

Popular Annual Financial Report

Fiscal Year Ended September 30, 2021
October 1, 2020 – September 30, 2021



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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, 2021.

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 2021 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: tampabaywater.org/2021-acfr/.

Tampa Bay Water continues to strive towards awareness, accountability, and transparency on all of our financial information to our citizens. In 2021, Tampa Bay Water received awards for the 2020 CAFR, 2019 PAFR, and 2020 Annual Budget Book from the Government Finance Officers Association (GFOA). This was the fifth year that Tampa Bay Water participated in and received the CAFR and PAFR Awards, plus the twelfth year Tampa Bay Water participated in and received the Distinguished Budget Award. The attainment of these three awards represents Tampa Bay Water's commitment to financial transparency, stability and accountability.

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

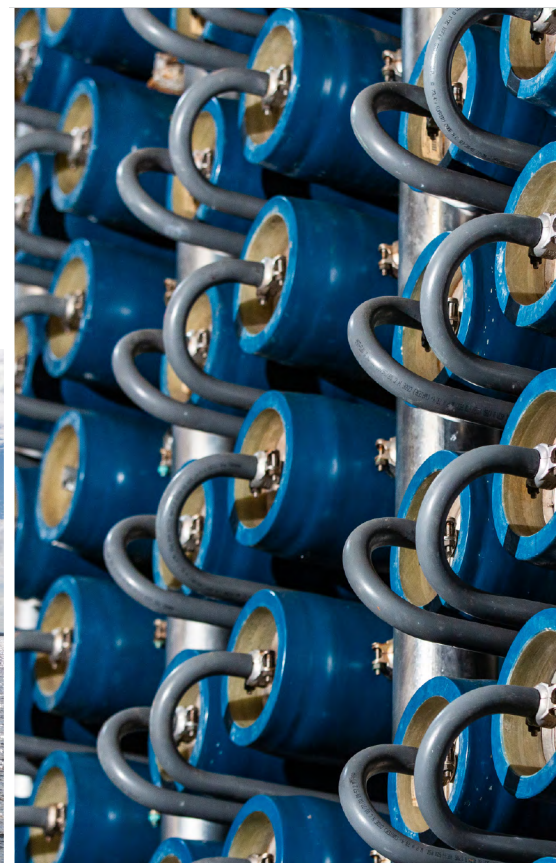
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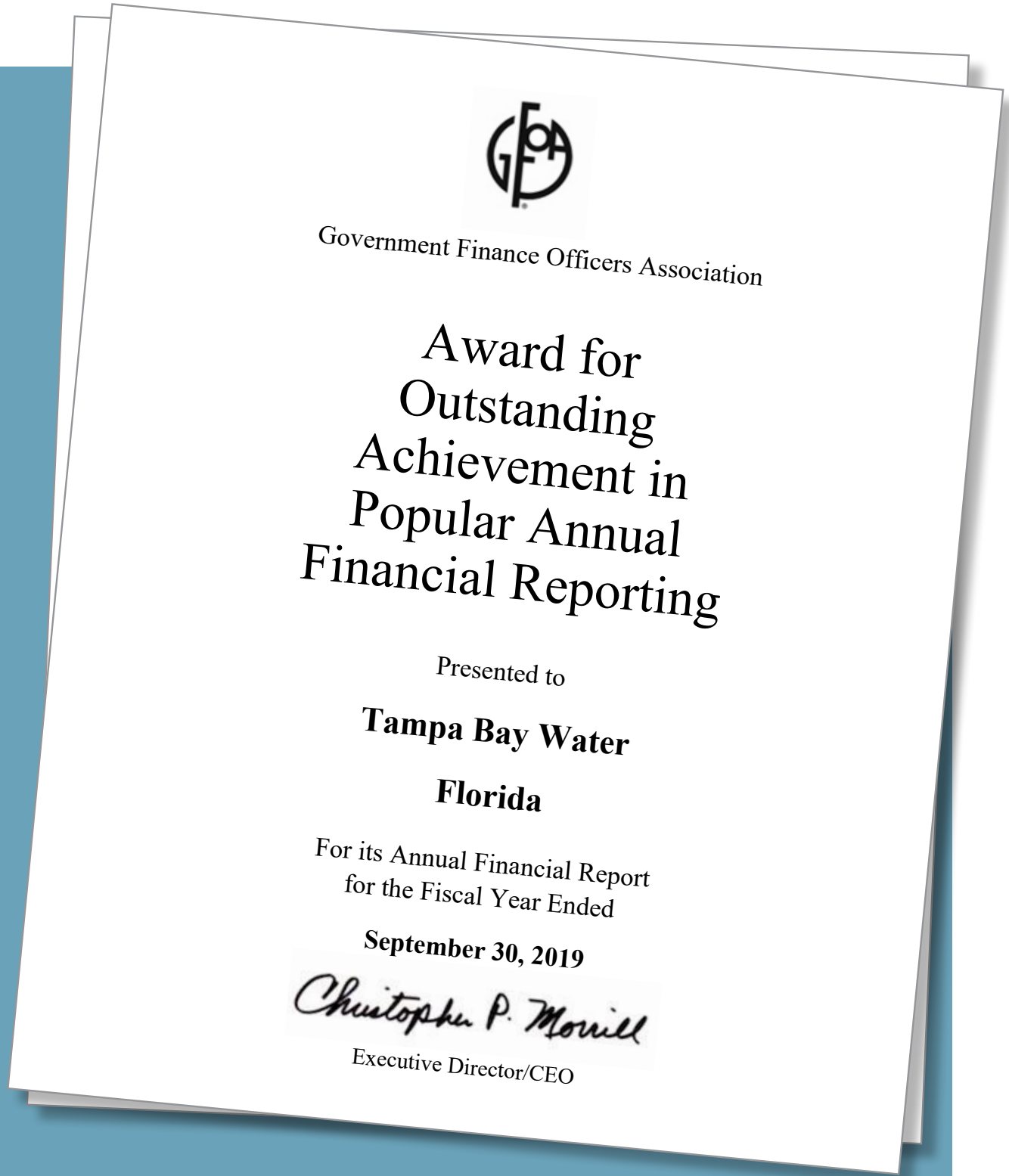
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Tampa Bay Water provides quality drinking water to its six member governments whose water service areas serve more than 2.5 million residents in the Tampa Bay region.



This is the Fiscal Year 2019 Popular Annual Financial Report Award. The agency did submit the application for the fiscal year 2020 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 2020 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 and businesses 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 Land O' Lakes, Florida and administrative offices 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 2021 Board of Directors



Chairman
Commissioner
Dave Eggers
Pinellas County



Vice Chairman
Commissioner
Ron Oakley
Pasco County



Commissioner
Harry Cohen
Hillsborough County



Mayor
Rob Marlow
City of
New Port Richey



Council Member
Charlie Miranda
City of Tampa



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 2021

- 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 2021 included 13 wellfield systems, the enhanced surface water system, and the seawater desalination facility.
- The Agency's net position increased \$29.8 million or 3.52% in fiscal year 2021 from 2020.
- Increased water demand from its six members resulted in a increase in water productions from 184.0 mgd in 2020 to 184.8 mgd in 2021. The increase in demand is largely a result of the continuing growth in south Hillsborough County and Pasco County.
- During 2021, the Agency revenue from water sales was \$173.2. In addition, \$5.5 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 decrease in revenue recognized of \$0.9 million from 2020 to 2021.
- The Agency's operating expenses remained consistent from 2020 to 2021, because of the 2021 budget policies.

The next two tables present the Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position and further explain the financial condition of Tampa Bay Water at the end of fiscal year 2021.



Capital assets **\$1.5 billion**



Net position increased **\$29.8 million**



Water demand increased **4.4 million gallons per day**



Revenue from water sales **\$173.2 million**



Operating expenses remained consistent from **2020 - 2021**

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, 2021

| Assets | Fiscal Year 2021 | Fiscal Year 2020 |
|---|-------------------------|-------------------------|
| Current unrestricted assets | \$ 83,459,269 | \$ 87,738,618 |
| Current restricted assets | 121,124,533 | 156,493,504 |
| Non-current assets | 1,596,012,964 | 1,574,556,924 |
| Total assets | \$ 1,800,596,764 | \$ 1,818,789,046 |
| Deferred outflows of resources | Fiscal Year 2021 | Fiscal Year 2020 |
| Loss on refunding of debt | \$ 11,901,939 | \$ 14,680,392 |
| Unrealized pension contributions and losses – FRS | 3,248,965 | 4,261,825 |
| Unrealized pension contributions and losses – HIS | 753,980 | 929,548 |
| Total deferred outflows of resources | \$ 15,904,884 | \$ 19,871,765 |
| Deferred inflows of resources | Fiscal Year 2021 | Fiscal Year 2020 |
| Rate stabilization | \$ 46,446,234 | \$ 40,995,836 |
| Unrealized pension gains – FRS | 7,997,083 | 23,245 |
| Unrealized pension gains – HIS | 179,844 | 249,508 |
| Total deferred inflows of resources | \$ 54,623,161 | \$ 41,268,589 |
| Net position | Fiscal Year 2021 | Fiscal Year 2020 |
| Net investment in capital assets | \$ 720,309,824 | \$ 691,056,939 |
| Restricted | 119,469,822 | 118,410,787 |
| Unrestricted | 36,839,462 | 37,298,619 |
| Total net position | \$ 876,619,108 | \$ 846,766,345 |

Net Position



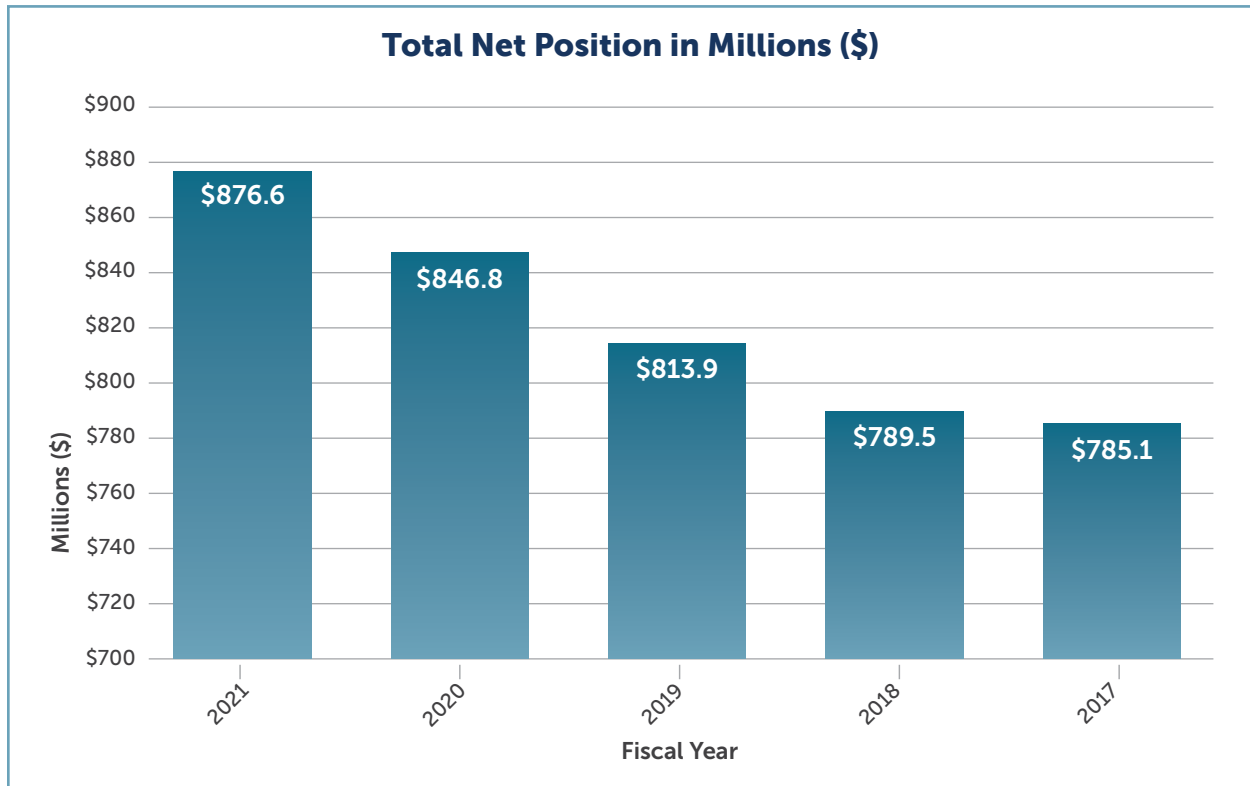
Statement of Revenues, Expenses, and Changes in Net Position

| | Fiscal Year 2021 | Fiscal Year 2020 |
|--|-----------------------|-----------------------|
| Operating revenues | \$ 167,719,626 | \$ 168,624,040 |
| Operating expenses | (76,957,044,044) | (77,017,105) |
| Operating income before depreciation | 90,762,582 | 91,606,935 |
| Depreciation | (29,076,736) | (29,953,938) |
| Operating income | 61,685,846 | 61,652,997 |
| Investment revenue, net of realized and unrealized gain (loss) | 174,761 | 7,017,637 |
| Interest expense | (32,625,230) | (34,870,336) |
| Gain on disposal of capital assets, net | (2,099,929) | 101,296 |
| Litigation recoveries | 36,841 | 19,851 |
| Income before contributions | 27,172,289 | 32,160,080 |
| Capital contributions | 2,680,474 | 708,064 |
| Change in net position | 29,852,763 | 32,868,144 |
| Total net position - beginning | 846,766,345 | 813,898,201 |
| Total net position - ending | \$ 876,619,108 | \$ 846,766,345 |

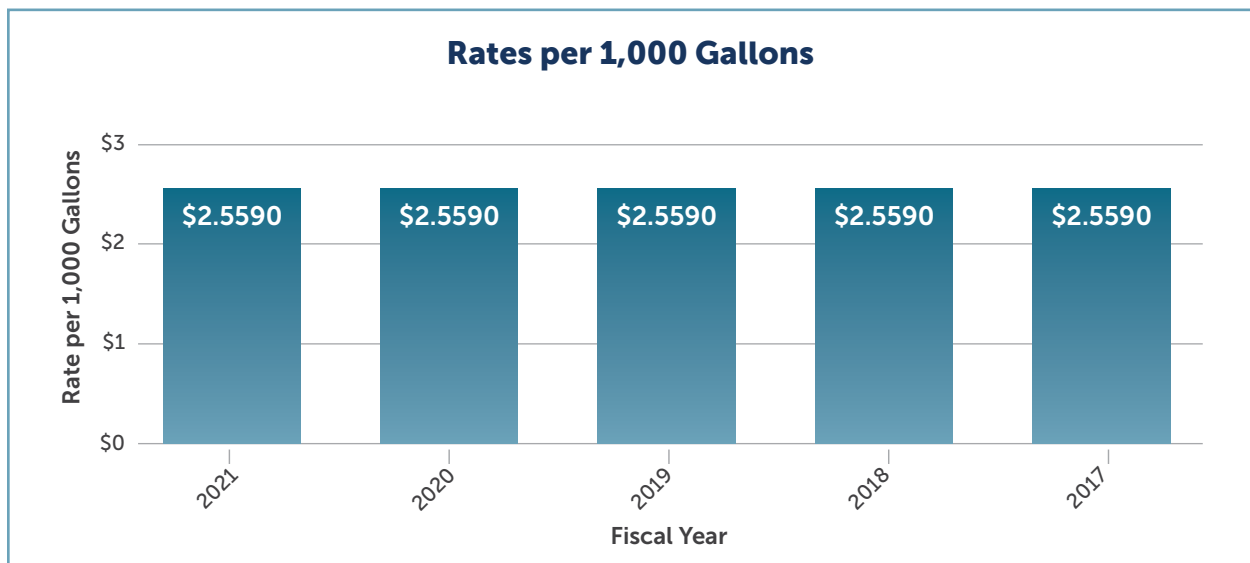
Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) may serve over time as an indicator of a government's financial condition. Net investment in capital assets makes up the biggest portion of net position. This amount is associated with the Agency's 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 2021 the Agency was able to keep the same rate per 1,000 gallons for its members for the tenth consecutive year at \$2.5590. The chart below shows Tampa Bay Water's rates per 1,000 gallons over the last five years.



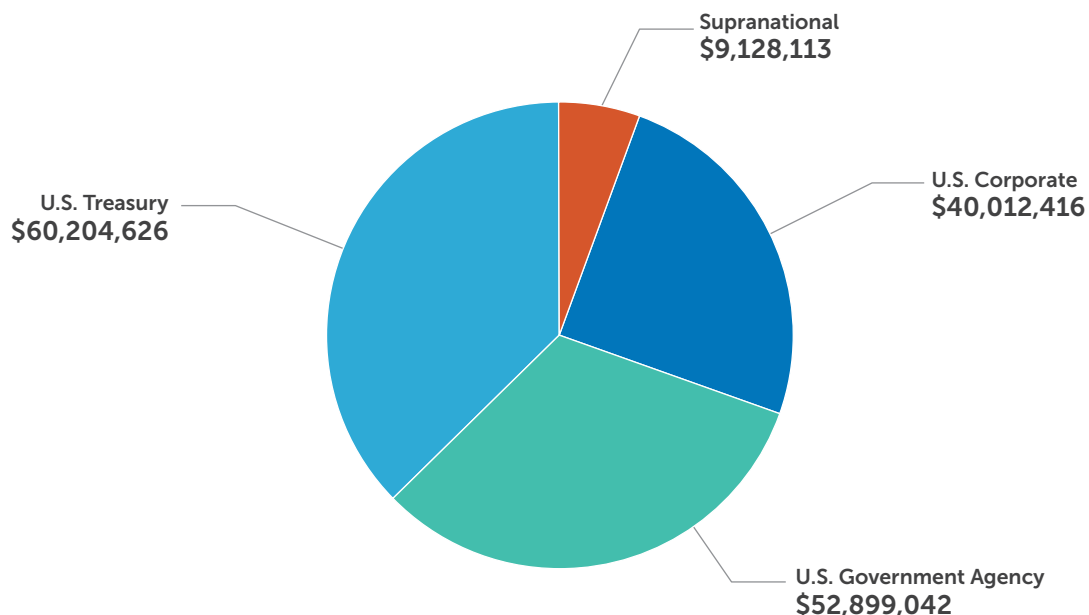
Investments



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 agencies.

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 2021 of 0.36%, compared to the benchmark rate (Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index) of 0.27%. At September 30, 2021, the Agency's investment portfolio was invested as shown below.

Investments Owned by Tampa Bay Water as of September 30, 2021

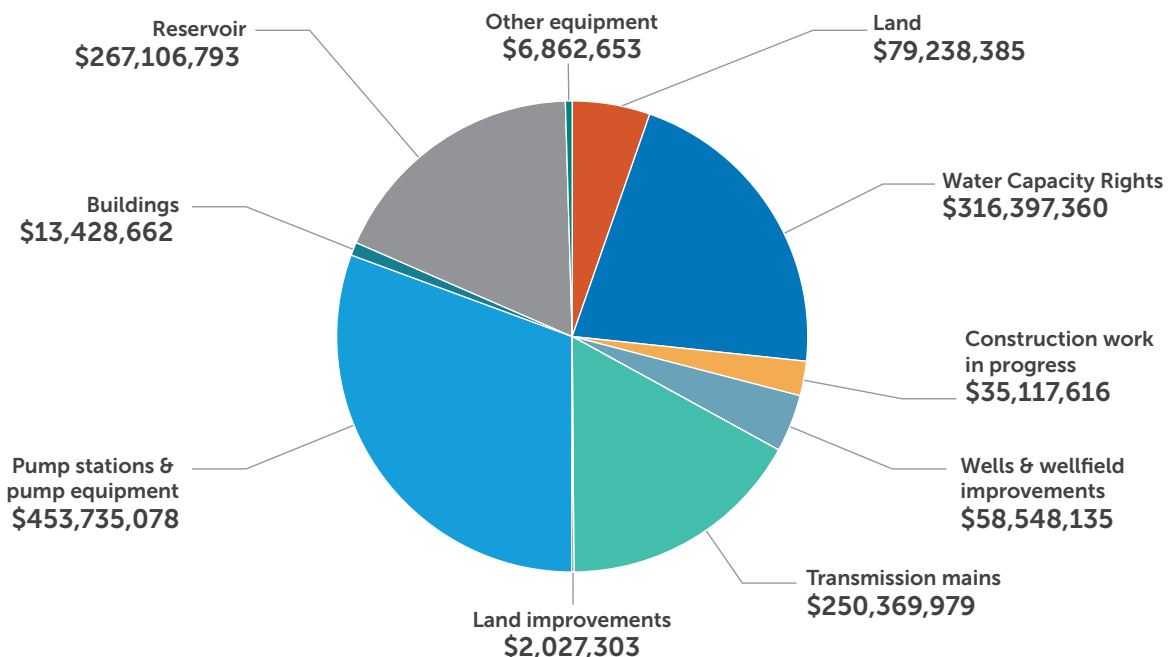


Capital Assets



Tampa Bay Water's capital assets had a total value of \$1.5 billion dollars, net of accumulated depreciation at end of fiscal year 2021. 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 0.83% decrease in total capital assets for fiscal year 2021 compared to fiscal year 2020.

Capital Assets Owned by Tampa Bay Water as of September 30, 2021



Long-term Debt Liabilities

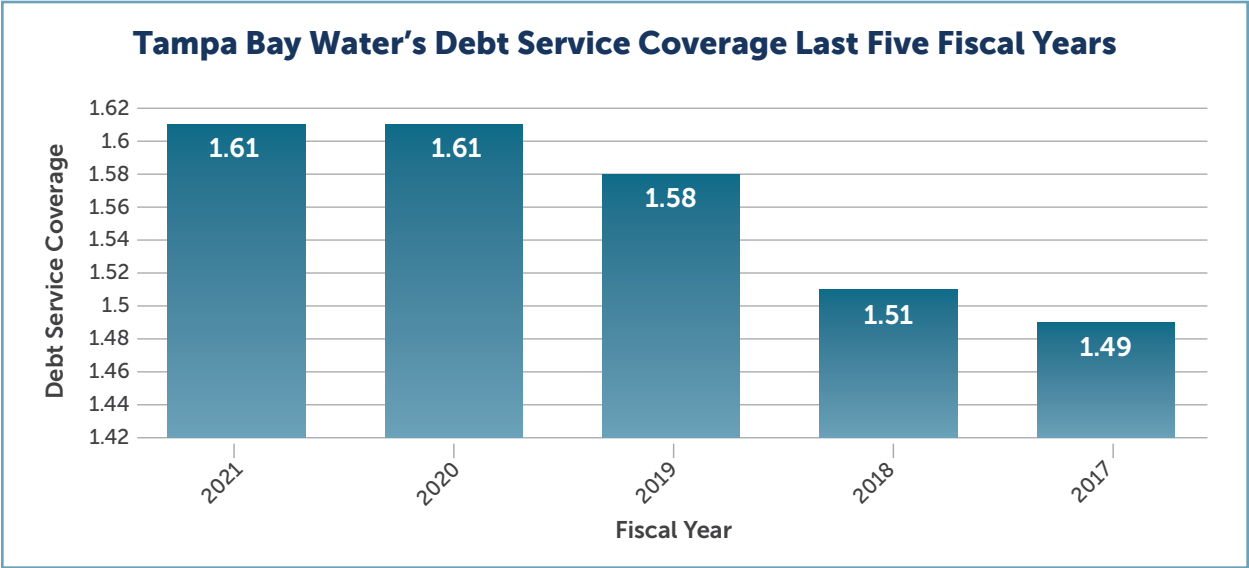


At September 30, 2021, Tampa Bay Water had 11 bonded debt issues outstanding that were used for financing capital improvement projects and refunding prior issued bonds. Long-term bond debt outstanding and other long-term debt liabilities at September 30, 2021 were as follows:

| Long-term Debt Liabilities | Fiscal Year 2021 |
|---|-----------------------|
| Revenue Bonds | \$ 707,467,000 |
| Acquisition Credits | \$ 51,882,449 |
| Unamortized Bond Issue Premium | \$ 45,841,459 |
| Total Long-term Debt Liabilities | \$ 805,190,908 |

At September 30, 2021, the Agency’s bond debt was rated Aa1 by Moody’s, AA+ by Standard & Poor’s, and AA+ by Fitch ratings. These ratings 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 2021.



A photograph of industrial water treatment equipment, featuring large white cylindrical tanks and various pipes and valves. The scene is set outdoors under a clear blue sky.

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 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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