



City of Tacoma
Finance Department

September 20, 2024

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

SUBJECT: 2023 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 2023 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. Audited financial statements are enclosed for Tacoma Water and the 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:

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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	2023	2022
UTILITY PLANT		
Water Plant in Service	\$345,805,780	\$345,668,798
Less Depreciation and Amortization	(117,565,724)	(109,013,711)
Total	228,240,056	236,655,087
Construction work in progress	2,220,058	1,310,379
Net Utility Plant	230,460,114	237,965,466
RESTRICTED ASSETS		
Cash and Equity in Pooled Investments:		
Provision for Debt Payment	164,252	377,046
Special Bond Reserves	8,475,274	8,459,953
Total Restricted Assets	8,639,526	8,836,999
CURRENT ASSETS		
Cash and Equity in Pooled Investments:		
Regional Water Supply System Operating Fund	87,369	(100,128)
Receivables:		
Others	1,148,511	760,213
BABs Interest Subsidies	477,653	477,653
Prepayments	165,652	124,574
Total Current Assets	1,879,185	1,262,312
OTHER ASSETS		
Unamortized Debt Expenses	143,590	159,693
Total Deferred Charges	143,590	159,693
TOTAL ASSETS	\$241,122,415	\$248,224,470

	YEAR ENDED DECEMBER 31,	
	2023	2022
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$141,504,861	\$145,952,901
Unrestricted	560,920	267,742
Total Net Position	142,065,781	146,220,643
LONG-TERM DEBT		
Revenue Bonds Outstanding:		
2010 RWSS Revenue Bonds, Series A	-	355,000
2010 RWSS Revenue Bonds, Series B	44,245,000	44,245,000
2013 RWSS Revenue Bonds	45,360,000	49,935,000
Plus: Unamortized Bond Premium	3,039,117	3,642,211
Total Long-Term Debt	92,644,117	98,177,211
CURRENT LIABILITIES		
Purchases and Contract Payable	491	4,955
Interest Expense Accrued	400,348	410,290
Current Portion of Long-Term Debt	4,930,000	2,455,000
Total Current Liabilities	5,330,839	2,870,245
OTHER LIABILITIES		
Deferred Revenue - Operating Reserve (1)	1,081,678	956,371
Total Liabilities	1,081,678	956,371
Total Liabilities	99,056,634	102,003,827
TOTAL NET ASSETS AND LIABILITIES	\$241,122,415	\$248,224,470

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,	
	2023	2022
OPERATING REVENUES		
CRO - Debt Service	\$6,619,274	\$6,459,139
CRO - O&M	6,369,245	5,044,883
CRO - Capital	910,450	698,283
Total Operating Revenues	<u>13,898,969</u>	<u>12,202,305</u>
OPERATING EXPENSES		
Operations	361,088	194,369
Production	5,612,027	4,142,349
Administrative and General	468,103	375,312
Depreciation	8,554,127	8,542,323
Total Operating Expenses	<u>14,995,345</u>	<u>13,254,353</u>
Net Operating Income	(1,096,376)	(1,052,048)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	452,777	(110,285)
Miscellaneous	-	-
Interest on Long-Term Debt	(4,915,205)	(5,027,839)
Interest on LT Debt BAB Subsidies	-	-
Amort. Of Debt Premium, Disc. And Expense	586,990	611,643
Total Non-Operating Revenues (Expenses)	<u>(3,875,438)</u>	<u>(4,526,481)</u>
Net (Loss) Income Before Capital Contributions and Transfers	(4,971,814)	(5,578,529)
Capital Contributions		
Cash	(1,881)	241,782
Federal BAB Subsidies	818,833	818,833
CHANGE IN NET POSITION	(4,154,862)	(4,517,914)
TOTAL NET POSITION - JANUARY 1	<u>146,220,643</u>	<u>150,738,557</u>
TOTAL NET POSITION - DECEMBER 31	<u><u>\$142,065,781</u></u>	<u><u>\$146,220,643</u></u>

Table I

SCHEDULE OF DEBT SERVICE REQUIREMENTS

Year	The Bonds		Total Parity Bonds
	Principal	Interest	
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	\$94,535,000	\$44,203,255	\$138,738,255

2010 Bond Issue Official Statement Page 14

2013 Bond Issue Official Statement Page 12

Table II

Net Loss before Capital Contributions	(4,971,814)
Capital Contributions	
Cash	(1,881)
Federal BAB Subsidies	818,833
Depreciation	8,554,127
Interest Charges	4,328,215
Net Income Available for Debt Service	8,727,480
Debt Service on Outstanding Bonds	7,574,793
Debt Service Coverage	1.15

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>