



City of Tacoma
Finance Department

September 19, 2022

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

SUBJECT: 2021 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 2021 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 audited financial statements for Tacoma Water, the unaudited financial statements for the Regional Water Supply System, the Covington Water District, and City of Kent.

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,	
ASSETS	2021	2020
UTILITY PLANT		
Water Plant in Service	\$344,877,044	\$344,660,932
Less Depreciation and Amortization	(100,473,502)	(91,965,042)
Total	244,403,542	252,695,890
Construction work in progress	1,382,579	742,547
Net Utility Plant	245,786,121	253,438,437
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
Provision for Debt Payment	374,900	374,860
Special Bond Reserves	8,464,942	8,466,912
Total Restricted Assets	8,839,842	8,841,772
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Regional Water Supply System Operating Fund (1)	191,800	666,410
Receivables:		
Others	546,062	274,634
BABs Interest Subsidies	68,236	477,653
Prepayments	120,338	82,731
Total Current Assets	926,436	1,501,428
OTHER ASSETS		
Unamortized Debt Expenses	175,797	191,900
Total Deferred Charges	175,797	191,900
TOTAL ASSETS	\$255,728,196	\$263,973,537

	YEAR ENDED DECEMBER 31,	
	2021	2020
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$150,851,903	\$155,666,069
Unrestricted	(113,346)	507,650
Total Net Position	<u>150,738,557</u>	<u>156,173,719</u>
LONG-TERM DEBT		
Revenue Bonds Outstanding:		
2010 RWSS Revenue Bonds, Series A	700,000	1,030,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Revenue Bonds	52,045,000	54,030,000
Plus: Unamortized Bond Premium	4,269,957	4,921,180
Total Long-Term Debt	<u>101,259,957</u>	<u>104,226,180</u>
CURRENT LIABILITIES		
Purchases and Contract Payable	8,884	
Interest Expense Accrued	419,615	428,541
Current Portion of Long-Term Debt	2,315,000	2,205,000
Total Current Liabilities	<u>2,743,499</u>	<u>2,633,541</u>
OTHER LIABILITIES		
Deferred Revenue - Operating Reserve	986,183	940,097
Total Liabilities	<u>986,183</u>	<u>940,097</u>
Total Liabilities	<u>104,989,639</u>	<u>107,799,818</u>
TOTAL NET ASSETS AND LIABILITIES	<u><u>\$255,728,196</u></u>	<u><u>\$263,973,537</u></u>

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,	
	2021	2020
OPERATING REVENUES		
CRO - Debt Service	\$6,445,519	\$6,359,276
CRO - O&M	4,191,992	4,044,665
CRO - Capital	233,873	108,780
Total Operating Revenues	10,871,384	10,512,721
OPERATING EXPENSES		
Production Expense		
Source of Supply	13,455	50,523
Water Treatment	3,409,257	3,866,647
Total Production Expense	3,422,712	3,917,170
Pumping	-	2,041
Transmission and Storage Expense	209,055	109,219
Distribution	241,398	12,037
Depreciation	8,524,386	8,521,426
Administrative and General	345,447	221,355
Total Operating Expenses	12,742,998	12,783,248
Net Operating Income	(1,871,614)	(2,270,527)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	(39,563)	252,531
Miscellaneous	6,586	-
Interest on Long-Term Debt	(5,135,916)	(5,229,990)
Interest on LT Debt BAB Subsidies	-	(7,317)
Amort. Of Debt Premium, Disc. And Expense	635,119	657,417
Total Non-Operating Revenues (Expenses)	(4,533,774)	(4,327,359)
Net (Loss) Income Before Capital Contributions and Transfers	(6,405,388)	(6,597,886)
Capital Contributions		
Cash	151,393	57,235
Federal BAB Subsidies	818,833	825,426
CHANGE IN NET POSITION	(5,435,162)	(5,715,225)
TOTAL NET POSITION - JANUARY 1	156,173,719	161,888,944
TOTAL NET POSITION - DECEMBER 31	\$150,738,557	156,173,719

Table I

SCHEDULE OF DEBT SERVICE REQUIREMENTS

Year	The Bonds		Total Parity Bonds
	Principal	Interest	
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	4,300,363	9,720,363
2027	5,700,000	4,027,936	9,727,936
2028	5,970,000	3,741,452	9,711,452
2029	6,300,000	3,441,430	9,741,430
2030	6,595,000	3,124,853	9,719,853
2031	6,880,000	2,855,022	9,735,022
2032	6,660,000	2,572,445	9,232,445
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
TOTAL	\$99,305,000	\$54,162,677	\$153,467,677

2010 Bond Issue Official Statement Page 14

2013 Bond Issue Official Statement Page 12

Table II

Net Loss before Capital Contributions	(6,405,388)
Capital Contributions	
Cash	151,393
Federal BAB Subsidies	818,833
Depreciation	8,524,386
Interest Charges	4,500,797
Net Income Available for Debt Service	7,590,021
Debt Service on Outstanding Bonds	7,348,276
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>