
AUGUST

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

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

TABLE OF CONTENTS

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.

STATEMENTS OF NET POSITION	1 - 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	3 - 4
SUMMARY OF REVENUES AND BILLINGS	5 - 6
SUMMARY OF WATER BILLED	7 - 8
SUPPLEMENTAL DATA	11 - 14

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

STATEMENTS OF NET POSITION - AUGUST 31, 2016 AND AUGUST 31, 2015

ASSETS AND DEFERRED INFLOWS	<u>2016</u>	<u>2015</u>
UTILITY PLANT		
Water Plant in Service	\$1,062,944,060	\$1,048,912,785
Less Depreciation and Amortization	(210,115,203)	(191,035,806)
Total	<u>852,828,857</u>	<u>857,876,979</u>
Construction Work in Progress	26,202,246	24,214,246
Net Utility Plant	<u>879,031,103</u>	<u>882,091,225</u>
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2010 Construction Fund	25,673,857	9,254,473
2010 RWSS Construction Fund	-	13,619
2013 Construction Fund	18,635,184	28,275,599
Regional Water Supply System Operating Fund	845,753	525,760
Provision for Debt Payment	10,366,499	10,132,512
Customer Water Main Deposits	3,184,251	3,102,241
Water Supply Forum Fund.....	270,134	293,035
Special Bond Reserves	22,099,610	22,096,927
Water Customer Contribution Fund	(151,305)	(87,025)
Water Capital Reserves	26,902,025	25,422,193
Water System Development Charge	57,621,952	55,418,153
Total Restricted Assets	<u>165,447,960</u>	<u>154,447,487</u>
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	54,895,492	46,518,056
Customers' Deposits	324,708	308,057
Receivables:		
Customers	5,837,007	6,810,794
Accrued Unbilled Revenues	4,935,000	4,616,056
Others	608,941	560,716
BABs Interest Subsidies	893,940	960,192
Provision for Uncollectible Accounts	(380,342)	(340,677)
Materials and Supplies	2,448,793	2,475,731
Prepayments	822,002	650,437
Total Current Assets	<u>70,385,541</u>	<u>62,559,362</u>
TOTAL ASSETS	<u>1,115,357,567</u>	<u>1,099,591,037</u>
OTHER ASSETS		
Regulatory Assets - Public Fire Protection Fees	1,620,667	2,436,768
Regulatory Assets - Surcharges	1,606,651	757,666
Net Pension Asset	881,279	-
Total Other Assets	<u>4,108,597</u>	<u>3,194,434</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	1,722,845	2,004,166
Deferred Outflows for Pensions	2,092,307	-
Total Deferred Outflows	<u>3,815,152</u>	<u>2,004,166</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$1,123,281,316</u>	<u>\$1,104,789,637</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	\$438,565,317	\$439,895,724
Restricted for:		
Water Capital Reserves	20,834,622	18,875,784
Water System Development Charge	22,046,506	19,842,707
Debt Service Funds	5,130,227	4,953,659
Pension Asset	881,279	-
Unrestricted	<u>59,834,762</u>	<u>50,843,182</u>
TOTAL NET POSITION	547,292,713	534,411,056
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>14,182,128</u>	<u>15,712,053</u>
Net Outstanding Revenue Bonds	392,807,128	400,417,053
PWTF Pre-Construction Loans	800,783	960,956
PWTF Construction Loans	21,907,224	24,443,821
State Drinking Water Loans	<u>75,893,293</u>	<u>60,748,644</u>
Total Long-Term Debt	491,408,428	486,570,474
CURRENT LIABILITIES		
Salaries and Wages Payable	683,152	487,941
Purchases and Contracts Payable	961,149	1,402,858
Interest Expense Accrued	5,236,272	5,178,853
Taxes Accrued	1,884,639	1,907,064
Customers' and Contractors' Deposits	350,320	319,285
Current Portion of Long-Term Debt	10,738,011	10,633,079
Other Current Liabilities	1,768,680	1,734,000
Current Accrued Compensated Absences	<u>260,047</u>	<u>255,611</u>
Total Current Liabilities	21,882,270	21,918,691
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,943,806	7,129,695
Customer Advances for Construction	4,833,922	4,654,293
Unearned Revenue	7,972,770	8,327,221
Other Long-Term Liabilities	4,101,181	3,902,263
Long-Term Accrued Compensated Absences	<u>2,340,426</u>	<u>2,300,497</u>
Total Long-Term Liabilities	26,192,105	26,313,969
TOTAL LIABILITIES	539,482,803	534,803,134
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>\$1,123,281,316</u>	<u>\$1,104,789,637</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

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

	<u>AUGUST</u> 2016	<u>AUGUST</u> 2015
OPERATING REVENUES		
Sales of Water	\$9,477,739	\$10,137,543
Other Operating Revenues	793,900	799,286
Contract Resource Obligation Revenue	358,848	295,927
Total Operating Revenues	<u>10,630,487</u>	<u>11,232,756</u>
OPERATING EXPENSES		
Production Expense		
Source of Supply	610,075	722,429
Water Treatment	539,317	471,717
Total Production Expense	<u>1,149,392</u>	<u>1,194,146</u>
Power Pumping Expense	40,871	81,105
Transmission and Storage Expense	197,651	170,081
Distribution Expense	1,155,502	1,046,273
Customer Accounting and Consumer Service ...	360,162	325,530
Taxes	470,399	439,523
Depreciation	1,984,093	1,424,252
Administrative and General	799,036	775,498
Total Operating Expenses	<u>6,157,106</u>	<u>5,456,408</u>
OPERATING INCOME (LOSS)	4,473,381	5,776,348
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	119,979	134,557
Miscellaneous	(24,230)	149,574
Interest on Long-Term Debt	(1,382,150)	(1,333,985)
Interest on Long-Term Debt BABs Sub	(253,812)	(320,064)
Amortization Of Debt Premium	105,803	100,546
Interest Charged to Construction.....	44,698	39,335
Total Non-Operating Revenues (Expenses)	<u>(1,389,712)</u>	<u>(1,230,037)</u>
Net Income (Loss) Before Capital Contributions and Transfers	3,083,669	4,546,311
Capital Contributions		
Cash	391,019	383,613
Donated Fixed Assets	-	586,166
Federal BAB Subsidies	253,812	320,064
Grants	-	-
Transfers Out		
City Gross Earnings Tax	<u>(762,791)</u>	<u>(904,116)</u>
CHANGE IN NET POSITION	<u>\$2,965,709</u>	<u>\$4,932,038</u>
NET POSITION - JANUARY 1		
TOTAL NET POSITION - AUGUST 31		

YEAR TO DATE		2016	
AUGUST 31	AUGUST 31	OVER	PERCENT
2016	2015	(UNDER)	CHANGE
		2015	
\$ 51,317,980	\$ 50,383,895	\$934,085	1.9%
6,672,996	6,308,629	364,367	5.8%
<u>3,308,695</u>	<u>10,159,950</u>	<u>(6,851,255)</u>	-67.4%
61,299,671	66,852,474	(5,552,803)	-8.3%
4,668,006	4,691,275	(23,269)	-0.5%
<u>4,181,988</u>	<u>3,260,670</u>	<u>921,318</u>	28.3%
8,849,994	7,951,945	898,049	11.3%
444,657	400,010	44,647	11.2%
1,934,856	2,014,253	(79,397)	-3.9%
8,619,912	8,232,825	387,087	4.7%
3,033,289	2,699,211	334,078	12.4%
2,971,765	2,750,818	220,947	8.0%
15,886,803	11,394,025	4,492,778	39.4%
<u>6,482,106</u>	<u>5,899,418</u>	<u>582,688</u>	9.9%
<u>48,223,382</u>	<u>41,342,505</u>	<u>6,880,877</u>	16.6%
13,076,289	25,509,969	(12,433,680)	-48.7%
1,781,295	996,657	784,638	78.7%
(20,052)	(84,360)	64,308	-76.2%
(10,707,334)	(10,931,384)	224,050	-2.0%
(2,385,438)	(2,420,321)	34,883	-1.4%
846,417	1,276,773	(430,356)	-33.7%
<u>317,015</u>	<u>1,496,432</u>	<u>(1,179,417)</u>	-78.8%
<u>(10,168,097)</u>	<u>(9,666,203)</u>	<u>(501,894)</u>	5.2%
2,908,192	15,843,766	(12,935,574)	-81.6%
3,086,821	2,927,193	159,628	5.5%
770,235	929,824	(159,589)	-17.2%
2,385,438	2,420,323	(34,885)	-1.4%
-	61,478	(61,478)	-100.0%
<u>(4,359,796)</u>	<u>(4,444,773)</u>	<u>84,977</u>	-1.9%
4,790,890	17,737,811	(12,946,921)	-73.0%
<u>542,501,823</u>	<u>516,673,245</u>	<u>25,828,578</u>	
<u>\$547,292,713</u>	<u>\$534,411,056</u>	<u>\$12,881,657</u>	

These statements should be read in conjunction with the Management Discussion and Analysis in the June 2016 Financial Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS
AUGUST 31, 2016 AND AUGUST 31, 2015

	<u>AUGUST 2016</u>	<u>AUGUST 2015</u>
SALES OF WATER		
Residential and Domestic	\$6,237,797	\$6,118,260
Commercial and Industrial	2,201,272	2,487,988
Special Rate	538,049	598,502
Sales to Other Utilities	<u>500,621</u>	<u>932,793</u>
Total	<u><u>\$9,477,739</u></u>	<u><u>\$10,137,543</u></u>

BILLINGS (NUMBER OF MONTHS BILLED)

Residential and Domestic	106,284	97,051
Commercial and Industrial	6,300	6,394
Sales to Other Utilities	<u>16</u>	<u>24</u>
Total	<u><u>112,600</u></u>	<u><u>103,469</u></u>

YEAR TO DATE		2016 OVER (UNDER) 2015	PERCENT CHANGE
AUGUST 2016	AUGUST 2015		
\$33,424,766	\$32,032,049	\$1,392,717	4.3%
11,398,885	11,265,463	133,422	1.2%
3,850,149	3,981,036	(130,887)	-3.3%
2,644,180	3,105,347	(461,167)	-14.9%
<u>\$51,317,980</u>	<u>\$50,383,895</u>	<u>\$934,085</u>	1.9%
754,923	745,494	9,429	1.3%
50,134	51,002	(868)	-1.7%
135	145	(10)	-6.9%
<u>805,192</u>	<u>796,641</u>	<u>8,551</u>	1.1%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

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

	MILLION GALLONS, TOTAL			
	AUGUST	AUGUST	YEAR TO DATE	
	<u>2016</u>	<u>2015</u>	<u>AUGUST 2016</u>	<u>AUGUST 2015</u>
WATER BILLED				
Residential and				
Domestic	1,162.04	1,281.64	5,496.15	5,725.62
Commercial and				
Industrial	492.67	558.83	2,204.62	2,224.71
Special Rate	503.99	540.22	3,563.18	3,888.01
Sales to Other				
Utilities	<u>146.09</u>	<u>326.47</u>	<u>878.22</u>	<u>1,057.31</u>
	<u><u>2,304.79</u></u>	<u><u>2,707.16</u></u>	<u><u>12,142.17</u></u>	<u><u>12,895.65</u></u>

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

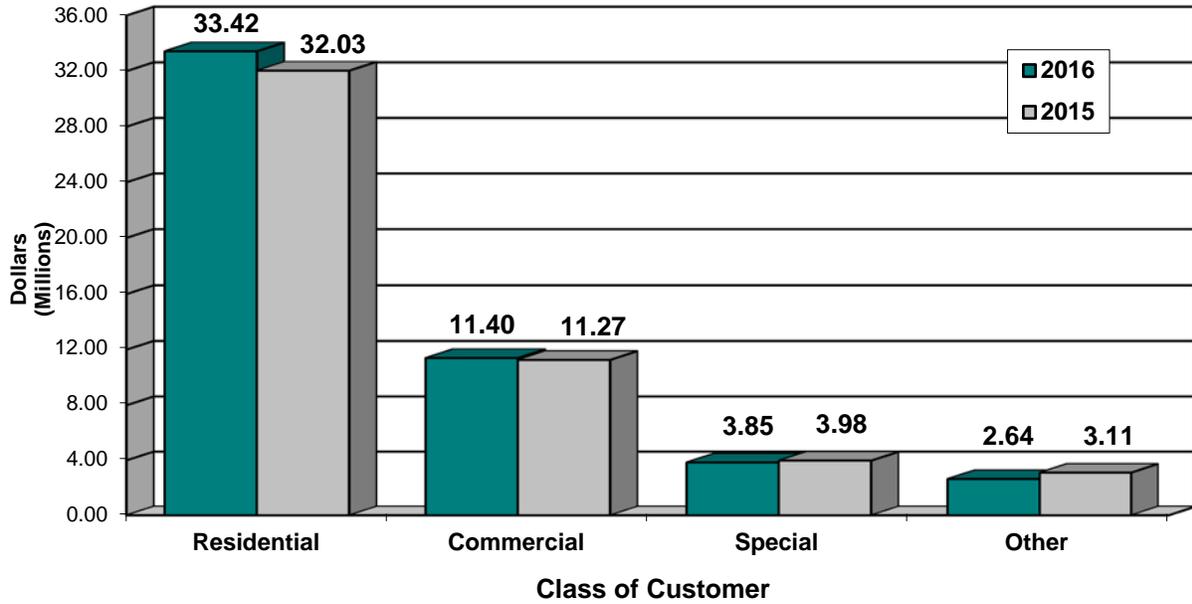
MILLION GALLONS, AVERAGE DAILY

<u>AUGUST</u> <u>2016</u>	<u>AUGUST</u> <u>2015</u>
37.49	41.34
15.89	18.03
16.26	17.43
<u>4.71</u>	<u>10.53</u>
<u><u>74.35</u></u>	<u><u>87.33</u></u>

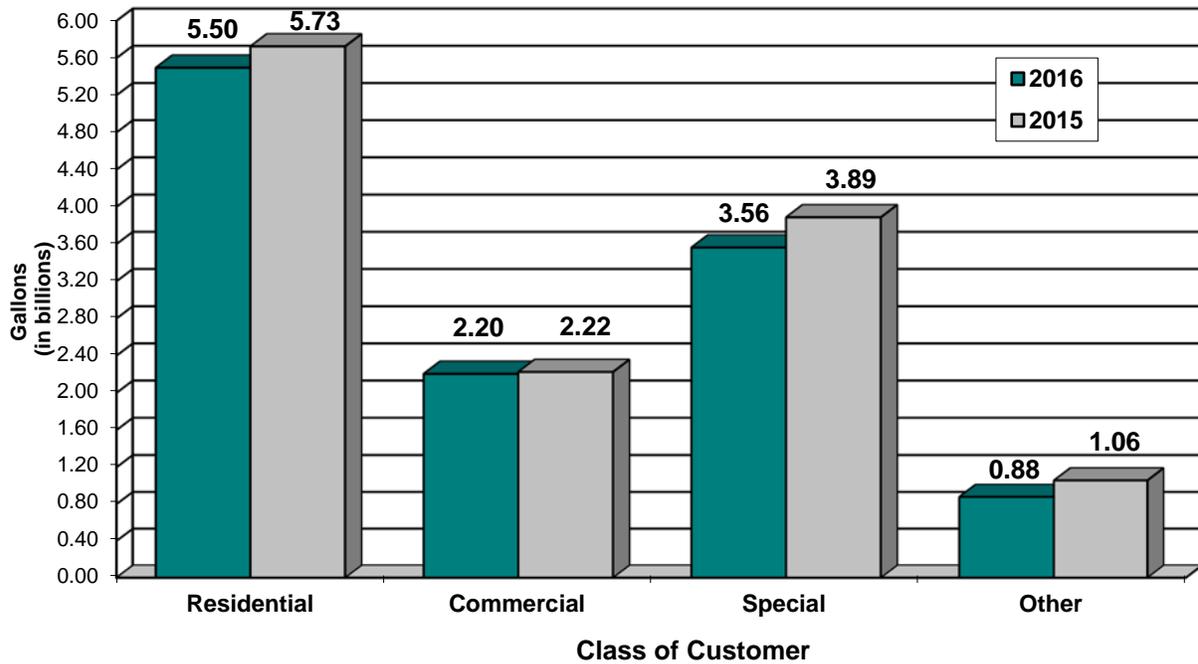
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Supplemental Data

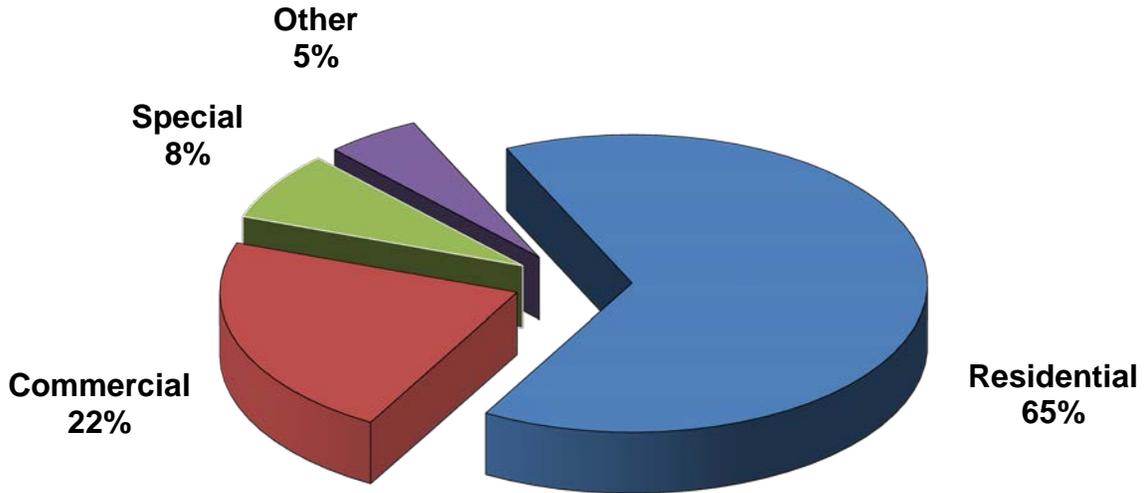
WATER SALES
Year to Date - August 2016 & 2015



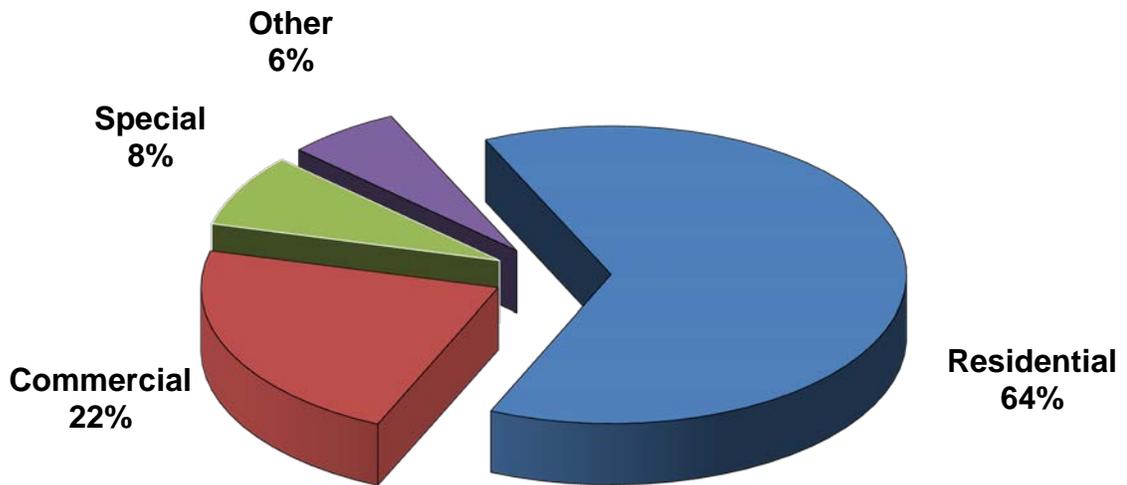
WATER CONSUMPTION
Year to Date - August 2016 & 2015



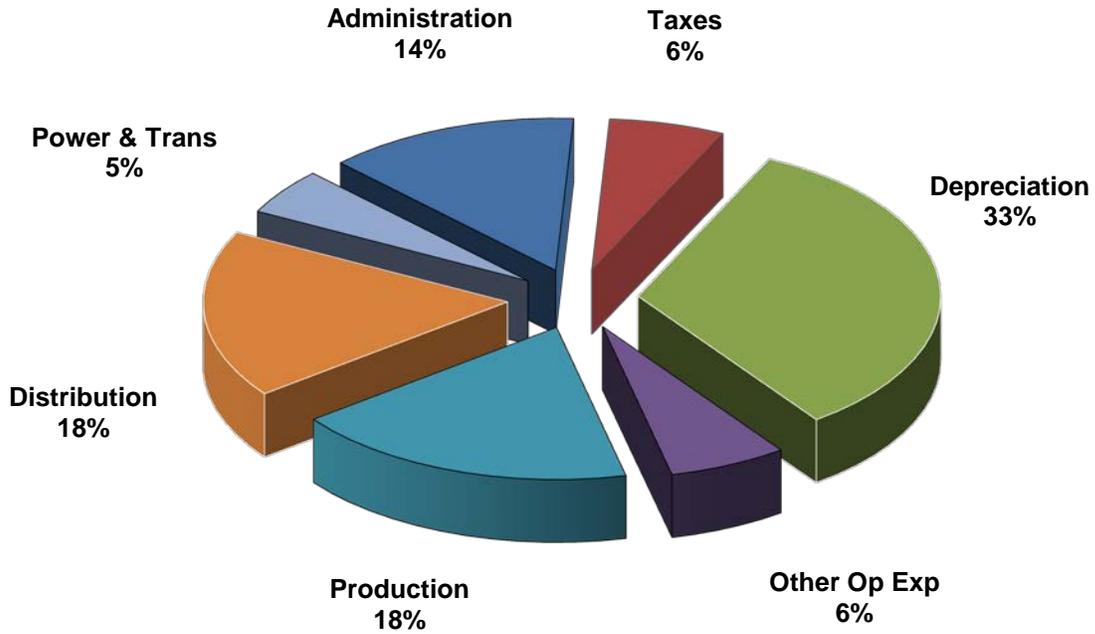
WATER SALES
Year to Date - August 2016
(\$51,317,980)



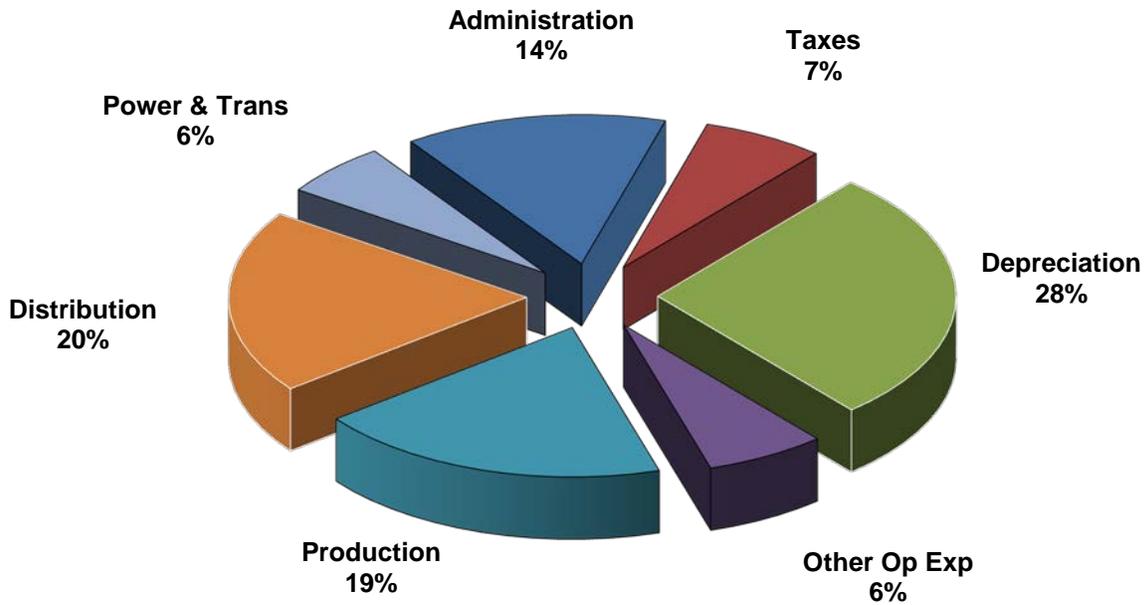
WATER SALES
Year to Date - August 2015
(\$50,383,895)



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



TOTAL OPERATING EXPENSES
Year to Date - August 2015
(\$41,342,505)





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.