
MARCH

TACOMA POWER

2019

**FINANCIAL
REPORT**



Public Utility Board

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DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

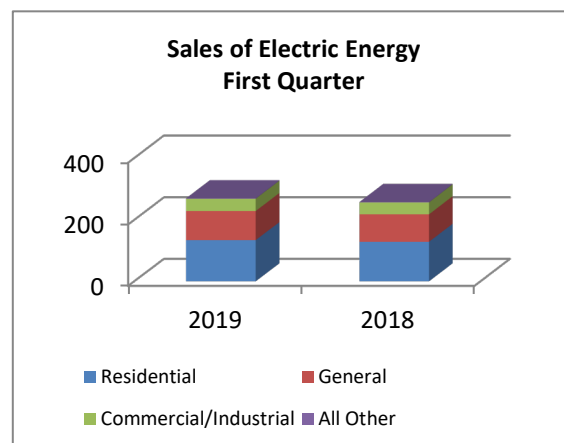
MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary

Tacoma Power's operating income at the end of the first quarter of 2019 was \$18.6 million compared to \$35.8 million a year earlier. Operating revenues decreased \$378,000 (0.3%) compared to the prior year. Operating expenses increased \$16.8 million (17.1%). Non-operating expenses decreased in total \$255,000 (11.3%) resulting in net income of \$9.2 million in 2019 compared to \$29.3 million in 2018.

Revenues

In the first quarter of 2019, total electric energy sales decreased \$1.0 million compared with the same period a year earlier. The following table summarizes the impacts of rate and volume changes on sales of electric energy by customer class as of March 2019. There was a 5.9% rate increase effective April 1, 2018.



Customer Class	Changes Related To:		
	Rate	Volume	YTD Increase
Residential	\$ 1,964,197	\$ 679,095	\$ 2,643,292
Commercial	105,151	(28,369)	76,782
General	525,713	(1,022,609)	(496,896)
Contract Industrial	336,462	(226,978)	109,484
Public Street and Highway Lighting	282,421	9,752	292,173
Sales to Other Utilities	6,163	199	6,362
Bulk Power Sales	(10,931,437)	7,255,584	(3,675,853)
Total	\$ (7,711,330)	\$ 6,666,674	\$ (1,044,656)

Expenses

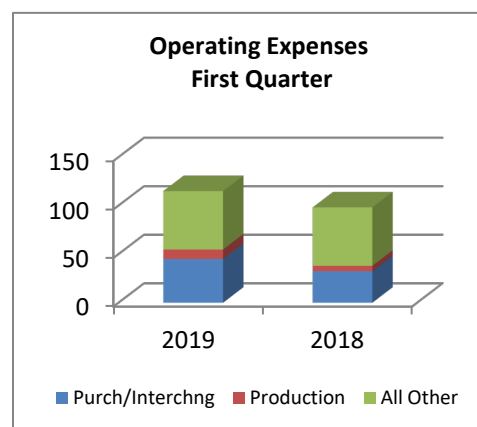
First quarter 2019 operating expenses were \$114.9 million, up \$16.8 million (17.1%) from 2018.

Hydraulic Power Production increased \$4.0 million. This is primarily due to the timing of invoices received by Washington Department of Fish and Wildlife for services performed in prior years.

Purchased Power increased \$12.7 million. Other portfolio purchases represent \$8.3 million of the increase.

Prices have increased significantly in the 1st quarter compared to last year. The regional industry price index shows prices have increased an average of \$30/mWh, or 164%. Purchase volume is also up because streamflows are down. In 2018 Energy Conservation Agreement (ECA) credits were received in the amount of \$4.3 million. In 2019 there hasn't been any credits received resulting in an increase of purchased power expense of \$4.3 million. Receipt of these funds is cyclical, resulting in a greater amount recovered in the even years of Tacoma Power's biennium.

Transmission Expenses increased \$1.2 million due to an increase in purchases which correlates to an increase of transmission of electricity.



Click! Network Commercial Operations decreased \$763,000. Salaries and wages accounted for \$446,000 of the decrease due to a reduction in staff. The remaining \$317,000 is spread across multiple functional accounts to include advertising, internal assessments, external contract services, and operating supplies. The changes within each of these areas are minimal and not directly attributed to a specific event.

Customer Accounts Expense increased \$541,000 primarily due to an increase of bad debt expense.

Conservation and Other Customer Assistance increased \$821,000. Increases in assessments from TPU communications accounted for \$298,000 of the change while \$243,000 is due to an increase of the amortization of deferred conservation costs. These costs are amortized over a 10 year period and year 10 of 10 was added to the 2019 schedule. Professional services increased \$212,000 primarily due to studies and research projects. The remaining increase of \$68,000 is spread across multiple functional accounts and not directly attributed to a specific event.

Capital Contributions

Cash from capital contributions decreased \$3.4 million. In 2018, Puget Sound Energy was billed \$3.6 million for the utility installation at the Taylor substation. This project was completed in 2018.

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

TACOMA POWER

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.

STATEMENTS OF NET POSITION	1 - 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	3 - 4
SUMMARY OF REVENUES AND BILLINGS	5 - 6
GROSS GENERATION REPORT	7 - 8
STATEMENTS OF CASH FLOWS	9 - 10
CLICK! NETWORK OPERATIONAL SUMMARY	11 - 12
SUPPLEMENTAL DATA	14 - 19

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

STATEMENTS OF NET POSITION - March 31, 2019 AND March 31, 2018

ASSETS AND DEFERRED OUTFLOWS	2019	2018
UTILITY PLANT		
Electric Plant in Service	\$2,119,583,519	\$2,060,316,651
Less Depreciation and Amortization	(1,108,247,650)	(1,063,082,126)
Total	1,011,335,869	997,234,525
Construction Work in Progress	52,637,601	41,371,014
Net Utility Plant	1,063,973,470	1,038,605,539
NON-UTILITY PROPERTY	182,051	182,051
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2018 Construction Fund	804,059	-
Provision for Debt Service	7,263,333	7,559,529
Special Bond Reserves	4,997,639	4,997,639
Wynoochee Reserve - State of Washington	2,649,620	2,603,760
Fish and Wildlife Reserves.....	23,822,218	-
Total Restricted Assets	39,536,869	15,160,928
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	149,030,765	158,281,250
Customers' and Contractors' Deposits	2,657,346	2,697,415
Conservation Loan Fund	3,604,227	3,534,171
Rate Stabilization Fund	48,000,000	48,000,000
Receivables:		
Customers	24,875,638	22,494,256
Accrued Unbilled Revenue	30,730,773	30,701,425
Others	11,682,424	12,300,914
Provision for Uncollectibles	(1,951,892)	(1,095,200)
Materials and Supplies	6,960,166	7,355,108
Prepayments and Other	10,943,686	6,580,790
Total Current Assets	286,533,133	290,850,129
OTHER ASSETS		
Regulatory Asset - Conservation	49,993,122	48,933,775
Net Pension Asset	15,506,238	-
Conservation Loan Fund Receivables	2,745,959	2,716,807
Total Other Assets	68,245,319	51,650,582
Total Assets	1,458,470,842	1,396,449,229
DEFERRED OUTFLOWS		
Deferred Outflow for Pensions	19,885,557	38,426,742
Deferred Outflow for OPEB	957,357	-
Total Deferred Outflows	20,842,914	38,426,742
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	\$1,479,313,756	\$1,434,875,971

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

NET POSITION, LIABILITIES AND DEFERRED INFLOWS	2019	2018
NET POSITION		
Net Investment in Capital Assets	\$608,201,166	\$626,139,009
Restricted for:		
Wynoochee Reserve - State of Washington	2,649,620	2,603,760
Fish and Wildlife Reserves	23,822,218	-
Debt Service	2,341,247	2,523,750
Net Pension Asset	15,506,238	-
Unrestricted	220,100,963	228,219,304
TOTAL NET POSITION	872,621,452	859,485,823
LONG-TERM DEBT		
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	96,125,000	105,490,000
2013B Electric System Rev & Refunding Bonds	35,620,000	35,620,000
2017 Electric System Revenue Bonds	70,575,000	70,575,000
Total Bonded Indebtedness	373,575,000	382,940,000
Less: Unamortized Bond Premiums	22,761,994	24,361,219
Net Bonded Indebtedness	396,336,994	407,301,219
Line of Credit	55,250,000	-
Total Long-Term Debt	451,586,994	407,301,219
CURRENT LIABILITIES		
Salaries and Wages Payable	4,028,532	3,851,658
Taxes and Other Payables	15,529,440	14,910,617
Purchases and Transmission of Power Accrued	16,701,773	13,018,291
Interest Payable	4,922,086	5,035,779
Customers' Deposits	2,697,201	2,749,515
Current Portion of Long-Term Debt	9,365,000	10,345,000
Current Accrued Compensated Absences	1,091,328	1,044,235
Total Current Liabilities	54,335,360	50,955,095
LONG TERM LIABILITIES		
Long Term Accrued Compensated Absences	9,821,955	9,398,115
Net Pension Liability	-	36,687,245
Other Long Term Liabilities	16,493,980	15,143,610
Total Long Term Liabilities	26,315,935	61,228,970
TOTAL LIABILITIES	532,238,289	519,485,284
DEFERRED INFLOWS		
Deferred Inflow for Pensions	26,395,236	7,904,864
Deferred Inflow for OPEB	58,779	-
Rate Stabilization	48,000,000	48,000,000
Total Deferred Inflows	74,454,015	55,904,864
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	\$1,479,313,756	\$1,434,875,971

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
March 31, 2019 AND March 31, 2018

	March 2019	March 2018
OPERATING REVENUES		
Sales of Electric Energy	\$40,872,340	\$40,007,060
Other Operating Revenues	2,114,878	1,346,323
Click! Network Operating Revenues	2,221,414	2,193,709
Total Operating Revenue	<u>45,208,632</u>	<u>43,547,092</u>
OPERATING EXPENSES		
Production Expense		
Hydraulic Power Production	4,482,922	2,938,871
Other Production Expense	544,321	480,569
Total Expense Power Produced	<u>5,027,243</u>	<u>3,419,440</u>
Purchased Power	16,813,438	10,147,314
Total Production Expense	<u>21,840,681</u>	<u>13,566,754</u>
Transmission Expense	3,417,864	2,995,439
Distribution Expense	2,351,121	3,338,121
Click! Network Commercial Operations Expense .	1,940,656	2,119,126
Customer Accounts Expense (CIS)	1,354,922	1,172,278
Conservation and Other Customer Assistance ...	1,556,279	1,253,191
Taxes	2,559,640	2,551,912
Depreciation	4,125,356	4,603,008
Administrative and General	2,861,610	4,221,531
Total Operating Expenses	<u>42,008,129</u>	<u>35,821,360</u>
OPERATING INCOME (LOSS)	<u>3,200,503</u>	<u>7,725,732</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	444,828	275,581
Contribution to Family Need	(41,667)	(8,333)
Other Net Non-Op Revenues and Deductions	6,538	51,160
Interest on Long-Term Debt	(1,745,435)	(1,678,936)
Amort. of Debt Related Costs	129,158	134,639
Interest Charged to Construction	-	-
Total Non-Operating Revenues (Expenses) ...	<u>(1,206,578)</u>	<u>(1,225,889)</u>
Net Income (Loss) Before Capital Contributions and Transfers	1,993,925	6,499,843
Capital Contributions		
Cash	390,754	612,369
Donated Fixed Assets	63,460	52,805
BABs and CREBs Interest Subsidies.....	235,247	329,553
Transfers		
City Gross Earnings Tax	<u>(3,342,527)</u>	<u>(3,524,613)</u>
CHANGE IN NET POSITION	<u>(\$659,141)</u>	<u>\$3,969,957</u>
TOTAL NET POSITION - January 1		
TOTAL NET POSITION - March 31		

YEAR TO DATE		2019 OVER	PERCENT CHANGE
March 31, 2019	March 31, 2018	(UNDER) 2018	
\$121,995,671	\$123,040,327	(\$1,044,656)	-0.8%
5,009,570	4,397,551	612,019	13.9%
6,532,966	6,477,955	55,011	0.8%
<u>133,538,207</u>	<u>133,915,833</u>	<u>(377,626)</u>	-0.3%
8,244,802	4,224,464	4,020,338	95.2%
1,449,895	1,329,482	120,413	9.1%
<u>9,694,697</u>	<u>5,553,946</u>	<u>4,140,751</u>	74.6%
45,029,214	32,364,970	12,664,244	39.1%
<u>54,723,911</u>	<u>37,918,916</u>	<u>16,804,995</u>	44.3%
9,545,311	8,339,196	1,206,115	14.5%
9,179,890	8,757,837	422,053	4.8%
5,381,600	6,144,439	(762,839)	-12.4%
3,882,212	3,341,460	540,752	16.2%
4,547,731	3,727,216	820,515	22.0%
5,620,059	5,686,672	(66,613)	-1.2%
12,512,410	13,970,237	(1,457,827)	-10.4%
9,553,083	10,239,534	(686,451)	-6.7%
<u>114,946,207</u>	<u>98,125,507</u>	<u>16,820,700</u>	17.1%
<u>18,592,000</u>	<u>35,790,326</u>	<u>(17,198,326)</u>	-48.1%
2,520,659	2,203,962	316,697	14.4%
(125,000)	(25,000)	(100,000)	400.0%
481,663	233,101	248,562	106.6%
(5,274,889)	(5,081,387)	(193,502)	3.8%
387,473	403,918	(16,445)	-4.1%
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<u>(2,010,094)</u>	<u>(2,265,406)</u>	<u>255,312</u>	-11.3%
16,581,906	33,524,920	(16,943,014)	-50.5%
1,637,468	5,077,269	(3,439,801)	-67.7%
63,460	52,805	10,655	20.2%
894,353	988,660	(94,307)	-9.5%
<u>(9,987,519)</u>	<u>(10,328,504)</u>	<u>340,985</u>	-3.3%
9,189,668	29,315,150	(20,125,482)	-68.7%
<u>863,431,784</u>	<u>830,170,673</u>	<u>33,261,111</u>	4.0%
<u>\$872,621,452</u>	<u>\$859,485,823</u>	<u>13,135,629</u>	

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2019 Financial Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

SUMMARY OF REVENUES AND BILLINGS
March 31, 2019 AND March 31, 2018

	For the month of March 2019	For the month of March 2018
OPERATING REVENUE		
Sales of Electric Energy		
Residential	\$20,981,626	\$19,885,165
Commercial	3,135,938	3,089,284
General	11,323,909	11,206,636
Contract Industrial	1,619,814	1,360,712
Public Street and Highway Lighting	117,371	46,242
Sales to Other Electric Utilities	49,262	43,581
Total Sales to Customers	37,227,920	35,631,620
Bulk Power Sales	3,644,420	4,375,440
Total Sales of Electric Energy	40,872,340	40,007,060
Other Operating Revenue		
Rentals and Leases from Elect. Property ...	780,907	95,381
Wheeling	899,535	846,709
Service Fees and Other	434,436	404,233
Telecommunications Revenue	2,221,414	2,193,709
Total Other Operating Revenues	4,336,292	3,540,032
 TOTAL OPERATING REVENUES	 \$45,208,632	 \$43,547,092
 BILLINGS (Number of Months Billed)		
Residential	162,140	173,923
Commercial	17,215	18,261
General	2,667	2,745
Contract Industrial	2	2
Public Streets and Highway Lighting	1,042	1,173
Sales to Other Utilities	1	1
 TOTAL BILLINGS	 183,067	 196,105

YEAR TO DATE		2019 OVER (UNDER) 2018	PERCENT CHANGE
March 31, 2019	March 31, 2018		
\$60,149,473	\$57,506,181	\$2,643,292	4.6%
8,507,424	8,430,642	76,782	0.9%
31,644,745	32,141,641	(496,896)	-1.5%
5,340,526	5,231,042	109,484	2.1%
438,511	146,338	292,173	199.7%
142,322	135,960	6,362	4.7%
106,223,001	103,591,804	2,631,197	2.5%
15,772,670	19,448,523	(3,675,853)	-18.9%
121,995,671	123,040,327	(1,044,656)	-0.8%
1,071,890	585,889	486,001	83.0%
2,705,305	2,551,343	153,962	6.0%
1,232,375	1,260,319	(27,944)	-2.2%
6,532,966	6,477,955	55,011	0.8%
11,542,536	10,875,506	667,030	6.1%
\$133,538,207	\$133,915,833	(\$377,626)	-0.3%
488,452	478,992	9,460	2.0%
48,965	48,387	578	1.2%
7,321	7,613	(292)	-3.8%
6	6	-	0.0%
2,878	2,959	(81)	-2.7%
3	3	-	0.0%
547,625	537,960	9,665	1.8%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

GROSS GENERATION REPORT - March 31, 2019 AND March 31, 2018

	For the month of March 2019	For the month of March 2018
KWH GENERATED, PURCHASED AND INTERCHANGED - Gross		
Generated - LaGrande	19,089,000	33,091,000
Generated - Alder	10,532,000	19,925,000
TOTAL NISQUALLY	<u>29,621,000</u>	<u>53,016,000</u>
Generated - Cushman No. 1	2,248,000	3,321,000
Generated - Cushman No. 2	889,000	3,946,000
TOTAL CUSHMAN	<u>3,137,000</u>	<u>7,267,000</u>
Generated - Mossyrock	56,248,000	65,064,000
Generated - Mayfield	50,159,000	55,387,000
TOTAL COWLITZ	<u>106,407,000</u>	<u>120,451,000</u>
Generated - Wynoochee	<u>1,124,000</u>	<u>1,091,000</u>
Generated - Hood Street	<u>361,600</u>	<u>215,000</u>
Tacoma's Share of Priest Rapids	<u>1,614,000</u>	<u>2,665,000</u>
Tacoma's Share of GCPHA	<u>2,146,000</u>	<u>6,578,000</u>
TOTAL KWH GENERATED - TACOMA SYSTEM	144,410,600	191,283,000
Purchased Power		
BPA Slice Contract	185,182,000	243,684,000
BPA Block Contract	157,616,000	153,486,000
Interchange Net	(40,225,500)	(134,261,250)
TOTAL KWH GENERATED, PURCHASED AND INTERCHANGED ..	<u>446,983,100</u>	<u>454,191,750</u>
Losses	2,051,974	4,761,599
Baldi Replacement	24,335	27,744
Ketron	28,678	35,411
NT PC Mutuals Schedules	(3,132,000)	(3,375,000)
PC Mutual Inadvertent	(73,992)	177,881
TACOMA SYSTEM FIRM LOAD	<u>445,882,095</u>	<u>455,819,385</u>
Maximum Kilowatts (System Firm Load)	889,100	795,100
Average Kilowatts (System Firm Load)	599,304	612,660
PIERCE COUNTY MUTUAL LOAD	144,192,000	144,806,000
KWH BILLED		
Residential Sales	231,609,782	229,614,818
Commercial Sales	35,043,561	35,078,550
General	172,317,426	176,697,415
Contract Industrial	31,689,180	26,084,700
Public Street and Highway Lighting	909,678	918,219
Sales to Other Electric Utilities	833,400	761,400
TOTAL FIRM	<u>472,403,027</u>	<u>469,155,102</u>
Bulk Power Sales	<u>124,596,000</u>	<u>182,057,000</u>
TOTAL KWH BILLED	<u><u>596,999,027</u></u>	<u><u>651,212,102</u></u>

YEAR TO DATE		2019 OVER (UNDER) 2018	PERCENT CHANGE
March 31 2019	March 31 2018		
79,880,000	124,955,000	(45,075,000)	-36.1%
47,195,000	83,550,000	(36,355,000)	-43.5%
127,075,000	208,505,000	(81,430,000)	-39.1%
32,051,000	34,313,000	(2,262,000)	-6.6%
49,075,000	57,684,000	(8,609,000)	-14.9%
81,126,000	91,997,000	(10,871,000)	-11.8%
237,743,000	380,749,000	(143,006,000)	-37.6%
187,187,000	274,623,000	(87,436,000)	-31.8%
424,930,000	655,372,000	(230,442,000)	-35.2%
9,684,000	11,045,000	(1,361,000)	-12.3%
678,883	799,800	(120,917)	-15.1%
5,655,000	8,325,000	(2,670,000)	-32.1%
2,146,000	6,579,000	(4,433,000)	-67.4%
651,294,883	982,622,800	(331,327,917)	-33.7%
522,521,000	747,778,000	(225,257,000)	-30.1%
455,683,000	443,741,000	11,942,000	2.7%
(222,833,250)	(788,556,250)	565,723,000	-71.7%
1,406,665,633	1,385,585,550	21,080,083	1.5%
5,927,532	13,675,894	(7,748,362)	-56.7%
75,816	243,685	(167,869)	-68.9%
110,586	111,194	(608)	-0.5%
(9,900,000)	(9,973,000)	73,000	-0.7%
355,626	426,404	(70,778)	-16.6%
1,403,235,193	1,390,069,727	13,165,466	0.9%
473,621,000	452,851,000	20,770,000	4.6%
675,875,257	667,986,945	7,888,312	1.2%
95,282,019	95,603,727	(321,708)	-0.3%
500,785,941	517,242,371	(16,456,430)	-3.2%
109,227,720	114,182,160	(4,954,440)	-4.3%
3,163,222	2,965,596	197,626	6.7%
2,457,900	2,454,300	3,600	0.1%
1,386,792,059	1,400,435,099	(13,643,040)	-1.0%
1,179,277,000	858,864,000	320,413,000	37.3%
2,566,069,059	2,259,299,099	306,769,960	13.6%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA POWER

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	March 31 2019	March 31 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$132,482,603	\$135,208,937
Cash Paid to Suppliers	(69,593,233)	(56,522,367)
Cash Paid to Employees	(31,547,386)	(31,660,453)
Taxes Paid	(5,293,011)	(5,224,194)
Conservation Loans	(112,541)	(91,539)
Net Cash from Operating Activities	25,936,432	41,710,384
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer Out for Gross Earnings Tax	(9,987,519)	(10,328,504)
Transfer to Family Need Fund	(125,000)	(25,000)
Net Cash from Non-Capital Financing Activities ..	(10,112,519)	(10,353,504)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures	(8,132,379)	(14,746,944)
Principal Payments on Long-Term Debt	(10,095,000)	(11,575,000)
Interest Paid	(10,424,358)	(9,800,866)
BABs and CREBs Interest Subsidies	894,353	988,660
Contributions in Aid of Construction	1,637,468	5,077,269
Net Cash from Capital and Related Financing Activities	(26,119,916)	(30,056,881)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	2,520,659	2,203,962
Other Net Non-Op Revenues and Deductions	481,663	233,101
Net Cash from Investing Activities	3,002,322	2,437,063
Net Increase Change in Cash and Equity in Pooled Investments	(7,293,681)	3,737,062
Cash and Equity in Pooled Investments at January 1 ..	250,122,888	223,936,702
Cash and Equity in Pooled Investments at March 31....	242,829,207	\$227,673,764

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
TACOMA POWER

STATEMENTS OF CASH FLOWS

	March 31 2019	March 31 2018
Reconciliation of Net Operating Income to Net Cash From Operating Activities:		
Net Operating Income	\$18,592,000	\$35,790,326
Adjustments to reconcile net operating income to net cash from operating activities:		
Depreciation	12,512,410	13,970,237
Amortization of Regulatory Assets	2,301,132	2,058,262
Cash from changes in operating assets and liabilities:		
Accounts Receivable and Unbilled Revenue	(1,055,606)	1,293,106
Conservation Loans Receivable	(112,541)	(91,539)
Interfund Receivables	1,845,652	1,820,401
Inventory, Materials and Supplies, and Other	(671,446)	(140,716)
Taxes and Other Payables	(11,973,353)	(13,236,800)
Purchased Power Payable	4,179,264	(200,785)
Salaries and Wages Payable	1,660,138	1,859,495
Customers' Deposits	(10,807)	(41,491)
Regulatory Assets - Conservation	(1,123,138)	(1,302,651)
Interfund Payables	(207,273)	(67,461)
Total Adjustments	7,344,432	5,920,058
Net Cash from Operating Activities	<u>\$25,936,432</u>	<u>\$41,710,384</u>
 Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$39,536,869	\$15,160,928
Cash and Equity in Pooled Investments in Operating Funds.....	<u>203,292,338</u>	<u>212,512,836</u>
Cash and Equity in Pooled Investments at March 31	<u>\$242,829,207</u>	<u>\$227,673,764</u>

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

OPERATIONAL SUMMARY - March 31, 2019

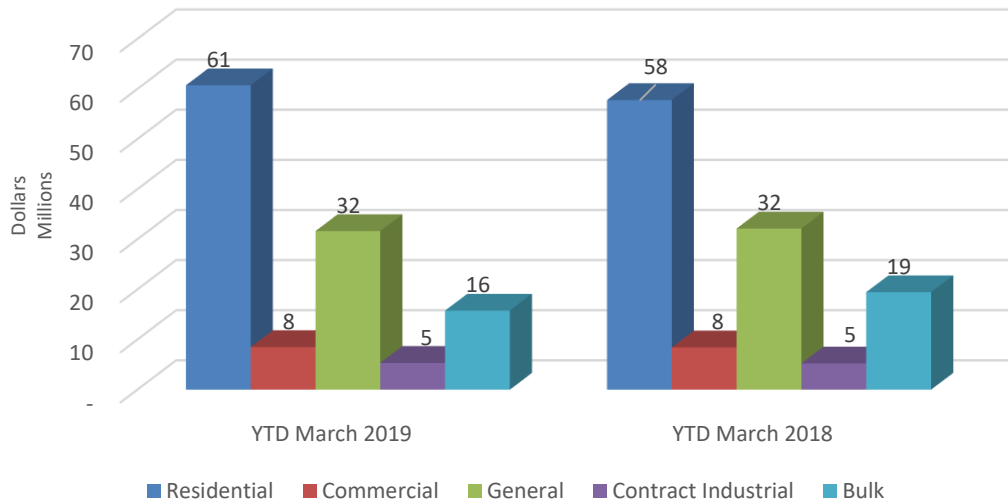
	March 2019	March 2018
TELECOMMUNICATIONS REVENUE		
CATV	\$1,415,142	\$1,466,957
Broadband	80,459	90,893
ISP	700,233	613,001
Interdepartmental	25,580	22,858
Total Operating Revenue	<u>2,221,414</u>	<u>2,193,709</u>
TELECOMMUNICATIONS EXPENSE-COMMERCIAL		
Administration & Sales Expense		
Salaries & Wages Expense	188,326	266,590
General Expense	64,655	55,711
Contract Services	1,143,694	1,190,750
IS & Intergovernmental Services	121,978	142,337
Fleet Services	520	779
Capitalized A & G Expense	(2,448)	(4,813)
Total Admin. & Sales Expense	<u>1,516,725</u>	<u>1,651,354</u>
Operations & Maintenance Expense ...		
Salaries & Wages Expense	276,493	378,739
General Expense	17,005	25,179
Contract Services	91,348	43,145
IS & Intergovernmental Services	1,992	3,446
Fleet Services	37,093	27,556
New Connect Capital	-	(10,293)
Total Oper. & Maint. Expense	<u>423,931</u>	<u>467,772</u>
Total Telecommunications Expense .	1,940,656	2,119,126
Net Revenues (Expenses) Before Taxes and Depreciation and Amortization	280,758	74,583
Taxes	303,613	302,445
Depreciation and Amortization	<u>142,638</u>	<u>189,348</u>
	446,251	491,793
NET OPERATING REVENUES (EXPENSES)	<u>(\$165,493)</u>	<u>(\$417,210)</u>

YEAR TO DATE			
March 31 2019	March 31 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$4,152,606	\$4,308,896	(\$156,290)	-3.6%
246,450	264,952	(\$18,502)	-7.0%
2,057,170	1,836,000	\$221,170	12.0%
76,740	68,107	\$8,633	12.7%
<u>6,532,966</u>	<u>6,477,955</u>	<u>55,011</u>	0.8%
549,835	774,251	(224,416)	-29.0%
132,581	116,050	16,531	14.2%
3,226,788	3,389,891	(163,103)	-4.8%
352,629	411,639	(59,010)	-14.3%
1,954	1,034	920	89.0%
(7,709)	(6,358)	(1,351)	21.2%
<u>4,256,078</u>	<u>4,686,507</u>	<u>(430,429)</u>	-9.2%
846,381	1,150,791	(304,410)	-26.5%
42,484	75,507	(33,023)	-43.7%
178,618	193,923	(15,305)	-7.9%
4,969	8,024	(3,055)	-38.1%
66,001	55,621	10,380	18.7%
(12,931)	(25,934)	13,003	-50.1%
<u>1,125,522</u>	<u>1,457,932</u>	<u>(332,410)</u>	-22.8%
5,381,600	6,144,439	(762,839)	-12.4%
1,151,366	333,516	817,850	245.2%
889,716	892,595	(2,879)	-0.3%
432,882	574,338	(141,456)	-24.6%
<u>1,322,598</u>	<u>1,466,933</u>	<u>(144,335)</u>	
<u>(\$171,232)</u>	<u>(\$1,133,417)</u>	<u>\$962,185</u>	-84.9%

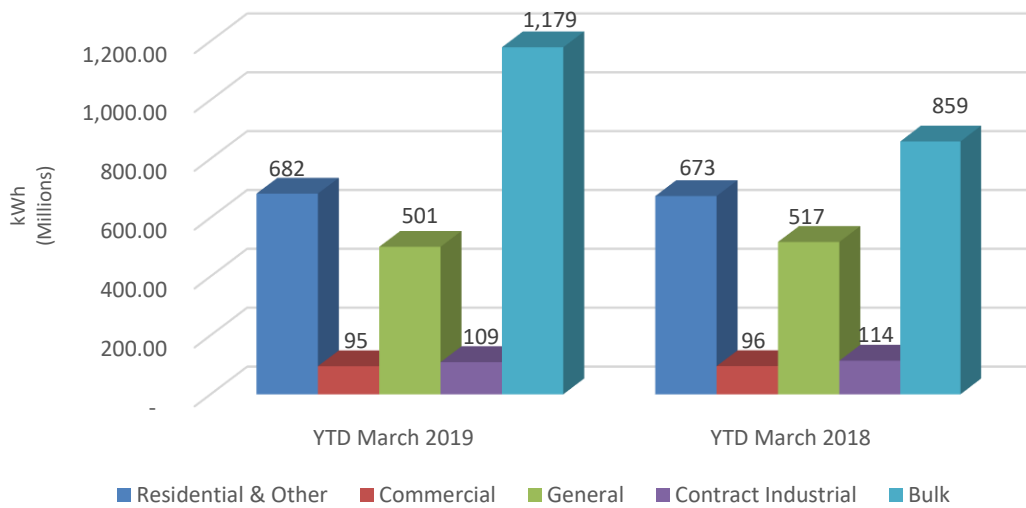
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Supplemental Data

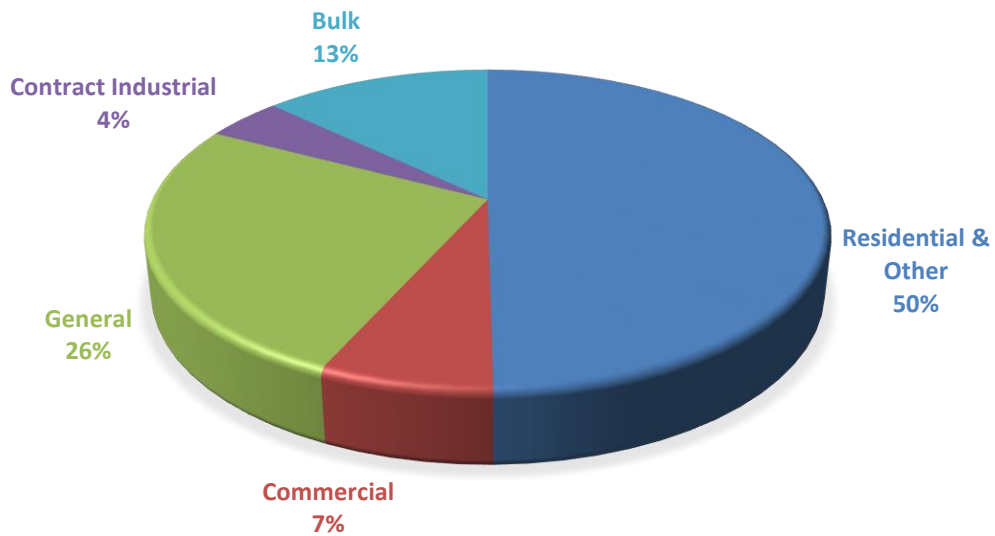
Sales of Electric Energy Year to Date - March 2019 & 2018



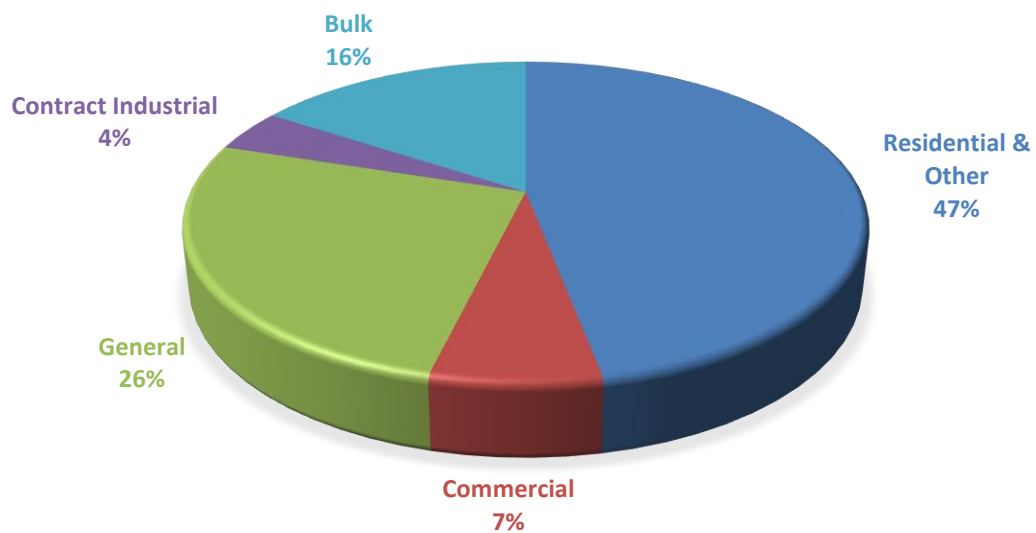
Total Power Billed Year to Date - March 2019 & 2018



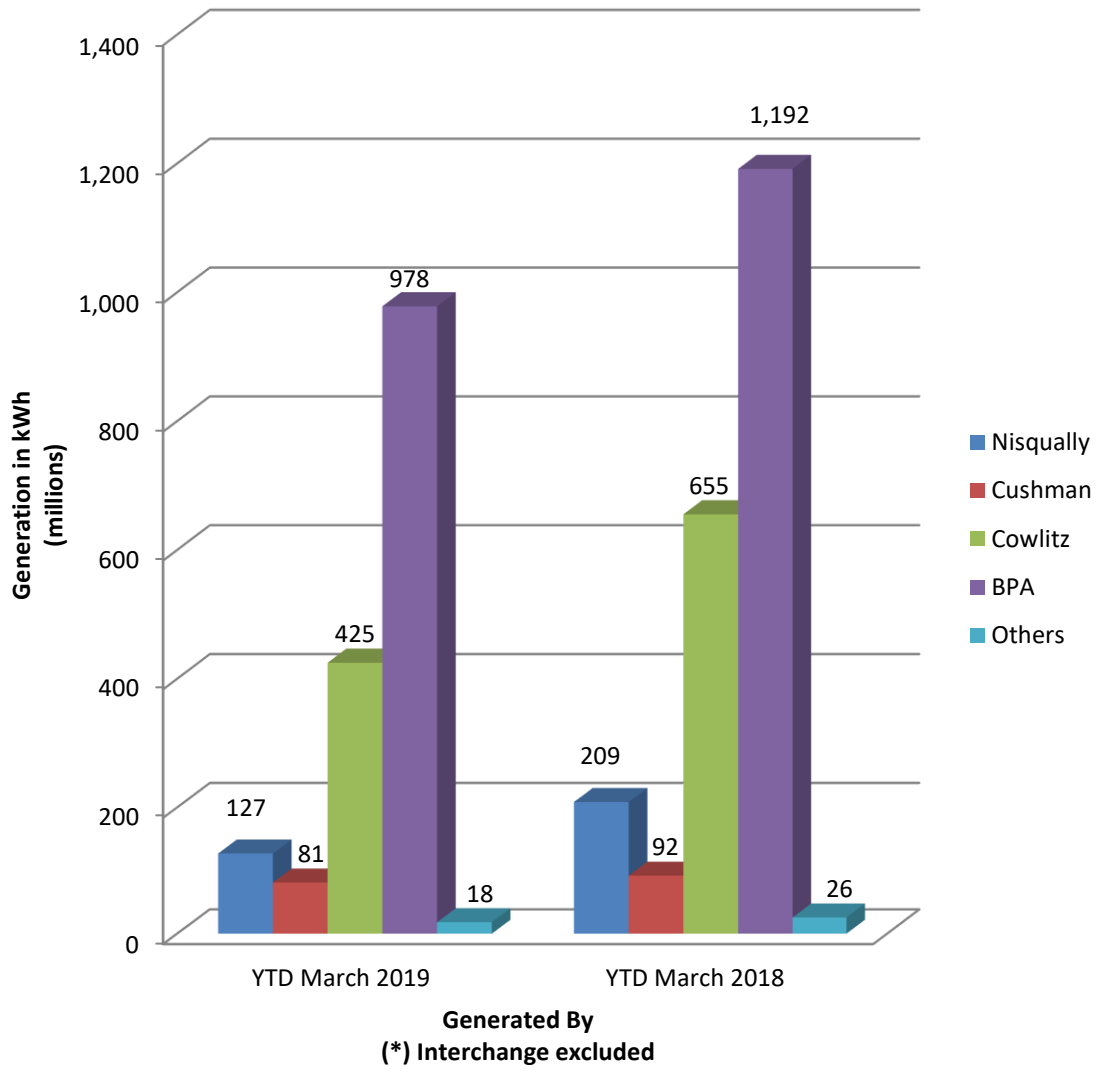
**SALES OF ELECTRIC ENERGY
YEAR TO DATE - MARCH 2019 (\$121,995,671)**



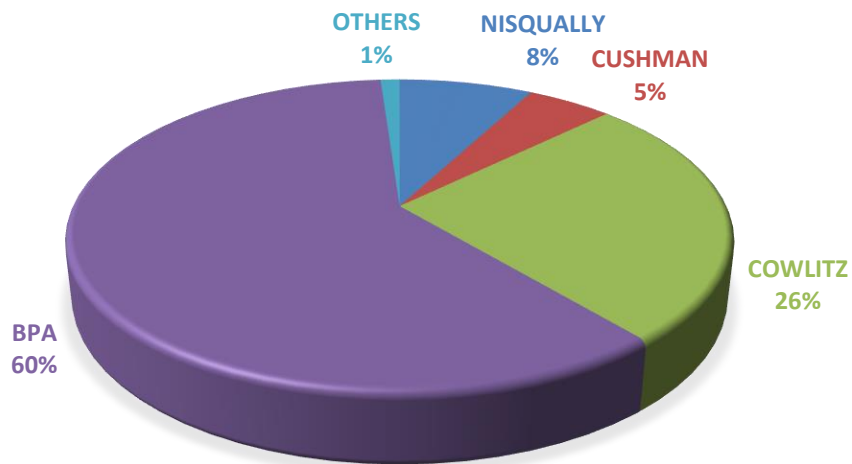
**SALES OF ELECTRIC ENERGY
YEAR TO DATE - MARCH 2018 (\$123,040,327)**



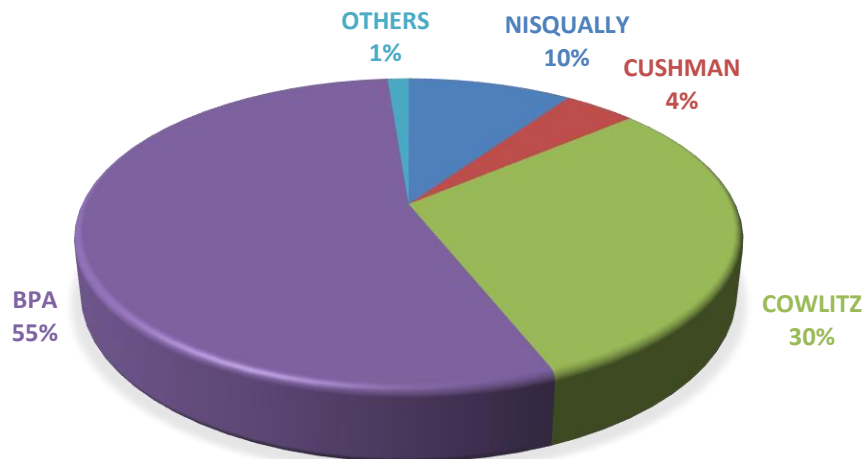
Power Sources (*) Year to Date March 2019 & 2018



POWER SOURCES (*)
YEAR TO DATE - MARCH 2019

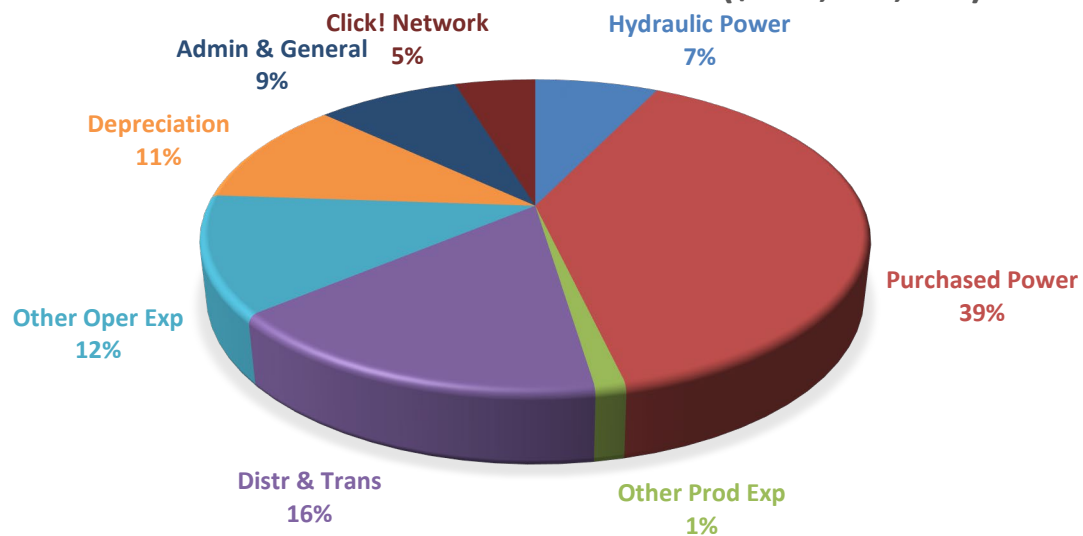


POWER SOURCES (*)
YEAR TO DATE - MARCH 2018

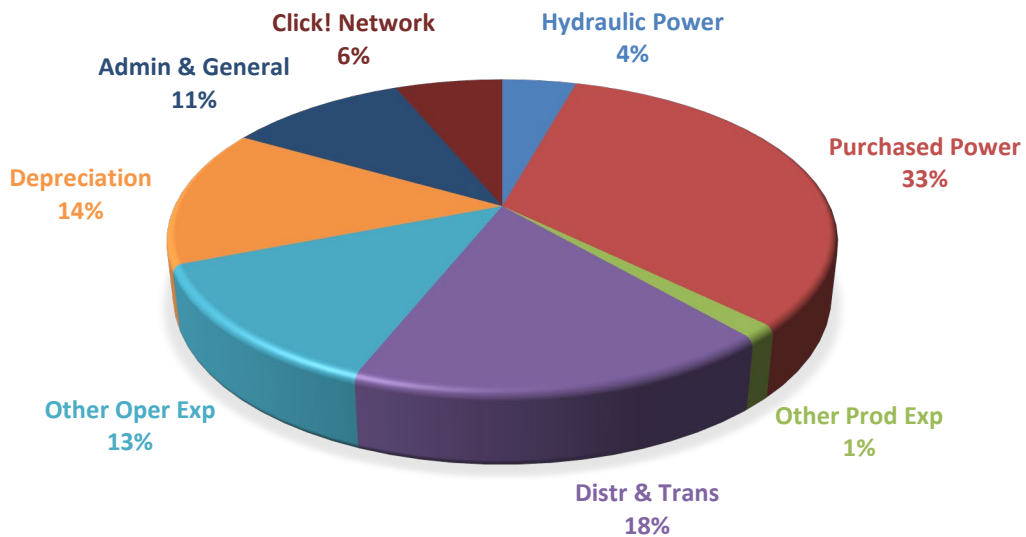


(*) Interchange excluded

TOTAL OPERATING EXPENSES *
YEAR TO DATE - MARCH 2019 (\$114,946,207)



TOTAL OPERATING EXPENSES *
YEAR TO DATE - MARCH 2018 (\$98,125,507)



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



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MARCH

TACOMA WATER

2019

**FINANCIAL
REPORT**



Public Utility Board

WOODROW JONES

Chair

KAREN LARKIN

Vice-Chair

BRYAN FLINT

Secretary

MARK PATTERSON

Member

CHRISTINE COOLEY

Member

JACKIE FLOWERS

Director of Utilities

SCOTT DEWHIRST

Water Superintendent

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the Financial Statements

Summary

As of March 2019, Tacoma Water is reporting year-to-date operating income of \$1.8 million compared to \$2.3 million in 2018, a decrease of \$530,000. Operating revenues increased \$14,000 (0.1%) and operating expenses increased \$543,000 (2.8%). The year-to-date change in net position for 2019 was \$461,000 and \$2.0 million for 2018.

Revenues

Water sales revenues decreased by \$105,000 (0.6%) as of the first quarter of 2019 compared to the same period in 2018. The following table summarizes the impacts of rate and volume changes on water sales revenue by customer class as of March 2019.

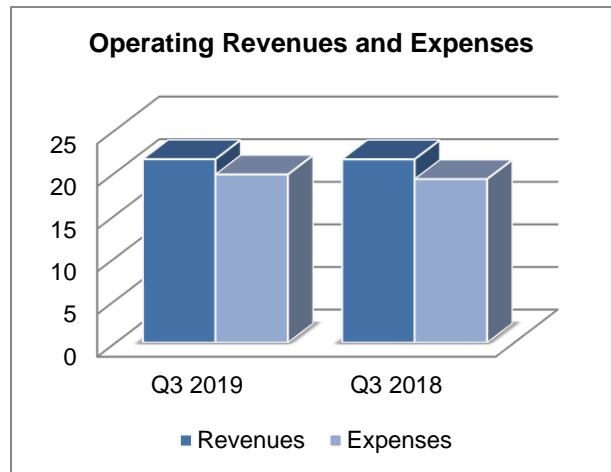
Customer Class	Changes Related to:		YTD Increase (Decrease)
	Rate	Volume	
Residential and Domestic	\$ 142,175	\$ (248,556)	\$ (106,381)
Commercial and Industrial	(32,908)	(4,512)	(37,420)
Special Rate	51,036	(32,472)	18,564
Other	(44,624)	65,132	20,508
Total	\$ 115,679	\$ (220,408)	\$ (104,729)

Consumption as of March 2019 was 3,604 million gallons compared to 3,640 million gallons for the same period in 2018. Regional Water Supply System (RWSS) partners received 747 million gallons. The following table summarizes water consumption by customer class year-to-date.

Customer Class	Millions of Gallons		YTD Increase (Decrease)	%
	2019	2018		
Residential and Domestic	1,519.41	1,553.73	(34.32)	(2%)
Commercial and Industrial	615.43	615.73	(0.30)	(0%)
Special Rate	1,272.60	1,296.30	(23.70)	(2%)
Other	196.36	174.46	21.90	13%
Total	3,603.80	3,640.22	(36.42)	(1%)

Expenses

Operating expenses were \$19.7 million for the first three months of 2019, an increase of \$543,000 compared to 2018.



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

TACOMA WATER

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.

STATEMENTS OF NET POSITION	1 - 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	3 - 4
SUMMARY OF REVENUES AND BILLINGS	5 - 6
SUMMARY OF WATER BILLED	7 - 8
STATEMENTS OF CASH FLOWS	9 - 10
SUPPLEMENTAL DATA	12 - 15

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

STATEMENTS OF NET POSITION - MARCH 31, 2019 AND MARCH 31, 2018

ASSETS AND DEFERRED OUTFLOWS	<u>2019</u>	<u>2018</u>
UTILITY PLANT		
Water Plant in Service	\$1,122,849,319	\$1,098,776,085
Less Depreciation and Amortization	(264,881,664)	(243,167,687)
Total	857,967,655	855,608,398
Construction Work in Progress	12,674,938	15,038,130
Net Utility Plant	870,642,593	870,646,528
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2009 Construction Fund	-	120,134
2010 Construction Fund	3,476,894	16,656,238
2013 Construction Fund	16,959,780	14,238,925
Regional Water Supply System Operating Fund	618,404	919,036
Provision for Debt Payment	11,505,597	11,261,796
Customer Water Main Deposits	3,357,264	3,296,626
Water Supply Forum Fund	431,515	445,205
Special Bond Reserves	22,110,312	22,104,912
Water Customer Contribution Fund	531,729	125,352
Water Capital Reserves	39,326,059	34,846,163
Water System Development Charge	69,819,680	64,297,060
Total Restricted Assets	168,137,234	168,311,447
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	61,675,075	60,519,421
Customers' Deposits	314,943	320,998
Receivables:		
Customers	4,593,375	4,323,590
Accrued Unbilled Revenues	5,930,220	5,457,221
Others	866,760	1,062,917
BABs Interest Subsidies	1,200,883	1,195,760
Provision for Uncollectible Accounts	(768,752)	(317,308)
Materials and Supplies	2,511,332	2,319,740
Prepayments	1,904,362	1,128,807
Total Current Assets	78,228,198	76,011,146
TOTAL ASSETS	<u>1,117,500,988</u>	<u>1,115,462,084</u>
OTHER ASSETS		
Regulatory Assets - Public Fire Protection Fees	-	267,670
Regulatory Assets - Surcharges	1,569,417	905,274
Net Pension Asset	3,438,481	
Total Other Assets	5,007,898	1,172,944
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	1,129,372	1,316,617
Deferred Outflows for Pensions	4,409,587	8,671,039
Deferred Outflows for OPEB	295,709	-
Total Deferred Outflows	5,834,668	9,987,656
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$1,128,343,554</u>	<u>\$1,126,622,684</u>

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

NET POSITION, LIABILITIES AND DEFERRED INFLOWS	2019	2018
NET POSITION		
Net Investment in Capital Assets	\$446,479,295	\$442,196,176
Restricted for:		
Water Capital Reserves	34,695,672	29,736,771
Water System Development Charge	34,244,233	28,721,613
Debt Service Funds	4,793,570	4,458,500
Pension Asset	3,438,481	-
Unrestricted	58,548,133	53,556,820
TOTAL NET POSITION	582,199,384	558,669,880
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	10,173,064	11,665,637
Net Outstanding Revenue Bonds	368,513,064	377,615,637
PWTF Pre-Construction Loans	480,435	640,609
PWTF Construction Loans	16,834,030	19,370,627
State Drinking Water Loans	61,381,554	65,612,800
Total Long-Term Debt	447,209,083	463,239,673
CURRENT LIABILITIES		
Salaries and Wages Payable	927,281	864,080
Purchases and Contracts Payable	1,467,842	844,859
Interest Expense Accrued	6,712,027	6,803,296
Taxes Accrued	1,585,832	1,547,710
Customers' and Contractors' Deposits	371,945	344,328
Current Portion of Long-Term Debt	14,710,633	13,554,949
Other Current Liabilities	4,223,110	4,140,302
Current Accrued Compensated Absences	244,160	229,834
Total Current Liabilities	30,242,830	28,329,358
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,412,903	6,585,519
Customer Advances for Construction	6,304,920	7,085,334
Unearned Revenue	7,414,873	7,378,681
Other Long-Term Liabilities	4,880,412	7,628,025
Pension Liability	-	8,278,522
Long-Term Accrued Compensated Absences	2,197,439	2,068,503
Total Long-Term Liabilities	27,210,547	39,024,584
TOTAL LIABILITIES	504,662,460	530,593,615
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization	35,575,447	35,575,447
Deferred Inflows for Pensions	5,853,098	1,783,742
Deferred Inflows for OPEB	53,165	-
Total Deferred Inflows	41,481,710	37,359,189
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS .	\$1,128,343,554	\$1,126,622,684

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MARCH 31, 2019 AND MARCH 31, 2018

	MARCH 2019	MARCH 2018
OPERATING REVENUES		
Sales of Water	\$5,726,932	\$5,756,848
Other Operating Revenues	838,428	883,705
Contract Resource Obligation Revenue	301,527	408,028
Total Operating Revenues	<u>\$6,866,887</u>	<u>7,048,581</u>
OPERATING EXPENSES		
Production Expense		
Source of Supply	589,055	561,917
Water Treatment	578,195	567,669
Total Production Expense	<u>1,167,250</u>	<u>1,129,586</u>
Power Pumping Expense	63,609	50,717
Transmission and Storage Expense	186,714	194,713
Distribution Expense	1,137,319	1,247,477
Customer Accounting and Consumer Service ...	451,754	456,458
Taxes	448,675	533,982
Depreciation	2,104,837	2,059,587
Administrative and General	1,082,890	838,721
Total Operating Expenses	<u>6,643,048</u>	<u>6,511,241</u>
OPERATING INCOME	223,839	537,340
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	422,736	281,068
Miscellaneous	1,771	(520)
Interest on Long-Term Debt	(1,299,736)	(1,348,863)
Interest on Long-Term Debt BABs Sub.....	(320,064)	(298,940)
Amort. of Debt Premium, Disc. and Expense ..	102,307	110,934
Interest and Amort. Charged to Construction	(112)	-
Total Non-Operating Revenues (Expenses).	<u>(1,093,098)</u>	<u>(1,256,321)</u>
Net Income (Loss) Before Capital Contributions and Transfers	(869,259)	(718,981)
Capital Contributions		
Cash	721,615	721,683
Donated Fixed Assets	165,073	202,964
Federal BAB Subsidies.....	300,220	298,940
Transfers		
City Gross Earnings Tax	(491,655)	(518,696)
Net Income	<u>(\$174,006)</u>	<u>(\$14,090)</u>
NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

YEAR TO DATE		2019 OVER (UNDER) 2018	PERCENT CHANGE
MARCH 31, 2019	MARCH 31, 2018		
\$17,403,080	\$17,507,809	(\$104,729)	-0.6%
2,956,587	2,906,233	50,354	1.7%
1,168,665	1,100,707	67,958	6.2%
<u>21,528,332</u>	<u>21,514,749</u>	<u>13,583</u>	0.1%
1,650,744	1,689,797	(39,053)	-2.3%
1,613,194	1,679,053	(65,859)	-3.9%
<u>3,263,938</u>	<u>3,368,850</u>	<u>(104,912)</u>	-3.1%
178,518	127,030	51,488	40.5%
486,427	547,211	(60,784)	-11.1%
3,519,259	3,415,636	103,623	3.0%
1,299,124	1,332,727	(33,603)	-2.5%
1,014,667	1,165,188	(150,521)	-12.9%
6,314,043	6,358,060	(44,017)	-0.7%
3,659,902	2,878,388	781,514	27.2%
<u>19,735,878</u>	<u>19,193,090</u>	<u>542,788</u>	2.8%
1,792,454	2,321,659	(529,205)	-22.8%
2,331,484	2,141,472	190,012	8.9%
34,493	(1,287)	35,780	-2780.1%
(3,917,584)	(4,047,111)	129,527	-3.2%
(960,192)	(896,820)	(63,372)	7.1%
306,920	332,801	(25,881)	-7.8%
(25,962)	-	(25,962)	0.0%
<u>(2,230,841)</u>	<u>(2,470,945)</u>	<u>240,104</u>	-9.7%
(438,387)	(149,286)	(289,101)	193.7%
1,609,140	2,600,832	(991,692)	-38.1%
186,423	202,964	(16,541)	-8.1%
900,660	896,820	3,840	0.4%
<u>(1,796,809)</u>	<u>(1,598,085)</u>	<u>(198,724)</u>	12.4%
461,027	1,953,245	(1,492,218)	-76.4%
581,738,357	556,716,635	25,021,722	
<u>\$582,199,384</u>	<u>\$558,669,880</u>	<u>\$23,529,504</u>	4.2%

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2019 Financial Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS
MARCH 31, 2019 AND MARCH 31, 2018

	<u>MARCH 2019</u>	<u>MARCH 2018</u>
SALES OF WATER		
Residential and Domestic	\$3,644,008	\$3,889,818
Commercial and Industrial	1,498,540	1,365,321
Special Rate	462,658	394,559
Sales to Other Utilities	<u>121,727</u>	<u>107,150</u>
Total	<u><u>\$5,726,933</u></u>	<u><u>\$5,756,848</u></u>

BILLINGS (NUMBER OF MONTHS BILLED)

Residential and Domestic	88,400	96,130
Commercial and Industrial	6,904	7,124
Sales to Other Utilities	<u>24</u>	<u>14</u>
Total	<u><u>95,328</u></u>	<u><u>103,268</u></u>

YEAR TO DATE		2019 OVER (UNDER) 2018	PERCENT CHANGE
MARCH 31, 2019	MARCH 31, 2018		
\$11,486,702	\$11,594,337	(\$107,635)	-0.9%
3,852,435	3,888,602	(36,167)	-0.9%
1,529,321	1,510,756	18,565	1.2%
534,622	514,114	20,508	4.0%
<u>\$17,403,080</u>	<u>\$17,507,809</u>	<u>(\$104,729)</u>	-0.6%
292,582	290,101	2,481	0.9%
19,768	19,885	(117)	-0.6%
<u>49</u>	<u>45</u>	<u>4</u>	8.9%
<u>312,399</u>	<u>310,031</u>	<u>2,368</u>	0.8%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

SUMMARY OF WATER BILLED
MARCH 31, 2019 AND MARCH 31, 2018

	MILLION GALLONS, TOTAL			
	MARCH	MARCH	YEAR TO DATE	
			MARCH 31,	MARCH 31,
	2019	2018	2019	2018
WATER BILLED				
Residential and Domestic	461.52	503.27	1,519.41	1,553.73
Commercial and Industrial	245.51	209.64	615.43	615.73
Special Rate	373.39	312.74	1,272.60	1,296.30
Sales to Other Utilities	37.43	32.83	196.36	174.46
	<u>1,117.85</u>	<u>1,058.48</u>	<u>3,603.80</u>	<u>3,640.22</u>

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

MILLION GALLONS, AVERAGE DAILY

MARCH 2019	MARCH 2018
14.89	16.23
7.92	6.76
12.04	10.09
1.21	1.06
36.06	34.14

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA WATER

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2019	MARCH 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$26,427,601	\$26,523,037
Cash Paid to Suppliers	(6,951,562)	(6,618,083)
Cash Paid to Employees	(6,262,713)	(6,041,128)
Taxes Paid	(1,247,898)	(1,173,816)
Net Cash From		
Operating Activities	11,965,428	12,690,010
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer Out for Gross Earnings Tax	(1,796,809)	(1,598,085)
Net Cash From Non-Capital		
Financing Activities	(1,796,809)	(1,598,085)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, net.....	(5,787,742)	(3,282,851)
Proceeds Held from Sale of Assets	50	-
Principal Payments on Muckleshoot LT Liability ...	(176,931)	(181,355)
Interest Paid	(455)	(522)
Contributions in Aid of Construction	1,609,140	2,600,832
System Development Charges & Other LT Liabilities.	(320,030)	3,744,734
Net Cash From Capital and		
Related Financing Activities	(4,675,968)	2,880,838
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	2,331,484	2,141,472
Other Net Non-Op Revenues and Expenses	34,493	(1,287)
Net Cash From Investing Activities	2,365,977	2,140,185
Net Change in Cash and Equity in		
Pooled Investments	7,858,628	16,112,948
Cash & Equity in Pooled Investments at January 1 ...	222,268,624	213,038,918
Cash & Equity in Pooled Investments at March 31	\$230,127,252	\$229,151,866

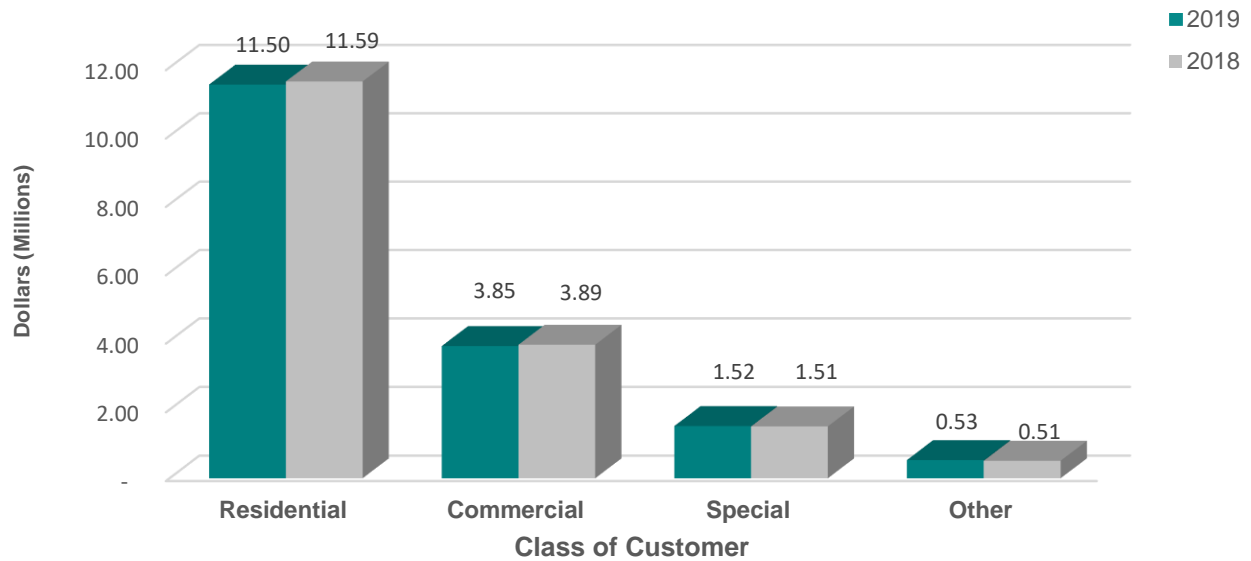
These statements should be read in conjunction with the Notes to Financial statements contained in the 2018 Annual Report.

	YEAR TO DATE	
	MARCH 31, 2019	MARCH 31, 2018
Reconciliation of Net Operating Income to Net Cash From Operating Activities:		
Net Operating Income	\$1,792,454	\$2,321,659
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	6,314,043	6,358,060
Cash from changes in operating assets and liabilities:		
Accounts Receivable and Unbilled Revenue	986,232	243,101
Interfund Receivables	756,845	69,262
Regulatory Asset-Public Fire Protection Fees	0	188,965
Regulatory Asset-Surcharges.....	(338,601)	448,521
Materials and Supplies	(41,827)	83,565
Prepayments	157,510	110,869
Unearned Revenues	4,223,060	4,140,302
Accrued Taxes	(233,231)	(8,628)
Salaries, Wages and Fringe Benefits Payable	371,210	368,139
Long-Term Accrued Compensated Absences	-	-
Customers' Deposits	28,578	(12,601)
Accrued Expenses and Contracts Payable	(485,104)	(524,375)
Interfund Payables	(1,565,741)	(1,096,829)
Total Adjustments	10,172,974	10,368,351
Net Cash From Operating Activities	<u>\$11,965,428</u>	<u>\$12,690,010</u>
Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$168,137,234	\$168,311,447
Cash and Equity in Pooled Investments in Operating Funds	61,990,018	60,840,419
Cash and Equity in Pooled Investments at March 31	<u>\$230,127,252</u>	<u>\$229,151,866</u>
Non-cash Investing, Capital, and Financing Activities:		
Donated Assets	\$ 186,423	\$ 202,964

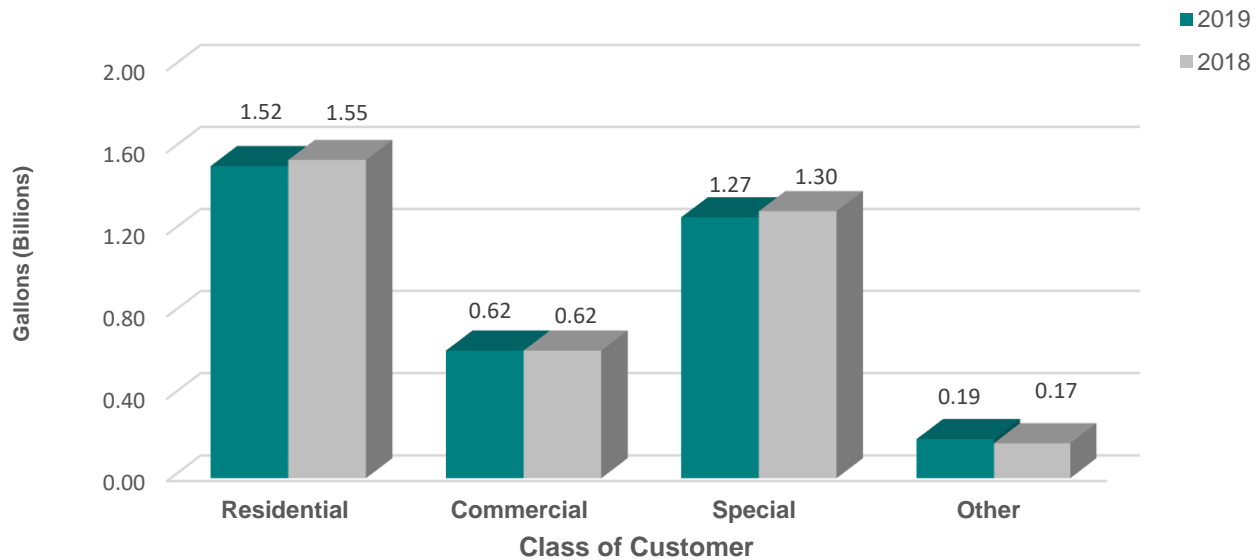
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Supplemental Data

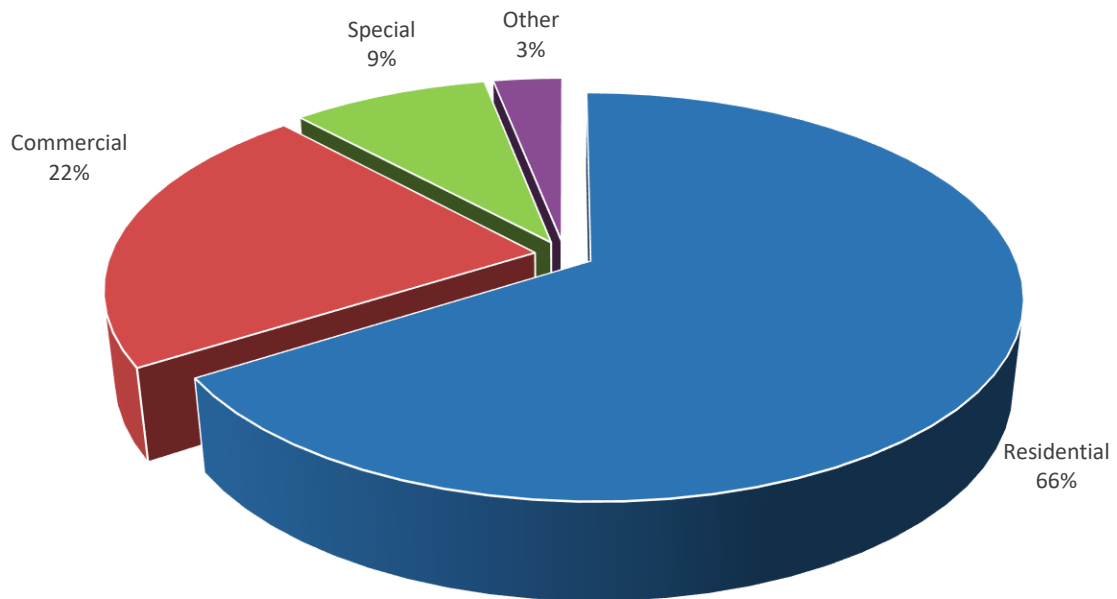
WATER SALES Year to Date - March 2019 & 2018



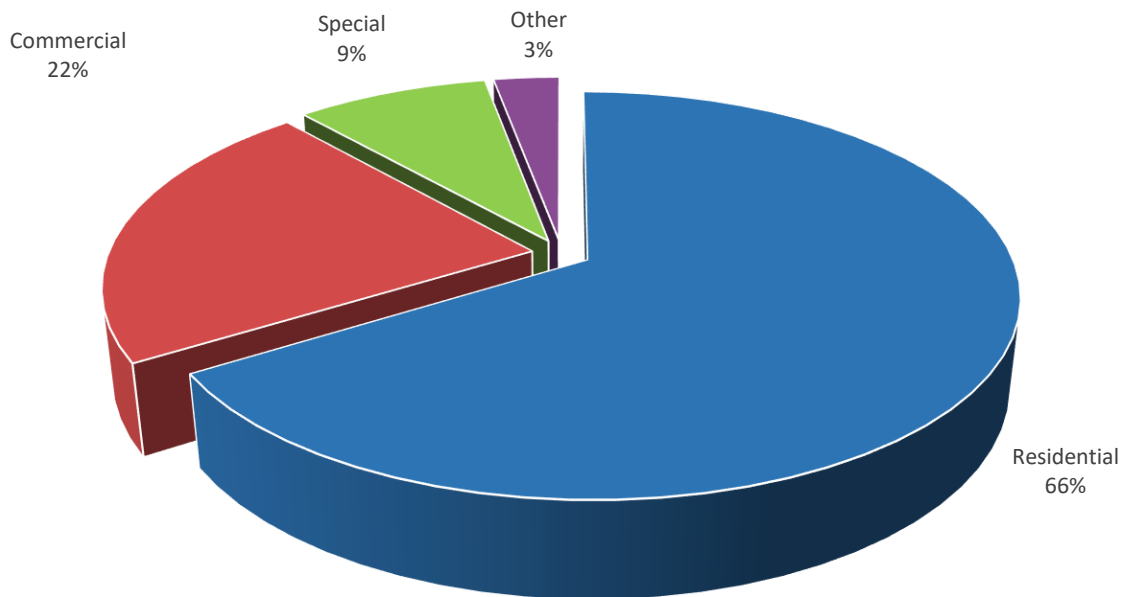
WATER CONSUMPTION Year to Date - March 2019 & 2018



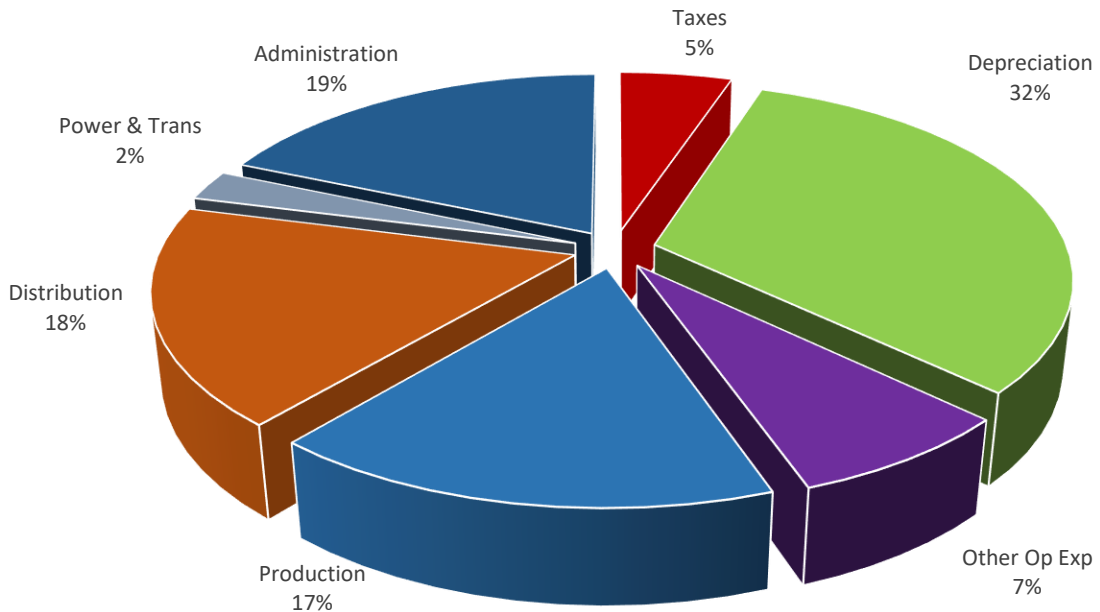
WATER SALES
Year to Date - March 2019
(\$17,403,080)



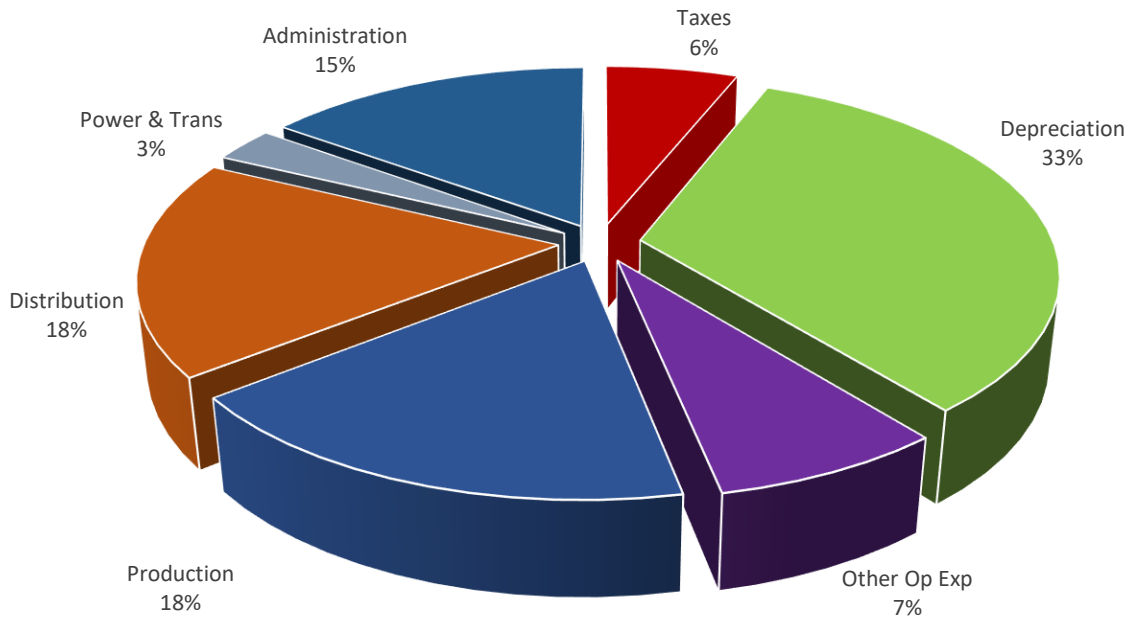
WATER SALES
Year to Date - March 2018
(\$17,507,809)



TOTAL OPERATING EXPENSES
Year to Date - March 2019
(\$19,735,878)



TOTAL OPERATING EXPENSES
Year to Date - March 2018
(\$19,193,090)





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MARCH

TACOMA RAIL

2019

**FINANCIAL
REPORT**



Public Utility Board

WOODROW JONES

Chair

KAREN LARKIN

Vice-Chair

BRYAN FLINT

Secretary

MARK PATTERSON

Member

CHRISTINE COOLEY

Member

JACKIE FLOWERS

Director of Utilities

DALE KING

Rail Superintendent

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

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MANAGEMENT DISCUSSION AND ANALYSIS

Tacoma Rail Beltline Division (Tacoma Rail) is reporting 2019 year to date net operating income of \$1.3 million compared to \$1.0 million in 2018. Operating revenues increased \$798,000 (10.4%), and operating expenses increased \$508,000 (7.7%) year to date in 2019 compared to 2018.

Operating revenues were \$8.5 million at the end of first quarter 2019, compared to \$7.7 million in 2018. Total switching revenues increased \$503,000 primarily due to increases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2019	2018	Var	%Chg	2019	2018	Var	%Chg
Intermodal Line Hauls	17,333	14,742	2,591	17.6%	\$ 2,911	\$ 2,492	\$ 419	16.8%
Commercial Line Hauls	8,235	6,632	1,603	24.2%	3,676	3,355	321	9.6%
Capital Div. Line Hauls	166	191	(25)	-13.1%	95	99	(4)	-4.0%
Miscellaneous Switches	3,123	4,250	(1,127)	-26.5%	522	755	(233)	-30.9%
Total Line Hauls	28,857	25,815	3,042	11.8%	\$ 7,204	\$ 6,701	\$ 503	7.5%

Demurrage and other operating revenues increased \$295,000 primarily due to increased railcar dwell and locomotive services.

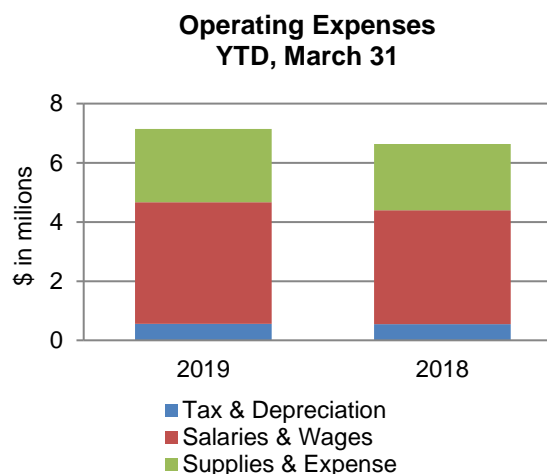
Total operating expenses were \$7.1 million year to date in 2019, compared to \$6.6 million in 2018.

Salaries and wages were \$259,000 higher due to increased overtime.

Supplies and expenses increased \$232,000 primarily due to an increase in intermodal volume incentives.

Depreciation increased \$6,000 due to an increase in depreciable assets of \$589,000 compared to the same period in 2018.

Tacoma Rail's working capital ratios year to date of 2019 and 2018 were both 7.2.



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

TACOMA RAIL

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.

STATEMENTS OF NET POSITION	1 - 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	3 - 4
SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES	5 - 6
STATEMENTS OF CASH FLOWS	7 - 8
SUPPLEMENTAL DATA	10 - 14

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF NET POSITION

ASSETS	<u>MARCH 31,</u> <u>2019</u>	<u>MARCH 31,</u> <u>2018</u>
CAPITAL ASSETS		
Road and Equipment Property	\$47,174,783	\$46,585,758
Less Accumulated Depreciation	(22,237,053)	(20,492,889)
Total	<u>24,937,730</u>	<u>26,092,869</u>
Construction Work in Progress	947,878	368,683
Net Capital Assets	<u>25,885,608</u>	<u>26,461,552</u>
CURRENT ASSETS		
Cash & Equity in Pooled Investments	11,606,263	9,922,511
Customer Accounts Receivable	5,057,874	3,084,780
Prepayments	1,169,840	559,422
Materials and Supplies Inventory.....	<u>1,265,937</u>	<u>1,218,110</u>
Total Current Assets	19,099,914	14,784,823
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB	<u>993,546</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$45,979,068</u></u>	<u><u>\$41,246,375</u></u>

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

	MARCH 31, 2019	MARCH 31, 2018
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets.....	\$20,729,810	\$20,485,510
Unrestricted	1,080,818	8,484,309
TOTAL NET POSITION	21,810,628	28,969,819
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
State Loans.....	4,335,549	5,155,792
Total Long-Term Liabilities	4,335,549	5,155,792
CURRENT LIABILITIES		
Accounts Payable	479,192	414,231
Wages Payable	466,014	426,534
Unemployment and other Tax Payables	316,842	288,966
Volume Incentive Payable	458,334	-
Current Portion of Long Term Debt	820,250	820,250
Current Portion of Compensated Absences	118,329	112,418
Total Current Liabilities	2,658,961	2,062,399
LONG-TERM LIABILITIES		
On the Job Injury Reserve	822,512	849,198
Long-Term Portion of Compensated Absences	1,064,965	1,011,762
Other Contingent Liability	2,320,000	-
Other Post Employment Benefits	12,179,967	-
Incurred but not Reported Claims	496,684	3,197,405
Total Long-Term Liabilities	16,884,128	5,058,365
TOTAL LIABILITIES	23,878,638	12,276,556
DEFERRED INFLOWS		
Deferred Inflows for OPEB	289,802	-
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS		
	<u>\$45,979,068</u>	<u>\$41,246,375</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	MARCH 2019	MARCH 2018
OPERATING REVENUES		
Switching Revenues	\$2,542,225	\$2,356,118
Demurrage and Other Operating Revenues	317,206	286,514
Total Operating Revenues	2,859,431	2,642,632
OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	83,918	67,605
Supplies and Expense	75,217	193,425
Mechanical		
Salaries and Wages	179,303	153,860
Supplies and Expense	319,906	229,322
Operations		
Salaries and Wages	887,879	814,902
Supplies and Expense	106,743	109,445
Administration		
Salaries and Wages	207,887	212,068
Supplies and Expense	382,306	227,586
Taxes - State	40,565	38,052
Depreciation	146,914	144,789
Total Operating Expenses	2,430,638	2,191,054
Net Operating Income	428,793	451,578
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	22,235	10,980
Miscellaneous	78,603	106,140
Total Non-Operating Revenues	100,838	117,120
Contributions - Grants	-	-
Total Contributions	-	-
Transfers		
City of Tacoma Gross Earnings Tax	(236,531)	(220,780)
CHANGE IN NET POSITION	<u>\$293,100</u>	<u>\$347,918</u>
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2019 Financial Report.

YEAR TO DATE			
MARCH 31, 2019	MARCH 31, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$7,204,217	\$6,701,113	\$503,104	7.5%
1,275,376	980,761	294,615	30.0%
8,479,593	7,681,874	797,719	10.4%
286,359	236,107	50,252	21.3%
222,491	328,454	(105,963)	-32.3%
587,955	478,589	109,366	22.9%
992,495	848,967	143,528	16.9%
2,577,638	2,442,843	134,795	5.5%
304,866	309,159	(4,293)	-1.4%
654,670	690,300	(35,630)	-5.2%
957,807	758,988	198,819	26.2%
119,465	108,685	10,780	9.9%
440,816	434,366	6,450	1.5%
7,144,562	6,636,458	508,104	7.7%
1,335,031	1,045,416	289,615	27.7%
119,773	82,461	37,312	45.2%
234,679	316,743	(82,064)	-25.9%
354,452	399,204	(44,752)	-11.2%
8,691	-	8,691	100.0%
8,691	-	8,691	100.0%
(701,259)	(642,176)	(59,083)	9.2%
996,915	802,444	194,471	24.2%
20,813,713	28,167,375		
\$21,810,628	\$28,969,819		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES
MARCH 31, 2019 AND MARCH 31, 2018

	March 2019	March 2018
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$1,059,568	\$873,814
LINE HAULS--COMMERCIAL	1,289,954	1,248,560
LINE HAULS--CAPITAL DIVISION	31,350	33,060
MISCELLANEOUS SWITCHES	<u>161,353</u>	<u>200,684</u>
TOTAL SWITCHING REVENUES	<u><u>\$2,542,225</u></u>	<u><u>\$2,356,118</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	6,327	5,063
LINE HAULS--COMMERCIAL	3,095	2,522
LINE HAULS--CAPITAL DIVISION	55	58
MISCELLANEOUS SWITCHES	<u>989</u>	<u>734</u>
TOTAL CARS SWITCHED	<u><u>10,466</u></u>	<u><u>8,377</u></u>

YEAR TO DATE			
March 31, 2019	March 31, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$2,911,310	\$2,491,931	\$419,379	16.8%
3,676,502	3,355,245	321,257	9.6%
94,620	98,790	(4,170)	-4.2%
521,785	755,147	(233,362)	-30.9%
<u>\$7,204,217</u>	<u>\$6,701,113</u>	<u>\$503,104</u>	<u>7.5%</u>
17,333	14,742	2,591	17.6%
8,235	6,632	1,603	24.2%
166	191	(25)	-13.1%
3,123	4,250	(1,127)	-26.5%
<u>28,857</u>	<u>25,815</u>	<u>3,042</u>	<u>11.8%</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2019	MARCH 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$6,910,798	\$7,977,071
Cash Paid to Suppliers	(3,349,953)	(2,568,191)
Cash Paid to Employees	(3,884,357)	(3,605,191)
Taxes Paid	(137,576)	(109,577)
Net Cash From Operating Activities	(461,088)	1,694,112
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(692,569)	(642,176)
Net Cash From Financing Activities	(692,569)	(642,176)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(213,025)	(190,207)
Principal Payments on Long-Term Debt	(67,685)	(67,685)
Proceeds from Other Non-Operating Revenues	234,679	316,743
Net Cash Used in Capital and Related Financing Activities	(46,031)	58,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	119,773	82,461
Net Cash From Investing Activities	119,773	82,461
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(1,079,915)	1,193,248
Cash & Equity in Pooled Investments at January 1	12,686,178	8,729,263
Cash & Equity in Pooled Investments at March 31	\$11,606,263	\$9,922,511

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

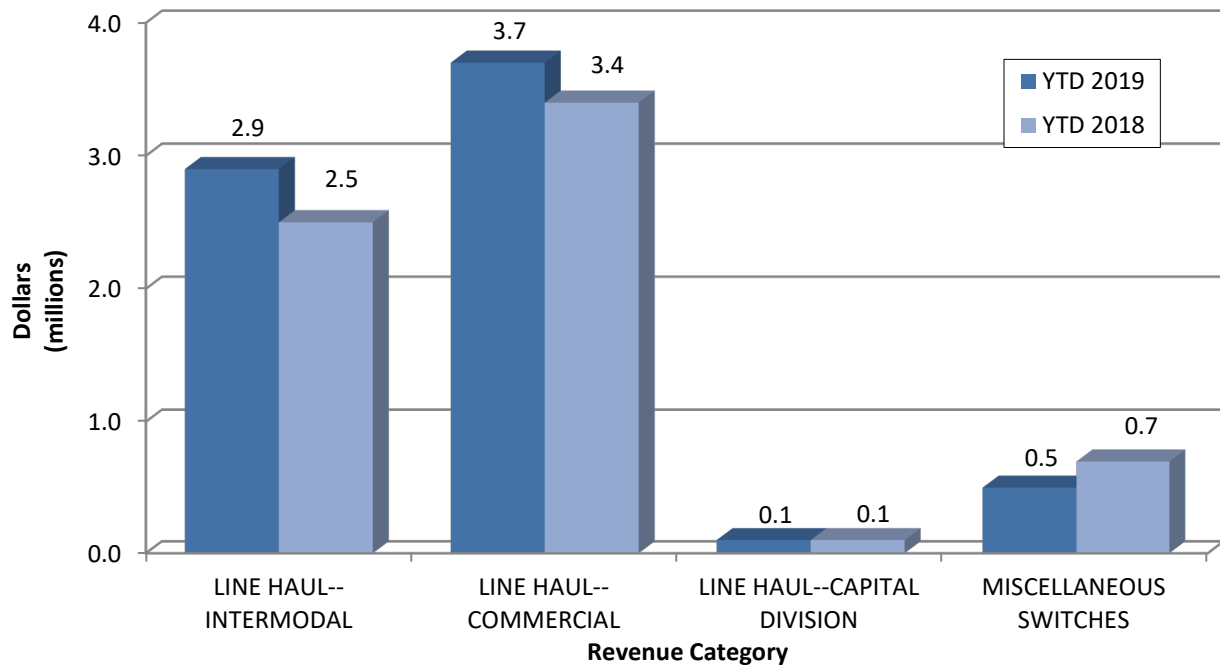
	YEAR TO DATE	
	MARCH 31, 2019	MARCH 31, 2018
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income	\$1,335,031	\$1,045,416
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation	440,816	434,366
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	(1,585,581)	137,239
Interfund Receivable	16,786	157,958
Materials and Supplies Inventory	(53,085)	(51,338)
Prepayments	135,845	128,891
Accounts Payable	(794,784)	(339,443)
Unemployment and other Tax Payables	(18,111)	(892)
Wages Payable and Compensated Absences.....	210,665	223,211
Volume Incentive Payable	166,666	-
Interfund Payable	(326,936)	(60,733)
Other Long-Term Liabilities & OJI Reserve	11,600	19,437
Total Adjustments	(1,796,119)	648,696
Net Cash From Operating Activities	(\$461,088)	\$1,694,112

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Supplemental Data

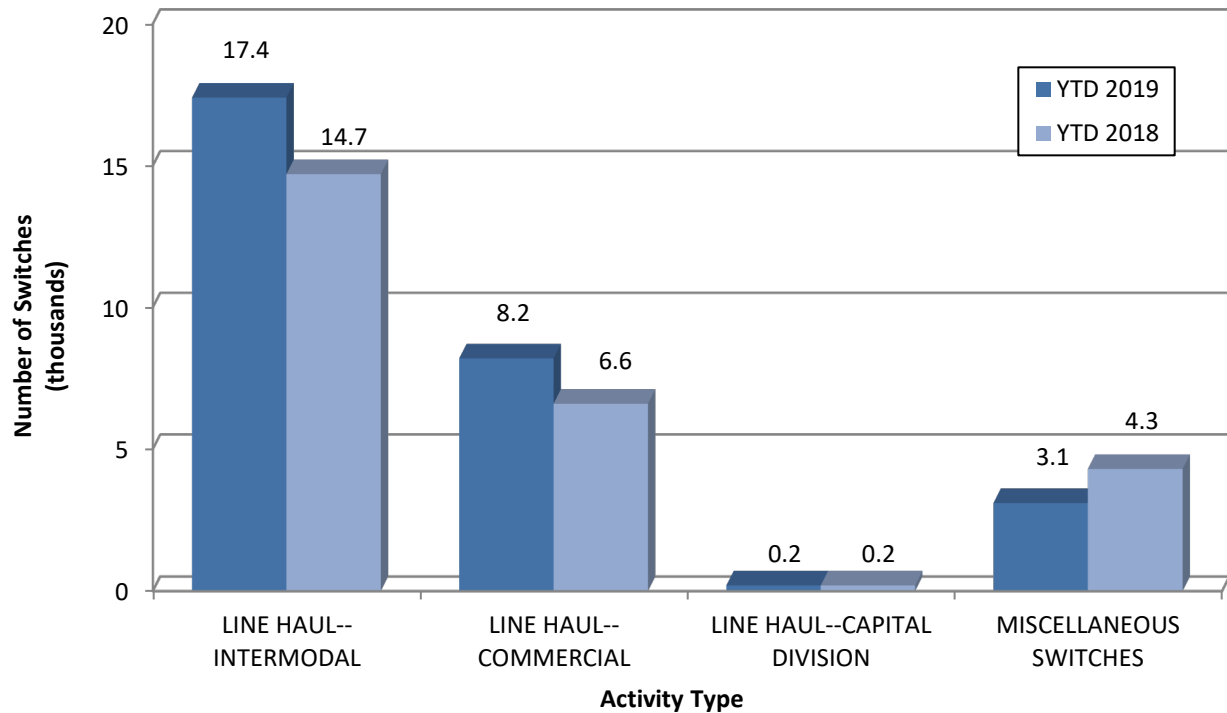
SWITCHING REVENUES

Year to Date - March 2019 & 2018

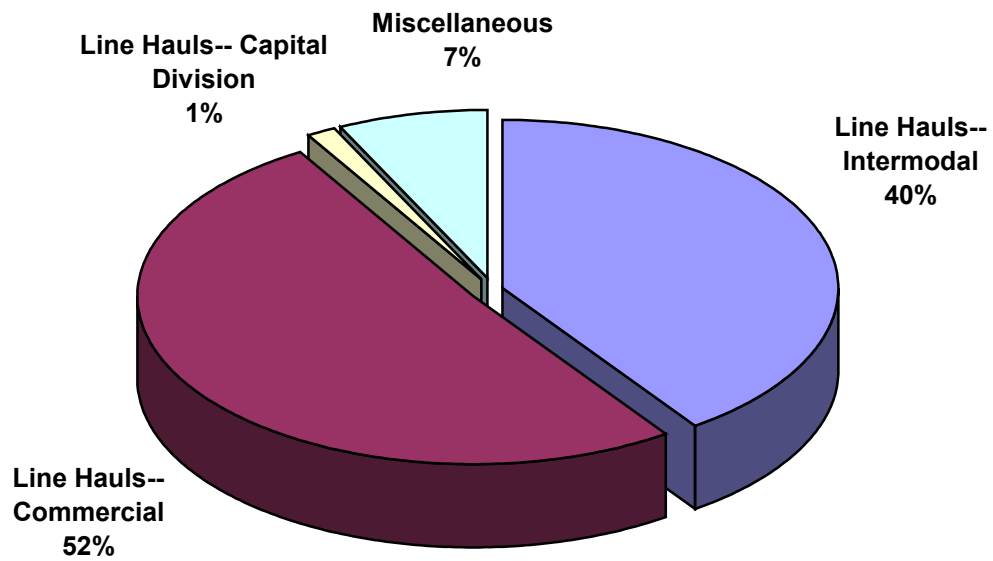


SWITCHING ACTIVITIES

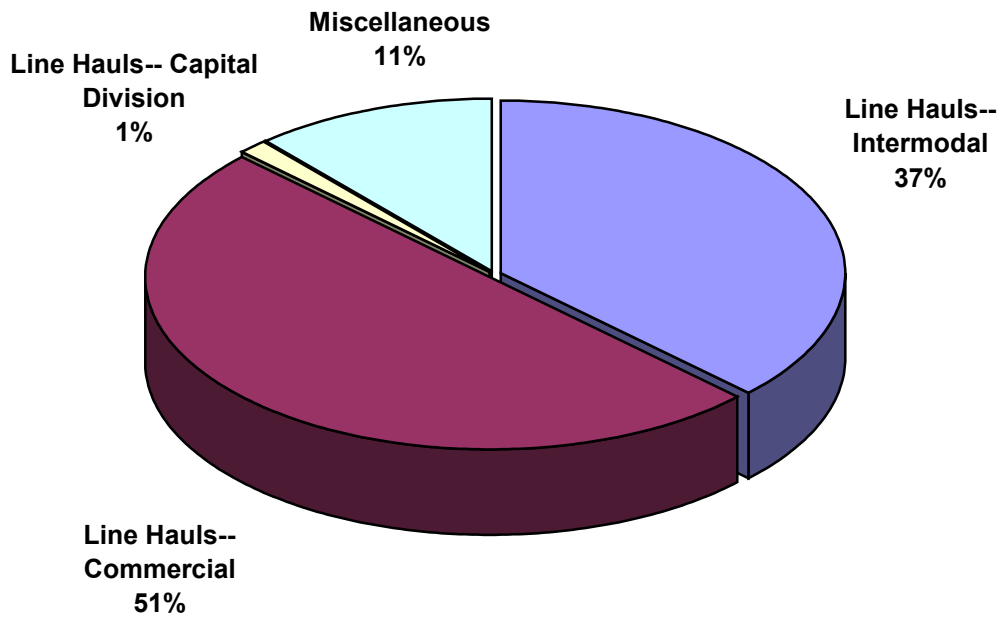
Year to Date - March 2019 & 2018



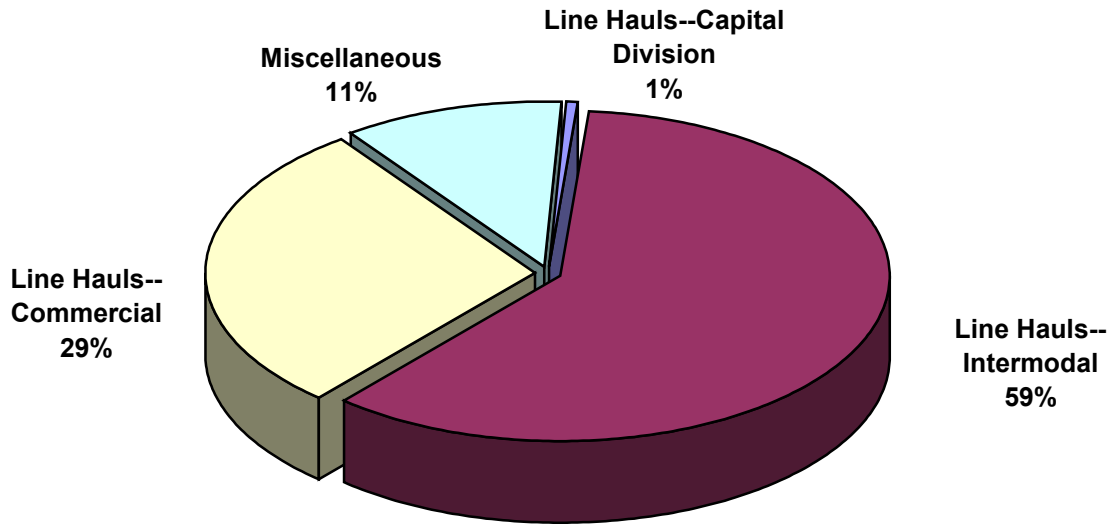
SWITCHING REVENUES
Year to Date - March 2019 (\$7,204,217)



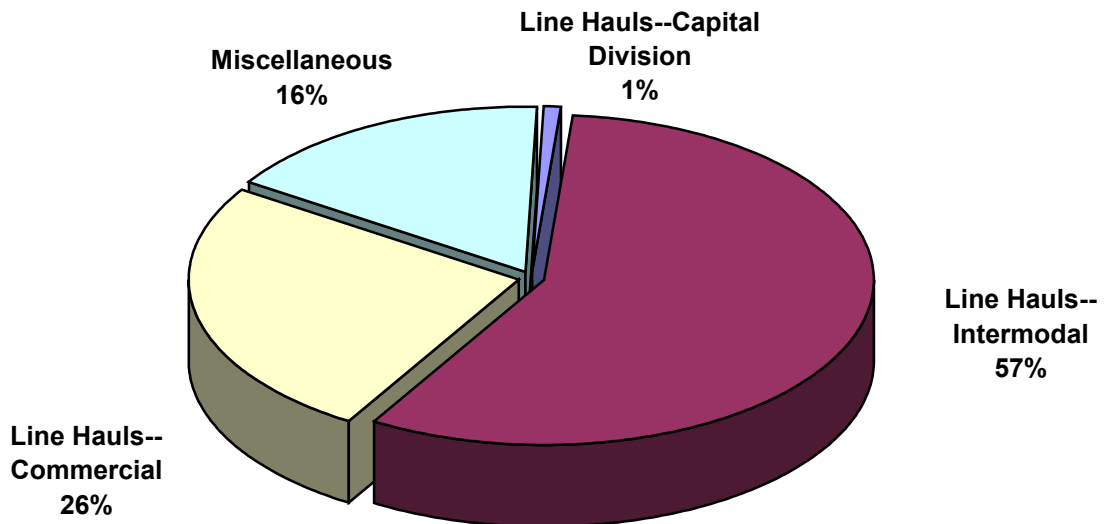
SWITCHING REVENUES
Year to Date - March 2018 (\$6,701,113)



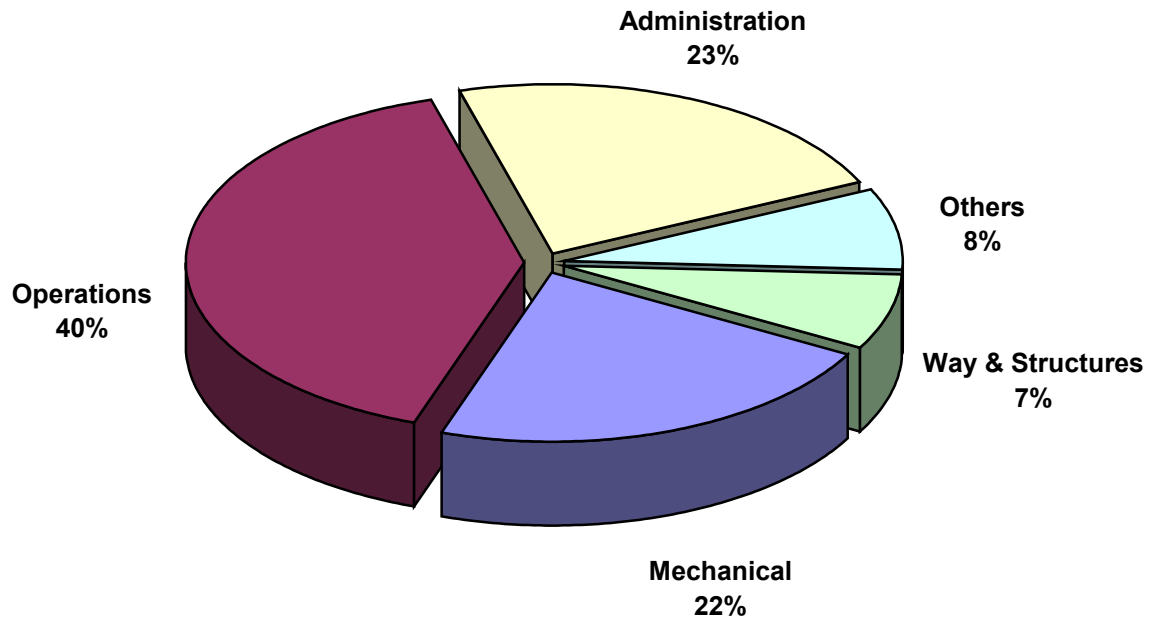
SWITCHING ACTIVITY
Year to Date - March 2019 (28,857 cars)



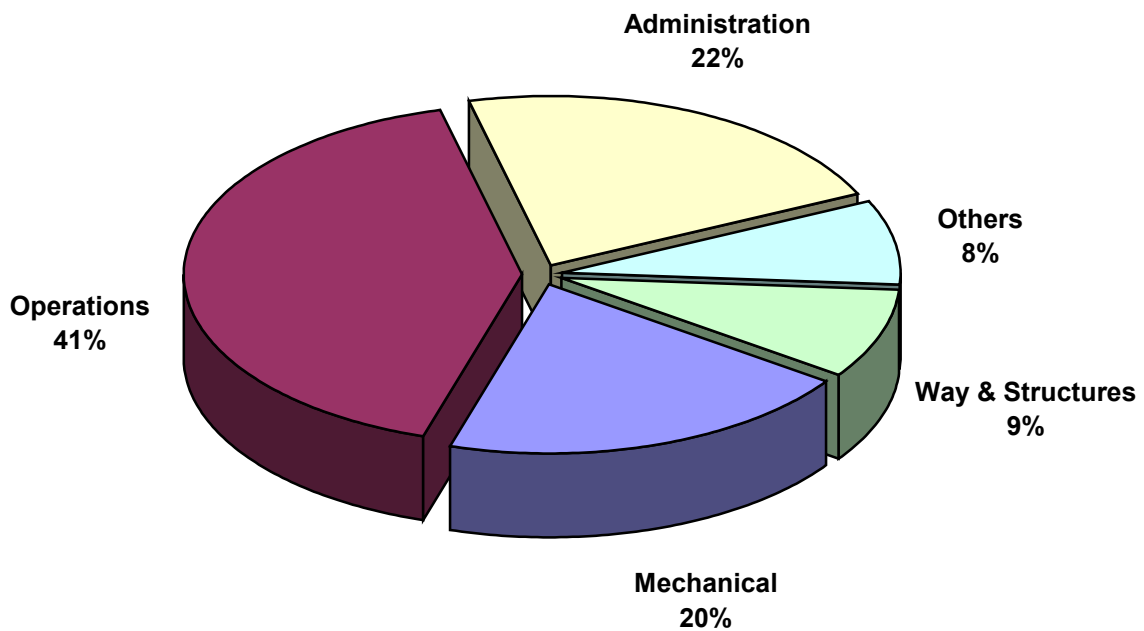
SWITCHING ACTIVITY
Year to Date - March 2018 (25,815 cars)



TOTAL OPERATING EXPENSES
Year to Date - March 2019 (\$7,144,561)



TOTAL OPERATING EXPENSES
Year to Date - March 2018 (\$6,636,458)





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MARCH

FLEET SERVICES FUND

2019

**FINANCIAL
REPORT**



Public Utility Board

WOODROW JONES

Chair

KAREN LARKIN

Vice-Chair

BRYAN FLINT

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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

MANAGEMENT DISCUSSION AND ANALYSIS

Fleet Services is reporting a net operating gain of \$29,000 year-to-date 2019 compared to a net loss of \$548,000 recorded for the same time period in 2018. Operating revenues increased \$573,000 and expenses decreased \$5,000 respectively, resulting in a net increase in operating income of \$578,000 compared to 2018.

Revenues

Fleet Services operating revenue is comprised of five categories: Maintenance, Capital Recovery, Administrative Overhead, Fuel and Fuel Loading and Pool Car Rentals. Operating revenues were \$2.0 million and \$1.5 million at the end of the 1st quarter of 2019 and 2018 respectively.

Maintenance revenues are mainly related to staff labor and were \$742,000 and \$462,000 at the end of the first quarter of both 2019 and 2018 respectively. This was primarily due to an hourly shop rate increase implemented in January 2019.

Capital recovery revenues are collected on each vehicle and piece of equipment based on anticipated equipment replacement needs for each business unit. Capital recovery revenues were \$911,000 and \$624,000 in 2019 and 2018 respectively. The increase is due to Tacoma Water and Tacoma Rail contributing to their replacement costs. Tacoma Power did not contribute in 2018, but has started contributions in 2019.

Administrative Overhead revenue is the fee charged for each vehicle that is in service. The number of vehicles in service varies from month to month and the rate can vary based on type of vehicle. Administrative Overhead revenue was \$340,000 and \$334,000 in 2019 and 2018 respectively.

Fuel and fuel loading revenues are affected by year to year changes in vehicle usage and fluctuations in fuel prices. Fuel related revenues were \$14,000 and \$15,000 in 2019 and 2018 respectively.

Pool car revenues are based on usage and were \$27,000 and \$26,000 for 2019 and 2018 respectively.

Expenses

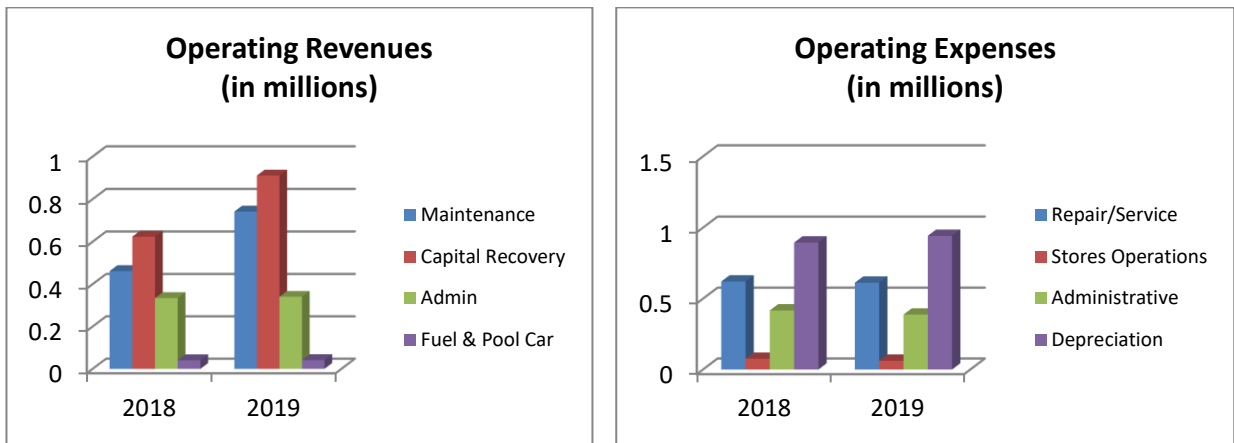
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$2.0 million year-to-date through the first quarter of both 2019 and 2018.

Repairs and service expense relates to shop operations which provide preventive and corrective maintenance and repairs to vehicles and pieces of equipment for Tacoma Public Utilities and other service groups. Repair and service expenses were \$613,000 and \$621,000 for 2019 and 2018 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$62,000 and \$76,000 in 2019 and 2018 respectively.

Administration expenses were \$387,000 and \$417,000 in 2019 and 2018 respectively.

Depreciation expense was \$942,000 and \$895,000 in 2019 and 2018 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$109,000 and \$139,000 for the first quarters of 2019 and 2018 respectively.

There has been no disposition of equipment for the first quarter of 2019 compared to \$8,000 in 2018.

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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.

STATEMENTS OF NET POSITION	1 – 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	3 – 4
STATEMENTS OF CASH FLOWS	5 – 6
EQUITY DISTRIBUTION	7
SUPPLEMENTAL DATA	8 – 10

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

STATEMENTS OF NET POSITION
MARCH 31, 2019 AND MARCH 31, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
FIXED		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,411	719,411
Transportation Equipment	47,942,365	44,461,527
Power-Operated Equipment	16,702,090	16,747,986
Accumulated Depreciation	<u>(39,496,538)</u>	<u>(38,138,223)</u>
Total Fixed Assets	26,484,229	24,407,602
Construction Work in Progress	<u>816,740</u>	<u>1,540,896</u>
Net Fixed Assets	27,300,969	25,948,498
CURRENT		
Current Fund Cash & Equity in Pooled Investments	16,330,792	18,300,142
Interdivision Receivable	(252)	-
Materials and Supplies	<u>340,761</u>	<u>313,676</u>
Total Current Assets	16,671,301	18,613,818
OTHER ASSETS		
Net Pension Asset	<u>367,979</u>	<u>-</u>
TOTAL ASSETS	<u>44,340,249</u>	<u>44,562,316</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	<u>471,904</u>	<u>915,881</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$44,812,153</u></u>	<u><u>\$45,478,197</u></u>

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

	2019	2018
NET POSITION AND LIABILITIES		
NET POSITION		
Invested in Capital Assets	\$27,300,969	\$25,948,498
Restricted for:		
Tacoma Power	18,095,346	18,095,346
Tacoma Water	7,199,933	7,199,933
Tacoma Rail	981,147	981,147
Net Pension Asset	367,979	-
Unrestricted	(10,544,535)	(8,559,432)
TOTAL NET POSITION	43,400,839	43,665,492
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	458,121	427,084
Wages Payable	120,364	113,112
Interdivision Payable	(252)	-
Total Current Liabilities	578,233	540,196
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	206,696	209,679
Net Pension Liability	-	874,422
Total Long-term Liabilities	206,696	1,084,101
TOTAL LIABILITIES	784,929	1,624,297
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension	626,385	188,408
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	\$44,812,153	\$45,478,197

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
MARCH 31, 2019 AND MARCH 31, 2018

	MARCH 2019	MARCH 2018
OPERATING REVENUE		
Maintenance Revenue	\$286,972	\$179,266
Capital Recovery	702,761	207,920
Administrative Overhead	113,843	222,557
Fuel and Fuel Loading	4,915	5,382
Pool Car Rental	12,036	10,260
Total Operating Revenue	<u>1,120,527</u>	<u>625,385</u>
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	193,345	184,677
Outside Services	192	3,400
Total Repairs and Servicing	<u>193,537</u>	<u>188,077</u>
Stores Operations	23,183	25,873
Administration	129,575	135,595
Depreciation	317,506	298,499
Total Operating Expenses	<u>663,801</u>	<u>648,044</u>
OPERATING INCOME	456,726	(22,659)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	10,625	7,815
Gain (Loss) on Disposition of Equipment	<u>-</u>	<u>8,231</u>
Total Non-Operating Revenues (Expenses)	10,625	16,046
CHANGE IN NET POSITION	<u>\$467,351</u>	<u>(\$6,613)</u>
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2019 Financial Report.

YEAR TO DATE			
MARCH 2019	MARCH 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$741,643	\$461,840	\$279,803	60.6%
910,552	623,975	286,577	45.9%
340,363	334,422	5,941	1.8%
14,056	14,730	(674)	-4.6%
27,202	26,085	1,117	4.3%
<u>2,033,816</u>	<u>1,461,052</u>	<u>572,764</u>	39.2%
612,292	597,385	14,907	2.5%
405	23,609	(23,204)	-98.3%
<u>612,697</u>	<u>620,994</u>	<u>(8,297)</u>	-1.3%
62,112	75,982	(13,870)	-18.3%
387,496	416,858	(29,362)	-7.0%
942,321	895,498	46,823	5.2%
<u>2,004,626</u>	<u>2,009,332</u>	<u>(4,706)</u>	-0.2%
29,190	(548,280)	577,470	-105.3%
108,658	138,610	(29,952)	21.6%
-	8,231	(8,231)	-100.0%
<u>108,658</u>	<u>146,841</u>	<u>(38,183)</u>	26.0%
137,848	(401,439)	\$539,287	-134.3%
<u>43,262,991</u>	<u>44,066,931</u>		
<u>\$43,400,839</u>	<u>\$43,665,492</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2019	MARCH 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$2,600,657	\$1,565,073
Cash Paid to Suppliers	(453,560)	(488,608)
Cash Paid to Employees	(734,104)	(712,393)
Net Cash From Operating Activities	1,412,993	364,072
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(1,275,929)	(863,265)
Disposition of Equipment/Scrap.....	-	8,231
Net Cash From Financing Activities	(1,275,929)	(855,034)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	108,658	138,610
Net Cash From Investing Activities	108,658	138,610
Net Change in Cash and Equity in Pooled Investments	245,722	(352,352)
Cash and Equity in Pooled Investments at January 1	16,085,070	18,652,494
Cash and Equity in Pooled Investments at March 31	<u>\$16,330,792</u>	<u>\$18,300,142</u>

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

	YEAR TO DATE	
	MARCH 31, 2019	MARCH 31, 2018
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income (Loss)	\$29,190	(\$548,280)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation and Amortization	942,321	895,498
Accounts Receivable	184,049	98,535
Interdivision Receivable	382,793	5,486
Materials and Supplies	17,307	(3,683)
Accounts Payable & Other	(179,679)	(115,262)
Interdivision Payable	(330)	(12,786)
Absences Payable	37,342	44,564
Total Adjustments	1,383,803	912,352
Net Cash Provided by Operating Activities	<u>\$1,412,993</u>	<u>\$364,072</u>

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

EQUITY DISTRIBUTION AS OF MARCH 31, 2019

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2019	\$28,114,073	\$13,712,607	\$1,436,311	\$43,262,991
Contributions During Year	-	-	-	-
Equity Contrib. at March 31, 2019 ..	28,114,073	13,712,607	1,436,311	43,262,991
Current Year Operations:				
Total Operating Revenue *	1,321,657	644,637	67,522	2,033,816
Less: Repairs & Servicing Expense *	398,156	194,200	20,341	612,697
Administration Expense ** ...	330,251	102,306	17,051	449,608
Depreciation Expense	681,003	228,894	32,424	942,321
Total Expenses	1,409,410	525,400	69,816	2,004,626
Net Operating Revenue	(87,753)	119,237	(2,294)	29,190
Add: Other Income ***	70,606	34,445	3,607	108,658
Net Operating Results	(17,147)	153,682	1,313	137,848
Total Equity	\$28,096,926	\$13,866,289	\$1,437,624	\$43,400,839

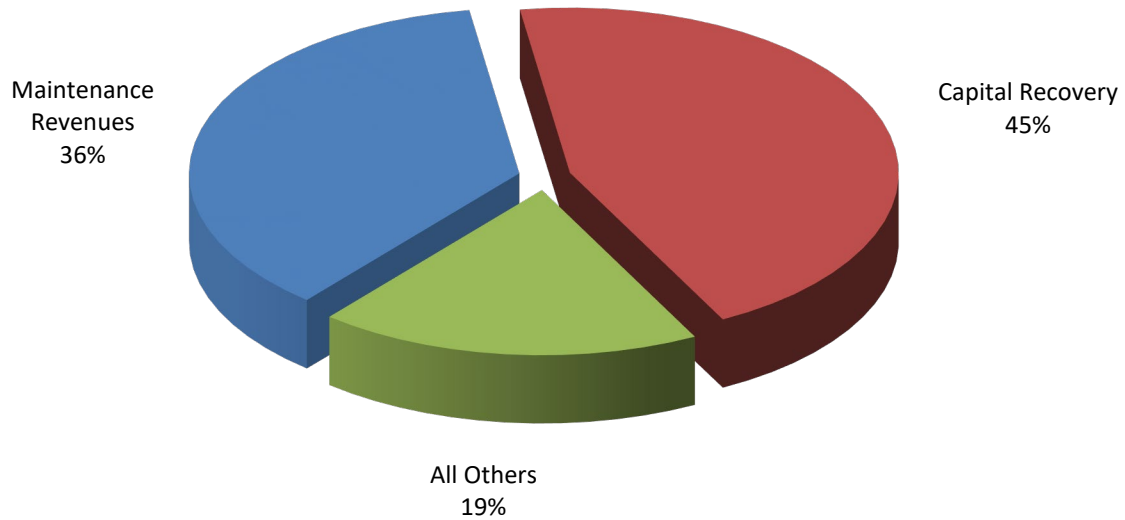
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

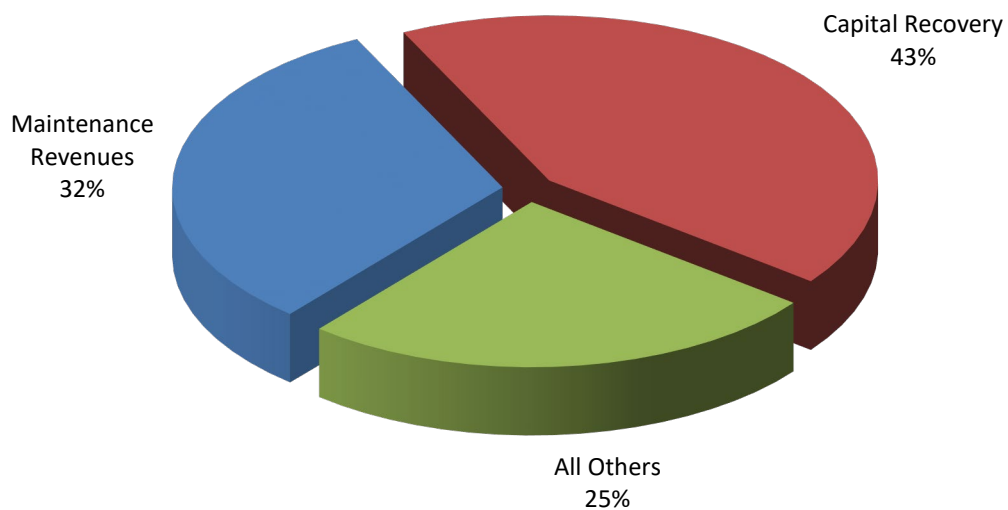
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

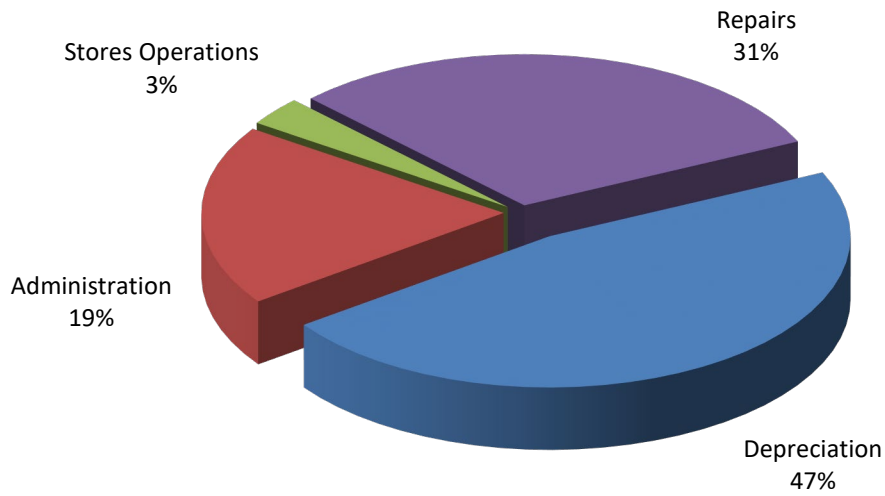
TOTAL OPERATING REVENUES
Year to Date - March 2019 (\$2,033,816)



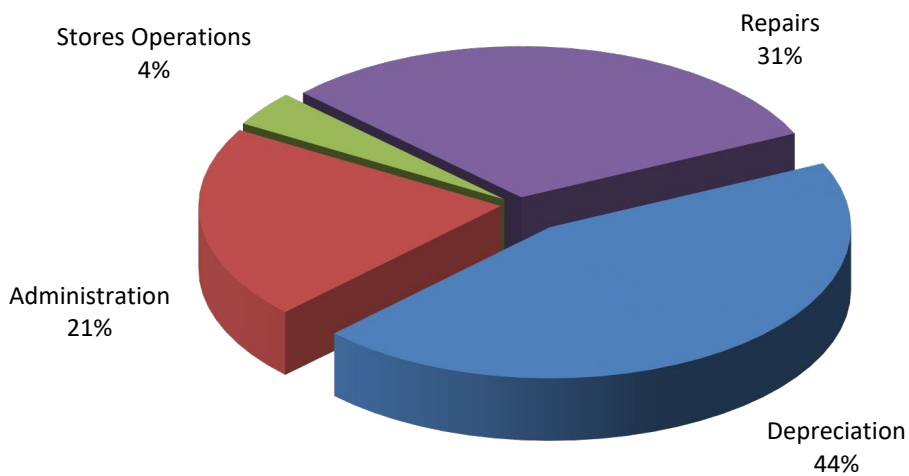
TOTAL OPERATING REVENUES
Year to Date - March 2018 (\$1,461,052)



TOTAL OPERATING EXPENSES
Year to Date - March 2019 (\$2,004,626)



TOTAL OPERATING EXPENSES
Year to Date - March 2018 (\$2,009,332)





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.

MARCH

SELF-INSURANCE CLAIM FUND

2019

**FINANCIAL
REPORT**



Public Utility Board

WOODROW JONES

Chair

KAREN LARKIN

Vice-Chair

BRYAN FLINT

Secretary

MARK PATTERSON

Member

CHRISTINE COOLEY

Member

JACKIE FLOWERS

Director of Utilities

CHRIS ROBINSON

Power Superintendent/COO

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

MANAGEMENT DISCUSSION & ANALYSIS

As of March 2019, the Self Insurance fund is reporting an increase to net position of \$539,000 year-to-date in 2019 compared to a decrease of \$951,000 recorded for the same time period in 2018. Total revenues decreased \$1.6 million while total expenses decreased \$3.1 million year-to-date.

Revenues

Self Insurance fund revenues are contributions from the Power, Water, and Rail divisions and the interest earned. Total revenues at the end of the first quarter of 2019 and 2018 were \$542,000 and \$2.2 million respectively. The decrease in revenue is due to the additional contribution from Power in 2018.

Expenses

Self Insurance fund expenses include claims and handling expenses paid during the quarter, adjustments to accrued claims and administrative expenses. Support services claims and handling expenses are allocated to Power and Water only and based on each fund's percentage of combined claims and handling expenses for the year-to-date. Administrative expenses are allocated to Power, Water, and Rail funds based on each fund's percentage of total claims incurred.

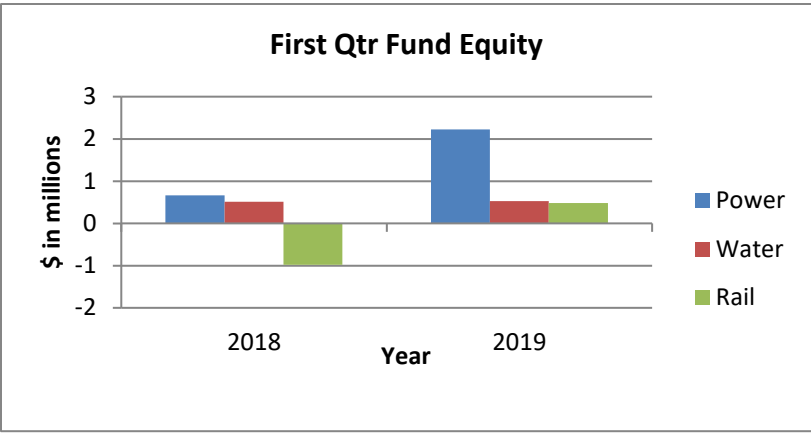
Total expenses at the end of the first quarter of 2019 and 2018 were \$2,600 and \$3.1 million respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised the next quarter.

Claims expense was negative \$325,000 in the first quarter of 2019, a decrease of \$3.3 million (110.8%) compared to the first quarter of 2018. The decrease is primarily due to the decrease of \$3.6 million in Power claims offset with the increase in claims from Water and Rail of \$109,000 and \$130,000 respectively.

Litigation expense and settlements in the first quarter of 2019 increased by \$270,000 compared to the same quarter of 2018, primarily due to the increase in handling expenses for Power.

Incidental and administrative expense decreased by \$26,000 due to decreases in the purchase of software and assessments.

The Fund's equity was \$3.2 million and \$199,000 through March of 2019 and 2018 respectively. The following graph provides a visual presentation on how the Fund's equity is shared.



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CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES

SELF-INSURANCE CLAIM 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.

STATEMENTS OF NET POSITION	1
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	2 – 3
STATEMENTS OF CASH FLOWS	4 – 5
EQUITY DISTRIBUTION	6
CLAIMS STATISTICS SUMMARY	7
CLAIMS STATISTICS DETAIL	8 – 9

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

STATEMENTS OF NET POSITION - MARCH 31, 2019 AND MARCH 31, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	<u>\$7,981,845</u>	<u>\$5,504,928</u>
TOTAL ASSETS	<u><u>7,981,845</u></u>	<u><u>5,504,928</u></u>
 NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	<u>3,234,972</u>	<u>198,946</u>
TOTAL NET POSITION	<u>3,234,972</u>	<u>198,946</u>
CURRENT LIABILITIES		
Accounts Payable Claims	4,726,166	5,298,500
Accounts Payable Claims Handling	20,707	4,957
Tax-related Payables	<u>-</u>	<u>2,525</u>
TOTAL LIABILITIES	<u><u>4,746,873</u></u>	<u><u>5,305,982</u></u>
TOTAL NET POSITION AND LIABILITIES	<u><u>\$7,981,845</u></u>	<u><u>\$5,504,928</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
MARCH 31, 2019 AND MARCH 31, 2018

	MARCH 2019	MARCH 2018
INCOME		
Premiums	\$153,333	\$1,828,333
Interest	14,724	6,188
	<hr/>	<hr/>
TOTAL INCOME	168,057	1,834,521
 EXPENSES		
Claims	(67,752)	(258,844)
Litigation Expense and Settlements	43,695	2,489
Incidental and Administrative Expense	12,279	14,885
	<hr/>	<hr/>
TOTAL EXPENSES	(11,778)	(241,470)
	<hr/>	<hr/>
CHANGE IN NET POSITION	\$179,835	\$2,075,991
	<hr/>	<hr/>
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2019 Financial Report.

YEAR TO DATE			
MARCH 2019	MARCH 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$460,000	\$2,085,000	(\$1,625,000)	-77.9%
81,869	67,220	14,649	21.8%
541,869	2,152,220	(1,610,351)	-74.8%
(324,992)	3,019,838	(3,344,830)	-110.8%
289,689	19,712	269,977	1369.6%
37,890	64,132	(26,242)	-40.9%
2,587	3,103,682	(3,101,095)	-99.9%
539,282	(951,462)	1,490,744	156.7%
2,695,690	1,150,408	1,545,282	
\$3,234,972	\$198,946	\$3,036,026	

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2019	MARCH 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$460,000	\$2,085,000
Claims Paid	(308,311)	(3,570,228)
Administrative and Other Expenses	(119,366)	(105,622)
Net Cash Flows from		
Operating Activities	32,323	(1,590,850)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Received	81,869	67,220
Net Cash Flows from		
Financing Activities	81,869	67,220
 Net Increase (Decrease) in		
Cash and Equity in Pooled Investments	114,192	(1,523,630)
 Cash and Equity in Pooled		
Investments at January 1	7,867,653	7,028,558
 Cash and Equity in Pooled		
Investments at March 31	<u>\$7,981,845</u>	<u>\$5,504,928</u>

	YEAR TO DATE	
	MARCH 31,	MARCH 31,
	2019	2018
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Net Income (Loss)	\$539,282	(\$951,462)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income	(81,869)	(67,220)
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interdivision Payable	(10,610)	(8,910)
Accounts Payable Claims	(433,303)	(558,692)
Accounts Payable Claims Handling	18,823	(7,091)
Tax-related Payables	<u>-</u>	<u>2,525</u>
Total Adjustments	<u>(506,959)</u>	<u>(639,388)</u>
Net Cash Flows from Operating Activities.....	<u>\$32,323</u>	<u>(\$1,590,850)</u>

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

EQUITY DISTRIBUTION AS OF MARCH 31, 2019

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2019	\$1,912,388	\$456,220	\$327,082	\$2,695,690
Contributions (Premiums)	250,000	60,000	150,000	460,000
Claims	293,822	(38,853)	69,998	324,967
Claims Handling Expense	(270,456)	-	(19,233)	(289,689)
Administrative Expenses	(25,135)	41,792	(54,522)	(37,865)
Interest Income (1)	62,648	10,096	9,125	81,869
Balance March 31, 2019	<u>\$2,223,267</u>	<u>\$529,255</u>	<u>\$482,450</u>	<u>\$3,234,972</u>

(1) Effective 2017, interest income has been allocated to each division based on the allocated cash balance as of the date of this statement.

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

CLAIMS STATISTICS SUMMARY - MARCH 31, 2019

NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2019)

	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Total
Over \$5,000	2	1	1	-	4
\$1,001 - 5,000	4	4	-	-	8
\$501 - 1,000	3	2	-	-	5
\$100 - 500	1	3	-	-	4
Less than \$100	-	1	-	-	1
	10	11	1	-	22
Total Dollar Amount of Claims Paid	\$239,459	\$38,853	\$30,000	-	\$308,312

NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2019

Over \$50,000	16	2	1	-	19
\$10,000 - 50,000	8	2	2	-	12
Less than \$10,000	259	88	10	1	358
	283	92	13	1	389
Total Dollar Amount Accrued for Known Claims	\$3,793,776	\$420,225	\$208,477	\$500	\$4,422,978
Total Dollar Amount Accrued for Unknown Claims	\$73,920	\$32,029	\$196,309	\$930	\$303,188
Total Dollar Amount Accrued for All Claims	<u>\$3,867,696</u>	<u>\$452,254</u>	<u>\$404,786</u>	<u>\$1,430</u>	<u>\$4,726,166</u>

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

CLAIMS STATISTICS DETAIL - MARCH 31, 2019

NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2019)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000	1	1	1	-
\$1,001 - 5,000	1	4	-	-
\$501 - 1,000	1	2	-	-
\$100 - 500	1	3	-	-
Less than \$100	-	1	-	-
	4	11	1	-
Total Dollar Amount of Claims Paid	\$204,909	\$38,853	\$30,000	-
Median Dollar Amount of Claims Paid	\$51,227	\$3,532	\$30,000	-

NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2019

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000	16	2	1	-
\$10,000 - 50,000	8	2	1	-
Less than \$10,000	240	79	6	1
	264	83	8	1
Total Dollar Amount Accrued for Known Claims ..	\$3,768,476	\$405,010	\$169,727	\$500
Total Dollar Amount Accrued for Unknown Claims	\$73,920	\$32,029	\$196,309	\$930
Total Dollar Amount Accrued for All Claims	<u>\$3,842,396</u>	<u>\$437,039</u>	<u>\$366,036</u>	<u>\$1,430</u>

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Tacoma Power	Tacoma Water	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
1	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-
34,549	-	-	-	-	-	-	-	-	-
\$5,758	-	-	-	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
-	-	1	-	-	-	-	-	-	-
19	9	4	-	-	-	-	-	-	-
19	9	5	-	-	-	-	-	-	-
\$25,300	\$15,215	\$ 38,750	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$25,300	\$15,215	\$ 38,750	-	-	-	-	-	-	-



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.