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*MAY*

*TACOMA WATER*

2014

**FINANCIAL  
REPORT**





# Public Utility Board

DAVID NELSON

Chair

WOODROW JONES

Vice-Chair

BRYAN FLINT

Secretary

MARK PATTERSON

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 - MAY 31, 2014 AND MAY 31, 2013

<b>ASSETS</b>	<u>2014</u>	<u>2013</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$852,602,186	\$822,034,868
Less Depreciation and Amortization .....	(174,174,913)	(162,575,288)
Total .....	<u>678,427,273</u>	<u>659,459,580</u>
Construction Work in Progress .....	160,914,173	90,270,892
Net Utility Plant .....	<u>839,341,446</u>	<u>749,730,472</u>
<b>NON-UTILITY PROPERTY</b> .....	492,963	547,480
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2009 Construction Fund .....	378	(225,916)
2010 Construction Fund .....	385,002	20,131,022
2010 RWSS Construction Fund .....	916,601	7,116,472
2013 Construction Fund .....	29,473,183	50,672,721
Regional Water Supply System Operating Fund .....	(1,699,266)	13,640,011
Provision for Debt Payment .....	16,833,058	12,815,507
Customer Water Main Deposits .....	3,020,902	2,923,183
Water Supply Forum Fund.....	438,422	441,251
Special Bond Reserves .....	22,093,821	22,091,261
Water Customer Contribution Fund .....	304,363	60,534
Water Capital Reserves .....	21,841,837	19,303,539
Water System Development Charge .....	53,600,239	53,786,552
Notes & Contracts Receivables - SDC .....	-	462,128
Total Restricted Assets .....	<u>147,208,540</u>	<u>203,218,265</u>
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	41,999,095	30,617,327
Working Funds .....	1,000	1,500
Customers' and Contractors' Deposits .....	264,901	264,553
Receivables:		
Customers .....	4,239,541	3,300,342
Accrued Unbilled Revenues .....	4,494,710	4,026,679
Others .....	880,698	5,609,651
Provision for Uncollectible Accounts .....	(565,628)	(440,774)
Materials and Supplies .....	2,375,413	2,294,050
Prepayments .....	432,247	481,481
Total Current Assets .....	<u>54,121,977</u>	<u>46,154,809</u>
TOTAL ASSETS .....	1,041,164,926	999,651,026
<b>DEFERRED OUTFLOWS</b>		
Regulatory Assets - Public Fire Protection Fees .....	3,441,083	4,409,183
Regulatory Assets - Hyada Surcharges .....	883,919	982,272
Unamortized Losses on Refunding Bonds .....	1,719,688	1,945,708
Total Deferred Outflows .....	<u>6,044,690</u>	<u>7,337,163</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,047,209,616</u>	<u>\$1,006,988,189</u>

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

**NET POSITION AND LIABILITIES**

	2014	2013
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$412,825,991	\$374,865,558
Restricted for:		
Water Capital Reserves .....	14,816,423	11,799,119
Water System Development Charge .....	18,486,920	19,727,730
Debt Service Funds .....	6,563,720	5,128,231
Unrestricted .....	36,638,439	48,143,336
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TOTAL NET POSITION .....	489,331,493	459,663,974
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<b>LONG-TERM DEBT</b>		
Revenue Bonds Outstanding:		
Water Revenue Bonds of 2005 Refunding .....	29,365,000	33,450,000
Water Revenue Bonds of 2009 .....	76,775,000	76,775,000
Water Revenue Bonds of 2010 Refunding .....	27,505,000	28,055,000
Water Revenue Bonds of 2010 .....	74,985,000	74,985,000
Water Revenue Bonds of 2013 Refunding .....	74,355,000	75,335,000
RWSS Revenue Bonds of 2010, Series A .....	44,245,000	44,245,000
RWSS Revenue Bonds of 2010, Series B .....	3,070,000	3,335,000
RWSS Refunding Bonds of 2013 .....	62,765,000	63,835,000
Total Outstanding Revenue Bonds .....	393,065,000	400,015,000
Plus: Unamortized Bond Premium .....	15,014,282	16,542,973
Net Outstanding Revenue Bonds .....	408,079,282	416,557,973
PWTF Pre-Construction Loans .....	1,281,304	1,441,477
PWTF Construction Loans .....	29,517,015	22,053,612
State Drinking Water Loan .....	24,510,940	17,789,716
Total Long-Term Debt .....	463,388,541	457,842,778
	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	814,570	795,583
Purchases and Contracts Payable .....	6,094,081	5,022,826
Interest Expense Accrued .....	10,269,338	7,687,277
Taxes Accrued .....	1,315,369	1,184,677
Customers' Deposits .....	337,869	279,733
Current Portion of Long-Term Debt .....	10,888,319	9,839,646
Other Current Liabilities .....	2,977,616	3,060,365
Current Accrued Compensated Absences .....	249,552	235,807
Total Current Liabilities .....	32,946,714	28,105,914
	<hr/>	<hr/>
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	7,320,231	7,515,530
Customer Advances for Construction .....	4,069,329	4,444,549
Unearned Revenue .....	8,739,756	8,751,475
Other Deferred Credits .....	3,592,138	2,966,264
Long Term Accrued Compensated Absences .....	2,245,968	2,122,259
Total Long-Term Liabilities .....	25,967,422	25,800,077
	<hr/>	<hr/>
TOTAL LIABILITIES .....	522,302,677	511,748,769
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<b>DEFERRED INFLOWS</b>		
Rate Stabilization .....	35,575,446	35,575,446
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TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .	<u>\$1,047,209,616</u>	<u>\$1,006,988,189</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
MAY 31, 2014 AND MAY 31, 2013

	<u>May</u> <u>2014</u>	<u>May</u> <u>2013</u>
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$5,179,878	\$4,701,946
Other Operating Revenues .....	816,415	864,117
Contract Resource Obligation Revenue .....	<u>207,301</u>	<u>9,882,559</u>
Total Operating Revenues .....	<u>6,203,594</u>	<u>15,448,622</u>
<b>OPERATING EXPENSES</b>		
Production Expense		
Source of Supply .....	491,012	408,656
Water Treatment .....	<u>260,890</u>	<u>250,758</u>
Total Production Expense .....	751,902	659,414
Power Pumping Expense .....	37,156	39,310
Transmission and Storage Expense .....	259,511	236,865
Distribution Expense .....	825,598	934,801
Customer Accounting and Consumer Service ...	351,449	326,532
Taxes .....	254,740	234,932
Depreciation .....	1,393,187	1,333,095
Administrative and General .....	<u>568,992</u>	<u>583,374</u>
Total Operating Expenses .....	<u>4,442,535</u>	<u>4,348,323</u>
<b>OPERATING INCOME (LOSS) .....</b>	<u>1,761,059</u>	<u>11,100,299</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	133,861	156,849
Miscellaneous .....	(248,680)	(689,959)
Interest on Long-Term Debt .....	(1,527,993)	(1,678,635)
Interest on Long-Term Debt BABs Sub .....	(181,796)	(152,990)
Amort. Of Debt Premium .....	92,947	718,297
Interest and Amort. Charged to Construction	<u>595,228</u>	<u>77,644</u>
Total Non-Operating Revenues (Expenses)	<u>(1,136,433)</u>	<u>(1,568,794)</u>
Net Income (Loss) Before Capital Contributions and Transfers .....	624,626	9,531,505
Capital Contributions		
Cash .....	(118,173)	633,408
Donated Fixed Assets .....	304,646	-
Federal BAB Subsidies .....	181,796	152,990
Transfers Out		
City Gross Earnings Tax .....	<u>(474,586)</u>	<u>(440,212)</u>
<b>NET INCOME (LOSS) .....</b>	<u>\$518,309</u>	<u>\$9,877,691</u>
TOTAL NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - MAY 31 .....		



YEAR TO DATE		2014 OVER (UNDER) 2013	PERCENT CHANGE
May 31, 2014	May 31, 2013		
\$25,340,980	\$22,513,098	\$ 2,827,882	12.6%
3,882,962	3,700,974	181,988	4.9%
5,626,000	13,005,989	(7,379,989)	-56.7%
<u>34,849,942</u>	<u>39,220,061</u>	<u>(4,370,119)</u>	-11.1%
2,392,738	2,069,679	323,059	15.6%
1,594,056	1,390,120	203,936	14.7%
3,986,794	3,459,799	526,995	15.2%
239,274	180,261	59,013	32.7%
1,189,739	1,325,581	(135,842)	-10.2%
4,550,256	4,673,900	(123,644)	-2.6%
1,680,815	1,639,891	40,924	2.5%
1,282,209	1,277,134	5,075	0.4%
6,961,077	6,665,478	295,599	4.4%
2,925,422	3,181,148	(255,726)	-8.0%
<u>22,815,586</u>	<u>22,403,192</u>	<u>412,394</u>	1.8%
12,034,356	16,816,869	(4,782,513)	-28.4%
697,781	(177,078)	874,859	494.1%
(268,369)	(1,221,697)	953,328	-78.0%
(7,019,505)	(6,798,837)	(220,668)	3.2%
(1,462,052)	(1,433,246)	(28,806)	2.0%
464,737	830,378	(365,641)	-44.0%
2,760,267	751,015	2,009,252	267.5%
<u>(4,827,141)</u>	<u>(8,049,465)</u>	<u>3,222,324</u>	40.0%
7,207,215	8,767,404	(1,560,189)	-17.8%
2,207,236	1,605,461	601,775	37.5%
477,296	65,082	412,214	633.4%
1,462,052	1,433,246	28,806	2.0%
<u>(2,311,279)</u>	<u>(2,065,355)</u>	<u>(245,924)</u>	11.9%
9,042,520	9,805,838	(\$763,318)	-7.8%
<u>480,288,973</u>	<u>449,858,136</u>	-	
<u>\$489,331,493</u>	<u>\$459,663,974</u>		

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

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS  
MAY 31, 2014 AND MAY 31, 2013

	<u>MAY 2014</u>	<u>MAY 2013</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$3,033,228	\$2,862,224
Commercial and Industrial .....	1,004,016	963,203
Special Rate - Simpson Tacoma Kraft Company .....	690,188	441,139
Municipal .....	33,443	39,197
Other Public Buildings and Grounds .....	143,601	152,902
Sales to Other Utilities .....	<u>275,402</u>	<u>243,281</u>
 Total .....	 <u><u>\$5,179,878</u></u>	 <u><u>\$4,701,946</u></u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	82,057	83,967
Commercial and Industrial .....	5,938	6,364
Municipal .....	233	237
Other Public Buildings and Grounds .....	413	444
Sales to Other Utilities .....	<u>19</u>	<u>18</u>
 Total .....	 <u><u>88,660</u></u>	 <u><u>91,030</u></u>

YEAR TO DATE		2014 OVER (UNDER) 2013	PERCENT CHANGE
MAY 2014	MAY 2013		
\$15,830,750	\$14,479,797	\$1,350,953	9.3%
4,876,247	4,180,066	696,181	16.7%
2,619,419	2,049,050	570,369	27.8%
162,089	178,363	(16,274)	-9.1%
676,388	612,843	63,545	10.4%
<u>1,176,087</u>	<u>1,012,979</u>	<u>163,108</u>	16.1%
<u>\$25,340,980</u>	<u>\$22,513,098</u>	<u>\$2,827,882</u>	12.6%
456,987	450,253	6,734	1.5%
29,188	28,548	640	2.2%
1,057	1,009	48	4.8%
2,042	1,975	67	3.4%
<u>96</u>	<u>93</u>	<u>3</u>	3.2%
<u>489,370</u>	<u>481,878</u>	<u>7,492</u>	1.6%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF WATER BILLED  
MAY 31, 2014 AND MAY 31, 2013

WATER BILLED	MILLION GALLONS, TOTAL			
	MAY	MAY	YEAR TO DATE	
	2014	2013	MAY 2014	MAY 2013
Residential and Domestic .....	491.44	503.48	2,531.07	2,546.61
Commercial and Industrial .....	179.19	194.54	948.79	850.13
Special Rate - Simpson ....	482.85	491.91	2,495.90	2,392.81
Municipal .....	4.48	6.83	23.04	35.43
Other Public Bldgs and Grounds .....	23.61	29.00	116.00	109.06
Sales to Other Utilities .....	143.88	87.94	574.53	369.85
	1,325.45	1,313.70	6,689.33	6,303.89

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

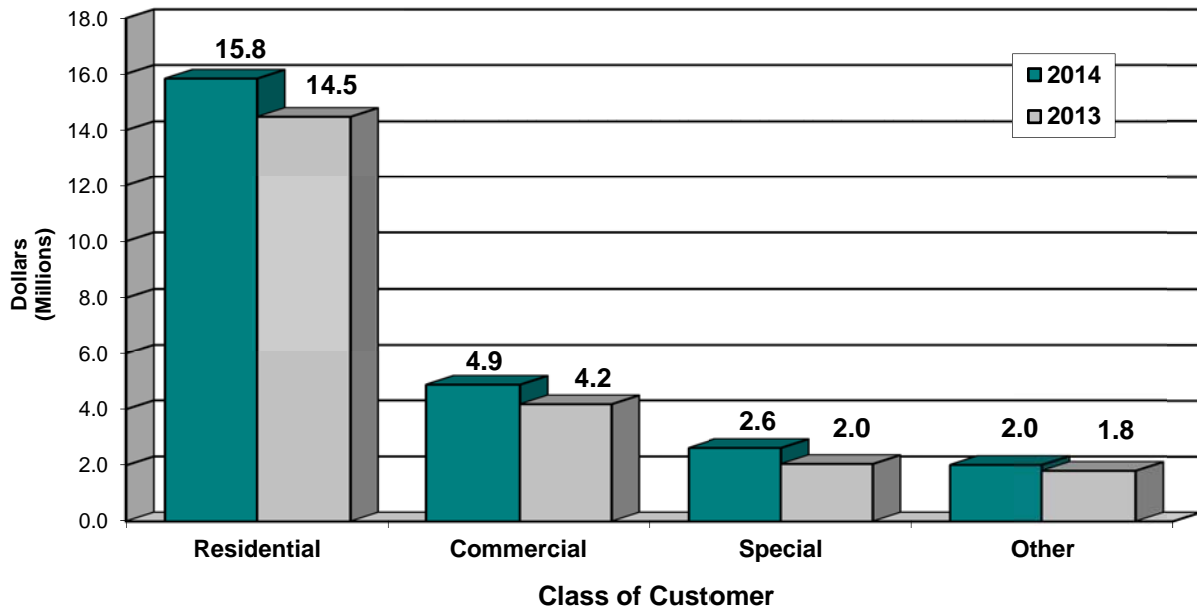
MILLION GALLONS, AVERAGE DAILY

<u>MAY</u> <u>2014</u>	<u>MAY</u> <u>2013</u>
15.85	16.24
5.78	6.28
15.58	15.87
0.14	0.22
0.76	0.94
<u>4.64</u>	<u>2.84</u>
<u><u>42.75</u></u>	<u><u>42.39</u></u>

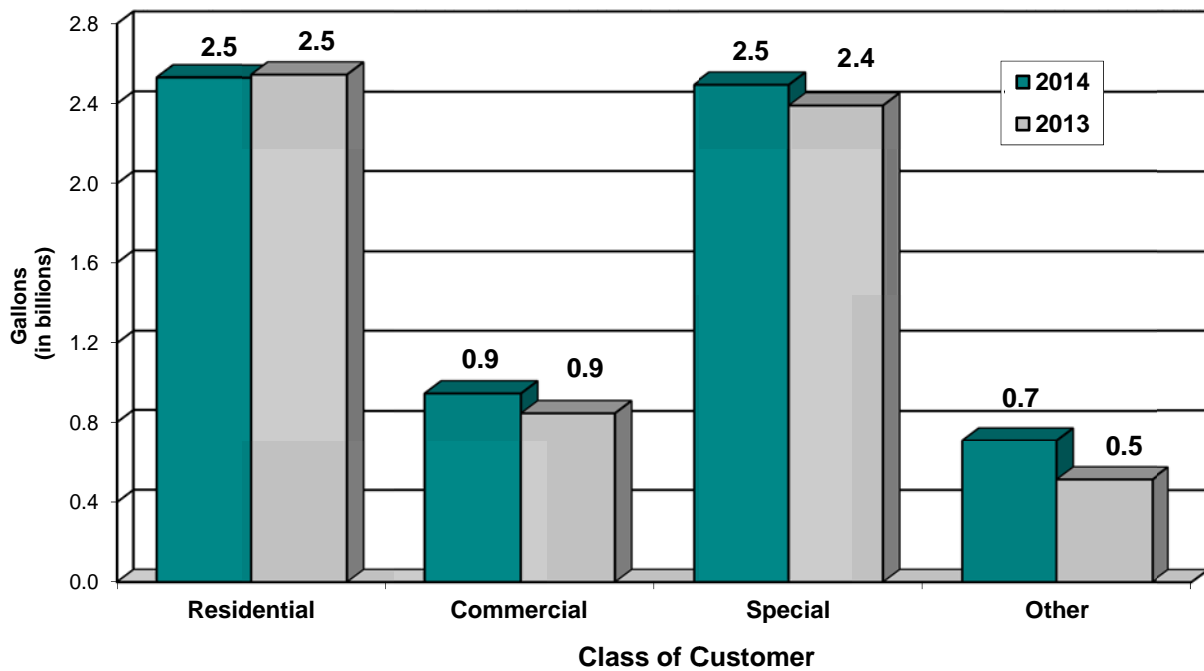
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# Supplemental Data

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

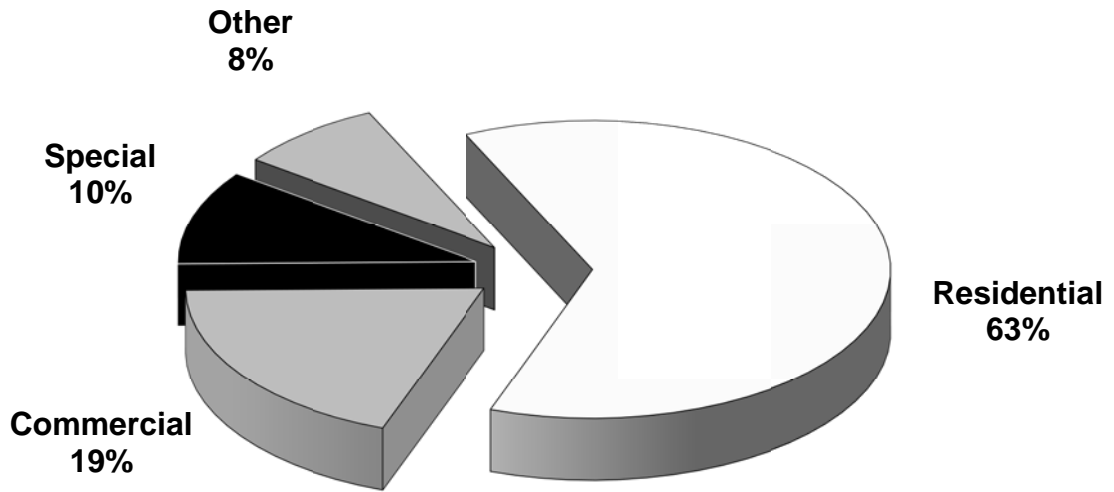


**WATER CONSUMPTION**  
Year to Date - May 2014 & 2013

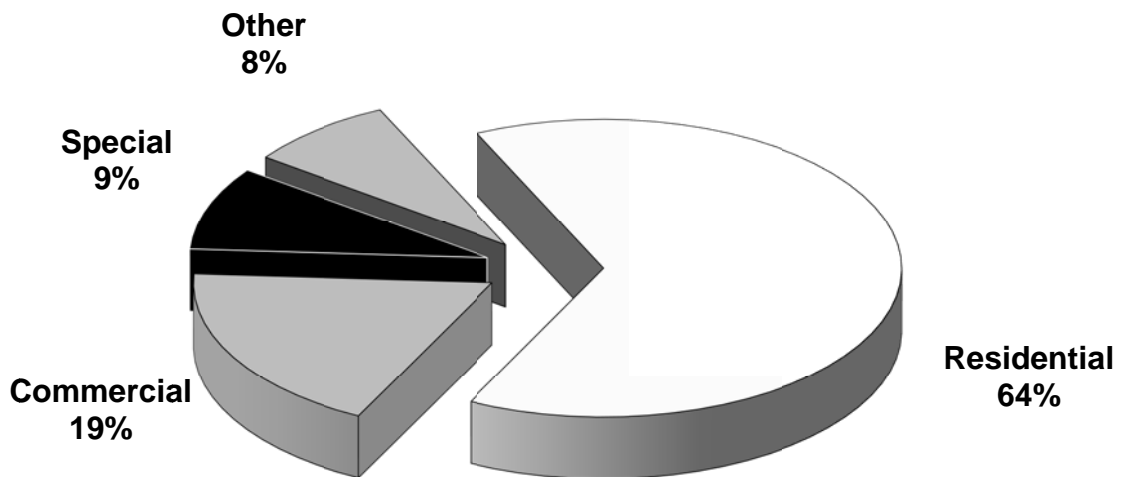




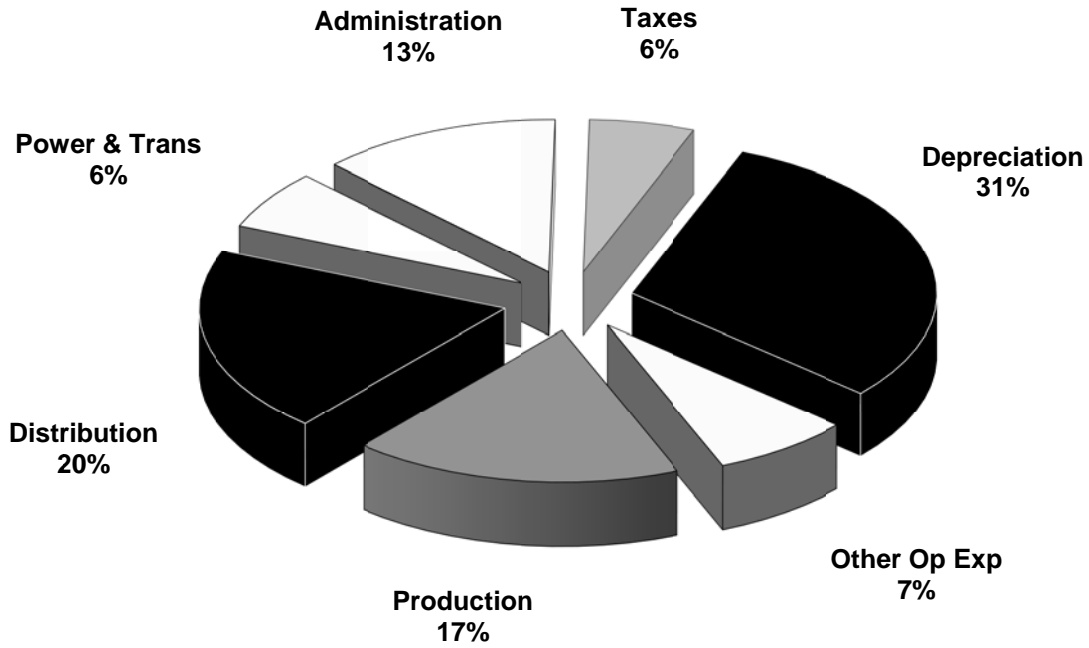
**WATER SALES**  
Year to Date - May 2014  
(\$25,340,980)



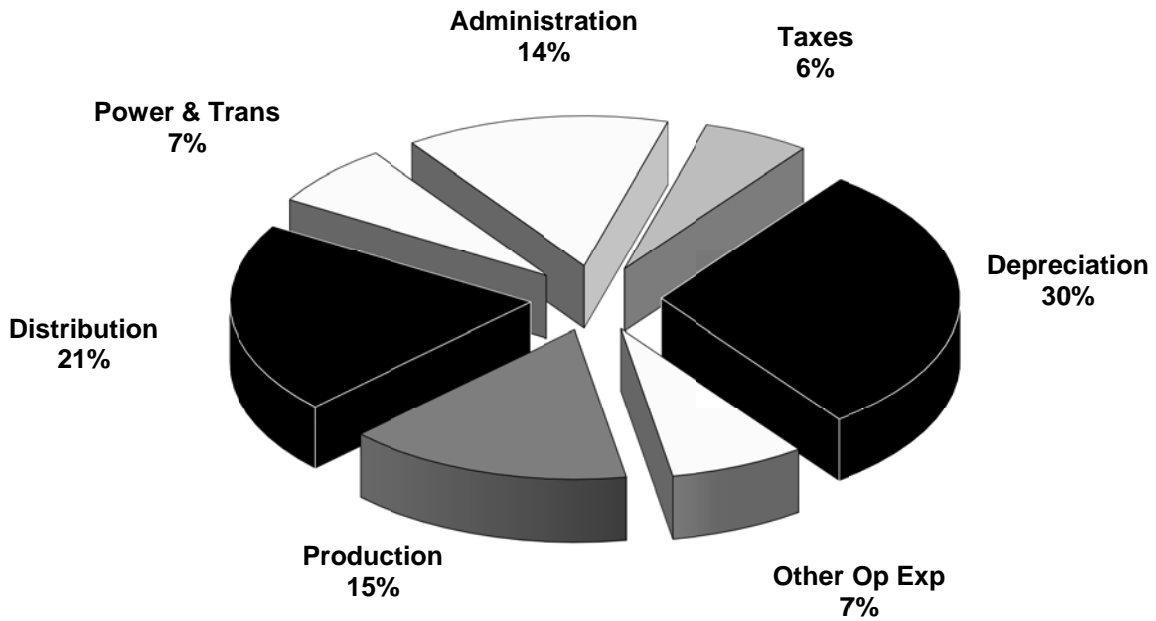
**WATER SALES**  
Year to Date - May 2013  
(\$22,513,098)



**TOTAL OPERATING EXPENSES**  
Year to Date - May 2014  
(\$22,815,586)



**TOTAL OPERATING EXPENSES**  
Year to Date - May 2013  
(\$22,403,192)





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.