

Popular Annual Financial Report

Fiscal Year Ended September 30, 2024
October 1, 2023 – September 30, 2024

Operated in the state of Florida

A Message From the Chief Financial Officer



The Finance Department of Tampa Bay Water is proud to present Tampa Bay Water's Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2024.

The financial information presented in the PAFR is derived from the Agency's Annual Comprehensive Financial Report (ACFR) and is presented here in summarized form. The ACFR outlines the Agency's financial position and operating activities for fiscal year 2024 in detail, includes financial statements audited by Mauldin & Jenkins, LLC that received an unmodified (clean) opinion. The Agency's financial records and the annual financial statements are maintained on the accrual basis of accounting, consistent with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) pronouncements applicable to an enterprise fund. The ACFR is posted at: <https://www.tampabaywater.org/agency/financials/financial-reports/Tampa-Bay-Water-ACFR-2024.pdf> website.

Tampa Bay Water continues to strive towards awareness, accountability, and transparency on all of our financial information to our citizens. In 2024, Tampa Bay Water received awards for the 2023 ACFR, 2023 PAFR, and 2024 Annual Budget Book from the Government Finance Officers Association (GFOA). This was the eighth year that Tampa Bay Water participated in and received the ACFR Award and PAFR Award, plus the fifteenth year Tampa Bay Water participated in and received the Distinguished Budget Award. The attainment of these three awards represents a significant accomplishment by a government and its management.

The PAFR is a means of increasing public awareness about the Agency's financial condition through a more user-friendly presentation. It is unaudited and not presented in GAAP format. On behalf of Tampa Bay Water, I thank you for taking the opportunity to read our Popular Annual Financial Report. As always, we welcome any input or comments you may have regarding the report.

Regards,



Christina Sackett
Chief Financial Officer



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Tampa Bay Water provides quality drinking water to its six member governments whose water service areas serve more than 2.6 million residents in the Tampa Bay region.



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**Tampa Bay Water
Florida**

For its Annual Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tampa Bay Water
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Tampa Bay Water
Florida**

For the Fiscal Year Beginning

October 01, 2023

Christopher P. Morill

Executive Director

About Tampa Bay Water



Tampa Bay Water was created in 1998 after a two-year process that resulted in contracts and legislation that changed the name, structure and operations of the West Coast Regional Water Supply Authority. The creation of Tampa Bay Water ended the region's 'water wars' and created a new alliance between the six member governments in west-central Florida: Hillsborough County, Pasco County, Pinellas County, New Port Richey, St. Petersburg and Tampa.

Tampa Bay Water is a non-profit, special district of the State of Florida created to plan, develop and deliver a high-quality drinking water supply, and works to protect water supply sources.

The Agency is a true regional utility, funded through the sale of water to its member governments. Its members share the cost of developing new supplies, share in environmental stewardship, share voting rights equitably among the three counties and pay the same wholesale water rates.

The Agency provides quality drinking water to its six member governments whose water service areas serve more than 2.6 million residents in the Tampa Bay region. The region is served by a combination of groundwater, river water and desalinated seawater. The Agency has administrative, laboratory and infrastructure management facilities in Cypress Creek, Florida and an administrative facility in Clearwater, Florida.



Mission: To reliably provide clean, safe water to the Tampa Bay region now and for future generations.



Vision: To be the leader in supplying sustainable, quality water.



Values: A trained and engaged staff, adaptable processes, and a focus on safety are keys to the agency's success.

Integrity and accountability create trust and credibility with our stakeholders.

We strive to be forward-thinking and innovative and seek improvement in everything we do.

We fulfill our mission in partnership with our stakeholders in a reliable, efficient, and responsible manner.

Board of Directors



Tampa Bay Water is often cited as a model of regional cooperation, thanks to the spirit of regionalism that created the utility and the continual regional efforts of our board of directors. Each elected official on our nine-member board represents an individual city or county that we serve but, at the dais, each also represents the Tampa Bay region. The policy decisions and directives of our board ensure our region has adequate and sustainable drinking water to support our economy, environment and way of life.

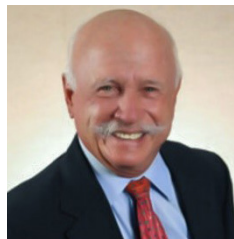
Fiscal Year 2024 Board of Directors



Chairman
Commissioner
Harry Cohen
Hillsborough County



Vice Chair
Council Member
Lisset Hanewicz
City of St. Petersburg



Mayor
Chopper Davis
City of
New Port Richey



Commissioner
Dave Eggers
Pinellas County



Commissioner
Jack Mariano
Pasco County



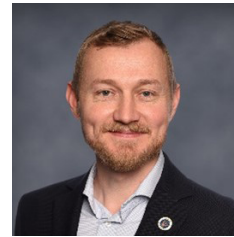
Council Member
Charlie Miranda
City of Tampa



Commissioner
Ron Oakley
Pasco County



Commissioner
Brian Scott
Pinellas County



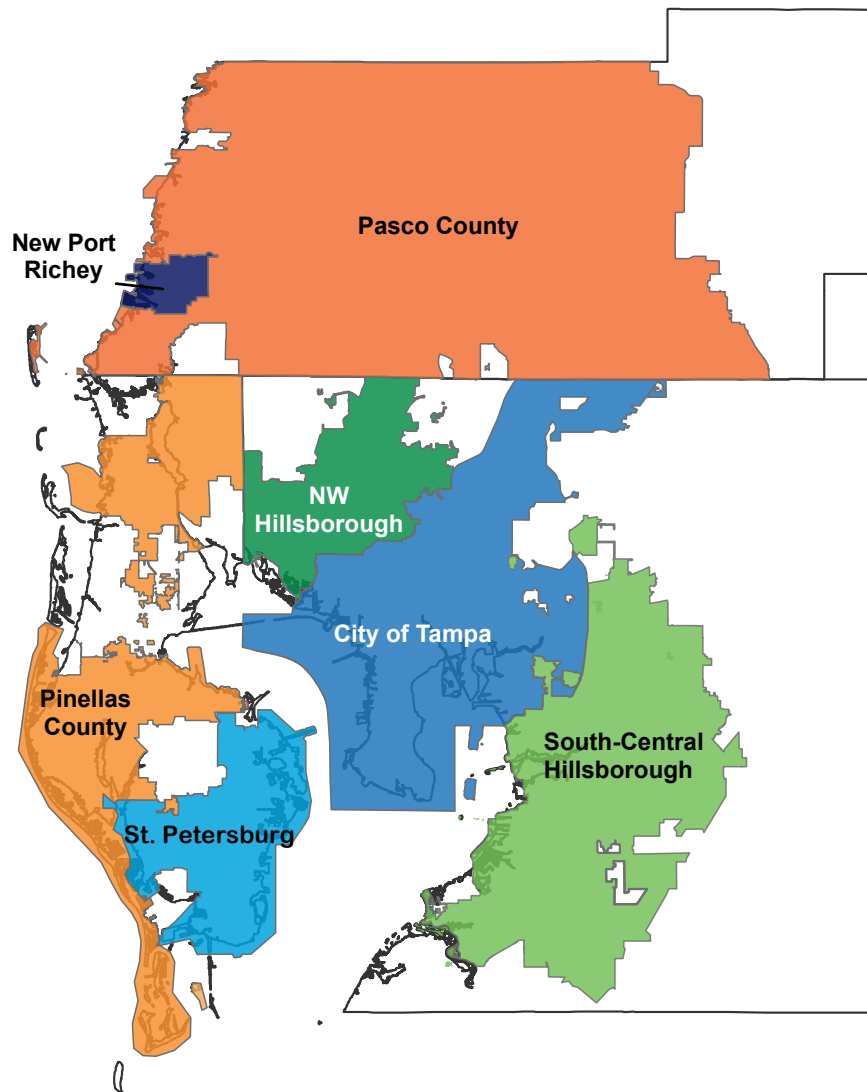
Commissioner
Joshua Wostal
Hillsborough County



Service Area



The Agency supplies wholesale drinking water to Hillsborough County, Pasco County, Pinellas County, New Port Richey, St. Petersburg and Tampa. We supply water to more than 2.6 million people through the governments we serve.





Financial Highlights for Fiscal Year 2024

- Meeting the performance requirements of the Master Water Supply Contract to provide high-quality water to our six-member governments.
- Operating our water supply facilities to Improve supply delivery while also maintaining full compliance with all regulatory permits.
- Achieving the goals specified in the Agency's updated 2022-2027 Strategic Plan.
- Addressing key recommendations from the 2020 Performance and Management Audit Report and allocating our staff and financial resources to meet the Boards' objectives for a sustainable and affordable water supply system.
- Continuing to balance and blend our multiple supplies of water sources to deliver high quality, affordable water to our member governments.
- Continuing to work on the Surface Water Treatment Plant Expansion Project to meet water demands by year 2028..
- Performing the future needs analysis to support the next update of the Long-Term Master Water Plan.
- Refining the models used to accurately predict the need for new water supplies in the future.
- Safeguarding the public's investment in the region's water supply and delivery system to ensure that both the water quality and water quantity meet the needs of the more than 2.6 million people in our region. Protecting that investment includes:
 - Focusing on the safety and security of our employees and our water supply facilities by preparing and exercising procedures and emergency preparedness plans for the staffing and operations of our water production facilities in disaster events.
 - Renewing and replacing existing infrastructure to ensure the optimal operation of our facilities over time.
 - Continuing to engage with community, environmental and educational organizations on projects that promote the protection of our drinking water sources through the Source Water Protection Mini-Grant Program.
- Implementing the Agency's 2020 Succession Plan designed to proactively respond to shifts in staff attrition, address emerging recruitment challenges, and capitalize on development opportunities in a way that ensures business continuity and supports both immediate and long-range agency priorities.
- Addressing the safety and security of both physical assets and information technology systems.
- Expanding the agency's outreach and education program to underscore the importance of a reliable, sustainable water supply for economic and regional growth and development.
- Working with our member governments on the coordination and sharing of utility best management practices.
- Creating a framework and implementing a continuous improvement program throughout the agency.
- Working with our colleagues around the country in the continuing research into changes in weather patterns and the impact of climate change upon the surface water systems serving our area.
- Maintaining a strong relationship with the Southwest Florida Water Management District, the Florida Department of Environmental Protection, and other regulatory agencies to ensure open and honest communication on regulatory, planning, and financial matters.

Financial Position

The next two tables present the Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position to further explain the financial condition of Tampa Bay Water at the end of fiscal year 2024.

Tampa Bay Water's Financial Position

The Agency's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the last three fiscal years. The Agency's net position increased by \$46.9 million or 5% in fiscal year 2024.

Statement of Net Position

Assets	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Current unrestricted assets	\$ 98,453,661	\$ 88,917,361	\$ 88,710,604
Current restricted assets	209,886,939	250,940,728	105,586,835
Non-current assets	1,617,132,247	1,568,009,486	1,592,789,820
Total assets	\$ 1,925,472,847	\$ 1,907,867,575	\$ 1,787,087,259
Deferred outflows of resources			
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Loss on refunding of debt	\$ 2,042,734	\$ 3,240,710	\$ 10,333,537
Unrealized pension contributions and losses – FRS	3,498,490	3,392,661	3,837,828
Unrealized pension contributions and losses – HIS	262,203	383,880	539,565
Total deferred outflows of resources	\$ 5,803,427	\$ 7,017,251	\$ 14,710,930
Liabilities			
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Long-term debt outstanding	\$ 764,645,465	\$ 822,403,489	\$752,012,336
Other liabilities	120,500,098	105,545,263	96,517,881
Lease liability	1,357,699	1,757,657	1,355,867
Total liabilities	\$ 886,503,262	\$ 929,706,409	\$ 849,886,084
Deferred inflows of resources			
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Rate stabilization	\$ 61,946,261	\$ 50,220,442	\$ 51,370,984
Deferred lease revenue	28,938	57,876	86,814
Unrealized pension gains – FRS	926,241	18,734	-
Unrealized pension gains – HIS	764,793	633,204	596,469
Total deferred inflows of resources	\$ 63,666,233	\$ 50,930,256	\$ 52,054,267
Net position			
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Net investment in capital assets	\$ 851,113,988	\$ 774,701,139	\$ 752,248,248
Restricted	120,163,593	131,998,096	114,797,114
Unrestricted	9,829,198	27,548,925	32,812,474
Total net position	\$ 981,106,779	\$ 934,248,160	\$ 899,857,836

Financial Position (Continued)



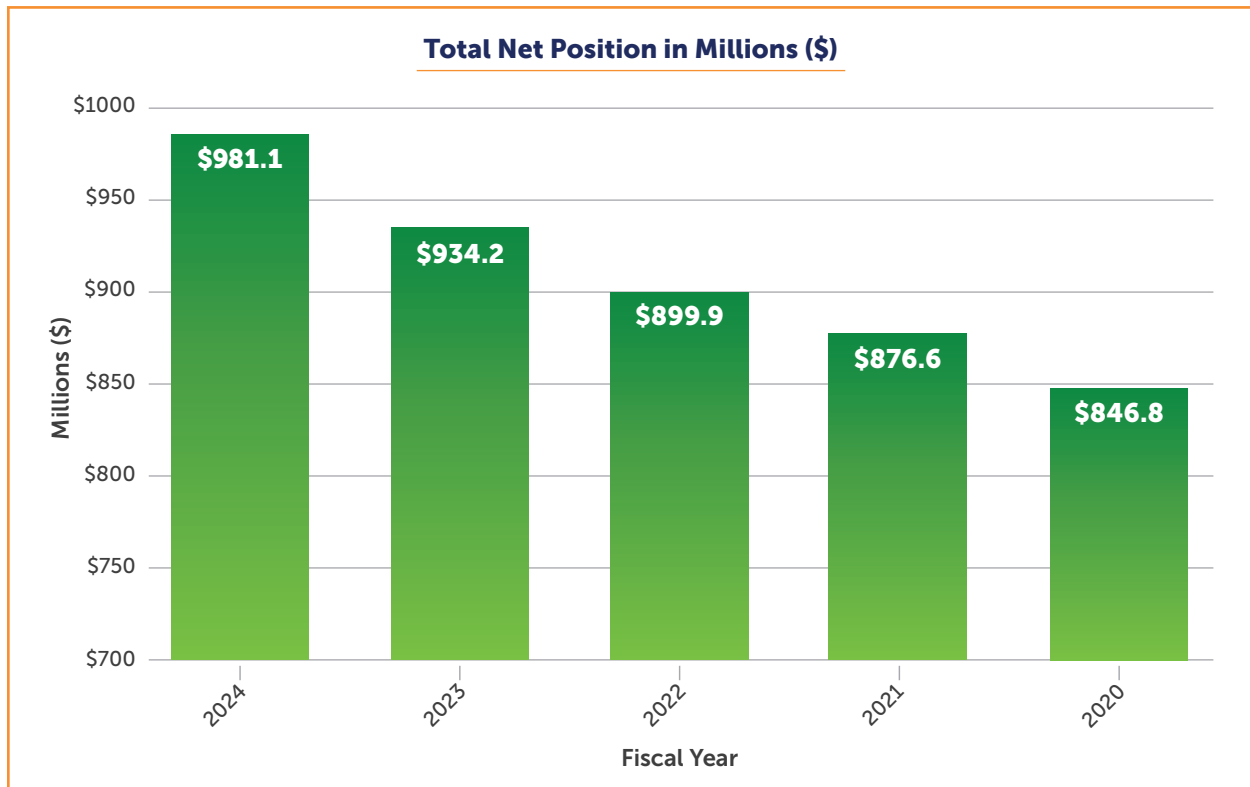
Statement of Revenues, Expenses, and Changes in Net Position

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Operating revenues	\$ 177,812,214	\$ 188,285,432	\$ 174,678,084
Operating expenses	(104,555,736)	(100,161,602)	(85,912,868)
Operating income before depreciation	73,256,478	88,123,830	88,765,216
Depreciation	(29,376,187)	(29,425,572)	(29,043,530)
Operating income	43,880,291	58,698,258	59,721,686
Investment income, gross	20,878,927	11,189,485	(6,569,075)
Interest expense, gross	(31,615,621)	(33,983,035)	(29,645,180)
Gain (Loss) on disposal of capital assets	1,789,688	(7,177,043)	(1,196,180)
Litigation and insurance recoveries	5,011,527	12,682	7,979
Income before capital contributions	39,944,812	28,740,347	22,319,230
Capital contributions	6,913,806	5,649,978	919,498
Change in net position	46,858,618	34,390,325	23,238,728
Total net position - beginning	934,248,161	899,857,836	876,619,108
Total net position - ending	\$ 981,106,779	\$ 934,248,161	\$ 899,857,836

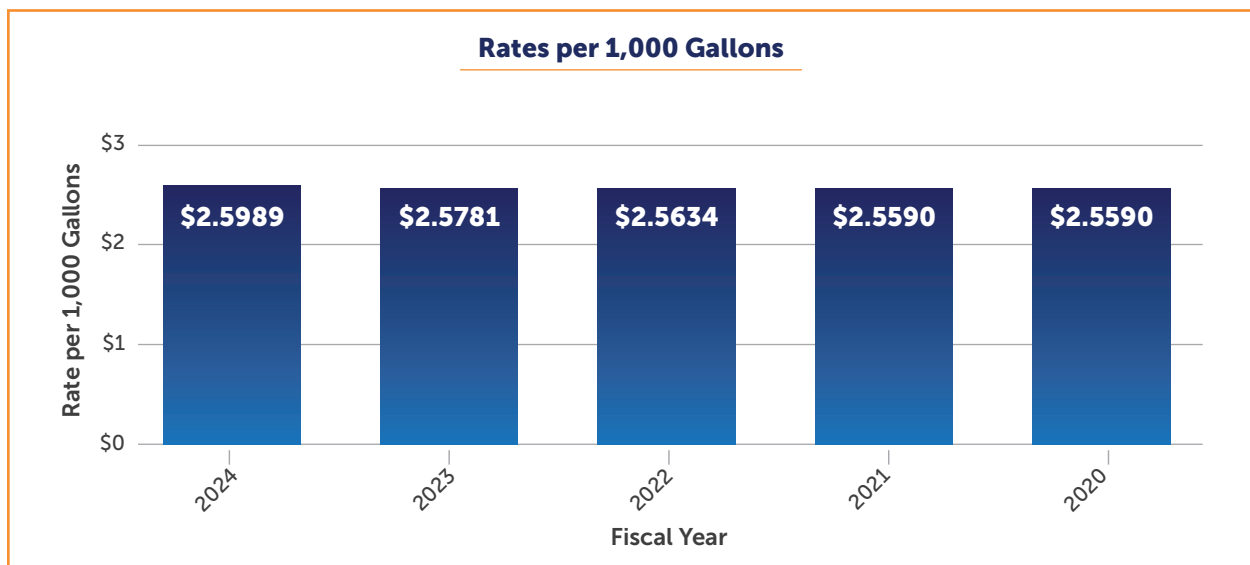
Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) may serve over time as an indicator of a government's financial condition. Net investment in capital assets makes up the biggest portion of net position. This amount is associated with the Agency's equity in capital assets. Because capital assets are acquired to provide services over several periods or indefinitely, this portion is not available for future spending. Although this portion of net position is calculated net of related debt, the resources needed to pay down the debt must come from other more liquid resources. A smaller portion of net position represents net position that is legally restricted as to use by law or contract, such as bond proceeds for capital construction or resources reserved for debt service. The remaining portion of net position is unrestricted representing resources that are available for services. Over time the deficit gets reduced as liabilities are gradually paid off.

Financial Position (Continued)

The chart below shows Tampa Bay Water's total net position at the end of the last five fiscal years.



In FY2024 the Agency increased the rate per 1,000 gallons for its members by \$.0208, from \$2.5781 to \$2.5989. The increase was due to an increase in operational costs. The chart below shows Tampa Bay Waters rates per 1,000 gallons over the last five years.



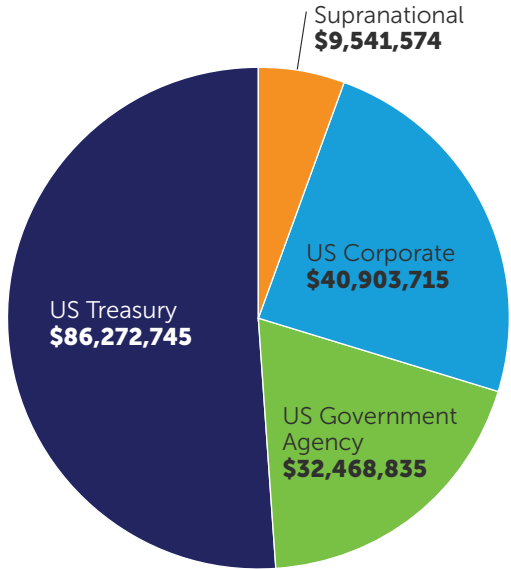
Investments



The objectives of the Agency’s investment policy are safety, liquidity and return on investment. The primary objective is safety, i.e. the minimization of risk and the preservation and protection of investment principal. The second objective is to maintain sufficient liquidity at all times to meet all cash requirements that can reasonably be anticipated. The third objective is to maximize investment return, but only within the constraints of the first two objectives. The investment policy also establishes allowable investments, investment providers, and investment concentrations in furtherance of these objectives. The Agency currently maintains all of its deposit accounts in accounts that qualify as Public Deposit accounts as defined by Florida Statutes or have been purchased from Securities Investor Protection Corporation (SIPC brokers/dealers with a long-term issuer rating in the “A” category or higher from both Standard & Poor’s and Moody’s Rating Services.

Tampa Bay Water’s Investment Pool is in full compliance with the investment policy and had an overall annual rate of return for fiscal year 2024 of 3.98%, compared to the benchmark rate (Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index) of 3.71%. At September 30, 2024, the Agency’s investment portfolio was invested as shown below.

Investments Owned by Tampa Bay Water as of September 30, 2024



Investments by Fair Value Level 9/30/2024

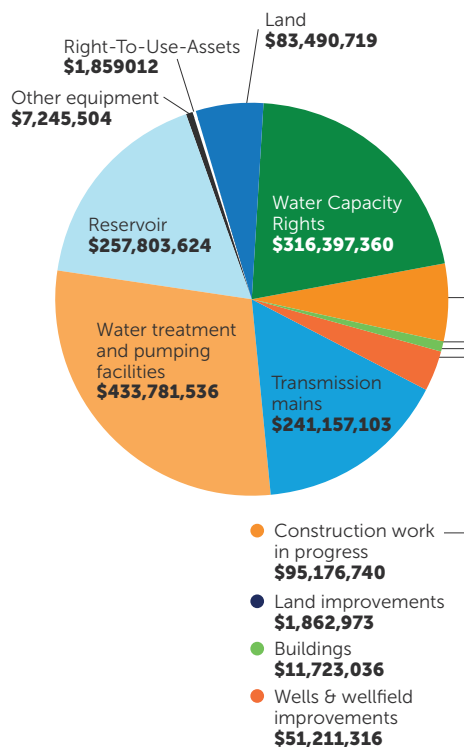
Supranational	\$ 9,541,574
US Corporate	40,903,715
US Government Agency	32,468,835
US Treasury	86,272,745
Total Investment by Fair Value Level	\$ 169,186,869

Capital Assets



Tampa Bay Waters capital assets had a total value of \$1.5 billion dollars, net of accumulated depreciation at end of fiscal year 2024. This includes buildings, pump stations and equipment, land, land improvements, transmission mains, wells and wellfield improvements, other equipment, reservoir, and construction in progress. The Agency uses most of its capital assets to provide safe drinking water to its members. There was a 1.79% increase in total capital assets for fiscal year 2024 compared to fiscal year 2023

Capital Assets Owned by Tampa Bay Water as of September 30, 2024



Capital Assets, Net

	FY 2024	FY 2023	FY 2022
Land	\$83,490,719	\$79,994,554	\$79,242,635
Water Capacity Rights	316,397,360	316,397,360	316,397,360
Construction work in progress	95,176,740	64,714,551	48,575,437
Land improvements	1,862,973	1,919,603	3,257,265
Buildings	11,723,036	12,279,441	12,807,325
Wells & wellfield improvements	51,211,316	54,426,129	55,404,091
Transmission mains	236,550,664	241,157,103	245,763,541
Water treatment and pumping facilities	433,781,536	429,424,771	442,555,110
Reservoir	257,803,624	261,360,218	264,916,811
Other equipment and software	7,245,504	6,861,360	6,257,862
Right-To-Use-Assets	1,859,012	2,240,238	0

Total Capital Assets, Net

\$1,497,102,484 **\$1,470,775,327** **\$1,475,177,437**



Outstanding Debt Service

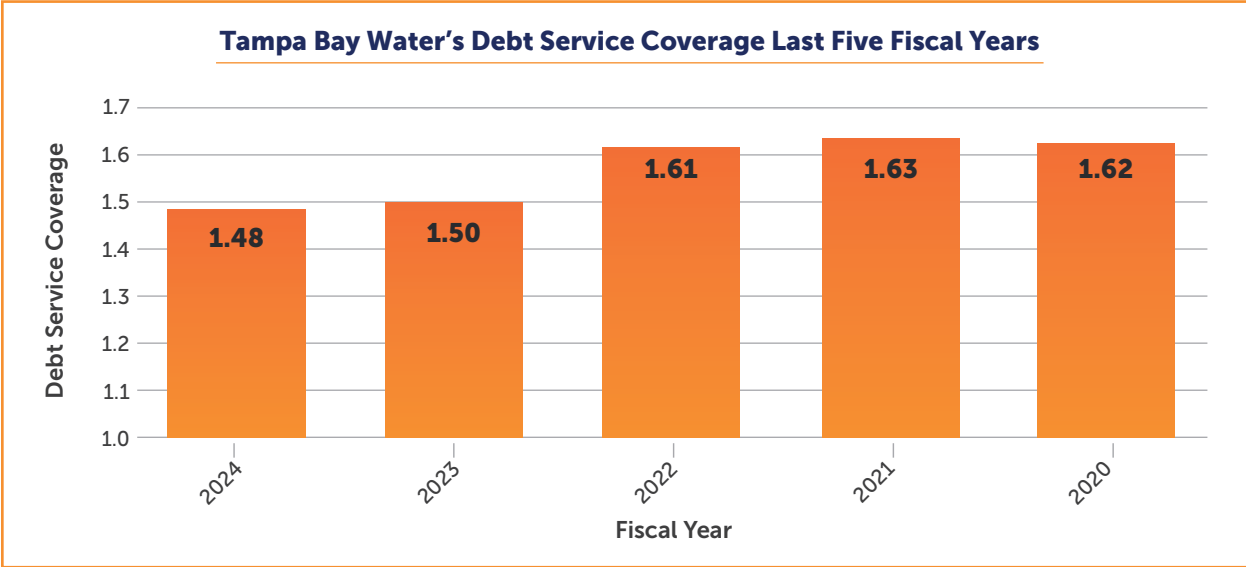


At September 30, 2024, Tampa Bay Water had 9 bonded debt issues outstanding that were used for financing capital improvement projects and refunding prior issued bonds. Bond debt outstanding and other short and long-term liabilities at September 30, 2024, were as follows:

	Fiscal Year 2023
Revenue Bonds	\$ 748,623,000
Acquisition Credits	\$ 36,255,328
Unamortized Bond Issue Premium	\$ 32,684,052
Total Outstanding Debt Service	\$ 817,562,380

At September 30, 2024, the Agency’s bond debt was rated Aa1 by Moody’s, AA+ by Standard & Poor’s, and AA by Fitch Ratings. This rating shows that Tampa Bay Water has a very strong capacity to meet its financial commitments. A strong credit rating allows the Agency to access capital for future infrastructure projects at favorable interest rates, which reduces the overall cost of borrowing money.

This chart below shows that net revenues, together with the Utility Reserve fund balance, was 1.48 times greater than the amount needed for Agency’s annual debt service due in fiscal year 2024.



Governmental Accounting Terms



Accrual basis of accounting is the method of accounting that recognizes the financial effect of transactions, events when they are incurred rather than at the time when cash is received or disbursed.

Accumulated depreciation is the total amount of an assets cost that has been allocated to depreciation expense since the asset was put into service.

Assets are resources with present service capacity that the Agency controls.

Capital Assets are tangible or intangible non-financial assets that have an initial useful life of more than one year and are used in providing services to the Agency's members.

Change in Net Position represents the increase or decrease in net position over the previous year.

Current Assets include cash or near cash items that can be used to liquidate liabilities due within a year.

Deferred inflows of resources are an acquisition of net position by the Agency that is applicable to a future reporting period.

Deferred outflows of resources are a consumption of net position by the Agency that is applicable to a future reporting period.

Enterprise fund a government owned fund that sells goods and services to the general public.

Generally Accepted Accounting Principles (GAAP) is a collection of commonly followed accounting rules and standards for financial reporting.

Governmental Accounting Standards Board (GASB) is a source of GAAP used by state and local

governments in the United States.

Liabilities are present obligations of the Agency to sacrifice resources that it has little or no discretion to avoid such as the amounts the Agency owes to suppliers and creditors.

Long-term liabilities include items such as bonds, acquisition credits, pension liability, and other Agency obligations typically due beyond twelve months from the current reporting period.

Net book value is the value at which the Agency carries an asset on its Statements of Net Position that is equal to cost of the asset minus accumulated depreciation.

Net investment in capital assets is the portion of net position that represents the Agency's equity interest in its capital assets.

Net position is the residual of all other financial statement elements in a statement of net position; i.e., the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources.

Non-current assets are the Agency's assets where the full value will not be realized within the following fiscal year following the reporting date.

Restricted net position is the portion of net position subject to external restrictions (e.g. bond covenants).

Short-term liabilities include items such as bonds, acquisition credits, pension liability, and other Agency obligations typically due within twelve months from the current reporting period.

Unrestricted net position is the portion of net position not tied to capital assets or subject to legal restrictions.



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