

Popular Annual Financial Report

Fiscal Year Ended September 30, 2022
October 1, 2021 – September 30, 2022



2575 Enterprise Road, Clearwater, FL 33763
Pinellas: 727.796.2355
Hillsborough: 813.996.7009
Fax: 727.792.2388
tampabaywater.org

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, 2022.

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 2022 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-2022.pdf>.

Tampa Bay Water continues to strive towards awareness, accountability and transparency on all of our financial information to our citizens. In 2022, Tampa Bay Water received awards for the 2021 ACFR, 2020 PAFR and 2022 Annual Budget from the Government Finance Officers Association (GFOA). This was the sixth year that Tampa Bay Water participated in and received the ACFR Award, the fifth year that Tampa Bay Water participated in and received the PAFR Award, plus the thirteenth 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



In This Report

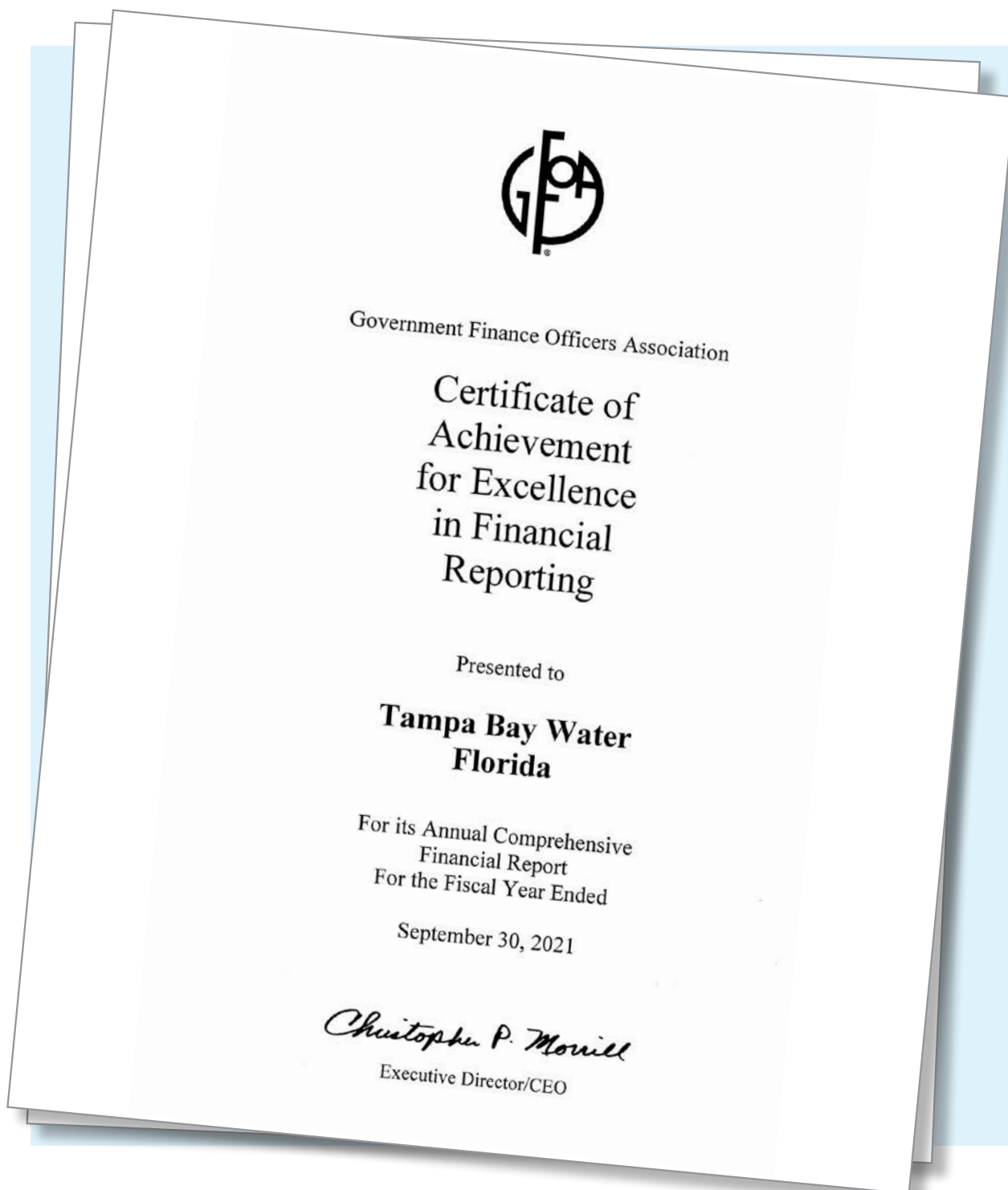
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Tampa Bay Water provides quality drinking water to its six member governments whose water service areas serve more than 2.5 million residents in the Tampa Bay region.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for the sixth consecutive year to the Agency for its financial report for the fiscal year ended September 30, 2021. This award is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report (ACFR) continues to conform to program requirement, and we are submitting it to GFOA to determine eligibility for another award.



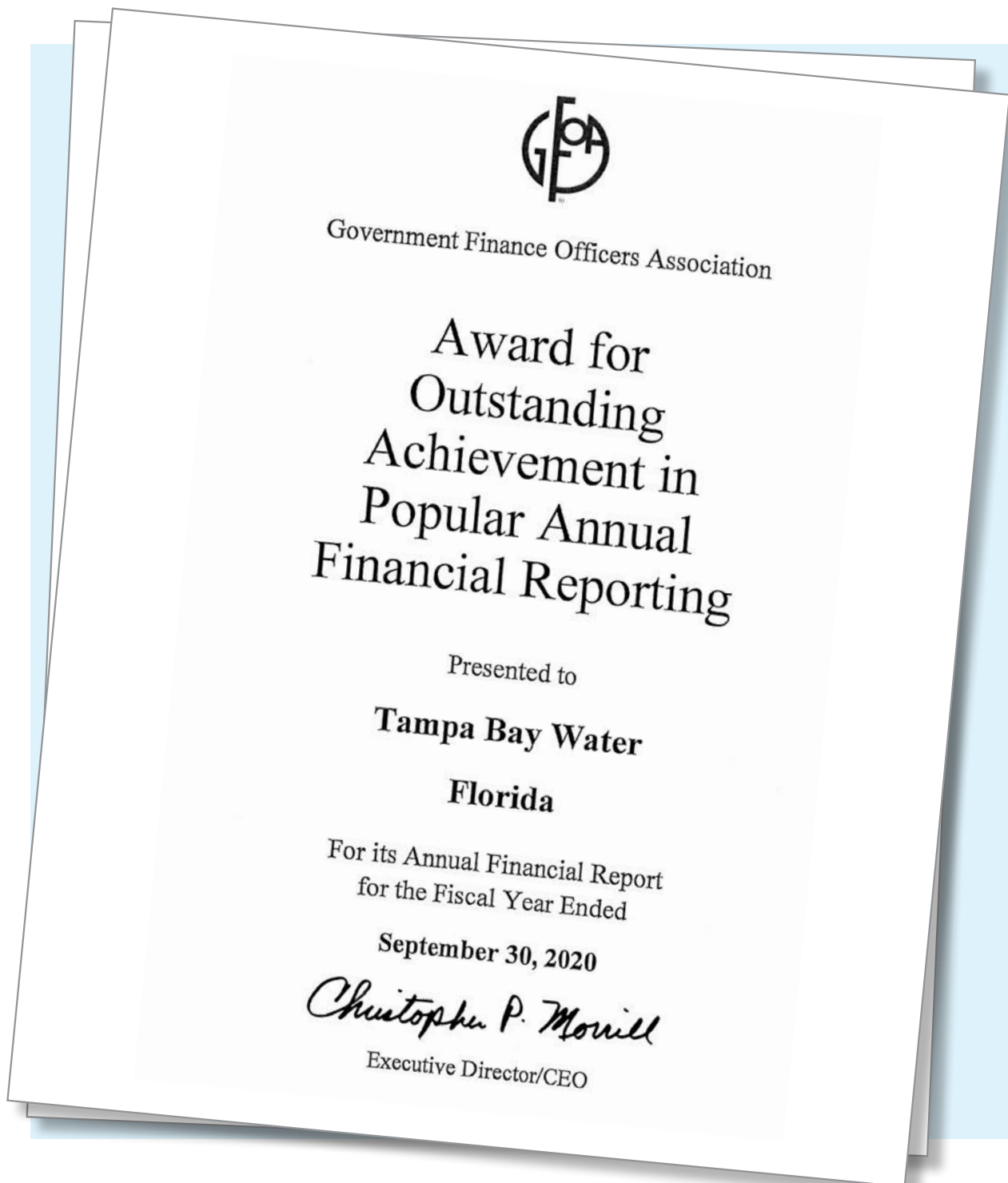
Awards (Continued)

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Tampa Bay Water for its Fiscal Year 2022 annual operating budget. In order to receive this award, a government unit must publish a budget document that meets criteria as a policy document, an organizational guide, a financial plan and a communication device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirement, and it has been submitted to GFOA to determine eligibility for another award.



Awards (Continued)

This is the Fiscal Year 2020 Popular Annual Financial Report Award. The agency submitted the application for the fiscal year 2021 award. Due to the COVID-19 pandemic the Government Financial Officers Association review process is taking longer than in the prior years and the fiscal year 2021 application is still being reviewed.



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, City of New Port Richey, City of St. Petersburg and City of 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 2.5 million residents in the Tampa Bay region. The region is served by a combination of treated groundwater, river water and seawater. The Agency has administrative, laboratory and infrastructure management facilities in Land 'O Lakes, Florida, and an administrative facility in Clearwater, Florida.



Mission: Our mission is to reliably provide clean, safe water to the region now and for future generations.



Vision: Tampa Bay Water's vision is to be the leader in supplying sustainable, quality water.



Values:
Our employees and their safety are the keys to the agency's success.

We strive for continuous improvement in everything we do.

We fulfill our mission in partnership with our stakeholders in a responsible, efficient and environmentally sustainable 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 2022 Board of Directors



Chairman
Commissioner
Ron Oakley
Pasco County



Vice Chair
Commissioner
Mariella Smith
Hillsborough County



Commissioner
Harry Cohen
Hillsborough County



Commissioner
Dave Eggers
Pinellas County



Council Member
Lisset Hanewicz
City of St. Petersburg



Mayor
Rob Marlow
City of
New Port Richey



Council Member
Charlie Miranda
City of Tampa



Commissioner
Kathleen Peters
Pinellas County



Commissioner
Kathryn Starkey
Pasco County



Hillsborough
County Florida





Financial Highlights for Fiscal Year 2022

- 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.
- 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.
- Performing feasibility studies on future water supply projects and completing the future needs analysis to support the update of the Long-term Master Water Plan.
- 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 2.5 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 operation 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 award community, environmental and educational organizations for projects that promote the protection of our drinking water sources through the Source Water Protection Mini-Grant Program.
 - Continuing to develop and implement an employee training and knowledge retention program to address the succession planning required over the next several years as long-term employees leave the agency.
 - 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.
 - 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 2022.

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 two fiscal years.

Statement of Net Position – September 30, 2022

Assets	Fiscal Year 2022	Fiscal Year 2021
Current unrestricted assets	\$ 88,710,604	\$ 83,459,269
Current restricted assets	105,586,835	121,124,533
Non-current assets	1,592,789,820	1,596,012,964
Total assets	\$ 1,787,087,259	\$ 1,800,596,766
Deferred outflows of resources	Fiscal Year 2022	Fiscal Year 2021
Loss on refunding of debt	\$ 10,333,537	\$ 11,901,939
Unrealized pension contributions and losses – FRS	3,837,828	3,248,965
Unrealized pension contributions and losses – HIS	539,565	753,980
Total deferred outflows of resources	\$ 14,710,930	\$ 15,904,884
Liabilities	Fiscal Year 2022	Fiscal Year 2021
Long-term debt outstanding	\$752,012,336	\$ 805,190,908
Other liabilities	96,517,881	80,068,471
Lease liability	\$ 1,355,867	-
Total liabilities	\$ 849,886,084	\$ 885,259,379
Deferred inflows of resources	Fiscal Year 2022	Fiscal Year 2021
Rate stabilization	\$ 51,370,984	\$ 46,446,234
Deferred lease revenue	86,814	-
Unrealized pension gains – FRS	-	7,997,083
Unrealized pension gains – HIS	596,469	179,844
Total deferred inflows of resources	\$ 52,054,267	\$ 54,623,161
Net position	Fiscal Year 2022	Fiscal Year 2021
Net investment in capital assets	\$ 752,248,248	\$ 720,309,824
Restricted	114,797,114	119,469,822
Unrestricted	32,812,474	36,839,462
Total net position	\$ 899,857,836	\$ 876,619,108

Net Position



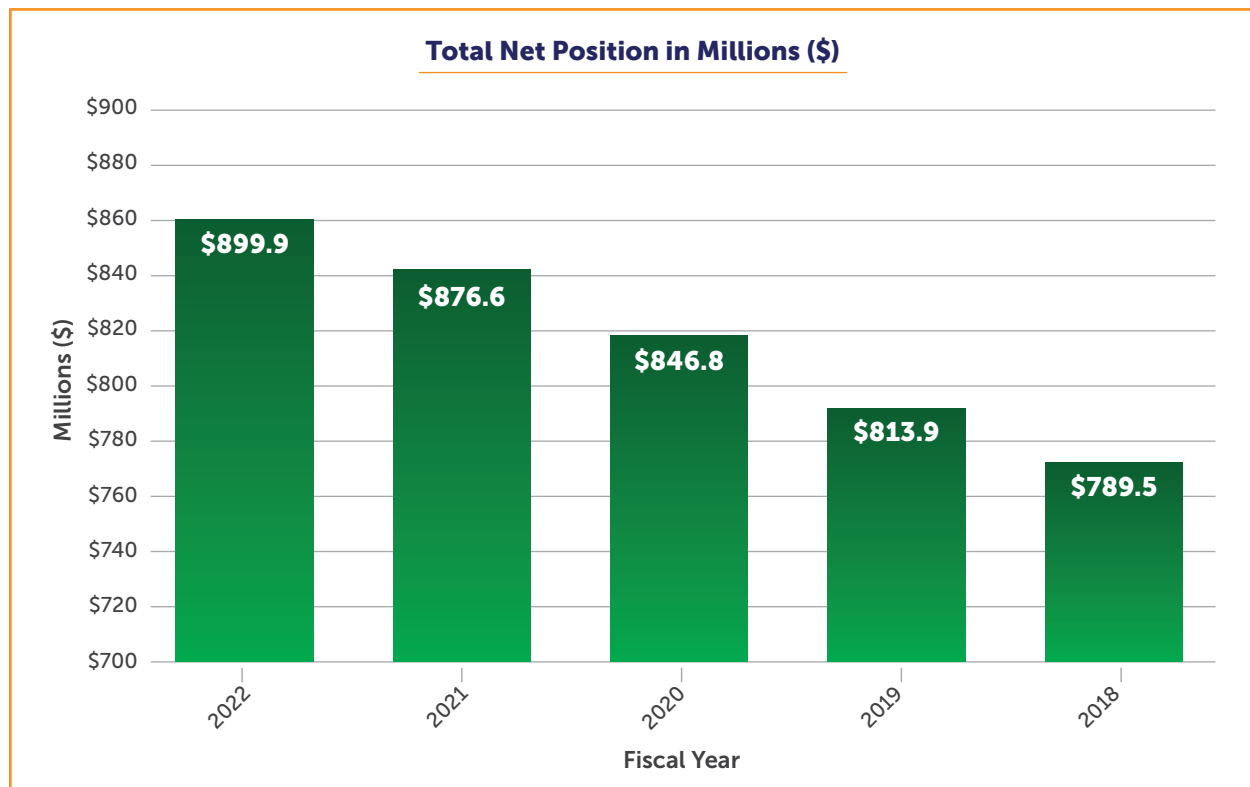
Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal Year 2022	Fiscal Year 2021
Operating revenues	\$ 174,678,084	\$ 167,719,626
Operating expenses	(85,912,868)	(76,957,044)
Operating income before depreciation	88,765,216	90,762,582
Depreciation	(29,043,530)	(29,076,736)
Operating income	59,721,686	61,685,846
Investment revenue, net of realized and unrealized gain (loss)	(6,569,075)	174,761
Interest expense	(29,645,180)	(32,625,230)
Gain on disposal of capital assets, net	(1,196,180)	(2,099,929)
Litigation recoveries	7,979	36,841
Income before contributions	22,319,230	27,172,289
Capital contributions	919,498	2,608,474
Change in net position	23,238,728	29,852,763
Total net position - beginning	876,619,108	846,766,345
Total net position - ending	\$ 899,857,836	\$ 876,619,108

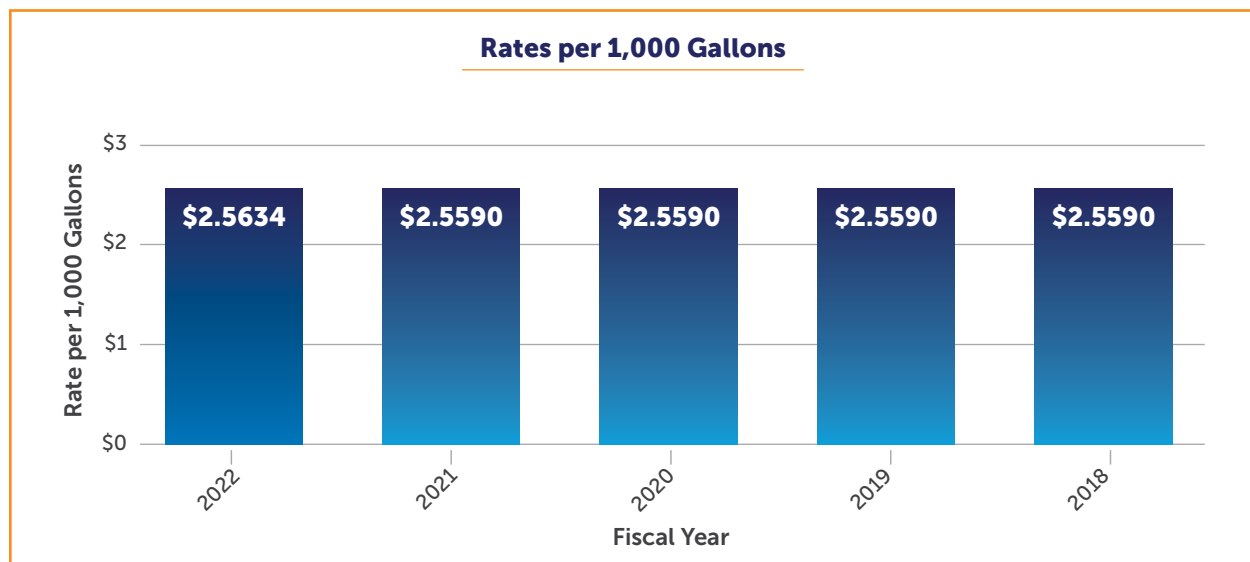
Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) may serve over time as an indicator of a government's financial condition. Net investment in capital assets makes up the biggest portion of net position. This amount is associated with the Agency's 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.

Net Position (Continued)

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



In fiscal year 2022 the Agency increased the rate per 1,000 gallons for its members by \$.0044, from \$2.5590 to \$2.5634. The increase was due to an increase in operational costs. The chart below shows Tampa Bay Water's rates per 1,000 gallons over the last five years.



Investments

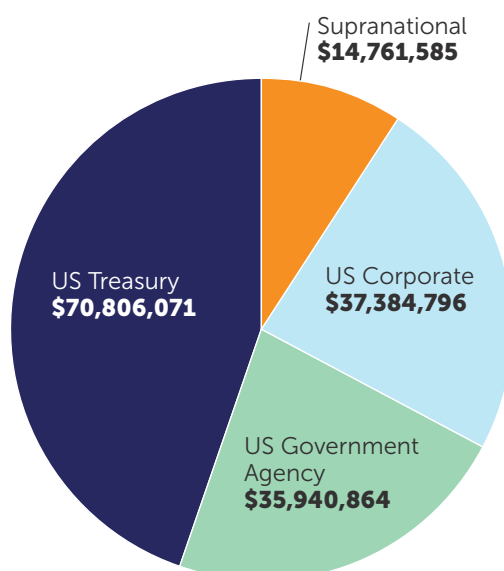


The objectives of the Agency's investment policy are safety, liquidity and return on investment. The primary objective is safety, i.e. the minimization of risk and the preservation and protection of investment principal. The second objective is to maintain sufficient liquidity at all times to meet all 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 2022 of 4.29%, compared to the benchmark rate (Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index) of 4.21%. At September 30, 2022, the Agency's investment portfolio was invested as shown at the bottom right.

Investments Owned by Tampa Bay Water as of September 30, 2022



Investments by Fair Value Level 9/30/2022

Supranational	\$ 14,761,585
US Corporate	37,384,796
US Government Agency	35,940,864
US Treasury	70,806,071

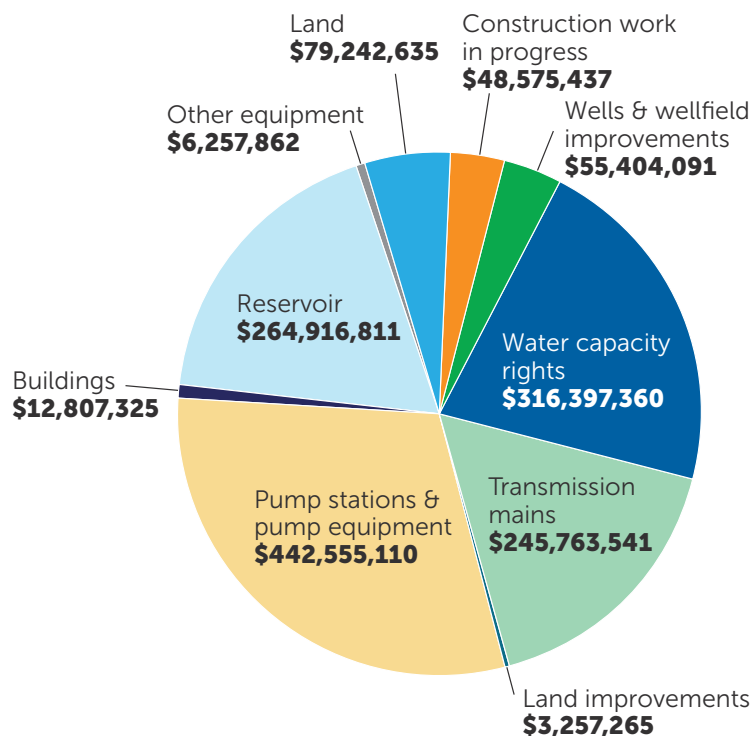
Total Investment by Fair Value Level \$ 158,893,316

Capital Assets



Tampa Bay Waters capital assets had a total value of \$1.48 billion dollars, net of accumulated depreciation at end of fiscal year 2022. 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 0.52% decrease in total capital assets for fiscal year 2022 compared to fiscal year 2021.

Capital Assets Owned by Tampa Bay Water as of September 30, 2022



Capital Assets	Fiscal Year 2022
Capital Assets, Net	
Land	\$ 79,242,635
Construction work in progress	48,575,437
Wells & wellfield improvements	55,404,091
Water capacity rights	316,397,360
Transmission mains	245,763,541
Land improvements	3,257,265
Pump stations & pump equipment	442,555,110
Buildings	12,807,325
Reservoir	264,916,811
Other equipment	6,257,862
Total Capital Assets, Net	\$1,475,177,437

Long-term Debt Liabilities

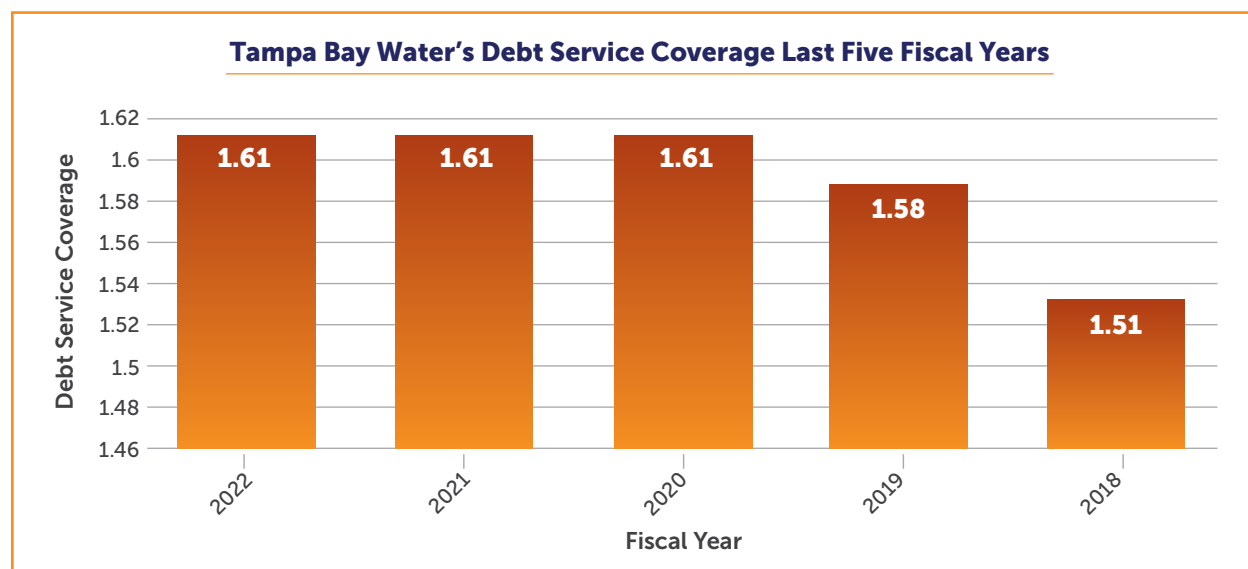


At September 30, 2022, Tampa Bay Water had nine bonded debt issues outstanding that were used for financing capital improvement projects and refunding prior issued bonds. Bond debt outstanding and other long-term liabilities at September 30, 2022 were as follows:

Long-term Debt Liabilities	Fiscal Year 2022
Revenue Bonds	\$ 707,467,000
Acquisition Credits	\$ 51,882,448
Unamortized Bond Issue Premium	\$ 40,237,758
Total Long-term Debt Liabilities	\$ 799,587,206

At September 30, 2022, 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.

This chart below shows that net revenues, together with the Utility Reserve fund balance, was 1.61 times greater than the amount needed for Agency's annual debt service due in fiscal year 2022.



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 nonfinancial 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)

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



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