Hillsborough County Florida

EST. 1834

Water Resources Department

Annual Financial Report

Water Enterprise Fund

For Fiscal Year
September 30, 2025

Water Resources Department
925 E. Twiggs Street
Tampa, Florida 33602
(813) 272-5977
HCFL.gov/PublicUtilities

Hillsborough County, Florida

Water Enterprise Fund
Public Utilities Department
Annual Financial Report

Fiscal Year Ended September 30, 2025

Prepared by: County Finance Department
Victor D. Crist, Clerk of Court and Comptroller

WATER ENTERPRISE FUND
PUBLIC UTILITIES DEPARTMENT
PRINCIPAL OFFICIALS
September 30, 2025

Board of County Commissioners

Ken Hagan, *Chair*
Christine Miller, *Vice-Chair*
Gwendolyn “Gwen” Myers, *Chaplain*
Chris Boles
Donna Cameron Cepeda
Harry Cohen
Joshua Wostal

Constitutional Officers

Chad Chronister, *Sheriff*
Victor D. Crist, *Clerk of Circuit Court*
Bob Henriquez, *Property Appraiser*
Craig Latimer, *Supervisor of Elections*
Nancy C. Millan, *Tax Collector*

Appointed Officials

Bonnie M. Wise, *County Administrator*
Christine M. Beck, *County Attorney*
George Cassady, *Assistant County Administrator – Public Utilities*
Lisa Rhea, *Director, Water Resources Department*

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
For the Year Ended September 30, 2025

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

Board of County Commissioners
Hillsborough County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hillsborough County, Florida, Water System (the "System"), an enterprise System of Hillsborough County, Florida, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed on 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 System as of September 30, 2025, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 System, 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 opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the System and do not purport to, and do not, present fairly the financial position of the County, as of September 30, 2025, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 18 to the financial statements, the financial statements have been restated to correct prior period errors. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's 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 System'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.

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 and the pension and other post-employment benefit plan schedules be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the statistical section, the Comparison of Actual Revenues and Expenses to Budget and the Debt Service Schedules – Exhibits A through D, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 a report dated June 29, 2026 on our consideration of the System's internal control over financial reporting and 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 System'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 System's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tampa, Florida
June 29, 2026

Cherry Bekaert LLP
Your Guide Forward

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*

Board of County Commissioners
Hillsborough County, 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 the Water System Fund (the "System"), an enterprise fund of Hillsborough County, Florida (the "County"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the System's financial statements, and have issued our report thereon dated June 29, 2026. Our report included an emphasis-of-matter paragraph to reflect that these financial statements are intended to present the financial position, the changes in financial position, and the cash flows of the System and do not represent a complete presentation of the financial statements of Hillsborough County, Florida.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below as item 2025-001 to be a material weakness.

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. We consider the deficiency described below as item 2025-002 to be a significant deficiency.

2025-001 – Material Weakness, Improper Recognition of Capital Asset Activity for the Water Utilities Fund

Criteria: United States generally accepted accounting principles ("U.S. GAAP"), promulgated by the Governmental Accounting Standards Board ("GASB"), prescribe accounting for proprietary fund financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. Which means revenues, expenses, gains, losses, assets, and liabilities, resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Additionally, the costs to acquire, construct, or improve a capital asset are not recognized immediately as expense when incurred, but instead is capitalized and allocated over the estimated useful life of the capital asset in the form of depreciation expense. Donated capital assets are recognized based on acquisition value.

Condition: During testing of capital assets and construction in process, we identified several entries necessary to bring the financial statements in alignment with generally accepted accounting standards.

Effect: The impact to the financial statements as a result of these errors are as follows:

- Error related to duplicated construction in process for the prior year resulted in an overstatement of construction in process reported for the year ended September 30, 2024 in the amount of $8,353,000. Net position was restated for this amount.
- Error related to contributions to Tampa Bay Water being treated as a capital project as opposed to an expense in the amount of $6,706,000. Net position was restated for this amount.
- Error related to unsupported construction in process for the current year resulting in an overstatement of construction in process reported for the year ended September 30, 2025 in the amount of $4,699,000. This is reported as a passed adjustment.
- Error related to capital assets not capitalized in the correct period resulted in an understatement of capital assets in the amount of $4,169,000 for the year ended September 30, 2024. This is reported as a passed adjustment.

Cause: During the County's system conversion in 2022, certain completed capital projects were inadvertently duplicated, resulting in prior-period misstatements. In addition, management did not sufficiently evaluate capitalization criteria and period recognition for capital project activity and non-reimbursable deposits. These issues, combined with limited review of project-level detail and reconciling items, indicate deficiencies in controls over capital project accounting and financial reporting.

Recommendation: We recommend that management enhance controls over capital project accounting by improving project review procedures, reconciling capital activity to supporting documentation, and ensuring non-reimbursable deposits and other project costs are recorded in the appropriate period.

Views of Responsible Officials: See corrective action plan.

2025-002 – Significant Deficiency, Classification of Restricted and Unrestricted Net Position

Criteria: GASB Statement No. 34 requires governments to report net position in three components: net investment in capital assets, restricted, and unrestricted. Restricted net position must be reported when constraints are imposed by external parties (such as creditors, grantors, or laws and regulations) or by enabling legislation. Amounts that do not meet the definition of restricted should be reported as unrestricted.

Condition: During our review of the County's financial statements, we noted that certain balances were not properly classified between restricted and unrestricted net position. Specifically, amounts subject to externally imposed restrictions and/or enabling legislation were reported as unrestricted, and in some instances, unrestricted amounts were reported as restricted without sufficient supporting documentation.

Effect: Misclassification of net position results in inaccurate financial reporting and reduces the transparency and usefulness of the County's financial statements. Users of the financial statements may be misled regarding the availability of resources for general operations, which could impact decision making and compliance assessments.

The impact to the financial statements as a result of these errors are as follows:

- Approximately $442,000 overstatement of net investment in capital assets, approximately $251,000 understatement of restricted for bond covenants, approximately $114,000 overstatement of restricted for debt service, approximately $7,000 understatement of restricted for grant programs, approximately $26,000 overstatement of restricted for capital projects, and approximately $256,000 understatement of unrestricted net position. This error was corrected by management.

Cause: The misclassification appears to be due to lack of formal review controls over financial statement preparation, particularly related to evaluating and documenting restrictions on net position.

Recommendation: We recommend management strengthen its financial reporting procedures by implementing a formal review process to ensure proper classification of net position in accordance with GASB 34, provide training to accounting personnel on identifying and documenting restricted resources, and develop and maintain supporting documentation for all restricted balances, including the source and nature of restrictions.

Views of Responsible Officials: See corrective action plan.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from 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*.

System's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the System's response to the finding identified in our audit and described previously. The System's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Cherry Bekaert LLP

Tampa, Florida
June 29, 2026

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Bond Compliance

Board of County Commissioners
Hillsborough County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the Hillsborough County, Florida, Water Enterprise Fund (the "Fund"), an enterprise fund of Hillsborough County, Florida, as of and for the year ended September 30, 2025, and have issued our report thereon dated June 29, 2026.

In connection with our audit, nothing came to our attention that caused us to believe the System failed to comply with the terms, covenants, provisions, or conditions of Article XI of Hillsborough County Resolution No. R03-112, dated, June 4, 2003, governing the Utility Revenue Bonds, Series 2019, 2021A and 2021B, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of any such noncompliance. Accordingly, had we performed additional procedures, other matters might have come to our attention regarding the Fund's noncompliance with the above-referenced terms, covenants, provisions or conditions of the Bond Resolution, insofar as they relate to accounting matters.

This report is intended solely for the information and use of management and the Board of County Commissioners of Hillsborough County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

Cherry Bekaert LLP

Tampa, Florida
June 29, 2026

Hillsborough County Florida

Management's Discussion and Analysis

The Hillsborough County Water Enterprise Fund (System) presents the following review of its financial activities for the fiscal year ended September 30, 2025. Readers of these financial statements are encouraged to consider this information together with the accompanying financial statement notes to obtain a comprehensive view of the System's financial position and operating results for the fiscal year ended September 30, 2025.

Fiscal Year 2025 Financial Highlights

- Fiscal year 2025 operating revenues of $405,031,000 were $30,013,000 higher than fiscal year 2024 revenues of $375,018,000 or a 8.0% increase.
- The System recognized $78,198,000 in capital contributions from special assessment revenues, impact fees, grants and developer constructed capital improvements.
- The fiscal year 2025 change in net position was $69,319,000. This was a comparative decrease of $43,438,000 or 38.5% from the fiscal year 2024 change in net position of $112,757,000. This change was primarily due to a $72,757,000 increase in expenses offset by a $30,013,000 increase in customer revenues. The System's net position on September 30, 2025, was $1.908 billion compared to a restated $1.838 billion on September 30, 2024.

Management believes the System was compliant with all debt covenant requirements for the fiscal year ended September 30, 2025.

Overview of the Financial Statements

This analysis is intended to serve as an introduction to the System's financial statements. These statements consist of two parts: the financial statements and the accompanying financial statement notes. Also, the accompanying report contains unaudited supplementary and unaudited statistical information, which may provide additional insight to financial statement readers.

Required Financial Statements

The System reports its financial activities by using accounting methods similar to those in the private business sector. The financial statements offer both current and other data about its financial activities. The Statement of Net Position includes assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides summary information for amounts invested in capital assets and for amounts owed to creditors. The assets and liabilities are presented in a classified format, which lists current and other amounts separately. The System's operating results are recorded on the Statement of Revenues, Expenses, and Changes in Net Position. This statement displays operating activities over the past year, and indicates whether the System recovered all its costs through user fees and other revenues. The last required statement is the Statement of Cash Flows. The purpose of this statement is to summarize the System's cash activities, such as receipts, payments, and other changes in cash balances resulting from operating, capital expansion, borrowing, and investing transactions, during the year.

Financial Analysis: Condensed Statement of Net Position for 2025 Compared to 2024:

A key measure of financial condition is net position. An analysis of 2025 net position compared to 2024 is as follows:

(Amounts in thousands)	2025	2024 Restated	Change	Percent Change
Assets				
Current and other assets	$ 971,516	968,420	3,096	0.3 %
Capital Assets	1,483,612	1,431,567	52,045	3.6 %
Total assets	2,455,128	2,399,987	55,141	2.3 %
Deferred outflows of resources	19,544	21,644	(2,100)	(9.7)%
Liabilities				
Current Liabilities	67,451	63,964	3,487	5.5 %
Long-term liabilities	488,751	512,414	(23,663)	(4.6)%
Total liabilities	556,202	576,378	(20,176)	(3.5)%
Deferred inflows of resources	10,747	6,849	3,898	56.9 %
Net position				
Net investment in capital assets	1,051,814	984,752	67,062	6.8 %
Restricted	164,911	134,042	30,869	23.0 %
Unrestricted	690,998	719,610	(28,612)	(4.0)%
Total net position	$ 1,907,723	1,838,404	69,319	3.8 %

Total net position - Total net position increased $69,319,000 or 3.8% for the fiscal year ended September 30, 2025, due to various operational factors.

Condensed Statement of Revenues, Expenses and Changes in Net Position

Comparative revenues, expenses, and change in net position for fiscal years ended September 30, 2025 and 2024 were as follows:

(Amounts in thousands)	2025	2024 (Restated)	Change	Percent Change
Revenues				
Operating revenues	$ 405,031	375,018	30,013	8.0 %
Nonoperating revenues	43,714	56,059	(12,345)	(22.0)%
Total revenues	448,745	431,077	17,668	4.1 %
Expenses				
Operating expenses before depreciation	324,038	276,050	47,988	17.4 %
Depreciation and amortization	121,740	96,484	25,256	26.2 %
Nonoperating expenses	11,846	12,333	(487)	(3.9)%
Total expenses	457,624	384,867	72,757	18.9 %
Income (loss) before capital contributions	(8,879)	46,210	(55,089)	(119.2)%
Capital contributions and grant revenue	78,198	66,546	11,652	17.5 %
Change in net position	69,319	112,757	(43,438)	(38.5)%
Net position, beginning of year	1,853,463	1,725,647	127,816	7.4 %
Restatement for error correction (see Note 16)	(15,059)	--	(15,059)	-- %
Net position, beginning of year, as restated	1,838,404	1,725,647	112,757	6.5 %
Net position, end of year	$ 1,907,723	1,838,404	69,319	3.8 %

Operating revenues - Fiscal year 2025 operating revenues of $405,031,000 increased $30,013,000 or 8.0% from the prior year. This is due to increased revenues from water, wastewater, reclaimed water, customer billing charges, and accrued guaranteed revenues.

Nonoperating revenues - Fiscal year 2025 nonoperating revenues of $43,714,000 were a decrease of $12,345,000 or 22.0% from fiscal year 2024. Interest revenue and the fair value change in investments decreased by $13,501,000 or 26.1%.

Total expenses - Fiscal year 2025 total expenses of $457,624,000 increased by $72,757,000 or 18.9% from last year. The change was primarily related to the following factors:

- **Operating expenses before depreciation** - Personnel services decreased by $7,283,000 or 9.3% which is related to the filling of additional positions and employee performance management increases. Contractual services increased $51,232,000 or 40.9% over last year. Fleet services increased by $386,000 or 9.2% related to an increase of fuel usage by $583,000 and offset by a decrease in fleet management services of $296,000. Repairs and maintenance decreased $445,000 or 19.6% primarily due to increases in building maintenance of $3,667,000, and utility and hydrant maintenance of $1,092,000 from fiscal year 2024. This was partially offset by decreases in installed equipment maintenance of $128,000, fencing maintenance of $36,000 and decreases in maintenance expenses for TV monitors/cameras, security and alarm systems, sidewalks, and miscellaneous parts. Utilities increased $6,951,000 or 33.8% from last year. Supplies increased $248,000 or 20.3% from last year. Other expenses increased $162,000 or 2.0% from last year related to increases in insurance costs. Additionally, pension benefit increased $3,581,000 or 2,652.6% from last year and OPEB expense decreased by $78,000 or 58.2% from 2024.

- **Nonoperating expenses (benefit) -** Fiscal year 2025 nonoperating expenses of $11,846,000 was a decrease of $(487,000) or 3.9% from fiscal year 2024 related to decreased interest expense.
- **Depreciation and amortization costs -** There was a $25,256,000 or 26.2% increase in annual depreciation and amortization costs primarily due to a $184,374,000 increase in depreciable capital assets during the fiscal year.

Capital contributions - Fiscal year 2025 capital contributions were $78,198,000 compared to $66,547,000 for fiscal year 2024. The comparative $11,651,000 or 17.5% increase in capital contributions was due to a $13,673,000 or 30.5% increase in developer contributions, a $2,238,000 or 12.0% decrease in impact fee collections and a $306,000 or 13.6% increase in grant contributions. Comparative fiscal year 2025 and 2024 capital contributions were as follows:

(Amounts in thousands)	2025	2024
Contributed capital assets	$ 58,493	44,820
Impact fees collections	17,148	19,476
Grants	2,557	2,251
Total capital contributions	$ 78,198	66,547

Capital Assets and Debt Administration

Capital assets - On September 30, 2025, capital assets, net of accumulated depreciation, were $1,483,612,000 compared to a restated amount of $1,431,567,000 for fiscal year 2024. The $52,045,000 or 3.6% increase over last year was related to the following net factors: First, $114,185,000 was expended on capital outlay for buildings and utility plants, equipment, intangible assets, equipment and improvements other than buildings. Second, the System received contributed assets of $58,493,000 from developers. Third, these capital asset additions were offset by the combined fiscal year 2025 net charge for depreciation and amortization totaling $121,065,000. See Note 5, Capital Assets, in the accompanying financial statement notes for additional information on fiscal year 2025 capital asset activities.

Debt Administration - On September 30, 2025, outstanding bonds payable were $447,365,000 compared to $461,182,000 for fiscal year 2024. The $13,817,000 or 3.0% decrease from last year was primarily due a principal payment of $3,940,000 for the Utility Revenue Bonds, Series 2016, a principal payment of $4,245,000 for the Utility Revenue Bonds, Series 2019, a principal payment of $3,380,000 for the Utility Revenue Bonds, Series 2021A and a decrease in unamortized bond issuance premiums of $2,259,000.

Economic Factors

In 2022, after reviewing the current and projected growth of the System and in order to meet the increasing demand in the southern part of the county, the System issued a $37,500,000 subordinate lien revenue non-revolving line of credit for the construction of a new wastewater plant. At September 30, 2025, the entire line of credit was available for use.

Requests for Information

The purpose of this analysis as well as the financial statements, financial statement notes, and supplemental financial information is to provide a general overview of the System's financial position and operating results for the fiscal year ended September 30, 2025. Additional information concerning the System's operations and the services provided to Hillsborough County residents may be obtained from:

Hillsborough County Public Utilities Department
Attention: Director
PO Box 1110
Tampa, Florida 33601-1110

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Net Position
September 30, 2025
(Amounts in thousands)

	September 30, 2025
ASSETS	
Unrestricted current assets:	
Cash and cash equivalents	$ 78,447
Investments	385,820
Accounts receivable, net	31,188
Interest receivable	2,875
Other receivables, current	1,189
Due from other governmental units	4
Inventories	8,758
Prepaid items	1,703
Total unrestricted current assets	509,984
Restricted current assets:	
Cash and cash equivalents	49,965
Investments	323,253
Accounts receivable, net	155
Other receivables, current portion	8,587
Interest receivable	2,409
Restricted due from other governmental units	2,097
Total restricted current assets	386,466
Total current assets	896,450
Noncurrent assets:	
Non-depreciable assets:	
Land	35,456
Construction in progress	223,582
Total non-depreciable assets	259,038
Depreciable assets, net of accumulated depreciation:	
Buildings and untility plants	393,550
Improvements other than buildings	807,070
Equipment	23,359
Intangible assets	595
Total depreciable assets, net of accumulated depreciation	1,224,574
Restricted due from other funds	448
Other receivables, long term	74,618
Total noncurrent assets	1,558,678
Total assets	2,455,128
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	10,712
Deferred refunding losses	1,292
Purchase price in excess of book value	3,882
OPEB	3,658
Total deferred outflows of resources	$ 19,544

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Net Position
September 30, 2025
(Amounts in thousands)

		September 30, 2025
LIABILITIES		
Current liabilities:		
Accounts and contracts payable	$	15,550
Accrued liabilities		2,274
Unearned revenues		3
Deposits held		225
Compensated absences, current portion		4,377
Total OPEB liability, current portion		388
Total unrestricted current liabilities		22,817
Current liabilities payable from restricted assets:		
Accounts and contracts payable		10,301
Accrued interest payable		1,742
Due to other funds		2
Unearned revenues		135
Deposits held		20,309
Bonds payable, current		12,145
Total current liabilities payable from restricted assets		44,634
Total current liabilities		67,451
Noncurrent liabilities:		
Compensated absences payable		2,941
Bonds payable, net of current maturities, premiums and discounts		435,219
Total OPEB liability, net of current portion		4,715
Net pension liability		45,876
Total noncurrent liabilities		488,751
Total liabilities		556,202
DEFERRED INFLOWS OF RESOURCES		
Pensions		9,623
OPEB		1,124
Total deferred inflows of resources		10,747
NET POSITION		
Net investment in capital assets		1,051,814
Restricted for:		
Bond covenants, renewal and replacement		59,581
Debt service		19,996
Capital projects		85,334
Unrestricted		690,998
Total net position	$	1,907,723

The accompanying notes are an integral part of these financial statements

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Revenues, Expenses and Changes in Net Position
For the fiscal year ended September 30, 2025
(Amounts in thousands)

	September 30, 2025
Operating revenues:	
Charges for services	$ 405,029
Miscellaneous	2
Total operating revenues	405,031
Operating expenses:	
Personnel services	85,990
Contractual services	176,521
Fleet services	4,601
Repairs and maintenance	23,200
Utilities	27,495
Supplies	1,471
Depreciation and amortization	121,740
Other operating expenses	8,420
Pension expense (benefit)	(3,716)
OPEB expense	56
Total operating expenses	445,778
Operating income (loss)	(40,747)
Nonoperating revenues (expenses):	
Interest revenue	40,206
Fair value change	(1,975)
Interest expense	(11,846)
Gain on disposal of capital assets	2,307
Other revenues	3,176
Total nonoperating revenues (expenses)	31,868
Income before capital contributions	(8,879)
Capital grant revenues	2,557
Capital contributions	75,641
Change in net position	69,319
Net position, beginning of year, as previously reported	1,853,463
Restatement for error correction (see Note 16)	(15,059)
Net position, beginning of year, as restated	1,838,404
Net position, end of year	$ 1,907,723

The accompanying notes are an integral part of these financial statements

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Cash Flows
For the fiscal year ended September 30, 2025
(Amounts in thousands)

Cash flows from operating activities:	
Cash received from customers	$ 403,291
Cash paid to employees for services	(85,186)
Cash paid to suppliers for goods and services	(240,051)
Cash (paid)/received for other services	3,176
Net cash provided by operating activities	81,230
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(114,860)
Principal payments on notes, bonds, and certificates	(11,565)
Interest payments on notes, bonds, and certificates	(14,335)
Proceeds from sale/disposition of assets	2,322
Cash capital contributions	61,078
Net cash (used for) capital and related financing activities	(77,360)
Cash flows from investing activities:	
Investment income	39,394
Proceeds from maturities of investments	919,446
Purchase of investments	(978,263)
Net cash (used for) investing activities	(19,423)
Net change in cash and cash equivalents	(15,553)
Cash and cash equivalents, beginning of year	143,965
Cash and cash equivalents, end of year	$ 128,412
Cash and cash equivalent components:	
Unrestricted cash and cash equivalents	78,447
Restricted cash and cash equivalents, current	49,965
Total cash and cash equivalents, end of year	$ 128,412

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Statement of Cash Flows
For the fiscal year ended September 30, 2025
(Amounts in thousands)

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	$	(40,747)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense		121,740
Miscellaneous revenues (expense)		3,176
Changes in assets, liabilities, deferred outflows and deferred inflows:		
(Increase) decrease accounts receivable		(1,463)
(Increase) decrease in inventories and prepaids		130
(Increase) decrease in due from other governments		(1,003)
(Increase) decrease in deferred outflows		1,488
Increase (decrease) in accounts and contracts payable		1,534
Increase (decrease) in accrued and other liabilities		453
Increase (decrease) in deposits		728
Increase (decrease) in pension liability		(10,140)
Increase (decrease) in compensated absences payable		342
Increase (decrease) in total OPEB liability		1,094
Increase (decrease) in deferred inflows		3,898
Total adjustments		121,977
Net cash provided (used) by operating activities	$	81,230

Noncash investing, capital, and financing activities:

Change in fair market value	$	(1,975)
Disposal of capital assets at book value		15
Amortization of bond premiums/discounts		(2,339)
Amortization of deferred refunding loss		(230)
Acquisition/construction of capital assets included in accounts and contracts payable		8,009
Total noncash investing, capital, and financing activitiy	$	3,480

Note 1 GASB miscellaneous

A. Changes in accounting principles

For fiscal year 2025, the company implemented Governmental Accounting Standards Board (GASB) Statements Nos. 63 and 65. Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, Elements of Financial Statements, as a consumption of net assets applicable to a future reporting period and an acquisition of net assets applicable to a future reporting period, respectively. Further, Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

Statement No. 65, Items Previously Reported as Assets and Liabilities reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources
- Outflows of resources
- Deferred inflows of resources
- Inflows of resources

Concepts Statement No. 4 requires that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. Statement No. 65 provides that guidance.

Note 2 Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies applied in the preparation of the accompanying Water Enterprise Fund (System) financial statements.

A. Reporting Entity

The System is an enterprise fund of the Hillsborough County, Florida, Board of County Commissioners (BOCC). The System's financial statements are included in the Hillsborough County, Florida, Annual Comprehensive Financial Report. The financial statements referred to above present only the System and do not purport to, and do not, present the financial position of Hillsborough County, Florida, as of September 30, 2025, and the changes in its financial position, or where applicable, its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

B. Presentation Basis

The accompanying financial statements were prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Governmental accounting requires reporting business activities similar to those found in the private business sector in an enterprise fund. An enterprise fund is used to account for an operation that is financed primarily through user charges.

C. Accounting Basis

The accrual basis of accounting was used to report the System's operations. Under this accounting basis, revenues are recognized in the period earned and expenses are recognized in the period liabilities are incurred, regardless of the timing of the related cash flows. The financial statements distinguish operating revenues and operating expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the System's principal ongoing operations. The System's principal operating revenues are charges to customers for water usage and wastewater treatment. Billings are generally based on metered consumption, which is determined at various dates each month. Operating expenses of the System include employee wages and benefits, purchases of services, supplies and materials and other expenses related to operating the System and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Contributions of real property as well as grants received from federal and state governmental agencies that are restricted for the acquisition or construction of capital assets are recognized as capital contributions when eligibility requirements are met.

D. Cash, Cash Equivalents and Investments

Cash consists of checking and savings accounts, collectively designated as cash deposits. Cash deposits are carried at cost. For purposes of financial statement presentation, cash equivalents are highly liquid investments with maturities of three months or less from date of purchase.

Cash is deposited in qualified public depositories. Deposits are fully insured by the Federal Deposit Insurance Corporation and/or secured by the multiple financial institution collateral pool established under Chapter 280, Florida Statutes. In accordance with these statutes, qualified public depositories must pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities, and by assessments against other qualified public depositories, if necessary.

County Ordinances 08-6 and 24-7 and Section 218.415, Florida Statutes, authorize investments in United States Government obligations or its agencies and certain other investments. Investments are stated at fair value. The System follows GASB Statement No. 72, *Fair Value Measurement and Application.* See Note 2, *Deposits and Investments,* for more information.

E. Accounts Receivable

Accounts receivable consist of special assessments receivables which are included in Other Receivables on the Statement of Net Position and billed and unbilled receivables which are included in Accounts Receivable in the Statement of Net Position. See Note 3, *Receivable*s, for more information.

Special Assessment Receivable: A non-current special assessment receivable is recorded for contributed capital resulting from special assessment projects. Recognition of the contributed capital is described in the revenue recognition section. A portion of the balance is reclassified as a current special assessment receivable. This current portion is estimated based on the actual tax billed by the Tax Collector. No allowance is recorded because liens are recorded against the assessed property.

Accounts Receivable and Unbilled Receivables: Accounts receivable are composed primarily of monthly billings to retail and wholesale customers. Unbilled revenues for services delivered during the last month of the fiscal year are accrued based on meter readings for September consumption. An allowance for doubtful accounts is provided for receivables where there is a question as to ultimate collectability. Receivables for the System are presented in the accompanying financial statements, net of an allowance for uncollectible accounts.

F. Allowance for Doubtful Accounts

The System utilizes the allowance method for recognizing bad debt expense and for recording bad debt recoveries. At September 30, 2025, the System's allowance for doubtful accounts was $2,770,000.

G. Inventories and Prepaid Items

Inventories are valued at cost using the first-in, first-out or average cost methods. The cost of inventory or prepaid items in proprietary funds is recorded as an expense at the time individual inventory or prepaid items are consumed (consumption method). Inventories on hand at fiscal year-end as well as prepaid items are reported as assets on the Statement of Net Position.

H. Capital Assets

The System records capital asset additions, other than intangibles, with an original cost of at least five thousand dollars and with an estimated useful life in excess of one year. Donated capital assets are valued at their acquisition value on the date received and are recorded as capital contributions on the Statement of Activities. Maintenance and repair costs are expensed as incurred, while renewal and betterment disbursements are capitalized and depreciated over their estimated useful lives. Reimbursable water and sewer line construction costs incurred by the System on behalf of customers, developers, and property owners are capitalized and recorded as capital contributions. Any amounts collected that are deemed to not be capital contributions and are owed back to customers are reimbursed to customers and recorded as a reduction of capital contributions. Depreciation is provided in amounts sufficient to allocate depreciable capital asset costs to operations over their estimated service lives using the straight-line method. Additionally, intangible capital assets include software and easements. Intangible assets are capitalized with an original cost of at least five thousand dollars.

The System's capital assets have estimated useful lives as follows:

Capital Asset Categories	Estimated Useful Life (in years)
Buildings and utility plants	5 - 50
Building improvements	10 - 35
Equipment	1 - 10
Intangibles	1 - 30

I. Restricted Assets

Restricted assets represent amounts set aside for debt service, construction, operating and maintenance, and renewal, replacement and improvements under the terms of outstanding bond agreements and regulatory requirements. Bond construction accounts include bond proceeds available for design and construction of capital projects. The debt service accounts contain principal and interest amounts required for payments due within one year. The bond reserve accounts contain the maximum amount of principal and interest requirements pursuant to bond resolutions. The operating and maintenance accounts, renewal, replacement and improvement accounts also contain amounts required by bond resolutions to be set aside.

J. Bond Issue Premiums and Discounts

Bond issue premiums and discounts are recorded as an increase and decrease, respectively, in bonds payable on the Statement of Net Position. These costs are amortized to interest expense using the effective interest method over the life of the bond issue. For fiscal year 2025, reductions of unamortized bond premiums and discounts amortized to interest expense were $2,252,000.

K. Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, the System accrues a liability for compensated absences, as well as certain other salary-related costs associated with the payment of compensated absences. Under GASB Statement No. 101, compensated absences are recognized as liabilities when (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 otherwise settled. The System's compensated absences liability at September 30, 2025 consisted of accruals for vacation, sick leave and paid time off (PTO). Vacation leave is accrued as a liability as the benefits are earned by employees. Sick leave is also accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the System will compensate employees for the benefits through cash payments at separation, such as retirement. Vacation and sick leave apply to all employees at the System other than a relatively small percentage of employees who elected to remain in Sick Plan A when the System established PTO during fiscal year 2023. Human Resources Policies and Procedures state that sick leave termination payments are to be made under two conditions. Compensation for employees in "Plan A" for a sick leave payment at separation for all hours of sick time accrued up to 480 hours and half of the sick time accrued over 960 hours. A liability is recorded for each employee who has a separation payment under Plan A. PTO is a combined leave benefit that employees can use for either sick and/or vacation time. PTO is accrued as a liability as benefits are earned, similar to vacation time.

The compensated absences liability also includes other salary-related costs incrementally associated with the payment of compensated absences such as the System's share of Social Security and Medicare taxes.

L. Self-Insurance

The System participates in a self-insurance internal service fund, which is managed by the BOCC. This fund includes both *risk management* and *employee group health insurance* activities.

Risk management activities deal with workers' compensation, and general and automotive liability. The BOCC is substantially self-insured for workers' compensation claims up to a maximum of $1,000,000 per occurrence for regular employees and for firefighters, with unlimited excess coverage above the self-insurance retention for claims occurring October 1, 2023 - September 30, 2026. Also, the BOCC is self-insured against general liability and automotive claims with limited liability, per Section 768.28, Florida Statutes, of $200,000 per person and $300,000 per occurrence. Negligence claims in excess of the statutory limits can only be recovered through certain Federal lawsuits or acts of the Florida Legislature.

For fiscal year 2025, settled claims did not exceed insurance coverage. During fiscal year 2025, the System paid premiums of $4,799,000 to the BOCC Self-Insurance Internal Service Fund for workers' compensation, automotive, general liability, and property insurance coverage.

The System, through the BOCC, provides a group health insurance plan for its employees and their eligible dependents. The BOCC has an employee group health self-insurance plan in order to account for and finance its uninsured risks of loss. The BOCC is self-insured for up to $675,000 per person per plan year. Stop-loss insurance covers all eligible claims above the individual per-person deductible, with no annual maximum per person. During fiscal year 2025, the System paid $12,342,000 to the BOCC Internal Service Fund for group health, life and disability insurance coverage.

Based on actuarial estimates, liabilities have been established in the BOCC self-insurance fund for claims reported but not paid, and incurred but not reported. In addition, premiums charged to customer departments are recorded as revenues in the self-insurance fund and as insurance assessment expenditures in the customer departments. Insurance coverage costs paid by the System are reflected in the financial statements as a current year operating expense.

M. Employee Retirement Plans

With a few exceptions, all full-time and part-time employees working for the System in regularly established positions are members of the Florida Retirement System (FRS), a multiple-employer cost-sharing public retirement system administered by the State of Florida. The financial statements present the System’s proportionate shares of the net pension liabilities associated with the retirement plans offered by the Florida Retirement System. The System follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27.* GASB Statement 68 covers the measurement of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense for the retirement plans offered. The System follows GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement provides for covered payroll to be used in required supplementary information. See Note 9, *Employee Retirement Plans*, for more information.

In the Statement of Net Position, pension liabilities are recognized for the System’s proportionate share of the County's share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position, have been determined on the same basis as they are reported by the Pension Plan and HIS plans.

Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources, depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience, are amortized over the average expected remaining service lives of all active and inactive participants that are provided with pensions through the pension plans, and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources, and are amortized as a component of pension expense using a systematic and rational method over a five-year period beginning with the period in which a difference arose.

N. Other Postemployment Benefits (OPEB)

The System, through the BOCC, provides health-related benefits to retirees and certain former employees through a limited stipend to offset the cost of health insurance for regular retirees from ages 62 to 65. This monthly stipend is $7.50 for each year of service up to a maximum benefit of $225 per month for County employees. In addition, the County is deemed to provide an "implicit subsidy" because Florida Statute 112.0801 requires governments to allow retirees and certain former employees to obtain healthcare at the same "group rates" that current employees are charged. See Note 10, *Other Postemployment Benefits (OPEB)*, for more information.

The total OPEB liability is measured as portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The total OPEB liability is reported in the Statement of Net Position.

O. 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 so will not be recognized as an outflow of resources (expense) until then. The System had pension-related items, OPEB-related items, purchase price in excess of book value, and debt refunding losses that qualify as deferred outflows of resources. These items totaled approximately $19,544,000 at September 30, 2025. See Note 9, *Employee Retirement Plans* and Note 10, *Other-Post Employment Benefits (OPEB)*, for more information. At September 30, 2025 the System had deferred outflows of resources in the amount of $3,882,000 for the purchase price in excess of book value acquired during the purchase of private water/wastewater utility systems, which is being amortized over its 30-year useful life.

Deferred inflows of resources represent the acquisition of net assets that apply to future reporting periods and will not be recognized as an inflow of resource (revenue) until then. The System had pension-related and OPEB-related items that qualify as deferred inflows of resources. These items were $9,623,000 and $1,124,000, respectively, at September 30, 2025. See Note 9, *Employee Retirement Plans* and Note 10, *Other-Post Employment Benefits (OPEB)*, for more information.

P. Use of Restricted Versus Unrestricted Net Position

Net position represents the residual interest in the System's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components. When an expense is incurred for which both restricted and unrestricted resources are available, System policy is to liquidate the expense with restricted resources first, as appropriate and feasible.

Q. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

R. GASB Statements

The System adopted the following GASB Statements during the fiscal year ended September 30, 2025:

GASB Statement No. 101, *Compensated Absences*

Issued in June 2022, the purpose 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 was achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement was implemented for the System for the fiscal year ending September 30, 2025 and had no significant impact to the System's financial reporting.

GASB Statement No. 102, *Certain Risk Disclosures*

Issued in December 2023, the purpose of this Statement is to provide essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement was implemented for the System for the fiscal year ending September 30, 2025 and had no significant impact to the System's financial reporting.

The System will implement new GASB Pronouncements no later than the required effective date. The following GASB Pronouncements have been issued, but are not in effect for the System as of September 30, 2025:

GASB Statement No. 103, *Financial Reporting Model Improvements*

Issued in April 2024, the purpose 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. Key components include Management’s Discussion and Analysis, unusual or infrequent items, presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, major component unit information, and budgetary comparison information. This Statement will be effective for the System beginning with fiscal year ending September 30, 2026. Management is currently evaluating the impact of this Statement on the System’s financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

Issued in September 2024, the purpose of this Statement is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets to make informed decisions and assess accountability and to improve consistency and comparability between governments. This Statement will be effective for the System beginning with its fiscal year ending September 30, 2026. Management is currently evaluating the impact of this Statement on the System’s financial statements.

GASB Statement No. 105, *Subsequent Events*

Issued in December 2025, the purpose of this statement is to improve the financial reporting requirements for subsequent events to enhance consistency in their application and to better meet the information needs of financial sttaement users. This Statement will be effective for the System begining with the fiscal year ending September 30, 2027. Management is currently evaluating the impact of this Statement on the System's financial statements.

S. Subsequent Events

The System has evaluated subsequent events through June 29, 2026, in connection with the preparation of these financial statements, which is the date the financial statements were available for publication.

On December 19, 2025 the County established a revolving line of credit in an amount not to exceed $400,000,000, as a Subordinate Utility Revenue Note, Series 2025. The purpose of this line of credit is to finance on an interim basis improvements to the System.

Note 3 Deposits and Investments

A. Deposits

At September 30, 2025, the System's total cash deposits were $12,090,000 and the total bank balance was $15,960,000. Bank balances are fully insured by federal depository insurance and/or through financial institutions participating in the Florida Security for Public Deposits Act pursuant to Chapter 280, Florida Statutes.

B. Investments

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, the fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are unadjusted quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs other than quoted prices included in Level 1. Level 3 inputs are significant unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the hierarchy, then the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Investments in Florida PRIME and open-end money market mutual funds are not placed in a category because their values are measured at amortized cost. U.S. treasuries, U.S. government sponsored agency securities, corporate notes, mutual funds, municipal bonds and money market mutual funds are shown in Level 2 because the price of similar securities would be a Level 2 input. Bond investments are valued monthly with a pricing service that uses matrix pricing.

The System's cash deposits and investments on September 30, 2025 were as follows:

(Amounts in thousands)	Fair Value Level	Modified Duration in Years	Credit Rating	2025
U.S. treasury securities	2	1.1	AA+/A-1+	$ 597,101
U.S. government sponsored agency securities	2	2.0	AA+/A-1+	61,305
Corporate notes	2	1.4	AA+/AA/AAA	18,418
Municipal bonds	2	2.2	AA	2,921
Mutual funds	2	.08	AAA	29,329
Total investments				709,074
Open-end money market funds	--	0.1	AAAm	1,328
State Board Administration (SBA): Florida PRIME	--	0.13	AAAm	114,993
Total investments				825,395
Cash deposits				12,090
Total cash deposits and investments				$ 837,485

A summary of total cash, cash equivalents, and investments to amounts reported on the Statement of Net Position is as follows:

(Amounts in thousands)	2025
Cash and cash equivalents:	
Unrestricted, current	$ 78,447
Restricted, current	49,965
Total cash and cash equivalents	128,412
Investments	
Unrestricted, current	385,820
Restricted, current	323,253
Total investments	709,073
Total cash, cash equivalents and investments	$ 837,485

Modified duration is a measure of interest rate risk. It measures the sensitivity of an investment's price to interest rate changes. For example, if an investment security has a modified duration of two years, then a one percentage point increase in the market interest rate will cause the value of the security to decline by two percent. Conversely, a one percentage point decline in the market interest rate will cause the value of the security with a modified duration of two years to increase in value by two percent. The modified duration of the BOCC's investment portfolio as a whole at year-end was 0.75 years. The duration of callable securities was calculated using the call date as the maturity date.

A credit rating is a measure of credit risk, the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk, a subset of credit risk, is the risk that the counterparty fails to fulfill its obligations. All the System's investments are insured or registered, or held by the BOCC or its agent in the BOCC's name. At September 30, 2025, there was no amount held by counterparties. Excluding the SBA's Florida PRIME investment pool, the United States Treasury and mutual funds or investment pools that invest in such securities, the Federal Home Loan Bank and the Federal Farm Credit Bank each represent more than 5% of the total investments of the System.

C. SBA's Florida PRIME

The State Board Administration (SBA) manages Florida PRIME, an external investment pool that essentially operates as a money market fund for Florida governmental entities. Regulatory oversight of the SBA is provided by three State of Florida elected officials designated as trustees: the Governor serves as Chairman of the SBA; the Chief Financial Officer serves as Treasurer of the SBA; and the Attorney General serves as Secretary of the SBA. External oversight of the State Board of Administration is provided by the Investment Advisory Council, which reviews investment performance, strategy and decision-making, and provides insight, advice and counsel on these and other matters when appropriate. A six-member participant Local Government Advisory Council was created to review the administration of the fund and make recommendations to the trustees. Audit oversight is also provided by the State of Florida Auditor General. Since 2007, Florida PRIME has received Standard & Poor's AAAm rating each year, which is the highest rating for an investment pool.

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, Florida PRIME measures its investments at amortized cost.

Florida PRIME currently does not have withdrawal limits or redemption notice periods. With regard to redemption gates, Section 218.409(8) (a), Florida Statutes, has several provisions. The principal of each account in Florida PRIME is subject to payment at any time from money in Florida PRIME. However, the Executive Director of the SBA may, in good faith, limit contributions to or withdrawals from Florida PRIME for 48 hours due to the occurrence of an event that has material impact on liquidity or operations. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review of the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity of the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time test, but in no case may the time set by the Trustees exceed 15 days.

Although Florida Statute 218.409(4) gives the SBA authority to impose early withdrawal penalties if the amount and purpose of such fees are disclosed in the enrollment materials, the SBA has not imposed such penalties. As of September 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to full account values.

D. Investment Policy

Section 218.415, Florida Statutes, authorizes the BOCC to invest surplus money in the following:

a. The state of Florida's Local Government Investment Pool, known as Florida PRIME.

b. Direct obligations of the United States government.

c. Obligations of United States government agencies such as the Government National Mortgage Association.

d. Obligations of United States government sponsored agencies (instrumentalities) such as the Federal Farm Credit System Banks, Freddie Mac (Federal Home Loan Mortgage Corporation), the Federal Home Loan Banks, or Fannie Mae (Federal National Mortgage Association).

e. Interest bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes.

f. United States Securities and Exchange Commission money market funds with the highest credit quality ratings from a nationally recognized rating agency.

g. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, as amended, provided the portfolio of such investment company or investment trust is limited to United States government obligations and to repurchase agreements fully collateralized by United States government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

h. Other investments authorized for the BOCC by law, county ordinance, or resolution.

In addition to the preceding, County Ordinance 08-06 restricts BOCC investments as follows:

i. The entire portfolio may be invested in United States Treasury securities with a maximum maturity length of 10 years, but investments in Treasury Strips are limited to 10% of the portfolio.

j. A maximum of 50% of the portfolio may be invested in the state of Florida's Local Government Investment Pool, known as Florida PRIME.

k. A maximum of 50% of the portfolio may be invested in United States government agency securities, with no more than 10% of the portfolio invested in any individual United States government agency.

l. A maximum of 60% of the portfolio may be invested in obligations of United States government instrumentalities, with a maturity length of 10 years, provided that no more than 30% of the portfolio is invested in any one issuer and no more than 25% of the portfolio is invested in callable securities.

m. A maximum of 20% of the portfolio may be invested in repurchase agreements excluding one-business day agreements and overnight sweep agreements, with no more than 10% of the portfolio in the repurchase agreements of a single institution.

n. A maximum of 20% of the portfolio may be invested in nonnegotiable interest-bearing time certificates of deposit of an institution with deposits secured by the Florida Security for Public Deposits Act, provided that the maximum maturity on any certificate is no greater than one year and no more than 10% of the portfolio is deposited with any one issuer.

o. A maximum of 20% of the portfolio may be invested in prime commercial paper (i.e. rated Prime-1 by Moody's, A-1 by Standard & Poor's, or AA by two nationally recognized rating agencies if backed by a letter of credit), with no more than 5% of the portfolio in the commercial paper of a single issuer. The maximum length to maturity shall be 270 days from the date of purchase.

p. A maximum of 50% of the portfolio may be invested in money market funds offered by registered investment companies and operated in accordance with 17 CFR 270.2a-7, provided that the money market funds are rated AAAm or AAAm-G or better by Standard & Poor's or the equivalent by another nationally recognized rating agency. No more than 25% of the portfolio may be invested in any one money market fund.

q. A maximum of 15% of the portfolio may be invested in high quality corporate notes (rated Aa by Moody's and AA by Standard & Poor's), with no more than 5% of the portfolio in the notes of a single issuer.

r. A maximum of 20% of the portfolio may be invested in intergovernmental investment pools, provided that the total investment does not exceed 25% of the intergovernmental pool.

s. A maximum of 25% of the total portfolio may be invested in state or local government taxable and/or tax exempt general obligation and/or revenue bonds (rated at least Aa by Moody's and AA by Standard and Poor's) or short-term debt (rated at least MIG-2 by Moody's and SP-2 by Standard & Poor's).

t. A maximum of 20% of the total portfolio may be invested in bankers' acceptances issued by a domestic bank or federally chartered domestic office of a foreign bank (rated at least P-1 by Moody's Investors Service and A-1 by Standard & Poor's), with a maximum of 5% of available funds with any one issuer. The maximum length to maturity shall be 180 days from purchase.

u. Reverse repurchase agreements and securities lending transactions are not permitted.

v. The maximum maturities shown above may be exceeded if investments are purchased to fulfill long-term debt service reserve requirements, in which case investments are permitted to have maturity dates up through the life of the debt service reserves.

In addition to the above, County Ordinance 24-7 amends County Ordinance 08-6 to allow for the following investments:

w. A maximum of $25,000,000 may be invested in rated or unrated bonds, notes or instruments backed by the full faith and credit of the government of Israel.

Deposits in excess of the System's operating requirements are pooled with and invested by the BOCC in various investments, as specified, to attain maximum yield. Investment earnings are distributed based on the average daily balance of each fund's equity in the pool or as prescribed by the investment ordinance.

Note 4 Receivables

Accounts receivable and other receivables have three components. The first component consists of customer billings based on metered consumption determined at various dates each month. At fiscal year-end, a receivable was recorded and revenue was recognized for the estimated unbilled consumption since the last monthly meter reading. The second component consists of restricted impact fee billings, representing developer water and wastewater service fee connection charges due prior to issuance of a certificate of occupancy. The third component consists of long-term impact fee charges, impact fee special assessments, reclaimed water improvement special assessments for lawn irrigation and water conservation construction projects, and amounts due from Tampa Bay Water (TBW). The twenty-year impact fee and reclaimed water improvement special assessment receivables are fully guaranteed through a lien on real property and through delinquent ad-valorem tax certificate sales.

The September 30, 2025 accounts receivable and other receivables components were as follows:

(Amounts in thousands)	2025
Customer receivables:	
Customer receivables - billed	$ 17,294
Customer receivables - unbilled	16,664
Other receivables - current	1,189
Less: allowance for doubtful accounts	(2,770)
Net customer receivables	32,377
Restricted receivables:	
Customer impact fee receivables	155
Other receivables (impact fee assessments)	8,587
Total current accounts receivables	41,119
Other accounts receivable, less current portion:	
Impact fees	84
Special assessment units	72,312
Tampa Bay Water	2,353
TBW unamortized asset sale gain	(131)
Total other receivables	74,618
Total accounts receivable, net	$ 115,737

Note 5 Due From Other Governments

Due from other governments represents unrestricted special assessment revenues and collection fee refunds due from the Hillsborough County Tax Collector, and restricted amounts due for unreimbursed capital and operating grant expenditures. At September 30, 2025, current and restricted amounts due from other governments was $2,101,000.

Note 6 Capital Assets

Changes in capital assets for the year ended September 30, 2025 were as follows:

(Amounts in thousands)	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets, non-depreciable:					
Land	$ 35,456	--	--	--	35,456
Construction work in progress, as restated*	355,233	87,449	(219,100)	--	223,582
Total non-depreciable capital assets	390,689	87,449	(219,100)	--	259,038
Capital assets, depreciable:					
Buildings and utility plant	754,014	12,984	194,920	--	961,918
Building improvements	1,872,320	63,503	24,180	--	1,960,003
Equipment	52,752	8,874	2	1,078	60,550
Intangibles -- software	7,222	595	--	--	7,817
Total depreciable capital assets	2,686,308	85,956	219,102	1,078	2,990,288
Accumulated depreciation:					
Buildings and utility plants	(508,086)	(60,282)	--	--	(568,368)
Building improvements	(1,097,970)	(54,963)	--	--	(1,152,933)
Equipment	(32,269)	(5,983)	(2)	(1,063)	(37,191)
Intangibles -- software	(7,105)	(117)	--	--	(7,222)
Total accumulated depreciation	(1,645,430)	(121,345)	(2)	(1,063)	(1,765,714)
Total depreciated capital assets, net	1,040,878	(35,389)	219,100	15	1,224,574
Total capital assets, net	$ 1,431,567	52,060	--	15	1,483,612

See Note 7 for $395,000 of amortization of "excess in purchase price over book value of an acqusition".

*See Note 16, Restatement, for more information on the restatement of the begining balance for construction work in progress.

There were a number of capital projects that had costs incurred in prior years that were completed during fiscal year 2025, meaning that costs incurred in prior years were removed from construction work in progress and added to capitalized buildings and building improvements during fiscal year 2025. The transfers column shows the dollar amounts associated with the capitalization of construction work in progress and other similar transfers during fiscal year 2025.

Note 7 Reporting Excess in Purchase Price Over Book Value of an Acquisition

During fiscal year 2004, the County's Water Enterprise Fund recorded goodwill of $10,155,000 related to the purchase of four independent water and wastewater franchise providers. Goodwill represented the excess of the total price paid compared to the fair value of the tangible capital assets acquired. Through these transactions, the Water Enterprise Fund added over 4,700 customers. The goodwill was scheduled for straight-line amortization over thirty years. Effective with fiscal year 2015, the System implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. As a result of that statement, newly acquired "purchase price in excess of book value" (the new name for "goodwill") was required to be reported as a deferred outflow of resources rather than as an intangible capital asset.

For fiscal year 2025, the System recorded deferred outflows of resources - price paid in excess of book value of $3,882,000 of which $395,000 was amortized to operating expense and included in combined "depreciation and amortization" on the statement of revenues, expenses and changes in net position.

(Amounts in thousands)	Beginning Balance	Increases	Decreases	Ending Balance
Deferred Outflow - price paid in excess of book value	$ 4,277	--	(395)	3,882

Note 8 Current Liabilities

A. Accounts and Contracts Payable

Accounts and contracts payable balances at September 30, 2025 were as follows:

(Amounts in thousands)	2025
Accounts payable	$ 12,514
Contracts payable	3,036
Restricted accounts payable	2,293
Restricted contracts payable	8,008
Total accounts and contracts payable	$ 25,851

B. Unearned Revenues

Unearned revenues represent developer advance payments on the accrued guaranteed revenue fee (AGRF). The AGRF reimburses the System for a portion of the capital carrying costs and maintenance expenses incurred and paid by the System to provide the developer access to water and wastewater connections. The deposit is earned when the developer is issued a certificate of occupancy. At September 30, 2025, unearned AGRF restricted and unrestricted deposits were $135,000.

Note 9 Long-term Liabilities

A. Revenue Bonds

On July 26, 2016, the System issued $207,795,000 in capital expansion and improvement bonds as follows:

$207,795,000 Tax Exempt Utility Revenue Bonds, Series 2016. The interest rate is 2.83% with interest payable semiannually. In the event of default as laid out in the Bond Ordinance, the owners of 25% or more of the Bond Obligation may appoint a Trustee to serve for the benefit of the holders of all outstanding bonds. The Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts due from the Issuer for principal or interest including interest on overdue payments. On September 30, 2025, the unpaid Series 2016 Bonds principal, including current maturities of $4,140,000, was $186,680,000. The bonds mature on August 1, 2046.

On December 10, 2019, the System issued $90,375,000 in capital expansion and improvement bonds as follows:

$90,375,000 Utility Refunding Revenue Bonds, Series 2019. The interest rate is 2.32% with interest payable semiannually. In the event of default as laid out in the Bond Ordinance, the owners of 25% or more of the Bond Obligation may appoint a Trustee to serve for the benefit of the holders of all outstanding bonds. The Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts due from the Issuer for principal or interest including interest on overdue payments. On September 30, 2025, the unpaid Series 2019 Bonds principal, including current maturities of $4,455,000 was $68,910,000. The bonds mature August 1, 2037.

On July 19, 2021, the System issued $155,155,000 in capital expansion and improvement bonds and $19,780,000 of refunding revenue bonds as follows:

$155,155,000 Utility Revenue Bonds, Series 2021A. The interest rate is 2.16% with interest payable semiannually. In the event of default as laid out in the Bond Ordinance, the owners of 25% or more of the Bond Obligation may appoint a Trustee to serve for the benefit of the holders of all outstanding bonds. The Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts due from the Issuer for principal or interest including interest on overdue payments. On September 30, 2025, the unpaid Series 2021A Bonds principal, including current maturities of $3,550,000 was $148,555,000. The bonds mature August 1, 2051.

$19,780,000 Utility Refunding Revenue Bonds, Series 2021B. The interest rate is 2.26% with interest payable semiannually. In the event of default as laid out in the Bond Ordinance, the owners of 25% or more of the Bond Obligation may appoint a Trustee to serve for the benefit of the holders of all outstanding bonds. The Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts due from the Issuer for principal or interest including interest on overdue payments. On September 30, 2025, the unpaid Series 2021B Bonds principal was $19,780,000. Currently, there are no current maturities. The bonds mature August 1, 2040.

B. Revenues Pledged for Debt Service and Future Debt Service Requirements

Under BOCC Bond Resolution R03-112, as amended by Resolution R10-151, article XI, section 11.02, operating revenues are pledged and distributed as follows: first, to payment of the costs of operations and maintenance and second, to annual debt service requirement on the outstanding bonds. Pledged revenues are operating revenues plus unrestricted interest income, less cost of operations plus certain unrestricted water capacity fees (impact fees). The System's net revenues of $134,718,000 were pledged to pay debt service on issued revenue bonds. Debt service payments were $62,483,000. Pledged revenues represent 527% of the System's debt service requirements.

There are other various requirements relating to the flow and to the amount of money required to be on deposit in bond covenant established accounts. The bonds are collateralized by a pledge of System net revenues and pledged impact fees. The bonds are also collateralized by proceeds from the sale or condemnation of System property and by property and casualty insurance proceeds.

A summary of the outstanding bonds debt service requirements, including current maturities of $12,145,000, were as follows:

(Amounts in thousands)	Principal	Interest	Total
2026	$ 12,145	13,400	25,545
2027	12,710	12,835	25,545
2028	13,300	12,242	25,542
2029	13,875	11,667	25,542
2030	14,475	11,065	25,540
2031-2035	81,625	46,101	127,726
2036-2040	96,920	32,777	129,697
2041-2045	116,285	18,885	135,170
2046-2050	54,770	4,335	59,105
2051-2054	7,820	196	8,016
Total principal and interest	423,925	163,503	587,428
Plus unamortized issue premium	23,530		
Less unamortized bond issue discount	(91)		
Revenue bonds payable, net	447,364		
Less current maturities	(12,145)		
Revenue bonds payable, net	$ 435,219		

C. Line of Credit

On March 28, 2022 the System entered into a subordinate lien revenue non-revolving line of credit of $37,500,000 due in annual installments, beginning August 1, 2025, plus a variable interest rate based on a Secured Overnight Financing Rate (SOFR) reference interest rate. In the event of default as defined in the Credit agreement, the owners of the Note may appoint a Trustee who may be entitled to sue for, enforce payment of, and receive any and all amounts due from the Issuer for principal or interest which including interest on overdue payments. At September 30, 2025, the entire line of credit was available for use.

D. Changes in Total Other Liabilities

The System's changes in total other liabilities for the fiscal year ended September 30, 2025 were as follows:

(Amounts in thousands) Description:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2016 bonds	$ 190,621	--	3,941	186,680	4,140
2019 bonds	73,155	--	4,245	68,910	4,455
2021 bonds	171,715	--	3,380	168,335	3,550
Unamortized bond issue premium	25,789	--	2,259	23,530	--
Unamortized bond issue discount	(98)	--	(7)	(91)	--
Compensated absences	6,976	4,719	4,377	7,318	4,377
Net pension liability	56,016	--	10,140	45,876	--
Total OPEB liability	4,010	1,467	374	5,103	388
Total other liabilities	$ 528,184	6,186	28,709	505,661	16,910

Note 10 Employee Retirement Plans

Florida Retirement System – General Information

Substantially all System employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two multiple-employer cost-sharing defined benefit plans administered by the Florida Department of Management Services, Division of Retirement: the FRS Pension Plan and the Retiree Health Insurance Subsidy (HIS Program). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) administered by the State Board of Administration. Employees may choose the FRS Investment Plan as an alternative to the FRS Pension Plan. As a general rule, membership in the FRS is compulsory for employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the state of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. For additional details, see:

www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports. The report may also be obtained by writing to the State of Florida Division of Retirement, PO Box 9000, Tallahassee, Florida 32315-9000.

Plan Descriptions for Cost-Sharing Defined Benefit Plans

- The FRS Pension Plan is a multiple-employer cost-sharing qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees.

- The Retiree Health Insurance Subsidy (HIS) Program is a multiple-employer cost-sharing, defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature sets and amends the contribution requirements and benefit terms of the HIS Program.

Benefits Provided

FRS Pension Plan

The County Plan for FRS is allocated to the System based on a percentage of contributions (System contributions divided by the total County FRS contributions). Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. Regular Class, Senior Management Service Class and Elected Officers' Class plan members hired prior to July 1, 2011 at age 62 with 6 years of credited service or 30 years of service regardless of age are entitled to an annual retirement benefit payable monthly for life, equal to 1.6%, 2.0%, and 3.0%, respectively, of their final average compensation for each year of credited service. Average final compensation is the average of the employee's five highest fiscal years of salary earned during credited service. Vested employees with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Regular Class, Senior Management Service Class and Elected Officers Class plan members hired after June 30, 2011 at age 65 with 8 years of credited service or 33 years of service regardless of age are entitled to annual retirement benefits payable monthly for life, equal to 1.6%, 2.0%, and 3.0%, respectively, of their final average compensation for each year of credited service. Average final compensation will be the average of the employee's eight highest fiscal years earned during credited service. Vested employees with less than 33 years of service may retire before age 65 and receive reduced retirement benefits.

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

HIS Program

The benefit under the HIS Program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive an HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Contributions

FRS Pension Plan

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025, respectively, were as follows: Regular Class participants—13.63% and 14.03%; Senior Management Service participants—34.52% and 33.24%; and DROP participants—21.13% and 22.02%. These employer contribution rates include 2.00% of HIS subsidies for 2024 and 2025.

HIS Program

The County Plan for HIS is allocated to the System based on a percentage of covered payroll (System covered payroll divided by total County covered payroll). The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The HIS contribution for the period October 1, 2024 through September 30, 2025 was 2.00%. The employer contribution rates shown in the FRS Pension Plan section above include the HIS Program contribution rate of 2.00%, for the periods of October 1, 2024 through September 30, 2025. HIS Program contributions are deposited in 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 that legislative appropriations and/or available funds are not sufficient, HIS benefits may be reduced or canceled.

The System's contributions, excluding employee contributions, to the FRS Pension Plan were $5,775,000 for the fiscal year ended September 30, 2025. The System's contributions to the HIS Program were $1,149,000 for the fiscal year ended September 30, 2025.

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

Pension Liabilities - At September 30, 2025, the System reported net pension liabilities of $30,197,000 and $15,679,000, respectively, for its proportionate shares of the FRS Pension Plan and HIS Program net pension liabilities. 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 July 1, 2025. The System's proportionate share of the net pension liability was based on the System's contributions as a percentage of all County contributions to the FRS fiscal year ended June 30, 2025. At June 30, 2025, the System's proportionate shares for the FRS Pension Plan and HIS Program were 4.371% and 7.098%, respectively, of the County's proportionate share, which is an increase of 0.026% and decrease of 0.028% for the FRS pension plan and HIS program, respectively, compared to the prior year. The System's proportionate shares for the FRS Pension Plan and HIS Program is measured as of June 30, 2024. The components of the System's net pension liabilities at September 30, 2025 were as follows:

(Amounts in thousands)	FRS Pension Plan	HIS Program	Total
Total pension liability	$ 237,046	16,744	253,790
Plan fiduciary net position	(206,849)	(1,065)	(207,914)
Net pension liability	$ 30,197	15,679	45,876
Plan fiduciary net position as a percentage of the total pension liability	87.26 %	6.36 %	81.92 %

"Plan fiduciary net position" represents cash and investment assets held to pay pension liabilities as they mature. Detailed information regarding the FRS Pension Plan and HIS Program fiduciary net position is available in the separately issued FRS *Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report*. To obtain this report, see the second paragraph of this note.

Pension Expense - For the fiscal year ended September 30, 2025, the System recognized pension benefit of $3,716,000 which includes $2,998,000 of pension benefit and $718,000 of pension benefit for the Pension Plan and HIS Program, respectively.

Deferred Outflows/Inflows of Resources – For the fiscal year ended September 30, 2025, the System reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

(Amounts in thousands)	FRS Pension Plan		HIS Program		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,080	--	90	(26)	3,170	(26)
Changes in assumptions	3,349	--	133	(3,972)	3,482	(3,972)
Net difference between projected and actual earnings on plan investments	--	(4,619)	--	(14)	--	(4,633)
Changes in proportion and differences between System's contributions and proportionate share of contributions	1,532	(545)	737	(447)	2,269	(992)
System's contributions subsequent to the measurement date	1,518	--	273	--	1,791	--
Total	$ 9,479	(5,164)	1,233	(4,459)	10,712	(9,623)

The deferred outflows of resources totaling $1,518,000 and $273,000, resulting from System's contributions to the Pension Plan and HIS Program, respectively, which were subsequent to the June 30, 2025 measurement date, will be recognized as a pension expense in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan and HIS Program will be recognized in pension expense as follows:

(Amounts in thousands)

September 30,	FRS Pension Plan	HIS Program
2026	$ 8,097	(772)
2027	(1,439)	(924)
2028	(2,153)	(778)
2029	(1,708)	(624)
2030	-	(401)
Total	$ 2,797	$ (3,499)

Actuarial Assumptions – The total pension liabilities for the FRS Pension Plan and HIS Program in the June 30, 2025 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation rate of 2.40%.
- Average rate of salary increases of 3.50%, including inflation; there was no change from the prior year.
- Investment rate of return, net of pension plan investment expense of 6.70%, including inflation for FRS Pension Plan; there is no change from the prior year.
- Investment rate of return, net of pension plan investment expense of 5.20%, including inflation for HIS Plan; this was an increase from 3.93% in the prior year.

- Average expected remaining service life of active and inactive participants in the FRS Pension Plan at June 30, 2025 was 4.7 years.

- Average expected remaining service life of active and inactive participants in the HIS Program at June 30, 2025 was 5.8 years.

- Mortality rates were based on the PUB-2010 base table, projected generational with scale MP-2021 for the FRS Pension Plan and the HIS Program.

The actuarial assumptions used in the July 1, 2025, FRS Pension Plan valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rates of return on FRS Pension Plan and HIS Program investments were not based on historical returns, but instead were based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions. A mean inflation rate of 2.40% was assumed along with a standard deviation of 1.5%. 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	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	3.2 %	3.2 %	1.1 %
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 %
	100.0 %			

Discount Rates – The FRS Pension Plan discount rate used to measure the total pension liability was 6.70%. The FRS 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 calculating the total pension liability is equal to the long-term expected rate of return.

The HIS Program 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.

Sensitivity of Net Pension Liability to Changes in the Discount Rate – The System's proportionate share of the FRS Pension Plan and HIS Program will change under varying discount rate assumptions. For example, a higher discount rate would lead to a lower net pension liability. Conversely a lower discount rate would lead to a higher net pension liability. The following chart shows the effects on the FRS Pension Plan and HIS Program net pension liabilities under discount rates that are one percentage point higher or lower than the discount rate actually used. The chart specifically shows the net pension liability of the FRS Pension Plan if its discount rates were 5.70%, 6.70% or 7.70% as well as the net pension liability of the HIS Program if its discount rates were 4.20%, 5.20% or 6.20%.

Proportionate Share of FRS Pension Plan Net Pension Liability (Amounts in thousands)			Proportionate Share of HIS Program Net Pension Liability (Amounts in thousands)		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.70 %	6.70 %	7.70 %	4.20 %	5.20 %	6.20 %
$ 59,262	30,197	5,830	17,681	15,679	14,001

The System remits contractually required FRS Pension Plan and HIS Program contributions as established by the Florida Legislature. The System did not have a payable for outstanding contributions to the FRS Pension Plan, HIS Program or Investment Plan at September 30, 2025.

Investment Plan

The 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 Pension Plan. County employees participating in DROP are not eligible to participate in the 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 Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the 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. See FRS Pension Plan contribution rates in the Contributions section of this note for more information.

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 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. Nonvested 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 not be significant to the System.

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

The System remits contractually required FRS Investment Plan contributions as established by the Florida Legislature. The System's total contributions to the Investment Plan were approximately $1,539,000 for fiscal year 2025.

Note 11 Other Postemployment Benefits (OPEB)

The County has a single-employer defined benefit OPEB plan. The County expenses the cost of OPEB over the active service lives of its employees, rather than using a "pay-as-you-go" basis. Expensing the cost of a future benefit over the active work-lives of employees is a fiscally sound approach because employees earn their future benefits over their working careers. The County Plan is allocated to the System based on percentage of the System's total covered employee payroll divided by the total County covered employee payroll.

OPEB Plan Description and Benefits Provided

County OPEB Plan Description. The County provides the following health-related benefits to retirees and certain former employees, which together represent the County OPEB Plan: (a) The County is required by Florida Statute 112.0801 to allow retirees and certain former employees to buy healthcare coverage at the same "group rates" that current employees are charged. Although retirees pay for healthcare at group rates, they receive a valuable benefit because they can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket. The availability of this lower cost health insurance represents an implicit subsidy for retirees. (b) The County offers a monthly stipend of $7.50 for each year of service up to a maximum benefit of $225 per month. The stipend is payable to regular retired employees from ages 62 to 65. The stipend is to be used to offset the cost of health insurance. Although the implicit subsidy is required by state law when healthcare is offered as an employee benefit, the stipend may be cancelled at any time. The County does not issue separate OPEB Plan financial statements. As a result, all required disclosures are included in this report.

Substantially all full-time employees may qualify for these OPEB benefits. At September 30, 2025, the County's OPEB Plan covered approximately 6,561 active County employees, consisting of those currently eligible and those not yet fully eligible, as well as 378 County retirees or other inactive employees.

Total OPEB Liability

Actuarial Method and Assumptions - The total OPEB liability was actuarially determined based on several actuarial assumptions. September 30, 2025 was both the measurement date and actuarial valuation date. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the September 30, 2025 OPEB Plan valuation were based on the results of an actuarial experience study for the period from October 1, 2024 through September 30, 2025.

The entry age normal actuarial cost method was used in the September 30, 2025 actuarial valuation. Other actuarial assumptions included a composite inflation rate of 3.50% and a discount rate of 4.90%, a 1.09% increase from the prior year rate of 3.81%. In addition, the initial annual healthcare cost trend rate assumptions were 8.50% grading down to an ultimate rate of 4.00% for the BOCC. In addition, the average age of active participants was 44.6 years and the average age of inactive participants was 63.0 years. Mortality rates were based on the PUB-2010 generational table for general purpose employees scaled using MP-21 and applied on a gender-specific basis.

Sensitivity of Total OPEB Liability to Changes in Either the Discount Rate and Changes in the Healthcare Trend Rate – The first chart below presents the System's total OPEB liability, as well as what the System's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.90%) or one percentage-point higher (5.90%) than the current discount rate. The second chart below presents the System's total OPEB liability, as well as what the System's total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower (7.50%) or one percentage-point higher (9.50%) than the current healthcare trend rate.

The healthcare trend rate of 8.50% is an initial rate. The total OPEB liability shown on the chart below, however, is based on the following healthcare trend rate: approximately 8.50% grading down each year to an ultimate rate of 4.00% for the BOCC.

Sensitivity of Total OPEB Liability to Changes in Discount Rate *(Amounts in thousands)*			Sensitivity of Total OPEB Liability to Changes in Healthcare Trend Rate *(Amounts in thousands)*		
1% Decrease (3.90%)	**Discount Rate (4.90%)**	**1% Increase (5.90%)**	**1% Decrease (7.50%)**	**Healthcare Trend Rate (8.50%)**	**1% Increase. (9.50%)**
$ 5,395,000	5,103,000	4,507,000	4,389,000	5,103,000	5,564,000

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liabilities - The total OPEB liability was measured as of September 30, 2025. The System's total OPEB liability at September 30, 2025 was as follows:

(Amounts in thousands)	OPEB Plan
Total OPEB Liability	$ 5,103
Covered employee payroll (active plan members)	112,000
Total OPEB liability as a percentage of covered employee payroll	4.6 %

If cash and investments were placed in an irrevocable trust for OPEB, then the cash and investments would also be subtracted from "total OPEB liability" to determine the "net OPEB liability." The County has set aside $62,483,000 in the Self-Insurance Internal Service Fund for OPEB. Fair value was used to value the cash and investments set aside. This $62,483,000 represents 44.2% of the County's total OPEB liability at September 30, 2025. However, since an irrevocable trust was not established and no assets were accumulated in a GASB-compliant trust, none of this $62,483,000 in cash and investments is considered to be "plan fiduciary net position." Total OPEB liability is reported in the accompanying statements of net position because an irrevocable trust was not established.

The change in the total OPEB liability during fiscal year 2025 as well as the beginning and ending total OPEB liability is shown below:

(Amounts in thousands)	Total OPEB Liability
Balance at October 1, 2024	$ 4,010
Changes for the fiscal year:	
Service cost	29
Interest	2
Changes in benefit terms	181
Differences between expected and actual experience	59
Changes in assumptions and other inputs	293
Benefit payments	(374)
Net changes	190
Balance at September 30, 2025	$ 4,200

Funding Policy, Status and Progress. In order for OPEB obligations to be considered funded, an irrevocable trust fund must be used. Since that would be considered very restrictive, the System did not "fund" the total OPEB obligation, but instead chose to appropriate and set aside amounts annually in the Self-Insurance Internal Service Fund so the total OPEB liability is completely offset by cash and investments over time.

Since the OPEB Plan was not considered funded, GASB Statement No. 75 requires that the plan's discount rate be obtained using the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate was 4.90%.

Contributions. Assessments were made to participating funds with the goal of accumulating the cash and investments in the Self-Insurance Internal Service Fund to offset the total OPEB liability. The level of assessments are set annually by County management. There are no statutory or other legally required contribution levels. It is the System's intent to continue setting aside additional monies each year for OPEB. Total assessments were $205,000 for fiscal year 2025.

OPEB Expense - For the fiscal year ended September 30, 2025, the System recognized OPEB expense of $56,000. Changes in total OPEB liability are recognized in OPEB expense during the fiscal year except for as indicated in the section on Deferred Outflows/Inflows of Resources.

Deferred Outflows/Inflows of Resources – "Deferred outflows of resources" are a consumption of net position by the System that is applicable to a future reporting period. "Deferred inflows of resources" are an acquisition of net position by the System that is applicable to a future reporting period. For each of the following, a portion was recognized in OPEB expense during fiscal year 2025, and the balance was amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience regarding economic and demographic factors are amortized over the average expected remaining service life of all employees that are provided with OPEB through the OPEB plan, including both active and inactive employees.
- Changes in assumptions or other inputs are amortized over the average expected remaining service life of all employees covered by the OPEB plan, including both active and inactive employees.

Deferred outflows of resources and deferred inflows of resources related to the System's OPEB Plan were as follows:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,472	(118)
Changes in assumptions	1,186	(1,006)
Total	$ 3,658	(1,124)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense as follows:

(Amounts in thousands) Year Ended September 30	OPEB Expense	OPEB (Benefit)	Total
2026	$ 232	(85)	147
2027	232	(85)	147
2028	232	(85)	147
2029	232	(82)	150
2030	232	(72)	160
Thereafter	2,498	(715)	1,783
Total	$ 3,658	(1,124)	2,534

The System did not have any interfund payables to the Self-Insurance Fund's OPEB Plan at September 30, 2025.

Note 12 Capital Contributions

Capital contributions for fiscal year ended September 30, 2025 were as follows:

(Amounts in thousands)	2025
Contributed physical capital assets	$ 58,521
Impact fee collections	17,120
Grants	2,557
Total	$ 78,198

Note 13 Outstanding Purchase Orders and Contracts

At September 30, 2025, outstanding purchase orders and contracts were $143,251,000.

The Capital Improvement Program is a financial plan of proposed capital projects covering a five or six-year period. Project costs can include project development, site acquisition, design, construction, renovations, initial fixtures and equipment, and administration. The Capital Improvement Program does not identify all project costs. It only identifies what is expected to be appropriated during the period. Total capital costs will be greater. The Capital Improvement Program for fiscal years 2025 though 2029 incorporates projects with a total cost of $2,396,073,000.

Note 14 Regional Water Supply Authority

On May 1, 1998, the West Coast Regional Water Supply Authority (WCRWSA) members reorganized in accordance with Section 30, Chapter 97-160, Laws of Florida, and Chapter 373, Florida Statutes. The purpose of the reorganization was to establish a sole water supplier to meet the region's current and future water supply requirements. The reorganization resulted in a forty-year master regional water supply contract and interlocal governance agreement. The WCRWSA was renamed Tampa Bay Water. The new regional water supply agreement obligates Tampa Bay Water to provide water to the members from existing water supply sources and to develop new water supply sources for the future, while securing the System's ability to meet its customers' water supply requirements. The regional water supply agreement commenced on September 29, 1998, to coincide with Tampa Bay Water's issuance of Utility System Revenue Bonds, Series 1998A and 1998B. As a part of the agreement, members agreed to sell certain capital assets to Tampa Bay Water and Tampa Bay Water agreed to assume all outstanding member debt and to contribute certain capital assets to the members. Tampa Bay Water purchased capital assets from, and contributed assets to, the BOCC in the amounts of $19,326,000 and $18,818,000, respectively. With respect to Tampa Bay Water's $19,326,000 capital asset purchase, the BOCC agreed to defer this payment by recording a long-term receivable. Payments will be received as water supply purchase credits plus interest over the thirty year term of Tampa Bay Water's 1998A and 1998B bond issues. The amount due from Tampa Bay Water on September 30, 2025, including current maturities of $1,018,000 was $3,371,000.

This transaction resulted in a $12,926,000 unamortized gain. On September 30, 1998, this gain was recorded as a reduction of Tampa Bay Water's long-term receivable. The gain will be amortized on the installment method over the thirty year term of Tampa Bay Water's 1998A and the 1998B bond issues. At September 30, 2025 the unamortized gain balance was $130,000 and the gain amortized to other nonoperating revenues was $127,000.

The BOCC, as one of six participants governing Tampa Bay Water, has a direct ongoing financial responsibility to contractually purchase water solely from Tampa Bay Water. Tampa Bay Water has set water rates to produce sufficient revenue from its members to meet fiscal year 2025 operating costs and debt service requirements. Tampa Bay Water's audited financial statements for the fiscal year ended September 30, 2025 may be obtained from:

Finance Director
Tampa Bay Water
2575 Enterprise Road
Clearwater, Florida 33763-1102

Note 15 Contingencies

A. Litigation

The System is involved in certain litigation arising in the ordinary course of operations. Management believes, after consulting with legal counsel, that any potential losses would not significantly affect the System's financial condition for the fiscal year ended September 30, 2025.

B. State and Federal Grants

Grants received and disbursed by the System are for specific purposes and are subject to review by grantor agencies and their independent auditors. Such audits may result in requests for repayments due to disallowed costs. Management believes that such repayments, if any, would not significantly affect the System's financial condition at September 30, 2025.

C. Environmental Protection

Occasionally, the Florida Department of Environmental Protection may cite the System for accidental environmental infractions. These infractions and the related remediation activities are considered a routine part of System business operations. Management believes that any contingent liabilities arising from an accidental environmental infraction, if any, would not be significant.

Note 16 Restatement

During the current year, management determined that beginning of year construction work-in-progress was overstated by $15,019,000 due to two factors. $8,353,000 in capital projects were erroneously recorded twice during the conversion from Oracle EBS ERP system to the Oracle Cloud ERP system in November 2022. $6,706,000 in contributions to Tampa Bay Water for the water transmission line project were recorded in a capital project as construction work-in-progress. However, since Tampa Bay Water, rather than the System, would own the resulting asset, these expenditures should have been recorded as operating expenses through a noncapitalizable capital project rather than in a capitalizable capital project. Therefore, construction work-in-progress assets and net position, beginning of year, were both reduced by $15,019,000 in the fiscal year 2025 financial statements. The effect of this restatement for error correction is shown below:

Amounts in thousands	Water Enterprise System
Net position - beginning of year, as previously reported	$ 1,853,463
Restatement for error correction	(15,059)
Net position - beginning of year, as restated	$ 1,838,404

Amounts in thousands	Water Enterprise System
Construction work-in-progress - beginning of year, as previously reported	$ 370,292
Less error correction	(15,059)
Construction work-in-progress - beginning of year, as restated	$ 355,233

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Schedule of Proportionate Share of the
Florida Retirement System Net Pension Liabilities for the
Pension Plan and Health Insurance Subsidy Program (Unaudited)
Last Ten Fiscal Years
Required Supplementary Information
(Amounts in thousands)

FRS Pension Plan

	6/30/25	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16
System's proportion of net pension liability	4.371 %	0.099 %	0.099 %	0.098 %	0.099 %	0.099 %	0.095 %	0.093 %	0.095 %	0.095 %
System's proportionate share of net pension liability	$ 30,197	37,749	37,440	34,089	3,679	41,702	32,796	28,189	28,722	24,360
System's covered payroll	57,448	51,115	48,045	46,612	43,224	41,675	41,256	38,814	38,821	35,979
System's proportionate share of net pension liability as a percentage of its covered payroll	52.56 %	73.85 %	77.93 %	73.13 %	8.51 %	100.06 %	79.49 %	72.63 %	73.99 %	67.71 %
FRS Plan fiduciary net position as a percentage of the total pension liability	87.26 %	82.38 %	82.38 %	82.89 %	96.40 %	78.85 %	82.61 %	84.26 %	83.89 %	84.88 %

Health Insurance Subsidy Program

	6/30/25	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16
System's proportion of net pension liability	7.098 %	0.121 %	0.121 %	0.121 %	0.122 %	0.120 %	0.118 %	0.118 %	0.120 %	0.115 %
System's proportionate share of net pension liability	$ 15,679	18,267	19,259	12,738	14,948	14,461	13,255	12,263	12,686	13,583
System's covered payroll	57,448	51,115	48,045	46,612	43,224	41,675	41,256	38,814	38,821	35,979
System's proportionate share of net pension liability as a percentage of its covered payroll	27.29 %	35.74 %	40.09 %	27.33 %	34.58 %	34.70 %	32.13 %	31.59 %	32.68 %	37.75 %
HIS Plan fiduciary net position as a percentage of the total pension liability	6.36 %	4.12 %	4.12 %	4.81 %	3.56 %	3.00 %	2.63 %	2.15 %	1.64 %	0.97 %

Notes to the schedule:
1. Amounts are as of June 30 of each year.
2. The discount rates used by the FRS Plan for fiscal years 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016, respectively, are 6.70%, 6.70%, 6.70%, 6.70%, 6.80%, 6.80%, 6.90%, 7.00%, 7.10%, and 7.60%. The discount rates used for the HIS Program for fiscal years 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016, respectively, are 5.20%, 3.93%, 3.65%, 2.16%, 2.16%, 2.21%, 3.50%, 3.87%, 3.58%, and 2.85%.

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HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Schedule of Contributions
Florida Retirement System Pension Plan and Health Insurance Subsidy Program (Unaudited)
Last Ten Fiscal Years
Required Supplementary Information
(Amounts in thousands)

FRS Pension Plan

	9/30/25	9/30/24	9/30/23	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16
Contractually required contributions	$ 5,775	5,387	4,487	3,858	3,435	2,935	2,881	1,530	2,421	2,620
Contributions in relation to the contractually required contributions	5,775	5,387	4,487	3,858	3,435	2,935	2,881	1,530	2,421	2,620
System's covered payroll	$ 57,448	52,570.0	48,120	46,612	43,224	42,702	41,595	39,029	38,151	36,709
System’s contributions as a percentage of covered payroll	10.05 %	10.25 %	9.32 %	8.28 %	7.95 %	6.87 %	6.93 %	3.92 %	6.35 %	7.14 %

Health Insurance Subsidy Program

	9/30/25	9/30/24	9/30/23	9/30/22	9/30/21	9/30/20	9/30/19	9/30/18	9/30/17	9/30/16
Contractually required contributions	$ 1,149	917	840	774	727	709	690	2,661	277	253
Contributions in relation to the contractually required contributions	1,149	917	840	774	727	709	690	2,661	277	253
System’s covered payroll	$ 57,448	52,570	48,120	46,612	43,224	42,702	41,595	39,029	38,151	36,709
System’s contributions as a percentage of covered payroll	2.00 %	1.74 %	1.75 %	1.66 %	1.68 %	1.66 %	1.66 %	6.82 %	0.73 %	0.69 %

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
Last Ten Fiscal Years
Required Supplementary Information
(Amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	(Restated) 2016
Service cost	$ 29	115	86	134	52	54	39	44	184	-
Interest	2	153	111	79	68	89	118	134	206	-
Changes in benefit terms	181	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	59	-	1,700	(487)	(155)	-	269	-	(33)	-
Changes in assumptions and other inputs	293	115	(628)	-	584	124	474	(2,438)	(79)	-
Benefit payments	(374)	(380)	(349)	(339)	(297)	(382)	(345)	(362)	(341)	-
Net change in total OPEB liability	190	3	920	(613)	252	(115)	555	(2,622)	(63)	-
Total OPEB liability, beginning	4,010	4,007	3,087	3,700	3,448	3,563	3,008	5,630	5,693	-
System's total OPEB liability	4,200	4,010	4,007	3,087	3,700	3,448	3,563	3,008	5,630	5,693
System's covered employee payroll	112,000	52,570	48,120	46,612	43,728	41,675	41,256	38,814	38,151	35,979
System's total OPEB liability as a percentage of its covered employee payroll	3.8 %	7.6 %	6.60 %	6.62 %	8.46 %	8.64 %	7.75 %	14.50 %	14.76 %	15.82 %

Hillsborough County has set aside $62,483,000 in the Self-Insurance Internal Service Fund for OPEB. This amount represents 46.96% of the County's total OPEB liability at September 30, 2025. However, since an irrevocable trust was not established, none of this $62,483,000 in cash and investment is considered to be "plan fiduciary net position." The Water Enterprise Fund's total OPEB liability represents 9.12% of the County's total OPEB liability.

Notes to schedule:

1. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75
2. Amounts are as of September 30 each year.
3. The discount rates used for fiscal years 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 respectively, were 4.61%, 3.92%, 4.55%, 4.02%, 2.26%, 2.22%, 2.80%, 3.80%, 3.67% and 4.0%.

HILLSBOROUGH COUNTY, FLORIDA
Schedule of Revenues and Expenses - Budget and Actual (Unaudited)
Water Enterprise Fund
Public Utilities Department
For the fiscal year ended September 30, 2025
(Amounts in thousands)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating Revenues				
Charges for services	$ 400,895	400,895	405,029	4,134
Miscellaneous	-	-	2	2
Total operating revenues	400,895	400,895	405,031	4,136
Operating Expenses				
Personnel services	97,817	97,817	85,990	11,827
Contractual services	140,545	185,587	176,521	9,066
Fleet services	4,210	4,210	4,601	(391)
Repairs and Maintenance	33,285	33,535	23,200	10,335
Utilities	21,664	21,664	27,495	(5,831)
Supplies	2,702	2,702	1,471	1,231
Other Operating expenses	8,649	8,649	8,420	229
Total operating expense before depreciation, amortization, pension and OPEB expense	308,872	354,164	327,698	26,466
Operating income before unbudgeted depreciation, amortization, pension and OPEB expense	$ 92,023	46,731	77,333	30,602
Depreciation and amortization expense*			(121,740)	
Pension expense (benefit)			3,716	
OPEB expense			(56)	
Operating loss			$ (40,747)	

* Pension, depreciation and amortization expenses are not budgeted.

HILLSBOROUGH COUNTY, FLORIDA
EXHIBIT A
Water Enterprise Fund
Public Utilities Department
Utility Revenue Bonds Series, 2019
Issued December 10, 2019
Debt Service Schedule (Unaudited)

(Amounts in thousands)

Fiscal Year	Principal	Interest	Total Requirement
2026	$ 4,455	2,676	7,131
2027	4,680	2,453	7,133
2028	4,915	2,219	7,134
2029	5,160	1,973	7,133
2030	5,420	1,715	7,135
2031	5,690	1,444	7,134
2032	5,915	1,217	7,132
2033	6,155	980	7,135
2034	6,340	796	7,136
2035	6,530	605	7,135
2036	6,725	410	7,135
2037	6,925	208	7,133
	$ 68,910	16,696	85,606

HILLSBOROUGH COUNTY, FLORIDA
EXHIBIT B
Water Enterprise Fund
Public Utilities Department
Utility Revenue Bonds Series, 2016
Issued July 26, 2016
Debt Service Schedule (Unaudited)
(Amounts in thousands)

Fiscal Year	Principal	Interest	Total Requirement
2026	$ 4,140	5,842	9,982
2027	4,305	5,677	9,982
2028	4,475	5,504	9,979
2029	4,610	5,370	9,980
2030	4,745	5,232	9,977
2031	4,890	5,089	9,979
2032	5,035	4,943	9,978
2033	5,240	4,741	9,981
2034	5,450	4,532	9,982
2035	5,670	4,314	9,984
2036	5,835	4,144	9,979
2037	6,010	3,969	9,979
2038	7,525	3,788	11,313
2039	7,750	3,563	11,313
2040	7,980	3,330	11,310
2041	15,925	3,091	19,016
2042	16,405	2,613	19,018
2043	16,895	2,121	19,016
2044	17,405	1,614	19,019
2045	17,925	1,092	19,017
2046	18,466	554	19,020
	$ 186,681	81,123	267,804

HILLSBOROUGH COUNTY, FLORIDA
EXHIBIT C
Water Enterprise Fund
Public Utilities Department
Utility Revenue Bonds Series, 2021A
Issued July 19, 2021
Debt Service Schedule
(Amounts in thousands)

Fiscal Year		Principal	Interest	Total Requirement
2026	$	3,550	4,470	8,020
2027		3,725	4,293	8,018
2028		3,910	4,106	8,016
2029		4,105	3,911	8,016
2030		4,310	3,706	8,016
2031		4,530	3,490	8,020
2032		4,755	3,264	8,019
2033		4,990	3,026	8,016
2034		5,140	2,876	8,016
2035		5,295	2,722	8,017
2036		5,455	2,563	8,018
2037		5,565	2,454	8,019
2038		5,675	2,343	8,018
2039		5,790	2,229	8,019
2040		5,905	2,113	8,018
2041		6,020	1,995	8,015
2042		6,205	1,815	8,020
2043		6,340	1,675	8,015
2044		6,485	1,532	8,017
2045		6,680	1,338	8,018
2046		6,880	1,138	8,018
2047		7,085	931	8,016
2048		7,265	754	8,019
2049		7,445	572	8,017
2050		7,630	386	8,016
2051		7,820	196	8,016
	$	148,555	59,898	208,453

HILLSBOROUGH COUNTY, FLORIDA
EXHIBIT D
Water Enterprise Fund
Public Utilities Department
Utility Revenue Bonds Series, 2021B
Issued July 19, 2021
Debt Service Schedule (Unaudited)
(Amounts in thousands)

Fiscal Year	Principal	Interest	Total Requirement
2026	$ --	412	412
2027	--	412	412
2028	--	412	412
2029	--	412	412
2030	--	412	412
2031	--	412	412
2032	--	412	412
2033	--	412	412
2034	--	412	412
2035	--	412	412
2036	--	412	412
2037	--	412	412
2038	6,445	412	6,857
2039	6,575	283	6,858
2040	6,760	144	6,904
	$ 19,780	5,783	25,563

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department

Statistical Section Contents
(Unaudited)

Financial Trends Information:

These schedules present comparative financial data over ten fiscal years, providing information to financial statement users concerning the System's financial management and performance.

Schedules:

- Components of Net Position
- Current Ratio
- Return on Capital Assets
- Accounts Receivable Collection Days
- Statement of Revenues, Expenses, and Changes in Net Position
- Components of Charges for Services

Debt Capacity Information:

This schedule presents the System's outstanding debt compared to net position.

Schedule:

- Outstanding Debt Compared to Net Position

General Operating Statistics:

This schedule presents the System's key operating data and general statistics.

- Capital Assets
- Staffing
- Average Number of Customer Accounts
- Annual Use/Flow
- Operating Costs

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited)
Last Ten Fiscal Years
(Amounts in thousands)

Components of Net Position

This schedule shows the System's changes in comparative net position (total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources = net position).

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*** Restated
Net investment in capital assets	$1,051,814	999,811	935,374	923,905	990,248	983,915	950,057	940,620	931,704	901,940
Restricted net position	164,911	134,042	88,316	75,601	95,051	139,077	143,755	115,451	90,916	67,670
Unrestricted net position	690,998	719,610	701,957	635,456	533,305	416,302	394,987	359,859	354,363	367,663
Total net position	$1,907,723	1,853,463	1,725,647	1,634,962	1,618,604	1,539,294	1,488,799	1,415,930	1,376,983	1,337,273

***Restated for GASB Statement No. 75

Current Ratio

This schedule shows the System's ability to pay its current liabilities such as accounts payable, accrued payroll liability, and short-term borrowing costs. The generally accepted current ratio standard is 2, whereby current assets are twice as large as current liabilities.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Current assets	$ 896,450	754,192	804,989	745,661	674,625	339,181	319,933	501,736	553,319	573,662
Current liabilities	67,451	63,965	55,958	72,403	47,680	55,070	68,297	76,649	56,134	48,563
Current ratio	13.3	11.8	14.4	10.3	14.1	6.2	4.7	6.5	9.9	11.8

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(Amounts in thousands)

Return on Capital Assets

Return on capital assets provides a means for evaluating management's effectiveness at generating an operating profit from the amounts invested in capital assets.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Change in net position	$ 54,260	127,816	90,685	15,866	79,802	50,495	72,869	38,947	39,710	45,974
Average total capital assets	1,472,649	1,391,452	1,327,533	1,320,600	1,312,942	1,176,014	1,246,664	1,171,096	1,096,776	1,028,546
Return on capital assets	3.68 %	9.19 %	6.83 %	1.20 %	6.08 %	4.29 %	5.85 %	3.33 %	3.62 %	4.47 %

Accounts Receivable Collection Days Over 365 Collection Days and Associated Allowance for Doubtful Accounts

This schedule shows the average number of days required to collect charges for services billed to customers and amounts deemed uncollectible.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Charges for services	$ 405,029	375,018	366,815	326,215	302,163	283,150	254,306	243,215	235,116	209,549
Average accounts receivable	31,049	31,049	34,462	30,009	28,441	25,175	22,740	23,373	22,371	22,220
Accounts receivable collection days	28.0	30.2	34.3	33.6	34.4	32.5	32.6	35.1	34.7	38.7
Allowance for doubtful accounts	$ 4,618	4,618	3,563	3,563	3,563	2,177	276	224	51	192
Percent of charges for services	1.14 %	1.23 %	0.97 %	1.09 %	1.18 %	0.77 %	0.11 %	0.09 %	0.02 %	0.09 %

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(Amounts in thousands)

Statement of Revenues, Expenses and Changes in Net Position:

This schedule presents annual operating data to assist the financial statement user evaluate the System's annual financial performance.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues:										
Charges for services	$ 405,029	375,018	366,815	326,215	302,163	283,150	254,306	243,215	235,116	220,724
Miscellaneous	2	--	--	--	--	--	--	--	--	--
Total operating revenues	405,031	375,018	366,815	326,215	302,163	283,150	254,306	243,215	235,116	220,724
Operating expenses:										
Personnel services	85,990	78,708	73,752	68,528	65,659	62,695	60,473	56,438	55,103	54,296
Contractual services	176,521	125,289	114,846	105,319	104,604	101,487	94,449	86,528	77,369	81,481
Fleet services	4,601	4,215	3,923	3,364	2,594	2,612	2,823	2,511	2,315	2,439
Repairs and maintenance	23,200	22,755	18,729	15,738	13,124	14,165	16,460	13,166	10,506	10,588
Utilities	27,495	20,544	18,811	15,611	14,375	13,703	15,532	12,438	12,161	12,609
Supplies	1,471	1,223	990	1,286	987	1,002	1,037	1,071	986	722
Depreciation and amortization	121,740	96,484	99,269	103,614	105,190	89,330	77,102	81,947	67,805	59,875
Other operating expenses	8,420	8,258	6,536	4,498	4,337	3,914	3,761	3,017	3,158	2,675
Pension expense (benefit)	(3,716)	(135)	9,577	531	(3,610)	6,238	5,262	2,193	2,522	1,598
OPEB expense (benefit)	56	134	117	(131)	(97)	(209)	(173)	(2,491)	(72)	--
Total operating expense	445,778	357,475	346,550	318,358	307,163	294,937	276,726	256,818	231,853	226,283
Operating expense as a percentage of revenue	110.06 %	(95.32)%	94.48 %	97.59 %	101.65 %	104.16 %	108.82 %	105.59 %	98.61 %	102.52 %
Operating income (loss)	(40,747)	17,543	20,265	7,857	(5,000)	(11,787)	(22,420)	(13,603)	3,263	(5,559)
Nonoperating revenues (expenses):										
Interest revenue	40,206	41,776	26,499	8,643	9,414	16,318	20,198	10,376	9,228	7,674
Net increase (decrease) in the fair value of inves	(1,975)	9,956	9,032	(16,025)	--	--	--	--	--	--
Interest expense	(11,846)	(12,333)	(12,671)	(13,096)	(10,170)	(10,502)	(10,733)	(10,878)	(5,911)	618
Gain/Loss on Disposal of Assets	2,307	1,421	--	--	--	--	--	--	--	--
Other revenues	3,176	2,906	2,772	2,910	4,582	9,019	3,113	3,949	3,406	7,584
Other expenses	--	--	(19)	(775)	58	354	499	(10,354)	(6,690)	661
Total nonoperating revenues (expenses)	31,868	43,726	25,613	(18,343)	3,884	15,189	13,077	(6,907)	33	16,537
Income before contributions and transfers	(8,879)	61,269	45,878	(10,486)	(1,116)	3,402	(9,343)	(20,510)	3,296	10,978
Capital contributions	78,198	66,547	44,807	26,352	80,918	47,093	82,212	59,457	36,414	34,996
Change in net position	69,319	127,816	90,685	15,866	79,802	50,495	72,869	38,947	39,710	45,974
Net position, beginning of year	1,853,463	1,725,647	1,634,962	1,619,096	1,539,294	1,488,799	1,415,930	1,376,983	1,343,081	1,297,107
Restatement for error correction (see Note 16)	(15,059)	--	--	--	--	--	--	--	--	--
Restatement for GASB 75 implementation	--	--	--	--	--	--	--	--	(5,808)	--
Net position, beginning of year, as restated	1,838,404	1,725,647	1,634,962	1,619,096	1,539,294	1,488,799	1,415,930	1,376,983	1,337,273	1,297,107
Net position, end of year	$ 1,907,723	1,853,463	1,725,647	1,634,962	1,619,096	1,539,294	1,488,799	1,415,930	1,376,983	1,343,081

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Financial Trend Schedules (Unaudited) (Continued)
Last Ten Fiscal Years
(Amounts in thousands)

Components of Charges for Services

This schedule identifies the principal components of charges for services.

	2025	%	2024		2023	%	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%
Water charges	$182,839	45.1	170,979	45.6	174,706	47.6	154,920	47.5	145,890	48.3	138,943	49.1	123,212	48.5	118,210	48.4	114,891	48.9	106,016	48.0
Wastewater charges	196,343	48.5	178,926	47.7	168,916	46.0	151,355	46.4	139,842	46.3	129,576	45.8	116,980	46.0	112,667	46.3	107,931	45.9	103,020	46.7
Reclaimed water charges	3,598	0.9	3,316	0.9	3,207	0.9	2,966	0.9	2,882	0.9	2,695	0.9	2,406	0.9	2,384	1.0	2,426	1.0	2,200	1.0
Accrued guaranteed revenue fees	5,838	1.4	6,480	1.7	6,209	1.7	4,245	1.3	1,663	0.6	708	0.3	958	0.4	558	0.2	64	--	103	--
Customer billing charges	15,710	3.9	14,339	3.8	13,267	3.6	12,191	3.7	11,339	3.7	10,499	3.6	9,630	3.8	9,230	3.8	8,862	3.8	8,517	3.9
General operating revenues	701	0.2	978	0.3	510	0.1	538	0.2	547	0.2	729	0.3	1,120	0.4	166	0.3	942	0.4	868	0.4
Charges for services	$405,029	100.0	375,018	100.0	366,815	99.9	326,215	100.0	302,163	100.0	283,150	100.0	254,306	100.0	243,215	100.0	235,116	100.0	220,724	100.0

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
Debt Schedules (Unaudited)
Last Ten Fiscal Years
(Amounts in thousands)

Outstanding Debt Compared to Net Position

This schedule shows the System's outstanding debt as a percentage of net position.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*** Restated
Bonds outstanding	$ 447,364	461,182	474,541	484,390	493,947	335,590	339,760	342,565	345,305	347,940
Net position	1,922,782	1,853,463	1,725,647	1,634,962	1,619,096	1,539,294	1,488,799	1,415,930	1,376,983	1,337,273
Percentage	23.3 %	24.9 %	27.5 %	29.6 %	30.5 %	21.8 %	22.8 %	24.2 %	25.1 %	26.0 %

***Restated for GASB Statement No. 75

HILLSBOROUGH COUNTY, FLORIDA
Water Enterprise Fund
Public Utilities Department
General Operating Statistics (Unaudited)
Last Ten Fiscal Years

This schedule shows various general operating statistics.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Capital Assets (amounts are actual)										
Number of water plants	4	4	4	4	4	4	4	4	4	4
Number of wastewater treatment plants	5	5	5	5	5	7	7	7	7	7
Water distribution line miles (estimated)	2,708	2,668	2,638	2,606	2,576	2,484	2,484	2,437	2,414	2,326
Wastewater Transmission line miles (estimated)	2,444	2,416	2,386	2,354	2,328	2,235	2,235	2,199	2,180	2,091
Reclaimed water transmissions line miles (estimated)	415	412	401	394	393	377	377	368	366	--
Number of pump stations (estimated)	902	890	871	863	847	822	822	807	796	775
Staffing										
Number of budgeted positions per 1,000 customers	5.1	5.1	3.3	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Average Number of Customer Accounts Billed Monthly										
Water customers	204,510	200,287	196,984	192,436	182,080	168,038	168,038	161,279	160,358	155,384
Percent change from prior year	2.1 %	1.7 %	2.4 %	5.7 %	8.4 %	0.0 %	4.2 %	0.6 %	3.2 %	1.0 %
Wastewater customers	181,661	192,741	178,567	173,260	172,375	154,753	154,753	153,720	148,408	144,339
Percent change from prior year	(5.7)%	7.9 %	3.1 %	0.5 %	11.4 %	0.0 %	0.7 %	3.6 %	2.8 %	1.4 %
Annual Use/Flow										
Annual water consumption (millions of gallons)	29,391	28,514	27,042	24,505	24,883	20,608	20,608	20,665	20,608	19,062
Annual treated wastewater flows (thousands of gallons)	18,571	18,262	18,483	17,516	15,110	15,110	15,110	15,368	15,110	14,290
Operating Costs (amounts in thousands)										
Operating expenses	$ 445,778	357,477	346,550	318,358	307,163	294,937	276,726	256,818	231,853	226,283
Less: depreciation and amortization	121,740	96,484	99,269	103,614	105,190	89,330	77,102	81,947	67,805	59,875
Less: purchased water	84,603	79,958	80,528	73,355	69,664	68,209	66,298	54,377	53,077	57,221
Net operating costs	$ 239,435	181,035	166,753	141,389	132,309	137,398	133,326	120,494	110,971	109,187
Number of accounts billed annually	2,454	2,403	2,382	1,920	1,920	1,920	1,920	1,985	1,970	1,920
Monthly operating costs per account (actual)	$ 98	75	70	74	69	72	69	61	56	57

Sources:
Water Enterprise Fund Annual Audited Financial Reports
Water Enterprise Fund Operating Data

Hillsborough County Florida

Water Resources Department
925 E. Twiggs Street
Tampa, Florida 33602
(813) 307-1000
HCFLGov.net/Water