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*APRIL*

*TACOMA WATER*

2018

**FINANCIAL  
REPORT**





# Public Utility Board

MONIQUE TRUDNOWSKI

Chair

WOODROW JONES

Vice-Chair

KAREN LARKIN

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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 - APRIL 30, 2018 AND APRIL 30, 2017

<b>ASSETS AND DEFERRED OUTFLOWS</b>	<u>2018</u>	<u>2017</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$1,099,076,398	\$1,074,978,105
Less Depreciation and Amortization .....	(245,227,212)	(223,021,407)
Total .....	<u>853,849,186</u>	<u>851,956,698</u>
Construction Work in Progress .....	16,774,303	25,006,585
Net Utility Plant .....	<u>870,623,489</u>	<u>876,963,283</u>
<b>NON-UTILITY PROPERTY</b> .....	492,963	492,963
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2009 Construction Fund .....	120,134	-
2010 Construction Fund .....	16,104,685	21,659,659
2013 Construction Fund .....	14,325,686	15,878,283
Regional Water Supply System Operating Fund .....	1,003,211	1,039,537
Provision for Debt Payment .....	13,555,435	13,594,678
Customer Water Main Deposits .....	3,304,126	3,216,459
Water Supply Forum Fund .....	445,729	439,913
Special Bond Reserves .....	22,105,272	22,101,572
Water Customer Contribution Fund .....	439,518	(234,837)
Water Capital Reserves .....	34,339,931	29,834,475
Water System Development Charge .....	64,610,936	59,882,271
Total Restricted Assets .....	<u>170,354,663</u>	<u>167,412,010</u>
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	60,287,352	54,156,078
Customers' Deposits .....	321,381	331,533
Receivables:		
Customers .....	4,512,369	4,335,779
Accrued Unbilled Revenues .....	5,457,221	4,797,144
Others .....	702,477	824,378
BABs Interest Subsidies .....	1,494,700	1,489,900
Provision for Uncollectible Accounts .....	(332,626)	(378,065)
Materials and Supplies .....	2,240,429	2,317,890
Prepayments .....	1,079,849	971,006
Total Current Assets .....	<u>75,763,152</u>	<u>68,845,643</u>
<b>TOTAL ASSETS</b> .....	<u><u>1,117,234,267</u></u>	<u><u>1,113,713,899</u></u>
<b>OTHER ASSETS</b>		
Regulatory Assets - Public Fire Protection Fees .....	204,682	1,045,048
Regulatory Assets - Surcharges .....	878,832	1,526,583
Total Other Assets .....	<u>1,083,514</u>	<u>2,571,631</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Losses on Refunding Bonds .....	1,301,013	1,535,297
Deferred Outflows for Pensions .....	8,671,039	8,994,103
Total Deferred Outflows .....	<u>9,972,052</u>	<u>10,529,400</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u><u>\$1,128,289,833</u></u>	<u><u>\$1,126,814,930</u></u>

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

<b>NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<u>2018</u>	<u>2017</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$441,819,639	\$440,457,001
Restricted for:		
Water Capital Reserves .....	29,230,539	24,246,077
Water System Development Charge .....	29,035,489	24,306,824
Debt Service Funds .....	5,104,336	5,014,956
Unrestricted .....	<u>54,167,350</u>	<u>55,840,491</u>
TOTAL NET POSITION .....	559,357,353	549,865,349
<b>LONG-TERM DEBT</b>		
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>11,539,099</u>	<u>13,125,180</u>
Net Outstanding Revenue Bonds .....	377,489,099	385,525,180
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 .....	463,113,135	478,077,233
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	982,642	821,866
Purchases and Contracts Payable .....	684,118	870,034
Interest Expense Accrued .....	8,451,099	8,579,722
Taxes Accrued .....	1,599,133	1,467,780
Customers' and Contractors' Deposits .....	344,772	345,485
Current Portion of Long-Term Debt .....	13,554,949	13,334,372
Other Current Liabilities .....	3,680,268	3,608,109
Current Accrued Compensated Absences .....	<u>229,834</u>	<u>269,819</u>
Total Current Liabilities .....	29,526,815	29,297,187
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	6,585,519	6,762,451
Customer Advances for Construction .....	7,107,466	4,564,206
Unearned Revenue .....	7,288,281	7,456,470
Other Long-Term Liabilities .....	7,605,050	4,478,687
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>38,933,341</u>	<u>33,478,340</u>
TOTAL LIABILITIES .....	<u>531,573,291</u>	<u>540,852,760</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
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>\$1,128,289,833</u>	<u>\$1,126,814,930</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
APRIL 30, 2018 AND APRIL 30, 2017

	<u>APRIL</u> <u>2018</u>	<u>APRIL</u> <u>2017</u>
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$6,358,134	\$5,526,547
Other Operating Revenues .....	851,776	1,006,653
Contract Resource Obligation Revenue .....	187,118	370,068
Total Operating Revenues .....	<u>7,397,028</u>	<u>6,903,268</u>
<b>OPERATING EXPENSES</b>		
Production Expense:		
Source of Supply .....	576,100	605,251
Water Treatment .....	560,507	482,993
Total Production Expense .....	<u>1,136,607</u>	<u>1,088,244</u>
Power Pumping Expense .....	45,318	43,048
Transmission and Storage Expense .....	173,168	199,403
Distribution Expense .....	1,101,726	1,093,161
Customer Accounting and Consumer Service ...	416,051	385,302
Taxes .....	323,917	352,837
Depreciation .....	2,059,525	2,006,966
Administrative and General .....	833,958	602,758
Total Operating Expenses .....	<u>6,090,270</u>	<u>5,771,719</u>
<b>OPERATING INCOME (LOSS) .....</b>	<b>1,306,758</b>	<b>1,131,549</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	269,396	195,673
Miscellaneous .....	(1,043)	9,736
Interest on Long-Term Debt .....	(1,348,863)	(1,372,682)
Interest on Long-Term Debt BABs Sub .....	(298,940)	(297,980)
Amortization Of Debt Premium .....	110,934	111,548
Interest Charged to Construction .....	214,227	40,966
Total Non-Operating Revenues (Expenses) .....	<u>(1,054,289)</u>	<u>(1,312,739)</u>
Net Income (Loss) Before Capital Contributions and Transfers .....	252,469	(181,190)
Capital Contributions:		
Cash .....	695,907	862,357
Donated Fixed Assets .....	-	105,308
Federal BABs Subsidies .....	298,940	297,980
Transfers:		
City Gross Earnings Tax .....	<u>(559,843)</u>	<u>(518,724)</u>
CHANGE IN NET POSITION .....	<u>\$687,473</u>	<u>\$565,731</u>
NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - APRIL 30 .....		



YEAR TO DATE		2018 OVER (UNDER)	PERCENT CHANGE
APRIL 30, 2018	APRIL 30, 2017	2017	
\$ 23,865,942	\$ 21,439,683	\$2,426,259	11.3%
3,758,009	3,566,171	191,838	5.4%
1,287,826	1,483,706	(195,880)	-13.2%
<u>28,911,777</u>	<u>26,489,560</u>	<u>2,422,217</u>	9.1%
2,265,897	2,208,782	57,115	2.6%
<u>2,239,560</u>	<u>1,894,750</u>	<u>344,810</u>	18.2%
4,505,457	4,103,532	401,925	9.8%
172,348	192,497	(20,149)	-10.5%
720,379	730,397	(10,018)	-1.4%
4,517,362	4,240,628	276,734	6.5%
1,748,778	1,626,484	122,294	7.5%
1,489,105	1,345,006	144,099	10.7%
8,417,585	8,024,316	393,269	4.9%
3,712,346	3,442,120	270,226	7.9%
<u>25,283,360</u>	<u>23,704,980</u>	<u>1,578,380</u>	6.7%
3,628,417	2,784,580	843,837	30.3%
2,410,869	1,414,958	995,911	70.4%
(2,331)	858,223	(860,554)	-100.3%
(5,395,974)	(5,491,016)	95,042	-1.7%
(1,195,760)	(1,191,920)	(3,840)	0.3%
443,735	446,192	(2,457)	-0.6%
214,227	137,354	76,873	56.0%
<u>(3,525,234)</u>	<u>(3,826,209)</u>	<u>300,975</u>	-7.9%
103,183	(1,041,629)	1,144,812	-109.9%
3,296,739	1,977,800	1,318,939	66.7%
202,964	105,308	97,656	92.7%
1,195,760	1,191,920	3,840	0.3%
<u>(2,157,928)</u>	<u>(2,020,276)</u>	<u>(137,652)</u>	6.8%
2,640,718	213,123	2,427,595	1139.1%
556,716,635	549,652,226	7,064,409	
<u>\$559,357,353</u>	<u>\$549,865,349</u>	<u>\$9,492,004</u>	1.7%

*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  
APRIL 30, 2018 AND APRIL 30, 2017

	<u>APRIL 2018</u>	<u>APRIL 2017</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$4,185,878	\$3,760,355
Commercial and Industrial .....	1,228,960	1,089,328
Special Rate .....	567,978	522,678
Sales to Other Utilities .....	<u>375,318</u>	<u>154,186</u>
Total .....	<u><u>\$6,358,134</u></u>	<u><u>\$5,526,547</u></u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	102,439	98,120
Commercial and Industrial .....	6,255	6,031
Sales to Other Utilities .....	<u>15</u>	<u>17</u>
Total .....	<u><u>108,709</u></u>	<u><u>104,168</u></u>

YEAR TO DATE		2018 OVER (UNDER) 2017	PERCENT CHANGE
APRIL 30, 2018	APRIL 30, 2017		
\$15,778,961	\$14,264,071	\$1,514,890	10.6%
5,118,815	4,571,737	547,078	12.0%
2,078,734	1,894,907	183,827	9.7%
889,432	708,968	180,464	25.5%
<u>\$23,865,942</u>	<u>\$21,439,683</u>	<u>\$2,426,259</u>	11.3%
392,540	381,932	10,608	2.8%
26,140	25,739	401	1.6%
60	68	(8)	-11.8%
<u>418,740</u>	<u>407,739</u>	<u>11,001</u>	2.7%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF WATER BILLED  
APRIL 30, 2018 AND APRIL 30, 2017

	MILLION GALLONS, TOTAL			
	APRIL 2018	APRIL 2017	YEAR TO DATE	
			APRIL 30, 2018	APRIL 30, 2017
WATER BILLED				
Residential and Domestic .....	515.09	500.87	2,068.82	2,005.25
Commercial and Industrial .....	180.15	171.45	795.88	736.24
Special Rate .....	490.71	488.05	1,787.01	1,739.10
Sales to Other Utilities .....	41.79	50.13	216.25	236.11
	1,227.74	1,210.50	4,867.96	4,716.70

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

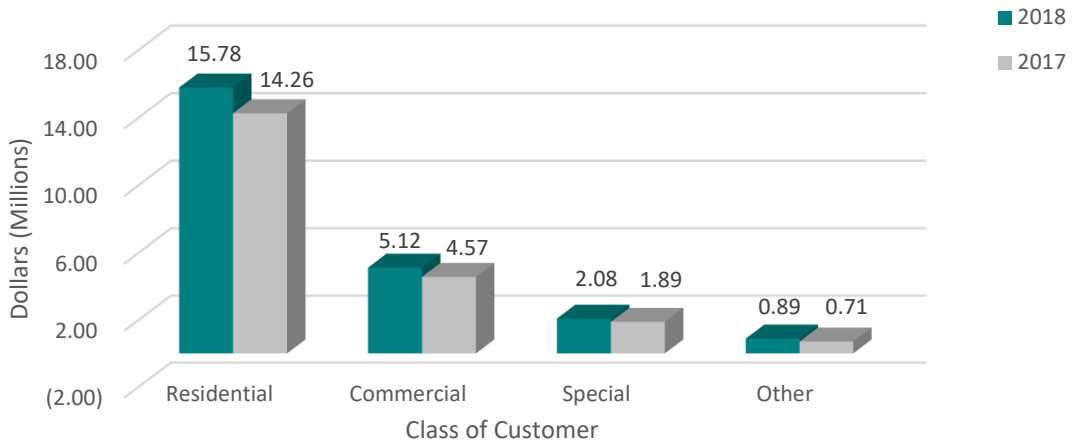
MILLION GALLONS, AVERAGE DAILY

<u>APRIL</u> <u>2018</u>	<u>APRIL</u> <u>2017</u>
17.17	16.70
6.01	5.72
16.36	16.27
<u>1.39</u>	<u>1.67</u>
<u><u>40.93</u></u>	<u><u>40.36</u></u>

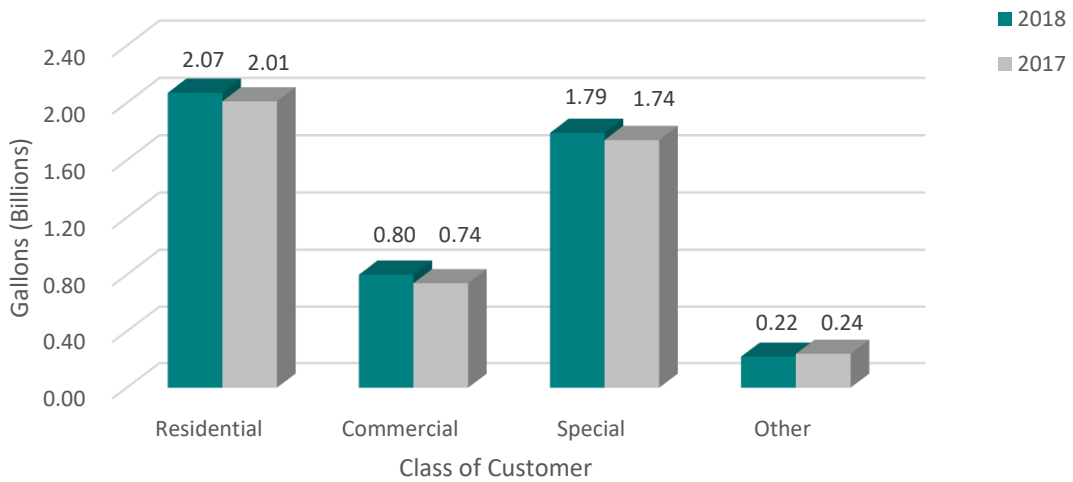
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# Supplemental Data

### WATER SALES Year to Date - April 2018 & 2017

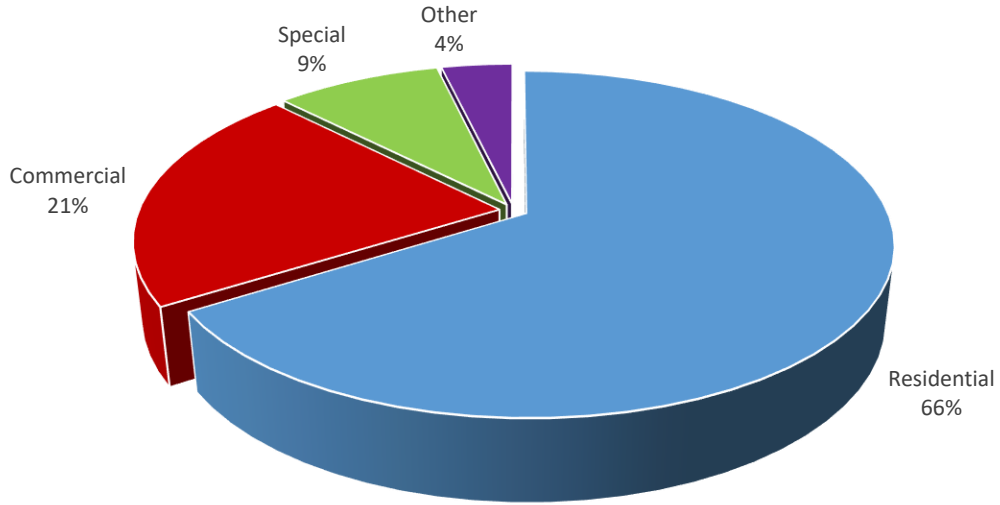


### WATER CONSUMPTION Year to Date - April 2018 & 2017

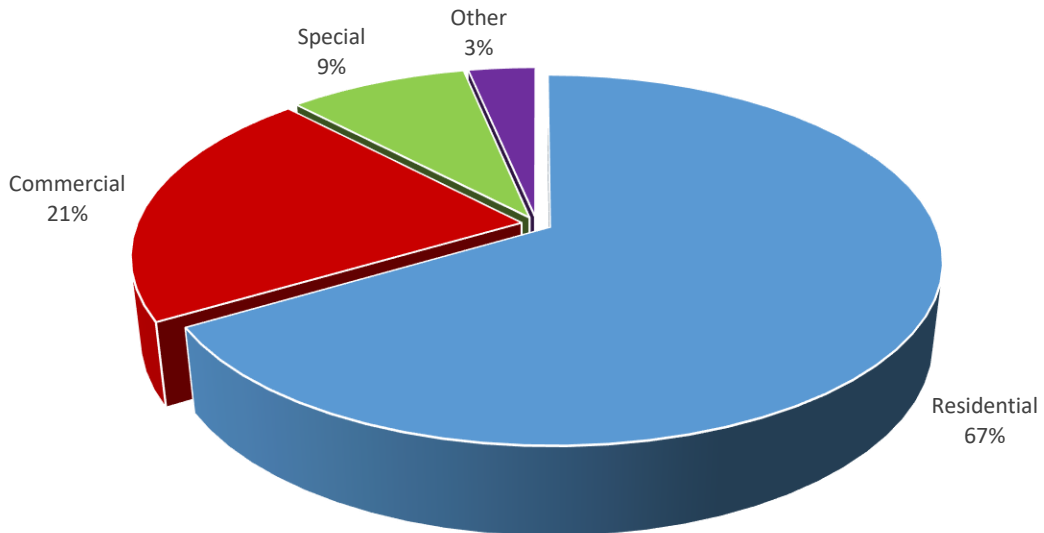




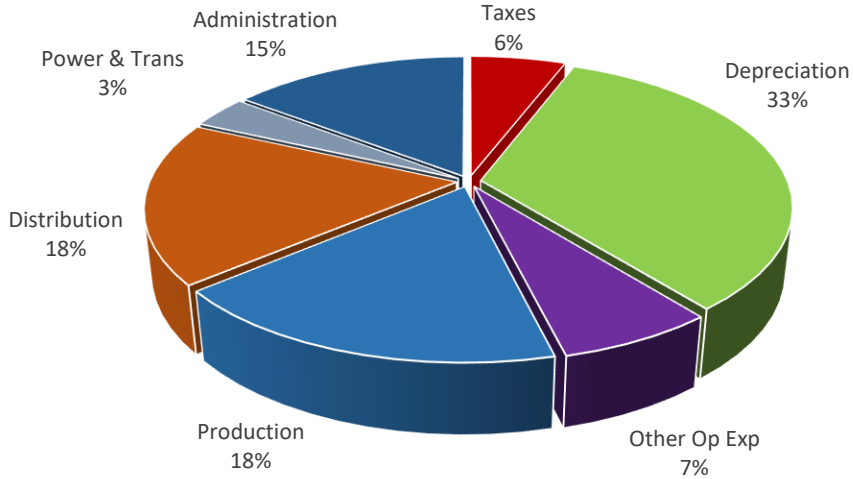
WATER SALES  
Year to Date - April 2018  
(\$23,865,942)



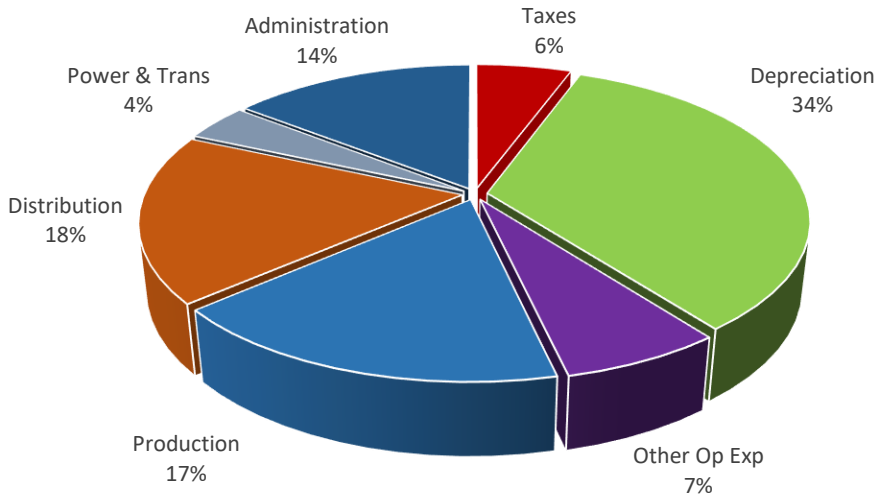
WATER SALES  
Year to Date - April 2017  
(\$21,439,683)



TOTAL OPERATING EXPENSES  
 Year to Date - April 2018  
 (\$25,283,360)



TOTAL OPERATING EXPENSES  
 Year to Date - April 2017  
 (\$23,704,980)





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.

