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*JULY*

*TACOMA WATER*

2016

**FINANCIAL  
REPORT**





# Public Utility Board

MARK PATTERSON

Chair

MONIQUE TRUDNOWSKI

Vice-Chair

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Member

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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, 2016 AND JULY 31, 2015

<b>ASSETS AND DEFERRED INFLOWS</b>	<u>2016</u>	<u>2015</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$1,062,138,722	\$1,046,953,744
Less Depreciation and Amortization .....	(208,150,759)	(189,692,651)
Total .....	<u>853,987,963</u>	<u>857,261,093</u>
Construction Work in Progress .....	24,910,612	22,478,953
Net Utility Plant .....	<u>878,898,575</u>	<u>879,740,046</u>
<b>NON-UTILITY PROPERTY</b> .....	492,963	492,963
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2010 Construction Fund .....	25,655,517	9,248,259
2010 RWSS Construction Fund .....	7,254	11,695
2013 Construction Fund .....	19,803,608	30,496,787
Regional Water Supply System Operating Fund .....	793,342	1,034,992
Provision for Debt Payment .....	8,275,270	8,093,925
Customer Water Main Deposits .....	3,162,235	3,102,241
Water Supply Forum Fund.....	275,662	326,484
Special Bond Reserves .....	22,099,513	22,096,726
Water Customer Contribution Fund .....	(179,646)	(217,997)
Water Capital Reserves .....	27,435,097	25,294,626
Water System Development Charge .....	57,420,209	55,076,006
Total Restricted Assets .....	<u>164,748,061</u>	<u>154,563,744</u>
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	50,581,942	43,352,632
Customers' Deposits .....	331,460	302,771
Receivables:		
Customers .....	5,833,676	5,102,402
Accrued Unbilled Revenues .....	4,935,000	4,616,056
Others .....	667,858	706,840
BABs Interest Subsidies .....	640,128	640,128
Provision for Uncollectible Accounts .....	(383,826)	(302,022)
Materials and Supplies .....	2,489,094	2,417,560
Prepayments .....	861,928	674,524
Total Current Assets .....	<u>65,957,260</u>	<u>57,510,891</u>
<b>TOTAL ASSETS</b> .....	<u>1,110,096,859</u>	<u>1,092,307,644</u>
<b>OTHER ASSETS</b>		
Regulatory Assets - Public Fire Protection Fees .....	1,683,655	2,499,756
Regulatory Assets - Surcharges .....	1,615,940	765,445
Net Pension Asset .....	881,279	-
Total Other Assets .....	<u>4,180,874</u>	<u>3,265,201</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Losses on Refunding Bonds .....	1,746,288	2,027,610
Deferred Outflows for Pensions .....	2,092,307	-
Total Deferred Outflows .....	<u>3,838,595</u>	<u>2,027,610</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,118,116,328</u>	<u>\$1,097,600,455</u>

*These statements should be read in conjunction with the Notes to Financial statements contained in the 2015 Annual Report.*

<b>NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<u>2016</u>	<u>2015</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$439,484,228	\$439,656,848
Restricted for:		
Water Capital Reserves .....	21,367,694	18,748,217
Water System Development Charge .....	21,844,763	19,500,560
Debt Service Funds .....	4,674,833	4,568,966
Pension Asset .....	881,279	-
Unrestricted .....	<u>56,074,206</u>	<u>47,004,647</u>
<b>TOTAL NET POSITION</b> .....	<b>544,327,003</b>	<b>529,479,238</b>
<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 .....	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 .....	14,311,374	15,836,043
Net Outstanding Revenue Bonds .....	<u>392,936,374</u>	<u>400,541,043</u>
PWTF Pre-Construction Loans .....	800,782	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>
<b>Total Long-Term Debt</b> .....	<b>491,537,673</b>	<b>486,694,464</b>
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	421,393	369,983
Purchases and Contracts Payable .....	654,140	740,907
Interest Expense Accrued .....	3,600,437	3,524,959
Taxes Accrued .....	1,551,613	1,607,965
Customers' and Contractors' Deposits .....	353,060	344,709
Current Portion of Long-Term Debt .....	10,738,011	10,633,079
Other Current Liabilities .....	2,210,850	2,167,500
Current Accrued Compensated Absences .....	<u>260,047</u>	<u>255,611</u>
<b>Total Current Liabilities</b> .....	<b>19,789,551</b>	<b>19,644,713</b>
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	6,943,806	7,129,695
Customer Advances for Construction .....	4,660,070	4,552,454
Unearned Revenue .....	7,923,170	8,298,821
Other Long-Term Liabilities .....	4,088,829	3,925,126
Long-Term Accrued Compensated Absences .....	<u>2,340,426</u>	<u>2,300,497</u>
<b>Total Long-Term Liabilities</b> .....	<b>25,956,301</b>	<b>26,206,593</b>
<b>TOTAL LIABILITIES</b> .....	<b>537,283,525</b>	<b>532,545,770</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Rate Stabilization .....	35,575,447	35,575,447
Deferred Inflows for Pensions .....	930,353	-
<b>Total Deferred Inflows</b> .....	<u>36,505,800</u>	<u>35,575,447</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b> .	<b><u>\$1,118,116,328</u></b>	<b><u>\$1,097,600,455</u></b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

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

	JULY 2016	JULY 2015
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$6,593,333	\$7,973,887
Other Operating Revenues .....	749,122	833,533
Contract Resource Obligation Revenue .....	341,838	481,136
Total Operating Revenues .....	7,684,293	9,288,556
 <b>OPERATING EXPENSES</b>		
Production Expense		
Source of Supply .....	559,453	575,282
Water Treatment .....	666,179	537,514
Total Production Expense .....	1,225,632	1,112,796
Power Pumping Expense .....	51,981	75,144
Transmission and Storage Expense .....	159,324	263,487
Distribution Expense .....	1,112,315	1,092,448
Customer Accounting and Consumer Service ...	380,029	304,399
Taxes .....	324,438	356,472
Depreciation .....	1,986,105	1,424,365
Administrative and General .....	812,696	742,387
Total Operating Expenses .....	6,052,520	5,371,498
 <b>OPERATING INCOME (LOSS) .....</b>	1,631,773	3,917,058
 <b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	181,154	149,162
Miscellaneous .....	(2,218)	8,927
Interest on Long-Term Debt .....	(1,318,003)	(1,334,103)
Interest on Long-Term Debt BABs Sub .....	(320,064)	(320,063)
Amortization Of Debt Premium .....	105,802	98,110
Interest Charged to Construction.....	40,330	34,873
Total Non-Operating Revenues (Expenses)	(1,312,999)	(1,363,094)
 Net Income (Loss) Before Capital Contributions and Transfers .....	318,774	2,553,964
Capital Contributions		
Cash .....	189,672	328,569
Donated Fixed Assets .....	383,994	165,991
Federal BAB Subsidies .....	320,064	320,063
Grants .....	-	-
Transfers Out		
City Gross Earnings Tax .....	(613,348)	(650,568)
 CHANGE IN NET POSITION .....	\$599,156	\$2,718,019
 NET POSITION - JANUARY 1 .....		
 TOTAL NET POSITION - JULY 31 .....		



YEAR TO DATE		2016	
JULY 31	JULY 31	OVER	PERCENT
2016	2015	(UNDER)	CHANGE
		2015	
\$ 41,840,241	\$ 40,246,353	\$1,593,888	4.0%
5,879,097	5,509,343	369,754	6.7%
<u>2,949,846</u>	<u>9,864,022</u>	<u>(6,914,176)</u>	-70.1%
50,669,184	55,619,718	(4,950,534)	-8.9%
4,057,931	3,968,846	89,085	2.2%
<u>3,642,671</u>	<u>2,788,954</u>	<u>853,717</u>	30.6%
7,700,602	6,757,800	942,802	14.0%
403,786	318,905	84,881	26.6%
1,737,205	1,844,173	(106,968)	-5.8%
7,464,410	7,183,397	281,013	3.9%
2,673,127	2,497,158	175,969	7.0%
2,501,366	2,311,295	190,071	8.2%
13,902,710	9,969,773	3,932,937	39.4%
<u>5,683,070</u>	<u>5,003,375</u>	<u>679,695</u>	13.6%
<u>42,066,276</u>	<u>35,885,876</u>	<u>6,180,400</u>	17.2%
8,602,908	19,733,842	(11,130,934)	-56.4%
1,661,315	862,100	799,215	92.7%
4,178	(233,933)	238,111	101.8%
(9,325,184)	(9,597,399)	272,215	-2.8%
(2,131,626)	(2,100,259)	(31,367)	1.5%
740,614	1,176,227	(435,613)	-37.0%
<u>272,317</u>	<u>1,457,097</u>	<u>(1,184,780)</u>	-81.3%
<u>(8,778,386)</u>	<u>(8,436,167)</u>	<u>(342,219)</u>	4.1%
(175,478)	11,297,675	(11,473,153)	-101.6%
2,695,802	2,543,580	152,222	6.0%
770,235	343,658	426,577	124.1%
2,131,626	2,100,259	31,367	1.5%
-	61,478	(61,478)	-100.0%
<u>(3,597,005)</u>	<u>(3,540,657)</u>	<u>(56,348)</u>	1.6%
1,825,180	12,805,993	(10,980,813)	-85.7%
<u>542,501,823</u>	<u>516,673,245</u>	<u>25,828,578</u>	
<u>\$544,327,003</u>	<u>\$529,479,238</u>	<u>\$14,847,765</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  
JULY 31, 2016 AND JULY 31, 2015

	<u>JULY</u> <u>2016</u>	<u>JULY</u> <u>2015</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$4,323,172	\$5,060,127
Commercial and Industrial .....	1,377,229	1,659,268
Special Rate .....	489,641	560,773
Sales to Other Utilities .....	<u>403,291</u>	<u>693,719</u>
Total .....	<u><u>\$6,593,333</u></u>	<u><u>\$7,973,887</u></u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	81,304	86,885
Commercial and Industrial .....	5,545	6,446
Sales to Other Utilities .....	<u>17</u>	<u>13</u>
Total .....	<u><u>86,866</u></u>	<u><u>93,344</u></u>

YEAR TO DATE		2016 OVER (UNDER) 2015	PERCENT CHANGE
JULY 2016	JULY 2015		
\$27,186,969	\$25,913,790	\$1,273,179	4.9%
9,197,613	8,777,475	420,138	4.8%
3,312,100	3,382,534	(70,434)	-2.1%
2,143,559	2,172,554	(28,995)	-1.3%
<u>\$41,840,241</u>	<u>\$40,246,353</u>	<u>\$1,593,888</u>	4.0%
648,639	648,443	196	0.0%
43,834	44,608	(774)	-1.7%
119	121	(2)	-1.7%
<u>692,592</u>	<u>693,172</u>	<u>(580)</u>	-0.1%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

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

	MILLION GALLONS, TOTAL			
	JULY 2016	JULY 2015	YEAR TO DATE JULY 2016	YEAR TO DATE JULY 2015
WATER BILLED				
Residential and Domestic .....	797.80	1,063.67	4,334.11	4,443.98
Commercial and Industrial .....	288.82	352.40	1,771.95	1,665.88
Special Rate .....	452.09	515.60	3,059.19	3,347.79
Sales to Other Utilities .....	116.44	231.33	732.13	730.84
	1,655.15	2,163.00	9,897.38	10,188.49

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

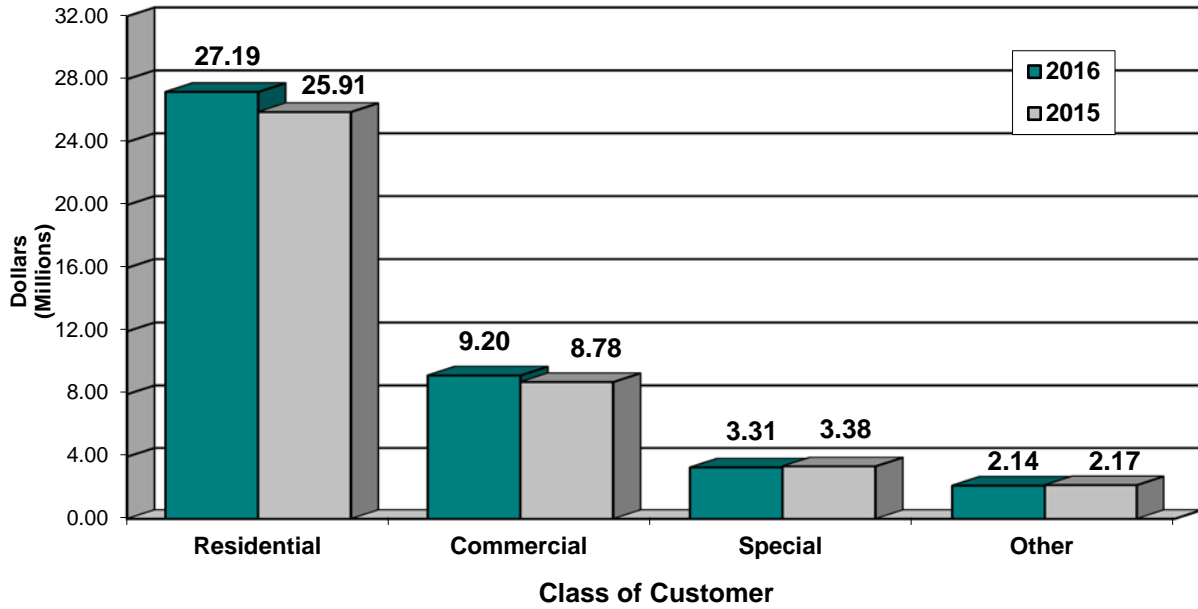
MILLION GALLONS, AVERAGE DAILY

<u>JULY</u> <u>2016</u>	<u>JULY</u> <u>2015</u>
25.74	34.31
9.32	11.37
14.58	16.63
<u>3.76</u>	<u>7.46</u>
<u><u>53.40</u></u>	<u><u>69.77</u></u>

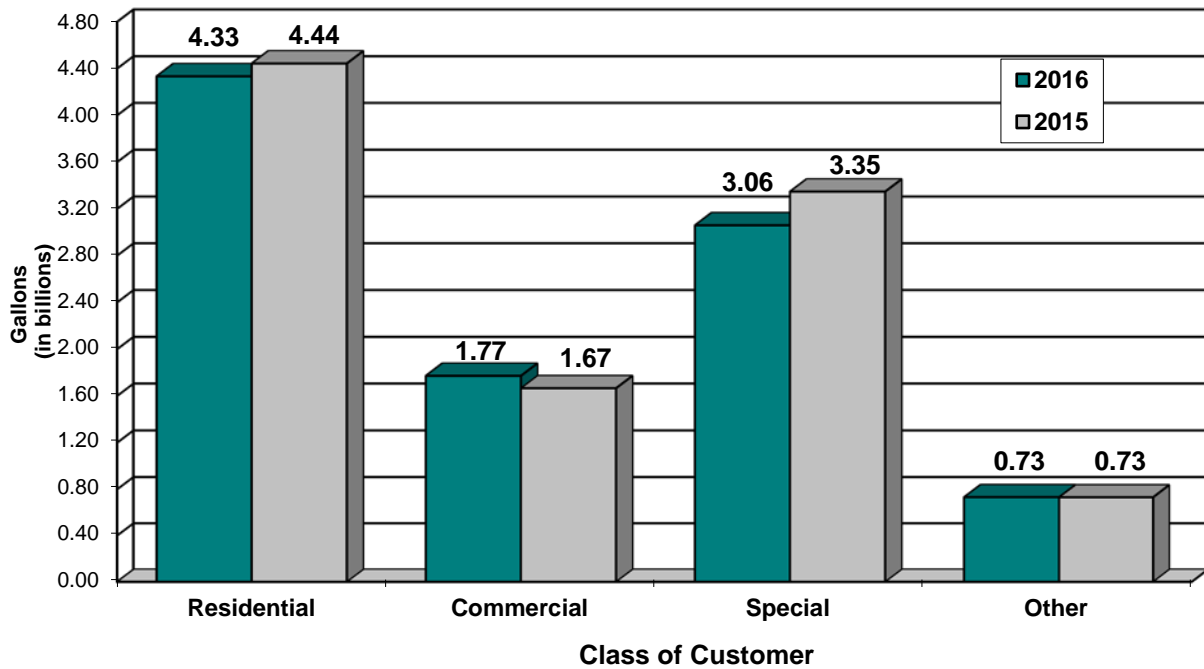
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# Supplemental Data

**WATER SALES**  
Year to Date - July 2016 & 2015

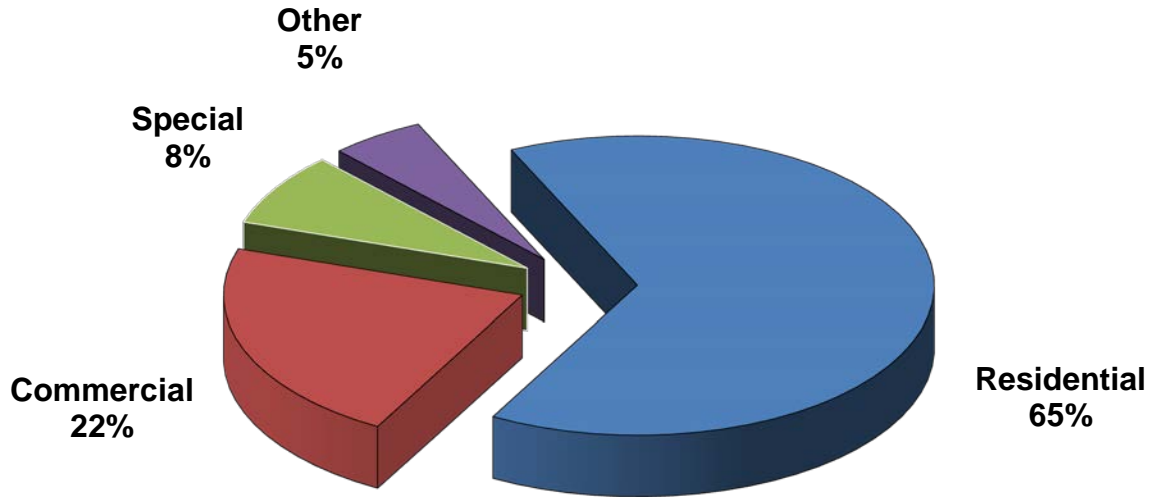


**WATER CONSUMPTION**  
Year to Date - July 2016 & 2015

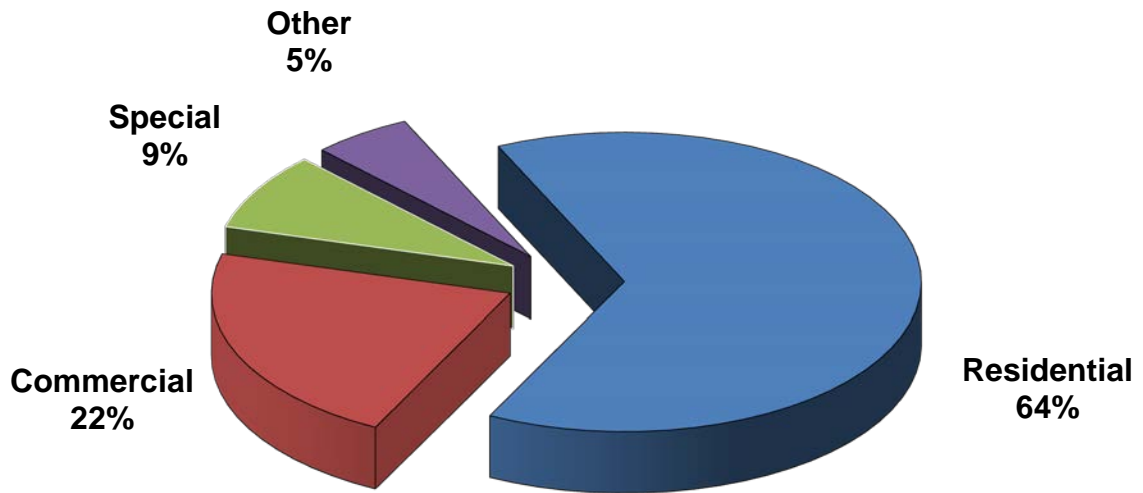




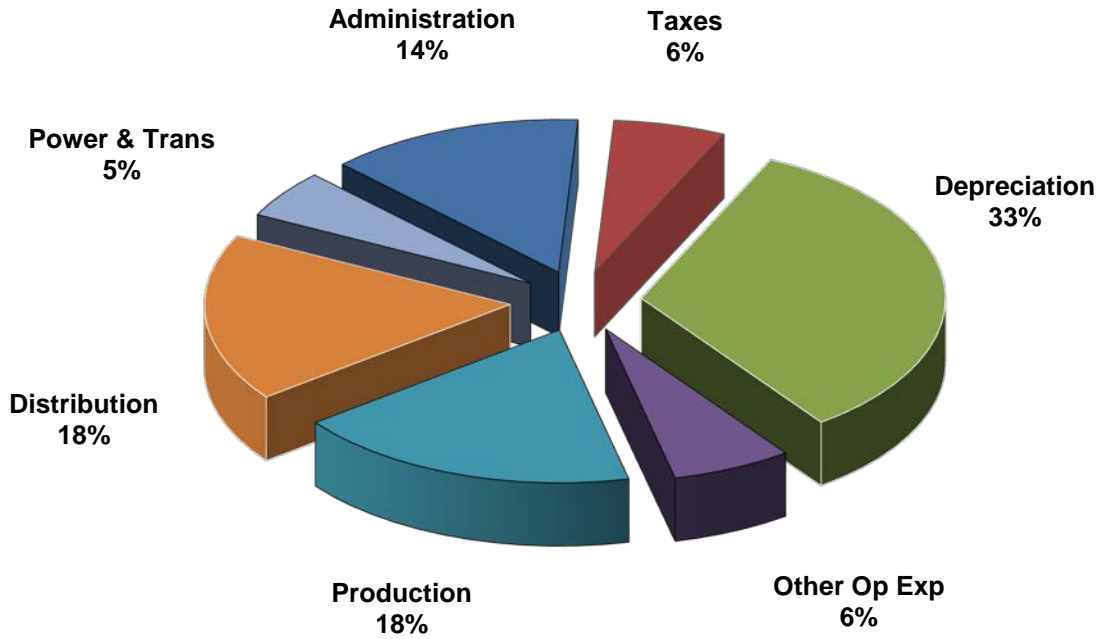
**WATER SALES**  
Year to Date - July 2016  
(\$41,840,241)



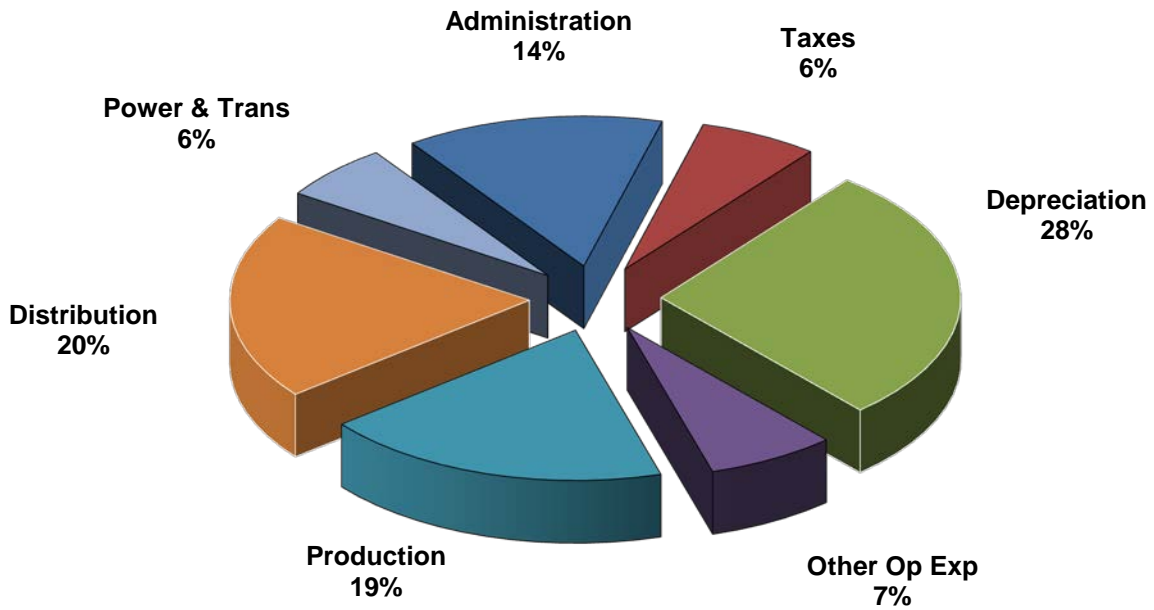
**WATER SALES**  
Year to Date - July 2015  
(\$40,246,353)



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



**TOTAL OPERATING EXPENSES**  
Year to Date - July 2015  
(\$35,885,876)





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