



City of Tacoma
Finance Department

September 24, 2020

Digital Assurance Certification LLC
Attn: Jenny Emami
390 North Orange Avenue, Ste. 1750
Orlando, FL 32801

SUBJECT: 2019 Ongoing Disclosure of Financial Information and Operating Data
City of Tacoma, Washington, Department of Public Utilities,
Water Division – Regional Water Supply System CUSIP #87354T

This submission is City of Tacoma, Washington, Department of Public Utilities, Water Division – Regional Water Supply System’s (RWSS) annual financial and operating data for 2019 for the following bond issues:

Regional Water Supply System Revenue Bonds, 2010
Regional Water Supply System Revenue Bonds, 2013

Enclosed with this letter are the unaudited financial statements for the Regional Water Supply System and the Covington Water District.

The information provided in this submission speaks only as of its date and is subject to change without notice. The submission of this information may not create an implication that there has been no change to the information provided. The Division has not agreed to notify the secondary market of subsequent changes to the information provided.

Sincerely,

DocuSigned by:
Susan Calderon
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Susan Calderon, CPA
Assistant Finance Director/Controller

Enclosures

REGIONAL WATER SUPPLY SYSTEM
STATEMENTS OF NET POSITION

(UNAUDITED)

ASSETS	YEAR ENDED DECEMBER 31,	
	2019	2018
UTILITY PLANT		
Water Plant in Service	\$344,524,828	\$344,067,932
Less Depreciation and Amortization	(83,444,963)	(74,937,873)
Total	261,079,865	269,130,059
Construction work in progress	735,316	1,162,193
Net Utility Plant	261,815,181	270,292,252
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
Provision for Debt Payment	373,985	348,706
Special Bond Reserves	8,458,900	8,409,527
Total Restricted Assets	8,832,885	8,758,233
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Regional Water Supply System Operating Fund (1)	980,898	990,168
Receivables:		
Others	524,441	469,258
BABs Interest Subsidies	68,091	94,794
Prepayments	87,572	67,466
Interdivision Receivable	-	40,421
Total Current Assets	1,661,002	1,662,107
OTHER ASSETS		
Unamortized Debt Expenses	208,004	224,106
Total Deferred Charges	208,004	224,106
TOTAL ASSETS	\$272,517,072	\$280,936,698

	YEAR ENDED DECEMBER 31,	
	2019	2018
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$161,277,384	\$167,036,571
Restricted for:		
Debt Service Funds	(62,836)	(96,632)
Unrestricted	674,396	530,047
Total Net Position	161,888,944	167,469,986
LONG-TERM DEBT		
Revenue Bonds Outstanding:		
2010 RWSS Revenue Bonds, Series A	1,345,000	1,655,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Revenue Bonds	55,920,000	57,710,000
Plus: Unamortized Bond Premium	5,594,701	6,289,314
Total Long-Term Debt	107,104,701	109,899,314
CURRENT LIABILITIES		
Purchases and Contract Payable	8,020	(46)
Interest Expense Accrued	436,820	445,336
Current Portion of Long-Term Debt	2,100,000	1,990,000
Interdivision Payable	-	123,474
Total Current Liabilities	2,544,840	2,558,764
OTHER LIABILITIES		
Deferred Revenue - Operating Reserve	978,587	1,008,634
Total Liabilities	978,587	1,008,634
Total Liabilities	110,628,128	113,466,712
TOTAL NET ASSETS AND LIABILITIES	\$272,517,072	\$280,936,698

Note 1 - Includes reserve for timing differences between RWSS operating expenditures and reimbursement from Partners

REGIONAL WATER SUPPLY SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(UNAUDITED)

	YEAR ENDED DECEMBER 31,	
	2019	2018
OPERATING REVENUES		
CRO - Debt Service	\$6,365,634	\$5,610,671
CRO - O&M	3,869,205	3,764,605
CRO - Capital	266,010	93,191
Total Operating Revenues	10,500,849	9,468,467
OPERATING EXPENSES		
Production Expense		
Source of Supply	893,870	1,048,205
Water Treatment	2,662,456	2,334,609
Total Production Expense	3,556,326	3,382,814
Pumping	3,919	299
Transmission and Storage Expense	161,843	105,721
Distribution	1,452	23,287
Depreciation	8,507,090	9,199,706
Administrative and General	204,883	206,769
Total Operating Expenses	12,435,513	12,918,596
Net Operating Income	(1,934,664)	(3,450,129)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	346,329	182,850
Interest on Long-Term Debt	(4,485,074)	(4,568,206)
Interest on LT Debt BAB Subsidies	(816,007)	(839,962)
Amort. Of Debt Premium, Disc. And Expense	678,511	688,897
Interest & Amort Charged to Construction	(23,122)	(187,984)
Total Non-Operating Revenues (Expenses)	(4,299,363)	(4,724,405)
Net (Loss) Income Before Capital Contributions and Transfers	(6,234,027)	(8,174,534)
Capital Contributions		
Cash	(163,022)	129,958
Federal BAB Subsidies	816,007	813,046
CHANGE IN NET POSITION	(5,581,042)	(7,231,530)
TOTAL NET POSITION - JANUARY 1	167,469,986	174,701,516
TOTAL NET POSITION - DECEMBER 31	\$161,888,944	\$167,469,986

Table I

SCHEDULE OF DEBT SERVICE REQUIREMENTS

Year	The Bonds		Total Parity Bonds
	Principal	Interest	
2020	2,100,000	5,241,836	7,341,836
2021	2,205,000	5,143,036	7,348,036
2022	2,315,000	5,035,935	7,350,935
2023	2,455,000	4,923,486	7,378,486
2024	4,930,000	4,804,186	9,734,186
2025	5,190,000	4,561,236	9,751,236
2026	5,420,000	4,300,364	9,720,364
2027	5,700,000	4,027,936	9,727,936
2028	5,970,000	3,741,451	9,711,451
2029	6,300,000	3,441,430	9,741,430
2030	6,595,000	3,124,854	9,719,854
2031	6,880,000	2,855,021	9,735,021
2032	6,660,000	2,572,446	9,232,446
2033	4,495,000	2,298,427	6,793,427
2034	4,655,000	2,045,763	6,700,763
2035	4,830,000	1,784,105	6,614,105
2036	5,005,000	1,512,611	6,517,611
2037	5,185,000	1,231,280	6,416,280
2038	5,375,000	939,831	6,314,831
2039	5,570,000	637,703	6,207,703
2040	5,775,000	324,613	6,099,613
TOTAL	\$103,610,000	\$64,547,550	\$168,157,550

Table II

Net Loss before Capital Contributions	(6,234,027)
Capital Contributions	
Cash	(163,022)
Federal BAB Subsidies	816,007
Depreciation	8,507,090
Interest Charges	4,645,692
Net Income Available for Debt Service	7,571,740
Debt Service on Outstanding Bonds	7,341,836
Debt Service Coverage	1.03

Note 1 - As owner/operator of the Second Supply Project, Tacoma Water directly pays all operating, capital and debt service obligations on behalf of the partnership and in turn invoices the City of Kent, Covington Water District and Lakehaven Utility District for their contracted share of the expenses. Operating expenses are billed monthly on a reimbursement basis, capital expenditures are billed each quarter and debt service is accrued monthly and paid when due. Because all RWSS expenses are paid as "Contract Resource Obligations" of each of the RWSS Partners, debt service coverage is not monitored in isolation for the RWSS, but Tacoma Water has covenanted with bond owners to ... "provide Gross Revenues of the Water System sufficient, together with amounts on deposit in the Revenue Fund and available for such purpose (including Participants' Payments), to pay all Regional Supply System Costs and all obligations against Gross Revenues of the Water System." This obligation is senior in lien to those of the Water System Parity Bonds, which have separate requirements for Debt Service Coverage. See RWSS Investor Webpage for more information: <https://www.mytpu.org/about-tpu/tacoma-water-investor.htm>