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**NOVEMBER**

**TACOMA WATER**

**2014**

**FINANCIAL  
REPORT**





# Public Utility Board

WOODROW JONES

Chair

BRYAN FLINT

Vice-Chair

MARK PATTERSON

Secretary

DAVID NELSON

Member

MONIQUE TRUDNOWSKI

Member

WILLIAM A. GAINES  
Director of Utilities/CEO

LINDA MCCREA  
Superintendent

ANDREW CHERULLO  
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, 2014 AND NOVEMBER 30, 2013

<b>ASSETS</b>	<u>2014</u>	<u>2013</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$865,880,397	\$840,599,861
Less Depreciation and Amortization .....	(181,274,642)	(169,281,587)
Total .....	<u>684,605,755</u>	<u>671,318,274</u>
Construction Work in Progress .....	183,432,429	120,883,480
Net Utility Plant .....	<u>868,038,184</u>	<u>792,201,754</u>
<b>NON-UTILITY PROPERTY</b> .....	492,963	492,963
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2010 Construction Fund .....	4,442,272	3,603,806
2010 RWSS Construction Fund .....	49,073	7,159,796
2013 Construction Fund .....	36,782,807	50,867,569
Regional Water Supply System Operating Fund .....	3,796,555	2,500,264
Provision for Debt Payment .....	16,534,772	15,776,997
Customer Water Main Deposits .....	3,042,875	2,947,773
Water Supply Forum Fund.....	408,130	436,552
Special Bond Reserves .....	22,095,027	22,092,533
Water Customer Contribution Fund .....	(145,477)	87,955
Water Capital Reserves .....	22,764,047	19,388,681
Water System Development Charge .....	52,860,768	53,471,946
Notes & Contracts Receivables - SDC .....	-	462,128
Total Restricted Assets .....	<u>162,630,849</u>	<u>178,796,000</u>
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	44,177,327	40,035,732
Working Funds .....	1,000	1,500
Customers' Deposits .....	270,406	269,161
Receivables:		
Customers .....	4,031,970	4,270,607
Accrued Unbilled Revenues .....	4,494,710	4,026,679
Others .....	1,387,914	1,641,368
BABs Interest Subsidies .....	1,920,383	1,920,383
Provision for Uncollectible Accounts .....	(245,561)	(467,232)
Materials and Supplies .....	2,461,787	2,343,427
Prepayments .....	382,371	377,030
Total Current Assets .....	<u>58,882,307</u>	<u>54,418,655</u>
<b>TOTAL ASSETS</b> .....	<u>1,090,044,303</u>	<u>1,025,909,372</u>
<b>DEFERRED OUTFLOWS</b>		
Regulatory Assets - Public Fire Protection Fees .....	3,063,153	4,031,253
Regulatory Assets - Hyada Surcharges .....	836,391	934,551
Unamortized Losses on Refunding Bonds .....	1,606,685	1,832,692
Total Deferred Outflows .....	<u>5,506,229</u>	<u>6,798,496</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,095,550,532</u>	<u>\$1,032,707,868</u>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 Annual Report.*

<b>NET POSITION AND LIABILITIES</b>	<u>2014</u>	<u>2013</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$424,945,151	\$395,396,853
Restricted for:		
Water Capital Reserves .....	15,738,633	11,884,261
Water System Development Charge .....	17,747,449	18,826,442
Debt Service Funds .....	6,444,694	5,016,448
Unrestricted .....	<u>50,806,963</u>	<u>44,041,015</u>
TOTAL NET POSITION .....	515,682,890	475,165,019
<b>LONG-TERM DEBT</b>		
Revenue Bonds Outstanding:		
2005 Water Revenue Bonds Refunding .....	29,365,000	33,450,000
2009 Water Revenue Bonds .....	76,775,000	76,775,000
2010 Water Revenue Bonds Refunding .....	27,505,000	28,055,000
2010 Water Revenue Bonds .....	74,985,000	74,985,000
2013 Water Revenue Bonds Refunding .....	74,355,000	75,335,000
2010 RWSS Revenue Bonds, Series A .....	3,070,000	3,335,000
2010 RWSS Revenue Bonds, Series B .....	44,245,000	44,245,000
2013 RWSS Refunding Bonds .....	<u>62,765,000</u>	<u>63,835,000</u>
Total Outstanding Revenue Bonds .....	393,065,000	400,015,000
Plus: Unamortized Bond Premium .....	14,343,594	15,711,729
Net Outstanding Revenue Bonds .....	<u>407,408,594</u>	<u>415,726,729</u>
PWTF Pre-Construction Loans .....	1,121,130	1,281,304
PWTF Construction Loans .....	26,980,418	29,517,015
State Drinking Water Loan .....	<u>54,418,644</u>	<u>16,440,468</u>
Total Long-Term Debt .....	489,928,786	462,965,516
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	735,875	736,997
Purchases and Contracts Payable .....	3,609,702	8,971,469
Interest Expense Accrued .....	10,090,078	10,760,551
Taxes Accrued .....	1,199,139	1,067,491
Customers' and Contractors' Deposits .....	281,502	307,934
Current Portion of Long-Term Debt .....	11,312,843	10,540,522
Other Current Liabilities .....	425,000	475,677
Current Accrued Compensated Absences .....	<u>249,552</u>	<u>235,807</u>
Total Current Liabilities .....	27,903,691	33,096,448
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	7,320,231	7,515,530
Customer Advances for Construction .....	4,486,425	4,102,080
Unearned Revenue .....	8,844,999	9,204,004
Other Long-Term Liabilities .....	3,562,096	2,961,566
Long-Term Accrued Compensated Absences .....	<u>2,245,968</u>	<u>2,122,259</u>
Total Long-Term Liabilities .....	<u>26,459,719</u>	<u>25,905,439</u>
TOTAL LIABILITIES .....	<u>544,292,196</u>	<u>521,967,403</u>
<b>DEFERRED INFLOWS</b>		
Rate Stabilization .....	<u>35,575,446</u>	<u>35,575,446</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .	<u>\$1,095,550,532</u>	<u>\$1,032,707,868</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NOVEMBER 30, 2014 AND NOVEMBER 30, 2013

	November 2014	November 2013
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$4,394,698	\$4,276,543
Other Operating Revenues .....	682,818	786,074
Contract Resource Obligation Revenue .....	(321,559)	874,348
Total Operating Revenues .....	4,755,957	5,936,965
<b>OPERATING EXPENSES</b>		
Production Expense		
Source of Supply .....	475,454	514,112
Water Treatment .....	254,239	295,390
Total Production Expense .....	729,693	809,502
Power Pumping Expense .....	40,463	28,424
Transmission and Storage Expense .....	205,888	355,276
Distribution Expense .....	950,656	984,711
Customer Accounting and Consumer Service ...	303,143	306,093
Taxes .....	193,335	213,096
Depreciation .....	1,455,442	1,403,947
Administrative and General .....	567,542	501,561
Total Operating Expenses .....	4,446,162	4,602,610
<b>OPERATING INCOME (LOSS)</b> .....	309,795	1,334,355
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	141,962	211,868
Miscellaneous .....	(5,812)	8,373
Interest on Long-Term Debt .....	(1,386,789)	(1,408,699)
Interest on Long-Term Debt BABs Sub .....	(320,064)	(320,064)
Amortization Of Debt Premium .....	92,947	119,707
Interest Charged to Construction.....	685,790	(1,019,021)
Total Non-Operating Revenues (Expenses)	(791,966)	(2,407,836)
Net Income (Loss) Before Capital Contributions and Transfers .....	(482,171)	(1,073,481)
Capital Contributions		
Cash .....	641,750	331,136
Donated Fixed Assets .....	-	1,218,927
Federal BAB Subsidies .....	320,064	320,064
Transfers Out		
City Gross Earnings Tax .....	(432,018)	(359,724)
Transfer to Other Funds .....	(27,252)	-
CHANGE IN NET POSITION .....	\$20,373	\$436,922
TOTAL NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - NOVEMBER 30 .....		



YEAR TO DATE		2014	
November 30	November 30	OVER	PERCENT
2014	2013	(UNDER)	CHANGE
		2013	
\$ 64,113,693	\$ 58,688,898	\$5,424,795	9.2%
8,381,355	8,414,911	(33,556)	-0.4%
18,537,056	20,905,773	(2,368,717)	-11.3%
<u>91,032,104</u>	<u>88,009,582</u>	<u>3,022,522</u>	3.4%
5,543,808	4,982,012	561,796	11.3%
<u>3,509,981</u>	<u>3,348,631</u>	<u>161,350</u>	4.8%
9,053,789	8,330,643	723,146	8.7%
531,787	400,405	131,382	32.8%
2,603,021	2,633,527	(30,506)	-1.2%
10,429,076	10,065,483	363,593	3.6%
3,714,710	3,553,894	160,816	4.5%
3,316,818	3,191,017	125,801	3.9%
15,389,477	14,736,151	653,326	4.4%
6,806,846	6,452,541	354,305	5.5%
<u>51,845,524</u>	<u>49,363,661</u>	<u>2,481,863</u>	5.0%
39,186,580	38,645,921	540,659	1.4%
1,467,399	649,418	817,981	126.0%
549,252	(1,245,147)	1,794,399	144.1%
(15,310,572)	(14,993,055)	(317,517)	2.1%
(3,382,432)	(3,353,629)	(28,803)	0.9%
1,022,421	1,548,607	(526,186)	-34.0%
6,658,532	-	6,658,532	NA
<u>(8,995,400)</u>	<u>(17,393,806)</u>	<u>8,398,406</u>	-48.3%
30,191,180	21,252,115	8,939,065	42.1%
4,471,514	3,737,204	734,310	19.6%
3,178,258	2,206,935	971,323	44.0%
3,382,435	3,353,629	28,806	0.9%
(5,768,076)	(5,243,000)	(525,076)	10.0%
<u>(61,394)</u>	<u>-</u>	<u>(61,394)</u>	NA
35,393,917	25,306,883	10,087,034	39.9%
<u>480,288,973</u>	<u>449,858,136</u>	<u>30,430,837</u>	6.8%
<u>\$515,682,890</u>	<u>\$475,165,019</u>	<u>\$40,517,871</u>	8.5%

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2014 Financial Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS  
NOVEMBER 30, 2014 AND NOVEMBER 30, 2013

	<u>NOVEMBER 2014</u>	<u>NOVEMBER 2013</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$2,748,589	\$2,620,022
Commercial and Industrial .....	806,767	764,294
Special Rate - Simpson Tacoma Kraft Company .....	458,913	475,070
Municipal .....	46,542	35,447
Other Public Buildings and Grounds .....	107,488	241,850
Sales to Other Utilities .....	<u>226,399</u>	<u>139,860</u>
Total .....	<u><u>\$4,394,698</u></u>	<u><u>\$4,276,543</u></u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	75,903	78,266
Commercial and Industrial .....	4,759	4,862
Municipal .....	272	267
Other Public Buildings and Grounds .....	359	372
Sales to Other Utilities .....	<u>19</u>	<u>20</u>
Total .....	<u><u>81,312</u></u>	<u><u>83,787</u></u>

YEAR TO DATE		2014 OVER (UNDER) 2013	PERCENT CHANGE
NOVEMBER 2014	NOVEMBER 2013		
\$40,940,476	\$37,555,504	\$3,384,972	9.0%
11,801,920	10,573,278	1,228,642	11.6%
5,343,055	4,868,303	474,752	9.8%
421,780	415,673	6,107	1.5%
2,108,989	2,056,348	52,641	2.6%
<u>3,497,473</u>	<u>3,219,792</u>	<u>277,681</u>	8.6%
<u>\$64,113,693</u>	<u>\$58,688,898</u>	<u>\$5,424,795</u>	9.2%
1,001,508	997,048	4,460	0.4%
63,075	62,866	209	0.3%
2,494	2,365	129	5.5%
4,560	4,478	82	1.8%
<u>210</u>	<u>206</u>	<u>4</u>	1.9%
<u>1,071,847</u>	<u>1,066,963</u>	<u>4,884</u>	0.5%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF WATER BILLED  
NOVEMBER 30, 2014 AND NOVEMBER 30, 2013

WATER BILLED	MILLION GALLONS, TOTAL			
	NOVEMBER 2014	NOVEMBER 2013	YEAR TO DATE	
			NOVEMBER 2014	NOVEMBER 2014
Residential and Domestic .....	450.66	436.04	7,377.41	7,194.26
Commercial and Industrial .....	144.12	155.79	2,451.51	2,347.15
Special Rate - Simpson ....	488.53	392.18	5,545.01	5,344.06
Municipal .....	6.36	6.78	64.89	79.14
Other Public Bldgs and Grounds .....	16.38	18.16	445.62	424.87
Sales to Other Utilities .....	109.30	96.00	1,538.10	1,087.30
	1,215.35	1,104.95	17,422.54	16,476.78

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

MILLION GALLONS, AVERAGE DAILY

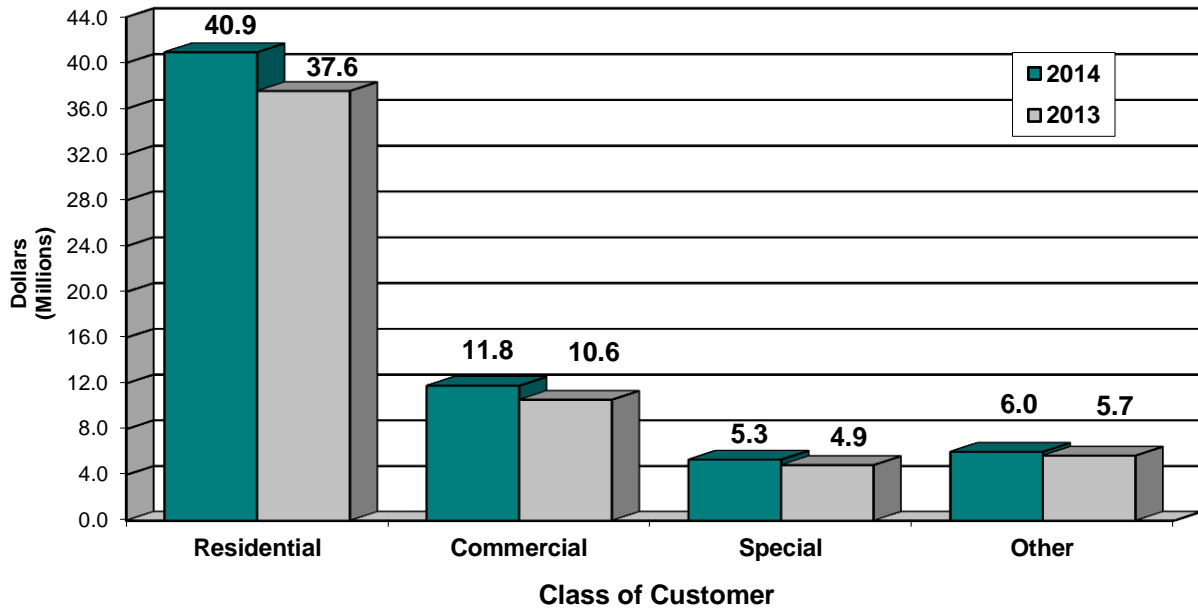
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<u>NOVEMBER</u> <u>2014</u>	<u>NOVEMBER</u> <u>2013</u>
15.02	14.53
4.80	5.19
16.28	13.07
0.21	0.23
0.55	0.61
<u>3.64</u>	<u>3.20</u>
<u><u>40.50</u></u>	<u><u>36.83</u></u>

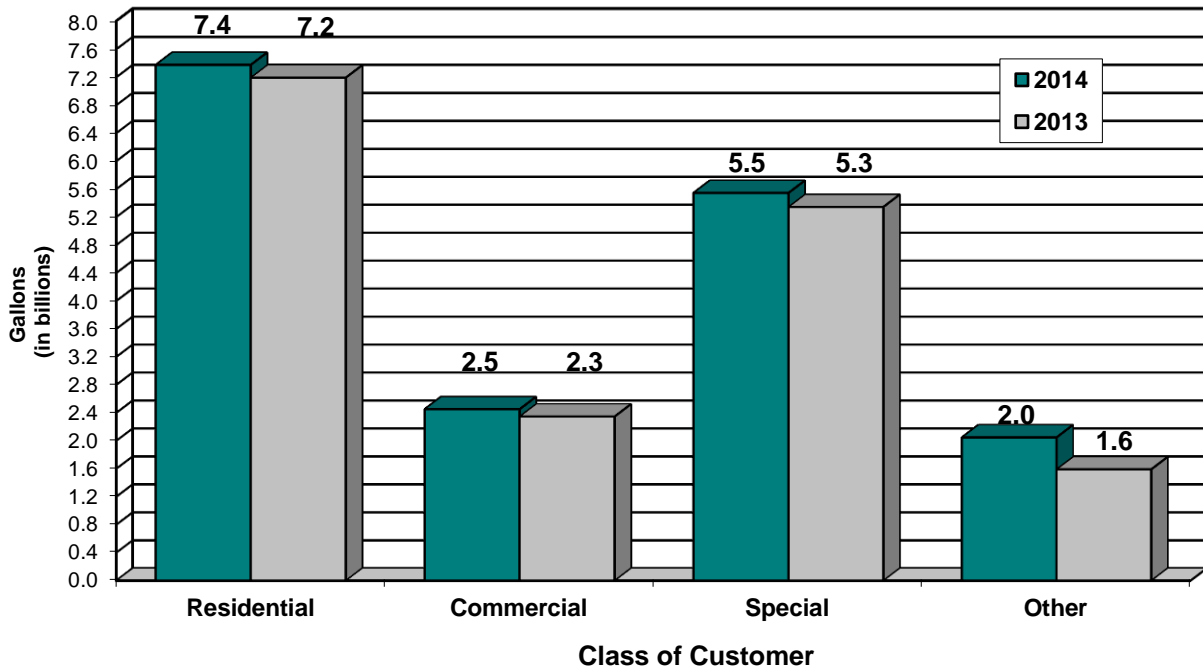
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# Supplemental Data

**WATER SALES**  
Year to Date - November 2014 & 2013

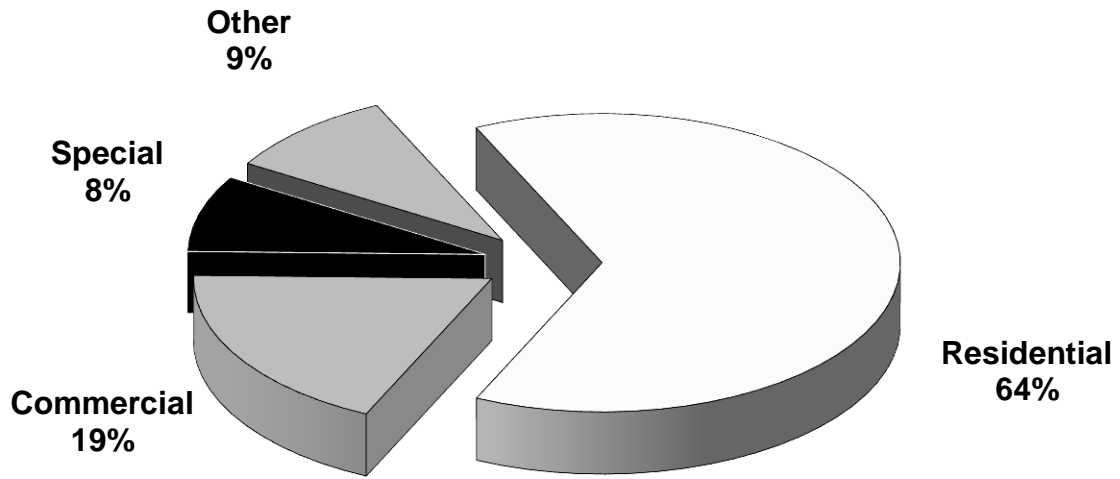


**WATER CONSUMPTION**  
Year to Date - November 2014 & 2013

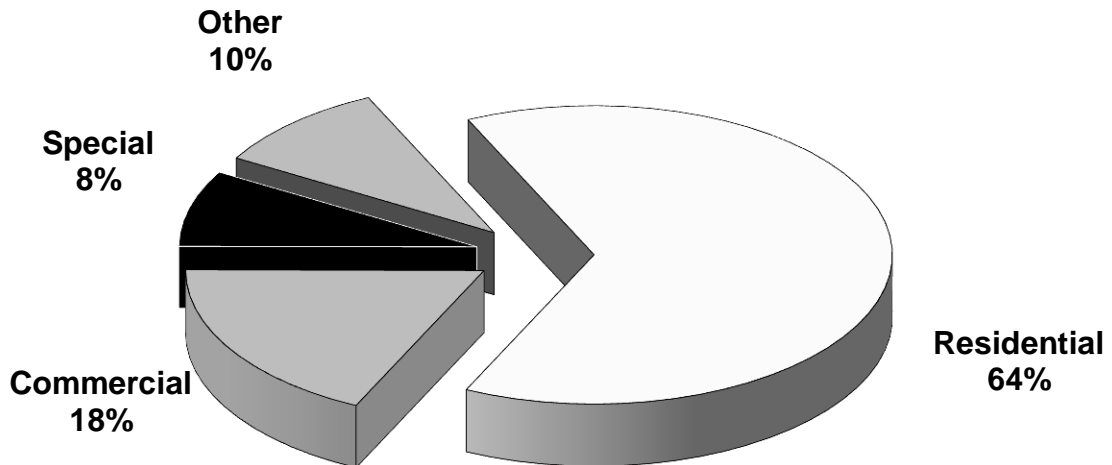




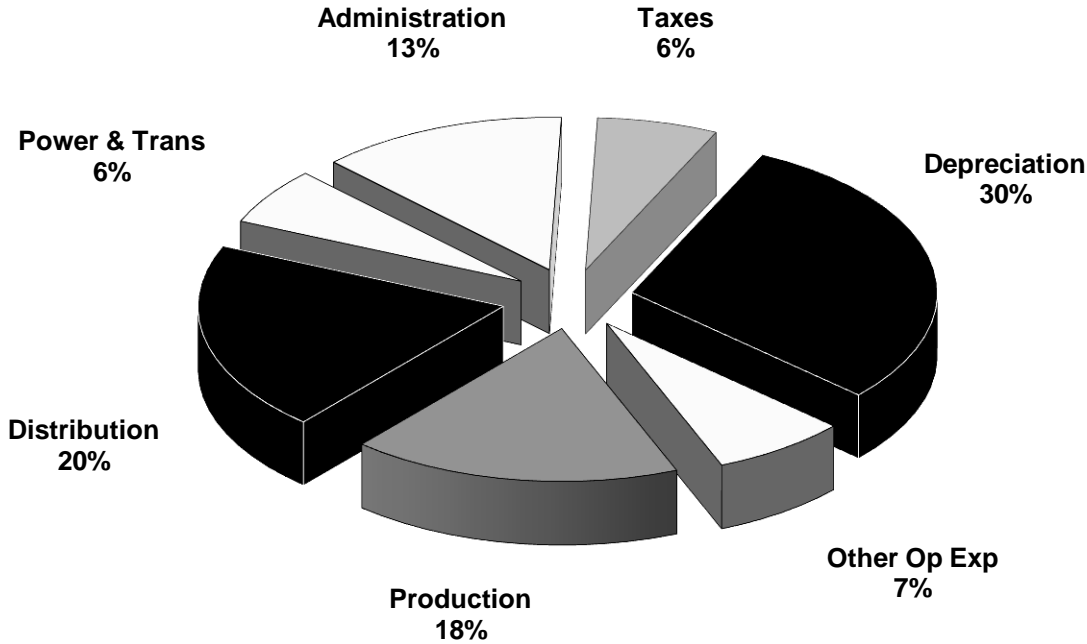
**WATER SALES**  
**Year to Date - November 2014**  
**(\$64,113,693)**



**WATER SALES**  
**Year to Date - November 2013**  
**(\$58,688,898)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - November 2014**  
**(\$51,845,524)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - November 2013**  
**(\$49,363,661)**

