,041,619)
Total contributions and transfers	(3,355,197)	(4,181,859)	(1,070,063)	(1,590,289)
CHANGES IN NET POSITION	4,966,158	1,739,248	3,808,408	3,288,830
NET POSITION				
NET POSITION - JANUARY 1	289,865,901	287,093,768	106,492,834	99,264,652
NET POSITION - OCTOBER 31	\$ 294,832,059	\$ 288,833,016	\$ 110,301,242	\$ 102,553,482

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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