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**AUGUST**

**TACOMA POWER**

**2018**

**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

CHRIS ROBINSON

Power Superintendent/COO

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA



CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION  
Doing Business As

## TACOMA POWER

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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 POWER

STATEMENTS OF NET POSITION - August 31, 2018 AND August 31, 2017

<b>ASSETS AND DEFERRED OUTFLOWS</b>	2018	2017
<b>UTILITY PLANT</b>		
Electric Plant in Service .....	\$2,065,976,903	\$2,017,443,825
Less Depreciation and Amortization .....	(1,082,718,785)	(1,033,102,418)
Total .....	983,258,118	984,341,407
Construction Work in Progress .....	70,656,078	47,661,932
Net Utility Plant .....	1,053,914,196	1,032,003,339
<b>NON-UTILITY PROPERTY .....</b>	<b>182,051</b>	<b>182,051</b>
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2013 Construction Fund .....	-	3
2015 Construction Fund .....	-	7,316,163
Provision for Debt Service .....	10,087,183	10,781,554
Special Bond Reserves .....	4,997,639	4,997,639
Wynoochee Reserve - State of Washington .....	2,620,948	2,584,305
Total Restricted Assets .....	17,705,770	25,679,664
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	149,394,411	180,812,762
Customers' and Contractors' Deposits .....	2,703,748	2,662,639
Conservation Loan Fund .....	3,731,758	3,666,394
Rate Stabilization Fund .....	48,000,000	47,999,676
Receivables:		
Customers .....	16,847,886	16,123,350
Accrued Unbilled Revenue .....	30,701,425	28,587,295
Others .....	11,948,912	10,950,017
Provision for Uncollectibles .....	(917,728)	(2,688,676)
Materials and Supplies .....	6,982,918	6,951,003
Prepayments and Other .....	6,505,844	6,043,626
Total Current Assets .....	275,899,174	301,108,086
<b>OTHER ASSETS</b>		
Regulatory Asset - Conservation .....	48,136,441	48,440,074
Conservation Loan Fund Receivables .....	2,535,303	2,591,596
Total Other Assets .....	50,671,744	51,031,670
<b>Total Assets .....</b>	<b>1,398,372,935</b>	<b>1,410,004,810</b>
<b>DEFERRED OUTFLOWS</b>		
Deferred Outflow for Pensions .....	38,426,742	39,469,454
Total Deferred Outflows .....	38,426,742	39,469,454
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS.....</b>	<b>\$1,436,799,677</b>	<b>\$1,449,474,264</b>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2017 Annual Report.*

<b>NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b>2018</b>	<b>2017</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$642,120,863	\$587,889,876
Restricted for:		
Wynoochee Reserve - State of Washington .....	2,620,948	2,584,305
Debt Service .....	6,730,000	7,716,668
Unrestricted .....	214,605,109	252,548,769
<b>TOTAL NET POSITION .....</b>	<b>866,076,920</b>	<b>850,739,618</b>
<b>LONG-TERM DEBT</b>		
2010B Electric System Refunding Bonds .....	147,070,000	147,070,000
2010C Electric System Refunding Bonds .....	24,185,000	24,185,000
2013A Electric System Rev & Refunding Bonds .....	105,490,000	139,885,000
2013B Electric System Rev & Refunding Bonds .....	35,620,000	35,620,000
2017 Electric System Revenue Bonds .....	70,575,000	-
Total Bonded Indebtedness .....	382,940,000	346,760,000
Less: Unamortized Bond Premiums .....	23,688,023	18,024,318
Net Bonded Indebtedness .....	406,628,023	364,784,318
Line of Credit .....	250,000	80,250,000
Total Long-Term Debt .....	406,878,023	445,034,318
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	3,923,763	3,448,998
Taxes and Other Payables .....	13,420,978	12,358,801
Purchases and Transmission of Power Accrued .....	12,149,450	11,287,565
Interest Payable .....	3,357,183	3,064,886
Customers' Deposits .....	2,720,291	2,708,303
Current Portion of Long-Term Debt .....	10,095,000	11,575,000
Current Accrued Compensated Absences .....	1,044,235	1,075,771
Total Current Liabilities .....	46,710,900	45,519,324
<b>LONG TERM LIABILITIES</b>		
Long Term Accrued Compensated Absences .....	9,398,115	9,681,941
Net Pension Liability .....	36,687,245	34,177,293
Other Long Term Liabilities .....	15,143,610	14,033,787
Total Long Term Liabilities .....	61,228,970	57,893,021
<b>TOTAL LIABILITIES .....</b>	<b>514,817,893</b>	<b>548,446,663</b>
<b>DEFERRED INFLOWS</b>		
Deferred Inflow for Pensions .....	7,904,864	2,287,983
Rate Stabilization .....	48,000,000	48,000,000
Total Deferred Inflows .....	55,904,864	50,287,983
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$1,436,799,677</b>	<b>\$1,449,474,264</b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
August 31, 2018 AND August 31, 2017

	August 2018	August 2017
<b>OPERATING REVENUES</b>		
Sales of Electric Energy .....	\$35,917,164	\$30,799,575
Other Operating Revenues .....	1,388,296	1,372,410
Click! Network Operating Revenues .....	2,089,607	2,231,668
Total Operating Revenue .....	<u>39,395,067</u>	<u>34,403,653</u>
<b>OPERATING EXPENSES</b>		
Production Expense		
Hydraulic Power Production .....	2,805,127	4,133,854
Other Production Expense .....	475,656	480,917
Total Expense Power Produced .....	<u>3,280,783</u>	<u>4,614,771</u>
Purchased Power .....	12,660,465	11,576,843
Total Production Expense .....	<u>15,941,248</u>	<u>16,191,614</u>
Transmission Expense .....	2,876,354	2,958,234
Distribution Expense .....	2,330,016	2,327,871
Click! Network Commercial Operations Expense .	2,055,679	2,098,785
Customer Accounts Expense (CIS) .....	989,154	697,849
Conservation and Other Customer Assistance ...	1,385,070	1,184,834
Taxes .....	1,324,249	1,294,550
Depreciation .....	4,382,470	4,809,704
Administrative and General .....	2,031,451	2,092,538
Total Operating Expenses .....	<u>33,315,691</u>	<u>33,655,979</u>
<b>OPERATING INCOME (LOSS)</b> .....	<u>6,079,376</u>	<u>747,674</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	315,776	250,711
Contribution to Family Need .....	(8,333)	(8,333)
Other Net Non-Op Revenues and Deductions .....	209,232	32,453
Interest on Long-Term Debt .....	(1,679,031)	(1,610,604)
Amort. of Debt Related Costs .....	134,639	124,051
Interest Charged to Construction .....	256,294	146,708
Total Non-Operating Revenues (Expenses) ...	<u>(771,423)</u>	<u>(1,065,014)</u>
Net Income (Loss) Before Capital Contributions and Transfers .....	5,307,953	(317,340)
Capital Contributions		
Cash .....	123,070	1,061,613
Donated Fixed Assets .....	-	-
BABs and CREBs Interest Subsidies	329,553	329,553
Transfers		
City Gross Earnings Tax .....	(3,077,507)	(2,546,270)
Transfers from (to) Other Funds .....	-	-
<b>CHANGE IN NET POSITION</b> .....	<u>\$2,683,069</u>	<u>(\$1,472,444)</u>
TOTAL NET POSITION - January 1 .....		
TOTAL NET POSITION - August 31 .....		



YEAR TO DATE		2018 OVER (UNDER) 2017	PERCENT CHANGE
August 31, 2018	August 31, 2017		
\$289,366,108	\$272,155,877	\$17,210,231	6.3%
12,450,842	12,729,786	(278,944)	-2.2%
17,068,863	17,731,838	(662,975)	-3.7%
318,885,813	302,617,501	16,268,312	5.4%
18,412,504	19,860,116	(1,447,612)	-7.3%
3,780,092	3,566,171	213,921	6.0%
22,192,596	23,426,287	(1,233,691)	-5.3%
89,265,794	89,927,443	(661,649)	-0.7%
111,458,390	113,353,730	(1,895,340)	-1.7%
22,393,357	20,617,077	1,776,280	8.6%
21,553,262	20,091,988	1,461,274	7.3%
16,212,087	16,639,311	(427,224)	-2.6%
9,021,985	9,865,751	(843,766)	-8.6%
10,022,820	8,969,132	1,053,688	11.7%
13,797,239	13,248,548	548,691	4.1%
36,679,161	38,200,168	(1,521,007)	-4.0%
20,935,232	16,730,999	4,204,233	25.1%
262,073,533	257,716,704	4,356,829	1.7%
56,812,280	44,900,797	11,911,483	26.5%
3,704,941	2,737,869	967,072	35.3%
(66,667)	(66,667)	-	0.0%
1,169,068	347,602	821,466	236.3%
(13,606,104)	(12,811,785)	(794,319)	6.2%
1,077,114	992,407	84,707	-8.5%
1,151,915	1,012,627	139,288	13.8%
(6,569,733)	(7,787,947)	1,218,214	-15.6%
50,242,547	37,112,850	13,129,697	35.4%
7,101,926	11,954,394	(4,852,468)	-40.6%
168,031	23,507	144,524	614.8%
2,505,922	2,499,991	5,931	0.2%
(24,081,021)	(22,846,817)	(1,234,204)	5.4%
(31,158)	-	(31,158)	0.0%
35,906,247	28,743,925	7,162,322	24.9%
830,170,673	821,995,693	8,174,980	1.0%
\$866,076,920	\$850,739,618	15,337,302	

These statements should be read in conjunction with the Management Discussion and Analysis in the June 2018 Financial Report.

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

SUMMARY OF REVENUES AND BILLINGS  
August 31, 2018 AND August 31, 2017

	For the month of August 2018	For the month of August 2017
<b>OPERATING REVENUE</b>		
Sales of Electric Energy		
Residential .....	\$11,993,809	\$11,459,969
Commercial .....	2,474,006	2,502,265
General .....	11,285,240	10,638,458
Contract Industrial .....	2,135,957	1,998,928
Public Street and Highway Lighting .....	1,356,866	110,365
Sales to Other Electric Utilities .....	32,923	28,715
Total Sales to Customers .....	29,278,801	26,738,700
Bulk Power Sales .....	6,638,363	4,060,875
Total Sales of Electric Energy .....	35,917,164	30,799,575
Other Operating Revenue		
Rentals and Leases from Elect. Property ...	173,168	155,890
Wheeling .....	819,905	811,109
Service Fees and Other .....	395,223	405,411
Telecommunications Revenue .....	2,089,607	2,231,668
Total Other Operating Revenues .....	3,477,903	3,604,078
 TOTAL OPERATING REVENUES .....	 \$39,395,067	 \$34,403,653
 <b>BILLINGS (Number of Months Billed)</b>		
Residential .....	171,349	172,430
Commercial .....	17,542	17,357
General .....	2,907	2,927
Contract Industrial .....	2	2
Public Streets and Highway Lighting .....	790	773
Sales to Other Utilities .....	1	1
 TOTAL BILLINGS .....	 192,591	 193,490

YEAR TO DATE		2018 OVER (UNDER) 2017	PERCENT CHANGE
August 31, 2018	August 31, 2017		
\$123,493,346	\$118,377,051	\$5,116,295	4.3%
20,252,073	19,979,203	272,870	1.4%
84,874,660	79,629,284	5,245,376	6.6%
15,323,726	14,497,139	826,587	5.7%
939,908	901,449	38,459	4.3%
301,876	284,086	17,790	6.3%
245,185,589	233,668,212	11,517,377	4.9%
44,180,519	38,487,665	5,692,854	14.8%
289,366,108	272,155,877	17,210,231	6.3%
2,515,058	2,479,337	35,721	1.4%
6,620,345	6,698,272	(77,927)	-1.2%
3,315,439	3,552,177	(236,738)	-6.7%
17,068,863	17,731,838	(662,975)	-3.7%
29,519,705	30,461,624	(941,919)	-3.1%
\$318,885,813	\$302,617,501	\$16,268,312	5.4%
1,293,315	1,273,739	19,576	1.5%
129,570	128,062	1,508	1.2%
20,982	20,635	347	1.7%
16	16	-	0.0%
7,294	7,396	(102)	-1.4%
8	8	-	0.0%
1,451,185	1,429,856	21,329	1.5%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

GROSS GENERATION REPORT - August 31, 2018 AND August 31, 2017

	For the month of August 2018	For the month of August 2017
KWH GENERATED, PURCHASED AND INTERCHANGED - Gross		
Generated - LaGrande .....	20,981,000	20,589,000
Generated - Alder .....	11,938,000	12,848,000
TOTAL NISQUALLY .....	<u>32,919,000</u>	<u>33,437,000</u>
Generated - Cushman No. 1 .....	2,108,000	3,252,000
Generated - Cushman No. 2 .....	2,107,000	4,115,000
TOTAL CUSHMAN .....	<u>4,215,000</u>	<u>7,367,000</u>
Generated - Mossyrock .....	44,962,000	65,101,000
Generated - Mayfield .....	25,884,000	37,065,000
TOTAL COWLITZ .....	<u>70,846,000</u>	<u>102,166,000</u>
Generated - Wynoochee .....	<u>851,000</u>	<u>912,000</u>
Generated - Hood Street .....	<u>-</u>	<u>96,365</u>
Tacoma's Share of Priest Rapids .....	<u>1,908,000</u>	<u>1,645,000</u>
Tacoma's Share of GCPHA .....	<u>40,030,000</u>	<u>40,967,000</u>
TOTAL KWH GENERATED - TACOMA SYSTEM .....	150,769,000	186,590,365
Purchased Power		
BPA Slice Contract .....	156,514,000	141,930,000
BPA Block Contract .....	104,857,000	107,531,000
Interchange Net .....	<u>(45,838,250)</u>	<u>(64,212,000)</u>
TOTAL KWH GENERATED, PURCHASED AND INTERCHANGED ..	<u>366,301,750</u>	<u>371,839,365</u>
Losses .....	3,322,620	2,569,292
Baldi Replacement .....	15,747	17,179
Ketron .....	11,439	13,936
NT PC Mutuals Schedules .....	(2,004,000)	(1,720,000)
PC Mutual Inadvertent .....	<u>1,619,227</u>	<u>174,732</u>
TACOMA SYSTEM FIRM LOAD .....	<u>369,266,783</u>	<u>372,894,504</u>
Maximum Kilowatts (System Firm Load) .....	685,646	685,804
Average Kilowatts (System Firm Load) .....	496,326	501,202
PIERCE COUNTY MUTUAL LOAD .....	98,890,000	101,055,000
KWH BILLED		
Residential Sales .....	115,229,541	118,256,619
Commercial Sales .....	26,362,910	27,604,507
General .....	168,652,153	166,209,496
Contract Industrial .....	46,373,460	45,428,280
Public Street and Highway Lighting .....	6,986,281	2,351,035
Sales to Other Electric Utilities .....	562,500	510,300
TOTAL FIRM .....	<u>364,166,845</u>	<u>360,360,237</u>
Bulk Power Sales .....	<u>78,698,000</u>	<u>84,245,000</u>
TOTAL KWH BILLED .....	<u><u>442,864,845</u></u>	<u><u>444,605,237</u></u>

YEAR TO DATE		2018 OVER (UNDER) 2017	PERCENT CHANGE
August 31 2018	August 31 2017		
257,051,000	272,942,000	(15,891,000)	-5.8%
163,340,000	151,069,000	12,271,000	8.1%
420,391,000	424,011,000	(3,620,000)	-0.9%
55,589,000	78,631,000	(23,042,000)	-29.3%
82,935,000	121,405,000	(38,470,000)	-31.7%
138,524,000	200,036,000	(61,512,000)	-30.8%
698,283,000	904,051,000	(205,768,000)	-22.8%
488,496,000	619,133,000	(130,637,000)	-21.1%
1,186,779,000	1,523,184,000	(336,405,000)	-22.1%
14,505,000	20,252,000	(5,747,000)	-28.4%
1,298,500	1,929,098	(630,598)	-32.7%
20,443,000	20,687,000	(244,000)	-1.2%
201,810,000	186,723,000	15,087,000	8.1%
1,983,750,500	2,376,822,098	(393,071,598)	-16.5%
1,848,376,000	1,829,037,000	19,339,000	1.1%
1,007,535,000	1,033,234,000	(25,699,000)	-2.5%
(1,625,498,333)	(1,947,863,000)	322,364,667	-16.5%
3,214,163,167	3,291,230,098	(77,066,931)	-2.3%
32,722,527	27,690,078	5,032,449	18.2%
385,763	542,161	(156,398)	-28.8%
199,095	195,307	3,788	1.9%
(20,808,000)	(20,550,000)	(258,000)	1.3%
2,594,423	23,865,365	(21,270,942)	-89.1%
3,229,256,975	3,322,973,009	(93,716,034)	-2.8%
961,786,000	997,497,000	(35,711,000)	-3.6%
1,341,327,624	1,380,949,617	(39,621,993)	-2.9%
223,456,078	226,051,187	(2,595,109)	-1.1%
1,315,032,377	1,305,643,686	9,388,691	0.7%
334,203,360	333,261,480	941,880	0.3%
(2,788,426)	19,629,185	(22,417,611)	-114.2%
5,329,800	5,200,200	129,600	2.5%
3,216,560,813	3,270,735,355	(54,174,542)	-1.7%
2,082,812,000	2,182,495,000	(99,683,000)	-4.6%
5,299,372,813	5,453,230,355	(153,857,542)	-2.8%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
CLICK! NETWORK  
COMMERCIAL OPERATIONS

OPERATIONAL SUMMARY - August 31, 2018

	August 2018	August 2017
<b>TELECOMMUNICATIONS REVENUE</b>		
CATV .....	\$1,368,275	\$1,515,922
Broadband .....	84,044	90,055
ISP .....	614,580	603,953
Interdepartmental .....	22,708	21,738
Total Operating Revenue .....	<u>2,089,607</u>	<u>2,231,668</u>
<b>TELECOMMUNICATIONS EXPENSE-COMMERCIAL</b>		
Administration & Sales Expense .....		
Salaries & Wages Expense .....	264,911	269,610
General Expense .....	49,079	40,094
Contract Services .....	1,138,448	1,137,394
IS & Intergovernmental Services .....	141,813	109,542
Fleet Services .....	1,114	1,379
Capitalized A & G Expense .....	3,916	(6,781)
Total Admin. & Sales Expense .....	<u>1,599,281</u>	<u>1,551,238</u>
Operations & Maintenance Expense ...		
Salaries & Wages Expense .....	377,812	428,477
General Expense .....	51,939	54,780
Contract Services .....	27,104	55,832
IS & Intergovernmental Services .....	3,491	3,566
Fleet Services .....	7,526	16,159
New Connect Capital .....	(11,474)	(11,267)
Total Oper. & Maint. Expense .....	<u>456,398</u>	<u>547,547</u>
Total Telecommunications Expense .	2,055,679	2,098,785
Net Revenues (Expenses) Before Taxes and Depreciation and Amortization ....	33,928	132,883
Taxes .....	286,381	309,973
Depreciation and Amortization .....	<u>188,970</u>	<u>203,743</u>
	475,351	513,716
NET OPERATING REVENUES (EXPENSES) ....	<u>(441,423)</u>	<u>(380,833)</u>

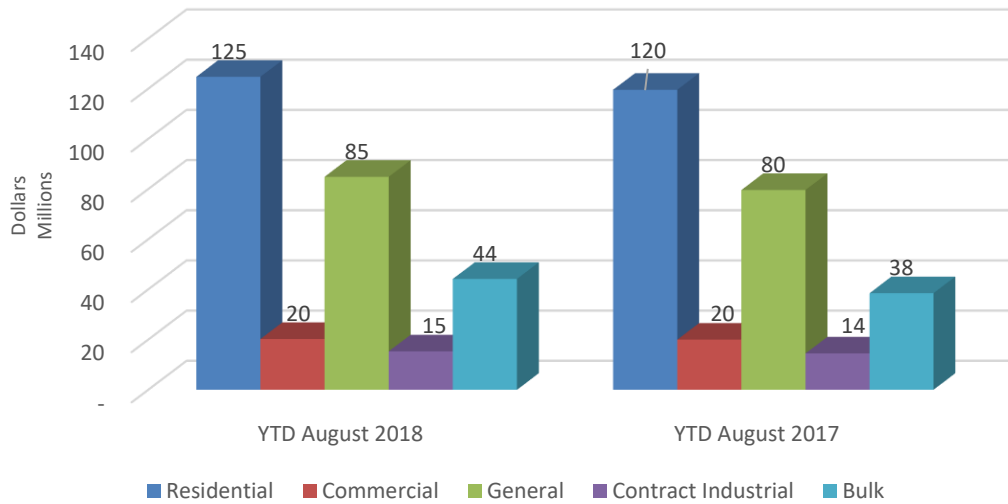
YEAR TO DATE			
August 31 2018	August 31 2017	2018/2017 VARIANCE	PERCENT CHANGE
\$11,264,731	\$11,926,770	(\$662,039)	-5.6%
706,224	725,935	(19,711)	-2.7%
4,901,404	4,890,404	11,000	0.2%
196,504	188,729	7,775	4.1%
<u>17,068,863</u>	<u>17,731,838</u>	<u>(662,975)</u>	-3.7%
2,100,185	2,144,724	(44,539)	-2.1%
291,542	282,583	8,959	3.2%
8,812,427	8,809,710	2,717	0.0%
1,079,166	1,049,229	29,937	2.9%
6,127	5,586	541	9.7%
(22,023)	(27,926)	5,903	21.1%
<u>12,267,424</u>	<u>12,263,906</u>	<u>3,518</u>	0.0%
3,156,137	3,574,890	(418,753)	-11.7%
235,567	282,673	(47,106)	-16.7%
449,756	362,363	87,393	24.1%
22,236	33,115	(10,879)	-32.9%
145,708	193,224	(47,516)	-24.6%
(64,741)	(70,860)	6,119	8.6%
<u>3,944,663</u>	<u>4,375,405</u>	<u>(430,742)</u>	-9.8%
16,212,087	16,639,311	(427,224)	-2.6%
856,776	1,092,527	(235,751)	-21.6%
2,345,362	2,456,093	(110,731)	-4.5%
1,521,765	1,641,012	(119,247)	-7.3%
<u>3,867,127</u>	<u>4,097,105</u>	<u>(229,978)</u>	
<u>(3,010,351)</u>	<u>(3,004,578)</u>	<u>(5,773)</u>	-0.2%

*This page has been left blank intentionally.*

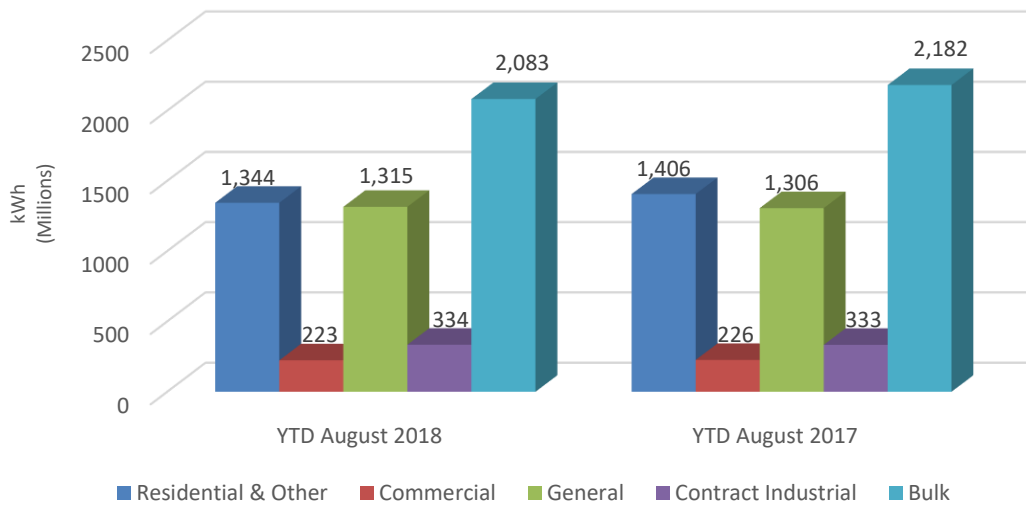


# Supplemental Data

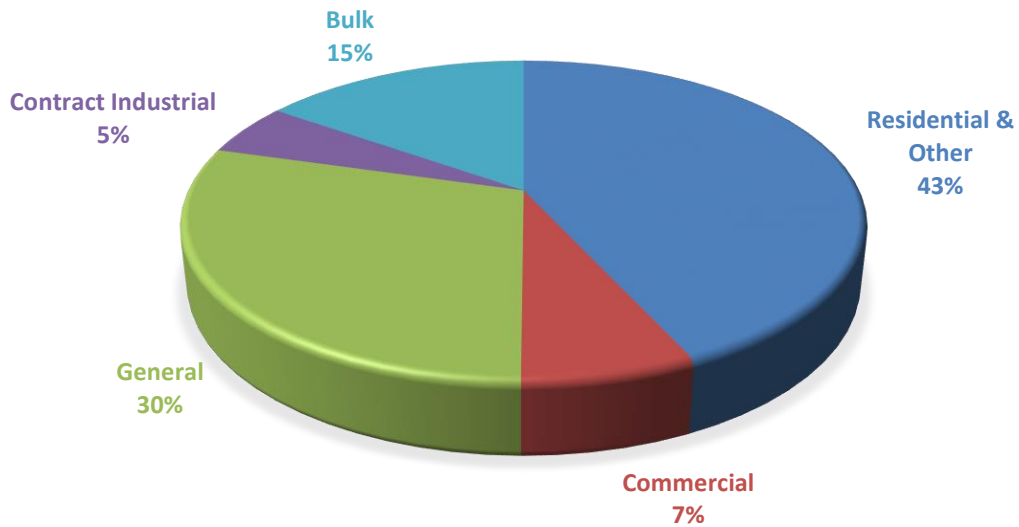
### Sales of Electric Energy Year to Date - August 2018 & 2017



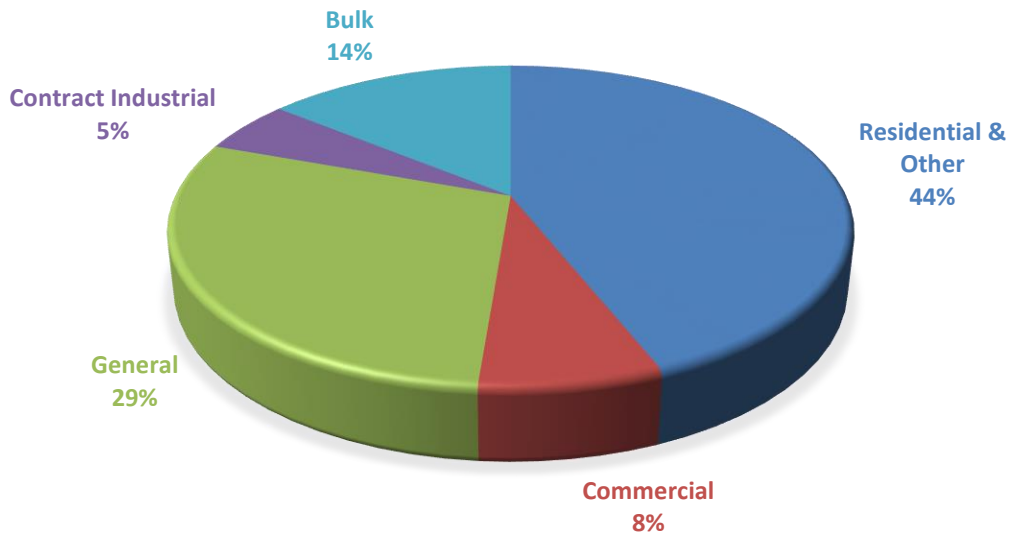
### Total Power Billed Year to Date - August 2018 & 2017



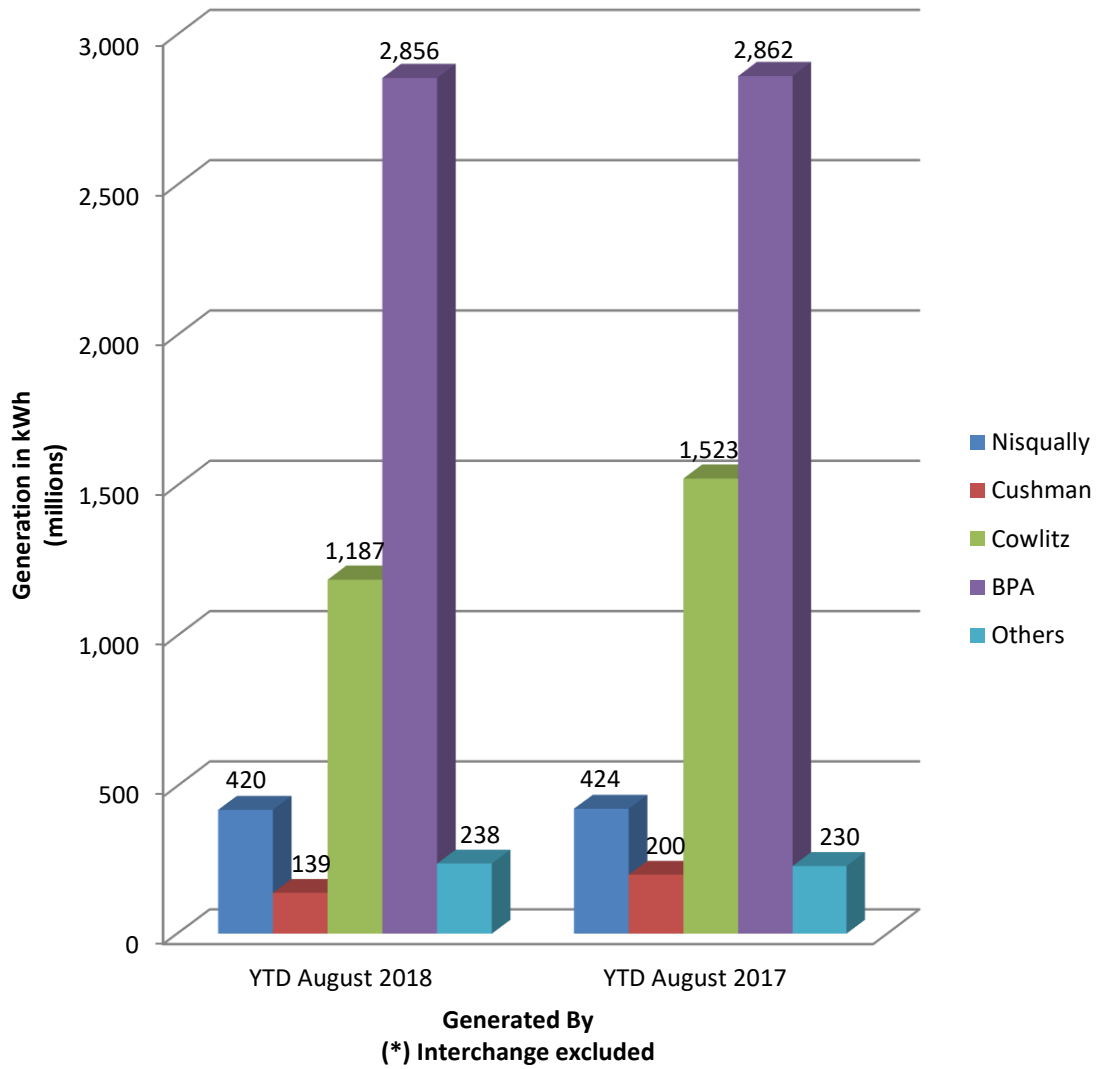
**SALES OF ELECTRIC ENERGY  
YEAR TO DATE - AUGUST 2018 (\$289,366,108)**



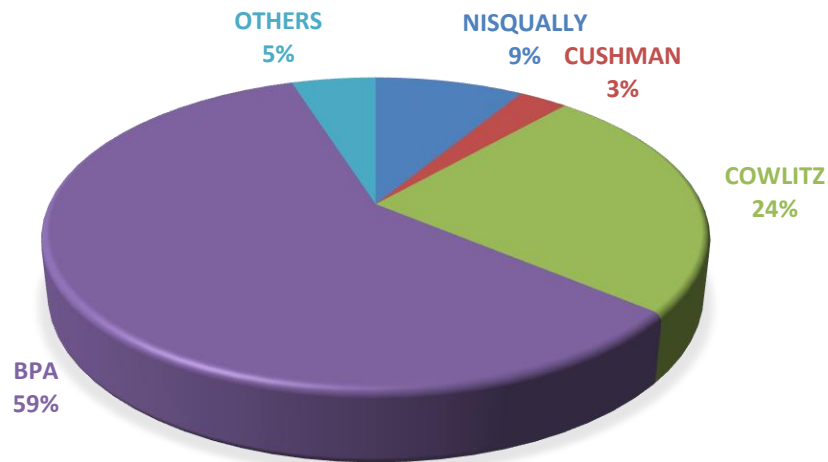
**SALES OF ELECTRIC ENERGY  
YEAR TO DATE - AUGUST 2017 (\$272,155,877)**



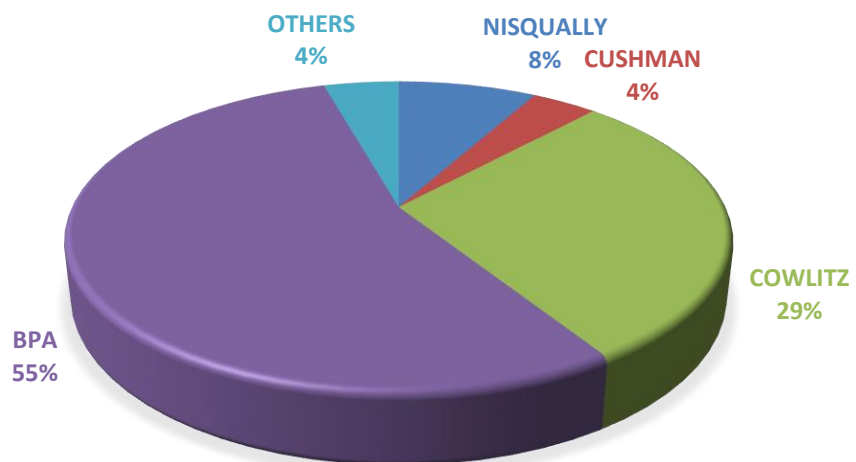
## Power Sources (\*) Year to Date August 2018 & 2017



**POWER SOURCES (\*)**  
**YEAR TO DATE - AUGUST 2018**

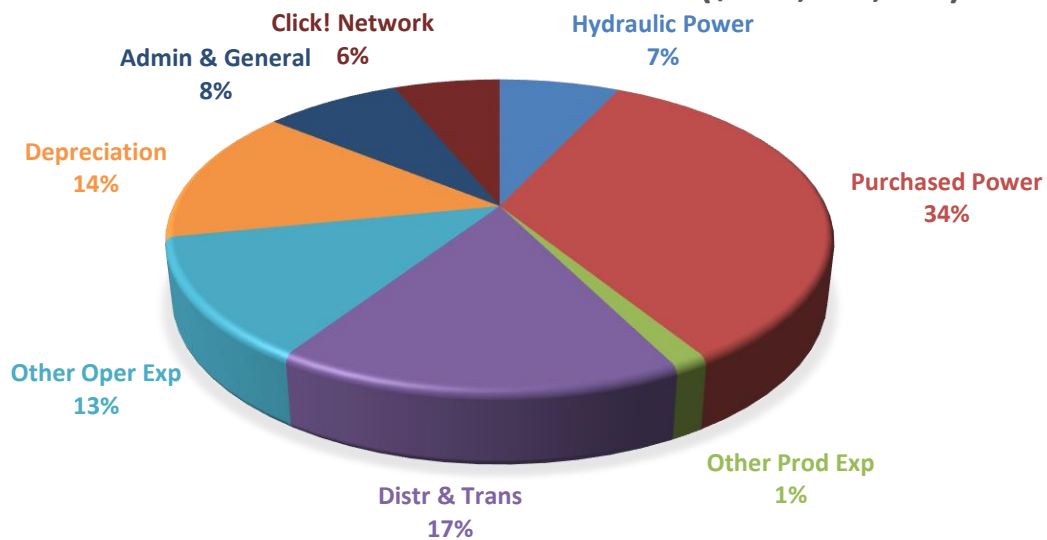


**POWER SOURCES (\*)**  
**YEAR TO DATE - AUGUST 2017**

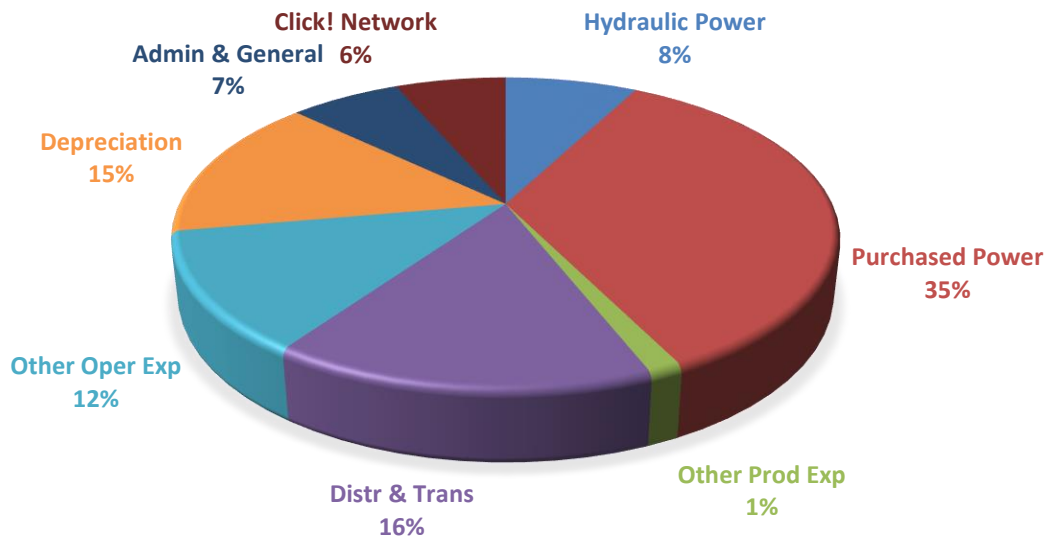


(\*) Interchange excluded

**TOTAL OPERATING EXPENSES \***  
**YEAR TO DATE - AUGUST 2018 (\$262,073,533)**



**TOTAL OPERATING EXPENSES \***  
**YEAR TO DATE - AUGUST 2017 (\$257,716,704)**



\* City Gross Earnings Taxes are not included in Total Operating Expenses.



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***AUGUST***

***TACOMA WATER***

**2018**

**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



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 - AUGUST 31, 2018 AND AUGUST 31, 2017

<b>ASSETS AND DEFERRED OUTFLOWS</b>	<u>2018</u>	<u>2017</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$1,106,146,723	\$1,076,211,367
Less Depreciation and Amortization .....	(254,630,460)	(231,024,456)
Total .....	851,516,263	845,186,911
Construction Work in Progress .....	19,253,054	27,660,520
Net Utility Plant .....	870,769,317	872,847,431
<b>NON-UTILITY PROPERTY</b> .....	492,963	492,963
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2010 Construction Fund .....	12,274,420	19,948,765
2013 Construction Fund .....	16,258,679	15,769,448
Regional Water Supply System Operating Fund .....	1,324,623	1,278,945
Provision for Debt Payment .....	13,191,689	13,135,145
Customer Water Main Deposits .....	3,339,186	3,255,080
Water Supply Forum Fund .....	331,902	395,224
Special Bond Reserves .....	22,106,936	22,102,702
Water Customer Contribution Fund .....	561,598	(106,426)
Water Capital Reserves .....	36,165,508	29,760,970
Water System Development Charge .....	65,991,962	60,985,064
Total Restricted Assets .....	171,546,503	166,524,917
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	59,885,586	55,405,884
Customers' Deposits .....	315,690	322,916
Receivables:		
Customers .....	7,736,385	6,482,978
Accrued Unbilled Revenues .....	5,457,221	4,797,144
Others .....	697,886	840,565
BABs Interest Subsidies .....	960,192	960,192
Provision for Uncollectible Accounts .....	(507,210)	(494,731)
Materials and Supplies .....	2,432,019	2,236,021
Prepayments .....	1,138,843	998,056
Total Current Assets .....	78,116,612	71,549,025
<b>TOTAL ASSETS</b> .....	<u>1,120,925,395</u>	<u>1,111,414,336</u>
<b>OTHER ASSETS</b>		
Regulatory Assets - Public Fire Protection Fees .....	-	793,095
Regulatory Assets - Surcharges .....	770,916	1,489,508
Total Other Assets .....	770,916	2,282,603
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Losses on Refunding Bonds .....	1,238,598	1,441,523
Deferred Outflows for Pensions .....	8,671,039	8,994,103
Total Deferred Outflows .....	9,909,637	10,435,626
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,131,605,948</u>	<u>\$1,124,132,565</u>

*These statements should be read in conjunction with the Notes to Financial statements contained in the 2017 Annual Report.*

<b>NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b>2018</b>	<b>2017</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$443,090,230	\$437,665,512
Restricted for:		
Water Capital Reserves .....	31,056,116	24,172,572
Water System Development Charge .....	30,416,515	25,409,617
Debt Service Funds .....	7,610,874	7,447,505
Unrestricted .....	57,645,427	59,057,272
<b>TOTAL NET POSITION .....</b>	<b>569,819,162</b>	<b>553,752,478</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 .....	21,890,000	25,825,000
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 .....	12,340,000	13,800,000
2010 RWSS Revenue Bonds, Series A .....	1,955,000	2,245,000
2010 RWSS Revenue Bonds, Series B .....	44,245,000	44,245,000
2013 RWSS Refunding Bonds .....	59,400,000	60,165,000
Total Outstanding Revenue Bonds .....	365,950,000	372,400,000
Plus: Unamortized Bond Premium .....	11,032,950	12,585,214
Net Outstanding Revenue Bonds .....	376,982,950	384,985,214
PWTF Pre-Construction Loans .....	480,435	640,609
PWTF Construction Loans .....	16,834,030	19,370,627
State Drinking Water Loans .....	65,612,800	69,844,047
Total Long-Term Debt .....	459,910,215	474,840,497
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	854,199	765,695
Purchases and Contracts Payable .....	861,999	810,972
Interest Expense Accrued .....	5,580,815	5,687,640
Taxes Accrued .....	2,245,675	2,016,887
Customers' and Contractors' Deposits .....	352,125	356,156
Current Portion of Long-Term Debt .....	13,554,949	13,334,372
Other Current Liabilities .....	4,615,232	1,804,057
Current Accrued Compensated Absences .....	229,834	269,819
Total Current Liabilities .....	28,294,828	25,045,598
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	6,585,519	6,762,451
Customer Advances for Construction .....	7,222,339	5,414,689
Unearned Revenue .....	7,340,381	7,487,607
Other Long-Term Liabilities .....	4,727,290	4,515,898
Pension Liability .....	8,278,522	7,788,151
Long-Term Accrued Compensated Absences .....	2,068,503	2,428,375
Total Long-Term Liabilities .....	36,222,554	34,397,171
<b>TOTAL LIABILITIES .....</b>	<b>524,427,597</b>	<b>534,283,266</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Rate Stabilization .....	35,575,447	35,575,447
Deferred Inflows for Pensions .....	1,783,742	521,374
Total Deferred Inflows .....	37,359,189	36,096,821
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .</b>	<b>\$1,131,605,948</b>	<b>\$1,124,132,565</b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
AUGUST 31, 2018 AND AUGUST 31, 2017

	AUGUST 2018	AUGUST 2017
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$11,090,737	\$10,288,277
Other Operating Revenues .....	1,191,495	804,031
Contract Resource Obligation Revenue .....	302,455	368,754
Total Operating Revenues .....	<u>12,584,687</u>	<u>11,461,062</u>
<b>OPERATING EXPENSES</b>		
Production Expense:		
Source of Supply .....	579,274	594,513
Water Treatment .....	614,261	588,189
Total Production Expense .....	<u>1,193,535</u>	<u>1,182,702</u>
Power Pumping Expense .....	81,753	43,163
Transmission and Storage Expense .....	201,395	213,856
Distribution Expense .....	996,781	1,180,354
Customer Accounting and Consumer Service ...	437,357	449,719
Taxes .....	559,241	507,895
Depreciation .....	2,059,321	2,000,121
Administrative and General .....	789,212	837,228
Total Operating Expenses .....	<u>6,318,595</u>	<u>6,415,038</u>
<b>OPERATING INCOME (LOSS)</b> .....	6,266,092	5,046,024
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	328,492	213,370
Miscellaneous .....	(124)	17,250
Interest on Long-Term Debt .....	(1,326,613)	(1,349,387)
Interest on Long-Term Debt BABs Sub .....	(320,064)	(320,064)
Amortization Of Debt Premium .....	110,934	111,548
Interest Charged to Construction .....	64,488	49,931
Total Non-Operating Revenues (Expenses)	<u>(1,142,887)</u>	<u>(1,277,352)</u>
Net Income (Loss) Before Capital Contributions and Transfers .....	5,123,205	3,768,672
Capital Contributions:		
Cash .....	1,354,622	530,609
Donated Fixed Assets .....	-	-
Federal BABs Subsidies .....	320,064	320,064
Transfers:		
City Gross Earnings Tax .....	(957,816)	(865,931)
Transfer from (to) Other Funds .....	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION .....	<u>\$5,840,075</u>	<u>\$3,753,414</u>
NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - AUGUST 31 .....		



YEAR TO DATE		2018 OVER (UNDER) 2017	PERCENT CHANGE
AUGUST 31, 2018	AUGUST 31, 2017		
\$ 57,001,132	\$ 51,279,652	\$5,721,480	11.2%
7,548,545	6,812,951	735,594	10.8%
2,906,703	3,040,435	(133,732)	-4.4%
<u>67,456,380</u>	<u>61,133,038</u>	<u>6,323,342</u>	10.3%
4,985,163	4,716,552	268,611	5.7%
<u>4,585,335</u>	<u>4,348,633</u>	<u>236,702</u>	5.4%
9,570,498	9,065,185	505,313	5.6%
370,884	346,413	24,471	7.1%
1,513,999	1,656,617	(142,618)	-8.6%
8,957,064	9,470,557	(513,493)	-5.4%
3,451,472	3,306,572	144,900	4.4%
3,338,035	3,009,544	328,491	10.9%
17,878,353	16,026,830	1,851,523	11.6%
7,306,869	7,051,405	255,464	3.6%
<u>52,387,174</u>	<u>49,933,123</u>	<u>2,454,051</u>	4.9%
15,069,206	11,199,915	3,869,291	34.5%
3,666,933	2,245,325	1,421,608	63.3%
48,486	1,036,796	(988,310)	-95.3%
(10,727,252)	(10,914,723)	187,471	-1.7%
(2,454,890)	(2,450,089)	(4,801)	0.2%
887,470	892,384	(4,914)	-0.6%
287,738	323,412	(35,674)	-11.0%
<u>(8,291,515)</u>	<u>(8,866,895)</u>	<u>575,380</u>	-6.5%
6,777,691	2,333,020	4,444,671	190.5%
5,905,299	3,811,195	2,094,104	54.9%
3,003,683	114,852	2,888,831	2515.3%
2,454,890	2,450,089	4,801	0.2%
(5,070,194)	(4,608,904)	(461,290)	10.0%
<u>31,158</u>	<u>-</u>	<u>31,158</u>	NA
13,102,527	4,100,252	9,002,275	219.6%
556,716,635	549,652,226	7,064,409	
<u>\$569,819,162</u>	<u>\$553,752,478</u>	<u>\$16,066,684</u>	2.9%

*These statements should be read in conjunction with the Management Discussion and Analysis in the June 2018 Financial Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS  
AUGUST 31, 2018 AND AUGUST 31, 2017

	AUGUST 2018	AUGUST 2017
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$7,357,352	\$7,032,597
Commercial and Industrial .....	2,555,271	2,212,448
Special Rate .....	621,723	558,983
Sales to Other Utilities .....	556,391	484,249
Total .....	<u>\$11,090,737</u>	<u>\$10,288,277</u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	107,413	108,032
Commercial and Industrial .....	7,429	7,346
Sales to Other Utilities .....	15	17
Total .....	<u>114,857</u>	<u>115,395</u>

YEAR TO DATE		2018 OVER (UNDER) 2017	PERCENT CHANGE
AUGUST 31, 2018	AUGUST 31, 2017		
\$37,652,545	\$34,146,997	\$3,505,548	10.3%
12,775,970	11,188,046	1,587,924	14.2%
4,420,154	4,063,939	356,215	8.8%
2,152,463	1,880,670	271,793	14.5%
<u>\$57,001,132</u>	<u>\$51,279,652</u>	<u>\$5,721,480</u>	11.2%
782,120	768,468	13,652	1.8%
53,943	52,748	1,195	2.3%
120	136	(16)	-11.8%
<u>836,183</u>	<u>821,352</u>	<u>14,831</u>	1.8%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF WATER BILLED  
AUGUST 31, 2018 AND AUGUST 31, 2017

	MILLION GALLONS, TOTAL			
	AUGUST 2018	AUGUST 2017	YEAR TO DATE	
			AUGUST 31, 2018	AUGUST 31, 2017
WATER BILLED				
Residential and Domestic .....	1,310.15	1,303.32	5,676.98	5,302.13
Commercial and Industrial .....	518.51	465.40	2,224.01	1,986.49
Special Rate .....	521.25	503.82	3,791.55	3,685.40
Sales to Other Utilities .....	138.72	140.63	553.70	581.00
	<u>2,488.63</u>	<u>2,413.17</u>	<u>12,246.24</u>	<u>11,555.02</u>

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

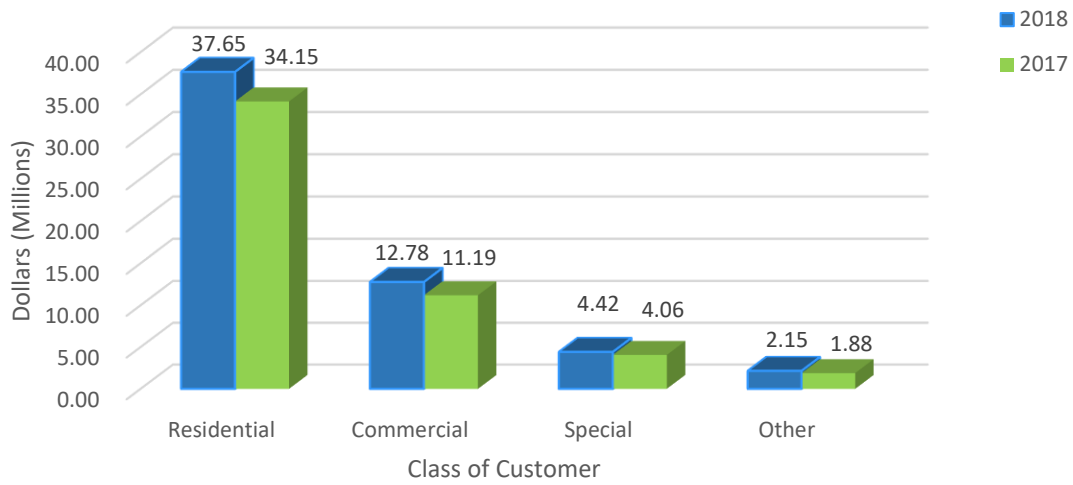
MILLION GALLONS, AVERAGE DAILY

AUGUST 2018	AUGUST 2017
42.26	42.04
16.73	15.01
16.81	16.25
4.47	4.54
80.27	77.84

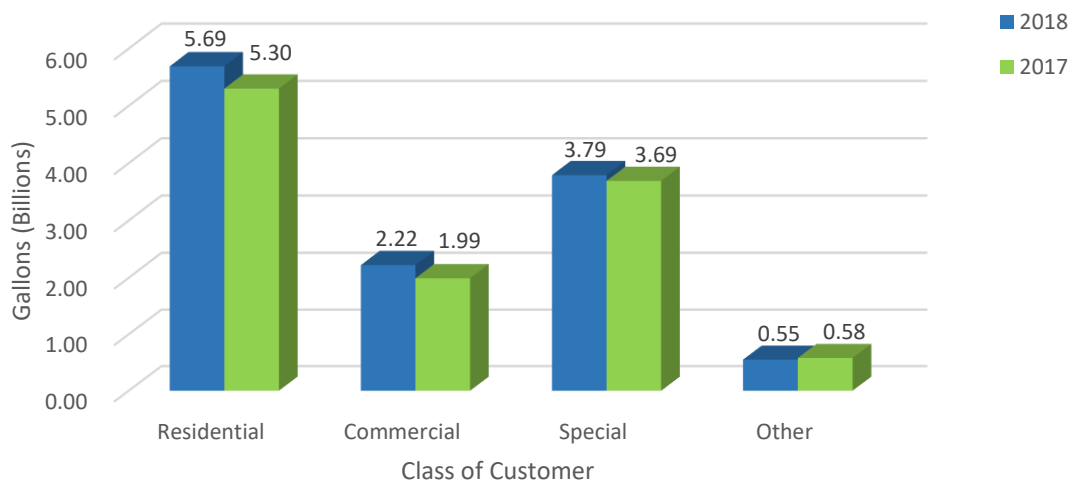
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# Supplemental Data

### WATER SALES Year to Date - August 2018 & 2017

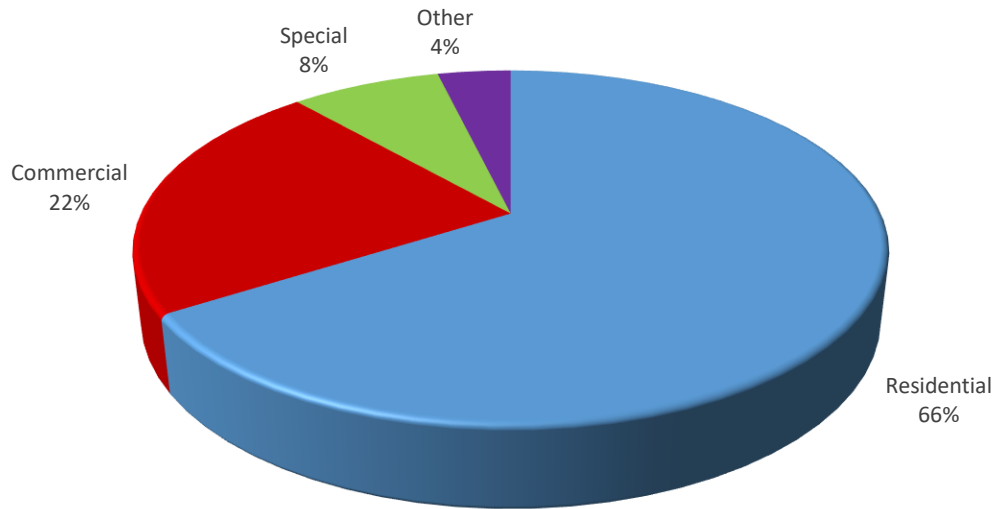


### WATER CONSUMPTION Year to Date - August 2018 & 2017

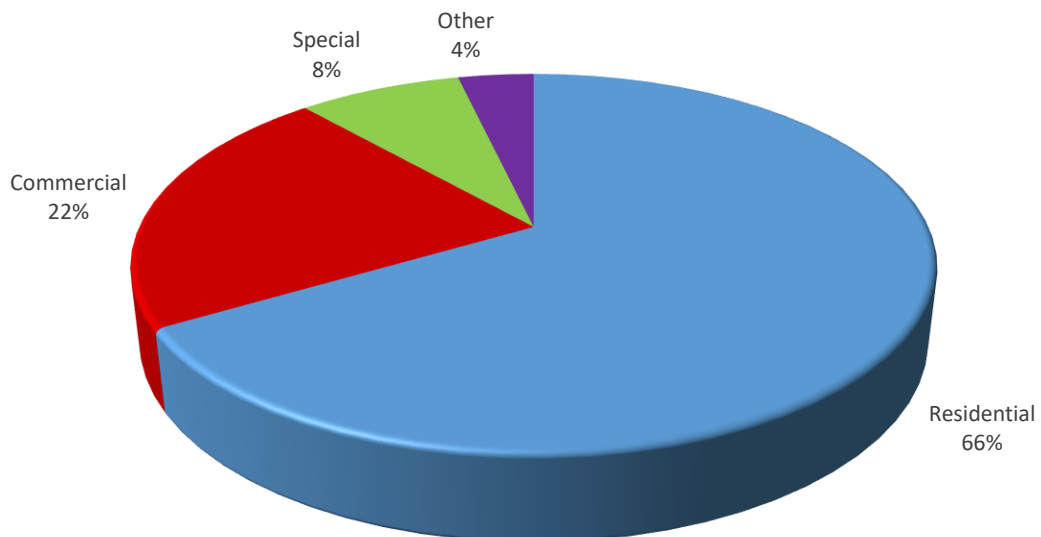




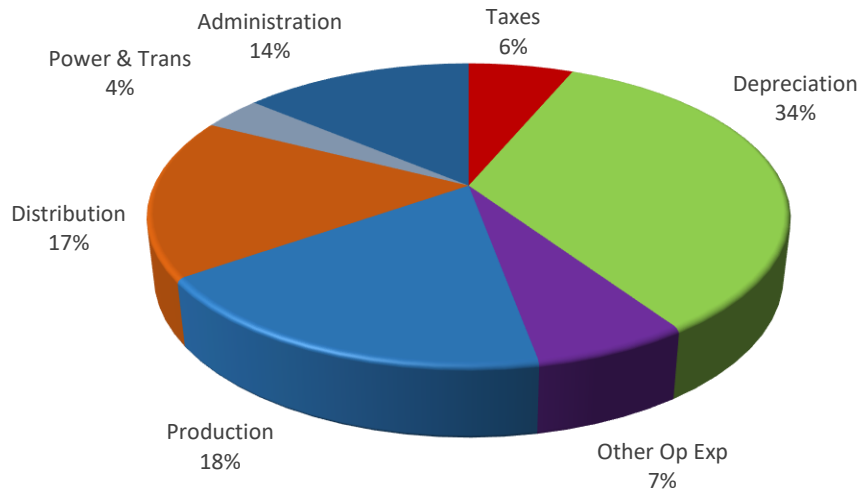
WATER SALES  
Year to Date - August 2018  
(\$57,001,132)



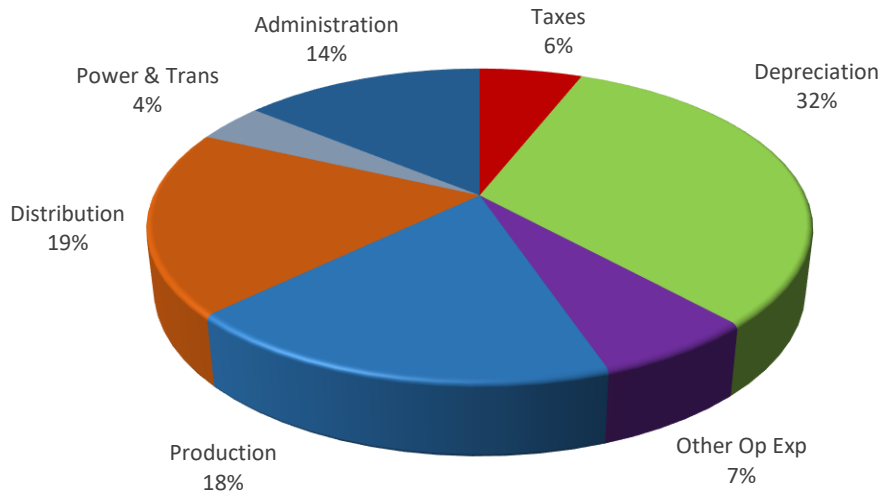
WATER SALES  
Year to Date - August 2017  
(\$51,279,652)



**TOTAL OPERATING EXPENSES**  
**Year to Date - August 2018**  
**(\$52,387,174)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - August 2017**  
**(\$49,933,123)**





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***AUGUST***

***TACOMA RAIL***

**2018**

**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

DALE KING

Rail Superintendent

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA





CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES, BELT LINE DIVISION  
Doing Business As

## TACOMA RAIL

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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 RAIL

STATEMENTS OF NET POSITION

<b>ASSETS</b>	AUGUST 31,	
	2018	2017
<b>CAPITAL ASSETS</b>		
Road and Equipment Property .....	\$46,585,758	\$44,810,610
Less Accumulated Depreciation .....	(21,216,832)	(19,938,112)
Total .....	25,368,926	24,872,498
Construction Work in Progress .....	497,809	2,915,560
Net Capital Assets .....	25,866,735	27,788,058
 <b>CURRENT ASSETS</b>		
Cash & Equity in Pooled Investments .....	11,361,419	8,835,059
Customer Accounts Receivable .....	3,369,229	2,842,748
Prepayments .....	383,664	1,509,328
Materials and Supplies Inventory.....	1,296,268	1,055,631
Total Current Assets .....	16,410,580	14,242,766
 <b>TOTAL ASSETS</b> .....	\$42,277,315	\$42,030,824

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2017 Annual Report.*

	AUGUST 31, 2018	AUGUST 31, 2017
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Net Investment in Capital Assets.....	\$20,404,798	\$21,505,873
Unrestricted .....	10,012,922	9,094,227
TOTAL NET POSITION .....	30,417,720	30,600,100
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES</b>		
State Loans.....	4,641,688	5,461,935
Total Long-Term Liabilities .....	4,641,688	5,461,935
<b>CURRENT LIABILITIES</b>		
Accounts Payable .....	492,585	373,392
Wages Payable .....	405,327	367,860
Unemployment and other Tax Payables .....	320,270	256,098
Volume Incentive Payable .....	41,667	1
Current Portion of Long Term Debt .....	820,250	820,250
Current Portion of Compensated Absences .....	112,418	111,516
Total Current Liabilities .....	2,192,517	1,929,117
<b>LONG-TERM LIABILITIES</b>		
On the Job Injury Reserve .....	816,223	795,105
Long Term Portion of Compensated Absences .....	1,011,762	1,003,644
Other Long-Term Liabilities .....	3,197,405	2,240,923
Total Long-Term Liabilities .....	5,025,390	4,039,672
TOTAL LIABILITIES .....	11,859,595	11,430,724
<b>TOTAL NET POSITION AND LIABILITIES .....</b>	<b>\$42,277,315</b>	<b>\$42,030,824</b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	AUGUST 2018	AUGUST 2017
<b>OPERATING REVENUES</b>		
Switching Revenues .....	\$2,456,700	\$2,088,937
Demurrage and Other Operating Revenues .....	453,775	398,326
Total Operating Revenues .....	2,910,475	2,487,263
<b>OPERATING EXPENSES</b>		
Maintenance of Way and Structures .....		
Salaries and Wages .....	71,444	75,582
Supplies and Expense .....	93,311	221,370
Mechanical .....		
Salaries and Wages .....	172,008	156,769
Supplies and Expense .....	384,860	202,009
Operations .....		
Salaries and Wages .....	852,375	773,572
Supplies and Expense .....	131,512	129,551
Administration .....		
Salaries and Wages .....	210,618	200,167
Supplies and Expense .....	300,133	187,859
Taxes - State .....	41,081	31,377
Depreciation .....	144,789	136,277
Total Operating Expenses .....	2,402,131	2,114,533
Net Operating Income .....	508,344	372,730
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	14,705	8,907
Miscellaneous .....	93,410	120,597
Interest Expense .....	-	-
Total Non-Operating Revenues .....	108,115	129,504
Contributions - Grants .....	-	-
Contributions - Others .....	-	-
Total Contributions .....	-	-
Transfers		
City of Tacoma Gross Earnings Tax .....	(241,487)	(191,102)
<b>CHANGE IN NET POSITION</b> .....	<u>\$374,972</u>	<u>\$311,132</u>
<b>TOTAL NET POSITION - JANUARY 1</b> .....		
<b>TOTAL NET POSITION - AUGUST 31</b> .....		

*These statements should be read in conjunction with the Management Discussion and Analysis in the June 2018 Financial Report.*

YEAR TO DATE			
AUGUST 31, 2018	AUGUST 31, 2017	2018/2017 VARIANCE	PERCENT CHANGE
18,470,842	18,374,832	\$96,010	0.5%
3,290,092	2,726,273	563,819	20.7%
21,760,934	21,101,105	659,829	3.1%
604,337	641,578	(37,241)	-5.8%
959,813	828,863	130,950	15.8%
1,302,082	1,306,740	(4,658)	-0.4%
2,593,320	2,079,913	513,407	24.7%
6,527,457	6,675,239	(147,782)	-2.2%
984,423	1,098,227	(113,804)	-10.4%
1,753,150	1,590,111	163,039	10.3%
2,503,435	3,030,169	(526,734)	-17.4%
305,944	297,336	8,608	2.9%
1,158,308	1,090,819	67,489	6.2%
18,692,269	18,638,995	53,274	0.3%
3,068,665	2,462,110	606,555	24.6%
145,912	88,605	57,307	64.7%
730,108	731,586	(1,478)	-0.2%
-	(6)	6	-100.0%
876,020	820,185	55,835	6.8%
112,306	-	112,306	100.0%
-	36,254	(36,254)	-100.0%
112,306	36,254	76,052	209.8%
(1,806,646)	(1,752,347)	(54,299)	3.1%
2,250,345	1,566,202	\$684,143	43.7%
28,167,375	29,033,898		
\$30,417,720	\$30,600,100		

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES  
AUGUST 31, 2018 AND AUGUST 31, 2017

	August 2018	August 2017
<b>SWITCHING REVENUES</b>		
LINE HAULS--INTERMODAL .....	\$999,625	\$805,812
LINE HAULS--COMMERCIAL .....	1,226,344	1,037,610
LINE HAULS--CAPITAL DIVISION .....	39,416	34,641
MISCELLANEOUS SWITCHES .....	191,315	210,874
TOTAL SWITCHING REVENUES .....	<u>\$2,456,700</u>	<u>\$2,088,937</u>
 <b>SWITCHING ACTIVITIES (CARS)</b>		
LINE HAULS--INTERMODAL .....	5,981	4,458
LINE HAULS--COMMERCIAL .....	2,233	2,268
LINE HAULS--CAPITAL DIVISION .....	69	83
MISCELLANEOUS SWITCHES .....	1,187	1,144
TOTAL CARS SWITCHED .....	<u>9,470</u>	<u>7,953</u>

YEAR TO DATE			
August 31, 2018	August 31, 2017	2018/2017 VARIANCE	PERCENT CHANGE
\$7,216,613	\$7,532,367	(\$315,754)	-4.2%
9,404,809	8,735,755	669,054	7.7%
285,325	193,238	92,087	47.7%
1,564,095	1,913,472	(349,377)	-18.3%
<u>\$18,470,842</u>	<u>\$18,374,832</u>	<u>\$96,010</u>	<u>0.5%</u>
42,580	43,946	(1,366)	-3.1%
18,612	19,249	(637)	-3.3%
518	463	55	11.9%
9,343	10,627	(1,284)	-12.1%
<u>71,053</u>	<u>74,285</u>	<u>(3,232)</u>	<u>-4.4%</u>

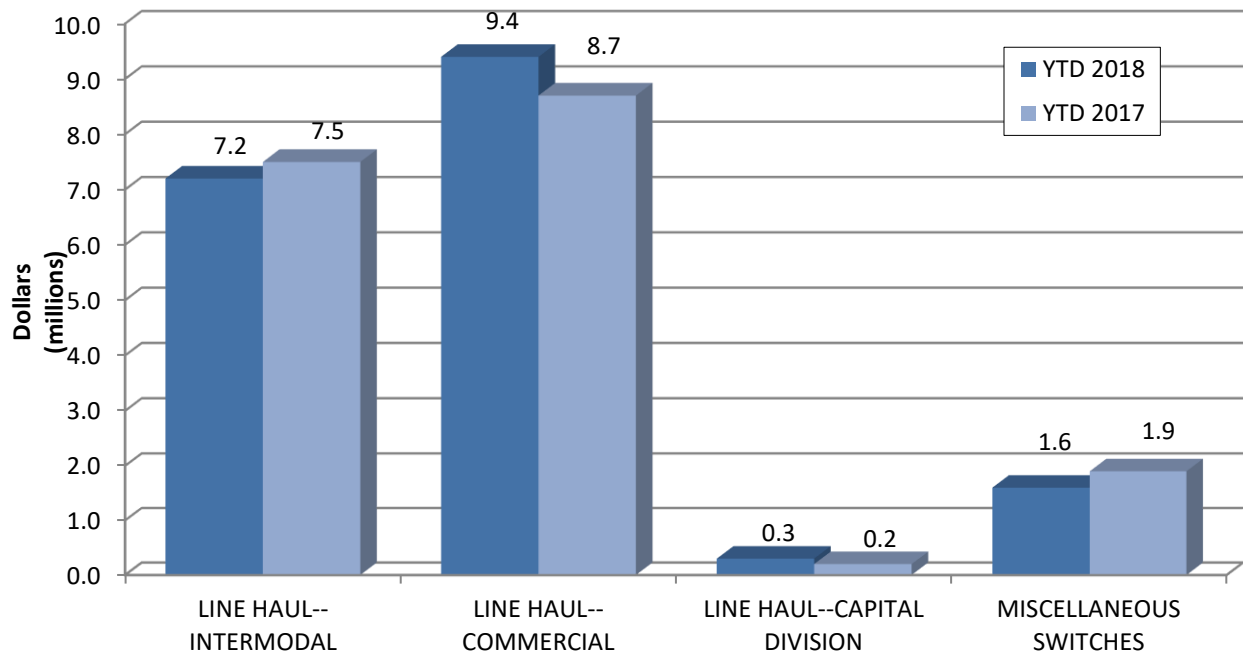
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# Supplemental Data

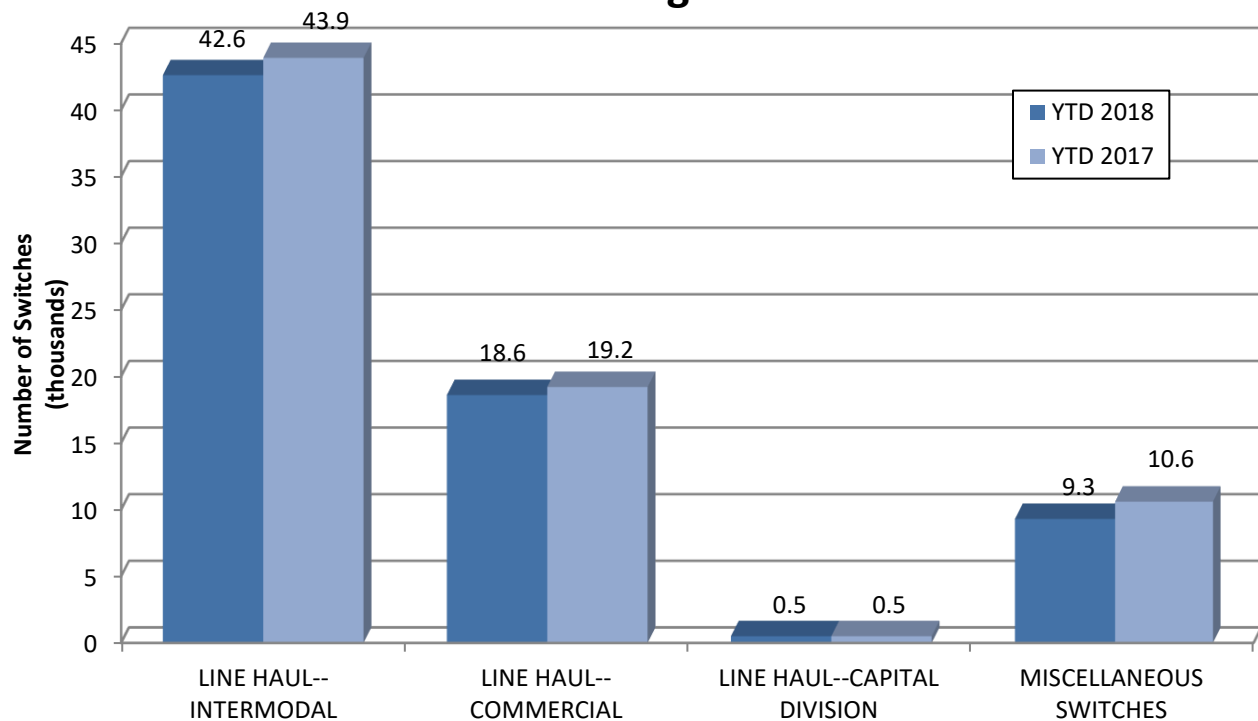
## SWITCHING REVENUES

### Year to Date - August 2018 & 2017

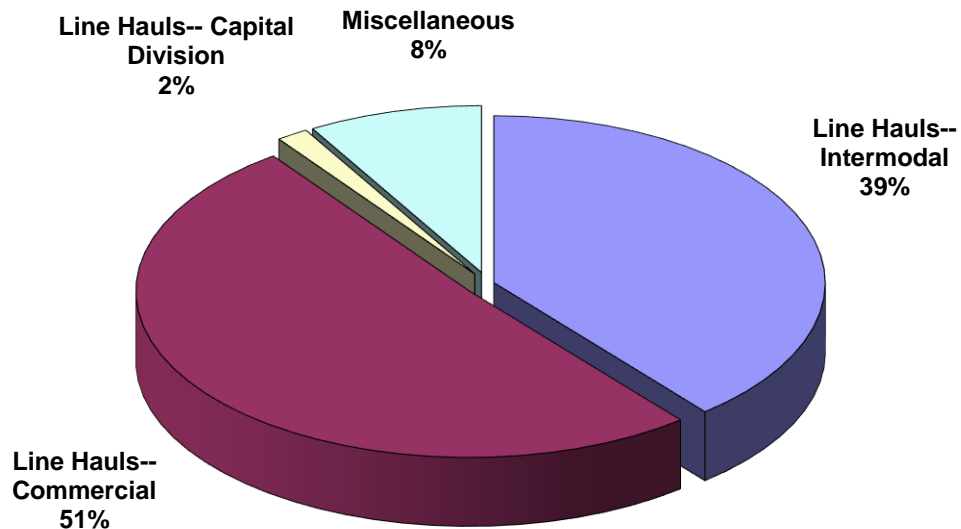


## SWITCHING ACTIVITIES

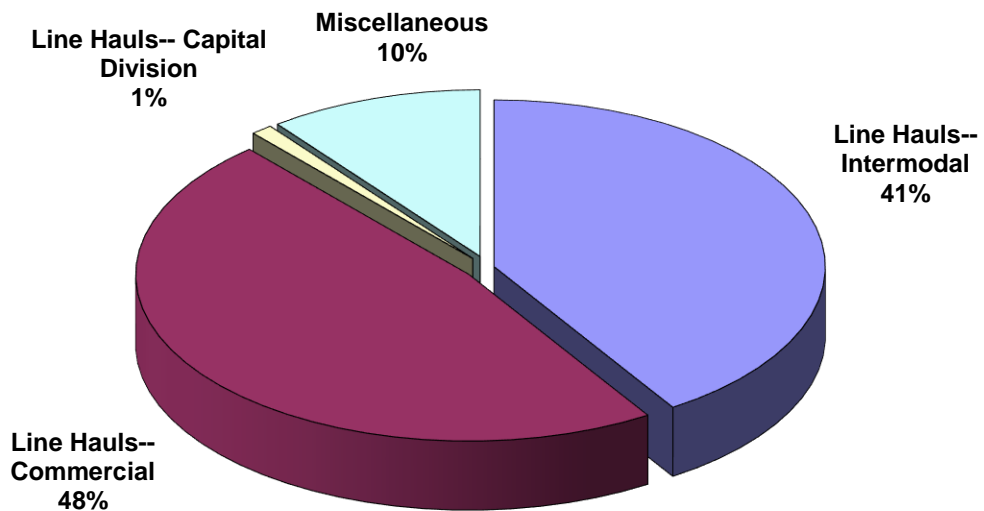
### Year to Date - August 2018 & 2017



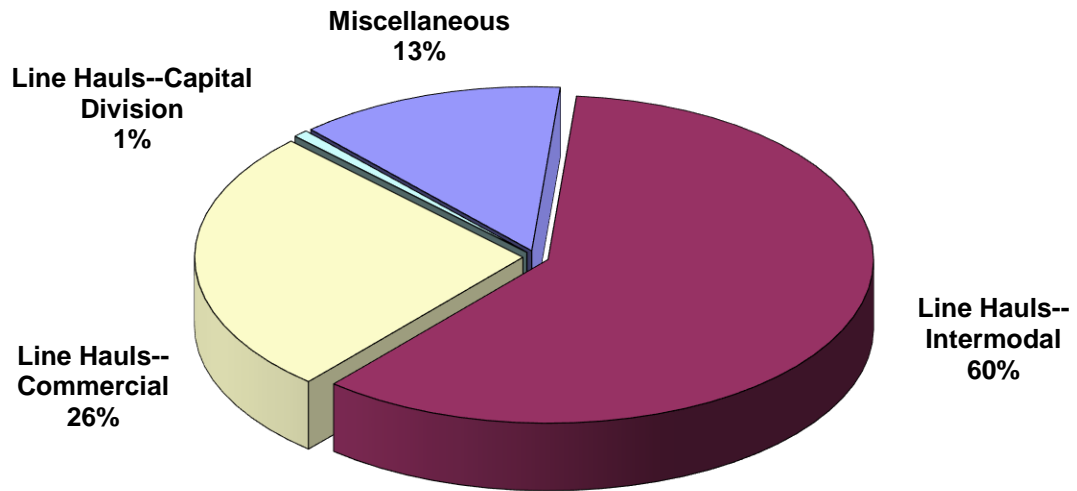
**SWITCHING REVENUES**  
**Year to Date - August 2018 (\$18,470,842)**



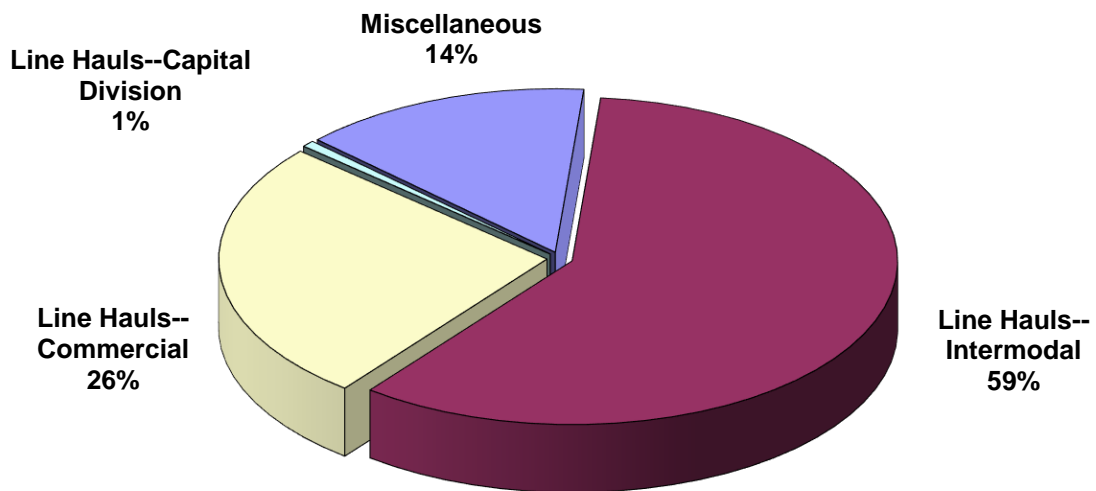
**SWITCHING REVENUES**  
**Year to Date - August 2017 (\$18,374,832)**



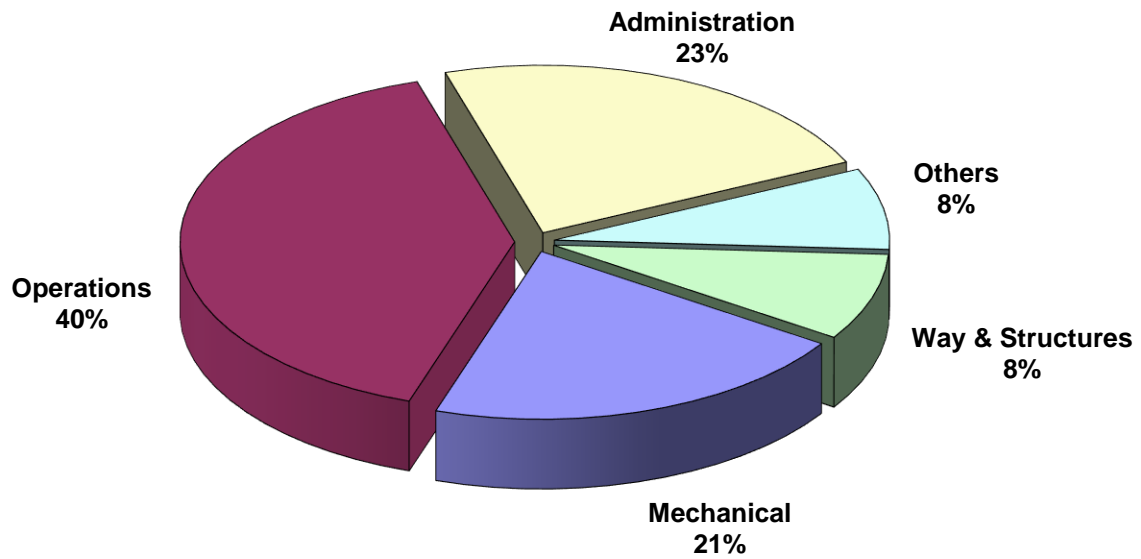
**SWITCHING ACTIVITY**  
**Year to Date - August 2018 (71,053 cars)**



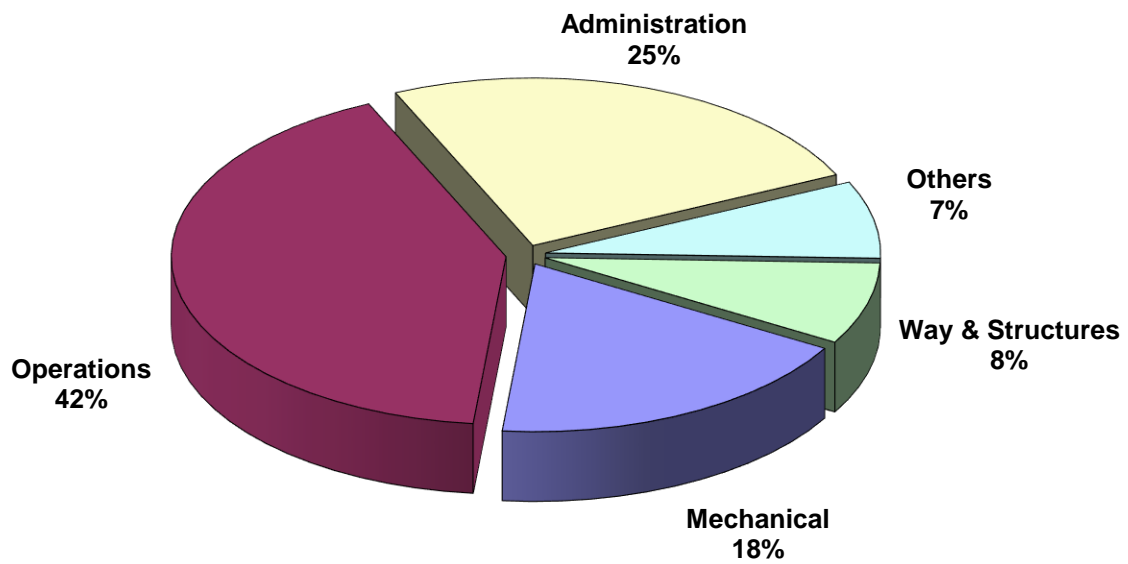
**SWITCHING ACTIVITY**  
**Year to Date - August 2017 (74,285 cars)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - August 2018 (\$18,692,269)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - August 2017 (\$18,638,995)**





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**AUGUST**

***FLEET SERVICES FUND***

**2018**

**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

DON ASHMORE

Utilities Fleet Manager

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA



CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES

## FLEET SERVICES FUND

### TABLE OF CONTENTS

*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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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	3 - 4
SUPPLEMENTAL DATA .....	6 - 8

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
FLEET SERVICES FUND

STATEMENTS OF NET POSITION  
AUGUST 31, 2018 AND AUGUST 31, 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>FIXED</b>		
Office Furniture and Equipment .....	\$616,901	\$616,901
Stores and Shop Equipment .....	719,411	719,380
Transportation Equipment .....	43,742,716	42,810,288
Power-Operated Equipment .....	16,375,559	19,105,895
Accumulated Depreciation .....	<u>(38,546,723)</u>	<u>(39,671,317)</u>
Total Fixed Assets .....	22,907,864	23,581,147
Construction Work in Progress .....	<u>3,859,779</u>	<u>1,847,416</u>
Net Fixed Assets .....	26,767,643	25,428,563
<b>CURRENT</b>		
Current Fund Cash & Equity in Pooled Investments	16,653,095	19,191,408
Materials and Supplies .....	<u>332,070</u>	<u>303,133</u>
Total Current Assets .....	16,985,165	19,494,541
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows for Pensions .....	<u>915,881</u>	<u>964,710</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS.....</b>	<u><u>\$44,668,689</u></u>	<u><u>\$45,887,814</u></u>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2017 Annual Report.*

	2018	2017
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$26,767,643	\$25,428,563
Restricted for:		
Tacoma Power .....	18,095,346	18,095,346
Tacoma Water .....	7,199,933	7,199,933
Tacoma Rail .....	981,147	981,147
Unrestricted .....	<u>(9,887,179)</u>	<u>(7,110,137)</u>
<b>TOTAL NET POSITION .....</b>	<b>43,156,890</b>	<b>44,594,852</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable & Other .....	129,870	68,950
Wages Payable .....	<u>109,420</u>	<u>101,726</u>
Total Current Liabilities .....	<u>239,290</u>	<u>170,676</u>
<b>LONG-TERM LIABILITIES</b>		
Employee Vacation and Sick Leave Accrual .....	209,679	231,004
Net Pension Liability .....	<u>874,422</u>	<u>835,359</u>
Total Long-term Liabilities .....	<u>1,084,101</u>	<u>1,066,363</u>
<b>TOTAL LIABILITIES .....</b>	<b>1,323,391</b>	<b>1,237,039</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflows for Pensions .....	<u>188,408</u>	<u>55,923</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b><u>\$44,668,689</u></b>	<b><u>\$45,887,814</u></b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
FLEET SERVICES FUND

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
AUGUST 31, 2018 AND AUGUST 31, 2017

	AUGUST 2018	AUGUST 2017
<b>OPERATING REVENUE</b>		
Maintenance Revenue .....	\$180,941	\$166,373
Capital Recovery .....	216,202	207,484
Administrative Overhead .....	113,237	118,735
Fuel and Fuel Loading .....	6,321	5,388
Pool Car Rental .....	10,864	9,705
Total Operating Revenue .....	<u>527,565</u>	<u>507,685</u>
<b>OPERATING EXPENSES</b>		
Repairs and Servicing		
Shop Operations .....	197,424	203,511
Outside Services .....	145	108
Total Repairs and Servicing .....	<u>197,569</u>	<u>203,619</u>
Stores Operations .....	28,402	27,463
Administration .....	120,798	118,064
Depreciation .....	297,289	291,792
Total Operating Expenses .....	<u>644,058</u>	<u>640,938</u>
<b>OPERATING INCOME (LOSS)</b> .....	(116,493)	(133,253)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	958	4,354
Gain (Loss) on Disposition of Equipment .....	-	-
Sale of Scrap .....	-	-
Total Non-Operating Revenues (Expenses) ....	<u>958</u>	<u>4,354</u>
<b>CHANGE IN NET POSITION</b> .....	<u>(\$115,535)</u>	<u>(\$128,899)</u>
<b>TOTAL NET POSITION - JANUARY 1</b> .....		
<b>TOTAL NET POSITION - AUGUST 31</b> .....		

*These statements should be read in conjunction with the Management Discussion and Analysis in the June 2018 Financial Report.*

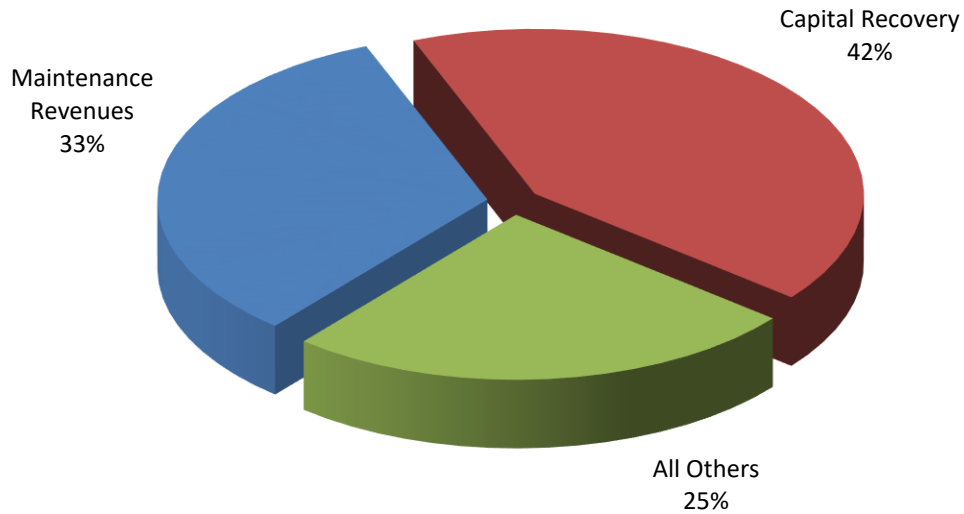
YEAR TO DATE			
AUGUST 2018	AUGUST 2017	2018/2017 VARIANCE	PERCENT CHANGE
\$1,328,012	\$1,495,422	(\$167,410)	-11.2%
1,687,011	1,533,635	153,376	10.0%
896,914	909,289	(12,375)	-1.4%
44,108	37,984	6,124	16.1%
81,105	79,309	1,796	2.3%
4,037,150	4,055,639	(18,489)	-0.5%
1,592,295	1,741,925	(149,630)	-8.6%
47,316	28,792	18,524	64.3%
1,639,611	1,770,717	(131,106)	-7.4%
227,101	206,006	21,095	10.2%
1,050,438	947,266	103,172	10.9%
2,388,551	2,346,844	41,707	1.8%
5,305,701	5,270,833	34,868	0.7%
(1,268,551)	(1,215,194)	(53,357)	4.4%
172,079	94,542	77,537	82.0%
185,876	121,294	64,582	53.2%
555	12,513	(11,958)	-95.6%
358,510	228,349	130,161	57.0%
(910,041)	(986,845)	\$76,804	-7.8%
44,066,931	45,581,697		
\$43,156,890	\$44,594,852		

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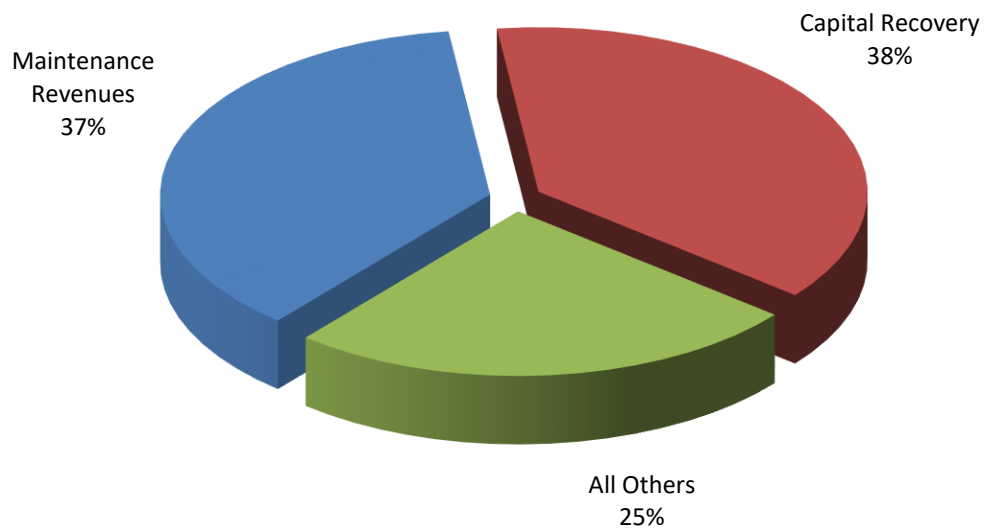


# Supplemental Data

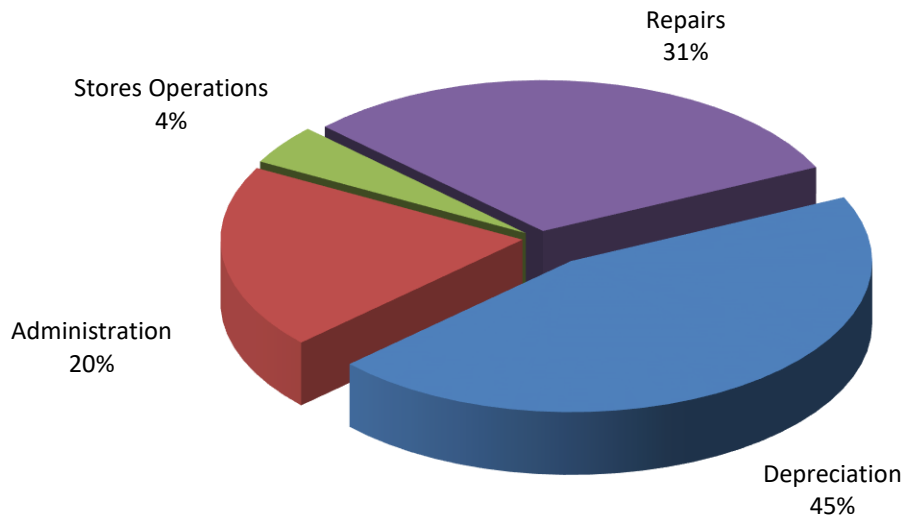
**TOTAL OPERATING REVENUES**  
**Year to Date - August 2018 (\$4,037,150)**



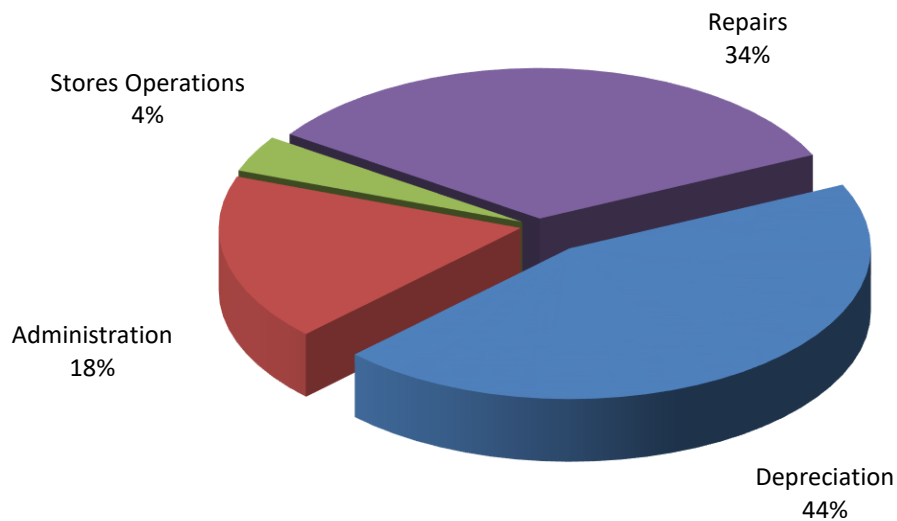
**TOTAL OPERATING REVENUES**  
**Year to Date - August 2017 (\$4,055,639)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - August 2018 (\$5,305,701)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - August 2017 (\$5,270,833)**





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***AUGUST***

***SELF-INSURANCE CLAIM FUND***

**2018**

**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

CHRIS ROBINSON

Power Superintendent/COO

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA





CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES

## SELF-INSURANCE CLAIM FUND

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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.*

STATEMENTS OF NET POSITION .....	1
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	2 - 3

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
SELF-INSURANCE CLAIM FUND

STATEMENTS OF NET POSITION - AUGUST 31, 2018 AND AUGUST 31, 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Equity in Pooled Investments .....	<u>\$7,614,918</u>	<u>\$6,765,308</u>
TOTAL ASSETS .....	<u><u>\$7,614,918</u></u>	<u><u>\$6,765,308</u></u>
 <b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Restricted:		
Interfund Contributions .....	<u>\$1,606,965</u>	<u>\$40,384</u>
TOTAL NET POSITION .....	1,606,965	40,384
<b>CURRENT LIABILITIES</b>		
Accounts Payable Claims .....	6,006,069	6,723,034
Accounts Payable Claims Handling .....	<u>1,884</u>	<u>1,890</u>
TOTAL LIABILITIES .....	<u>6,007,953</u>	<u>6,724,924</u>
<b>TOTAL NET POSITION AND LIABILITIES .....</b>	<u><u>\$7,614,918</u></u>	<u><u>\$6,765,308</u></u>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2018 Annual Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
SELF-INSURANCE CLAIM FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
AUGUST 31, 2018 AND AUGUST 31, 2017

	AUGUST 2018	AUGUST 2017
<b>INCOME</b>		
Premiums .....	\$128,333	\$86,667
Interest .....	10,936	6,532
	<hr/>	<hr/>
TOTAL INCOME .....	139,269	93,199
 <b>EXPENSES</b>		
Claims .....	5,672	1,584,571
Litigation Expense and Settlements .....	13,968	14,719
Incidental and Administrative Expense .....	15,448	9,131
	<hr/>	<hr/>
TOTAL EXPENSES .....	35,088	1,608,421
	<hr/>	<hr/>
CHANGE IN NET POSITION .....	\$104,181	(\$1,515,222)
	<hr/>	<hr/>
<b>TOTAL NET POSITION - JANUARY 1 .....</b>		
<b>TOTAL NET POSITION - AUGUST 31 .....</b>		

*These statements should be read in conjunction with the Management Discussion and Analysis in the June 2018 Financial Report.*

YEAR-TO-DATE			
AUGUST 2018	AUGUST 2017	2018/2017 VARIANCE	PERCENT CHANGE
\$2,726,667	\$693,334	\$ 2,033,333	293.3%
113,907	77,369	36,538	47.2%
2,840,574	770,703	2,069,871	268.6%
2,183,826	3,173,871	(990,045)	-31.2%
73,409	272,639	(199,230)	-73.1%
126,782	90,260	36,522	40.5%
2,384,017	3,536,770	(1,152,753)	-32.6%
456,557	(2,766,067)	3,222,624	-116.5%
1,150,408	2,806,451	(1,656,043)	
\$1,606,965	\$40,384	\$1,566,581	

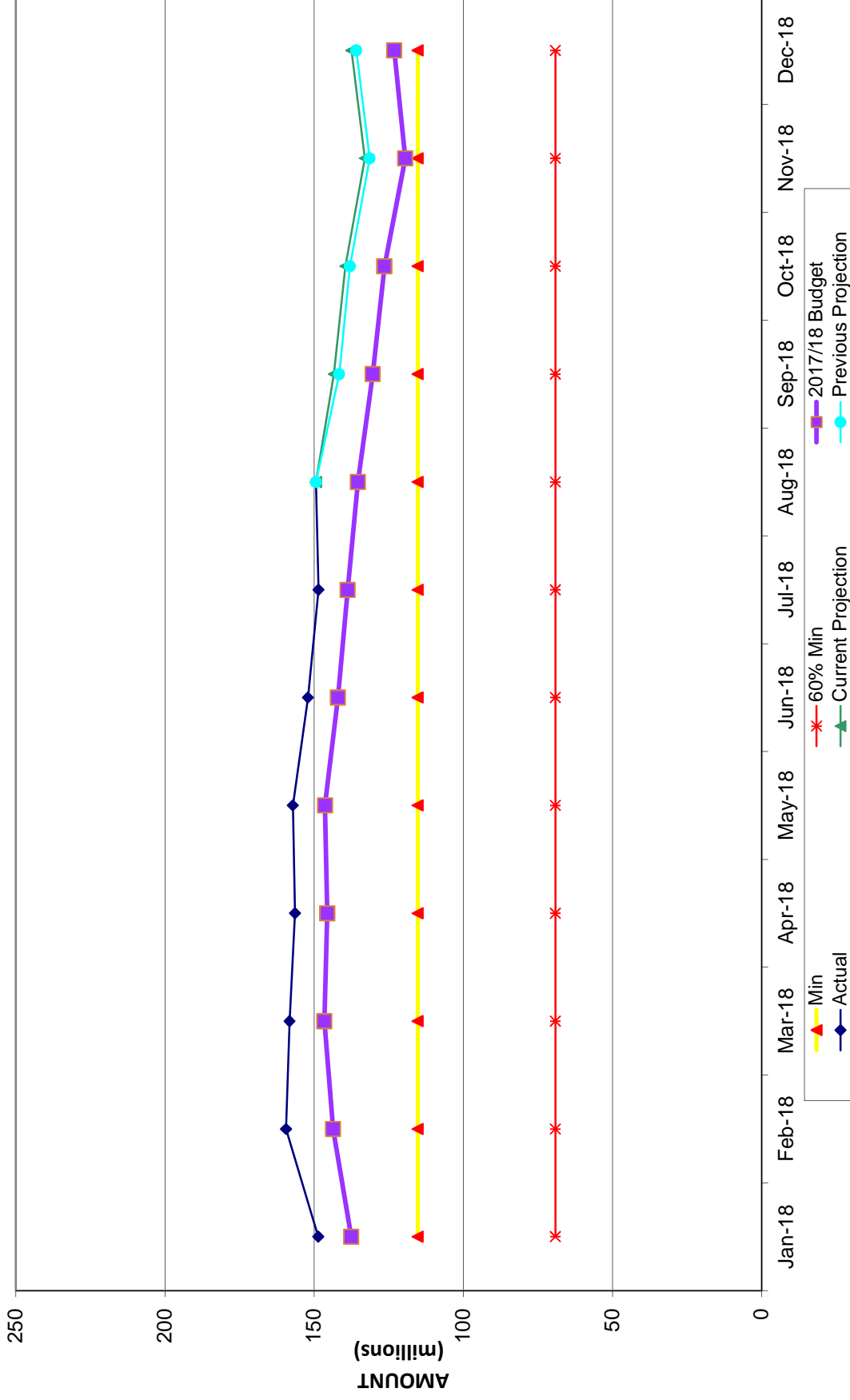


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# TACOMA POWER

## CURRENT FUND BALANCED BUDGET CASH PROJECTIONS

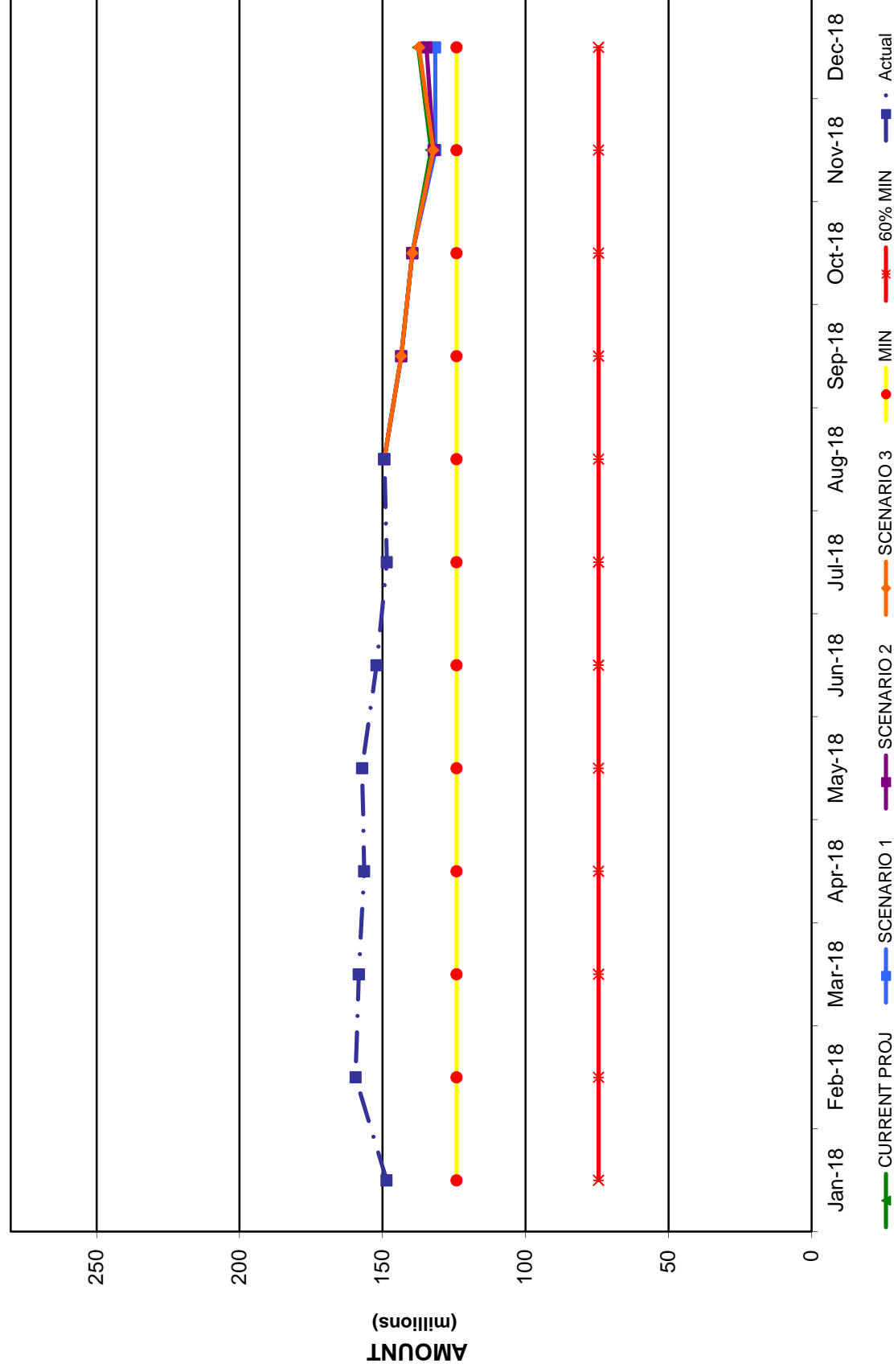
Estimated Cash for 2017-2018



# TACOMA POWER

## CURRENT FUND CASH PROJECTIONS

Actual and Estimated Cash for 2017-2018





**TACOMA POWER**  
**2017-2018 BALANCED BUDGET CASH PROJECTION**  
**(000's omitted)**

	Aug-18	Aug-18	Sep-18	Oct-18	Nov-18
	Estimate	Actual			
<b>Beginning Cash Balance (4)</b>	<b>148,511</b>	<b>148,511</b>	<b>149,368</b>	<b>143,439</b>	<b>139,550</b>
<b>Cash In</b>					
Retail Sales	26,184	29,279	25,338	27,103	27,643
Wholesale Sales	5,814	6,638	2,412	1,078	1,777
Telecommunications	2,845	2,090	2,894	2,934	2,987
Other Revenue	2,017	2,535	2,017	2,017	2,017
<b>Total Cash In</b>	<b>36,860</b>	<b>40,542</b>	<b>32,661</b>	<b>33,132</b>	<b>34,424</b>
<b>Cash Out</b>					
Personnel Costs	7,710	6,962	7,710	7,710	11,565
Debt Service	2,520	2,521	2,520	2,520	2,520
Taxes	4,533	3,994	5,762	3,955	4,012
BPA Purchases	10,718	11,688	11,171	11,692	11,849
Wholesale Purchases	3,188	2,504	1,401	1,118	966
Supplies, Other Services & Charges	6,616	5,690	6,616	6,616	6,616
Capital Outlay	3,410	10,093	3,410	3,410	3,410
<b>Total Cash Out</b>	<b>38,695</b>	<b>43,452</b>	<b>38,590</b>	<b>37,021</b>	<b>40,938</b>
<b>Net</b>	<b>(1,835)</b>	<b>(2,910)</b>	<b>(5,929)</b>	<b>(3,889)</b>	<b>(6,514)</b>
Change in A/R		3,040			
Change in A/P		727			
<b>Ending Cash Balance</b>	<b>146,676</b>	<b>149,368</b>	<b>143,439</b>	<b>139,550</b>	<b>133,036</b>

The accompanying notes are an integral part of these cash projections.

TACOMA POWER

2017-2018 CURRENT FUND CASH PROJECTIONS

**Notes:**

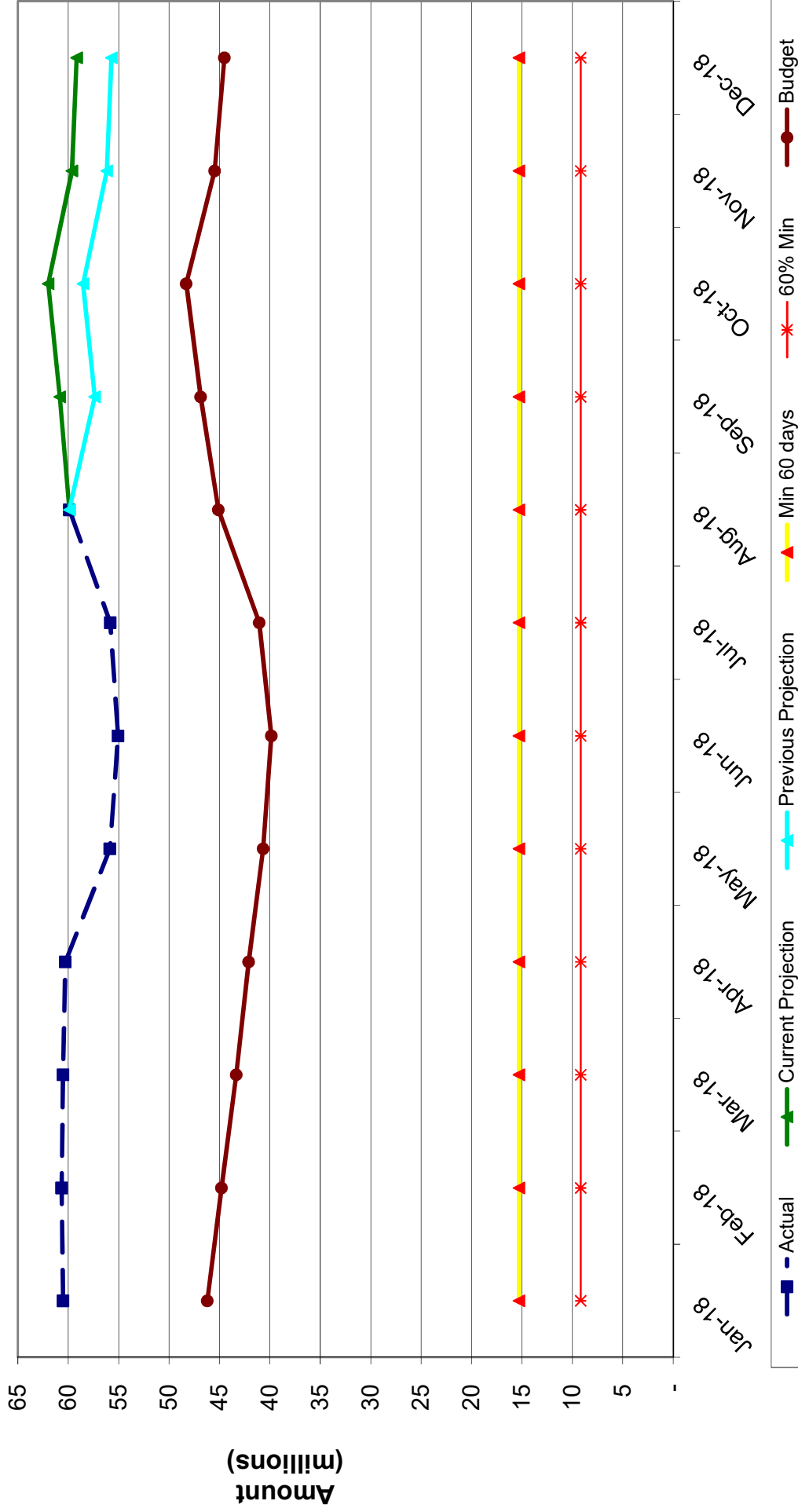
1. While this projection is based primarily on historic patterns, it is factored by actual revenue and expense elements when known or when they can reasonably be estimated.
2. Based on Public Utility Board and City Council resolutions, the Division should maintain a minimum cash working capital balance of approximately \$115.3 million (90 days) in the 2017/2018 biennium. Due to seasonal fluctuations, however, the Division may on occasion drop below this recommended level. The cash balance in any month should never be allowed to drop more than 40% below the recommended level (\$69.2 million).
3. Commitments: These projections are based on the 2017/2018 budget.
4. "Actual" cash and investment balance as of August 1st, 2018.
5. BPA Purchase information provided by Power Management March 9th, 2017.  
BPA billings are net of Wynoochee and LaGrande/Cushman billing credits.
6. The Capital Outlay projection is based on the 2017/2018 budget.
7. Regular debt service includes the interest and principal payments on all outstanding Electric System Revenue and Refunding bonds.
8. Retail revenue in this projection is based on the Retail Sales and Forecast provided by the Rates, Planning and Analysis division.
9. On the Current Fund Cash Projections graph the most recent projection is labeled "CURRENT PROJ." Also shown are three scenarios based on estimated wholesale power sales revenues under current forward wholesale market prices and the following streamflow conditions:
  - Scenario 1 represents critical water conditions for 12 months followed by adverse water conditions.
  - Scenario 2 represents adverse water conditions.
  - Scenario 3 represents average water conditions.
10. Wholesale Sale/Purchase information provided by Power Management on September 12th, 2018.

**Significant Changes:**

Retail Sales were \$3.1 million more than projected predominantly due to higher consumption than projected in the Residential, Small General and Street Lights and Traffic Signals rate categories.

Capital Outlay was \$2.7 million more than estimated for the month of August. The projections are estimates and may differ from actual spending on a monthly basis.

# TACOMA WATER CURRENT FUND CASH PROJECTIONS Actual & Estimated Cash for 2017/2018



**TACOMA WATER**  
**2017/2018 CURRENT FUND CASH PROJECTIONS**  
(000's omitted)

	Aug-18 Estimate	Aug-18 Actual	Sep-18 Estimate	Oct-18 Estimate	Nov-18 Estimate
<b>Beginning Cash Balance</b>	<b>55,847</b>	<b>55,847</b>	<b>59,886</b>	<b>60,834</b>	<b>61,979</b>
<b>Cash In</b>					
Water Sales	9,871	11,091	7,957	8,043	5,229
Public Fire Protection (collected)	311	412	244	312	231
Interest	27	123	27	27	27
Other Revenue	326	523	305	303	275
BABs Subsidies	231	248	231	231	231
<b>Total Cash In</b>	<b>10,766</b>	<b>12,397</b>	<b>8,764</b>	<b>8,916</b>	<b>5,993</b>
<b>Cash Out</b>					
Personnel Costs	2,139	1,831	2,139	2,139	3,209
Supplies, Other Services & Charges	2,460	1,991	2,203	2,323	2,207
Taxes	1,370	1,105	1,263	1,103	729
Debt Service	2,211	2,164	2,211	2,206	2,206
Capital Outlay	2,000	213	-	-	-
<b>Total Cash Out</b>	<b>10,180</b>	<b>7,304</b>	<b>7,816</b>	<b>7,771</b>	<b>8,351</b>
Change in A/R	-	(1,198)	-	-	-
Change in A/P	-	144	-	-	-
<b>Net Change in Cash</b>	<b>586</b>	<b>4,039</b>	<b>948</b>	<b>1,145</b>	<b>(2,358)</b>
<b>Ending Cash Balance</b>	<b>56,433</b>	<b>59,886</b>	<b>60,834</b>	<b>61,979</b>	<b>59,621</b>

## TACOMA WATER

### 2017/2018 CURRENT FUND CASH PROJECTIONS

#### **Notes:**

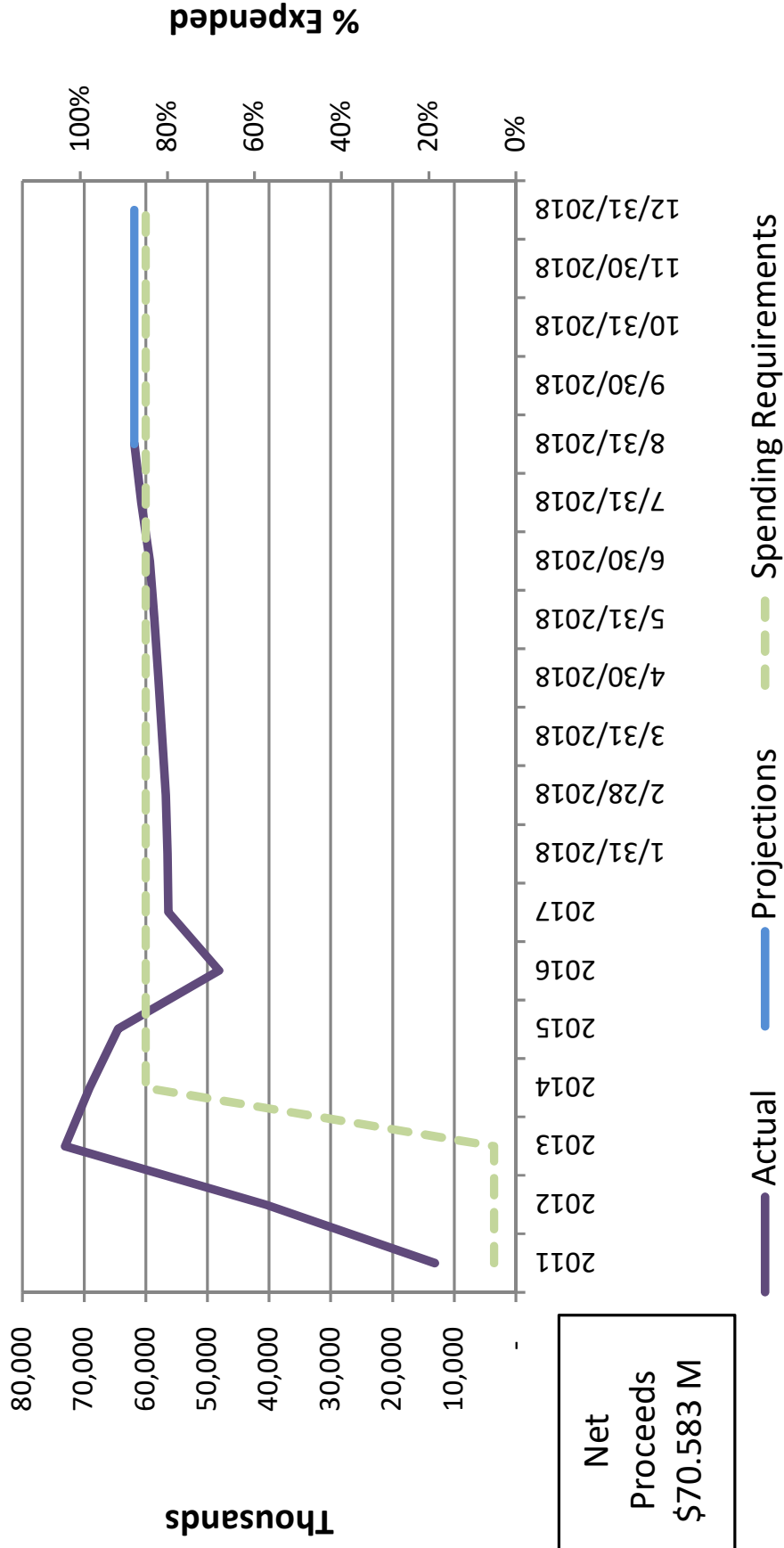
1. While this projection is based primarily on historic patterns, it is factored by actual revenue and expense elements when known or when they can reasonably be estimated.
2. Based on City Council Resolution No. 38215, adopted March 8, 2011, the Division should maintain a minimum cash balance equal to 60 days of current expenditures (\$15.964 million in 2017/2018). Due to seasonal fluctuations, however, the Division may on occasion drop below this recommended level. The cash balance in any month should never be allowed to drop more than 40% below the recommended level (\$9.578 million).
3. Projections for changes in A/P and A/R are not provided due to the variable nature of these accounts. In general, a change in A/R is a result of a change in current month billings and collections, both of which are indicators of current and future cash inflows. A change in A/P is a result of a change in current month purchases and payments, both of which are indicators of current and future cash outflows.

#### **Explanation of Variances and/or Changes in Projections:**

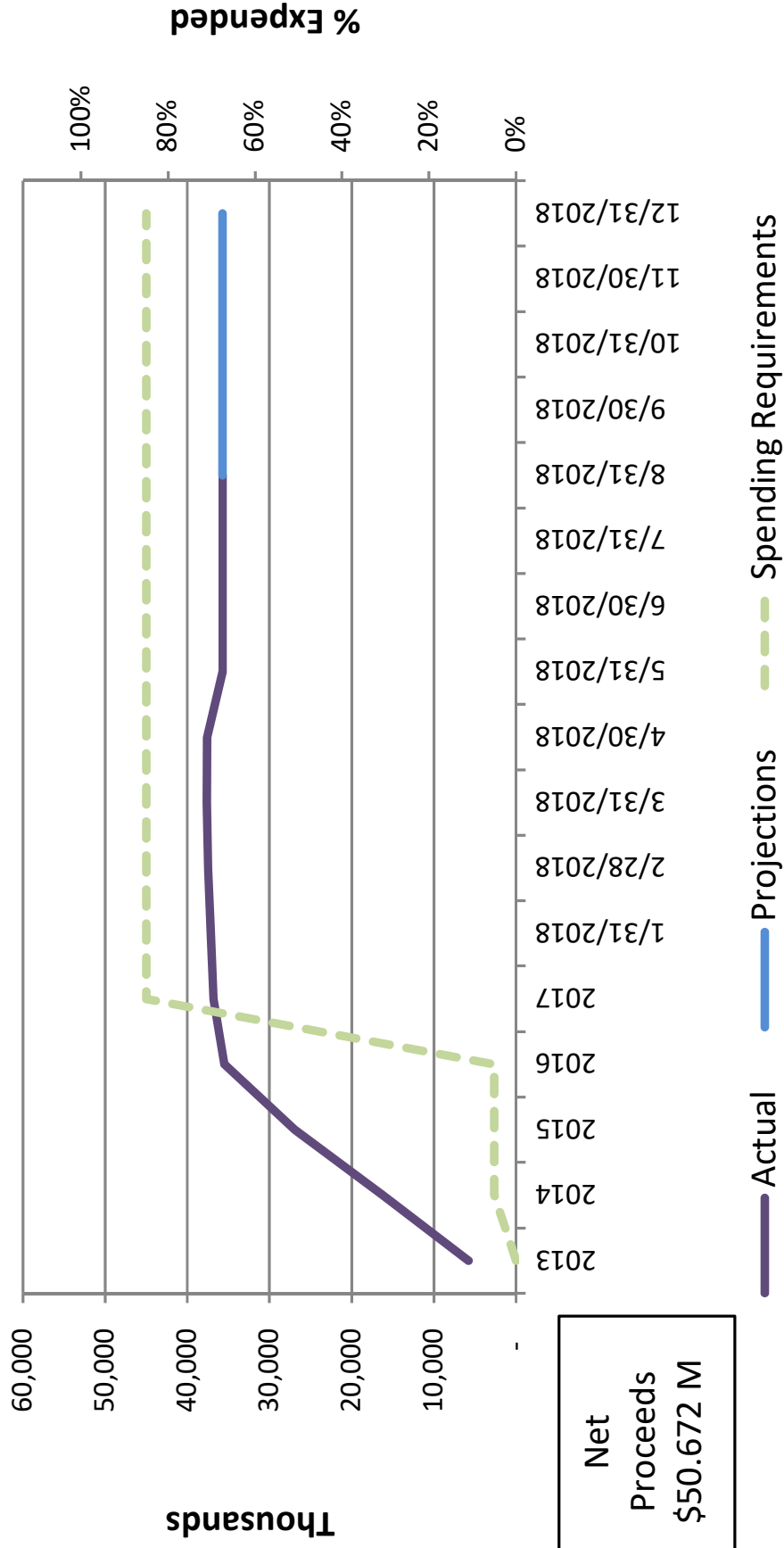
Water Sales were \$1.2 million more than projected. This was primarily due to increases in residential sales of \$0.8 million, commercial sales of \$0.1 million and wholesale sales of \$0.2 million.

Tacoma Water anticipated spending \$2.0 million of operating funds on capital projects for the month of August. However, the net spending on capital projects was \$1.4 million, of which \$0.2 million was funded by operating funds. The remaining \$1.2 million was funded by bond funds and contributions in aid of construction.

# Water 4600-10WC Cumulative Bond Spending



# Water 4600-13WC Cumulative Bond Spending



**Tacoma Public Utilities**  
**Water Bonds**  
**As of August 31, 2018**

	Water	
	4600-10WC	4600-13WC
<b>Bond Type</b>	Taxable Build America Bonds	Revenue and Refunding Bonds
<b>Issue Date</b>	8/26/2010	5/7/2013
<b>Months Transpired</b>	97	64

<b>Construction Fund Proceeds</b>	70,583,000	50,672,000
<b>Interest Income</b>	3,538,868	1,309,306
<b>Period</b>		
2011	(13,126,630)	-
2012	(27,346,085)	-
2013	(32,598,851)	(5,767,218)
2014	4,004,026	(10,470,130)
2015	4,610,670	(10,684,407)
2016	16,395,475	(8,545,727)
2017	(8,222,040)	(1,351,277)
1/31/2018	(168,055)	(348,030)
2/28/2018	(300,346)	(333,686)
3/31/2018	(613,003)	(138,780)
4/30/2018	(571,203)	70,011
5/31/2018	(658,344)	1,846,617
6/30/2018	(731,888)	-
7/31/2018	(1,376,664)	-
8/31/2018	(1,144,511)	-

<b>Total Spending</b>	<b>(61,847,449)</b>	<b>(35,722,627)</b>
<b>Remaining Bond Balance</b>	<b>12,274,419</b>	<b>16,258,679</b>
<b>Actual % Spent</b>	<b>88%</b>	<b>70%</b>
<b>Cash Balance</b>	<b>12,274,419</b>	<b>16,258,679</b>



4600-10WC

PROJECT	EST \$\$		ACT \$\$		DIFF
09/10 Transmission Main Renewal	-		168,565		168,565
15/16 Distribution Main Upgrades & Renew	-		275,359		275,359
17/18 Water Service Replace & Renewals	-		314,411		314,411
35 projects	-		386,176		386,176
	-				-
	-		-		-

TOTAL Spending vs. Projection

-      1,144,511      1,144,511

4600-13WC

PROJECT	EST \$\$		ACT \$\$		DIFF
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-

TOTAL Spending vs. Projection

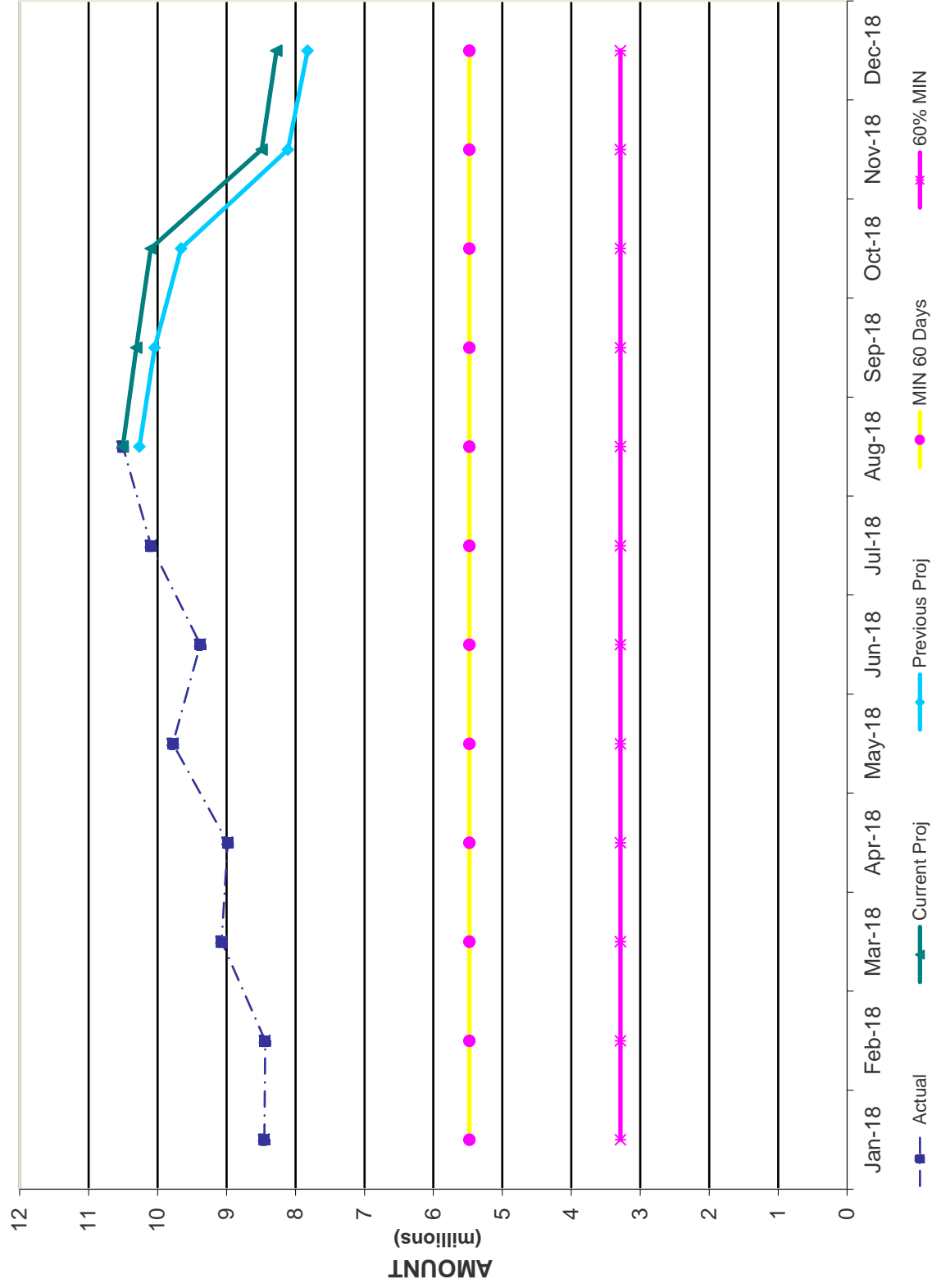
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# TACOMA RAIL

## 2018 CURRENT FUND CASH PROJECTIONS

Actual & Estimated Cash



TACOMA RAIL  
2018 CURRENT FUND CASH PROJECTIONS  
(000's omitted)

	Aug-18 Estimate	Aug-18 Actual	Sep-18 Estimate	Oct-18 Estimate	Nov-18 Estimate
Beginning Cash Balance	\$10,094	\$10,094	\$10,504	\$10,310	\$10,100
<b><u>REVENUES (Cash-In)</u></b>	(1)				
Switching Revenue	2,444	2,457	2,293	2,166	2,059
Demurrage Revenue	112	112	96	96	96
Other Revenues	45	40	32	22	22
Lease Revenue	78	72	86	86	86
Interest Income	15	15	9	8	8
Service Maint/Trans Revenue	312	323	280	280	280
Total Revenues	3,006	3,019	2,796	2,658	2,551
<b><u>EXPENSES (Cash-Out)</u></b>	(1)				
Personnel Costs	1,186	1,182	1,212	1,212	1,741
Taxes	283	283	262	250	240
Supplies, Other Services & Charges	692	708	630	629	608
Assessments	137	143	140	140	140
Debt Service	108	108	111	37	91
Volume Incentive	42	42	42	-	-
Capital Outlay	22	22	593	600	865
Total Expenses	2,470	2,488	2,990	2,868	3,685
Change in AR	(3)	(166)			
Change in AP	(3)	45			(475)
<b>Net Increase (Decrease) in Cash</b>	536	410	(194)	(210)	(1,609)
Ending Cash Balance	(2)	10,630	10,310	10,100	\$8,491

The accompanying notes are an integral part of these cash projections.

TACOMA RAIL  
2018 CURRENT FUND CASH PROJECTIONS

**Notes:**

1. While this projection is based primarily on historic patterns, it is factored by actual revenue and expense elements when known or when they can reasonably be estimated.
2. Based on City Council Resolution No. 37101, adopted February 6, 2007, the Division should maintain a minimum cash balance equal to 60 days of current expenditures (\$5.478 million in the 2017/2018). Due to seasonal fluctuations, however, the Division may on occasion drop below this recommended level. The cash balance in any month should never be allowed to drop more than 40% below the recommended level (\$3.287 million).
3. Change in AR and Change in AP are adjustments to the current month's actual cash flows from Revenues and Expenses which factor into the actual ending cash balance. A positive number in Change in AR indicates collections from outstanding accounts receivables exceeded revenues billed in the same month. Conversely, a positive number in Change in AP indicates that payments for goods and services were less than recorded expenses for the same month. The outstanding AR and AP balances at the end of the month will impact the future cash inflows and outflows, respectively.

