
JULY

TACOMA WATER

2019

**INTERIM
FINANCIAL
REPORT**



Public Utility Board

KAREN LARKIN

Chair

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Vice-Chair

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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 (Unaudited)
July 31, 2019 and July 31, 2018

	July 31,	
	2019	2018
ASSETS		
UTILITY PLANT		
Water Plant in Service	\$1,124,765,958	\$1,105,262,142
Less Depreciation and Amortization	(273,135,584)	(252,571,139)
Total	851,630,374	852,691,003
Construction Work in Progress	17,578,410	18,363,725
Net Utility Plant	869,208,784	871,054,728
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2009 Construction Fund	28,824	-
2010 Construction Fund	-	13,399,810
2013 Construction Fund	16,538,613	16,235,631
Regional Water Supply System Operating Fund	1,456,807	1,200,579
Provision for Debt Payment	11,549,655	10,915,524
Customer Water Main Deposits	3,399,264	3,311,626
Water Supply Forum Fund	467,677	346,933
Special Bond Reserves	22,112,524	22,106,498
Water Customer Contribution Fund	462,976	552,178
Water Capital Reserves	38,139,603	36,114,239
Water System Development Charge	71,038,245	65,416,900
Total Restricted Assets	165,194,188	169,599,918
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	62,504,815	55,846,980
Customers' Deposits	310,929	311,549
Receivables:		
Customers	6,011,447	6,567,816
Accrued Unbilled Revenues	5,930,220	5,457,221
Others	789,361	658,769
BABs Interest Subsidies	739,348	640,128
Provision for Uncollectible Accounts	(416,457)	(508,706)
Materials and Supplies	2,605,831	2,443,303
Prepayments	1,943,039	1,176,860
Total Current Assets	80,418,533	72,593,920
TOTAL ASSETS	1,115,314,468	1,113,741,529
OTHER ASSETS		
Regulatory Assets - Surcharges	1,673,322	957,253
Net Pension Asset	3,438,481	-
Total Other Assets	5,111,803	957,253
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	1,066,957	1,254,202
Deferred Outflows for Pensions	4,409,587	8,671,039
Deferred Outflows for OPEB	295,709	-
Total Deferred Outflows	5,772,253	9,925,241
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$1,126,198,524	\$1,124,624,023

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

	July 31,	
	2019	2018
NET POSITION		
Net Investment in Capital Assets	\$444,284,460	\$444,366,612
Restricted for:		
Water Capital Reserves	33,509,216	31,004,847
Water System Development Charge	35,462,798	29,841,453
Debt Service Funds	7,650,272	6,981,386
Pension Asset	3,438,481	-
Unrestricted	63,213,104	51,784,790
TOTAL NET POSITION	587,558,331	563,979,088
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	9,701,422	11,159,487
Net Outstanding Revenue Bonds	368,041,422	377,109,487
PWTF Pre-Construction Loans	320,261	480,435
PWTF Construction Loans	14,297,433	16,834,030
State Drinking Water Loans	61,381,554	65,612,800
Total Long-Term Debt	444,040,670	460,036,752
CURRENT LIABILITIES		
Salaries and Wages Payable	734,891	615,244
Purchases and Contracts Payable	1,032,455	815,536
Interest Expense Accrued	3,899,383	3,934,138
Taxes Accrued	1,993,570	1,834,089
Customers' and Contractors' Deposits	359,252	345,597
Current Portion of Long-Term Debt	14,710,633	13,554,949
Other Current Liabilities	2,346,174	5,075,266
Current Accrued Compensated Absences	244,160	229,834
Total Current Liabilities	25,320,518	26,404,653
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,412,903	6,585,519
Customer Advances for Construction	6,854,784	7,861,695
Unearned Revenue	7,390,573	7,310,926
Other Long-Term Liabilities	1,160,700	4,739,176
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	27,797,296	36,844,341
TOTAL LIABILITIES	497,158,484	523,285,746
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization	35,575,446	35,575,447
Deferred Inflows for Pensions	5,853,098	1,783,742
Deferred Inflows for OPEB	53,165	-
Total Deferred Inflows	41,481,709	37,359,189
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$1,126,198,524	\$1,124,624,023

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
July 31, 2019 and July 31, 2018

	JULY 2019	JULY 2018
OPERATING REVENUES		
Sales of Water	\$8,772,921	\$8,075,163
Other Operating Revenues	873,627	843,847
Contract Resource Obligation Revenue	435,719	379,087
Total Operating Revenues	<u>10,082,267</u>	<u>9,298,097</u>
OPERATING EXPENSES		
Production Expense:		
Source of Supply	616,811	714,896
Water Treatment	625,958	601,793
Total Production Expense	<u>1,242,769</u>	<u>1,316,689</u>
Power Pumping Expense	57,872	50,562
Transmission and Storage Expense	192,106	173,398
Distribution Expense	1,337,147	1,196,332
Customer Accounting and Consumer Service	452,791	429,443
Taxes	441,662	408,818
Depreciation	2,105,202	2,061,943
Administrative and General	911,959	1,038,258
Total Operating Expenses	<u>6,741,508</u>	<u>6,675,443</u>
OPERATING INCOME (LOSS)	3,340,759	2,622,654
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	413,083	319,615
Miscellaneous	(1,512)	7,019
Interest on Long-Term Debt	(1,299,681)	(1,310,266)
Interest on Long-Term Debt BABs Sub	(320,064)	(336,412)
Amortization Of Debt Premium	102,307	110,934
Interest Charged to Construction	-	57,628
Total Non-Operating Revenues (Expenses)	<u>(1,105,867)</u>	<u>(1,151,482)</u>
Net Income (Loss) Before Capital Contributions and Transfers	2,234,892	1,471,172
Capital Contributions:		
Cash	294,149	370,526
Donated Fixed Assets		1,917,507
Federal BABs Subsidies	320,064	320,064
Transfers:		
City Gross Earnings Tax	(775,290)	(709,799)
Transfer from (to) Other Funds	-	31,158
CHANGE IN NET POSITION	<u>\$2,073,815</u>	<u>\$3,400,628</u>
NET POSITION - JANUARY 1		
TOTAL NET POSITION - JULY 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
JULY 31, 2019	JULY 31, 2018		
\$47,251,859	\$45,910,396	\$1,341,463	2.9%
6,522,032	6,357,049	164,983	2.6%
2,838,040	2,604,248	233,792	9.0%
56,611,931	54,871,693	1,740,238	3.2%
3,933,228	4,405,889	(472,661)	-10.7%
3,972,738	3,971,074	1,664	0.0%
7,905,966	8,376,963	(470,997)	-5.6%
418,733	289,131	129,602	44.8%
1,248,860	1,312,604	(63,744)	-4.9%
8,489,536	7,960,282	529,254	6.6%
3,013,193	3,014,115	(922)	0.0%
2,818,719	2,778,794	39,925	1.4%
14,735,343	15,819,032	(1,083,689)	-6.9%
7,291,217	6,517,658	773,559	11.9%
45,921,567	46,068,579	(147,012)	-0.3%
10,690,364	8,803,114	1,887,250	21.4%
3,971,325	3,338,442	632,883	19.0%
44,676	48,611	(3,935)	-8.1%
(9,142,050)	(9,400,639)	258,589	2.8%
(2,240,448)	(2,134,826)	(105,622)	-4.9%
716,148	776,536	(60,388)	-7.8%
(32,311)	223,249	(255,560)	-114.5%
(6,682,660)	(7,148,627)	465,967	6.5%
4,007,704	1,654,487	2,353,217	142.2%
3,487,195	4,550,677	(1,063,482)	-23.4%
601,158	3,003,683	(2,402,525)	-80.0%
2,240,448	2,134,826	105,622	4.9%
(4,516,531)	(4,112,378)	(404,153)	-9.8%
-	31,158	(31,158)	NA
5,819,974	7,262,453	(1,442,479)	-19.9%
581,738,357	556,716,635	25,021,722	
<u>\$587,558,331</u>	<u>\$563,979,088</u>	<u>\$23,579,243</u>	4.2%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Summary of Revenues and Billings (Unaudited)
July 31, 2019 and July 31, 2018

	JULY 2019	JULY 2018
SALES OF WATER		
Residential and Domestic	\$5,646,471	\$5,273,995
Commercial and Industrial	2,222,444	1,867,630
Special Rate	588,507	570,971
Sales to Other Utilities	<u>315,499</u>	<u>362,567</u>
Total	<u><u>\$8,772,921</u></u>	<u><u>\$8,075,163</u></u>

BILLINGS (NUMBER OF MONTHS BILLED)

Residential and Domestic	94,697	90,442
Commercial and Industrial	7,322	6,625
Sales to Other Utilities	<u>15</u>	<u>15</u>
Total	<u><u>102,034</u></u>	<u><u>97,082</u></u>

YEAR TO DATE		2019 OVER (UNDER) 2018	PERCENT CHANGE
<u>JULY 31, 2019</u>	<u>JULY 31, 2018</u>		
\$31,219,416	\$30,301,834	\$917,582	3.0%
10,713,599	10,214,059	499,540	4.9%
3,913,721	3,798,431	115,290	3.0%
<u>1,405,123</u>	<u>1,596,072</u>	<u>(190,949)</u>	-12.0%
<u><u>\$47,251,859</u></u>	<u><u>\$45,910,396</u></u>	<u><u>\$1,341,463</u></u>	2.9%
687,603	674,707	12,896	1.9%
47,398	46,514	884	1.9%
<u>109</u>	<u>105</u>	<u>4</u>	3.8%
<u><u>735,110</u></u>	<u><u>721,326</u></u>	<u><u>13,784</u></u>	1.9%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Summary of Water Billed (Unaudited)
July 31, 2019 and July 31, 2018

	MILLION GALLONS, TOTAL			
	JULY 2019	JULY 2018	YEAR TO DATE	
			JULY 31, 2019	JULY 31, 2018
WATER BILLED				
Residential and Domestic	911.99	901.29	4,420.29	4,366.83
Commercial and Industrial	416.61	361.35	1,792.68	1,705.50
Special Rate	495.18	493.20	3,281.62	3,270.30
Sales to Other Utilities	89.19	82.90	466.42	414.98
	<u>1,912.97</u>	<u>1,838.74</u>	<u>9,961.01</u>	<u>9,757.61</u>

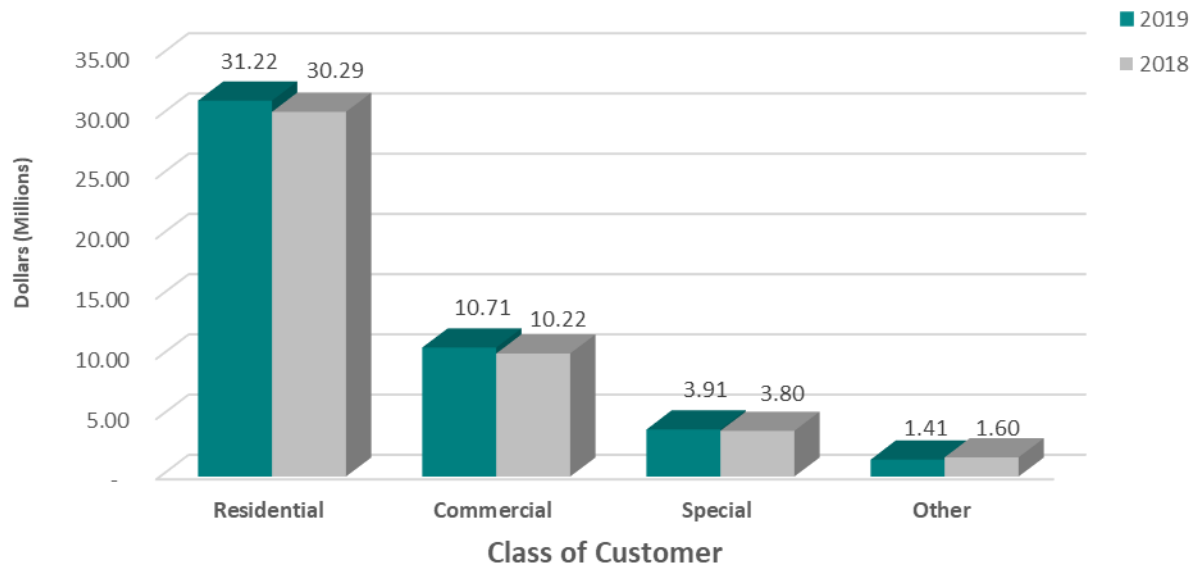
NOTE: For conversion purposes, there are approximately 748 gallons in every 100 cubic feet of water.

MILLION GALLONS, AVERAGE DAILY	
JULY 2019	JULY 2018
29.42	29.07
13.44	11.66
15.97	15.91
2.88	2.67
<u>61.71</u>	<u>59.31</u>

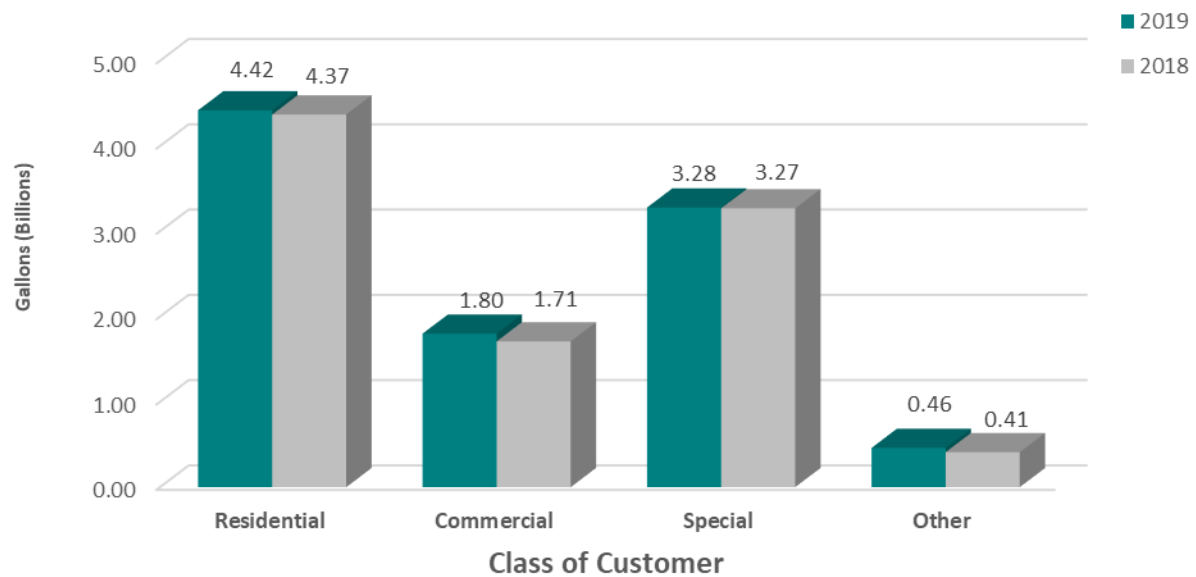
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Supplemental Data

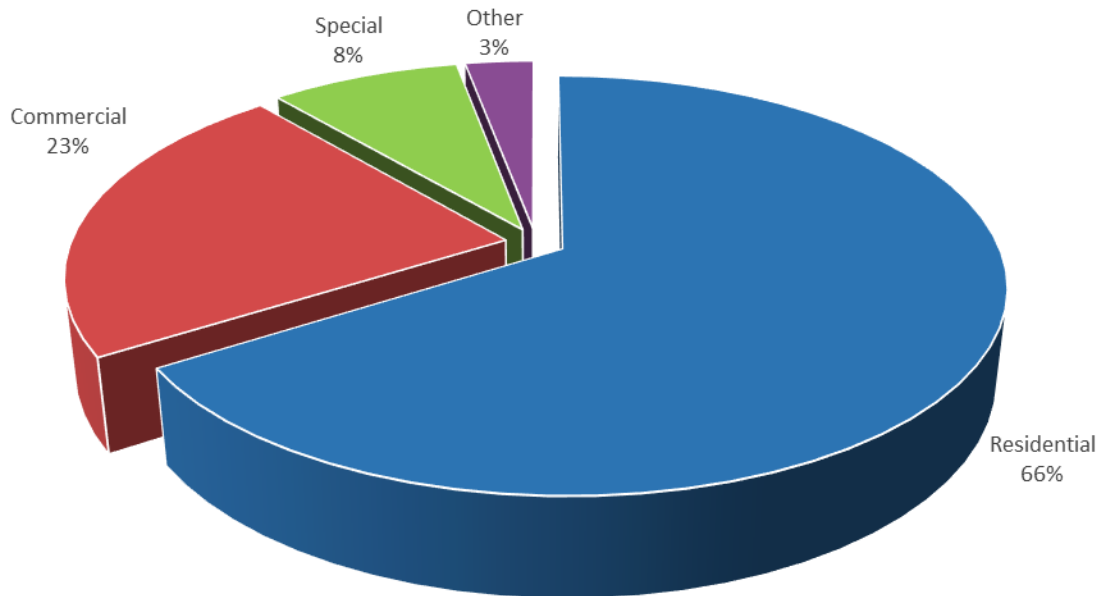
WATER SALES Year to Date - July 2019 & 2018



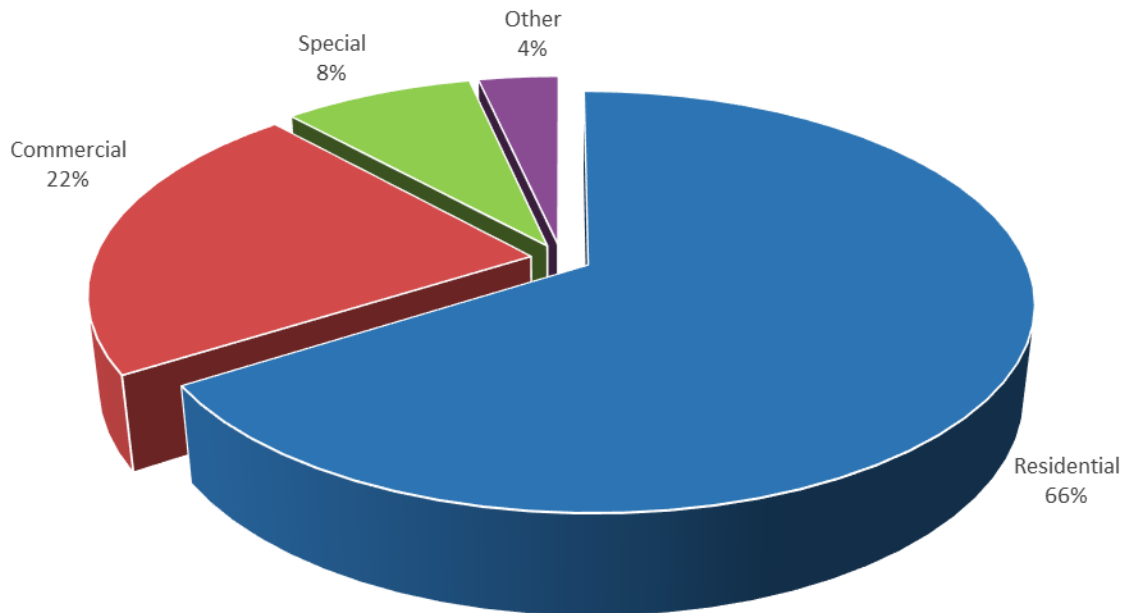
WATER CONSUMPTION Year to Date - July 2019 & 2018



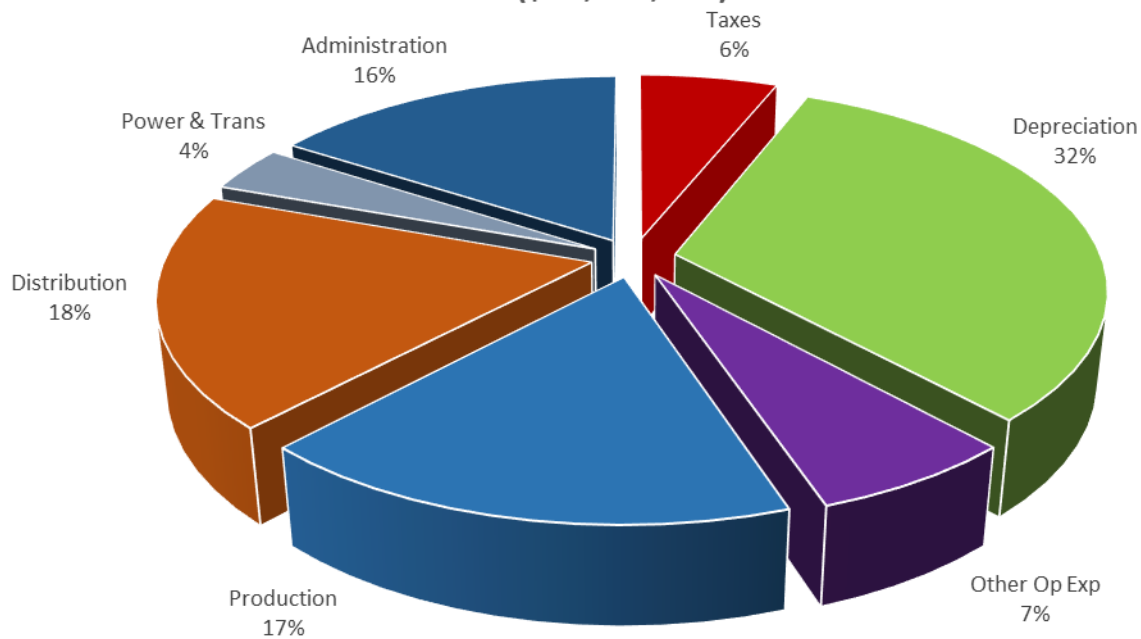
WATER SALES
Year to Date - July 2019
(\$47,251,859)



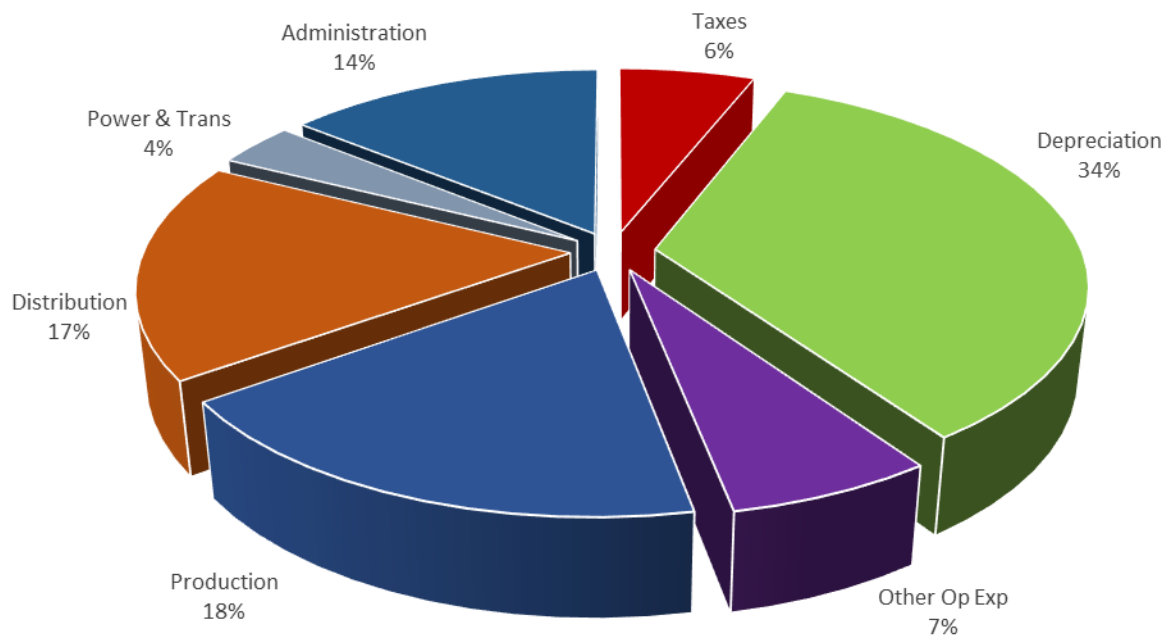
WATER SALES
Year to Date - July 2018
(\$45,910,396)



TOTAL OPERATING EXPENSES
Year to Date - July 2019
(\$45,921,567)



TOTAL OPERATING EXPENSES
Year to Date - July 2018
(\$46,068,579)



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