

# POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2020  
October 1, 2019 – September 30, 2020



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**TAMPA  
BAY  
WATER**  
Supplying Water To The Region

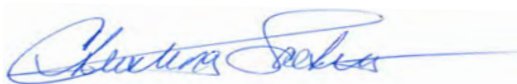
# A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

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, 2020.

The financial information presented in the PAFR is derived from the Agency's Comprehensive Annual Financial Report (CAFR) and is presented here in summarized form. The CAFR outlines the Agency's financial position and operating activities for fiscal year 2020 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 CAFR is posted at: <https://www.tampabaywater.org/documents/financials/financial-reports/2020-Comprehensive-Annual-Financial-Report.pdf>.

Tampa Bay Water continues to strive towards awareness, accountability, and transparency on all of our financial information to our members and the residents they serve. In 2020, Tampa Bay Water received awards for the 2019 CAFR, 2019 PAFR, and 2020 Annual Budget Book from the Government Finance Officers Association (GFOA). This was the fourth year that Tampa Bay Water participated in and received the CAFR and PAFR Awards, plus the eleventh 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

About Tampa Bay Water.....	3
Tampa Bay Water's Board of Directors..	4
Financial Highlights.....	5
Financial Position.....	6
Net Position .....	7
Investments .....	9
Capital Assets .....	10
Long-term Liabilities .....	11
Governmental Accounting Terms.....	12



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, 2019**

*Christopher P. Morrill*

Executive Director/CEO

## ABOUT TAMPA BAY WATER



**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.**

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, the City of New Port Richey, the City of St. Petersburg and the 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 high 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 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 OF THE AGENCY:** Tampa Bay Water reliably provides, clean, safe water to the region now and for future generations.

**VISION OF THE AGENCY:** Be a model for regional water supply in the nation, be a leader in innovation and best practices, and be a respected member of the Tampa Bay community.

**VALUES OF THE AGENCY:** Our employees and their safety are the keys to agency success, strive for continuous improvement in everything the Agency does, and fulfill the Agency's mission in partnership with the stakeholder in a responsible, efficient and environmental 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 2020 TAMPA BAY WATER'S BOARD OF DIRECTORS



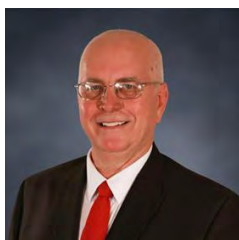
**CHAIRMAN  
COMMISSIONER**

Dave Eggers  
Pinellas County



**VICE CHAIRMAN  
COMMISSIONER**

Ron Oakley  
Pasco County



**MAYOR**

Rob Marlow  
City of New Port Richey




**COUNCIL MEMBER**

Charlie Miranda  
City of Tampa




**COMMISSIONER**

Sandra L. Murman  
Hillsborough County




**COMMISSIONER**

Kathleen Peters  
Pinellas County




**COUNCIL MEMBER**

Darden Rice  
City of St. Petersburg



**COMMISSIONER**

Mariella Smith  
Hillsborough County



**COMMISSIONER**

Kathryn Starkey  
Pasco County



# FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020



The Agency owns and operates facilities having a net book value of \$1.5 billion to provide water to its six Member Governments. The facilities operating in 2020 included 13 wellfield systems, the Enhanced Surface Water System, and the Tampa Bay Seawater Desalination Facility.

The Agency's net position increased \$32.9 million or 4.04% in fiscal year 2020 from 2019.

Increased water demand from its six members resulted in an increase in water productions from 173.3 million gallons per day (mgd) in 2019 to 184.0 mgd in 2020. The increase in demand is largely a result of the continuing growth in South Hillsborough County and Pasco County.

During 2020, the Agency revenue from water sales was \$170.4. In addition, \$1.7 million was transferred to the Rate Stabilization Account in accordance with contractual obligations with the Agency's members and Agency accounting policies, resulting in a net increase in revenue recognized of \$7.7 million from 2019 to 2020.

The Agency's operating expenses increased by \$7.5 million, or 10.71%, from 2019 to 2020, because of the 2020 budget policies.

The next two tables present the Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position further explain the financial condition of Tampa Bay Water at the end of fiscal year 2020.



**CAPITAL ASSETS  
\$1.5 BILLION**



**NET POSITION INCREASED  
\$32.9 MILLION**



**WATER DEMAND INCREASED  
10.7 MILLION GALLONS PER DAY**



**REVENUE FROM WATER SALES  
\$170.4 MILLION**



**OPERATING EXPENSES INCREASED BY  
\$7.5 MILLION**

# 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.

<b>STATEMENTS OF NET POSITION – SEPTEMBER 30, 2020</b>		
<b>ASSETS</b>	<b>FISCAL YEAR 2020</b>	<b>FISCAL YEAR 2019</b>
<b>CURRENT UNRESTRICTED ASSETS</b>	\$ 87,738,618	\$ 78,221,009
<b>CURRENT RESTRICTED ASSETS</b>	156,493,504	142,441,777
<b>NON-CURRENT ASSETS</b>	1,574,556,924	1,599,564,912
<b>TOTAL ASSETS</b>	\$ 1,818,789,046	\$ 1,820,227,698
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>LOSS ON REFUNDING OF DEBT</b>	\$ 14,680,392	\$ 17,194,767
<b>UNREALIZED PENSION CONTRIBUTIONS AND LOSSES – FRS</b>	4,261,825	3,622,220
<b>UNREALIZED PENSION CONTRIBUTIONS AND LOSSES – HIS</b>	929,548	809,317
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 19,871,765	\$ 21,626,304
<b>LIABILITIES AND NET POSITION</b>		
<b>LONG-TERM DEBT OUTSTANDING</b>	\$ 856,033,510	\$ 904,383,680
<b>OTHER LIABILITIES</b>	94,592,367	83,446,051
<b>TOTAL LIABILITIES</b>	\$ 950,625,877	\$ 987,829,731
<b>DEFERRED INFLOWS OF RESOURCES</b>		
<b>RATE STABILIZATION</b>	\$ 40,995,836	\$ 39,257,987
<b>UNREALIZED PENSION GAINS – FRS</b>	23,245	556,389
<b>UNREALIZED PENSION GAINS – HIS</b>	249,508	311,694
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	\$ 41,268,589	\$ 40,126,070
<b>NET POSITION</b>		
<b>NET INVESTMENT IN CAPITAL ASSETS</b>	\$ 691,056,939	\$ 669,942,751
<b>RESTRICTED</b>	118,410,787	106,080,103
<b>UNRESTRICTED</b>	37,298,619	37,875,347
<b>TOTAL NET POSITION</b>	\$ 846,766,345	\$ 813,898,201

# NET POSITION



## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

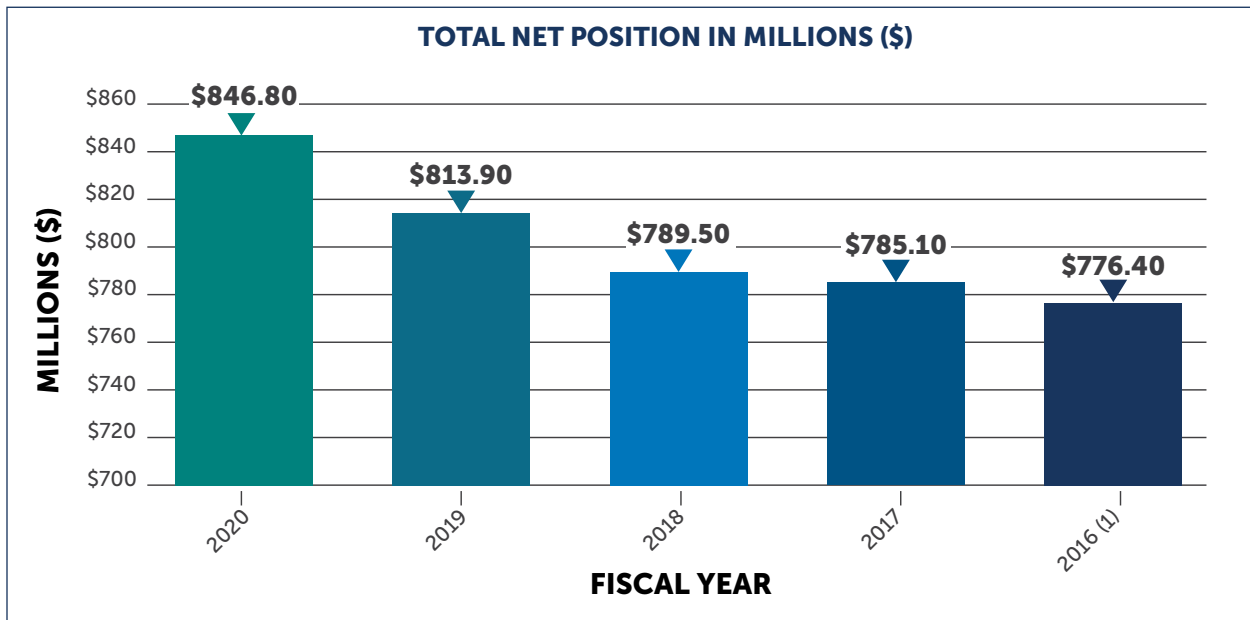
	FISCAL YEAR 2020	FISCAL YEAR 2019
<b>OPERATING REVENUES</b>	<b>\$ 168,624,040</b>	<b>\$ 160,965,443</b>
<b>OPERATING EXPENSES</b>	<b>(77,017,105)</b>	<b>(69,565,461)</b>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	<b>91,606,935</b>	<b>91,399,982</b>
<b>DEPRECIATION</b>	<b>(29,953,938)</b>	<b>(29,735,308)</b>
<b>OPERATING INCOME</b>	<b>61,652,997</b>	<b>61,664,674</b>
<b>INVESTMENT REVENUE, NET OF REALIZED AND UNREALIZED GAIN</b>	<b>5,256,272</b>	<b>7,017,637</b>
<b>*LESS CAPITALIZED INTEREST</b>	<b>—</b>	<b>—</b>
<b>INTEREST EXPENSE</b>	<b>(34,870,336)</b>	<b>(44,795,447)</b>
<b>*LESS CAPITALIZED INTEREST</b>	<b>—</b>	<b>—</b>
<b>GAIN ON DISPOSAL OF CAPITAL ASSETS, NET</b>	<b>101,296</b>	<b>37,966</b>
<b>LITIGATION RECOVERIES</b>	<b>19,851</b>	<b>6,476</b>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>32,160,080</b>	<b>23,931,306</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>708,064</b>	<b>460,877</b>
<b>CHANGE IN NET POSITION</b>	<b>32,868,144</b>	<b>24,392,183</b>
<b>TOTAL NET POSITION – BEGINNING</b>	<b>813,898,201</b>	<b>789,506,018</b>
<b>TOTAL NET POSITION – ENDING</b>	<b>\$ 846,766,345</b>	<b>\$813,898,201</b>

\*Starting in Fiscal Year 2019 the Agency no longer capitalizes interest costs incurred as part of the cost of constructing capital assets with the implementation of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

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.



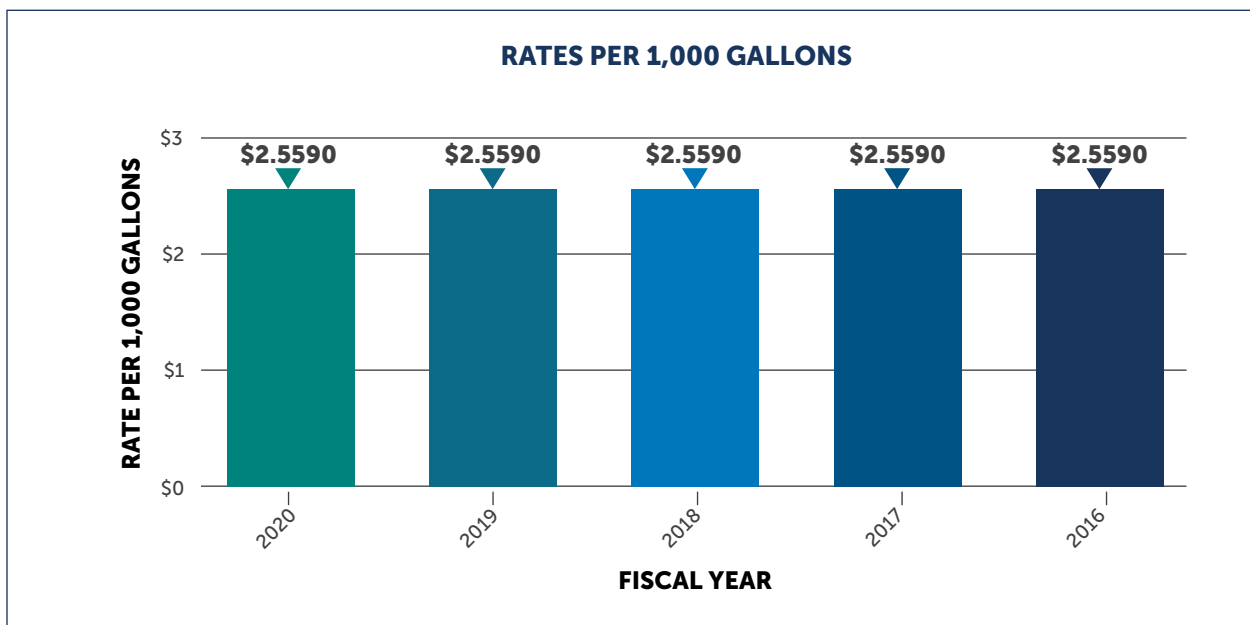
The chart below shows Tampa Bay Water's total net position at the end of the last five fiscal years.



**NOTES**

(1) Fiscal year 2016 net position was restated to reflect a change in bond premium amortization to the Effective Interest Method and to record Escrowed Reserve funds held with our facility operators, Veolia Water North America and American Water-Pridesa, LLC. Cumulative effect on net position was increased by \$5,576,805

In fiscal year 2020 the Agency was able to keep the same rate per 1,000 gallons for its members for the ninth consecutive year at \$2.5590. The chart below shows Tampa Bay Waters rates per 1,000 gallons over the last five years.

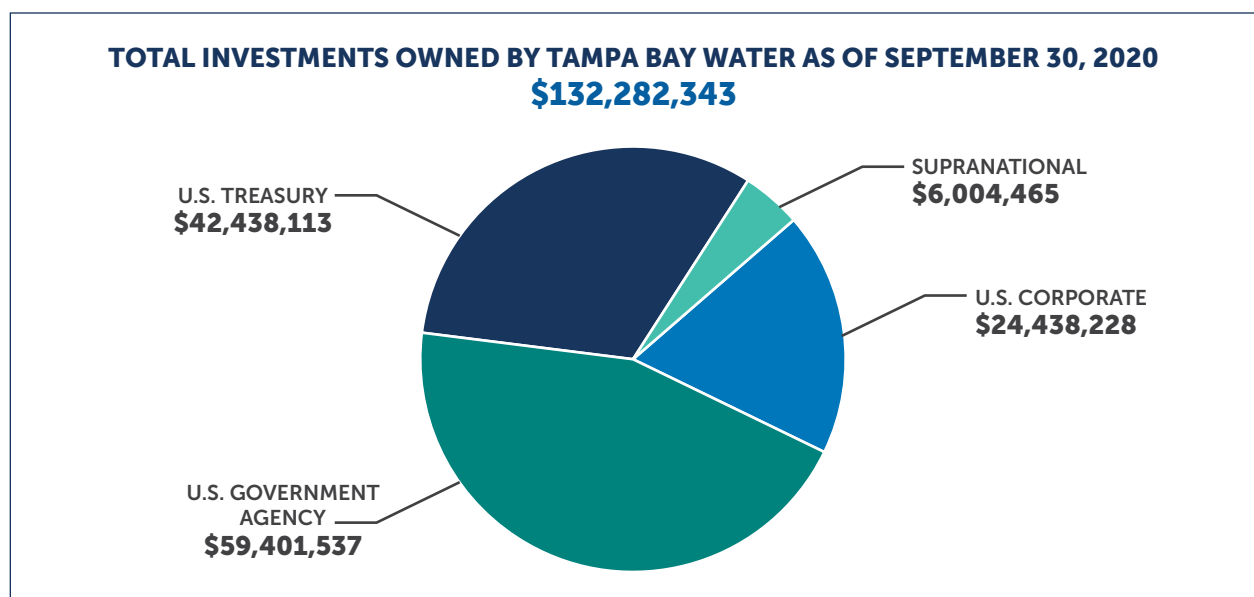


# INVESTMENTS



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.

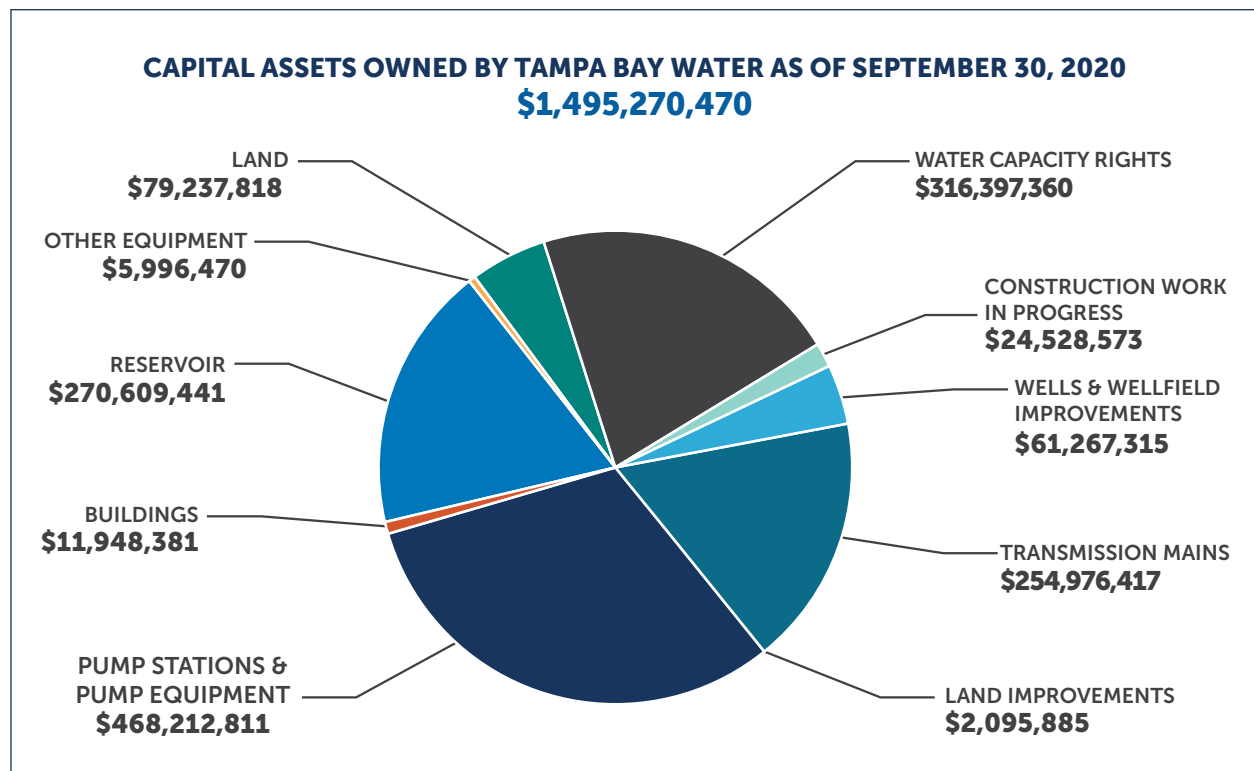
Tampa Bay Water’s Investment Pool is in full compliance with the investment policy and had an overall annual rate of return for fiscal year 2020 of 1.42%, compared to the benchmark rate (Bank of America Merrill Lunch 1-3 Year U.S. Treasury Index) of 1.32%. At September 30, 2020, the Agency’s investment portfolio was invested as shown below.



## CAPITAL ASSETS



Tampa Bay Water's capital assets had a total value of \$1.5 billion dollars, net of accumulated depreciation at end of fiscal year 2020. 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 1.39% decrease in total capital assets for fiscal year 2020 compared to fiscal year 2019.



# LONG-TERM LIABILITIES

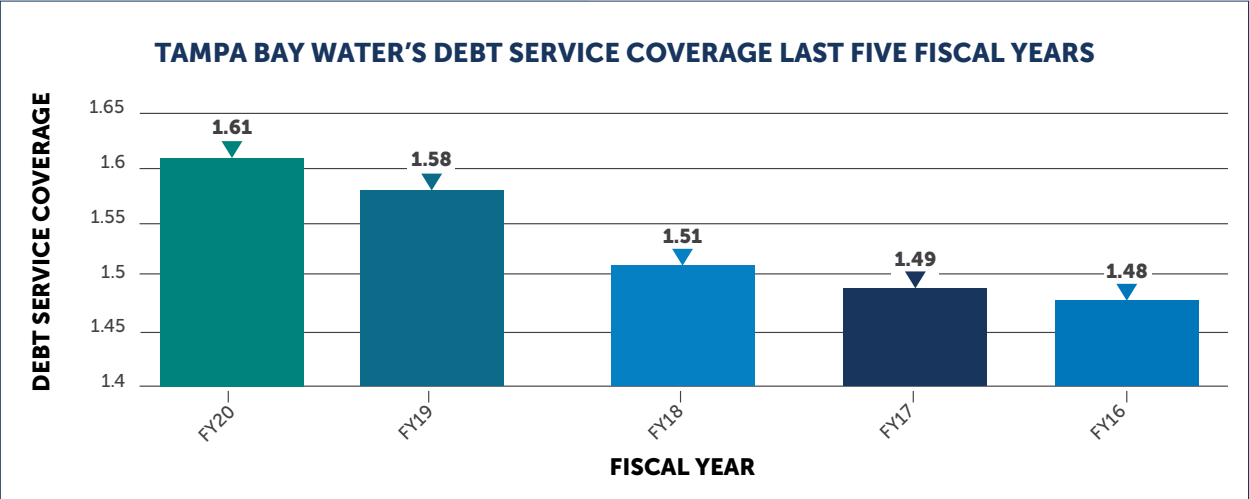


On September 30, 2020, Tampa Bay Water had 11 bonded debt issues outstanding that were used for financing capital improvement projects and refunding prior issued bonds. Bond debt outstanding and other long-term liabilities at September 30, 2020, were as follows:

	<b>FISCAL YEAR 2020</b>
<b>REVENUE BONDS</b>	<b>\$ 778,254,000</b>
<b>ACQUISITION CREDITS</b>	<b>66,048,612</b>
<b>UNAMORTIZED BOND ISSUE PREMIUM</b>	<b>53,248,210</b>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 897,550,882</b>

On September 30, 2020, 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.

The 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 2020.



## 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 asset's 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** is 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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