



City of Tacoma  
Finance Department

September 09, 2021

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

**SUBJECT:** 2020 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 2020 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)

	YEAR ENDED DECEMBER 31,	
<b>ASSETS</b>	2020	2019
<b>UTILITY PLANT</b>		
Water Plant in Service	\$344,660,932	\$344,524,828
Less Depreciation and Amortization	(91,965,042)	(83,444,963)
Total	252,695,890	261,079,865
Construction work in progress	742,547	735,316
Net Utility Plant	253,438,437	261,815,181
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
Provision for Debt Payment	374,860	373,985
Special Bond Reserves	8,466,912	8,458,900
Total Restricted Assets	8,841,772	8,832,885
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Regional Water Supply System Operating Fund (1)	666,410	980,898
Receivables:		
Others	274,634	524,441
BABs Interest Subsidies	477,653	68,091
Prepayments	82,731	87,572
Total Current Assets	1,501,428	1,661,002
<b>OTHER ASSETS</b>		
Unamortized Debt Expenses	191,900	208,004
Total Deferred Charges	191,900	208,004
<b>TOTAL ASSETS</b>	<b>\$263,973,537</b>	<b>\$272,517,072</b>

	YEAR ENDED DECEMBER 31,	
	2020	2019
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$155,666,069	\$161,277,384
Unrestricted	507,650	611,560
<b>Total Net Position</b>	<b>156,173,719</b>	<b>161,888,944</b>
<b>LONG-TERM DEBT</b>		
Revenue Bonds Outstanding:		
2010 RWSS Revenue Bonds, Series A	1,030,000	1,345,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Revenue Bonds	54,030,000	55,920,000
Plus: Unamortized Bond Premium	4,921,180	5,594,701
<b>Total Long-Term Debt</b>	<b>104,226,180</b>	<b>107,104,701</b>
<b>CURRENT LIABILITIES</b>		
Purchases and Contract Payable		8,020
Interest Expense Accrued	428,541	436,820
Current Portion of Long-Term Debt	2,205,000	2,100,000
<b>Total Current Liabilities</b>	<b>2,633,541</b>	<b>2,544,840</b>
<b>LONG-TERM LIABILITIES</b>		
Unearned Revenue	940,097	978,587
<b>Total Liabilities</b>	<b>940,097</b>	<b>978,587</b>
<b>Total Liabilities</b>	<b>107,799,818</b>	<b>110,628,128</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>\$263,973,537</b>	<b>\$272,517,072</b>

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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,	
	2020	2019
<b>OPERATING REVENUES</b>		
CRO - Debt Service	\$6,359,276	\$6,365,634
CRO - O&M	4,044,665	3,869,205
CRO - Capital	108,780	266,010
Total Operating Revenues	10,512,721	10,500,849
<b>OPERATING EXPENSES</b>		
Production Expense		
Source of Supply	50,523	893,870
Water Treatment	3,866,647	2,662,456
Total Production Expense	3,917,170	3,556,326
Pumping	2,041	3,919
Transmission and Storage Expense	109,219	161,843
Distribution	12,037	1,452
Depreciation	8,521,426	8,507,090
Administrative and General	221,355	204,883
Total Operating Expenses	12,783,248	12,435,513
Net Operating Income	(2,270,527)	(1,934,664)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income	252,531	346,329
Interest on Long-Term Debt	(5,229,990)	(4,485,074)
Interest on LT Debt BAB Subsidies	(7,317)	(816,007)
Amort. Of Debt Premium, Disc. And Expense	657,417	678,511
Interest & Amort Charged to Construction	-	(23,122)
Total Non-Operating Revenues ( Expenses )	(4,327,359)	(4,299,363)
Net (Loss) Income Before Capital Contributions and Transfers	(6,597,886)	(6,234,027)
Capital Contributions		
Cash	57,235	(163,022)
Federal BAB Subsidies	825,426	816,007
<b>CHANGE IN NET POSITION</b>	(5,715,225)	(5,581,042)
<b>TOTAL NET POSITION - JANUARY 1</b>	161,888,944	167,469,986
<b>TOTAL NET POSITION - DECEMBER 31</b>	\$156,173,719	\$161,888,944

Table I

## SCHEDULE OF DEBT SERVICE REQUIREMENTS

Year	The Bonds		Total Parity Bonds
	Principal	Interest	
2021	2,205,000	5,143,036	7,348,036
2022	2,315,000	5,035,936	7,350,936
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	4,027,935	9,727,935
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	637,702	6,207,702
2040	5,775,000	324,613	6,099,613
<b>TOTAL</b>	<b>\$101,510,000</b>	<b>\$59,305,713</b>	<b>\$160,815,713</b>

2010 Bond Issue Official Statement Page 14

2013 Bond Issue Official Statement Page 12

**Table II**

<b>Net Loss before Capital Contributions</b>	(6,597,886)
<b>Capital Contributions</b>	
Cash	57,235
Federal BAB Subsidies	825,426
<b>Depreciation</b>	8,521,426
<b>Interest Charges</b>	4,579,890
<b>Net Income Available for Debt Service</b>	7,386,091
<b>Debt Service on Outstanding Bonds</b>	7,342,353
<b>Debt Service Coverage</b>	1.01

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>