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*JULY*

*TACOMA WATER*

2013

**FINANCIAL  
REPORT**





# Public Utility Board

DAVID NELSON

Chair

WOODROW JONES

Vice-Chair

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Secretary

MARK PATTERSON

Member

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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 - JULY 31, 2013 AND JULY 31, 2012

ASSETS	2013	2012 (As Restated)
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$825,831,116	\$798,560,127
Less Depreciation and Amortization .....	(165,005,351)	(155,060,467)
Total .....	660,825,765	643,499,660
Construction Work in Progress .....	102,028,623	32,094,727
Net Utility Plant .....	762,854,388	675,594,387
<b>NON-UTILITY PROPERTY</b> .....	547,480	547,480
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2003 Construction Fund .....	-	576
2005 Construction Fund .....	-	1,147,759
2009 Construction Fund .....	1,027,642	17,130,098
2010 Construction Fund .....	20,323,825	49,695,322
Regional Water Supply System Const Fund .....	-	56,080
2010 RWSS Construction Fund .....	7,131,181	34,735,742
2013 Construction Fund .....	50,722,062	-
Regional Water Supply System Operating Fund .....	16,013,826	7,334,071
Provision for Debt Payment .....	7,633,209	7,484,665
Customer Water Main Deposits .....	2,928,683	2,896,733
Contract Admin. Fund .....	436,309	516,548
Special Bond Reserves .....	22,091,692	19,375,348
Water Customer Contribution Fund .....	125,652	(25,432)
Water Assurance Reserves .....	-	12,018,121
Water Capital Reserves .....	19,331,892	-
Water System Development Charge .....	54,198,467	48,302,209
Notes and Contracts Receivables - SDC .....	462,128	941,314
Total Restricted Assets .....	202,426,568	201,609,154
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	32,473,963	19,024,548
Working Funds .....	1,500	1,500
Customers' and Contractors' Deposits .....	268,766	276,950
Receivables:		
Customers .....	4,438,718	3,623,741
Accrued Unbilled Revenues .....	4,026,679	3,609,693
Others .....	2,633,571	6,899,148
BABs Interest Subsidies .....	640,128	640,128
Provision for Uncollectible Accounts .....	(436,606)	(421,043)
Materials and Supplies .....	2,199,433	2,344,039
Prepayments & Other .....	501,479	137,580
Total Current Assets .....	46,747,631	36,127,305
Total Assets .....	1,012,576,067	913,878,326
<b>DEFERRED OUTFLOWS</b>		
Regulatory Assets - Public Fire Protection Fees ....	4,283,207	4,168,821
Regulatory Assets - Hyada Surcharges .....	966,368	1,065,399
Unamortized Losses on Refunding Debt Expense .....	1,908,027	1,886,091
Total Deferred Outflows .....	7,157,602	7,129,290
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,019,733,669</u>	<u>\$921,007,616</u>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2012 Annual Report.*

<b>NET POSITION AND LIABILITIES</b>	<u>2013</u>	<u>2012</u> (As Restated)
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$382,076,291	\$376,839,696
Restricted for:		
Regional Water Supply System Construction Fund ....	-	56,080
Water Assurance Reserves .....	19,331,892	4,034,696
Water System Development Charge .....	19,564,335	19,733,946
Debt Service Funds .....	3,142,916	3,955,236
Unrestricted .....	<u>42,989,191</u>	<u>31,076,446</u>
TOTAL NET POSITION .....	467,104,625	435,696,100
<b>LONG-TERM DEBT</b>		
Revenue Bonds Outstanding:		
2003 Water Revenue Bonds Refunding .....	-	25,285,000
2005 Water Revenue Bonds Refunding .....	33,450,000	35,485,000
2009 Water Revenue Bonds .....	76,775,000	76,775,000
2010 Water Revenue Bonds Refunding .....	28,055,000	28,585,000
2010 Water Revenue Bonds .....	74,985,000	74,985,000
2013 Water Revenue Bonds Refunding .....	75,335,000	-
2002 RWSS Revenue Bonds .....	-	75,925,000
2010 RWSS Revenue Bonds, Series A .....	44,245,000	44,245,000
2010 RWSS Revenue Bonds, Series B .....	3,335,000	3,595,000
2013 RWSS Refunding Bonds .....	<u>63,835,000</u>	<u>-</u>
Total Outstanding Revenue Bonds .....	400,015,000	364,880,000
Plus: Unamortized Bond Premium .....	<u>16,265,892</u>	<u>4,907,819</u>
Net Outstanding Revenue Bonds .....	416,280,892	369,787,819
PWTF Pre-Construction Loans .....	1,281,304	1,441,477
PWTF Construction Loans .....	29,517,015	21,584,862
State Drinking Water Loan .....	<u>17,789,716</u>	<u>15,958,760</u>
Total Long-Term Debt .....	464,868,927	408,772,918
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	965,703	707,989
Purchases and Contracts Payable .....	6,321,717	3,143,384
Interest Expense Accrued .....	4,490,293	3,529,429
Taxes Accrued .....	1,326,307	1,280,732
Customers' Deposits .....	261,652	269,847
Current Portion of Long-Term Debt .....	10,237,522	9,903,343
Other Current Liabilities .....	2,247,174	168,420
Current Accrued Compensated Absences .....	235,807	244,587
Total Current Liabilities .....	<u>26,086,175</u>	<u>19,247,731</u>
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	7,515,530	7,715,713
Retained on Contract Payments .....	28,000	27,000
Customer Advances for Construction .....	4,494,931	4,440,457
Deferred Revenue - SDC .....	8,976,454	9,739,789
Other Deferred Credits .....	2,961,322	2,591,181
Long Term Accrued Compensated Absences .....	<u>2,122,259</u>	<u>2,201,281</u>
Total Long-Term Liabilities .....	<u>26,098,496</u>	<u>26,715,421</u>
TOTAL LIABILITIES .....	<u>517,053,598</u>	<u>454,736,070</u>
<b>DEFERRED INFLOWS</b>		
Rate Stabilization .....	<u>35,575,446</u>	<u>30,575,446</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .	<u>\$1,019,733,669</u>	<u>\$921,007,616</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
JULY 31, 2013 AND JULY 31, 2012

	July 2013	July 2012 (As Restated)
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$5,930,372	\$5,069,480
Other Operating Revenues .....	699,721	879,564
Contract Resource Obligation Revenue .....	353,704	436,974
Total Operating Revenues .....	6,983,797	6,386,018
<b>OPERATING EXPENSES</b>		
Production Expense		
Source of Supply .....	545,279	376,665
Water Treatment .....	398,611	275,726
Total Production Expense .....	943,890	652,391
Power Pumping Expense .....	41,593	24,577
Transmission and Storage Expense .....	130,268	205,865
Distribution Expense .....	853,502	857,673
Customer Accounting and Consumer Service ...	330,355	280,843
Taxes .....	285,296	343,424
Depreciation .....	1,333,096	1,274,908
Administrative and General .....	638,618	450,622
Total Operating Expenses .....	4,556,618	4,090,303
<b>OPERATING INCOME (LOSS) .....</b>	<b>2,427,179</b>	<b>2,295,715</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	129,836	142,596
Miscellaneous .....	(8,943)	(46,214)
Interest on Long-Term Debt .....	(1,264,483)	(1,323,652)
Interest on Long-Term Debt BABs Sub .....	(320,064)	(320,064)
Amort. Of Debt Premium .....	119,707	30,136
Interest and Amort. Charged to Construction	78,356	430,158
Total Non-Operating Revenues (Expenses)	(1,265,591)	(1,087,040)
Net Income (Loss) Before Capital Contributions and Transfers .....	1,161,588	1,208,675
Capital Contributions		
Cash .....	359,930	5,467,437
Donated Fixed Assets .....	-	-
Federal BAB Subsidies .....	320,064	320,064
Transfers Out		
City Gross Earnings Tax .....	(559,313)	(484,948)
Transfer to Other Funds .....	-	-
NET INCOME (LOSS) .....	\$1,282,269	\$6,511,228
TOTAL NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - JULY 31 .....		



YEAR TO DATE		2013	PERCENT CHANGE
July 31, 2013	July 31, 2012 (As Restated)	OVER (UNDER) 2012	
\$33,853,458	\$31,091,887	\$2,761,571	8.9%
5,099,903	3,835,229	1,264,674	33.0%
18,947,800	4,339,221	14,608,579	336.7%
<u>57,901,161</u>	<u>39,266,337</u>	<u>18,634,824</u>	47.5%
3,010,422	2,663,833	346,589	13.0%
2,066,982	1,811,632	255,350	14.1%
5,077,404	4,475,465	601,939	13.4%
270,049	169,006	101,043	59.8%
1,635,551	1,445,005	190,546	13.2%
6,320,529	6,069,350	251,179	4.1%
2,266,349	2,133,851	132,498	6.2%
1,946,349	1,939,645	6,704	0.3%
9,331,670	8,959,039	372,631	4.2%
4,380,914	3,903,652	477,262	12.2%
<u>31,228,815</u>	<u>29,095,013</u>	<u>2,133,802</u>	7.3%
<u>26,672,346</u>	<u>10,171,324</u>	<u>16,501,022</u>	162.2%
95,759	553,041	(457,282)	-82.7%
(1,241,018)	331,034	(1,572,052)	-474.9%
(9,497,475)	(9,270,943)	(226,532)	2.4%
(2,073,374)	(2,240,447)	167,073	-7.5%
1,069,779	210,952	858,827	407.1%
886,843	3,229,810	(2,342,967)	-72.5%
<u>(10,759,486)</u>	<u>(7,186,553)</u>	<u>(3,572,933)</u>	49.7%
15,912,860	2,984,771	12,928,089	433.1%
2,271,200	7,357,416	(5,086,216)	-69.1%
65,082	22,133	42,949	194.0%
2,073,374	2,240,447	(167,073)	-7.5%
(3,076,028)	(2,841,428)	(234,600)	8.3%
-	(49)	49	-100.0%
<u>17,246,488</u>	<u>9,763,290</u>	<u>\$7,483,198</u>	76.6%
<u>449,858,137</u>	<u>425,932,810</u>		
<u>\$467,104,625</u>	<u>\$435,696,100</u>		

*These statements should be read in conjunction with the Management Discussion and Analysis in the June 2013 Financial Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS  
JULY 31, 2013 AND JULY 31, 2012

	<u>JULY</u> <u>2013</u>	<u>JULY</u> <u>2012</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$3,699,591	\$3,271,367
Commercial and Industrial .....	1,071,267	918,867
Special Rate - Simpson Tacoma Kraft Company .....	435,414	413,604
Municipal .....	29,773	37,978
Other Public Buildings and Grounds .....	255,385	206,005
Sales to Other Utilities .....	<u>438,942</u>	<u>221,659</u>
Total .....	<u><u>\$5,930,372</u></u>	<u><u>\$5,069,480</u></u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	85,992	84,089
Commercial and Industrial .....	6,068	5,668
Municipal .....	193	220
Other Public Buildings and Grounds .....	420	442
Sales to Other Utilities .....	<u>20</u>	<u>18</u>
Total .....	<u><u>92,693</u></u>	<u><u>90,437</u></u>

YEAR TO DATE		2013 OVER (UNDER) 2012	PERCENT CHANGE
JULY 2013	JULY 2012		
\$21,747,949	\$20,462,439	\$1,285,510	6.3%
6,203,990	5,648,631	555,359	9.8%
2,925,038	2,859,888	65,150	2.3%
246,382	200,739	45,643	22.7%
1,062,384	949,879	112,505	11.8%
<u>1,667,715</u>	<u>970,311</u>	<u>697,404</u>	71.9%
<u>\$33,853,458</u>	<u>\$31,091,887</u>	<u>\$2,761,571</u>	8.9%
893,917	909,494	(15,577)	-1.7%
57,325	56,557	768	1.4%
2,052	2,039	13	0.6%
3,992	4,034	(42)	-1.0%
<u>183</u>	<u>179</u>	<u>4</u>	2.2%
<u>957,469</u>	<u>972,303</u>	<u>(14,834)</u>	-1.5%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF WATER BILLED  
JULY 31, 2013 AND JULY 31, 2012

	MILLION GALLONS, TOTAL			
	JULY 2013	JULY 2012	YEAR TO DATE	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
WATER BILLED				
Residential and				
Domestic .....	773.60	688.06	3,997.76	3,851.98
Commercial and				
Industrial .....	253.49	256.38	1,323.51	1,276.43
Special Rate - Simpson ....	502.04	488.77	3,379.84	3,401.10
Municipal .....	4.43	7.48	45.82	32.49
Other Public Bldgs and Grounds .....	66.27	56.67	220.51	202.99
Sales to Other Utilities .....	167.05	65.53	577.41	322.72
	<u>1,766.88</u>	<u>1,562.89</u>	<u>9,544.85</u>	<u>9,087.71</u>

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

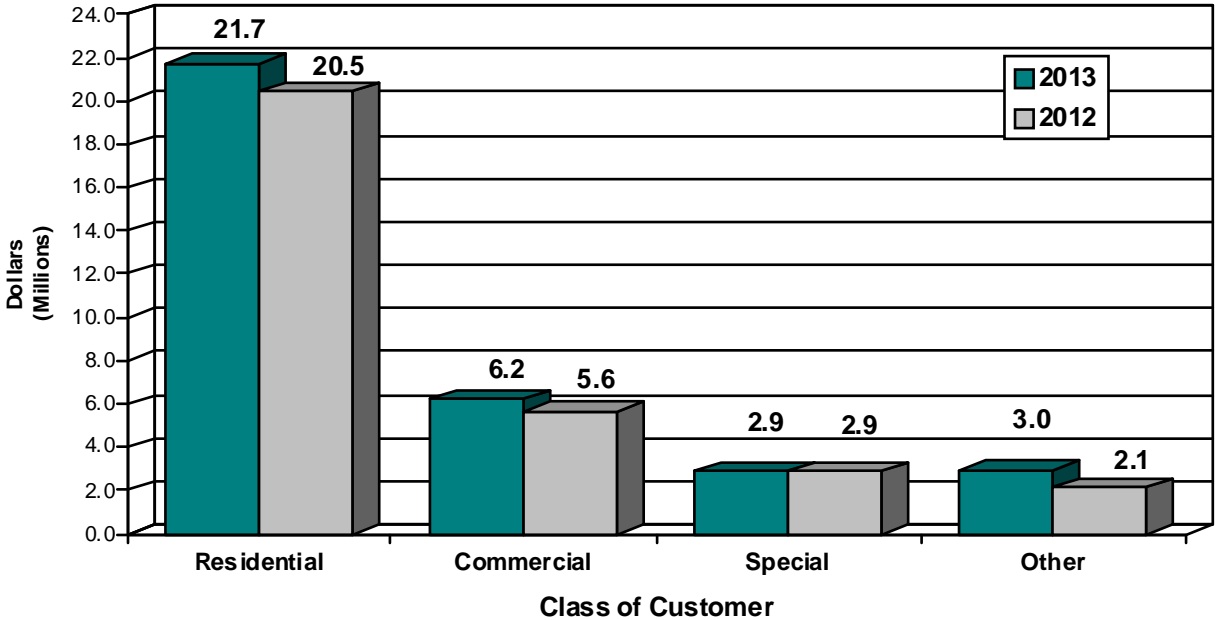
MILLION GALLONS, AVERAGE DAILY

<u>JULY</u> <u>2013</u>	<u>JULY</u> <u>2012</u>
24.95	22.20
8.18	8.27
16.19	15.77
0.14	0.24
2.14	1.83
<u>5.39</u>	<u>2.11</u>
<u><u>56.99</u></u>	<u><u>50.42</u></u>

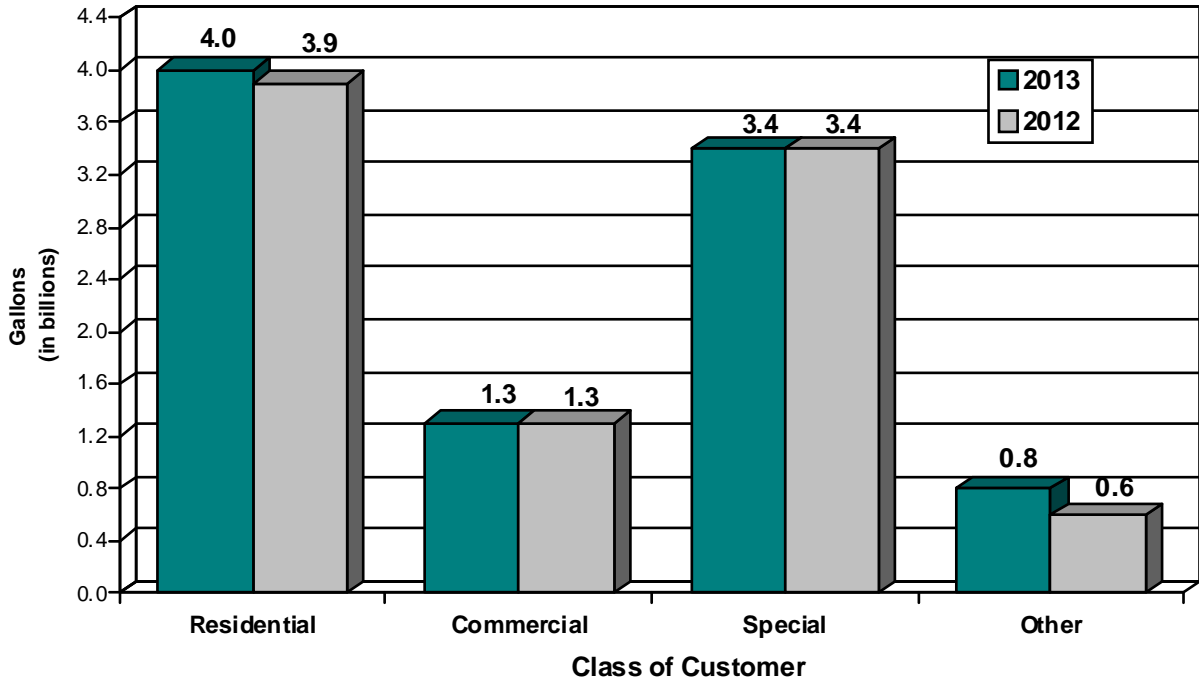
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# Supplemental Data

**WATER SALES**  
Year to Date - July 2013 & 2012

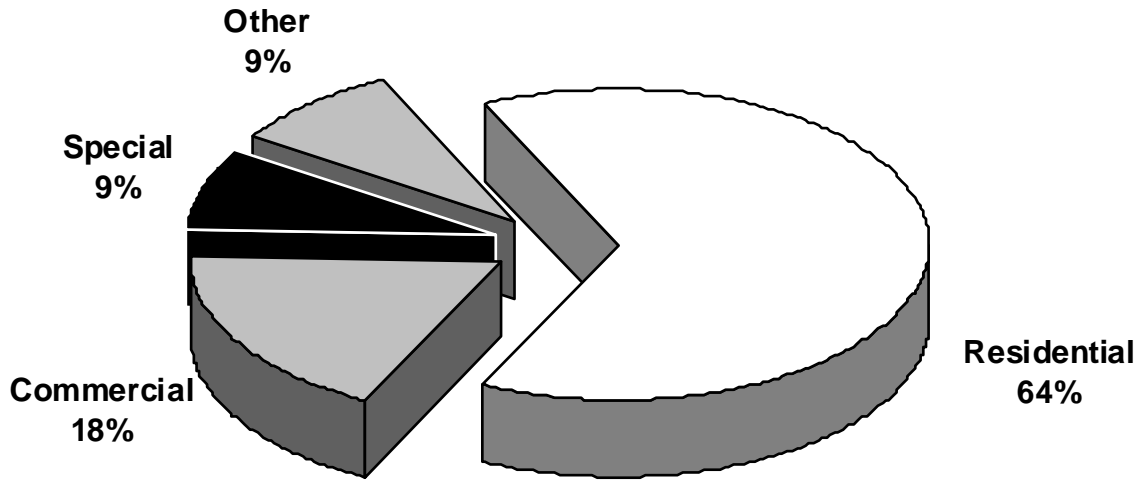


**WATER CONSUMPTION**  
Year to Date - July 2013 & 2012

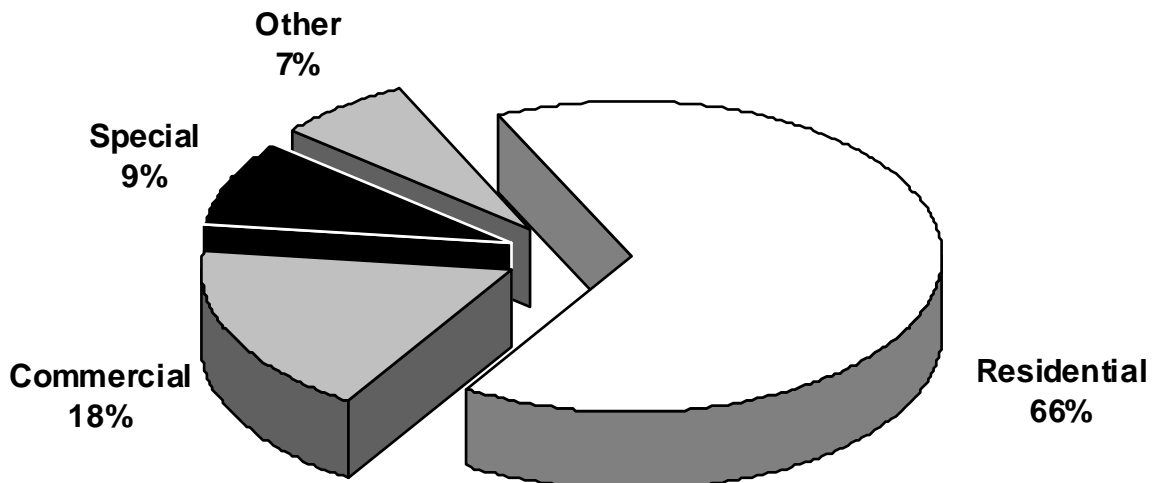




**WATER SALES**  
Year to Date - July 2013  
(\$33,853,458)



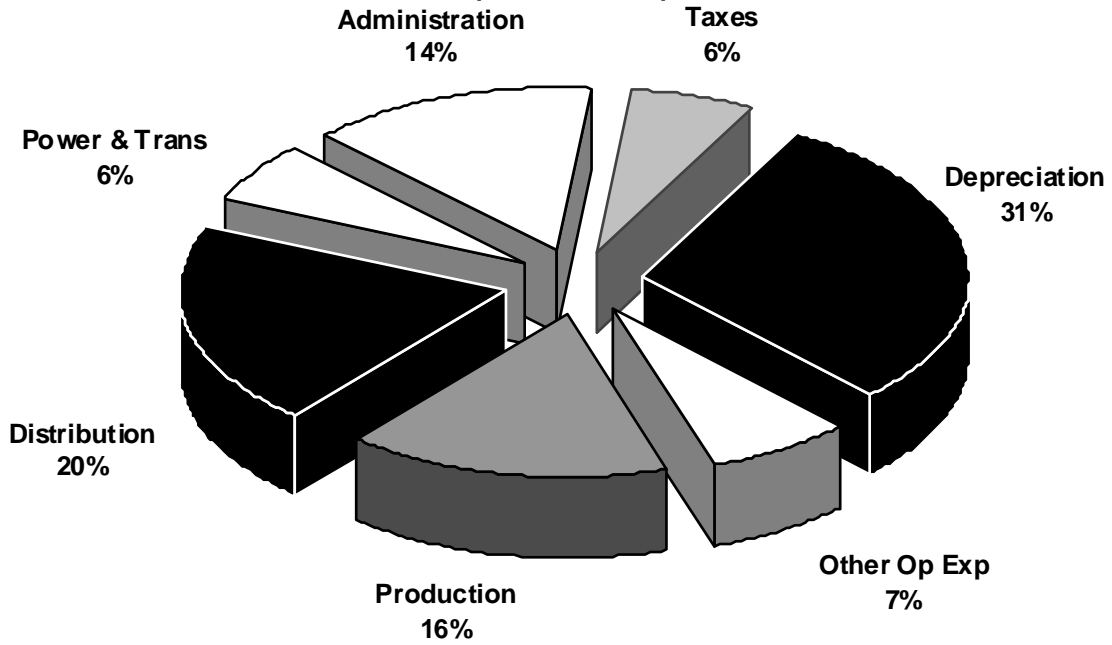
**WATER SALES**  
Year to Date - July 2012  
(\$31,091,887)



**TOTAL OPERATING EXPENSES**

**Year to Date - July 2013**

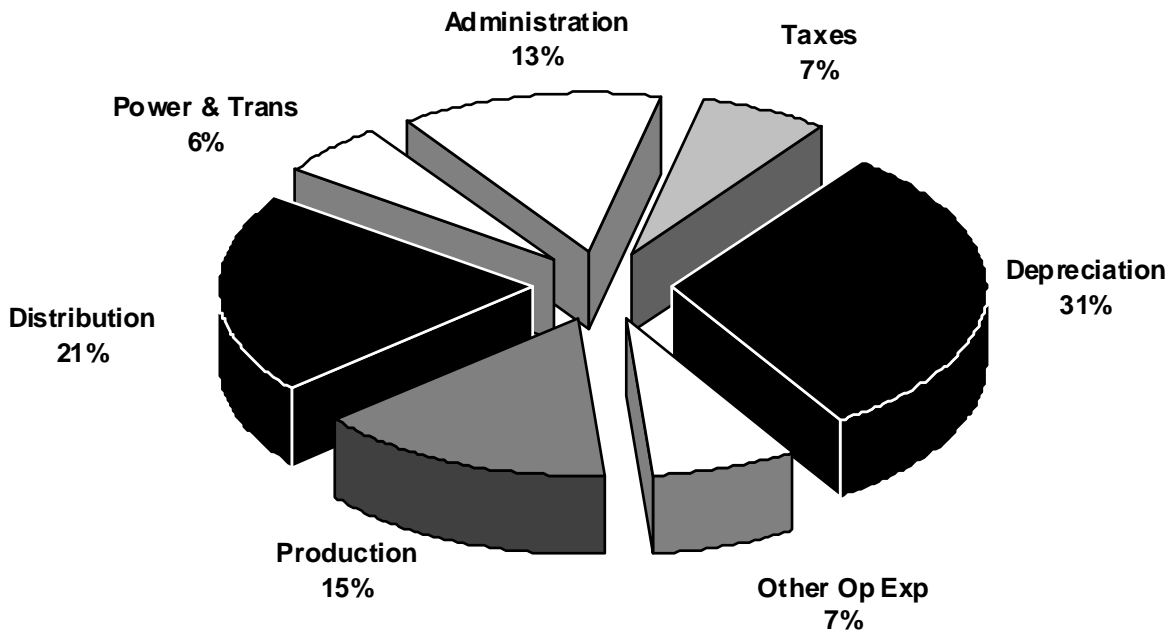
**(\$31,228,815)**



**TOTAL OPERATING EXPENSES**

**Year to Date - July 2012**

**(\$29,095,013)**





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