
MARCH

TACOMA WATER

2020

**INTERIM
FINANCIAL
REPORT**



Public Utility Board

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Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

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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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Management Discussion and Analysis

Overview of the Financial Statements

Summary

As of March 2020, Tacoma Water is reporting year-to-date operating income of \$1.7 million compared to \$1.8 million in 2019. Operating revenues increased \$337,000 (1.6%) and operating expenses increased by \$427,000 (2.2%). The year-to-date change in net position for 2020 was (\$906,000); for 2019 it was \$461,000.

Revenues

Water sales revenues increased by \$99,000 (0.5%) as of the first quarter of 2020 compared to the same period in 2019. The following table summarizes the impacts of rate and volume changes on water sales revenue by customer class as of March 2020.

Customer Class	Changes Related to:		YTD Increase (Decrease)
	Rate	Volume	
Residential and Domestic	\$ 571,189	\$ (771,707)	\$ (200,518)
Commercial and Industrial	228,550	(32,423)	196,127
Special Rate	19,304	197,572	216,876
Other	46,057	(159,823)	(113,766)
Total	\$ 865,100	\$ (766,381)	\$ 98,719

Consumption as of March 2020 was 3,617 million gallons compared to 3,604 million gallons for the same period in 2019. Regional Water Supply System (RWSS) partners (including Tacoma share) received 2,655.18 million gallons. The following table summarizes water consumption by customer class year-to-date.

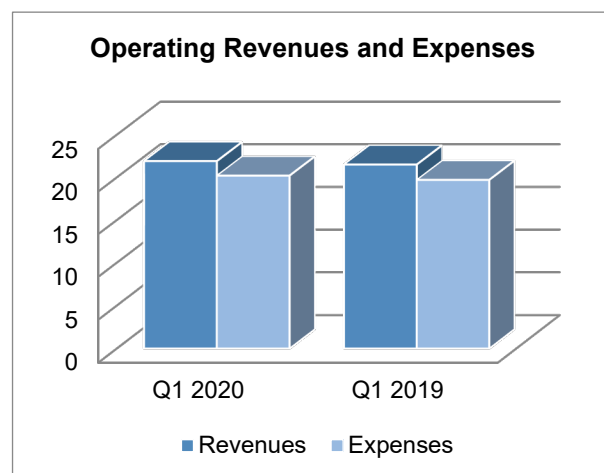
Customer Class	Millions of Gallons		YTD Increase (Decrease)	%
	2020	2019		
Residential and Domestic	1,424.26	1,519.41	(95.15)	(6%)
Commercial and Industrial	610.60	615.43	(4.83)	(1%)
Special Rate	1,444.05	1,272.60	171.45	13%
Other	137.80	196.36	(58.56)	(30%)
Total	3,616.71	3,603.80	12.91	0%

Expenses

Operating expenses were \$20.2 million for the first three months of 2020, an increase of \$427,000 compared to 2019.

Non Operating Revenues

Interest income decreased \$2.6 million due to the reversal of the 2019 GASB 31 Gain/Loss entry.



Request for Information

Water financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

Additional information can also be obtained from <https://www.mytpu.org/about-tpu/tacoma-water-investor.htm>

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statements of Net Position (Unaudited)
March 31, 2020 and March 31, 2019

	March 31,	
	2020	2019
ASSETS		
UTILITY PLANT		
Water Plant in Service	\$1,146,434,670	\$1,122,849,319
Less Depreciation and Amortization	<u>(287,748,767)</u>	<u>(264,881,664)</u>
Total	858,685,903	857,967,655
Construction Work in Progress	<u>15,991,499</u>	<u>12,674,938</u>
Net Utility Plant	<u>874,677,402</u>	<u>870,642,593</u>
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2010 Construction Fund	-	3,476,894
2013 Construction Fund	8,530,591	16,959,780
Regional Water Supply System Operating Fund	861,710	618,404
Provision for Debt Payment	11,474,591	11,505,597
Customer Water Main Deposits	3,454,073	3,357,264
Water Supply Forum Fund	615,928	431,515
Special Bond Reserves	22,116,769	22,110,312
Water Customer Contribution Fund	825,328	531,729
Water Capital Reserves	41,048,821	39,326,059
Water System Development Charge	<u>73,795,616</u>	<u>69,819,680</u>
Total Restricted Assets	162,723,427	168,137,234
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	68,546,967	61,675,075
Customers' Deposits	315,770	314,943
Receivables:		
Customers	4,246,599	4,593,375
Accrued Unbilled Revenues	5,818,438	5,930,220
Others	1,286,100	866,760
BABs Interest Subsidies	1,204,720	1,200,883
Provision for Uncollectible Accounts	(515,338)	(768,752)
Materials and Supplies	2,697,498	2,511,332
Prepayments	<u>1,932,752</u>	<u>1,904,362</u>
Total Current Assets	<u>85,533,506</u>	<u>78,228,198</u>
TOTAL ASSETS	<u>1,123,427,298</u>	<u>1,117,500,988</u>
OTHER ASSETS		
Regulatory Assets - Public Fire Protection Fees	-	-
Regulatory Assets - Surcharges	2,046,268	1,569,417
Net Pension Asset	<u>-</u>	<u>3,438,481</u>
Total Other Assets	2,046,268	5,007,898
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	942,128	1,129,372
Deferred Outflows for Pensions	12,149,265	4,409,587
Deferred Outflows for OPEB	<u>471,177</u>	<u>295,709</u>
Total Deferred Outflows	13,562,570	5,834,668
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$1,139,036,136</u>	<u>\$1,128,343,554</u>

These statements should be read in conjunction with the Notes to the Financial Statements contained in the previous year-end Financial Report.

	March 31,	
	2020	2019
NET POSITION		
Net Investment in Capital Assets	\$454,523,266	\$446,479,295
Restricted for:		
Water Capital Reserves	36,418,434	34,695,672
Water System Development Charge	38,220,169	34,244,233
Debt Service Funds	4,950,797	4,793,570
Pension Asset	-	3,438,481
Unrestricted	67,797,865	58,548,133
TOTAL NET POSITION	601,910,531	582,199,384
LIABILITIES		
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	13,530,000	17,790,000
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	9,230,000	10,820,000
2010 RWSS Revenue Bonds, Series A	1,345,000	1,655,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Refunding Bonds	55,920,000	57,710,000
Total Outstanding Revenue Bonds	350,390,000	358,340,000
Plus: Unamortized Bond Premium	8,787,666	10,173,064
Net Outstanding Revenue Bonds	359,177,666	368,513,064
PWTF Pre-Construction Loans	320,261	480,435
PWTF Construction Loans	14,297,433	16,834,030
State Drinking Water Loans	57,150,308	61,381,554
Total Long-Term Debt	430,945,668	447,209,083
CURRENT LIABILITIES		
Salaries and Wages Payable	1,178,094	927,281
Purchases and Contracts Payable	1,222,377	1,467,842
Interest Expense Accrued	6,523,794	6,712,027
Taxes Accrued	1,500,854	1,585,832
Customers' and Contractors' Deposits	352,860	371,945
Current Portion of Long-Term Debt	15,046,423	14,710,633
Interfund Payables	-	-
Other Current Liabilities	4,307,575	4,223,110
Current Accrued Compensated Absences	237,357	244,160
Total Current Liabilities	30,369,334	30,242,830
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,244,496	6,412,903
Customer Advances for Construction	7,999,146	6,304,920
Unearned Revenue	7,172,917	7,414,873
Other Long-Term Liabilities	1,132,176	1,099,515
Pension Liability	10,264,957	-
OPEB Liability	3,565,886	3,780,897
Long-Term Accrued Compensated Absences	2,136,217	2,197,439
Total Long-Term Liabilities	38,515,795	27,210,547
TOTAL LIABILITIES	499,830,797	504,662,460
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization	35,575,447	35,575,447
Deferred Inflows for Pensions	1,348,807	5,853,098
Deferred Inflows for OPEB	370,554	53,165
Total Deferred Inflows	37,294,808	41,481,710
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$1,139,036,136	\$1,128,343,554

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
March 31, 2020 and March 31, 2019

	MARCH 2020	MARCH 2019
OPERATING REVENUES		
Sales of Water	\$5,378,829	\$5,999,307
Other Operating Revenues	536,722	566,053
Contract Resource Obligation Revenue	450,926	301,527
Total Operating Revenues	<u>6,366,477</u>	<u>6,866,887</u>
OPERATING EXPENSES		
Production Expense:		
Source of Supply	369,953	589,055
Water Treatment	788,462	578,195
Total Production Expense	<u>1,158,415</u>	<u>1,167,250</u>
Power Pumping Expense	56,414	63,609
Transmission and Storage Expense	133,012	186,714
Distribution Expense	1,196,087	1,137,319
Customer Accounting and Consumer Service	497,742	451,754
Taxes	446,921	448,675
Depreciation	2,143,370	2,104,837
Administrative and General	1,002,991	1,082,890
Total Operating Expenses	<u>6,634,952</u>	<u>6,643,048</u>
OPERATING INCOME (LOSS)	(268,475)	223,839
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	348,047	422,736
Miscellaneous	(1,175)	1,771
Interest on Long-Term Debt	(1,338,156)	(1,299,736)
Interest on Long-Term Debt BABs Sub	(247,703)	(320,064)
Amortization Of Debt Premium	92,464	102,307
Interest Charged to Construction	-	(112)
Total Non-Operating Revenues (Expenses)	<u>(1,146,523)</u>	<u>(1,093,098)</u>
Net Income (Loss) Before Capital Contributions and Transfers	(1,414,998)	(869,259)
Capital Contributions:		
Cash	685,455	721,615
Donated Fixed Assets	326,251	165,073
Federal BABs Subsidies	301,180	300,220
Transfers:		
City Gross Earnings Tax	(458,314)	(491,655)
CHANGE IN NET POSITION	<u>(\$560,426)</u>	<u>(\$174,006)</u>
NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

These statements should be read in conjunction with the Notes to the Financial Statements contained in the previous year-end Financial Report.

YEAR TO DATE		2020 OVER (UNDER) 2019	PERCENT CHANGE
MARCH 31, 2020	MARCH 31, 2019		
\$18,342,283	\$18,243,564	\$98,719	0.5%
2,037,810	2,116,101	(78,291)	-3.7%
1,485,351	1,168,667	316,684	27.1%
21,865,444	21,528,332	337,112	1.6%
1,221,425	1,650,744	(429,319)	-26.0%
2,106,019	1,613,194	492,825	30.5%
3,327,444	3,263,938	63,506	1.9%
196,792	178,518	18,274	10.2%
409,243	486,427	(77,184)	-15.9%
3,924,732	3,519,259	405,473	11.5%
1,359,872	1,299,124	60,748	4.7%
1,111,173	1,014,667	96,506	9.5%
6,423,979	6,314,043	109,936	1.7%
3,410,135	3,659,902	(249,767)	-6.8%
20,163,370	19,735,878	427,492	2.2%
1,702,074	1,792,454	(90,380)	-5.0%
(251,213)	2,331,484	(2,582,697)	-110.8%
485,029	34,493	450,536	1306.2%
(4,014,472)	(3,917,584)	(96,888)	-2.5%
(743,109)	(960,192)	217,083	22.6%
277,391	306,920	(29,529)	-9.6%
-	(25,962)	25,962	100.0%
(4,246,374)	(2,230,841)	(2,015,533)	-90.3%
(2,544,300)	(438,387)	(2,105,913)	-480.4%
1,369,307	1,609,140	(239,833)	-14.9%
972,944	186,423	786,521	421.9%
903,540	900,660	2,880	0.3%
(1,607,522)	(1,796,809)	189,287	10.5%
(906,031)	461,027	(1,367,058)	-296.5%
602,816,562	581,738,357	21,078,205	
\$601,910,531	\$582,199,384	\$19,711,147	3.4%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Summary of Revenues and Billings (Unaudited)
March 31, 2020 and March 31, 2019

	MARCH 2020	MARCH 2019
SALES OF WATER		
Residential and Domestic	\$3,405,757	\$3,903,577
Commercial and Industrial	1,275,360	1,511,345
Special Rate	570,087	462,658
Wholesale	<u>127,625</u>	<u>121,727</u>
Total	<u><u>\$5,378,829</u></u>	<u><u>\$5,999,307</u></u>

BILLINGS (NUMBER OF MONTHS BILLED)

Residential and Domestic	75,052	88,400
Commercial and Industrial	6,292	6,904
Wholesale	<u>19</u>	<u>24</u>
Total	<u><u>81,363</u></u>	<u><u>95,328</u></u>

YEAR TO DATE		2020 OVER (UNDER) 2019	PERCENT CHANGE
MARCH 31, 2020	MARCH 31, 2019		
\$12,086,978	\$12,287,498	(\$200,520)	-1.6%
4,088,250	3,892,123	196,127	5.0%
1,746,198	1,529,321	216,877	14.2%
420,857	534,622	(113,765)	-21.3%
<u>\$18,342,283</u>	<u>\$18,243,564</u>	<u>\$98,719</u>	0.5%
272,172	292,582	(20,410)	-7.0%
19,784	19,768	16	0.1%
53	49	4	8.2%
<u>292,009</u>	<u>312,399</u>	<u>(20,390)</u>	-6.5%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Summary of Water Billed (Unaudited)
March 31, 2020 and March 31, 2019

	MILLION GALLONS, TOTAL			
	MARCH 2020	MARCH 2019	YEAR TO DATE	
			MARCH 31, 2020	MARCH 31, 2019
WATER BILLED				
Residential and Domestic	391.00	461.52	1,424.26	1,519.41
Commercial and Industrial	190.72	245.51	610.60	615.43
Special Rate	465.18	373.39	1,444.05	1,272.60
Wholesale	<u>39.72</u>	<u>37.43</u>	<u>137.80</u>	<u>196.36</u>
	<u><u>1,086.62</u></u>	<u><u>1,117.85</u></u>	<u><u>3,616.71</u></u>	<u><u>3,603.80</u></u>

MILLION GALLONS, AVERAGE DAILY

<u>MARCH 2020</u>	<u>MARCH 2019</u>
12.61	14.89
6.15	7.92
15.01	12.04
<u>1.28</u>	<u>1.21</u>
<u>35.05</u>	<u>36.06</u>

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statements of Cash Flows (Unaudited)
March 31, 2020 and March 31, 2019

	YEAR ENDED MARCH 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from Customers	\$26,717,445	\$26,427,601
Cash Paid to Suppliers	(5,176,508)	(6,951,562)
Cash Paid to Employees	(6,729,262)	(6,262,713)
Taxes Paid	(1,285,350)	(1,247,898)
NET CASH FROM OPERATING ACTIVITIES	13,526,325	11,965,428
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer Out for Gross Earnings Tax	(1,607,522)	(1,796,809)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,607,522)	(1,796,809)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Expenditures, Net	(5,468,756)	(5,787,742)
Proceeds Held from Sale of Assets	-	50
Principal Payments on Muckleshoot LT Liability	(172,616)	(176,931)
Interest Paid	(4)	(455)
Contributions in Aid of Construction (Cash)	1,369,307	1,609,140
System Development Charges & Other LT Liabilities	387,057	(320,030)
NET CASH FROM CAPITAL FINANCING ACTIVITIES	(3,885,012)	(4,675,968)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	(251,213)	2,331,484
Other Net Non-Op Revenues and Expenses	485,029	34,493
NET CASH FROM INVESTING ACTIVITIES	233,816	2,365,977
NET CHANGE IN CASH AND EQUITY IN POOLED INVESTMENTS	8,267,607	7,858,628
CASH AND EQUITY IN POOLED INVESTMENTS AT JANUARY 1	223,318,557	222,268,624
CASH AND EQUITY IN POOLED INVESTMENTS AT MARCH 31	<u>\$231,586,164</u>	<u>\$230,127,252</u>

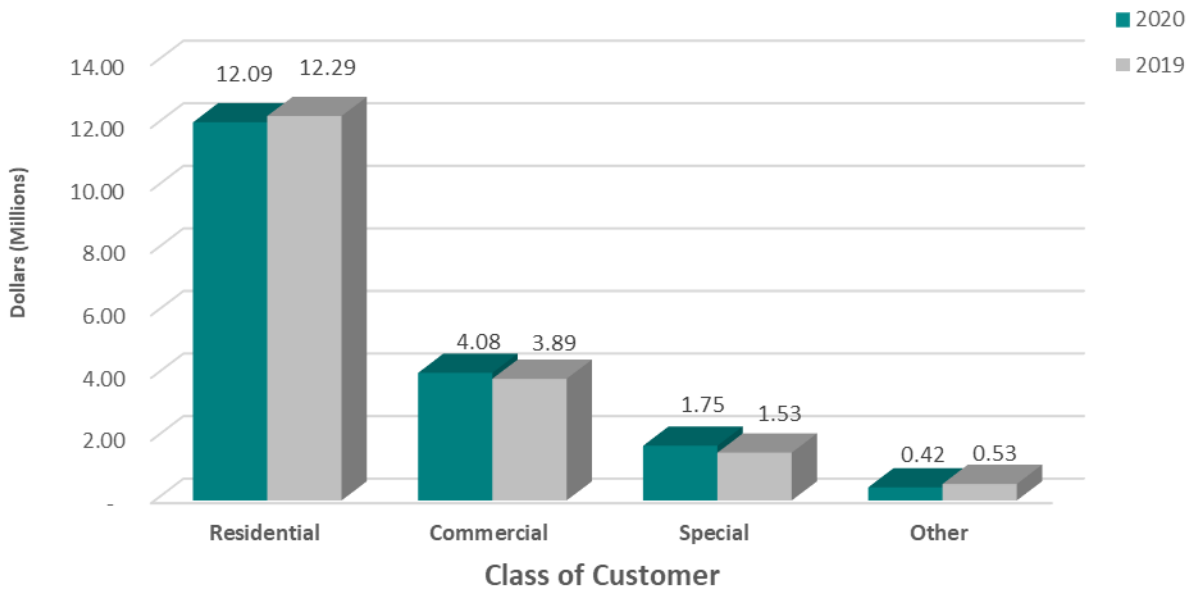
The accompanying notes are an integral part of these financial statements

	YEAR ENDED MARCH 31,	
	2020	2019
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Net Operating Income	\$1,702,074	\$1,792,454
Adjustments to Reconcile Net Operating Income to Net Cash From Operating Activities:		
Depreciation	6,423,979	6,314,043
Cash from Changes in Operating Assets and Liabilities:		
Accounts Receivable and Unbilled Revenue	531,387	986,232
Interfund Receivables	-	756,845
Regulatory Asset-Surcharges	12,284	(338,601)
Materials and Supplies	83,431	(41,827)
Prepayments	244,793	157,510
Unearned Revenues	4,307,571	4,223,060
Accrued Taxes	(174,177)	(233,231)
Salaries, Wages and Fringe Benefits Payable	505,591	371,210
Long-Term Accrued Compensated Absences	759	-
Customers' Deposits	(111,367)	28,578
Accrued Expenses and Contracts Payable	-	(485,104)
Interfund Payables	-	(1,565,741)
Total Adjustments	11,824,251	10,172,974
NET CASH FROM OPERATING ACTIVITIES	\$13,526,325	\$11,965,428
Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$162,723,427	\$168,137,234
Cash and Equity in Pooled Investments in Operating Funds	\$68,862,737	\$61,990,018
Cash and Equity in Pooled Investments at March 31	\$231,586,164	\$230,127,252
NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Donated Assets	\$972,944	\$186,423

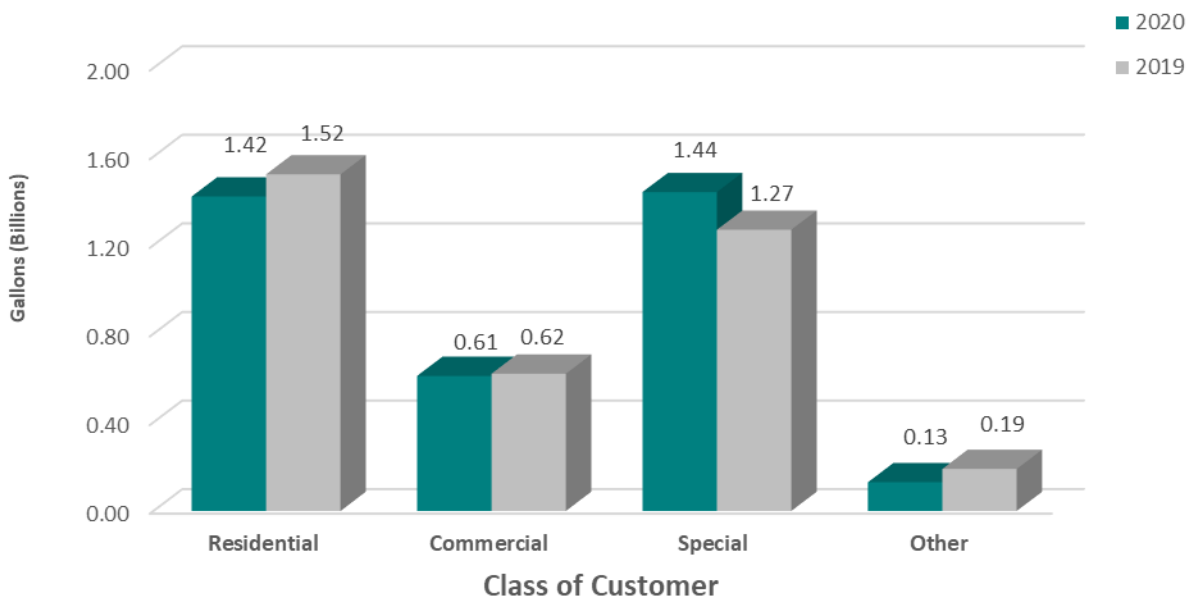
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Supplemental Data

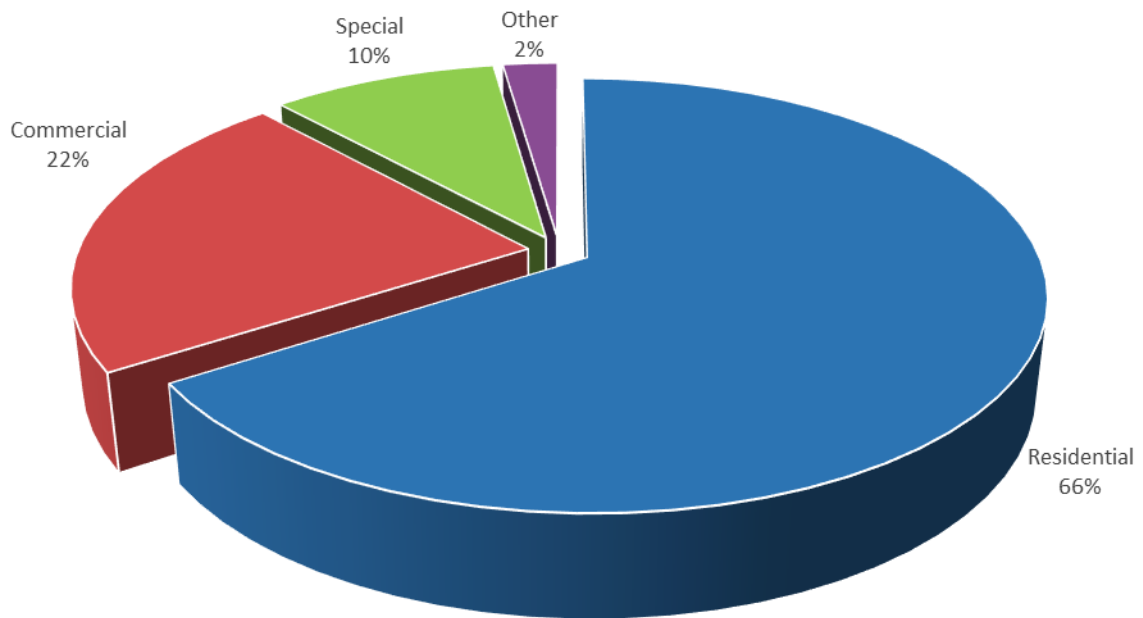
WATER SALES Year to Date - March 2020 & 2019



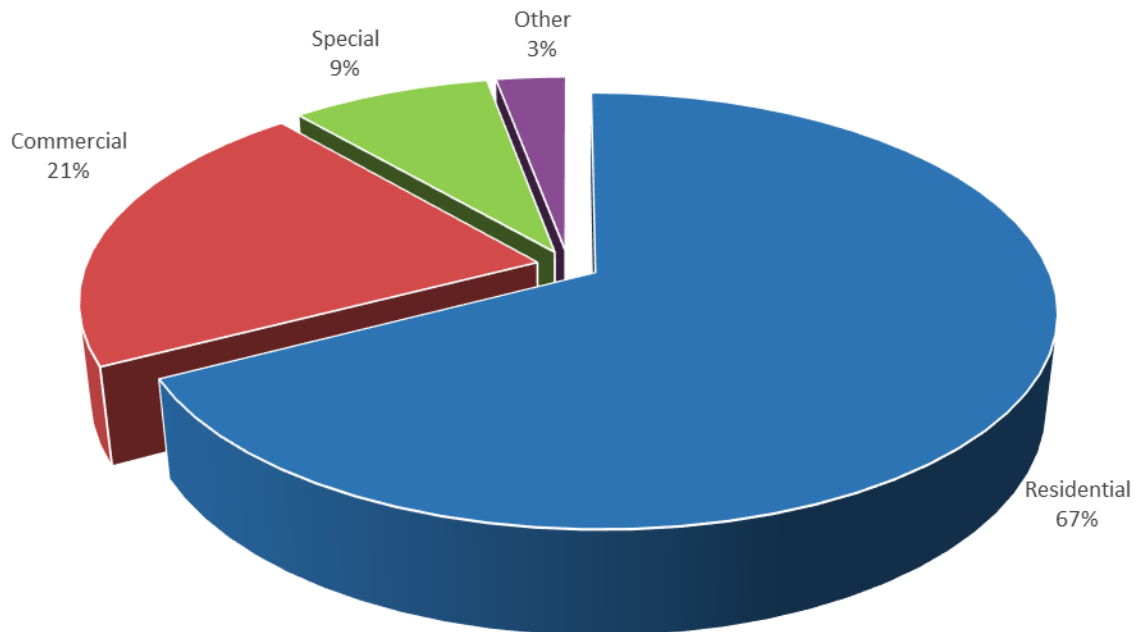
WATER CONSUMPTION Year to Date - March 2020 & 2019



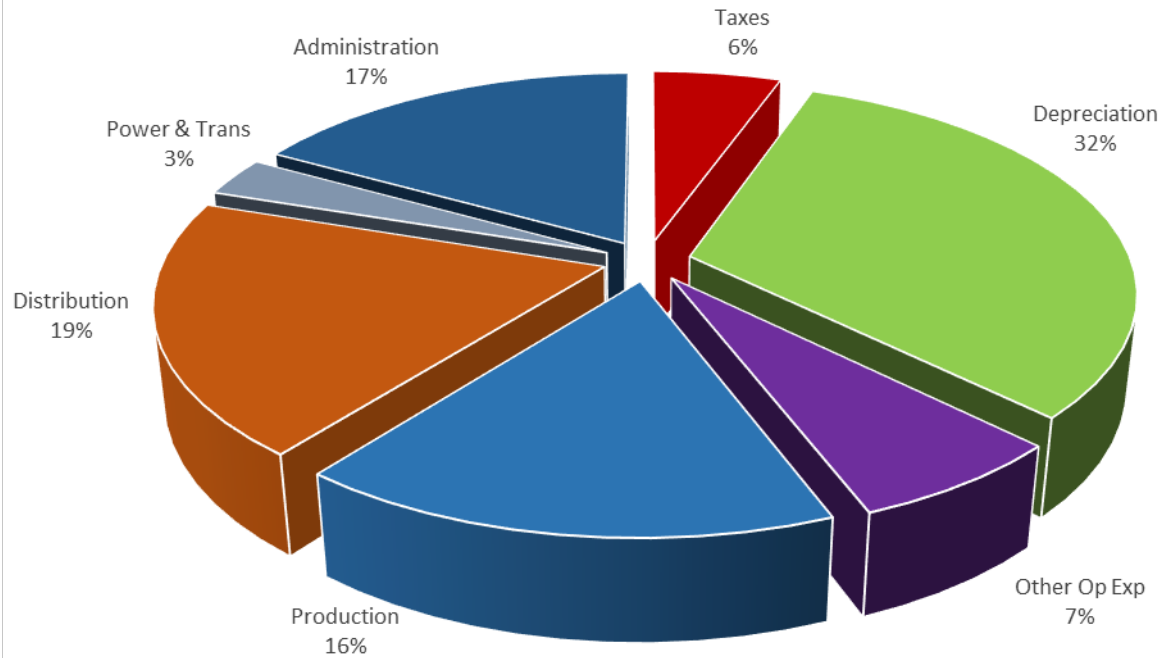
WATER SALES
Year to Date - March 2020
(\$18,342,283)



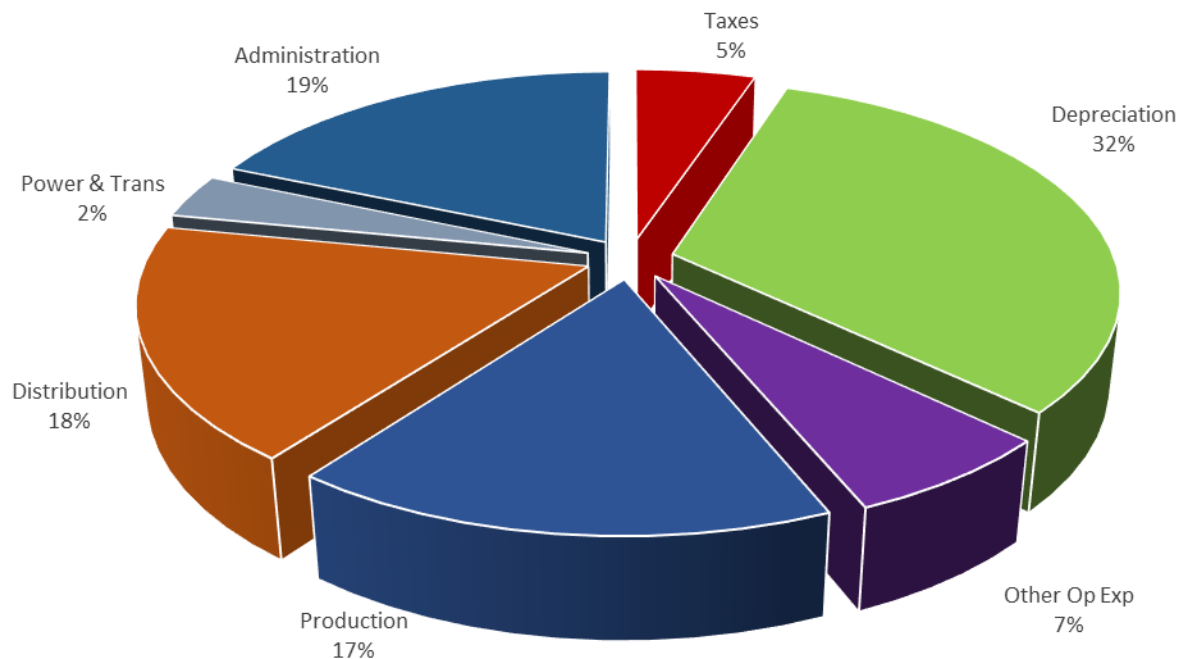
WATER SALES
Year to Date - March 2019
(\$18,243,564)



TOTAL OPERATING EXPENSES
Year to Date - March 2020
(\$20,163,370)



TOTAL OPERATING EXPENSES
Year to Date - March 2019
(\$19,735,878)



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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.