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**NOVEMBER**

**TACOMA WATER**

**2016**

**FINANCIAL  
REPORT**





# Public Utility Board

MARK PATTERSON

Chair

MONIQUE TRUDNOWSKI

Vice-Chair

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Finance Director

DEPARTMENT OF PUBLIC UTILITIES  
CITY OF TACOMA



CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES, WATER DIVISION  
Doing Business As

# TACOMA WATER

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*Note: 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.*

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF NET POSITION - NOVEMBER 30, 2016 AND NOVEMBER 30, 2015

<b>ASSETS AND DEFERRED INFLOWS</b>	<u>2016</u>	<u>2015</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$1,069,811,582	\$1,052,246,494
Less Depreciation and Amortization .....	(215,868,817)	(194,924,166)
Total .....	<u>853,942,765</u>	<u>857,322,328</u>
Construction Work in Progress .....	25,619,858	26,205,375
Net Utility Plant .....	<u>879,562,623</u>	<u>883,527,703</u>
<b>NON-UTILITY PROPERTY</b> .....	492,963	492,963
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2010 Construction Fund .....	25,736,483	8,926,247
2010 RWSS Construction Fund .....	-	20,463
2013 Construction Fund .....	16,556,340	25,240,882
Regional Water Supply System Operating Fund .....	660,459	(501,203)
Provision for Debt Payment .....	17,674,658	15,801,214
Customer Water Main Deposits .....	3,208,001	3,105,535
Water Supply Forum Fund.....	253,722	216,225
Special Bond Reserves .....	22,100,345	22,097,643
Water Customer Contribution Fund .....	(498,293)	(196,997)
Water Capital Reserves .....	26,420,227	25,327,916
Water System Development Charge .....	58,648,648	55,903,296
Total Restricted Assets .....	<u>170,760,590</u>	<u>155,941,221</u>
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	55,625,144	50,566,371
Customers' Deposits .....	331,270	328,324
Receivables:		
Customers .....	4,771,259	4,019,215
Accrued Unbilled Revenues .....	4,935,000	4,616,056
Others .....	515,136	806,304
BABs Interest Subsidies .....	-	1,789,797
Provision for Uncollectible Accounts .....	(405,291)	(354,246)
Materials and Supplies .....	2,332,888	2,424,337
Prepayments .....	783,507	526,662
Total Current Assets .....	<u>68,888,913</u>	<u>64,722,820</u>
<b>TOTAL ASSETS</b> .....	<u>1,119,705,089</u>	<u>1,104,684,707</u>
<b>OTHER ASSETS</b>		
Regulatory Assets - Public Fire Protection Fees .....	1,431,702	2,247,803
Regulatory Assets - Surcharges .....	1,578,768	732,717
Net Pension Asset .....	881,279	-
Total Other Assets .....	<u>3,891,749</u>	<u>2,980,520</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Losses on Refunding Bonds .....	1,652,514	1,933,836
Deferred Outflows for Pensions .....	2,092,307	-
Total Deferred Outflows .....	<u>3,744,821</u>	<u>1,933,836</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,127,341,659</u>	<u>\$1,109,599,063</u>

*These statements should be read in conjunction with the Notes to Financial statements contained in the 2015 Annual Report.*

<b>NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<u>2016</u>	<u>2015</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$440,992,111	\$439,719,231
Restricted for:		
Water Capital Reserves .....	20,352,824	18,781,507
Water System Development Charge .....	23,073,202	20,327,850
Debt Service Funds .....	7,955,172	5,970,782
Pension Asset .....	881,279	-
Unrestricted .....	<u>59,287,803</u>	<u>53,618,534</u>
<b>TOTAL NET POSITION</b> .....	552,542,391	538,417,904
<b>LONG-TERM DEBT</b>		
Revenue Bonds Outstanding:		
2005 Water Revenue Bonds Refunding .....	5,000	5,000
2009 Water Revenue Bonds .....	76,775,000	76,775,000
2010 Water Revenue Bonds Refunding .....	26,395,000	26,950,000
2010 Water Revenue Bonds .....	74,985,000	74,985,000
2013 Water Revenue Bonds Refunding .....	74,355,000	74,355,000
2015 Water Refunding Bonds, Series A .....	16,645,000	16,645,000
2015 Water Refunding Bonds, Series B .....	1,785,000	6,365,000
2010 RWSS Revenue Bonds, Series A .....	2,525,000	2,800,000
2010 RWSS Revenue Bonds, Series B .....	44,245,000	44,245,000
2013 RWSS Refunding Bonds .....	<u>60,910,000</u>	<u>61,580,000</u>
Total Outstanding Revenue Bonds .....	378,625,000	384,705,000
Plus: Unamortized Bond Premium .....	<u>13,794,392</u>	<u>15,340,083</u>
Net Outstanding Revenue Bonds .....	392,419,392	400,045,083
PWTF Pre-Construction Loans .....	800,783	960,956
PWTF Construction Loans .....	21,907,224	24,443,821
State Drinking Water Loans .....	<u>69,844,046</u>	<u>59,034,872</u>
Total Long-Term Debt .....	484,971,445	484,484,732
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	1,014,181	807,946
Purchases and Contracts Payable .....	973,986	1,001,267
Interest Expense Accrued .....	9,719,486	9,830,432
Taxes Accrued .....	1,402,776	1,292,025
Customers' and Contractors' Deposits .....	355,123	350,026
Current Portion of Long-Term Debt .....	13,193,906	10,906,079
Other Current Liabilities .....	442,170	433,500
Current Accrued Compensated Absences .....	<u>260,047</u>	<u>255,611</u>
Total Current Liabilities .....	27,361,675	24,876,886
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	6,943,806	7,129,695
Customer Advances for Construction .....	4,745,060	4,636,139
Unearned Revenue .....	7,843,336	8,345,871
Other Long-Term Liabilities .....	4,087,720	3,831,892
Long-Term Accrued Compensated Absences .....	<u>2,340,426</u>	<u>2,300,497</u>
Total Long-Term Liabilities .....	<u>25,960,348</u>	<u>26,244,094</u>
<b>TOTAL LIABILITIES</b> .....	538,293,468	535,605,712
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Rate Stabilization .....	35,575,447	35,575,447
Deferred Inflows for Pensions .....	<u>930,353</u>	<u>-</u>
Total Deferred Inflows .....	36,505,800	35,575,447
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b> .	<u>\$1,127,341,659</u>	<u>\$1,109,599,063</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NOVEMBER 30, 2016 AND NOVEMBER 30, 2015

	NOVEMBER 2016	NOVEMBER 2015
	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$5,243,375	\$4,924,529
Other Operating Revenues .....	813,191	737,147
Contract Resource Obligation Revenue .....	369,470	296,974
Total Operating Revenues .....	<u>6,426,036</u>	<u>5,958,650</u>
<b>OPERATING EXPENSES</b>		
Production Expense		
Source of Supply .....	465,782	672,913
Water Treatment .....	469,064	364,369
Total Production Expense .....	<u>934,846</u>	<u>1,037,282</u>
Power Pumping Expense .....	(60,432)	69,952
Transmission and Storage Expense .....	165,639	191,049
Distribution Expense .....	1,168,276	955,164
Customer Accounting and Consumer Service ...	365,405	302,274
Taxes .....	276,753	229,436
Depreciation .....	1,976,354	1,428,206
Administrative and General .....	692,765	724,904
Total Operating Expenses .....	<u>5,519,606</u>	<u>4,938,267</u>
<b>OPERATING INCOME (LOSS) .....</b>	<b>906,430</b>	<b>1,020,383</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	190,997	158,496
Miscellaneous .....	(8,902)	7,573
Interest on Long-Term Debt .....	(1,380,700)	(1,478,417)
Interest on Long-Term Debt BABs Sub .....	(297,977)	(189,478)
Amortization Of Debt Premium .....	105,802	100,546
Interest Charged to Construction.....	42,061	47,776
Total Non-Operating Revenues (Expenses)	<u>(1,348,719)</u>	<u>(1,353,504)</u>
Net Income (Loss) Before Capital Contributions and Transfers .....	(442,289)	(333,121)
Capital Contributions		
Cash .....	1,049,249	339,585
Donated Fixed Assets .....	2,594,411	-
Federal BAB Subsidies .....	297,977	189,478
Grants .....	-	-
Transfers Out		
City Gross Earnings Tax .....	(476,854)	(483,903)
Transfer to Other Funds .....	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION .....	<u><u>\$3,022,494</u></u>	<u><u>(\$287,961)</u></u>
NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - NOVEMBER 30 .....		



YEAR TO DATE		2016 OVER (UNDER)	PERCENT CHANGE
NOVEMBER 30, 2016	NOVEMBER 30, 2015	2015	
\$ 71,990,469	\$ 70,340,461	\$1,650,008	2.3%
9,188,812	8,782,846	405,966	4.6%
4,412,771	11,540,020	(7,127,249)	-61.8%
<u>85,592,052</u>	<u>90,663,327</u>	<u>(5,071,275)</u>	-5.6%
6,260,582	7,397,827	(1,137,245)	-15.4%
<u>5,742,229</u>	<u>4,414,341</u>	<u>1,327,888</u>	30.1%
12,002,811	11,812,168	190,643	1.6%
498,883	652,154	(153,271)	-23.5%
2,533,665	2,621,752	(88,087)	-3.4%
11,810,357	10,993,521	816,836	7.4%
4,155,336	3,900,719	254,617	6.5%
4,175,058	3,862,113	312,945	8.1%
21,837,708	15,676,717	6,160,991	39.3%
8,730,821	7,995,973	734,848	9.2%
<u>65,744,639</u>	<u>57,515,117</u>	<u>8,229,522</u>	14.3%
19,847,413	33,148,210	(13,300,797)	-40.1%
2,327,740	1,496,191	831,549	55.6%
(245,553)	(98,659)	(146,894)	148.9%
(15,803,396)	(15,133,470)	(669,926)	4.4%
(3,279,375)	(3,249,929)	(29,446)	0.9%
1,163,823	1,578,413	(414,590)	-26.3%
446,314	1,635,718	(1,189,404)	-72.7%
<u>(15,390,447)</u>	<u>(13,771,736)</u>	<u>(1,618,711)</u>	11.8%
4,456,966	19,376,474	(14,919,508)	-77.0%
4,836,613	4,143,753	692,860	16.7%
3,683,709	1,161,319	2,522,390	217.2%
3,279,375	3,249,929	29,446	0.9%
1,752	61,478	(59,726)	-97.2%
(6,217,847)	(6,197,604)	(20,243)	0.3%
<u>-</u>	<u>(50,690)</u>	<u>50,690</u>	-100.0%
10,040,568	21,744,659	(11,704,091)	-53.8%
<u>542,501,823</u>	<u>516,673,245</u>	<u>25,828,578</u>	
<u>\$552,542,391</u>	<u>\$538,417,904</u>	<u>\$14,124,487</u>	

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2016 Financial Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS  
NOVEMBER 30, 2016 AND NOVEMBER 30, 2015

	<u>NOVEMBER 2016</u>	<u>NOVEMBER 2015</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$3,244,526	\$2,810,384
Commercial and Industrial .....	1,221,439	1,207,362
Special Rate .....	504,267	498,869
Sales to Other Utilities .....	<u>273,143</u>	<u>407,914</u>
Total .....	<u><u>\$5,243,375</u></u>	<u><u>\$4,924,529</u></u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	81,062	76,012
Commercial and Industrial .....	5,791	5,178
Sales to Other Utilities .....	<u>17</u>	<u>17</u>
Total .....	<u><u>86,870</u></u>	<u><u>81,207</u></u>

YEAR TO DATE		2016 OVER (UNDER) 2015	PERCENT CHANGE
NOVEMBER 2016	NOVEMBER 2015		
\$46,596,724	\$44,274,603	\$2,322,121	5.2%
16,302,429	15,871,193	431,236	2.7%
5,371,498	5,490,141	(118,643)	-2.2%
3,719,818	4,704,524	(984,706)	-20.9%
<u>\$71,990,469</u>	<u>\$70,340,461</u>	<u>\$1,650,008</u>	2.3%
1,024,424	1,011,903	12,521	1.2%
67,830	69,722	(1,892)	-2.7%
187	201	(14)	-7.0%
<u>1,092,441</u>	<u>1,081,826</u>	<u>10,615</u>	1.0%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF WATER BILLED  
NOVEMBER 30, 2016 AND NOVEMBER 30, 2015

	MILLION GALLONS, TOTAL			
	NOVEMBER	NOVEMBER	YEAR TO DATE	
	<u>2016</u>	<u>2015</u>	<u>NOVEMBER 2016</u>	<u>NOVEMBER 2015</u>
WATER BILLED				
Residential and				
Domestic .....	493.18	425.63	7,762.24	7,869.68
Commercial and				
Industrial .....	207.04	206.01	3,131.36	3,127.44
Special Rate .....	468.01	483.16	4,981.03	5,346.25
Sales to Other				
Utilities .....	<u>96.42</u>	<u>203.49</u>	<u>1,213.86</u>	<u>1,647.57</u>
	<u><u>1,264.65</u></u>	<u><u>1,318.29</u></u>	<u><u>17,088.49</u></u>	<u><u>17,990.94</u></u>

NOTE: For conversion purposes, there are approximately 748 gallons in every 100 cubic feet of water.

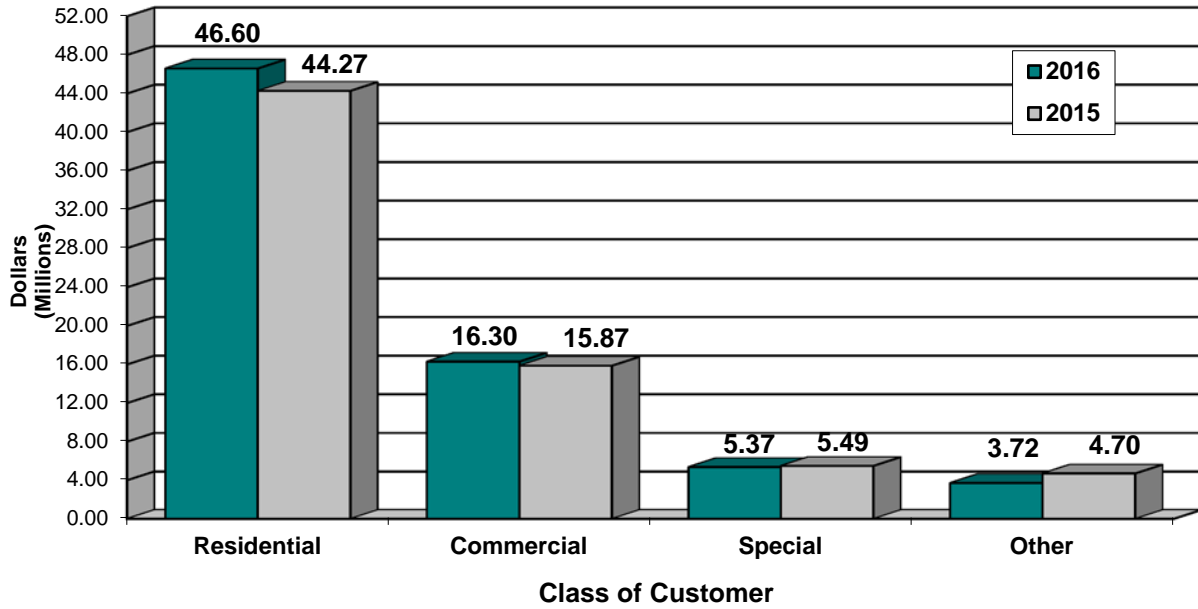
MILLION GALLONS, AVERAGE DAILY

<u>NOVEMBER</u> <u>2016</u>	<u>NOVEMBER</u> <u>2015</u>
16.44	14.19
6.90	6.87
15.60	16.11
<u>3.21</u>	<u>6.78</u>
<u><u>42.15</u></u>	<u><u>43.95</u></u>

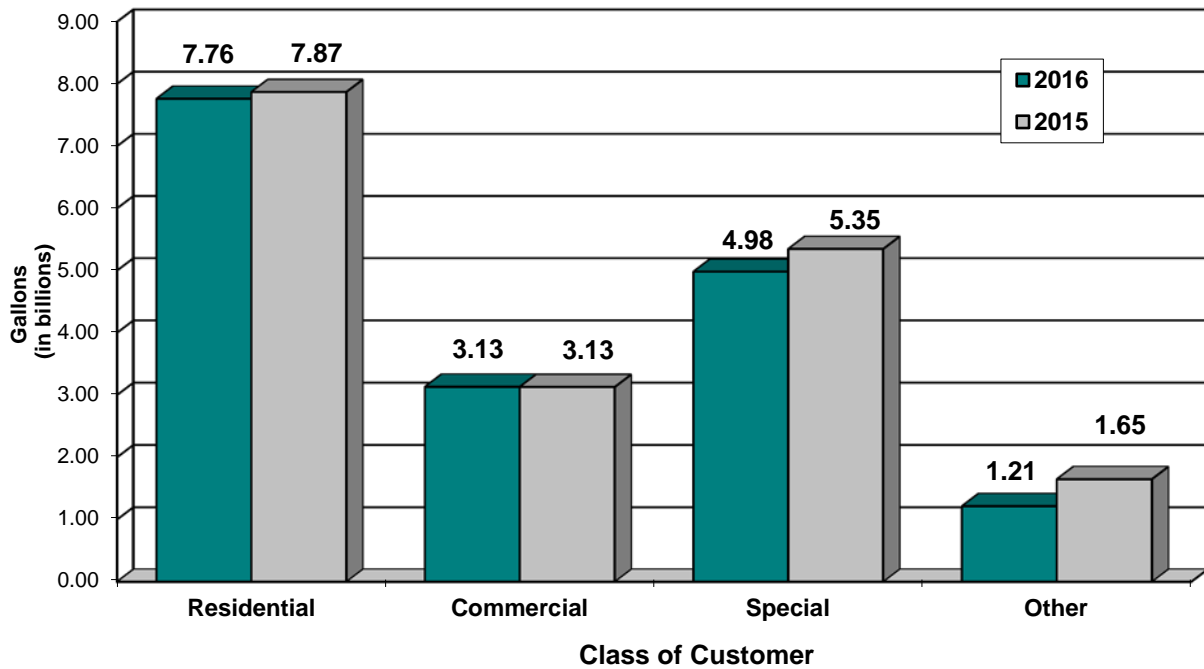
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# Supplemental Data

**WATER SALES**  
Year to Date - November 2016 & 2015

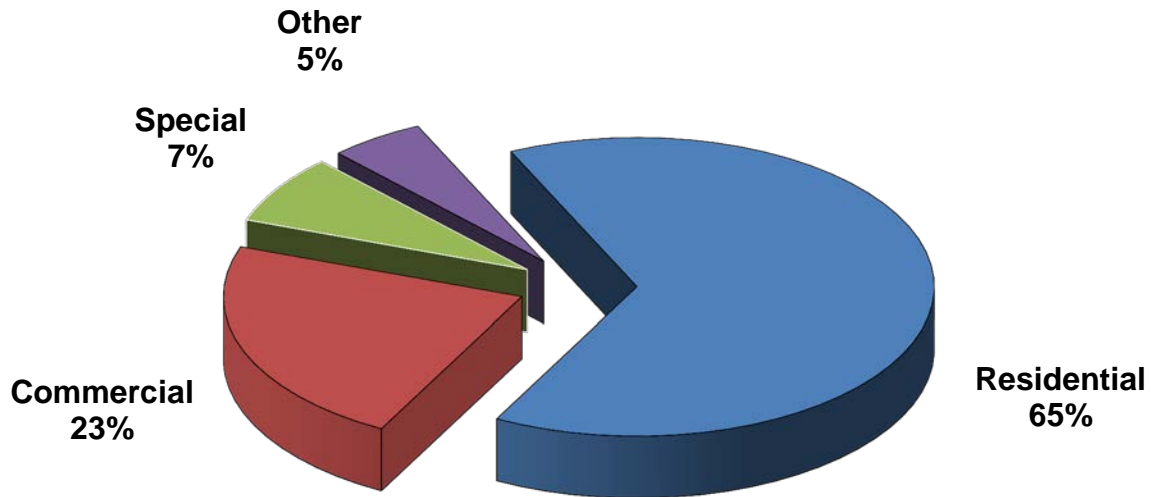


**WATER CONSUMPTION**  
Year to Date - November 2016 & 2015

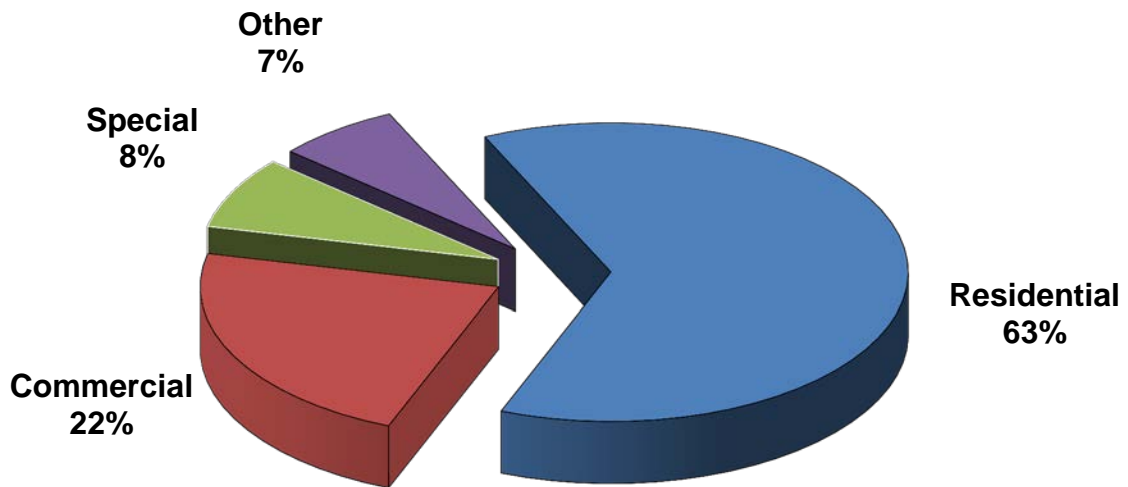




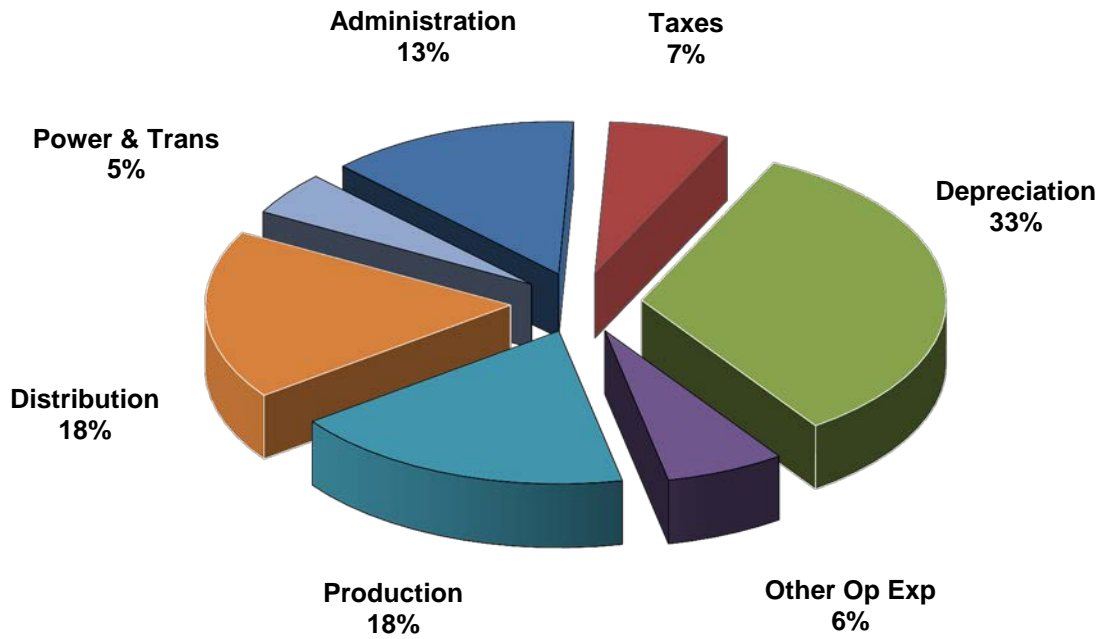
**WATER SALES**  
Year to Date - November 2016  
(\$71,990,469)



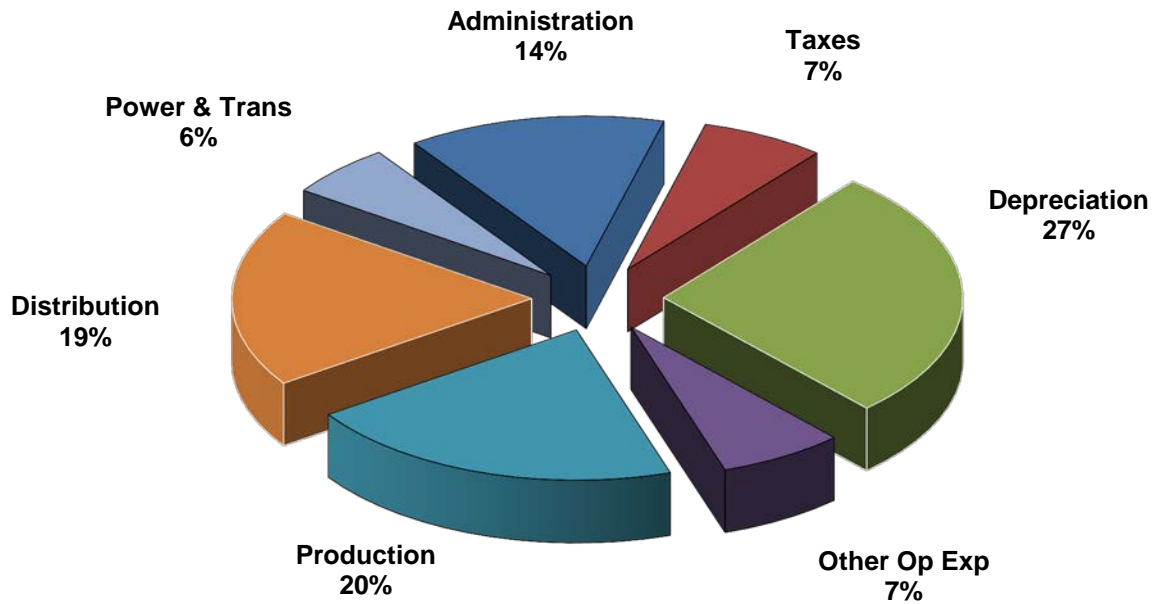
**WATER SALES**  
Year to Date - November 2015  
(\$70,340,461)



**TOTAL OPERATING EXPENSES**  
Year to Date - November 2016  
(\$65,744,639)



**TOTAL OPERATING EXPENSES**  
Year to Date - November 2015  
(\$57,515,117)





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