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**OCTOBER**

***TACOMA WATER***

**2017**

**FINANCIAL  
REPORT**





# Public Utility Board

MONIQUE TRUDNOWSKI

Chair

WOODROW JONES

Vice-Chair

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Member

MARK PATTERSON

Member

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Director of Utilities/CEO

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Water Superintendent

ANDREW CHERULLO  
Finance Director

DEPARTMENT OF PUBLIC UTILITIES  
CITY OF TACOMA

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

# TACOMA WATER

## TABLE OF CONTENTS

*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.*

STATEMENTS OF NET POSITION .....	1 - 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	3 - 4
SUMMARY OF REVENUES AND BILLINGS .....	5 - 6
SUMMARY OF WATER BILLED .....	7 - 8
SUPPLEMENTAL DATA .....	10 - 13

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF NET POSITION - OCTOBER 31, 2017 AND OCTOBER 31, 2016

<b>ASSETS AND DEFERRED OUTFLOWS</b>	<u>2017</u>	<u>2016</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$1,080,941,723	\$1,065,698,512
Less Depreciation and Amortization .....	<u>(234,656,843)</u>	<u>(213,904,814)</u>
Total .....	846,284,880	851,793,698
Construction Work in Progress .....	<u>27,100,334</u>	<u>25,520,374</u>
Net Utility Plant .....	<u>873,385,214</u>	<u>877,314,072</u>
<b>NON-UTILITY PROPERTY</b> .....	492,963	492,963
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2010 Construction Fund .....	18,479,659	25,714,551
2013 Construction Fund .....	15,555,724	17,409,209
Regional Water Supply System Operating Fund .....	1,128,202	644,957
Provision for Debt Payment .....	12,429,847	12,432,905
Customer Water Main Deposits .....	3,268,885	3,198,001
Water Supply Forum Fund .....	357,087	267,162
Special Bond Reserves .....	22,103,295	22,100,087
Water Customer Contribution Fund .....	(203,504)	(545,102)
Water Capital Reserves .....	29,708,816	26,780,395
Water System Development Charge .....	<u>61,593,224</u>	<u>58,011,898</u>
Total Restricted Assets .....	164,421,235	166,014,063
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	60,374,453	55,730,183
Customers' Deposits .....	321,360	326,394
Receivables:		
Customers .....	5,788,578	5,838,958
Accrued Unbilled Revenues .....	4,797,144	4,935,000
Others .....	1,016,745	906,485
BABs Interest Subsidies .....	1,600,320	1,489,900
Provision for Uncollectible Accounts .....	(450,631)	(391,753)
Materials and Supplies .....	2,271,011	2,459,476
Prepayments .....	<u>912,254</u>	<u>750,924</u>
Total Current Assets .....	<u>76,631,234</u>	<u>72,045,567</u>
<b>TOTAL ASSETS</b> .....	<u>1,114,930,646</u>	<u>1,115,866,665</u>
<b>OTHER ASSETS</b>		
Regulatory Assets - Public Fire Protection Fees .....	667,118	1,494,690
Regulatory Assets - Surcharges .....	1,470,959	1,588,067
Net Pension Asset .....	-	881,279
Total Other Assets .....	<u>2,138,077</u>	<u>3,964,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Losses on Refunding Bonds .....	1,394,636	1,675,958
Deferred Outflows for Pensions .....	<u>8,994,103</u>	<u>2,092,307</u>
Total Deferred Outflows .....	10,388,739	3,768,265
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,127,457,462</u>	<u>\$1,123,598,966</u>

*These statements should be read in conjunction with the Notes to Financial statements contained in the 2016 Annual Report.*

NET POSITION, LIABILITIES AND DEFERRED INFLOWS	2017	2016
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$440,975,401	\$439,468,438
Restricted for:		
Water Capital Reserves .....	24,120,418	20,712,992
Water System Development Charge .....	26,017,777	22,436,451
Debt Service Funds .....	4,437,985	4,391,697
Pension Asset .....	-	881,279
Unrestricted .....	64,112,736	61,629,040
<b>TOTAL NET POSITION .....</b>	<b>559,664,317</b>	<b>549,519,897</b>
<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 .....	25,825,000	26,395,000
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 .....	13,800,000	16,645,000
2015 Water Refunding Bonds, Series B .....	-	1,785,000
2010 RWSS Revenue Bonds, Series A .....	2,245,000	2,525,000
2010 RWSS Revenue Bonds, Series B .....	44,245,000	44,245,000
2013 RWSS Refunding Bonds .....	60,165,000	60,910,000
Total Outstanding Revenue Bonds .....	372,400,000	378,625,000
Plus: Unamortized Bond Premium .....	12,315,231	13,923,637
Net Outstanding Revenue Bonds .....	384,715,231	392,548,637
PWTF Pre-Construction Loans .....	640,609	800,783
PWTF Construction Loans .....	19,370,627	21,907,224
State Drinking Water Loans .....	65,612,800	69,844,046
Total Long-Term Debt .....	470,339,267	485,100,690
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	1,039,701	918,480
Purchases and Contracts Payable .....	742,738	1,016,370
Interest Expense Accrued .....	7,991,862	8,041,208
Taxes Accrued .....	1,788,325	1,744,527
Customers' and Contractors' Deposits .....	359,085	356,262
Current Portion of Long-Term Debt .....	13,334,372	13,193,906
Other Current Liabilities .....	902,031	884,340
Current Accrued Compensated Absences .....	269,819	260,047
Total Current Liabilities .....	26,427,933	26,415,140
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	6,762,451	6,943,806
Customer Advances for Construction .....	5,600,679	4,818,331
Unearned Revenue .....	7,744,657	7,865,651
Other Long-Term Liabilities .....	4,604,811	4,089,225
Pension Liability .....	7,788,151	-
Long-Term Accrued Compensated Absences .....	2,428,375	2,340,426
Total Long-Term Liabilities .....	34,929,124	26,057,439
<b>TOTAL LIABILITIES .....</b>	<b>531,696,324</b>	<b>537,573,269</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Rate Stabilization .....	35,575,447	35,575,447
Deferred Inflows for Pensions .....	521,374	930,353
Total Deferred Inflows .....	36,096,821	36,505,800
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .</b>	<b>\$1,127,457,462</b>	<b>\$1,123,598,966</b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
OCTOBER 31, 2017 AND OCTOBER 31, 2016

	<u>OCTOBER</u> 2017	<u>OCTOBER</u> 2016
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$8,425,674	\$7,991,470
Other Operating Revenues .....	933,021	895,018
Contract Resource Obligation Revenue .....	420,569	360,529
Total Operating Revenues .....	<u>9,779,264</u>	<u>9,247,017</u>
<b>OPERATING EXPENSES</b>		
Production Expense:		
Source of Supply .....	637,136	539,110
Water Treatment .....	464,373	594,224
Total Production Expense .....	<u>1,101,509</u>	<u>1,133,334</u>
Power Pumping Expense .....	47,999	46,412
Transmission and Storage Expense .....	211,752	197,592
Distribution Expense .....	1,068,214	1,037,487
Customer Accounting and Consumer Service ..	426,079	408,608
Taxes .....	431,133	407,161
Depreciation .....	1,998,909	1,979,221
Administrative and General .....	927,886	807,033
Total Operating Expenses .....	<u>6,213,481</u>	<u>6,016,848</u>
<b>OPERATING INCOME (LOSS) .....</b>	<b>3,565,783</b>	<b>3,230,169</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	226,694	179,216
Miscellaneous .....	(630)	(383,030)
Interest on Long-Term Debt .....	(1,344,312)	(1,380,478)
Interest on Long-Term Debt BABs Sub .....	(320,064)	(297,980)
Amortization Of Debt Premium .....	111,548	105,802
Interest Charged to Construction .....	47,466	41,966
Total Non-Operating Revenues (Expenses) .....	<u>(1,279,298)</u>	<u>(1,734,504)</u>
Net Income (Loss) Before Capital Contributions and Transfers .....	2,286,485	1,495,665
Capital Contributions:		
Cash .....	287,911	396,045
Donated Fixed Assets .....	-	319,063
Federal BABs Subsidies .....	320,064	297,980
Grants .....	-	1,752
Transfers:		
City Gross Earnings Tax .....	(732,127)	(733,566)
<b>CHANGE IN NET POSITION .....</b>	<b><u>\$2,162,333</u></b>	<b><u>\$1,776,939</u></b>
NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - OCTOBER 31 .....		



YEAR TO DATE		2017 OVER (UNDER)	PERCENT CHANGE
OCTOBER 31 2017	OCTOBER 31 2016	2016	
\$ 67,661,608	\$ 66,747,094	\$914,514	1.4%
8,558,946	8,375,621	183,325	2.2%
3,842,029	4,043,301	(201,272)	-5.0%
<u>80,062,583</u>	<u>79,166,016</u>	<u>896,567</u>	1.1%
5,929,440	5,794,800	134,640	2.3%
<u>5,356,488</u>	<u>5,275,185</u>	<u>81,303</u>	1.5%
11,285,928	11,069,985	215,943	2.0%
457,742	559,315	(101,573)	-18.2%
2,043,791	2,368,026	(324,235)	-13.7%
11,464,356	10,642,081	822,275	7.7%
4,117,441	3,789,931	327,510	8.6%
3,994,966	3,898,305	96,661	2.5%
20,029,634	19,861,354	168,280	0.8%
8,902,977	8,036,036	866,941	10.8%
<u>62,296,835</u>	<u>60,225,033</u>	<u>2,071,802</u>	3.4%
17,765,748	18,940,983	(1,175,235)	-6.2%
2,694,542	2,136,743	557,799	26.1%
1,217,777	(236,649)	1,454,426	-614.6%
(13,608,336)	(14,422,697)	814,361	-5.6%
(3,090,217)	(2,981,398)	(108,819)	3.6%
1,115,480	1,058,021	57,459	5.4%
418,866	404,253	14,613	3.6%
<u>(11,251,888)</u>	<u>(14,041,727)</u>	<u>2,789,839</u>	-19.9%
6,513,860	4,899,256	1,614,604	33.0%
4,576,617	3,787,363	789,254	20.8%
1,869,582	1,089,298	780,284	71.6%
3,090,217	2,981,398	108,819	3.6%
-	1,752	(1,752)	-100.0%
<u>(6,038,185)</u>	<u>(5,740,993)</u>	<u>(297,192)</u>	5.2%
10,012,091	7,018,074	2,994,017	42.7%
549,652,226	542,501,823	7,150,403	
<u>\$559,664,317</u>	<u>\$549,519,897</u>	<u>\$10,144,420</u>	1.8%

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2017 Financial Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS  
OCTOBER 31, 2017 AND OCTOBER 31, 2016

	OCTOBER 2017	OCTOBER 2016
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$5,813,429	\$5,204,041
Commercial and Industrial .....	1,756,479	1,960,890
Special Rate .....	590,518	503,222
Sales to Other Utilities .....	265,248	323,317
Total .....	\$8,425,674	\$7,991,470

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	106,884	103,722
Commercial and Industrial .....	7,112	5,744
Sales to Other Utilities .....	17	17
Total .....	114,013	109,483

YEAR TO DATE		2017 OVER (UNDER) 2016	PERCENT CHANGE
OCTOBER 31 2017	OCTOBER 31 2016		
\$44,976,306	\$43,352,198	\$1,624,108	3.7%
14,913,076	15,080,990	(167,914)	-1.1%
5,220,943	4,867,231	353,712	7.3%
2,551,283	3,446,675	(895,392)	-26.0%
<u>\$67,661,608</u>	<u>\$66,747,094</u>	<u>\$914,514</u>	1.4%
957,431	943,362	14,069	1.5%
65,946	62,039	3,907	6.3%
170	170	-	0.0%
<u>1,023,547</u>	<u>1,005,571</u>	<u>17,976</u>	1.8%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF WATER BILLED  
OCTOBER 31, 2017 AND OCTOBER 31, 2016

	MILLION GALLONS, TOTAL			
	OCTOBER 2017	OCTOBER 2016	YEAR TO DATE	
			OCTOBER 31 2017	OCTOBER 31 2016
WATER BILLED				
Residential and Domestic .....	988.01	907.62	7,207.71	7,269.06
Commercial and Industrial .....	320.91	329.04	2,725.29	2,924.32
Special Rate .....	507.27	471.39	4,702.92	4,513.02
Sales to Other Utilities .....	80.27	100.03	768.66	1,117.44
	1,896.46	1,808.08	15,404.58	15,823.84

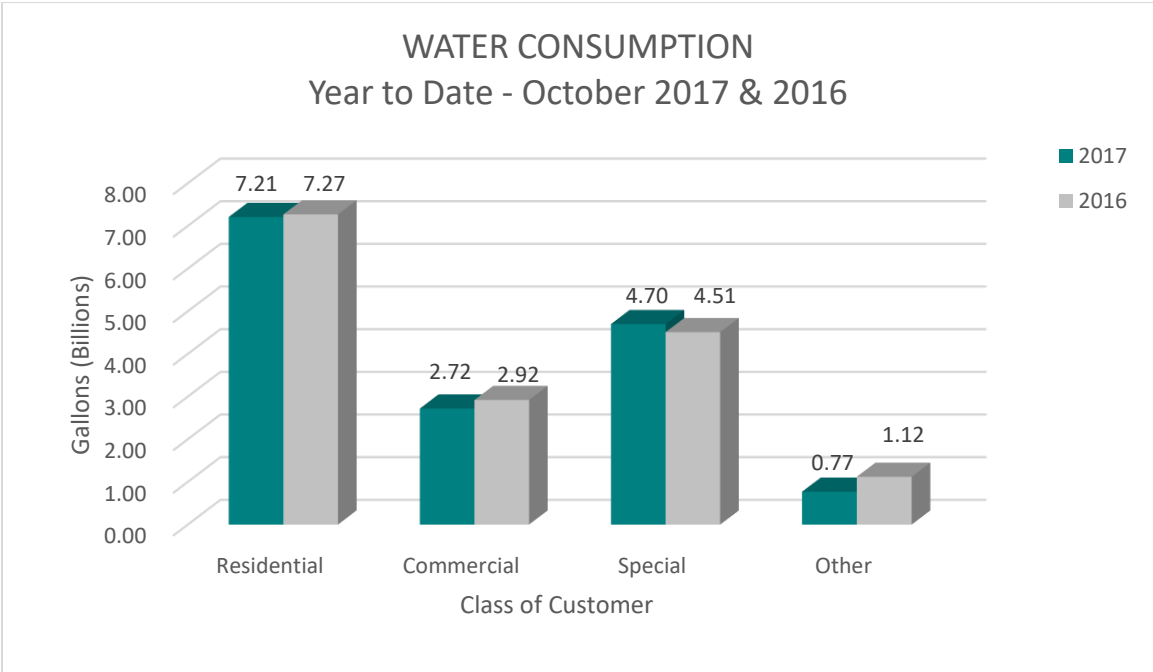
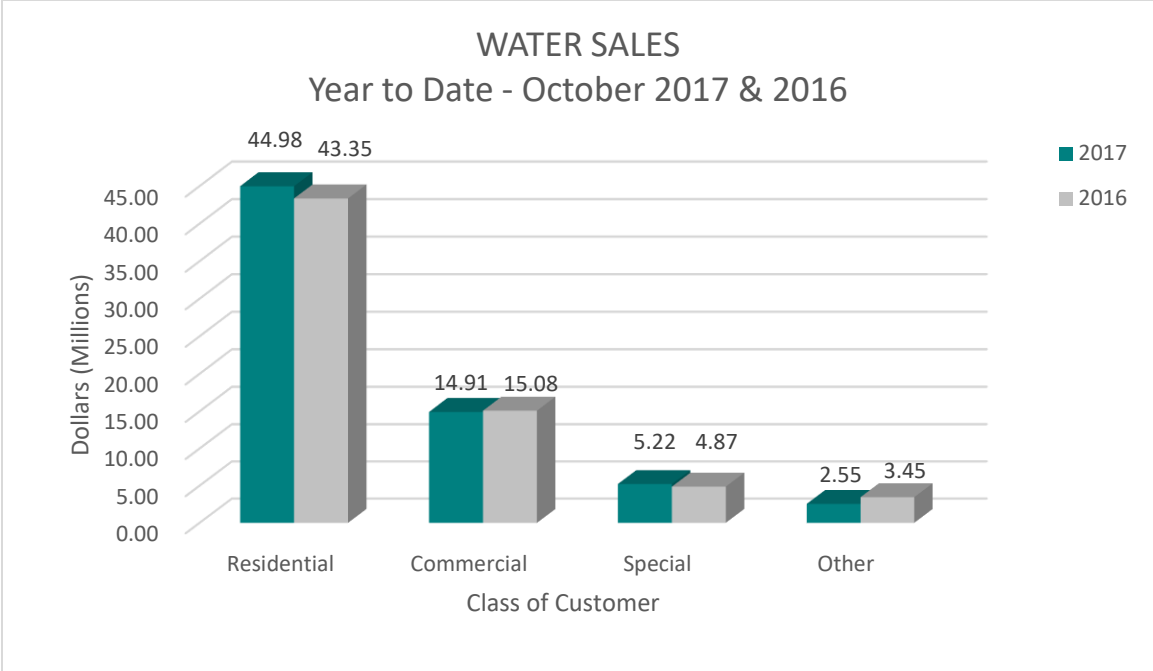
NOTE: For conversion purposes, there are approximately 748 gallons in every 100 cubic feet of water.

MILLION GALLONS, AVERAGE DAILY

<u>OCTOBER 2017</u>	<u>OCTOBER 2016</u>
31.87	29.28
10.35	10.61
16.36	15.21
<u>2.59</u>	<u>3.23</u>
<u><u>61.17</u></u>	<u><u>58.33</u></u>

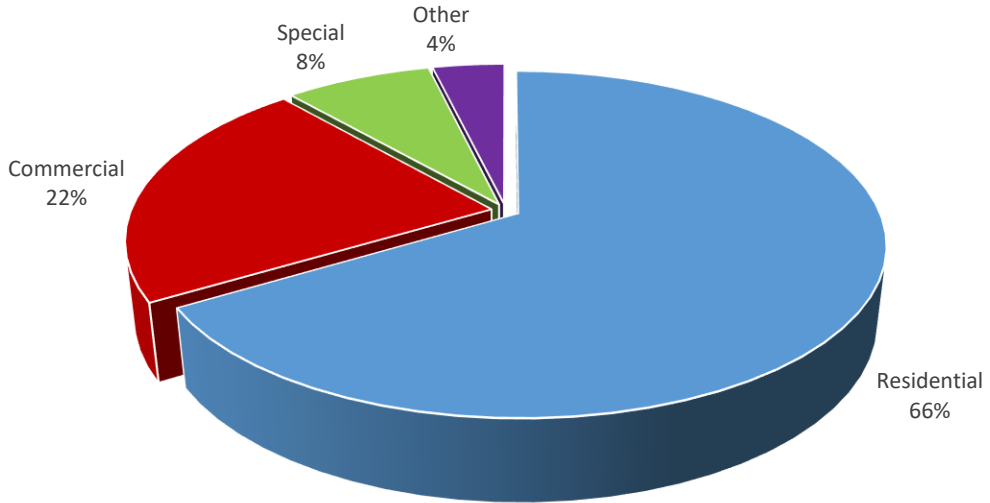
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# Supplemental Data

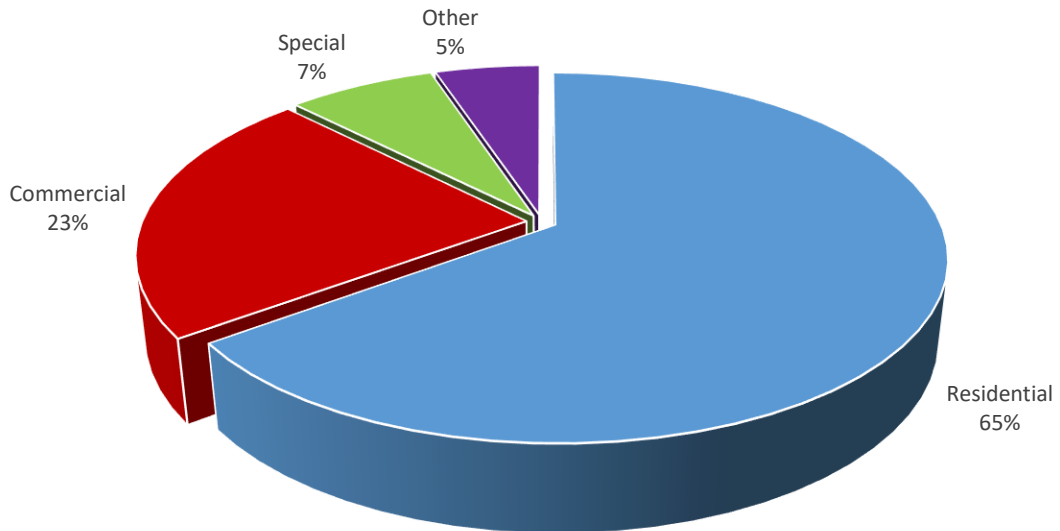




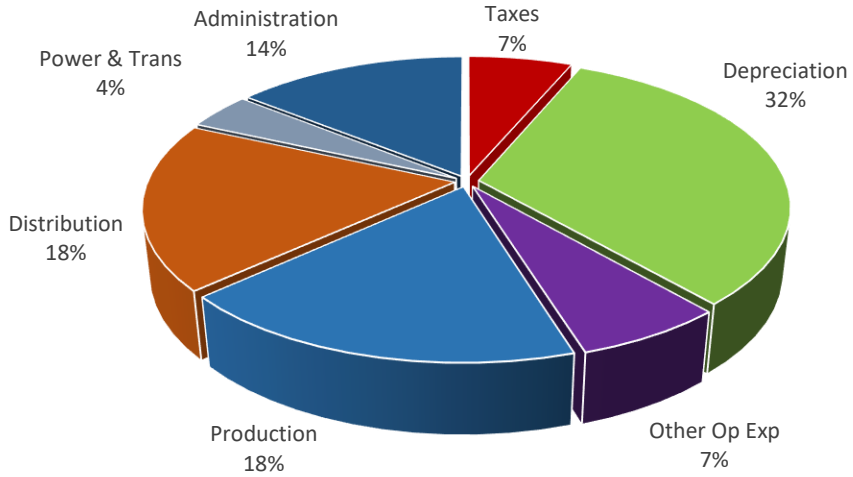
WATER SALES  
Year to Date - October 2017  
(\$67,661,608)



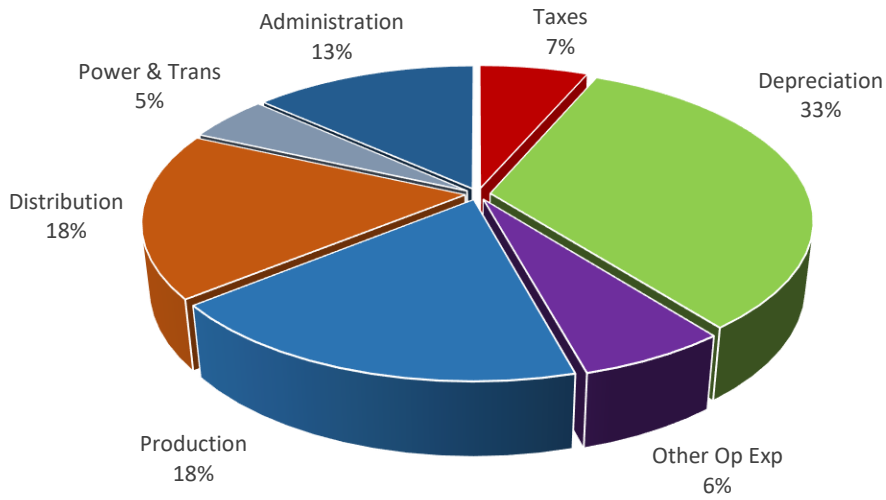
WATER SALES  
Year to Date - October 2016  
(\$66,747,094)



**TOTAL OPERATING EXPENSES**  
**Year to Date - October 2017**  
**(\$62,296,835)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - October 2016**  
**(\$60,225,033)**





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.