
JULY

TACOMA WATER

2017

**FINANCIAL
REPORT**



Public Utility Board

MONIQUE TRUDNOWSKI

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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 - JULY 31, 2017 AND JULY 31, 2016

ASSETS AND DEFERRED OUTFLOWS	<u>2017</u>	<u>2016</u>
UTILITY PLANT		
Water Plant in Service	\$1,075,715,591	\$1,062,138,722
Less Depreciation and Amortization	<u>(229,024,335)</u>	<u>(208,150,759)</u>
Total	846,691,256	853,987,963
Construction Work in Progress	27,036,355	24,910,612
Net Utility Plant	<u>873,727,611</u>	<u>878,898,575</u>
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2010 Construction Fund	20,526,300	25,655,517
2010 RWSS Construction Fund	-	7,254
2013 Construction Fund	15,805,221	19,803,608
Regional Water Supply System Operating Fund	1,247,891	793,342
Provision for Debt Payment	10,855,041	8,275,270
Customer Water Main Deposits	3,245,080	3,162,235
Water Supply Forum Fund	409,046	275,662
Special Bond Reserves	22,102,406	22,099,513
Water Customer Contribution Fund	(27,492)	(179,646)
Water Capital Reserves	29,755,362	27,435,097
Water System Development Charge	60,729,724	57,420,209
Total Restricted Assets	<u>164,648,579</u>	<u>164,748,061</u>
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	52,187,466	50,581,942
Customers' Deposits	326,768	331,460
Receivables:		
Customers	5,362,626	5,833,676
Accrued Unbilled Revenues	4,797,144	4,935,000
Others	756,130	667,858
BABs Interest Subsidies	640,128	640,128
Provision for Uncollectible Accounts	(545,856)	(383,826)
Materials and Supplies	2,289,524	2,489,094
Prepayments	1,046,488	861,928
Total Current Assets	<u>66,860,418</u>	<u>65,957,260</u>
TOTAL ASSETS	<u>1,105,729,571</u>	<u>1,110,096,859</u>
OTHER ASSETS		
Regulatory Assets - Public Fire Protection Fees	856,083	1,683,655
Regulatory Assets - Surcharges	1,498,782	1,615,940
Net Pension Asset	-	881,279
Total Other Assets	<u>2,354,865</u>	<u>4,180,874</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	1,464,966	1,746,288
Deferred Outflows for Pensions	<u>8,994,103</u>	<u>2,092,307</u>
Total Deferred Outflows	10,459,069	3,838,595
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$1,118,543,505</u>	<u>\$1,118,116,328</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
NET POSITION		
Net Investment in Capital Assets	\$439,047,156	\$439,484,228
Restricted for:		
Water Capital Reserves	24,166,964	21,367,694
Water System Development Charge	25,154,277	21,844,762
Debt Service Funds	6,836,635	4,674,833
Pension Asset	-	881,279
Unrestricted	54,794,032	56,074,207
TOTAL NET POSITION	549,999,064	544,327,003
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	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	12,720,206	14,311,374
Net Outstanding Revenue Bonds	385,120,206	392,936,374
PWTF Pre-Construction Loans	640,609	800,782
PWTF Construction Loans	19,370,627	21,907,224
State Drinking Water Loans	69,844,046	75,893,293
Total Long-Term Debt	474,975,488	491,537,673
CURRENT LIABILITIES		
Salaries and Wages Payable	510,833	421,393
Purchases and Contracts Payable	770,321	654,140
Interest Expense Accrued	4,018,406	3,600,437
Taxes Accrued	1,593,727	1,551,613
Customers' and Contractors' Deposits	357,876	353,060
Current Portion of Long-Term Debt	13,334,372	10,738,011
Other Current Liabilities	2,255,070	2,210,850
Current Accrued Compensated Absences	269,819	260,047
Total Current Liabilities	23,110,424	19,789,551
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,762,451	6,943,806
Customer Advances for Construction	5,297,974	4,660,070
Unearned Revenue	7,555,607	7,923,170
Other Long-Term Liabilities	4,529,150	4,088,829
Pension Liability	7,788,151	-
Long-Term Accrued Compensated Absences	2,428,375	2,340,426
Total Long-Term Liabilities	34,361,708	25,956,301
TOTAL LIABILITIES	532,447,620	537,283,525
DEFERRED INFLOWS OF RESOURCES		
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
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .	\$1,118,543,505	\$1,118,116,328

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

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

	<u>JULY</u> <u>2017</u>	<u>JULY</u> <u>2016</u>
OPERATING REVENUES		
Sales of Water	\$6,913,776	\$6,593,333
Other Operating Revenues	820,061	749,122
Contract Resource Obligation Revenue	429,311	341,838
Total Operating Revenues	<u>8,163,148</u>	<u>7,684,293</u>
OPERATING EXPENSES		
Production Expense:		
Source of Supply	581,839	559,453
Water Treatment	613,945	666,179
Total Production Expense	<u>1,195,784</u>	<u>1,225,632</u>
Power Pumping Expense	18,425	51,981
Transmission and Storage Expense	188,107	159,324
Distribution Expense	1,198,009	1,112,315
Customer Accounting and Consumer Service ...	388,423	380,029
Taxes	350,435	324,438
Depreciation	2,000,108	1,986,105
Administrative and General	969,541	812,696
Total Operating Expenses	<u>6,308,832</u>	<u>6,052,520</u>
OPERATING INCOME (LOSS)	1,854,316	1,631,773
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	212,819	181,154
Miscellaneous	150,229	(2,218)
Interest on Long-Term Debt	(1,332,427)	(1,318,003)
Interest on Long-Term Debt BABs Sub	(337,155)	(320,064)
Amortization Of Debt Premium	111,548	105,802
Interest Charged to Construction	47,845	40,330
Total Non-Operating Revenues (Expenses)	<u>(1,147,141)</u>	<u>(1,312,999)</u>
Net Income (Loss) Before Capital Contributions and Transfers	707,175	318,774
Capital Contributions:		
Cash	545,375	189,672
Donated Fixed Assets	9,544	383,994
Federal BABs Subsidies	320,064	320,064
Transfers:		
City Gross Earnings Tax	<u>(608,585)</u>	<u>(613,348)</u>
CHANGE IN NET POSITION	<u>\$973,573</u>	<u>\$599,156</u>
NET POSITION - JANUARY 1		
TOTAL NET POSITION - JULY 31		

YEAR TO DATE		2017 OVER (UNDER)	PERCENT CHANGE
JULY 31 2017	JULY 31 2016	2016	
\$ 40,991,376	\$ 41,840,241	(\$848,865)	-2.0%
6,008,919	5,879,097	129,822	2.2%
2,671,681	2,949,846	(278,165)	-9.4%
<u>49,671,976</u>	<u>50,669,184</u>	<u>(997,208)</u>	<u>-2.0%</u>
4,122,039	4,057,931	64,108	1.6%
3,760,444	3,642,671	117,773	3.2%
<u>7,882,483</u>	<u>7,700,602</u>	<u>181,881</u>	<u>2.4%</u>
303,250	403,786	(100,536)	-24.9%
1,442,760	1,737,205	(294,445)	-16.9%
8,290,203	7,475,131	815,072	10.9%
2,856,854	2,673,127	183,727	6.9%
2,501,649	2,501,366	283	0.0%
14,026,709	13,902,710	123,999	0.9%
6,214,177	5,672,349	541,828	9.6%
<u>43,518,085</u>	<u>42,066,276</u>	<u>1,451,809</u>	<u>3.5%</u>
6,153,891	8,602,908	(2,449,017)	-28.5%
2,031,955	1,661,315	370,640	22.3%
1,019,545	4,178	1,015,367	24302.7%
(9,565,335)	(9,325,184)	(240,151)	2.6%
(2,130,025)	(2,131,626)	1,601	-0.1%
780,836	740,614	40,222	5.4%
273,481	272,317	1,164	0.4%
<u>(7,589,543)</u>	<u>(8,778,386)</u>	<u>1,188,843</u>	<u>-13.5%</u>
(1,435,652)	(175,478)	(1,260,174)	718.1%
3,280,586	2,695,802	584,784	21.7%
114,852	770,235	(655,383)	-85.1%
2,130,025	2,131,626	(1,601)	-0.1%
<u>(3,742,973)</u>	<u>(3,597,005)</u>	<u>(145,968)</u>	<u>4.1%</u>
346,838	1,825,180	(1,478,342)	-81.0%
549,652,226	542,501,823	7,150,403	
<u>\$549,999,064</u>	<u>\$544,327,003</u>	<u>\$5,672,061</u>	<u>1.0%</u>

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
JULY 31, 2017 AND JULY 31, 2016

	<u>JULY 2017</u>	<u>JULY 2016</u>
SALES OF WATER		
Residential and Domestic	\$4,449,533	\$4,323,172
Commercial and Industrial	1,610,170	1,377,229
Special Rate	530,377	489,641
Sales to Other Utilities	<u>323,696</u>	<u>403,291</u>
Total	<u><u>\$6,913,776</u></u>	<u><u>\$6,593,333</u></u>

BILLINGS (NUMBER OF MONTHS BILLED)

Residential and Domestic	83,892	81,304
Commercial and Industrial	5,857	5,545
Sales to Other Utilities	<u>17</u>	<u>17</u>
Total	<u><u>89,766</u></u>	<u><u>86,866</u></u>

YEAR TO DATE		2017 OVER	
JULY 31 2017	JULY 31 2016	(UNDER) 2016	PERCENT CHANGE
\$27,114,401	\$27,186,969	(\$72,568)	-0.3%
8,975,598	9,197,613	(222,015)	-2.4%
3,504,956	3,312,100	192,856	5.8%
1,396,421	2,143,559	(747,138)	-34.9%
<u>\$40,991,376</u>	<u>\$41,840,241</u>	<u>(\$848,865)</u>	-2.0%
660,436	648,639	11,797	1.8%
45,402	43,834	1,568	3.6%
<u>119</u>	<u>119</u>	<u>-</u>	0.0%
<u>705,957</u>	<u>692,592</u>	<u>13,365</u>	1.9%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

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

	MILLION GALLONS, TOTAL			
	JULY 2017	JULY 2016	YEAR TO DATE	
			JULY 31 2017	JULY 31 2016
WATER BILLED				
Residential and Domestic	768.15	797.80	3,998.81	4,334.11
Commercial and Industrial	331.00	288.82	1,521.09	1,711.95
Special Rate	474.23	452.09	3,181.58	3,059.19
Sales to Other Utilities	90.55	116.44	440.37	732.13
	<u>1,663.93</u>	<u>1,655.15</u>	<u>9,141.85</u>	<u>9,837.38</u>

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

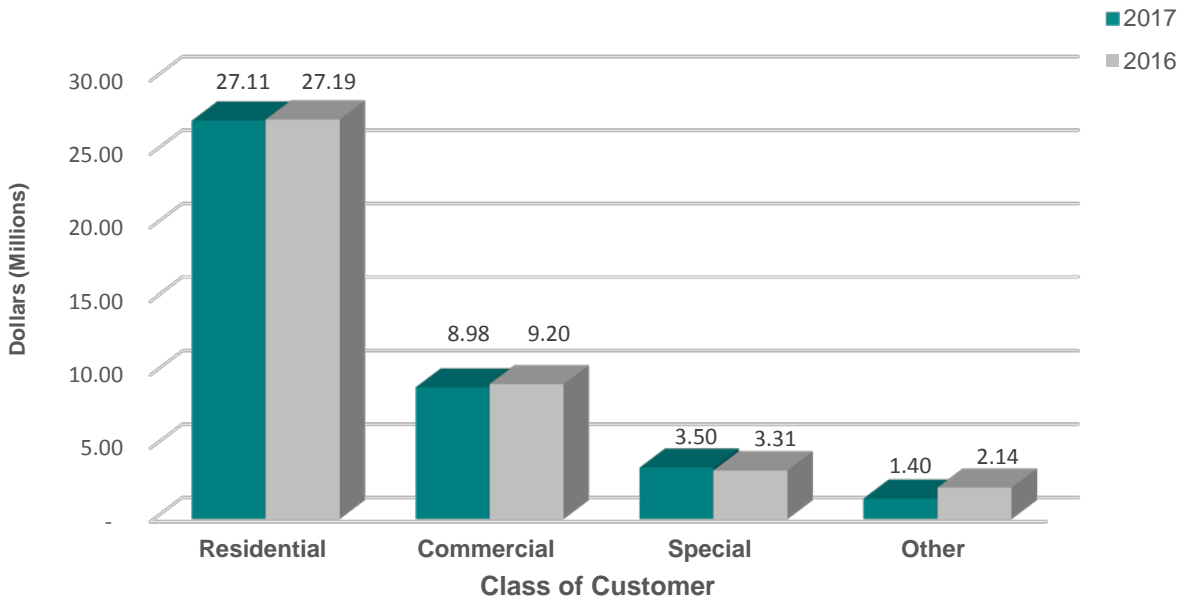
MILLION GALLONS, AVERAGE DAILY

<u>JULY</u> <u>2017</u>	<u>JULY</u> <u>2016</u>
24.78	25.74
10.68	9.32
15.30	14.58
<u>2.92</u>	<u>3.76</u>
<u><u>53.68</u></u>	<u><u>53.40</u></u>

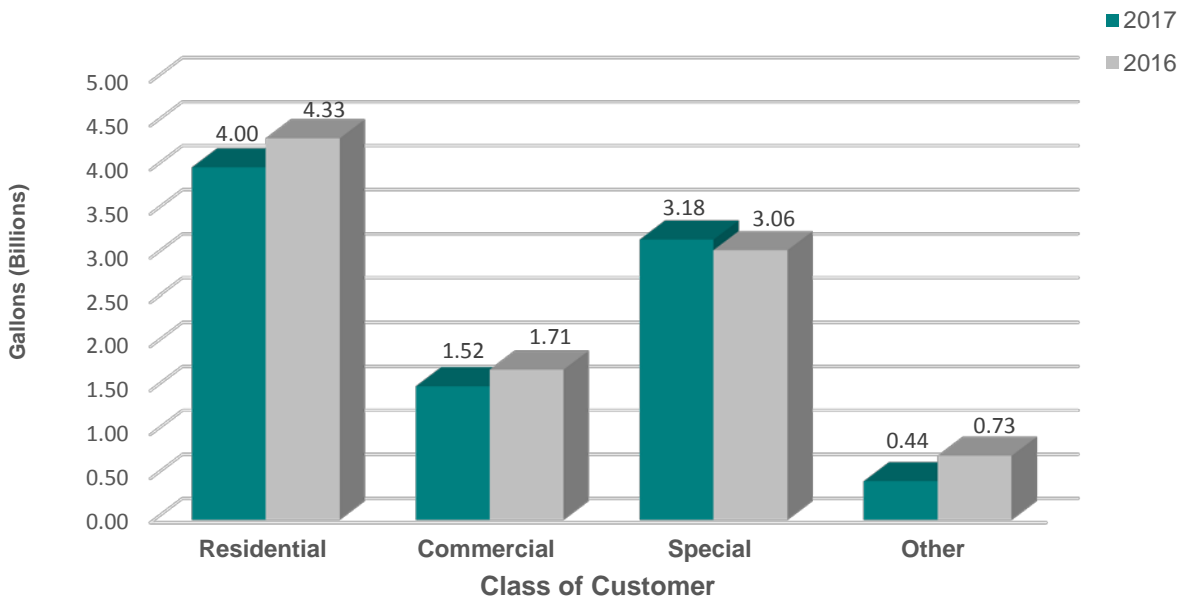
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Supplemental Data

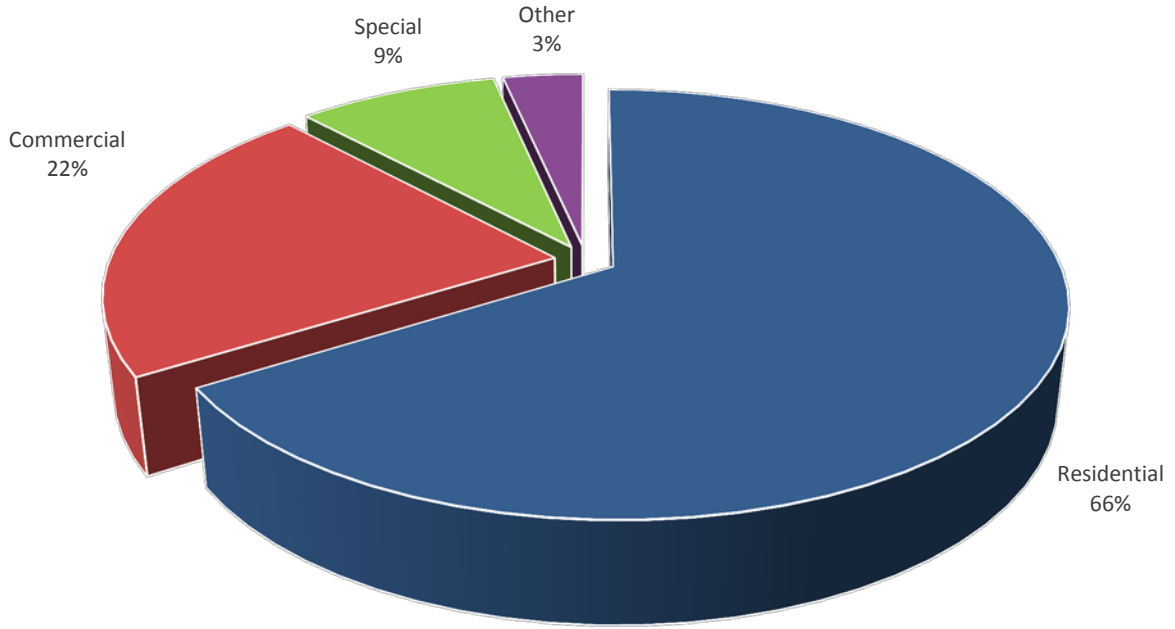
WATER SALES Year to Date - July 2017 & 2016



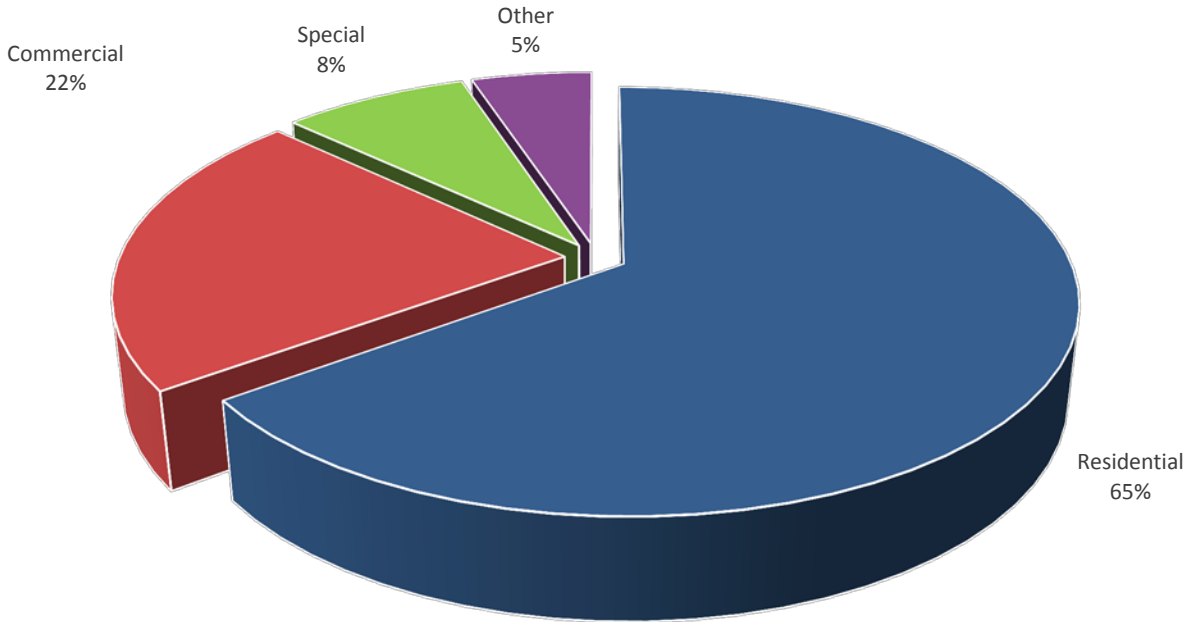
WATER CONSUMPTION Year to Date - July 2017 & 2016



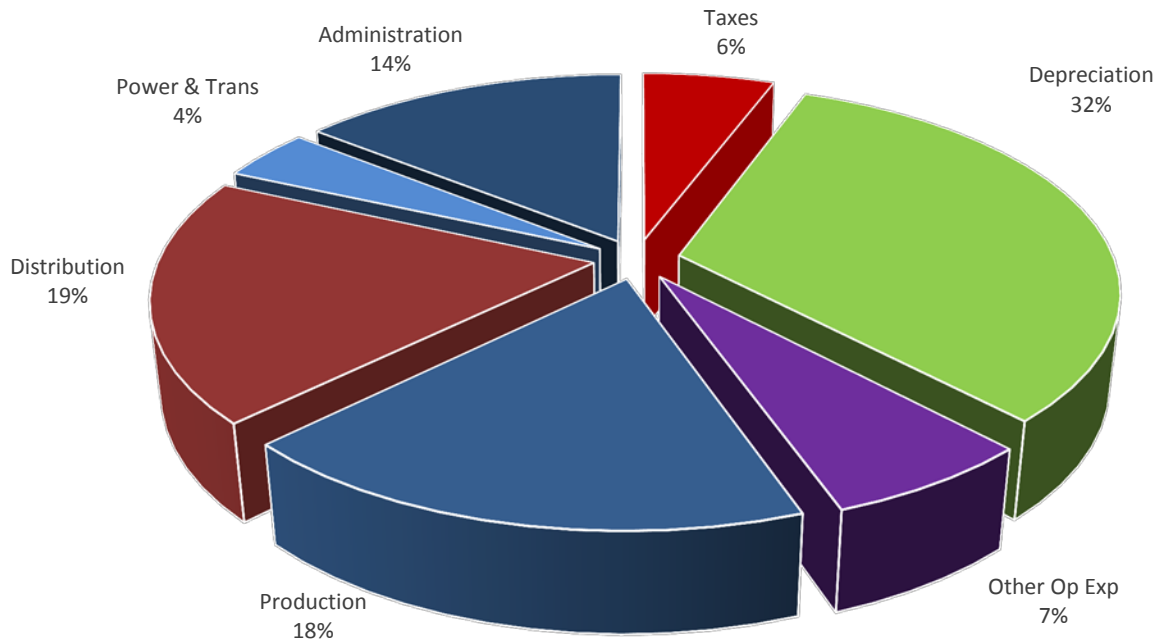
WATER SALES
Year to Date - July 2017
(\$40,991,376)



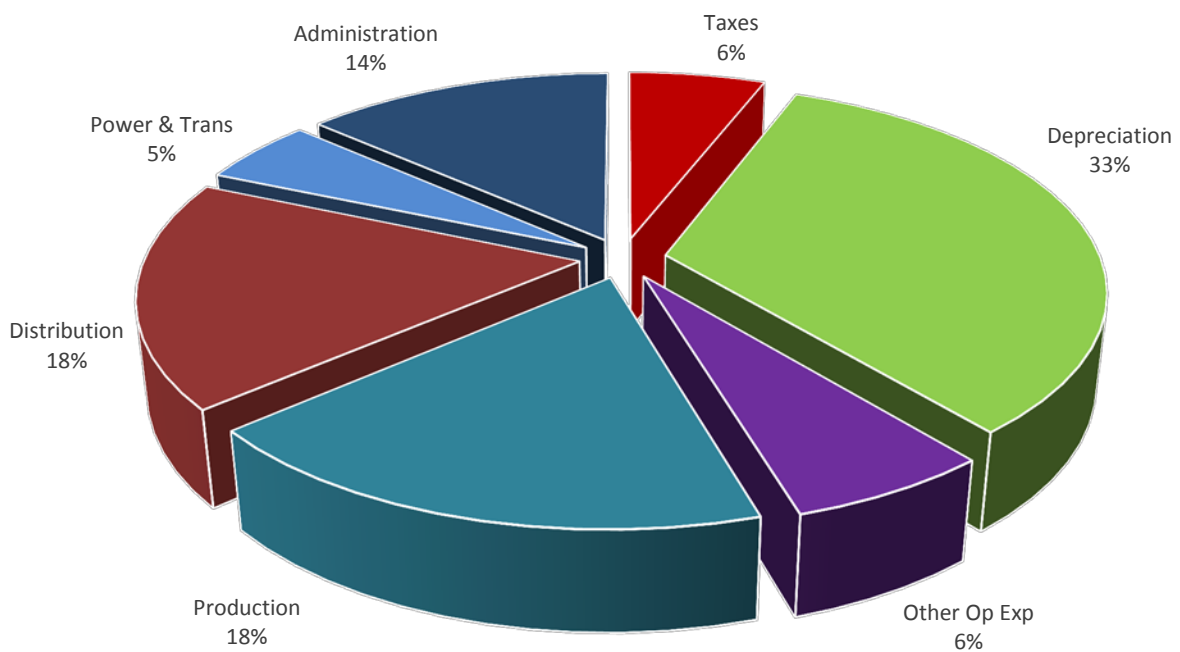
WATER SALES
Year to Date - July 2016
(\$41,840,241)



TOTAL OPERATING EXPENSES
Year to Date - July 2017
(\$43,518,085)



TOTAL OPERATING EXPENSES
Year to Date - July 2016
(\$42,066,276)





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