

---

**OCTOBER**

**TACOMA WATER**

**2013**

**FINANCIAL  
REPORT**





# Public Utility Board

DAVID NELSON

Chair

WOODROW JONES

Vice-Chair

BRYAN FLINT

Secretary

MARK PATTERSON

Member

MONIQUE TRUDNOWSKI

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 .....	2 - 3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	4 - 5
SUMMARY OF REVENUES AND BILLINGS .....	6 - 7
SUMMARY OF WATER BILLED .....	8 - 9
SUPPLEMENTAL DATA .....	11 - 14

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF NET POSITION - OCTOBER 31, 2013 AND OCTOBER 31, 2012

ASSETS	2013	2012 (As Restated)
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$832,750,263	\$804,788,345
Less Depreciation and Amortization .....	(167,998,277)	(157,850,060)
Total .....	664,751,986	646,938,285
Construction Work in Progress .....	118,763,616	46,305,319
Net Utility Plant .....	783,515,602	693,243,604
<b>NON-UTILITY PROPERTY</b> .....	492,963	547,480
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2003 Construction Fund .....	-	576
2005 Construction Fund .....	-	(169)
2009 Construction Fund .....	-	8,584,710
2010 Construction Fund .....	8,555,131	46,807,160
Regional Water Supply System Const Fund .....	-	56,082
2010 RWSS Construction Fund .....	7,152,325	27,906,334
2013 Construction Fund .....	50,829,580	-
Regional Water Supply System Operating Fund .....	6,901,358	9,564,250
Provision for Debt Payment .....	13,099,960	12,879,817
Customer Water Main Deposits .....	2,939,190	2,910,733
Water Supply Forum Fund .....	436,226	516,747
Special Bond Reserves .....	22,092,314	19,376,753
Water Customer Contribution Fund .....	200,496	(132,075)
Water Assurance Reserves .....	-	12,086,613
Water Capital Reserves .....	19,372,871	-
Water System Development Charge .....	53,658,609	53,461,915
Notes and Contracts Receivables - SDC .....	462,128	932,785
Total Restricted Assets .....	185,700,188	194,952,231
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	38,916,538	28,136,125
Working Funds .....	1,500	1,500
Customers' and Contractors' Deposits .....	267,487	272,517
Receivables:		
Customers .....	5,533,198	4,184,606
Accrued Unbilled Revenues .....	4,026,679	3,609,693
Others .....	1,321,236	1,529,613
BABs Interest Subsidies .....	1,600,320	1,600,320
Provision for Uncollectible Accounts .....	(500,594)	(495,928)
Materials and Supplies .....	2,389,616	2,330,083
Prepayments & Other .....	409,389	41,102
Total Current Assets .....	53,965,369	41,209,631
Total Assets .....	1,023,674,122	929,952,946
<b>DEFERRED OUTFLOWS</b>		
Regulatory Assets - Public Fire Protection Fees ....	4,094,242	4,449,210
Regulatory Assets - Hyada Surcharges .....	942,601	1,041,550
Unamortized Losses on Refunding Debt Expense .....	1,851,525	1,813,036
Total Deferred Outflows .....	6,888,368	7,303,796
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	\$1,030,562,490	\$937,256,742

*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>	2013	2012 (As Restated)
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$391,499,474	\$374,587,600
Restricted for:		
Regional Water Supply System Construction Fund ....	-	56,082
Water Assurance Reserves .....	-	4,103,188
Water Capital Reserves .....	11,868,451	-
Water System Development Charge .....	19,015,948	24,885,123
Debt Service Funds .....	4,025,082	4,508,466
Unrestricted .....	48,319,144	35,476,960
<b>TOTAL NET POSITION .....</b>	<b>474,728,099</b>	<b>443,617,419</b>
<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 .....	63,835,000	-
Total Outstanding Revenue Bonds .....	400,015,000	364,880,000
Plus: Unamortized Bond Premium .....	15,850,270	4,744,356
Net Outstanding Revenue Bonds .....	415,865,270	369,624,356
PWTF Pre-Construction Loans .....	1,281,304	1,441,477
PWTF Construction Loans .....	29,517,015	22,084,862
Drinking Water State Revolving Fund Loans .....	17,789,716	15,659,868
<b>Total Long-Term Debt .....</b>	<b>464,453,305</b>	<b>408,810,563</b>
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	707,602	621,971
Purchases and Contracts Payable .....	7,925,202	6,815,906
Interest Expense Accrued .....	9,074,878	8,371,351
Taxes Accrued .....	1,398,143	1,330,978
Customers' Deposits .....	311,981	291,414
Current Portion of Long-Term Debt .....	9,169,606	10,226,074
Other Current Liabilities .....	918,551	81,587
Current Accrued Compensated Absences .....	235,807	244,587
<b>Total Current Liabilities .....</b>	<b>29,741,770</b>	<b>27,983,868</b>
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	7,515,530	7,715,713
Customer Advances for Construction .....	4,240,787	4,534,905
Unearned Revenue .....	9,224,054	9,210,437
Other Long-Term Liabilities .....	2,961,240	2,607,110
Long Term Accrued Compensated Absences .....	2,122,259	2,201,281
<b>Total Long-Term Liabilities .....</b>	<b>26,063,870</b>	<b>26,269,446</b>
<b>TOTAL LIABILITIES .....</b>	<b>520,258,945</b>	<b>463,063,877</b>
<b>DEFERRED INFLOWS</b>		
Rate Stabilization .....	35,575,446	30,575,446
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .</b>	<b>\$1,030,562,490</b>	<b>\$937,256,742</b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

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

	October 2013	October 2012 (As Restated)
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$6,652,209	\$6,496,796
Other Operating Revenues .....	589,727	657,971
Contract Resource Obligation Revenue .....	428,264	377,644
<b>Total Operating Revenues .....</b>	<b>7,670,200</b>	<b>7,532,411</b>
<b>OPERATING EXPENSES</b>		
Production Expense		
Source of Supply .....	481,916	470,233
Water Treatment .....	343,342	265,781
<b>Total Production Expense .....</b>	<b>825,258</b>	<b>736,014</b>
Power Pumping Expense .....	38,863	26,283
Transmission and Storage Expense .....	240,619	225,779
Distribution Expense .....	944,895	895,927
Customer Accounting and Consumer Service ..	340,567	360,159
Taxes .....	297,931	315,510
Depreciation .....	1,332,645	1,281,012
Administrative and General .....	495,519	550,175
<b>Total Operating Expenses .....</b>	<b>4,516,297</b>	<b>4,390,859</b>
<b>OPERATING INCOME (LOSS) .....</b>	<b>3,153,903</b>	<b>3,141,552</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	113,227	160,200
Miscellaneous .....	51,739	(99,806)
Interest on Long-Term Debt .....	(1,347,886)	(1,323,684)
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	24,907	334,379
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,358,370)</b>	<b>(1,218,839)</b>
Net Income (Loss) Before Capital Contributions and Transfers .....	1,795,533	1,922,713
Capital Contributions		
Cash .....	389,280	419,838
Donated Fixed Assets .....	79,191	
Federal BAB Subsidies .....	320,064	320,064
Transfers Out		
City Gross Earnings Tax .....	(582,390)	(551,829)
Transfer to Other Funds .....	(67,543)	(67,543)
<b>NET INCOME (LOSS) .....</b>	<b>\$2,001,678</b>	<b>\$2,043,243</b>
TOTAL NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - OCTOBER 31 .....		



YEAR TO DATE		2013	PERCENT CHANGE
October 31, 2013	October 31, 2012 (As Restated)	OVER (UNDER) 2012	
\$54,412,355	\$50,045,558	\$4,366,797	8.7%
7,628,837	5,774,888	1,853,949	32.1%
20,031,425	7,607,071	12,424,354	163.3%
82,072,617	63,427,517	18,645,100	29.4%
4,467,900	4,041,176	426,724	10.6%
3,053,241	2,733,937	319,304	11.7%
7,521,141	6,775,113	746,028	11.0%
371,981	241,096	130,885	54.3%
2,278,251	2,133,065	145,186	6.8%
9,080,773	8,801,193	279,580	3.2%
3,247,801	3,143,464	104,337	3.3%
2,977,920	2,955,248	22,672	0.8%
13,332,204	12,783,492	548,712	4.3%
5,950,979	5,570,215	380,764	6.8%
44,761,050	42,402,886	2,358,164	5.6%
37,311,567	21,024,631	16,286,936	77.5%
437,550	1,166,549	(728,999)	-62.5%
(1,253,520)	259,629	(1,513,149)	-582.8%
(13,584,356)	(13,242,736)	(341,620)	2.6%
(3,033,566)	(3,200,639)	167,073	-5.2%
1,428,900	301,359	1,127,541	374.2%
1,019,021	4,347,522	(3,328,501)	-76.6%
(14,985,971)	(10,368,316)	(4,617,655)	44.5%
22,325,596	10,656,315	11,669,281	109.5%
3,406,068	8,387,184	(4,981,116)	-59.4%
988,008	22,133	965,875	4364.0%
3,033,566	3,200,639	(167,073)	-5.2%
(4,883,276)	(4,514,070)	(369,206)	8.2%
	(67,592)	67,592	-100.0%
24,869,962	17,684,609	\$7,185,353	40.6%
449,858,137	425,932,810	-	
\$474,728,099	\$443,617,419		

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

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

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

	<u>OCTOBER 2013</u>	<u>OCTOBER 2012</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$4,272,710	\$4,479,994
Commercial and Industrial .....	1,306,851	1,181,077
Special Rate - Simpson Tacoma Kraft Company .....	523,020	374,135
Municipal .....	49,748	39,498
Other Public Buildings and Grounds .....	198,916	222,412
Sales to Other Utilities .....	<u>300,964</u>	<u>199,680</u>
Total .....	<u><u>\$6,652,209</u></u>	<u><u>\$6,496,796</u></u>

<b>BILLINGS (NUMBER OF MONTHS BILLED)</b>		
Residential and Domestic .....	105,469	102,759
Commercial and Industrial .....	6,879	6,483
Municipal .....	217	189
Other Public Buildings and Grounds .....	459	447
Sales to Other Utilities .....	<u>16</u>	<u>18</u>
Total .....	<u><u>113,040</u></u>	<u><u>109,896</u></u>

YEAR TO DATE		2013 OVER (UNDER) 2012	PERCENT CHANGE
OCTOBER 2013	OCTOBER 2012		
\$34,935,482	\$33,067,670	\$1,867,812	5.6%
9,808,984	9,045,060	763,924	8.4%
4,393,233	4,213,361	179,872	4.3%
380,226	322,920	57,305	17.7%
1,814,498	1,694,138	120,361	7.1%
<u>3,079,932</u>	<u>1,702,409</u>	<u>1,377,523</u>	80.9%
<u>\$54,412,355</u>	<u>\$50,045,558</u>	<u>\$4,366,797</u>	8.7%
1,282,838	1,298,786	(15,948)	-1.2%
81,057	81,489	(432)	-0.5%
2,967	2,915	52	1.8%
5,712	5,804	(92)	-1.6%
<u>258</u>	<u>251</u>	<u>7</u>	2.8%
<u>1,372,832</u>	<u>1,389,245</u>	<u>(16,413)</u>	-1.2%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

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

WATER BILLED	MILLION GALLONS, TOTAL			
	OCTOBER	OCTOBER	YEAR TO DATE	
	2013	2012	OCTOBER 2013	OCTOBER 2012
Residential and Domestic .....	805.47	1,013.56	6,757.73	6,721.56
Commercial and Industrial .....	299.44	292.71	2,191.18	2,148.04
Special Rate - Simpson ....	517.23	431.10	4,951.52	4,899.75
Municipal .....	10.15	9.20	72.35	59.69
Other Public Bldgs and Grounds .....	36.09	61.51	406.67	415.32
Sales to Other Utilities .....	43.66	60.71	991.24	542.80
	1,712.04	1,868.79	15,370.69	14,787.16

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

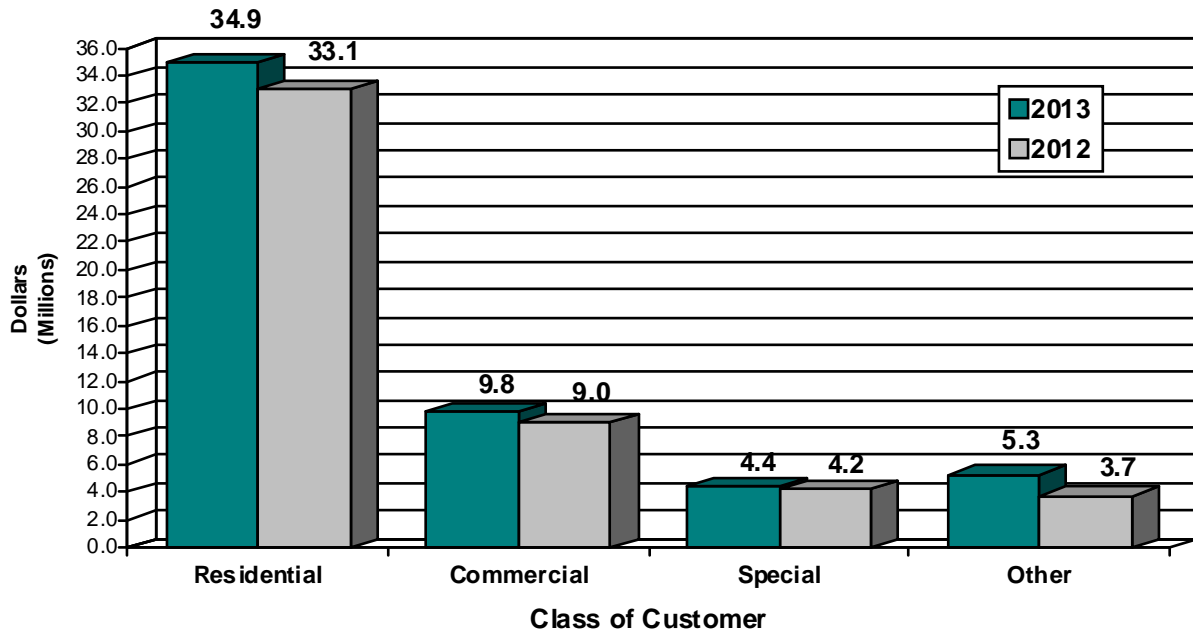
MILLION GALLONS, AVERAGE DAILY

<u>OCTOBER</u> <u>2013</u>	<u>OCTOBER</u> <u>2012</u>
25.98	32.70
9.66	9.44
16.68	13.91
0.33	0.30
1.16	1.98
<u>1.41</u>	<u>1.96</u>
<u><u>55.22</u></u>	<u><u>60.29</u></u>

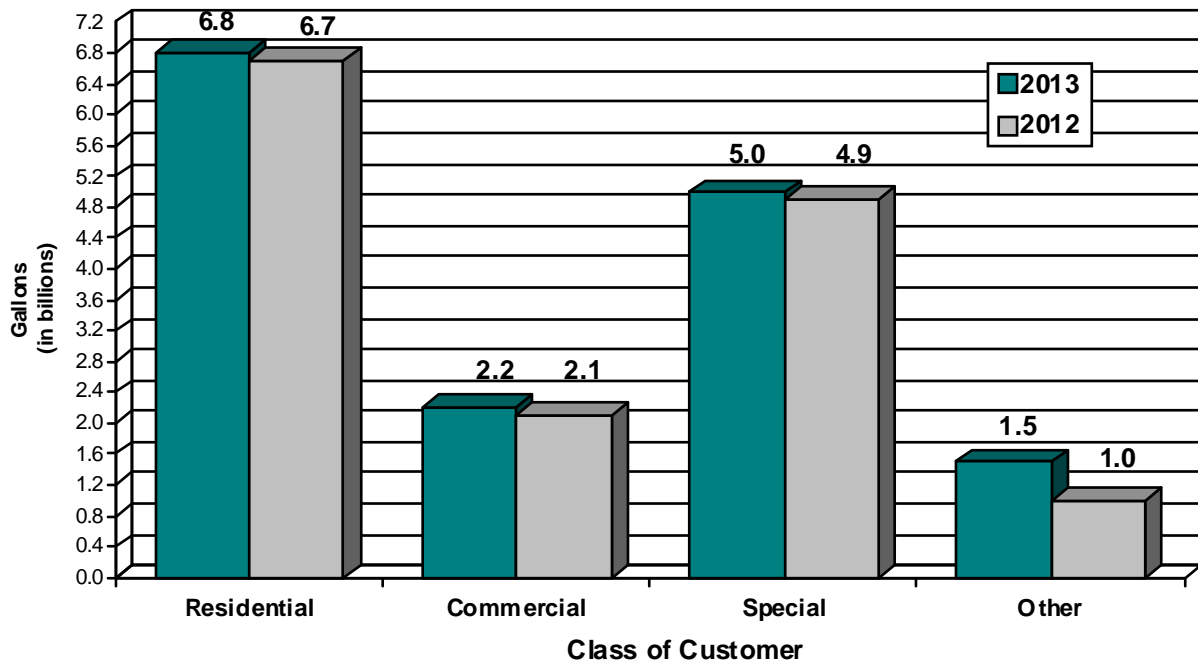
*This page has been left blank intentionally.*

# Supplemental Data

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

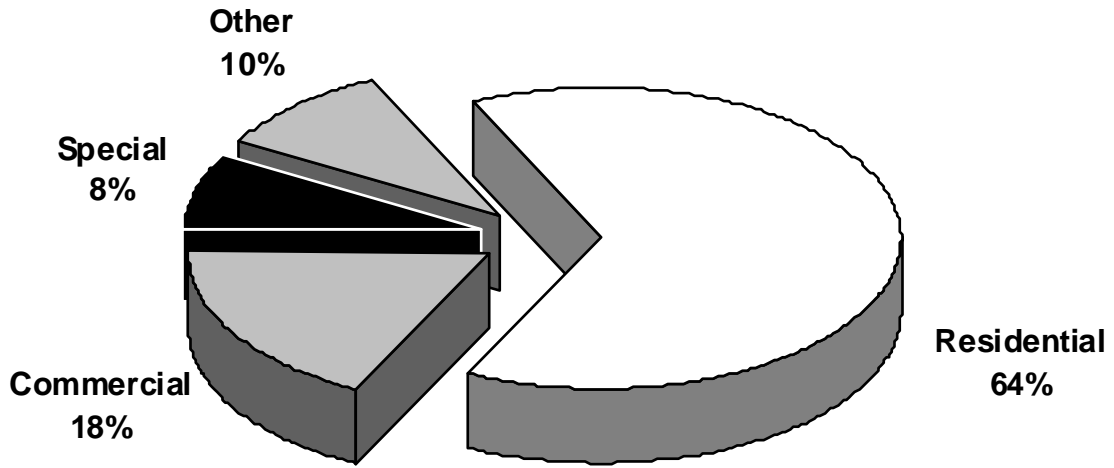


**WATER CONSUMPTION**  
Year to Date - October 2013 & 2012

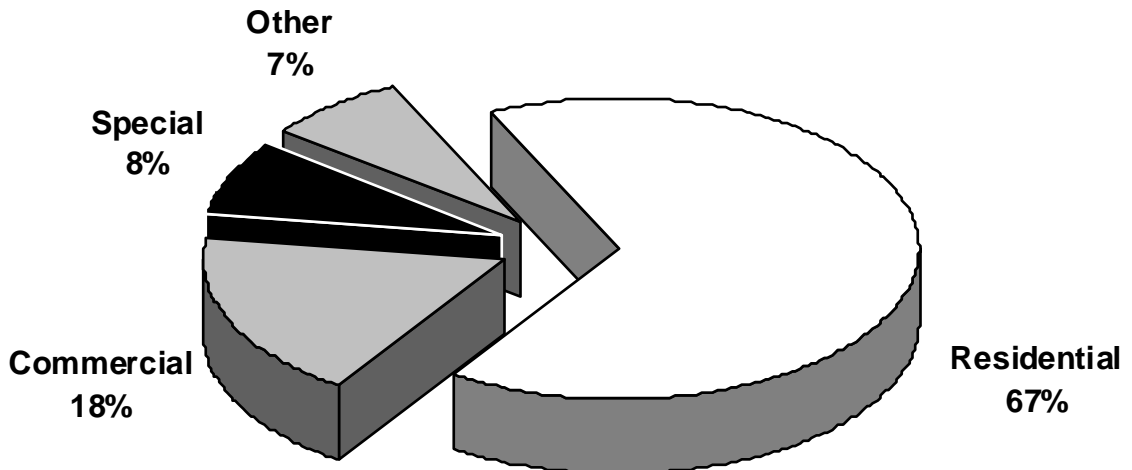




**WATER SALES**  
Year to Date - October 2013  
(\$54,412,355)



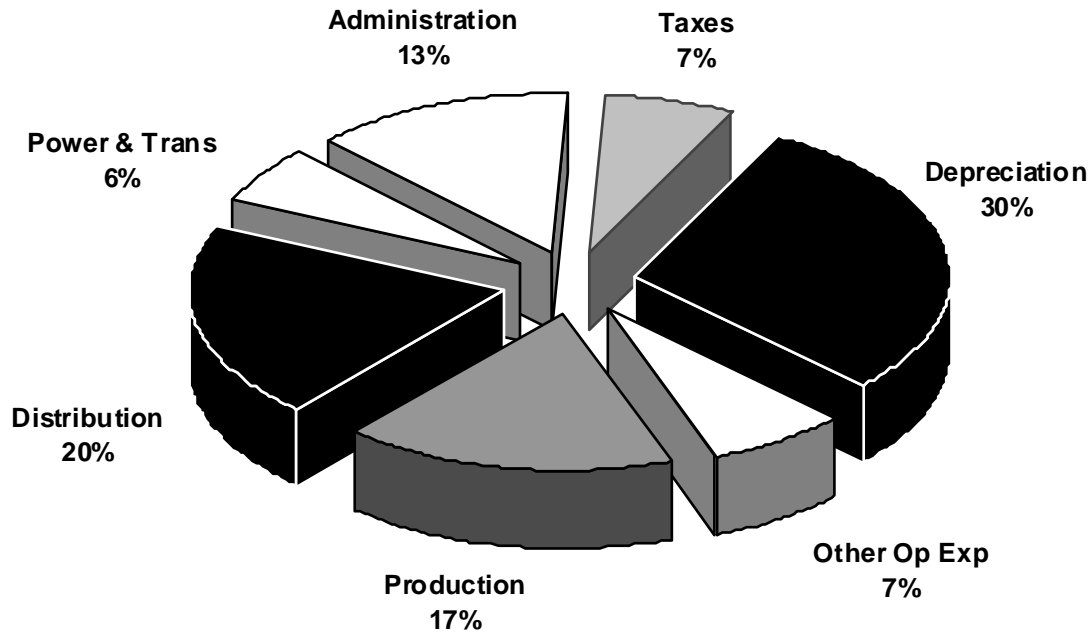
**WATER SALES**  
Year to Date - October 2012  
(\$50,045,558)



**TOTAL OPERATING EXPENSES**

**Year to Date - October 2013**

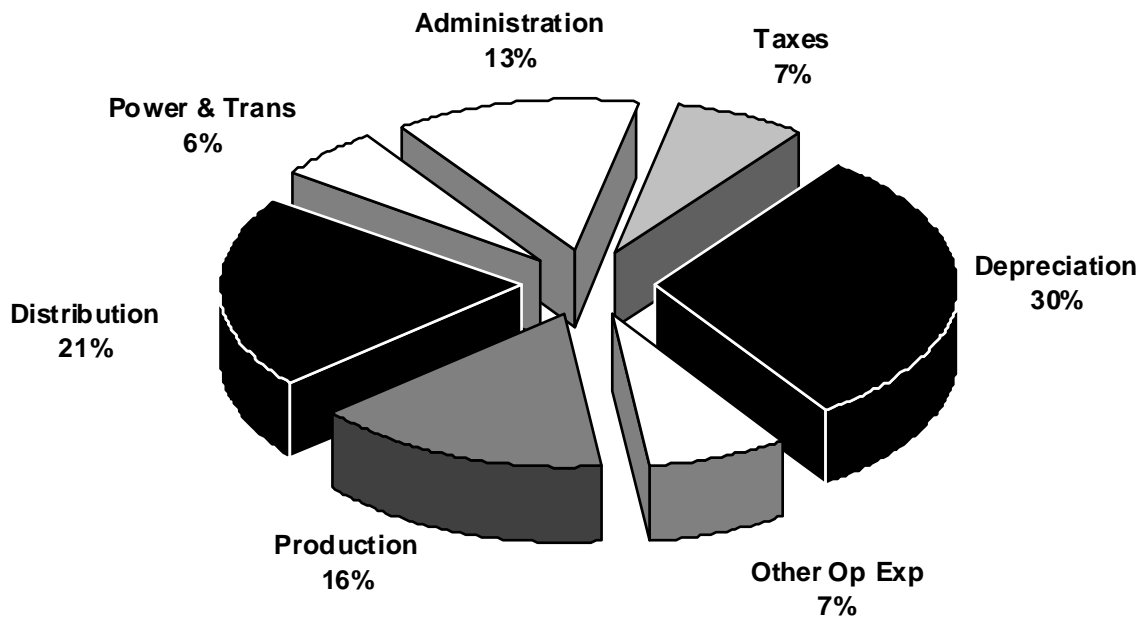
**(\$44,761,050)**



**TOTAL OPERATING EXPENSES**

**Year to Date - October 2012**

**(\$42,402,886)**





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.