

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2020



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

2575 Enterprise Road, Clearwater, FL 33763-1102
Phone: 727.796.2355 / Fax: 727.791.2388
www.tampabaywater.org

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BAY WATER**



Supplying Water To The Region

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

of

TAMPA BAY WATER

for the

Fiscal Year Ended

September 30, 2020

Prepared by the Finance Department of

Tampa Bay Water

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I. INTRODUCTORY SECTION

- **Letter of Transmittal**
- **Tampa Bay Water Profile**
- **Certificate of Achievement**
- **Board of Directors**
- **Organizational Structure**

Board of Directors: Dave Eggers, Ron Oakley, Sandra Murman, Rob Marlow, Charlie Miranda, Kathleen Peters, Darden Rice, Mariella Smith, Kathryn Starkey

General Manager Matthew W. Jordan

General Counsel Barrie S. Buenaventura, *Conn & Buenaventura, P.A.*

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www.tampabaywater.org



02/12/2021

The Honorable Board of Directors
Tampa Bay Water
2575 Enterprise Road
Clearwater, FL 33763

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for Tampa Bay Water (Agency) for the fiscal year ended September 30, 2020 in accordance with section 5.06 of the Agency's Utility System Revenue Bond Resolution, Resolution number 98-07. The purpose of this report is to provide the Board of Directors (Board), member agencies, investors, the public and other interested parties with reliable financial information about the Agency.

Management assumes full responsibility for the completeness and reliability of the information contained in the CAFR, which is based upon a comprehensive framework of internal controls that was established for this purpose. Because the costs of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. A management and performance audit was also completed by CliftonLarsonAllen LLP in fiscal year 2020, which outlines the Agency's strengths and provides additional focus for enhancements in operational efficiency.

Agency policy requires that an independent certified public accounting firm, approved by the Board, audit the financial statements on an annual basis. Mauldin & Jenkins have issued an unmodified (or clean) opinion on the Agency's financial statements for fiscal year ended September 30, 2020.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report in the Financial Section and provides an overview, summary and analysis of the financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Christina Sackett", with a long horizontal flourish extending to the right.

Christina Sackett - Chief Financial Officer

Tampa Bay Water Profile

Tampa Bay Water, A Regional Water Supply Authority (the Agency), formerly the West Coast Regional Water Supply Authority (the Predecessor Authority), was created on October 25, 1974, by enabling state legislation under *Florida Statute* Sections 163.01, 373.713, and 373.715. Hillsborough, Pasco, and Pinellas counties and the cities of St. Petersburg, Tampa, and New Port Richey comprise the Member Governments of the Agency. A Governance Study was adopted by the Florida Legislature in 1997 (the 1997 Legislation) amending Section 373.1963, *Florida Statutes*.

As part of the 1997 Legislation, the Agency entered into the Interlocal Agreement and the Master Water Supply Contract with its Member Governments for a term of 40 years. Pursuant to the Amended and Restated Interlocal Agreement and Master Water Supply Contract, the Agency is required to meet the Quality Water needs of the Member Governments and to charge a uniform per-1,000 gallons wholesale rate to Member Governments for the wholesale supply of drinking water; with one exception for the City of Tampa. The Agency will charge a separate rate to the City of Tampa for water delivered from the Tampa Bypass Canal.

The Agency provides quality drinking water to its six-member governments whose water service areas serve approximately 2.5 million residents in the Tampa Bay region. The region is served by a combination of groundwater, surface water and desalination water. Since the Agency's inception in 1998, groundwater pumping has been reduced by more than 50 percent.

Tampa Bay Water Mission

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

Tampa Bay Water Vision

- 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.

Executive Committee

The Tampa Bay Water board has an Executive Committee that includes the Board Chair, the Vice-Chair and one additional member appointed by the chair. The chair may also choose to appoint another member as an alternate. The policy requires each member of the Executive Committee be from a different county within Tampa Bay Water's geographic area. The Executive Committee meets on the third Monday of the month on off-board meeting months (January, March, May, July, September and November). Presentations for this meeting typically include agency policy discussions and in-depth information on plans and programs for input prior to going to the full board.

Board of Directors

The Board of Directors (the "Board") of Tampa Bay Water is composed of two directors each from Hillsborough, Pasco and Pinellas Counties and one director each from the Cities of New Port Richey, St. Petersburg and Tampa. Each member of the Board is an elected official. In the case of Hillsborough, Pasco and Pinellas Counties, the members of the Board are appointed by their respective Board of County Commissioners and serve at the pleasure of their respective Boards. In the case of St. Petersburg and Tampa, their representatives are currently chosen by their respective Mayors. In the case of New Port Richey, its representative is currently the Mayor.

Organizational Structure

The General Counsel is appointed by and serves at the pleasure of the Agency's Board of Directors and is responsible for managing the legal representation of the Agency, employing necessary legal staff with Board approval, providing legal advice and support to the Board, General Manager and Agency staff and performing other duties as directed by the Board.

The General Manager is appointed by and serves at the pleasure of the Agency's Board of Directors and is responsible for providing the leadership to develop and expand the organization in a multitude of activities in the areas of human resources, public affairs, finance administration technology, water production, and science ensuring that Board policies and programs are implemented in accordance with the Board's direction. The General Manager oversees the Human Resources Department and four divisions as follows:

The Human Resources Department is responsible for assisting with the needs of Tampa Bay Water's 150 full time equivalent employees. The Department is headed by the Human Resources Director which reports directly to the Agency's General Manager

The Public Affairs Division develops and executes strategic initiatives to advocate for the agency and its members; build and maintain the agency reputation; and provide education, information and outreach on agency projects, programs and policies to stakeholders. The Division includes Public Communications and Intergovernmental Affairs. The Public Affairs Division is headed by the Chief Communications Officer which reports directly to the Agency's General Manager.

The Finance & Administration Division controls finances, procurement, risk, vital records and information technology for the Agency. The Division is comprised of four departments; Finance, Purchasing/Warehouse, Records, and Information Technology. Information Technology is further divided into three areas; Business Applications, Security & Infrastructure and SCADA. The Finance & Administration Division is headed by the Chief Financial Officer which reports directly to the Agency's General Manager.

The Water Production Division plans, designs, builds, operates, supports, monitors, and maintains the Agency facilities to continuously provide high-quality water. The Division is divided into four operating sections: Contracts & Construction, Engineering Support, Safety Services and Operations & Maintenance. The Operation & Maintenance Section is further divided into North and South Regions. The Water Production Division is headed by the Chief Operating Officer which reports directly to the Agency's General Manager.

The Science and Technical Division leads the Agency in the efficient management of data and information to support all regulatory compliance, permitting and reporting services, water supply planning, source water assessment, decision support activities and water quality services. The Science and Technical Division is headed by the Chief Science and Technical Officer which reports directly to the Agency's General Manager.

Executive Team

The Executive Team of Tampa Bay Water provides strategic and operational leadership and is composed of the General Counsel, General Manager, the Human Resources Director, the Chief Communications Officer, the Chief Financial Officer, the Chief Operating Officer and the Chief Science & Technical Officer. The Executive Team develops goals, strategic plans, company policies and are responsible for the overall direction of the Agency, as directed by the Board of Directors.

Economic Conditions and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Tampa Bay Water resides.

Tampa Bay Water provides water to their members which consists of three counties, Hillsborough, Pasco and Pinellas and one city within each of those counties, the cities of Tampa, New Port Richey, and St. Petersburg. An estimated 2.5 million people receive water from Tampa Bay Water through their members.

According to Moody’s Corporation each of the three counties have seen an increase in their total population, per capita income, single-family permits, and multifamily permits from calendar year 2019 to 2020. Hillsborough county had the highest percentage increase in population at 2.16 percent, single-family building permits at 0.56 percent and multi-family building permits at 7.73 percent. Pasco county led the way in the increase in per Capita Income at 4.20. There was an increase in the unemployment rate in the region which is related to the COVID-19 pandemic and Hillsborough county had the highest unemployment rate at 5.90%.

The positive trends are expected to continue over the next few years for all three counties with Hillsborough county leading the way in population and single-family building permits, while Pasco county expects to have the highest increase in per capita income and largest decrease in the unemployment rate.

Long-Range Planning

To achieve the mission and vision of the agency, a strategic plan has been created for use as a road map for the next five years. The plan was last updated and approved by the Board of Directors at its April 2019 board meeting.

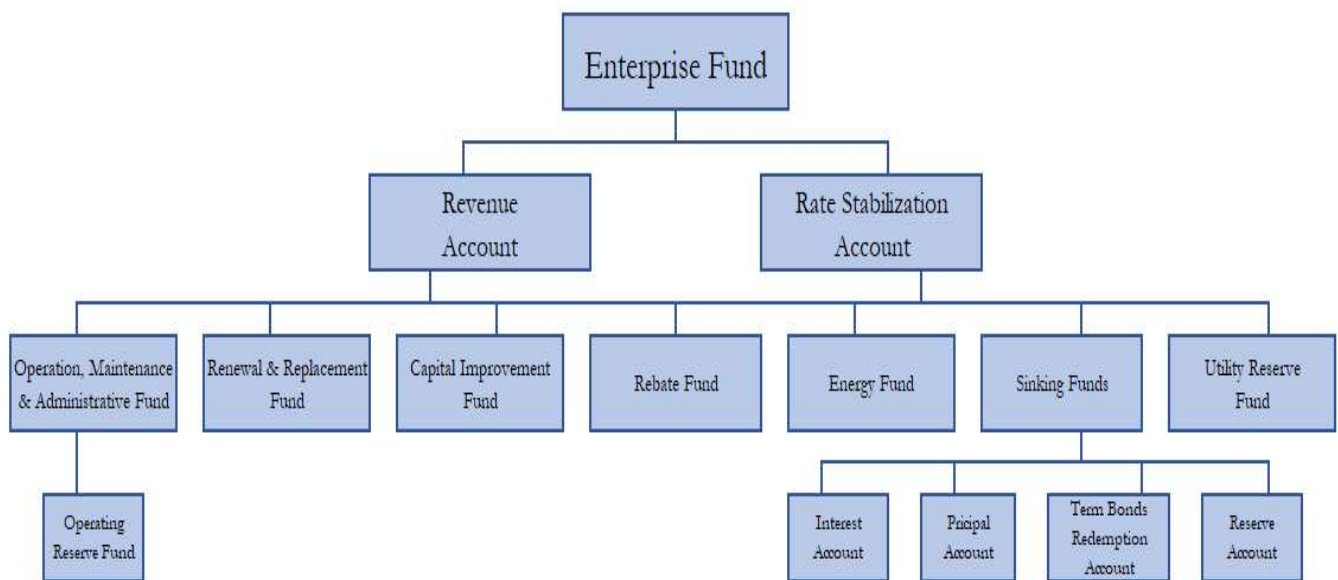
The plan was created to meet the Board’s three overarching responsibilities; reliable water supply, environmental stewardship, and cost-effective rates. The Strategic Plan includes five goals:

- Maintain water supply and delivery system reliability and sustainability;
- Increase efficiency of all agency operations;
- Maintain financial stability and sustainability;
- Maintain open, collaborative relationships with member governments and other stakeholders; and
- Ensure the safety and security of agency employees and facilities.

The agency strives to continually improve and become more efficient in operating and maintaining the supply system and planning for the region’s future water needs. The updated 2019 plan aligns with the current direction of the agency and includes key performance indicators and mechanisms to track progress toward achieving goals. The Strategic Plan can be found at: <https://www.tampabaywater.org/documents/Strategic-Planning-2019-2024.pdf>

Fund Structure Overview

Tampa Bay Water consists of one major Enterprise Fund, which is further broken down into additional funds and accounts for accounting purposes.



1. The Revenue Account is the initial depository for all Agency revenue. Revenue is transferred to other funds as required.
2. The Rate Stabilization Account is funded and used by the annual budget and/or Board approved transfers, including funding of the Revenue Account.
3. The Operation, Maintenance, and Administration Fund is used to pay all operating and administrative costs of the Agency. The Operation, Maintenance and Administration Fund includes the Operating Reserve Fund.
4. The Renewal and Replacement Fund is used for repairs and replacement of the System as the need arises and as approved by the Board.
5. The Capital Improvement Fund is used to pay costs of various capital projects as designated and approved by the Board.
6. The Rebate Fund is used for rebatable arbitrage to the IRS, whenever interest on tax-exempt bond construction funds exceeds allowable earnings under IRS arbitrage regulations.
7. The Energy Fund is used for various energy program projects as designated and approved by the Board.
8. The Sinking Funds holds all Agency funds restricted to payment of Agency debt. The Sinking Funds consists of four (4) accounts: Interest Account, Principal Account, Term Bonds Redemption Account, and Reserve Account. The Interest, Principal, and Redemption Accounts are funded annually from Revenues and are used annually to pay debt service. The Reserve Account is fully funded from bond proceeds and generally changes only when new debt is issued, or an outstanding bond issue is redeemed.
9. The Utility Reserve Fund is used for transfers in of any unexpended funds remaining at the end of a fiscal year. The fund balance is maintained at a balance sufficient to meet bond coverage requirements and operating capital needs. The Utility Reserve may be used for any lawful purpose relating to the System, including funding of the Rate Stabilization Account.

Financial Management Policies

The financial management policies are intended as a guide to financial stewardship of Tampa Bay Water. The policies will guide essential decisions affecting budget and financial matters to ensure the Agency is financially prepared to meet the Board's immediate and long-term service objectives.

Utility Reserve Fund Policy

To provide adequate operating capital at all times, Tampa Bay Water shall maintain, at a minimum, a Utility Reserve Fund sufficient to cover 10% of yearly budgeted Gross Revenue (as defined in Tampa Bay Water's bond covenants), exclusive of revenue from government grants, whether such grants are received for capital improvement or operating purposes. The balance in the Utility Reserve Fund shall also be maintained at levels sufficient to ensure that Tampa Bay Water complies with its bond covenant requirements including a requirement that Net Revenues plus Fund Balance (unencumbered monies on deposit in the Utility Reserve Fund on the preceding September 30th) be equal to or greater than 125% of annual debt service coming due in the fiscal year. A higher coverage may be established by the Board if circumstances warrant such coverage.

To insure compliance with Master Water Supply requirements, any Gross Revenues which remain on deposit at the end of the fiscal year and which are not required to pay liabilities existing at the end of the fiscal year (unexpended funds) shall be deposited to the Utility Reserve Fund. The Chief Financial Officer will evaluate the adequacy of the Utility Reserve Fund balance as it relates to both the current year and the succeeding budget year debt covenant calculations. Monies deposited to the Utility Reserve Fund will remain in the Utility Reserve Fund to the extent they are needed to maintain compliance with bond covenants and as required by the Utility Reserve Fund Policy.

Rate Stabilization Account Policy

The purpose of this policy is to assure that revenues collected by the Agency through the Uniform Rate and which remain unexpended at the end of any Fiscal Year are applied in accordance with the Agency's bond covenants and the Master Water Supply Contract.

The bond covenants, section 4.08, permit the transfer into the Rate Stabilization Account such moneys which are on deposit in the Utility Reserve Fund as it deems appropriate. The Master Water Supply Contract, section 13C, allows the Agency to establish a rate stabilization fund/account and section 13F, provides any unencumbered moneys present at the end of the fiscal year shall be budgeted for the succeeding fiscal year and utilized for the same purposes for which rates are charged to the member governments. To accomplish this within the constraints imposed by Generally Accepted Accounting Principles

and the Bond Covenants, the unencumbered monies must flow from the Utility Reserve Fund to the Rate Stabilization Account at year end to be deferred to the year in which they will be used.

After meeting the Utility Reserve Fund requirements, any additional funds deposited to the Utility Reserve Fund at the end of the fiscal year shall be transferred to the Rate Stabilization Account and accounted for as deferred inflows of resources of the fiscal year in which the revenues were accrued. Such transfer and accounting must be made no later than 90 days after the end of the fiscal year in which the funds were accrued and must be approved by the General Manager.

The lesser of (a) 3% of budgeted revenue of the year just ended or (b) the dollar amount of encumbrances being carried forward or (c) the amount of monies deposited to the Rate Stabilization Account may be applied as Revenue in the first succeeding fiscal year, with the approval of the General Manager; such funds are to be used for purposes of funding encumbrances carried forward and/or other approved activities. Encumbrances which exist at the end of the fiscal year just ended and which are being funded from the Uniform Rate may also be carried to the first succeeding fiscal year with the approval of the General Manager to allow for completion of tasks that were budgeted and approved in the fiscal year just ending.

Any monies placed in the Rate Stabilization Account in excess of the 3% of budgeted revenue amount will be applied to the first succeeding fiscal year either to pay expense of the first succeeding fiscal year for which rates are collected or to remain in the Rate Stabilization Account for use in a subsequent year. Any application of these monies in excess of 3% requires approval of the Board of Directors.

To the extent that any monies are utilized from the Rate Stabilization Account to fund expense currently provided for in the Uniform Rate, the rate being charged will be modified to take this funding into account.

Capital Assets Policy

The Chief Financial Officer is responsible for establishing the policies and procedures necessary to provide adequate internal control over capital assets. Policies and procedures shall be approved by the General Manager. Statements of policy shall be submitted to the Board of Directors for review. All capital assets acquired by the Agency shall be titled to the Agency and recorded in the capital assets records system. At a minimum, the capital assets records system shall contain the applicable information required by regulatory bodies. (Department of Financial Services Rule, Chapter 69I-73). An annual physical inventory of all movable equipment shall be taken under the direction of the finance department and reconciled to the capital asset records and general ledger control accounts in accordance with Department of Financial Services Rule, Chapter 69I-73. In fiscal year 2020 the Agency increased the capitalization threshold from \$1,000 to \$5,000 to follow the Government Finance Officers Association best practices.

Debt Policy

The Agency's debt policy permits the following: (a) issuance of debt obligations on behalf of Tampa Bay Water to finance the construction or acquisition of infrastructure and other assets for the purpose of meeting its governing obligations to the member governments; (b) issuance of debt obligations to refund outstanding debt when indicated by market conditions of at least a 3% present value savings or management considerations recommended by the agency's financial advisor; (c) the debt obligations be issued and administered in such a manner as to ensure and sustain the long-term financial integrity of Tampa Bay Water, to achieve the highest possible credit rating and to preserve and enhance the quality of the product delivered to our members; (d) the debt obligations are consistent with the Board's Derivative Policy; and (e) such debt obligations shall not be issued or debt proceeds used to finance current operations of the Agency without specific action of the Board and concurrence of the agency's Bond Counsel as to the appropriateness of that action.

There is no legal limitation on the amount of debt that the Agency can issue. However, the Agency must be able to demonstrate that it can repay the debt from the revenues generated from water sales or other approved sources. It is the Agency's desire and direction to assure that its debt obligations are issued and administered in such a manner to obtain the best long-term financial advantage to the agency and there its member governments, while making every effort to maintain and improve the agency's bond ratings and reputation in the investment community.

Tampa Bay Water's procedures for effective management of debt are as follows:

- Comply with all debt covenants and requirements of the bond resolutions, and State and Federal laws authorizing and governing the issuance and administration of debt obligations

- Evaluate potential refinancing of debt when market conditions indicate at least a 3% present value savings
- Issue debt obligations when required for financing projects in the Capital Improvement Program and to take advantage of refunding opportunities to either help offset the cost of capital projects or to reduce the cost of outstanding debt
- Maintain favorable bond ratings by effectively communicating the financial condition of Tampa Bay Water to rating agencies, bond holders and the public
- Utilize cooperative funding through grant programs whenever possible to reduce borrowing
- Structure debt service payments to provide for gradual impacts on the uniform rate charged to the member governments, with a maximum maturity not to exceed the lesser of the estimated useful life of the project or thirty years, but not beyond thirty years in any instance.

Investment Policy

The objectives of the Agency's investment policy are safety of principal, maintenance of liquidity and return on investment. The foremost objective is the safety of principal. The second objective is maintenance of liquidity so funds are available to meet reasonably anticipate cash flow requirements in an orderly manner. Return on investment is of least importance compared to the safety of principal and maintenance of liquidity objectives, but investment portfolios shall be designated with the objective of attaining a market rate of return throughout budgetary and economic cycles 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.

Accounting, Auditing and Financial Reporting Policies

Tampa Bay Water maintains a system of financial monitoring, control, and reporting for its operations and resources, to provide an effective means of ensuring that Agency goals and objectives are met.

Basis of Accounting and Accounting Systems

Under Section 17 (D) of the Master Water Supply Contract, the Agency shall maintain accounts and records for all funds received and disbursed by it with respect to Water Service. 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. In addition, the Agency follows the rules of the Auditor General of the State of Florida which are applicable to the Agency and utilizes the State of Florida Uniform Accounting System. The Agency's accounting system also includes an encumbrance system for tracking purchase commitments.

Auditing

According to the Master Bond Resolution under Section 5.06 Annual Audit; the Agency shall, after the close of each Fiscal Year, cause the books, records and accounts relating to the System to be properly audited by a recognized independent firm of certified public accountants. According to the Master Water Supply Contract under Section 17 (D); on or before each March 1 the Agency shall complete an audit of the aforesaid accounts and said audit shall be conducted by a nationally recognized certified public accounting firm. The results of this audit are included within the Agency's Comprehensive Annual Financial Report and are reported to the Board upon completion in the subsequent year. The Agency's independent auditors are selected in accordance with the Agency's Auditor Selection Policy and applicable Florida Statutes.

The Comprehensive Annual Financial Reports along with the Popular Annual Financial Reports are available on the Tampa Bay Water website, www.tampabaywater.org.

Performance Audit

Section 2.10, Article II, *Creation and Governance*, of the Amended and Restated Interlocal Agreement requires the Agency to conduct a performance audit and management study at five-year intervals. The performance audit and management study reviews program result and makes recommendations regarding the Agency's governance structure and the proper, efficient, and economical operation and maintenance of the Agency's water supply facilities. The latest performance audit and management study completed was in fiscal year 2020 by CliftonLarsonAllen LLP. The Agency's staff is currently working on analyzing and implementing the recommendations made by CliftonLarsonAllen LLP.

Capital Improvement Program

Highlights

Tampa Bay Water's Capital Improvement Program (CIP) main objectives are:

- To improve Tampa Bay Water's financial stability by identifying capital needs, estimating funding needs including future bond issues, and identify the effects on the operating budget;
- To maintain and improve Tampa Bay Water's infrastructure through the maintenance, repair and replacement of existing assets; and
- Identify and implement short- and long-term infrastructure needs/projects to meet the regions' future water demands.

The CIP is a comprehensive ten-year plan and portfolio of previously approved and new proposed capital projects and is updated annually as the scope, needs and timing for specific projects change. Tampa Bay Water's Board of Directors annually accepts the CIP for implementation by agency staff and adopts the upcoming proposed expense when adopting the Annual Budget. The CIP is subject to changes as the needs for specific projects become better defined and final approval of individual projects is provided by the Board. Projects receiving funding through the Uniform Rate, the Renewal and Replacement Fund, the Energy Savings Fund or the Capital Improvement Fund, the upcoming annual CIP budget is the basis for budgeted expense when adopting the upcoming Annual Budget.

Goals

The following goals are used by Tampa Bay Water staff to develop the annual capital budget and the Capital Improvement Program Plan:

- Identify and prioritize capital projects through a coordinated departmental effort that integrates planning and development, engineering, construction, and financing requirements and future operating and maintenance costs.
- Develop a timeline and budget for each project.
- Develop a funding scenario for each project that identifies a funding source, a projected cash flow, and future operating and maintenance cost estimates.

Energy Management Program

Tampa Bay Water developed an Energy Management Program roadmap with a programmatic approach to improve energy efficiency through implementation of emerging technology and operational changes. The Energy Roadmap:

- Aligns with the Agency's Strategic Plan;
- Identifies elements of technology and energy infrastructure to enhance financial stability and sustainability of Tampa Bay Water operations; and
- Identifies gap/key projects necessary to bridge or connect on-going and planned capital projects with the steps and goals of the Energy Management Program.

Renewal and Replacement Program

Tampa Bay Water's Renewal and Replacement Program includes a prioritized long-term plan for renewal, repair, or replacement of assets that will result in a sustainable infrastructure. The Program identifies the required projects and their timing based on a risk-based approach that considers criticality, remaining useful life, and risk.

Phase 1 Mitigation Projects

The Phase 1 Mitigation Plan is an on-going program required by Tampa Bay Water's consolidated Water Use Permit. Its purpose is to provide long-term mitigation at wetland and lake sites that were impacted by historical groundwater pumpage at the central system wellfields and are predicted to not fully recover after the mandated groundwater pumpage cutback to 90 mgd. The Phase 1 Mitigation Plan currently includes a list of 21 mitigation projects.

Major Goals and Initiatives for Fiscal Year 2020

The Fiscal Year 2020 budget was put together with important agency policy goals and initiatives in mind. Those goals and initiatives included:

- 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 recently updated strategic plan.
- Focusing on continually improving the efficiency and effectiveness of the agency's operations through ongoing implementation of the asset management program.
- Addressing key recommendations from the 2015 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.
- Examining the agency's use of outside consultants and evaluating staffing needs across the agency to ensure both human and fiscal resources are being efficiently allocated.
- 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.
- 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 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.

Planning for the Future

Long-Term Master Water Supply Plan

Planning for the future is an on-going process at Tampa Bay Water that includes more than potential new supplies. Our long-term planning process includes analyses of future demand, conservation potential, supply reliability, water shortage mitigation planning and hydrologic uncertainty – all wrapped up in the Long-Term Master Water Plan planning process.

This 20-year plan is a framework for meeting the region's future drinking water needs. The Long-Term Master Water Plan (LTMWP) identifies future water needs and potential water supply projects that could be designed and built to meet those needs for the region. The plan, which was instated in 1998, is updated every five years; each update must be approved by the agency's board of directors. The most recent update was completed in December 2018.

The planning process includes data from a comprehensive demand forecasting model that help us predict future water demands by analyzing water use data, weather, demographic and economic data. Our Demand Management Plan quantifies potential water savings from passive and active conservation efforts. Planning for dry times is also part of the process. Operational and supply uncertainty is forecasted and modeled, to help understand how to mitigate and manage that risk.

Altogether, these models and plans forecast how much water will be needed in the future and when, so we can plan new supplies at the right time to keep our region growing and thriving.

Tampa Bay Water's current supply is expected to meet the region's water needs through 2028, even with projected growth. We are investigating potential new supplies now because it can take 10 years or more to investigate, design, permit, fund, build and startup a new water supply project.

The Long-term Master Water Plan is a comprehensive examination of supply, demand, system hydraulics, water quality, reliability, public engagement and more. To meet the region's water needs, the 2018 update plan includes;

- Conserving up to 11 million gallons per day through the regional demand management program
- Optimizing the existing surface water treatment plant and desalination plant to gain 5-10 million gallons per day of additional supply
- Studying three potential new projects to refine cost, yield and permitability.

The three top-ranked new water supply projects in the Master Water Plan are:

- New Groundwater Wellfield and Treatment Plant via Net Benefit from South Hillsborough Aquifer Recharge Program
- Tampa Bay Seawater Desalination Plant Expansion with Existing Source Water
- Regional Surface Water Treatment Plant Expansion with Existing Source Water

The Agency is conducting design and permitting studies on the identified project options for future board consideration, by the end of 2022 for implementation, to meet the initial regional water supply needs by 2028.

South Hillsborough County Water Supply Projects

South-Central Hillsborough County is experiencing significant growth which requires changes or additions to Tampa Bay Water's existing delivery capacity, and actions by the County downstream of Tampa Bay Water's system. Tampa Bay Water and Hillsborough County staff have been meeting since 2016 to determine the most effective way to meet the County's growing demands for drinking water in the South-Central Hillsborough County service area. The Board has approved multiple actions that when complete will allow Tampa Bay Water to meet the County's growing needs in the short-term, 2024, and the long-term, 2028. These actions include the expansion of Regional High Service Pump Station with an estimated completion of 2022, the addition of a new Brandon Booster Pump Station with an estimated completion of 2024 and a new Regional Pipeline with an estimated completion of 2028.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tampa Bay Water
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

This is the Fiscal Year 2018 Popular Annual Financial Report Award. The Agency did submit the application for the Fiscal Year 2019 Award. Due the COVID-19 pandemic the Government Financial Officers Association review process is taking longer than in the prior years and the Fiscal Year 2019 application is still being reviewed.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

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**Tampa Bay Water
Florida**

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for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Tampa Bay Water
Florida**

For the Fiscal Year Beginning

October 1, 2019

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Tampa Bay Water, Florida for its 2020 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 we are submitting it to GFOA to determine eligibility for another award.

Fiscal Year 2020 Tampa Bay Water’s 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.



Chairman
Commissioner
Dave Eggers
Pinellas County



Vice Chairman
Commissioner
Ron Oakley
Pasco County



Mayor
Rob Marlowe
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



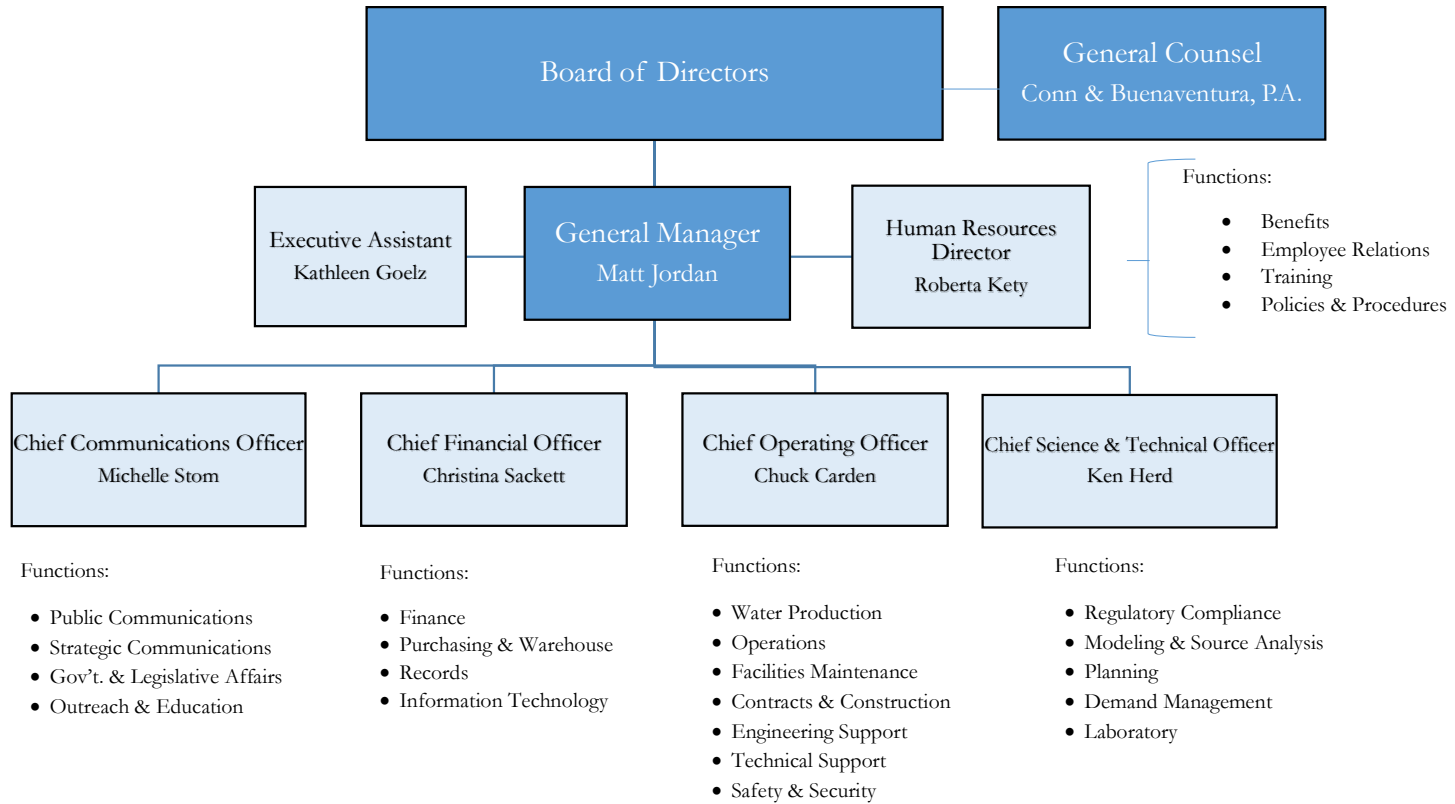
Commissioner
Mariella Smith
Hillsborough County



Commissioner
Kathryn Starkey
Pasco County



**Tampa Bay Water
Organizational Chart
As of September 30, 2020**





II. FINANCIAL SECTION

- **Report of Independent Certified Public Accountants**
- **Management's Discussion and Analysis**
- **Financial Statements**
 - **Statement of Net Position**
 - **Statement of Revenue, Expenses, and Changes in Net Position**
 - **Statement of Cash Flows**
 - **Notes to Financial Statements**
- **Required Supplementary Information**
 - **Pension**
 - **Other Post-Employment Benefits**



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Tampa Bay Water, A Regional Water Supply Authority
Clearwater, Florida**

Report on the Financial Statements

We have audited the accompanying financial statements of Tampa Bay Water, A Regional Water Supply Authority (the "Agency"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 29 through 41), the Schedule of Agency Proportionate Share of the Net Pension Liability – Florida Retirement System, the Schedule of Agency Contributions – Florida Retirement System, the Schedule of Agency Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program, the Schedule of Agency Contributions – Health Insurance Subsidy Program, and the Schedule of Changes in the Total OPEB Liability and Related Ratios – Other Post-Employment Benefits Plan (on pages 95 through 101) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section, budgetary comparison schedule for fiscal year 2020, schedule of debt service coverage – utility system revenue bonds Series 2001A, 2005, 2010, 2011, 2011A, 2013, 2015A, 2015B, 2016A, 2016B, 2016C, and 2020 Master Bond, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of debt service coverage – utility system revenue bonds Series 2001A, 2005, 2010, 2011, 2011A, 2013, 2015A, 2015B, 2016A, 2016B, 2016C, and 2020 Master Bond is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of debt service coverage – utility system revenue bonds Series 2001A, 2005, 2010, 2011, 2011A, 2013, 2015A, 2015B, 2016A, 2016B, 2016C, and 2020 Master Bond is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, budgetary comparison schedule fiscal year 2020, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 11, 2021

Management's Discussion and Analysis

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis

Year Ended September 30, 2020

This section of Tampa Bay Water, A Regional Water Supply Authority's (the Agency) annual financial report presents management's analysis of the Agency's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Agency owns and operates facilities having a net book value of \$1.50 billion to provide water to its six Member Governments. Financial data for the fiscal year ended September 30, 2020, reflects the Agency's operations and maintenance of its existing facilities, as well as the development of new facilities to meet the region's future water needs. The facilities operating in 2020 included 13 wellfield systems, the Seawater Desalination Facility and Enhanced Surface Water System. The Enhanced Surface Water System is comprised of Regional Surface Water Treatment Plant, High Service Pumping Station, Tampa Bypass Canal Pump Station and Pipeline, Alafia River Intake and Pump Station, and C.W. Bill Young Regional Reservoir. Additionally, operating facilities include Cypress Creek Pump Station, Keller Hydrogen Sulfide Treatment Facility and Lithia Hydrogen Sulfide Treatment Facility, as well as various booster stations, water treatment facilities, and approximately 270 miles of collection mains and large-diameter potable water transmission mains. The Agency also has administrative, laboratory, and infrastructure management facilities in Cypress Creek and an administrative facility in Clearwater. The Agency is focused on the efficient and cost-effective management of this integrated system through improved processes, use of new technologies, and appropriate staffing.
- The Agency's net position increased \$32.9 million or 4.04% in fiscal 2020.
- Increased water demand from its six members resulted in an increase in water production from 173.3 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's revenue from water sales was \$170.4 million. In addition, \$1.7 million in revenue was deferred 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 expense increased by \$7.5 million, or 10.71%, from 2019 to 2020 as a result of the 2020 budget policies.

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis
Year Ended September 30, 2020

Overview of the Financial Statements

This annual report consists of two parts: management's discussion and analysis of the financial statements plus the financial statements. The financial statements also include notes that explain the information contained in the financial statements in greater detail.

Required Financial Statements

The financial statements of the Agency use accounting methods similar to those used by private sector companies. The statement of net position includes all of the Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amounts of investment in resources (assets) and the obligations to Agency creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and noncurrent assets and liabilities. Current assets are those assets expected to be converted to cash or used to pay current liabilities within 12 months. Current liabilities are those expected to be paid within 12 months. Conversely, noncurrent assets and liabilities are those expected to extend beyond a 12-month period. The statement of net position also provides the basis for computing rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency.

All of the current year's revenues and expense are accounted for in the statement of revenues, expense, and changes in net position. This statement reports information about the Agency's activities and measures the success of the Agency's operations over the past year.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Agency's sources and uses of cash during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the reporting period.

In addition, the annual report includes required supplementary information related to pensions and other post-employment benefits as required by GASB.

Tampa Bay Water
(A Regional Water Supply Authority)

Management's Discussion and Analysis

Year Ended September 30, 2020

Financial Analysis of the Agency

Our analysis of the Agency begins with a measure of the Agency's financial position or financial health by reporting its assets and deferred outflows of resources and liabilities and deferred inflows of resources and the difference between them, as "net position." Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as new water supply facilities, water demand, economic conditions, population growth, state and federal regulation, and changes in government legislation must also be considered in evaluating the Agency's financial health. Consideration also needs to be given to the terms of the Agency's agreements with its members under which water rates are established based on budgeted operating and capital costs, as well as certain reserve requirements. The statement of revenues, expense, and changes in net position provides information that is useful in evaluating whether the Agency has successfully recovered all its costs through its water rates and other charges, as well as its creditworthiness.

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis
Year Ended September 30, 2020

Financial Analysis of the Agency (continued)

Net Position

A summary of the Agency's statements of net position is presented in Table A-1.

Table A-1
Condensed Statements of Net Position
(In Millions of Dollars)

| | FY 2020 | FY 2019 |
|--|-------------------|-------------------|
| Assets | | |
| Unrestricted current assets | \$ 87.7 | \$ 78.2 |
| Restricted current assets | 156.5 | 142.4 |
| Capital assets, net | 1,495.4 | 1,516.4 |
| Noncurrent assets | 79.2 | 83.2 |
| Total assets | <u>\$ 1,818.8</u> | <u>\$ 1,820.2</u> |
| Deferred outflows of resources | | |
| Refunding of debt | \$ 14.7 | \$ 17.2 |
| FRS | 4.3 | 3.6 |
| HIS | 0.9 | 0.8 |
| Total deferred outflows of resources | <u>\$ 19.9</u> | <u>\$ 21.6</u> |
| Liabilities | | |
| Liabilities | | |
| Long-term debt, net of current portion | \$ 856.0 | \$ 904.4 |
| Other liabilities | 94.6 | 83.4 |
| Total liabilities | <u>\$ 950.6</u> | <u>\$ 987.8</u> |
| Deferred inflows of resources | | |
| Rate stabilization | \$ 41.0 | \$ 39.2 |
| FRS | - | 0.6 |
| HIS | 0.3 | 0.3 |
| Total deferred inflows of resources | <u>\$ 41.3</u> | <u>\$ 40.1</u> |
| Net position | | |
| Net investment in capital assets | \$ 691.1 | \$ 669.9 |
| Restricted | 118.4 | 106.1 |
| Unrestricted | 37.3 | 37.9 |
| Total net position | <u>\$ 846.8</u> | <u>\$ 813.9</u> |

As shown in table A-1, total net position increased \$32.9 million, or 4.04%, to \$846.8 million in fiscal 2020 from \$813.9 million in fiscal 2019.

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis
Year Ended September 30, 2020

Financial Analysis of the Agency (continued)

Change in Net Position

Table A-2
Condensed Statements of Revenues, Expenses and Changes in Net Position
(In Millions of Dollars)

| | FY 2020 | FY 2019 |
|---|----------|----------|
| Operating revenue | \$ 168.6 | \$ 161.0 |
| Operating expense | (77.0) | (69.6) |
| Operating income before depreciation | 91.6 | 91.4 |
| Depreciation expense | (29.9) | (29.7) |
| Operating income | 61.7 | 61.7 |
| Investment revenue, net of realized and unrealized gain (loss) of \$1.4 and \$3.0 in 2020 and 2019, respectively | 5.3 | 7.0 |
| Interest expense, gross | (34.9) | (44.8) |
| Gain on disposal of capital assets | 0.1 | - |
| Income before contributions | 32.2 | 23.9 |
| Capital contributions | 0.7 | 0.5 |
| Change in net position | 32.9 | 24.4 |
| Total net position - beginning | 813.9 | 789.5 |
| Total net position - ending | \$ 846.8 | \$ 813.9 |

Table A-2 reflects the statements of revenues, expenses, and changes in net position and provides information as to the nature and source of these changes.

As shown in Table A-2, the net position increased in 2020 from 2019 by \$32.9 million, or 4.04%.

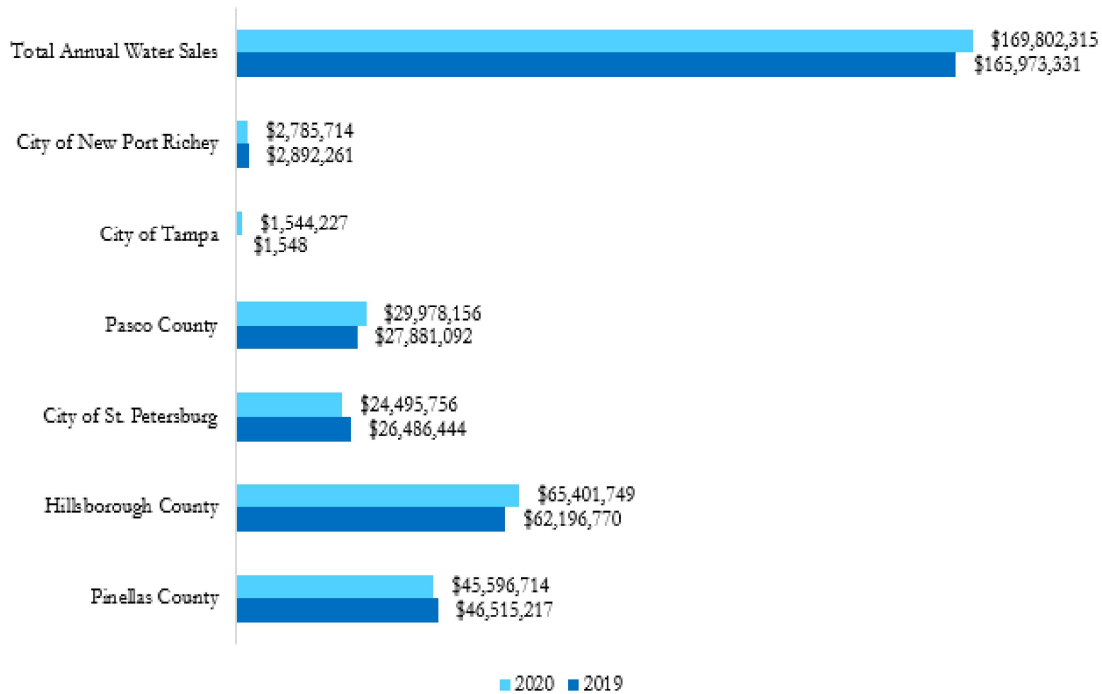
As illustrated in the following charts, total water sales billed to Member Governments under the Uniform Rate was \$169.8 million in 2020 compared to \$166.0 million in 2019. Demand increased by 6.17% to 184.0 mgd (millions of gallons per day) in 2020 from 173.3 mgd in 2019 to. The increase in demand is largely a result of the continuing growth in Hillsborough and Pasco Counties.

Amounts billed under the Uniform Rate differ from the total revenue from water sales by the amount of water sales revenue from the Tampa Bypass Canal.

Tampa Bay Water
 (A Regional Water Supply Authority)
 Management's Discussion and Analysis
 Year Ended September 30, 2020

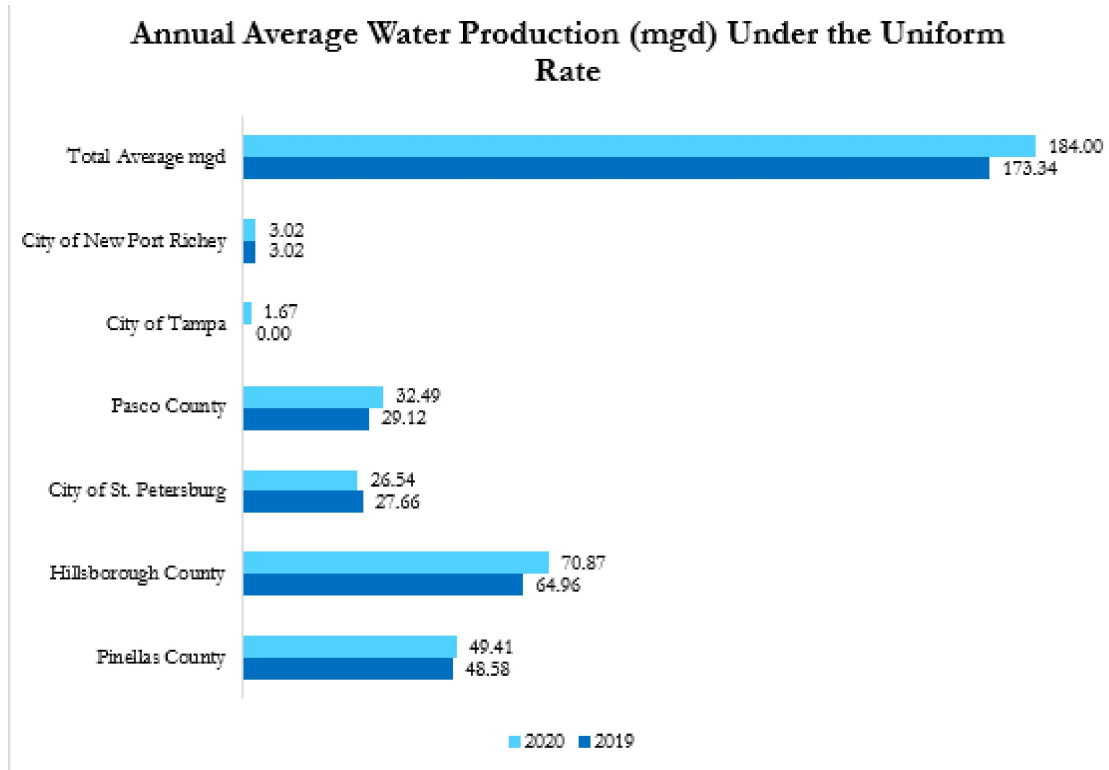
Financial Analysis of the Agency (continued)

Annual Water Sales Under the Uniform Rate



Tampa Bay Water
 (A Regional Water Supply Authority)
 Management's Discussion and Analysis
 Year Ended September 30, 2020

Financial Analysis of the Agency (continued)



The Agency's operating expenses increased by \$7.5 million or 10.7% from 2019 to 2020. This results from a \$2 million increase in variable expenses due to increased demands. An increase of \$1.8 million in other professional services due to funding the Master Water Plan feasibility projects and the Demand Management Program with uniform rate funds. An increase of \$1.3 million in Repairs and Maintenance due to replacement of speed starters for pumps/motors located at the Tampa Bypass Canal Martin Luther King Pump Station. An increase of \$1.7 million in Personnel Services due to an increase in Florida Retirement System liability, health insurance and five new positions.

Depreciation expense increased by \$0.2 million in 2020 from 2019.

Investment revenue decreased by \$1.76 million from 2019 to 2020. The Agency continues to work with its Investment Advisors to diversify the Agency's investment portfolio helping the Agency earn more in investment revenue.

Interest expense decreased \$9.9 million in 2020 of which \$1.7 million was due to a decrease in the interest on bond payments and \$8.1 million due to deferred loss on bonds amortized and amortization of bond premiums.

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis
Year Ended September 30, 2020

Financial Analysis of the Agency (continued)

Gain or loss on disposal of capital assets consists of the net gain or loss from sale or disposal of obsolete, damaged, or surplus equipment and property and the write-off of costs of discontinued projects. In 2020 the net gain is \$0.1 million.

Capital Assets and Long-term Debt

The Agency has a net investment of \$1,495.2 million and \$1,516.4 million at September 30, 2020, and 2019, respectively, in a broad range of infrastructure, including wellfields, water treatment and pumping facilities, transmission mains, buildings, a reservoir, other maintenance and administration equipment, and water capacity rights as shown in Table A-3.

Table A-3
Capital Assets
(In Millions of Dollars)

| | FY 2020 | FY 2019 |
|--|-------------------|-------------------|
| Land and improvements | \$ 82.5 | \$ 82.0 |
| Wells and wellfield improvements | 134.8 | 134.8 |
| Water treatment and pumping facilities | 700.1 | 696.9 |
| Transmission mains | 339.2 | 339.2 |
| Buildings | 19.7 | 19.6 |
| Reservoir | 303.2 | 303.0 |
| Other equipment and software | 22.5 | 21.7 |
| | 1,602.0 | 1,597.2 |
| Accumulated depreciation | 447.8 | 418.3 |
| Capital assets, depreciable, net | 1,154.2 | 1,178.9 |
| Water capacity rights | 316.4 | 316.4 |
| Construction-in-progress | | |
| Transmission mains | 2.8 | 1.9 |
| Surface water sources and pumping facilities | 1.5 | 2.7 |
| Wellfields and improvements | 5.3 | 1.8 |
| Desalination facilities | 11.6 | 11.5 |
| Other supply and infrastructure | 3.4 | 3.2 |
| | 24.6 | 21.1 |
| | \$ 1,495.2 | \$ 1,516.4 |

More information about the Agency's capital assets is disclosed in the Notes to Financial Statements under note 8, title Capital Assets.

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis
Year Ended September 30, 2020

Financial Analysis of the Agency (continued)

Capital Assets and Long-term Debt (continued)

Agency's management decided to include the water capacity rights as part of capital assets to follow Government Accounting Standard Boards best practices.

The Agency has several projects in various stages of development to improve or expand existing facilities and to meet future demand for water. In 2020, construction-in-progress increased by \$3.4 over 2019.

| Bond Ratings | Limitations of Debt |
|--|--|
| Agency ratings from Moody's, Standard & Poor's and Fitch are Aa1, AA+, and AA+, respectively. The outstanding bonds for Series 2001A and 2005 bonds carry insurance with National Public Finance Guarantee Corp. The Series 2011, 2011A, 2013, 2015A, 2015B, 2016A, 2016B, 2016C, and Master Bond 2020 bonds do not carry insurance. | Bond covenants allow for the issuance of additional debt, on parity, as to lien, on the net revenues of the Agency provided certain net earnings ratios are met. The major criteria are (1) that the net revenues (as defined in the covenants) for any 12 consecutive months selected by the issuer, of the 24 months immediately preceding the issuance of the additional bonds, together with the fund balance (as defined in the covenants) on the last day of such 12-month period, were equal to at least 125% of the debt service on the outstanding bonds during such 12-month period and (2) the net revenues for such 12-month period were equal to at least 100% of (a) the debt service due on the outstanding bonds for the 12-month period, (b) any required deposit to the Renewal and Replacement Fund, and (c) any required deposit to the Reserve Fund. The Agency is in compliance with all required financial and nonfinancial debt covenants. |

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis
Year Ended September 30, 2020

Financial Analysis of the Agency (continued)

Table A-4
Cost of Capital
(In Millions)

| | Debt Balance | Average Coupon Rate % |
|------------------|-------------------------|--------------------------------------|
| 2001A bonds | \$ 50.0 | 5.93 |
| 2005 bonds | 118.0 | 5.50 |
| 2011 bonds | 25.2 | 5.00 |
| 2011A bonds | 46.1 | 4.90 |
| 2013 bonds | 75.3 | 4.84 |
| 2015A bonds | 180.8 | 4.13 |
| 2015B bonds | 92.2 | 3.10 |
| 2016A bonds | 96.6 | 4.43 |
| 2016B bonds | 31.9 | 3.50 |
| 2016C bonds | 55.3 | 5.00 |
| Master Bond 2020 | 6.7 | 2.31 |
| | \$ 778.1 | |

Under the Agency's budgetary process, rates are established to provide adequate coverage for existing and planned additional debt. This is demonstrated by the Agency's coverage ratios, which are 1.58 and 1.51 at September 30, 2020, and 2019, respectively. These coverage ratios are another indicator of the Agency's financial strength and future borrowing capability.

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis
Year Ended September 30, 2020

Financial Analysis of the Agency (continued)

Table A-5
Debt Coverage Ratio
(In Millions of Dollars)

| | FY 2020 | FY 2019 |
|--|-----------------|-----------------|
| Revenue from sales | \$ 168.6 | \$ 161.0 |
| Less: Purchase price amortization credit | (10.2) | (10.2) |
| Investment revenue (Note 1) | 3.7 | 3.8 |
| Total revenue | <u>162.1</u> | 154.6 |
| Operation and maintenance expense (Note 2) | <u>(79.0)</u> | (73.1) |
| Net revenue for coverage calculation | <u>\$ 83.1</u> | <u>\$ 81.5</u> |
| | | |
| Total debt service on bonds | <u>\$ 70.0</u> | <u>\$ 70.1</u> |
| | | |
| Debt service and reserve coverage (times) | <u>1.19</u> | 1.16 |
| Fund balance (Note 3) | <u>\$ 29.3</u> | <u>\$ 29.6</u> |
| Net revenue plus fund balance | <u>\$ 112.4</u> | <u>\$ 111.1</u> |
| Debt service coverage (times) | <u>1.61</u> | 1.58 |

Note 1: Investment revenue does not include interest on construction funds of \$0.1 million and \$0.2 million in 2020 and 2019, respectively, or unrealized investment gains of \$1.4 million in 2020 and unrealized gains of \$3.0 million in 2019.

Note 2: Operation and maintenance expense include capital expense for improvement of the existing system of \$2.0 million and \$3.5 million in 2020 and 2019, respectively.

Note 3: Fund balance is defined by the Master Bond Resolution and is calculated as of the prior year-end in accordance with the Master Bond Resolution.

More information about the Agency's Long-Term Debt is disclosed in the Notes to Financial Statements under note 10, title Long-Term Debt and Other Noncurrent Liabilities.

Tampa Bay Water
(A Regional Water Supply Authority)
Management's Discussion and Analysis
Year Ended September 30, 2020

Financial Analysis of the Agency (continued)

Economic Factors and Next Year's Budget and Rates

The Agency's rate structure consists of a fixed cost portion to ensure funding of necessary activities and debt service and a variable cost portion to provide funding for costs, which fluctuate directly with production.

The Agency's Board of Directors and management considered many factors when developing the annual budget and setting the fiscal year water rates (Uniform Rate). These factors include the estimated demands provided by the Agency's Member Governments, which in turn consider such factors as anticipated population growth, environmental conditions, and the economy of the region as a whole. Budgeted demand for 2021 increased by 3.9 million gallons per day over the 2020 budgeted demand. The 2021 budgeted expense increased by \$5.4 million, or 3.04%. The main reason for the increase in budgeted expenses is due to increases in professional services and personnel services. The budgeted Uniform Rate for 2021 is \$2.5590 per thousand gallons, which is the tenth consecutive year at this rate.

The Agency uses surveys of its Member Governments and local employment market rates when establishing its job classifications and pay plan. These indicators were also taken into consideration when adopting the Agency budget for fiscal year 2021.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for those having an interest therein. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer at 2575 Enterprise Road, Clearwater, FL, 33763. Information about the Agency is also available on its website at www.tampabaywater.org.

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Financial Statements

Tampa Bay Water
(A Regional Water Supply Authority)

Statement of Net Position

September 30, 2020

Assets

Current Assets:

Unrestricted current assets:

| | |
|--|---------------|
| Cash and cash equivalents | \$ 67,619,845 |
| Accounts receivable from sale of water | 8,181,034 |
| Interest receivable | 586,993 |
| Investments | 10,149,636 |
| Inventories | 948,759 |
| Other accounts receivable | 39,523 |
| Other current assets | 212,828 |

| | |
|---------------------------|------------|
| Total unrestricted assets | 87,738,618 |
|---------------------------|------------|

Restricted current assets:

| | |
|---------------------------|-------------|
| Cash and cash equivalents | 113,408,728 |
| Investments | 42,953,847 |
| Grants receivable | 130,929 |

| | |
|-------------------------|-------------|
| Total restricted assets | 156,493,504 |
|-------------------------|-------------|

| | |
|----------------------|-------------|
| Total current assets | 244,232,122 |
|----------------------|-------------|

Noncurrent assets

| | |
|---|---------------|
| Investments, unrestricted | 20,563,488 |
| Investments, restricted | 58,615,372 |
| Capital assets, non-depreciable | 420,163,751 |
| Capital assets, depreciable, net | 1,075,106,720 |
| Bond insurance costs, net of accumulated amortization | 107,593 |

| | |
|-------------------------|---------------|
| Total noncurrent assets | 1,574,556,924 |
|-------------------------|---------------|

| | |
|--------------|---------------|
| Total assets | 1,818,789,046 |
|--------------|---------------|

Deferred outflows of resources

| | |
|-------------------|------------|
| Refunding of debt | 14,680,392 |
| FRS | 4,261,825 |
| HIS | 929,548 |

| | |
|--------------------------------------|------------|
| Total deferred outflows of resources | 19,871,765 |
|--------------------------------------|------------|

| | |
|---|------------------|
| Total assets and deferred outflows of resources | \$ 1,838,660,811 |
|---|------------------|

Continued on next page.

Tampa Bay Water
(A Regional Water Supply Authority)
Statement of Net Position (continued)

September 30, 2020

Liabilities

Current liabilities:

| | |
|---------------------------------------|---------------|
| Accounts payable and accrued expenses | \$ 14,148,444 |
| Credits due to customers | 4,005,110 |

| | |
|---------------------------|------------|
| Total current liabilities | 18,153,554 |
|---------------------------|------------|

Current liabilities payable from restricted assets

| | |
|-------------------------------------|------------|
| Construction funds accounts payable | 493,341 |
| Accrued interest payable | 17,655,443 |
| Current portion of long-term debt | 41,517,312 |

| | |
|--|------------|
| Total current liabilities payable from restricted assets | 59,666,096 |
|--|------------|

Noncurrent liabilities:

| | |
|--|-------------|
| Long-term debt, net of current portion | 856,033,510 |
| Total other post-employment benefits liability | 361,693 |
| Net pension liability - FRS | 12,176,123 |
| Net pension liability - HIS | 4,234,901 |

| | |
|------------------------------|-------------|
| Total noncurrent liabilities | 872,806,227 |
|------------------------------|-------------|

| | |
|-------------------|-------------|
| Total liabilities | 950,625,877 |
|-------------------|-------------|

Deferred inflows of resources

| | |
|--------------------|------------|
| Rate stabilization | 40,995,836 |
|--------------------|------------|

| | |
|-----|--------|
| FRS | 23,245 |
|-----|--------|

| | |
|-----|---------|
| HIS | 249,508 |
|-----|---------|

| | |
|-------------------------------------|------------|
| Total deferred inflows of resources | 41,268,589 |
|-------------------------------------|------------|

Net position

| | |
|----------------------------------|-------------|
| Net investment in capital assets | 691,056,939 |
|----------------------------------|-------------|

Restricted:

| | |
|---------------------------|------------|
| Debt Service Sinking Fund | 34,608,000 |
|---------------------------|------------|

| | |
|------------------------------|------------|
| Renewal and Replacement Fund | 36,598,924 |
|------------------------------|------------|

| | |
|--------------------------|------------|
| Capital Improvement Fund | 33,328,035 |
|--------------------------|------------|

| | |
|------------------------------------|-----------|
| Operations and Maintenance Reserve | 4,442,923 |
|------------------------------------|-----------|

| | |
|---------------------|-----------|
| Energy Savings Fund | 1,162,147 |
|---------------------|-----------|

| | |
|-------------------|---------|
| Grants Receivable | 130,929 |
|-------------------|---------|

| | |
|------------------|-----------|
| Desal - Reserves | 2,629,810 |
|------------------|-----------|

| | |
|-----------------|-----------|
| SWTP - Reserves | 5,510,019 |
|-----------------|-----------|

| | |
|--------------|------------|
| Unrestricted | 37,298,619 |
|--------------|------------|

| | |
|--------------------|----------------|
| Total net position | \$ 846,766,345 |
|--------------------|----------------|

See accompanying notes.

Tampa Bay Water
(A Regional Water Supply Authority)

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2020

| | |
|--------------------------------------|------------------------------|
| Revenue from sale of water | \$ 170,361,888 |
| Rate stabilization transfer | (1,737,848) |
| Total operating revenue | <u>168,624,040</u> |
| Operating expense | <u>(77,017,105)</u> |
| Operating income before depreciation | 91,606,935 |
| Depreciation expense | <u>(29,953,938)</u> |
| Operating income | <u>61,652,997</u> |
| Nonoperating revenues (expenses) | |
| Investment revenues, gross | 5,256,272 |
| Interest expense, gross | (34,870,336) |
| Gain on disposal of capital assets | 101,296 |
| Litigation and insurance recoveries | 19,851 |
| Total nonoperating expenses, net | <u>(29,492,917)</u> |
| Income before contributions | 32,160,080 |
| Capital contributions | <u>708,064</u> |
| Change in net position | 32,868,144 |
| Total net position – beginning | 813,898,201 |
| Total net position – ending | <u><u>\$ 846,766,345</u></u> |

See accompanying notes.

Tampa Bay Water
(A Regional Water Supply Authority)

Statement of Cash Flows

Year Ended September 30, 2020

Operating activities

| | |
|---|----------------|
| Receipts from customers | \$ 173,215,791 |
| Payments for goods and services | (52,504,322) |
| Payments to employees | (17,780,017) |
| Litigation/insurance recoveries | 19,851 |
| Net cash provided by operating activities | 102,951,303 |

Capital and related financing activities

| | |
|--|--------------|
| Capital contributions | 668,607 |
| Acquisition and construction of capital assets | (8,703,121) |
| Proceeds from disposition of capital assets | 128,470 |
| Proceeds from issuance on capital and other long-term debt | 6,709,000 |
| Principal paid on capital and other long-term debt | (45,843,418) |
| Interest paid on capital and other long-term debt | (40,445,357) |
| Net cash used in capital and related financing activities | (87,485,819) |

Investing activities

| | |
|---|--------------|
| Proceeds from sales and maturities of investments | 58,148,510 |
| Purchase of investments | (61,010,017) |
| Interest received on investments | 3,804,112 |
| Net cash provided by investing activities | 942,605 |

| | |
|--|----------------|
| Net increase (decrease) in cash and cash equivalents | 16,408,089 |
| Cash and cash equivalents, beginning of year | 164,620,485 |
| Cash and cash equivalents, end of year | \$ 181,028,574 |

Continued on next page.

Tampa Bay Water
(A Regional Water Supply Authority)
Statement of Cash Flows (continued)

Year Ended September 30, 2020

Reconciliation of operating income to net cash provided by operating activities

| | |
|---|-----------------------|
| Operating income | \$ 61,652,997 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 29,953,938 |
| Rate stabilization transfer | 1,737,848 |
| Litigation recoveries | 19,851 |
| Changes in operating assets and liabilities: | |
| Accounts receivable | 1,051,260 |
| Inventories | (21,090) |
| Other current assets | 61,231 |
| Deferred outflows related to pension | (759,836) |
| Accounts payable and accrued expenses | 4,634,019 |
| Credits due to customers | 1,802,642 |
| Net pension liability | 3,364,552 |
| Net OPEB Liability | 49,220 |
| Deferred inflows related to pension | (595,330) |
| Total adjustments | <u>41,298,305</u> |
| Net cash provided by operating activities | <u>\$ 102,951,302</u> |
| Non-cash investing, capital and financing | |
| Unrealized appreciation in fair value of instruments | <u>\$ 1,515,469</u> |

See accompanying notes.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

1. Organization

Tampa Bay Water, A Regional Water Supply Authority (the Agency), formerly West Coast Regional Water Supply Authority (the Predecessor Authority), was created on October 25, 1974, by enabling state legislation under *Florida Statute* Sections 163.01, 373.1962, and 373.1963. Hillsborough, Pasco, and Pinellas counties and the cities of St. Petersburg, Tampa, and New Port Richey comprise the Member Governments of the Agency. A governance study was adopted by the Florida Legislature in 1997 (the 1997 Legislation) that amended Section 373.1963, *Florida Statutes*.

As part of the 1997 Legislation, the Agency was created by the Interlocal Agreement and entered into the Master Water Supply Contract with its Member Governments for a term of 40 years. Pursuant to the Amended and Restated Interlocal Agreement and Master Water Supply Contract:

- The Agency will charge a uniform per-gallon wholesale rate to Member Governments for the wholesale supply of drinking water, with one exception for the City of Tampa. The Agency will charge a separate rate to the City of Tampa for water delivered from the Tampa Bypass Canal.
- All Member Governments relinquished to the Agency their individual rights to develop drinking water supplies subject to certain exceptions as defined in the Amended and Restated Interlocal Agreement.
- The Agency has the absolute and unequivocal obligation to meet the quality water needs of the Member Governments as defined in the Master Water Supply Contract.
- The Member Governments are required to maintain and collect such rates or other charges for the use of the products, services, and facilities of the respective members' water utility systems to the extent necessary to fund the timely payment of their respective obligations and liabilities under the Master Water Supply Contract.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies

Operating Revenue and Expense

The Agency considers all revenue and expense associated with the delivery of water to customers to be operating activities. All other revenue and expense are considered to be nonoperating activities.

Net Position

Net position is classified into three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources is included in the same net position component as the unspent proceeds.

Restricted – This component consists of net position whose use is subject to external constraints (such as through debt covenants) by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position elements that do not meet the definition of restricted or net investment in capital assets.

When the Agency incurs an expenditure where it can use both restricted and unrestricted funds the agency will first use restricted funds.

The accounting policies and practices of the Agency conform to accounting principles generally accepted in the United States applicable to an enterprise fund of a government unit.

Measurement Focus and Basis of Accounting

The Agency is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting in the preparation of its annual financial statements. The accounting and reporting policies of the Agency conform to the accounting rules prescribed by the Governmental Accounting Standards Board (GASB).

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Under the provisions of the Agency's Amended and Restated Interlocal Agreement and the Master Water Supply Contract, the Agency establishes a single uniform rate for sale of quality water to Member Governments, provided, however, that a separate rate is established for sale of water from the Tampa Bypass Canal to the City of Tampa. The rate to be charged in a fiscal year to the Member Governments for water may include the following components as defined by the agreements: (1) operation, maintenance, and administrative costs; (2) debt service charges; (3) renewal and replacement charges; (4) bond coverage costs; (5) capital improvement charges; and (6) operating reserve funds. The Agency may also establish a rate stabilization fund to be funded from the operation, maintenance, and administrative costs or operating reserve funds. This method of rate setting results in costs being included in the determination of rates in different periods than when these costs are recognized for financial statement purposes.

The Agency capitalizes certain costs or defers certain revenue when three criteria are met. The Agency meets the required criteria since its rates are established by its Board in accordance with the Amended and Restated Interlocal Agreement and Master Water Supply Contract, rates are designed to recover Agency costs, and the Agency can reasonably expect to collect such rates.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have original maturities of 90 days or less.

Investments

Investments are reported at fair value in the statement of net position, except for money market funds and U.S. government obligations with original maturities of less than one year, which are reported at amortized cost as permitted by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* as amended by GASB Statement No. 72, Fair Value Measurement and Application. All changes in the fair value of investments are recognized as gains or losses in the statement of revenues, expenses, and changes in net position.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

Materials and Supplies Inventories

Materials and supplies inventories consist primarily of spare parts and are stated at the average cost. Average cost approximates the first-in, first-out method.

Capital Assets

It is the Agency's policy to capitalize property and equipment having an original cost in excess of \$5,000 and a useful life longer than one year, except for computer software, which is capitalized when the original cost exceeds \$25,000. Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

| | <u>Life in Years</u> |
|--|----------------------|
| Land improvements | 10–99 |
| Buildings | 20–50 |
| Wells and wellfield improvements | 5–75 |
| Water treatment and pumping facilities | 10–50 |
| Transmission mains | 14–75 |
| Reservoir | 100 |
| Other equipment and software | 3–20 |

Maintenance, repairs, and minor renewals are charged to expense as incurred. Expenses that materially increase value, increase capacity, or extend useful lives are capitalized. Capital assets are removed (net of accumulated depreciation) upon retirement or disposition. Related gains or losses are charged to nonoperating activities.

Water Capacity Rights

Water capacity rights represent the Agency's rights in certain wholesale water supply wellfields. The Agency accounts for the water capacity rights in accordance with the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that indefinite-lived intangible assets not be amortized, but instead be tested for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Water capacity rights are combined with other non-depreciable capital assets. Agency's management decided to include the water capacity rights as part of capital assets to follow Government Accounting Standard Boards best practices.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

Impairment of Capital Assets and Insurance Recoveries

The Agency accounts for impairment of capital assets and insurance recoveries in accordance with the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement requires that capital assets be reviewed for impairment whenever events or changes in circumstances indicate that the service utility of the asset has declined significantly and unexpectedly. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used are measured using the method that best reflects the diminished service utility of the asset: restoration cost approach, service units approach, or deflated depreciated replacement cost approach. Insurance recoveries related to impairment losses are netted against the impairment loss if received in the same year; otherwise the recovery is reported as revenue in the year received. No impairment losses were recognized in 2020.

Capitalization of Interest

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*.

Bond Issuance Costs, Bond Discounts, and Bond Premiums

The Agency accounts for bond issuance costs in accordance with the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Bond issuance costs (related to insurance) are recorded as deferred charges, whereas bond discounts and premiums are recorded as a reduction of, or addition to, the face amount of bonds payable. All other bond issuance costs are expensed as incurred. Amortization of bond issuance costs, bond discounts, and bond premiums is calculated over the life of the bonds using the effective interest method and is reported as a component of interest expense.

Unamortized Losses on Debt Refunding

Losses resulting from current or advance refunding's of debt are deferred and amortized over the shorter of the life of the new debt or the remaining life of the old debt and are reported as deferred outflows of resources in accordance with GASB Statement No. 65. The amount amortized is reported as a component of interest expense.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Rate Stabilization

Under the Amended and Restated Interlocal Agreement and the Master Water Supply Contract, the Board of Directors may establish rates sufficient to fund a Rate Stabilization Account. The contracts also provide that funds collected in any year in excess of current costs may be deposited to the Rate Stabilization Account with Board approval. Funds placed in the Rate Stabilization Account are accounted for as deferred inflows of resources until the year in which the Board of Directors approves their use to meet current costs of the Agency.

Capital Contributions

Capital contributions represent capital grants from the Southwest Florida Water Management District (SWFWMD). Contributions are recognized when all applicable eligibility requirements of the grant have been met, pursuant to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Agency had \$708,064 in capital contributions during the year ended September 30, 2020.

Sales and Pledges of Receivables and Future Revenues

The Agency provides disclosure of pledged revenues in accordance with the requirements of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue*, which establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. The Agency has no sales or pledges of receivables and future revenues except as discussed in Note 10.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS Pension Plan and Health Insurance Subsidy Program (HIS) fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

Implementation of New Accounting Pronouncements

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84 - *Fiduciary Activities*, Statement No. 90 - *Majority Equity Interests*, Statement No. 91 - *Conduit Debt Obligations*, Statement No. 92 - *Omnibus 2020*, Statement No. 93 - *Replacement of Interbank Offered Rate*. The effective date of the following pronouncement is postponed by 18 months: Statement No. 87 - *Leases*. The impact to the Agency's financial reporting was not significant.

New Accounting Pronouncements – Not Yet Effective or Implemented

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for periods beginning after December 15, 2019. The impact to the Agency's financial reporting has not been determined.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for periods beginning after December 15, 2020. The impact to the Agency's financial reporting has not been determined.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements – Not Yet Effective or Implemented (continued)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This Statement is effective for periods beginning after December 15, 2019. The impact to the Agency's financial reporting has not been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for periods beginning after December 15, 2021. The impact to the Agency's financial reporting has not been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The primary objective of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for periods beginning after June 15, 2020. The impact to the Agency's financial reporting has not been determined.

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This Statement is effective for periods beginning after December 31, 2021. The impact to the Agency's financial reporting has not been determined.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements – Not Yet Effective or Implemented (continued)

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement is effective for periods beginning after June 15, 2022. The impact to the Agency’s financial reporting has not been determined.

3. Permits and Regulations

The key regulations affecting the operations of the Agency are state regulations applicable to the Agency’s withdrawals of water from water sources and state and federal regulations applicable to operation of the Agency’s drinking water treatment facilities and distribution systems. Withdrawals of water are regulated under water use permits issued by the Southwest Florida Water Management District (the District). The water treatment facilities and distribution systems are regulated through permits issued by the Florida Department of Environmental Protection (FDEP).

The Consolidated Permit, first issued by the District in January 1999, regulates withdrawals from 10 of the 13 regional wellfield systems operated by the Agency. The original Consolidated Permit included initial withdrawal limits for each wellfield (annual average) and for each well within each wellfield (peak month and annual average). A condition of the Consolidated Permit is to manage withdrawals from the wellfields to minimize environmental impacts through optimum distribution of pumping among all wells according to an approved operations plan.

Since January 1, 2003, the 10 wellfields of the Consolidated Permit no longer have individual withdrawal limits and are considered a single system for the purpose of measuring compliance with the permitted annual average withdrawal quantity. Combined withdrawals from the 10 wellfields are currently limited to 90 million gallons per day (mgd) on a 12-month running average basis. The Consolidated Permit was renewed in January 2011, granting continued authorization to withdraw an annual average of 90 mgd from these 10 wellfields for the next ten-year period. All of the conditions of the renewed Consolidated Permit remain essentially unchanged from the original permit authorization.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

3. Permits and Regulations (continued)

An application to renew the Consolidated Permit was submitted to the Water Management District in January 2021 requesting another ten-year permit term at an annual average withdrawal quantity of 90 mgd with essentially the same permit conditions.

The remaining 3 wellfield systems, the South-Central Hillsborough Regional Wellfield, the Brandon Urban Dispersed Wells, and the Carrollwood Wells, are regulated under separate water use permits issued by the District. Withdrawals from the Brandon Urban Dispersed Wells are limited to 6 mgd on a 12-month running average basis. Withdrawals from the South-Central Hillsborough Regional Wellfield are limited to 24.1 mgd on a 12-month running average basis. The Carrollwood Wells can supply 0.82 mgd on a 12-month running average basis. Withdrawals from the Tampa Bypass Canal, which are used to provide water to the City of Tampa via augmentation of the Hillsborough River Reservoir as needed, are separately permitted and limited to 20 mgd on a 12 month running average basis.

The two surface water facilities that comprise the withdrawal component of the Enhanced Surface Water System are the Tampa Bypass Canal Pump Station and the Alafia River Pump Station. The water use permits for these two surface water sources allow the harvesting of a percentage of flow from these river systems above either a minimum threshold flow or pool elevation. It is estimated that the Enhanced Surface Water System yields on a long-term average basis approximately 90 mgd under normal hydrologic conditions. The Tampa Bypass Canal Pump Station and transmission facilities convey water from the Tampa Bypass Canal and Hillsborough River to the Regional Surface Water Treatment Plant and the Regional Reservoir.

The Alafia River Pump Station and transmission facilities also convey water from the Alafia River to the Regional Surface Water Treatment Plant and the Regional Reservoir. It is estimated that the expanded permitted withdrawals of the Tampa Bypass Canal and the expanded Enhanced Surface Water System (including the Tampa Bypass Canal/Hillsborough River System, Alafia River, the Regional Reservoir and Surface Water Treatment Plant) will allow the Agency to meet the future drinking water needs of its six Member Governments through at least 2028.

The Regional Surface Water Treatment Plant (the Plant) was originally designed to treat up to 66 mgd from the surface water sources and deliver that water to the regional system. Completion of the Plant expansion occurred in fall of 2010. The Plant is now permitted to treat up to 120 mgd from the surface water sources. The C.W. Bill Young Regional Reservoir provides off-stream storage capacity so that the stored water can be utilized as a reliable water source when surface water is not available for withdrawal from the river systems. The current designed storage capacity of the reservoir is approximately 15.5 billion gallons. Production from the Tampa Bay Seawater Desalination Plant is also used to meet drinking water demands. The desalination facility is permitted to treat up to 25 mgd. The operational sustainable production capacity of the Regional Surface Water Treatment Plant and the desalination facility are less than each facility's permitted capacity.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

3. Permits and Regulations (continued)

The permitted quantity withdrawal limit for the 10 wellfields as stated in the Consolidated Permit is listed below together with the permitted quantities for the remaining four wellfields and the surface water facilities:

| Water Supply Facility | Permitted Capacity in mgd |
|---|---------------------------------|
| Consolidated Permit wellfields – total* | 90.000 |
| South-Central Hillsborough Regional Wellfield | 24.100 |
| Brandon Urban Dispersed Wells | 6.000 |
| Carrollwood Wells | 0.820 |
| Enhanced Surface Water System (consisting of Tampa Bypass Canal/ Hillsborough River, Alafia River, C.W. Bill Young Regional Reservoir)** | 90.000 |
| Tampa Bay Seawater Desalination Plant | 25.000 |

* Consolidated Permit wellfields: Cross Bar Ranch, Cypress Creek, Cypress Bridge, Morris Bridge, Starkey, South Pasco, Eldridge-Wilde, Cosme/Odessa, Section 21, and Northwest Hillsborough. These wellfields are permitted as a single system, and there is no annual withdrawal quantity assigned to any individual wellfield. These wellfields are operated in accordance with the Optimized Regional Operations Plan.

** The water use permits for the Tampa Bypass Canal/Hillsborough River and the Alafia River facilities do not have assigned average annual quantities. The permits authorize the harvest of a percentage of river flows after either a threshold flow or pool stage has been achieved in each river system. The quantity shown represents the estimated median year yield for these facilities based on projections using the past 30 years of historical data.

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Notes to Financial Statements

September 30, 2020

3. Permits and Regulations (continued)

The following table summarizes the actual annual water quantity sold and billed to the Member Governments of the Agency under the Uniform Rate for the fiscal year ended September 30, 2020:

| Member Government | Annual Average Water Quantity Sold (mgd) | Amounts Billed |
|--------------------------------|---|-------------------|
| Hillsborough County | 70.87 | \$ 65,401,748 |
| City of New Port Richey | 3.02 | 2,785,714 |
| Pasco County | 32.49 | 29,978,156 |
| Pinellas County | 49.41 | 45,596,714 |
| City of St. Petersburg | 26.54 | 24,495,756 |
| City of Tampa | 1.67 | 1,544,227 |
| Total current year water sales | 184.00 | \$ 169,802,315 |
| Peak day production | 223.72 | |

In 2020 the Agency sold an average of 2.56 mgd to the City of Tampa under the Tampa By-Pass Canal Surplus Water Agreement totaling \$436,067.

Other operating revenues for the Agency totaled \$123,506 in 2020.

4. Rate-Making Policies and Procedures

Under the provisions of the Master Water Supply Contract, the Agency establishes rates based on an Annual Estimate that sets forth the expected cost of providing wholesale water service to the Member Governments. The Annual Estimate is based on the Agency's budget for the forthcoming fiscal year. The Agency develops a uniform rate based on the Annual Estimate and the projected quantity of water expected to be delivered to customers.

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Notes to Financial Statements

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4. Rate-Making Policies and Procedures (continued)

The uniform rate consists of a variable cost component and a fixed cost component. The variable cost rate is designed to recover Agency expenses that are directly related to the quantity of water delivered, primarily chemicals, electric power, and water purchased from the Cities of Tampa and New Port Richey. The variable cost rate is applied to the quantity of water delivered to Member Governments each month. The fixed cost rate is designed to recover Agency expenses incurred for the operation, maintenance, management, security, development, and financing of the water system. The fixed cost rate is assessed to Member Governments monthly based on one twelfth of the total annual fixed cost applied to the ratio of each member's annual water usage during the previous fiscal year divided by such usage of all Member Governments during such year. At fiscal year-end, each member's share of this fixed cost is recalculated based on the current year's usage. The intent and purpose of the rate structure is to provide an equitable means of matching the monthly billings with the Agency's monthly cash flow needs. Based on analyses and forecasts, fixed costs are currently estimated to constitute approximately 85% of the Annual Estimate.

5. Restricted Cash, Cash Equivalents, and Investments

Restricted funds are established to the extent required by bond resolutions for the Agency's debt and other contractual arrangements. Bond proceeds, water revenue, and investment revenue are utilized to maintain the various funds at their required levels. Amounts not needed to fund requirements may be used for any lawful purpose. The balances, as of September 30, 2020, components and descriptions of the various funds are as follows:

| | |
|------------------------------------|-----------------------|
| Construction funds | \$ 7,217,796 |
| Debt Service Sinking Fund | 52,263,444 |
| Renewal and Replacement Fund | 36,598,924 |
| Capital Improvement Fund | 33,328,035 |
| Energy Savings Fund | 1,162,147 |
| Operations and Maintenance Reserve | 4,442,923 |
| Debt Service Reserves | 71,824,849 |
| Desal - Reserves | 2,629,810 |
| SWTP - Reserves | 5,510,019 |
| | <u>\$ 214,977,947</u> |

Construction Funds – Construction funds account for unexpended debt proceeds and investment revenue thereon from the Utility System Revenue Bonds, Series 2013; the Florida Local Government Finance Commission loan; and third-party grants for construction.

Debt Service Sinking Funds – Sinking funds represent the principal and interest amounts for the next debt service payment due on the bonds of Series 2001A, 2005, 2011, 2011A, 2013, 2015A, 2015B, 2016A, 2016B, 2016C, and 2020 Master Bond (Tranche 1).

Tampa Bay Water
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5. Restricted Cash, Cash Equivalents, and Investments (continued)

Renewal and Replacement Funds – Renewal and replacement funds are required for renewal and replacement of the water production, transmission, and treatment facilities and are based on 5% of gross revenues for the preceding fiscal year or such greater or lesser amount as may be determined appropriate by the system engineers.

Capital Improvement Funds – Capital improvement funds are restricted to payment of capital costs of acquiring and/or constructing additions or improvements to the water system.

Energy Savings Funds – Energy savings funds are restricted to payment of energy savings additions or improvements to the water system.

Operations and Maintenance Funds – Operations and maintenance funds are restricted for operating costs and are established at twice the monthly average variable costs as budgeted for each fiscal year.

Debt Service Reserve Funds – Debt service reserve funds are required to maintain the lesser of one year's maximum debt service or 125% of the average annual debt service for the Utility System Revenue Bonds Series 2001A, 2005, 2010, 2011, 2011A, 2013, 2015A, 2015B, 2016A, 2016B, 2016C, and 2020 Master Bond (Tranche 1).

Desal and SWTP Reserve Funds - Reserve accounts established through O&M agreements. See note 14 for more information.

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September 30, 2020

6. Deposits and Investments

Deposits

As of September 30, 2020, the total carrying amount, net of reconciling items, of the Agency's deposits (unrestricted and restricted), exclusive of petty cash of \$1,450, was \$181,027,123. All the Agency's deposits with financial institutions are made with depository institutions that are members of the state of Florida's collateral pool, are placed in accounts designated as "public deposit" accounts covered by the collateral pool and, therefore, are considered to be insured.

Investments

In August 2017, the Board of Directors approved Resolution 2017-002 which adopted a revised investment policy. The policy was revised to reflect more recent financial market conditions and investment practices. It also reflects the currently available investment instruments that the Agency wishes to utilize in the future. The scope of the revised investment policy clarifies that the overall policy applies to all surplus funds, to the extent there is no conflict with the Master Bond Resolution, and if there is a conflict, the Master Bond Resolution governs. Authorized investments in this policy will also be considered authorized investments for bond proceeds under the Master Bond Resolution, as amended, under other permitted investments. The Agency's investment policy permits investment in the following: (1) U.S. government securities, (2) U.S. government agencies (full faith and credit of the U.S. government), (3) federal instrumentalities (U.S. government-sponsored enterprises that are non-full faith and credit), (4) mortgage-backed securities, (5) bank accounts and nonnegotiable interest-bearing time certificates of deposit, (6) repurchase agreements; (7) commercial paper, (8) corporate notes, (9) bankers' acceptances, (10) state and/or local government taxable and/or tax-exempt debt, (11) registered investment companies (money market mutual funds), (12) supranational's and (13) intergovernmental investment pools.

The Agency's investments are reported at fair value in the statement of net position, except for money market funds and U.S. government obligations with original maturities less than one year, which are reported at amortized cost in accordance with GASB Statement No. 72.

Investments having a maturity of one year or less at time of purchase are recorded at amortized cost.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Agency's investment policies seek to limit exposure to credit risk by establishing minimum credit ratings that must be met and maintained by providers of certain types of investments. Policies also require that certain types of agreements be collateralized with investments authorized under the policies.

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Notes to Financial Statements

September 30, 2020

6. Deposits and Investments (continued)

Investments (continued)

The following is the minimum credit rating requirements within the Agency's investment policy for each type of debt security:

| Security Type | Rating |
|---|---------------------------------------|
| Commercial Paper | P-1/A-1 |
| Corporate Notes | Single "A" category by any two NRSROs |
| Banker's Acceptances | P-1/A-1 |
| State and/or Local Government Taxable and/or Tax-Exempt Debt | Single "A" category by two NRSROs |
| Supranationals | AA by two NRSROs |
| Registered Investment Companies (Money Market Funds) | AAAm |
| Intergovernmental Investment Pool | AAA |

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Exclusive of investments issued or explicitly guaranteed by the U.S. government and investments in external investment pools and other pooled investments, the Agency had no investment concentrations in individual issuers in excess of 5% of its total investments at September 30, 2020.

The Agency's investment policy establishes limitations on portfolio composition, both by investment type and dealer, in order to control concentration of credit risk. The following maximum limits are guidelines established for diversification by instrument

| Security Type | Maximum Allocation Limit | Maximum Issuer Limit |
|-----------------------------|-----------------------------|-------------------------|
| U.S. Government Securities | 100% | N/A% |
| U.S. Agencies | 50% | 25% |
| Federal instrumentalities | 80% | 25% |
| Mortgage-Backed Securities | 20% | 15% |
| Non-Negotiable CDs | 65% | 35% |
| Repurchase Agreements | 50% | 25% |
| Repurchase Agreements | 25% | 5% |
| Corporate Notes | 25% | 5% |
| Bankers' Acceptances | 25% | 5% |
| State/Local Tax-Exempt Debt | 20% | 5% |
| Supranationals | 15% | 5% |
| Money Market Mutual Funds | 50% | 25% |
| LGIPs | 25% | N/A% |

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Notes to Financial Statements

September 30, 2020

6. Deposits and Investments (continued)

Investments (continued)

Interest Rate Risk: Interest rate risk is the risk that the Agency's portfolio value will fluctuate due to changes in interest rates over time. The Agency's investment policy outlines the following strategies to control and mitigate its exposure to interest rate risk:

- The Agency will maintain a minimum of six months of budgeted operating expense in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum percent of callable securities in the portfolio will be 20%.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the Agency based on the Agency's investment objectives, constraints and risk tolerances.

The maximum maturity limits by investment type as established by the Agency's investment policy are as follows:

| Security Type | Maturity Limit |
|-----------------------------|----------------|
| U.S. Government Securities | 5 years |
| U.S. Agencies | 5 years |
| Federal Instrumentalities | 5 years |
| Mortgage-Backed Securities | 5 years |
| Non-Negotiable CDs | 2 years |
| Repurchase Agreements | 60 days |
| Commercial Paper | 270 days |
| Corporate Notes | 5 years |
| Bankers' Acceptances | 180 days |
| State/Local Tax Exempt debt | 5 years |
| Supranational's | 5 years |

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Notes to Financial Statements

September 30, 2020

6. Deposits and Investments (continued)

Investments (continued)

Investments made by the Agency (restricted and unrestricted) at September 30, 2020, are summarized below. The investments are summarized by type of investment and show the maturity, interest rate, fair value, and credit rating.

| Investments | Maturities | Interest Rate | Fair Value | Credit Rating | |
|--------------------------------------|---------------------|-----------------|-----------------------|---------------|---------|
| | | | | S&P | Moody's |
| U.S. Treasury Bills | 12/03/20 - 3/25/21 | 0.000 | \$ 899,158 | AA+ | Aaa |
| U.S. Treasury Notes | 10/15/20 - 2/29/24 | 0.125 to 2.875 | 41,538,955 | AA+ | Aaa |
| U.S. Government Agency | 10/26/20 - 06/17/25 | 0.125 to 3.375 | 59,401,535 | AA+ | Aaa |
| Apple Inc Corp Notes | 2/23/21 | 2.250 | 1,334,328 | AA+ | Aa1 |
| Bank of America Corp | 10/19/20 | 2.625 | 500,545 | A- | A2 |
| Bank of New York Mellon Corp | 4/15/21-5/3/21 | 2.050 to 2.500 | 1,817,853 | A | A1 |
| Berkshire Hathaway Fin Global Notes | 1/15/21-5/15/22 | 3.000 to 4.250 | 1,913,486 | AA | Aa2 |
| Charles Schwab Corp Call Note | 1/25/23 | 2.650 | 1,415,456 | A | A2 |
| Chevron Corporate Global Notes | 12/05/22 | 2.355 | 363,345 | AA | Aa2 |
| Chubb INA Holdings Corp Notes | 11/03/20 | 2.300 | 1,351,908 | A | A3 |
| The Home Depot Inc. | 4/01/23 | 2.700 | 1,053,728 | A | A2 |
| Inter-American Dev Bank Note | 4/19/21 | 2.625 | 1,975,565 | AAA | Aaa |
| International Business Machines | 2/06/23 | 3.000 | 1,434,822 | A | A2 |
| Int'l Bank For Reconst & Development | 5/4/21 | 1.375 | 2,014,260 | AAA | Aaa |
| Int'l Finance Corp Note | 5/24/21 - 7/20/21 | 1.125 | 2,014,640 | AAA | Aaa |
| John Deere Capital Corp Notes | 1/08/21 - 1/06/23 | 2.55 to 2.700 | 1,374,254 | A | A2 |
| JP Morgan Chase & Co Corp Note | 3/01/21 - 2/01/24 | 2.340 to 3.875 | 551,605 | A- | A2 |
| Oracle Corp Notes | 9/15/21 | 1.900 | 1,394,592 | A | A3 |
| Paccar Fin Corp Notes | 8/09/21 - 3/01/22 | 2.850 to 3.150 | 1,642,513 | A+ | A1 |
| PNC Bank Call Note | 1/22/21 - 4/29/21 | 2.150 to 2.500 | 1,538,013 | A | A2 |
| State Street Corporation | 5/19/21 | 1.950 | 252,736 | A | A1 |
| Toronto-Dominion Bank Note | 7/13/21 | 1.800 | 354,180 | AA- | Aa1 |
| Toyota Motor Credit Corp | 1/11/23 - 1/08/24 | 2.700 to 3.350 | 1,453,824 | A+ | A1 |
| United Parcel Service Note | 5/16/22 | 2.350 | 1,392,380 | A- | A2 |
| US BANCORP | 5/24/21 - 1/24/22 | 2.6250 to 4.125 | 1,898,985 | A+ | A1 |
| Wells Fargo & Company Note | 7/22/22 | 2.625 | 1,399,677 | BBB+ | A2 |
| Total investments | | | <u>\$ 132,282,343</u> | | |

Tampa Bay Water
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Notes to Financial Statements

September 30, 2020

6. Deposits and Investments (continued)

Fair Value Measurements

In Fiscal Year 2016 Tampa Bay Water adopted GASB Statement No. 72, *Fair Value Measurement and Application*.

GASB Statement No. 72 defines fair value as the exit price that would be received to sell an asset or transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Based on the inputs used to determine fair value, a three-level fair value hierarchy is used as follows:

Level 1 – Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date.

Level 2 – Valuations are based on (a) quoted prices for similar assets and liabilities in active markets, or (b) quoted prices for identical or similar assets and liabilities in markets that are not active, or (c) pricing inputs other than the quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Level 3 – Valuations are based on pricing inputs that are unobservable and include situations where (a) there is little, if any, market activity for the investments, or (b) the investments cannot be independently valued, or (c) the investments cannot be immediately redeemed at or near the year-end.

The assets or liability's fair-value measurement level within the fair-value hierarchy is based on the lowest level of any input that is significant to the fair-value measurement.

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Notes to Financial Statements

September 30, 2020

6. Deposits and Investments (continued)

Fair Value Measurements (continued)

The following table summarizes the fair value of Tampa Bay Water's investments at year end, in accordance with the GASB 72 valuations level's.

| | <u>Fair Value Measurement Using</u> | |
|--|-------------------------------------|--|
| | <u>9/30/2020</u> | <u>Significant Other Observable Inputs (Level 2)</u> |
| Investments by Fair Value Level | | |
| US Corporate | \$ 24,438,228 | \$ 24,438,228 |
| Supranational | 6,004,465 | 6,004,465 |
| US Government Agency | 59,401,537 | 59,401,537 |
| US Treasury | 42,438,113 | 42,438,113 |
| Total Investment by Fair Value Level | <u>\$ 132,282,343</u> | <u>\$ 132,282,343</u> |

The fair value of the financial instruments shown in the table above as of September 30, 2020 represent the estimated amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs.

The estimated fair value of the Agency's investments in debt securities is based on other market data for the same or comparable instruments and transactions in establishing the prices, including using standard inputs consisting of benchmark yields, reportable trades, benchmark securities (where applicable), and reference data including market research publications. Fair value of debt securities do not trade on regular basis in active market and are, therefore, classified as Level 2 securities.

7. Grants Receivable and Capital Contributions

The Agency receives various grants during the year, of which are required to be spent according to the stipulations outlined in the grant. A failure to follow grant stipulations may result in non-compliance with the grant.

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Notes to Financial Statements

September 30, 2020

8. Capital Assets

The following are summaries of capital asset changes for the year ended September 30, 2020.

| | Balance 10/01/2019 | Additions | Deletions | Balance 09/30/2020 |
|---|--------------------|-----------------|--------------|--------------------|
| Capital assets, non-depreciable: | | | | |
| Land | \$ 78,687,882 | \$ 556,448 | \$ 6,512 | \$ 79,237,818 |
| Water capacity rights | 316,397,360 | - | - | 316,397,360 |
| Construction-in-progress | 21,084,854 | 7,868,693 | 4,424,974 | 24,528,573 |
| Total non-depreciable capital assets | 416,170,096 | 8,425,141 | 4,431,486 | 420,163,751 |
| Capital assets, depreciable: | | | | |
| Land improvements | 3,294,936 | - | - | 3,294,936 |
| Buildings | 19,632,819 | 99,987 | - | 19,732,806 |
| Wells and wellfield improvements | 134,802,011 | - | - | 134,802,011 |
| Transmission mains | 339,178,229 | - | - | 339,178,229 |
| Water treatment and pumping facilities | 696,852,408 | 3,259,280 | - | 700,111,688 |
| Reservoir | 302,995,543 | 220,623 | - | 303,216,166 |
| Other equipment and software | 21,692,651 | 1,320,749 | 483,234 | 22,530,166 |
| Total depreciable capital assets | 1,518,448,597 | 4,900,639 | 483,234 | 1,522,866,002 |
| Less: accumulated depreciation: | | | | |
| Land improvements | 1,128,754 | 70,297 | - | 1,199,051 |
| Buildings | 7,228,206 | 556,219 | - | 7,784,425 |
| Wells and wellfield improvements | 70,361,084 | 3,173,612 | - | 73,534,696 |
| Transmission mains | 79,595,373 | 4,606,439 | - | 84,201,812 |
| Water treatment and pumping facilities | 215,801,390 | 16,097,487 | - | 231,898,877 |
| Reservoir | 29,104,078 | 3,502,647 | - | 32,606,725 |
| Other equipment and software | 15,049,032 | 1,947,237 | 462,573 | 16,533,696 |
| Total accumulated depreciation | 418,267,917 | 29,953,938 | 462,573 | 447,759,282 |
| Total depreciated capital assets, net | 1,100,180,680 | (25,053,299) | 20,661 | 1,075,106,720 |
| Total capital assets, net | \$ 1,516,350,776 | \$ (16,628,158) | \$ 4,452,147 | \$ 1,495,270,470 |

Deletions from construction-in-progress in 2020 include \$3,479,903 that were transferred to depreciable capital assets, \$549,936 transferred to land and \$395,135 to equipment. Commitments on construction contracts at September 30, 2020, were \$4,482,199.

9. Accounts Payable

Accounts payable and accrued expenses at September 30, 2020, consist of amounts owed for operating and payroll expenses as follows:

| | |
|--------------------------|----------------------|
| Accounts payable | \$ 10,869,935 |
| Accrued payroll expenses | 3,278,509 |
| | <u>\$ 14,148,444</u> |

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Notes to Financial Statements

September 30, 2020

10. Long-Term Debt and Other Noncurrent Liabilities

The Agency has issued various series of debt to finance the construction of new sources of water to meet the needs of its Member Governments, as well as facilities at Clearwater and Cypress Creek Wellfield to meet administrative and security needs.

2020 Master Bond

On February 17, 2020 the Agency entered into a Forward Bank Loan Refunding with Bank of America. The Tax-Exempt Forward Bank Loan Refunding consists of three draws (Tranches) and locked in the interest rate of 2.31% for each Tranche. The first Tranche was closed on July 7, 2020 and defeased the outstanding Series 2010 Bonds which were redeemed on October 1, 2020. The second Tranche is schedule to close on July 7, 2021 and will defease the outstanding Series 2011A Bonds for redemption on October 1, 2021. Tranche three is scheduled to close on July 6, 2023 and will defease the outstanding Series 2013 Bonds for redemption on October 1, 2023.

The 2020 Master Bond Tranche one was issued at par value of \$6,709,000 at 2.31% with maturities on 10/01/2021 through 10/01/2025. The proceeds were used to cover issuance costs of \$239,392 and the remaining proceeds of \$6,469,608 were deposited into an escrow account for the refunded Series 2010 Bonds. The Net Present Value savings was \$531,068 equaling 8.3% savings of the refunded bonds.

Long-term debt and other noncurrent liabilities as of September 30, 2020, consist of:

| Issue | Purpose | Maturity | Interest Rate | Original Amount | Outstanding Amount |
|--|---|----------|----------------|-----------------|--------------------|
| Utility System Refunding Revenue Bonds, Series 2020 | Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2010 | 2025 | 2.31% | \$ 6,709,000 | \$ 6,709,000 |
| Utility System Refunding Revenue Bonds, Series 2016C | Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2010 | 2031 | 1.17% to 3.61% | 55,345,000 | 55,345,000 |
| Utility System Refunding Revenue Bonds, Series 2016B | Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2011B | 2031 | 1.17% to 3.61% | 32,785,000 | 31,890,000 |
| Utility System Refunding Revenue Bonds, Series 2016A | Advance refund all of the outstanding Utility System Revenue Bonds, Series 2008 | 2038 | 3.25% to 5.00% | 96,630,000 | 96,630,000 |
| Utility System Refunding Revenue Bonds, Series 2015B | Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2011A & Series 2011B | 2031 | 1.01% to 3.33% | 95,975,000 | 92,245,000 |

Tampa Bay Water
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Notes to Financial Statements

September 30, 2020

10. Long-Term Debt and Other Noncurrent Liabilities (continued)

| Issue | Purpose | Maturity | Interest Rate | Original Amount | Outstanding Amount |
|--|--|----------|------------------|-------------------------|-----------------------|
| Utility System Refunding Revenue Bonds, Series 2015A | Advance refund a portion of the outstanding Utility System Refunding & Improvement Revenue Bonds, Series 2006 and advance refund a portion of th outstanding Utility System Refunding Revenue Bonds, Series 2011A & Series 2011B | 2036 | 4.00% to 5.00% | 180,835,000 | 180,835,000 |
| Utility System Refunding Revenue Bonds, Series 2013 | Pay or reimburse a portion of the costs of the 2013 Projects, fund a deposit to the Reserve Account so that the total amount on deposit therein equals the Reserve Account Requirement and capitalize a portion of the interest on the 2013 Bonds | 2038 | 3.50% to 5.00% | 75,295,000 | 75,295,000 |
| Utility System Refunding Revenue Bonds, Series 2011A | Currently refund a portion of the outstanding Utility System Refunding & Improvement Revenue Bonds, Series 2001A and a portion of the outstanding Utility System Revenue Bonds, Series 2001B, and pay to terminate and cancel all of the 2005 and 2007 Swaptions | 2024 | 3.50% to 5.00% | 140,645,000 | 46,140,000 |
| Utility System Refunding Revenue Bonds, Series 2011 | Currently refund certain of the outstanding Utility System Refunding & Improvement Revenue Bonds, Series 2001A | 2021 | 5.00% | 104,645,000 | 25,205,000 |
| Utility System Refunding and Improvement Revenue Bonds, Series 2005 | Advance refund certain of the outstanding Utility System Revenue Bonds, Series 1998A, certain of the outstanding Utility System Revenue Bonds, Series 1998B, certain of the outstanding Utility Revenue Bonds, Series 2001B and fund the 2005 Project | 2024 | 5.50% | 174,965,000 | 117,960,000 |
| Utility System Refunding and Improvement Revenue Bonds, Series 2001A | Advance refund certain of the outstanding Utility System Revenue Bonds, Series 1999, paying or reimbursing the costs of the 2001A Project and funding the Reserve Account as defined | 2029 | 5.10% to 6.00% | 309,370,000 | 50,000,000 |
| Acquisition Credits | Infrastructure that the agency bought from member governments when the agency was created. | 2029 | 4.875% to 5.030% | 159,645,307 | 66,048,612 |
| Bond Premiums | Premium paid over and above the face value of the bonds to the agency | 2029 | | 134,091,642 | 53,248,210 |
| Total long-term debt | | | | \$ 1,566,935,949 | \$ 897,550,822 |

Tampa Bay Water
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Notes to Financial Statements

September 30, 2020

10. Long-Term Debt and Other Noncurrent Liabilities (continued)

All of the Agency's Revenue Bonds were issued publicly. The Agency's changes in noncurrent liabilities for the fiscal year ended September 30, 2020, was as follows:

| | Balance 10/01/2019 | Additions | Deletions | Balance 09/30/2020 | Due Within One Year |
|--|-----------------------|-----------------|-----------------|-----------------------|------------------------|
| 2001A bonds | \$ 50,000,000 | \$ - | \$ - | \$ 50,000,000 | \$ - |
| 2004 bonds | 5,005,000 | - | (5,005,000) | - | - |
| 2005 bonds | 132,990,000 | - | (15,030,000) | 117,960,000 | 21,140,000 |
| 2010 bonds | 6,395,000 | - | (6,395,000) | - | - |
| 2011 bonds | 36,915,000 | - | (11,710,000) | 25,205,000 | 12,290,000 |
| 2011A bonds | 46,175,000 | - | (35,000) | 46,140,000 | 35,000 |
| 2013 bonds | 75,295,000 | - | - | 75,295,000 | - |
| 2015A bonds | 180,835,000 | - | - | 180,835,000 | - |
| 2015B bonds | 93,100,000 | - | (855,000) | 92,245,000 | 870,000 |
| 2016A bonds | 96,630,000 | - | - | 96,630,000 | - |
| 2016B bonds | 32,125,000 | - | (235,000) | 31,890,000 | 240,000 |
| 2016C bonds | 55,345,000 | - | - | 55,345,000 | - |
| 2020 Master Bonds | - | 6,709,000 | - | 6,709,000 | 33,000 |
| Acquisition credits | 72,627,030 | - | (6,578,418) | 66,048,612 | 6,909,312 |
| Unamortized bond issue premium | 60,395,068 | (288,782) | (6,858,076) | 53,248,210 | - |
| | 943,832,098 | 6,420,218 | (52,701,494) | 897,550,822 | 41,517,312 |
| Less current portion | (39,448,418) | (41,517,312) | 39,448,418 | (41,517,312) | - |
| Total long-term debt | 904,383,680 | (35,097,094) | (13,253,076) | 856,033,510 | 41,517,312 |
| Total OPEB liability | 312,473 | 59,352 | (10,132) | 361,693 | - |
| Net pension liability – FRS Pension plan | 9,232,885 | 5,587,092 | (2,643,854) | 12,176,123 | - |
| Net pension liability – HIS plan | 3,813,587 | 623,154 | (201,840) | 4,234,901 | - |
| | \$ 917,742,625 | \$ (28,827,496) | \$ (16,108,902) | \$ 872,806,227 | \$ 41,517,312 |

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10. Long-Term Debt and Other Noncurrent Liabilities (continued)

Annual bonds debt service requirements to maturity for all bonds long-term debt as of September 30, 2020, are as follows:

| | Principal | Interest | Total |
|-----------|-----------------------|-----------------------|-------------------------|
| 2021 | \$ 34,608,000 | \$ 34,452,025 | \$ 69,060,025 |
| 2022 | 36,522,000 | 32,642,902 | 69,164,902 |
| 2023 | 39,461,000 | 30,667,852 | 70,128,852 |
| 2024 | 41,509,000 | 28,574,381 | 70,083,381 |
| 2025 | 43,643,000 | 26,370,687 | 70,013,687 |
| 2026–2030 | 241,141,000 | 101,783,427 | 342,924,427 |
| 2031–2035 | 204,215,000 | 48,955,908 | 253,170,908 |
| 2036–2040 | 137,155,000 | 12,371,806 | 149,526,806 |
| | <u>\$ 778,254,000</u> | <u>\$ 315,818,988</u> | <u>\$ 1,094,072,988</u> |

Annual acquisition credits debt service requirements to maturity for all acquisition credits long-term debt as of September 30, 2020, are as follows:

| | Principal | Interest | Total |
|-----------|----------------------|----------------------|----------------------|
| 2021 | \$ 6,909,312 | \$ 3,322,246 | \$ 10,231,557 |
| 2022 | 7,256,851 | 2,974,707 | 10,231,558 |
| 2023 | 7,621,870 | 2,609,687 | 10,231,557 |
| 2024 | 8,005,250 | 2,226,307 | 10,231,557 |
| 2025 | 8,407,915 | 1,823,643 | 10,231,558 |
| 2026–2030 | 27,847,414 | 2,847,259 | 30,694,673 |
| | <u>\$ 66,048,612</u> | <u>\$ 15,803,848</u> | <u>\$ 81,852,460</u> |

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10. Long-Term Debt and Other Noncurrent Liabilities (continued)

Revenues Pledged

The Agency has pledged its net revenues (gross revenues less operating expenses), all as defined by the Master Bond Resolution, to repay its \$778,254,000 outstanding utility system revenue bonds described above. The bonds are payable solely from net revenues and are payable through 2039. Pledged revenues, which are budgeted and collected annually to meet the annual debt service requirements, were \$70,125,860 in 2020. Annual principal and interest payments on the bonds are expected to require less than 50% of annual operating revenues. Bond covenants require the Agency to fund, among other accounts, sinking funds, and debt service reserves with pledged revenue. These funding requirements are described in Note 5.

The covenants also require that the Agency not issue any other obligations payable from the specified pledged revenue nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrances, or other charges having priority to or being on a parity with the lien of the specific bonds except under conditions specified in the resolutions. At September 30, 2020, the Agency complied with all debt covenants.

Defeasance of Debt

In 2016 and prior years, the Agency advance refunded certain bond issues through various refunding bonds. The proceeds of the refunding bonds were used to purchase United States government and agency securities that were placed in an irrevocable trust to fund all future debt service payments on the refunded debt. As a result, the refunded bonds are considered defeased, and the related liability has been removed from the accompanying financial statements.

At September 30, 2020, the principal amount outstanding of the 2010 defeased bonds (refunded in 2016 and in 2020) is \$66,980,000.

Default Remedies

Terms specified in the debt agreements entered into by the Agency include provisions for remedies available to the lender in the even of default. In summary, lenders may protect any and all rights under the Laws of the State of Florida or granted and contained in each Bond Resolution to ultimately seek enforcement of an exercise all remedies available.

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11. Employee Retirement Plan

General Information

In Fiscal Year 2015 the Agency implemented *GASB Statement No.68, Accounting and Financial Report for Pension and amendment of GASB Statement No. 27* which requires cost-sharing employers to record a liability and expenses equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. It also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

Substantially all full-time employees of the Agency are eligible to participate in the State of Florida Retirement System (FRS), a cost-sharing multiple-employer public retirement system that provides a defined benefit pension plan (the Pension Plan) for all state and participating county, district school board, community college, and university employees. The defined benefit plan was established in 1970 by the Florida Legislature. In 2002, the legislature amended the laws creating a new employer-funded, optional defined contribution program, the Public Employee Optional Retirement Program (the Investment Plan). Substantially all full-time employees are eligible to participate in this plan in lieu of the pension plan. Agency employees must have made their plan election prior to March 1, 2004. Subsequent to that date, all plan participants may exercise a one-time option to switch plans. New employees may elect to participate in either plan when eligible. FRS also provides death and disability benefits. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 22B, *Florida Administrative Code*.

All retirement legislation enacting benefit improvements must comply with Article X, Section 14, of the State Constitution and with Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis. The plans are administered by the State of Florida Division of Retirement, Department of Management Services. The FRS publishes an unaudited annual report that provides 10-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. The most recent available report is for the plan year ended June 30, 2020 and is available online at:

https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

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Notes to Financial Statements

September 30, 2020

11. Employee Retirement Plan (continued)

Contributions

The Florida Legislature enacted legislation in 2007 (Chapter 2007-84, *Laws of Florida*) that established uniform employer contribution rates for the FRS membership classes and subclasses and the Deferred Retirement Option Program (DROP). These rates are updated as of July 1 of each year. In 2011, legislation changed the plan making it mandatory for employees in the regular and senior management class to contribute 3% to the plan, while Drop participants are not required to contribute. The Agency is required to contribute to the plans at these actuarially determined rates. Effective July 1, 2019 to June 30, 2020, the plan rates were 8.47%, 25.41%, and 14.60% for the regular class, senior management class, and drop participants, respectively. In 2019, legislation changed the plan rates for the plan year beginning July 1, 2020 to 10.00%, 27.29%, and 16.98% for the regular class, senior management, and drop participants, respectively. These rates include the Health Insurance Subsidy (HIS) contribution percentages mentioned in the HIS section of this note. The Agency's contributions for the fiscal year ended September 30, 2020, were \$1,367,180.

FRS Pension Plan

FRS Benefits Provided

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. Benefits under this plan are computed on the basis of age, average final compensation, and service credit.

For Pension Plan members enrolled before July 1, 2011, and retire at or after age 62 with at least 6 years of credited service or with 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their average final compensation for each year of credited service. Final average compensation is the employee's average of the 5 highest fiscal years of salary earned during credited service. Vested employees may retire before age 62 and receive benefits that are reduced 5% for each year prior to normal retirement age of date. Employees enrolled on or after July 1, 2011, and retire at or after age 65 with at least 8 years of credited service or with 33 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their average final compensation for each year of credited service. Final average compensation is the employee's average of the 8 highest fiscal years of salary earned during credited service. Vested employees may retire before age 65 and receive benefits that are reduced 5% for each year prior to normal retirement age or date.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Tampa Bay Water
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September 30, 2020

11. Employee Retirement Plan (continued)

FRS Pension Plan

In addition to the above benefits, the DROP allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

FRS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the Agency reported a liability of \$12,176,123 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The actuarial valuation was rolled forward to June 30, 2020, using update procedures. The Agency's proportionate share of the net pension liability was based on the Agency's fiscal year 2020 contributions relative to the contributions of all participating members. At June 30, 2020, the Agency's proportionate share was 0.02809%, which was an increase of 0.0012% from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the Agency recognized pension expense of \$2,774,412. In addition, the Agency reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 466,005 | \$ - |
| Change of assumptions | 2,204,266 | - |
| Net difference between projected and actual earnings on Pension Plan investments | 724,975 | - |
| Changes in proportion and differences between Agency Pension Plan contributions and proportionate share of contributions | 554,831 | 23,245 |
| Agency Pension Plan contributions subsequent to the measurement date | 311,748 | - |
| Total | \$ 4,261,825 | \$ 23,245 |

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Notes to Financial Statements

September 30, 2020

11. Employee Retirement Plan (continued)

FRS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The deferred outflows of resources related to the Pension Plan, totaling \$311,748 resulting from Agency contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in the pension expense as follows:

| | |
|----------------------------------|-------------------------|
| Fiscal year ending September 30: | |
| 2021 | \$ 809,225 |
| 2022 | 1,260,320 |
| 2023 | 1,071,267 |
| 2024 | 640,408 |
| 2025 | <u>145,612</u> |
| Total | <u><u>3,926,832</u></u> |

FRS Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation rate | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 6.80%, net of pension plan investment expense, including inflation |

Mortality rates were based on the PUB-2010 base table projected generational with Scale MP-2018.

The actuarial assumptions completed in 2019, valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on the Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

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September 30, 2020

11. Employee Retirement Plan (continued)

FRS Actuarial Assumptions (continued)

| | Target Allocation⁽¹⁾ | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|--|---|---|-------------------------------|
| Cash | 1.0% | 2.2% | 2.2% | 1.2% |
| Fixed income | 19.0 | 3.0 | 2.9 | 3.5 |
| Global equity | 54.2 | 8.0 | 6.7 | 17.1 |
| Real estate (property) | 10.3 | 6.4 | 5.8 | 11.7 |
| Private equity | 11.1 | 10.8 | 8.1 | 25.7 |
| Strategic investments | 4.4 | 5.5 | 5.3 | 6.9 |
| Total | 100.0% | | | |
| Assumed inflation – mean | | | 2.6 | 1.7 |

⁽¹⁾ As outlined in the Pension Plan’s investment policy.

FRS Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

FRS Sensitivity of Agency’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Agency’s proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Agency’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

| | 1% Decrease 5.80% | Current Discount Rate 6.80% | 1% Increase 7.80% |
|----|------------------------------|--|------------------------------|
| \$ | 19,443,222 | \$ 12,176,123 | \$ 6,106,610 |

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September 30, 2020

11. Employee Retirement Plan (continued)

FRS Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered System Comprehensive Annual Financial Report.

This report may be obtained by writing to the Division of Retirement, Research Education and Policy Section, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (850) 488-5706, or by accessing its internet site at http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Payables to the FRS Pension Plan

At September 30, 2020, the Agency reported a payable in the amount of \$268,986 for outstanding contributions to the Pension Plan.

Health Insurance Subsidy (HIS) Program

HIS General Information

The HIS program is a cost-sharing multiple-employer defined benefit pension plan established under *Florida Statutes*, Section 112.363, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

HIS Benefits Provided

For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

HIS Contributions

The HIS program is funded by retirement contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Effective July 1, 2019 and 2020, the rates were 1.66% for both years. The Agency contributed 100% of its statutorily required contributions for the current and preceding three years. HIS program contributions are deposited into a separate trust fund from which payments are authorized. HIS program benefits are not guaranteed and are subject to annual legislative appropriation. In the event, legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Agency's contributions to the HIS plan totaled \$202,538 for the fiscal year ended September 30, 2020.

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Notes to Financial Statements

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11. Employee Retirement Plan (continued)

Health Insurance Subsidy (HIS) Program (continued)

HIS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the Agency reported a liability of \$4,234,901 for its proportionate share of the HIS program's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 and update procedures were used to determine liabilities as of June 30, 2020. The Agency's proportionate share of the net pension liability was based on the Agency's fiscal year contributions relative to the fiscal year contributions of all participating members. At June 30, 2020, the Agency's proportionate share was 0.0347%, which was an increase of 0.0006% from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the Agency recognized pension expense of \$441,477. In addition, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 173,233 | \$ 3,267 |
| Change of assumptions | 455,372 | 246,241 |
| Net difference between projected and actual earnings on HIS program investments | 3,383 | - |
| Changes in proportion and differences between Agency HIS program contributions and proportionate share of contributions | 242,859 | - |
| Agency HIS program contributions subsequent to the measurement date | 54,701 | - |
| Total | <u>\$ 929,548</u> | <u>\$ 249,508</u> |

Tampa Bay Water
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Notes to Financial Statements

September 30, 2020

11. Employee Retirement Plan (continued)

Health Insurance Subsidy (HIS) Program (continued)

The deferred outflows of resources related to the HIS program, totaling \$54,701 resulting from Agency contributions to the HIS program subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan will be recognized in pension expense as follows:

Fiscal year ending September 30:

| | |
|------------|-----------------------|
| 2021 | \$ 173,067 |
| 2022 | 128,377 |
| 2023 | 35,079 |
| 2024 | 81,457 |
| 2025 | 110,919 |
| Thereafter | <u>96,440</u> |
| Total | <u><u>625,339</u></u> |

HIS Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------|-------------------------------------|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Municipal rate | 2.21% |

Mortality rates were changed from Generational RP-2000 with Projected Scale BB tables to PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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Notes to Financial Statements

September 30, 2020

11. Employee Retirement Plan (continued)

Health Insurance Subsidy (HIS) Program (continued)

HIS Discount Rate

The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

HIS Sensitivity of the Agency's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

| | 1% Decrease 1.21% | Current Discount Rate 2.21% | 1% Increase 3.21% |
|---|----------------------|-----------------------------------|----------------------|
| Agency's proportionate share of the net pension liability | \$ 4,895,357 | \$ 4,234,901 | \$ 3,694,319 |

HIS Fiduciary Net Position

Detailed information regarding the HIS program's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered System Comprehensive Annual Financial Report.

This report may be obtained by writing to the Division of Retirement, Research Education and Policy Section, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (850) 488-5706, or by accessing its internet site at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

Payables to the HIS Program

At September 30, 2020, the Agency reported a payable in the amount of \$36,293 for outstanding contributions to the HIS program.

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Notes to Financial Statements

September 30, 2020

11. Employee Retirement Plan (continued)

The aggregate amount of net position liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the Agency's defined benefit pension plans are summarized below:

| | FRS Pension | | |
|---|--------------------|--------------------|---------------|
| | Plan | HIS Program | Total |
| Net pension liability | \$ 12,176,123 | \$ 4,234,901 | \$ 16,411,024 |
| Deferred outflows of resources related to pension | 4,261,825 | 929,548 | 5,191,373 |
| Deferred inflows of resources related to pension | 23,245 | 249,508 | 272,753 |
| Pension expense | 2,774,412 | 441,477 | 3,215,889 |

Investment Plan

The State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the FRS defined benefit plan. Agency employees participating in DROP are not eligible to participate in the FRS Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the FRS Investment Plan are established and may be amended by the Florida Legislature. The FRS Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (regular class, senior management) as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the FRS Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during fiscal year 2020, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: regular class 6.30% and senior management service class 7.67%.

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11. Employee Retirement Plan (continued)

Investment Plan (continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Agency.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

12. Other Post-Employment Health Care Benefits

The Agency implemented GASB Statement No. 75 in fiscal year 2018 to account for certain post-employment health care benefits provided by the Agency. GASB Statement No. 75 replaced GASB Statement No. 45

Plan Description

The Post-Employment Health Care Benefits Plan is a single-employer defined benefit plan administered by the Agency. Pursuant to the provisions of Section 112.0801, *Florida Statutes*, former employees who retire from the Agency and their eligible dependents may continue to participate in the Agency's fully insured health and hospitalization plan for medical and prescription drug coverage. The Agency subsidizes the premium rates paid by retirees by allowing them to participate in the plans at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

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12. Other Post-Employment Health Care Benefits (continued)

Funding Policy

For the Post-Employment Health Care Benefits Plan, contribution requirements of the Agency are established and may be amended through recommendations of the Chief Financial Officer and action from the Board of Directors. The Agency has not advanced-funded or established a funding methodology for the annual OPEB costs or the total OPEB liability. As of the last required actuarial evaluation, October 1, 2019, there were one retiree and zero eligible dependents receiving post-employment health care benefits. The plan is funded on "pay as you go" basis. For the year ended September 30, 2020, \$10,132 was contributed for pay as you go benefits of the Plan.

Plan Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of October 1, 2019

| | |
|----------------------------|-----|
| Active employees | 146 |
| Retiree receiving benefits | 1 |
| Total | 147 |

Total OPEB Liability

The Agency changes in the total OPEB liability by source for the fiscal year ended September 30, 2020.

| | |
|--|------------|
| Beginning Total OPEB Liability on September 30, 2019 | \$ 312,473 |
| Service Cost | 24,117 |
| Interest | 12,432 |
| Difference between expected and actual experience | 2,390 |
| Changes of assumptions or other input | 20,413 |
| Benefit Payments | (10,132) |
| Total OPEB Liability on September 30, 2020 | \$ 361,693 |

The required schedule of changes in the Agency's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets are increasing or decreasing over time relative to the total OPEB liability.

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Notes to Financial Statements

September 30, 2020

12. Other Post-Employment Health Care Benefits (continued)

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of October 1, 2017, with update procedures performed by the actuary to roll forward the total OPEB liability to the measurement date of September 30, 2020. The following actuarial assumptions apply to all periods included in the measurement:

| | |
|-------------------------------|--|
| Discount Rate | 2.75% |
| Overall Payroll Growth | 3.50% |
| Inflation rate | 2.60% |
| Actuarial cost method | Entry Age normal, level percent of salary |
| Initial healthcare cost rate | 6.80% October 1, 2019 valuation |
| Ultimate healthcare cost rate | Rate range from 6.80% to 5.90% in fiscal year 2029 |

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table, projected with scale BB.

Discount rate. The discount rate used to measure the total OPEB liability was 2.75% as of the measurement date of September 30, 2020. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher - which was 2.75% as determined by the application GO Index Rate as of September 30, 2020.

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost rate trend. The following presents the total OPEB liability of the Authority, calculated using the discount rate, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate or healthcare cost rate that is one percentage point lower or one percentage point higher than the current rate.

The following table represents the sensitivity analysis discussed above as of October 1, 2019

:

| | 1% Decrease | Current Discount Rate (2.75%) | 1% Increase |
|--|----------------|--|----------------|
| 1% Decrease - Healthcare cost rate trend (5.80%) | \$ - | \$ 320,153 | \$ - |
| Agency Total OPEB Liability | 382,158 | 361,693 | 341,268 |
| 1% Increase - Healthcare cost rate trend (7.80%) | - | 410,579 | - |

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September 30, 2020

13. Risk Management

The Agency is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency has transferred the risk to outside parties through the purchase of various types of insurance coverage. The Agency purchases the following insurance coverage through Risk Management Associates and Public Risk Insurance Agency/Brown and Brown, Inc., from various carriers: property insurance, inland marine, boiler and machinery insurance, commercial general liability, business auto liability and physical damage, marine hull coverage, employment practice liability, public official liability, government crime coverage, and environmental impairment liability coverage relative to the operation of the desalination plant. The Agency obtained its workers' compensation from Preferred Government Insurance Trust, a pool open to state and local governments. In addition, the Agency purchases storage tank insurance through Commerce & Industry Insurance Company. There have been no significant reductions in insurance coverage from the prior year. Except as discussed in Note 15, no settlements have exceeded insurance coverage over the past three years.

14. Commitments and Contingencies

Litigation

The Agency is a party to various lawsuits, claims, and legal actions arising in the ordinary course of business. These actions relate primarily to eminent domain, construction claims, disputes, and personnel matters. Except as discussed in Note 15, any losses that may be incurred in connection with these matters are deemed by management to not be material to the Agency's financial statements.

In fiscal year, 2020, Tampa Bay Water was a party to the following lawsuit: **Big Cat Rescue Corp. v. Tampa Bay Water** et al, Case No. 2016-8904, Hillsborough County Circuit Court, Civil Division. This is a complaint for statutory way of necessity across property in which Tampa Bay Water has an easement for pipelines and appurtenant facilities across property. Other defendants include the property owner and other parties with an interest in the property. Tampa Bay Water had no objection to the request provided its easement rights and its facilities were not compromised. The plaintiffs voluntarily dismissed the lawsuit in July 2020 without prejudice to file the lawsuit again at a later date.

In fiscal year, 2020, Tampa Bay Water was a party to the following lawsuit: **Ruben Bazarte, Jr. v. Hillsborough County and Tampa Bay Water** et al, Case No. 2018-275, Hillsborough County Circuit Court, Civil Division. This is a complaint for damages based on allegations that plaintiff's drinking water was contaminated with reclaimed water and wastewater. The amended complaint includes counts against Tampa Bay Water for negligence, violating the Safe Drinking Water Act, product liability, and breach of warranty. Tampa Bay Water denies responsibility for the claims and will vigorously defend this case. Tampa Bay Water's insurer is providing Tampa Bay Water's defense in this case. Discovery is ongoing but has been moving very slowly.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

14. Commitments and Contingencies (continued)

Litigation (continued)

In fiscal year, 2020, Tampa Bay Water filed suit against several manufacturer and sellers of polyfluoroalkyl substances or “PFAS” chemicals based on the good-faith belief that the defendants have discharged PFAS into, or are otherwise responsible for PFAS being released into, the waters and environment that serve as the supply sources for Tampa Bay Water’s water supply system. The lawsuit is styled **Tampa Bay Water v. E.I. Dupont de Nemours and Company**, et al., Case No. 2:20-cv-1867 RMG, United States District Court for the District of South Carolina, Charleston Division. The complaint includes counts for strict liability, failure to warn, design defect, negligence, private nuisance, public nuisance, and fraudulent conveyance. The case is in the early stages and discovery is ongoing.

Grant Funds

The Agency is subject to audit examination by funding agencies to determine compliance with grant conditions. In the event that expense would be disallowed, repayment could be required.

Operating Leases

The Agency leases land for the Seawater Desalination Plant under a noncancelable operating lease and easement agreement expiring December 31, 2032. The lease may be extended for up to two consecutive additional periods of 30 years each. Rental expense on this lease was \$45,668 in 2020. Real estate taxes of \$135,180. were also paid in 2020. The basic rent is adjusted yearly by applying the consumer price index for all urban consumers to the prior year basic rent.

The aggregate future minimum operating lease payments for the fiscal year ended September 30, 2020, are as follows:

| | Desalination Plant Land Lease |
|-----------|--|
| 2021 | \$ 46,283 |
| 2022 | 46,839 |
| 2023 | 47,401 |
| 2024 | 47,969 |
| 2025 | 48,545 |
| 2026-2030 | 251,604 |
| 2031-2033 | 113,732 |
| | <u>\$ 602,373</u> |

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

14. Commitments and Contingencies (continued)

Operations and Maintenance Agreements

Desalination Plant

The 20-year Operation, Maintenance, and Management (OM&M) Services Agreement for operation of the desalination plant with American Water-Pridesa, LLC, approved by the Board of Directors in 2004, went into effect as of November 8, 2007. Under this agreement, American Water-Pridesa, LLC operates and maintains the plant, and the Agency will pay a service fee consisting of a base OM&M charge, certain pass-through charges, maintenance reserve fund charges, and various fee adjustments. The base OM&M charge will be adjusted at the beginning of each contract year based on certain labor and plant cost indexes. The contract can be terminated for convenience with 90 days' notice and payment for all services performed, reimbursable expenses due, a termination fee of \$1 million gradually declining to zero after 15 years and demobilization fee of \$50,000. Total operating fees under this contract was \$6,299,377 for 2020. In the agreement it states that American Water-Pridesa, LLC will maintain a reserve fund for the benefit of Tampa Bay Water, which will support the cost of making major equipment renewals and replacements to the Facility, in accordance with the repair and replacement plan required by Section 3.6 of the agreement with funds added to the reserve fund each month pursuant to the amount included in the Base O&M charge for Major Equipment Renewal and Replacement Reserve Fee (MERR). The balance in the MERR fund was \$800,861 for the fiscal year ended September 30, 2020. In the agreement it states that American Water-Pridesa, LLC will maintain a reserve fund for the benefit of Tampa Bay Water, which will support the cost of replacing the reverse osmosis system membranes in the Facility during the term of the agreement in accordance with the Manual and the Reverse Osmosis System Membrane Replacement (ROSMR) Schedule. Funds added to the ROSMR Reserve fund are added on a monthly basis. The balance in the ROSM Reserve fund was \$1,828,948 for the fiscal year ended September 30, 2020.

Tampa Bay Water
(A Regional Water Supply Authority)

Notes to Financial Statements

September 30, 2020

14. Commitments and Contingencies (continued)

Operations and Maintenance Agreements (continued)

Surface Water Treatment Plant

The Agency is a party to an Operations and Maintenance (O&M) Agreement with Veolia Water North America for the operation of its Surface Water Treatment Plant. The agreement, which became effective in 2004, provides for the payment by the Agency of a service fee that includes a base O&M charge that is payable regardless of plant production levels and several variable and pass-through cost components. The base O&M charge and certain other cost components increase yearly based on an index directly related to the expense. The agreement is fully cancelable with 90 days' notice, payment of all accrued service fees, and any demobilization costs. Expense under this agreement was \$6,299,377 for the fiscal year ended September 30, 2020. In the agreement it states that Veolia Water North America will maintain a reserve fund for the benefit of Tampa Bay Water, which will support the cost of making major equipment renewals and replacements to the Facility, in accordance with the repair and replacement plan required by Section 6.6.2 of the agreement, with funds added to the reserve fund each month pursuant to the amount included in the Base O&M charge for Major Equipment Renewal and Replacement Reserve Fee (MERR). The balance in the MERR fund was \$2,221,169 for the fiscal year ended September 30, 2020. In the agreement it states that Veolia Water North America will maintain a reserve fund for the benefit of Tampa Bay Water, which will support the cost of replacement of one third of all granular activated carbon in the filters in the facility, in accordance with the granular activated carbon replacement requirements identified in Schedule 24 of the agreement, with funds added to the reserve fund each month pursuant to the amount included in the Base O&M charge for the Granular Activated Carbon (GAC) Reserve Fee. The balance in the GAC fund was \$3,288,850 for the fiscal year ended September 30, 2020.

Keller Hydrogen Sulfide Treatment Facility

The Agency is also a party to a facility maintenance agreement with Veolia Water North America for the maintenance of the Keller Hydrogen Sulfide Treatment Facility. The agreement provides for payment by the Agency of a service fee and is fully cancelable with a pro rata settlement of the annual service fee for work performed prior to termination of the Agreement. Expense under this agreement was \$217,614 for the fiscal year ended September 30, 2020.

15. Litigation Settlements and Insurance Recoveries

In fiscal year 2020, the Agency received a total of \$19,851 from insurance recoveries due to minor vehicle accident claims.

16. Subsequent Events

At the end of FY20 management is not aware of any events that could have a significant impact on the financial situation of the Agency.

Required Supplementary Information – Pension

Tampa Bay Water (A Regional Water Supply Authority)
 Schedule of Agency Proportionate Share of Net Pension Liability –
 Florida Retirement System

| | September 30 | | | | | |
|--|----------------------|---------------|---------------|---------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Agency's proportion of the net pension liability | 0.02809% | 0.02681% | 0.02669% | 0.02516% | 0.02342% | 0.02418% |
| Agency's proportionate share of the net pension liability | \$ 12,176,123 | \$ 9,232,885 | \$ 8,035,499 | \$ 7,442,181 | \$ 5,913,769 | \$ 3,122,547 |
| Agency's covered payroll | \$ 11,556,592 | \$ 11,129,829 | \$ 10,703,843 | \$ 10,340,447 | \$ 9,400,899 | \$ 8,689,420 |
| Agency's proportionate share of the net pension liability as a percentage of its covered payroll | 105.36% | 82.00% | 75.00% | 71.00% | 62.00% | 35.94% |
| Plan fiduciary net position as a percentage of the total pension liability | 78.85% | 82.61% | 83.89% | 83.89% | 84.88% | 92.00% |

The Agency implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of October 1, 2015; accordingly, only six years of data are available. The amounts above are determined as of September 30 of the previous fiscal year.

Tampa Bay Water (A Regional Water Supply Authority)
 Schedule of Agency Contributions – Florida Retirement System

Last 10 Fiscal Years⁽¹⁾

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 1,367,180 | \$ 1,117,522 | \$ 1,026,036 | \$ 949,710 | \$ 846,235 | \$ 746,403 | \$ 693,019 | \$ 600,064 | \$ 431,552 | \$ 414,912 |
| Contributions in relation to the contractually required contribution | (1,367,180) | (1,117,522) | (1,026,036) | (949,710) | (846,235) | (746,403) | (693,019) | (600,064) | (431,552) | (414,912) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Agency covered payroll | \$ 12,201,112 | \$ 11,556,592 | \$ 11,129,829 | \$ 10,703,843 | \$ 10,340,447 | \$ 9,400,899 | \$ 8,689,420 | \$ 8,036,748 | \$ 8,256,214 | \$ 8,397,534 |
| Contributions as a percentage of covered payroll | 11.21% | 9.67% | 9.22% | 8.87% | 8.18% | 7.94% | 7.98% | 7.47% | 5.23% | 4.94% |

⁽¹⁾ Amounts presented for each fiscal year were determined as of September 30.

Tampa Bay Water (A Regional Water Supply Authority)

Schedule of Agency Proportionate Share of Net Pension Liability –
Health Insurance Subsidy Program

| | September 30 | | | | | |
|--|---------------------|---------------|---------------|---------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Agency's proportion of the net pension liability | 0.03468% | 0.03408% | 0.03394% | 0.03301% | 0.03163% | 0.03044% |
| Agency's proportionate share of the net pension liability | \$ 4,234,901 | \$ 3,813,587 | \$ 3,592,426 | \$ 3,529,306 | \$ 3,686,822 | \$ 3,104,772 |
| Agency's covered payroll | \$11,556,592 | \$ 11,129,829 | \$ 10,703,843 | \$ 10,340,447 | \$ 9,400,899 | \$ 8,689,420 |
| Agency's proportionate share of the net pension liability as a percentage of its covered payroll | 36.64% | 34.00% | 33.00% | 34.00% | 39.22% | 35.73% |
| Plan fiduciary net position as a percentage of the total pension liability | 3.00% | 1.64% | 1.64% | 1.64% | 0.97% | 0.50% |

The Agency implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of October 1, 2015; accordingly, only six years of data are available. The amounts above are determined as of September 30 of the previous fiscal year.

Tampa Bay Water (A Regional Water Supply Authority)
 Schedule of Agency Contributions – Health Insurance Subsidy Program

Last 10 Fiscal Years⁽¹⁾

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 202,538 | \$ 191,839 | \$ 184,755 | \$ 177,684 | \$ 171,651 | \$ 156,055 | \$ 109,487 | \$ 96,441 | \$ 91,644 | \$ 93,213 |
| Contributions in relation to the contractually required contribution | (202,538) | (191,839) | (184,755) | (177,684) | (171,651) | (156,055) | (109,487) | (96,441) | (91,644) | (93,213) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Agency covered payroll | \$ 12,201,112 | \$ 11,556,592 | \$ 11,129,829 | \$ 10,703,843 | \$ 10,340,447 | \$ 9,400,899 | \$ 8,689,420 | \$ 8,036,748 | \$ 8,256,214 | \$ 8,397,534 |
| Contributions as a percentage of covered payroll | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.26% | 1.20% | 1.11% | 1.11% |

⁽¹⁾ Amounts presented for each fiscal year were determined as of September 30.

Tampa Bay Water (A Regional Water Supply Authority)
Notes to Required Supplementary Information – Pension
September 30, 2020

Changes of Benefit Terms

There were no changes in benefits over the periods presented.

Changes of Assumptions

As of June 30, 2020 the inflation rate assumption decreased from 2.6% as of June 30, 2019 to 2.4% as of June 30, 2020, the real growth assumption was 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return decreased from 6.90% as of June 30, 2019 to 6.80% as of June 30, 2020 for FRS. The municipal rate used to determine total pension liability decreased from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020 for the Health Insurance Subsidy Pension Plan.

Required Supplementary Information
Other Post-Employment Benefits

Tampa Bay Water (A Regional Water Supply Authority)

Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios

Last 10 Fiscal Years ⁽¹⁾

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|-------------------|
| Service cost | \$ 24,117 | \$ 23,301 | \$ 23,301 |
| Interest on total OPEB liability | 12,432 | 11,111 | 10,376 |
| Differences between expected and actual experience | 2,390 | - | - |
| Changes of assumptions or other input | 20,413 | - | - |
| Benefit payments | (10,132) | (13,143) | (15,051) |
| Net change in OPEB liability | <u>\$ 49,220</u> | <u>\$ 21,269</u> | <u>\$ 18,626</u> |
| Total OPEB liability - beginning | <u>\$ 312,473</u> | <u>\$ 291,204</u> | <u>\$ 272,578</u> |
| Total OPEB liability - ending | \$ 361,693 | \$ 312,473 | \$ 291,204 |
| Covered-employee payroll | \$ 12,749,250 | \$ 12,523,808 | \$ 12,100,298 |
| Total OPEB liability as a percentage of covered-employee payroll | 2.84% | 2.50% | 2.41% |

⁽¹⁾ Amounts presented for each fiscal year were determined as of September 30. The schedule will present 10 years of information once it is accumulated.



OTHER SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule Fiscal Year 2019 (Unaudited)

Tampa Bay Water
(A Regional Water Supply Authority)

Budgetary Comparison Schedule

For the Fiscal Year Ended September 30, 2020

| | Approved Budget 2020 | Final Budget ⁽¹⁾ 2020 | Actual Amounts 2020 | Variance with Final Budget Positive (Negative) |
|---|----------------------------|--|---------------------------|--|
| Enterprise Funds | | | | |
| Source of Funds | | | | |
| Water Sales | \$ 169,332,978 | \$ 169,332,978 | \$ 169,802,314 | \$ 469,336 |
| Additional Credits/Surcharges | 42,000 | 42,000 | 65,547 | 23,547 |
| TBC - Sale of Water | 392,000 | 392,000 | 436,067 | 44,067 |
| Interest Income | 1,893,889 | 1,893,889 | 3,738,379 | 1,844,490 |
| Litigation & Insurance Recoveries | - | - | 19,851 | 19,851 |
| Miscellaneous Income | - | - | 492,126 | 492,126 |
| Grant SWFWMD | - | - | 766,024 | 766,024 |
| Subtotal | 171,660,867 | 171,660,867 | 175,320,308 | 3,659,441 |
| Transfers In from Rate Stabilization Account | 1,600,000 | 11,558,475 | 11,468,475 | (90,000) |
| Est. Unencumbered Funds from Prior Year | 4,168,060 | 4,168,060 | 4,168,060 | - |
| Transfer In from Capital Improvement | - | - | 1,752,408 | 1,752,408 |
| Transfer in from Renewal & Replacement | 6,607,280 | 6,607,280 | 2,593,876 | (4,013,403) |
| Total Sources | <u>\$ 184,036,207</u> | <u>\$ 193,994,682</u> | <u>\$ 195,303,127</u> | <u>\$ 1,308,445</u> |
| Use of Funds | | | | |
| Personnel Services | \$ 19,264,485 | \$ 19,264,485 | \$ 19,838,623 | \$ (574,138) |
| Materials & Supplies | 2,490,060 | 2,511,812 | 2,036,317 | 475,495 |
| Professional Services | 29,990,768 | 37,748,834 | 26,255,666 | 11,493,168 |
| Repairs & Other Services | 5,806,396 | 6,851,638 | 5,764,261 | 1,087,377 |
| Rent & Insurance | 2,168,358 | 2,221,219 | 1,956,275 | 264,944 |
| Legal Services | 545,000 | 598,136 | 301,613 | 296,523 |
| Capital Expense | 1,536,805 | 2,470,236 | 1,704,790 | 765,446 |
| Total Debt Service-Bonds | 70,133,315 | 70,133,315 | 70,354,915 | (221,600) |
| Acquisition Credit to Member Governments | 10,231,558 | 10,231,558 | 10,231,558 | - |
| Water Quality Credit to Members | 48,000 | 48,000 | 48,000 | - |
| Misc./Other-R&R Projects | 6,607,280 | 6,607,280 | 4,598,202 | 2,009,078 |
| Water Treatment Chemicals - Variable Cost | 12,606,616 | 12,700,603 | 9,935,947 | 2,764,655 |
| Power / Electricity - Variable Cost | 13,548,122 | 13,548,122 | 11,364,291 | 2,183,831 |
| Water for Resale - Variable Cost | 502,800 | 502,800 | 708,172 | (205,372) |
| Subtotal | 175,479,563 | 185,438,038 | 165,098,630 | 20,339,408 |
| Transfer Out to Energy Fund | - | - | 338,228 | (338,228) |
| Transfer Out to Capital Improvement Fund | 2,343,772 | 2,343,772 | 7,427,045 | (5,083,273) |
| Transfer Out to R&R Fund | 4,500,000 | 4,500,000 | 4,988,288 | (488,288) |
| Transfer Out to Operating Reserve | 112,872 | 112,872 | - | 112,872 |
| Transfer Out to Rate Stabilization Account | - | - | 17,374,383 | (17,374,383) |
| Transfer Out to Member Contribution-City of Tampa | 1,600,000 | 1,600,000 | - | 1,600,000 |
| Transfer Out to Utility Reserve | - | - | 76,552 | (76,552) |
| Total Uses | <u>\$ 184,036,207</u> | <u>\$ 193,994,682</u> | <u>\$ 195,303,127</u> | <u>\$ (1,308,445)</u> |

Notes :

⁽¹⁾ Revised budget includes prior year purchase orders carried forward and all approved budget transfers.

Tampa Bay Water's Adopted Budget

In June 2019, The Board of Directors (Board) adopted a \$184.0 million budget for Fiscal Year 2020. The budget was adopted in accordance with Section 2.08 of the Amended and Restated Interlocal Agreement. The 2020 budget adheres to the budget policies and budgetary controls adopted by the Board for the Fiscal Year starting October 1, 2019 and ending September 30, 2020.

Budget Basis

The basis for developing and adopting the annual budget for Tampa Bay Water is established by the Amended and Restated Interlocal Agreement. This requires that the budget be prepared primarily on an accrual basis, which is similar to the Agency's annual financial statements. Notable differences between the budget basis and the GAAP basis used for financial reporting are as follows:

- Principal payments on long-term debt are treated as current expense for the budget basis, as opposed to being recorded as a reduction of outstanding liabilities for the GAAP basis.
- Capital expense funded from the rate are treated as current expense under the budget basis, but are treated as acquisition of capital assets under the GAAP basis.
- Capital expense funded from debt proceeds are not reflected under the budget basis and are capital asset acquisitions under the GAAP basis.
- The budget basis includes only that interest income which is available for use for budgetary purposes. The GAAP basis reflects all interest income, including that restricted as to purpose, and as adjusted for interest income which is offset against interest costs allocated to construction projects in accordance with GAAP.
- The budget basis includes only interest expense that is to be paid from the rate and budgeted revenue sources. Interest expense under the GAAP basis may also include interest costs being paid from bond proceeds (capitalized interest) and will exclude any interest costs that are treated as a cost of assets in the construction phase.
- The budget basis also reflects transfers to and from various reserves, which are not revenue and expense under the GAAP basis.

Budget Process

Section 2.08. Article II, *Creation and Governance*, of the Amended and Restated Interlocal Agreement establishes the procedures and requirements for the development of an annual budget for Tampa Bay Water. The requirements are as follows:

- Prior to July 1 of each year, the General Manager shall prepare and deliver to the Board a balanced tentative budget for Tampa Bay Water covering its proposed operating and other financial requirements for the ensuing fiscal year. The tentative budget shall identify:
 - o The rate at which Quality Water will be sold to Member Governments during such fiscal year;
 - and

Budget Process

- o The rate to be charged to the City of Tampa for water provided through the Tampa Bypass Canal pumping facility during such fiscal year.
- The Board shall publish a notice of its intention to adopt the budget and shall provide copies of the notice and tentative budget to each Member Government on or before the first publication date. The notice shall include a summary of the tentative budget; specify the rates at which Quality Water will be sold to the Member Governments; and identify the time, date, and place at which the public may appear before the Board and state their objections to or support of the budget and rates. The notice shall be published once a week for two consecutive weeks within thirty (30) days of the public hearing, in any newspaper qualified to accept legal advertisements in each county in the jurisdiction of Tampa Bay Water, the last insertion of which shall appear not less than one week prior to the date set by the Board for the hearing on the proposed budget and rates.
- At the time, date and place specified in the notice, the Board shall conduct a public hearing and thereafter may consider adoption of the budget and rates with any amendments it deems advisable. Unless otherwise authorized by the Board, the final budget and rates shall be adopted by August 1.
- The adopted budget shall be the operating and fiscal guide for Tampa Bay Water for the ensuing fiscal year. The Board may amend the budget at any regular or special meeting; provided however, that prior to approving any budget amendment that increases the total budget for any fiscal year (other than a budget amendment appropriating grant funds or the proceeds of debt obligations), the Board shall provide notice and conduct an additional public hearing in the manner described above.

Budget Amendments

Agency policy allows the transfer of budget between sub-categories within a single budgetary category (e.g. within Professional Services from Hydrological Services to Ecological Services) with the approval of the General Manager. Transfers of budget between major categories (e.g. from Professional Services to Materials & Supplies or to Repairs & Other Services) must be submitted to the Agency's board for approval regardless of dollar amount. Any increase to the total budget also requires Board approval and a public hearing.

Monthly Financial Reporting

In accordance with best financial management practices, The Finance Department provides monthly financial reports to the Board. The monthly reports provide the Board with a clear comparison of actual expenses to budgeted amounts as well as a means of monitoring water production for each member government and revenues received from water sales.

Operating Division/Departments

| Operating Divisions / Departments | Approved 2020 Budget | Transfers & Adjustments | Final 2020 Budget | 2020 Actuals | Variance with Final Budget and Actuals | Encumbrance/ Carry Forward for Use in FY21 |
|--------------------------------------|-------------------------|----------------------------|-----------------------|-----------------------|--|--|
| | | | | | Positive (Negative) | |
| Water Production Division | \$ 57,762,065 | \$ 4,355,329 | \$ 62,117,394 | \$ 60,469,237 | \$ 1,648,157 | \$ 5,139,968 |
| Human Resources Department | 4,967,967 | (4,244,047) | 723,920 | 495,106 | 228,814 | 115,862 |
| Finance & Administration Division | 9,343,412 | 1,525,682 | 10,869,094 | 9,825,894 | 1,043,200 | 1,489,067 |
| Science & Technical Division | 14,302,584 | 8,072,154 | 22,374,738 | 16,444,920 | 5,929,818 | 6,171,372 |
| Public Affairs Division | 1,129,835 | 188,871 | 1,318,706 | 1,102,207 | 216,499 | 71,907 |
| Office of General Manager | 451,047 | 7,350 | 458,397 | 471,382 | (12,985) | - |
| General Counsel | 550,500 | 53,136 | 603,636 | 301,613 | 302,023 | 152,887 |
| Debt-Bonds & Acquisition Credits | 80,364,873 | - | 80,364,873 | 80,586,473 | (221,600) | - |
| Net Funds Transfers In/Out | 15,163,924 | - | 15,163,924 | 25,606,295 | (10,442,371) | 4,233,325 |
| | <u>\$ 184,036,207</u> | <u>\$ 9,958,475</u> | <u>\$ 193,994,682</u> | <u>\$ 195,303,127</u> | <u>\$ (1,308,445)</u> | <u>\$ 17,374,388</u> |



III. STATISTICAL SECTION

- **Financial Trends (Tables 1-7)**

These tables and charts contain trend information to help the reader understand how Tampa Bay Water's performance has changed over time.

- **Revenue Capacity (Tables 8-10)**

These tables and charts contain information to help the readers assess Tampa Bay Water's most significant revenue sources.

- **Debt Capacity (Tables 11-12)**

These tables and charts present information to help the reader assess the ability of Tampa Bay Water to pay debt service on outstanding debt.

- **General Information (Tables 13-15)**

These tables and charts contain service and infrastructure data to help the reader understand how information in its financial report relates to Tampa Bay Water provided services and activities.

- **Demographic and Economic Information (Tables 16-17)**

These tables offer demographic and economic indicators to help the reader understand the environment in which Tampa Bay Water's financial activities take place.

The statistical Section of Comprehensive Annual Financial Report for Tampa Bay Water is intended to provide financial statement users with additional historical perspective, context, and detail to assist in using information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the agencies economic condition.

The Statistical Section is unaudited.

Tampa Bay Water (A Regional Water Supply Authority)

TABLE 1, Net Position - Last 10 Fiscal Years

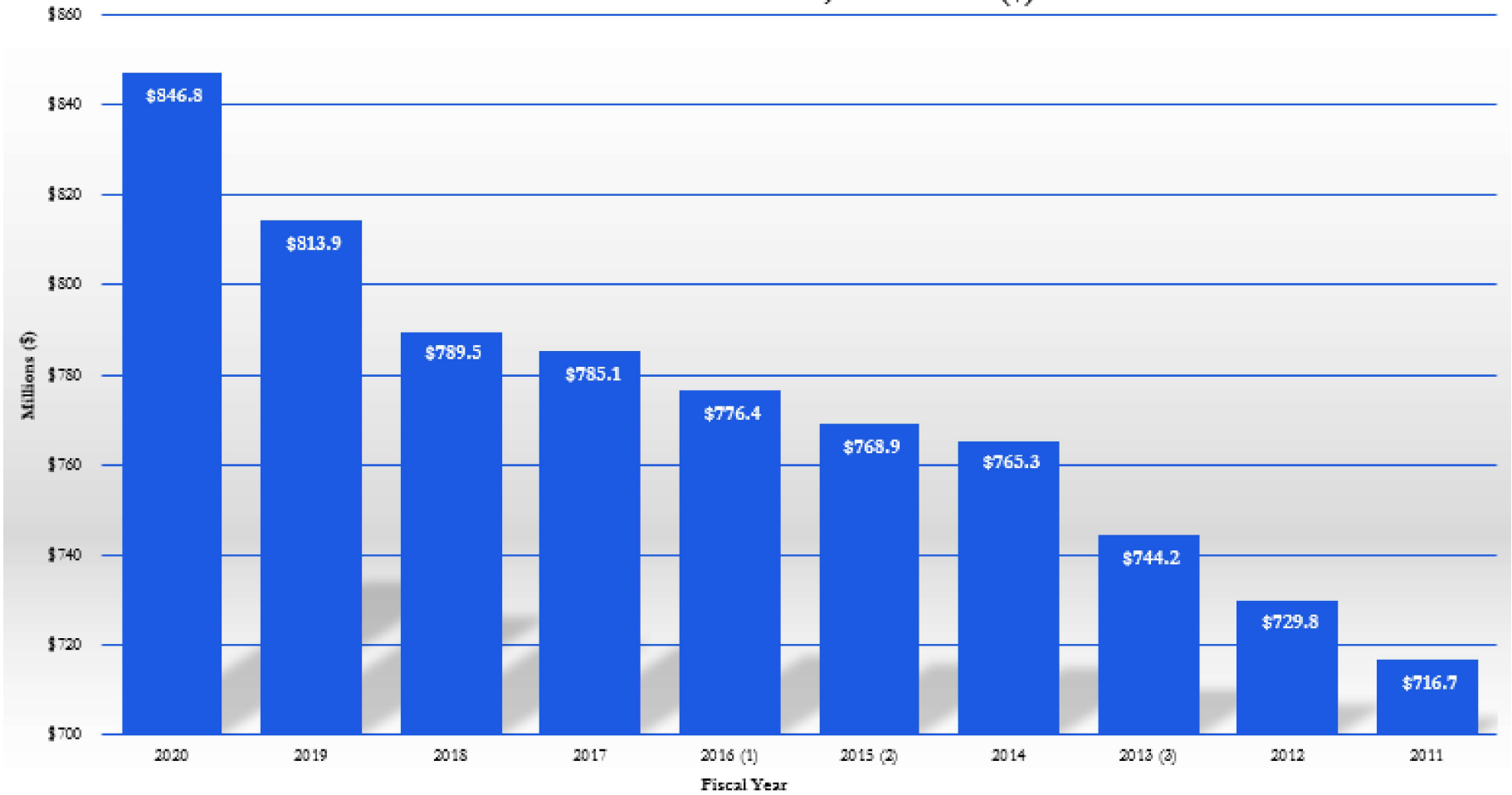
| Fiscal Year | Net Position | | | Total Net Position | Changes in Net Position | % of Change in Net Position |
|---------------------|----------------------------------|----------------|---------------|--------------------|-------------------------|-----------------------------|
| | Net Investment in Capital Assets | Restricted | Unrestricted | | | |
| 2020 | \$ 691,056,939 | \$ 118,410,787 | \$ 37,298,619 | \$ 846,766,345 | \$ 32,868,144 | 4.04% |
| 2019 | 669,942,751 | 106,080,103 | 37,875,347 | 813,898,201 | 24,392,183 | 3.09% |
| 2018 | 659,267,732 | 92,933,057 | 37,305,229 | 789,506,018 | 4,419,369 | 0.56% |
| 2017 | 662,029,752 | 86,907,666 | 36,149,231 | 785,086,649 | 8,724,704 | 1.12% |
| 2016 ⁽¹⁾ | 686,688,585 | 55,830,781 | 33,842,580 | 776,361,946 | 7,490,450 | 0.97% |
| 2015 ⁽²⁾ | 692,643,905 | 42,852,884 | 33,374,707 | 768,871,496 | 3,612,307 | 0.47% |
| 2014 | 686,131,584 | 43,407,942 | 35,719,663 | 765,259,189 | 21,081,985 | 2.83% |
| 2013 ⁽³⁾ | 671,904,961 | 54,772,859 | 17,499,384 | 744,177,204 | 14,392,198 | 1.97% |
| 2012 | 663,058,283 | 29,369,416 | 37,357,307 | 729,785,006 | 13,109,808 | 1.83% |
| 2011 | 649,929,029 | 35,343,493 | 31,402,676 | 716,675,198 | 33,344,263 | 17.29% |

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 an increase of \$5,576,805.
- (2) The beginning net position for fiscal year 2015 was restated to reflect the implementation of GASB 68, which was a decrease of \$5,311,035 in net position.
- (3) The net position for fiscal year 2013 was restated to reflect the implementation of GASB 65, which decreased the net position by \$6,001,560.

Tampa Bay Water (A Regional Water Supply Authority)

Total Net Position, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 2, Restricted Assets - Last 10 Fiscal Years

| Restricted Assets | | | | | | | |
|--------------------------|--------------------|---------------|------------------------------|--------------------------|---------------------|------------------------------------|-----------------------|
| Fiscal Year | Construction Funds | Sinking Funds | Renewal and Replacement Fund | Capital Improvement Fund | Energy Savings Fund | Operations and Maintenance Reserve | Debt Service Reserves |
| 2020 | \$ 7,217,796 | \$ 52,263,444 | \$ 36,598,924 | \$ 33,328,035 | \$ 1,162,147 | \$ 4,442,923 | \$ 71,824,849 |
| 2019 | 8,802,524 | 51,496,138 | 33,914,245 | 27,141,633 | 823,919 | 4,330,051 | 71,586,689 |
| 2018 | 11,500,027 | 50,714,307 | 28,774,711 | 21,920,586 | 553,050 | 4,041,153 | 70,475,606 |
| 2017 | 14,293,565 | 49,962,167 | 27,014,323 | 18,026,011 | 381,216 | 3,892,858 | 70,837,325 |
| 2016 ⁽¹⁾ | 19,933,463 | 49,673,607 | 26,948,014 | 14,879,816 | 253,127 | 4,035,616 | 71,289,314 |
| 2015 | 27,225,121 | 50,208,519 | 26,350,159 | 11,846,831 | 179,695 | 4,476,199 | 73,169,250 |
| 2014 | 42,326,766 | 52,030,035 | 24,776,568 | 12,500,450 | 174,621 | 5,127,419 | 73,716,549 |
| 2013 | 113,551,626 | 55,100,803 | 15,280,000 | 10,865,017 | - | 4,698,683 | 73,716,549 |
| 2012 | 88,991,031 | 49,472,383 | 13,148,153 | 11,149,192 | - | 4,720,037 | 67,504,606 |
| 2011 | 119,633,637 | 43,156,580 | 12,673,343 | 14,998,497 | - | 6,653,882 | 67,568,652 |

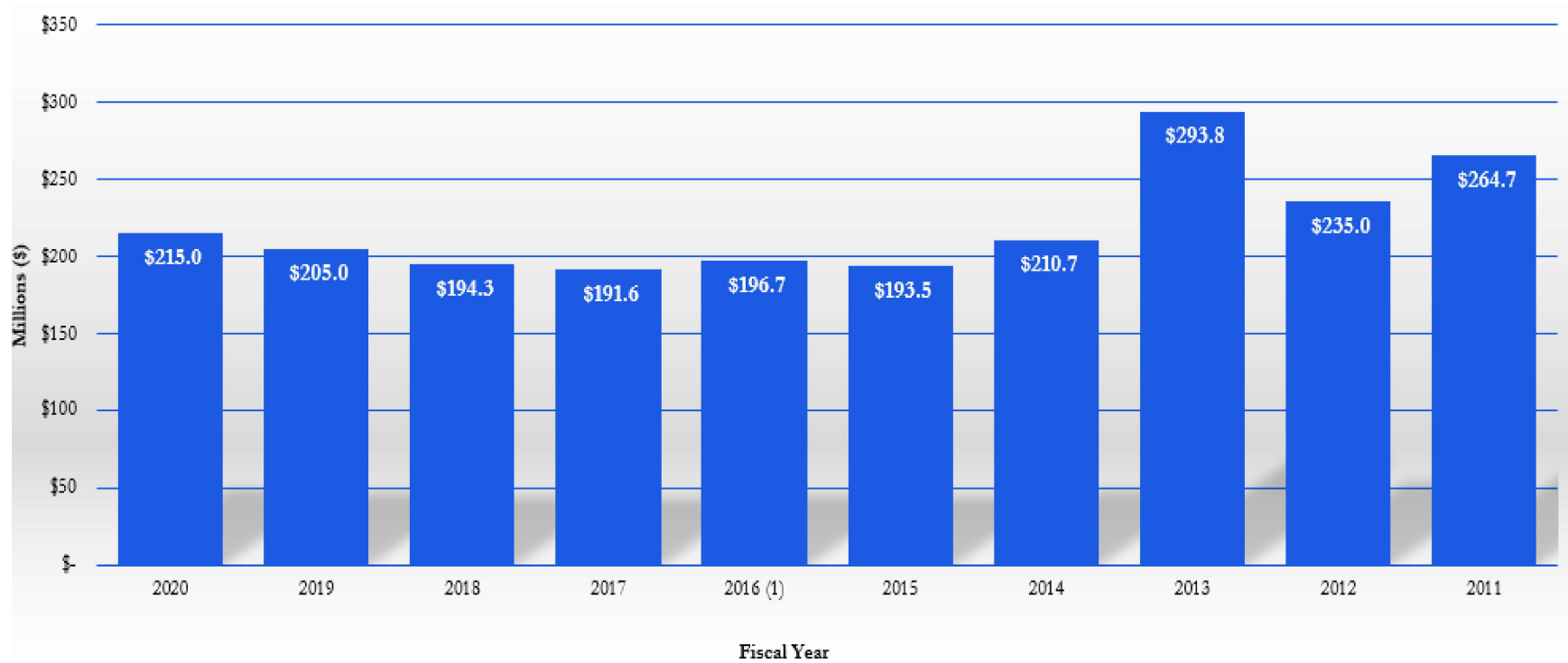
| Fiscal Year | Desal - Reserves | SWTP - Reserves | Litigation Escrow Funds | Total Restricted Assets |
|---------------------|------------------|-----------------|-------------------------|--------------------------------|
| 2020 | \$ 2,629,810 | \$ 5,510,019 | - | \$ 214,977,947 |
| 2019 | 2,330,924 | 4,577,858 | - | 205,003,981 |
| 2018 | 2,131,412 | 4,217,145 | - | 194,327,997 |
| 2017 | 2,129,958 | 5,078,300 | - | 191,615,723 |
| 2016 ⁽¹⁾ | 2,072,486 | 7,583,722 | - | 196,669,165 |
| 2015 | - | - | - | 193,455,774 |
| 2014 | - | - | - | 210,652,408 |
| 2013 | - | - | 20,608,656 | 293,821,334 |
| 2012 | - | - | - | 234,985,402 |
| 2011 | - | - | - | 264,684,591 |

Notes:

⁽¹⁾ Fiscal year 2016 restricted position was restated to reflect in adding the recording of Escrowed Reserve funds held with our facility operators, Veolia Water North America and American Water-Pridesa, LLC. Cumulative effect on restricted assets was increased by \$9,656,208.

Tampa Bay Water (A Regional Water Supply Authority)

Restricted Assets, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 3, Revenues and Capital Contributions - Last 10 Fiscal Years

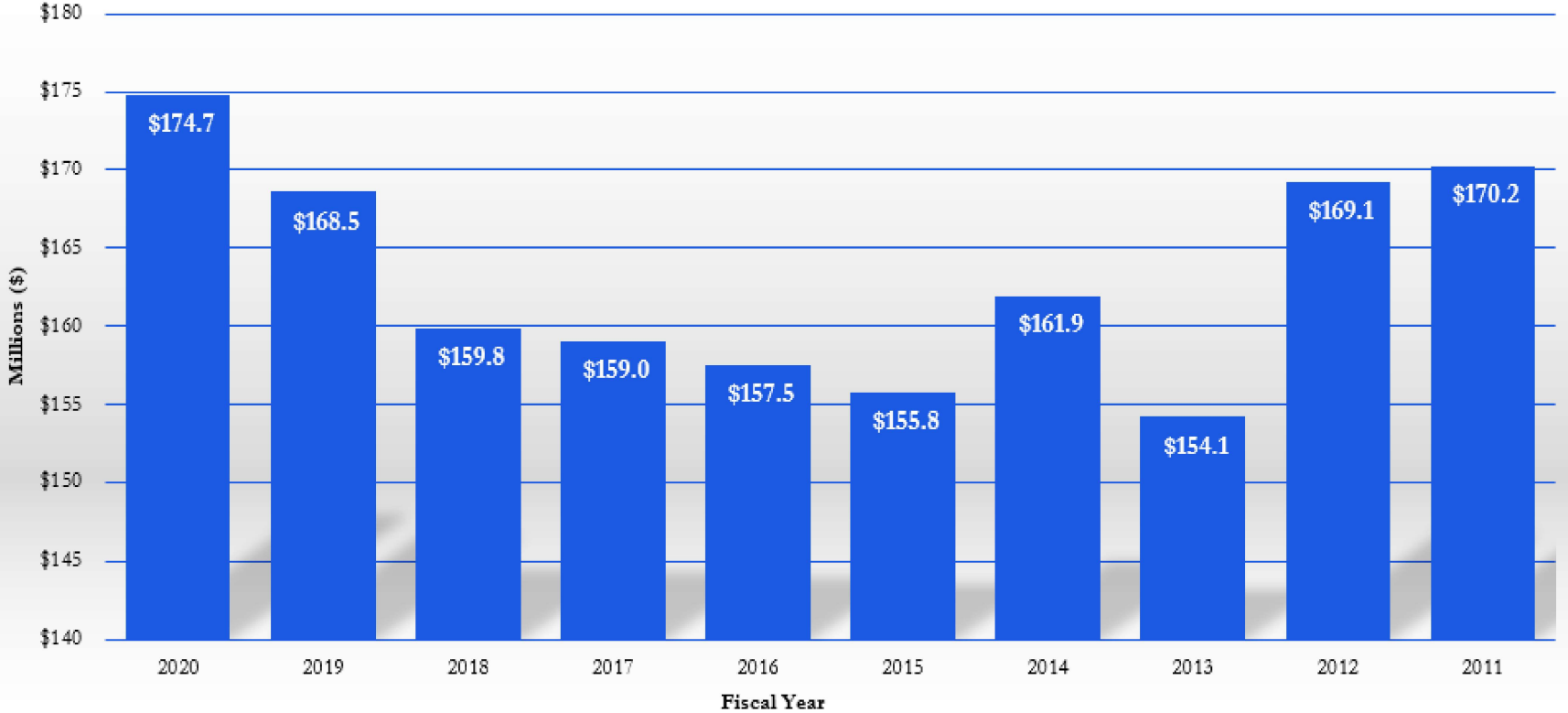
| Fiscal Year | Operating Revenues | | | Nonoperating Revenues | | | | Total Nonoperating Revenues |
|-------------|--------------------|------------------------------|--------------------------|----------------------------------|-------------------------------------|--------------------|------------|-----------------------------|
| | Water Sales | Rate Stabilization Transfers | Total Operating Revenues | Investment Income ⁽¹⁾ | Litigation and Insurance Recoveries | Arbitrage Recovery | Other | |
| 2020 | \$ 170,361,888 | \$ (1,737,848) | \$ 168,624,040 | \$ 5,256,272 | \$ 19,851 | \$ - | \$ 101,296 | \$ (5,377,419) |
| 2019 | 166,239,557 | (5,274,114) | 160,965,443 | 7,017,637 | 6,476 | - | 37,966 | (7,062,079) |
| 2018 | 160,868,419 | (2,955,840) | 157,912,579 | 1,886,175 | 18,178 | - | - | 1,904,353 |
| 2017 | 156,811,001 | (660,622) | 156,150,379 | 1,179,127 | 1,084,167 | - | - | 2,263,294 |
| 2016 | 153,320,480 | 1,745,750 | 155,066,230 | 1,201,511 | 1,188,148 | - | - | 2,389,659 |
| 2015 | 154,724,559 | (1,172,575) | 153,551,984 | 1,227,705 | 979,352 | - | - | 2,207,057 |
| 2014 | 155,333,597 | 5,849,796 | 161,183,393 | 732,928 | 22 | - | - | 732,950 |
| 2013 | 156,492,882 | (6,091,430) | 150,401,452 | (362,052) | - | 3,894,212 | - | 3,532,160 |
| 2012 | 158,116,067 | 7,929,766 | 166,045,833 | 641,299 | - | - | - | 641,299 |
| 2011 | 150,919,524 | (7,329,961) | 143,589,563 | 1,551,078 | 6,014,144 | - | - | 7,565,222 |

| Fiscal Year | Capital Contributions | Total Revenues & Capital Contributions |
|-------------|-----------------------|--|
| 2020 | \$ 708,064 | \$ 174,709,523 |
| 2019 | 460,877 | 168,488,399 |
| 2018 | - | 159,816,932 |
| 2017 | 590,000 | 159,003,672 |
| 2016 | 248,302 | 157,704,191 |
| 2015 | - | 155,759,041 |
| 2014 | - | 161,916,343 |
| 2013 | 204,569 | 154,138,181 |
| 2012 | 2,451,041 | 169,138,173 |
| 2011 | 19,060,143 | 170,214,928 |

Notes:

⁽¹⁾ Net of Realized, Unrealized and Capitalized Amount.

Tampa Bay Water (A Regional Water Supply Authority)
Total Revenues and Capital Contributions, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 4, Total Expenses - Last 10 Fiscal Years

| Fiscal Year | Total Expenses | | | | |
|---------------------|--------------------|---------------|---------------------------------|------------|----------------|
| | Operating Expenses | Depreciation | Interest Expense ⁽¹⁾ | Other, Net | Total Expenses |
| 2020 | \$ 77,017,105 | \$ 29,953,938 | \$ 34,870,336 | \$ - | \$ 141,841,379 |
| 2019 | 69,565,461 | 29,735,308 | 44,795,447 | - | 144,096,216 |
| 2018 | 70,533,968 | 30,210,346 | 48,619,139 | 6,034,110 | 155,397,563 |
| 2017 | 69,085,262 | 29,906,334 | 49,956,073 | 1,331,299 | 150,278,968 |
| 2016 | 65,589,515 | 29,534,326 | 53,797,721 | 6,868,984 | 155,790,546 |
| 2015 | 64,117,276 | 28,692,538 | 53,173,194 | 852,691 | 146,835,699 |
| 2014 | 63,694,839 | 24,836,437 | 47,613,797 | 4,689,285 | 140,834,358 |
| 2013 ⁽²⁾ | 61,331,673 | 25,827,068 | 45,798,019 | 824,451 | 133,781,211 |
| 2012 | 61,463,474 | 25,550,967 | 46,995,990 | 22,017,934 | 156,028,365 |
| 2011 | 63,226,414 | 24,627,685 | 48,339,849 | 676,717 | 136,870,665 |

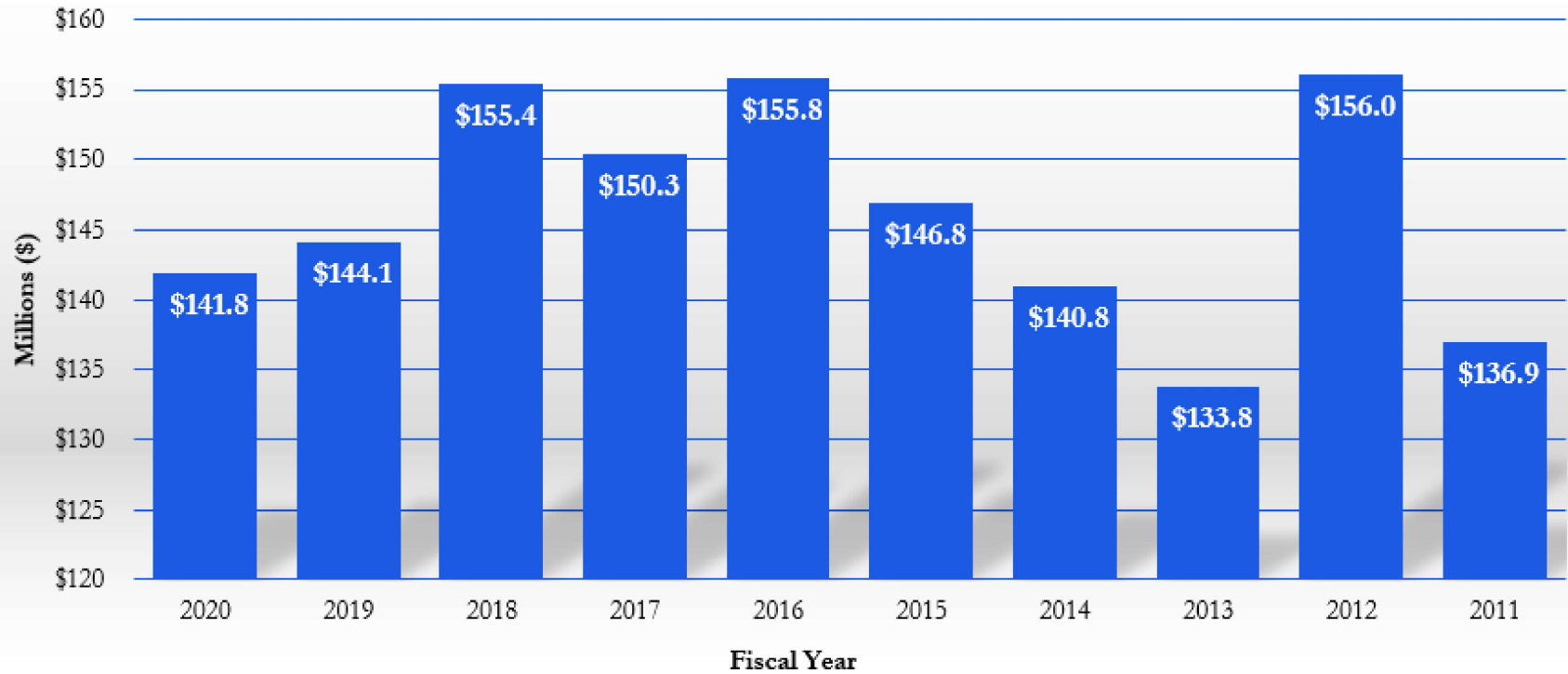
Notes:

(1) Net of interest expense incurred during construction.

(2) The interest expense for fiscal year 2013 was restated to reflect the implementation of GASB 65, which increased interest expense by \$36,788.

Tampa Bay Water (A Regional Water Supply Authority)

Total Expenses, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 5, Operating Department/Program Expenses by Major Expense Category - Last 10 Fiscal Years

| Operating Department/Program Expenses By Major Expense Category | | | | | | | | |
|--|---------------------------|--------------------|---|--------------------------------------|--|--------------------------------------|-----------------------|--|
| Fiscal Year | Personnel Services | GASB 68 (3) | Operating Materials & Supplies | Outside Professional Services | Repairs/ Maintenance and Other Services | Rentals, Leases and Insurance | Legal Services | |
| 2020 | \$ 17,829,234 | \$ 2,009,389 | \$ 2,037,042 | \$ 27,972,048 | \$ 6,563,782 | \$ 1,956,275 | \$ 301,613 | |
| 2019 | 16,360,679 | 1,798,225 | 2,211,837 | 25,936,375 | 5,196,973 | 1,683,896 | 359,880 | |
| 2018 | 15,342,073 | 975,596 | 2,047,959 | 28,074,782 | 4,796,011 | 1,502,831 | 379,962 | |
| 2017 | 14,745,350 | 906,118 | 2,115,341 | 27,379,411 | 5,106,758 | 1,785,441 | 315,239 | |
| 2016 | 13,783,537 | 576,499 | 1,880,699 | 26,961,759 | 5,681,474 | 1,749,423 | 302,054 | |
| 2015 | 12,823,076 | 30,088 | 2,070,255 | 26,954,069 | 4,400,801 | 1,771,166 | 292,042 | |
| 2014 | 12,113,326 | - | 2,242,137 | 27,594,557 | 4,155,234 | 1,821,898 | 321,258 | |
| 2013 | 10,881,764 | - | 1,955,653 | 28,875,211 | 4,360,741 | 1,687,154 | 620,425 | |
| 2012 | 10,841,978 | - | 1,868,548 | 37,210,496 | 3,326,424 | 1,424,433 | 2,948,546 | |
| 2011 | 11,443,499 | - | 1,804,028 | 36,490,232 | 2,936,938 | 1,184,167 | 3,995,902 | |

| Operating Department/Program Expenses By Major Expense Category | | | | | | |
|--|----------------------------|-------------------------------|-------------------------------|------------------------------|---------------------------|---------------------------------|
| Fiscal Year | Capital Expense (1) | Capital Offset Account | Variable Cost Expenses | Water Quality Expense | Other Expenses (2) | Total Operating Expenses |
| 2020 | \$ 5,555,773 | \$ (8,894,293) | \$ 22,008,410 | \$ 48,000 | \$ (370,168) | \$ 77,017,105 |
| 2019 | 4,229,071 | (7,797,035) | 19,832,479 | 48,000 | (294,918) | 69,565,461 |
| 2018 | 3,413,977 | (6,061,331) | 20,297,263 | 48,000 | (283,155) | 70,533,968 |
| 2017 | 9,738,530 | (13,795,833) | 21,039,688 | 48,000 | (298,781) | 69,085,262 |
| 2016 | 8,126,783 | (11,938,629) | 18,717,241 | 48,000 | (299,324) | 65,589,515 |
| 2015 | 12,729,402 | (16,217,553) | 19,390,716 | 48,000 | (174,787) | 64,117,276 |
| 2014 | 102,682,949 | (109,214,448) | 22,113,407 | 48,000 | (187,479) | 63,690,839 |
| 2013 | 89,532,267 | (97,900,109) | 21,169,041 | 195,000 | (45,476) | 61,331,671 |
| 2012 | 48,774,189 | (63,821,545) | 19,099,049 | 195,000 | (403,644) | 61,463,474 |
| 2011 | 53,916,293 | (69,369,220) | 20,654,621 | 195,000 | (25,046) | 63,226,414 |

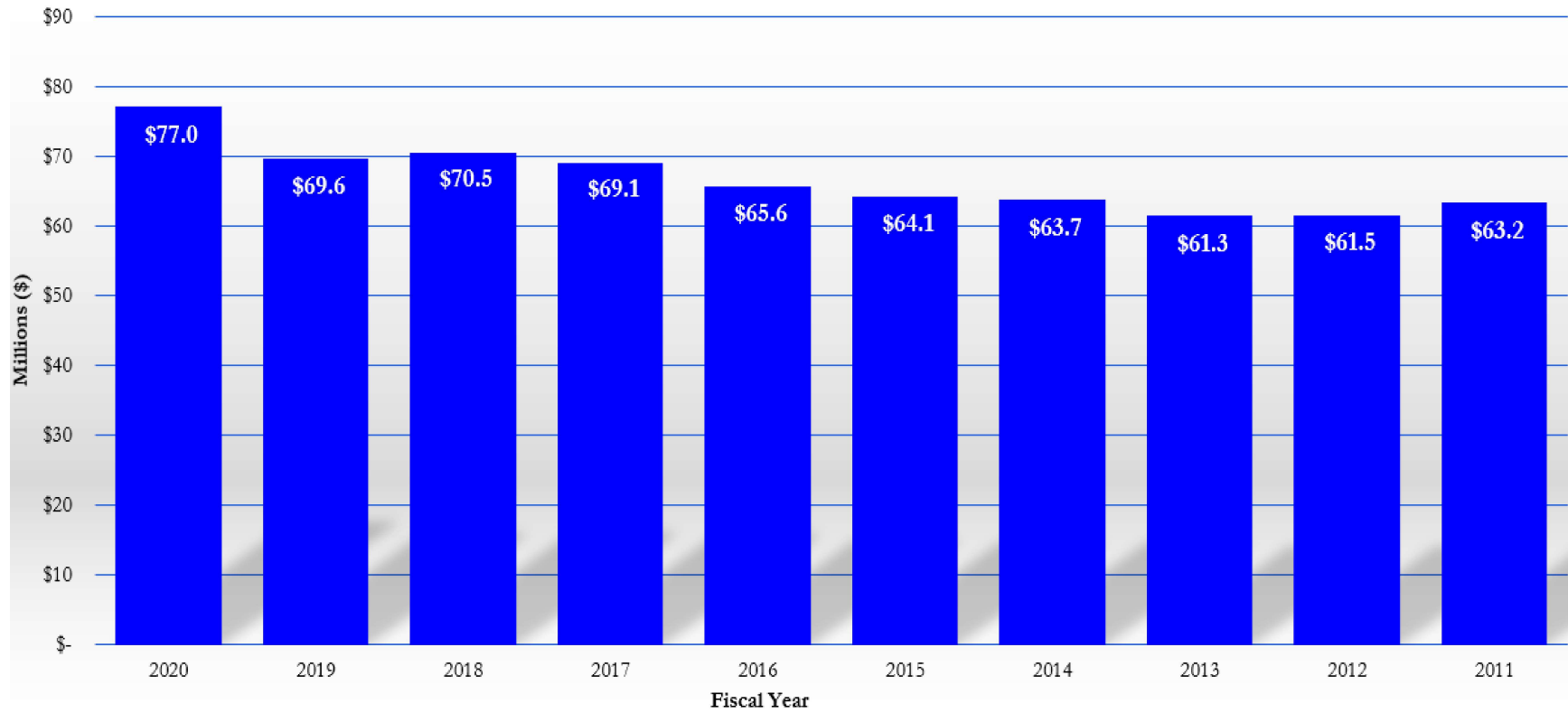
Notes:

(1) Includes expenses incurred with bond funds

(2) Miscellaneous income, sales of surplus materials and supplies, and rental income.

(3) According to Governmental Accounting Standard Board (GASB) the agency had to implement pronouncement 68 related to pension and health insurance subsidiary program

Tampa Bay Water (A Regional Water Supply Authority)
Total Operating Department/Program Expenses, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

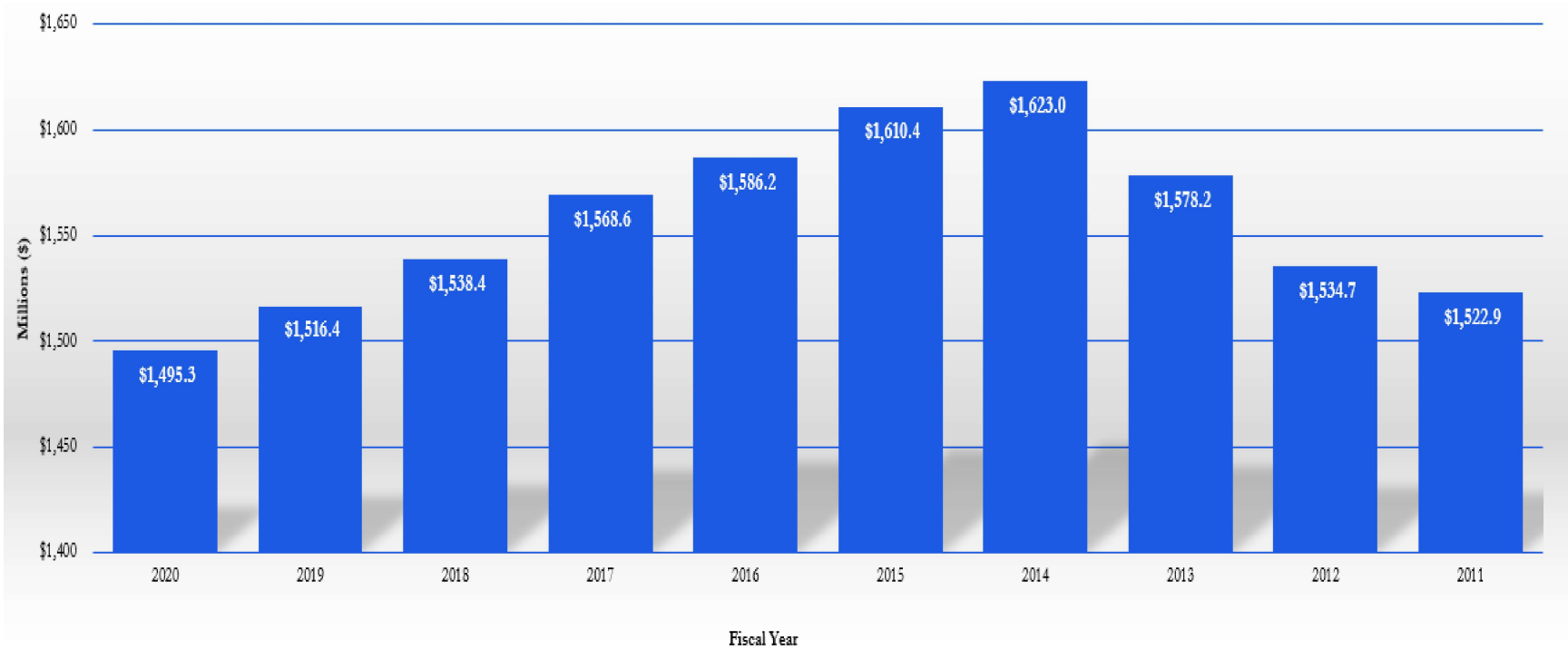
TABLE 6, Total Capital Assets - Last 10 Fiscal Years

| Capital Assets Not Depreciated | | | | | | Depreciable Capital Assets, Net | | |
|--------------------------------|---------------|--------------------------|-----------------------|-------------------------|--------------------------------------|---------------------------------|----------------------------------|--|
| Fiscal Year | Land | Construction-in-progress | Water Capacity Rights | Software in Development | Total Capital Assets Not Depreciated | Land Improvements | Wells And Wellfield Improvements | Water Treatment And Pumping Facilities |
| 2020 | \$ 79,237,818 | \$ 24,528,573 | \$ 316,397,360 | \$ - | \$ 420,163,751 | \$ 3,294,936 | \$ 134,802,011 | \$ 700,111,688 |
| 2019 | 78,687,882 | 21,084,855 | 316,397,360 | - | 416,170,097 | 3,294,936 | 134,802,011 | 696,852,407 |
| 2018 | 77,944,762 | 18,348,029 | 316,397,360 | - | 412,690,151 | 3,294,936 | 133,095,065 | 696,450,615 |
| 2017 | 78,648,966 | 21,390,285 | 318,058,360 | - | 418,097,611 | 3,294,936 | 139,107,959 | 694,211,826 |
| 2016 | 78,809,999 | 14,369,617 | 318,058,360 | - | 411,237,976 | 3,294,937 | 139,107,959 | 690,138,664 |
| 2015 | 79,009,272 | 25,046,156 | 318,058,360 | - | 422,113,788 | 3,294,937 | 135,730,911 | 679,588,963 |
| 2014 | 79,011,824 | 162,427,790 | 318,058,360 | - | 559,497,974 | 3,294,937 | 132,464,714 | 671,568,091 |
| 2013 | 79,011,824 | 94,389,959 | 318,058,360 | 120,332 | 491,580,475 | 3,294,937 | 132,274,213 | 666,965,575 |
| 2012 | 79,011,824 | 70,171,367 | 318,058,360 | 88,809 | 467,330,360 | 3,294,937 | 131,040,895 | 630,439,010 |
| 2011 | 79,009,159 | 38,053,485 | 318,058,360 | 59,579 | 435,180,583 | 3,167,178 | 129,879,100 | 629,775,738 |

| Depreciable Capital Assets, Net | | | | | | | |
|---------------------------------|--------------------|---------------|----------------|------------------------------|---------------------------------------|---------------------------------------|----------------------|
| Fiscal Year | Transmission Mains | Buildings | Reservoir | Other Equipment And Software | Accumulated Depreciation/Amortization | Total Depreciable Capital Assets, Net | Total Capital Assets |
| 2020 | \$ 339,178,229 | \$ 19,732,806 | \$ 303,216,166 | \$ 22,530,166 | \$ 447,759,282 | \$ 1,075,106,720 | \$ 1,495,270,471 |
| 2019 | 339,178,229 | 19,632,819 | 302,995,543 | 21,692,652 | 418,267,917 | 1,100,180,680 | 1,516,350,777 |
| 2018 | 339,178,229 | 19,555,850 | 302,914,591 | 21,073,029 | 389,835,643 | 1,125,726,672 | 1,538,416,823 |
| 2017 | 339,942,372 | 19,555,850 | 297,136,653 | 20,632,045 | 363,334,554 | 1,150,547,087 | 1,568,644,698 |
| 2016 | 339,673,167 | 19,555,850 | 297,129,318 | 20,061,991 | 334,027,402 | 1,174,934,484 | 1,586,172,460 |
| 2015 | 339,673,167 | 19,555,850 | 296,650,557 | 19,150,872 | 305,328,137 | 1,188,317,120 | 1,610,430,908 |
| 2014 | 339,673,167 | 19,555,850 | 155,663,688 | 18,923,170 | 277,687,083 | 1,063,456,534 | 1,622,954,508 |
| 2013 | 339,673,167 | 19,517,378 | 160,793,688 | 18,272,091 | 254,213,727 | 1,086,577,322 | 1,578,157,797 |
| 2012 | 335,893,786 | 17,588,850 | 160,712,121 | 17,521,873 | 229,085,711 | 1,067,405,761 | 1,534,736,121 |
| 2011 | 335,233,711 | 17,311,530 | 160,528,811 | 17,298,300 | 205,473,272 | 1,087,721,096 | 1,522,901,679 |

Tampa Bay Water (A Regional Water Supply Authority)

Total Capital Assets, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 7, Total Net Investment in Capital Assets - Last 10 Fiscal Years

| Capital Assets Not Depreciated | | | | | |
|---------------------------------------|--|------------------------------|---------------------|---|---------------------|
| Fiscal Year | Property, Plant, Equipment and Water Capacity Rights, Net of Depreciation | Bond Issue Costs (Net) | Deferred Outflow | Long Term Debt (All Asset Acquisition Related Except Reserve Funding) | Swaption Payable |
| 2020 | 1,495,270,471 | \$ 107,593 | \$ - | \$ (882,870,430) | \$ - |
| 2019 | 1,516,350,777 | 135,750 | - | (926,637,331) | - |
| 2018 | 1,538,416,823 | 173,767 | - | (960,658,735) | - |
| 2017 | 1,568,644,697 | 216,894 | - | (990,377,397) | - |
| 2016 ⁽¹⁾ | 1,586,172,460 | 265,044 | - | (990,342,388) | - |
| 2015 | 1,610,430,908 | 319,040 | - | (1,015,243,200) | - |
| 2014 | 1,622,954,508 | 622,906 | - | (1,044,813,707) | - |
| 2013 | 1,578,157,797 | 697,792 | - | (1,079,504,567) | - |
| 2012 | 1,534,736,121 | 6,742,066 | - | (1,027,474,880) | - |
| 2011 | 1,522,901,679 | 7,488,449 | - | (1,060,632,244) | - |

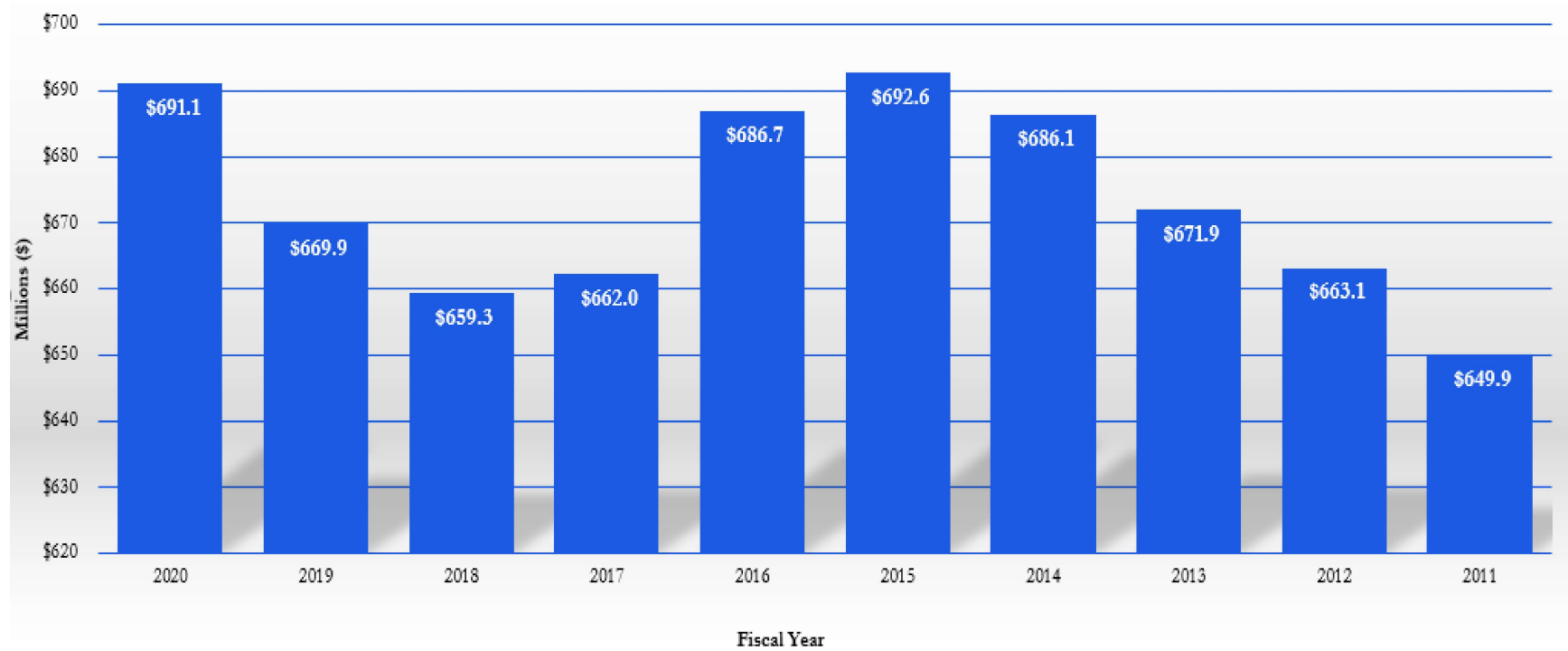
| Fiscal Year | Long-Term Debt Applicable to Cash & Investments of Debt Service Reserve and Unexpended Construction Funds | Accounts Payable Construction Funds | Total Capital Assets Not Depreciated |
|---------------------|--|--|---|
| 2020 | \$ 79,042,646 | \$ (493,341) | \$ 691,056,939 |
| 2019 | 80,389,213 | (295,657) | 669,942,751 |
| 2018 | 81,975,633 | (639,756) | 659,267,732 |
| 2017 | 85,130,890 | (1,585,331) | 662,029,753 |
| 2016 ⁽¹⁾ | 91,222,777 | (629,307) | 686,688,586 |
| 2015 | 100,394,372 | (3,257,215) | 692,643,905 |
| 2014 | 116,043,308 | (8,675,432) | 686,131,583 |
| 2013 | 187,131,066 | (14,577,127) | 671,904,960 |
| 2012 | 156,143,603 | (7,088,627) | 663,058,282 |
| 2011 | 186,184,518 | (6,062,208) | 649,880,194 |

Notes:

⁽¹⁾ Fiscal year 2016 unamortized bond issue premium was restated to reflect a change in bond premium amortization to the Effective Interest Method. The change resulted in an increase of \$4,079,403 in unamortized bond issue premium.

Tampa Bay Water (A Regional Water Supply Authority)

Total Net Invested in Capital Assets, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 8, Schedule of Rates - Last 10 Fiscal Years

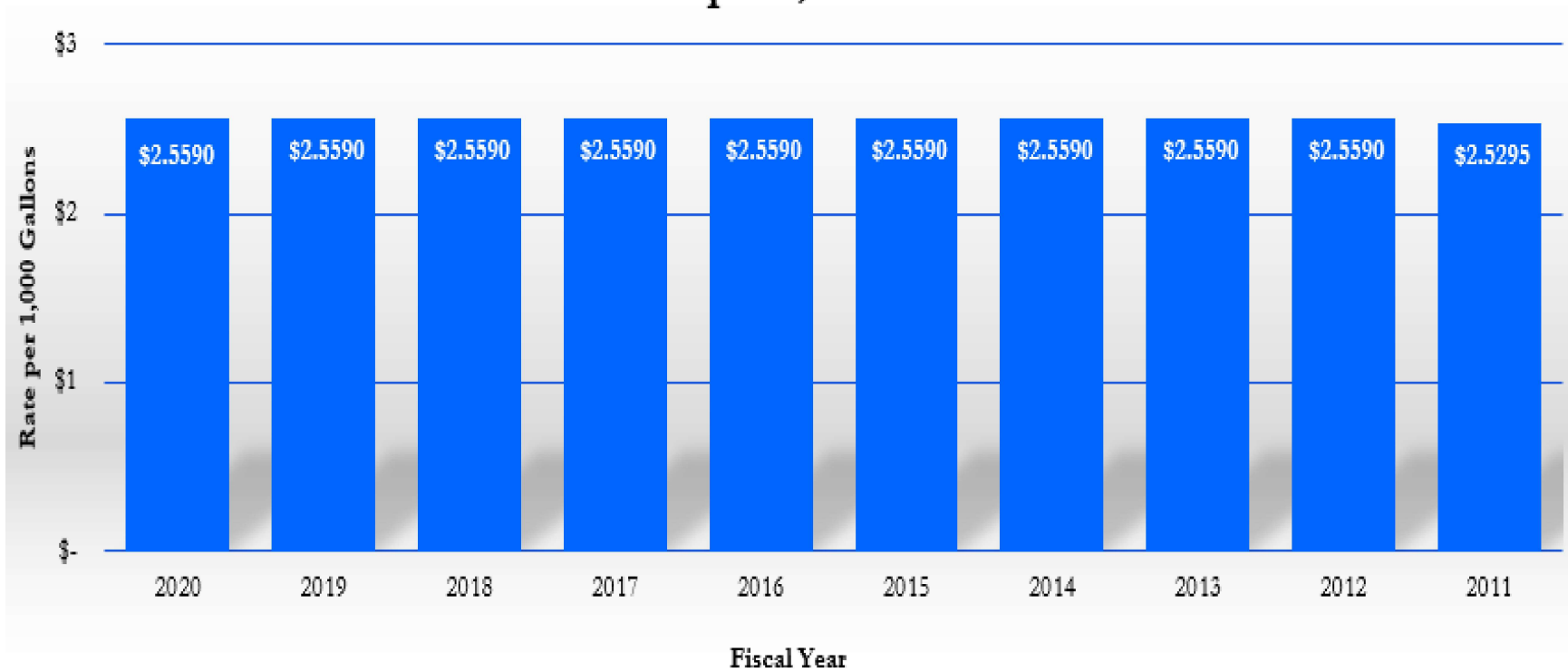
| Fiscal Year | Water Rate Per 1,000 Gallons ⁽¹⁾ | |
|--------------------|--|--------|
| 2020 | \$ | 2.5590 |
| 2019 | \$ | 2.5590 |
| 2018 | \$ | 2.5590 |
| 2017 | \$ | 2.5590 |
| 2016 | \$ | 2.5590 |
| 2015 | \$ | 2.5590 |
| 2014 | \$ | 2.5590 |
| 2013 | \$ | 2.5590 |
| 2012 | \$ | 2.5590 |
| 2011 | \$ | 2.5295 |

Notes:

(1) The rate is set up on a fiscal year basis starting on October 1st of each year.

Tampa Bay Water (A Regional Water Supply Authority)

Rates per 1,000 Gallons



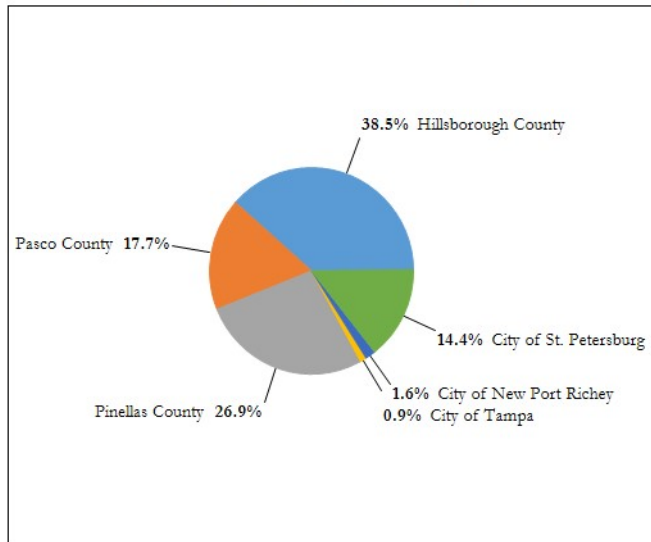
Tampa Bay Water (A Regional Water Supply Authority)

TABLE 9, Water Sales (Millions of Gallons per Day)

| Member Agency | Fiscal Year Ended 2020 | | Fiscal Year Ended 2011 | |
|--------------------------|---|--------------------------|---|--------------------------|
| | Water Sales at Uniform Rate (million gallons) | Percentage of Water Sold | Water Sales at Uniform Rate (million gallons) | Percentage of Water Sold |
| Hillsborough County | 70.87 | 38.5% | 50.60 | 31.3% |
| Pasco County | 32.49 | 17.7% | 23.50 | 14.6% |
| Pinellas County | 49.41 | 26.9% | 53.90 | 33.4% |
| City of Tampa | 1.67 | 0.9% | 3.50 | 2.2% |
| City of New Port Richey | 3.02 | 1.6% | 2.43 | 1.5% |
| City of St. Petersburg | 26.54 | 14.4% | 27.50 | 17.0% |
| Total Water Sales | 184.00 | 100.0% | 161.43 | 100.0% |

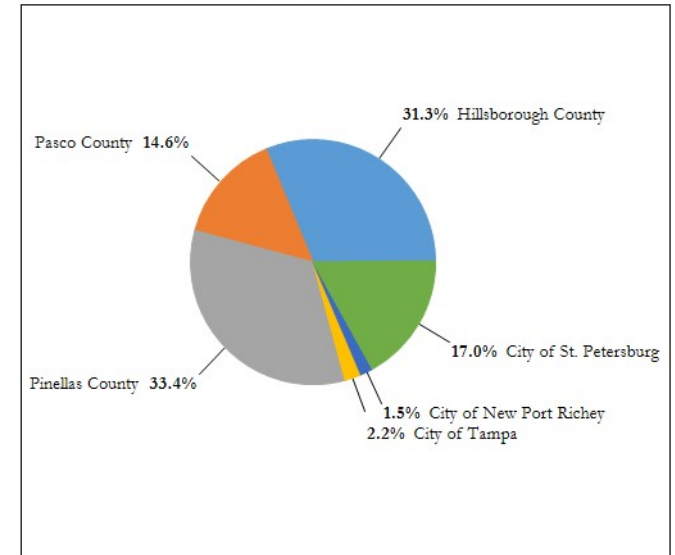
Water Sales (Millions of Gallons per Day)

Fiscal Year Ended September 30, 2020



Water Sales (Millions of Gallons per Day)

Fiscal Year Ended September 30, 2011



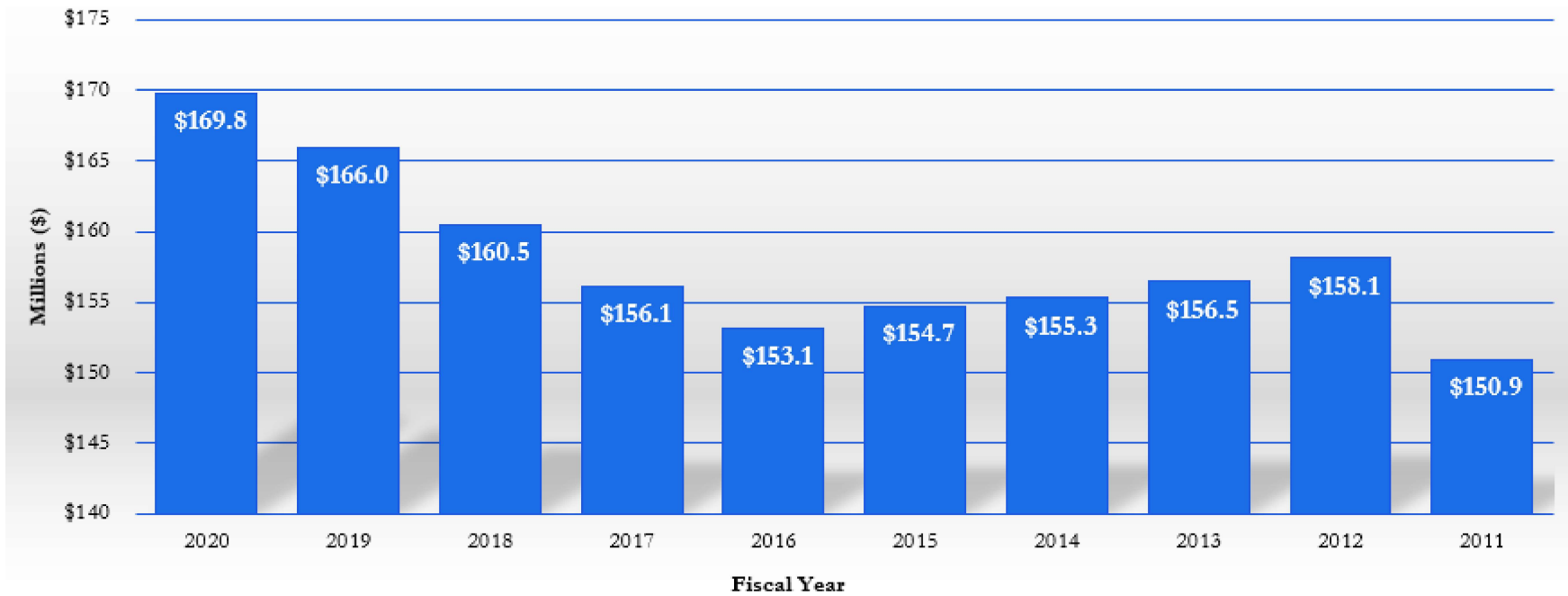
Tampa Bay Water (A Regional Water Supply Authority)

TABLE 10, Water Sales by Member - Last 10 Fiscal Years

| Fiscal Year | Pinellas County | Hillsborough County | City of St. Petersburg | Pasco County | City of Tampa | City of New Port Richey | Total Water Sales |
|--------------------|-----------------|---------------------|------------------------|---------------|---------------|-------------------------|--------------------------|
| 2020 | \$ 45,596,714 | \$ 65,401,748 | \$ 24,495,756 | \$ 29,978,156 | \$ 1,544,227 | \$ 2,785,714 | \$ 169,802,314 |
| 2019 | 46,515,216 | 62,196,770 | 26,486,444 | 27,881,092 | 1,548 | 2,892,261 | 165,973,331 |
| 2018 | 46,139,263 | 57,692,991 | 26,961,032 | 26,958,492 | - | 2,735,849 | 160,487,627 |
| 2017 | 44,340,391 | 52,035,317 | 25,476,569 | 26,235,773 | 5,430,465 | 2,616,597 | 156,135,112 |
| 2016 | 45,936,076 | 52,414,672 | 27,143,671 | 24,681,768 | - | 2,950,771 | 153,126,958 |
| 2015 | 48,836,008 | 51,430,199 | 27,940,618 | 23,611,104 | - | 2,906,630 | 154,724,559 |
| 2014 | 50,380,122 | 50,421,414 | 27,395,744 | 24,258,660 | - | 2,835,657 | 155,291,597 |
| 2013 | 51,593,740 | 48,786,711 | 28,031,711 | 25,046,401 | 381,307 | 2,653,012 | 156,492,882 |
| 2012 | 51,623,043 | 47,926,996 | 27,476,689 | 23,678,500 | 5,072,040 | 2,338,800 | 158,116,068 |
| 2011 | 50,167,323 | 47,097,769 | 25,582,233 | 21,912,394 | 3,900,974 | 2,258,831 | 150,919,524 |

Tampa Bay Water (A Regional Water Supply Authority)

Total Water Sales, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 11, Short-term and Long-term Debt Outstanding - Last 10 Fiscal Years

| Fiscal Year | 1999 Bonds | 2001A Bonds | 2001B Bonds | 2004 Bonds | 2005 Bonds | 2006 Bonds |
|--------------------|------------|---------------|-------------|------------|----------------|------------|
| 2020 | \$ - | \$ 50,000,000 | \$ - | \$ - | \$ 117,960,000 | \$ - |
| 2019 | - | 50,000,000 | - | 5,005,000 | 132,990,000 | - |
| 2018 | - | 50,000,000 | - | 18,540,000 | 138,495,000 | - |
| 2017 | - | 50,000,000 | - | 35,465,000 | 139,650,000 | - |
| 2016 | - | 50,000,000 | - | 47,235,000 | 145,060,000 | 355,000 |
| 2015 | - | 50,000,000 | - | 58,415,000 | 150,205,000 | 695,000 |
| 2014 | - | 50,000,000 | - | 69,070,000 | 155,080,000 | 64,795,000 |
| 2013 | - | 50,000,000 | - | 79,215,000 | 159,720,000 | 67,940,000 |
| 2012 | - | 50,000,000 | - | 88,875,000 | 164,135,000 | 70,955,000 |
| 2011 | 7,585,000 | 51,000,000 | 3,510,000 | 95,050,000 | 167,865,000 | 73,860,000 |

Short-term and Long-term Debt

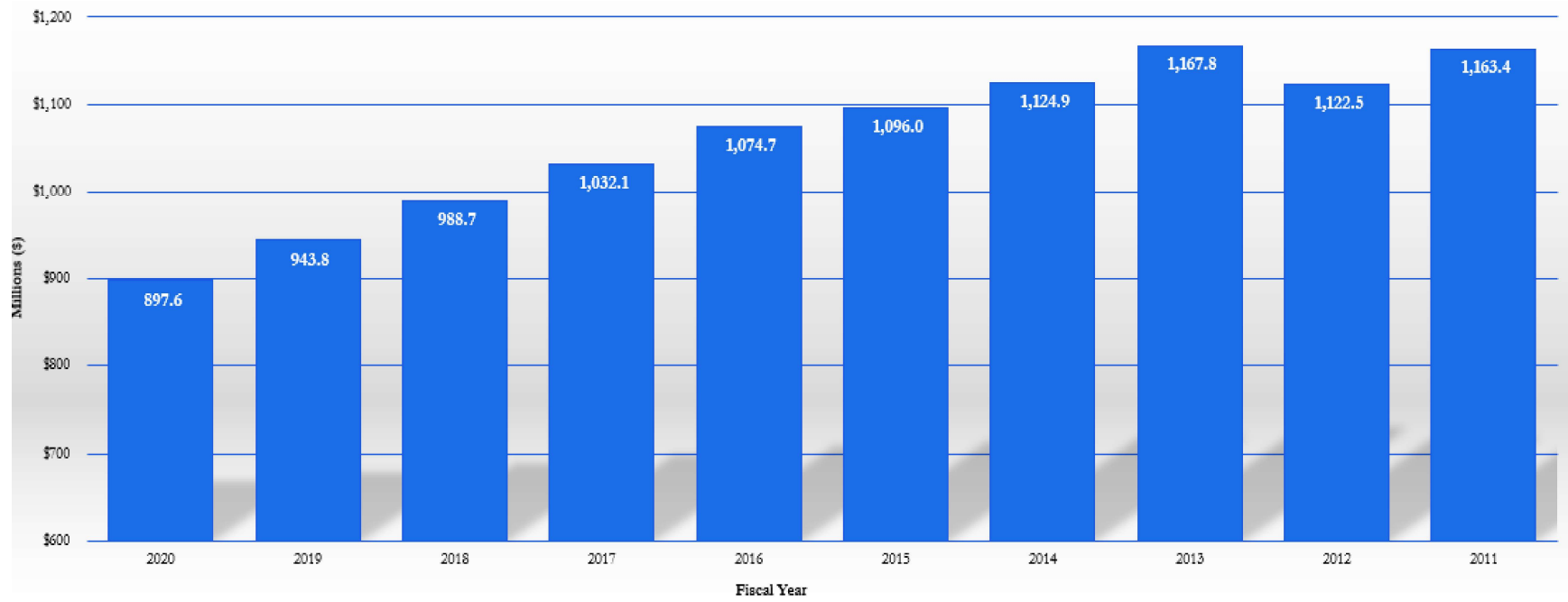
| Fiscal Year | 2008 Bonds | 2010 Bonds | 2011 Bonds | 2011A Bonds | 2011B Bonds | 2013 Bonds | 2015A Bonds | 2015B Bonds | 2016A Bonds |
|--------------------|-------------|------------|---------------|---------------|-------------|---------------|----------------|---------------|---------------|
| 2020 | \$ - | \$ - | \$ 25,205,000 | \$ 46,140,000 | \$ - | \$ 75,295,000 | \$ 180,835,000 | \$ 92,245,000 | \$ 96,630,000 |
| 2019 | - | 6,395,000 | 36,915,000 | 46,175,000 | - | 75,295,000 | 180,835,000 | 93,100,000 | 96,630,000 |
| 2018 | - | 6,395,000 | 48,055,000 | 46,210,000 | - | 75,295,000 | 180,835,000 | 93,945,000 | 96,630,000 |
| 2017 | - | 6,395,000 | 58,670,000 | 46,245,000 | - | 75,295,000 | 180,835,000 | 94,780,000 | 96,630,000 |
| 2016 | - | 6,395,000 | 68,785,000 | 46,275,000 | 175,000 | 75,295,000 | 180,835,000 | 95,555,000 | 96,630,000 |
| 2015 | 101,375,000 | 66,980,000 | 78,415,000 | 46,580,000 | 29,695,000 | 75,295,000 | 180,835,000 | 95,975,000 | - |
| 2014 | 101,375,000 | 66,980,000 | 87,585,000 | 139,760,000 | 148,270,000 | 75,295,000 | - | - | - |
| 2013 | 101,375,000 | 66,980,000 | 96,320,000 | 140,050,000 | 148,435,000 | 75,295,000 | - | - | - |
| 2012 | 101,375,000 | 66,980,000 | 104,645,000 | 140,335,000 | 148,595,000 | - | - | - | - |
| 2011 | 101,375,000 | 66,980,000 | 104,645,000 | 140,645,000 | 148,920,000 | - | - | - | - |

| Fiscal Year | Short-term and Long-term Debt | | | | | | Short-term and Long-term Debt |
|-------------|-------------------------------|-------------|-------------------|---------------------|---|---------------------------------|--|
| | 2016B Bonds | 2016C Bonds | 2020 Master Bonds | Acquisition Credits | Unamortized Bond Issue Premium ⁽¹⁾ | Unamortized Bond Issue Discount | Short-term and Total Long-term Liabilities |
| 2020 | 31,890,000 | 55,345,000 | 6,709,000 | 66,048,612 | 53,248,210 | - | 897,550,882 |
| 2019 | 32,125,000 | 55,345,000 | - | 72,627,030 | 60,395,068 | - | 943,832,098 |
| 2018 | 32,360,000 | 55,345,000 | - | 78,890,400 | 67,700,612 | - | 988,696,013 |
| 2017 | 32,590,000 | 55,345,000 | - | 84,858,357 | 75,389,491 | - | 1,032,147,848 |
| 2016 | 32,785,000 | 55,345,000 | - | 90,547,001 | 83,399,009 | - | 1,074,671,010 |
| 2015 | - | - | - | 95,970,439 | 65,530,144 | - | 1,095,965,583 |
| 2014 | - | - | - | 101,143,501 | 65,586,394 | - | 1,124,939,895 |
| 2013 | - | - | - | 106,080,100 | 76,344,434 | - | 1,167,754,534 |
| 2012 | - | - | - | 110,794,193 | 75,844,431 | - | 1,122,533,624 |
| 2011 | - | - | - | 115,298,821 | 86,705,946 | - | 1,163,439,767 |

Notes :

⁽¹⁾ Fiscal year 2016 unamortized bond issue premium was restated to reflect a change in bond premium amortization to the Effective Interest Method. The change resulted in a increase of \$4,079,701 in unamortized bond issue premium.

Total Short and Long Term Debt Outstanding, in Millions (\$)



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 12, Historical Operating Results - Last 5 Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue | | | | | |
| Actual water demand (mgd) | 184.0050 | 173.3370 | 169.6570 | 179.2650 | 160.7820 |
| Uniform Rate (per 1,000 gallons) | \$ 2.5590 | \$ 2.5590 | \$ 2.5590 | \$ 2.5590 | \$ 2.5590 |
| Revenue from sale of water | 170,361,888 | 166,239,557 | 160,868,419 | 156,811,001 | 153,320,480 |
| Rate stabilization transfer | (1,737,848) | (5,274,114) | (2,955,840) | (660,622) | 1,745,750 |
| | 168,624,040 | 160,965,443 | 157,912,579 | 156,150,379 | 155,066,230 |
| Purchase price amortization credit | (10,231,557) | (10,231,557) | (10,231,557) | (10,231,557) | (10,231,557) |
| Litigation and insurance recoveries | 19,851 | 6,476 | 18,178 | 1,084,167 | 1,188,148 |
| Investment revenue - unrestricted ⁽¹⁾ | 3,738,379 | 3,804,846 | 2,440,815 | 1,911,132 | 1,019,717 |
| Total Revenue | 162,150,713 | 154,545,208 | 150,140,015 | 148,914,121 | 147,042,538 |
| Operation and maintenance expense ⁽²⁾ | (78,983,797) | (73,093,862) | (72,133,615) | (70,370,842) | (67,579,262) |
| Net Revenue | 83,166,916 | 81,451,346 | 78,006,400 | 78,543,279 | 79,463,276 |
| Annual debt service payments Series 2001A bonds | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Annual debt service payments Series 2004 bonds | - | 5,267,763 | 14,508,350 | 18,786,912 | 14,249,838 |
| Annual debt service payments Series 2005 bonds | 27,627,800 | 22,344,450 | 13,122,225 | 8,835,750 | 13,374,775 |
| Annual debt service payments Series 2006 bonds | - | - | - | - | 372,750 |
| Annual debt service payments Series 2008 bonds ⁽³⁾ | - | - | - | - | 1,703,663 |
| Annual debt service payments Series 2010 bonds | 159,875 | 319,750 | 319,750 | 319,750 | 1,825,775 |
| Annual debt service payments Series 2011 bonds | 13,550,250 | 13,555,750 | 13,542,750 | 13,548,500 | 13,554,250 |
| Annual debt service payments Series 2011A bonds | 2,295,150 | 2,296,200 | 2,297,250 | 2,299,000 | 2,295,500 |
| Annual debt service payments Series 2011B bonds | - | - | - | - | 657,309 |
| Annual debt service payments Series 2013 bonds | 3,619,550 | 3,619,550 | 3,619,550 | 3,619,550 | 3,619,550 |
| Annual debt service payments Series 2015A bonds | 7,611,150 | 7,611,150 | 7,611,150 | 7,611,150 | 7,611,150 |
| Annual debt service payments Series 2015B bonds | 3,650,244 | 3,649,395 | 3,650,904 | 3,649,346 | 3,595,158 |
| Annual debt service payments Series 2016A bonds | 4,356,687 | 4,356,688 | 4,356,688 | 4,356,688 | 2,892,356 |
| Annual debt service payments Series 2016B bonds | 1,335,482 | 1,334,331 | 1,337,748 | 1,335,439 | 990,041 |
| Annual debt service payments Series 2016C bonds | 2,767,250 | 2,767,250 | 2,767,250 | 2,767,250 | 1,345,191 |
| Annual debt service payments Series 2020 Master Bond | 69,162 | - | - | - | - |
| Total Debt Service | 70,042,600 | 70,122,277 | 70,133,615 | 70,129,335 | 71,087,306 |
| Required deposit to Capital Improvement Fund | - | - | - | 5,158,861 | 4,592,553 |
| Required deposit to Renewal and Replacement Fund | - | - | - | 3,242,539 | 3,155,183 |
| Total debt service and reserve requirements | 70,042,600 | 70,122,277 | 70,133,615 | 78,530,735 | 78,835,042 |
| Debt service and reserve coverage (times) | 1.19 | 1.16 | 1.11 | 1.00 | 1.01 |
| Fund Balance ⁽⁴⁾ | 29,314,554 | 29,652,353 | 28,097,906 | 26,266,857 | 25,331,249 |
| Net revenue plus fund balance | \$ 112,481,470 | \$ 111,103,699 | \$ 106,104,306 | \$ 104,810,136 | \$ 104,794,525 |
| Debt Service coverage (times) (times) | 1.61 | 1.58 | 1.51 | 1.49 | 1.48 |

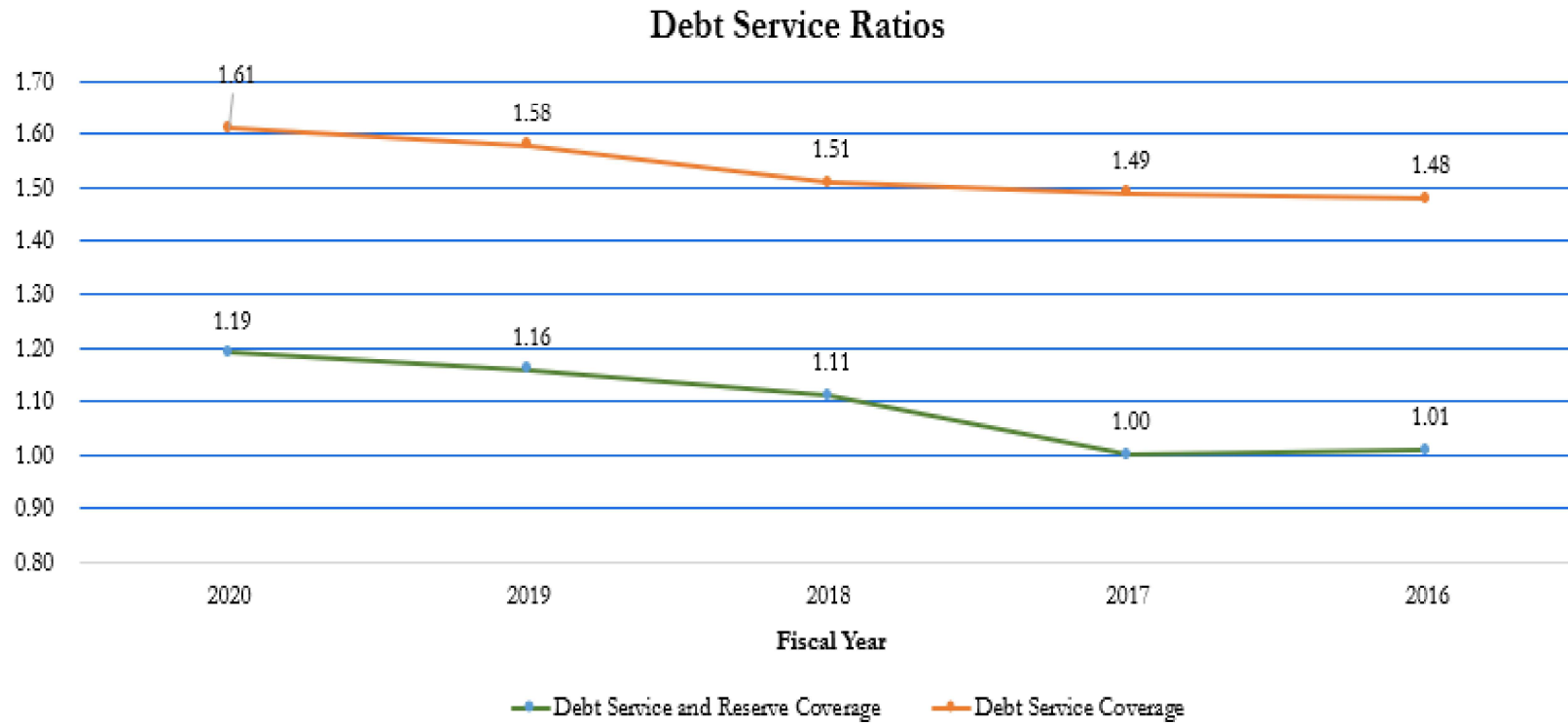
Note 1: Investment revenue does not include interest on construction funds or unrealized investment revenue from derivative instruments.

Note 2: Operation and maintenance expense include capital expense for maintenance of the existing system.

Note 3: Debt service coverage is calculated on the total debt service requirement, net of any capitalized interest provided from bond proceeds, in accordance with the Bond Resolution.

Note 4: Fund balance is defined by the Bond Resolution and is calculated as of the prior year-end in accordance with the Bond Resolution.

Tampa Bay Water (A Regional Water Supply Authority)
 TABLE 12, Historical Operating Results - Last 5 Fiscal Years



Tampa Bay Water (A Regional Water Supply Authority)
 TABLE 13, General Information as of September 30, 2020

| | |
|----------------------------|---|
| Number of member agencies: | 6 |
| Cities: | 3 |
| Counties: | 3 |

Notes: Each of the counties have two board members and each of the cities have one.

Tampa Bay Water (A Regional Water Supply Authority)

TABLE 14, Operating Indicators - Last 10 Fiscal Years

| Fiscal Year | Service Area (Square Miles) | Miles of Treated Water Pipeline | Miles of Untreated Water Pipeline | Number of Service Connections | Groundwater Wellfields | Number of Groundwater Treatment Plants | Groundwater Treatment Capacity ⁽¹⁾ | Desalination Treatment Plant | Desalination Treatment Capacity |
|-------------|-----------------------------|---------------------------------|-----------------------------------|-------------------------------|------------------------|--|---|------------------------------|---------------------------------|
| 2020 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2019 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2018 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2017 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2016 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2015 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2014 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2013 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2012 | 2,076 | 156 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |
| 2011 | 2,076 | 152 | 115 | 21 | 13 | 6 | 181 | 1 | 25 |

| Fiscal Year | Hydrogen Sulfide Treatment Plants | Hydrogen Sulfide Treatment Capacity ⁽¹⁾ | Number of Surface Water Treatment Plants | Surface Water Treatment Capacity ⁽¹⁾ | Treated Water Booster Stations | Untreated Water Lift/Withdrawal/Booster Stations | Water Supply Reservoir | Water Supply Reservoir Capacity (Billion Gallons) |
|-------------|-----------------------------------|--|--|---|--------------------------------|--|------------------------|---|
| 2020 | 2 | 80 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2019 | 2 | 80 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2018 | 2 | 80 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2017 | 2 | 80 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2016 | 2 | 80 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2015 | 2 | 80 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2014 | 2 | 80 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2013 | 2 | 80 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2012 | 1 | 35 | 1 | 120 | 4 | 5 | 1 | 15.5 |
| 2011 | 1 | 35 | 1 | 120 | 4 | 5 | 1 | 15.5 |

Notes :

⁽¹⁾ Million Gallons per Day.

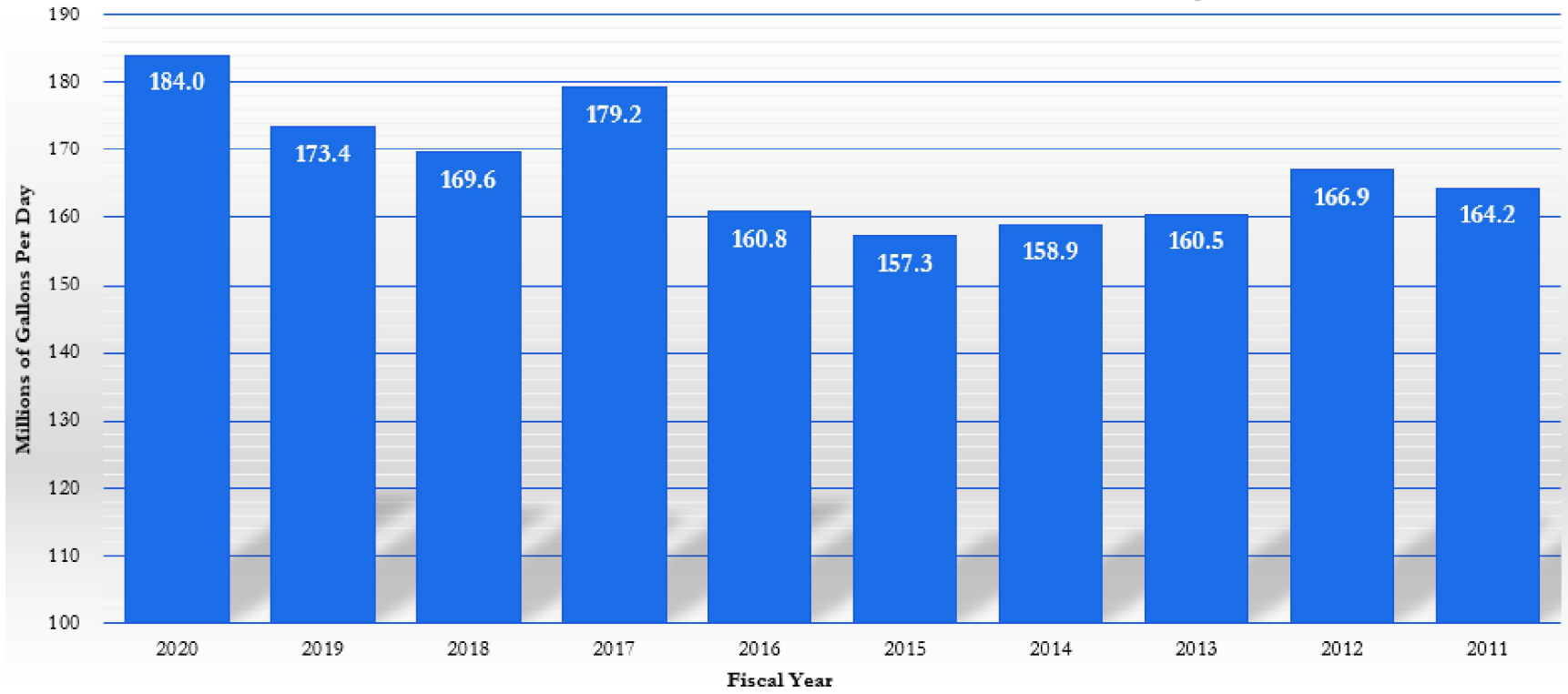
Tampa Bay Water (A Regional Water Supply Authority)

TABLE 15, Total Water Production - Last 10 Fiscal Years

| Fiscal Year | Ground Water | Surface Water | Desalinated Water | Total Water Production (Million Gallons Per Day) |
|--------------------|---------------------|----------------------|--------------------------|---|
| 2020 | 111.8 | 63.7 | 8.5 | 184.0 |
| 2019 | 108.1 | 58.7 | 6.6 | 173.4 |
| 2018 | 105.9 | 57.9 | 5.8 | 169.6 |
| 2017 | 109.7 | 62.5 | 7.0 | 179.2 |
| 2016 | 102.0 | 57.5 | 1.3 | 160.8 |
| 2015 | 102.2 | 52.9 | 2.2 | 157.3 |
| 2014 | 94.0 | 55.8 | 9.1 | 158.9 |
| 2013 | 104.2 | 45.9 | 10.4 | 160.5 |
| 2012 | 108.0 | 57.6 | 1.3 | 166.9 |
| 2011 | 107.5 | 52.9 | 3.8 | 164.2 |

Tampa Bay Water (A Regional Water Supply Authority)

Total Water Production, in Millions of Gallons Per Day



Tampa Bay Water (A Regional Water Supply Authority)

TABLE 16, Employment by Industry - Fiscal Year 2020 and 2011

| Industry | Hillsborough County | | Pasco County | | Pinellas County | |
|---|---------------------|---------|--------------|--------|-----------------|---------|
| | 2020 | 2011 | 2020 | 2011 | 2020 | 2011 |
| Utilities | 2,922 | 2,779 | 861 | 621 | 667 | 474 |
| Construction | 42,338 | 26,712 | 10,082 | 6,281 | 23,316 | 17,298 |
| Machinery Manufacturing | 1,278 | 1,150 | 838 | 1,080 | 2,820 | 2,768 |
| Transportation Equipment Manufacturing | 1,600 | 1,142 | 127 | 18 | 1,529 | 1,531 |
| Wholesale Trade | 36,249 | 30,588 | 2,646 | 2,211 | 15,463 | 12,737 |
| Information | 18,318 | 17,337 | 1,017 | 766 | 7,631 | 7,529 |
| Other Services | 25,113 | 21,172 | 4,697 | 3,725 | 16,577 | 14,687 |
| Education & Health Services | 99,185 | 82,262 | 24,925 | 19,937 | 79,515 | 72,664 |
| Financial Activities | 77,176 | 56,711 | 4,791 | 4,239 | 33,993 | 29,351 |
| Federal Government | 14,949 | 14,415 | 780 | 761 | 6,898 | 7,360 |
| Local Government | 53,807 | 50,572 | 15,885 | 14,958 | 33,752 | 33,806 |
| State Government | 18,197 | 17,187 | 1,766 | 1,792 | 5,169 | 5,482 |
| Leisure and Hospitality | 82,754 | 61,008 | 16,241 | 11,586 | 57,518 | 45,267 |
| Manufacturing | 26,604 | 23,571 | 3,319 | 3,185 | 29,411 | 30,611 |
| Chemical, Energy, Plastic, and Rubber Manufacturing | 2,941 | 2,904 | 309 | 298 | 3,056 | 3,122 |
| Electronic and Electrical Manufacturing | 2,817 | 2,543 | 315 | 219 | 8,776 | 9,830 |
| Food, Beverage, and Tobacco Manufacturing | 5,431 | 4,806 | 228 | 221 | 1,130 | 1,069 |
| Furniture and Misc. Manufacturing | 3,200 | 2,156 | 389 | 361 | 5,362 | 5,135 |
| Metals and Mining Based Manufacturing | 5,368 | 4,795 | 850 | 690 | 2,782 | 2,972 |
| Textile, Fiber, and Printing Manufacturing | 3,972 | 4,076 | 263 | 298 | 3,960 | 4,184 |
| Office using Industries | 256,976 | 193,032 | 20,922 | 17,680 | 135,690 | 106,960 |
| Professional and Business Services | 159,603 | 108,326 | 13,337 | 11,492 | 85,755 | 59,073 |
| Natural Resources and Mining | 494 | 323 | 31 | 20 | 7 | 4 |
| Retail Trade | 77,766 | 66,564 | 21,329 | 18,064 | 53,259 | 49,705 |
| Transpiration and Warehousing | 16,722 | 13,949 | 1,053 | 1,020 | 5,312 | 4,944 |
| Trade, Transportation and Utilities | 133,660 | 113,880 | 25,889 | 21,916 | 74,701 | 67,859 |
| Transportation, Warehousing and Utilities | 19,644 | 16,728 | 1,914 | 1,641 | 5,979 | 5,417 |

Tampa Bay Water (A Regional Water Supply Authority)

TABLE 17, Demographic and Economic Statistic - Last 10 Calendar Years ⁽¹⁾

| Hillsborough County | | | | | |
|---------------------|-------------------------------------|---|--------------------------------|-------------------------------|-------------------|
| Fiscal Year | County Population (in thousands) | Per Capital Personal Income (in dollars) | Single Family Building Permits | Multi Family Building Permits | Unemployment Rate |
| 2020 | 1,501 | 57,118 | 10,384 | 4,518 | 5.900% |
| 2019 | 1,469 | 54,861 | 10,327 | 4,194 | 3.691 |
| 2018 | 1,438 | 52,035 | 10,253 | 4,889 | 3.855 |
| 2017 | 1,405 | 48,398 | 9,154 | 6,041 | 4.215 |
| 2016 | 1,374 | 45,047 | 6,457 | 4,554 | 4.453 |
| 2015 | 1,344 | 42,467 | 5,271 | 4,026 | 5.041 |
| 2014 | 1,316 | 41,902 | 4,411 | 3,079 | 5.839 |
| 2013 | 1,294 | 40,568 | 4,798 | 2,074 | 6.711 |
| 2012 | 1,282 | 40,878 | 4,059 | 3,036 | 7.979 |
| 2011 | 1,272 | 42,059 | 3,075 | 1,106 | 9.600 |

| Pasco County | | | | | |
|--------------|-------------------------------------|---|--------------------------------|-------------------------------|-------------------|
| Fiscal Year | County Population (in thousands) | Per Capital Personal Income (in dollars) | Single Family Building Permits | Multi Family Building Permits | Unemployment Rate |
| 2020 | 539 | 48,657 | 4,174 | 1,369 | 5.600% |
| 2019 | 528 | 46,695 | 4,162 | 1,274 | 4.239 |
| 2018 | 519 | 44,211 | 4,142 | 1,488 | 4.428 |
| 2017 | 509 | 40,897 | 3,718 | 1,849 | 4.841 |
| 2016 | 501 | 37,924 | 2,639 | 1,403 | 5.115 |
| 2015 | 493 | 2,639 | 1,403 | - | 5.790 |
| 2014 | 485 | 33,953 | 1,825 | 960 | 6.707 |
| 2013 | 476 | 32,830 | 1,553 | 421 | 7.819 |
| 2012 | 471 | 32,361 | 1,167 | 170 | 9.148 |
| 2011 | 467 | 32,665 | 960 | 441 | 10.861 |

| Pinellas County | | | | | |
|-----------------|-------------------------------------|---|--------------------------------|-------------------------------|-------------------|
| Fiscal Year | County Population (in thousands) | Per Capital Personal Income (in dollars) | Single Family Building Permits | Multi Family Building Permits | Unemployment Rate |
| 2020 | 1,010 | 65,688 | 1,522 | 1,431 | 5.500% |
| 2019 | 996 | 63,222 | 1,541 | 1,339 | 3.674 |
| 2018 | 982 | 60,134 | 1,542 | 1,573 | 3.837 |
| 2017 | 970 | 55,984 | 1,391 | 1,965 | 4.195 |
| 2016 | 958 | 52,190 | 993 | 1,498 | 4.432 |
| 2015 | 947 | 49,252 | 821 | 1,341 | 5.018 |
| 2014 | 938 | 45,925 | 695 | 1,038 | 5.812 |
| 2013 | 930 | 44,362 | 714 | 2,341 | 6.778 |
| 2012 | 922 | 44,108 | 489 | 1,072 | 8.040 |
| 2011 | 918 | 44,549 | 341 | 14 | 9.728 |

Notes:

⁽¹⁾ Information is retrieved from Moody's Corporation Database.



IV. COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**To the Board of Directors of
Tampa Bay Water, A Regional Water Supply Authority
Clearwater, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tampa Bay Water, A Regional Water Supply Authority (the "Agency"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bradenton, Florida
February 11, 2021

TAMPA BAY WATER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

| | |
|--|--------------------------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: Material weaknesses identified? | ___ yes <u>X</u> no |
| Significant deficiencies identified not considered to be material weaknesses? | ___ yes <u>X</u> none reported |
| Noncompliance material to financial statements noted? | ___ yes <u>X</u> no |

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal award programs or state financial assistance projects as of September 30, 2020, due to the total amount expended being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
STATE PROJECTS FINDINGS AND QUESTIONED COSTS

Not applicable.

TAMPA BAY WATER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

STATUS OF PRIOR YEAR AUDIT FINDINGS

None noted.

Tampa Bay Water (A Regional Water Supply Authority)
Schedule of Debt Service Coverage - Utility System Revenue Bonds,
Series 2001A, 2005, 2010, 2011, 2011A
2013, 2015A, 2015B, 2016A, 2016B, 2016C and 2020 Master Bond

Article I. September 30, 2020

| Revenue | |
|--|-----------------------|
| Actual water demand (mgd) | 184.0050 |
| Uniform rate (per 1,000 gallons) | \$ 2.5590 |
| Revenue from sales | <u>170,361,888</u> |
| Transfer (to) from Rate Stabilization Fund | <u>(1,737,848)</u> |
| | 168,624,040 |
| Purchase price amortization credit | (10,231,557) |
| Litigation and insurance recoveries | 19,851 |
| Investment revenue - unrestricted | <u>3,738,379</u> |
| Total revenue | 162,150,713 |
| Operation and maintenance expenditures | <u>(78,983,797)</u> |
| Net revenue | <u>83,166,916</u> |
| Annual debt service payments Series 2001A bonds | 3,000,000 |
| Annual debt service payments Series 2005 bonds | 27,627,800 |
| Annual debt service payments Series 2010 bonds | 159,875 |
| Annual debt service payments Series 2011 bonds | 13,550,250 |
| Annual debt service payments Series 2011A bonds | 2,295,150 |
| Annual debt service payments Series 2013 bonds | 3,619,550 |
| Annual debt service payments Series 2015A bonds | 7,611,150 |
| Annual debt service payments Series 2015B bonds | 3,650,244 |
| Annual debt service payments Series 2016A bonds | 4,356,687 |
| Annual debt service payments Series 2016B bonds | 1,335,482 |
| Annual debt service payments Series 2016C bonds | <u>2,767,250</u> |
| Annual debt service payments Series 2020 Master bond | <u>69,162</u> |
| Total debt service | <u>70,042,600</u> |
| Total debt service and reserve requirements | <u>70,042,600</u> |
| Debt service and reserve coverage (times) | <u>1.19</u> |
| Fund balance | <u>29,314,554</u> |
| Net revenue plus fund balance | <u>\$ 112,481,470</u> |
| Debt service coverage (times) | <u>1.61</u> |

Note 1: Investment revenue does not include interest on construction funds or unrealized investment gains in 2020.

Note 2: Operation and maintenance expenditures include capital expenditures for maintenance of the existing system of in 2020.

Note 3: Fund balance is defined by the Master Bond Resolution and is calculated as of the prior year-end in accordance with the Master Bond Resolution.

Note 4: Debt service coverage is calculated on the total debt service requirement, net of any capitalized interest provided from bond proceeds, in accordance with the Master Bond Resolution.



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Tampa Bay Water, A Regional Water Supply Authority
Clearwater, Florida**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Tampa Bay Water, A Regional Water Supply Authority (the "Agency"), which comprise the statement of net position as of September 30, 2020, and the statement of activities and cash flows, and the related notes to the financial statements, and have issued our report, thereon, dated February 11, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the terms, covenants, provisions, or conditions of Sections 4 and 5 of the Master Bond Resolution dated August 31, 1998, insofar as they relate to accounting matters for the following bonds:

- Utility System Refunding and Improvement Revenue Bonds, Series 2001A
- Utility System Refunding and Improvement Revenue Bonds, Series 2005
- Utility System Refunding Revenue Bonds, Series 2010
- Utility System Refunding Revenue Bonds, Series 2011
- Utility System Refunding Revenue Bonds, Series 2011A
- Utility System Refunding Revenue Bonds, Series 2013
- Utility System Refunding Revenue Bonds, Series 2015A
- Utility System Refunding Revenue Bonds, Series 2015B
- Utility System Refunding Revenue Bonds, Series 2016A
- Taxable Utility System Refunding Revenue Bonds, Series 2016B
- Utility System Refunding Revenue Bonds, Series 2016C
- Utility System Refunding Revenue Master Bond, Series 2020

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the above referenced terms, covenants, provisions, or conditions of Sections 4 and 5 of the Master Bond Resolution dated August 31, 1998, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Agency and the member governments and is not intended to be, and should not be, used by anyone other than the specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 11, 2021



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

**To the Board of Directors of
Tampa Bay Water, A Regional Water Supply Authority
Clearwater, Florida**

Report on the Financial Statements

We have audited the financial statements of Tampa Bay Water, A Regional Water Supply Authority (the "Agency"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 11, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 11, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial report requiring correction.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2, *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 11, 2021



INDEPENDENT ACCOUNTANT'S REPORT

**To the Board of Directors of
Tampa Bay Water, A Regional Water Supply Authority
Clearwater, Florida**

We have examined Tampa Bay Water, A Regional Water Supply Authority's (the "Agency") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Agency and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 11, 2021



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