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*MAY*

*TACOMA WATER*

2019

**FINANCIAL  
REPORT**





# Public Utility Board

WOODROW JONES

Chair

KAREN LARKIN

Vice-Chair

BRYAN FLINT

Secretary

MARK PATTERSON

Member

CHRISTINE COOLEY

Member

JACKIE FLOWERS

Director of Utilities

SCOTT DEWHIRST

Water Superintendent

ANDREW CHERULLO

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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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER  
STATEMENTS OF NET POSITION

	May 31,	
	2019	2018
ASSETS		
UTILITY PLANT		
Water Plant in Service	\$1,123,926,671	\$1,102,061,536
Less Depreciation and Amortization	<u>(268,968,791)</u>	<u>(248,470,243)</u>
Total	854,957,880	\$853,591,293
Construction Work in Progress	<u>14,920,280</u>	<u>16,281,008</u>
Net Utility Plant	<u>869,878,160</u>	<u>\$869,872,301</u>
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2010 Construction Fund	1,376,522	15,467,792
2013 Construction Fund	17,018,971	16,192,285
Regional Water Supply System Operating Fund	891,615	1,219,692
Provision for Debt Payment	18,867,844	18,558,074
Customer Water Main Deposits	3,375,164	3,307,876
Water Supply Forum Fund	466,106	386,401
Special Bond Reserves	22,111,401	22,105,676
Water Customer Contribution Fund	323,274	580,930
Water Capital Reserves	38,565,680	36,017,821
Water System Development Charge	<u>70,418,726</u>	<u>64,936,204</u>
Total Restricted Assets	173,415,303	178,772,751
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	60,627,560	55,873,839
Customers' Deposits	310,252	316,945
Receivables:		
Customers	4,600,643	4,219,600
Accrued Unbilled Revenues	5,930,220	5,457,221
Others	841,214	496,075
Provision for Uncollectible Accounts	(369,875)	(356,744)
Materials and Supplies	2,494,417	2,380,986
Prepayments	<u>1,812,018</u>	<u>1,038,431</u>
Total Current Assets	<u>76,246,449</u>	<u>69,426,353</u>
TOTAL ASSETS	<u>1,120,032,875</u>	<u>1,118,564,368</u>
OTHER ASSETS		
Regulatory Assets - Public Fire Protection Fees	-	141,693
Regulatory Assets - Surcharges	1,666,026	939,076
Net Pension Asset	<u>3,438,481</u>	<u>-</u>
Total Other Assets	5,104,507	1,080,769
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	1,098,165	1,285,410
Deferred Outflows for Pensions	4,409,587	8,671,039
Deferred Outflows for OPEB	<u>295,709</u>	<u>-</u>
Total Deferred Outflows	5,803,461	9,956,449
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$1,130,940,843</u>	<u>\$1,129,601,586</u>

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

	May 31,	
	2019	2018
NET POSITION		
Net Investment in Capital Assets	\$443,879,383	\$442,289,361
Restricted for:		
Water Capital Reserves	33,935,293	30,908,429
Water System Development Charge	34,843,278	29,360,757
Debt Service Funds	8,955,945	8,459,172
Pension Asset	3,438,481	-
Unrestricted	58,691,511	47,725,375
TOTAL NET POSITION	583,743,891	558,743,094
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	17,790,000	21,890,000
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	10,820,000	12,340,000
2010 RWSS Revenue Bonds, Series A	1,655,000	1,955,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Refunding Bonds	57,710,000	59,400,000
Total Outstanding Revenue Bonds	358,340,000	365,950,000
Plus: Unamortized Bond Premium	9,937,243	11,412,562
Net Outstanding Revenue Bonds	368,277,243	377,362,562
PWTF Pre-Construction Loans	480,435	640,609
PWTF Construction Loans	16,834,030	19,370,627
State Drinking Water Loans	61,381,554	65,612,800
Total Long-Term Debt	446,973,262	462,986,598
CURRENT LIABILITIES		
Salaries and Wages Payable	456,286	1,242,921
Purchases and Contracts Payable	687,684	879,579
Interest Expense Accrued	9,911,899	10,098,902
Taxes Accrued	1,774,559	1,526,541
Customers' and Contractors' Deposits	344,494	343,380
Current Portion of Long-Term Debt	14,710,633	13,554,949
Other Current Liabilities	3,284,642	3,220,234
Current Accrued Compensated Absences	244,160	229,834
Total Current Liabilities	31,414,357	31,096,340
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,412,903	6,585,519
Customer Advances for Construction	6,443,084	7,620,022
Unearned Revenue	7,334,173	7,318,131
Other Long-Term Liabilities	1,159,127	7,545,668
Pension Liability	-	8,278,522
OPEB Liability	3,780,897	-
Long-Term Accrued Compensated Absences	2,197,439	2,068,503
Total Long-Term Liabilities	27,327,623	39,416,365
TOTAL LIABILITIES	505,715,242	533,499,303
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization	35,575,447	35,575,447
Deferred Inflows for Pensions	5,853,098	1,783,742
Deferred Inflows for OPEB	53,165	-
Total Deferred Inflows	41,481,710	37,359,189
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$1,130,940,843	\$1,129,601,586

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	MAY 2019	MAY 2018
OPERATING REVENUES		
Sales of Water	\$6,730,470	\$5,689,937
Other Operating Revenues	911,080	823,221
Contract Resource Obligation Revenue	476,169	571,715
Total Operating Revenues	<u>8,117,719</u>	<u>7,084,873</u>
OPERATING EXPENSES		
Production Expense:		
Source of Supply	592,206	767,733
Water Treatment	552,923	531,529
Total Production Expense	1,145,129	1,299,262
Power Pumping Expense	49,593	37,350
Transmission and Storage Expense	186,327	208,998
Distribution Expense	1,308,911	1,100,796
Customer Accounting and Consumer Service	433,178	405,521
Taxes	367,235	297,791
Depreciation	2,105,468	3,278,020
Administrative and General	782,173	912,906
Total Operating Expenses	<u>6,378,014</u>	<u>7,540,644</u>
OPERATING INCOME (LOSS)	1,739,705	(455,771)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	413,894	304,527
Miscellaneous	12,928	(1,189)
Interest on Long-Term Debt	(1,299,867)	(1,348,865)
Interest on Long-Term Debt BABs Sub	(300,220)	(298,938)
Amortization Of Debt Premium	102,307	110,934
Interest Charged to Construction	(6,349)	(101,537)
Total Non-Operating Revenues (Expenses)	<u>(1,077,307)</u>	<u>(1,335,068)</u>
Net Income (Loss) Before Capital Contributions and Transfers	662,398	(1,790,839)
Capital Contributions:		
Cash	625,632	489,713
Donated Fixed Assets	-	905,104
Federal BABs Subsidies	300,220	298,938
Transfers:		
City Gross Earnings Tax	(654,999)	(517,175)
CHANGE IN NET POSITION	<u>\$933,251</u>	<u>(\$614,259)</u>
NET POSITION - JANUARY 1		
TOTAL NET POSITION - MAY 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		2019 OVER (UNDER) 2018	PERCENT CHANGE
MAY 31, 2019	MAY 31, 2018		
\$30,663,384	\$29,555,880	\$1,107,504	3.7%
4,772,694	4,581,230	191,464	4.2%
2,015,486	1,859,541	155,945	8.4%
37,451,564	35,996,651	1,454,913	4.0%
2,774,088	3,033,630	(259,542)	-8.6%
2,745,458	2,771,089	(25,631)	-0.9%
5,519,546	5,804,719	(285,173)	-4.9%
299,518	209,698	89,820	42.8%
877,809	929,377	(51,568)	-5.5%
5,995,181	5,618,158	377,023	6.7%
2,138,364	2,154,299	(15,935)	-0.7%
1,813,182	1,786,896	26,286	1.5%
10,524,823	11,695,605	(1,170,782)	-10.0%
5,389,327	4,625,252	764,075	16.5%
32,557,750	32,824,004	(266,254)	-0.8%
4,893,814	3,172,647	1,721,167	54.3%
3,146,576	2,715,396	431,180	15.9%
47,059	(3,518)	50,577	-1437.7%
(6,576,713)	(6,744,840)	168,127	-2.5%
(1,501,100)	(1,494,698)	(6,402)	0.4%
511,534	554,669	(43,135)	-7.8%
(32,311)	112,690	(145,001)	-128.7%
(4,404,955)	(4,860,301)	455,346	-9.4%
488,859	(1,687,654)	2,176,513	-129.0%
2,712,743	3,786,451	(1,073,708)	-28.4%
358,085	1,108,068	(749,983)	-67.7%
1,501,100	1,494,698	6,402	0.4%
(3,055,253)	(2,675,104)	(380,149)	14.2%
2,005,534	2,026,459	(20,925)	-1.0%
581,738,357	556,716,635	25,021,722	
\$583,743,891	\$558,743,094	\$25,000,797	4.5%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER  
SUMMARY OF REVENUES AND BILLINGS

	MAY 2019	MAY 2018
SALES OF WATER		
Residential and Domestic	\$4,341,770	\$3,635,270
Commercial and Industrial	1,635,341	1,368,441
Special Rate	583,498	554,804
Sales to Other Utilities	<u>169,861</u>	<u>131,422</u>
Total	<u><u>\$6,730,470</u></u>	<u><u>\$5,689,937</u></u>
BILLINGS (NUMBER OF MONTHS BILLED)		
Residential and Domestic	93,521	83,355
Commercial and Industrial	6,835	6,393
Sales to Other Utilities	<u>17</u>	<u>15</u>
Total	<u><u>100,373</u></u>	<u><u>89,763</u></u>

YEAR TO DATE		2019 OVER (UNDER) 2018	PERCENT CHANGE
MAY 31, 2019	MAY 31, 2018		
\$20,243,392	\$19,416,789	\$826,603	4.3%
6,879,329	6,484,699	394,630	6.1%
2,714,319	2,633,538	80,781	3.1%
826,344	1,020,854	(194,510)	-19.1%
<u>\$30,663,384</u>	<u>\$29,555,880</u>	<u>\$1,107,504</u>	3.7%
489,895	475,895	14,000	2.9%
33,436	32,533	903	2.8%
80	75	5	6.7%
<u>523,411</u>	<u>508,503</u>	<u>14,908</u>	2.9%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER  
SUMMARY OF WATER BILLED

	MILLION GALLONS, TOTAL			
	MAY 2019	MAY 2018	YEAR TO DATE	
			MAY 31, 2019	MAY 31, 2018
WATER BILLED				
Residential and Domestic	601.97	499.47	2,679.64	2,568.29
Commercial and Industrial	280.17	216.36	1,109.25	1,012.24
Special Rate	490.97	477.46	2,272.93	2,264.47
Sales to Other Utilities	58.10	47.16	296.37	263.41
	<u>1,431.21</u>	<u>1,240.45</u>	<u>6,358.19</u>	<u>6,108.41</u>

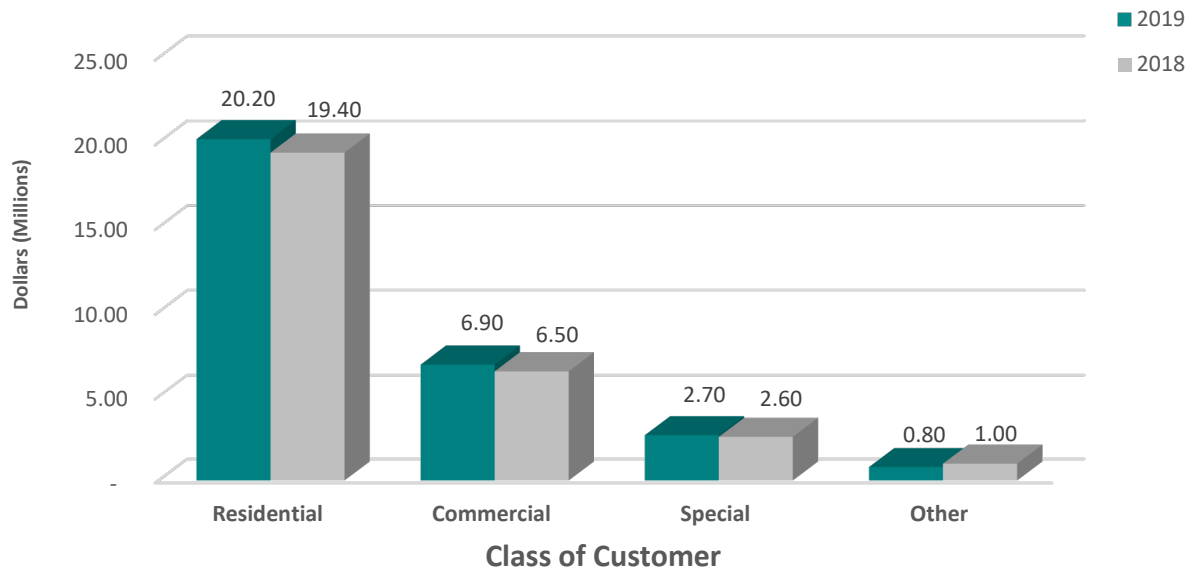
NOTE: For conversion purposes, there are approximately 748 gallons in every 100 cubic feet of water.

MILLION GALLONS, AVERAGE DAILY	
MAY 2019	MAY 2018
19.42	16.11
9.04	6.98
15.84	15.40
1.87	1.52
46.17	40.01

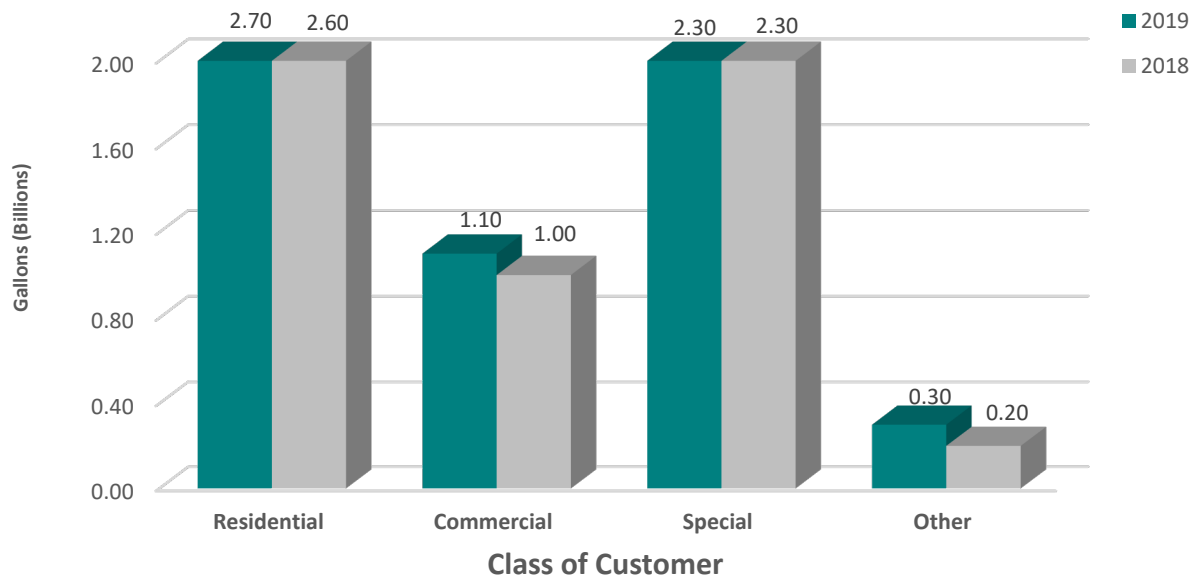
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## Supplemental Data

## WATER SALES Year to Date - May 2019 & 2018

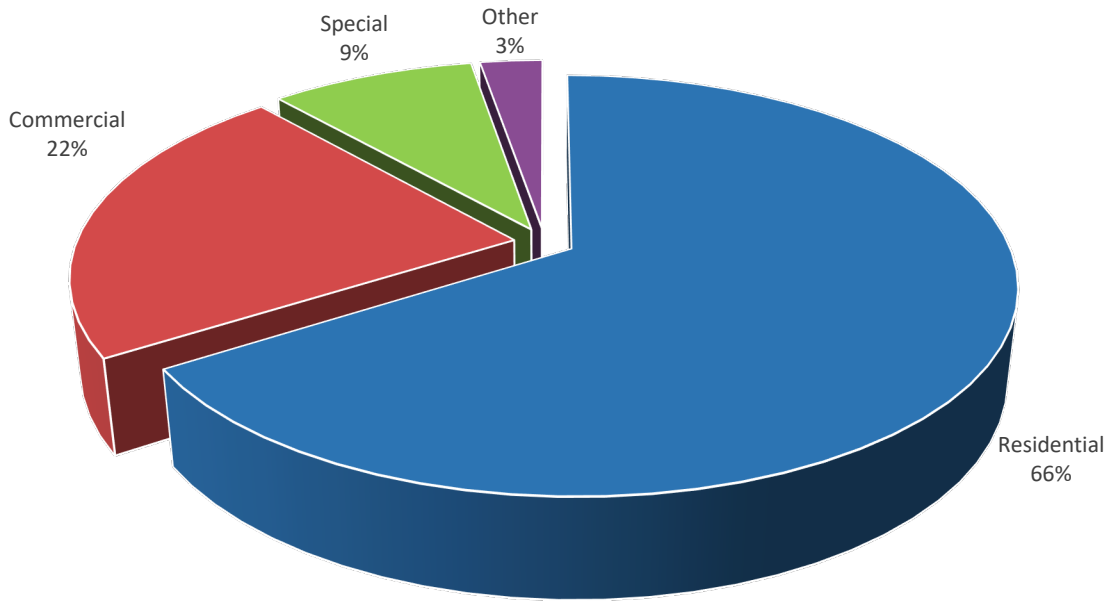


## WATER CONSUMPTION Year to Date - May 2019 & 2018

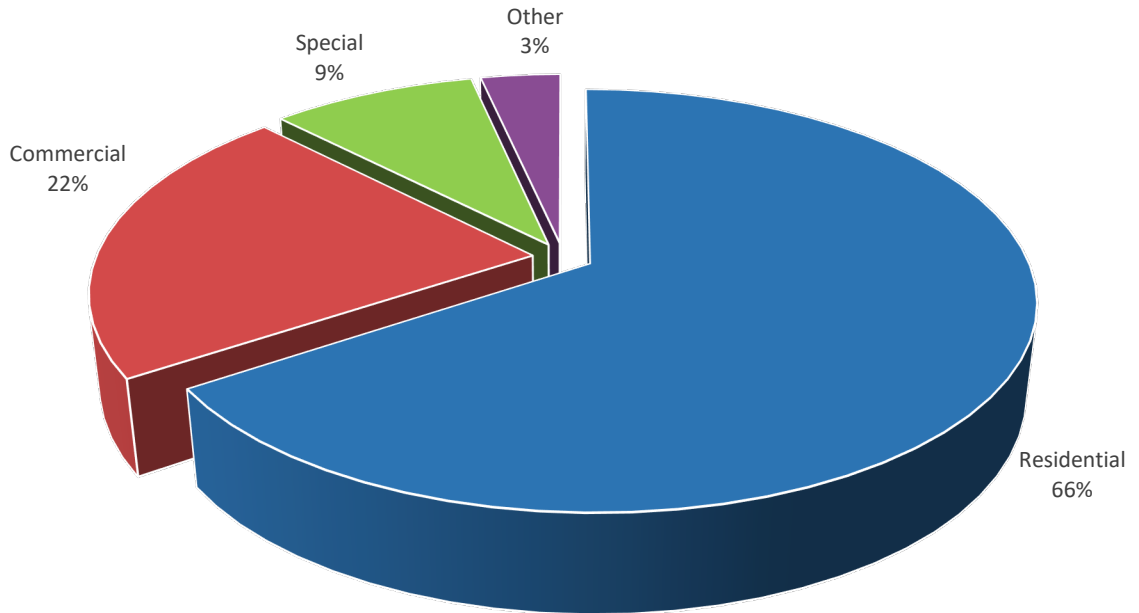




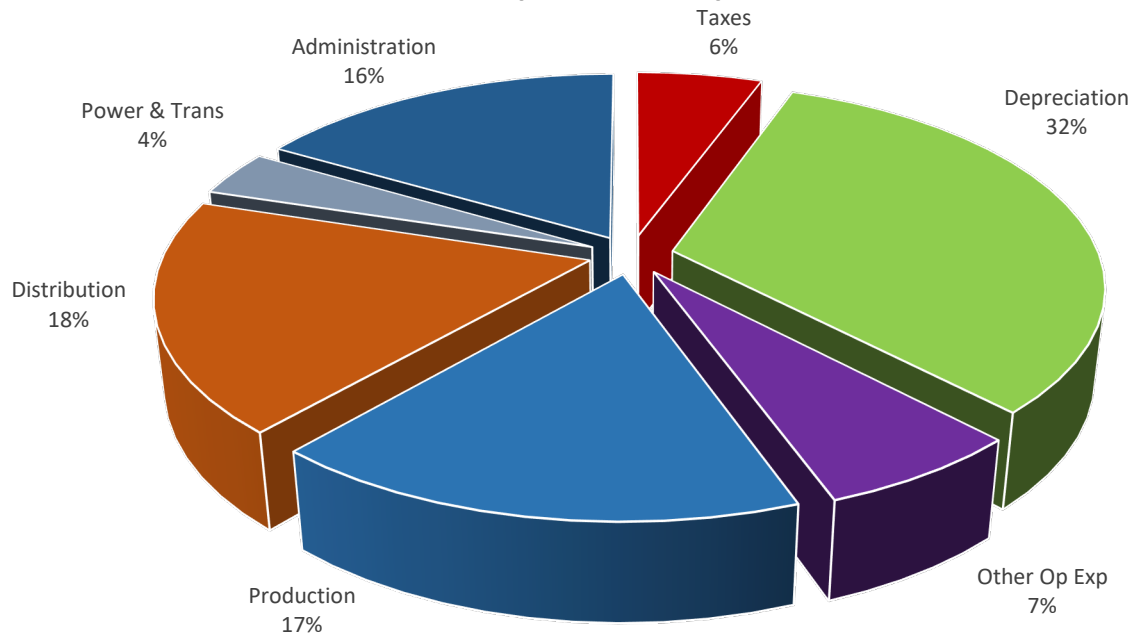
**WATER SALES**  
**Year to Date - May 2019**  
**(\$30,663,384)**



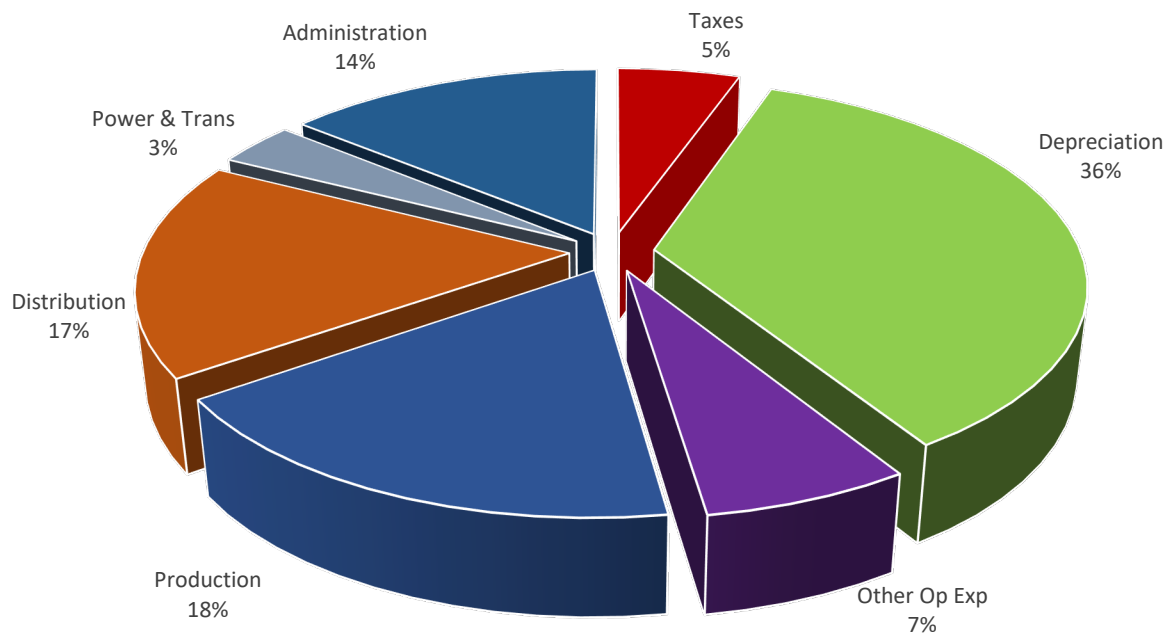
**WATER SALES**  
**Year to Date - May 2018**  
**(\$29,555,880)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - May 2019**  
**(\$32,557,750)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - May 2018**  
**(\$32,824,004)**



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