
JUNE

FLEET SERVICES FUND

2019

**INTERIM
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

This page has been left blank intentionally.

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.

Management Discussion and Analysis.....1

Statements of Net Position.....3

Statements of Revenues, Expenses and Changes in Net Position5

Statements of Cash Flows.....7

Equity Distribution.....9

Supplemental Data10

Management Discussion and Analysis

Fleet Services is reporting a net operating gain of \$128,000 year-to-date 2019 compared to a net loss of \$1.0 million recorded for the same period in 2018. Operating revenues increased \$1.2 million and operating expenses increased \$35,000 respectively, resulting in a net increase in operating income of \$1.1 million 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 \$4.2 million and \$3.0 million at the end of the 2nd quarter of 2019 and 2018 respectively.

Maintenance revenues are mainly related to staff labor and were \$1.5 million and \$1.0 million at the end of the second 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 \$1.8 million and \$1.3 million 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 \$729,000 and \$670,000 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 \$30,000 and \$32,000 in 2019 and 2018 respectively.

Pool car revenues are based on usage and were \$61,000 and \$57,000 for 2019 and 2018 respectively.

Expenses

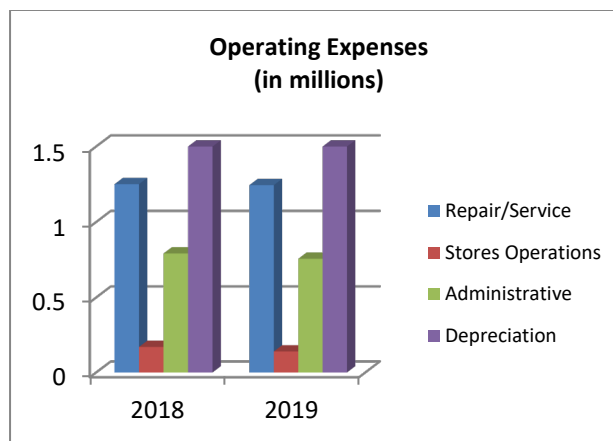
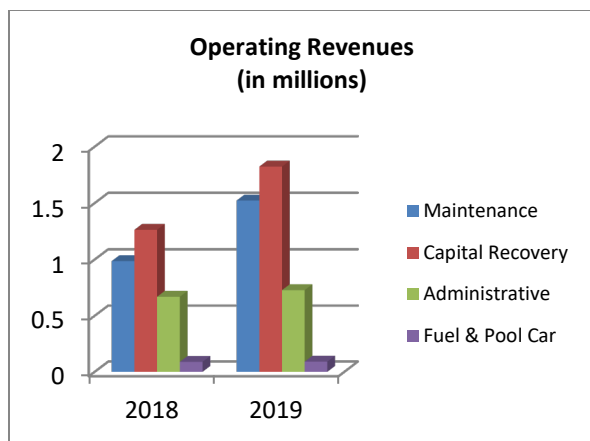
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$4.0 million year-to-date through the second quarter of both 2019 and 2018.

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 \$1.2 million and \$1.3 million for 2019 and 2018 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$140,000 and \$170,000 in 2019 and 2018 respectively.

Administration expenses were \$757,000 and \$792,000 in 2019 and 2018 respectively.

Depreciation expense was \$1.9 million and \$1.8 million in 2019 and 2018 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$134,000 and \$161,000 for the first two quarters of 2019 and 2018 respectively.

Gain on disposition of equipment year-to-date 2019 was \$103,000 compared to \$33,000 for the same period in 2018.

Request for Information

Fleet Services Fund financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

City of Tacoma, Washington
Department of Public Utilities
Fleet Services Fund

Statements of Net Position (Unaudited)
June 30, 2019 and June 30, 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.....	47,643,966	44,425,903
Power-Operated Equipment.....	16,490,855	16,723,966
Accumulated Depreciation.....	<u>(39,657,083)</u>	<u>(38,974,938)</u>
Total Fixed Assets.....	25,814,050	23,511,243
Construction Work in Progress.....	<u>1,370,703</u>	<u>2,238,098</u>
Net Fixed Assets.....	27,184,753	25,749,341
CURRENT		
Current Fund Cash & Equity in Pooled Investments.....	16,292,304	17,765,016
Materials and Supplies.....	<u>350,161</u>	<u>330,518</u>
Total Current Assets.....	16,642,465	18,095,534
OTHER ASSETS		
Net Pension Asset.....	<u>367,979</u>	<u>-</u>
TOTAL ASSETS.....	<u>44,195,197</u>	<u>43,844,875</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension.....	<u>471,904</u>	<u>915,881</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	<u><u>\$44,667,101</u></u>	<u><u>\$44,760,756</u></u>

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

	<u>2019</u>	<u>2018</u>
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets.....	\$27,184,753	\$25,749,341
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.....	<u>(10,199,907)</u>	<u>(8,760,447)</u>
TOTAL NET POSITION.....	43,629,251	43,265,320
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other.....	131,705	152,886
Wages Payable.....	<u>73,064</u>	<u>70,041</u>
Total Current Liabilities.....	204,769	222,927
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual.....	206,696	209,679
Net Pension Liability.....	<u>-</u>	<u>874,422</u>
Total Long-term Liabilities.....	206,696	1,084,101
TOTAL LIABILITIES.....	<u>411,465</u>	<u>1,307,028</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension.....	<u>626,385</u>	<u>188,408</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS.....	<u><u>\$44,667,101</u></u>	<u><u>\$44,760,756</u></u>

City of Tacoma, Washington
Department of Public Utilities
Fleet Services Fund

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	JUNE 2019	JUNE 2018
OPERATING REVENUE		
Maintenance Revenue.....	\$256,329	\$179,045
Capital Recovery.....	301,804	210,595
Administrative Overhead.....	116,975	113,400
Fuel and Fuel Loading.....	4,866	5,231
Pool Car Rental.....	12,155	10,253
Total Operating Revenue.....	692,129	518,524
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations.....	210,802	216,056
Outside Services.....	2,096	527
Total Repairs and Servicing.....	212,898	216,583
Stores Operations.....	23,811	27,669
Administration.....	112,018	124,028
Depreciation.....	314,593	298,778
Total Operating Expenses.....	663,320	667,058
OPERATING INCOME.....	28,809	(148,534)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income.....	11,555	6,337
Gain (Loss) on Disposition of Equipment.....	-	-
Sale of Scrap.....	-	-
Total Non-Operating Revenues (Expenses).....	11,555	6,337
CHANGE IN NET POSITION.....	\$40,364	(\$142,197)
TOTAL NET POSITION - JANUARY 1.....		
TOTAL NET POSITION - JUNE 30.....		

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

YEAR TO DATE			
JUNE 2019	JUNE 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$1,522,852	\$986,039	\$536,813	54.4%
1,823,689	1,263,506	560,183	44.3%
728,842	670,277	58,565	8.7%
30,103	32,358	(2,255)	-7.0%
<u>61,366</u>	<u>56,929</u>	<u>4,437</u>	7.8%
4,166,852	3,009,109	1,157,743	38.5%
1,220,479	1,221,240	(761)	-0.1%
<u>23,704</u>	<u>29,395</u>	<u>(5,691)</u>	-19.4%
1,244,183	1,250,635	(6,452)	-0.5%
140,159	170,307	(30,148)	-17.7%
756,523	791,700	(35,177)	-4.4%
<u>1,898,302</u>	<u>1,791,858</u>	<u>106,444</u>	5.9%
4,039,167	4,004,500	34,667	0.9%
127,685	(995,391)	1,123,076	112.8%
134,073	160,549	(26,476)	-16.5%
103,202	33,231	69,971	210.6%
<u>1,300</u>	<u>-</u>	<u>1,300</u>	100.0%
238,575	193,780	44,795	23.1%
366,260	(801,611)	\$1,167,871	145.7%
<u>43,262,991</u>	<u>44,066,931</u>		
<u><u>\$43,629,251</u></u>	<u><u>\$43,265,320</u></u>		

City of Tacoma, Washington
Department of Public Utilities
Fleet Services Fund

Statements of Cash Flows (Unaudited)
June 30, 2019 and June 30, 2018

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers.....	\$4,733,442	\$3,113,130
Cash Paid to Suppliers.....	(1,120,470)	(1,105,558)
Cash Paid to Employees.....	(1,528,619)	(1,528,362)
Net Cash From Operating Activities.....	2,084,353	479,210
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net.....	(2,069,000)	(1,560,468)
Disposition of Equipment/Scrap.....	57,808	33,231
Net Cash From Financing Activities.....	(2,011,192)	(1,527,237)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received.....	134,073	160,549
Net Cash From Investing Activities	134,073	160,549
Net Change in Cash and Equity in Pooled Investments.....	207,234	(887,478)
Cash and Equity in Pooled Investments at January 1	16,085,070	18,652,494
Cash and Equity in Pooled Investments at June 30	<u>\$16,292,304</u>	<u>\$17,765,016</u>

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

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income (Loss)	\$127,685	(\$995,391)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation and Amortization.....	1,898,302	1,791,858
Accounts Receivable.....	184,049	98,535
Interdivision Receivable.....	382,541	5,486
Materials and Supplies.....	7,907	(20,525)
Accounts Payable & Other.....	(506,095)	(389,460)
Interdivision Payable.....	(78)	(12,786)
Absences Payable.....	(9,958)	1,493
Total Adjustments.....	1,956,668	1,474,601
Net Cash From Operating Activities.....	<u>\$2,084,353</u>	<u>\$479,210</u>

City of Tacoma, Washington
Department of Public Utilities
Fleet Services Fund

Equity Distribution (Unaudited)
As of June 30, 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 Contributions at June 30, 2019.....	28,114,073	13,712,607	1,436,311	43,262,991
Current Year Operations:				
Total Operating Revenue *.....	2,707,792	1,320,722	138,338	4,166,852
Less: Repairs & Servicing Expense *	808,522	394,355	41,306	1,244,183
Administration Expense **.....	656,776	207,067	32,839	896,682
Depreciation Expense.....	1,364,320	468,236	65,746	1,898,302
Total Expenses.....	2,829,618	1,069,658	139,891	4,039,167
Net Operating Revenue.....	(121,826)	251,064	(1,553)	127,685
Add: Other Income ***.....	154,453	76,225	7,897	238,575
Net Operating Results.....	32,627	327,289	6,344	366,260
Total Equity.....	<u>\$28,146,700</u>	<u>\$14,039,896</u>	<u>\$1,442,655</u>	<u>\$43,629,251</u>

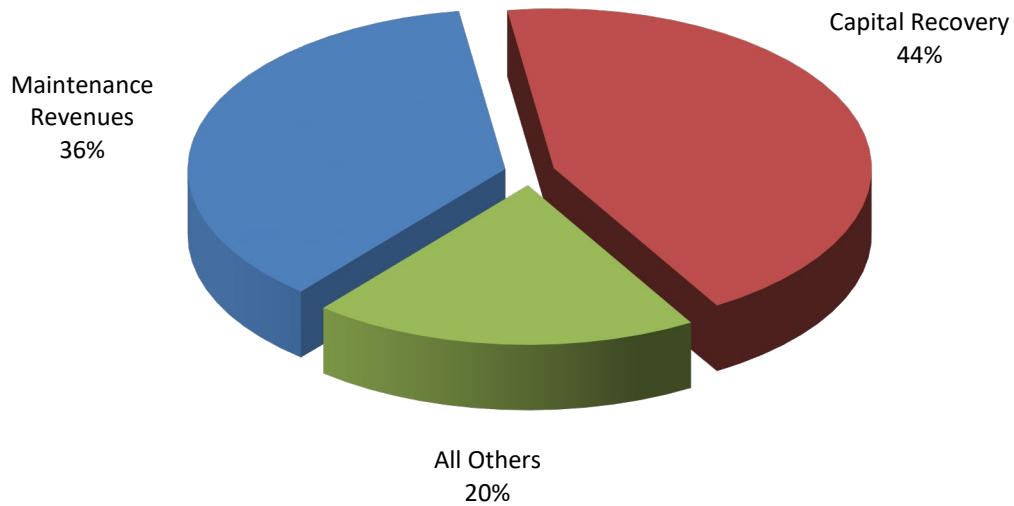
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

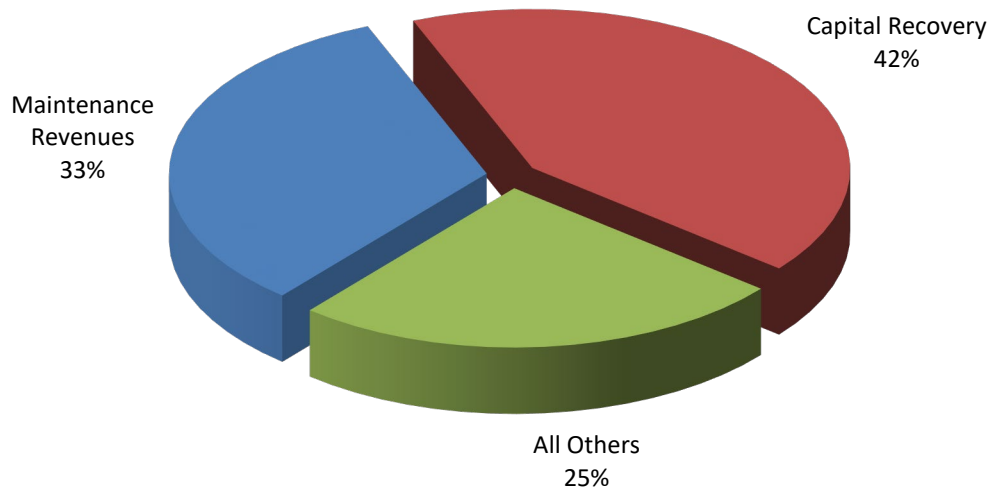
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

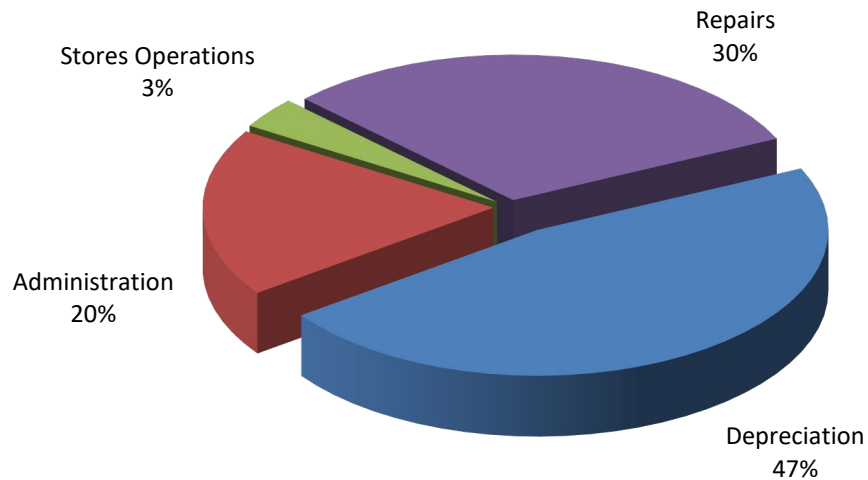
TOTAL OPERATING REVENUES
Year to Date - June 2019 (\$4,166,852)



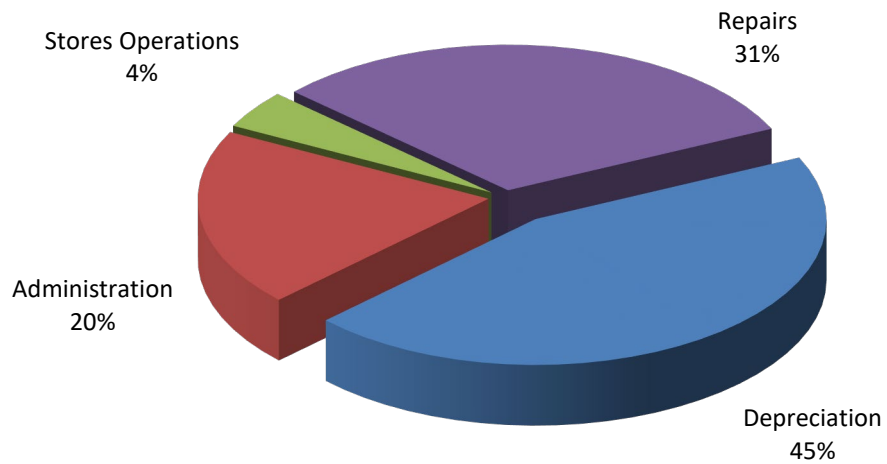
TOTAL OPERATING REVENUES
Year to Date - June 2018 (\$3,009,109)



TOTAL OPERATING EXPENSES
Year to Date - June 2019 (\$4,039,167)



TOTAL OPERATING EXPENSES
Year to Date - June 2018 (\$4,004,500)





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.

JUNE

TACOMA POWER

2019

**INTERIM
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

This page intentionally left blank

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.

Management's Discussion and Analysis	1
Statements of Net Position (Unaudited)	3
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)	5
Summary of Revenues and Billings (Unaudited)	7
Gross Generation Report (Unaudited)	9
Statements of Cash Flows (Unaudited)	11
Operational Summary (Unaudited)	13
Supplemental Data	16

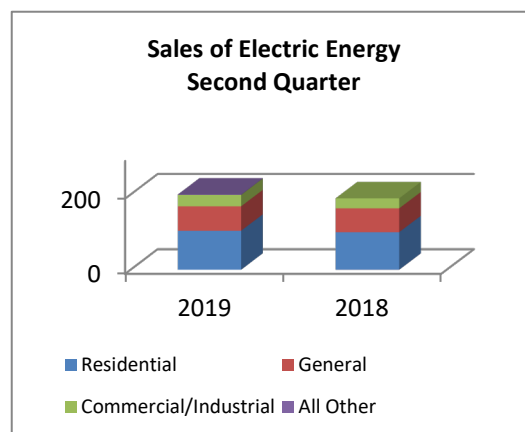
Management's Discussion and Analysis

Summary

Tacoma Power's operating income at the end of the second quarter of 2019 was \$20.2 million compared to \$46.4 million a year earlier. Operating revenues increased \$4.0 million (1.7%) compared to the prior year. Operating expenses increased \$30.2 million (15.3%). Non-operating expenses increased in total \$112,000 (2.3%) resulting in a change in net position of \$1.7 million in 2019 compared to \$31.3 million in 2018.

Revenues

In the second quarter of 2019, total electric energy sales increased \$4.0 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 June 2019. There was an approximate overall rate increase of 2% effective April 1, 2019.



Customer Class	Changes Related To:		
	Rate	Volume	YTD Increase
Residential	\$ 3,155,604	\$ 766,565	\$ 3,922,169
Commercial	(191,154)	3,536,395	3,345,241
General	1,691,009	(138,550)	1,552,459
Contract Industrial	569,327	(337,725)	231,602
Public Street and Highway Lighting	510,388	709,363	1,219,751
Sales to Other Utilities	12,318	(4,544)	7,774
Bulk Power Sales	(8,476,883)	2,171,115	(6,305,768)
Total	\$ (2,729,391)	\$ 6,702,619	\$ 3,973,228

Expenses

Second quarter 2019 operating expenses were \$226.9 million, up \$30.2 million (15.3%) from 2018.

Hydraulic Power Production increased \$5.5 million. Services provided by Washington Department of Fish and Wildlife represents \$4.2 million of the increase of which \$2.1 million of that was due to the timing of invoices for services provided in the prior year. Salaries and wages increased \$854,000 and contributions to the Fleet replacement funds increased \$425,000.

Purchased Power increased \$19.9 million. Other portfolio purchases represent \$12.2 million of the increase.

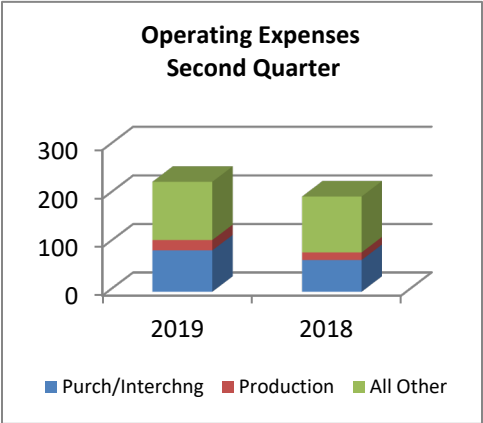
Prices have increased significantly in the 2nd quarter compared to last year. The regional industry price index shows prices have increased an average of \$17/mWh, or 109%. Purchase volume is also up because streamflows are down. In 2018 Energy Conservation Agreement (ECA) credits were received in the amount of \$5.3 million. In 2019 there hasn't been any credits received resulting in an increase of purchased power expense of \$5.3 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 \$1.8 million due to an increase in purchases which correlates to an increase of transmission of electricity.

Click! Network Commercial Operations decreased \$1.5 million. Salaries and wages accounted for \$1.1 million of the decrease due to a reduction in staff. The remaining \$400,000 is spread across multiple functional accounts to include advertising, internal assessments, and operating supplies. The changes within each of these areas are minimal and not directly attributed to a specific event.

Conservation and Other Customer Assistance increased \$1.8 million. Increases in assessments from TPU communications accounted for \$697,000 of the change while \$486,000 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 \$349,000 primarily due to studies and research projects. Advertising for customer energy programs outreach increased \$139,000. The remaining increase of \$129,000 is spread across multiple functional accounts and not directly attributed to a specific event.



Capital Contributions

Cash from capital contributions decreased \$3.3 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.

Request for Information

Power financial statements are designed to provide a general overview of the Division’s finances, as well as to demonstrate the Division’s accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

City of Tacoma, Washington
Department of Public Utilities
Tacoma Power

Statements of Net Position (Unaudited)
June 30, 2019 and June 30, 2018

ASSETS AND DEFERRED OUTFLOWS	2019	2018
UTILITY PLANT		
Electric Plant in Service	\$2,118,304,595	\$2,063,320,291
Less Depreciation and Amortization	(1,117,414,722)	(1,075,428,856)
Total	1,000,889,873	987,891,435
Construction Work in Progress	62,729,036	59,030,090
Net Utility Plant	1,063,618,909	1,046,921,525
NON-UTILITY PROPERTY	182,051	182,051
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
Provision for Debt Service	14,526,678	15,119,055
Special Bond Reserves	4,997,639	4,997,639
Wynoochee Reserve - State of Washington	2,663,597	2,613,510
Fish and Wildlife Reserves	23,947,881	-
Total Restricted Assets	46,135,795	22,730,204
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	139,905,217	152,097,004
Customers' and Contractors' Deposits	2,677,570	2,719,398
Conservation Loan Fund	3,849,920	3,795,331
Rate Stabilization Fund	48,000,000	48,000,000
Receivables:		
Customers	23,308,580	18,861,098
Accrued Unbilled Revenue	30,730,773	30,701,425
Others	9,096,096	9,546,744
Provision for Uncollectibles	(2,001,576)	(1,164,958)
Materials and Supplies	6,668,535	7,173,736
Prepayments and Other	10,525,076	6,256,038
Total Current Assets	272,760,191	277,985,816
OTHER ASSETS		
Regulatory Asset - Conservation	48,697,042	48,347,167
Net Pension Asset	15,506,238	-
Conservation Loan Fund Receivables	2,522,537	2,476,429
Total Other Assets	66,725,817	50,823,596
Total Assets	1,449,422,763	1,398,643,192
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	\$1,470,265,677	\$1,437,069,934

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

NET POSITION, LIABILITIES AND DEFERRED INFLOWS	2019	2018
NET POSITION		
Net Investment in Capital Assets	\$608,234,078	\$634,858,913
Restricted for:		
Wynoochee Reserve - State of Washington	2,663,597	2,613,510
Fish and Wildlife Reserves	23,947,881	-
Debt Service	4,682,498	5,047,500
Net Pension Asset	15,506,238	-
Unrestricted	210,059,992	218,984,834
TOTAL NET POSITION	865,094,284	861,504,757
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	22,374,521	23,957,302
Net Bonded Indebtedness	395,949,521	406,897,302
Line of Credit	55,250,000	250,000
Total Long-Term Debt	451,199,521	407,147,302
CURRENT LIABILITIES		
Salaries and Wages Payable	2,065,987	2,022,551
Taxes and Other Payables	13,724,521	13,893,132
Purchases and Transmission of Power Accrued	14,459,816	11,415,205
Interest Payable	9,844,180	10,071,555
Customers' Deposits	2,651,090	2,742,363
Current Portion of Long-Term Debt	9,365,000	10,095,000
Current Accrued Compensated Absences	1,091,328	1,044,235
Total Current Liabilities	53,201,922	51,284,041
LONG-TERM LIABILITIES		
Long-Term Accrued Compensated Absences	9,821,955	9,398,115
Net OPEB Liability	12,272,355	-
Net Pension Liability	-	36,687,245
Other Long-Term Liabilities	4,221,625	15,143,610
Total Long-Term Liabilities	26,315,935	61,228,970
TOTAL LIABILITIES	530,717,378	519,660,313
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	\$1,470,265,677	\$1,437,069,934

City of Tacoma, Washington
Department of Public Utilities
Tacoma Power
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	June 2019	June 2018
OPERATING REVENUES		
Sales of Electric Energy	\$32,358,067	\$31,946,194
Other Operating Revenues	1,411,417	1,959,998
Click! Network Operating Revenues	2,090,530	2,074,610
Total Operating Revenue	<u>35,860,014</u>	<u>35,980,802</u>
OPERATING EXPENSES		
Production Expense		
Hydraulic Power Production	3,347,801	2,785,619
Other Production Expense	501,877	458,531
Total Expense Power Produced	<u>3,849,678</u>	<u>3,244,150</u>
Purchased Power	<u>12,818,130</u>	<u>10,938,400</u>
Total Production Expense	16,667,808	14,182,550
Transmission Expense	3,080,947	2,644,506
Distribution Expense	2,543,548	3,270,917
Click! Network Commercial Operations Expense	1,928,373	2,101,646
Customer Accounts Expense (CIS)	1,746,974	1,338,150
Conservation and Other Customer Assistance	1,465,861	1,256,323
Taxes	2,707,438	2,183,390
Depreciation	4,031,326	4,445,650
Administrative and General	3,338,178	2,355,778
Total Operating Expenses	<u>37,510,453</u>	<u>33,778,910</u>
OPERATING INCOME (LOSS)	<u>(1,650,439)</u>	<u>2,201,892</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	439,307	305,279
Contribution to Family Need	(41,667)	(8,333)
Other Net Non-Op Revenues and Deductions	10,119	94,643
Interest on Long-Term Debt	(1,763,196)	(1,697,931)
Amort of Debt Related Costs	129,158	134,639
Interest Charged to Construction	-	245,046
Total Non-Operating Revenues (Expenses)	<u>(1,226,279)</u>	<u>(926,657)</u>
Net Income (Loss) Before Capital Contributions and Transfers	(2,876,718)	1,275,235
Capital Contributions		
Cash	574,735	622,951
Donated Fixed Assets	126,415	115,226
BABs and CREBs Interest Subsidies	329,553	199,050
Transfers		
City Gross Earnings Tax	<u>(2,712,774)</u>	<u>(2,806,690)</u>
CHANGE IN NET POSITION	<u>(\$4,558,789)</u>	<u>(\$594,228)</u>
 TOTAL NET POSITION - January 1		
 TOTAL NET POSITION - June 30		

YEAR TO DATE			
June 30, 2019	June 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$224,770,430	\$220,797,202	\$3,973,228	1.8%
9,425,244	9,490,803	(65,559)	-0.7%
12,926,940	12,816,751	110,189	0.9%
247,122,614	243,104,756	4,017,858	1.7%
18,384,772	12,854,374	5,530,398	43.0%
3,028,322	2,859,809	168,513	5.9%
21,413,094	15,714,183	5,698,911	36.3%
85,564,034	65,653,643	19,910,391	30.3%
106,977,128	81,367,826	25,609,302	31.5%
18,550,004	16,756,301	1,793,703	10.7%
17,535,107	16,384,630	1,150,477	7.0%
10,857,272	12,315,279	(1,458,007)	-11.8%
7,189,048	6,884,490	304,558	4.4%
9,207,992	7,435,188	1,772,804	23.8%
11,636,369	11,308,057	328,312	2.9%
24,657,062	27,901,593	(3,244,531)	-11.6%
20,325,982	16,386,169	3,939,813	24.0%
226,935,964	196,739,533	30,196,431	15.3%
20,186,650	46,365,223	(26,178,573)	-56.5%
3,811,160	3,075,982	735,178	23.9%
(250,000)	(50,000)	(200,000)	400.0%
1,199,644	811,468	388,176	47.8%
(10,571,121)	(10,217,071)	(354,050)	3.5%
774,946	807,835	(32,889)	-4.1%
-	648,584	(648,584)	-100.0%
(5,035,371)	(4,923,202)	(112,169)	2.3%
15,151,279	41,442,021	(26,290,742)	-63.4%
3,059,036	6,359,722	(3,300,686)	-51.9%
224,602	168,031	56,571	33.7%
1,883,013	1,846,816	36,197	2.0%
(18,655,430)	(18,482,506)	(172,924)	0.9%
1,662,500	31,334,084	(29,671,584)	-94.7%
863,431,784	830,170,673	33,261,111	4.0%
\$865,094,284	\$861,504,757	3,589,527	

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

City of Tacoma, Washington
Department of Public Utilities
Tacoma Power

Summary of Revenues and Billings (Unaudited)
June 30, 2019 and June 30, 2018

	For the month of June 2019	For the month of June 2018
OPERATING REVENUE		
Sales of Electric Energy		
Residential	\$11,289,318	\$12,364,964
Commercial	5,216,003	2,319,885
General	10,713,025	11,270,227
Contract Industrial	2,074,799	2,042,444
Public Street and Highway Lighting	96,709	34,557
Sales to Other Electric Utilities	30,425	29,362
Total Sales to Customers	29,420,279	28,061,439
Bulk Power Sales	2,937,788	3,884,755
Total Sales of Electric Energy	32,358,067	31,946,194
Other Operating Revenue		
Rentals and Leases from Elect Property	192,569	751,984
Wheeling	749,949	801,262
Service Fees and Other	468,899	406,752
Telecommunications Revenue	2,090,530	2,074,610
Total Other Operating Revenues	3,501,947	4,034,608
 TOTAL OPERATING REVENUES	 <u>\$35,860,014</u>	 <u>\$35,980,802</u>

BILLINGS (Number of Months Billed)

Residential	154,159	164,711
Commercial	14,777	15,828
General	2,615	2,890
Contract Industrial	2	2
Public Streets and Highway Lighting	743	597
Sales to Other Electric Utilities	1	1
 TOTAL BILLINGS	 <u>172,297</u>	 <u>184,029</u>

YEAR TO DATE			
June 30, 2019	June 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$103,731,376	\$99,809,207	\$3,922,169	3.9%
18,844,038	15,498,797	3,345,241	21.6%
64,990,672	63,438,213	1,552,459	2.4%
11,420,295	11,188,693	231,602	2.1%
758,702	(461,049)	1,219,751	264.6%
248,116	240,342	7,774	3.2%
199,993,199	189,714,203	10,278,996	5.4%
24,777,231	31,082,999	(6,305,768)	-20.3%
224,770,430	220,797,202	3,973,228	1.8%
1,567,617	1,995,625	(428,008)	-21.4%
5,252,621	4,989,483	263,138	5.3%
2,605,006	2,505,695	99,311	4.0%
12,926,940	12,816,751	110,189	0.9%
22,352,184	22,307,554	44,630	0.2%
<u>\$247,122,614</u>	<u>\$243,104,756</u>	<u>\$4,017,858</u>	1.7%
971,378	956,080	15,298	1.6%
97,583	95,515	2,068	2.2%
15,329	15,534	(205)	-1.3%
12	12	-	0.0%
5,557	5,388	169	3.1%
6	6	-	0.0%
<u>1,089,865</u>	<u>1,072,535</u>	<u>17,330</u>	1.6%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Power

Gross Generation Report (Unaudited)
June 30, 2019 and June 30, 2018

	For the month of June 2019	For the month of June 2018
KWH GENERATED, PURCHASED AND INTERCHANGED - Gross		
Generated - LaGrande	19,411,000	22,399,000
Generated - Alder	11,292,000	13,029,000
TOTAL NISQUALLY	30,703,000	35,428,000
Generated - Cushman No 1	2,670,000	4,014,000
Generated - Cushman No 2	1,132,000	3,946,000
TOTAL CUSHMAN	3,802,000	7,960,000
Generated - Mossyrock	44,009,000	87,131,000
Generated - Mayfield	28,546,000	50,011,000
TOTAL COWLITZ	72,555,000	137,142,000
Generated - Wynoochee	-	-
Generated - Hood Street	261,600	184,600
Tacoma's Share of Priest Rapids	2,054,000	2,673,000
Tacoma's Share of GCPHA	42,067,000	41,211,000
TOTAL KWH GENERATED - TACOMA SYSTEM	151,442,600	224,598,600
Purchased Power		
BPA Slice Contract	186,824,000	244,254,000
BPA Block Contract	106,118,000	103,337,000
Interchange Net	(107,791,500)	(232,046,750)
TOTAL KWH GENERATED, PURCHASED AND INTERCHANGED	336,593,100	340,142,850
Losses	4,523,000	4,577,593
Baldi Replacement	16,909	17,636
Ketron	12,471	13,006
NT PC Mutuals Schedules	(2,078,000)	(2,057,000)
PC Mutual Inadvertent	169,356	444,996
TACOMA SYSTEM FIRM LOAD	339,236,836	343,139,081
Maximum Kilowatts (System Firm Load)	914,386	647,964
Average Kilowatts (System Firm Load)	471,162	476,582
PIERCE COUNTY MUTUAL LOAD	91,709,000	93,045,000
KWH BILLED		
Residential Sales	108,782,799	121,505,001
Commercial Sales	61,594,362	25,146,258
General	154,815,784	169,180,612
Contract Industrial	43,807,980	44,114,580
Public Street and Highway Lighting	710,060	437,039
Sales to Other Electric Utilities	490,500	503,100
TOTAL FIRM	370,201,485	360,886,590
Bulk Power Sales	199,477,000	261,628,000
TOTAL KWH BILLED	569,678,485	622,514,590

YEAR TO DATE			
June 30, 2019	June 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
143,469,000	211,692,000	(68,223,000)	-32.2%
84,416,000	137,555,000	(53,139,000)	-38.6%
227,885,000	349,247,000	(121,362,000)	-34.7%
39,497,000	51,382,000	(11,885,000)	-23.1%
52,530,000	79,088,000	(26,558,000)	-33.6%
92,027,000	130,470,000	(38,443,000)	-29.5%
345,443,000	609,990,000	(264,547,000)	-43.4%
276,600,000	437,480,000	(160,880,000)	-36.8%
622,043,000	1,047,470,000	(425,427,000)	-40.6%
10,066,000	12,918,000	(2,852,000)	-22.1%
1,675,983	1,712,100	(36,117)	-2.1%
11,612,000	16,162,000	(4,550,000)	-28.2%
105,613,000	116,382,000	(10,769,000)	-9.3%
1,070,921,983	1,674,361,100	(603,439,117)	-36.0%
1,134,516,000	1,501,072,000	(366,556,000)	-24.4%
813,051,000	791,743,000	21,308,000	2.7%
(546,847,750)	(1,489,237,583)	942,389,833	63.3%
2,471,641,233	2,477,938,517	(6,297,284)	-0.3%
18,225,636	25,591,210	(7,365,574)	-28.8%
131,089	354,089	(223,000)	-63.0%
158,760	174,333	(15,573)	-8.9%
(16,735,000)	(16,838,000)	103,000	0.6%
767,505	880,283	(112,778)	-12.8%
2,474,189,223	2,488,100,432	(13,911,209)	-0.6%
775,307,000	760,938,000	14,369,000	1.9%
1,122,200,431	1,113,647,283	8,553,148	0.8%
212,131,484	172,721,287	39,410,197	22.8%
992,767,895	994,940,854	(2,172,959)	-0.2%
237,931,980	245,337,360	(7,405,380)	-3.0%
5,690,819	(10,566,258)	16,257,077	153.9%
4,203,000	4,284,000	(81,000)	-1.9%
2,574,925,609	2,520,364,526	54,561,083	2.2%
1,803,913,000	1,686,138,000	179,926,000	7.0%
4,378,838,609	4,206,502,526	172,336,083	4.1%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Power

Statements of Cash Flows (Unaudited)

	YEAR TO DATE	
	June 30, 2019	June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$250,270,078	\$250,854,945
Cash Paid to Suppliers	(137,914,771)	(110,663,507)
Cash Paid to Employees	(60,098,361)	(58,811,262)
Taxes Paid	(12,314,811)	(11,979,015)
Conservation Loans	110,881	148,839
Net Cash from Operating Activities	40,053,016	69,550,000
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer Out for Gross Earnings Tax	(18,655,430)	(18,482,506)
Transfer to Family Need Fund	(250,000)	(50,000)
Net Cash from Non-Capital Financing Activities	(18,905,430)	(18,532,506)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures	(19,761,329)	(36,230,473)
Principal Payments on Long-Term Debt	(10,095,000)	(11,575,000)
Interest Paid	(10,798,496)	(9,900,774)
BABs and CREBs Interest Subsidies	1,883,013	1,846,816
Contributions in Aid of Construction	3,059,036	6,359,722
Net Cash from Capital and Related Financing Activities	(35,712,776)	(49,499,709)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	3,811,160	3,075,982
Other Net Non-Op Revenues and Deductions	1,199,644	811,468
Net Cash from Investing Activities	5,010,804	3,887,450
Net Increase Change in Cash and Equity in Pooled Investments	(9,554,386)	5,405,235
Cash and Equity in Pooled Investments at January 1	250,122,888	223,936,702
Cash and Equity in Pooled Investments at June 30	240,568,502	\$229,341,937

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

	June 30, 2019	June 30, 2018
Reconciliation of Net Operating Income to Net Cash From Operating Activities:		
Net Operating Income	\$20,186,650	\$46,365,223
Adjustments to reconcile net operating income to net cash from operating activities:		
Depreciation	24,657,062	27,901,593
Amortization of Regulatory Assets	4,602,263	4,116,524
Cash from changes in operating assets and liabilities:		
Accounts Receivable and Unbilled Revenue	3,147,467	7,750,188
Conservation Loans Receivable	110,881	148,839
Interfund Receivables	1,845,652	1,820,401
Inventory, Materials and Supplies, and Other	38,794	365,409
Taxes and Other Payables	(13,778,273)	(14,254,285)
Purchased Power Payable	1,937,306	(1,803,871)
Salaries and Wages Payable	(302,407)	30,388
Customers' Deposits	(56,917)	(48,643)
Regulatory Assets - Conservation	(2,128,189)	(2,774,305)
Interfund Payables	(207,273)	(67,461)
Total Adjustments	19,866,366	23,184,777
Net Cash from Operating Activities	<u>\$40,053,016</u>	<u>\$69,550,000</u>

**Reconciliation of Cash and Equity in Pooled
Investments to Balance Sheet:**

Cash and Equity in Pooled Investments in Special Funds	\$46,135,795	\$22,730,204
Cash and Equity in Pooled Investments in Operating Funds	<u>194,432,707</u>	<u>206,611,733</u>
Cash and Equity in Pooled Investments at June 30	<u>\$240,568,502</u>	<u>\$229,341,937</u>

City of Tacoma, Washington
Department of Public Utilities
Click! Network
Commercial Operations

Operational Summary (Unaudited)
June 30, 2019

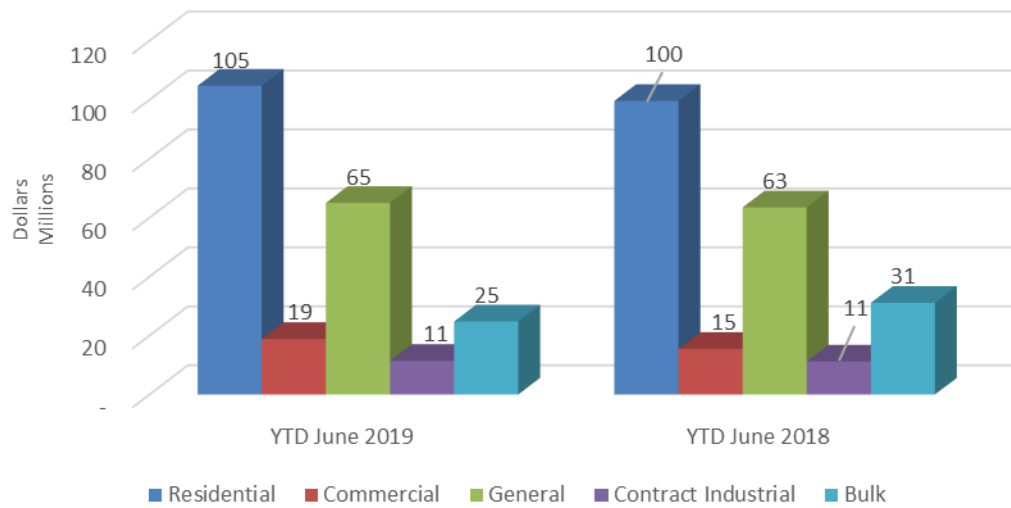
	June 2019	June 2018
TELECOMMUNICATIONS REVENUE		
CATV	\$1,292,385	\$1,348,236
Broadband	81,226	93,614
ISP	693,559	610,052
Interdepartmental	23,360	22,708
Total Operating Revenue	<u>2,090,530</u>	<u>2,074,610</u>
TELECOMMUNICATIONS EXPENSE-COMMERCIAL		
Administration & Sales Expense		
Salaries & Wages Expense	149,685	261,448
General Expense	31,594	36,549
Contract Services	1,237,346	1,171,496
IS & Intergovernmental Services	112,492	131,479
Fleet Services	223	1,000
Capitalized A & G Expense	<u>(8,511)</u>	<u>(1,605)</u>
Total Admin & Sales Expense	<u>1,522,829</u>	<u>1,600,367</u>
Operations & Maintenance Expense		
Salaries & Wages Expense	251,481	399,329
General Expense	17,284	30,903
Contract Services	122,336	58,018
IS & Intergovernmental Services	1,959	1,231
Fleet Services	18,542	18,815
New Connect Capital	<u>(6,058)</u>	<u>(7,017)</u>
Total Oper & Maint Expense	405,544	501,279
Total Telecommunications Expense	1,928,373	2,101,646
Net Revenues (Expenses) Before Taxes and Depreciation and Amortization	162,157	(27,036)
Taxes	279,793	283,807
Depreciation and Amortization	<u>142,507</u>	<u>188,467</u>
	422,300	472,274
NET OPERATING REVENUES (EXPENSES)	<u><u>(\$260,143)</u></u>	<u><u>(\$499,310)</u></u>

YEAR TO DATE			
June 30, 2019	June 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$8,159,825	\$8,473,734	(\$313,909)	-3.7%
488,555	534,140	(45,585)	-8.5%
4,132,241	3,672,699	459,542	12.5%
146,319	136,178	10,141	7.4%
<u>12,926,940</u>	<u>12,816,751</u>	<u>110,189</u>	0.9%
1,039,937	1,572,371	(532,434)	-33.9%
234,080	213,282	20,798	9.8%
6,597,095	6,701,023	(103,928)	-1.6%
705,737	814,837	(109,100)	-13.4%
2,973	3,136	(163)	-5.2%
(19,486)	(20,321)	835	4.1%
<u>8,560,336</u>	<u>9,284,328</u>	<u>(723,992)</u>	-7.8%
1,691,845	2,402,071	(710,226)	-29.6%
90,605	161,855	(71,250)	-44.0%
399,242	377,336	21,906	5.8%
10,955	15,871	(4,916)	-31.0%
142,880	119,718	23,162	19.3%
(38,591)	(45,900)	7,309	15.9%
<u>2,296,936</u>	<u>3,030,951</u>	<u>(734,015)</u>	-24.2%
10,857,272	12,315,279	(1,458,007)	-11.8%
2,069,668	501,472	1,568,196	312.7%
1,753,269	1,763,629	(10,360)	-0.6%
860,548	1,144,099	(283,551)	-24.8%
<u>2,613,817</u>	<u>2,907,728</u>	<u>(293,911)</u>	
<u>(\$544,149)</u>	<u>(\$2,406,256)</u>	<u>\$1,862,107</u>	77.4%

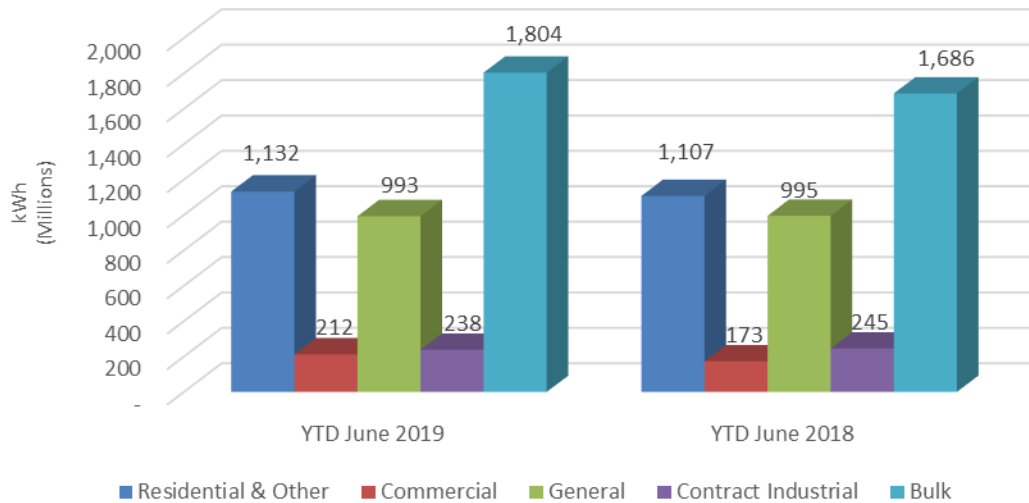
This page intentionally left blank

Supplemental Data

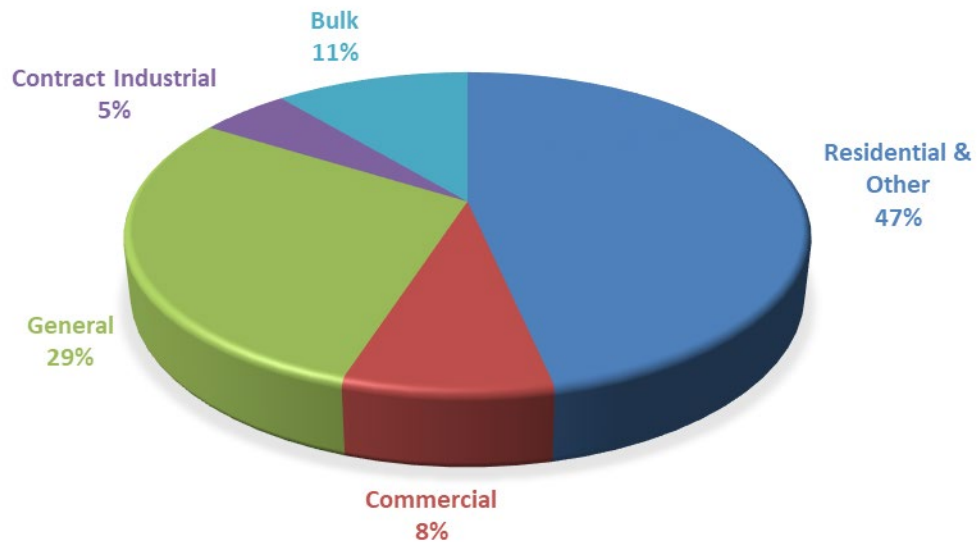
Sales of Electric Energy Year to Date - June 2019 & 2018



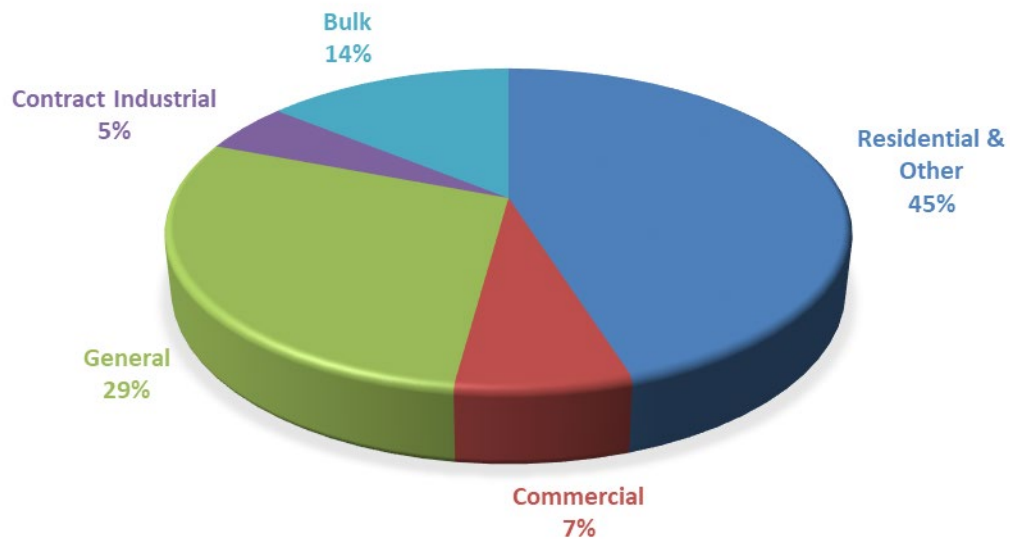
Total Power Billed Year to Date - June 2019 & 2018



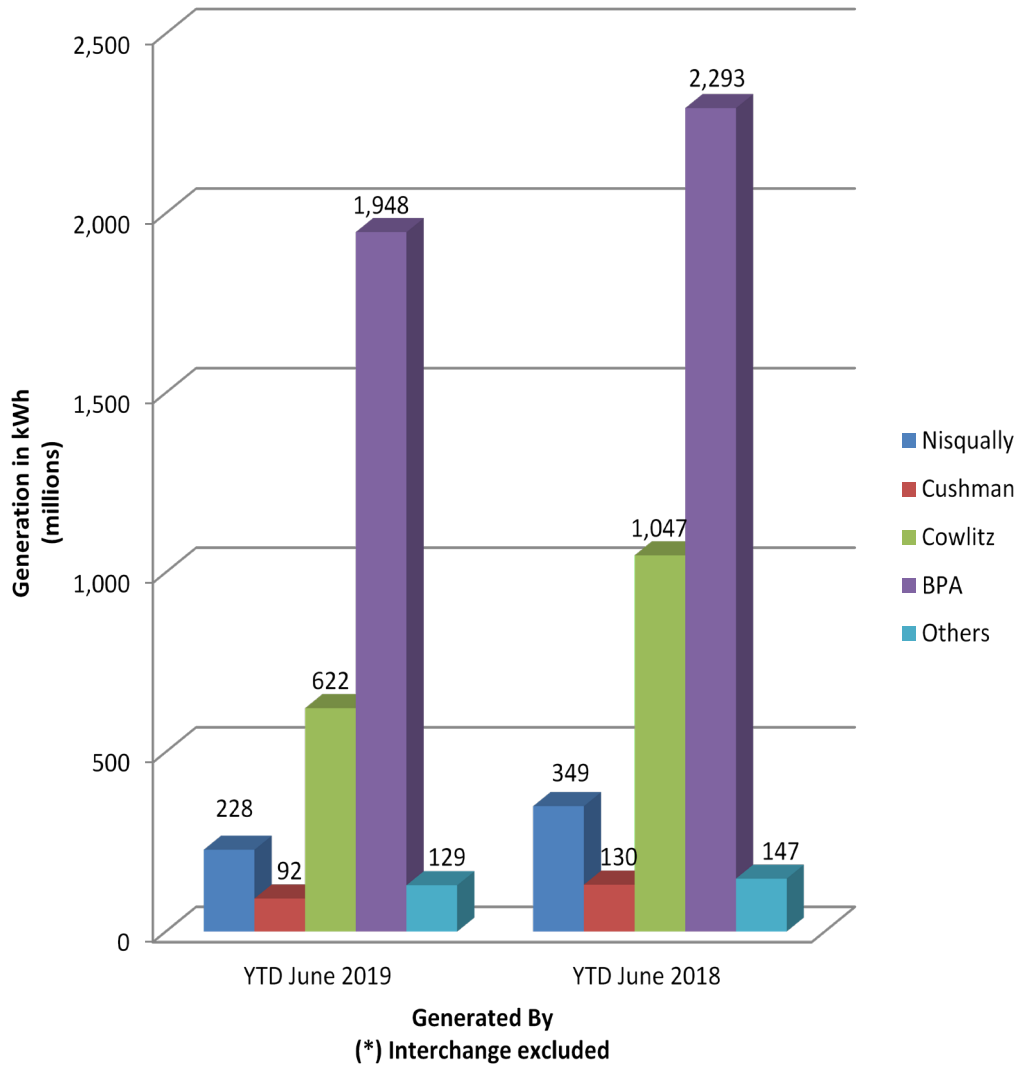
**SALES OF ELECTRIC ENERGY
YEAR TO DATE - JUNE 2019 (\$224,770,430)**



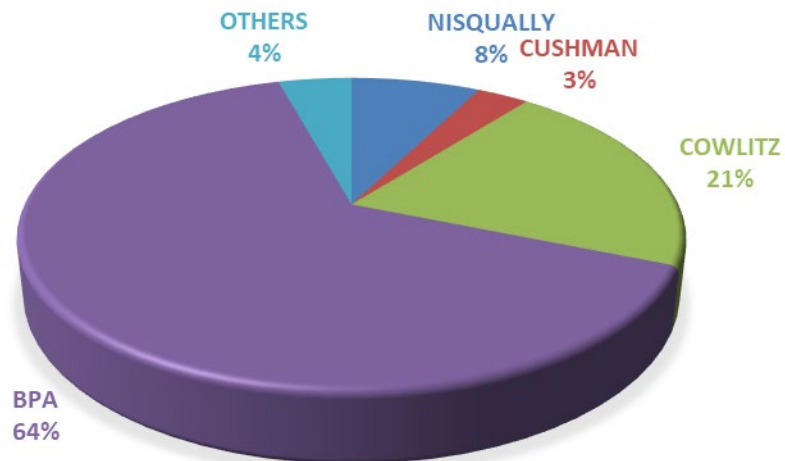
**SALES OF ELECTRIC ENERGY
YEAR TO DATE - JUNE 2018 (\$220,797,202)**



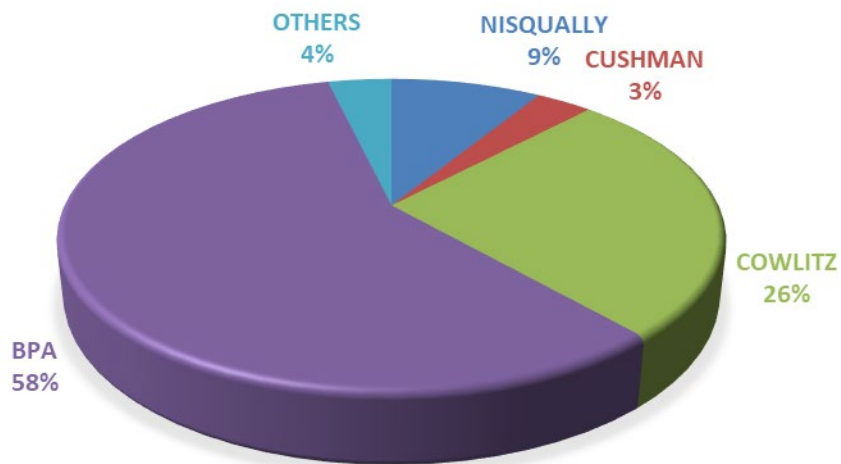
Power Sources (*) **Year to Date June 2019 & 2018**



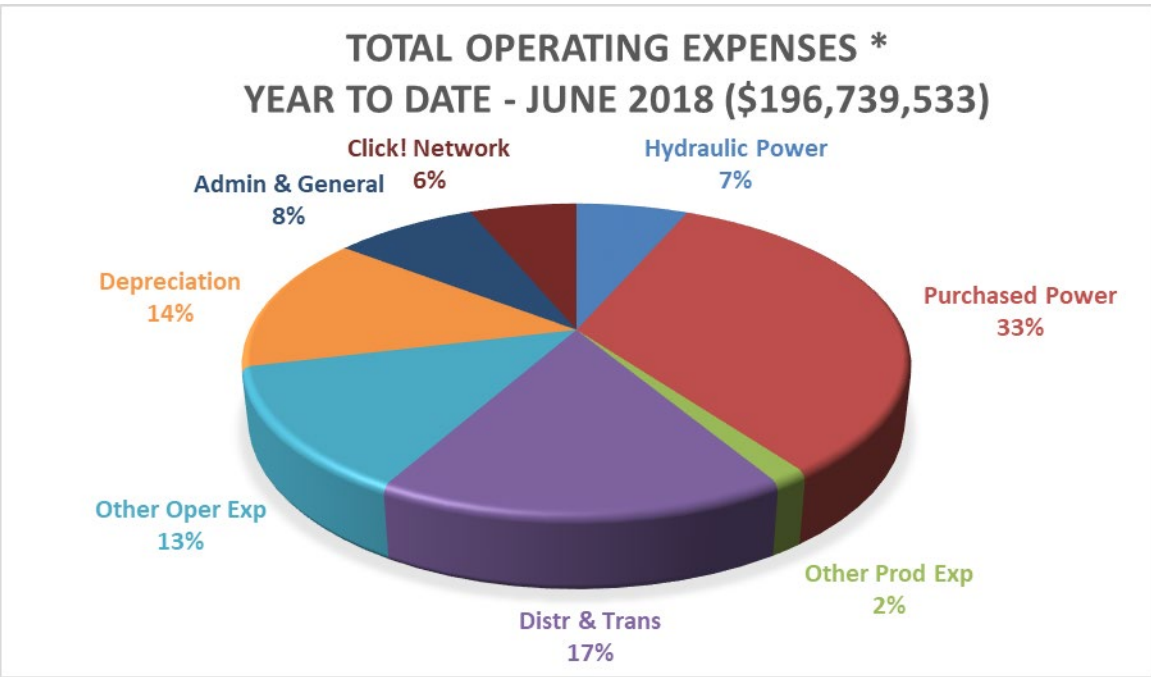
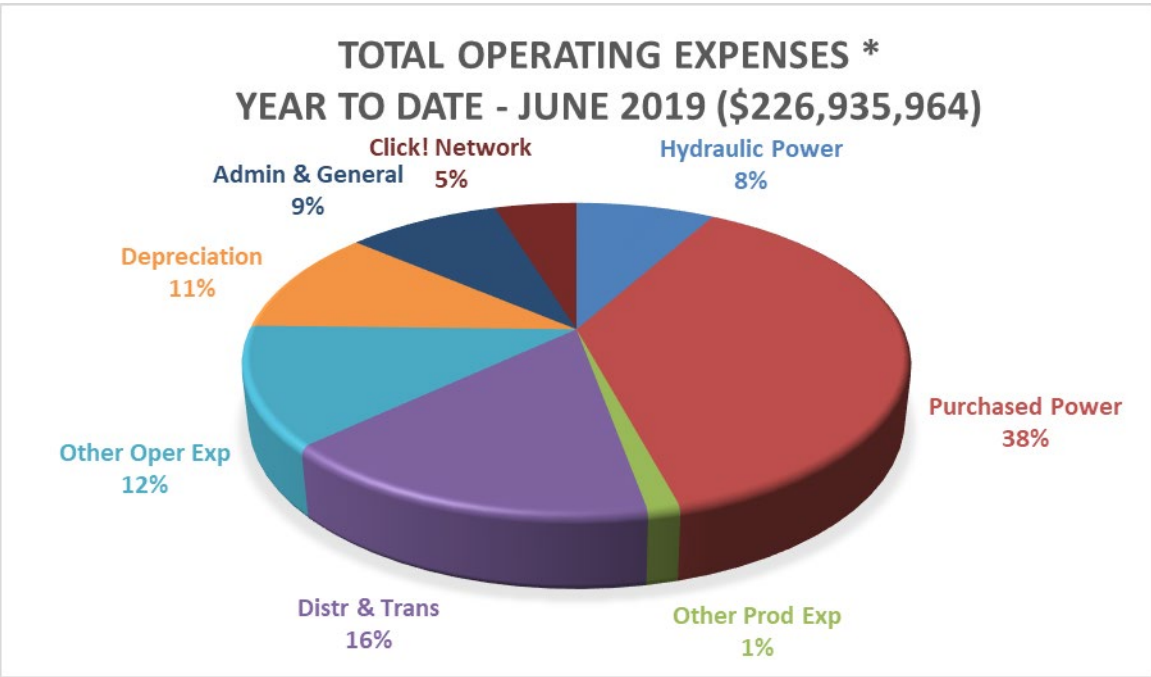
POWER SOURCES (*)
YEAR TO DATE - JUNE 2019



POWER SOURCES (*)
YEAR TO DATE - JUNE 2018



(*) Interchange excluded



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

This page intentionally left blank



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.

JUNE

TACOMA RAIL

2019

**INTERIM
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

This page has been left blank intentionally.

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.

Management Discussion and Analysis1

Statements of Net Position2

Statements of Revenues, Expenses and Changes in Net Position.....4

Summary of Switching Revenues and Switching Activities6

Statements of Cash Flows8

Supplemental Data 11

This page has been left blank intentionally.

Management Discussion and Analysis

Tacoma Rail Beltline Division (Tacoma Rail) is reporting 2019 year to date net operating income of \$3.0 million compared to \$2.1 million in 2018. Operating revenues increased \$1.8 million (11.1%), and operating expenses increased \$880,000 (6.3%) year to date in 2019 compared to 2018.

Operating revenues were \$17.9 million at the end of second quarter 2019, compared to \$16.1 million in 2018. Total switching revenues increased \$1.2 million 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	36,449	30,713	5,736	18.7%	\$ 6,154	\$ 5,230	924	17.7%
Commercial Line Hauls	15,976	13,946	2,030	14.6%	7,532	7,004	528	7.5%
Capital Div. Line Hauls	389	402	(13)	-3.2%	222	219	3	1.4%
Miscellaneous Switches	6,166	7,133	(967)	-13.6%	989	1,234	(245)	-19.9%
Total Line Hauls	58,980	52,194	6,786	13.0%	\$ 14,897	\$ 13,687	\$ 1,210	8.8%

Demurrage and other operating revenues increased \$574,000 primarily due to increased railcar dwell and locomotive services.

Total operating expenses were \$14.9 million year to date in 2019, compared to \$14.0 million in 2018.

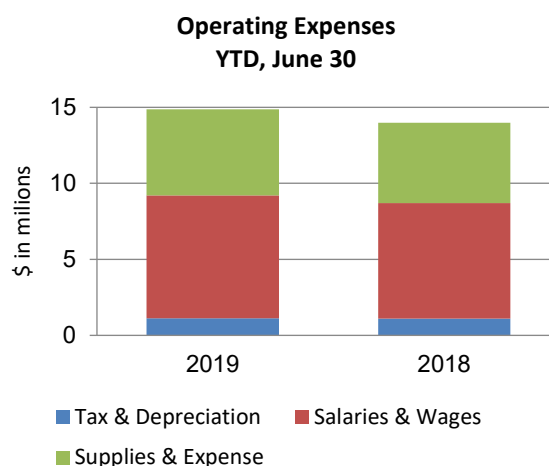
Salaries and wages were \$456,000 higher primarily due to intermodal services demand being higher in 2019. This is causing increased Operations' overtime relative to 2018.

Supplies and expenses increased \$390,000 primarily due to an increase in intermodal volumes.

Depreciation increased \$13,000 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 6.8 and 8.2, respectively.

Rail financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.



City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail

Statements of Net Position (Unaudited)
June 30, 2019 and June 30, 2018

ASSETS	<u>JUNE 30,</u> <u>2019</u>	<u>JUNE 30,</u> <u>2018</u>
CAPITAL ASSETS		
Road and Equipment Property.....	\$47,174,783	\$46,585,758
Less Accumulated Depreciation.....	<u>(22,677,763)</u>	<u>(20,927,255)</u>
Total.....	24,497,020	25,658,503
Construction Work in Progress.....	<u>1,539,030</u>	<u>398,705</u>
Net Capital Assets.....	26,036,050	26,057,208
CURRENT ASSETS		
Cash & Equity in Pooled Investments.....	13,731,154	10,223,334
Customer Accounts Receivable.....	4,166,241	3,635,260
Grants Receivable.....	13,069	112,306
Prepayments.....	1,033,996	430,531
Materials and Supplies Inventory.....	<u>1,235,979</u>	<u>1,056,173</u>
Total Current Assets.....	20,180,439	15,457,604
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB.....	<u>993,546</u>	<u>-</u>
TOTAL ASSETS.....	<u><u>\$47,210,035</u></u>	<u><u>\$41,514,812</u></u>

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

	JUNE 30, 2019	JUNE 30, 2018
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets.....	\$21,196,262	\$20,397,177
Unrestricted.....	1,831,864	9,339,999
TOTAL NET POSITION.....	23,028,126	29,737,176
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
State Loans.....	4,019,538	4,839,782
Total Long-Term Liabilities.....	4,019,538	4,839,782
CURRENT LIABILITIES		
Accounts Payable.....	700,501	437,004
Wages Payable.....	234,349	200,973
Unemployment and other Tax Payables.....	342,540	315,548
Volume Incentive Payable.....	750,001	-
Current Portion of Long Term Debt.....	820,250	820,250
Current Portion of Compensated Absences.....	118,329	112,418
Total Current Liabilities.....	2,965,970	1,886,193
LONG-TERM LIABILITIES		
On the Job Injury Reserve.....	844,983	842,494
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.....	16,906,599	5,051,661
TOTAL LIABILITIES.....	23,892,107	11,777,636
DEFERRED INFLOWS		
Deferred Inflows for OPEB.....	289,802	-
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS.....	\$47,210,035	\$41,514,812

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	JUNE 2019	JUNE 2018
OPERATING REVENUES		
Switching Revenues.....	\$2,523,527	\$2,453,353
Demurrage and Other Operating Revenues.....	499,208	412,733
Total Operating Revenues.....	3,022,735	2,866,086
OPERATING EXPENSES		
Maintenance of Way and Structures.....		
Salaries and Wages.....	76,788	86,605
Supplies and Expense.....	118,333	102,320
Mechanical.....		
Salaries and Wages.....	187,829	187,846
Supplies and Expense.....	405,457	296,727
Operations.....		
Salaries and Wages.....	826,938	880,321
Supplies and Expense.....	130,160	153,824
Administration.....		
Salaries and Wages.....	192,905	209,910
Supplies and Expense.....	337,340	493,384
Taxes - State.....	42,191	40,463
Depreciation.....	146,903	144,789
Total Operating Expenses.....	2,464,844	2,596,189
Net Operating Income.....	557,891	269,897
NON-OPERATING REVENUES (EXPENSES)		
Interest Income.....	23,099	12,577
Miscellaneous.....	75,132	77,364
Total Non-Operating Revenues.....	98,231	89,941
Contributions - Grants.....	13,069	112,306
Total Contributions.....	13,069	112,306
Transfers		
City of Tacoma Gross Earnings Tax.....	(251,214)	(236,482)
CHANGE IN NET POSITION.....	\$417,977	\$235,662
TOTAL NET POSITION - JANUARY 1.....		
TOTAL NET POSITION - JUNE 30.....		

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

YEAR TO DATE			
JUNE 30, 2019	JUNE 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$14,897,315	\$13,687,426	\$1,209,889	8.8%
2,993,863	2,419,842	574,021	23.7%
17,891,178	16,107,268	1,783,910	11.1%
518,047	463,754	54,293	11.7%
534,261	795,613	(261,352)	-32.8%
1,170,026	959,542	210,484	21.9%
2,159,664	1,830,528	329,136	18.0%
5,101,813	4,856,477	245,336	5.1%
680,568	728,045	(47,477)	-6.5%
1,278,132	1,331,907	(53,775)	-4.0%
2,300,609	1,931,308	369,301	19.1%
250,532	226,789	23,743	10.5%
881,526	868,731	12,795	1.5%
14,875,178	13,992,694	882,484	6.3%
3,016,000	2,114,574	901,426	42.6%
185,628	117,198	68,430	58.4%
466,320	564,532	(98,212)	-17.4%
651,948	681,730	(29,782)	-4.4%
25,787	112,306	(86,519)	-77.0%
25,787	112,306	(86,519)	-77.0%
(1,479,322)	(1,338,809)	(140,513)	-10.5%
2,214,413	1,569,801	644,612	41.1%
20,813,713	28,167,375		
\$23,028,126	\$29,737,176		

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail

Summary of Switching Revenues and Switching Activities (Unaudited)
June 30, 2019 and June 30, 2018

	June 2019	June 2018
SWITCHING REVENUES		
LINE HAULS--INTERMODAL.....	\$1,025,405	\$991,420
LINE HAULS--COMMERCIAL.....	1,298,294	1,212,320
LINE HAULS--CAPITAL DIVISION.....	39,330	33,630
MISCELLANEOUS SWITCHES.....	<u>160,498</u>	<u>215,983</u>
TOTAL SWITCHING REVENUES.....	<u><u>\$2,523,527</u></u>	<u><u>\$2,453,353</u></u>

SWITCHING ACTIVITIES (CARS)

LINE HAULS--INTERMODAL.....	5,934	5,635
LINE HAULS--COMMERCIAL.....	2,766	2,578
LINE HAULS--CAPITAL DIVISION.....	69	59
MISCELLANEOUS SWITCHES.....	<u>1,169</u>	<u>854</u>
TOTAL CARS SWITCHED.....	<u><u>9,938</u></u>	<u><u>9,126</u></u>

YEAR TO DATE			
June 30, 2019	June 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$6,154,242	\$5,230,282	\$923,960	17.7%
7,532,304	7,004,535	527,769	7.5%
221,730	219,060	2,670	1.2%
989,039	1,233,549	(244,510)	-19.8%
<u>\$14,897,315</u>	<u>\$13,687,426</u>	<u>\$1,209,889</u>	<u>8.8%</u>
36,449	30,713	5,736	18.7%
15,976	13,946	2,030	14.6%
389	402	(13)	-3.2%
6,166	7,133	(967)	-13.6%
<u>58,980</u>	<u>52,194</u>	<u>6,786</u>	<u>13.0%</u>

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail

Statements of Cash Flows (Unaudited)
June 30, 2019 and June 30, 2018

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers.....	\$17,200,947	\$15,739,679
Cash Paid to Suppliers.....	(5,868,620)	(5,294,516)
Cash Paid to Employees.....	(8,054,948)	(7,601,297)
Taxes Paid.....	(242,945)	(201,099)
Net Cash From Operating Activities.....	3,034,434	2,642,767
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds.....	(1,479,322)	(1,338,809)
Net Cash From Non-Capital Financing Activities.....	(1,479,322)	(1,338,809)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net.....	(804,177)	(220,229)
Principal Payments on Long-Term Debt.....	(383,695)	(383,694)
Proceeds from Capital Contributions.....	25,787	112,306
Proceeds from Other Non-Operating Revenues.....	466,321	564,532
Net Cash From Capital and Related Financing Activities.....	(695,764)	72,915
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments.....	185,628	117,198
Net Cash From Investing Activities.....	185,628	117,198
Net Increase (Decrease) in Cash and Equity in Pooled Investments.....	1,044,976	1,494,071
Cash & Equity in Pooled Investments at January 1	12,686,178	8,729,263
Cash & Equity in Pooled Investments at June 30	\$13,731,154	\$10,223,334

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

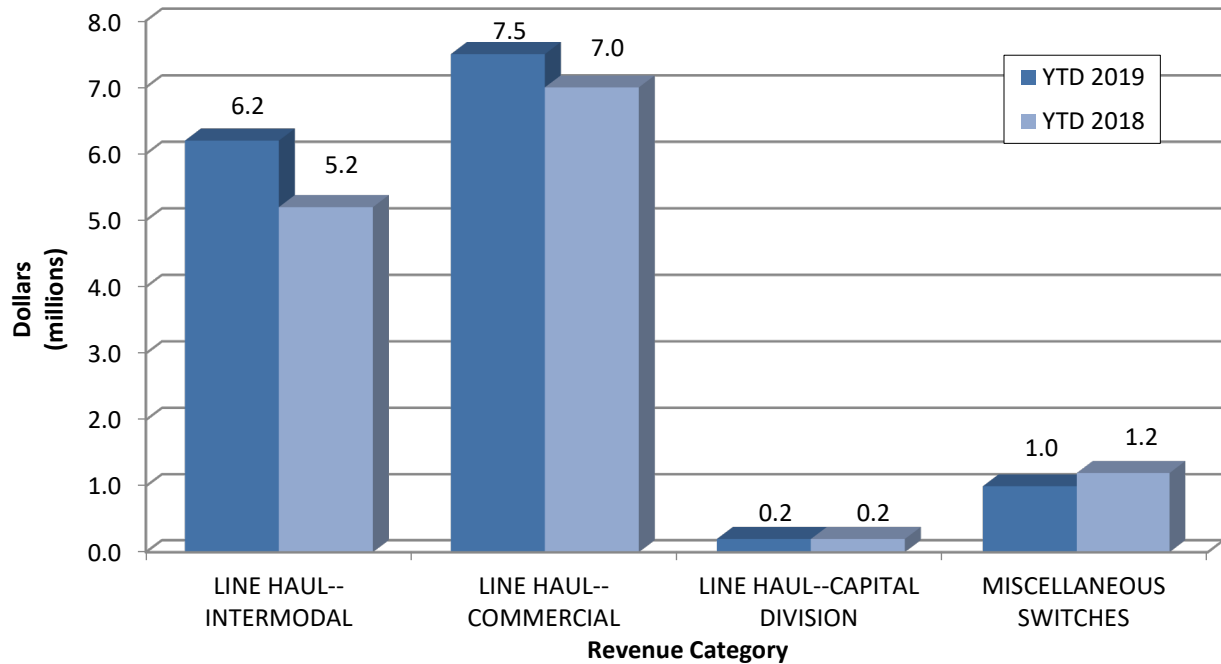
	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income.....	\$3,016,000	\$2,114,574
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation.....	881,526	868,731
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable.....	(707,019)	(525,547)
Interfund Receivable.....	16,786	157,958
Materials and Supplies Inventory.....	(23,127)	110,599
Prepayments.....	271,689	257,782
Accounts Payable.....	(573,476)	(316,670)
Unemployment and other Tax Payables.....	7,587	25,690
Wages Payable and Compensated Absences.....	(21,000)	(2,350)
Volume Incentive Payable.....	458,333	-
Interfund Payable.....	(326,936)	(60,733)
Other Long-Term Liabilities & OJI Reserve.....	34,071	12,733
Total Adjustments.....	18,434	528,193
Net Cash From Operating Activities.....	<u>\$3,034,434</u>	<u>\$2,642,767</u>

This page has been left blank intentionally.

Supplemental Data

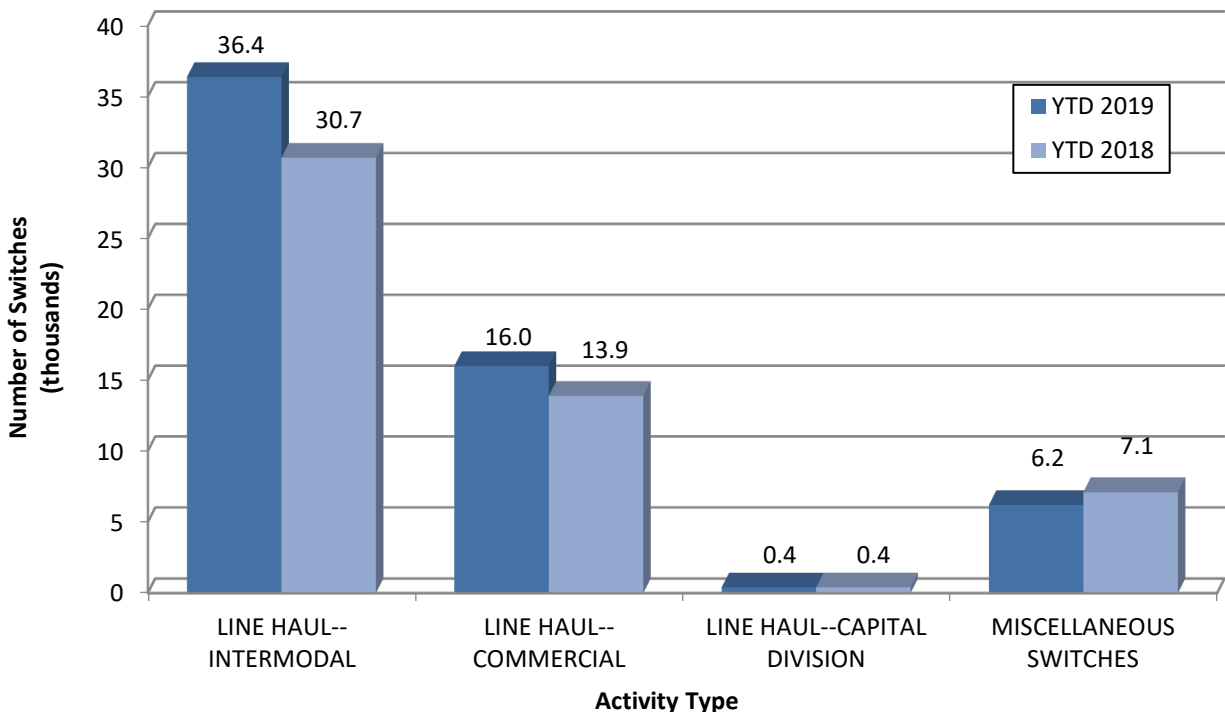
SWITCHING REVENUES

Year to Date - June 2019 & 2018

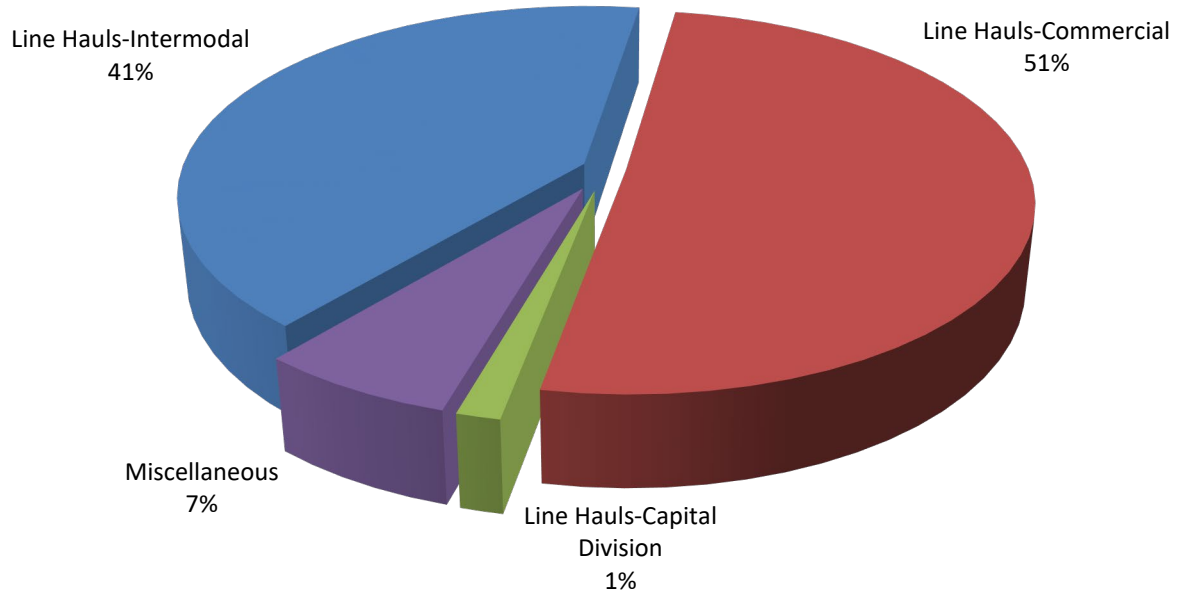


SWITCHING ACTIVITIES

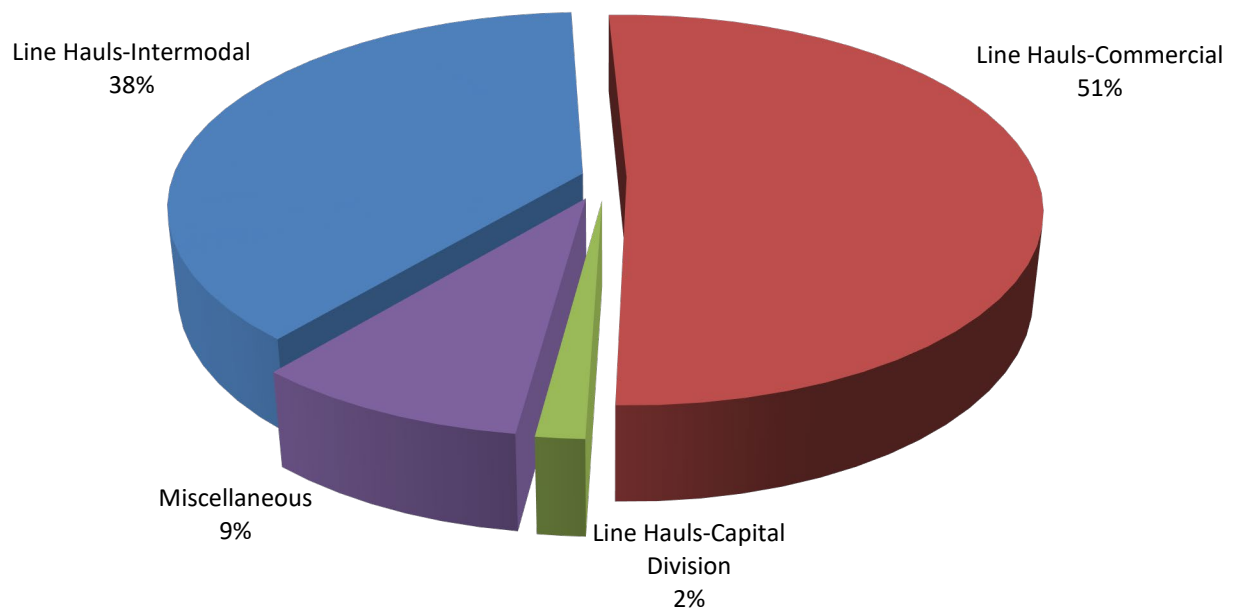
Year to Date - June 2019 & 2018



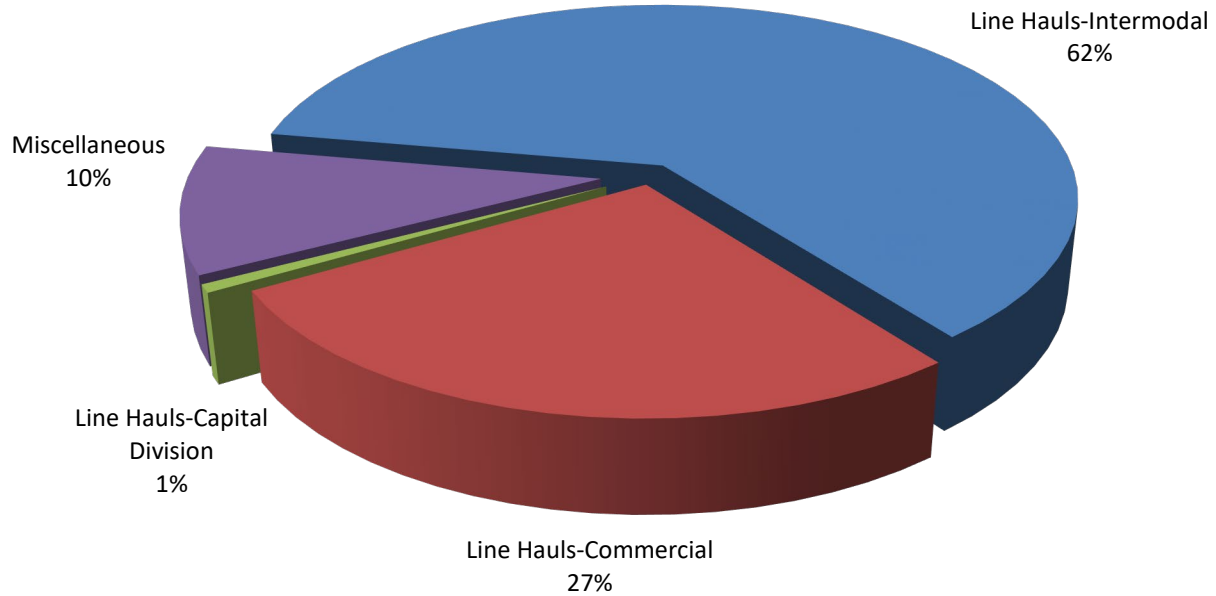
SWITCHING REVENUES
Year to Date - June 2019 (\$14,897,315)



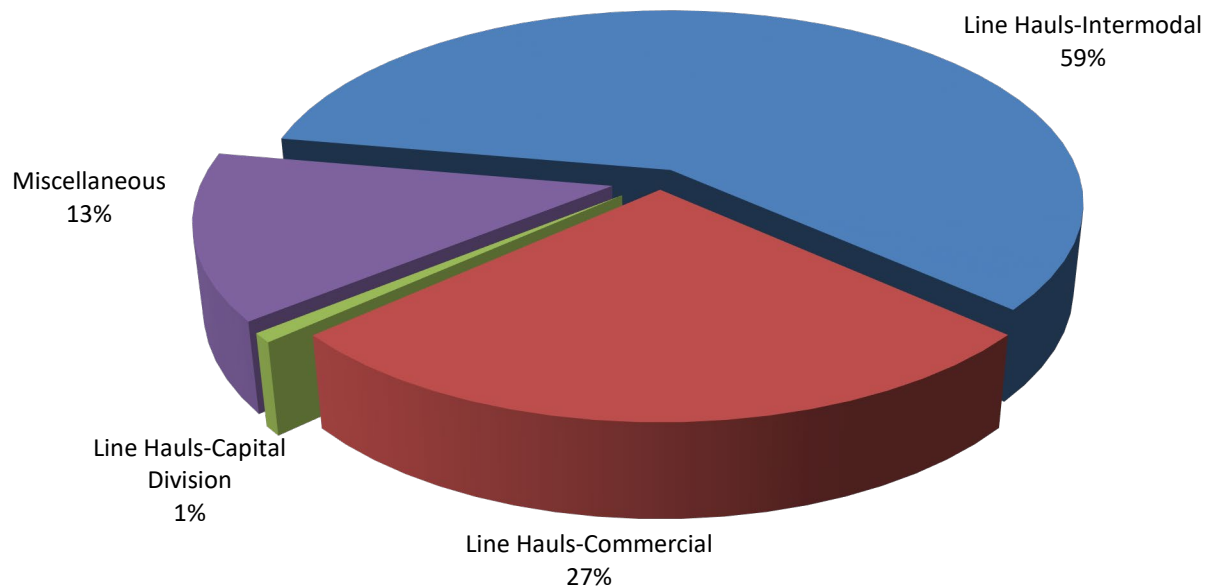
SWITCHING REVENUES
Year to Date - June 2018 (\$13,687,426)



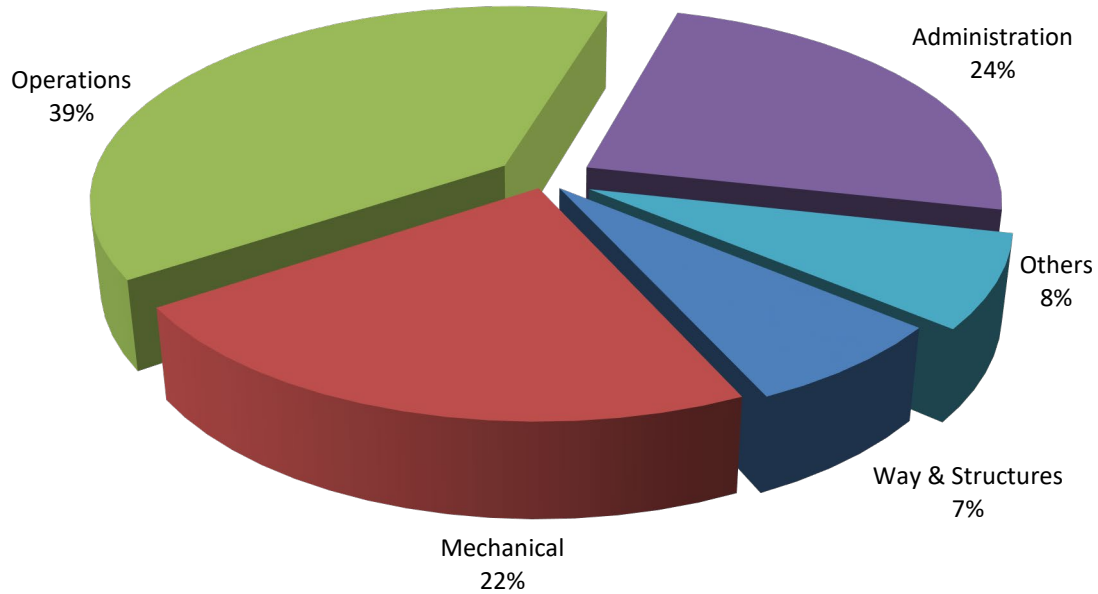
SWITCHING ACTIVITY
Year to Date - June 2019 (58,980 cars)



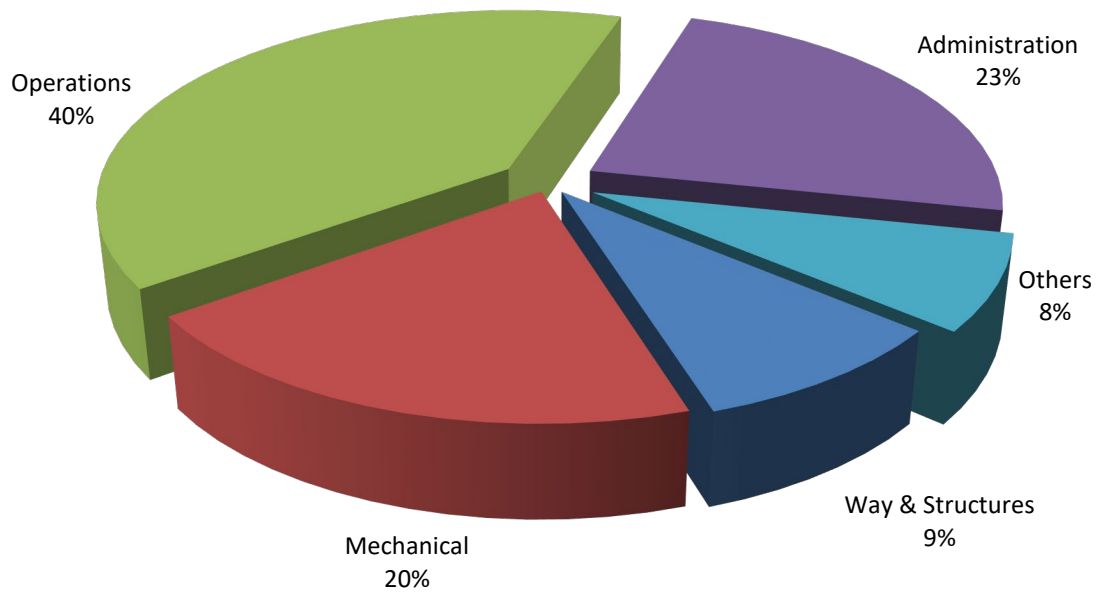
SWITCHING ACTIVITY
Year to Date - June 2018 (52,194 cars)



TOTAL OPERATING EXPENSES
Year to Date - June 2019 (\$14,875,178)



TOTAL OPERATING EXPENSES
Year to Date - June 2018 (\$13,992,694)





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.

JUNE

SELF-INSURANCE CLAIM FUND

2019

**INTERIM
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

This page has been left blank intentionally.

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.

Management Discussion and Analysis	1
Statements of Net Position (Unaudited)	3
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)	4
Statements of Cash Flows (Unaudited)	6
Equity Distribution (Unaudited) as of June 30, 2019	8
Claims Statistics Summary (Unaudited)	9
Claims Statistics Detail (Unaudited)	10

This page has been left blank intentionally.

Management Discussion and Analysis

As of June 2019, the Self-Insurance fund is reporting an increase to net position of \$1.0 million year-to-date in 2019 compared to an increase of \$234,000 recorded for the same time period in 2018. Total revenues decreased \$1.5 million while total expenses decreased \$2.2 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 second quarter of 2019 and 2018 were \$1 million and \$2.6 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.

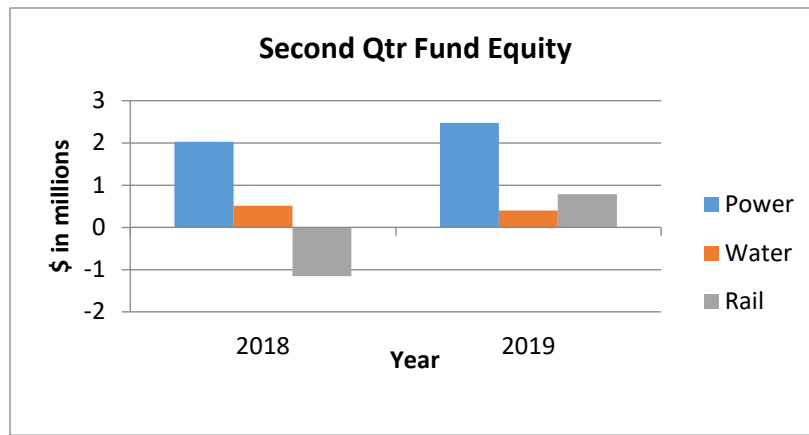
Total expenses at the end of the second quarter of 2019 and 2018 were \$88,000 and \$2.3 million respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised in the next quarter.

Claims expense was negative \$261,000 in the second quarter of 2019, a decrease of \$2.4 million (112%) compared to the second quarter of 2018. The decrease is primarily due to the decrease of \$2.3 million and \$183,000 in Power claims and in Rail respectively, offset with the increase in claims of \$60,000 from Water.

Litigation expense and settlements in the second quarter of 2019 increased by \$229,000 compared to the same quarter in 2018, primarily due to the increase in handling expenses for Power.

Incidental and administrative expense decreased by \$38,000 due to decreases in the purchase of software and assessments.

The Fund's equity was \$3.7 million and \$1.4 million through June of 2019 and 2018 respectively. The graph on the following page provides a visual presentation on how the Fund's equity is shared.



Request for Information

Self-Insurance financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Statements of Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	2019	2018
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	\$8,396,438	\$7,527,701
TOTAL ASSETS	\$8,396,438	\$7,527,701
 NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	\$3,653,164	\$1,384,426
TOTAL NET POSITION	3,653,164	1,384,426
CURRENT LIABILITIES		
Accounts Payable Claims	4,724,564	6,103,587
Accounts Payable Claims Handling	18,710	39,688
TOTAL LIABILITIES	4,743,274	6,143,275
TOTAL NET POSITION AND LIABILITIES	\$8,396,438	\$7,527,701

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

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	JUNE 2019	JUNE 2018
	<u> </u>	<u> </u>
INCOME		
Premiums	\$153,333	\$128,333
Interest	<u>15,036</u>	<u>10,065</u>
 TOTAL INCOME	 168,369	 138,398
 EXPENSES		
Claims	48,657	852,006
Litigation Expense and Settlements	545	38,861
Incidental and Administrative Expense	<u>7,378</u>	<u>12,385</u>
 TOTAL EXPENSES	 <u>56,580</u>	 <u>903,252</u>
 CHANGE IN NET POSITION	 <u>\$111,789</u>	 <u>(\$764,854)</u>
 TOTAL NET POSITION - JANUARY 1		
 TOTAL NET POSITION - JUNE 30		

YEAR-TO-DATE			
JUNE 2019	JUNE 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$920,000	\$2,470,000	(\$1,550,000)	-62.8%
125,548	92,311	33,237	36.0%
1,045,548	2,562,311	(1,516,763)	-59.2%
(260,622)	2,170,285	(2,430,907)	-112.0%
287,787	58,967	228,820	388.0%
60,909	99,041	(38,132)	-38.5%
88,074	2,328,293	(2,240,219)	-96.2%
957,474	234,018	723,456	309.1%
2,695,690	1,150,408	1,545,282	
<u>\$3,653,164</u>	<u>\$1,384,426</u>	<u>\$2,268,738</u>	

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

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Statements of Cash Flows (Unaudited)
June 30, 2019 and June 30, 2018

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$920,000	\$2,470,000
Claims Paid	(374,283)	(1,915,588)
Administrative and Other Expenses	(142,480)	(147,580)
Net Cash Flows from Operating Activities	403,237	406,832
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Received	125,548	92,311
Net Cash Flows from Financing Activities	125,548	92,311
Net Increase (Decrease) in Cash and Equity in Pooled Investments	528,785	499,143
Cash and Equity in Pooled Investments at January 1	7,867,653	7,028,558
Cash and Equity in Pooled Investments at June 30	<u>\$8,396,438</u>	<u>\$7,527,701</u>

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
Reconciliation of Net Income (Loss) to Net Cash Flows from Operating Activities:		
Net Income (Loss)	\$957,474	\$234,018
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income	(125,548)	(92,311)
Cash from Changes in Operating Assets and Liabilities:		
Interdivision Payable	(10,610)	(8,910)
Accounts Payable Claims	(434,905)	246,395
Accounts Payable Claims Handling	16,826	27,640
Total Adjustments	(554,237)	172,814
Net Cash Flows from Operating Activities.....	<u>\$403,237</u>	<u>\$406,832</u>

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Equity Distribution (Unaudited) as of June 30, 2019

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2019	\$1,912,388	\$456,220	\$327,082	\$2,695,690
Contributions (Premiums)	500,000	120,000	300,000	920,000
Claims	249,346	(52,917)	67,755	264,184
Claims Handling Expense	(258,347)	-	(29,440)	(287,787)
Administrative Expenses	(23,746)	(139,601)	98,876	(64,471)
Interest Income (1)	95,038	12,721	17,789	125,548
Balance June 30, 2019	<u>\$2,474,679</u>	<u>\$396,423</u>	<u>\$782,062</u>	<u>\$3,653,164</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 (Unaudited)
June 30, 2019

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2019)

	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Total
Over \$5,000	5	2	1	-	8
\$1,001 - 5,000	5	6	1	1	13
\$501 - 1,000	5	2	-	-	7
\$100 - 500	2	7	-	1	10
Less than \$100	1	2	-	-	3
	18	19	2	2	41
Total Dollar Amount of Claims Paid	\$285,535	\$52,916	\$32,245	\$3,587	\$374,283

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2019

Over \$50,000	16	2	1	-	19
\$10,000 - 50,000	8	2	2	-	12
Less than \$10,000	258	88	9	1	356
	282	92	12	1	387
Total Dollar Amount Accrued for Known Claims	\$3,792,176	\$420,225	\$208,475	\$500	\$4,421,376
Total Dollar Amount Accrued for Unknown Claims	\$73,920	\$32,029	\$196,309	\$930	\$303,188
Total Dollar Amount Accrued for All Claims	<u>\$3,866,096</u>	<u>\$452,254</u>	<u>\$404,784</u>	<u>\$1,430</u>	<u>\$4,724,564</u>

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Claims Statistics Detail (Unaudited)
June 30, 2019

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2019)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000	2	2	1	-
\$1,001 - 5,000	2	6	1	-
\$501 - 1,000	2	2	-	-
\$100 - 500	2	7	-	1
Less than \$100	-	2	-	-
	8	19	2	1
Total Dollar Amount of Claims Paid	\$222,295	\$52,916	\$32,245	\$164
Median Dollar Amount of Claims Paid	\$27,787	\$2,785	\$16,123	\$164

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 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	5	1
	264	83	7	1
Total Dollar Amount Accrued for Known Claims	\$3,768,476	\$405,010	\$169,725	\$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>\$366,034</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.
3	-	-	-	-	-	-	-	-	-
3	-	-	1	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
10	-	-	1	-	-	-	-	-	-
\$63,240	-	-	\$3,423	-	-	-	-	-	-
\$6,324	-	-	\$3,423	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
-	-	1	-	-	-	-	-	-	-
18	9	4	-	-	-	-	-	-	-
18	9	5	-	-	-	-	-	-	-
\$23,700	\$15,215	\$38,750	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$23,700	\$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.

JUNE

TACOMA WATER

2019

**INTERIM
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

This page has been left blank intentionally

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.

Management Discussion and Analysis	1
Statements of Net Position (Unaudited)	3
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)	5
Summary of Revenues and Billings (Unaudited)	7
Summary of Water Billed (Unaudited)	9
Statement of Cash Flows (Unaudited).....	11
Supplemental Data	14

Management Discussion and Analysis

Overview of the Financial Statements

Summary

As of June 2019, Tacoma Water is reporting year-to-date operating income of \$7.3 million compared to \$6.2 million in 2018. Operating revenues increased \$956,000 (2.1%) and operating expenses decreased by \$213,000 (0.5%). The year-to-date change in net position for 2019 was \$3.7 million; for 2018 it was \$3.9 million.

Revenues

Water sales revenues increased by \$644,000 (1.7%) for the first half 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 June 2019.

Customer Class	Changes Related to:		YTD Increase (Decrease)	
	Rate	Volume		
Residential and Domestic	\$ 234,491	\$ 315,925	\$	550,416
Commercial and Industrial	(55,186)	194,604		139,418
Special Rate	74,499	23,254		97,753
Other	(312,653)	168,771		(143,882)
Total	\$ (58,849)	\$ 702,554	\$	643,705

Consumption as of June 2019 was 8,048 million gallons compared to 7,919 million gallons for the same period in 2018. Regional Water Supply System (RWSS) partners received 6,024 million gallons. The following table summarizes water consumption by customer class year-to-date.

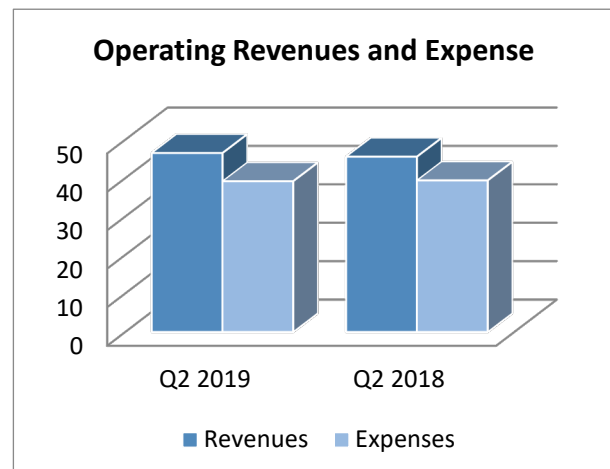
Customer Class	Millions of Gallons		YTD Increase (Decrease)	%
	2019	2018		
Residential and Domestic	3,508.30	3,465.54	42.76	1%
Commercial and Industrial	1,376.07	1,344.15	31.92	2%
Special Rate	2,786.44	2,777.10	9.34	0%
Other	377.23	332.08	45.15	14%
Total	8,048.04	7,918.87	129.17	2%

Expenses

Operating expenses were \$39.2 million for the first six months of 2019, a decrease of \$213,000 compared to 2018.

Request for Information

Water financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.



This page has been left blank intentionally

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statements of Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	June 30,	
	2019	2018
ASSETS		
UTILITY PLANT		
Water Plant in Service	\$1,124,409,266	\$1,102,042,203
Less Depreciation and Amortization	<u>(271,052,871)</u>	<u>(250,527,882)</u>
Total	853,356,395	\$851,514,321
Construction Work in Progress	<u>15,909,885</u>	<u>17,797,540</u>
Net Utility Plant	<u>869,266,280</u>	<u>\$869,311,861</u>
NON-UTILITY PROPERTY	492,963	492,963
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
2010 Construction Fund	683,324	14,755,399
2013 Construction Fund	17,049,244	16,212,542
Regional Water Supply System Operating Fund	958,132	1,091,541
Provision for Debt Payment	11,409,220	10,855,225
Customer Water Main Deposits	3,394,264	3,311,626
Water Supply Forum Fund	466,935	363,097
Special Bond Reserves	22,111,958	22,106,060
Water Customer Contribution Fund	533,883	503,507
Water Capital Reserves	38,449,769	36,062,881
Water System Development Charge	<u>70,712,365</u>	<u>65,162,731</u>
Total Restricted Assets	165,769,094	170,424,609
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Current Fund	60,541,304	55,056,942
Customers' Deposits	310,659	315,573
Receivables:		
Customers	6,173,613	6,159,432
Accrued Unbilled Revenues	5,930,220	5,457,221
Others	864,220	768,521
BABs Interest Subsidies	419,284	320,064
Provision for Uncollectible Accounts	(470,829)	(403,505)
Materials and Supplies	2,602,813	2,478,842
Prepayments	<u>1,742,440</u>	<u>996,061</u>
Total Current Assets	<u>78,113,724</u>	<u>71,149,151</u>
TOTAL ASSETS	<u>1,113,642,061</u>	<u>1,111,378,584</u>
OTHER ASSETS		
Regulatory Assets - Surcharges	1,648,806	78,705
Net Pension Asset	<u>3,438,481</u>	<u>947,106</u>
Total Other Assets	5,087,287	1,025,811
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Losses on Refunding Bonds	1,082,561	1,269,806
Deferred Outflows for Pensions	4,409,587	8,671,039
Deferred Outflows for OPEB	<u>295,709</u>	<u>-</u>
Total Deferred Outflows	5,787,857	9,940,845
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$1,124,517,205</u>	<u>\$1,122,345,240</u>

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

	June 30,	
	2019	2018
NET POSITION		
Net Investment in Capital Assets	\$443,262,999	\$441,703,658
Restricted for:		
Water Capital Reserves	33,819,382	30,953,489
Water System Development Charge	35,136,918	29,587,284
Debt Service Funds	9,065,441	8,493,113
Pension Asset	3,438,481	-
Unrestricted	60,761,295	49,840,916
TOTAL NET POSITION	585,484,516	560,578,460
LIABILITIES		
LONG-TERM DEBT		
Revenue Bonds Outstanding:		
2005 Water Revenue Bonds Refunding	5,000	5,000
2009 Water Revenue Bonds	76,775,000	76,775,000
2010 Water Revenue Bonds Refunding	17,790,000	21,890,000
2010 Water Revenue Bonds	74,985,000	74,985,000
2013 Water Revenue Bonds Refunding	74,355,000	74,355,000
2015 Water Refunding Bonds, Series A	10,820,000	12,340,000
2010 RWSS Revenue Bonds, Series A	1,655,000	1,955,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Refunding Bonds	57,710,000	59,400,000
Total Outstanding Revenue Bonds	358,340,000	365,950,000
Plus: Unamortized Bond Premium	9,819,333	11,286,025
Net Outstanding Revenue Bonds	368,159,333	377,236,025
PWTF Pre-Construction Loans	480,435	640,609
PWTF Construction Loans	16,278,474	18,815,071
State Drinking Water Loans	61,381,554	65,612,800
Total Long-Term Debt	446,299,796	462,304,505
CURRENT LIABILITIES		
Salaries and Wages Payable	469,213	441,332
Purchases and Contracts Payable	832,044	1,027,903
Interest Expense Accrued	2,343,779	2,362,112
Taxes Accrued	1,860,420	1,866,355
Customers' and Contractors' Deposits	354,700	344,623
Current Portion of Long-Term Debt	14,710,633	13,554,949
Other Current Liabilities	2,815,408	5,535,300
Current Accrued Compensated Absences	244,160	229,834
Total Current Liabilities	23,630,357	25,362,408
LONG-TERM LIABILITIES		
Muckleshoot Agreements	6,412,903	6,585,519
Customer Advances for Construction	6,700,156	7,701,522
Unearned Revenue	7,369,473	7,352,431
Other Long-Term Liabilities	1,159,958	4,754,181
Pension Liability	-	8,278,522
OPEB Liability	3,780,897	-
Long-Term Accrued Compensated Absences	2,197,439	2,068,503
Total Long-Term Liabilities	27,620,826	36,740,678
TOTAL LIABILITIES	497,550,979	524,407,591
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization	35,575,447	35,575,447
Deferred Inflows for Pensions	5,853,098	1,783,742
Deferred Inflows for OPEB	53,165	-
Total Deferred Inflows	41,481,710	37,359,189
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$1,124,517,205	\$1,122,345,240

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	JUNE 2019	JUNE 2018
OPERATING REVENUES		
Sales of Water	\$7,815,554	\$8,279,353
Other Operating Revenues	875,710	931,972
Contract Resource Obligation Revenue	386,836	365,620
Total Operating Revenues	<u>9,078,100</u>	<u>9,576,945</u>
OPERATING EXPENSES		
Production Expense:		
Source of Supply	542,329	657,363
Water Treatment	601,323	598,191
Total Production Expense	<u>1,143,652</u>	<u>1,255,554</u>
Power Pumping Expense	61,342	28,871
Transmission and Storage Expense	178,945	209,829
Distribution Expense	1,123,226	1,145,792
Customer Accounting and Consumer Service	422,038	430,373
Taxes	563,875	583,080
Depreciation	2,105,318	2,061,484
Administrative and General	1,023,913	854,149
Total Operating Expenses	<u>6,622,309</u>	<u>6,569,132</u>
OPERATING INCOME (LOSS)	2,455,791	3,007,813
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	411,665	303,431
Miscellaneous	(871)	45,113
Interest on Long-Term Debt	(1,265,656)	(1,345,534)
Interest on Long-Term Debt BABs Sub	(419,284)	(303,716)
Amortization Of Debt Premium	102,308	110,934
Interest Charged to Construction	-	52,931
Total Non-Operating Revenues (Expenses)	<u>(1,171,838)</u>	<u>(1,136,841)</u>
Net Income (Loss) Before Capital Contributions and Transfers	1,283,953	1,870,972
Capital Contributions:		
Cash	480,303	393,699
Donated Fixed Assets	243,073	(21,892)
Federal BABs Subsidies	419,284	320,062
Transfers:		
City Gross Earnings Tax	(685,988)	(727,475)
CHANGE IN NET POSITION	<u>\$1,740,625</u>	<u>\$1,835,366</u>
NET POSITION - JANUARY 1		
TOTAL NET POSITION - JUNE 30		

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

YEAR TO DATE		2019 OVER (UNDER) 2018	PERCENT CHANGE
JUNE 30, 2019	JUNE 30, 2018		
\$38,478,938	\$37,835,233	\$643,705	1.7%
5,648,405	5,513,202	135,203	2.5%
<u>2,402,321</u>	<u>2,225,161</u>	<u>177,160</u>	8.0%
46,529,664	45,573,596	956,068	2.1%
3,316,417	3,690,993	(374,576)	-10.1%
<u>3,346,780</u>	<u>3,369,281</u>	<u>(22,501)</u>	-0.7%
6,663,197	7,060,274	(397,077)	-5.6%
360,860	238,569	122,291	51.3%
1,056,755	1,139,206	(82,451)	-7.2%
7,155,301	6,763,951	391,350	5.8%
2,560,402	2,584,672	(24,270)	-0.9%
2,377,056	2,369,976	7,080	0.3%
12,630,142	13,757,089	(1,126,947)	-8.2%
<u>6,376,346</u>	<u>5,479,399</u>	<u>896,947</u>	16.4%
<u>39,180,059</u>	<u>39,393,136</u>	<u>(213,077)</u>	-0.5%
7,349,605	6,180,460	1,169,145	18.9%
3,558,241	3,018,827	539,414	17.9%
46,189	41,592	4,597	11.1%
(7,842,369)	(8,090,374)	248,005	-3.1%
(1,920,384)	(1,798,414)	(121,970)	6.8%
613,841	665,603	(51,762)	-7.8%
<u>(32,311)</u>	<u>165,621</u>	<u>(197,932)</u>	-119.5%
<u>(5,576,793)</u>	<u>(5,997,145)</u>	<u>420,352</u>	-7.0%
1,772,812	183,315	1,589,497	867.1%
3,193,046	4,180,151	(987,105)	-23.6%
601,158	1,086,176	(485,018)	-44.7%
1,920,384	1,814,762	105,622	5.8%
<u>(3,741,241)</u>	<u>(3,402,579)</u>	<u>(338,662)</u>	10.0%
3,746,159	3,861,825	(115,666)	-3.0%
581,738,357	556,716,635	25,021,722	
<u>\$585,484,516</u>	<u>\$560,578,460</u>	<u>\$24,906,056</u>	4.4%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Summary of Revenues and Billings (Unaudited)
June 30, 2019 and June 30, 2018

	JUNE 2019	JUNE 2018
SALES OF WATER		
Residential and Domestic	\$5,329,553	\$5,611,050
Commercial and Industrial	1,611,826	1,861,730
Special Rate	610,895	593,922
Sales to Other Utilities	<u>263,280</u>	<u>212,651</u>
Total	<u><u>\$7,815,554</u></u>	<u><u>\$8,279,353</u></u>

BILLINGS (NUMBER OF MONTHS BILLED)

Residential and Domestic	103,011	108,370
Commercial and Industrial	6,639	7,356
Sales to Other Utilities	<u>15</u>	<u>15</u>
Total	<u><u>109,665</u></u>	<u><u>115,741</u></u>

YEAR TO DATE		2019 OVER (UNDER) 2018	PERCENT CHANGE
JUNE 30, 2019	JUNE 30, 2018		
\$25,572,945	\$25,027,839	\$545,106	2.2%
8,491,155	8,346,429	144,726	1.7%
3,325,214	3,227,460	97,754	3.0%
1,089,624	1,233,505	(143,881)	-11.7%
<u>\$38,478,938</u>	<u>\$37,835,233</u>	<u>\$643,705</u>	1.7%
592,906	584,265	8,641	1.5%
40,076	39,889	187	0.5%
94	90	4	4.4%
<u>633,076</u>	<u>624,244</u>	<u>8,832</u>	1.4%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Summary of Water Billed (Unaudited)
June 30, 2019 and June 30, 2018

	MILLION GALLONS, TOTAL			
	JUNE 2019	JUNE 2018	YEAR TO DATE	
			JUNE 30, 2019	JUNE 30, 2018
WATER BILLED				
Residential and Domestic	828.66	897.25	3,508.30	3,465.54
Commercial and Industrial	266.82	331.91	1,376.07	1,344.15
Special Rate	513.51	512.63	2,786.44	2,777.10
Sales to Other Utilities	80.86	68.67	377.23	332.08
	<u>1,689.85</u>	<u>1,810.46</u>	<u>8,048.04</u>	<u>7,918.87</u>

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

MILLION GALLONS, AVERAGE DAILY	
JUNE 2019	JUNE 2018
27.62	29.91
8.89	11.06
17.12	17.09
2.70	2.29
56.33	60.35

City of Tacoma, Washington
Department of Public Utilities
Tacoma Water
Statement of Cash Flows (Unaudited)
June 30, 2019 and June 30, 2018

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from Customers	\$48,049,027	\$47,893,961
Cash Paid to Suppliers	(12,555,248)	(11,628,106)
Cash Paid to Employees	(13,448,144)	(12,893,394)
Taxes Paid	(2,335,699)	(2,059,959)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	19,709,936	21,312,502
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer Out for Gross Earnings Tax	(3,741,241)	(3,402,579)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(3,741,241)	(3,402,579)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Expenditures, Net	(10,319,142)	(8,298,380)
Proceeds from PWTF Loan	(555,556)	-
Principal Payments on Long-Term Debt	-	(555,556)
Principal Payments on Muckleshoot LT Liability	(176,932)	(181,355)
Interest Paid	(9,253,679)	(9,386,563)
BABs Federal Interest Subsidies	1,801,323	1,793,638
Contributions in Aid of Construction	3,193,046	4,180,151
Proceeds Held from Sale of Land	-	2,775,100
System Development Charges & Other LT Liabilities	90,248	1,460,828
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(15,220,692)	(8,212,137)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	3,558,242	3,018,827
Other Net Non-Op Revenues and Expenses	46,188	41,593
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,604,430	3,060,420
NET CHANGE IN CASH AND EQUITY IN POOLED INVESTMENTS	4,352,433	12,758,206
CASH AND EQUITY IN POOLED INVESTMENTS AT JANUARY 1	222,268,624	213,038,918
CASH AND EQUITY IN POOLED INVESTMENTS AT JUNE 30	\$226,621,057	\$225,797,124

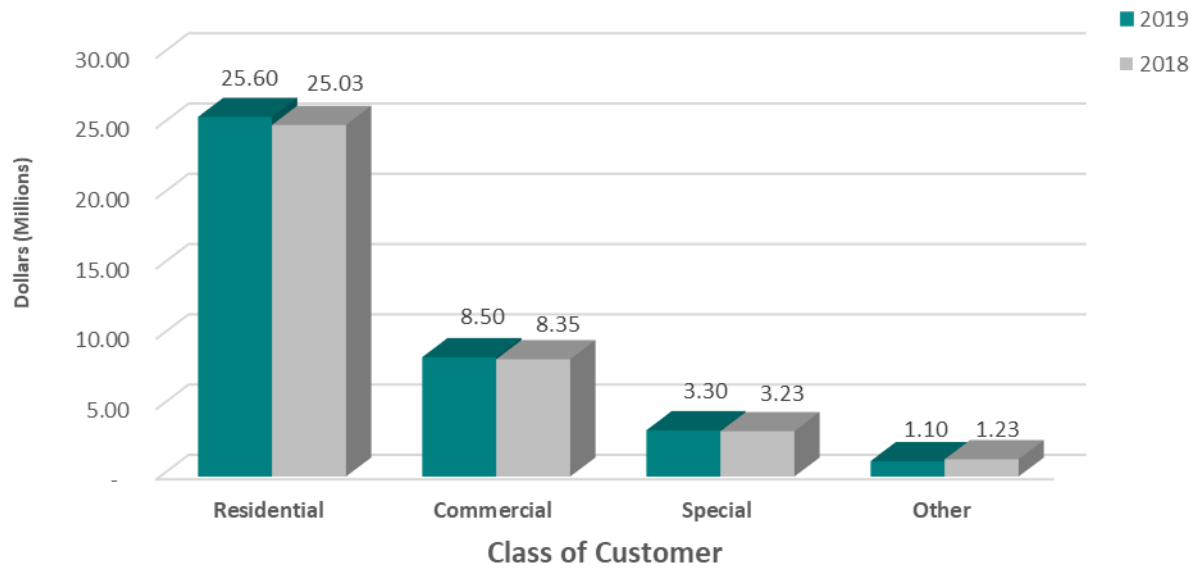
These statements should be read in conjunction with the Notes to Financial statements contained in the 2018 Annual Report.

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Net Operating Income	\$7,349,606	\$6,180,460
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	12,630,142	13,757,089
Cash from Changes in Operating Assets and Liabilities:		
Accounts Receivable and Unbilled Revenue	(889,389)	(1,212,148)
Interfund Receivables	756,845	69,262
Regulatory Asset-Public Fire Protection Fees	-	377,930
Regulatory Asset-Surcharges	(417,990)	406,689
Materials and Supplies	(133,308)	(75,537)
Prepayments	319,432	243,615
Unearned Revenues	2,815,408	2,760,200
Accrued Taxes	41,357	310,017
Salaries, Wages and Fringe Benefits Payable	(86,858)	(54,609)
Customers' Deposits	11,334	(12,306)
Accrued Expenses and Contracts Payable	(1,120,902)	(341,331)
Interfund Payables	(1,565,741)	(1,096,829)
Total Adjustments	12,360,330	15,132,042
NET CASH FROM OPERATING ACTIVITIES	<u>\$19,709,936</u>	<u>\$21,312,502</u>
Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$165,769,094	\$170,424,609
Cash and Equity in Pooled Investments in Operating Funds	<u>60,851,963</u>	<u>55,372,515</u>
Cash and Equity in Pooled Investments at June 30	<u>\$226,621,057</u>	<u>\$225,797,124</u>
NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Donated Assets	\$601,158	\$1,086,176

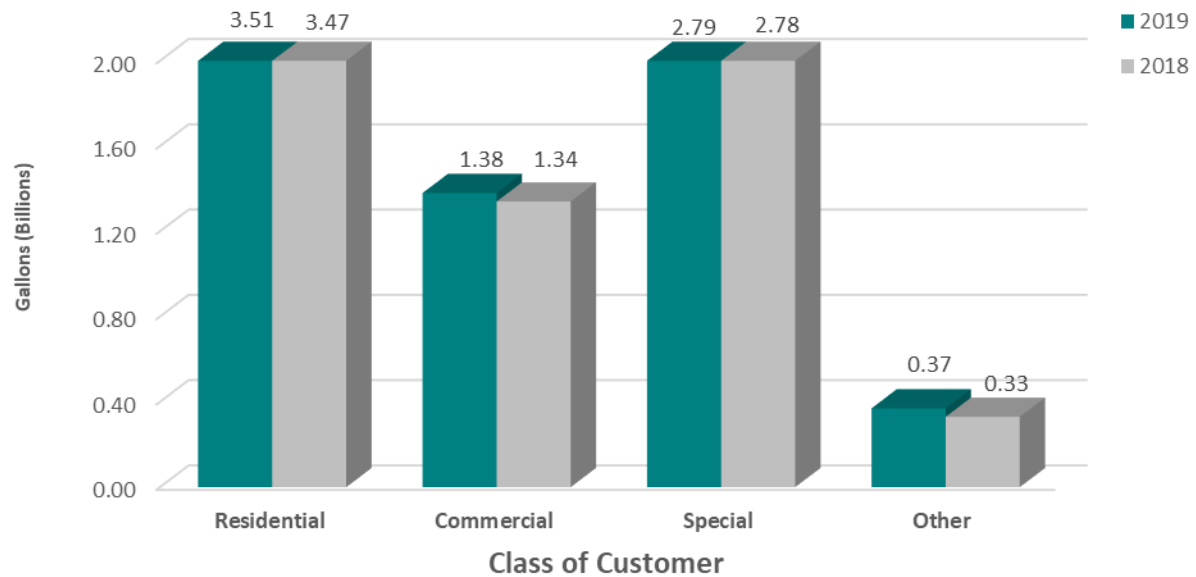
This page has been left blank intentionally

Supplemental Data

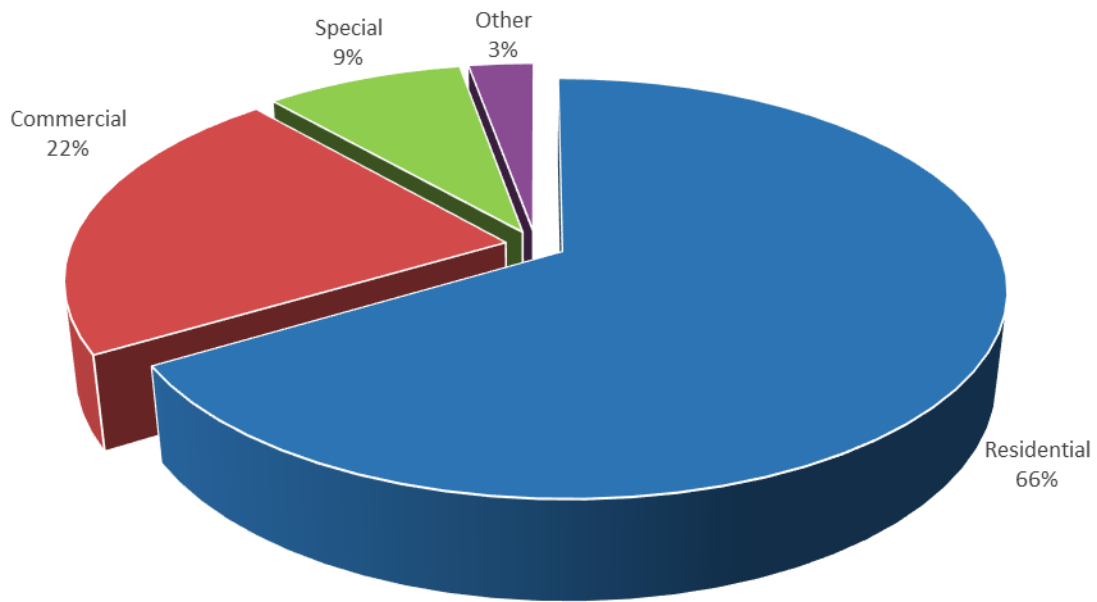
WATER SALES Year to Date - June 2019 & 2018



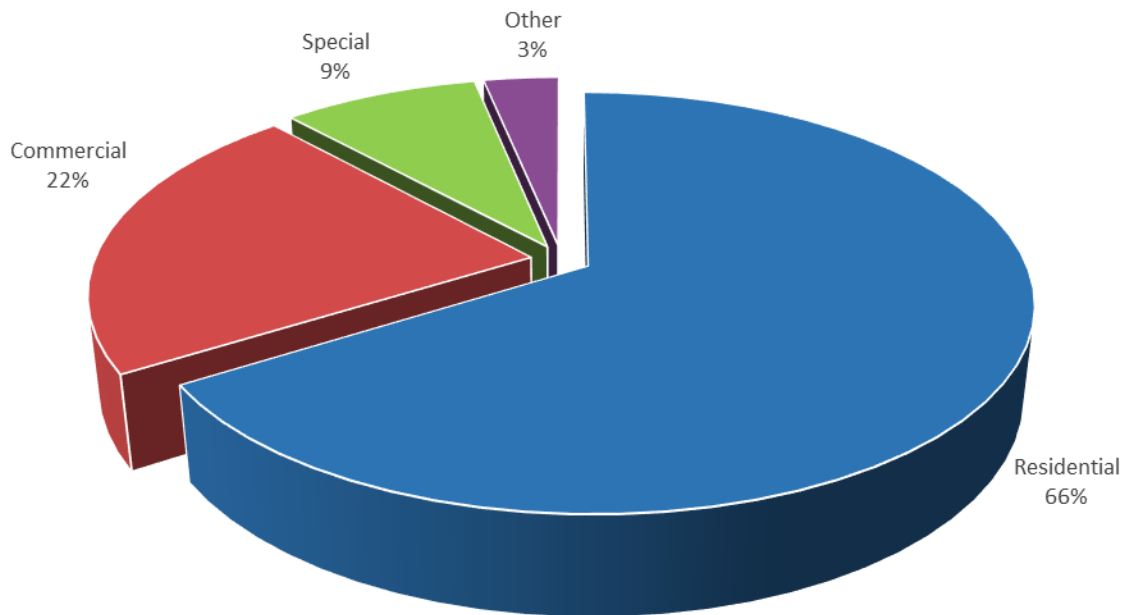
WATER CONSUMPTION Year to Date - June 2019 & 2018



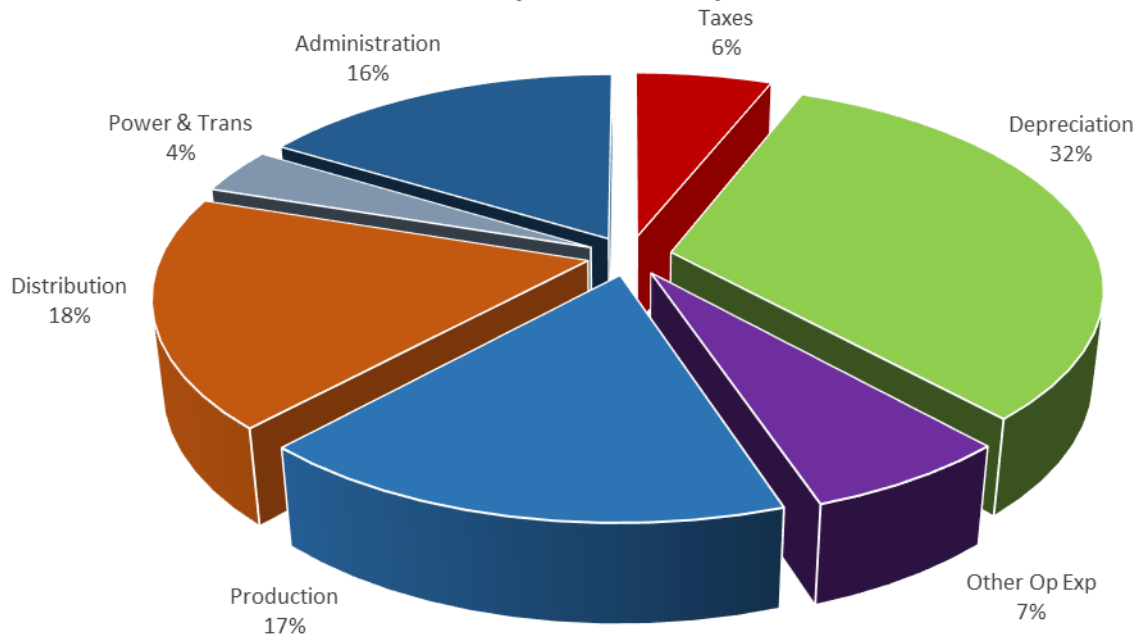
WATER SALES
Year to Date - June 2019
(\$38,478,938)



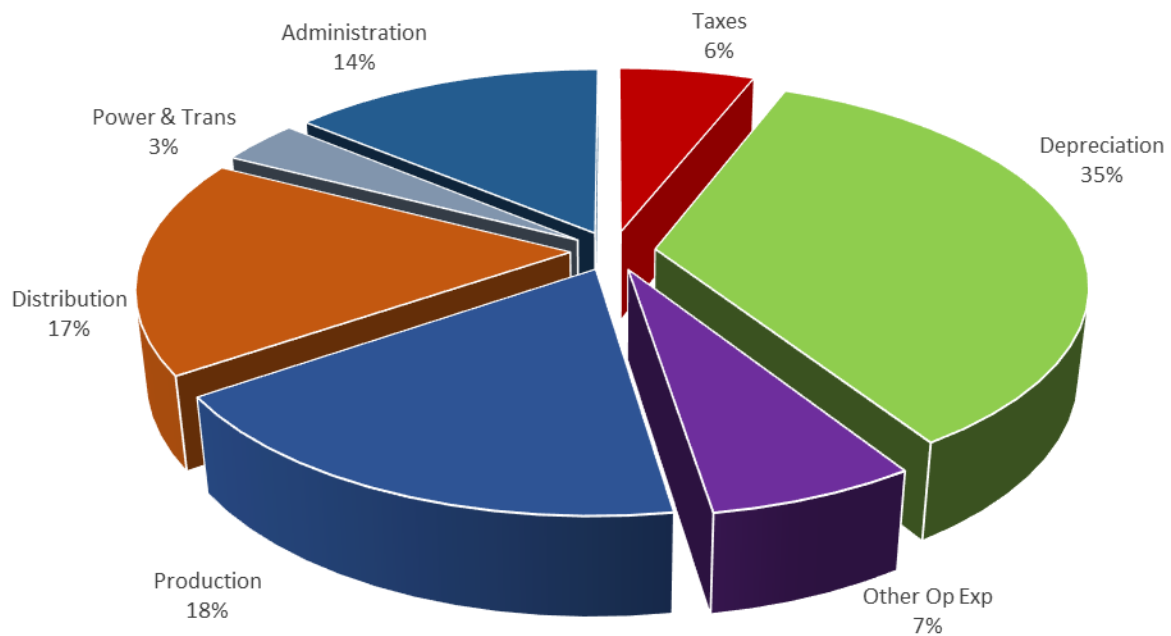
WATER SALES
Year to Date - June 2018
(\$37,835,233)



TOTAL OPERATING EXPENSES
Year to Date - June 2019
(\$39,180,059)



TOTAL OPERATING EXPENSES
Year to Date - June 2018
(\$39,393,136)



This page has been left blank intentionally



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.