
OCTOBER

TACOMA WATER

2016

**FINANCIAL
REPORT**



Public Utility Board

MARK PATTERSON

Chair

MONIQUE TRUDNOWSKI

Vice-Chair

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Member

WILLIAM A. GAINES
Director of Utilities/CEO

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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 - OCTOBER 31, 2016 AND OCTOBER 31, 2015

ASSETS AND DEFERRED INFLOWS	<u>2016</u>	<u>2015</u>
UTILITY PLANT		
Water Plant in Service	\$1,065,698,512	\$1,051,345,555
Less Depreciation and Amortization	(213,904,814)	(193,549,637)
Total	<u>851,793,698</u>	<u>857,795,918</u>
Construction Work in Progress	25,520,374	25,434,767
Net Utility Plant	<u>877,314,072</u>	<u>883,230,685</u>
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2010 Construction Fund	25,714,551	9,107,069
2010 RWSS Construction Fund	-	18,402
2013 Construction Fund	17,409,209	26,302,167
Regional Water Supply System Operating Fund	644,957	85,788
Provision for Debt Payment	12,432,905	12,467,724
Customer Water Main Deposits	3,198,001	3,105,535
Water Supply Forum Fund.....	267,162	253,487
Special Bond Reserves	22,100,087	22,097,427
Water Customer Contribution Fund	(545,102)	(151,040)
Water Capital Reserves	26,780,395	25,330,471
Water System Development Charge	58,011,898	55,756,760
Total Restricted Assets	<u>166,014,063</u>	<u>154,373,790</u>
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	55,730,183	51,238,306
Customers' Deposits	326,394	323,277
Receivables:		
Customers	5,838,958	5,385,517
Accrued Unbilled Revenues	4,935,000	4,616,056
Others	906,485	970,352
BABs Interest Subsidies	1,489,900	1,600,320
Provision for Uncollectible Accounts	(391,753)	(343,585)
Materials and Supplies	2,459,476	2,392,851
Prepayments	750,924	556,950
Total Current Assets	<u>72,045,567</u>	<u>66,740,044</u>
TOTAL ASSETS	<u>1,115,866,665</u>	<u>1,104,837,482</u>
OTHER ASSETS		
Regulatory Assets - Public Fire Protection Fees	1,494,690	2,310,791
Regulatory Assets - Surcharges	1,588,067	742,019
Net Pension Asset	881,279	-
Total Other Assets	<u>3,964,036</u>	<u>3,052,810</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	1,675,958	1,957,279
Deferred Outflows for Pensions	2,092,307	-
Total Deferred Outflows	<u>3,768,265</u>	<u>1,957,279</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$1,123,598,966</u>	<u>\$1,109,847,571</u>

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

NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u>2016</u>	<u>2015</u>
NET POSITION		
Net Investment in Capital Assets	\$439,468,438	\$440,561,496
Restricted for:		
Water Capital Reserves	20,712,992	18,784,062
Water System Development Charge	22,436,452	20,181,314
Debt Service Funds	4,391,697	4,305,023
Pension Asset	881,279	-
Unrestricted	<u>61,629,039</u>	<u>54,873,969</u>
TOTAL NET POSITION	549,519,897	538,705,864
LONG-TERM DEBT		
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>13,923,637</u>	<u>15,464,073</u>
Net Outstanding Revenue Bonds	392,548,637	400,169,073
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	485,100,690	484,608,722
CURRENT LIABILITIES		
Salaries and Wages Payable	918,480	778,631
Purchases and Contracts Payable	1,016,370	1,743,032
Interest Expense Accrued	8,041,208	8,162,701
Taxes Accrued	1,744,527	1,564,505
Customers' and Contractors' Deposits	356,262	347,745
Current Portion of Long-Term Debt	13,193,906	10,906,079
Other Current Liabilities	884,340	867,000
Current Accrued Compensated Absences	<u>260,047</u>	<u>255,611</u>
Total Current Liabilities	26,415,140	24,625,304
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,943,806	7,129,695
Customer Advances for Construction	4,818,331	4,805,691
Unearned Revenue	7,865,651	8,252,121
Other Long-Term Liabilities	4,089,225	3,844,230
Long-Term Accrued Compensated Absences	<u>2,340,426</u>	<u>2,300,497</u>
Total Long-Term Liabilities	26,057,439	26,332,234
TOTAL LIABILITIES	537,573,269	535,566,260
DEFERRED INFLOWS OF RESOURCES		
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
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .	<u>\$1,123,598,966</u>	<u>\$1,109,847,571</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
OCTOBER 31, 2016 AND OCTOBER 31, 2015

	OCTOBER 2016	OCTOBER 2015
OPERATING REVENUES		
Sales of Water	\$7,991,470	\$7,317,308
Other Operating Revenues	895,018	873,007
Contract Resource Obligation Revenue	360,529	595,555
Total Operating Revenues	9,247,017	8,785,870
 OPERATING EXPENSES		
Production Expense		
Source of Supply	539,110	1,312,034
Water Treatment	594,224	341,014
Total Production Expense	1,133,334	1,653,048
Power Pumping Expense	46,412	88,595
Transmission and Storage Expense	197,592	220,719
Distribution Expense	1,037,487	873,442
Customer Accounting and Consumer Service ...	408,608	390,568
Taxes	407,161	353,313
Depreciation	1,979,221	1,430,130
Administrative and General	807,033	729,418
Total Operating Expenses	6,016,848	5,739,233
 OPERATING INCOME (LOSS)	3,230,169	3,046,637
 NON-OPERATING REVENUES (EXPENSES)		
Interest Income	179,216	182,446
Miscellaneous	(383,030)	(11,052)
Interest on Long-Term Debt	(1,380,478)	(1,347,721)
Interest on Long-Term Debt BABs Sub	(297,980)	(320,064)
Amortization Of Debt Premium	105,802	100,546
Interest Charged to Construction.....	41,966	44,607
Total Non-Operating Revenues (Expenses)	(1,734,504)	(1,351,238)
 Net Income (Loss) Before Capital Contributions and Transfers	1,495,665	1,695,399
Capital Contributions		
Cash	396,045	283,617
Donated Fixed Assets	319,063	202,276
Federal BAB Subsidies	297,980	320,064
Grants	1,752	-
Transfers Out		
City Gross Earnings Tax	(733,566)	(634,353)
Transfer to Other Funds	-	(50,690)
 CHANGE IN NET POSITION	\$1,776,939	\$1,816,313
 NET POSITION - JANUARY 1		
 TOTAL NET POSITION - OCTOBER 31		

YEAR TO DATE		2016	
OCTOBER 31	OCTOBER 31	OVER	PERCENT
2016	2015	(UNDER)	CHANGE
		2015	
\$ 66,747,094	\$ 65,415,933	\$1,331,161	2.0%
8,375,621	8,045,699	329,922	4.1%
4,043,301	11,243,045	(7,199,744)	-64.0%
<u>79,166,016</u>	<u>84,704,677</u>	<u>(5,538,661)</u>	<u>-6.5%</u>
5,794,800	6,724,914	(930,114)	-13.8%
5,275,185	4,049,972	1,225,213	30.3%
<u>11,069,985</u>	<u>10,774,886</u>	<u>295,099</u>	<u>2.7%</u>
559,315	582,202	(22,887)	-3.9%
2,368,026	2,430,703	(62,677)	-2.6%
10,642,081	10,038,357	603,724	6.0%
3,789,931	3,598,445	191,486	5.3%
3,898,305	3,632,677	265,628	7.3%
19,861,354	14,248,512	5,612,842	39.4%
8,036,036	7,271,068	764,968	10.5%
<u>60,225,033</u>	<u>52,576,850</u>	<u>7,648,183</u>	<u>14.5%</u>
18,940,983	32,127,827	(13,186,844)	-41.0%
2,136,743	1,337,695	799,048	59.7%
(236,649)	(106,233)	(130,416)	122.8%
(14,422,697)	(13,655,052)	(767,645)	5.6%
(2,981,398)	(3,060,451)	79,053	-2.6%
1,058,021	1,477,866	(419,845)	-28.4%
404,253	1,587,942	(1,183,689)	-74.5%
<u>(14,041,727)</u>	<u>(12,418,233)</u>	<u>(1,623,494)</u>	<u>13.1%</u>
4,899,256	19,709,594	(14,810,338)	-75.1%
3,787,363	3,804,168	(16,805)	-0.4%
1,089,298	1,161,319	(72,021)	-6.2%
2,981,398	3,060,451	(79,053)	-2.6%
1,752	61,478	(59,726)	-97.2%
(5,740,993)	(5,713,701)	(27,292)	0.5%
-	(50,690)	50,690	-100.0%
7,018,074	22,032,619	(15,014,545)	-68.1%
<u>542,501,823</u>	<u>516,673,245</u>	<u>25,828,578</u>	
<u>\$549,519,897</u>	<u>\$538,705,864</u>	<u>\$10,814,033</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
OCTOBER 31, 2016 AND OCTOBER 31, 2015

	<u>OCTOBER 2016</u>	<u>OCTOBER 2015</u>
SALES OF WATER		
Residential and Domestic	\$5,204,041	\$4,683,652
Commercial and Industrial	1,960,890	1,582,956
Special Rate	503,222	503,051
Sales to Other Utilities	<u>323,317</u>	<u>547,649</u>
Total	<u><u>\$7,991,470</u></u>	<u><u>\$7,317,308</u></u>

BILLINGS (NUMBER OF MONTHS BILLED)

Residential and Domestic	103,722	105,010
Commercial and Industrial	5,744	7,028
Sales to Other Utilities	<u>17</u>	<u>19</u>
Total	<u><u>109,483</u></u>	<u><u>112,057</u></u>

YEAR TO DATE		2016 OVER (UNDER) 2015	PERCENT CHANGE
OCTOBER 2016	OCTOBER 2015		
\$43,352,198	\$41,464,220	\$1,887,978	4.6%
15,080,990	14,663,831	417,159	2.8%
4,867,231	4,991,272	(124,041)	-2.5%
3,446,675	4,296,610	(849,935)	-19.8%
<u>\$66,747,094</u>	<u>\$65,415,933</u>	<u>\$1,331,161</u>	2.0%
943,362	935,891	7,471	0.8%
62,039	64,544	(2,505)	-3.9%
170	184	(14)	-7.6%
<u>1,005,571</u>	<u>1,000,619</u>	<u>4,952</u>	0.5%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

SUMMARY OF WATER BILLED
OCTOBER 31, 2016 AND OCTOBER 31, 2015

	MILLION GALLONS, TOTAL			
	OCTOBER	OCTOBER	YEAR TO DATE	
	<u>2016</u>	<u>2015</u>	<u>OCTOBER 2016</u>	<u>OCTOBER 2015</u>
WATER BILLED				
Residential and				
Domestic	907.62	790.31	7,269.06	7,444.05
Commercial and				
Industrial	329.04	316.51	2,924.32	2,921.43
Special Rate	471.39	481.81	4,513.02	4,863.09
Sales to Other				
Utilities	<u>100.03</u>	<u>163.47</u>	<u>1,117.44</u>	<u>1,444.08</u>
	<u><u>1,808.08</u></u>	<u><u>1,752.10</u></u>	<u><u>15,823.84</u></u>	<u><u>16,672.65</u></u>

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

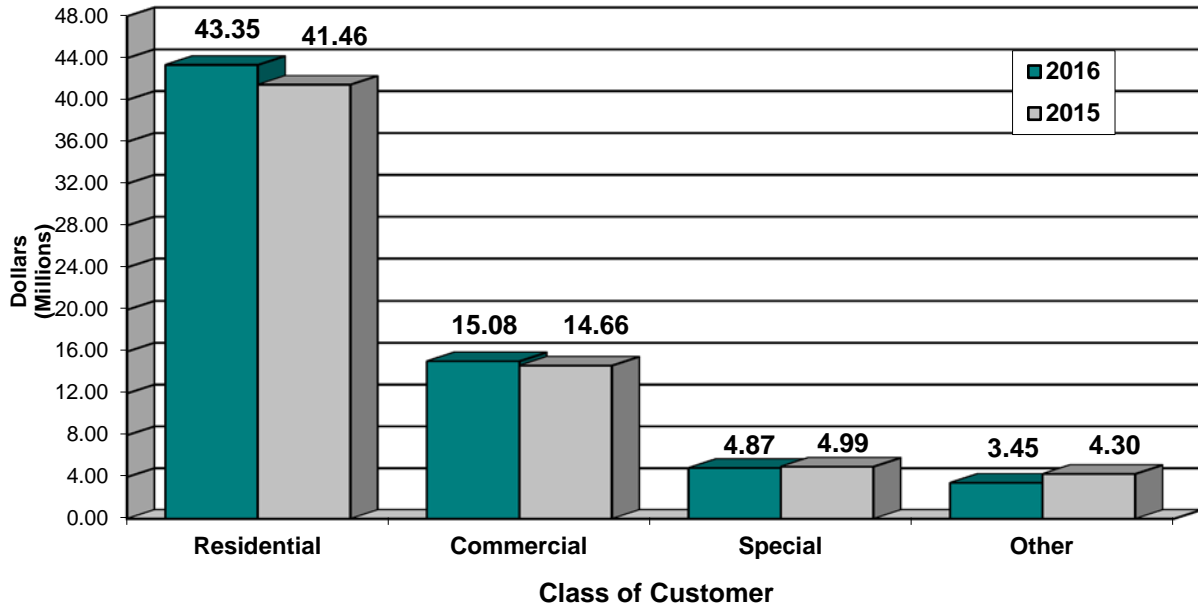
MILLION GALLONS, AVERAGE DAILY

<u>OCTOBER 2016</u>	<u>OCTOBER 2015</u>
29.28	25.49
10.61	10.21
15.21	15.54
<u>3.23</u>	<u>5.27</u>
<u><u>58.33</u></u>	<u><u>56.51</u></u>

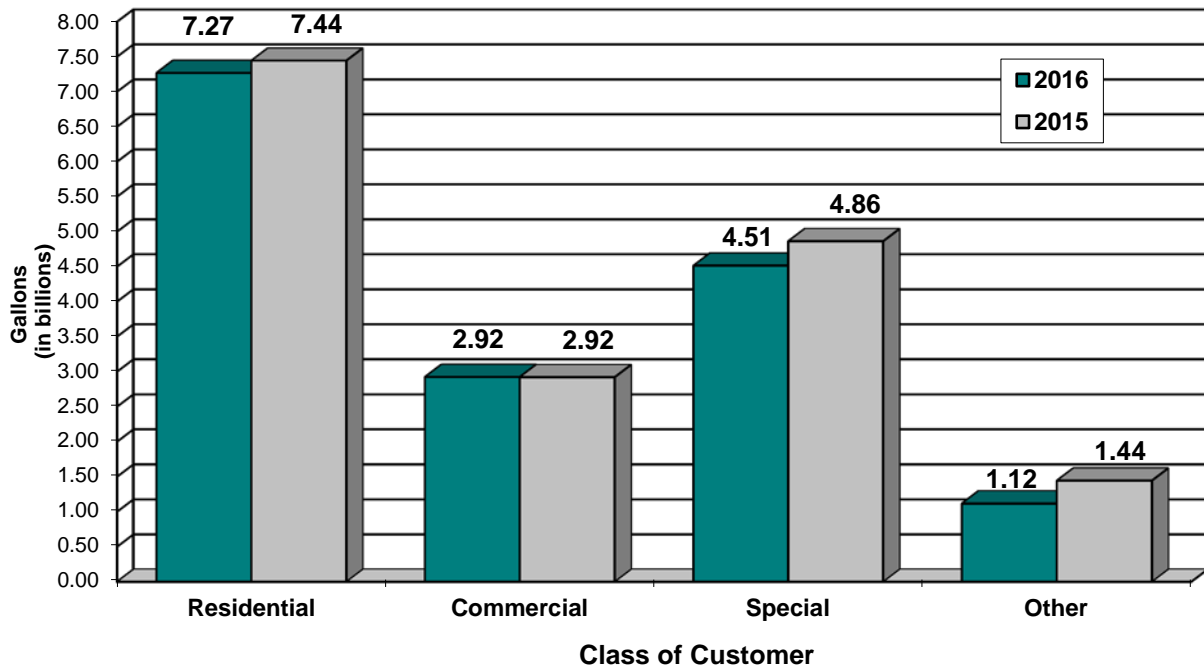
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Supplemental Data

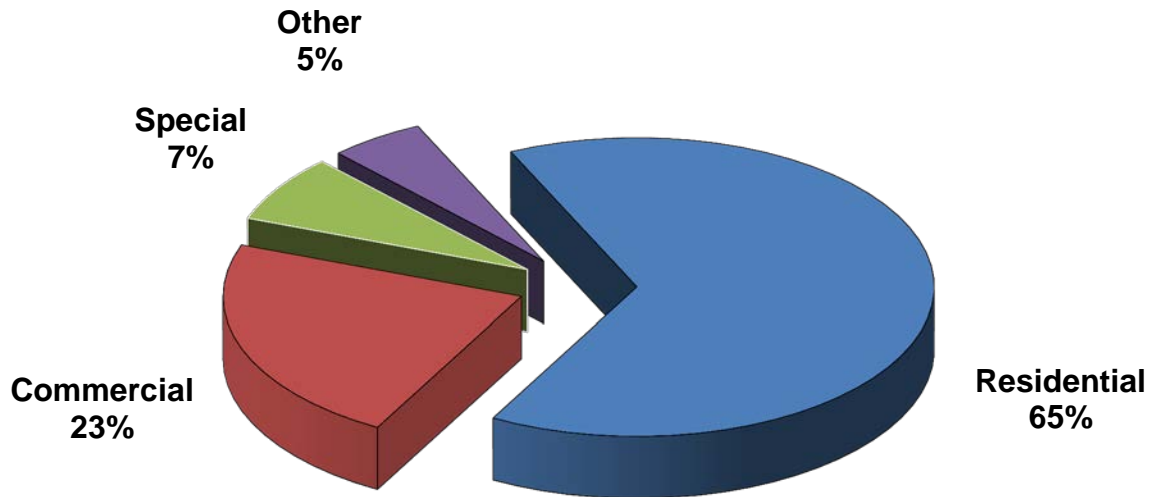
WATER SALES
Year to Date - October 2016 & 2015



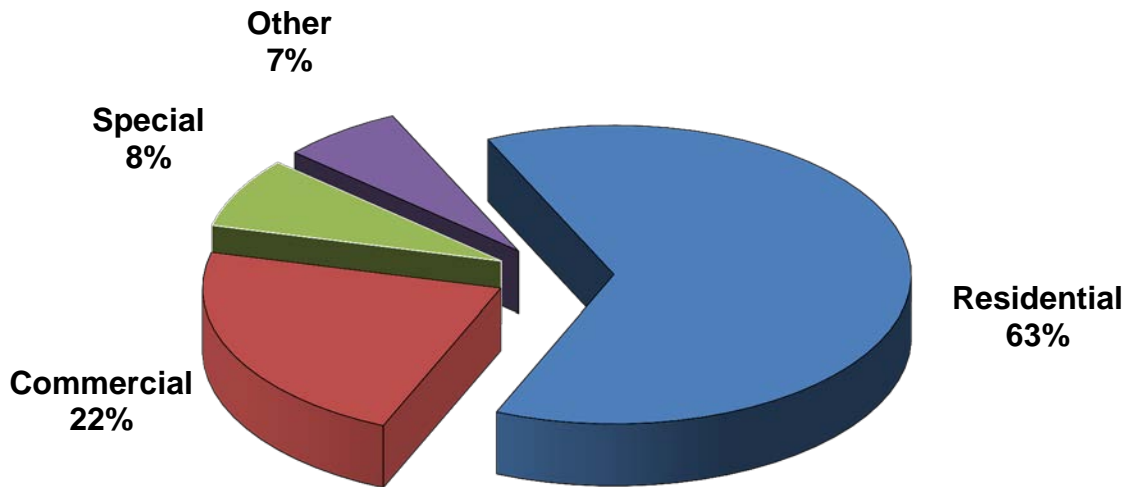
WATER CONSUMPTION
Year to Date - October 2016 & 2015



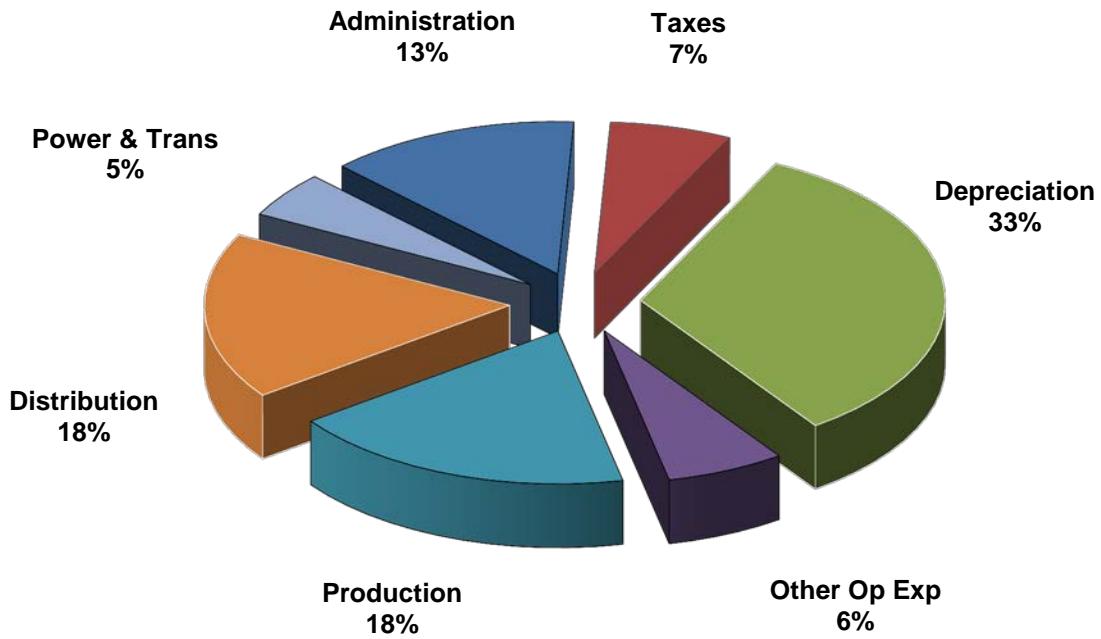
WATER SALES
Year to Date - October 2016
(\$66,747,094)



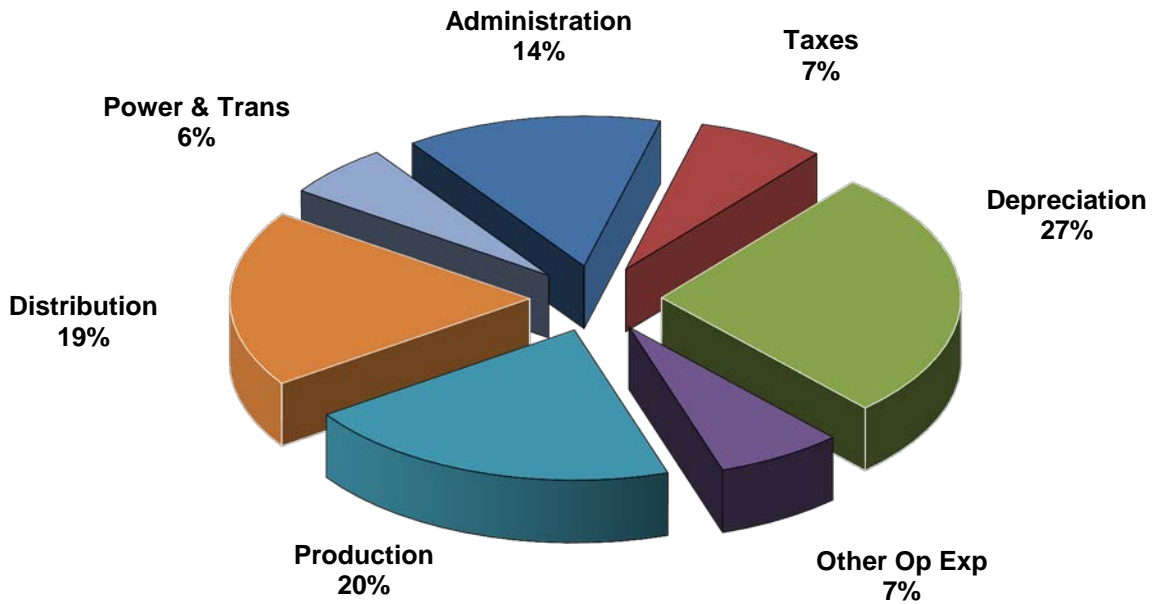
WATER SALES
Year to Date - October 2015
(\$65,415,933)



TOTAL OPERATING EXPENSES
Year to Date - October 2016
(\$60,255,033)



TOTAL OPERATING EXPENSES
Year to Date - October 2015
(\$52,576,850)





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.