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**AUGUST**

**TACOMA WATER**

**2017**

**FINANCIAL  
REPORT**



# Public Utility Board

MONIQUE TRUDNOWSKI

Chair

WOODROW JONES

Vice-Chair

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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

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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 - AUGUST 31, 2017 AND AUGUST 31, 2016

<b>ASSETS AND DEFERRED OUTFLOWS</b>	<u>2017</u>	<u>2016</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$1,076,211,367	\$1,062,944,060
Less Depreciation and Amortization .....	<u>(231,024,456)</u>	<u>(210,115,203)</u>
Total .....	845,186,911	852,828,857
Construction Work in Progress .....	<u>27,660,520</u>	<u>26,202,246</u>
Net Utility Plant .....	<u>872,847,431</u>	<u>879,031,103</u>
<b>NON-UTILITY PROPERTY</b> .....	492,963	492,963
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2010 Construction Fund .....	19,948,765	25,673,857
2013 Construction Fund .....	15,769,448	18,635,184
Regional Water Supply System Operating Fund .....	1,278,945	845,753
Provision for Debt Payment .....	13,135,145	10,366,499
Customer Water Main Deposits .....	3,255,080	3,184,251
Water Supply Forum Fund .....	395,224	270,134
Special Bond Reserves .....	22,102,702	22,099,610
Water Customer Contribution Fund .....	(106,426)	(151,305)
Water Capital Reserves .....	29,760,970	26,902,025
Water System Development Charge .....	<u>60,985,064</u>	<u>57,621,952</u>
Total Restricted Assets .....	166,524,917	165,447,960
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	55,405,884	54,895,492
Customers' Deposits .....	322,916	324,708
Receivables:		
Customers .....	6,482,978	5,837,007
Accrued Unbilled Revenues .....	4,797,144	4,935,000
Others .....	840,565	608,941
BABs Interest Subsidies .....	960,192	893,940
Provision for Uncollectible Accounts .....	(494,731)	(380,342)
Materials and Supplies .....	2,236,021	2,448,793
Prepayments .....	<u>998,056</u>	<u>822,002</u>
Total Current Assets .....	<u>71,549,025</u>	<u>70,385,541</u>
<b>TOTAL ASSETS</b> .....	<u>1,111,414,336</u>	<u>1,115,357,567</u>
<b>OTHER ASSETS</b>		
Regulatory Assets - Public Fire Protection Fees .....	793,095	1,620,667
Regulatory Assets - Surcharges .....	1,489,508	1,606,651
Net Pension Asset .....	-	881,279
Total Other Assets .....	<u>2,282,603</u>	<u>4,108,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Losses on Refunding Bonds .....	1,441,523	1,722,845
Deferred Outflows for Pensions .....	<u>8,994,103</u>	<u>2,092,307</u>
Total Deferred Outflows .....	10,435,626	3,815,152
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,124,132,565</u>	<u>\$1,123,281,316</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 .....	\$437,665,512	\$438,565,317
Restricted for:		
Water Capital Reserves .....	24,172,572	20,834,622
Water System Development Charge .....	25,409,617	22,046,506
Debt Service Funds .....	7,447,505	5,130,227
Pension Asset .....	-	881,279
Unrestricted .....	59,057,272	59,834,762
<b>TOTAL NET POSITION .....</b>	<b>553,752,478</b>	<b>547,292,713</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 .....	12,585,214	14,182,128
Net Outstanding Revenue Bonds .....	384,985,214	392,807,128
PWTF Pre-Construction Loans .....	640,609	800,783
PWTF Construction Loans .....	19,370,627	21,907,224
State Drinking Water Loans .....	69,844,047	75,893,293
<b>Total Long-Term Debt .....</b>	<b>474,840,497</b>	<b>491,408,428</b>
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	765,695	683,152
Purchases and Contracts Payable .....	810,972	961,149
Interest Expense Accrued .....	5,687,640	5,236,272
Taxes Accrued .....	2,016,887	1,884,639
Customers' and Contractors' Deposits .....	356,156	350,320
Current Portion of Long-Term Debt .....	13,334,372	10,738,011
Other Current Liabilities .....	1,804,057	1,768,680
Current Accrued Compensated Absences .....	269,819	260,047
<b>Total Current Liabilities .....</b>	<b>25,045,598</b>	<b>21,882,270</b>
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	6,762,451	6,943,806
Customer Advances for Construction .....	5,414,689	4,833,922
Unearned Revenue .....	7,487,607	7,972,770
Other Long-Term Liabilities .....	4,515,898	4,101,181
Pension Liability .....	7,788,151	-
Long-Term Accrued Compensated Absences .....	2,428,375	2,340,426
<b>Total Long-Term Liabilities .....</b>	<b>34,397,171</b>	<b>26,192,105</b>
<b>TOTAL LIABILITIES .....</b>	<b>534,283,266</b>	<b>539,482,803</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Rate Stabilization .....	35,575,447	35,575,447
Deferred Inflows for Pensions .....	521,374	930,353
<b>Total Deferred Inflows .....</b>	<b>36,096,821</b>	<b>36,505,800</b>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .</b>	<b>\$1,124,132,565</b>	<b>\$1,123,281,316</b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

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

	AUGUST 2017	AUGUST 2016
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$10,288,277	\$9,477,739
Other Operating Revenues .....	804,031	793,900
Contract Resource Obligation Revenue .....	368,754	358,848
Total Operating Revenues .....	11,461,062	10,630,487
<b>OPERATING EXPENSES</b>		
Production Expense:		
Source of Supply .....	594,513	610,075
Water Treatment .....	588,189	539,317
Total Production Expense .....	1,182,702	1,149,392
Power Pumping Expense .....	43,163	40,871
Transmission and Storage Expense .....	213,856	197,651
Distribution Expense .....	1,180,354	1,155,502
Customer Accounting and Consumer Service ...	449,719	360,162
Taxes .....	507,895	470,399
Depreciation .....	2,000,121	1,984,093
Administrative and General .....	837,228	799,036
Total Operating Expenses .....	6,415,038	6,157,106
<b>OPERATING INCOME (LOSS)</b> .....	5,046,024	4,473,381
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	213,370	119,979
Miscellaneous .....	17,250	(24,230)
Interest on Long-Term Debt .....	(1,349,387)	(1,382,150)
Interest on Long-Term Debt BABs Sub .....	(320,064)	(253,812)
Amortization Of Debt Premium .....	111,548	105,803
Interest Charged to Construction .....	49,931	44,698
Total Non-Operating Revenues (Expenses)	(1,277,352)	(1,389,712)
Net Income (Loss) Before Capital Contributions and Transfers .....	3,768,672	3,083,669
Capital Contributions:		
Cash .....	530,609	391,019
Donated Fixed Assets .....	-	-
Federal BABs Subsidies .....	320,064	253,812
Transfers:		
City Gross Earnings Tax .....	(865,931)	(762,791)
CHANGE IN NET POSITION .....	\$3,753,414	\$2,965,709
NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - AUGUST 31 .....		

YEAR TO DATE		2017 OVER (UNDER)	PERCENT CHANGE
AUGUST 31 2017	AUGUST 31 2016	2016	
\$ 51,279,652	\$ 51,317,980	(\$38,328)	-0.1%
6,812,951	6,672,996	139,955	2.1%
3,040,435	3,308,695	(268,260)	-8.1%
<u>61,133,038</u>	<u>61,299,671</u>	<u>(166,633)</u>	-0.3%
4,716,552	4,668,006	48,546	1.0%
<u>4,348,633</u>	<u>4,181,988</u>	<u>166,645</u>	4.0%
9,065,185	8,849,994	215,191	2.4%
346,413	444,657	(98,244)	-22.1%
1,656,617	1,934,856	(278,239)	-14.4%
9,470,557	8,630,633	839,924	9.7%
3,306,572	3,033,289	273,283	9.0%
3,009,544	2,971,765	37,779	1.3%
16,026,830	15,886,803	140,027	0.9%
7,051,405	6,471,385	580,020	9.0%
<u>49,933,123</u>	<u>48,223,382</u>	<u>1,709,741</u>	3.5%
11,199,915	13,076,289	(1,876,374)	-14.3%
2,245,325	1,781,295	464,030	26.1%
1,036,796	(20,052)	1,056,848	-5270.5%
(10,914,723)	(10,707,334)	(207,389)	1.9%
(2,450,089)	(2,385,438)	(64,651)	2.7%
892,384	846,417	45,967	5.4%
323,412	317,015	6,397	2.0%
<u>(8,866,895)</u>	<u>(10,168,097)</u>	<u>1,301,202</u>	-12.8%
2,333,020	2,908,192	(575,172)	-19.8%
3,811,195	3,086,821	724,374	23.5%
114,852	770,235	(655,383)	-85.1%
2,450,089	2,385,438	64,651	2.7%
<u>(4,608,904)</u>	<u>(4,359,796)</u>	<u>(249,108)</u>	5.7%
4,100,252	4,790,890	(690,638)	-14.4%
549,652,226	542,501,823	7,150,403	
<u>\$553,752,478</u>	<u>\$547,292,713</u>	<u>\$6,459,765</u>	1.2%

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



CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

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

	<u>AUGUST 2017</u>	<u>AUGUST 2016</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$7,032,597	\$6,237,797
Commercial and Industrial .....	2,212,448	2,201,272
Special Rate .....	558,983	538,049
Sales to Other Utilities .....	<u>484,249</u>	<u>500,621</u>
Total .....	<u><u>\$10,288,277</u></u>	<u><u>\$9,477,739</u></u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	108,032	106,284
Commercial and Industrial .....	7,346	6,300
Sales to Other Utilities .....	<u>17</u>	<u>16</u>
Total .....	<u><u>115,395</u></u>	<u><u>112,600</u></u>

YEAR TO DATE		2017 OVER	
AUGUST 31 2017	AUGUST 31 2016	(UNDER) 2016	PERCENT CHANGE
\$34,146,997	\$33,424,766	\$722,231	2.2%
11,188,046	11,398,885	(210,839)	-1.8%
4,063,939	3,850,149	213,790	5.6%
1,880,670	2,644,180	(763,510)	-28.9%
<u>\$51,279,652</u>	<u>\$51,317,980</u>	<u>(\$38,328)</u>	-0.1%
768,468	754,923	13,545	1.8%
52,748	50,134	2,614	5.2%
<u>136</u>	<u>135</u>	<u>1</u>	0.7%
<u>821,352</u>	<u>805,192</u>	<u>16,160</u>	2.0%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

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

	MILLION GALLONS, TOTAL			
	AUGUST 2017	AUGUST 2016	YEAR TO DATE	
			AUGUST 31 2017	AUGUST 31 2016
WATER BILLED				
Residential and				
Domestic .....	1,303.32	1,162.04	5,302.13	5,496.15
Commercial and				
Industrial .....	465.40	492.67	1,986.49	2,204.62
Special Rate .....	503.82	503.99	3,685.40	3,563.18
Sales to Other				
Utilities .....	140.63	146.09	581.00	878.22
	2,413.17	2,304.79	11,555.02	12,142.17

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

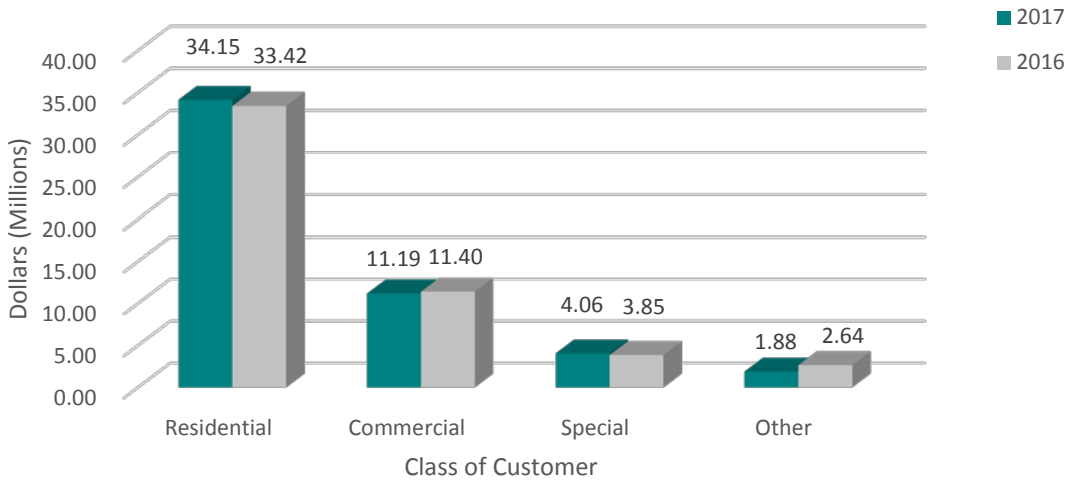
MILLION GALLONS, AVERAGE DAILY

<u>AUGUST</u> <u>2017</u>	<u>AUGUST</u> <u>2016</u>
42.04	37.49
15.01	15.89
16.25	16.26
<u>4.54</u>	<u>4.71</u>
<u><u>77.84</u></u>	<u><u>74.35</u></u>

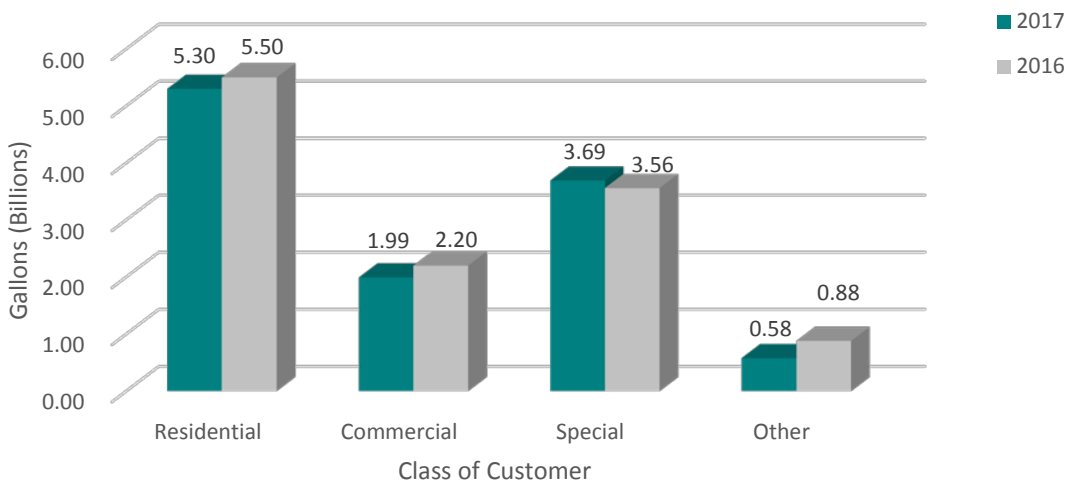
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# Supplemental Data

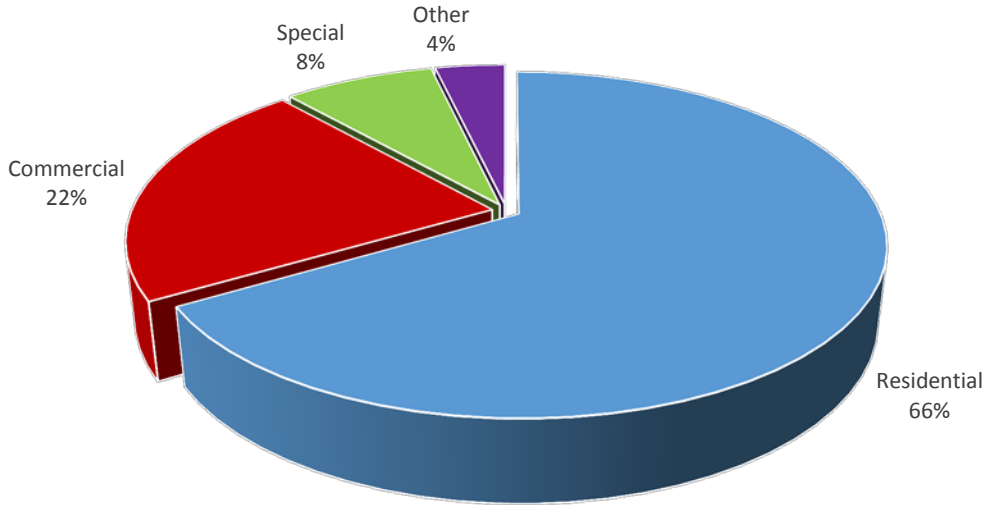
### WATER SALES Year to Date - August 2017 & 2016



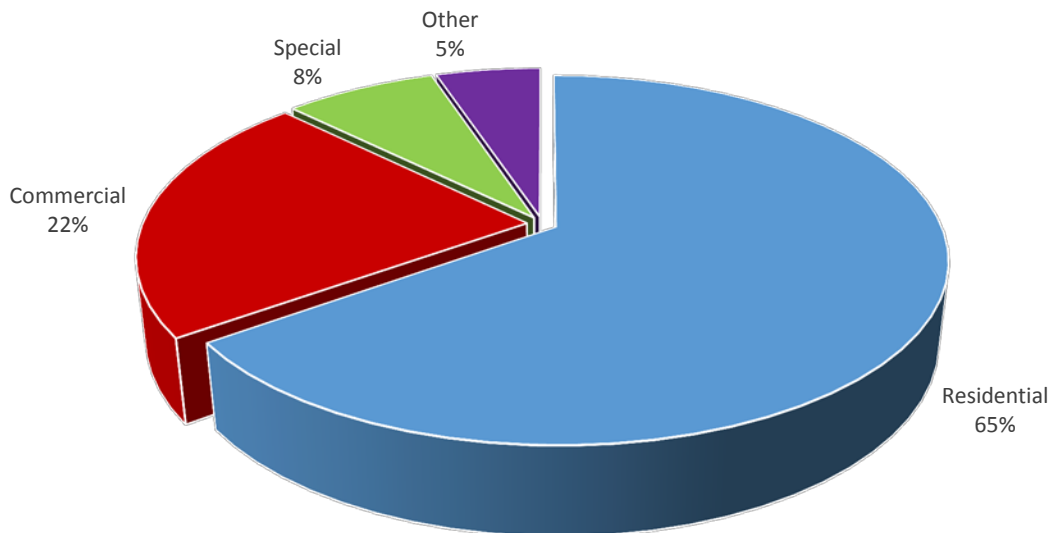
### WATER CONSUMPTION Year to Date - August 2017 & 2016



WATER SALES  
Year to Date - August 2017  
(\$51,279,652)

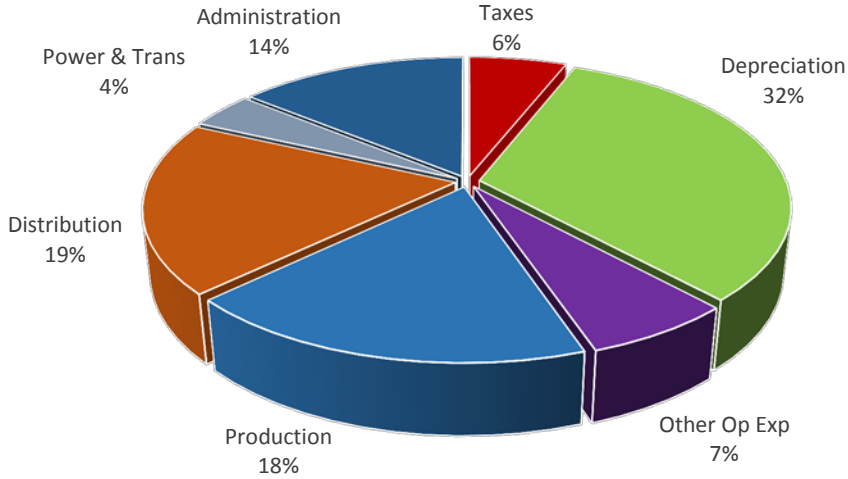


WATER SALES  
Year to Date - August 2016  
(\$51,317,980)

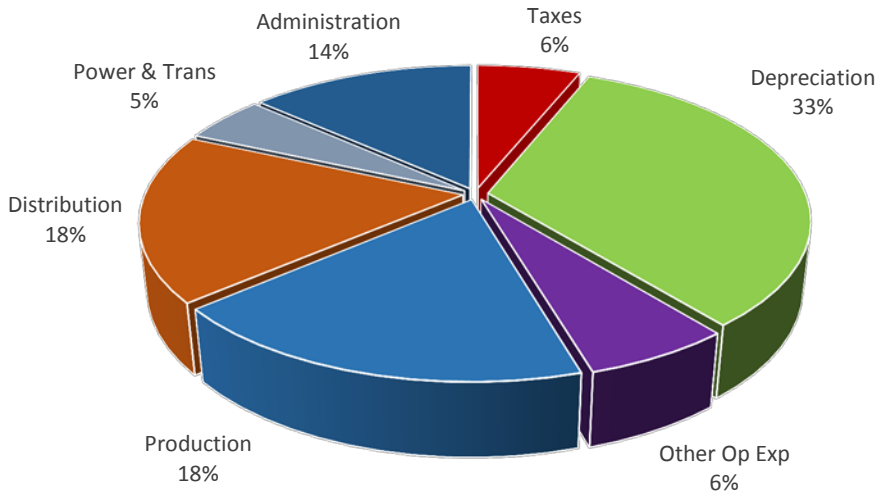




**TOTAL OPERATING EXPENSES**  
**Year to Date - August 2017**  
**(\$49,933,123)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - August 2016**  
**(\$48,223,382)**





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.