Tampa Bay Water
(A Regional Water Supply Authority)
Florida

2025

Fiscal Year Ended
September 30, 2025

Annual Comprehensive Financial Report

TAMPA
BAY
WATER

Annual Comprehensive Financial Report

for the Fiscal Year Ended September 30, 2025

Prepared by the Finance Department of
Tampa Bay Water
2575 Enterprise Road
Clearwater, FL 33763-1102
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https://www.tampabaywater.org/

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www.tampabaywater.org

TAMPA BAY WATER
Supplying Water To The Region

02/17/2026

The Honorable Board of Directors and the Citizens of the Tampa Bay Region,

Tampa Bay Water

2575 Enterprise Road

Clearwater, FL 33763

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for Tampa Bay Water (Agency) for the fiscal year ended September 30, 2025, 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 ACFR, 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 from material misstatements.

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, 2025.

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.

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 New Port Richey, St. Petersburg, and Tampa 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 became governed by the Amended and Restated Interlocal Agreement and the Master Water Supply Contract. The Amended and Restated Interlocal Agreement expires upon the later of the following dates: the fortieth anniversary of the commencement date or the date on which no Obligations remain outstanding pursuant to the Financing Documents, currently these dates align in 2038. 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 charges 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 more than 2.6 million residents in the Tampa Bay region. The region is served by a combination of groundwater, surface water and desalinated seawater. 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

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

Tampa Bay Water Value Statements

- A trained and engaged staff, adaptable processes, and a focus on safety are keys to the agency's success.
- Integrity and accountability create trust and credibility with our stakeholders.
- We strive to be forward-thinking and innovative and seek improvement in everything we do.
- We fulfill our mission in partnership with our stakeholders in a reliable, efficient, and responsible manner.

Board of Directors

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 the cities of St. Petersburg and Tampa, their representatives are currently chosen by their respective Mayors. In the case of the city of New Port Richey, its representative is currently the Mayor.

Organizational Structure - Fiscal Year 2025

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 Counsel position is currently outsourced to an outside law firm.

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 business strategies, finance, administration, information technology, planning & projects, science, water production, and ensuring that Board policies and programs are implemented in accordance with the Board's direction. The General Manager oversees six agency divisions.

Divisions:

Business Strategies Division oversees the agency's strategic and business planning; ensures employee and facility safety and security; trains and develops agency staff; directs change management throughout the agency; and builds and maintains relationships with stakeholders. The Chief of Staff/Chief Strategy Officer leads the division which includes the Government Affairs, Public Communications, Continuous Improvement, Safety Services and Human Resources departments.

The Finance & Administration Division oversees the Agency's finances, cash management, payroll, debt management, financial reporting, procurement, inventory, risk management and records. The Chief Financial Officer leads the division which includes the Finance, Purchasing, and Administrative Services departments.

The Information Technology Division oversees the efficient management and security of the Agency's data and digital technologies. The Information Technology Director leads the division which includes the Applications, Systems & Security, and Supervisory and Control and Data Acquisition (SCADA) teams.

The Science Division oversees and supports environmental and water quality data collection and analysis, permit compliance, systems modeling to support agency decision-making, and coordinates water conservation activities and implements water saving rebate programs to reduce water demands across the region. The Chief Science Officer leads the division which includes the Water Use Permitting, Environmental Monitoring, System Decision Support, Water Quality Services, Laboratory and Source Water Assessment departments.

Planning & Projects Division oversees the planning and delivery of projects to ensure reliability of our existing and future water supply infrastructure. The Planning and Projects Director leads the division which includes the Engineering, Surveying, Construction, Real Property and Project Management departments.

The Water Production Division operates, supports, monitors, and maintains Agency facilities to continuously provide high quality drinking water to our members. The Chief Operating Officer leads the division which includes the Operations, Maintenance, Maintenance Planning & Reliability, Reservoir Compliance and Building-Grounds & Fleet departments.

Executive Team

The Executive Team of Tampa Bay Water provides strategic and operational leadership and is composed of the General Manager, General Counsel, Chief of Staff/Chief Strategy Officer, Chief Financial Officer, Chief Operating Officer, Chief Science Officer, Information Technology Director, Continuous Improvement Director, and Planning and Projects Director. The Executive Team develops goals, strategic plans, company policies and is 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 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 its members which consist of three counties, Hillsborough, Pasco, and Pinellas and one city within each of those counties, New Port Richey, St. Petersburg, and Tampa. More than 2.6 million people receive water from Tampa Bay Water through its members.

According to Moody's Corporation each of the three counties has seen an increase in total population, per capita income, single-family permits, and multifamily permits from calendar year 2024 to 2025. Hillsborough County had the highest percentage increase in population at 1.85 percent and biggest decrease of 1.01% in the unemployment rate. Pasco County led the way in the increase in per Capita Income at 4.52 percent, single-family building permits at 5.38 percent, and multi-family building permits at 0.59 percent.

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 was created for use as a five-year road map. The Agency completed the new Strategic Plan which was approved by the Board of Directors in January 2022 and updated in the spring of 2023.

The updated 2022-2027 Strategic Plan was developed to meet the Board's three overarching responsibilities: reliable water supply, environmental stewardship, and cost-effective rate, and includes six goals:

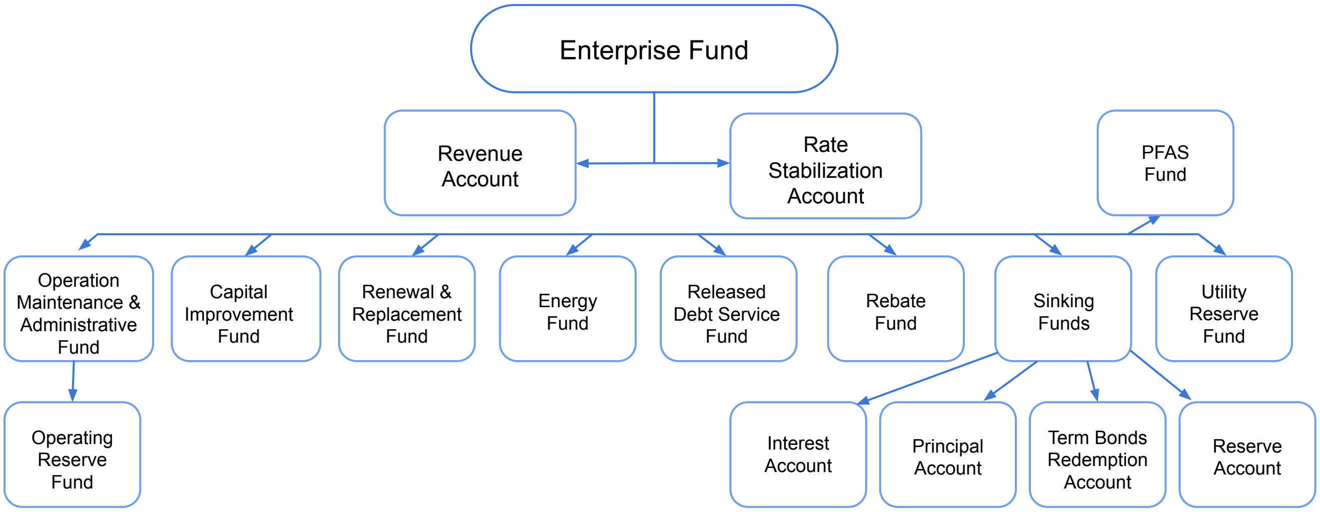
- Enhance system reliability and sustainability.
- Continuously improve agency operations.
- Optimize financial stability and sustainability.
- Promote open, collaborative relationships with stakeholders.
- Ensure an engaged, skilled and adaptable workforce..
- Safeguard agency infrastructure.

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 2022 -2027 Strategic Plan can be found at:

https://www.tampabaywater.org/wp-content/uploads/2022-2027-Tampa-Bay-Water-Strategic-Plan-Updated-2023.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.



Revenue Account - the initial depository for all Agency revenue and is transferred to other funds as required.

Rate Stabilization Account - funded/used by the annual budget and/or Board approved transfers, including funding of the Revenue Account.

Operation, Maintenance, and Administration Fund - pays all operating and administrative costs of the Agency and includes the **Operating Reserve Fund**.

Renewal and Replacement Fund - pays costs for repairs and replacement of the system, as needed, and approved by the Board.

Capital Improvement Fund - pays costs of various capital projects as designated and approved by the Board.

Energy Fund - pays costs of various energy program projects as designated and approved by the Board.

PFAS Fund - The PFAS Fund shall be used to finance and support Board approved projects, programs, studies, remediation efforts, and other initiatives related to polyfluoroalkyl substances ("PFAS") chemicals. Expenditures from this fund are intended to address the identification, assessment, mitigation, treatment, monitoring, and management of PFAS related impacts, consistent with applicable regulatory requirements and Board directives.

Released Debt Service Fund - pays costs of various capital projects as designated and approved by the Board.

Rebate Fund - used for rebatable arbitrage to the IRS, whenever interest on tax-exempt bond construction funds exceeds allowable earnings under IRS arbitrage regulations.

Sinking Funds - holds all Agency funds restricted for payment of Agency debt. These consist of the **Interest Account**, **Principal Account, and Term Bonds Redemption Account**, which are funded annually from revenues and used to pay annual debt service, and the **Reserve Account**, which is funded from bond proceeds and changes with debt issuance or redemption.

Utility Reserve Fund - is for 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 Waters`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 ensure 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 funds 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. 7. The Agency's capitalization threshold is $5,000, following the Government Finance Officers Association best practices.

Debt Policy

The Agency's dept 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 consideration 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 Annual Comprehensive 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 Selection Policy and applicable Florida Statutes.

The Annual Comprehensive Financial Reports along with the Popular Annual Financial Reports are available on the Tampa Bay Water website, https://www.tampabaywater.org/agency/tampa-bay-water-budget-and-financial-information/

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 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, establishing 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. The CIP includes funding from multiple sources and the annual plan is the basis for budgeted expenses when developing the upcoming Annual Budget.

Goals

The following goals are used by Tampa Bay Water staff to update the Capital Improvement Program Plan:

- Identify and prioritize capital projects through a coordinated departmental effort that integrates planning, project management, engineering, construction delivery strategies, financing requirements, and future operating and maintenance costs..
- Develop a duration-based schedule and budget for each project..
- Develop a funding scenario for each project that identifies a funding source, projected planned expenditures cash flow, and future operating and maintenance costs 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.

Major Goals and Initiatives for Fiscal Year 2025

The Fiscal Year 2025 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 updated 2022-2027 Strategic Plan.
  - Deliver Quality Water and Enhance System Reliability and Sustainability
  - Continuously Improve Agency Operations
  - Optimize Financial Stability and Sustainability
  - Promote Open, Collaborative Relationships with Stakeholders
  - Ensure an Engaged, Skilled and Adaptable Workforce
  - Safeguard Agency Infrastructure
- Addressing key recommendations from the 2020 Performance and Management Audit Report and allocating our staff and financial resources to meet the Boards' objectives for a sustainable and affordable water supply system.
- Continuing to balance and blend our multiple supplies of water sources to deliver high quality, affordable water to our member governments.
- Continuing to work on the South Hillsborough Pipeline to meet the growing water needs of South Hillsborough County.
- Continuing to work on the Surface Water Treatment Plant Expansion Project to meet water demands by year 2028.
- Performing the feasibility studies on the short-listed projects in the 2023 Long-Term Master Water Plan Update.
- Refining the models used to accurately predict the need for new water supplies in the future.
- Safeguarding the public's investment in the region's water supply and delivery system to ensure that both the water quality and water quantity meet the needs of the more than 2.6 million people in our region. Protecting that investment includes:
  - Focusing on the safety and security of our employees and our water supply facilities.
  - Renewing and replacing existing infrastructure to ensure the optimal operation of our facilities over time.
  - Continuing to engage with community, environmental and educational organizations on projects that promote the protection of our drinking water sources through the Source Water Protection Mini-Grant Program.
- Updating the Agency's 2020 Succession Plan designed to proactively respond to shifts in staff attrition, address emerging recruitment challenges, and capitalize on development opportunities in a way that ensures business continuity and supports both immediate and long-range agency priorities.
- Continuing to administer the agency's cost-of-living adjustment and performance-based merit programs.
- Addressing the safety and security of both physical assets and information technology systems.
- Expanding the agency's outreach and education program to underscore the importance of a reliable, sustainable water supply for economic and regional growth and development.
- Working with our member governments on the coordination and sharing of utility best management practices.

- Creating a framework and implementing a continuous improvement program throughout the agency.
- Working with our colleagues around the country on 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 is a comprehensive examination of supply, demand, system hydraulics, water quality, reliability, public engagement, conservation and more.

This 20-year plan is a framework for meeting the region's future drinking water needs. The Long-term Master Water Plan 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 initiated in 1998, is updated every five years; each update must be approved by the Agency's board of directors.

The planning process includes data from a comprehensive demand forecasting model that helps 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. Projections show the Tampa Bay region will need an additional 10 million gallons per day (mgd) by 2028 and another 10 to 20 mgd by 2033.

In August 2022, the Agency's board of directors voted to expand the Tampa Bay Regional Surface Water Treatment Plant. The expansion increases the plant's average production by 10 mgd to meet 2028 regional demands. This project is currently under construction. It's selection marked the close of the 2018 Long-term Master Water Plan planning cycle and the beginning of the 2023 planning cycle, which kicked off in October 2022. Projects from previous Long-term Master Water Plans, which all include public input, and ideas from Tampa Bay Water and its member governments were considered in the 2023 planning cycle.

The 2023 Long-term Master Water Plan update was approved by the Agency's board of directors in November 2023. This updated plan recommended the evaluation of seven water supply concepts for further feasibility in a 3-year Feasibility Program.

South Hillsborough County Water Supply Projects

Southern Hillsborough County is experiencing rapid development and growth that is driving demand for more drinking water. The Agency continues to implement solutions to bring more water to fast-growing southern Hillsborough County. These solutions include:

- The Agency's board of directors approved the route for segments A and B of the new South Hillsborough Pipeline to deliver up to an additional 65 mgd of water to Hillsborough County by 2028. Segment A of the pipeline will connect Tampa Bay Water's regional water plant in Brandon to the County's Lithia Water Treatment Plant, offering system redundancy between these two facilities in addition to more water. Segment B will branch out from Segment A and end at a new point of connection in south Hillsborough. This project is currently under construction.

- Tampa Bay Water previously acquired quantities from other landowners and received a Water Use Permit for 775,000 gallons per day on the Balm Farm property. The agency is acquiring additional unused permit capacity from five additional landowners in south Hillsborough County and will transfer the quantities to our Balm Farm permit. The permit is expected to increase to approximately 3 to 4 mgd after the permit process is complete.
- The Agency's board of directors approved the construction of the South Hillsborough Wellfield based on the quantities transferred to the Balm Farm Water Use Permit and a potential permit increase of approximately 6 mgd from groundwater recharge credits that may be obtained from Hillsborough County. Solicitation for professional engineering services is on-going.
- Tampa Bay Water acquired unneeded permit capacity from Hillsborough County and the Tampa Electric Company and transferred those quantities to increase the average quantity at the South-Central Hillsborough Regional Wellfield. This modified permit was approved and increased the annual average yield of the existing wellfield by between 1 and 9 mgd of additional water supply for South Hillsborough County.

Respectfully Submitted,

Christina Sackett - Chief Financial Officer

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Tampa Bay Water
Florida

For its Annual Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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Tampa Bay Water
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For the Fiscal Year Ended

September 30, 2024

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 01, 2024

Christopher P. Morrill

Executive Director

Tampa Bay Waters Board of Directors as of September 30, 2025

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
Harry Cohen
Hillsborough County

Vice Chair
Council Member
Lisset Hanewicz
City of St. Petersburg

Mayor
Chopper Davis
City of New Port Richey

Commissioner
Dave Eggers
Pinellas County

Commissioner
Jack Mariano
Pasco County

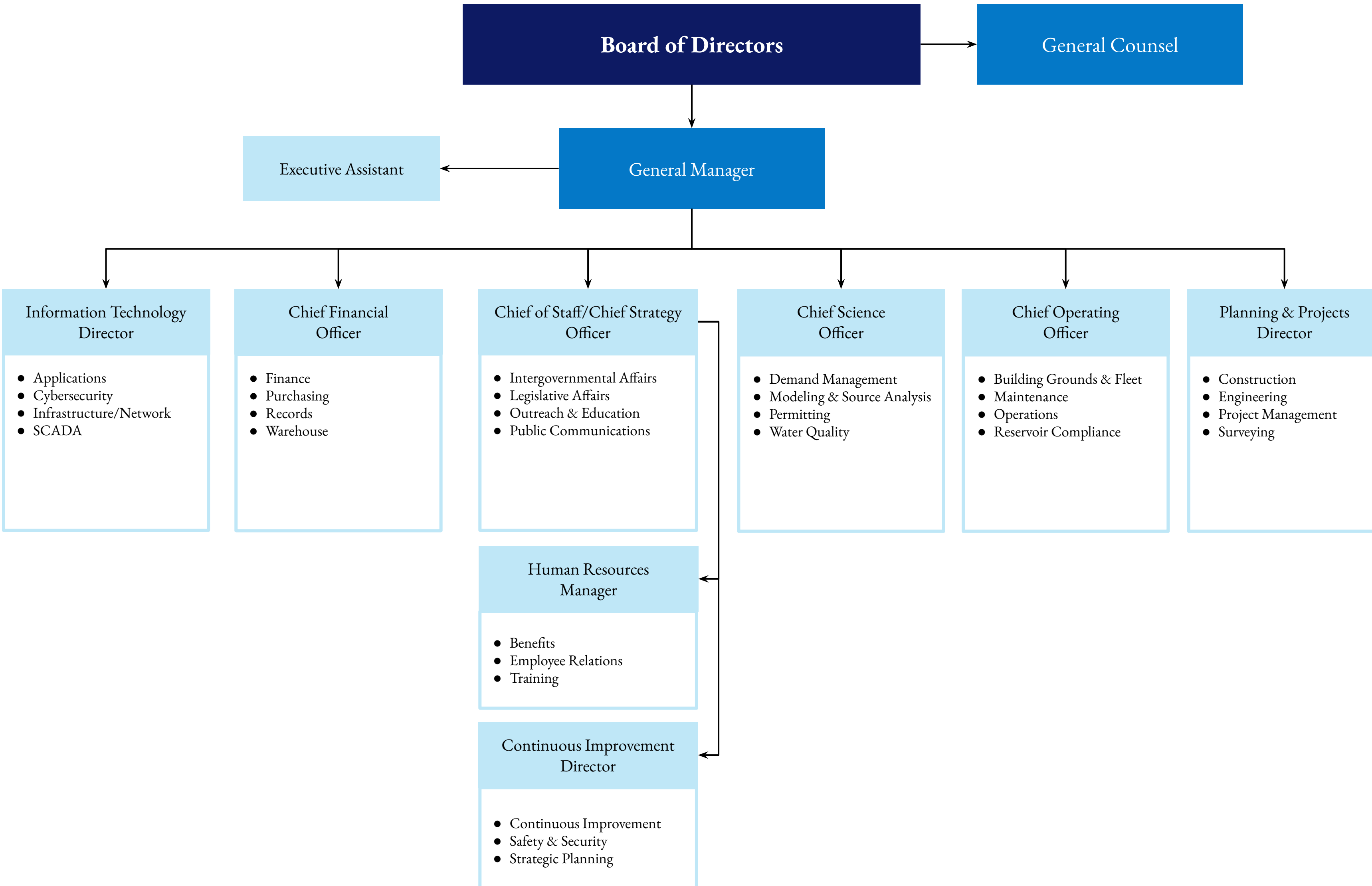
Council Member
Charlie Miranda
City of Tampa

Commissioner
Ron Oakley
Pasco County

Commissioner
Kathleen Peters
Pinellas County

Commissioner
Joshua Wostal
Hillsborough County

Tampa Bay Water Organizational Chart as of September 30, 2025



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
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  - 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 Audit of the Financial Statements

Opinion
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, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 28 through 36), 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 80 through 86) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying supplementary information noted as the Schedule of Debt Service Coverage – Utility System Revenue Bonds as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, budgetary comparison schedule for fiscal year 2025 and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026, 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 12, 2026

Management's Discussion and Analysis

Annual Comprehensive Financial Report 2025

Management's Discussion and Analysis
Year Ended September 30, 2025

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, 2025. 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 $1.55 billion to provide water to its six Member Governments. Financial data for the fiscal year ended September 30, 2025, 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 2025 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 $61.7 million or 6.3% in fiscal 2025. The beginning net position for fiscal year 2025 was restated to reflect the implementation of GASB 101, which was a decrease of $557,364 in net position.
- Decreased water demand from its six members due to water restrictions in place, resulted in a decrease in water production from 199.1 mgd in 2024 to 198.5 mgd in 2025.
- During 2025, the Agency's revenue from water sales was $198.8 million. However, $10.3 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 of $10.6 million in revenue recognized from 2024 to 2025.
- The Agency's operating expense increased by 5.6 million, or 5.3%, from 2024 to 2025 because of increases in costs for chemicals, electricity, and professional services.

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 the 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.

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 credit worthiness.

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*)

	2025	2024
Assets		
Unrestricted current assets	$ 103.2	$ 98.5
Restricted current assets	608.9	209.9
Capital assets, net	1,551.6	1,497.1
Noncurrent assets	147.6	120.0
Total Assets	**2,411.3**	**1,925.5**
Deferred outflows of resources		
Refunding of debt	-	2.0
FRS	2.5	3.5
HIS	0.2	0.3
Total Deferred outflows of resources	**2.7**	**5.8**
Liabilities		
Long-term debt, net of current portion	1,148.8	764.6
Other liabilities	144.5	121.9
Total Liabilities	**1,293.3**	**886.5**
Deferred inflows of resources		
Rate stabilization	72.3	61.9
FRS	2.0	0.9
HIS	1.2	0.8
Refunding of debt	3.0	-
Total Deferred inflows of resources	**78.5**	**63.6**
Net position		
Net investment in capital assets	858.7	851.1
Restricted	156.7	120.2
Unrestricted	26.8	9.8
Total Net position	**$ 1,042.2**	**$ 981.1**

As shown in table A-1, total net position increased $61.7 million or 6.3%, to $1.0 billion in fiscal 2025 from $981.1 million in fiscal 2024.The beginning net position for fiscal year 2025 was restated to reflect the implementation of GASB 101, which was a decrease of $557,364 in net position.

Fiscal year 2024 is restated to reflect an adjustment to the net position as a result of adjusting the compensated absences, in conjunction with implementing GASB Statement No. 101 in 2025.

Change in Net Position

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

	2025	2024
Operating revenues	**$ 188.4**	**$ 177.8**
Operating expenses		
Operating expenses	(109.2)	(104.5)
Depreciation and amortization expenses	(31.3)	(29.4)
Total Operating expenses	**(140.5)**	**(133.9)**
Operating income	**47.9**	**43.9**
Non-operating revenues (expenses)		
Investment revenue, net of realized and realized gain (loss) *	34.9	20.9
Interest expense, gross	(49.4)	(31.6)
Gain (Loss) on disposal of capital assets	(0.7)	1.8
Litigation and insurance recoveries	16.1	5.0
Total Non-operating revenues (expenses)	**0.9**	**(3.9)**
Income before contributions	**48.8**	**40.0**
Capital contributions	12.9	6.9
Change in net position	**61.7**	**46.9**
Total net position - beginning	**981.1**	**934.2**
Cumulative effect of implementation of GASB 101	**(0.6)**	**-**
Total net position - ending	**$ 1,042.2**	**$ 981.1**

* Investment revenue, net of realized and unrealized gain (loss) of $0.8 and $6.4 in 2025 and 2024, respectively

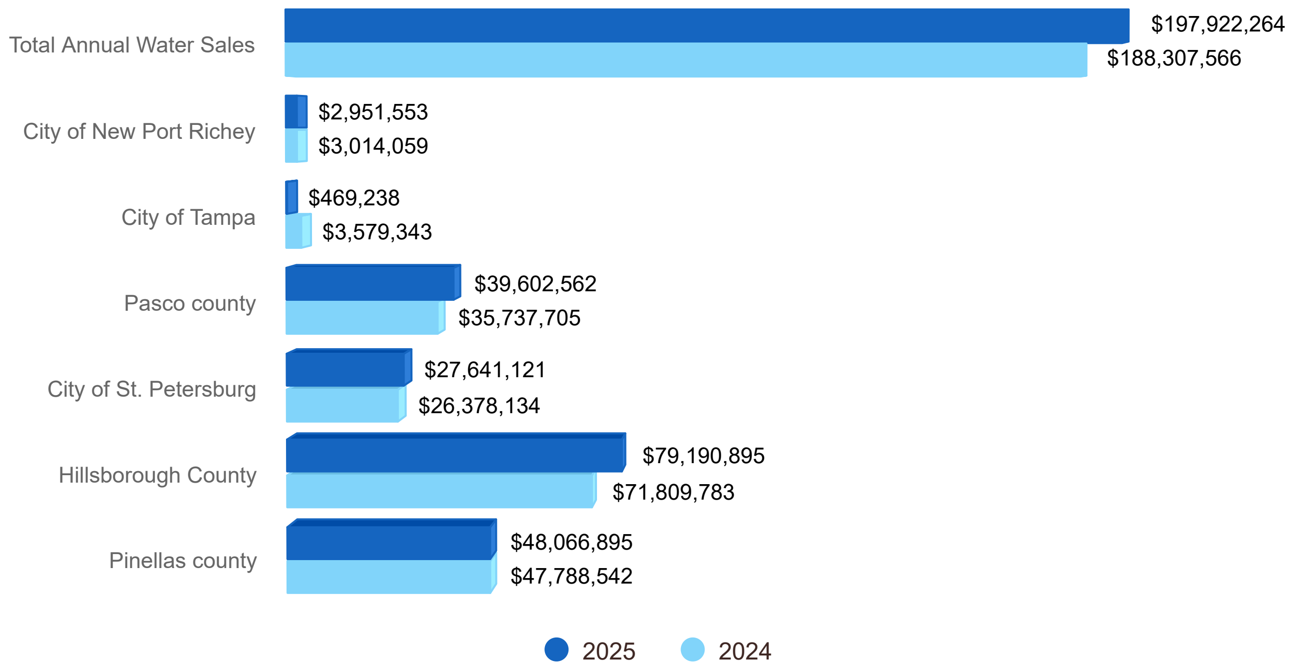
Table A-2 reflects the statements of revenues, expenses, and changes in net position and provides information as to the nature and source of these changes.

As shown in Table A-2, the net position increased $61.7 million or 6.3% in 2025 from 2024.The beginning net position for fiscal year 2025 was restated to reflect the implementation of GASB 101, which was a decrease of $557,364 in net position.

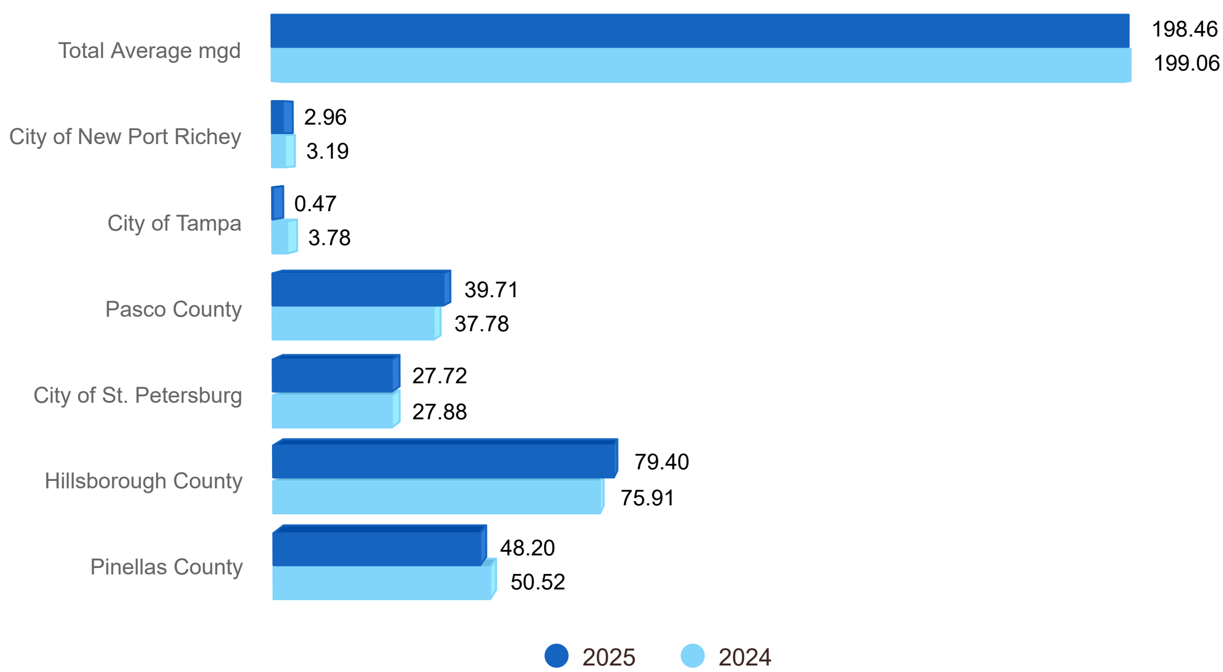
As illustrated in the following charts, total water sales billed to Member Governments under the Uniform Rate was $197.9 million in 2025 compared to $188.3 million in 2024. Demand decreased by 0.3% to 198.5 mgd (millions of gallons per day) in 2025 from 199.1 mgd in 2024. The decrease in demand is largely a result of water restrictions by the Southwest Florida Water Management District, due to dry conditions in the region.

Amounts billed under the Uniform Rate differ from the total revenue from water sales by the amount of other water utility revenue, operating grants and largely the water sales revenue from the Tampa Bypass Canal.

Annual Water Sales Under Uniform Rate



Annual Average Water Production (mgd) Under the Uniform Rate



The Agency's operating expenses increased by $5.6 million, or 5.3% from 2024 to 2025. This results from a $3.6 million increase in variable expenses due to an increase in costs for chemicals and electricity and an increase of $1.2 million for professional services and repairs and maintenance.

Investment revenue increased by $14.0 million from 2024 to 2025. 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 increased by $17.8 million in 2025, largely due to the issuance of the Series 2024A/B/C and Series 2025 Bonds.

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 2025 the net loss is $0.7 million.

Capital Assets and Long-term Debt

The Agency has a net investment of $1,551.6 million and $1,497.1 million at September 30, 2025, and 2024, 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*)

	2025	2024
Capital assets, depreciable		
Land improvements	3.3	3.3
Wells and wellfield improvements	147.2	137.7
Easement South Hills	2.5	-
Water treatment and pumping facilities	770.6	728.2
Transmission mains	339.2	339.2
Buildings	21.9	21.9
Reservoir	306.1	304.6
Other equipment and software	27.7	27.0
Total Capital assets, depreciable	1,618.5	1,561.9
	(590.3)	(559.8)
Capital assets, depreciable, net	**1,028.2**	**1,002.1**
Capital assets, non-depreciable		
Land	89.7	83.5
Water capacity rights	318.1	316.4
Construction-in-progress		
Transmission mains	48.0	5.9
Surface water sources and pumping facilities	47.5	52.3
Wellfields and improvements	17.1	21.7
Other supply and infrastructure	3.0	15.2
Capital assets, non-depreciable	**523.4**	**495.0**
Total Capital assets	**$ 1,551.6**	**$ 1,497.1**

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

The Agency has several projects in various stages of development to improve or expand existing facilities and to meet future demand for water. In 2025, construction-in-progress increased by $20.5 over 2024.

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 2015A, 2015B, 2016A, 2016B, 2016C, Master Bond 2020, 2022, 2024A, 2024B, 2024C, and 2025 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.

Table A-4
Cost of Capital
(*In Millions*)

	Debt Balance	Average Coupon Rate %
2015A Bonds	9.2	5.00
2015B Bonds	7.8	2.61
2016A Bonds	96.6	4.69
2016B Bonds	2.0	3.01
2016C Bonds	55.3	5.00
Master Bond 2020 Tranche 1	6.1	2.31
Master Bond 2020 Tranche 3	74.8	2.31
2022 Bonds	122.1	5.06
2024A Bonds	395.4	5.14
2024B Bonds	94.4	5
2024C Bonds	56.1	3.95
2025 Bonds	158.8	4.04
	$ 1,078.6	

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 debt service coverage ratios, which are 1.48 and 1.48 at September 30, 2025, and 2024, respectively. These coverage ratios are another indicator of the Agency's financial strength and future borrowing capability.

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

	2025	2024
Revenue from sales	$ 188.57	$ 177.82
Less: Purchase price amortization credit	(10.23)	(10.23)
Investment revenue	6.67	13.22
Total revenue	**185.01**	**180.81**
Operation and maintenance expense	(107.26)	(103.53)
Net revenue for coverage calculation	**77.75**	**77.28**
Total debt service on bonds	**75.14**	**73.70**
Debt coverage with fund balance (times)	**1.03**	**1.05**
Fund balance	33.49	31.84
Net revenue plus fund balance	**$ 111.24**	**$ 109.12**
Debt service coverage (times)	**1.48**	**1.48**

Note 1: Investment revenue does not include interest on construction and capital project funds of $27.4 million and $7.8 million in 2025 and 2024, respectively, or unrealized loss of $0.9 million in 2025 and unrealized gain of $0.2 million in 2024.

Note 2: Operation and maintenance expense includes capital expense for improvement of the existing system offset with the cash received on disposals of capital assets, and prior year revenue collected for October bond payments netted against current fiscal year revenue collected for upcoming October bond payments, for a total of ($1.9) million and ($1.0) million in 2025 and 2024, 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.

Note 4: Per the Master Bond Resolution, the required Debt service coverage is 1.00 and the required Debt service coverage with fund balance is 1.25.

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.

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 fiscal year 2026 is 209.7 million gallons per day, which is the same budgeted demand as fiscal year 2025. The 2026 budgeted expense increased by 6.8 million or 3.2%. The largest reason for the increase in budgeted expenses is due to an increase in bond debt service and costs for chemicals and electricity, offset by a decrease in remaining fixed costs. The budgeted Uniform Rate for 2026 is $2.6388 per thousand gallons, which is an increase of 0.81%.

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 2026.

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.

TAMPA BAY WATER

Supplying Water To The Region

Financial Statements

Annual Comprehensive Financial Report 2025

Statement of Net Position
September 30, 2025

Assets		
Current assets:		
Unrestricted current assets:		
Cash and cash equivalents	$	84,787,366
Accounts receivable from sale of water		11,029,791
Interest receivable		1,728,788
Investments		4,100,717
Inventories		1,261,837
Other accounts receivable		74,204
Other current assets		235,038
Total Unrestricted current assets		103,217,741
Restricted current assets:		
Cash and cash equivalents		574,240,954
Investments		26,440,967
Grants receivable		6,335,100
PFAS Settlement receivable		804,030
Other Current Assets		1,043,609
Total Restricted current assets		608,864,660
Total Current assets		712,082,401
Noncurrent assets:		
Investments, unrestricted		22,794,574
Investments, restricted		121,182,208
PFAS settlement receivable, restricted		3,657,590
Capital assets, non-depreciable		523,445,402
Capital assets, depreciable, net		1,028,161,539
Total Noncurrent assets		1,699,241,313
Total Assets		**2,411,323,714**
Deferred outflows of resources		
FRS		2,507,351
HIS		225,246
Total Deferred outflows of resources		**2,732,597**
Total Assets and Deferred outflows of resources	**$**	**2,414,056,311**
Liabilities		
Current liabilities:		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued expenses	$	9,339,537
Credits due to customers		4,504,651
Lease and SBITA liability		135,173
Accrued interest payable-SBITA		786
Total Current liabilities payable from unrestricted assets		13,980,147

The accompanying notes are an integral part of these financial statements.

Statement of Net Position (continued)
September 30, 2025

Current liabilities payable from restricted assets:	
Construction funds accounts payable	40,944,672
Accrued interest payable	23,471,151
Current portion of long-term debt	51,098,833
Total Current liabilities payable from restricted assets	115,514,656
Total Current liabilities	129,494,803
Noncurrent liabilities:	
Long-term debt, net of current portion	1,148,791,195
Total other post-employment benefits liability	441,366
Net pension liability - FRS	8,888,499
Net pension liability - HIS	4,353,317
Lease and SBITA liability	1,363,666
Total Noncurrent liabilities	1,163,838,043
Total Liabilities	**1,293,332,846**
Deferred inflows of resources	
Rate stabilization	72,295,907
FRS	1,990,851
HIS	1,185,885
Refunding of debt	3,034,592
Total Deferred inflows of resources	**78,507,235**
Net position	
Net investment in capital assets	858,685,694
Restricted:	
Debt Service Principal Sinking Fund	42,268,000
Renewal and Replacement Fund	20,620,542
Capital Improvement Fund	18,392,365
Operating & Maintenance Reserve	7,564,843
Released Debt Service Fund	8,437,802
Energy Savings Fund	1,736,659
Grants Receivable	6,335,100
Desal - Reserves	1,471,642
SWTP - Reserves	4,645,184
PFAS - Reserves	11,532,049
PFAS Settlement Receivable	4,461,620
Hillsborough County JPA Fund	29,277,007
Unrestricted	26,787,723
Total Net position	**1,042,216,230**
Total Liabilities, Deferred inflows of resources and Net position	**$ 2,414,056,311**

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2025

Operating revenues	
Revenue from sale of water	$ 198,789,767
Rate stabilization transfer	(10,349,646)
Total Operating revenues	**188,440,121**
Operating expenses	
Operating expenses	(109,200,909)
Depreciation and amortization expenses	(31,337,487)
Total Operating expenses	**(140,538,396)**
Operating income	**47,901,725**
Non-operating revenues (expenses)	
Investment income, gross	34,939,374
Interest expense, gross	(49,424,030)
Gain (Loss) on disposal of capital assets	(725,042)
Litigation and insurance recoveries	16,102,040
Total Non-operating revenues (expenses)	**892,342**
Income before capital contributions	**48,794,067**
Capital contributions	12,872,748
Change in net position	**61,666,815**
Total net position - beginning	**981,106,779**
Cumulative effect of implementation of GASB 101	**(557,364)**
Total net position - begining, restated	**980,549,414**
Total net position - ending	**$ 1,042,216,230**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
Year Ended September 30, 2025

Operating activities:	
Receipts from customers	$203,952,153
Payments for goods and services	(107,591,805)
Payments to employees	(23,778,320)
Net cash provided by operating activities	**72,582,028**
Capital and related financing activities:	
Capital contributions	7,274,692
Acquisition and construction of capital assets	(48,223,604)
Proceeds from disposition of capital assets	1,170,861
Litiigation and Insurance recovery	11,640,420
Proceeds from issuance of capital and other long-term debt	781,415,627
Principal paid on capital and other long-term debt	(383,696,152)
Interest paid on capital and other long-term debt	(52,474,369)
Net cash used by capital and related financing activities	**317,107,475**
Investing activities:	
Proceeds from sales and maturities of investments	51,154,979
Purchase of Investments	(55,716,785)
Interest received on investments	33,853,623
Net cash provided by investing activities	**29,291,817**
Net increase in cash and cash equivalents	418,981,323
Cash and cash equivalents at beginning of year	**240,046,997**
Cash and cash equivalents at end of year	**$659,028,320**
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$47,901,725
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation and amortization expense	31,337,487
Rate stabilization transfer	10,349,646
Changes in operating assets and liabilities:	
Accounts receivable	3,503,695
Inventories	(48,854)
Other current assets	(141,494)
Deferred outflows related to pension	1,028,095
Accounts payable and accrued expenses	(20,999,282)
Credits due to customers	1,687,630
Net pension liability	(3,470,929)
Net OPEB liability	(22,455)
Deferred inflows related to lease revenue	(28,938)
Deferred inflows related to pension	1,485,702
Total adjustments	24,680,303
Net cash provided by operating activities	**$72,582,028**
Noncash investing, capital and financing activities	
Net unrealized gain	769,791
Payables related to capital asset acquisition	40,944,672
Right to use leased assets acquired through debt	209,453
Total noncash investing, capital and financing activities	**$41,923,916**

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements September 30, 2025

Note 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, 373.713, 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) that amended Section 373.1963, *Florida Statutes.*

As part of the 1997 Legislation, the Agency was created by the Amended and Restated Interlocal Agreement and entered into the Master Water Supply Contract with its Member Governments. The term of the Interlocal Agreement expires on the later of the fortieth anniversary of the commencement date or the date on which no obligations remain outstanding pursuant to the Financing Documents. In August 2024, the Agency's Board of Directors approved the Supplemental Bond Resolution #2024-003 to issue fixed rate revenue bonds with a final maturity on October 1, 2054. 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.

Note 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, 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).

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

The Agency capitalizes certain costs or defers certain revenue 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 net position and 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.

Deferred Outflow/Inflow of Resources

The Statement of Net Position includes a separate section for Deferred Outflows of Resources and Deferred Inflows of Resources. Deferred Outflows of Resources represent a consumption of net assets that applies to future periods and will be recognized as expenditures in the future period to which it applies. Currently, the items in this category include Deferred Loss on Debt Refunding and Deferred Outflow of Resources related to pensions and Other Post Employment Benefits (OPEB). The Deferred Loss on Debt Refunding is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflow of Resources related to pensions includes the difference between expected and actual experience regarding economic or demographic factors, as well as changes in actuarial assumptions. Both are amortized over the average expected remaining service lives of all employees (in years). Employer contributions to pension plans made subsequent to the measurement date are also deferred and reduce pension liability in the subsequent year. Deferred Outflow of Resources related to OPEB includes benefit payments made on behalf of employees subsequent to the measurement date that are deferred and reduce the OPEB liability in the subsequent year. Deferred Outflow of Resources related to OPEB also includes changes in actuarial assumptions, which are amortized over the average expected remaining service lives of all employees (in years).

Deferred Inflows of Resources represent an acquisition of net assets that applies to future periods and will be recognized as income in the future period to which it applies. Currently, the items in this category include Deferred Inflow of Resources related to pensions and OPEB. The Deferred Inflow of Resources related to pensions arises from differences between projected and actual earnings on pension plan investments (gains) or losses. This amount is deferred and amortized over 5 years. The Deferred Inflow of Resources related to pensions also includes changes in actuarial assumptions. This amount is deferred and amortized over the average expected remaining service lives of all employees (in years). Deferred Inflow of Resources related to OPEB includes the difference between expected and actual experience regarding economic or demographic factors, as well as changes in actuarial assumptions. Both are amortized over the average expected remaining service lives of all employees (in years).

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Note 2 - Summary of Significant Accounting Policies (Continued)
Measurement Focus and Basis of Accounting (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 and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Life in Years
Land improvements	10–99
Buildings	20–50
Wells and wellfield improvements	5–75
Water treatment and pumping facilities	10–50
Transmission mains	14–75
Right to use lease assets	3–40
Reservoir	100
Other equipment and software	3–20

Maintenance, repairs, and minor renewals are charged to expense as incurred. Expenditures 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. The Agency follows the Government Accounting Standard Boards best practices and includes the water capacity rights as part of capital assets.

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 2025.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 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.

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), Florida Department of Environmental Protection (FDEP), and Member Governments. 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 $12,872,748 in capital contributions during the year ended September 30, 2025.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Leases and Subscription Based Information Technology Arrangements

The Agency is a lessee for noncancellable leases of land and equipment and is a party to subscription-based information technology arrangements (SBITA). The Agency recognizes a lease liability and SBITA liability and an intangible right-to-use lease asset (lease asset) and SBITA asset in the financial statements. The Agency recognizes lease and SBITA liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease and SBITA contract, the Agency initially measures the liability at the present value of payments expected to be made during the lease and SBITA contract term. Subsequently, the liability is reduced by the principal portion of payments made. The lease asset and SBITA asset are initially measured as the initial amount of the lease and SBITA liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset and SBITA asset are amortized on a straight-line basis over the term of the lease and SBITA contract, respectively.

Key estimates and judgments related to leases and SBITA contracts include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease and SBITA contract term, and (3) payments

The lease and SBITA contract term includes the noncancellable period only. Payments included in the measurement of the liability are comprised of fixed payments and any purchase option price that the Agency is reasonably certain to exercise. In determining the lease and SBITA contract term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the term if the lease or SBITA contract is reasonably certain to be extended.

The Agency monitors changes in circumstances that would require a remeasurement and will remeasure the lease and SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Right-to-use lease and SBITA assets are reported with other capital assets and lease and SBITA contract liabilities are reported with long-term debt on the statement of net position.

Payments due under these contracts may include fixed payments plus variable payments. For equipment leases for which the Agency has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments.

Assets and liabilities arising from a lease and SBITA contract are initially measured on a present value basis. Lease and SBITA contract liabilities include the net present value of the following payments:

Fixed payments (including in-substance fIxed payments), less any lease incentives receivable

- Amounts expected to be payable by the Agency under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain the option will be executed

Note 2 - Summary of Significant Accounting Policies (Continued)
Leases and Subscription Based Information Technology Arrangements (Continued)

- Payments of penalties for terminating the lease or SBITA contract, if the term reflects the Agency exercising that option

Payments are discounted using the interest rate implicit in the lease or SBITA contract. If that rate cannot be readily determined, the Agency's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Agency would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are initially measured using the index or rate as of the commencement of the lease and SBITA contract term.

The Agency is a lessor for a noncancellable land lease. The Agency recognizes a lease receivable and a deferred inflow of resources in its financial statements.

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the term of the lease.

Key estimates and judgments include how the Agency determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Agency uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is comprised of fixed payments from the lessee.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences

During the fiscal year ended September 30, 2025, the Agency implemented GASB statement No. 101, Compensated Absences, effective for fiscal years beginning after December 15, 2023. Refer to Note 11 to financial statements. In accordance with GASB Statement No. 101, Compensated Absences, a government recognizes a liability for compensated absences in its government-wide financial statements and proprietary funds when:

- The leave is attributable to services already rendered,
- The leave accumulates, and
- It is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means.

It is the Agency's policy to permit employees to accumulate earned but unused vacation time and sick leave. Liabilities for leave that have been used but not yet paid or settled are measured at the amount of the cash payment or noncash settlement to be made. The compensated absences balance is measured using the employees' rates of pay, and associated salary related costs, at the balance sheet date. Unused vacation and sick leave for all employees may be carried over to the future years. Accumulated leave will be paid out to a maximum of 240 hours for salary and hourly employees and 480 hours for select exempt employees under terms of voluntary separation of employment with the Agency.

Note 2 - Summary of Significant Accounting Policies (Continued)

Implementation of New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for periods beginning after December 15, 2023. For additional information please see note 10 and 17.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to require a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This Statement is effective for periods beginning after June 15, 2024. The impact to the Agency's financial reporting was not significant.

New Accounting Pronouncements – Not Yet Effective or Implemented

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement is effective for periods beginning after June 15, 2025. The impact to the Agency's financial reporting has not been determined.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* The objective of this Statement is to require certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement is effective for periods beginning after June 15, 2025. The impact to the Agency's financial reporting has not been determined.

Note 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 for the second time in January 2022, granting continued authorization to withdraw an annual average of 90 mgd from these 10 wellfields for the next ten-year period. The latest renewal of the Consolidated Permit removed all requirements to manage withdrawals for the recovery of stressed wetlands and lakes as recovery was demonstrated for all sites on and surrounding the 10 wellfields. The renewed permit requires Tampa Bay Water to manage the withdrawals from these wellfields to maintain this level of achieved environmental recovery.

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. The Brandon Urban Dispersed Wells are permitted at 6 mgd on a 12-month running average basis. The South-Central Hillsborough Regional Wellfield is permitted at 24.95 mgd on a 12-month running average basis, this includes a temporary increase of 850,000 gallons per day as an interim solution to help meet the increasing drinking water demands of southern Hillsborough County. The Carrollwood Wells can supply 0.82 mgd on a 12-month running average basis. Tampa Bypass Canal, which is used to provide water to the City of Tampa via augmentation of the Hillsborough River Reservoir as needed, is separately permitted at 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 2033.

Note 3 - Permits and Regulations (Continued)

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. In the fall of 2010 the Plant was expanded and is now permitted to treat up to 120 mgd from 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 28.75 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.

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 three wellfields and the surface water facilities:

Water Supply Facility	Permitted Capacity in mgd
Consolidated Permit wellfields – total*	90.00
South-Central Hillsborough Regional Wellfield	24.95
Brandon Urban Dispersed Wells	6.00
Carrollwood Wells	0.82
Enhanced Surface Water System (consisting of Tampa Bypass Canal/Hillsborough River, Alafia River, C.W. Bill Young Regional Reservoir)**	90.00
Tampa Bay Seawater Desalination Plant	28.75

* 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.

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, 2025:

Member Government	Annual Average Water Quantity Sold (mgd)	Amounts Billed
Hillsborough County	79.40	$ 79,190,895
City of New Port Richey	2.96	2,951,553
Pasco County	39.71	39,602,562
Pinellas County	48.20	48,066,895
City of St. Petersburg	27.72	27,641,121
City of Tampa	0.47	469,238
Total current year water sales	198.46	$ 197,922,264
Peak day delivery	237.33	

In 2025 the Agency sold an average of 6.13 mgd to the City of Tampa under the Tampa By-Pass Canal Surplus Water Agreement totaling $436,636.

Other operating revenues for the Agency totaled $430,867 in 2025.

Note 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.

The uniform rate consists of a variable cost component and a fixed cost component. The variable cost component 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 costs are used to establish a variable rate that 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 component 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.

Note 5 - Restricted Cash, Cash Equivalents, Investments and Grant Receivables

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. As of September 30, 2025, the fair market value balances, components and descriptions of the various funds are as follows:

Construction Funds	$ 504,349,089
Debt Service Interest and Principal Sinking Fund	65,739,152
Renewal and Replacement Fund	20,620,542
Capital Improvement Fund	18,392,365
Energy Savings Fund	1,736,659
Debt Service Reserves	48,082,959
Operations and Maintenance Reserve	7,564,843
Released Debt Service Fund	8,437,802
PFAS Funds	11,532,049
PFAS Settlement Receivable	4,461,620
Grants Receivable	6,335,100
Desal - Reserves	1,471,642
SWTP - Reserves	4,645,184
2025 Bond Issue Costs	14,836
Hillsborough County Joint Project Agreement Fund	29,277,007
Other Current Assets	$ 1,043,609
	$ 733,704,458

Construction Funds – Construction funds account for unexpended debt proceeds and investment revenue thereon from the Utility System Revenue Bonds, Series 2022 and 2024A, and third-party grants for construction.

Note 5 - Restricted Cash, Cash Equivalents, and Investments (Continued)

Debt Service Sinking Funds – Sinking funds represent the principal and interest amounts for the next debt service payment due on the bonds of Series 2015A, 2015B, 2016A, 2016B, 2016C, 2020 Master Bond (Tranches 1 and 3), 2022, 2024A, 2024B, 2024C and 2025 bonds.

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 Reserve Funds – Operations and maintenance reserve 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 2015A, 2015B, 2016A, 2016B, 2016C, 2020 Master Bond (Tranches 1 and 3), 2022, 2024A, 2024B, 2024C and 2025 bonds.

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

Released Debt Service Funds – Upon the issuance of the Series 2022 Bonds, the maturity of the agency's total outstanding bonds was extended to Fiscal Year 2053. Therefore, the Debt Service Reserve account requirement changed from the Maximum Annual Debt Service for all outstanding bonds to 125% of the average Annual Debt Service for all outstanding bonds reducing the required balance of the Debt Service Reserve Fund and releasing reserve funds for funding the Capital Improvement Program.

PFAS Funds - The PFAS Fund shall be used to finance and support Board approved projects, programs, studies, remediation efforts, and other initiatives related to polyfluoroalkyl substances ("PFAS") chemicals. Expenditures from this fund are intended to address the identification, assessment, mitigation, treatment, monitoring, and management of PFAS related impacts, consistent with applicable regulatory requirements and Board directives.

Hillsborough County Joint Project Agreement Funds – In September 2022 the Board of Directors approved a Joint Project Agreement between the Agency and Hillsborough County. The agreement is for the design and construction of a new pipeline that will deliver additional water to a new point of connection for Hillsborough County.

Note 6 - Deposits and Investments

Deposits

As of September 30, 2025, the total carrying amount, net of reconciling items, of the Agency's deposits (unrestricted and restricted), exclusive of petty cash of $1,450, was $659,026,870. 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.

Note 6 - Deposits and Investments (Continued)
Investments (Continued)

Investments

In August 2017, the Board of Directors approved Resolution 2017-002 which adopted a revised investment policy. The policy was revised to identify opportunities, to control and mitigate market risks and continue diversifying the agency's investment portfolio. 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.

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 on September 30, 2025.

Note 6 - Deposits and Investments (Continued)

Investments (Continued)

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%
Commercial Paper	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%
Local Government Investment Pools	25%	N/A%

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

Note 6 - Deposits and Investments (Continued)

Investments (Continued)

Investments held by the Agency (restricted and unrestricted) on September 30, 2025, 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	Credit Rating Moody's
U.S. Treasury Notes	10/31/24 - 6/30/29	2.500 to 4.875	$ 103,856,152		
U.S. Government Agency	11/7/25 - 6/30/28	0.500 to 4.750	21,641,125		
American Express Company	4/25/29	4.731	1,523,640	A-	A2
Bank of America Corp	1/20/27 - 1/24/29	4.376 to 5.080	2,298,306	A-	A1
Bank of New York MTN	4/20/29	4.729	1,321,359	AA-	Aa2
Blackrock Funding	7/26/27	4.6	2,746,070	AA-	Aa3
Caterpillar Financial Services Corp	1/08/27 - 5/14/27	4.500 to 5.000	2,487,222	A	A2
Cisco Sys Inc	2/26/27	4.8	1,214,412	AA-	A1
Duke Energy Florida	1/15/2027 - 3/6/27	3.200 to 4.350	2,337,581	A	A1
Eli Lilly Co	8/14/27	4.15	1,761,410	A+	Aa3
Florida Power & Light Co	5/15/2026 - 5/15/28	4.400 to 4.450	1,815,491	A+	Aa2
Goldman Sachs Group	8/23/28 - 5/1/29	4.223 to 4.482	1,555,377	BBB+	A2
Home Depot Inc	06/25/27	4.875	2,795,513	A	A2
Int'l Bank For Reconst & Development	10/28/25 - 7/12/28	0.500 to 3.500	5,536,833	AAA	Aaa
International Finance Corp	7/13/28	4.5	1,041,767	AAA	Aaa
John Deere Capital Corp Notes	1/08/27 - 1/7/28	4.050 to 4.650	1,994,582	A	A1
JP Morgan Chase & Co	4/26/28 to 7/23/29	4.203 to 4.915	3,086,310	A-	A1
Morgan Stanley	4/20/28 - 1/12/29	4.210 to 5.016	1,720,355	A-	A1
National Rural Utilities Cooperative Corp	10/30/25 - 2/5/27	4.800 to 5.450	1,864,712	A-	A2
PACCAR Financial Corp	8/10/2026	5.05	166,640	A+	A1
Public Service Electric & Gas Co.	5/1/2028	3.7	1,292,603	A	A1
Public Storage	5/1/2028	1.85	474,145	A	A2
Royal Bank of Canada	1/19/27 - 10/18/27	4.510 to 4.875	1,766,138	A	A1
State Street Corp	2/28/28 - 2/20/29	4.530 to 4.536	2,175,465	A	Aa3
Toronto-Dominion Bank Note	1/9/26 - 6/08/27	4.108 to 5.532	2,294,691	A-	A2
Toyota Motor Credit Corp	3/22/27	3.05	493,820	A+	A1
UnitedHealth Group	1/15/27 - 4/15/27	3.450 to 4.600	1,843,867	A+	A2
Wells Fargo MTN	1/24/2028	4.9	1,412,880	BBB+	A1
Total investments			$ 174,518,466		

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 1 assets include mutual funds, common and preferred stocks, long duration fixed income funds, and exchange-traded funds (ETFs).

Note 6 - Deposits and Investments (Continued)

Fair Value Measurements (Continued)

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 independent valued, or (c) the investments cannot be immediately redeemed at or near the year-end. Level 3 assets include private equity investments, real estate investments, hedge funds, and complex financial instruments such as derivates or structured products, which are valued using internal models that incorporate unobservable inputs.

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.

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

	Fair Value Measurement Using			
	9/30/2025	**Level 1**	**Level 2**	**Level 3**
Investments by Fair Value Level				
US Corporate	$ 42,442,585	$ -	$ 42,442,585	$ -
Supranational	6,578,600	-	$ 6,578,600	-
US Government Agency	21,641,125	-	$ 21,641,125	-
US Treasury	103,856,156	-	$103,856,156	-
Total Investment by Fair Value Level	$174,518,466	$ -	$174,518,466	$ -

Level 1 - Quoted Prices in Active Markets for Idential Assets.
Level 2 - Significant Other Observable Inputs.
Level 3 - Significant Unobservable Inputs.

The fair value of the financial instruments shown in the table above as of September 30, 2025 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 a regular basis in active market and are, therefore, classified as Level 2 securities.

Note 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.

In addition, the Agency receives funds from member governments in connection with joint project agreements. Upon the successful completion of these projects, the resulting outcomes and deliverables are transferred as assets to the Agency

Note 8 - Capital Assets

The following are summaries of capital asset changes for the year ended September 30, 2025.

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Capital assets, non-depreciable:				
Land	$ 83,490,719	$ 6,185,702	$ -	$ 89,676,421
Water capacity rights	316,397,360	1,744,735	-	318,142,095
Construction-in-progress	95,176,740	80,257,488	59,807,341	115,626,886
Total non-depreciable capital assets	495,064,819	88,187,925	59,807,341	523,445,402
Capital assets, depreciable:				
Land improvements	3,303,176	-	-	3,303,176
Easement South Hills	-	2,472,648		2,472,648
Buildings	21,926,315	-	-	21,926,315
Wells and wellfield improvements	137,657,315	9,503,234	-	147,160,549
Transmission mains	339,178,229	-	-	339,178,229
Water treatment and pumping facilities	728,221,732	42,360,248	24,171	770,557,809
Reservoir	304,564,796	1,566,705	-	306,131,501
Other equipment and software	24,233,427	1,374,607	852,139	24,755,896
Right-to-use leased land	1,374,298	-	-	1,374,298
Right-to-use leased equipment	213,170		56,129	157,041
Right-to-use Subscribed Based IT Arrangements	1,190,710	209,453	-	1,400,163
Total depreciable capital assets	1,561,863,168	57,486,895	932,439	1,618,417,625
Less: accumulated depreciation:				
Land improvements	1,440,203	56,630	-	1,496,834
Easement South Hills	-	248,482		248,482
Buildings	10,203,279	629,434	-	10,832,713
Wells and wellfield improvements	86,445,999	3,210,599	-	89,656,598
Transmission mains	102,627,565	4,934,107	-	107,561,672
Water treatment and pumping facilities	294,440,196	16,270,807	-	310,711,004
Reservoir	46,761,172	3,700,208	-	50,461,380
Other equipment and software	16,987,923	1,819,821	850,776	17,956,968
Right-to-use leased land	99,949	33,317	-	133,265
Right-to-use leased equipment	132,554	55,051	56,129	131,476
Right-to-use Subscribed Based IT Arrangements	686,663	379,031		1,065,694
Total accumulated depreciation	559,825,503	31,337,487	906,905	590,256,086
Total depreciated capital assets, net	1,002,037,665	26,149,408	25,534	1,028,161,539
Total capital assets, net	**$ 1,497,102,484**	**$ 114,337,333**	**$ 59,832,875**	**$ 1,551,606,941**

Deletions from construction-in-progress in 2025 include $53,369,964 that were transferred to depreciable capital assets, $251,676 transferred to equipment, and $6,185,701 transferred to land. Commitments on construction contracts at September 30, 2025, were $608,166,548.

Note 9- Accounts Payable

Accounts payable and accrued expenses on September 30, 2025, consist of amounts owed for operating and payroll expenses as follows:

Accounts payable	$	4,582,500
Accrued payroll expenses		4,757,037
	$	9,339,537

Note 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.

Long-term debt and acquisition credits as of September 30, 2025, consist of:

Issue	Purpose	Maturity	Interest Rate	Original Amount	Outstanding Amount
Utility System Refunding Revenue Bonds, Series 2025	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2015A	2036	5.00%	$ 158,825,000	$ 158,825,000
Utility System Refunding Revenue Bonds, Series 2024C	Advance refund all of the outstanding Utility System Revenue Bonds, Series 2001A	2033	3.80% to 4.14%	$ 56,050,000	$ 56,050,000
Utility System Refunding Revenue Bonds, Series 2024B	Advance refund all of the outstanding Utility System Revenue Bonds, Series 2015B and advance refunding a portion of the outsandin Utility System Refunding Revenue Bonds, Series 2016B	2044	5.00%	$ 94,405,000	$ 94,405,000
Utility System Refunding Revenue Bonds, Series 2024A	Pay or reimburse a portion of the costs of the 2024 Projects and capitalize a portion of the interest of the 2024 Bonds	2054	5.00% to 5.25%	$ 395,430,000	$ 395,430,000
Utility System Refunding Revenue Bonds, Series 2022	Pay or reimburse a portion of the costs of the 2022 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 2022 Bonds	2052	5.00% to 5.25%	$ 122,075,000	$ 122,075,000
Utility System Refunding Revenue Bonds, Series 2020 Tranche 3	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2013	2038	2.31%	76,220,000	74,823,000
Utility System Refunding Revenue Bonds, Series 2020 Tranche 1	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2010	2025	2.31%	6,709,000	6,086,000
Utility System Refunding Revenue Bonds, Series 2016C	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2010	2027	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	1,950,000

Note 10 - Long-Term Debt and Other Noncurrent Liabilities (Continued)

Issue	Purpose	Maturity	Interest Rate	Original Amount	Outstanding Amount
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	7,760,000
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	9,200,000
Acquisition Credits	Infrastructure that the agency bought from member governments when the agency was created.	2028	4.87%	159,645,307	27,847,413
Bond Premiums	Premium paid over and above the face value of the bonds to the agency	2029		116,625,101	93,463,615
Total long-term debt				$1,647,554,408	$1,199,890,028

Note 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, 2025, was as follows:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025	Due Within One Year
2001A bonds	50,000,000	-	(50,000,000)	-	-
2005 bonds	26,180,000	-	(26,180,000)	-	-
2015A bonds	180,835,000	-	(171,635,000)	9,200,000	9,200,000
2015B bonds	88,645,000	-	(80,885,000)	7,760,000	7,760,000
2016A bonds	96,630,000	-	-	96,630,000	-
2016B bonds	30,895,000	-	(28,945,000)	1,950,000	275,000
2016C bonds	55,345,000	-	-	55,345,000	17,790,000
2020 Master Bonds	6,239,000	-	(153,000)	6,086,000	6,086,000
2020 Master Bonds	15,825,000	-	(15,825,000)	-	-
2020 Master Bonds	75,954,000	-	(1,131,000)	74,823,000	1,157,000
2022 Bonds	122,075,000	-	-	122,075,000	-
2024A Bonds	-	395,430,000	-	395,430,000	-
2024B Bonds	-	94,405,000	-	94,405,000	-
2024C Bonds	-	56,050,000	-	56,050,000	-
2025 Bonds	-	158,825,000	-	158,825,000	-
Lease Payable	1,386,738	-	(80,672)	1,306,066	51,770
SBITA Contracts Payables	436,885	209,453	(453,565)	192,773	83,403
Acquisition credits	36,255,328	-	(8,407,915)	27,847,413	8,830,833
Unamortized bond issue premium	32,684,052	76,705,627	(15,926,065)	93,463,614	-
	819,386,003	781,625,080	(399,622,217)	1,201,388,866	51,234,006
Less current portion	(53,382,839)	(51,234,006)	53,382,839	(51,234,006)	-
Total long-term debt	766,003,164	730,391,074	(346,239,378)	1,150,154,860	51,234,006
Total OPEB liability	463,821	8,572	(31,027)	441,366	-
Net pension liability – FRS Pension plan	11,681,788	2,507,351	(5,300,640)	8,888,499	-
Net pension liability – HIS plan	5,030,956	225,246	(902,885)	4,353,317	-
	$783,179,729	**$733,132,243**	**$ (352,473,930)**	**$ 1,163,838,042**	**$ 51,234,006**

Annual bonds debt service requirements to maturity for all bonds long-term debt as of September 30, 2025, are as follows:

	Principal	Interest	Total
2026	42,268,000	48,107,983	90,375,983
2027	33,609,000	48,466,055	82,075,055
2028	33,502,000	46,837,198	80,339,198
2029	30,680,000	45,303,277	75,983,277
2030	32,008,000	43,970,359	75,978,359
2031-2035	178,275,000	196,695,731	374,970,731
2036-2040	180,392,000	157,492,092	337,884,092
2041-2045	138,820,000	123,088,375	261,908,375
2046-2050	178,505,000	83,401,425	261,906,425
2051-2053	230,520,000	31,385,050	261,905,050
	$ 1,078,579,000	$ 824,747,545	$ 1,903,326,545

Note 10 - Long-Term Debt and Other Noncurrent Liabilities (Continued)

Annual acquisition credits debt service requirements to maturity for all acquisition credits long-term debt as of September 30, 2025, are as follows:

	Principal	Interest	Total
2026	$ 8,830,833	$ 1,400,725	$ 10,231,558
2027	9,275,024	956,534	10,231,558
2028	9,741,556	490,000	10,231,556
	$ 27,847,413	$ 2,847,259	$ 30,694,672

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 $1,078,579,000 outstanding utility system revenue bonds described above. The bonds are payable solely from net revenues and are pledged through 2052. Pledged revenues, which are budgeted and collected annually to meet the annual debt service requirements, were $73,032,037 in 2025. 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. On September 30, 2025, the Agency complied with all debt covenants.

Defeasance of Debt

In October of 2024, the Agency advanced refunded the Series 2015B bonds through the 2024B 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. On September 30, 2025, the principal amount outstanding of the 2015B defeased bonds is $79,805,000.

In October of 2024, the Agency advanced refunded the Series 2016B bonds through the 2024B 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. On September 30, 2025, the principal amount outstanding of the 2016B defeased bonds is $26,680,000.

In October of 2024, the Agency advanced refunded the Series 2001A bonds through the 2024C 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. On September 30, 2025, the principal amount outstanding of the 2001A defeased bonds is $50,000,000.

In June of 2025, the Agency advanced refunded the Series 2015A bonds through the 2025 Bonds. The proceeds of the refunding bonds were used to purchase United States government and agency securities that were placed in

Note 10 - Long-Term Debt and Other Noncurrent Liabilities (Continued)

Defeasance of Debt (Continued)

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. On September 30, 2025, the principal amount outstanding of the 2015A defeased bonds is $171,635,000.

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.

Lease Payable

The Agency is a lessee for noncancellable leases of land and equipment. At September 30, 2025, the Agency's lease payable of $1,306,066 was composed of the following:

Ground lease for the Agency to operate its desalination plan – annual payments totaling $46,375, including interest at an annual rate of 1.70%. Payments are due monthly, and the lease expires in 2062. Lease liability balance is $1,279,119 at September 30, 2025.

Equipment lease for a copier machine – annual payments totaling $46,745, including interest at an annual rate of 3.56%. Payments are due monthly, and the lease expires in 2026. Lease liability balance is $26,947 at September 30, 2025.

The future principal and interest lease payments as of September 30, 2025, were as follows:

	Principal	Interest	Total
2026	$ 51,770	$ 21,873	$ 73,643
2027	25,248	21,127	46,375
2028	25,680	20,694	46,374
2029	26,120	20,254	46,374
2030	26,568	19,807	46,375
2031-2035	139,825	92,048	231,873
2036-2040	152,221	79,653	231,874
2041-2045	165,716	66,158	231,874
2046-2050	180,407	51,467	231,874
2051-2055	196,400	35,474	231,874
2056-2060	213,811	18,063	231,874
2061-2063	102,300	2,041	104,341
	$ 1,306,066	$ 448,659	$ 1,754,725

SBITA Contracts Payable

The Agency is a party to various IT subscriptions with software vendors. At September 30, 2025, the Agency's SBITA contracts payable of $192,774 consists of the following:

Energy billing data management software –annual payments in April ranging from $15,992 to $19,440 from 2024 through 2028, including interest at an annual rate of 3.66%. SBITA liability is $51,632 at September 30, 2025.

Industrial data management platform that collects, stores, and organizes real-time operational data from sensors, equipment, and systems– three annual payments of $68,874, $72,307, and $75,847 in September 2025, 2026,

Note 10 - Long-Term Debt and Other Noncurrent Liabilities (Continued)
SBITA Contracts Payable (Continued)

and 2027, respectively, including interest at an annual rate of 3.22%. SBITA liability is $141,142 at September 30, 2025.

The future principal and interest SBITA payments as of September 30, 2025, were as follows:

	Principal	Interest	Total
2026	$ 83,403	$ 6,535	$ 89,938
2027	90,628	3,737	94,365
2028	18,743	697	19,440
	$ 192,774	$ 10,969	$ 203,743

Note 11 - Employee Retirement Plan

General 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, 2025 and is available online at:

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

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, 2024 to June 30, 2025, the plan rates were 13.63%, 34.52%, and 21.13% for the regular class, senior management class, and drop participants, respectively. Legislation changed the plan rates for the plan year beginning July 1, 2025 to 14.03%, 33.24%, and 22.02% for the regular class, senior management, and drop participants, respectively. These rates include the Health Insurance Subsidy (HIS) contribution percentages

Note 10 - Long-Term Debt and Other Noncurrent Liabilities (Continued)
Contributions (Continued)

mentioned in the HIS section of this note. The Agency's contributions for the fiscal year ended September 30, 2025, were $1,716,209.

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 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 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.

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 96 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, 2025, the Agency reported a liability of $8,888,499 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date. The Agency's proportionate share of the net pension liability was based on the Agency's fiscal year 2025 contributions relative to the contributions of all participating members. At June 30, 2025, the Agency's proportionate share was 0.0286%, which was an decrease of 0.0016% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the Agency recognized pension expense of $978,667. In addition, the Agency reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

Note 11 - Employee Retirement Plan (Continued)
FRS Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 949,385	$ -
Change of assumptions	1,032,185	-
Net difference between projected and actual earnings on Pension Plan investments	-	1,484,025
Changes in proportion and differences between Agency Pension Plan contributions and proportionate share of contributions	121,604	506,826
Agency Pension Plan contributions subsequent to the measurement date	404,177	-
Total	$ 2,507,351	$ 1,990,851

The deferred outflows of resources related to the Pension Plan, totaling $404,177 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, 2026. 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:	
2026	$ 325,185
2027	-57,777
2028	-86,665
2029	-68,420
2030	0
Total	112,323

FRS Actuarial Assumptions

The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table.

The actuarial assumptions that determined the total pension liability as of June 30, 2025, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

Note 11 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

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:

	Target Allocation[1]	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.20%	3.20%	1.10%
Fixed income	29.0	5.5	5.4	4.0
Global equity	45.0	8.5	6.9	18.3
Real estate (property)	12.0	8.4	7.1	16.8
Private equity	11.0	12.4	8.8	28.4
Strategic investments	2.0	6.5	6.1	8.7
Total	100.00%			
Assumed inflation – mean			2.4	1.5

[1] As outlined in the Pension Plan's investment policy.

FRS Discount Rate

The discount rate used to measure the total pension liability was 6.70%. 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 6.70%, 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 (5.70%) or one percentage point higher (7.70%) than the current rate:

1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
$ 17,443,543	$ 8,888,499	$ 1,716,075

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 Annual Comprehensive 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](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual%20reports).

Note 11 - Employee Retirement Plan (Continued)
FRS Pension Plan (Continued)

Payables to the FRS Pension Plan

At September 30, 2025, the Agency reported a payable in the amount of $710,926 or 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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum payment of $225 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, 2024 and 2025, the rates were 2.00% 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 $307,828 for the fiscal year ended September 30, 2025.

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

At September 30, 2025, the Agency reported a liability of $4,353,317 for its proportionate share of the HIS program's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date. 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, 2025, the Agency's proportionate share was 0.03396%, which was an increase of 0.0004% from its proportionate share measured as of June 30, 2024.

Note 11 - Employee Retirement Plan (Continued)
Health Insurance Subsidy (HIS) Program (Continued)

For the fiscal year ended September 30, 2025, the Agency recognized pension expense of $88,238. 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	$ 25,986	$ 6,906
Change of assumptions	38,532	1,052,956
Net difference between projected and actual earnings on HIS program investments	-	3,623
Changes in proportion and differences between Agency HIS program contributions and proportionate share of contributions	89,430	122,400
Agency HIS program contributions subsequent to the measurement date	71,298	-
Total	$ 225,246	$ 1,185,885

The deferred outflows of resources related to the HIS program, totaling $71,298 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, 2026. 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:	
2026	$ (227,646)
2027	(272,549)
2028	(229,467)
2029	(183,894)
2030	(118,381)
Thereafter	-
Total	(1,031,937)

HIS Actuarial Assumptions

The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Municipal rate	5.20%

Mortality rates were based on the PUB-2010 base table

The actuarial assumptions that determined the total pension liability as of June 30, 2025 were based on certain results of an actuarial experience study of the FRS for the period July 1, 2018 through June 30, 2023.

HIS Discount Rate

The discount rate used to measure the total pension liability was 5.20%. 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.

Note 11 - Employee Retirement Plan (Continued)

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 5.20%, 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 (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Agency's proportionate share of the net pension liability	$ 4,909,065	$ 4,353,317	$ 3,887,220

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 Annual Comprehensive 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, 2025, the Agency reported a payable in the amount of $37,957 for outstanding contributions to the HIS program.

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	$ 8,888,499	$ 4,353,317	$ 13,241,816
Deferred outflows of resources related to pension	$ 2,507,351	$ 225,246	2,732,597
Deferred inflows of resources related to pension	1,990,851	1,185,885	3,176,736
Pension expense	978,667	88,238	1,066,905

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 Annual Comprehensive 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.

Note 11 - Employee Retirement Plan (Continued)
Investment Plan (Continued)

Costs of administering the FRS Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during fiscal year 2025, 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%.

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, 2025, 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 lumpsum 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.

Note 12 - Other Post-Employment Health Care Benefits

The Agency implemented GASB Statement No. 75 in fiscal year 2018 to account for certain postemployment 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.

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 Other Post-Employment Benefits OPEB costs or the total OPEB liability. As of the last required actuarial evaluation, October 1, 2023, there were two retiree and zero eligible dependents receiving postemployment health care benefits.

Note 12 - Other Post-Employment Health Care Benefits (Continued)
Funding Policy (Continued)

The plan is funded on "pay as you go" basis and as such, there are no assets accumulated in a trust to pay related benefits. For the year ended September 30, 2025, $31,027 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, 2023

Active employees	153
Retiree receiving benefits	2
Total	155

Total OPEB Liability

The Agency changes in the total OPEB liability by source for the fiscal year ended September 30, 2025.

Total OPEB Liability on September 30, 2024	$	463,821
Service Cost		26,431
Interest		17,803
Differences between expected and actual experience		-
Changes of assumptions or other input		(35,662)
Benefit Payments		(31,027)
Total OPEB Liability on September 30, 2025	$	441,366

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.

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of October 1, 2023, with update procedures performed by the actuary to roll forward the total OPEB liability to the measurement date of September 30, 2025. The following actuarial assumptions apply to all periods included in the measurement:

Discount Rate	5.00%
Overall Payroll Growth	3.40%
Inflation rate	2.40%
Actuarial cost method	Entry Age normal, level percent of salary
Initial healthcare cost rate	7.00% October 2023 Valuation
Ultimate healthcare cost rate	Rate range from 7.00 to 4.50 in fiscal year 2041

Mortality rates were based on the PubG.H-2010 General below Median Employee scale MP-2018 for females and PubG.H-2010 General below median employee scape MP-2018, set back 1 year for males.

Discount rate. The discount rate used to measure the total OPEB liability was 5.00% as of the measurement date of September 30, 2025. 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 5.00% as determined by the application GO Index Rate as of September 30, 2025.

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

Note 12 - Other Post-Employment Health Care Benefits (Continued)
Total OPEB Liability (Continued)

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, 2023

	1% Decrease	Current Discount Rate (5.00%)	1% Increase
1% Decrease - Healthcare cost rate trend (6.00%)	$ -	$ 398,011	$ -
Agency Total OPEB Liability	469,674	441,366	414,919
1% Increase - Healthcare cost rate trend (8.00%)	-	492,031	-

Note 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 uses a single broker, Risk Management Associates, Inc. dba Public Risk Insurance Agency to solicit, evaluate and recommend policies for all types of coverage required by the Agency. The Agency purchases the following insurance coverage, from various carriers: property insurance, inland marine, boiler and machinery insurance, commercial general liability, business auto liability and physical damage, marine hull and watercraft coverage, employment practice liability, public official liability, government crime coverage, fuel storage tank coverage, worker's compensation and cyber liability. There have been no significant reductions in insurance coverage from the prior year. Except as discussed in Note 14, no settlements have exceeded insurance coverage over the past four years.

Note 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, 2025, Tampa Bay Water remained a plaintiff in a class action lawsuit against several manufacturers 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. Settlements have been reached with several defendants, with the receipt of settlement payments beginning in fiscal year 2025. Additional settlements and settlement payments are expected over the coming years.

On October 29, 2024, WPC Industrial Contractors, LLC and Randall Environmental, Inc. filed a Complaint for damages against Tampa Bay Water alleging that Tampa Bay Water breached its contract with them for the Eldridge-Wilde Wellfield Pumps and Motors Replacement Project and the Cypress Trails Property Improvements Project. The Plaintiffs had self-terminated from the contract with the surety securing a replacement contractor for Tampa Bay Water to complete the project. Tampa Bay Water filed a counterclaim on February 4, 2025, which

Note 14 - Commitments and Contingencies (Continued)
Litigation (Continued)

was subsequently amended. Discovery is ongoing. The Plaintiffs have not yet claimed a specific amount owed. It is believed that WPC Industrial Contractors is no longer in business. February 2027 is presently targeted for a trial.

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.

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-Acciona Agua, LLC, approved by the Board of Directors in 2004, went into effect as of November 8, 2007 with an expiration date in November 2024. Under this agreement, American Water-Acciona Agua, 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. In July 2023 the Board of Directors approved an amendment to the contract that will extend the agreement for five years until November 2029 and rename the operator U.S. Water-Acciona Seawater Desalination Partners LLC, with U.S. Water Services Corporation replacing American Water Enterprises, LLC, as 50% owner of the operating company.

The key points of the amendment are:

- The agreement will be extended, and US Water will replace American Water through November 2029;
- US Water will provide a $35 million performance and payment Guaranty that would remain in place through November 2029;
- American Water will maintain a payment Guaranty in the amount of $10 million through December 2026;
- The joint venture operator would continue with US Water replacing American Water under the name U.S. Water-Acciona Seawater Desalination Partners, LLC;
- American Water would remain liable for payment of any claims that result from actions or events occurring prior to their leaving the joint venture, and US Water would assume liability for performance and payment claims arising due to events or actions occurring after they join the joint venture.
- Along with responsibility for maintaining the two replacement funds: Major Equipment Renewal and Replacement Fund (MERR) and the Reverse Osmosis System Membrane Replacement Fund (ROSMR).

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. Expense under this contract was $7,091,687 for the fiscal year ended September 30, 2024. In the agreement it states that the operating company will maintain two reserve funds for the benefit of Tampa Bay Water, one which will support the cost of making major equipment renewals and replacements to the Facility, and the other for replacing the reverse osmosis system membranes in the Facility. Funds are added to the Major Equipment Renewal, Repair and Replacement (MERR) Fund and the Reverse Osmosis System Membrane Replacement (ROSMR) Fund each month in accordance with the service fee formula in Section 11.1 of the agreement. The operating company shall maintain the funds in a manner that corresponds with the schedule of activities, actions and amounts set forth in the Major Equipment Renewal, Repair and Replacement

Note 14 - Commitments and Contingencies (Continued)

Operations and Maintenance Agreements (Continued)

Schedule and the Reverse Osmosis System Membrane Replacement Schedule. The balance in the MERR fund was $550,356 for the fiscal year ended September 30, 2025 and the balance in the ROSM Reserve fund was $921,286 for the fiscal year ended September 30, 2025.

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. In August 2022, the Board approved an amendment to the agreement which extends the agreement another five years, through January 15, 2028. The agreement is fully cancelable with 90 days' notice, payment of all accrued service fees, and any demobilization costs. Expense under this agreement was $8,250,729 for the fiscal year ended September 30, 2025. 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 $1,260,013 for the fiscal year ended September 30, 2025. 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 $3,385,171 for the fiscal year ended September 30, 2025.

Note 15 - Litigation Settlements and Insurance Recoveries

In fiscal year 2025, the Agency received a total of $16,102,040 from litigation and insurance recoveries. Of the total amount recognized, $15,965,611 is attributable to proceeds from the PFAS litigation, as disclosed in Note 14. This total amount represents settlements and recoveries recognized during the current period, and includes approximately $4,461,620 in PFAS litigation proceeds to be received over the next several years.

Note 16 - Subsequent Events

In November 2024, the Agency's Board approved a purchase agreement with Tampa Electric Company, to acquire 590,500 gallons per day of permitted water quantity for transfer to Tampa Bay Water's South-central Hillsborough Regional Wellfield Water Use Permit. The purchase of 523,300 gallons per day was approved by the Board of the Southwest Florida Water Management District and in Fiscal Year 2026 the Agency paid Tampa Electric Company $1,501,871.

In January 2025, the Agency's Board approved the acquisition of 344,800 gallons of permitted quantity for transfer to the South-Central Wellfield permit from Hillsborough County for a total of $1,261,968. This purchase was approved by the Board of the Southwest Florida Water Management District and the funds were paid by the Agency in Fiscal Year 2026.

In January 2025, the Agency's Board approved the acquisition of up to 5,109,300 gallons of permitted quantity for transfer to the Balm Farm Water Use Permit from Land Reserve & Farmland Reserve for an amount up to $18,950,038. This purchase is still being reviewed by the Board of the Southwest Florida Water Management District.

Note 17 - Change in Accounting Principal

In conjunction with the implementation of Governmental Accounts Standards Board (GASB) Statement No. 101, *Compensated Absences*, the Agency is required to recognize liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Therefore, in conjunction with the implementation of GASB Statement No. 101, *Compensated Absences*, a restatement to beginning net position in the amount of $557,364 was required to properly report compensated absences as of October 1, 2024. A summary of the changes are as follows:

Statement of Revenue, Expenses and Changes in Net Position

Total Net Position, beginning - As previously reported	$ 981,106,779
Adjustment to compensated absences	(557,364)
Total Net Position, beginning - as restated	$ 980,549,415

TAMPA BAY WATER

Supplying Water To The Region

Required Supplementary Information - Pension

Annual Comprehensive Financial Report 2025

Schedule of Agency Proportionate Share of Net Pension Liability – Florida Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Agency's proportion of the net pension liability	0.03020%	0.03020%	0.03072%	0.03080%	0.03032%	0.02809%	0.02681%	0.02669%	0.02516%	0.02342%
Agency's proportionate share of the net pension liability	$ 8,888,499	$ 11,681,788	$ 12,241,602	$ 11,461,170	$ 2,290,346	$ 12,176,123	$ 9,232,885	$ 8,035,499	$ 7,442,181	$ 5,913,769
Agency's covered payroll	$ 15,169,404	$ 14,193,492	$ 13,374,816	$ 12,899,708	$ 12,201,112	$ 11,556,592	$ 11,129,829	$ 10,703,843	$ 10,340,447	$ 9,400,899
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	58.59%	82.30%	91.53%	88.00%	18.00%	105.00%	82.00%	75.00%	71.00%	62.00%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.49%	96.40%	78.85%	82.61%	83.89%	83.89%	84.88%

Schedule of Agency Contributions – Florida Retirement System
Last 10 Fiscal Years[1]

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 1,716,209	$ 1,715,679	$ 1,551,593	$ 1,308,609	$ 1,494,374	$ 1,367,180	$ 1,117,522	$ 1,026,036	$ 949,710	$ 846,235
Contributions in relation to the contractually required contribution	(1,716,209)	(1,715,679)	(1,551,593)	(1,308,609)	(1,494,374)	(1,367,180)	(1,117,522)	(1,026,036)	(949,710)	(846,235)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency covered payroll	$ 15,382,924	$ 14,353,965	$ 13,603,548	$ 12,637,722	$ 12,399,694	$ 12,201,112	$ 11,556,592	$ 11,129,829	$ 10,703,843	$ 10,340,447
Contributions as avpercentage of covered payroll	11.16%	11.95%	11.41%	10.35%	12.05%	11.21%	9.67%	9.22%	8.87%	8.18%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Agency's proportion of the net pension liability	0.03396%	0.03354%	0.03376%	0.03539%	0.03523%	0.03468%	0.03408%	0.03394%	0.03301%	0.03163%
Agency's proportionate share of the net pension liability	$ 4,353,317	$ 5,030,956	$ 5,361,525	$ 3,749,051	$ 4,321,004	$ 4,234,901	$ 3,813,587	$ 3,592,426	$ 3,529,306	$ 3,686,822
Agency's covered payroll	$ 15,169,404	$ 14,193,492	$ 13,374,816	$ 12,899,708	$ 12,201,112	$ 11,556,592	$ 11,129,829	$ 10,703,843	$ 10,340,447	$ 9,400,899
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	28.70%	35.45%	40.09%	29.00%	35.00%	36.00%	34.00%	33.00%	34.00%	39.00%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	1.64%	1.64%	1.64%	0.97%

Schedule of Agency Contributions – Health Insurance Subsidy Program
Last 10 Fiscal Years[1]

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 307,828	$ 287,148	$ 236,725	$ 209,829	$ 205,835	$ 202,538	$ 191,839	$ 184,755	$ 177,684	$ 171,651
Contributions in relation to the contractually required contribution	(307,828)	(287,148)	(236,725)	(209,829)	(205,835)	(202,538)	(191,839)	(184,755)	(177,684)	(171,651)
Agency covered payroll	$ 14,353,965	$ 14,353,965	$ 13,603,548	$ 12,637,722	$ 12,399,694	$ 12,201,112	$ 11,556,592	$ 11,129,829	$ 10,703,843	$ 10,340,447
Contributions as a percentage of covered payroll	2.14%	2.00%	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

[1] Amounts presented for each fiscal year were determined as of September 30.

Notes to Required Supplementary Information – Pension

Changes of Benefit Terms

There were no changes in benefits over the periods presented.

Changes of Assumptions

The inflation rate assumption remained the same at 2.40%, the real growth assumption was 0.65%, and the overall payroll growth rate assumption remained at 3.50%. The long-term expected rate of return stayed at 6.70% and the municipal rate used to determine the HIS total pension liability increased to 5.20% from 3.93%.

Required Supplementary Information Other Post-Employment Benefits

Annual Comprehensive Financial Report 2025

Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years [1]

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 26,431	$ 17,489	$ 16,914	$ 33,546	$ 32,412	$ 24,117	$ 23,301	$ 23,301
Interest on total OPEB liability	17,803	12,137	11,911	11,605	10,698	12,432	11,111	10,376
Differences between expected and actual experience	-	36,230	-	(45,613)	-	2,390	-	-
Changes of assumptions or other input	(35,662)	53,145	-	(20,915)	-	20,413	-	-
Benefit payments	(31,027)	(22,290)	(22,589)	(12,382)	(10,170)	(10,132)	(13,143)	(15,051)
Net change in OPEB liability	$ (22,455)	$ 96,711	$ 6,236	$ (33,759)	$ 32,940	$ 49,220	$ 21,269	$ 18,626
Total OPEB liability - beginning	$ 463,821	$ 367,110	$ 360,874	$ 394,633	$ 361,693	$ 312,473	$ 291,204	$ 272,578
Total OPEB liability - ending	$ 441,366	$ 463,821	$ 367,110	$ 360,874	$ 394,633	$ 361,693	$ 312,473	$ 291,204
Covered-employee payroll	$ 16,143,000	$ 15,612,400	$ 15,109,900	$ 14,343,050	$ 13,195,474	$ 12,749,250	$ 12,523,808	$ 12,100,298
Total OPEB liability as a percentage of covered-employee payroll	2.73%	2.97%	2.43%	2.52%	2.99%	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.

There are no assets accumulated in a trust to pay related benefits for the OPEB Plan.

Other Supplemental Information

Annual Comprehensive Financial Report 2025

Budgetary Comparison Schedule
For the Fiscal Year Ended September 30, 2025

	Approved Budget	Final Budget (1)	Actual Amounts	Variance with Final Budget Positive (Negative)
Source of funds				
Revenues:				
Water sales	$ 200,357,357	$ 200,357,357	$ 197,922,264	$ (2,435,093)
Additional credits/surcharges	42,000	42,000	171,548	129,548
TBC - Sale of water	392,000	392,000	436,636	44,636
Interest income	5,033,012	5,033,012	6,668,545	1,635,533
Litigation & insurance recoveries	-	-	136,429	136,429
Miscellaneous income	398,000	398,000	578,151	180,151
Total Revenues	206,222,369	206,222,369	205,913,573	(308,796)
Transfers in from Rate Stabilization Account	6,408,085	14,198,200	14,198,200	-
Est. unencumbered funds from prior year	-	6,408,085	6,408,085	-
Total Source of funds	**212,630,454**	**226,828,654**	**226,519,858**	**(308,796)**
Use of funds				
Expenses:				
Personnel services	26,888,100	26,888,100	22,241,371	4,646,729
Materials & supplies	3,214,094	3,422,607	2,615,128	807,479
Professional services	35,650,815	46,150,432	32,260,455	13,889,977
Repairs & other services	11,342,045	13,698,463	9,237,512	4,460,951
Rent & insurance	4,016,750	4,048,943	3,301,887	747,056
Legal services	725,000	803,274	339,704	463,570
Capital expense	2,093,000	3,116,185	1,099,986	2,016,199
Total debt service-bonds	73,032,037	73,032,037	71,118,200	1,913,837
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	-
Water treatment chemicals - variable cost	25,679,820	25,679,820	24,872,886	806,934
Power / electricity - variable cost	19,050,635	19,050,635	15,587,818	3,462,817
Water for resale - variable cost	658,600	658,600	566,678	91,922
Total Expenses	212,630,454	226,828,654	193,521,183	33,307,471
Transfer out to Rate Stabilization Account	-	-	30,955,931	(30,955,931)
Transfer out to Utility Reserve	-	-	1,131,783	(1,131,783)
Transfer out to Operating Reserve	-	-	910,961	(910,961)
Total Use of funds	**$ 212,630,454**	**$ 226,828,654**	**$ 226,519,858**	**$ 308,796**

Tampa Bay Water's Adopted Budget

In June 2024, The Board of Directors (Board) adopted a $212.6 million budget for Fiscal Year 2025. The budget was adopted in accordance with Section 2.08 of the Amended and Restated Interlocal Agreement. The 2025 budget adheres to the budget policies and budgetary controls adopted by the Board for the Fiscal Year starting October 1, 2024 and ending September 30, 2025.

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:
    - The rate at which Quality Water will be sold to Member Governments during such fiscal year; and
    - 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
For the Fiscal Year Ended September 30, 2025

Operating Divisions / Departments	Approved Budget	Transfers & Adjustments	Final Budget	Actual Amounts	Variance with Final Budget and Actuals Positive (Negative)
Water Production Division	$ 81,029,400	$ 3,815,389	$ 84,844,789	$ 75,145,468	$ 9,699,321
Planning & Projects Division	8,587,913	2,577,733	11,165,646	7,034,775	4,130,871
Information Technology Division	7,490,100	754,408	8,244,508	7,509,514	734,994
Finance & Administration Division	8,531,505	149,297	8,680,802	5,489,491	3,191,311
Science Division	12,219,965	6,497,204	18,717,169	11,007,692	7,709,477
Business Stragegies Division	10,217,213	216,040	10,433,253	5,009,801	5,423,452
Office of General Manager	565,763	110,226	675,989	635,353	40,636
General Counsel	725,000	77,901	802,901	339,331	463,570
Debt-Bonds & Acquisition Credits	83,263,595	-	83,263,595	81,349,758	1,913,837
Net Funds Transfers In/Out	-	-	-	32,998,675	(32,998,675)
	$ 212,630,454	**$ 14,198,198**	**$ 226,828,652**	**$ 226,519,858**	**$ 308,794**

Statistical Section

Statistical Section

The statistical Section of Annual Comprehensive 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.

The Statistical Section is unaudited.

TABLE 1, Net Position - Last 10 Fiscal Years

	Net Position					
Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position	Changes in Net Position	% of Change in Net Position
2025 [(1)]	$ 858,685,694	$ 156,742,813	$ 26,787,723	$ 1,042,216,230	$ 61,666,815	6.29%
2024	851,113,988	120,163,593	9,829,198	981,106,779	46,858,618	5.02%
2023	774,701,139	131,998,096	27,548,926	934,248,161	34,390,325	3.82%
2022	752,248,248	114,797,114	32,812,474	899,857,836	23,238,728	2.65%
2021	720,309,824	119,469,822	36,839,462	876,619,108	29,852,763	3.53%
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	37,875,350	813,898,204	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 [(2)]	686,688,585	55,830,781	33,842,580	776,361,946	7,490,450	0.97%

Notes:

[(1)] The beginning net position for fiscal year 2025 was restated to reflect the implementation of GASB 101, which was a decrease of $557,364 in net position.

[(2)] 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.

Total Net Position, in Millions ($)

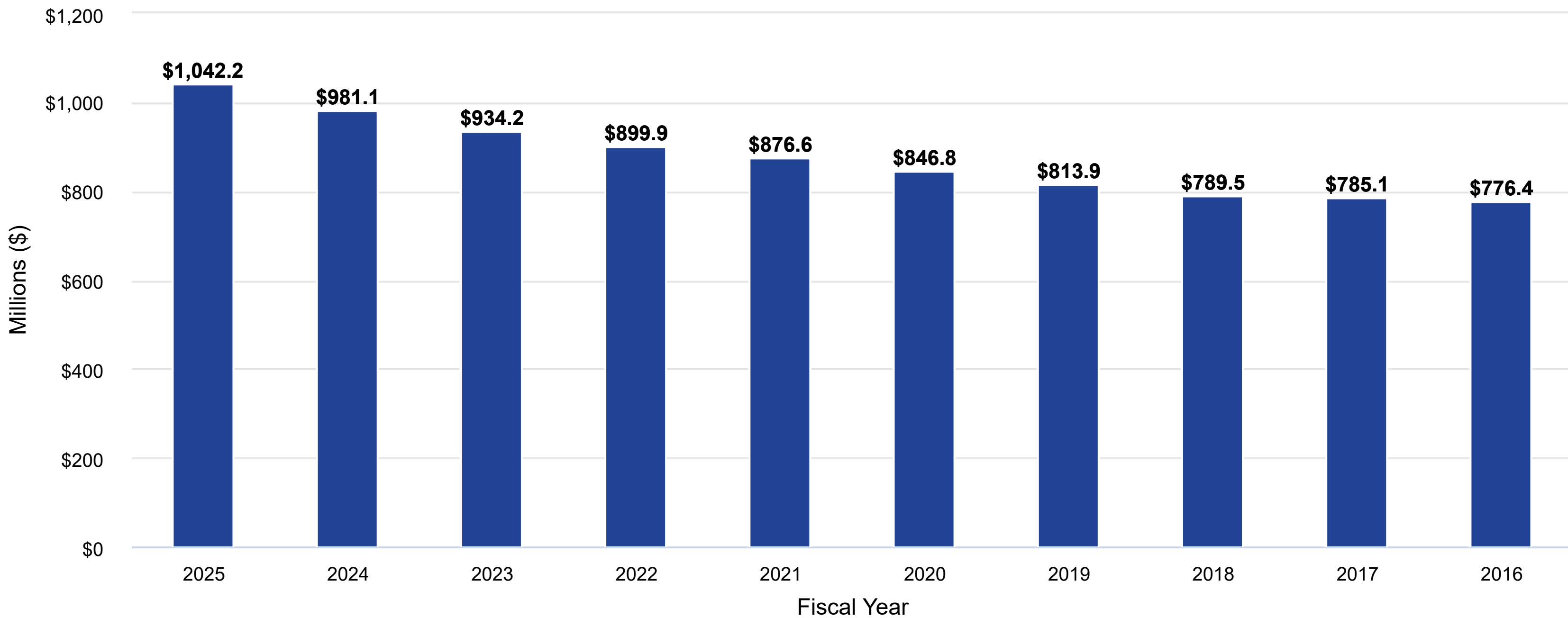

TABLE 2, Restricted Assets - Last 10 Fiscal Years

	Restricted Assets								
Fiscal Year	Construction Funds	Sinking Funds	Renewal and Replacement Fund	Capital Improvement Fund	Energy Savings Fund	Operations and Maintenance Reserve	Debt Service Release Funds	Debt Service Reserves	Grants-Receivable
2025	$ 504,349,089	$65,739,152	$ 20,620,542	$ 18,392,365	$ 1,736,659	$ 7,564,843	$ 8,437,802	$ 48,082,959	$ 6,335,100
2024	124,554,912	60,199,721	22,320,440	23,624,111	1,392,945	6,163,862	15,367,840	48,411,045	737,045
2023	133,512,671	57,998,210	25,710,196	24,124,712	1,065,460	5,304,024	21,809,838	46,616,302	3,984,907
2022	3,365,263	55,206,408	32,067,931	29,892,651	749,537	4,880,457	-	67,468,838	448,303
2021	5,112,894	52,695,165	35,265,605	34,427,826	1,416,283	4,562,751	-	71,250,324	502,340
2020	7,217,796	52,263,443	36,598,924	33,328,035	1,162,147	4,442,923	-	71,824,849	130,929
2019	8,802,523	51,496,138	33,914,245	27,141,633	823,919	4,330,051	-	71,586,689	91,472
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	590,000
2016 (1)	19,933,463	49,673,607	26,948,014	14,879,816	253,127	4,035,616	-	71,289,314	58,000

Fiscal Year	Other Current Assets	PFAS Funds	PFAS Settlement Receivable	Desal - Reserves	SWTP - Reserves	Hillsborough County Joint Project Agreement	2025 Bond Issue Costs	Debt Service Tranch 3 Issue Costs	Total Restricted Assets
2025	$ 1,043,609	$11,532,049	$ 4,461,620	$ 1,471,642	$ 4,645,184	$ 29,277,007	$ 14,836	$ -	$ 733,704,458
2024	-	-	-	2,442,373	3,377,110	228,869	-	-	259,672,183
2023	-	-	-	4,171,362	3,861,783	74,814	-	41,052	277,674,122
2022	-	-	-	3,102,700	3,702,535	-	-	-	132,967,482
2021	-	-	-	1,752,959	4,766,060	-	-	-	139,999,543
2020	-	-	-	2,629,810	5,510,019	-	-	-	143,153,097
2019	-	-	-	2,330,924	4,577,858	-	-	-	133,417,291
2018	-	-	-	2,131,412	4,217,145	-	-	-	123,852,391
2017	-	-	-	2,129,958	5,078,300	-	-	-	120,778,398
2016 (1)	-	-	-	2,072,486	7,583,722	-	-	-	125,379,851

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.

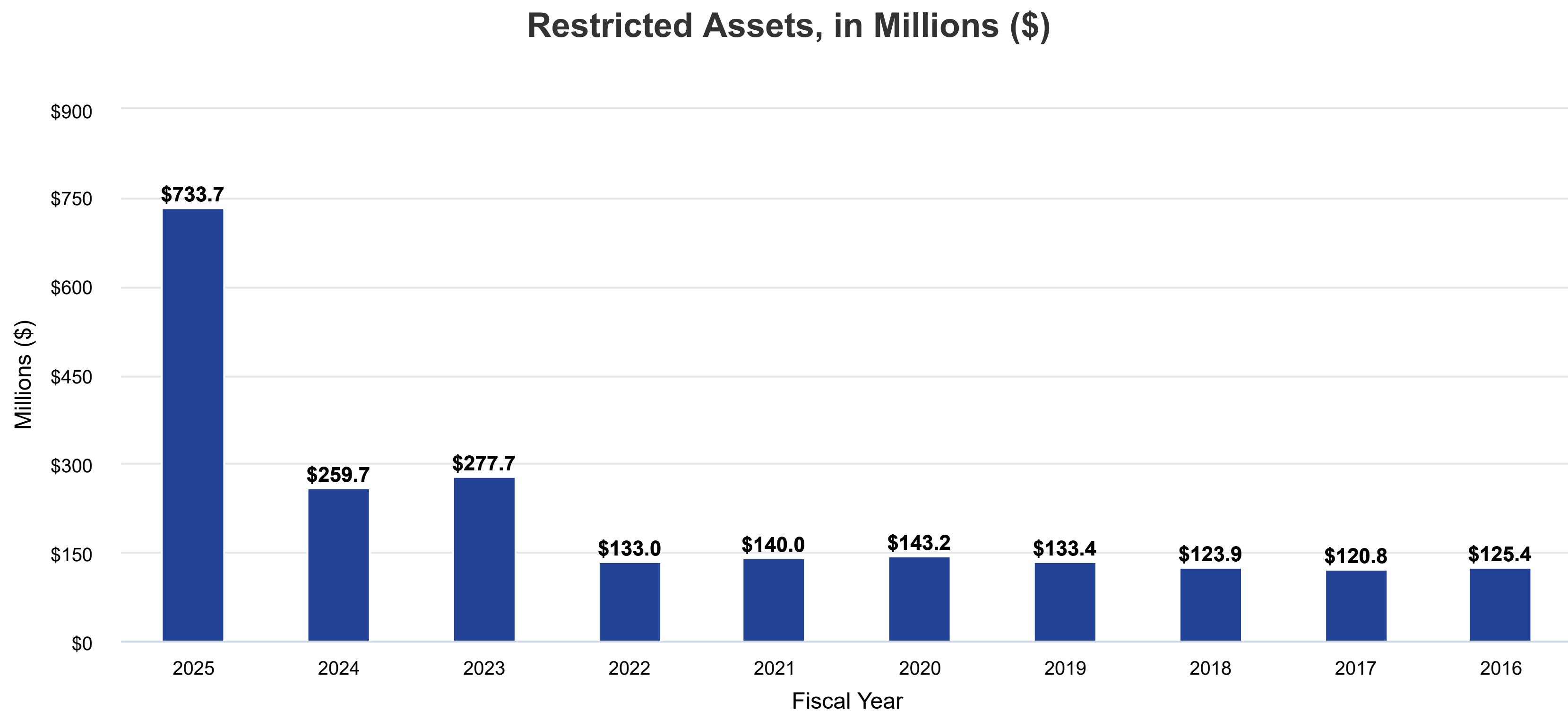
Restricted Assets, in Millions ($)
$900
$750
$600
$450
$300
$150
$0
Millions ($)
$733.7
$259.7
$277.7
$133.0
$140.0
$143.2
$133.4
$123.9
$120.8
$125.4
2025
2024
2023
2022
2021
2020
2019
2018
2017
2016
Fiscal Year

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

	Operating Revenues			Nonoperating Revenues				
Fiscal Year	Water Sales	Rate Stabilization Transfers	Total Operating Revenues	Investment Income (1)	Litigation and Insurance Recoveries	Arbitrage Recovery	Other	Total Nonoperating Revenues
2025	$ 198,789,767	$ (10,349,646)	$ 188,440,121	$ 34,939,374	$ 16,102,040	$ -	$ -	$ 51,041,414
2024	189,538,033	(11,725,819)	177,812,214	20,878,927	5,011,527	-	-	25,890,454
2023	187,134,890	1,150,542	188,285,432	11,189,485	12,682	-	-	11,202,167
2022	179,602,833	(4,924,749)	174,678,084	(6,569,075)	7,979	-	-	(6,561,096)
2021	173,170,025	(5,450,399)	167,719,626	174,761	36,841	-	-	211,602
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)	(7,049,127)
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

Fiscal Year	Capital Contributions	Gain On Disposals of Capital Assets	Total Revenues & Capital Contributions
2025	$ 12,872,748	-	$ 252,354,283
2024	6,913,806	1,789,688	212,406,162
2023	5,649,978	-	205,137,577
2022	919,498	-	169,036,486
2021	2,680,474	-	170,611,702
2020	708,064	101,296	174,810,819
2019	460,877	37,966	154,415,159
2018	-	-	159,816,932
2017	590,000	-	159,003,673
2016	248,302	-	157,704,191

Notes:

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

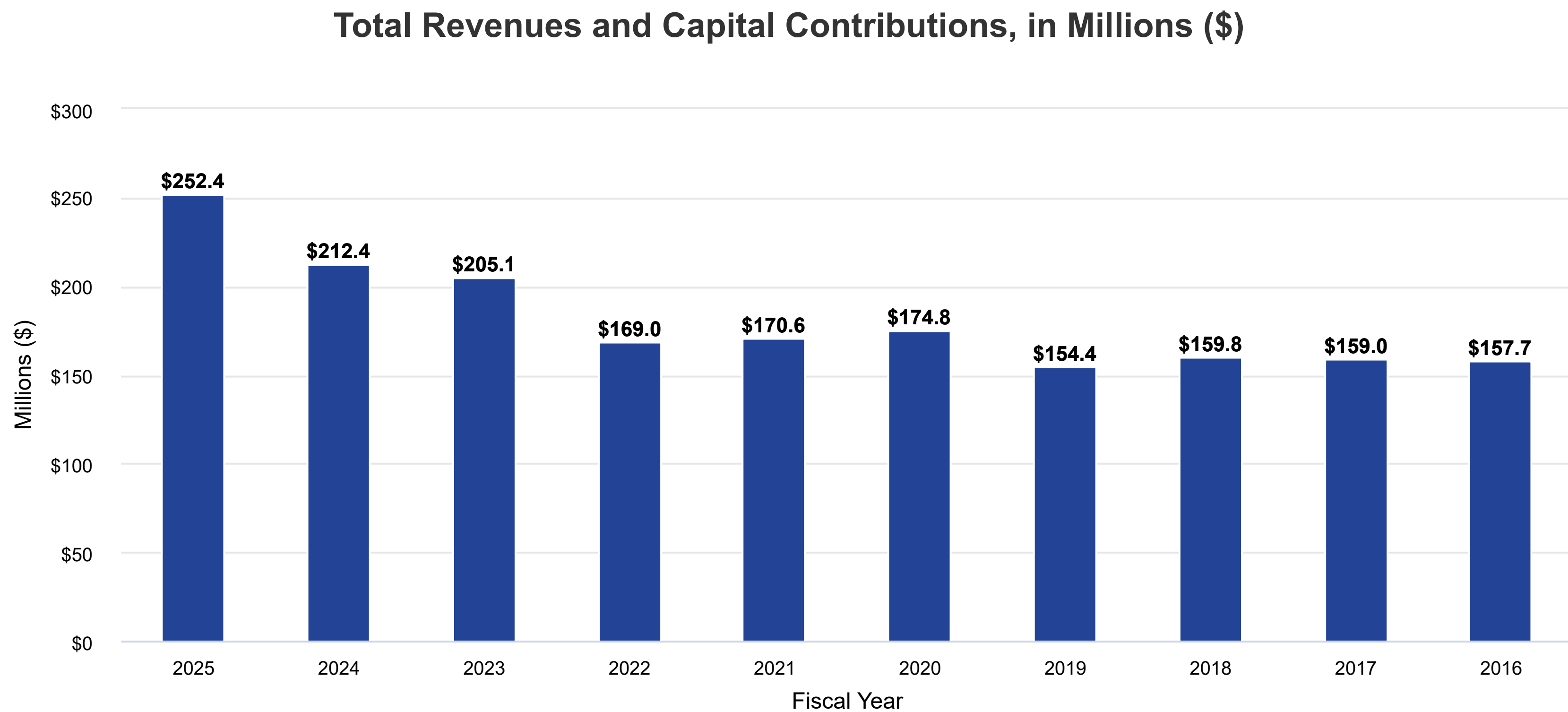
Total Revenues and Capital Contributions, in Millions ($)
$300
$250
$200
$150
$100
$50
$0
Millions ($)
$252.4
$212.4
$205.1
$169.0
$170.6
$174.8
$154.4
$159.8
$159.0
$157.7
2025
2024
2023
2022
2021
2020
2019
2018
2017
2016
Fiscal Year

TABLE 4, Total Expenses - Last 10 Fiscal Years

	Total Expenses				
Fiscal Year	Operating Expenses	Depreciation	Interest Expense (1)	Other, Net	Total Expenses
2025	$ 109,200,909	$ 31,337,487	$ 49,424,030	$ 725,042	$ 190,687,468
2024	104,555,736	29,376,187	31,615,621	-	165,547,544
2023	100,161,602	29,425,572	33,983,035	7,177,043	170,747,252
2022	85,912,868	29,043,530	29,645,180	1,196,180	145,797,758
2021	76,957,044	29,076,736	32,625,230	2,099,930	140,758,940
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	69,098,081	29,906,334	49,956,074	1,331,299	150,291,788
2016	65,589,515	29,534,326	53,797,721	6,868,984	155,790,546

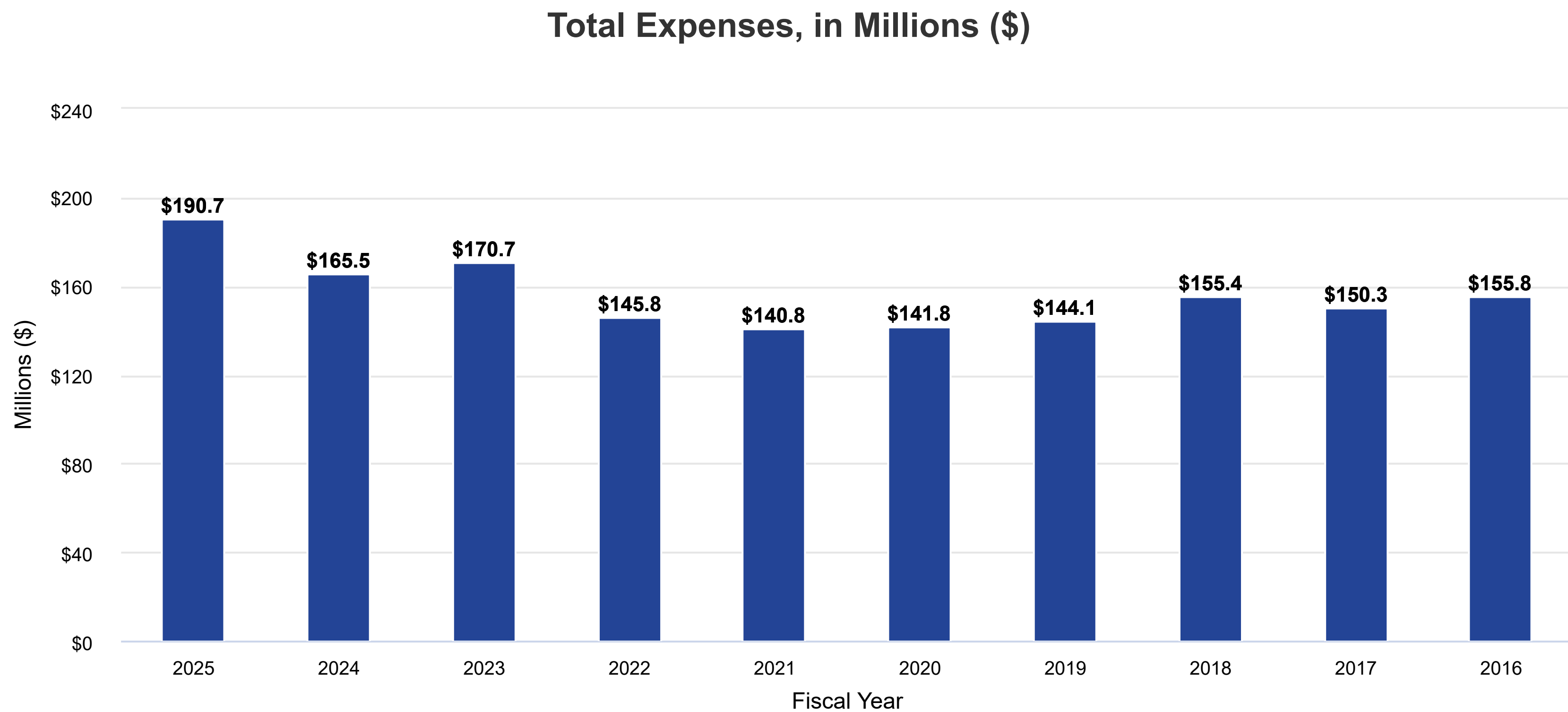
Total Expenses, in Millions ($)
$240
$200
$160
$120
$80
$40
$0
Millions ($)
$190.7
$165.5
$170.7
$145.8
$140.8
$141.8
$144.1
$155.4
$150.3
$155.8
2025
2024
2023
2022
2021
2020
2019
2018
2017
2016
Fiscal Year

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	Frs Pension Adjustments	Operating Materials & Supplies	Outside Professional Services	Repairs/ Maintenance and Other Services	Rentals, Leases and Insurance	Legal Services
2025	$ 23,198,503	$ (957,132)	$ 2,995,858	$ 56,096,403	$ 10,534,412	$ 2,805,079	$ 339,704
2024	21,669,573	164,563	2,581,794	54,892,808	10,399,085	2,520,681	460,133
2023	20,200,413	3,049,226	3,050,834	40,396,238	13,735,590	2,509,929	345,132
2022	18,360,465	643,964	2,650,254	34,416,165	8,301,319	2,176,221	369,220
2021	17,539,396	(707,070)	2,376,390	31,845,389	6,407,164	2,025,442	363,802
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

Fiscal Year	Capital Expense (1)	Capital Offset Account	Variable Cost Expenses	Water Quality Expense	Other Expenses (2)	Total Operating Expenses
2025	$ 56,670,747	$ (83,286,840)	$ 41,027,382	$ 48,000	$ (271,207)	$ 109,200,909
2024	30,248,133	(55,527,432)	37,439,780	48,000	(341,382)	104,555,736
2023	11,930,907	(30,671,125)	35,903,360	48,000	(336,902)	100,161,602
2022	12,700,516	(21,459,714)	28,045,608	48,000	(339,149)	85,912,868
2021	11,463,686	(17,139,487)	23,000,929	48,000	(266,597)	76,957,044
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

Notes:

(1) Includes expenses incurred with bond funds

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

Total Operating Department/Program Expenses, in Millions ($)

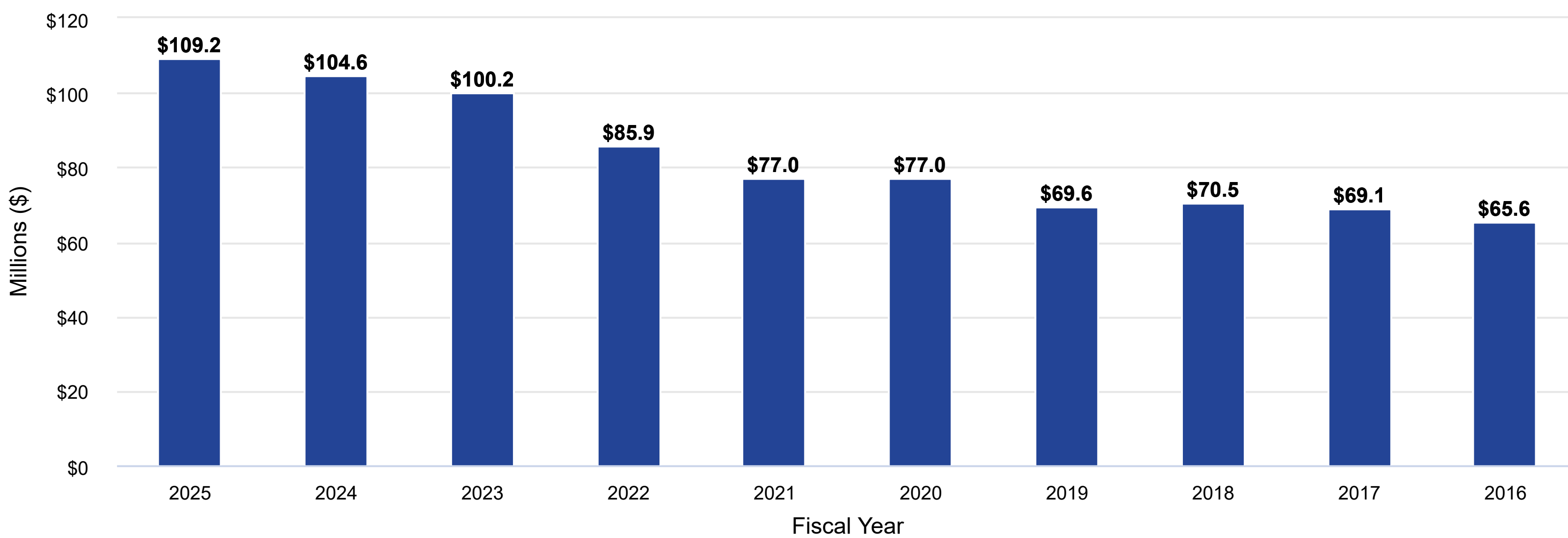

TABLE 6, Total Capital Assets - Last 10 Fiscal Years

	Capital Assets Not Depreciated				Depreciable Capital Assets, Net				
Fiscal Year	Land	Construction-in-progress	Water Capacity Rights	Total Capital Assets Not Depreciated	Land Improve-ments	Wells And Wellfield Improvements	Water Treatment And Pumping Facilities	Transmisison Mains	Buildings
2025	$ 89,676,421	$ 115,626,886	$ 318,142,095	$ 523,445,402	$ 3,303,176	$ 147,160,549	$ 770,557,809	$ 339,178,229	$ 21,926,315
2024	83,490,719	95,176,740	316,397,360	495,064,819	3,303,176	137,657,315	728,221,732	339,178,229	21,926,315
2023	79,994,554	64,714,551	316,397,360	461,106,465	3,303,176	137,657,315	708,502,518	339,178,229	21,854,801
2022	79,242,635	48,575,437	316,397,360	444,215,432	3,294,936	135,263,679	706,061,917	339,178,229	21,759,959
2021	79,238,385	35,117,616	316,397,360	430,753,361	3,294,936	135,263,679	701,491,957	339,178,229	21,812,576
2020	79,237,818	24,528,573	316,397,360	420,163,751	3,294,936	134,802,011	700,111,688	339,178,229	19,732,806
2019	78,687,882	21,084,854	316,397,360	416,170,096	3,294,936	134,802,011	696,852,407	339,178,229	19,632,819
2018	77,944,762	18,348,029	316,397,360	412,690,151	3,294,936	133,095,065	696,450,615	339,178,229	19,555,850
2017	78,648,965	21,390,285	318,058,360	418,097,610	3,294,936	139,107,959	694,211,826	339,942,372	19,555,850
2016	78,809,999	14,369,617	318,058,360	411,237,976	3,294,937	139,107,959	690,138,664	339,673,167	19,555,850

Fiscal Year	Easement South Hillsborough	Reservoir	Other Equipment and software	Right to Use Subscribed Based IT Agreements	Right-to-use leased land [(1)]	Right-to-use leased equipment [(1)]	Accumulated Depreciation/ Amortization	Total Depreciable Capital Assets, Net	Total Capital Assets
2025	$ 2,472,648	$ 306,131,501	$ 24,755,896	$ 1,400,163	$ 1,374,298	$ 157,041	$ 590,256,086	$ 1,028,161,539	$ 1,551,606,941
2024	-	304,564,796	24,233,427	1,190,710	1,374,298	213,170	559,825,503	1,002,037,665	1,497,102,484
2023	-	304,564,796	23,320,954	1128305	1,374,298	220,293	531,435,821	1,009,668,864	1,470,775,329
2022	-	304,564,797	21,973,276	-	1323343	63252	502,521,382	1,029,575,409	1,473,790,841
2021	-	303,216,166	22,199,828	-	-	-	474,378,767	1,052,078,603	1,482,831,964
2020	-	303,216,166	22,530,167	-	-	-	447,759,282	1,075,106,720	1,495,270,471
2019	-	302,995,543	21,692,652	-	-	-	418,267,917	1,100,180,681	1,516,350,777
2018	-	302,914,591	21,073,029	-	-	-	389,835,643	1,125,726,672	1,538,416,823
2017	-	297,136,654	20,632,045	-	-	-	363,334,554	1,150,547,087	1,568,644,697
2016	-	297,129,318	20,061,991	-	-	-	334,027,402	1,174,934,484	1,586,172,460

Notes:

[(1)] According to Governmental Accounting Standard Board (GASB) the agency had to implement pronouncement 87 related to leases

Total Capital Assets, in Millions ($)

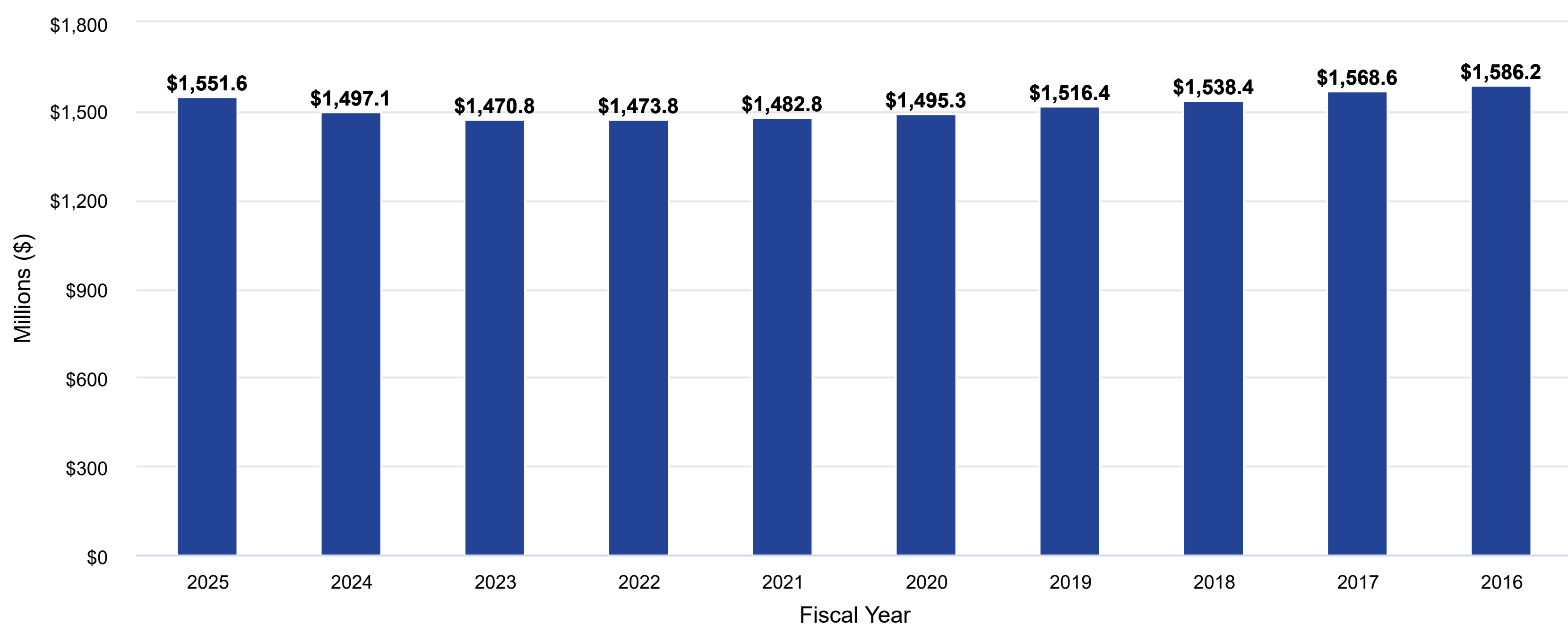

TABLE 7, Total Net Investment in Capital Assets - Last 10 Fiscal Years

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
2025	$ 1,551,606,941	$ -	$ -	$ (1,202,924,620)	$ -
2024	1,497,102,484	28,797	-	(815,519,646)	-
2023	1,470,775,329	39,914	-	(869,059,028)	-
2022	1,475,177,436	56,955	-	(789,253,670)	-
2021	1,482,831,963	79,614	-	(837,321,820)	-
2020	1,495,270,471	107,593	-	(882,870,430)	-
2019	1,516,350,777	135,750	-	(926,637,332)	-
2018	1,538,416,823	173,767	-	(960,658,735)	-
2017	1,568,644,697	216,893	-	(990,377,397)	-
2016 (1)	1,586,172,460	265,044	-	(990,342,388)	-

Fiscal Year	Long-Term Debt Applicable to Cash & Investments of Debt Service Reserve and Unexpended Construction Funds	Accounts Payable Construction Funds	Lease Payable (2)	Total Net Investment in Capital Assets
2025	$ 552,446,884	$ (40,944,672)	$ (1,498,839)	$ 858,685,694
2024	172,965,858	(1,639,881)	(1,823,624)	851,113,988
2023	180,170,023	(5,015,362)	(2,209,737)	774,701,139
2022	70,834,102	(3,169,587)	(1,396,988)	752,248,248
2021	76,363,218	(1,643,151)	-	720,309,824
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)	-	662,029,752
2016 (1)	91,222,777	(629,307)	-	686,688,585

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.

(2) The agency implemented GASB 87 related to leases in 2022.

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

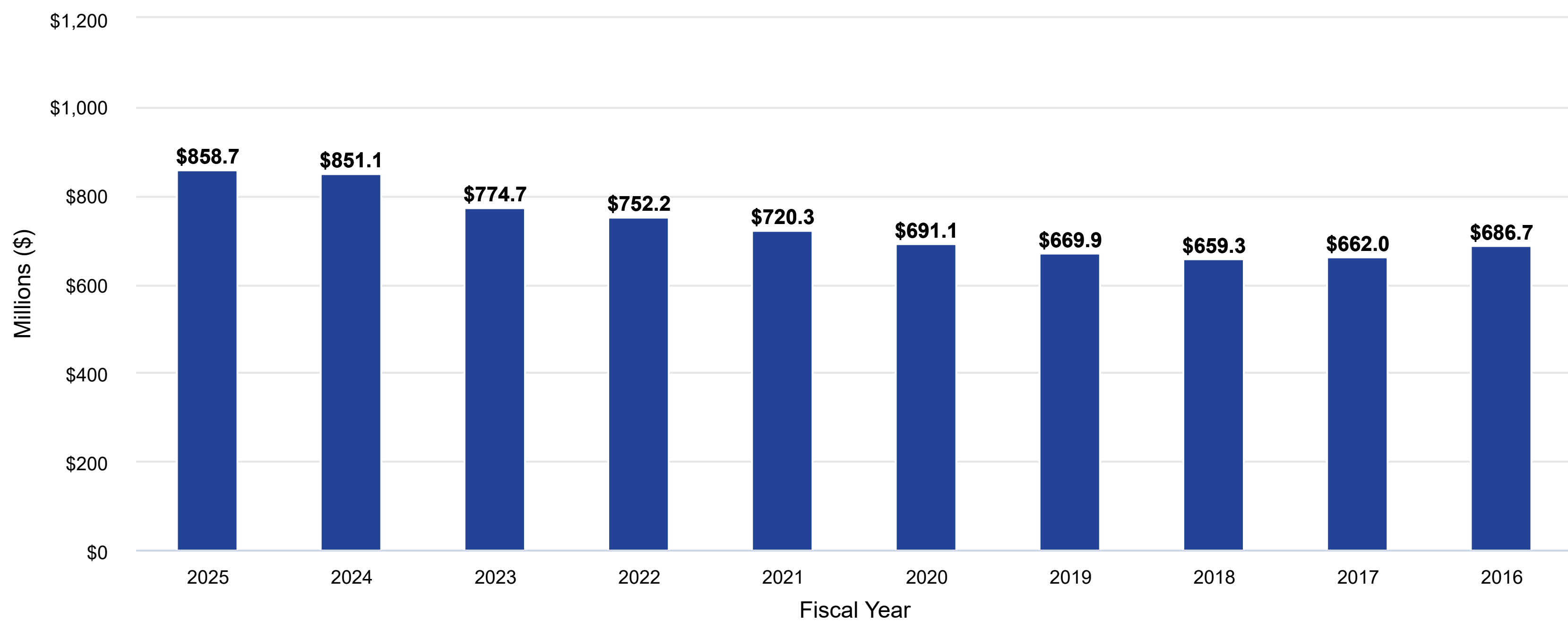

TABLE 8, Schedule of Rates - Last 10 Fiscal Years

Fiscal Year	Water Rate Per 1,000 Gallons [1]
2025	2.6177
2024	2.5989
2023	2.5781
2022	2.5634
2021	2.5590
2020	2.5590
2019	2.5590
2018	2.5590
2017	2.5590
2016	2.5590

Notes:

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

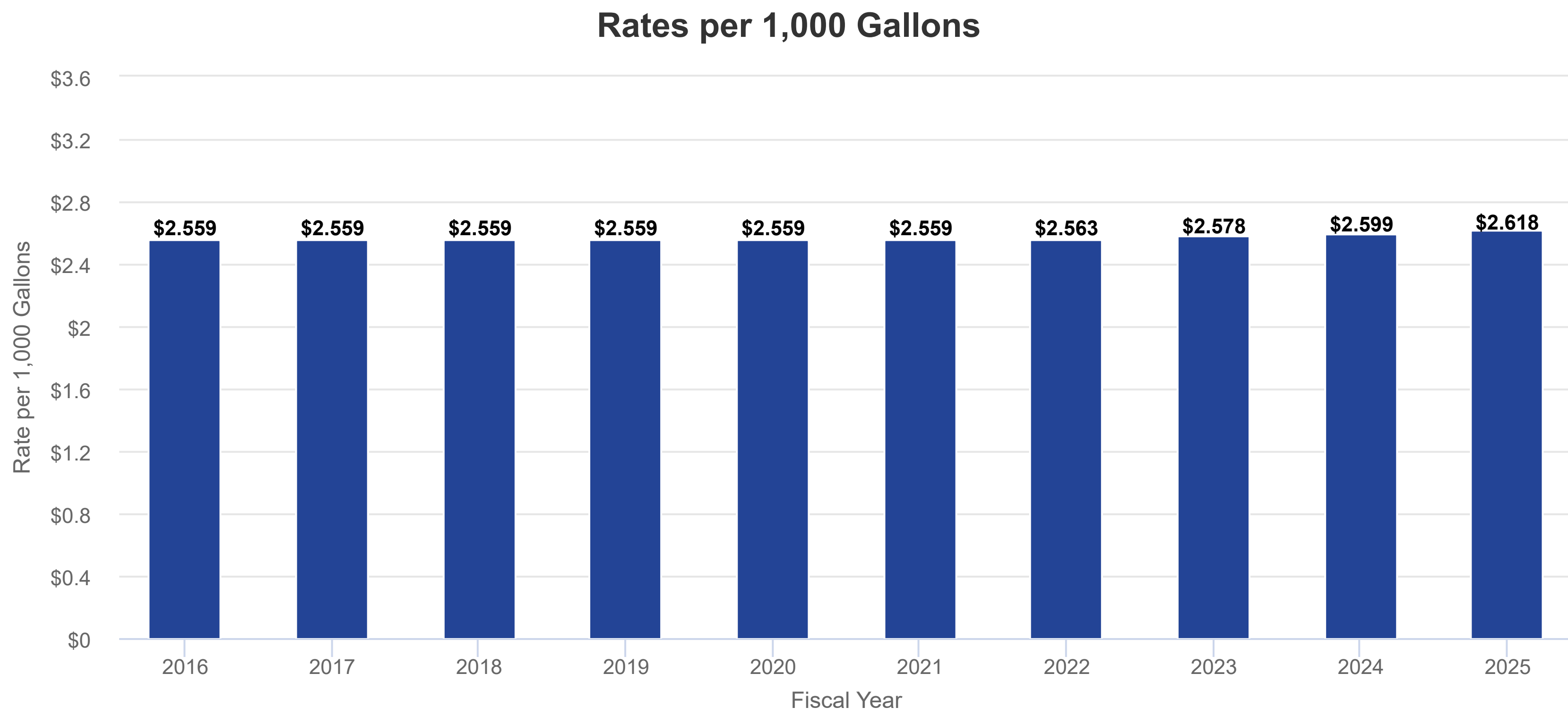
Rates per 1,000 Gallons
$3.6
$3.2
$2.8
$2.4
$2
$1.6
$1.2
$0.8
$0.4
$0
Rate per 1,000 Gallons
$2.559
$2.559
$2.559
$2.559
$2.559
$2.559
$2.563
$2.578
$2.599
$2.618
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Fiscal Year

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

	Fiscal Year Ended 2025		Fiscal Year Ended 2016	
Member Agency	**Water Sales at Uniform Rate (million gallons per day)**	**Percentage of Water Sold**	**Water Sales at Uniform Rate (million gallons per day)**	**Percentage of Water Sold**
Hillsborough County	79.40	40.0%	55.03	34.2%
Pasco County	39.71	20.0%	25.92	16.1%
Pinellas County	48.20	24.3%	48.23	30.0%
City of Tampa	0.47	0.2%	-	-%
City of New Port Richey	2.96	1.5%	3.10	1.9%
City of St. Petersburg	27.72	14.0%	28.50	17.7%
Total Water Sales	198.46	100.0%	160.78	99.9%

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
2025	$ 48,066,895	$ 79,190,895	$ 27,641,121	$ 39,602,562	$ 469,238	$ 2,951,553	$ 197,922,264
2024	47,788,542	71,809,783	26,378,134	35,737,705	3,579,343	3,014,059	188,307,566
2023	46,819,502	73,677,410	26,346,991	32,636,839	4,296,240	2,831,223	186,608,205
2022	47,015,336	70,180,618	26,346,736	31,924,563	977,463	2,796,514	179,241,230
2021	46,134,029	66,733,278	25,022,885	31,629,931	33,178	2,979,736	172,533,037
2020	45,596,714	65,401,748	24,495,756	29,978,156	1,544,227	2,785,714	169,802,315
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	26,235,772	5,430,465	2,616,597	156,135,111
2016	45,936,076	52,414,672	27,143,671	24,681,768	-	2,950,771	153,126,958

Total Water Sales, in Millions ($)

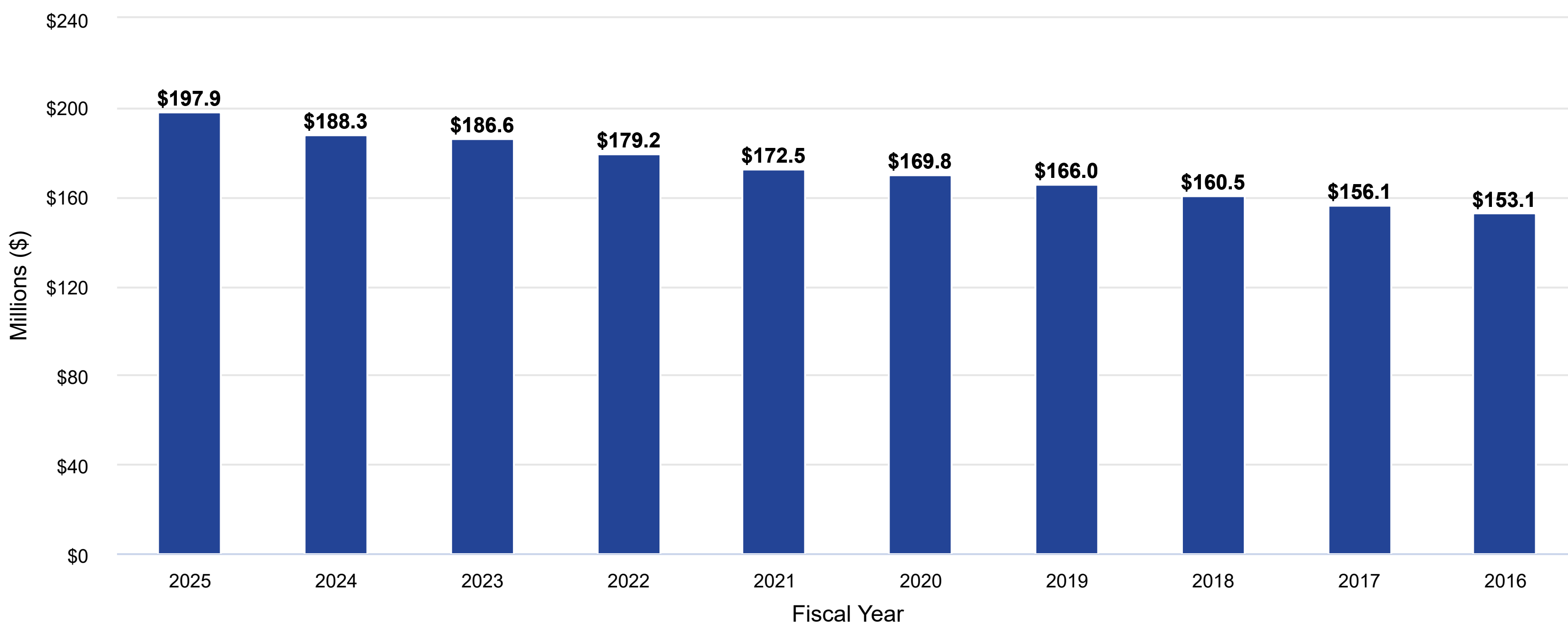

TABLE 11, Short-term and Long-term Debt Outstanding - Last 10 Fiscal Years

Fiscal Year	2001A Bonds	2004 Bonds	2005 Bonds	2006 Bonds	2008 Bonds	2010 Bonds	2011 Bonds
2025	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2024	50,000,000	-	26,180,000	-	-	-	-
2023	50,000,000	-	51,000,000	-	-	-	-
2022	50,000,000	-	74,530,000	-	-	-	-
2021	50,000,000	-	96,820,000	-	-	6,395,000	12,915,000
2020	50,000,000	-	117,960,000	-	-	6,395,000	25,205,000
2019	50,000,000	5,005,000	132,990,000	-	-	6,395,000	36,915,000
2018	50,000,000	18,540,000	138,495,000	-	-	6,395,000	48,055,000
2017	50,000,000	35,465,000	139,650,000	-	101,375,000	66,980,000	58,670,000
2016	50,000,000	47,235,000	145,060,000	355,000	101,375,000	66,980,000	68,785,000

Fiscal Year	2011A Bonds	2011B Bonds	2013 Bonds	2015A Bonds	2015B Bonds	2016A Bonds	2016B Bonds
2025	$ -	$ -	$ -	$ 9,200,000	$ 7,760,000	$ 96,630,000	$ 1,950,000
2024	-	-	-	180,835,000	88,645,000	96,630,000	30,895,000
2023	-	-	-	180,835,000	89,575,000	96,630,000	31,155,000
2022	-	-	75,295,000	180,835,000	90,485,000	96,630,000	31,405,000
2021	40,000	-	75,295,000	180,835,000	91,375,000	96,630,000	31,650,000
2020	46,140,000	-	75,295,000	180,835,000	92,245,000	96,630,000	31,890,000
2019	46,175,000	-	75,295,000	180,835,000	93,100,000	96,630,000	32,125,000
2018	46,210,000	-	75,295,000	180,835,000	93,945,000	96,630,000	32,360,000
2017	46,245,000	-	75,295,000	180,835,000	94,780,000	96,630,000	32,590,000
2016	46,275,000	175,000	75,295,000	180,835,000	95,555,000	96,630,000	32,785,000

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

Fiscal Year	2016C Bonds	2020 Master Bonds	2022 Bonds	2024A Bonds	2024B Bonds	2024C Bonds	2025 Bonds
2025	$ 55,345,000	$ 80,909,000	$ 122,075,000	$ 395,430,000	$ 94,405,000	$ 56,050,000	$ 158,825,000
2024	55,345,000	98,018,000	122,075,000	-	-	-	-
2023	55,345,000	113,899,000	122,075,000	-	-	-	-
2022	55,345,000	52,942,000	-	-	-	-	-
2021	55,345,000	53,338,000	-	-	-	-	-
2020	55,345,000	6,709,000	-	-	-	-	-
2019	55,345,000	-	-	-	-	-	-
2018	55,345,000	-	-	-	-	-	-
2017	55,345,000	-	-	-	-	-	-
2016	55,345,000	-	-	-	-	-	-

Fiscal Year	Lease Payable	SBITA Contracts Payable	Acquisition Credits	Unamortized Bond Issue Premium [1]	Short-term and Total Long-term Liabilities
2025	$ 1,306,066	$ 192,774	$ 27,847,414	$ 93,463,614	$ 1,201,388,868
2024	1,386,738	436,885	36,255,328	32,684,052	819,386,003
2023	1,838,818	370,919	44,260,578	37,525,160	874,509,475
2022	1,396,988	-	51,882,449	40,237,758	800,984,196
2021	-	-	59,139,299	45,841,459	849,223,759
2020	-	-	66,048,612	53,248,210	897,550,822
2019	-	-	72,627,030	60,395,068	943,832,098
2018	-	-	78,890,400	67,700,612	988,696,013
2017	-	-	84,858,357	75,389,491	1,032,147,848
2016	-	-	90,547,001	83,399,009	1,074,671,010

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.

[2] According to Governmental Accounting Standard Board (GASB) the agency had to implement pronouncement 87 related to leases

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

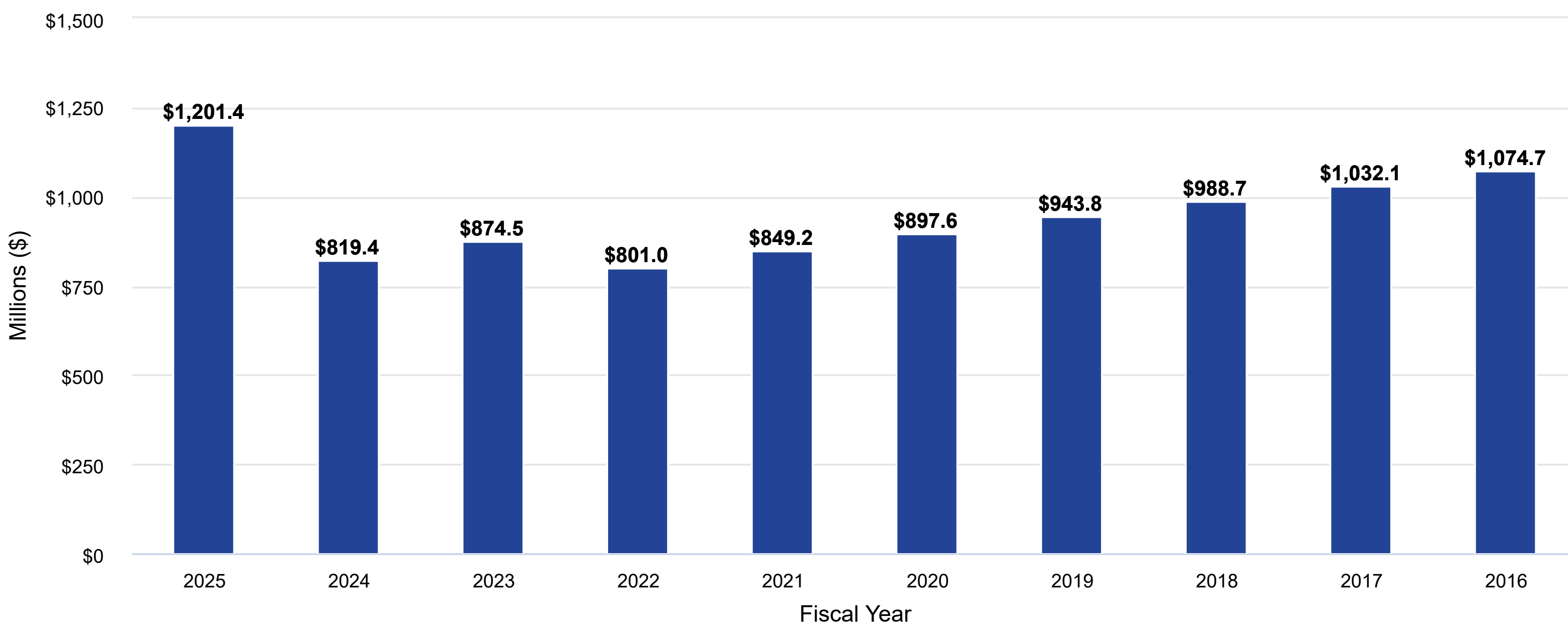

TABLE 12, Historical Operating Results - Last 5 Fiscal Years

	2025	2024	2023	2022	2021
Actual water demand (mgd)	198.4600	199.0600	202.2040	188.3330	184.7860
Uniform Rate (per 1,000 gallons)	$ 2.6177	$ 2.5989	$ 2.5781	$ 2.5634	$ 2.5590
Revenue from sale of water	198,789,767	189,538,033	187,134,890	179,602,833	173,170,025
Rate stabilization transfer	(10,349,646)	(11,725,819)	1,150,542	(4,924,749)	(5,450,399)
	188,440,121	177,812,214	188,285,432	174,678,084	167,719,626
Purchase price amortization credit	(10,231,557)	(10,231,557)	(10,231,557)	(10,231,557)	(10,231,557)
Litigation and insurance recoveries	136,429	12,571	12,682	7,979	36,841
Investment revenue - unrestricted (1)	6,668,545	13,221,016	3,368,312	2,263,510	2,943,657
Total Revenue	185,013,538	180,814,244	181,434,869	166,718,016	160,468,567
Operation and maintenance expense (2)	(107,262,930)	(103,529,735)	(104,457,720)	(87,837,183)	(77,922,095)
Net Revenue	77,750,608	77,284,509	76,977,149	78,880,833	82,546,472
Annual debt service payments Series 2001A bonds	1,500,000	3,000,000	3,000,000	3,000,000	3,000,000
Annual debt service payments Series 2005 bonds	26,899,950	26,942,450	26,982,075	27,002,125	27,046,450
Annual debt service payments Series 2011 bonds	-	-	-	13,237,875	13,243,000
Annual debt service payments Series 2011A bonds	-	-	-	40,625	2,294,625
Annual debt service payments Series 2013 bonds	-	-	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	2,406,235	3,641,507	3,643,795	3,643,883	3,641,827
Annual debt service payments Series 2016A bonds	4,356,688	4,356,688	4,356,688	4,356,688	4,356,688
Annual debt service payments Series 2016B bonds	830,661	1,336,370	1,332,746	1,333,332	1,333,216
Annual debt service payments Series 2016C bonds	2,767,250	2,767,250	2,767,250	2,767,250	2,767,250
Annual debt service payments Series 2020 Master Bond	19,175,607	17,864,017	16,309,847	1,336,096	146,269
Annual debt service payments Series 2022 bonds	6,169,500	6,169,500	2,639,175	-	-
Annual debt service payments Series 2024B bonds	2,333,901	-	-	-	-
Annual debt service payments Series 2024C bonds	1,084,366	-	-	-	-
Total Debt Service	75,135,308	73,688,932	72,262,275	67,948,574	69,060,025
Total debt service and reserve requirements	75,135,308	73,688,932	72,262,275	67,948,574	69,060,025
Debt service and reserve coverage (times)	1.03	1.05	1.07	1.16	1.20
Fund Balance (4)	33,491,516	31,841,757	31,340,323	30,811,788	30,152,968
Net revenue plus fund balance	$ 112,242,123	$ 109,126,266	$ 108,317,472	$ 109,692,621	$ 112,699,440
Debt Service coverage (times)	1.48	1.48	1.50	1.61	1.63

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

Note 2: Operations and maintenance expense includes capital expense for improvement of the existing system offset with cash received on disposals of capital assets, and prior year revenue collected for October bond payments netted against current fiscal year revenue collected for upcoming October bond payments.

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.

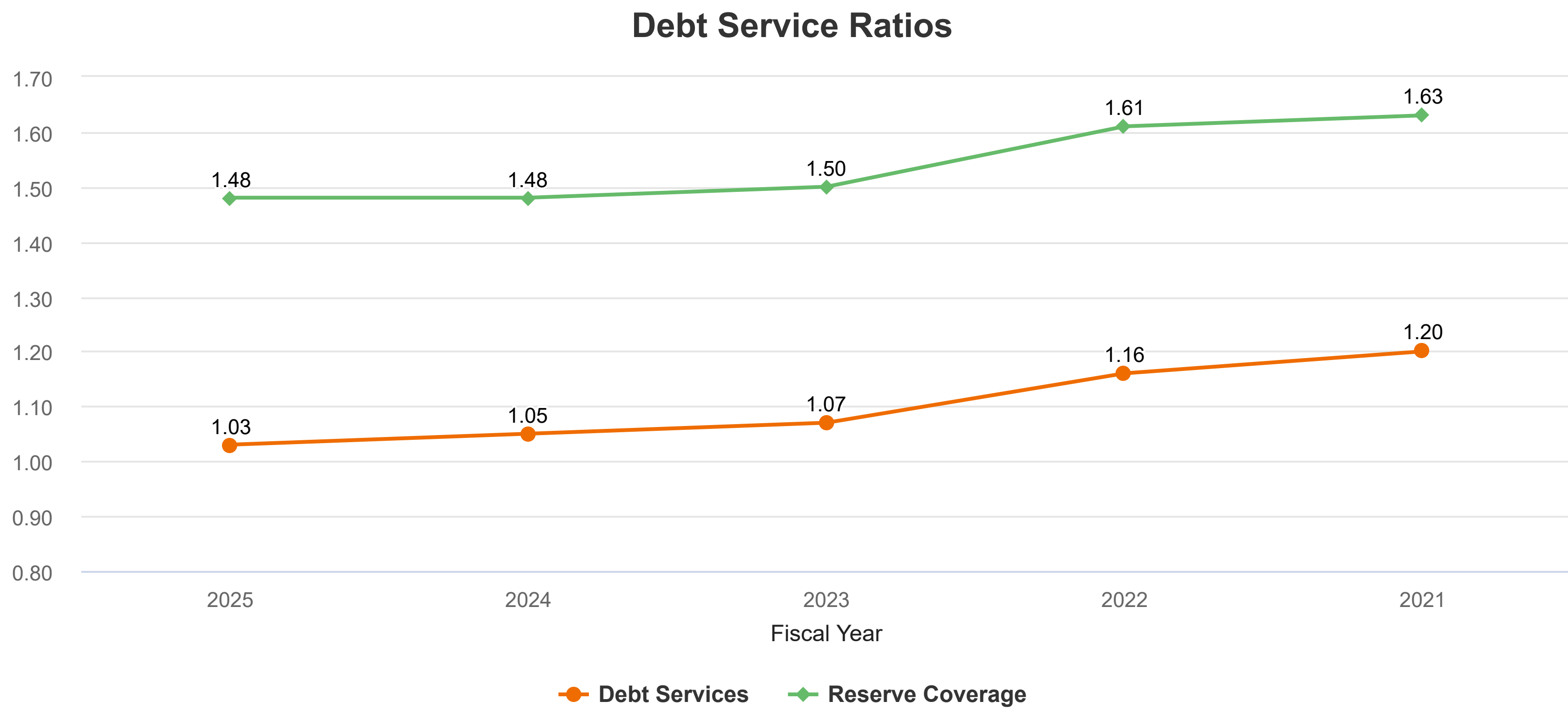
Debt Service Ratios
1.70
1.60
1.50
1.40
1.30
1.20
1.10
1.00
0.90
0.80
1.48
1.48
1.50
1.61
1.63
1.03
1.05
1.07
1.16
1.20
2025
2024
2023
2022
2021
Fiscal Year
Debt Services
Reserve Coverage

TABLE 13, General Information as of September 30, 2025

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

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

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
2025	2,076	156	115	21	13	6	181	1	25
2024	2,076	156	115	21	13	6	181	1	25
2023	2,076	156	115	21	13	6	181	1	25
2022	2,076	156	115	21	13	6	181	1	25
2021	2,076	156	115	21	13	6	181	1	25
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

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)
2025	2	80	1	120	4	5	1	15.5
2024	2	80	1	120	4	5	1	15.5
2023	2	80	1	120	4	5	1	15.5
2022	2	80	1	120	4	5	1	15.5
2021	2	80	1	120	4	5	1	15.5
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

Notes:

(1) Million Gallons per Day.

TABLE 15, Total Water Production - Last 10 Fiscal Years

Fiscal Year	Ground Water	Surface Water	Desalinated Water	Total Water Production (Million Gallons Per Day)
2025	108.5	81.2	8.8	198.5
2024	116.9	82.2	0.0	199.1
2023	121.4	76.4	4.4	202.2
2022	107.8	73.4	7.1	188.3
2021	110.9	68.6	5.3	184.8
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

Total Water Production, in Millions of Gallons Per Day

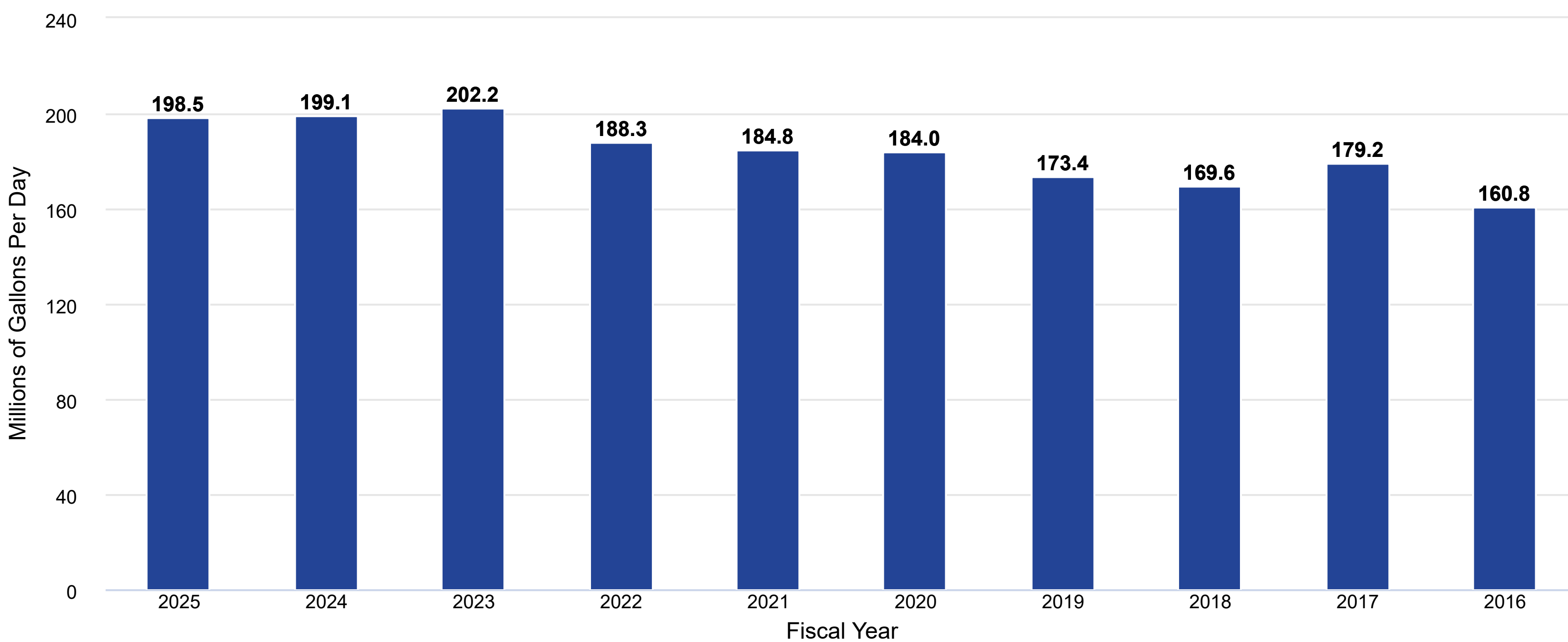

TABLE 16, Employment by Industry - Fiscal Year 2025 and 2016

	Hillsborough County		Pasco County		Pinellas County	
Industry	**2025**	**2016**	**2025**	**2016**	**2025**	**2016**
Utilities	2,732	2,802	810	834	598	658
Construction	45,436	36,000	10,689	8,585	24,081	20,423
Machinery Manufacturing	1,190	1,371	773	879	2,497	3,076
Transportation Equipment Manufacturing	1,569	1,627	123	126	1,427	1,581
Wholesale Trade	37,510	34,423	2,704	2,516	15,398	15,126
Information	18,457	17,292	1,013	962	7,399	7,421
Other Services	25,703	23,457	4,749	4,393	16,328	15,950
Education & Health Services	104,904	92,295	26,043	23,225	80,935	76,221
Financial Activities	83,479	69,329	5,120	4,310	35,386	31,457
Federal Government	15,189	15,017	776	794	6,721	7,169
Local Government	57,630	51,094	16,647	15,272	34,667	33,159
State Government	19,004	17,842	1,805	1,753	5,177	5,244
Leisure and Hospitality	87,942	78,084	17,051	15,346	58,824	55,907
Manufacturing	25,272	26,646	3,115	3,329	26,888	30,347
Chemical, Energy, Plastic, and Rubber Manufacturing	2,735	3,012	285	309	2,710	3,178
Electronic and Electrical Manufacturing	2,696	2,899	298	317	8,146	9,005
Food, Beverage, and Tobacco Manufacturing	5,198	4,911	216	202	1,030	1,037
Furniture and Misc. Manufacturing	3,196	3,136	382	375	5,019	5,407
Metals and Mining Based Manufacturing	4,959	5,554	790	853	2,407	2,954
Textile, Fiber, and Printing Manufacturing	3,730	4,138	247	268	3,652	4,110
Office using Industries	275,562	225,632	21,915	18,848	14,011	12,272
Professional and Business Services	174,962	131,460	14,444	11,000	90,470	72,762
Natural Resources and Mining	469	448	29	28	6	6
Retail Trade	78,542	75,100	21,281	20,626	51,766	52,983
Transportation and Warehousing	16,605	16,479	1,052	1,048	5,065	5,387
Trade, Transportation and Utilities	135,388	128,804	25,847	25,023	72,828	74,154
Transportation, Warehousing and Utilities	19,336	19,280	1,861	1,881	5,664	6,045

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
2025	1,656	70,274	11,451	5,214	3.627%
2024	1,626	67,384	11,010	5,201	3.664
2023	1,595	64,662	10,953	5,176	3.714
2022	1,564	62,019	10,931	5,154	3.899
2021	1,532	59,485	10,703	4,876	4.700
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

	Pasco County				
Fiscal Year	County Population (in thousands)	Per Capital Personal Income (in dollars)	Single Family Building Permits	Multi Family Building Permits	Unemployment Rate
2025	584	60,542	4,635	1,568	4.166%
2024	575	57,922	4,399	1,559	4.209
2023	566	55,424	4,355	1,551	4.265
2022	557	53,017	4,362	1,550	4.478
2021	548	50,752	4,289	1,472	5.000
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

TABLE 17, Demographic and Economic Statistic - Last 10 Calendar Years [1]

	Pinellas County				
Fiscal Year	County Population (in thousands)	Per Capital Personal Income (in dollars)	Single Family Building Permits	Multi Family Building Permits	Unemployment Rate
2025	1,069	80,594	1,598	1,612	3.610%
2024	1,057	77,409	1,581	1,608	3.647
2023	1,046	74,354	1,579	1,596	3.696
2022	1,034	71,390	1,589	1,604	3.881
2021	1,022	68,458	1,570	1,531	5.200
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

Notes:

[1] Information is retrieved from Moody's Corporation Database.

TAMPA BAY WATER

Supplying Water To The Region

Compliance Section

MAULDIN & JENKINS
CPAs & ADVISORS

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, 2025, 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 12, 2026.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 12, 2026

Schedule of Findings and Responses
for the Fiscal Year Ended September 30, 2025

Section I
Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting: Material weaknesses identified?	☐	yes	✓	no
Significant deficiencies identified not considered to be material weaknesses?	☐	yes	✓	none reported
Noncompliance material to financial statements noted?	☐	yes	✓	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, 2025 due to the total amount expended being less than $1,000,000 for federal awards and $750,000 for state awards.

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.

Schedule of Findings and Responses for the Fiscal Year Ended September 30, 2025

Status of Prior Year Audit Findings

None noted

Schedule of Debt Service Coverage - Utility System Revenue Bonds, Series 2001A, 2005, 2015A, 2015B, 2016A, 2016B, 2016C, 2020 Master, 2022, 2024A, 2024B, 2024C, and 2025 Bonds

Article I. September 30, 2025

Revenue	
Actual water demand (mgd)	198.460
Uniform rate (per 1,000 gallons)	$ 2.6177
Revenue from sales	198,789,767
Transfer (to) from Rate Stabilization Fund	(10,349,646)
	188,440,121
Purchase price amortization credit	(10,231,557)
Litigation and insurance recoveries	136,429
Investment revenue - unrestricted	6,668,545
Total revenue	185,013,538
Operation and maintenance expenditures	(107,262,930)
Net revenue	77,750,608
Annual debt service payments Series 2001A bonds	1,500,000
Annual debt service payments Series 2005 bonds	26,899,950
Annual debt service payments Series 2015A bonds	7,611,150
Annual debt service payments Series 2015B bonds	2,406,235
Annual debt service payments Series 2016A bonds	4,356,688
Annual debt service payments Series 2016B bonds	830,661
Annual debt service payments Series 2016C bonds	2,767,250
Annual debt service payments Series 2020 Master bonds	19,175,607
Annual debt service payments Series 2022 bonds	6,169,500
Annual debt service payments Series 2024B bonds	2,333,901
Annual debt service payments Series 2024C bonds	1,084,366
Total debt service	75,135,308
Total debt service and reserve requirements	75,135,308
Debt service and reserve coverage (times)	1.03
Fund balance	33,491,516
Net revenue plus fund balance	$ 111,242,123
Debt service coverage (times)	1.48

Note 1: Investment revenue does not include interest on construction funds or unrealized investment gains in 2021.

Note 2: Operations and maintenance expense includes capital expense for improvement of the existing system offset with cash received on disposals of capital assets, and prior year revenue collected for October bond payments netted against current fiscal year revenue collected for upcoming October bond payments.

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.

MAULDIN & JENKINS
CPAs & ADVISORS

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, 2025, and the Statements of Activities and Cash Flows, and the related notes to the financial statements, and have issued our report, thereon, dated February 12, 2026.

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 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
- Utility System Revenue Bonds, Series 2022
- Utility System Revenue Bonds, Series 2024A
- Utility System Refunding Revenue Bonds, Series 2024B
- Taxable Utility System Refunding Revenue Bonds, Series 2024C
- Utility System Refunding Revenue Bonds, Series 2025

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 12, 2026

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MAULDIN & JENKINS
CPAs & ADVISORS

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, 2025, and have issued our report thereon dated February 12, 2026.

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 12, 2026, 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.

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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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Agency reported:

a. The total number of employees compensated in the last pay period of the Agency's fiscal year as 162.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Agency's fiscal year as 38
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $15,872,582.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $23,197,870.
e. Each construction project with a total cost of at least $65,000 approved by the Agency that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project is noted on the following page.

Project No.	Project Name	Actuals Thru 9/30/2025
50081	Evaluation of Arc Flash Hazards	$ 77,276
11003	Energy Management Program	142,668
11020	Long-term Master Water Plan-Feasibility Program Management	156,369
11005	Integrated Program Manager Consultant Services	158,295
7153	Cross Bar Ranch Wellfield Water Transmission Main-Utility Conflict	161,058
50037	Cypress Creek Generators Study	174,989
11025	Feasibility Study for Surface Water Sources	189,128
11021	Developmental Alternatives Phase 1	220,178
50071	Cypress Creek Pump Station Variable Frequency Drives	248,848
7542	Lake Bridge Water Treatment Plant-Pump No. 4	254,384
9108	Cypress Creek Wellfield Surface Water Improvements-Phase 3	261,076
11018	Cathodic Protection Program	349,340
50052	High Service Pump Station Ball Valve Replacement	377,483
1602	Cypress Creek Wellfield Improvements	381,692
7131	Cosme Water Treatment Plant Yard Piping Improvements	468,103
50055	Tampa Bay Desalination Plant Variable Frequency Drives Replacement	537,723
50073	Cypress Creek Water Treatment Plant 72-inch Valve	789,911
11023	2045 System Hydraulic and Emergency Scenario Analysis Report	897,140
6912	Surface Water Treatment Plant SCADA System Upgrade	940,233
50040	Eldridge-Wilde Wellfield Underground Powerline	945,980
50049	High Service Pump Station Chemical Piping Replacement	1,447,148
50021	Morris Bridge Wellfield Improvements	1,452,703
11022	Feasibility Study for New Groundwater Sources	1,793,417
50075	Surface Water Treatment Plant-Renewal & Replacement Program-Phase 1	4,548,377
50051	Cypress Creek Water Treatment Plant Chemical Piping Replacement	4,811,340
50016	Eldridge-Wilde Wellfield Pumps and Motors Replacement	4,901,997
1616	South Hillsborough Pipeline (Segment B)	14,527,037
1014	Surface Water Treatment Plant Expansion	19,503,470
7033	Tampa Bay Desalination Facility Intake Connection Improvements-Phase 2	21,992,738
1610	South Hillsborough Pipeline (Segment A)	39,968,513
	Totals	**$ 122,678,614**

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Agency amends a final adopted budget under Section 189.016(6), Florida Statutes, as noted on page 88.

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 12, 2026

MAULDIN & JENKINS
CPAs & ADVISORS

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, 2025. 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.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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 12, 2026

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