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**OCTOBER**

***TACOMA WATER***

**2019**

**FINANCIAL  
REPORT**





# Public Utility Board

KAREN LARKIN

Chair

BRYAN FLINT

Vice-Chair

MARK PATTERSON

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CHRISTINE COOLEY

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CARLOS M. WATSON

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)  
October 31, 2019 and October 31, 2018

|   | October 31,     |                 |
|---|-----------------|-----------------|
|   | 2019            | 2018            |
| ASSETS  |                 |                 |
| UTILITY PLANT                                   |                 |                 |
| Water Plant in Service                          | \$1,127,894,423 | \$1,109,685,006 |
| Less Depreciation and Amortization              | (279,186,944)   | (258,390,771)   |
| Total   | 848,707,479     | 851,294,235     |
| Construction Work in Progress                   | 21,500,389      | 19,824,599      |
| Net Utility Plant                               | 870,207,868     | 871,118,834     |
| NON-UTILITY PROPERTY                            | 492,963         | 492,963         |
| RESTRICTED ASSETS                               |                 |                 |
| Cash and Equity in Pooled Investments:          |                 |                 |
| 2009 Construction Fund                          | 28,823          | -               |
| 2010 Construction Fund                          | -               | 10,110,913      |
| 2013 Construction Fund                          | 12,977,854      | 16,306,983      |
| Regional Water Supply System Operating Fund     | 1,438,820       | 1,226,266       |
| Provision for Debt Payment                      | 13,571,719      | 17,738,996      |
| Customer Water Main Deposits                    | 3,420,239       | 3,349,186       |
| Water Supply Forum Fund                         | 470,167         | 320,064         |
| Special Bond Reserves                           | 22,114,197      | 22,107,853      |
| Water Customer Contribution Fund                | 643,647         | 624,095         |
| Water Capital Reserves                          | 37,792,236      | 36,272,955      |
| Water System Development Charge                 | 72,453,724      | 66,594,033      |
| Total Restricted Assets                         | 164,911,426     | 174,651,344     |
| CURRENT ASSETS                                  |                 |                 |
| Cash and Equity in Pooled Investments:          |                 |                 |
| Current Fund                                    | 70,155,367      | 64,590,579      |
| Customers' Deposits                             | 308,826         | 314,190         |
| Receivables:                                    |                 |                 |
| Customers                                       | 6,021,741       | 5,938,502       |
| Accrued Unbilled Revenues                       | 5,930,220       | 5,457,221       |
| Others  | 1,075,524       | 2,791,248       |
| BABs Interest Subsidies                         | 1,505,766       | 1,600,320       |
| Provision for Uncollectible Accounts            | (322,224)       | (219,687)       |
| Materials and Supplies                          | 2,634,371       | 2,410,055       |
| Prepayments                                     | 1,708,426       | 1,070,180       |
| Total Current Assets                            | 89,018,017      | 83,952,608      |
| TOTAL ASSETS                                    | 1,124,630,274   | 1,130,215,749   |
| OTHER ASSETS                                    |                 |                 |
| Regulatory Assets - Surcharges                  | 2,056,267       | 981,105         |
| Net Pension Asset                               | 3,438,481       | -               |
| Total Other Assets                              | 5,494,748       | 981,105         |
| DEFERRED OUTFLOWS OF RESOURCES                  |                 |                 |
| Unamortized Losses on Refunding Bonds           | 1,020,146       | 1,207,391       |
| Deferred Outflows for Pensions                  | 4,409,587       | 8,671,039       |
| Deferred Outflows for OPEB                      | 295,709         | -               |
| Total Deferred Outflows                         | 5,725,442       | 9,878,430       |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$1,135,850,464 | \$1,141,075,284 |

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

|  | October 31,            |                        |
|--|------------------------|------------------------|
|  | 2019                   | 2018                   |
| <b>NET POSITION</b>  |                        |                        |
| Net Investment in Capital Assets   | \$446,262,622          | \$441,547,329          |
| Restricted for:  |                        |                        |
| Water Capital Reserves   | 33,161,849             | 31,163,563             |
| Water System Development Charge  | 36,878,277             | 31,018,586             |
| Debt Service Funds   | 5,790,924              | 8,869,836              |
| Pension Asset  | 3,438,481              | -                      |
| Unrestricted   | 71,701,607             | 64,602,814             |
| <b>TOTAL NET POSITION</b>  | <b>597,233,760</b>     | <b>577,202,128</b>     |
| <b>LIABILITIES</b>   |                        |                        |
| <b>LONG-TERM DEBT</b>  |                        |                        |
| 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   | 9,347,691              | 10,779,875             |
| Net Outstanding Revenue Bonds  | 367,687,691            | 376,729,875            |
| 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   | 439,455,693            | 455,425,894            |
| <b>CURRENT LIABILITIES</b>   |                        |                        |
| Salaries and Wages Payable   | 1,325,226              | 1,176,615              |
| Purchases and Contracts Payable  | 1,337,503              | 686,604                |
| Interest Expense Accrued   | 7,780,795              | 8,869,160              |
| Taxes Accrued  | 2,215,901              | 1,926,327              |
| Customers' and Contractors' Deposits                                     | 345,776                | 353,984                |
| Current Portion of Long-Term Debt  | 14,710,633             | 17,786,195             |
| Other Current Liabilities  | 938,472                | 3,695,164              |
| Current Accrued Compensated Absences                                     | 244,160                | 229,834                |
| Total Current Liabilities  | 28,898,466             | 34,723,883             |
| <b>LONG-TERM LIABILITIES</b>   |                        |                        |
| Muckleshoot Agreements   | 6,412,903              | 6,585,519              |
| Customer Advances for Construction                                       | 7,672,227              | 7,405,737              |
| Unearned Revenue   | 7,546,873              | 7,511,981              |
| Other Long-Term Liabilities  | 1,170,497              | 4,513,928              |
| 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  | 28,780,836             | 36,364,190             |
| <b>TOTAL LIABILITIES</b>   | <b>497,134,995</b>     | <b>526,513,967</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                        |                        |
| 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             |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> | <b>\$1,135,850,464</b> | <b>\$1,141,075,284</b> |

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

|  | OCTOBER<br>2019    | OCTOBER<br>2018    |
|--|--------------------|--------------------|
| OPERATING REVENUES   |                    |                    |
| Sales of Water   | \$10,322,946       | \$8,512,225        |
| Other Operating Revenues                                     | 1,028,148          | 1,164,934          |
| Contract Resource Obligation Revenue                         | 434,652            | 372,219            |
| Total Operating Revenues                                     | <u>11,785,746</u>  | <u>10,049,378</u>  |
| OPERATING EXPENSES   |                    |                    |
| Production Expense:  |                    |                    |
| Source of Supply   | 591,258            | 711,564            |
| Water Treatment  | 576,927            | 562,144            |
| Total Production Expense                                     | <u>1,168,185</u>   | <u>1,273,708</u>   |
| Power Pumping Expense  | 84,113             | 34,370             |
| Transmission and Storage Expense                             | 155,817            | 254,422            |
| Distribution Expense   | 1,166,798          | 1,100,478          |
| Customer Accounting and Consumer Service                     | 450,641            | 491,171            |
| Taxes  | 541,461            | 484,633            |
| Depreciation   | 2,104,674          | 2,057,529          |
| Administrative and General                                   | 981,843            | 889,091            |
| Total Operating Expenses                                     | <u>6,653,532</u>   | <u>6,585,402</u>   |
| OPERATING INCOME (LOSS)                                      | 5,132,214          | 3,463,976          |
| NON-OPERATING REVENUES (EXPENSES)                            |                    |                    |
| Interest Income  | 419,734            | 350,108            |
| Miscellaneous  | 409,136            | 14,453             |
| Interest on Long-Term Debt                                   | (1,427,691)        | (1,321,611)        |
| Interest on Long-Term Debt BABs Sub                          | (185,959)          | (320,064)          |
| Amortization Of Debt Premium                                 | 102,307            | 110,934            |
| Interest Charged to Construction                             | (27)               | 71,282             |
| Total Non-Operating Revenues (Expenses)                      | <u>(682,500)</u>   | <u>(1,094,898)</u> |
| Net Income (Loss) Before Capital Contributions and Transfers | 4,449,714          | 2,369,078          |
| Capital Contributions:                                       |                    |                    |
| Cash   | 373,218            | 2,505,340          |
| Donated Fixed Assets   |                    | 221,620            |
| Federal BABs Subsidies                                       | 126,425            | 320,064            |
| Transfers:   |                    |                    |
| City Gross Earnings Tax                                      | (911,085)          | (768,046)          |
| Transfer from (to) Other Funds                               | <u>-</u>           | <u>-</u>           |
| CHANGE IN NET POSITION                                       | <u>\$4,038,272</u> | <u>\$4,648,056</u> |
| NET POSITION - JANUARY 1                                     |                    |                    |
| TOTAL NET POSITION - OCTOBER 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<br>OVER<br>(UNDER)<br>2018 | PERCENT<br>CHANGE |
|---------------------|---------------------|---------------------------------|-------------------|
| OCTOBER 31,<br>2019 | OCTOBER 31,<br>2018 |                                 |                   |
| \$74,439,083        | \$73,486,877        | \$952,206                       | 1.3%              |
| 9,248,606           | 9,536,287           | (287,681)                       | -3.0%             |
| 4,078,892           | 3,613,158           | 465,734                         | 12.9%             |
| 87,766,581          | 86,636,322          | 1,130,259                       | 1.3%              |
| 5,728,859           | 6,294,544           | (565,685)                       | -9.0%             |
| 5,855,591           | 5,623,726           | 231,865                         | 4.1%              |
| 11,584,450          | 11,918,270          | (333,820)                       | -2.8%             |
| 658,138             | 472,363             | 185,775                         | 39.3%             |
| 1,819,726           | 1,978,822           | (159,096)                       | -8.0%             |
| 12,023,933          | 11,035,247          | 988,686                         | 9.0%              |
| 4,280,832           | 4,333,888           | (53,056)                        | -1.2%             |
| 4,394,666           | 4,385,572           | 9,094                           | 0.2%              |
| 21,056,342          | 22,003,234          | (946,892)                       | -4.3%             |
| 9,945,987           | 9,021,459           | 924,528                         | 10.2%             |
| 65,764,074          | 65,148,855          | 615,219                         | 0.9%              |
| 22,002,507          | 21,487,467          | 515,040                         | 2.4%              |
| 5,233,847           | 4,365,366           | 868,481                         | 19.9%             |
| 1,096,194           | 268,980             | 827,214                         | 307.5%            |
| (13,166,030)        | (13,375,469)        | 209,439                         | 1.6%              |
| (3,007,001)         | (3,095,018)         | 88,017                          | 2.8%              |
| 1,023,068           | 1,109,338           | (86,270)                        | -7.8%             |
| (32,338)            | 429,423             | (461,761)                       | -107.5%           |
| (8,852,260)         | (10,297,380)        | 1,445,120                       | 14.0%             |
| 13,150,247          | 11,190,087          | 1,960,160                       | 17.5%             |
| 5,662,410           | 9,069,230           | (3,406,820)                     | -37.6%            |
| 601,158             | 3,647,590           | (3,046,432)                     | -83.5%            |
| 3,007,001           | 3,095,018           | (88,017)                        | -2.8%             |
| (6,925,413)         | (6,547,590)         | (377,823)                       | -5.8%             |
| -                   | 31,158              | (31,158)                        | NA                |
| 15,495,403          | 20,485,493          | (4,990,090)                     | -24.4%            |
| 581,738,357         | 556,716,635         | 25,021,722                      |                   |
| \$597,233,760       | \$577,202,128       | \$20,031,632                    | 3.5%              |

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

|                                    | OCTOBER<br>2019     | OCTOBER<br>2018    |
|------------------------------------|---------------------|--------------------|
| SALES OF WATER                     |                     |                    |
| Residential and Domestic           | \$7,462,816         | \$5,731,550        |
| Commercial and Industrial          | 2,012,253           | 1,907,229          |
| Special Rate                       | 617,270             | 640,580            |
| Wholesale                          | 230,607             | 232,866            |
| Total                              | <u>\$10,322,946</u> | <u>\$8,512,225</u> |
|                                    |                     |                    |
| BILLINGS (NUMBER OF MONTHS BILLED) |                     |                    |
| Residential and Domestic           | 135,709             | 107,078            |
| Commercial and Industrial          | 8,276               | 6,976              |
| Wholesale                          | 16                  | 15                 |
| Total                              | <u>144,001</u>      | <u>114,069</u>     |

| YEAR TO DATE        |                     | 2019<br>OVER<br>(UNDER)<br>2018 | PERCENT<br>CHANGE |
|---------------------|---------------------|---------------------------------|-------------------|
| OCTOBER 31,<br>2019 | OCTOBER 31,<br>2018 |                                 |                   |
| \$49,537,792        | \$48,423,643        | \$1,114,149                     | 2.3%              |
| 16,847,254          | 16,626,959          | 220,295                         | 1.3%              |
| 5,732,805           | 5,700,158           | 32,647                          | 0.6%              |
| <u>2,321,232</u>    | <u>2,736,117</u>    | <u>(414,885)</u>                | -15.2%            |
| <u>\$74,439,083</u> | <u>\$73,486,877</u> | <u>\$952,206</u>                | 1.3%              |
|                     |                     |                                 |                   |
| 990,876             | 972,208             | 18,668                          | 1.9%              |
| 67,810              | 66,852              | 958                             | 1.4%              |
| <u>157</u>          | <u>150</u>          | <u>7</u>                        | 4.7%              |
| <u>1,058,843</u>    | <u>1,039,210</u>    | <u>19,633</u>                   | 1.9%              |

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

|                           | MILLION GALLONS, TOTAL |                 |                     |                     |
|---------------------------|------------------------|-----------------|---------------------|---------------------|
|                           | OCTOBER<br>2019        | OCTOBER<br>2018 | YEAR TO DATE        |                     |
|                           |                        |                 | OCTOBER 31,<br>2019 | OCTOBER 31,<br>2018 |
| WATER BILLED              |                        |                 |                     |                     |
| Residential and Domestic  | 1,101.28               | 890.58          | 7,321.82            | 7,425.14            |
| Commercial and Industrial | 353.26                 | 345.41          | 2,912.51            | 2,950.46            |
| Special Rate              | 504.16                 | 516.95          | 4,802.23            | 4,835.36            |
| Wholesale                 | 70.21                  | 70.73           | 723.31              | 715.34              |
|                           | <u>2,028.91</u>        | <u>1,823.67</u> | <u>15,759.87</u>    | <u>15,926.30</u>    |

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

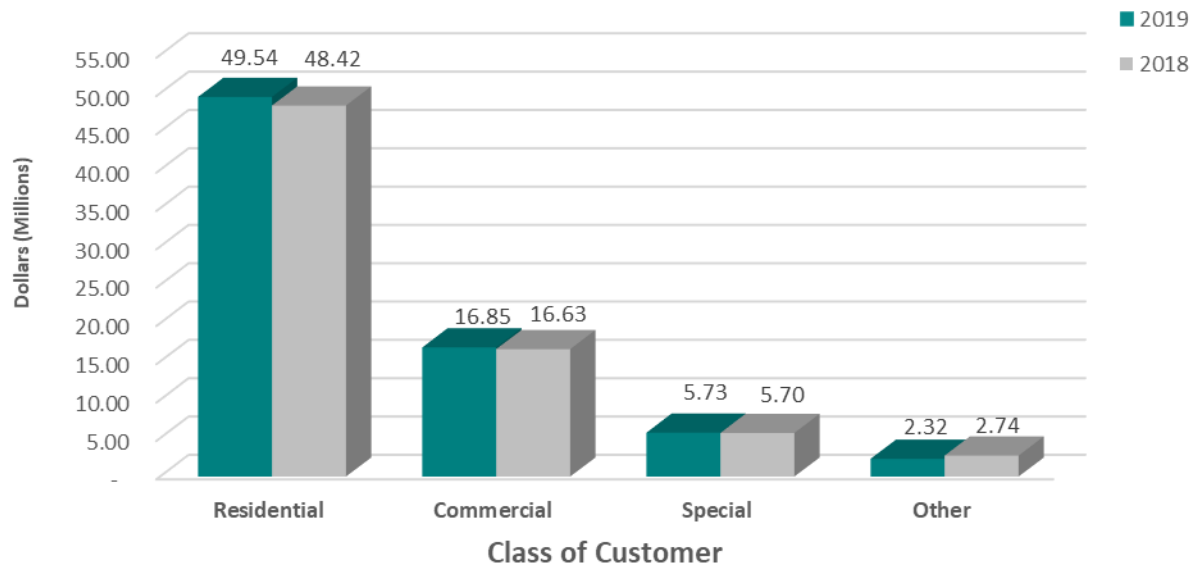
MILLION GALLONS, AVERAGE DAILY

| <u>OCTOBER<br/>2019</u> | <u>OCTOBER<br/>2018</u> |
|-------------------------|-------------------------|
| 26.10                   | 28.73                   |
| 12.51                   | 11.14                   |
| 16.98                   | 16.68                   |
| <u>2.91</u>             | <u>2.28</u>             |
| <u>58.50</u>            | <u>58.83</u>            |

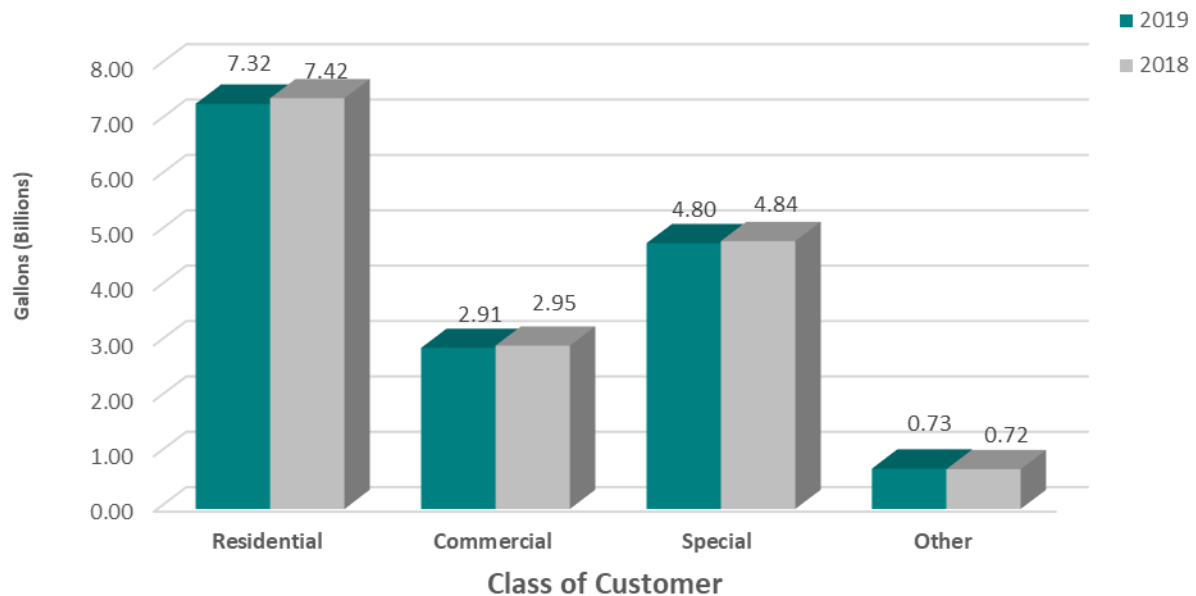
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## Supplemental Data

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

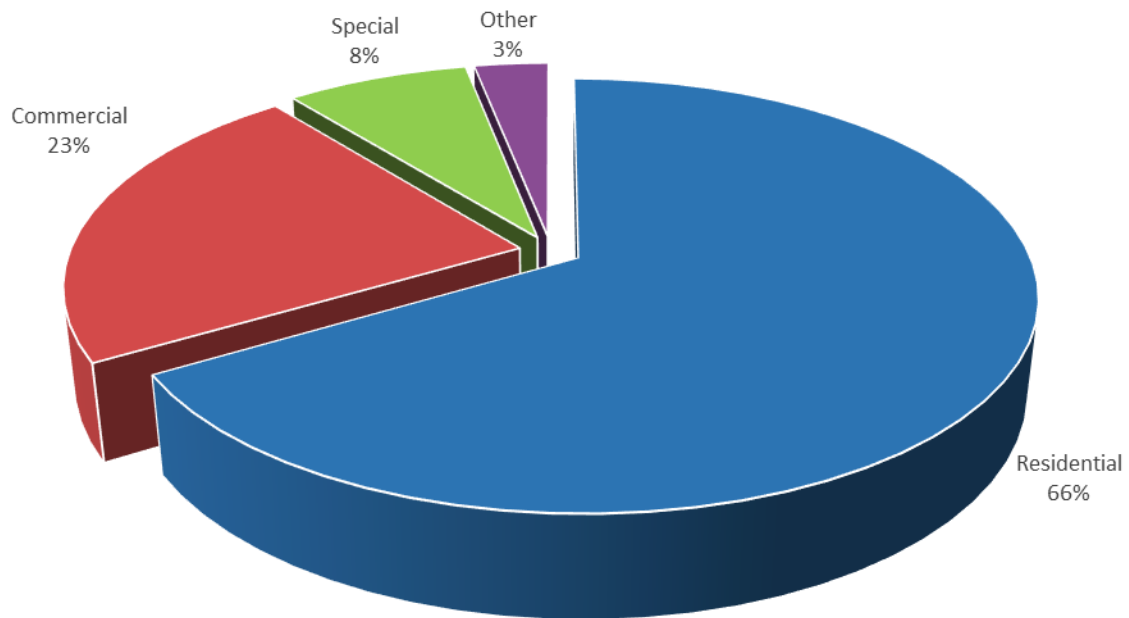


## WATER CONSUMPTION Year to Date - October 2019 & 2018

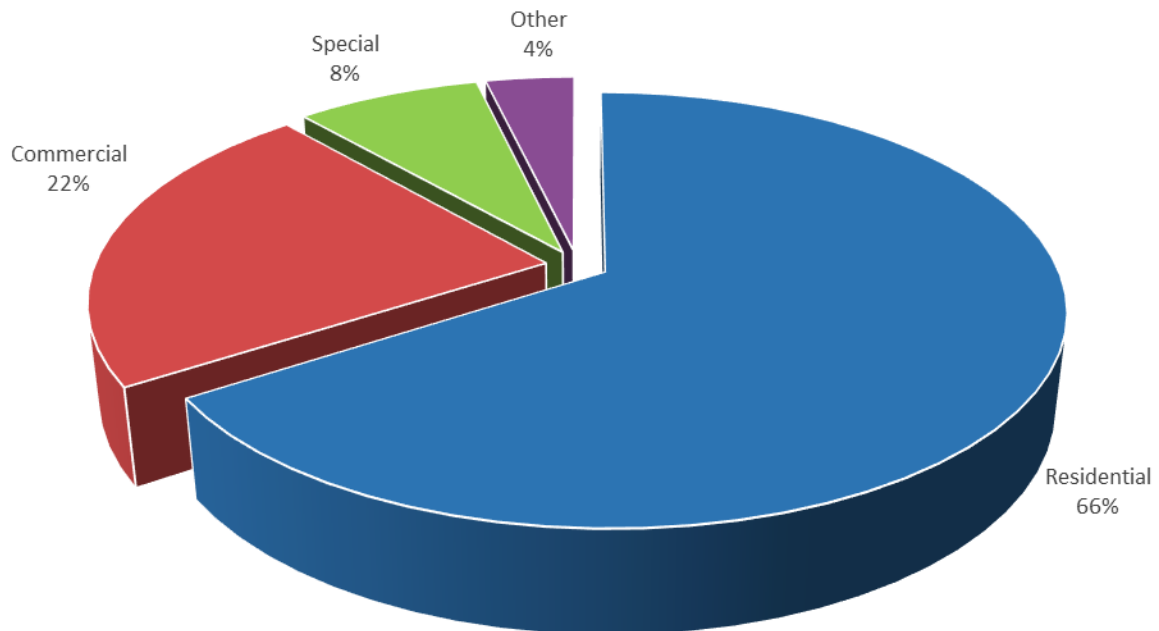




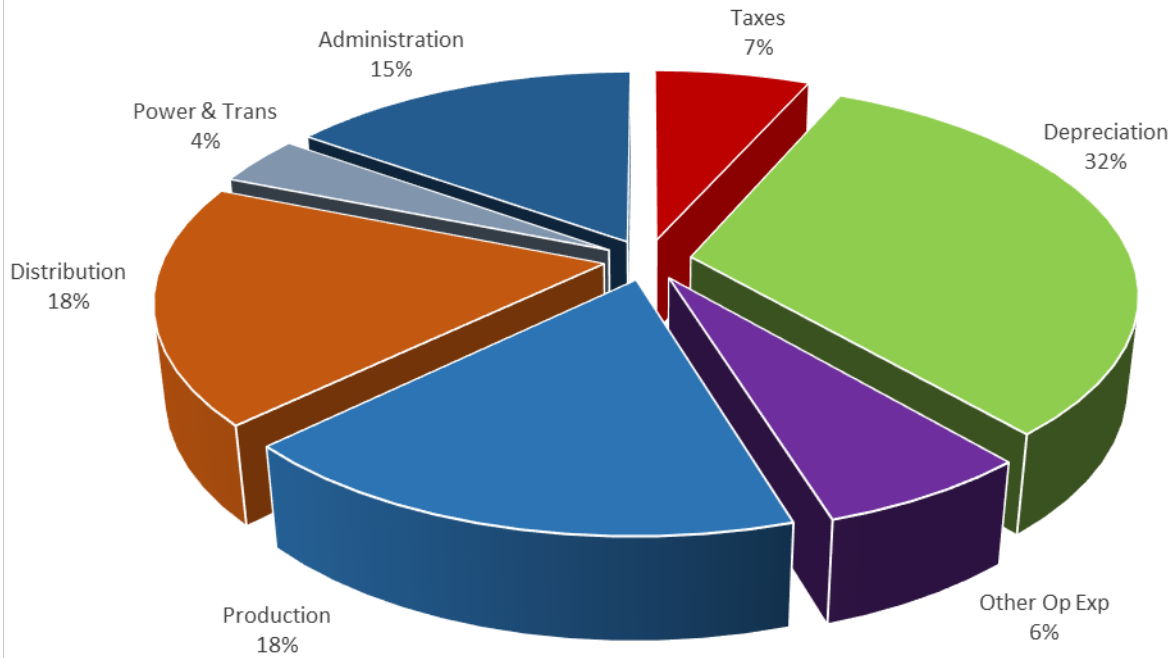
**WATER SALES**  
**Year to Date - October 2019**  
**(\$74,439,083)**



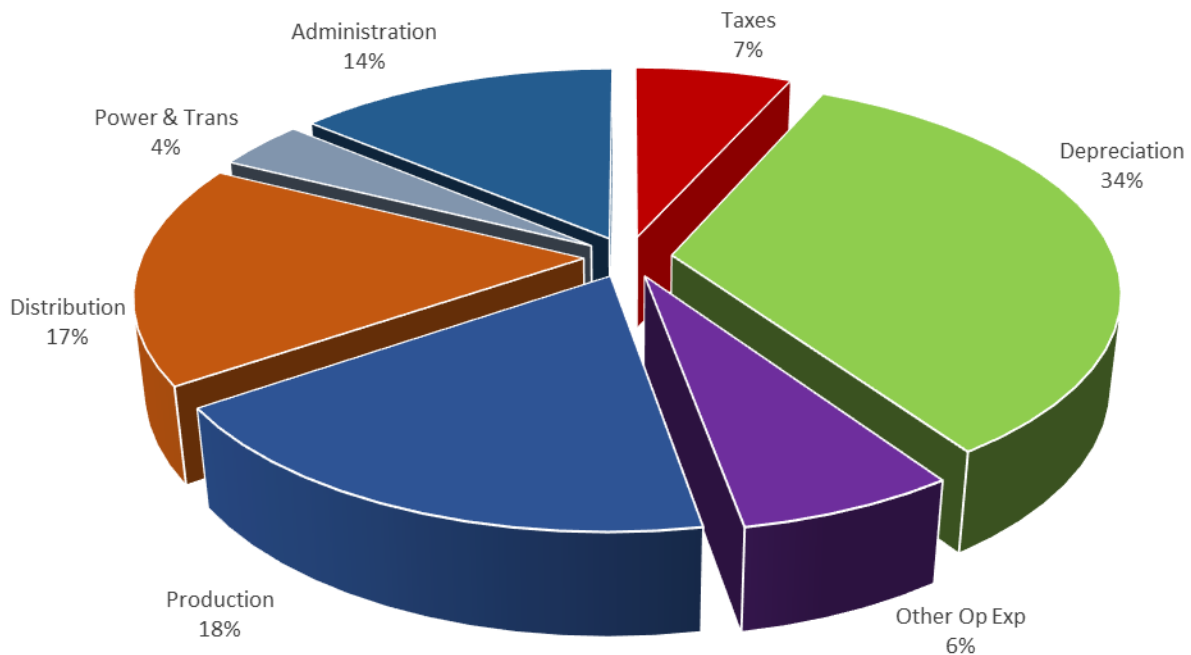
**WATER SALES**  
**Year to Date - October 2018**  
**(\$73,486,877)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - October 2019**  
**(\$65,764,074)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - October 2018**  
**(\$65,148,855)**



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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.