
MAY

TACOMA WATER

2018

**FINANCIAL
REPORT**



Public Utility Board

MONIQUE TRUDNOWSKI

Chair

WOODROW JONES

Vice-Chair

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BRYAN FLINT

Member

MARK PATTERSON

Member

LINDA MCCREA

Interim Director of Utilities/CEO

SCOTT DEWHIRST

Water 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, 2018 AND MAY 31, 2017

ASSETS AND DEFERRED OUTFLOWS	<u>2018</u>	<u>2017</u>
UTILITY PLANT		
Water Plant in Service	\$1,102,061,536	\$1,075,172,815
Less Depreciation and Amortization	<u>(248,470,243)</u>	<u>(225,023,915)</u>
Total	853,591,293	850,148,900
Construction Work in Progress	<u>16,281,008</u>	<u>25,593,935</u>
Net Utility Plant	<u>869,872,301</u>	<u>875,742,835</u>
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2010 Construction Fund	15,467,792	21,300,055
2013 Construction Fund	16,192,285	15,857,886
Regional Water Supply System Operating Fund	1,219,692	1,196,459
Provision for Debt Payment	18,558,074	18,561,733
Customer Water Main Deposits	3,307,876	3,226,459
Water Supply Forum Fund	386,401	431,806
Special Bond Reserves	22,105,676	22,101,846
Water Customer Contribution Fund	580,930	(194,194)
Water Capital Reserves	36,017,821	29,848,516
Water System Development Charge	<u>64,936,204</u>	<u>60,189,812</u>
Total Restricted Assets	178,772,751	172,520,378
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	55,873,839	52,745,994
Customers' Deposits	316,945	328,660
Receivables:		
Customers	4,219,600	3,960,794
Accrued Unbilled Revenues	5,457,221	4,797,144
Others	496,075	574,629
Provision for Uncollectible Accounts	(356,744)	(426,553)
Materials and Supplies	2,380,986	2,376,265
Prepayments	<u>1,038,431</u>	<u>942,545</u>
Total Current Assets	<u>69,426,353</u>	<u>65,299,478</u>
TOTAL ASSETS	<u>1,118,564,368</u>	<u>1,114,055,654</u>
OTHER ASSETS		
Regulatory Assets - Public Fire Protection Fees	141,693	982,060
Regulatory Assets - Surcharges	<u>939,076</u>	<u>1,517,319</u>
Total Other Assets	1,080,769	2,499,379
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	1,285,410	1,511,853
Deferred Outflows for Pensions	<u>8,671,039</u>	<u>8,994,103</u>
Total Deferred Outflows	9,956,449	10,505,956
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$1,129,601,586</u>	<u>\$1,127,060,989</u>

These statements should be read in conjunction with the Notes to Financial statements contained in the 2017 Annual Report.

NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u>2018</u>	<u>2017</u>
NET POSITION		
Net Investment in Capital Assets	\$442,289,361	\$438,968,373
Restricted for:		
Water Capital Reserves	30,908,429	24,260,118
Water System Development Charge	29,360,757	24,614,365
Debt Service Funds	8,459,172	8,311,665
Unrestricted	<u>47,725,375</u>	<u>52,549,381</u>
TOTAL NET POSITION	558,743,094	548,703,902
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	21,890,000	25,825,000
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	12,340,000	13,800,000
2010 RWSS Revenue Bonds, Series A	1,955,000	2,245,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Refunding Bonds	<u>59,400,000</u>	<u>60,165,000</u>
Total Outstanding Revenue Bonds	365,950,000	372,400,000
Plus: Unamortized Bond Premium	<u>11,412,562</u>	<u>12,990,189</u>
Net Outstanding Revenue Bonds	377,362,562	385,390,189
PWTF Pre-Construction Loans	640,609	800,783
PWTF Construction Loans	19,370,627	21,907,224
State Drinking Water Loans	<u>65,612,800</u>	<u>69,844,046</u>
Total Long-Term Debt	462,986,598	477,942,242
CURRENT LIABILITIES		
Salaries and Wages Payable	1,242,921	1,081,883
Purchases and Contracts Payable	879,579	745,712
Interest Expense Accrued	10,098,902	10,250,068
Taxes Accrued	1,526,541	1,411,903
Customers' and Contractors' Deposits	343,380	345,745
Current Portion of Long-Term Debt	13,554,949	13,334,372
Other Current Liabilities	3,220,234	3,157,096
Current Accrued Compensated Absences	<u>229,834</u>	<u>269,819</u>
Total Current Liabilities	31,096,340	30,596,598
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,585,519	6,762,451
Customer Advances for Construction	7,620,022	4,725,549
Unearned Revenue	7,318,131	7,537,820
Other Long-Term Liabilities	7,545,668	4,479,080
Pension Liability	8,278,522	7,788,151
Long-Term Accrued Compensated Absences	<u>2,068,503</u>	<u>2,428,375</u>
Total Long-Term Liabilities	<u>39,416,365</u>	<u>33,721,426</u>
TOTAL LIABILITIES	<u>533,499,303</u>	<u>542,260,266</u>
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization	35,575,447	35,575,447
Deferred Inflows for Pensions	<u>1,783,742</u>	<u>521,374</u>
Total Deferred Inflows	37,359,189	36,096,821
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .	<u>\$1,129,601,586</u>	<u>\$1,127,060,989</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MAY 31, 2018 AND MAY 31, 2017

	<u>MAY</u> 2018	<u>MAY</u> 2017
OPERATING REVENUES		
Sales of Water	\$5,689,937	\$5,533,665
Other Operating Revenues	823,221	725,519
Contract Resource Obligation Revenue	571,715	420,629
Total Operating Revenues	<u>7,084,873</u>	<u>6,679,813</u>
OPERATING EXPENSES		
Production Expense:		
Source of Supply	767,733	649,118
Water Treatment	531,529	573,624
Total Production Expense	<u>1,299,262</u>	<u>1,222,742</u>
Power Pumping Expense	37,350	39,042
Transmission and Storage Expense	208,998	279,765
Distribution Expense	1,100,796	1,589,021
Customer Accounting and Consumer Service ...	405,521	430,151
Taxes	297,791	286,804
Depreciation	3,278,020	2,001,973
Administrative and General	912,906	904,076
Total Operating Expenses	<u>7,540,644</u>	<u>6,753,574</u>
OPERATING INCOME (LOSS)	(455,771)	(73,761)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	304,527	202,082
Miscellaneous	(1,189)	12,158
Interest on Long-Term Debt	(1,348,865)	(1,372,645)
Interest on Long-Term Debt BABs Sub	(298,938)	(297,977)
Amortization Of Debt Premium	110,934	111,548
Interest Charged to Construction	(101,537)	42,944
Total Non-Operating Revenues (Expenses)	<u>(1,335,068)</u>	<u>(1,301,890)</u>
Net Income (Loss) Before Capital Contributions and Transfers	(1,790,839)	(1,375,651)
Capital Contributions:		
Cash	489,713	413,225
Donated Fixed Assets	905,104	-
Federal BABs Subsidies	298,938	297,977
Transfers:		
City Gross Earnings Tax	(517,175)	(496,998)
CHANGE IN NET POSITION	<u>(\$614,259)</u>	<u>(\$1,161,447)</u>
NET POSITION - JANUARY 1		
TOTAL NET POSITION - MAY 31		

YEAR TO DATE		2018 OVER (UNDER)	PERCENT CHANGE
MAY 31, 2018	MAY 31, 2017	2017	
\$ 29,555,880	\$ 26,973,349	\$2,582,531	9.6%
4,581,230	4,291,689	289,541	6.7%
1,859,541	1,904,335	(44,794)	-2.4%
<u>35,996,651</u>	<u>33,169,373</u>	<u>2,827,278</u>	8.5%
3,033,630	2,857,900	175,730	6.1%
<u>2,771,089</u>	<u>2,468,374</u>	<u>302,715</u>	12.3%
5,804,719	5,326,274	478,445	9.0%
209,698	231,539	(21,841)	-9.4%
929,377	1,010,162	(80,785)	-8.0%
5,618,158	5,829,649	(211,491)	-3.6%
2,154,299	2,056,635	97,664	4.7%
1,786,896	1,631,810	155,086	9.5%
11,695,605	10,026,289	1,669,316	16.6%
4,625,252	4,346,196	279,056	6.4%
<u>32,824,004</u>	<u>30,458,554</u>	<u>2,365,450</u>	7.8%
3,172,647	2,710,819	461,828	17.0%
2,715,396	1,617,040	1,098,356	67.9%
(3,518)	870,381	(873,899)	-100.4%
(6,744,840)	(6,863,661)	118,821	-1.7%
(1,494,698)	(1,489,897)	(4,801)	0.3%
554,669	557,740	(3,071)	-0.6%
112,690	180,298	(67,608)	-37.5%
<u>(4,860,301)</u>	<u>(5,128,099)</u>	<u>267,798</u>	-5.2%
(1,687,654)	(2,417,280)	729,626	-30.2%
3,786,451	2,391,025	1,395,426	58.4%
1,108,068	105,308	1,002,760	952.2%
1,494,698	1,489,897	4,801	0.3%
<u>(2,675,104)</u>	<u>(2,517,274)</u>	<u>(157,830)</u>	6.3%
2,026,459	(948,324)	2,974,783	-313.7%
556,716,635	549,652,226	7,064,409	
<u>\$558,743,094</u>	<u>\$548,703,902</u>	<u>\$10,039,192</u>	1.8%

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2018 Financial Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS
MAY 31, 2018 AND MAY 31, 2017

	<u>MAY</u> <u>2018</u>	<u>MAY</u> <u>2017</u>
SALES OF WATER		
Residential and Domestic	\$3,634,083	\$3,588,044
Commercial and Industrial	1,369,628	1,261,198
Special Rate	554,804	525,300
Sales to Other Utilities	<u>131,422</u>	<u>159,123</u>
Total	<u><u>\$5,689,937</u></u>	<u><u>\$5,533,665</u></u>

BILLINGS (NUMBER OF MONTHS BILLED)

Residential and Domestic	83,355	87,148
Commercial and Industrial	6,393	6,552
Sales to Other Utilities	<u>15</u>	<u>17</u>
Total	<u><u>89,763</u></u>	<u><u>93,717</u></u>

YEAR TO DATE		2018 OVER (UNDER) 2017	PERCENT CHANGE
MAY 31, 2018	MAY 31, 2017		
\$19,413,045	\$17,852,116	\$1,560,929	8.7%
6,488,443	5,832,935	655,508	11.2%
2,633,538	2,420,207	213,331	8.8%
1,020,854	868,091	152,763	17.6%
<u>\$29,555,880</u>	<u>\$26,973,349</u>	<u>\$2,582,531</u>	9.6%
475,895	469,080	6,815	1.5%
32,533	32,291	242	0.7%
75	85	(10)	-11.8%
<u>508,503</u>	<u>501,456</u>	<u>7,047</u>	1.4%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

SUMMARY OF WATER BILLED
MAY 31, 2018 AND MAY 31, 2017

	MILLION GALLONS, TOTAL			
	MAY 2018	MAY 2017	YEAR TO DATE	
			MAY 31, 2018	MAY 31, 2017
WATER BILLED				
Residential and Domestic	499.47	500.62	2,568.29	2,505.87
Commercial and Industrial	216.36	190.70	1,012.24	926.94
Special Rate	477.46	468.91	2,264.47	2,208.01
Sales to Other Utilities	47.16	50.65	263.41	286.76
	1,240.45	1,210.88	6,108.41	5,927.58

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

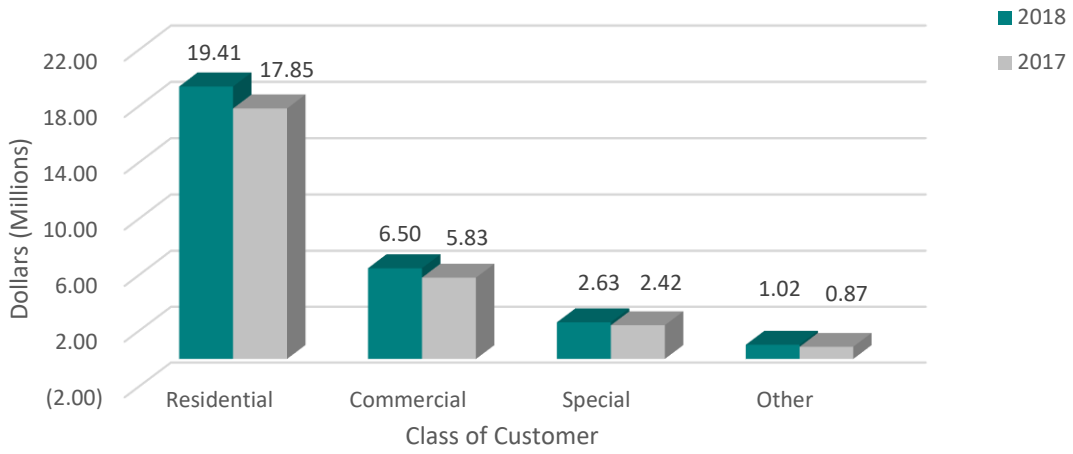
MILLION GALLONS, AVERAGE DAILY

<u>MAY</u> <u>2018</u>	<u>MAY</u> <u>2017</u>
16.11	16.15
6.98	6.15
15.40	15.13
<u>1.52</u>	<u>1.63</u>
<u><u>40.01</u></u>	<u><u>39.06</u></u>

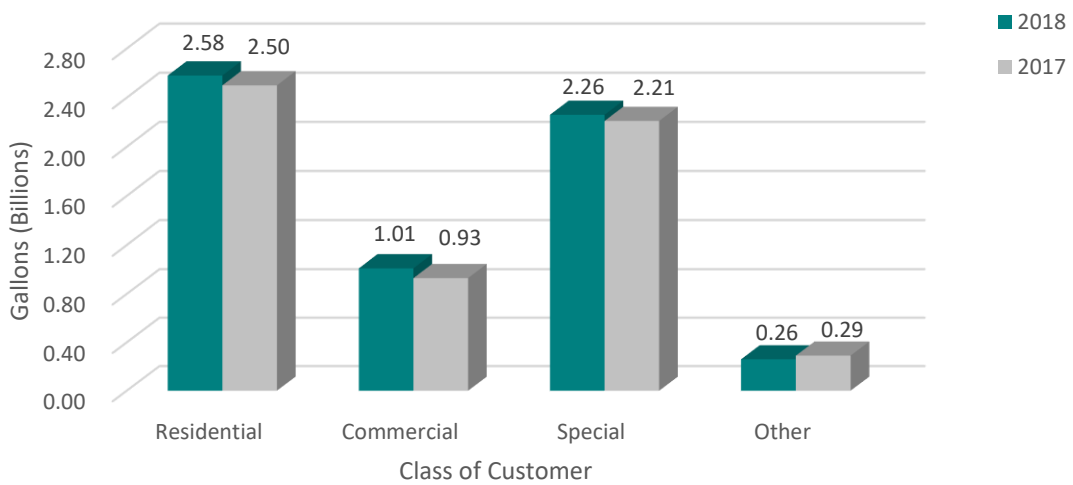
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Supplemental Data

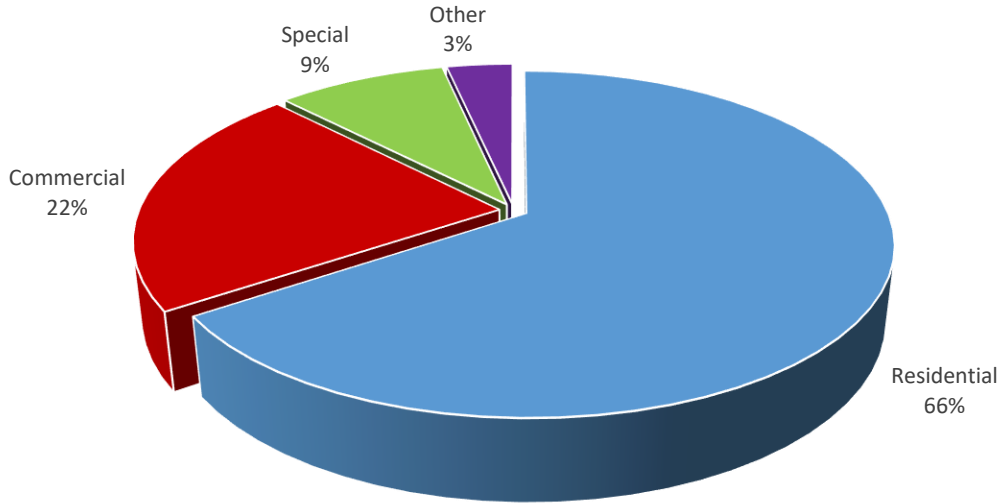
WATER SALES Year to Date - May 2018 & 2017



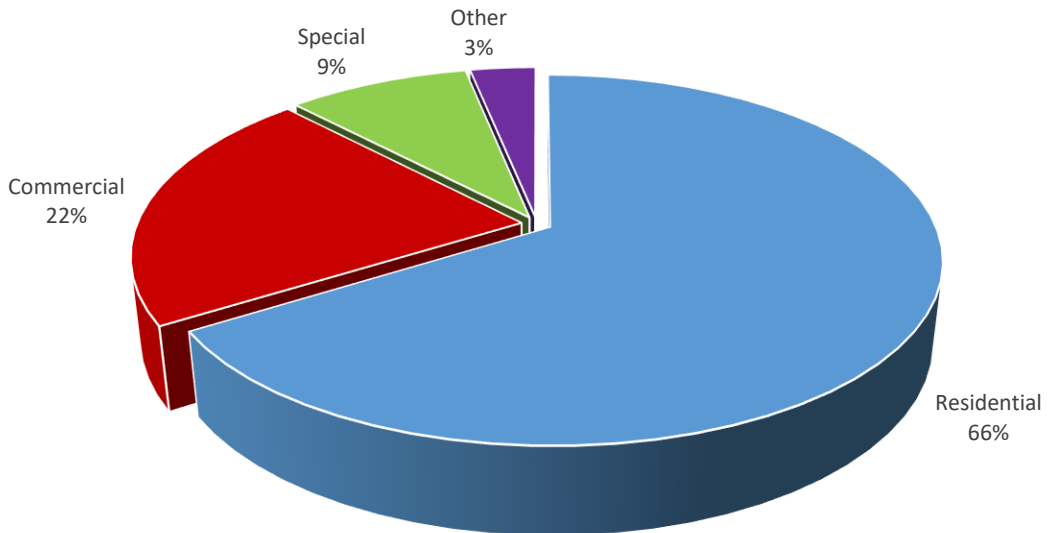
WATER CONSUMPTION Year to Date - May 2018 & 2017



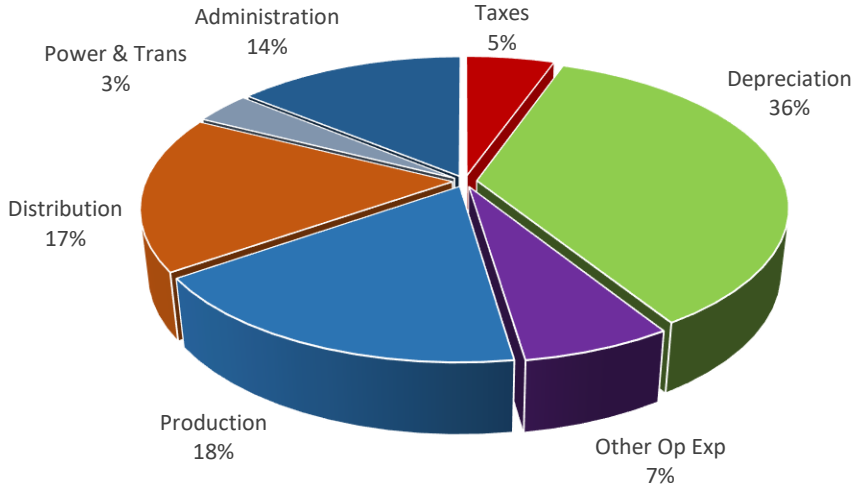
WATER SALES
Year to Date - May 2018
(\$29,555,880)



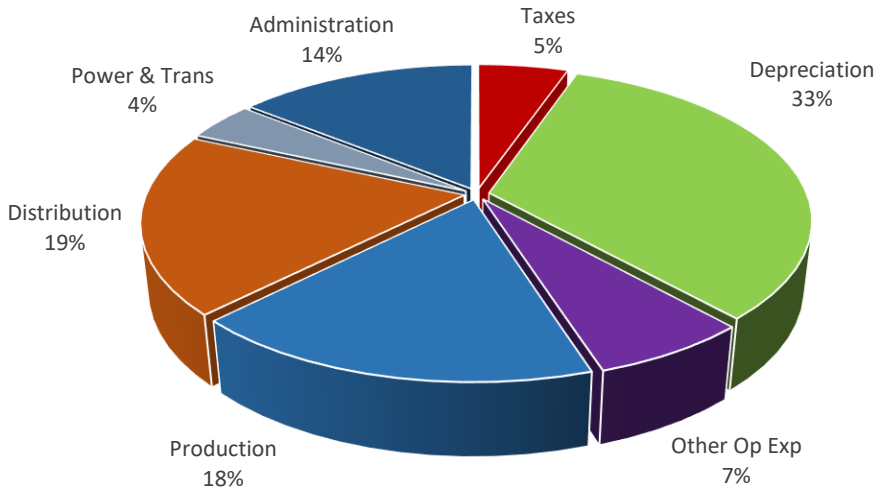
WATER SALES
Year to Date - May 2017
(\$26,973,349)



TOTAL OPERATING EXPENSES
Year to Date - May 2018
(\$32,824,004)



TOTAL OPERATING EXPENSES
Year to Date - May 2017
(\$30,458,554)





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.

