
MARCH

TACOMA WATER

2024

**FINANCIAL
REPORT**



Public Utility Board

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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.

Reclassification: Changes have been made to prior period account classifications as needed to conform to the current period presentation format.

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Management Discussion and Analysis

Overview of the Financial Statements

Summary

As of March 2024, Tacoma Water is reporting year-to-date operating loss of \$234,000 compared to \$140,000 operating income in 2023. Operating revenues decreased \$127,000 or 0.5% and operating expenses increased by \$247,000 or 1.0%. The year-to-date change in net position for 2024 was an increase of \$7.4 million; for 2023 it was an increase of \$1.6 million.

Revenues

Water sales revenues decreased by \$4,000 or 0.02% as of the first quarter of 2024 compared to the same period in 2023. Water consumption decreased dramatically due to ramp down and impending closure of the West Rock pulp mill. Since they used about 1/3 of Tacoma's water, we are seeing this large reduction in use and a smaller reduction in revenue because of the off-cycle rate increase.

The following table summarizes the impacts of rate and volume changes on water sales revenue by customer class as of March 2024.

Customer Class	Changes Related to:		YTD Increase (Decrease)
	Rate	Volume	
Residential and Domestic	\$ 859,152	\$ 443,769	\$ 1,302,921
Commercial and Industrial	(304,119)	413,016	108,897
Special Rate	303,743	(1,804,939)	(1,501,196)
Other	64,075	21,464	85,539
Total	\$ 922,851	\$ (926,690)	\$ (3,839)

Consumption as of March 2024 was 2,565 million gallons compared to 3,838 million gallons for the same period in 2023. Regional Water Supply System (RWSS) partners (including Tacoma's share) received 1,769 million gallons. The following table summarizes water consumption by customer class year-to-date.

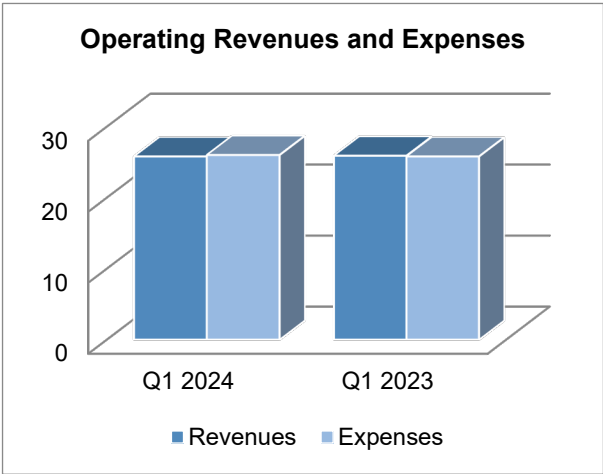
Customer Class	Millions of Gallons		YTD Increase (Decrease)	%
	2024	2023		
Residential and Domestic	1,691.29	1,643.46	47.83	3%
Commercial and Industrial	689.38	635.86	53.52	8%
Special Rate	38.97	1,419.12	(1,380.15)	(97%)
Other	145.25	139.08	6.17	4%
Total	2,564.89	3,837.52	(1,272.63)	(33%)

Expenses

Operating expenses were \$26.0 million as of the first quarter of 2024, an increase of \$247,000 or 1.0% compared to 2023.

Personnel expenses increased \$538,000 primarily due to additional positions filled, step increases, and cost of living adjustments for the first quarter of 2024.

Software licensing and maintenance fees rose \$264,000. Electricity expense for Green River Filtration Facility (GRFF) increased by \$177,000. These increases were partially offset by a decrease in GRFF water treatment chemical expenses of \$467,000 and a decrease in operating supplies of \$261,000.



Non-Operating Revenues

Interest income increased \$475,000 due to \$329,000 increase in investment earnings and \$145,000 increase from buying securities at a discount.

Miscellaneous revenue decreased \$4.8 million primarily due to the \$4.0 million sale of a property located in Federal Way to King County in the first quarter of 2023.

Transfer from other Governments increased by \$10.6 million which represents equity contribution from Covington Water District to pay off their portion of the 2013 RWSS Bonds. On February 14, 2024, Tacoma Water issued the Regional Water Supply System (RWSS) Revenue Refunding Bonds, Series 2024 (Green Bonds) in the amount of \$32.35 million. Proceeds of the Series 2024 Bonds was used to refund the 2013 Regional Water Supply System Revenue and Refunding Bonds. RWSS is a partnership between the City of Tacoma, the City of Kent, Covington Water District and Lakehaven.

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, 2024 and March 31, 2023

	MARCH 31,	
	2024	2023
ASSETS		
UTILITY PLANT		
Water Plant in Service	\$1,308,801,941	\$1,275,785,452
Less Depreciation and Amortization	<u>(386,283,921)</u>	<u>(363,809,478)</u>
Total	922,518,020	911,975,974
Right to Use Lease and Subscription Assets	1,450,336	52,613
Less - Accumulated Amortization	<u>(728,845)</u>	<u>(31,004)</u>
Total	721,491	21,609
Construction Work in Progress	<u>32,230,612</u>	<u>23,441,849</u>
Net Utility Plant	<u>955,470,123</u>	<u>935,439,432</u>
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
Regional Water Supply System Operating Fund	2,220,805	566,867
Provision for Debt Payment	8,323,574	10,101,292
Customer Water Main Deposits	3,773,770	3,699,458
Water Supply Forum Fund	597,912	604,075
Special Bond Reserves	17,435,505	21,697,903
Water Customer Contribution Fund	974,246	991,327
Water Capital Reserves	21,890,925	21,440,014
Water System Development Charge	<u>64,186,775</u>	<u>77,392,252</u>
Total Restricted Assets	119,403,512	136,493,188
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	59,846,563	59,094,128
Grant Loan Fund	207,911	422,653
Customers' Deposits	279,325	206,990
Receivables:		
Customers	6,326,718	6,322,333
Accrued Unbilled Revenues	8,329,250	6,771,474
Others	1,226,131	1,509,393
BABs Interest Subsidies	1,177,584	1,207,280
Provision for Uncollectible Accounts	(1,891,712)	(2,134,674)
Materials and Supplies	5,673,923	6,028,056
Prepayments	<u>2,697,505</u>	<u>2,660,396</u>
Total Current Assets	<u>83,873,198</u>	<u>82,088,029</u>
TOTAL ASSETS	<u>1,159,239,796</u>	<u>1,154,513,612</u>
OTHER ASSETS		
Regulatory Assets - Surcharges	3,634,416	3,237,568
Net Pension Asset	<u>-</u>	<u>14,152,644</u>
Total Other Assets	3,634,416	17,390,212
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	233,099	380,393
Deferred Outflows for Pensions	17,038,690	7,782,163
Deferred Outflows for OPEB	<u>1,333,332</u>	<u>1,806,572</u>
Total Deferred Outflows	18,605,121	9,969,128
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$1,181,479,333</u>	<u>\$1,181,872,952</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,	
	2024	2023
NET POSITION		
Net Investment in Capital Assets	\$603,802,427	\$554,946,761
Restricted for:		
Water Capital Reserves	19,655,566	18,725,649
Water System Development Charge	28,611,328	41,816,805
Debt Service Funds	3,462,534	4,146,225
Pension Asset	-	14,152,644
Unrestricted	<u>58,645,284</u>	<u>43,441,049</u>
TOTAL NET POSITION	714,177,139	677,229,133
LIABILITIES		
LONG-TERM DEBT		
Revenue Bonds Outstanding:		
2005 Water Revenue Bonds Refunding	-	5,000
2009 Water Revenue Bonds	76,775,000	76,775,000
2010 Water Revenue Bonds	72,620,000	74,985,000
2013 Water Revenue Bonds Refunding	-	74,355,000
2015 Water Refunding Bonds, Series A	2,025,000	3,960,000
2024 Water Revenue Bonds Refunding	63,800,000	-
2010 RWSS Revenue Bonds, Series A	-	355,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Refunding Bonds	-	49,935,000
2024 RWSS Revenue Bonds Refunding	<u>28,970,000</u>	<u>-</u>
Total Outstanding Revenue Bonds	288,435,000	324,615,000
Plus: Unamortized Bond Premium	<u>14,702,512</u>	<u>5,370,955</u>
Net Outstanding Revenue Bonds	303,137,512	329,985,955
PWTF Pre-Construction Loans	-	53,363
PWTF Construction Loans	6,813,545	8,285,559
State Drinking Water Loans	<u>40,708,481</u>	<u>44,778,674</u>
Total Long-Term Debt	350,659,538	383,103,551
CURRENT LIABILITIES		
Salaries and Wages Payable	665,390	614,146
Purchases and Contracts Payable	3,569,088	3,721,666
Interest Expense Accrued	4,861,040	5,955,067
Taxes Accrued	2,117,082	1,937,730
Customers' and Contractors' Deposits	347,091	257,749
Current Lease and Subscription Liability	340,952	14,098
Current Portion of Long-Term Debt	13,813,651	14,953,204
Current OPEB Liability	118,965	-
Other Current Liabilities	4,662,652	4,571,230
Current Accrued Compensated Absences	<u>366,960</u>	<u>355,143</u>
Total Current Liabilities	30,862,871	32,380,033
LONG-TERM LIABILITIES		
Muckleshoot Agreements	4,798,533	4,985,139
Customer Advances for Construction	8,749,638	11,076,758
Long Term Lease Liability	216,589	7,938
Unearned Revenue	6,363,769	5,873,439
Other Long-Term Liabilities	3,322,431	6,574,686
Pension Liability	13,200,837	-
OPEB Liability	4,145,257	5,350,651
Long-Term Accrued Compensated Absences	<u>3,302,639</u>	<u>3,196,288</u>
Total Long-Term Liabilities	<u>44,099,693</u>	<u>37,064,899</u>
TOTAL LIABILITIES	<u>425,622,102</u>	<u>452,548,483</u>
DEFERRED INFLOWS OF RESOURCES		
Unamortized Gains on Refunding of Bonds	4,673,727	-
Rate Stabilization	35,575,447	35,575,447
Deferred Inflows for Pensions	312,516	16,189,221
Deferred Inflows for OPEB	<u>1,118,402</u>	<u>330,668</u>
Total Deferred Inflows	41,680,092	52,095,336
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$1,181,479,333</u>	<u>\$1,181,872,952</u>

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City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
March 31, 2024 and March 31, 2023P

			YEAR TO DATE		2024 OVER (UNDER) 2023	PERCENT CHANGE
	MARCH 2024	MARCH 2023	MARCH 31, 2024	MARCH 31, 2023		
OPERATING REVENUES						
Sales of Water	\$7,525,566	\$7,764,986	\$22,433,208	\$22,437,047	(\$3,839)	0.0%
Other Operating Revenues	586,138	682,622	1,935,871	2,041,264	(105,393)	-5.2%
Contract Resource Obligation Revenue	(10,254,744)	672,388	1,404,639	1,422,195	(17,556)	-1.2%
Total Operating Revenues	(2,143,040)	9,119,996	25,773,718	25,900,506	(126,788)	-0.5%
OPERATING EXPENSES						
Production Expense:						
Source of Supply	337,992	381,844	1,019,542	1,114,389	(94,847)	-8.5%
Water Treatment	988,977	1,101,856	2,833,871	3,056,751	(222,880)	-7.3%
Total Production Expense	1,326,969	1,483,700	3,853,413	4,171,140	(317,727)	-7.6%
Power Pumping Expense	151,456	129,695	255,551	272,597	(17,046)	-6.3%
Transmission and Storage Expense	406,951	375,934	1,196,872	1,170,987	25,885	2.2%
Distribution Expense	1,862,835	1,863,797	5,368,833	5,337,854	30,979	0.6%
Customer Accounting and Consumer Service	508,007	631,219	1,602,969	1,608,866	(5,897)	-0.4%
Taxes	650,918	434,475	1,483,248	1,260,898	222,350	17.6%
Depreciation and Amortization	2,472,999	2,440,547	7,417,544	7,320,587	96,957	1.3%
Administrative and General	1,645,847	1,674,840	4,829,207	4,617,298	211,909	4.6%
Total Operating Expenses	9,025,982	9,034,207	26,007,637	25,760,227	247,410	1.0%
OPERATING INCOME (LOSS)	(11,169,022)	85,789	(233,919)	140,279	(374,198)	-266.8%
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	567,595	(4,636,240)	1,613,127	1,138,341	474,786	41.7%
Operating Grant	-	158,133	-	158,133	(158,133)	-100.0%
Gain on Sale/Disposal of Capital Asset	938,292	160,291	-	3,936,600	(3,936,600)	-100.0%
Others	(16,531)	8,829	(816,863)	67,124	(883,987)	-1316.9%
Transfer from Other Government	10,580,728	-	10,580,728	-	10,580,728	NA
Interest on Long-Term Debt	(1,160,046)	(1,207,366)	(3,572,228)	(3,622,694)	50,466	1.4%
Interest on Long-Term Debt BABs Sub	(247,703)	(247,703)	(743,109)	(743,109)	-	0.0%
Amortization Of Debt Premium	155,092	60,063	384,450	180,188	204,262	113.4%
Total Non-Operating Revenues (Expenses)	10,817,427	(5,703,993)	7,446,105	1,114,583	6,331,522	568.1%
Net Income (Loss) Before Capital Contributions and Transfers	(351,595)	(5,618,204)	7,212,186	1,254,862	5,957,324	474.7%
Capital Grants and Contributions:						
Cash	248,097	610,312	1,131,508	1,677,604	(546,096)	-32.6%
Capital Grants	-	-	-	(145,271)	145,271	100.0%
Donated Fixed Assets	78,355	126,674	78,355	126,674	(48,319)	-38.1%
Federal BABs Subsidies	301,820	301,820	905,461	905,461	-	0.0%
Transfers:						
City Gross Earnings Tax	(656,224)	(702,213)	(1,971,362)	(2,267,095)	295,733	13.0%
CHANGE IN NET POSITION	(\$379,547)	(\$5,281,611)	7,356,148	1,552,235	5,803,913	373.9%
NET POSITION - JANUARY 1			706,820,991	675,676,898	31,144,093	
TOTAL NET POSITION - MARCH 31			\$714,177,139	\$677,229,133	\$36,948,006	5.5%

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

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Summary of Revenues and Billings (Unaudited)
March 31, 2024 and March 31, 2023

	MARCH 2024	MARCH 2023	YEAR TO DATE		2024 OVER (UNDER) 2023	PERCENT CHANGE
			MARCH 31, 2024	MARCH 31, 2023		
SALES OF WATER						
Residential and Domestic	\$5,521,162	\$5,389,370	\$16,512,368	\$15,209,448	\$1,302,920	8.6%
Commercial and Industrial	1,714,591	1,615,272	4,997,781	4,888,884	108,897	2.2%
Special Rate	109,983	571,465	354,923	1,856,119	(1,501,196)	-80.9%
Wholesale	<u>179,830</u>	<u>188,879</u>	<u>568,136</u>	<u>482,596</u>	<u>85,540</u>	17.7%
Total	<u>\$7,525,566</u>	<u>\$7,764,986</u>	<u>\$22,433,208</u>	<u>\$22,437,047</u>	<u>(\$3,839)</u>	0.0%
BILLINGS (NUMBER OF MONTHS BILLED)						
Residential and Domestic	100,762	97,949	307,215	302,775	4,440	1.5%
Commercial and Industrial	6,957	6,900	20,690	20,353	337	1.7%
Wholesale	<u>15</u>	<u>15</u>	<u>59</u>	<u>59</u>	<u>-</u>	0.0%
Total	<u>107,734</u>	<u>104,864</u>	<u>327,964</u>	<u>323,187</u>	<u>4,777</u>	1.5%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Summary of Water Billed (Unaudited)
March 31, 2024 and March 31, 2023

	MILLION GALLONS, TOTAL				MILLION GALLONS, AVERAGE DAILY	
	MARCH 2024	MARCH 2023	YEAR TO DATE		MARCH 2024	MARCH 2023
			MARCH 31, 2024	MARCH 31, 2023		
WATER BILLED						
Residential and Domestic	528.61	526.78	1,691.29	1,643.46	17.05	16.99
Commercial and Industrial	219.59	198.08	689.38	635.86	7.08	6.39
Special Rate	9.29	505.63	38.97	1,419.12	0.30	16.31
Wholesale	41.10	40.45	145.25	139.08	1.33	1.30
	<u>798.59</u>	<u>1,270.94</u>	<u>2,564.89</u>	<u>3,837.52</u>	<u>25.76</u>	<u>40.99</u>

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

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statements of Cash Flows (Unaudited)
March 31, 2024 and March 31, 2023

	YEAR ENDED MARCH 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from Customers	\$32,617,810	\$31,554,305
Cash Paid to Suppliers	(7,668,917)	(10,350,170)
Cash Paid to Employees	(10,424,608)	(10,006,345)
Taxes Paid	(1,438,927)	(1,562,150)
Cash from /(to) Other Net Non-Op Revenues (Expenses)	7,289	3,808
NET CASH FROM OPERATING ACTIVITIES	13,092,647	9,639,448
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants	-	12,862
Transfer Out for Gross Earnings Tax	(1,971,362)	(2,267,095)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,971,362)	(2,254,233)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Expenditures, net	(6,272,823)	(10,353,217)
Proceeds from Sale of Capital Assets	-	4,000,000
Transfer from other governmental agency	10,580,728	-
Proceeds from Sale of Bonds	96,150,000	-
Debt Issuance Costs	(824,118)	-
Premium on Sale of Bonds	14,762,054	-
Principal Payments on Muckleshoot LT Liability	(938,292)	(160,291)
Principal Payments on Early Extinguishment of Debt	(124,295,000)	-
Interest Paid on LT Debt	(678,454)	(597)
BABs Federal Interest Subsidies	1,840,619	1,810,924
Contributions in Aid of Construction (Cash)	1,131,508	1,677,604
System Development Charges & Other LT Liabilities	2,500,933	3,923,752
NET CASH FROM CAPITAL FINANCING ACTIVITIES	(6,042,845)	898,175
CASH FLOWS FROM INVESTING ACTIVITIES ^a		
Investments Income (Loss)	1,613,127	1,138,341
NET CASH FROM INVESTING ACTIVITIES	1,613,127	1,138,341
NET CHANGE IN CASH AND EQUITY IN POOLED INVESTMENTS	6,691,567	9,421,731
CASH AND EQUITY IN POOLED INVESTMENTS AT JANUARY 1	173,045,744	186,795,228
CASH AND EQUITY IN POOLED INVESTMENTS AT MARCH 31	\$179,737,311	\$196,216,959

^a Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long term-term investments. Information on the increases and decreases in the fair value of long-term investments is shown in the Noncash Investing, Capital, and Financing Activities section of the Statement of Cash Flows.

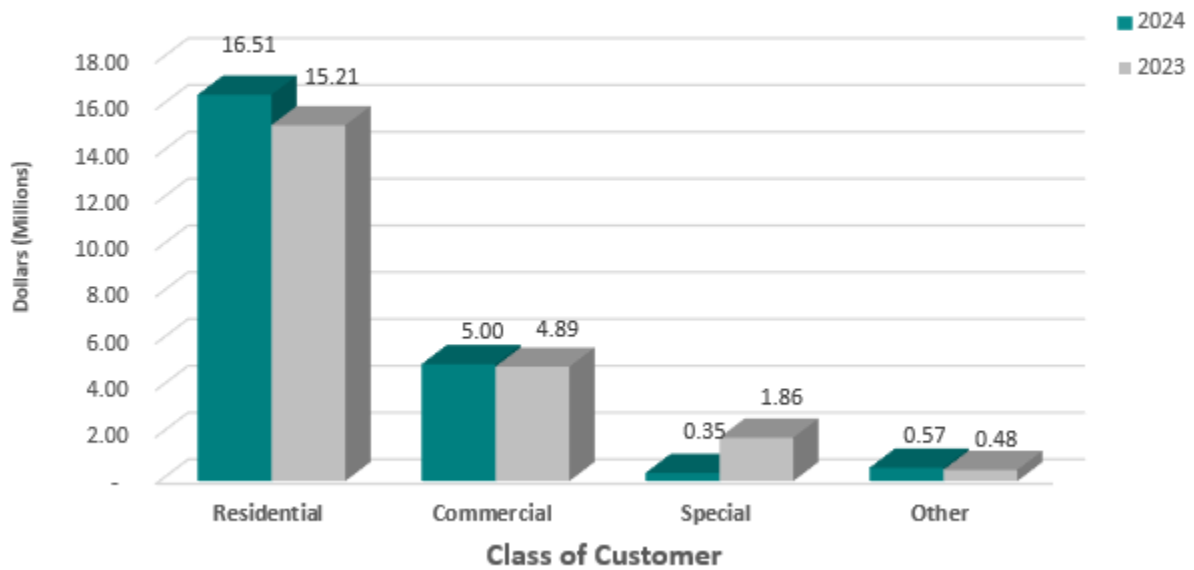
The accompanying notes are an integral part of these financial statements

	YEAR ENDED MARCH 31,	
	2024	2023
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Net Operating Income	(\$233,919)	\$140,279
Adjustments to Reconcile Net Operating Income to Net Cash From Operating Activities:		
Depreciation and Amortization	7,417,544	7,320,587
Cash from Changes in Operating Assets and Liabilities:		
Accounts Receivable and Unbilled Revenue	3,050,695	1,011,414
Regulatory Asset-Surcharges	59,214	46,632
Materials and Supplies	186,932	(738,796)
Prepayments	392,752	(428,590)
Unearned Revenues	3,724,360	4,571,230
Accrued Taxes	44,321	(301,252)
Salaries, Wages and Fringe Benefits Payable	(393,141)	(511,482)
Customers' Deposits	9,823	24,523
Accrued Expenses and Contracts Payable	(1,173,223)	(1,498,905)
Other Non-Operating Revenues (Expenses)	7,289	3,808
Total Adjustments	13,326,566	9,499,169
NET CASH FROM OPERATING ACTIVITIES	\$13,092,647	\$9,639,448
Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$119,403,512	\$136,493,188
Cash and Equity in Pooled Investments in Operating Funds	\$60,333,799	\$59,723,771
Cash and Equity in Pooled Investments at March 31	\$179,737,311	\$196,216,959
NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Donated Assets	\$78,355	\$126,674

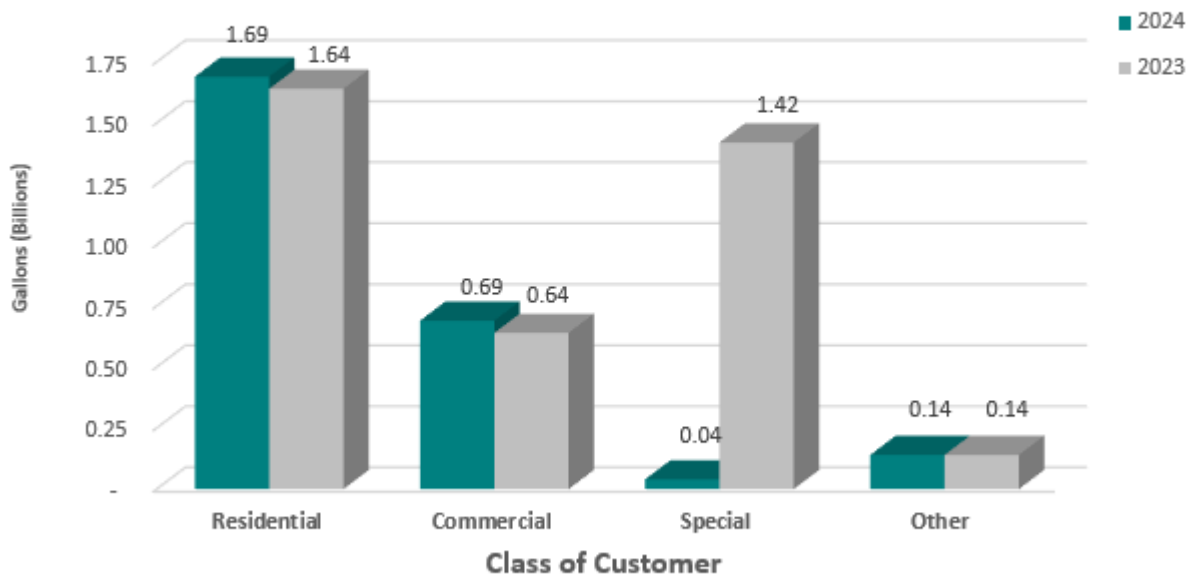
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Supplemental Data

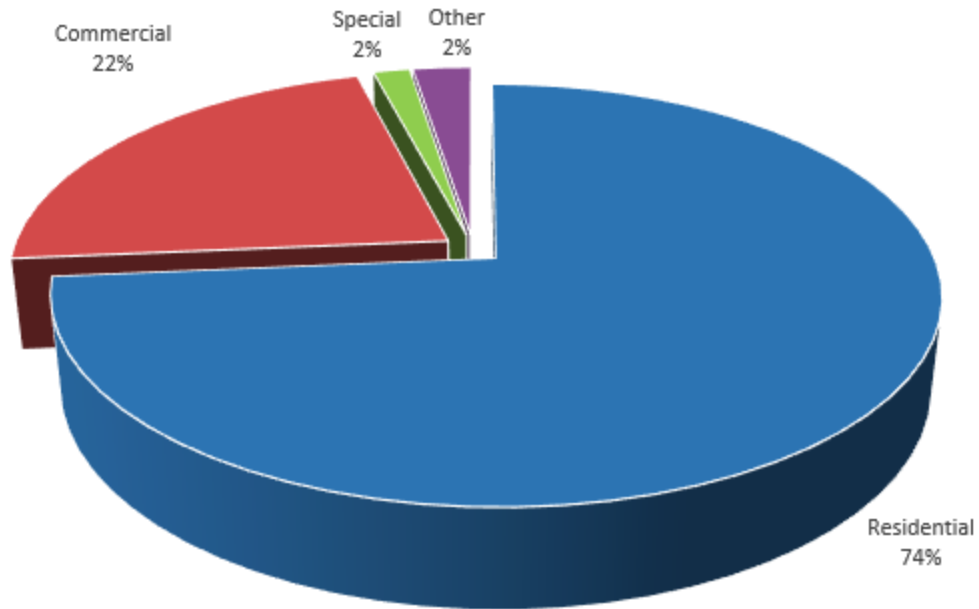
WATER SALES Year to Date - March 2024 & 2023



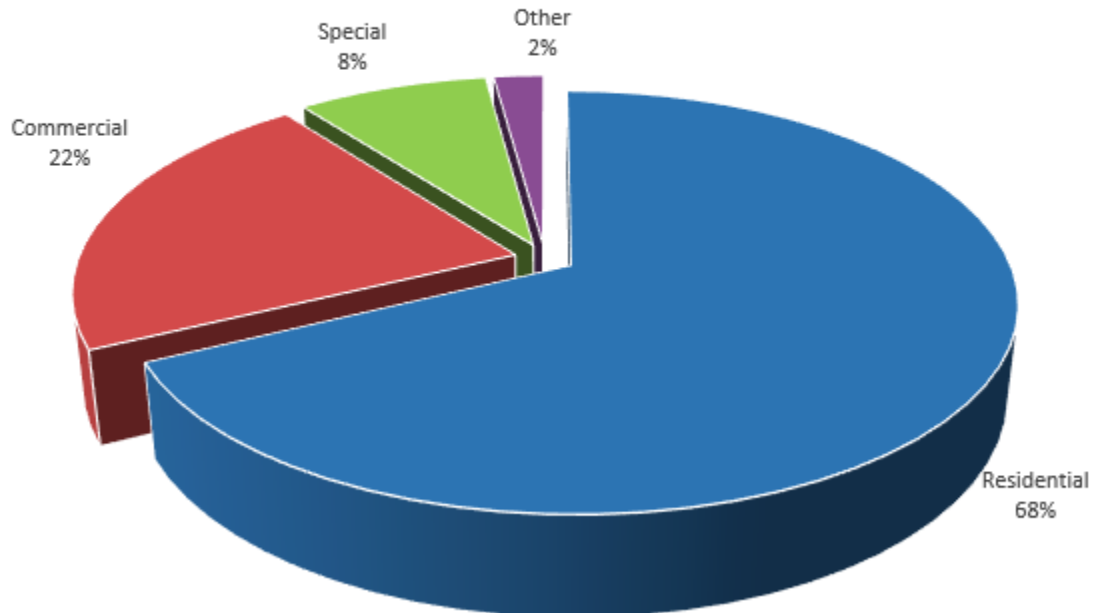
WATER CONSUMPTION Year to Date - March 2024 & 2023



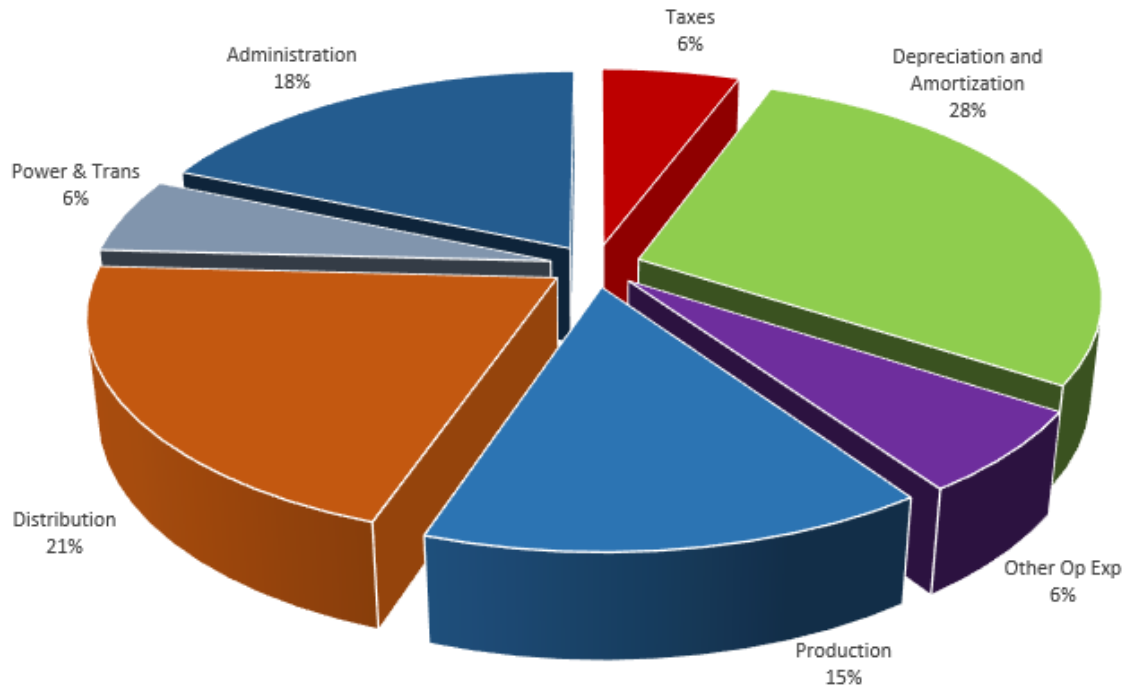
WATER SALES
Year to Date - March 2024
(\$22,433,208)



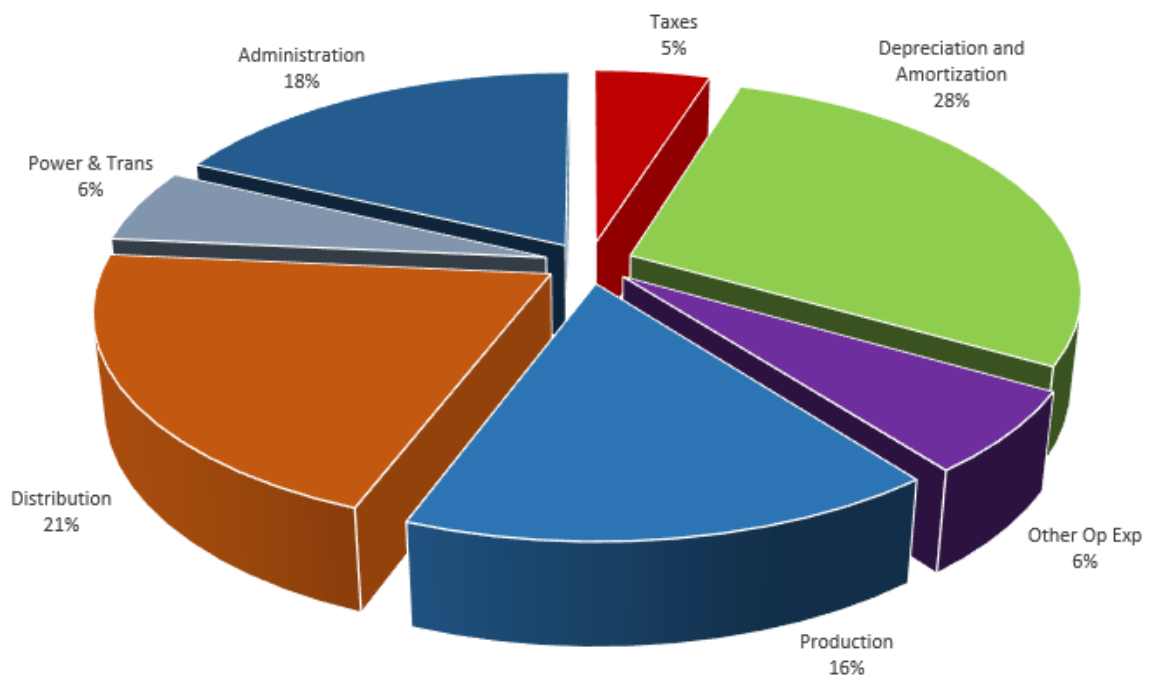
WATER SALES
Year to Date - March 2023
(\$22,437,047)



TOTAL OPERATING EXPENSES
Year to Date - March 2024
(\$26,007,637)



TOTAL OPERATING EXPENSES
Year to Date - March 2023
(\$25,760,227)



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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.