

TOHOPEKALIGA WATER AUTHORITY  
OSCEOLA COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019



PREPARED BY:  
THE FINANCE DEPARTMENT



**TOHOPEKALIGA WATER AUTHORITY**  
**Comprehensive Annual Financial Reports**  
For the Fiscal Year Ended September 30, 2019

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Tohopekaliga Water Authority  
Osceola County, Florida

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# INTRODUCTORY SECTION

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March 9, 2020

*Letter of Transmittal*

The Chairman and Members of the Board of Supervisors  
Tohopekaliga Water Authority  
Osceola County, Florida

The Comprehensive Annual Financial Report (CAFR) of the Tohopekaliga Water Authority (the Authority or TWA) for fiscal year ended September 30, 2019, is submitted in accordance with the provisions of Chapter 10.500, *Rules of the Auditor General*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. This CAFR was prepared by the Authority's Finance Department staff. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority, and that all disclosures necessary to enable the readers to gain the maximum understanding of the Authority's financial activity have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

The Authority's financial statements have been audited by MSL, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended September 30, 2019, are free of material misstatement.

## **THE REPORTING ENTITY AND SERVICES PROVIDED**

The Authority is an independent special district of the State of Florida created by Chapter 2003-368, Laws of Florida, a special act of the Florida Legislature, and other applicable provisions of law (the Act) pursuant to, and in conformance with, Chapter 189, Florida Statutes. The Authority is a special-purpose local government for all purposes set forth in the Act and Chapter 189, Florida Statutes, including, but not limited to, performing such acts as shall be necessary for the sound planning, acquisition, development, operation and maintenance of a government-owned potable and non-potable water and wastewater management and delivery system within its service area. Under the Act, the service area of the Authority includes the incorporated area of the City of Kissimmee, Florida and the unincorporated areas within Osceola County, Florida with the exception of any areas included within the Reedy Creek Improvement District and the City of St. Cloud, Florida (and certain areas provided with water and wastewater service by the City of

St. Cloud on the effective date of the Act, June 26, 2003) (the Service Area). Pursuant to the Act, the Service Area may be expanded to include any service area within the boundaries of an affected local government upon the adoption of a resolution by the governing body of that government authorizing the Authority to provide its service and facilities therein. The Authority has entered into several interlocal agreements to service a small service area adjacent to the Authority located in the southern portion of Orange County and in certain portions of unincorporated Polk County. Authorization for the Authority to exercise and implement the powers specified in the Act within Polk County were provided by Polk County in Resolution No. 06-160 adopted on October 11, 2006, and through an inter-local agreement between the Authority and Polk County dated October 1, 2006.

The Authority provides a full range of water, wastewater and reclaimed water services to its customers. These activities are fully accounted for in this financial report.

The Authority's water facilities include thirteen (13) operating water treatment plants consisting of wells, ground storage tanks, high-service pumps, and water distribution systems. The Authority's water facilities currently rely exclusively on ground water derived from the upper Floridan aquifer. Raw water supply wells currently pump an average of 39.4 million gallons per day (mgd) to the thirteen (13) water treatment plants strategically located throughout the Service Area. Water is distributed through 1,451 miles of water mains.

The Authority's wastewater facilities include eight (8) water reclamation plants, sewage collection facilities, and wastewater effluent disposal facilities. The Authority's water reclamation facilities (WRF) each operate independently for set geographic areas throughout the Service Area. Wastewater is delivered to the various WRFs through a network of 1,270 miles of collection and transmission system piping with 427 wastewater pump stations. The highly treated reclaimed water produced by the WRFs is distributed through 381 miles of reclaimed water distribution mains and used for irrigation customers or routed to the system's rapid infiltration basins to recharge the ground water. The waste solids from the treatment process, termed bio-solids, are processed by a third-party to kill pathogens, and then spread over agricultural lands as a fertilizer.

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## ECONOMIC OUTLOOK

The economic outlook for Florida remains positive and continues to outpace that of the U.S. overall. Florida's economy is expected to expand at a respectable average annual rate of 2.8% through 2022, driven by both population growth and job growth. The State's population grew at 1.4% in 2019, marginally more slowly than in 2018. This rate is expected to continue to decrease slightly over the forecast period to 1.4% in 2022. Job growth is also expected to slow to just under a 2% annual average. Although these rates are decreasing, they are still higher than national averages and will drive the economic expansion. The unemployment rate for Florida has remained steady and is expected to average 3.2% through 2022; this continues to be slightly lower than the national average of 3.5%. Florida's housing inventory continues to lag behind population growth, driving a 3.6% increase in the median sales price of single-family homes in 2019. However, new housing starts did increase in 2019 and should remain steady over the next three years to meet this demand.

Economic indicators for the Orlando-Kissimmee area are also positive, although perhaps somewhat less robust than in recent years. Although population in our area will continue to grow, this growth is expected to taper off a bit. It was 2.2% in 2019 but is expected to decrease slightly to 2.1% in 2022. Job growth was 3.6% in 2019 but is also expected to slowly decrease to an average of 2.7% for the three-year forecast period. Unemployment has decreased over the past year from 3.3% to 3.0% and should now remain steady. New home starts dipped slightly relative to 2018 but will increase for the next three years at a modest average rate of 1.1% annually. As both job growth and population growth slow, new home starts may begin to catch up with demand, eventually deaccelerating rising prices.

*Our assessment of our area's economic outlook is primarily based on the December 2019 Florida & Metro Forecast published by the University of Central Florida's Institute for Economic Forecasting. The full report can be accessed on the UCF website [www.ucf.edu](http://www.ucf.edu).*

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## STRATEGIC PLAN INITIATIVES

The Strategic Plan sets the priorities and direction for the Authority. The current strategic plan was adopted in 2019. The seven strategic initiatives of the plan are Customer and Community, Water Resources, Infrastructure, Workforce, Communication, Technology, and Financial Performance. An update of the accomplishments and advancements of each strategic initiative is summarized in this section.

**1 Customer & Community**  
Recognized by our customers and stakeholders for excellent customer experience

**GOALS**

1. Provide customer service consistent with the highest standards in the utility industry.
2. Connect with stakeholders through TWA brand.

The infographic features a light blue background with a subtle circular pattern. The title '1 Customer & Community' is in a large, bold, blue font. Below it, the text 'Recognized by our customers and stakeholders for excellent customer experience' is in a smaller, dark blue font. The word 'GOALS' is in a bold, blue font, followed by two numbered goals in a dark blue font. A small blue square is located at the bottom right of the infographic.

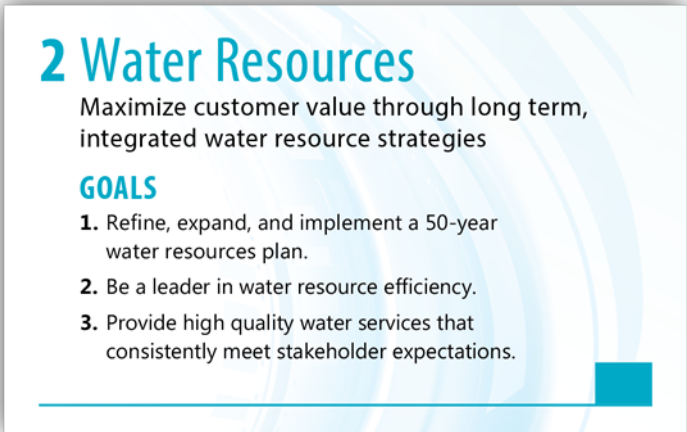
The Customer and Community strategy is to be recognized by the Authority's customers and stakeholders for excellent customer service.

Once the Customer and Community initiatives were completed and accepted by the Board, the Authority began to define its ongoing goals for the next three or more years. These

include assessing the organization's culture; looking at its vision, mission and value statements; conducting a complete branding approach; creating a new supervisor boot camp and continuing training; building a new customer tool kit; enhancing the current TAP program for customers who struggle to pay their bills; analyzing survey results to determine improvements; building a roadmap for technology needs; and providing customers with more innovative ways to pay. Through the Customer Service and Procurement departments, the Authority initiated the procurement process to obtain consultants or contractors to assist staff in achieving these goals. Some goals are already nearing fruition such as the Customer Tool Kit while others are planned for implementation in the upcoming fiscal year.

New meter set requests continued to outpace forecasted volume throughout FY2019. In response, the Customer Service Department transitioned from an outside contractor secured in FY2019 to a contracted employee concept to install the meters to maintain quality and controls. The Authority also began having quarterly builder/developer meetings to ensure the optimal customer experience, communication, and partnership were preserved with the community. In addition, an Escalation Hub team is being formed to handle all difficult or complex situations to ensure a good customer experience. The initial team comprised of four Customer Advocates will provide dedicated support to handle issues such as special escalations, water quality, water availability/meter set process, locate requests, adjustments, emails to customers, and more.

Multiple technology projects were completed in FY2019 related to this strategic initiative. During the fiscal year the Authority launched a new IVR payment system upgrade, added a customer-shopping cart feature to enable multiple payments on the website for customers with profiles, added a call back feature to the call center that allows customers to leave the queue if there is a wait time and to get a call back, added a third-party call center to take roll over calls on high volume days, and began designing a technology roadmap.

A slide graphic with a light blue background and a white box containing text. The title '2 Water Resources' is in large blue font. Below it is a subtitle 'Maximize customer value through long term, integrated water resource strategies'. Underneath is the word 'GOALS' in blue, followed by a numbered list of three goals. A blue square is in the bottom right corner of the white box.

## 2 Water Resources

Maximize customer value through long term, integrated water resource strategies

**GOALS**

1. Refine, expand, and implement a 50-year water resources plan.
2. Be a leader in water resource efficiency.
3. Provide high quality water services that consistently meet stakeholder expectations.

The Water Resources strategy is to maximize customer value through long-term, integrated water resource strategies.

Major tasks carried out during the fiscal year included work on the Water Cooperative of Central Florida (WCCF) Cypress Lake Wellfield Project, work on the Judge Farms Reservoir, initiation of potable and reclaimed water master plans, and other cooperative efforts with regional governments.

***Cypress Lake Wellfield***

The Authority will benefit from this new regional water supply through its membership in the WCCF; the Authority will receive up to 12 mgd of the net production expected of 30 mgd. WCCF will develop this wellfield through a contract with the Authority. The preliminary design phase took place from 2013 - 2015. It consisted of both water distribution interconnection analysis and water treatment facility preliminary design. The second amendment to the project interlocal agreement allowed the parties to proceed with the next steps of the project: retaining a consultant to assist in the development of a cost allocation model for the design and construction of the water wheeling infrastructure, initiating the acquisition of property and easements, and evaluating concentrate disposal alternatives. The cost allocation model was completed in late 2017. A permit has been issued by the Florida Department of Environmental Protection for the concentrate disposal well. A third amendment has been approved by the Cooperative Board and the individual Cooperative members to provide additional funding for the design, construction, and testing of the first of three concentrate disposal wells which are necessary to dispose of the by-product of the brackish water treatment process. The first test concentrate disposal well is in design and expected to be bid for construction in mid-2020.

***Judge Farms Reservoir***

An interlocal agreement with Osceola County was executed to acquire a portion of the Judge Farms property to develop a stormwater treatment facility and water storage reservoir to provide a supplemental source of reclaimed water for future development. In FY2014 and FY2015, the Authority acquired two additional parcels for the project via agreements for purchase and acquired a third parcel through the eminent domain process. The project received a \$1.0 million grant from the State Legislature through Osceola County. The water use permit application process for this project was initiated by TWA in conjunction with the development of the Environmental Resources Permit by the Osceola County. Both permits were issued by the South Florida Water Management District in 2017. The reservoir is currently under construction by Osceola County and should be complete by late 2020. The Authority will begin design of the treatment facility in mid-2020.

In 2018, the interlocal agreement was amended and restated such that the County will own the reservoir property and be responsible for the reservoir maintenance with TWA acquiring a superior easement with rights to 400,000,000 gallons of water storage. TWA will also own a 5-acre portion of the property to be utilized for a water treatment facility. The Authority and Osceola County are currently constructing the reservoir with 400 million gallons of usable storage as a water supply. The Authority will initially use the reservoir as an irrigation supply and potentially as a potable water supply. The supply is permitted at 8mgd at 80% reliability. The irrigation supply treatment and distribution is anticipated to be completed in late 2024.

### ***Master Planning Efforts***

In 2019, the Authority initiated master planning efforts for potable water and reclaimed water to develop a comprehensive long term water supply plan. Population and demand projections in conjunction with development of hydraulic models for both systems will aid TWA in identifying plant expansions and infrastructure improvement needs. The plans will provide recommendations for best methods in utilizing currently identified water sources and present alternatives for integrating new water supplies identified in the master planning process. The final product of the master plans will be a list of capital improvement projects assigned to specific years from 2020 through 2030 to meet the needs of future growth within the Authority's service area.

### ***Other Cooperative Efforts***

- WCCF, comprised of Toho Water Authority, the City of St. Cloud, Orange County, and Polk County, held regular quarterly meetings.
- The Deseret Ranch through its utility, East Central Florida Services (ECFS), and the Authority have executed an agreement to provide service to the Northeast District of Osceola County (Sunbridge). Sunbridge is planned to be an economic development center for Osceola County. Mediation between the Authority, ECFS, Orange County, Orlando Utility Commission, and the City of Cocoa over the development of a water supply project drawing water from the Taylor Creek reservoir and the St. Johns River has been completed. The parties and their consultant are defining the project reservoir requirements. A consultant contract negotiation is anticipated to be completed in the next several months. Additionally, the Authority, Orlando Utilities Commission and ECFS have completed a pipeline routing study to determine if the route selected by Orange County is also the best route to distribute water from the project to the three entities

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## 3 Infrastructure

Manage infrastructure to meet stakeholders' needs now and in the future

### GOALS

1. Plan, operate and maintain infrastructure effectively to a targeted level of service.
2. Energy sustainability.
3. Ensure that adequate capacity is available to meet stakeholders' needs.

The Infrastructure strategy is to manage infrastructure to meet stakeholders' needs now and in the future.

TWA's asset management program oversees condition assessment initiatives for the sanitary sewer, water and wastewater facilities. During FY2019, the following related projects were performed.

- Field Services operational inspection efforts included exercising 1,418 potable water valves, inspecting 7,619 hydrants and locating and repairing 22 air release valves.
- Condition assessment of six force mains totaling 56,160 linear feet of ductile iron pipe continued and will be completed in early 2020.
- The condition assessment process for wastewater pumping stations was completed for 88 stations.
- An additional 347,000 linear feet of sanitary sewer gravity mains and 7,437 manholes were inspected. These inspections included high consequence gravity sewer areas and are intended to identify rehabilitation requirements to be completed as part of the accelerated program identified below.

TWA initiated an accelerated sanitary sewer assessment program prioritizing the most critical gravity mains (based on operating history on consequence) and completed the assessment in FY2019. The necessary rehabilitation and replacements will be completed within the FY2020 – FY2024 period.

- In 2019, a multi-year collection system rehabilitation program including the rehabilitation of 91,500 lf of gravity sewer (using cured-in-place pipe lining) and 387 manholes was completed.
- The in-house lift station rehabilitation program completed the design and rehabilitation construction of eight (8) lift stations.
- Construction of the South Bermuda WRF rehabilitation and expansion from 13 mgd to 14 mgd was completed.
- Design has been initiated to expand two WRFs in the Poinciana area to provide capacity for continued growth:

- Design for Cypress West was completed; construction was initiated in 2017 to expand the plant from 3 to 6 mgd and to add a biosolids processing facility. Construction was substantially completed in July 2019.
- Design for Lake Marion was completed; construction to expand the plant from 1.5 to 3.0 mgd is scheduled to be completed in May 2020.
- Construction was initiated in FY2019 for water, wastewater, and reuse transmission mains to serve NeoCity, a 500-acre master planned technology district. Approximately 24,000 feet of 8-inch to 16-inch mains will be installed under this project. Construction is scheduled for completion in FY 2020.
- Construction was initiated in FY2019 for a sixth well and raw water main at the Richard McLaughlin Water Treatment Plant, part of the Eastern Regional Water System (ERWS). This will increase well capacity by 3,500 gallons per minute allowing the ERWS to meet demand within the Poinciana service area. Construction is scheduled for completion in FY2020.
- Preliminary design was initiated in FY2019 for an expansion of the 6 mgd Sandhill WRF facility. Design will be initiated in FY2020 and construction is scheduled for substantial completion in FY2022.
- Consultant selection and design initiation for Southwest Water Treatment Plant (WTP) Well #3 and Raw Water Transmission Main will be completed by FY2020. Design and construction are scheduled for completion by FY2021. This project will increase the well capacity from 8.64 mgd to 12.96 mgd to address continued growth in the Western Service Area.

### ***Harmony Water System***

In FY2013, installation of a MIEX water treatment system was completed in Harmony to correct the disinfection by-product compliance issue for that system and meet FDEP consent order requirements. The MIEX system also removes hydrogen sulfate, improving the taste and odor of the water. However, this system has not been able to consistently meet performance requirements. During FY2014 through FY2018, staff continued to work with the equipment supplier on a variety of modifications to the system. Additionally, a consultant with MIEX systems experience was engaged to analyze the problems and attempt to develop a system that meets performance expectations. A degasification system has been designed to remove sulfates in advance of MIEX so that the water treatment system can remove more of the disinfection by-product precursors. The construction of the improvements is underway and will be complete by August 2020.

## ***Water Main Projects***

- Construction was completed in FY2019 on the Intercession City water distribution system. This system consisted of predominantly 2-inch galvanized mains which have been replaced with approximately 36,000 feet of 6- to 12-inch mains. Approximately 2,900 feet of 8-inch water main through the Intercession City development has been upsized to a 24-inch transmission main for potable water distribution from the future Cypress Lake project.
- Construction was initiated in FY2019 for 3,300 feet of water main on Poinciana Boulevard between Pam Road and US 192. This main will improve the movement of water between the TWA and Poinciana systems and provide capacity for future growth. Construction is scheduled for completion in FY2020.
- Construction was planned for approximately 10,000 feet of 24-inch water main along Boggy Creek Road from Fells Cove Boulevard to Narcoossee Road and along Narcoossee Road from Boggy Creek Road to Cyrils Drive. The purpose of the project is to improve water quality and system pressures along the Cyrils Drive corridor to meet development growth. The project construction bid and award is expected to be completed by the spring of 2020.

**4 Workforce**  
A motivated, healthy and engaged workforce delivering exceptional outcomes

**GOALS**

1. Maintain safe and healthy work conditions.
2. Increase performance by building an engaged and productive work environment.
3. Secure a skilled and trained workforce that supports the organizational plan.
4. Commit to promoting a culture of positive accountability, where employees hold themselves accountable for the ultimate results of the organization.

The Workforce strategy is to attract and develop a motivated, healthy, and engaged workforce to deliver exceptional outcomes.

TWA approved its current strategic plan in FY2019. The Workforce strategic goals have been a primary focus and anchor for the activities of the Human Resources Division during the fiscal year.

## ***Attract, Recruit, and Onboard Top Talent***

Through the Human Resources department, the Authority introduced a new recruitment and hiring process supported by an automated system. This will enable HR staff to be more closely engaged in the recruitment and selection process to support the hiring managers in identifying and retaining top talent as well as improving the experience of both internal and external applicants during the hiring process. The Authority also expanded the hiring pool by attracting broader talent from diverse sources such as internal promotions, technical schools, career placement agencies, and through internship programs.

During FY2020, the Authority expects to strengthen branding efforts and develop targeted marketing tools that demonstrate that TWA is an employer of choice.

***Maximize the Workforce and Appropriately Recognize and Reward Top Talent***

The Authority continued to make improvements to performance management tools. This included a thorough review at the leadership level of the reward programs to determine opportunities for enhancement. Also during the FY2019, a consultant was retained to conduct a compensation study to ensure TWA’s salaries and benefits remain competitive.

***Provide Effective Supervisory and Workforce Skill Development***

The Authority continued to host a Leadership and Development Program for all supervisors. This program offers all supervisors opportunities for various trainings to support our technical and soft skills as leaders. These trainings are also made available to non-supervisors and aspiring leaders in the organization.

***Strategic Resourcing***

In FY2019, the Authority continued to work with its insurance brokers to monitor claims and healthcare market trends in an effort to ensure that the healthcare benefit offered is a value to its existing workforce and attractive to potential TWA candidates. TWA continues to absorb 100% of premium costs for individual plans and 25% for family plans. In addition, cost saving measures include an onsite wellness center for employees, a mandatory generic prescription option, and Telehealth provided by MD Live.



**5 Communication**  
Effective communication strengthens and grows relationships.

**GOALS**

1. Understand and respond to the communications needs and expectations of the workforce and external stakeholders.

Communication is one of two new strategies added to the strategic plan during its FY2019 revision.

The focus of the Communication strategy is creating effective communication to strengthen and grow relationships. In FY2020, the Authority will be focusing on understanding and responding to the communications needs and expectations of the workforce and external stakeholders.



## 6 Technology

Provide an outstanding level of service, quality products, and innovative solutions to our employees

### GOALS

1. Manage security risk to systems, IT assets and data.
2. Effectively use technology to enhance business processes.
3. Achieve operational excellence through effective technology planning.

Technology is the second of two new strategies added to the strategic plan during its FY2019 revision. This strategy focuses on providing an outstanding level of service, quality products, and innovative solutions to our employees. The Authority will pursue this through the following three goals:

1. Manage security risk to systems, IT assets, and data.
2. Use technology to enhance business processes.
3. Achieve operational excellence through effective technology planning.

## 7 Financial Performance

Maintain financial health to achieve the expected level of return to customers, stakeholders and investors

### GOALS

1. Effectively balance operating revenues, expenditures, asset value and debt.
2. Maintain financial integrity.
3. Manage financial and legal risk.

The Financial Performance goal is to maintain financial health to achieve the expected level of return to customers, stakeholders and investors.

- The Authority had a good audit report for FY2018 and received the Government Finance Officers Certificate of Excellence in Financial Reporting for the eleventh consecutive year.

- The Authority received its fifth Government Finance Officers Distinguished Budget Presentation Award for its FY2019 budget.
- Bond coverage was maintained above 3.0 during FY2019 while meeting reserve targets and all key performance indicators.

The strategic plan has multiple initiatives that will drive performance in upcoming fiscal years. Certain key initiatives are intended to elevate performance over time. These Elevate Initiatives are grouped into three categories: 1) Culture and Branding, 2) Understanding, and 3) Planning and Delivery. The chart below depicts the strategic areas being directly (solid bullets) or indirectly (hollow bullets) impacted by the Elevate Initiatives.

CRITICAL "ELEVATE" INITIATIVES	Customer & Community	Water Resources	Infrastructure	Workforce	Communication	Technology	Financial Performance
<b>CULTURE AND BRANDING</b>							
Customer Service Excellence focused culture assessment and improvement plan	●			○			
Re-evaluate our vision, mission and values	●			○			
Define and establish TWA's brand as an employer of choice				●			
<b>UNDERSTANDING</b>							
Segment unique stakeholder groups, develop stakeholder group specific gap closure plan.	●				○	○	
Determine how customers value water	○	●					
Form Risk Management Committee to develop enterprise risk management framework		○	○				●
Asset Management Program Enhancements		○	●				○
<b>PLANNING AND DELIVERY</b>							
IT Master Plan	○	○	○	○	○	●	○
Customer Centered Technology Roadmap	●					○	
Budget process to plan and budget for anticipated staffing needs based on organizational goals and objectives				●			○
Evaluate performance management process to determine opportunities				●	○		○
SOP Inventory and as-is/to be process optimization	○	○	○	○	●	○	○
WiFi Program Delivery			●				○
Infrastructure Master Plans		●	●				
AWS Delivery		●					
Biosolids		●					
Management System	○	●	○	○	○	○	○

Finally, the Strategic Plan provides direction for the Authority to focus its resources and efforts in the upcoming years.

These accomplishments over the past year are primarily the result of the efforts of the Authority's dedicated and professional staff, who routinely and consistently deliver service to our customers in an efficient and responsive manner.

## **ACCOUNTING SYSTEM, INTERNAL ACCOUNTING CONTROLS, AND BUDGETARY CONTROLS**

In designing and developing the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition; and
- The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived; and
- The evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The first level of control comes directly from the enabling Act. The second level of control comes from the covenants made by the Authority to the bondholders. Among other requirements, the Authority must keep accounts in accordance with generally accepted accounting principles and file audited annual financial statements with the State of Florida Department of Financial Services within nine months of the close of the fiscal year; the State of Florida Auditor General within 45 days of receipt of the audit report from the auditor, but no later than nine months after the end of the fiscal year; and with Electronic Municipal Market Access (EMMA) on or before April 30<sup>th</sup> of each year.

The Authority maintains a system of budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual, appropriated budget approved by the Board.

The budget process begins in the winter with a review and update of the Strategic Plan and with the staff's preparation of a capital budget. This is followed by a presentation to the Board, providing an opportunity for their input and feedback on the long-range goals of managing and operating the utility system. The operating budget then incorporates the goals and objectives identified during the strategic and capital planning process. The Executive Director forwards a final draft of the operating budget to the Board for formal adoption at a public hearing in August. The final budget will be either adopted in August, as originally presented, or by September 30<sup>th</sup>, if additional budget or rate changes are necessary. The new fiscal year begins October 1<sup>st</sup> and interim financial reports are provided to the Board for oversight and to management for internal use.

## STATUTORY REQUIREMENTS – INDEPENDENT AUDIT

Florida Statutes require the Authority’s financial statements to be subjected to an annual examination by an independent Certified Public Accountant. Those provisions have been satisfied and the opinion of the independent accountant is included in this report.

## AWARDS

### *Class A First Place for the FWEA Safety Award*

The Florida Water Environmental Association awarded South Bermuda Water Reclamation Facility the 2019 Class A First Place Safety Award for maintaining an exemplary safety program.

### *Class C First Place for the FWEA Safety Award*

The Florida Water Environmental Association awarded both Parkway and Harmony Water Reclamation Facilities the 2019 Class C First Place Safety Award for maintaining an exemplary safety program.

### *First Place for the Earle B. Phelps Award*

The Florida Water Environment Association awarded the Walnut Water Reclamation Facility first place for the 2018 Earle B. Phelps Award – Advanced Secondary Wastewater Treatment Facility in the up to 3 mgd category for maintaining the highest removal of major pollution-causing constituents prior to discharging, treated effluent to receiving waters.

### *Runner Up for the Earle B. Phelps Award*

The Florida Water Environment Association awarded the Cypress West Water Reclamation Facility the runner up for the 2018 Earle B. Phelps Award – Advanced Secondary Wastewater Treatment Facility in the up to 10 mgd category for maintaining the highest removal of major pollution-causing constituents prior to discharging, treated effluent to receiving waters.

### *Excellence in Construction Eagle Award*

Associated Builders and Contractors awarded the 2019 Excellence in Construction Eagle award for best public works/environmental project in the \$20m - \$50m category to the Cypress West Water Reclamation Facility upgrade and expansion project.

### *Utility of the Future Today Award*

The Utility of the Future Today Joint Recognition Program has again deemed TWA a Utility of the Future Today in the area of Water Reuse in recognition of its multiple water reuse projects. This program was launched in 2016 by the National Association of Clean Water Agencies, the Water Environment Foundation, the Water Environment & Reuse Foundation and the WateReuse Association, with input from the Environmental Protection Agency, to

recognize the achievements of water utilities that transform the traditional wastewater treatment system to a resource recovery center and lead in the overall sustainability and resilience of the communities they serve.

*The GFOA Certificate of Achievement for Excellence in Financial Reporting*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Finance Department a Certificate of Achievement for Excellence in Financial Reporting again this year. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. Its attainment represents a significant accomplishment for the Authority.

In order to be awarded a Certificate of Achievement, the Authority had to publish an easily readable and efficiently organized comprehensive annual report, whose content conforms to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. The Authority received a Certificate of Achievement for the eleventh year in a row and looks forward to continued participation in the program. We believe our current report conforms to the Certificate of Achievement Program requirements; we will be submitting it to the GFOA.

*The GFOA Distinguished Budget Presentation Award*


The GFOA awarded the Finance Department a Distinguished Budget Presentation Award for its FY2019 Budget. This award was established “to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA’s best practices on budgeting.” This is the fifth year that the Authority has received this award.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We would like to thank the members of the Board of Supervisors for their support and leadership in planning and conducting the financial operations of the Authority in a most responsible and progressive manner.

  
\_\_\_\_\_  
Todd P. Swingle  
Executive Director

  
\_\_\_\_\_  
Rodney Henderson  
Director of Business Services

  
\_\_\_\_\_  
Alexandra S. Green  
Comptroller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Tohopekaliga Water Authority  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**TOHOPEKALIGA WATER AUTHORITY  
OSCEOLA COUNTY, FLORIDA**

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**BOARD OF SUPERVISORS**

Clarence L. Thacker, Chairman

Domingo Sanchez, Vice Chairman

William “Bill” Land, Secretary

Hector Lizasuain, Supervisor

Jim Swan, Supervisor

**EXECUTIVE DIRECTOR**

Todd Swingle

**GENERAL COUNSEL**

Anthony Cotter

**DEPUTY EXECUTIVE DIRECTOR**

Michael W. Sweeney

TOHOPEKALIGA WATER AUTHORITY  
OSCEOLA COUNTY, FLORIDA



Provide reliable, cost-effective, and responsive water services to our customers while protecting public health and the environment.

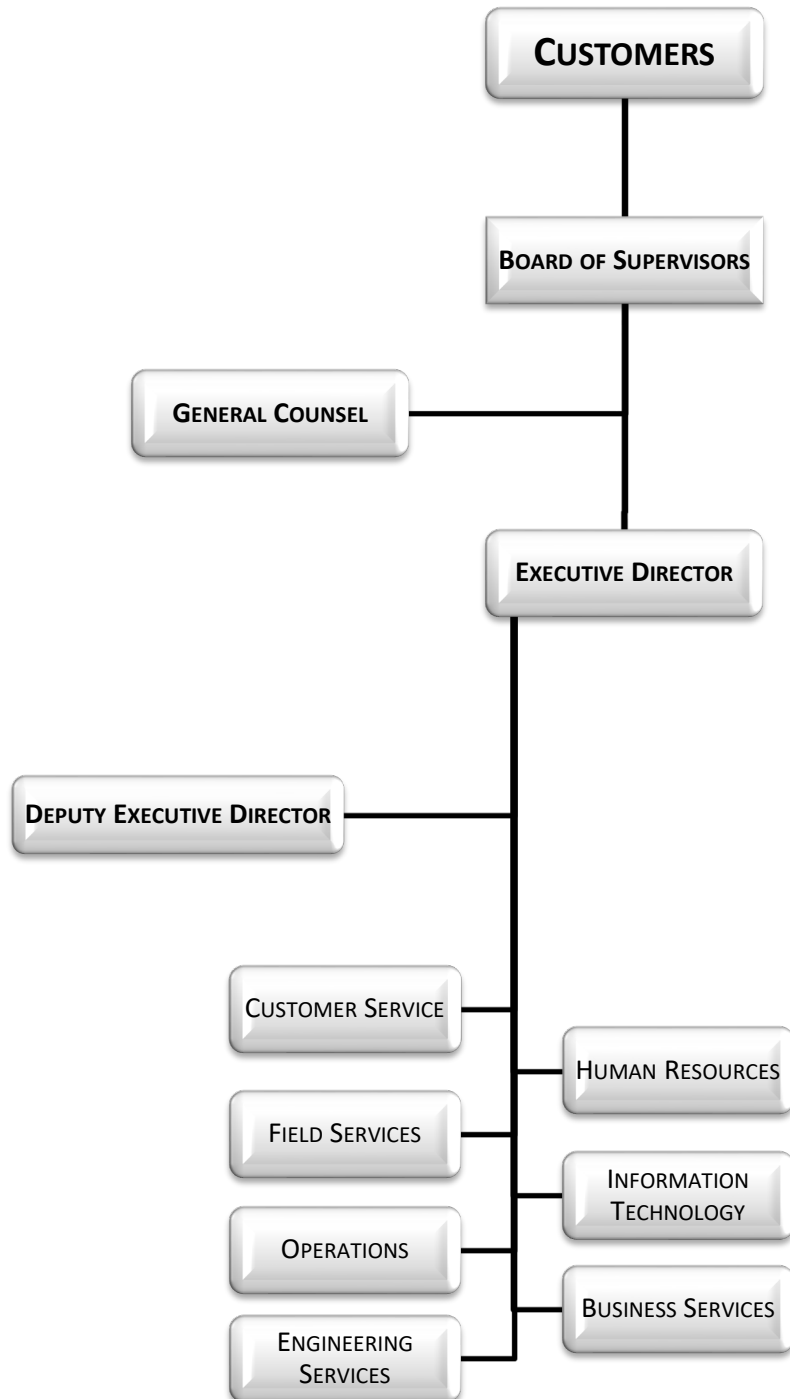


<b>Customer and Community</b>	Recognized by our customers and stakeholders for excellent customer service
<b>Water Resources</b>	Maximize customer value through long-term, integrated water resource strategies
<b>Infrastructure</b>	Manage infrastructure to meet stakeholders' needs now and in the future.
<b>Workforce</b>	Attract and develop a motivated, healthy, and engaged workforce to deliver exceptional outcomes
<b>Communication</b>	Effective communication to strengthen and grow relationships
<b>Technology</b>	Providing an outstanding level of service, quality products, and innovative solutions to our employees
<b>Financial Performance</b>	Maintain financial health to achieve the expected level of return to customers, stakeholders and investors



TOHOPEKALIGA WATER AUTHORITY  
OSCEOLA COUNTY, FLORIDA

ORGANIZATIONAL CHART



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Tohopekaliga Water Authority  
Osceola County, Florida

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FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors of the  
Tohopekaliga Water Authority  
Osceola County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Tohopekaliga Water Authority (the Authority) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2019 and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Supervisors of the  
Tohopekaliga Water Authority

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Authority's internal control over financial reporting and compliance.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
March 9, 2020

# TOHOPEKALIGA WATER AUTHORITY

## Management's Discussion and Analysis

September 30, 2019

(In Thousands)

The Tohopekaliga Water Authority's (the Authority) Management's Discussion and Analysis presents an overview of the Authority's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the letter of transmittal in the introductory section and the Authority's financial statements which follow.

### FINANCIAL HIGHLIGHTS

The following is a summary of significant financial highlights related to the Authority's sixteenth year of operation:

- **Operating income** was \$21,379, an increase of 6.5% over the prior year.
- **Capital contributions** were \$60,101, an increase of 17.8% over the prior year.
- **Net position** totaled \$878,179 in 2019, an increase of \$81,898 or 10.3% over the prior year.
- **Net capital assets** increased by \$56,995, an increase of 7.3% over the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The financial section is comprised of two components: 1) financial statements and 2) notes to the financial statements.

### REQUIRED FINANCIAL STATEMENTS

The basic financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term information about its activities.

The **Statement of Net Position** includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

All of the current year's revenues and expenses are accounted for in the **Statement of Revenues, Expenses and Changes in Net Position**. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all of its economic costs through its user fees, capital contributions, and other charges. This statement also measures the Authority's profitability and creditworthiness.

**Management's Discussion and Analysis (Continued)**

**September 30, 2019**  
**(In Thousands)**

The other required financial statement is the *Statement of Cash Flows*. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing in capital and related activities, and provides answers to such questions as: "Where did cash come from? What was cash used for? What was the change in cash balance during the reporting period?"

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**Comparative Summary of the Statement of Net Position**  
As of September 30, 2019 and 2018  
(In Thousands)

	2019	2018	Increase (Decrease)	
			Change	%
Current assets	\$ 139,997	\$ 131,564	\$ 8,433	6.41%
Non-current assets-other than capital assets	138,778	141,789	(3,011)	(2.12%)
Total Capital Assets (Net)	<u>838,684</u>	<u>781,689</u>	<u>56,995</u>	<u>7.29%</u>
 Total Assets	 <u>1,117,459</u>	 <u>1,055,042</u>	 <u>62,417</u>	 <u>5.92%</u>
 Total Deferred Outflows of Resources	 <u>15,259</u>	 <u>14,135</u>	 <u>1,124</u>	 <u>7.95%</u>
 Total Assets and Deferrals	 <u>1,132,718</u>	 <u>1,069,177</u>	 <u>63,541</u>	 <u>5.94%</u>
 Current liabilities	 38,451	 49,989	 (11,538)	 (23.1%)
Non-current liabilities	<u>214,603</u>	<u>221,309</u>	<u>(6,706)</u>	<u>(3.03%)</u>
 Total Liabilities	 <u>253,054</u>	 <u>271,298</u>	 <u>(18,244)</u>	 <u>(6.72%)</u>
 Total Deferred Inflows of Resources	 <u>1,484</u>	 <u>1,598</u>	 <u>(114)</u>	 <u>(7.13%)</u>
 Total Liabilities and Deferrals	 <u>254,538</u>	 <u>272,896</u>	 <u>(18,358)</u>	 <u>(6.73%)</u>
 Net investment in capital assets	 638,632	 573,859	 64,773	 11.29%
Restricted - system development charges	135,434	122,469	12,965	10.59%
Restricted - bond projects	-	3,568	(3,568)	(100.00%)
Unrestricted	<u>104,113</u>	<u>96,385</u>	<u>7,728</u>	<u>8.02%</u>
Total Net Position	<u>\$ 878,179</u>	<u>\$ 796,281</u>	<u>\$ 81,898</u>	<u>10.29%</u>



**Management's Discussion and Analysis (Continued)**

**September 30, 2019**  
**(In Thousands)**

**FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE**

A comparative summary of the Authority's Statement of Net Position as of September 30, 2019 and 2018, is shown on the previous page. Net position may serve, over time, as a useful indicator of the Authority's financial position. As previously mentioned in the financial highlights section, total assets exceeded total liabilities by \$878,179 (total net position) at the close of the fiscal year ended September 30, 2019. This \$81,898 increase in net position over the prior year consists of capital contributions of \$60,101 and net operating income of \$21,379, plus non-operating revenue of \$418. The Authority's Total Net Position increased 10.3% over last year.

The largest part of the Authority's net position (73%) reflects its investment in capital assets (e.g., land, building and improvements, water and wastewater equipment), less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position may be used to meet the Authority's on-going obligations to customers and creditors.

Restricted net position represents the balance of unspent water and wastewater system development charges and bond funds, net of related obligations. The increase in restricted net position related to water and wastewater system development charges can be attributed to the income and contributions generated by development activities. The decrease in restricted net position related to bond funds can be attributed to the spending of bond proceeds on various capital improvements for which the funding was designated.

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**Management's Discussion and Analysis (Continued)**

**September 30, 2019**  
**(In Thousands)**

The following is a comparative summary of the changes in net position for the Authority for the fiscal years ended September 30, 2019 and 2018:

**Comparative Summary of the Changes in Net Position**  
For the Years Ended September 30, 2019 and 2018  
(In Thousands)

	2019	2018	Increase (Decrease)	
			Change	%
<i>Operating Revenues:</i>				
Charges for services	\$ 126,799	\$ 117,913	\$ 8,886	7.54%
Miscellaneous revenues	759	649	110	16.95%
Total Operating Revenues	<u>127,558</u>	<u>118,562</u>	<u>8,996</u>	<u>7.59%</u>
<i>Operating Expenses:</i>				
Personnel services	27,433	25,537	1,896	7.42%
Contracted services	10,477	8,965	1,512	16.87%
Supplies and materials	5,136	4,484	652	14.54%
Repairs and maintenance	7,605	6,784	821	12.10%
Payments in lieu of taxes	10,800	9,990	810	8.11%
Other services and charges	10,975	10,586	389	3.67%
Depreciation	33,753	32,135	1,618	5.04%
Total Operating Expenses	<u>106,179</u>	<u>98,481</u>	<u>7,698</u>	<u>7.82%</u>
Operating Income	<u>21,379</u>	<u>20,081</u>	<u>1,298</u>	<u>6.46%</u>
<i>Non-Operating Revenues (Expenses):</i>				
Investment income	8,832	2,281	6,551	287.20%
Interest and fiscal charges expense	(8,748)	(9,113)	365	(4.01%)
Other	334	(17,060)	17,394	(101.96%)
Total Non-Operating Revenues (Expenses)	<u>418</u>	<u>(23,892)</u>	<u>24,310</u>	<u>(101.75%)</u>
Gain (Loss) Before Contributions	<u>21,797</u>	<u>(3,811)</u>	<u>25,608</u>	<u>(671.95%)</u>
<i>Capital Contributions:</i>				
Federal, state and local capital grants	20	725	(705)	(97.24%)
Developers	60,081	50,310	9,771	19.42%
Total Capital Contributions	<u>60,101</u>	<u>51,035</u>	<u>9,066</u>	<u>17.76%</u>
Change in Net Position	<u>81,898</u>	<u>47,224</u>	<u>34,674</u>	<u>73.42%</u>
Total Net Position – Beginning	796,281	749,678	46,603	6.22%
Restatement of net position for GASB 75	-	(621)	621	(100.00%)
Total Net Position – Beginning, as Restated	<u>796,281</u>	<u>749,057</u>	<u>47,224</u>	<u>6.30%</u>
Total Net Position – Ending	<u>\$ 878,179</u>	<u>\$ 796,281</u>	<u>\$ 81,898</u>	<u>10.29%</u>

**Management's Discussion and Analysis (Continued)**

**September 30, 2019**  
**(In Thousands)**

Operating revenues for fiscal year 2019 reflect signs that the local economy has continued to gradually improve throughout the Authority's service area. In 2019, operating revenues increased by 7.6% over the prior fiscal year. Overall operating expenses also increased by 7.8%, resulting in an increase of 6.5% for net operating income.

Non-operating revenue (expense) for fiscal year 2019 reflected income of \$418, an increase of \$24,310 from 2018. Fiscal year 2018 included two unusual expenses (a \$9,510 contribution to Osceola County per an interlocal agreement and \$8,527 loss on retired assets that had not yet been fully depreciated) that did not recur in fiscal year 2019. Additionally, investment income increased due to favorable market conditions.

The \$60,101 in capital contributed during fiscal year 2019 is primarily an indication that financial institutions and investors continue to have confidence in the economic outlook of the local economy. This has enabled developers to move forward with either resuming construction or investing in new development projects. We anticipate a stable economic forecast going forward as broader economic indicators in Central Florida and throughout the state, such as unemployment rate, home values, and access to capital, reflect a steady population growth as baby boomers migrate to the warmer Florida climate.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets – Net capital assets increased by \$56,995 (7.3%) over the prior year, primarily due to infrastructure improvements. In addition, the Authority received contributed assets totaling \$20,266 from developers. (Please see Note 3 - Capital Assets for more information.)

The following is a summary of capital assets owned by the Authority as of September 30, 2019 and 2018:

**Comparative Summary of Capital Assets**  
As of September 30, 2019 and 2018  
(In Thousands)

	2019	2018	Increase (Decrease)	
			Change	%
Capital Assets				
Land	\$ 19,486	\$ 19,486	\$ -	0%
Furniture, Fixtures and Equipment	38,470	37,320	1,150	3.08%
Plant and Infrastructure	1,055,960	982,654	73,306	7.46%
Construction in Progress	56,353	42,276	14,077	33.30%
Less: Accumulated Depreciation	(331,585)	(300,047)	(31,538)	10.51%
Total Capital Assets, Net	<u>\$ 838,684</u>	<u>\$ 781,689</u>	<u>\$ 56,995</u>	7.29%

## **Management's Discussion and Analysis (Continued)**

**September 30, 2019**  
**(In Thousands)**

On April 23, 2009, the Authority issued a Utility System Revenue Note, Series 2009, for \$16,000 to finance the construction of a new administration building. Bank of America funded the construction loan in accordance with the terms of this Note; construction on the building was completed in 2012.

On June 10, 2010, the Authority issued a Utility System Revenue Note, Series 2010, for \$10,000 for capital improvements. SunTrust Bank funded the construction loan in accordance with the terms of this Note; capital improvements funded by this Note were completed in 2011.

On March 24, 2011, the Authority issued \$93,495 in Utility System Revenue Refunding Bonds. The proceeds from these Series 2011 Bonds, together with certain other legally available funds belonging to the Authority, were used to refund the outstanding Series 2007 Bonds and make a termination payment on the related interest rate swap agreement.

On April 19, 2012, the Authority issued a Utility System Revenue Note, Series 2012, funded by SunTrust Bank, for \$91,665. Proceeds were used to retire \$85,750 of the Series 2003A&B Bonds. The final principal payment for the Series 2003A&B Bonds was made October 1, 2014.

On July 2, 2013, the Authority issued \$33,590 in Utility System Revenue Refunding Bonds to refund a portion of the outstanding Series 2012 Note.

On March 18, 2016, the Authority issued \$173,605 in Utility System Revenue Refunding Bonds, Series 2016, to finance various capital improvements up to \$50 million, refund a portion of the Series 2012 Note, and advance refund a portion of the Series 2011A Bonds.

Debt retirement and principal payments totaling \$8,404 were made on these bond and note issues during the current year. The Authority incurred \$8,748 and \$9,113 of interest and other fiscal charges for the fiscal years ended September 30, 2019 and 2018, respectively. (Please refer to Note 4 - Long-Term Debt).

### **ECONOMIC FACTORS AND RATES**

The Authority operates in a stable economic environment, evidenced by a steadily growing customer base, along with some of the most affordable rates in Central Florida. Historically, Osceola County has experienced steady growth. Growth rates over the past two years have been moderate, steady, and sustainable; this trend is forecasted to continue in 2020. Population growth is expected to be approximately 2% for the next two years, which will be positive for the local economy. Economic indicators are expected to trend slightly better locally than for the national economy.

**Management’s Discussion and Analysis (Continued)**

**September 30, 2019**  
**(In Thousands)**

The following chart shows the number of meter connections for the last five years of billed services:

<b>Combined Systems</b>				
<b>Last Five Years of Total Billed Services as of September 30<sup>th</sup></b>				
	<u>Water</u>	<u>Irrigation</u>	<u>Wastewater</u>	<u>Reclaimed Water</u>
2015	94,659	16,425	88,153	13,894
2016	98,092	16,476	92,159	15,051
2017	100,957	16,821	94,989	16,300
2018	104,266	17,015	98,716	17,942
2019	109,645	17,304	103,606	19,313

The Authority charges various rates, depending on the types of service. The rate structure is established according to residential and commercial usage. As the Authority progresses, comparison of average charges by customer type will provide management with useful information for establishing rates and charges and monitoring operations. There are approximately 146,300 service connections (water, irrigation, and reclaimed water services) providing service to a population of approximately 322,000.

The following chart shows the average customer water and wastewater charges for the fiscal year ended September 30, 2019:

**Average Charges for Selected Customers**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Residential – 4,000 Gallons Usage (3/4” Meter)	\$ 11.64	\$ 30.61	42.25
Commercial – 30,000 Gallons Usage (2” Meter)	\$ 85.74	\$ 286.56	372.30

This financial report is designed to present users with a general overview of the Authority’s finances and to demonstrate the Authority’s accountability. If you have any questions concerning any of the information provided in this report or need additional financial information, contact the Authority’s Finance Department, 951 Martin Luther King Boulevard, Kissimmee, FL 34741-5054.

# TOHOPEKALIGA WATER AUTHORITY

## STATEMENT OF NET POSITION

September 30, 2019

(In Thousands)

### ASSETS

#### CURRENT ASSETS

Cash and cash equivalents	\$ 94,294
Restricted cash and cash equivalents	24,553
Accounts receivable	20,172
Due from other governments	203
Inventory	775

TOTAL CURRENT ASSETS 139,997

#### NON-CURRENT ASSETS

Restricted cash and cash equivalents - system development charges and bond funds	58,120
Restricted investments - system development charges and bond funds	78,970
Restricted accounts receivable, net - system development charges	1,368
Restricted construction deposits in escrow	320
Capital Assets:	
Land	19,486
Equipment, furniture and fixtures	38,470
Plant and infrastructure	1,055,960
Construction in progress	56,353
Less: Accumulated depreciation	(331,585)

TOTAL CAPITAL ASSETS 838,684

TOTAL NON-CURRENT ASSETS 977,462

TOTAL ASSETS 1,117,459

#### DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	10,956
Deferred outflows related to pensions	4,280
Deferred outflows related to OPEB	23

TOTAL DEFERRED OUTFLOWS OF RESOURCES 15,259

TOTAL ASSETS AND DEFERRALS 1,132,718

*(Continued)*

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

# TOHOPEKALIGA WATER AUTHORITY

## STATEMENT OF NET POSITION *(Continued)*

September 30, 2019

(In Thousands)

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable	\$ 10,810
Accrued liabilities	640
Other liabilities	81
Contracts payable	1,824
Compensated absences payable	544
Current liabilities payable from restricted assets:	
Accounts payable	-
Contracts payable	1,386
Revenue bonds and notes payable	8,601
Accrued interest payable	4,060
Deposits	10,506

TOTAL CURRENT LIABILITIES 38,452

#### NON-CURRENT LIABILITIES

Compensated absences payable	1,298
OPEB liability	1,879
Net pension liability	9,019
Revenue bonds and notes payable	202,407

TOTAL NON-CURRENT LIABILITIES 214,603

TOTAL LIABILITIES 253,055

#### DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	1,424
Deferred inflows of resources related to other post employment benefits	60

TOTAL DEFERRED INFLOWS OF RESOURCES 1,484

TOTAL LIABILITIES AND DEFERRALS 254,539

#### NET POSITION

Net investment in capital assets	638,632
Restricted - system development charges	135,434
Restricted - bond projects	-
Unrestricted	104,113

TOTAL NET POSITION \$ 878,179

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

# TOHOPEKALIGA WATER AUTHORITY

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

For the Year Ended September 30, 2019  
(In Thousands)

OPERATING REVENUES	
Charges for services	\$ 126,799
Miscellaneous revenues	759
	<hr/>
TOTAL OPERATING REVENUES	127,558
OPERATING EXPENSES	
Personnel services	27,433
Contracted services	10,477
Supplies and materials	5,136
Repairs and maintenance	7,605
Payments in lieu of taxes	10,800
Other services and charges	10,975
Depreciation	33,753
	<hr/>
TOTAL OPERATING EXPENSES	106,179
	<hr/>
OPERATING INCOME	21,379
NON-OPERATING REVENUES (EXPENSES)	
Investment income	8,832
Interest and fiscal charges expense	(8,748)
Other	334
	<hr/>
TOTAL NON-OPERATING REVENUES (EXPENSES)	418
	<hr/>
GAIN/(LOSS) BEFORE CONTRIBUTIONS	21,797
CAPITAL CONTRIBUTIONS	
Federal, state and local capital grants	20
Developers	60,081
	<hr/>
TOTAL CAPITAL CONTRIBUTIONS	60,101
	<hr/>
CHANGE IN NET POSITION	81,898
	<hr/>
TOTAL NET POSITION - BEGINNING	796,281
	<hr/>
TOTAL NET POSITION - ENDING	\$ 878,179
	<hr/>

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



# TOHOPEKALIGA WATER AUTHORITY

## STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2019  
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 124,745
Payments to suppliers	(44,719)
Payments to employees	<u>(27,349)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>52,677</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition/construction of capital assets	(83,643)
Payments to construction escrow account	10
Retirement of capital debt	(8,404)
Interest paid on capital debt	(8,319)
Capital contributions	42,423
Grant reimbursements	2,357
Proceeds from sale of capital assets	<u>982</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(54,594)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	(99,320)
Purchase of investments	99,316
Investment earnings	<u>5,507</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>5,503</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,586
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>173,381</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 176,967</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Total unrestricted cash and cash equivalents	\$ 94,294
Total restricted cash and cash equivalents	<u>82,673</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 176,967</u></u>

(Continued)

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

# TOHOPEKALIGA WATER AUTHORITY

## STATEMENT OF CASH FLOWS *(Continued)*

For the Year Ended September 30, 2019  
(In Thousands)

### RECONCILIATION OF OPERATING INCOME TO NET

#### CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 21,379
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	33,753
Changes in assets and liabilities:	
Increase in accounts receivable	(3,199)
Decrease in inventories	(251)
Increase in accounts payable	515
Increase in customer deposits	386
Increase in other liabilities	10
Increase in accrued liabilities	93
Increase in OPEB	143
Increase in compensated absences	115
Decrease in net pension liability	(267)
	<u>31,298</u>
TOTAL ADJUSTMENTS	<u>31,298</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 52,677</u>

#### NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Water/sewer lines contributed by developers	\$ 20,254
Net change in fair value of investments	\$ 3,294

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

# TOHOPEKALIGA WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2019  
(In Thousands)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies used in preparation of the accompanying financial statements.

**Reporting Entity** - The Tohopekaliga Water Authority (the Authority) was created on June 26, 2003, pursuant to Chapter 2003-368, Laws of Florida, as amended, for purposes of providing water, wastewater, and nonpotable water services to the residents of Osceola County, Florida (excluding the City of St. Cloud). Pursuant to a joint local agreement with the City of Kissimmee, Florida (the City) and Osceola County (the County), fiscal operations of the Authority began on October 1, 2003. The Authority is governed by a five-member Board of Supervisors (the Board). Pursuant to inter-local agreements, two Board members are appointed by the Osceola County Board of County Commissioners, two Board members are appointed by the City Commission of the City of Kissimmee, and one Board member is appointed by the Polk County Board of County Commissioners. Accordingly, the Authority is considered to be the primary government for financial reporting purposes.

**Measurement Focus and Basis of Accounting** - The Authority uses the flow of economic resources measurement focus and the accrual basis of accounting in the preparation of its annual financial statements, whereby revenues are recognized when earned and expenses are recognized when incurred. The accounting and reporting policies of the Authority conform to the accounting rules prescribed by the Governmental Accounting Standards Board (GASB).

**Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, money market accounts, savings accounts, investments in the State Board of Administration Florida Local Government Surplus Funds Trust Fund (SBA) and Florida Education Investment Trust Fund (FEITF), and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

**Investments** - Investments are stated at fair value, with the exception of investments in the SBA and FEITF, which are external 2a-7 like investment pools stated at share price. All fair market valuations are based on quoted market prices.

**Accounts Receivable** - Fund operating revenues are generally recognized on the basis of cycle billings rendered monthly. Unbilled revenues for services delivered during the last month of the fiscal year are accrued based on meter readings for September consumption. Also included are outstanding balances relating to finance agreements. Receivables related to operating revenues are recorded as current assets, net of an allowance for doubtful accounts of \$200. The allowance is based upon management's specific identification of receivables that may become uncollectible.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Non-Current Accounts Receivable** - The Authority has receivables consisting of system development charges, and other. Receivables related to system development charges are recorded as non-current assets, net of an allowance for doubtful accounts. The allowance is based upon management's specific identification of receivables that may become uncollectible. In fiscal year 2019, no allowance was deemed necessary.

**Inventory** - Inventory, primarily consisting of meter boxes and supplies held for use in maintaining the system, is stated at cost.

**Restricted Assets** - The use of certain assets of the Authority are restricted by specific provisions of rates and charges resolutions, bond resolutions, and other agreements. Assets so designated are identified as restricted assets on the statement of net position.

**Capital Assets** - Capital assets include property, plant, and equipment and are capitalized at cost when purchased, except for donated assets, which are capitalized at their acquisition value when received. The Authority's capitalization threshold is \$5. Depreciation is provided using the straight-line method, with estimated useful lives of the various depreciable assets of 5 - 100 years for plant and infrastructure and 5 - 25 years for equipment, furniture and fixtures.

**Capitalization of Interest** - The Authority capitalizes net interest costs on funds borrowed to finance the construction of property and equipment.

**Bond Discounts and Issuance Costs** - The Authority expenses bond issuance costs (excluding prepaid bond insurance) at the time of issuance. Bond discounts and premiums are deferred in the year of issuance and amortized using the effective interest method over the life of the issuance.

**Compensated Absences** - The Authority accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met.

**Capital Contributions** - Capital contributions primarily consist of donations from federal and state aid programs, developers, and water and sewer system development assessments charged to customers for initial hookup to the Authority's water and sewer systems. Contributions are recognized when earned or when legal title is transferred to the Authority for contributed capital assets.

**Restricted Net Position** - Restricted net position represents unspent water and sewer system development charges, net of current obligations, and funds restricted for bond projects. Revenues from unspent water and sewer development charges are restricted in accordance with the laws of the state of Florida. The Authority must use these revenues in accordance with requirements set forth in the ordinances that levied them. Funds restricted for bond projects are externally imposed through the terms of the Authority's bond covenants.

**Use of Restricted Resources** - The Authority's policy is to spend unrestricted funds only after all of the applicable restricted resources have been depleted.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenues and Expenses** - The Authority distinguishes operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are charges for services to customers for water and sewer services. The significant expenses of the Authority consist of costs associated with the production and distribution of services, payments in lieu of taxes, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Reclassifications** - Certain amounts in the prior year financial statements may have been reclassified to conform to the current year presentation.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Authority has three items that qualify for reporting in this category, which are the deferred amount on refunding, the deferred outflows related to pensions, and the deferred outflows related to other postemployment benefits (OPEB), that are all reported in the statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue. In fiscal year 2019, the Authority reported \$10,956 related to the refunding of debt. The deferred outflows related to pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows related to pensions are discussed further in Note 6. The deferred outflows related to OPEB are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for OPEB*. The deferred outflows related to OPEB will be recognized as an expense in future reporting years. Details on the composition of the deferred outflows related to OPEB are discussed further in Note 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting as deferred inflows of resources.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The deferred inflows related to pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred inflows related to OPEB are an aggregate of items related to postemployment benefits, as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for OPEB*. The deferred inflows related to pensions and OPEB will be recognized as a reduction to expense in future reporting years. Details on the composition of the deferred outflows and inflows related to pensions and OPEB are discussed further in Note 6 and Note 7, respectively.

**Pensions/Net Pension Liability** - In the statement of net position, net pension liability represents the Authority's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the cost-sharing pension plan's fiduciary net position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTE 2 - DEPOSITS AND INVESTMENTS

### **Cash and Cash Equivalents**

At September 30, 2019, the carrying amount of the Authority's cash deposit accounts was \$30,931. The Authority's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act, as required by Chapter 280, Florida Statutes. The Authority's cash deposits are fully insured by the Public Deposits Trust Fund.

### **Investment Portfolio**

On December 9, 2015, the Authority adopted a revised comprehensive investment policy, Resolution 2015-013, pursuant to Section 218.415, Florida Statutes, that updated permitted investments, asset allocation limits, issuer limits, credit ratings requirements, and maturity limits to protect the Authority's cash and investment assets. The Authority maintains a common cash and investment pool for the use of all funds.

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in, unless specifically authorized in an investment policy. The Authority's investment policy allows for the following investments: the Florida Prime, United States Government Securities, United States Government Agencies, Government Sponsored Enterprises (GSE), Supranationals, Asset-Backed Securities (ABS), Mortgage-Backed Securities (MBS), Non-Negotiable Interest Bearing Time Deposit and Saving Accounts, Repurchase Agreements, Commercial Paper, Corporate Notes, Bankers Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Money Market Mutual Funds) and Inter-governmental Investment Pools.

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Investment Portfolio (Continued)**

As of September 30, 2019, the Authority had the following investment types and weighted average maturity presented in terms of years:

<b>Security Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
U.S. Treasury Securities	\$ 61,430	1.97
Florida PRIME Fund	43,293	0.08
Corporate Notes	33,760	1.84
Intergovernmental Investment Pool	30,548	0.08
Asset-Backed Securities	26,459	3.03
Federal Agency Securities   Collateralized Mortgage Obligation	11,010	3.18
Federal Agency Securities   Mortgage-Backed Securities	6,708	10.62
Supranationals	6,118	1.28
Federal Agency Securities   Note	3,963	1.96
State and/or Local Government Debt	1,309	1.50
Money Market Mutual Fund	408	0.00
<b>Total</b>	<b>\$ 225,006</b>	<b>2.79</b>

**Interest Rate Risk**

To the extent possible, the Authority shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. The Authority shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the Board.

The Authority utilizes “weighted average duration” as a measurement of interest rate risk and as of September 30, 2019 the investment portfolio had a weighted average duration of 2.79 years.

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Credit Risk**

The Authority’s investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below:

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement <sup>1</sup>	Maximum Maturity
U.S. Treasury	100%	100%	N/A	5 Years (5 Year Avg. Life <sup>4</sup> for GNMA)
GNMA		40%		
Other U.S. Government Guaranteed (e.g., AID, GTC)		10%		
Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB*	75%	40% <sup>3</sup>	N/A	5 Years
Federal Agency/GSE other than those above		10%		
Suprationals where U.S. is a shareholder and voting member	25%	10%	Highest ST or Highest LT Rating Categories (A-1/P-1, AAA-/Aaa, or equivalent)	5 Years
Corporates	35% <sup>2</sup>	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3 or equivalent)	5 Years
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5 Years
Agency Mortgage-Backed Securities (MBS)	25%	40% <sup>3</sup>	N/A	5 Years Avg. Life <sup>4</sup>
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5 Years Avg. Life <sup>4</sup>
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	10%	None, if fully collateralized	None, if fully collateralized	2 Years
Commercial Paper (CP)	35% <sup>2</sup>	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Bankers’ Acceptances (BAs)	10% <sup>2</sup>	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days
Repurchase Agreements (Repo or RP)	25%	20%	Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty’s parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent) If the counterparty is a Federal Reserve Bank, no rating is required	90 Days
Money Market Funds (MMFs)	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A
Intergovernmental Pools (LGIPs)	25%	25%	Highest Fund Quality and Volatility Rating Categories by all NRSROs, if rated (AAAm/AAAf, S1, or equivalent)	N/A
Florida Local Government Surplus Funds Trust Funds (“Florida Prime”)	25%	N/A	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A

**Notes:**

<sup>1</sup> Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization (“NRSRO”), unless otherwise noted. ST=Short-term; LT=Long-term.

<sup>2</sup> Maximum allocation to all corporate and bank credit instruments is 50% combined.

<sup>3</sup> Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.

<sup>4</sup> The maturity limit for MBS and ABS is based on the expected average life at time of purchase, measured using Bloomberg or other industry standard methods.

\* Federal National Mortgage Association (FNMA); Federal Home Loan Mortgage Corporation (FHLMC); Federal Home Loan Bank or its District banks (FHLB); Federal Farm Credit Bank (FFCB).



**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Custodial Credit Risk**

Securities shall be held with a third party; and all securities purchased by and all collateral obtained by the Authority should be properly designated as assets of the Authority. No withdrawal of securities, in whole or in part, shall be made from safekeeping or custody, except by an authorized staff member of the Authority. The safekeeping institution shall annually provide a copy of its most recent report on internal controls (AT Section 801, or SSAE 16).

To mitigate custodial risk, broker/dealers must meet established capital requirements, as set forth by the Securities Exchange Commission (SEC), be registered in the state of Florida, provide proof of registration, complete a broker/dealer questionnaire, certify understanding of the Authority's investment policy, and provide a copy of their most recent audit report. Investments in the repurchase agreements and overnight repurchase agreements subject the Authority to custodial credit risk, which is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not place any limits on the amount allowed to be held by counterparties.

As of September 30, 2019, the Authority's investment portfolio was held with a third-party custodian, as required by the Authority's investment policy.

**Concentration of Credit Risk**

The Authority's investment policy requires provisions for appropriate diversification of the investment portfolio. The specific diversification guidelines are determined based on the requirements of the Authority. Unless matched to a specific cash flow, the Authority does not invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances.

The Authority's investment policy requires provisions for appropriate diversification of the investment portfolio. The specific diversification guidelines are determined based on the requirements of the Authority. Unless matched to a specific cash flow, the Authority does not invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinance.

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**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Concentration of Credit Risk (Continued)**

As of September 30, 2019, the Authority had the following issuer concentration and credit exposure based on fair value as a percentage of total investments:

<b>Security Type</b>	<b>Fair Value (\$ thousands)</b>	<b>Portfolio Asset Allocation</b>	<b>Permitted by Policy</b>
United States Treasury Securities	\$ 61,430	27.31%	100%
Florida PRIME	43,293	19.24%	25%
Corporate Notes	33,760	15.00%	35%
Intergovernmental Investment Pool	30,548	13.58%	25%
Asset-Backed Securities	26,459	11.76%	25%
Federal Agency Securities   Collateralized Mortgage Obligation	11,010	4.89%	75%
Federal Agency Securities   Mortgage-Backed Security	6,708	2.98%	75%
Supranationals	6,118	2.72%	25%
Federal Agency Securities   Note	3,963	1.76%	75%
State and/or Local Government Debt	1,309	0.58%	25%
Money Market Mutual Fund	408	0.18%	50%
<b>Total</b>	<b>\$225,006</b>	<b>100.0%</b>	

<b>S&amp;P Credit Rating/Issuer</b>	<b>Fair Value</b>	<b>Portfolio Asset Allocation</b>
<b>AAA</b>		
American Express Corporation	\$ 1,370	0.61%
African Development Bank	1,590	0.71%
CNH Equipment Trust	1,224	0.54%
Inter-American Development Bk	1,124	0.50%
International Bank - Recon & Develop	1,131	0.50%
Microsoft Corp	310	0.14%
Toyota Auto Receivables	2,156	0.96%
Ally Auto Receivable Trust	679	0.30%
Asian Development Bank	1,114	0.50%
CarMax Auto Owner Trust	1,950	0.87%
Citibank Credit Card Iss Trust	450	0.20%
Honda Auto Receivable	979	0.43%
Hyundai Auto Receivable	1,244	0.55%
Nissan Auto Receivable	353	0.16%
Capital One	2,379	1.06%
Ford Motor Corp	430	0.19%
GM Financial Auto Leasing Trust	996	0.44%
GM Financial Consumer Auto Rec	721	0.32%
International Finance Corp	1,159	0.51%
Johnson & Johnson	235	0.10%
Mercedes-Benz Auto Receivable	562	0.25%
BMW	429	0.19%
Capital One Prime	480	0.21%
Discover Card	334	0.15%
FITAT	254	0.11%
Mercedes-Benz Auto Lease Trust	808	0.36%
Nissan	334	0.15%
Volkswagen Auto Lease	509	0.23%
World Omni Auto Receivables Trust	440	0.20%

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Concentration of Credit Risk (Continued)**

<b>S&amp;P Credit Rating/Issuer</b>	<b>Fair Value</b>	<b>Portfolio Asset Allocation</b>
<b>A+</b>		
Burlington North Corporation	\$ 1,069	0.47%
Oracle Corp	624	0.28%
Intel Corporation	724	0.32%
General Dynamics Corp	679	0.30%
Paccar Financial Corporation	1,581	0.70%
Unilever Capital Corp	1,030	0.46%
US BAN Corporation	538	0.24%
<b>AA+</b>		
Federal Home Loan Bank	2,438	1.08%
Federal Home Loan Mortgage Corp	3,706	1.65%
Federal National Mortgage Association	3,244	1.44%
U.S. Treasury	61,430	27.30%
Apple Inc.	364	0.16%
Exxon Mobil Corporation	1,801	0.80%
FREM Mortgage Trust	477	0.21%
Freddie Mac	7,487	3.33%
Fannie Mae	4,329	1.92%
<b>A</b>		
American Honda Finance Corp	1,420	0.63%
Caterpillar financial SE	1,153	0.51%
John Deere Capital	1,572	0.70%
Bank of New York Mellon	675	0.30%
The Walt Disney Corporation	649	0.29%
Charles Schwab	750	0.33%
Hershey Company	473	0.21%
Home Depot Inc.	687	0.31%
Honeywell International	318	0.14%
National Rural Utilities Coop	491	0.22%
United Parcel Service	842	0.37%
Boeing	636	0.28%
<b>AA</b>		
Wal-Mart Stores	1,148	0.51%
Merck & Co Inc.	635	0.28%
<b>A-</b>		
American Express Corporation	330	0.15%
JP Morgan Chase	1,485	0.66%
Wells Fargo & Company	452	0.20%
Bank of America	666	0.30%
BB&T Corporation	1,304	0.58%
<b>AA-</b>		
Cisco Systems Inc.	600	0.27%
Pfizer Inc.	1,035	0.46%
Toyota Motor Credit Corp CP	1,931	0.86%
Visa Inc.	286	0.13%
3M Company	1,184	0.53%
California State	1,309	0.58%
<b>BBB+</b>		
American Express Corporation	1,585	0.70%
Goldman, Sachs & Co.	379	0.17%
Citigroup Inc.	1,409	0.63%
Morgan Stanley	707	0.31%

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk (Continued)

S&P Credit Rating/Issuer	Fair Value	Portfolio Asset Allocation
<b>Not Rated</b>		
American Express Corporation	\$ 951	0.42%
Goldman, Sachs & Co.	409	0.18%
CNH Equipment Trust	768	0.34%
Ford Credit Auto Owner Trust	167	0.07%
John Deere Owner Trust	1,006	0.45%
Ally Auto Receivable Trust	604	0.27%
Citibank Credit Card Issuance Trust	756	0.34%
Honda Auto Receivable	62	0.03%
Nissan Auto Receivable	1,068	0.47%
Ford Motor Corp	576	0.26%
GM Financial Consumer Auto Receivable	964	0.43%
American Express Credit Acct.	459	0.20%
<b>AAAm</b>		
Florida Education Investment Trust	30,548	13.58%
Florida PRIME	43,293	19.24%
<b>Total</b>	<b>\$225,006</b>	

Investments by fair value level	9/30/2019 Fair Value (\$ thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)
United States Treasury	\$ 61,430	\$ 61,430
Florida PRIME Fund <sup>[1]</sup>	43,293	-
Corporate Notes	33,760	33,760
Intergovernmental Investment Pool <sup>[1]</sup>	30,548	-
Asset-Backed Securities	26,459	26,459
Federal Agency Securities   Collateralized Mortgage Obligation	11,010	11,010
Federal Agency Securities   Mortgage-Backed Security	6,708	6,708
Supranationals	6,118	6,118
Federal Agency Securities   Note	3,963	3,963
State and/or Local Government Debt	1,309	1,309
Money Market Mutual Fund	408	408
<b>Total investments by fair value measure</b>	<b>225,006</b>	<b>\$ 151,165</b>
<b>Total deposits</b>	<b>30,931</b>	
<b>Total deposits and investments</b>	<b>255,937</b>	
<b>Restricted</b>	<b>161,643</b>	
<b>Unrestricted</b>	<b>\$ 94,294</b>	

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

<sup>[1]</sup> The Authority invests in certain money market mutual funds and local government investment pools (LGIPs), which are quoted at a net asset value (NAV), are not assigned to a level. Florida PRIME and Florida Education Investment Trust are rated “AAAm” by Standard & Poor’s.

## NOTE 2 - DEPOSITS AND INVESTMENTS *(Continued)*

### **Concentration of Credit Risk *(Continued)***

GASB 72 generally requires investments to be measured at fair value. Investments not measured at fair value continue to include, money market investments, 2a-7 like external investment pools such as Florida Prime. GASB 72 requires disclosures be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The Authority utilizes a third-party pricing service for mark-to-market holdings of U.S. Treasury securities, corporate securities, and government sponsored enterprise securities, such as Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Association. The Authority derives pricing for commercial paper holdings directly from the custody statements for each account that has commercial paper holdings. Regarding fair value hierarchy disclosure, GASB 72 characterizes Level 1 inputs as quoted prices in active markets for identical assets or liabilities therefore, the Authority has denoted Level 1 for each of the various holdings except for money market and Florida Prime investments. Per SBA, Florida Prime meets all of the necessary criteria to elect to measure all of the investments in Florida Prime at amortized cost. Therefore, the Authority's participant account balance is considered the fair value of its investment and is considered exempt from the GASB 72 fair value hierarchy disclosures.

### **Local Government Investment Pools**

#### *Florida PRIME Governmental Investment Pool*

The Authority currently holds investments in the Florida PRIME Governmental Investment Pool. As a Florida PRIME participant, pool shares are based on amortized cost, which approximates fair value of the Florida PRIME's underlying portfolio. The Florida Prime operated by SBA is a 2a-7 like pool and is also presented in accordance with generally accepted accounting principles; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. For Florida PRIME as of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

According to SBA, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. 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 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 for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Local Government Investment Pools (Continued)**

*Florida PRIME Governmental Investment Pool (Continued)*

an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case, may the time limit set by the Trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value. Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, Applicable Florida Law).

*Florida Education Investment Trust Fund (FEITF)*

The Authority currently holds funds in the LGIP of FEITF. This fund meets the requirements for GASB 79. The FEITF is a common-law trust organized as an inter-governmental investment pool under the authority of the Florida Interlocal Cooperation Act of 1969 and Section 218.415, Florida Statutes. The fund is not registered with the SEC, but is valued using amortized cost and operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. Inter-governmental investment pool funds are held with FEITF and are valued using a NAV of \$1.00 per share based on amortized cost. This fund has no unfunded commitments and allows unlimited daily redemptions and investments with a 1-day minimum holding period.

The fund has investments in accordance with the Authority’s policy. The investment advisor, on behalf of the fund, determines the net asset value (NAV) of the shares at the close of each business day and monitors the difference between the amortized cost and market value. The Trustees of the fund can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a portfolio’s securities or determination of its NAV not reasonably practical.

All underlying securities in the fund have a credit rating of A or better by Standard & Poor’s. The credit rating of the FEITF fund is AAAM by Standard & Poor’s and signifies a high level of safety of investment principal and capacity to maintain a \$1.00 per share NAV. The Authority owns a share of the pool and not a share of the underlying assets in the pool.

**Foreign Currency Risk**

The Authority’s investment policy does not allow for investments in foreign currency; therefore, the Authority has no exposure to foreign currency risk.

**NOTE 3 - CAPITAL ASSETS**

The Authority's capital assets consist of land, buildings and improvements, containment equipment and facilities, and machinery and equipment. Following is a summary of changes related to capital assets during the year ended September 30, 2019:

	<b>Beginning Balance 10/1/18</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/19</b>
Capital assets, not being depreciated				
Land	\$ 19,486	\$ -	\$ -	\$ 19,486
Construction in progress	42,276	64,702	(50,625)	56,353
Total capital assets, not being depreciated	61,762	64,702	(50,625)	75,839
Capital assets, being depreciated				
Water system assets				
Plant and infrastructure	363,865	18,224	(133)	381,956
Equipment, furniture and fixtures	9,129	67	(2)	9,194
Total water system assets	372,994	18,291	(135)	391,150
Sewer system assets				
Plant and infrastructure	594,697	55,754	(1,217)	649,234
Equipment, furniture and fixtures	10,556	1,734	(1,446)	10,844
Total sewer system assets	605,253	57,488	(2,663)	660,078
General plant and administrative assets				
Plant and infrastructure	24,092	794	(116)	24,770
Equipment, furniture and fixtures	17,635	1,175	(378)	18,432
Total general plant and administrative assets	41,727	1,969	(494)	43,202
Total capital assets, being depreciated	1,019,974	77,748	(3,292)	1,094,430
Less accumulated depreciation for:				
Plant and infrastructure	(279,748)	(30,631)	798	(309,581)
Equipment, furniture and fixtures	(20,299)	(3,122)	1,417	(22,004)
Total accumulated depreciation	(300,047)	(33,753)	2,215	(331,585)
Total capital assets, being depreciated, net	719,927	43,995	(1,077)	762,845
Capital assets, net	<u>\$ 781,689</u>	<u>\$ 108,697</u>	<u>\$ (51,702)</u>	<u>\$ 838,684</u>

**NOTE 4 - LONG-TERM DEBT**

**Schedule of Changes in Long-Term Debt** - The following is a schedule of changes in the Authority's long-term debt for the fiscal year ended September 30, 2019:

	<b>Beginning Balance 10/1/18</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 9/30/19</b>	<b>Due Within One Year</b>	<b>Long- Term Portion</b>
Revenue bonds payable (Public Offerings)	\$ 190,630	\$ -	\$ 6,640	\$ 183,990	\$ 6,950	\$ 177,040
Notes payable (Direct Borrowing)	14,517	-	1,764	12,753	1,651	11,102
Notes payable (Direct Placement)	14,265	-	-	14,265	-	14,265
Total revenue bonds and notes payable	<u>219,412</u>	<u>-</u>	<u>8,404</u>	<u>211,008</u>	<u>8,601</u>	<u>202,407</u>
Other postemployment benefits - (OPEB) payable	1,736	218	75	1,879	-	1,879
Net pension liability	7,422	1,851	254	9,019	-	9,019
Compensated absences payable	1,727	1,102	987	1,842	544	1,298
Total long-term liabilities	<u>\$ 230,297</u>	<u>\$ 3,171</u>	<u>\$ 9,720</u>	<u>\$ 223,748</u>	<u>\$ 9,145</u>	<u>\$ 214,603</u>

**Revenue Bonds Payable (Public Offerings)** - The Authority has revenue bonds outstanding at September 30, 2019, as follows:

Series 2011A Revenue Refunding Bonds - Used to refund the Series 2007 Revenue Bonds, to fund the payment of interest rate swap termination costs, to fund required reserves, and pay costs associated with the issuance of the Series 2011A Bonds. These bonds mature through fiscal year ending September 30, 2022.

Series 2013 Revenue Refunding Bonds - Used to refund a portion of the Series 2012 Note and pay costs associated with the issuance of the Series 2013 Bonds. These bonds mature through fiscal year ending September 30, 2021.

Series 2016 Revenue Refunding Bonds - Used to refund a portion of the Series 2011A Note and Series 2013 Note and pay costs associated with the issuance of the Series 2017 Bonds. These bonds mature through fiscal year ending September 30, 2047.

**Revenue Notes Payable** - The Authority has three bank notes outstanding at September 30, 2019, as follows:

Series 2009 Note (Direct Borrowing) - Used to fund a portion of the design, construction, and equipping of administrative facilities and other capital expenditures. This note matures on October 1, 2030. In the event of default, if the debt then remaining unpaid hereunder shall become immediately due and payable pursuant to the terms of the resolution, then the Authority shall also be obligated to pay (but only from the pledged revenues) as part of the indebtedness evidenced by this note, any prepayment fee due as a result of the prepayment hereof upon such acceleration.



**NOTE 4 - LONG-TERM DEBT (Continued)**

Series 2010 Note (Direct Borrowing) - Used to fund a portion of various lift station rehabilitation projects and other capital expenditures. This note matures on October 1, 2024. In the event of default, if the debt then remaining unpaid hereunder shall become immediately due and payable pursuant to the terms of the resolution, then the Authority shall also be obligated to pay (but only from the pledged revenues) as part of the indebtedness evidenced by this note, any prepayment fee due as a result of the prepayment hereof upon such acceleration.

Series 2012 Note (Direct Placement) - Used to partially refund the Series 2003A and 2003B Revenue Bonds, and pay costs associated with the issuance of the Series 2012 Note. This note was partially refunded and matures on October 1, 2029. The terms in the event of a default for the Series 2012 Direct Note pursuant to the master resolution provides for an acceleration of principal, accrued interest, and premium, if any. Registered owners of 25% of aggregate principle have the right to enforce payment of debt service on the bonds and the performance of any other covenant, agreement, obligation or any other instrument providing security , directly or indirectly, for the bonds.

All debt obligations are secured by a lien upon and pledge of certain pledged revenues on a parity, as provided in the supplemental and master bond resolution.

**Pledged Revenues** - The Authority has pledged the net revenues generated by the overall system for payment of the bond issues and notes listed below. Proceeds of the Authority’s bonds and notes issued were used, as discussed above. The bonds and notes are payable solely from the Authority’s customers’ net revenues payable through 2047. Annual principal and interest payments on the bonds and notes are currently expected to require approximately 25% of net revenues. The total principal and interest remaining on the bonds and notes, as noted below under Debt Service Requirements, is \$301,540. Principal and interest paid for the current year of \$1,764 included a \$539 prepayment of principal for the SunTrust 2010B note. Total customer net revenues for the current year were \$68,398.

The following is a summary schedule of the long-term obligations of the Authority:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>
Water and Sewer Revenue				
Bonds				
<b>Public Offerings</b>				
Series 2011A	Refunding	\$ 93,495	\$ 1,815	3.875%-4.50%
Series 2013	Refunding	\$ 33,590	10,725	3.375%-5.00%
Series 2016	Refunding/Misc. Project Capital	\$173,605	171,450	2.00%-5.00%
Notes Payable				
<b>Direct Borrowings</b>				
Note Payable - BOA	Admin Bldg. Project Capital	\$ 16,000	10,180	3.63%
Note Payable - SunTrust	Improvements	\$ 10,000	2,573	4.582%
<b>Direct Placements</b>				
Note Payable - SunTrust	Refunding	\$ 91,665	14,265	2.897%
Total Long-Term Debt			<u>\$ 211,008</u>	

**NOTE 4 - LONG-TERM DEBT (Continued)**

**Debt Service Requirements** - The following are the debt service requirements to maturity on the Authority's long-term debt:

<u>Fiscal Year</u>	<u>Public Offering</u>		<u>Direct Borrowing</u>		<u>Direct Placement</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 6,950	\$ 7,219	\$ 1,651	\$ 487	\$ -	\$ 413	\$ 8,601	\$ 8,119
2021	7,225	6,951	1,310	420	-	413	8,535	7,784
2022	7,795	6,626	1,360	367	-	413	9,155	7,406
2023	8,115	6,311	1,410	312	-	413	9,525	7,036
2024	8,445	5,986	972	256	-	413	9,417	6,655
2025-2029	34,110	23,926	4,950	751	14,265	1,861	53,325	26,538
2030-2034	56,645	17,450	1,100	40	-	-	57,745	17,490
2035-2039	41,865	6,551	-	-	-	-	41,865	6,551
2040-2044	7,465	2,407	-	-	-	-	7,465	2,407
2045-2048	5,375	546	-	-	-	-	5,375	546
	<u>\$ 183,990</u>	<u>\$ 83,973</u>	<u>\$ 12,753</u>	<u>\$ 2,633</u>	<u>\$ 14,265</u>	<u>\$ 3,926</u>	<u>\$ 211,008</u>	<u>\$ 90,532</u>

**NOTE 5 - INVESTED IN CAPITAL ASSETS**

The amount reported on the statement of net position as net investment in capital assets at September 30, 2019, consists of the following:

Net capital assets	\$ 838,684
Debt related to purchase of capital assets	(211,008)
Deferred amount on refunding	<u>10,956</u>
Net investment in capital assets	<u>\$ 638,632</u>

**NOTE 6 - PENSION PLAN**

All full-time employees of the Authority hired before October 1, 2010 participate in a cost-sharing, multiple-employer, defined benefit plan with the City. The Authority's employees have participated in the City's general employees' retirement plan since separation from the City, as noted in Note 1 - Reporting Entity of these financial statements. An actuarial study was conducted as of October 1, 2018. The City does not produce separately available financial reports for this pension plan. However, all required disclosures and financial data are contained in the City's publicly available Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2019. The City's CAFR may be obtained by written request to the City's Finance Department, 101 North Church Street, Kissimmee, Florida 34741-5054.

**Description of Plan**

The City administers the general employees' retirement plan. The plan is a cost-sharing, multiple-employer, defined benefit plan established by ordinance (and amended to include the Authority, limited to full-time employees of the Authority hired before October 1, 2010), pursuant to Florida Statutes. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan may be amended by ordinance adopted by the City Commission, including the funding policy.

**NOTE 6 - PENSION PLAN (Continued)**

**Funding Policy**

The plan uses the aggregate actuarial cost method for funding. The Authority is required to contribute 22.84% of qualified employee salaries to the plan. Employees are required to contribute 3.69% (Tier 1) and 6.99% (Tier 2) of their salaries to the plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, and the employer has made a formal commitment to provide the contribution (i.e., the annual budget process). Benefits and refunds are recognized when due and payable, in accordance with the terms of the plan.

The City Commission sets contribution rates every two years based on an actuarial report. The most recent report the City received was dated October 1, 2018. The Authority paid in 100% of its required contribution amount for the current and prior fiscal years. The Authority's contributions to the plan for the years ended September 30, 2019, 2018 and 2017 were \$1,631, \$1,529 and \$1,507, respectively.

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

At September 30, 2019, the Authority reported a liability of \$9,019 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the historical actuarially determined employer contributions to the pension plan for fiscal year 2019. At September 30, 2019, the Authority's proportion was 37.59%, which reflects a slight increase (0.46%) from its respective proportion measured as of September 30, 2018.

For the year ended September 30, 2019, the Authority recognized pension expense of \$2,030.

At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 80	\$ (139)
Changes of assumptions earnings on pension plan investments	424	-
Changes in Net Pension Liability due to Change in Cost-Sharing Allocation Percentage	68	(306)
Net difference between projected and actual earnings on pension plan investments	444	-
Employer contributions subsequent to measurement date	1,430	-
Total	<u>\$ 2,446</u>	<u>\$ (445)</u>

**NOTE 6 - PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The Authority reported \$1,430 as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<b>Years Ending September 30,</b>	<b>Amount</b>
2020	\$ (67)
2021	(41)
2022	344
2023	335
2024	-
Thereafter	-
<b>Total</b>	<b>\$ (571)</b>

**Actuarial Assumptions**

The total pension liability in the October 1, 2018 actuarial valuation for the pension plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date: October 1, 2018

Measurement Date: September 30, 2019

Inflation: 2.50%

Salary increases, including inflation: 4.00% to 6.50% based on service

Salary Increases: 7.40%

Mortality: The healthy postretirement mortality table is the RP-2000 Mortality Table for annuitants with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. The preretirement mortality table is the RP-2000 Combined Healthy Participant Mortality Table with the same white and blue collar adjustments and the same mortality improvement projection scales. For disabled retirees, the mortality table is the RP-2000 Mortality Table for disabled annuitants, set-back 4 years for males and set-forward 2 years for females, with no provision made for future mortality improvements. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2017 FRS actuarial valuation.

Actuarial Cost Method: Aggregate

**NOTE 6 - PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the October 1, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2017 - September 30, 2018.

The long-term expected rate of return, net of investment expense on pension plan investments, was 7.40% as of September 30, 2018. This rate was determined using a forward-looking capital market economic model. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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, and includes an adjustment for the inflation assumption.

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	44%
International Equity	20%
Domestic Fixed	16%
Real Estate (Property)	10%
Global Fixed	5%
Private Equity	5%
Total	<u>100%</u>

**Discount Rate**

The discount rate used to measure the total pension liability was 7.40%. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%.

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease 6.40%</u>	<u>Current Discount Rate 7.40%</u>	<u>1% Increase 8.40%</u>
The Authority's proportionate share of the net pension liability (asset)	<u>\$ 15,418</u>	<u>\$ 9,019</u>	<u>\$ 3,655</u>

**Change in Net Pension Liability**

The following is a summary of changes in net pension liability (in thousands):

	<u>October 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2019</u>	<u>Due Within One year</u>
Net pension liability	<u>\$ 7,422</u>	<u>\$ 1,851</u>	<u>\$ 254</u>	<u>\$ 9,019</u>	<u>\$ -</u>

**NOTE 6 - PENSION PLAN (Continued)**

**Defined Contribution Plan**

On September 22, 2010, the Board, pursuant to Resolution 2010-012, closed the pension plan to new Authority employees as of October 1, 2010. Under the plan change, existing employees or current members in the pension plan will continue to accrue benefits under the existing plan provisions. New employees hired on or after October 1, 2010 will enroll in a 401(a) Defined Contribution Plan (DC Plan). The DC Plan is administered by Voya. Plan provisions and contribution requirements are established and can be amended by the Board. The Authority's maximum contribution is set at 8.5% of qualified employee salaries, a 6.5% fixed contribution, and a 2% matching contribution. Eligible employees are required to contribute 4% of their salaries to the DC Plan. The Authority's contribution to the DC Plan for the years ended September 30, 2019, 2018 and 2017 were \$791, \$697 and \$602, respectively. Participants contributed \$397, \$352 and \$306 for the years ended September 30, 2019, 2018 and 2017, respectively.

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Other Postemployment Benefit Plan (OPEB Plan) is a single-employer benefit plan administered by the Authority. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger, active employees and older, retired employees. Since the older retirees actually have higher costs, it means that the Authority is actually subsidizing the cost of the retiree coverage, because it pays all or a significant portion of that premium on behalf of the active employees. This is known as "implicit rate subsidy." The OPEB plan is reported under GASB 75 for the year ended September 30, 2019.

Retirees and their dependents are permitted to remain covered under the Authority's respective medical and insurance plans, as long as they pay a full premium applicable to coverage elected. This conforms to the minimum required of Florida governmental employers, per Ch. 112.08, F.S. The OPEB Plan does not issue a stand-alone report.

**Funding Policy**

For the OPEB Plan, contribution requirements of the Authority are established and may be amended through action of the Authority's Board. Currently, the Authority's OPEB benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no trust fund or equivalent arrangement into which the Authority would make contributions to advance-fund the obligation. Therefore, ultimate subsidies, which are provided over time, are financed directly by general assets of the Authority, which are invested in accordance with the investment policy previously described.

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Changes in Net OPEB Liability**

The following table shows the components of the Authority's change in net OPEB liability:

	<b>Total OPEB Liability</b>
Service	\$ 127
Interest on the Total OPEB Liability	64
Changes of benefit terms	-
Difference between expected and actual experience of the Total OPEB Liability	27
Changes of assumptions and other inputs	(20)
Benefit payments	(55)
Net change in Total OPEB Liability	143
Net OPEB Obligation at Beginning of Year	1,736
<b>Net OPEB Obligation at End of Year</b>	<b>\$ 1,879</b>

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2019, the Authority's annual OPEB expense is \$184. At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 23	\$ -
Changes of assumptions	-	(60)
Benefits paid after Measurement Date	63	-
<b>Total</b>	<b>\$ 86</b>	<b>\$ (60)</b>

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

<b>Years Ending September 30,</b>	<b>Amount</b>
2019	\$ (6)
2020	(6)
2021	(6)
2022	(6)
2023	(6)
Thereafter	(7)
<b>Total</b>	<b>\$ (37)</b>

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Actuarial Methods and Assumptions**

The total OPEB liability was rolled forward twelve months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Valuation Date:	September 30, 2018
Measurement Date:	September 30, 2018
Inflation:	2.50%
Salary increases, including inflation:	4.00% to 6.50% based on service
Retirement Age:	Early retirement rates are 30% at first year of eligibility, 15% at second year of eligibility, and 10% each year thereafter. Normal retirement rates are 70% at first year of eligibility, 80% at second year of eligibility, and 100% each year thereafter.
Mortality:	Mortality tables used in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Trend rate starting at 6.75% for claims costs and at 5.00% for premiums (based on actual premium rates effective January 1, 2019), and thereafter trends based on the Getzen Model, with trend rate decreasing to 6.50% effective January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.55% increase for excise tax.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

The discount rate was changed from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018.

**Total OPEB Liability**

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.83%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

**Sensitivity of Total OPEB Liability to the Discount Rate Assumption**

1% Decrease	Current Discount Rate	1% Increase
<u>2.83%</u>	<u>3.83%</u>	<u>4.83%</u>
<u>\$2,033</u>	<u>\$1,879</u>	<u>\$1,737</u>



**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates, as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

**Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption**

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$1,684	\$1,879	\$2,106

**NOTE 8 - RISK MANAGEMENT**

The Authority is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the Authority carries commercial insurance. Settled claims resulting from these risks have not substantially exceeded the commercial insurance coverage during the years ended September 30, 2019 and 2018.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The Authority had the following significant capital construction projects, with remaining commitment amounts greater than \$500 as of September 30, 2019:

<u>Project Description</u>	<u>Remaining Commitment</u>
WIFIA San Remo Gravity Sewer	\$ 4,385
Harmony Water Treatment Plant Sulfide Treatment	4,373
South Bermuda Expansion to 16MGD	4,114
Lake Marion Water Reuse Facility Phase 1 Expansion	3,901
NeoCity Onsite Utility Expansion Phase 1	3,204
Gravity Sewer Replacement 2017	2,218
SR600 Utility Relocation Poinciana Blvd - Ham Brown Rd	1,320
Cypress West Water Reuse Facility Phase 1B Expansion	1,272
WIFIA Gravity Sewer Rehab Project	1,000
24" Water Main Poincana Blvd, Pam Rd to 192	955
Water Treatment Plant & Pipelines - Cypress Lake	890
Remington @ Prestwick Manhole Repair	793
Hoagland Widening/Realignment	692
Lake Shore Blvd-Monument Ave-Neptune Rd-City of Kissimmee	663
Richard McLaughlin Water Treatment Plant Well #3	572
Oakwood Gravity Sewer Emergency Repair	560
	<u>\$ 30,912</u>

## **NOTE 9 - COMMITMENTS AND CONTINGENCIES (Continued)**

### **Intergovernmental Acquisition Agreements**

The Authority was created with an effective operating date of October 1, 2003. The Authority was created pursuant to a state legislative act, as described in Note 1 to these financial statements. The City and the County agreed to transfer all assets, liabilities, and operations of their water and sewer systems to the Authority. The Authority issued in excess of \$118 million in revenue bonds to pay off the City's utility revenue bonds and other outstanding obligations, to acquire the rights to the County's system, to acquire seven privately owned water and sewer systems, and to provide for new construction and system expansion. The Authority is obligated to provide payments to the City and the County annually. Annual amounts are to be calculated based on the gross annual revenues of the system for an additional 18 years. The Authority expensed approximately \$11 million under these agreements during the current fiscal year.

### **Litigation**

Various lawsuits and claims arising in the ordinary course of operations are pending against the Authority. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the Authority has sufficient insurance coverage to cover any claims and/or liabilities that may arise from such action. The effect of such losses would not materially affect the financial position of the Authority or the results of its operations.

## **NOTE 10 - NEW PRONOUNCEMENTS**

The GASB has issued several pronouncements that will affect the Authority's financial statements in future periods. Management is currently evaluating the effect of such pronouncements and plans to implement them on their effective dates.

## **NOTE 11 - SUBSEQUENT EVENT**

On February 2020, the Authority entered into a loan for up to \$40.1 million with the Water Infrastructure Finance and Innovation Act (WIFIA). The loan was issued for the purpose of paying a portion of eligible costs related to the Accelerated Gravity Sewer Assessment and Rehabilitation Project. There was no funding provided from this loan in fiscal year 2019.

## **REQUIRED SUPPLEMENTARY INFORMATION**

The following supplementary schedules present trend information regarding the Authority's OPEB Plan. This information is necessary for a fair presentation in conformity with GAAP.

**TOHOPEKALIGA WATER AUTHORITY**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**For the Year Ended September 30, 2019**  
(In Thousands)

<b>Fiscal Year Ended September 30,</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Measurement Year Ended September 30,</b>	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 127	\$ 128
Interest on the Total OPEB Liability	64	54
Changes of benefit terms	-	-
Difference between expected and actual experience of the Total OPEB Liability	27	-
Changes of assumptions and other inputs	(20)	(57)
Benefit payments	(55)	(29)
<b>Net change in Total OPEB Liability</b>	<u>\$ 143</u>	<u>\$ 96</u>
<b>Total OPEB Liability – Beginning</b>	<u>1,736</u>	<u>1,640</u>
<b>Total OPEB Liability – Ending</b>	<u><u>\$ 1,879</u></u>	<u><u>\$ 1,736</u></u>
<b>Covered-Employee Payroll</b>	\$18,272	\$15,641
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	10.28%	11.10%

**Notes to Schedule:**

The discount rate was changed from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the measurement period.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Authority is showing information for those years for which information is available.

**TOHOPEKALIGA WATER AUTHORITY**  
**Schedule of Net Pension Liability**  
**(In Thousands)**

<b>Fiscal Year Ended</b> <b><u>September 30,</u></b>	<b>Plan Sponsor Measurement Date</b> <b><u>September 30,</u></b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate Share of the Net Pension Liability</b>	<b>Covered Pavroll</b>	<b>Proportionate Share of the Net Pension Liability as a Percentage of Covered Pavroll</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>
2019	2019	37.59%	\$ 9,019	\$ 6,156	146.51%	83.32%
2018	2018	37.13%	\$ 7,422	\$ 6,526	113.74%	85.45%
2017	2017	39.14%	\$ 7,495	\$ 6,724	111.47%	85.22%
2016	2016	40.81%	\$ 9,457	\$ 6,689	141.38%	80.94%
2015	2015	41.68%	\$ 9,938	\$ 7,020	141.57%	79.18%

The schedules are intended to show information for ten years, and additional years' information will be displayed as it becomes available.

**TOHOPEKALIGA WATER AUTHORITY**  
**Schedule of Contributions**  
**(In Thousands)**

<b>Fiscal Year Ended <u>September 30,</u></b>	<b>Actuarially Determined <u>Contribution</u></b>	<b>Actual <u>Contribution</u></b>	<b>Contribution Deficiency <u>(Excess)</u></b>	<b>Covered <u>Payroll</u></b>	<b>Actual Contribution as a % of Covered <u>Payroll</u></b>
2019	\$ 1,631	\$ 1,631	\$ -	\$ 6,156	26.49%
2018	\$ 1,529	\$ 1,529	\$ -	\$ 6,526	23.43%
2017	\$ 1,507	\$ 1,507	\$ -	\$ 6,724	22.41%
2016	\$ 1,461	\$ 1,461	\$ -	\$ 6,689	21.84%
2015	\$ 1,544	\$ 1,500	\$ 44	\$ 7,020	21.37%

The schedules are intended to show information for ten years, and additional years' information will be displayed as it becomes available.

Tohopekaliga Water Authority  
Osceola County, Florida

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## STATISTICAL SECTION (UNAUDITED)

This part of the Authority’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

<b>Contents</b>	<b>Pages</b>
Financial Trends.....	42 - 43
<i>These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.</i>	
Operating Information .....	44 - 45
<i>These schedules contain service and infrastructure data to help the reader understand how information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	
Revenue Capacity .....	46 - 52
<i>These schedules contain information to help the reader assess the Authority’s most significant revenue source, user rates and capacity facility charges.</i>	
Debt Capacity Information .....	53 - 55
<i>These schedules provide information to help the reader assess the Authority’s current debt load and its ability to issue additional debt in the future.</i>	
Demographic and Economic Information .....	56 - 57
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.</i>	

**TOHOPEKALIGA WATER AUTHORITY**  
**Osceola County, Florida**

Schedule 1

SCHEDULE OF NET POSITION (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2019  
with Comparative Amounts for Fiscal Years Ended September 30, 2010 through 2019 Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>ASSETS</b>										
Current Assets										
Cash and cash equivalents	\$94,294	\$84,861	\$73,962	\$52,242	\$47,548	\$59,865	\$61,038	\$60,175	\$67,944	\$64,591
Restricted cash and cash equivalents	24,553	26,666	12,108	9,034	14,552	11,486	11,768	10,418	11,507	17,610
Accounts receivable, net	20,172	16,973	12,755	11,907	12,082	10,220	9,435	9,633	9,235	10,450
Due from other governments	203	2,540	518	226	73	578	365	-	-	251
Inventory	775	524	734	1,176	406	549	315	352	339	422
<b>Total Current Assets</b>	<b>\$139,997</b>	<b>131,564</b>	<b>100,077</b>	<b>74,585</b>	<b>74,661</b>	<b>82,698</b>	<b>82,921</b>	<b>80,578</b>	<b>89,025</b>	<b>93,324</b>
NON-CURRENT ASSETS										
Restricted cash and cash equivalents	58,120	61,854	43,568	42,835	31,159	23,100	15,497	25,013	11,546	12,106
Restricted investments	78,970	75,641	98,910	91,789	60,346	59,660	59,219	59,039	58,526	57,829
Restricted accounts receivable	1,368	3,964	1,003	1,339	1,368	2,297	2,241	3,791	7,979	3,778
Restricted construction deposits in escrow	320	330	1,408	2,519	4,774	-	-	-	-	-
<b>Total Restricted Assets</b>	<b>138,778</b>	<b>141,789</b>	<b>144,889</b>	<b>138,482</b>	<b>97,647</b>	<b>85,057</b>	<b>76,957</b>	<b>87,843</b>	<b>78,051</b>	<b>73,713</b>
Capital Assets										
Land	19,486	19,486	19,486	19,501	18,397	17,199	17,199	17,181	17,123	17,046
Water plant and equipment	391,149	372,994	365,216	354,716	337,713	328,094	308,132	290,822	283,754	258,684
Sewer plant and equipment	660,079	605,253	566,771	540,548	512,957	494,348	471,339	446,696	448,009	418,408
General plant and equipment	43,202	41,727	39,924	37,083	36,117	32,002	30,208	28,023	26,527	22,992
Construction-in-progress	56,353	42,276	29,691	21,539	23,573	16,660	21,096	31,478	26,117	69,188
Less: Accumulated depreciation	(331,585)	(300,047)	(276,085)	(247,658)	(221,563)	(196,950)	(173,409)	(152,209)	(140,669)	(123,534)
<b>Total Capital Assets (Net)</b>	<b>838,684</b>	<b>781,689</b>	<b>745,003</b>	<b>725,728</b>	<b>707,194</b>	<b>691,353</b>	<b>674,565</b>	<b>661,991</b>	<b>660,861</b>	<b>662,784</b>
Deferred loss on refunding	10,956	11,582	12,208	12,834	12,189	12,872	-	-	-	20,916
Deferred outflows related to pensions & OPEB	4,303	1,631	1,529	2,341	1,461	-	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>15,259</b>	<b>13,213</b>	<b>13,737</b>	<b>15,175</b>	<b>13,650</b>	<b>12,872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,916</b>
<b>Total Assets and Deferrals</b>	<b>\$ 1,132,718</b>	<b>\$ 1,068,255</b>	<b>\$ 1,003,706</b>	<b>\$ 953,970</b>	<b>\$ 893,152</b>	<b>\$ 871,980</b>	<b>\$ 834,443</b>	<b>\$ 830,412</b>	<b>\$ 827,937</b>	<b>\$850,737</b>
<b>LIABILITIES AND NET POSITION</b>										
Current Liabilities										
Accounts payable	\$10,810	\$21,225	\$10,724	\$7,036	\$11,548	\$7,040	\$5,147	\$6,623	\$4,015	\$6,993
Accrued liabilities	640	547	481	400	232	363	120	455	673	586
Other liabilities	80	71	46	32	17	25	20	22	22	18
Contracts payable	1,824	896	214	413	679	548	560	449	62	408
Compensated absences payable	544	584	485	437	420	378	316	278	281	241
Current liabilities payable from restricted assets:										
Accounts payable	-	2,220	1,971	965	-	-	-	-	-	-
Contracts payable	1,386	1,665	1,223	541	283	86	221	52	123	310
Revenue bonds and note payable	8,601	8,404	1,175	1,365	7,123	5,760	6,285	5,025	4,840	4,893
Accrued interest payable	4,060	4,257	282	307	4,242	4,333	4,067	4,195	5,437	2,867
Deposits	10,506	10,120	7,457	5,856	2,904	1,307	1,195	1,146	1,107	1,359
<b>Total Current Liabilities</b>	<b>\$38,451</b>	<b>\$49,989</b>	<b>\$24,058</b>	<b>\$17,352</b>	<b>27,448</b>	<b>19,840</b>	<b>17,931</b>	<b>18,245</b>	<b>16,560</b>	<b>17,675</b>
Non-Current Liabilities										
Compensated absences payable	1,298	1,143	1,108	1,034	961	817	708	605	556	508
OPEB payable	1,879	1,736	1,076	922	801	700	512	405	336	260
Net Pension Liability	9,019	7,422	7,495	9,457	6,277	-	-	-	-	-
Revenue bonds and note payables	202,407	211,008	219,412	227,662	186,932	194,040	185,004	191,336	195,969	227,500
<b>Total Non-Current Liabilities</b>	<b>214,603</b>	<b>221,309</b>	<b>229,091</b>	<b>239,075</b>	<b>194,971</b>	<b>195,557</b>	<b>186,224</b>	<b>192,346</b>	<b>196,861</b>	<b>228,268</b>
<b>Total Liabilities</b>	<b>253,054</b>	<b>271,298</b>	<b>253,149</b>	<b>256,427</b>	<b>222,419</b>	<b>215,397</b>	<b>204,155</b>	<b>210,591</b>	<b>213,421</b>	<b>245,943</b>
Deferred Inflows of Resources										
Deferred inflows of resources related to pensions	1,424	626	879	-	817	-	-	-	-	-
Deferred inflows of resources related to OPEB	60	50	-	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>1,484</b>	<b>676</b>	<b>879</b>	<b>-</b>	<b>817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Deferrals</b>	<b>254,538</b>	<b>271,974</b>	<b>254,028</b>	<b>256,427</b>	<b>223,236</b>	<b>215,397</b>	<b>204,155</b>	<b>210,591</b>	<b>213,421</b>	<b>245,943</b>
Net Position										
Net investment in capital assets	638,632	573,859	536,624	509,535	525,328	491,553	483,276	465,630	458,407	459,488
Restricted - system development charges	135,434	122,469	110,298	92,125	92,099	85,057	76,350	87,032	77,453	71,526
Restricted - bond projects	-	3,568	29,018	41,818	-	-	-	-	-	-
Unrestricted	104,113	96,385	73,738	54,065	52,489	79,973	70,662	67,159	78,656	73,780
<b>Total Net Position</b>	<b>\$ 878,179</b>	<b>\$ 796,281</b>	<b>\$ 749,678</b>	<b>\$ 697,543</b>	<b>\$ 669,916</b>	<b>\$ 656,583</b>	<b>\$ 630,288</b>	<b>\$ 619,821</b>	<b>\$ 614,516</b>	<b>\$604,794</b>



**TOHOPEKALIGA WATER AUTHORITY**  
**Osceola County, Florida**

Schedule 2

SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION (Dollars in Thousands)  
 For the Fiscal Year Ended September 30, 2019

with Comparative Amounts for Fiscal Years Ended September 30, 2010 through 2019 Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Operating Revenue</b>										
Charges for services	\$126,799	\$117,913	\$110,911	\$96,486	\$87,150	\$81,344	\$78,951	\$77,695	\$73,721	\$67,232
Miscellaneous revenues	759	649	708	654	637	619	603	593	563	545
<b>Total Operating Revenue</b>	<b>127,558</b>	<b>118,562</b>	<b>111,619</b>	<b>97,140</b>	<b>87,787</b>	<b>81,963</b>	<b>79,554</b>	<b>78,288</b>	<b>74,284</b>	<b>67,777</b>
<b>Operating Expenses</b>										
Personnel services	27,433	25,537	24,323	24,697	21,002	19,220	17,779	17,013	15,203	13,011
Contracted services	10,477	8,965	8,518	10,036	7,470	6,892	7,785	8,519	8,970	14,070
Supplies and materials	5,136	4,484	4,657	4,091	4,041	4,385	3,584	3,392	3,427	2,217
Repairs and maintenance	7,605	6,784	6,688	7,006	6,068	5,752	5,073	5,522	4,753	3,835
Payments in lieu of taxes	10,800	9,990	9,478	8,264	7,456	7,015	6,832	6,545	5,626	5,084
Other services and charges	10,975	10,586	9,949	9,612	8,968	8,958	8,429	8,843	8,003	8,236
Depreciation	33,753	32,135	29,559	27,706	26,021	24,280	22,198	20,738	20,667	18,018
Amortization	-	-	-	-	-	-	64	74	53	295
<b>Total Operating Expenses</b>	<b>106,179</b>	<b>98,481</b>	<b>93,172</b>	<b>91,412</b>	<b>81,026</b>	<b>76,502</b>	<b>71,744</b>	<b>70,646</b>	<b>66,702</b>	<b>64,766</b>
<b>Operating Income</b>	<b>21,379</b>	<b>20,081</b>	<b>18,447</b>	<b>5,728</b>	<b>6,761</b>	<b>5,461</b>	<b>7,810</b>	<b>7,642</b>	<b>7,582</b>	<b>3,011</b>
<b>Non-Operating Revenues (Expenses)</b>										
Investment income (loss)	8,832	2,281	1,695	1,424	1,263	699	245	788	1,178	10,518
Interest and fiscal charges expense	(8,748)	(9,113)	(9,421)	(9,308)	(9,171)	(9,035)	(9,769)	(10,244)	(10,436)	(9,603)
Other	334	(17,060)	555	410	131	239	525	(1,499)	93	1,393
<b>Total Non-Operating Revenues (Expenses)</b>	<b>418</b>	<b>(23,892)</b>	<b>(7,171)</b>	<b>(7,474)</b>	<b>(7,777)</b>	<b>(8,097)</b>	<b>(8,999)</b>	<b>(10,955)</b>	<b>(9,165)</b>	<b>2,308</b>
<b>Income/(Loss) Before Contributions</b>	<b>21,797</b>	<b>(3,811)</b>	<b>11,276</b>	<b>(1,746)</b>	<b>(1,016)</b>	<b>(2,636)</b>	<b>(1,189)</b>	<b>(3,313)</b>	<b>(1,583)</b>	<b>5,319</b>
<b>Capital Contributions</b>										
Federal, state, and local capital gains	20	725	448	-	165	15	20	-	208	667
Developers	60,081	50,310	40,411	29,373	21,615	30,473	11,636	8,618	11,097	3,835
<b>Total Capital Contributions</b>	<b>60,101</b>	<b>51,035</b>	<b>40,859</b>	<b>29,373</b>	<b>21,780</b>	<b>30,488</b>	<b>11,656</b>	<b>8,618</b>	<b>11,305</b>	<b>4,502</b>
<b>Change in Net Position</b>	<b>81,898</b>	<b>47,224</b>	<b>52,135</b>	<b>27,627</b>	<b>20,764</b>	<b>27,852</b>	<b>10,467</b>	<b>5,305</b>	<b>9,722</b>	<b>9,821</b>
Net Position Beginning of Year	796,281	749,678	697,543	669,916	656,583	630,288	619,821	614,516	604,794	594,973
Restatement - for Implementation of GASB Standards	-	(621)	-	-	(7,431)	(1,557)	-	-	-	-
<b>Total Net Position - Beginning Restated</b>	<b>796,281</b>	<b>749,057</b>	<b>697,543</b>	<b>669,916</b>	<b>649,152</b>	<b>628,731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position - Ending</b>	<b>\$878,179</b>	<b>\$796,281</b>	<b>\$749,678</b>	<b>\$697,543</b>	<b>\$669,916</b>	<b>\$656,583</b>	<b>\$630,288</b>	<b>\$619,821</b>	<b>\$614,516</b>	<b>\$604,794</b>

**TOHOPEKALIGA WATER AUTHORITY**  
**Osceola County, Florida**

Schedule 3

SCHEDULE OF MAJOR CONTRACT SERVICES

For the Fiscal Year Ended September 30, 2019

TOTALS FROM YEAR TO YEAR - LAST TEN FISCAL YEARS (Dollars in Thousands)

Service Provider	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
City of Kissimmee	\$ 69	\$ 68	\$ 66	\$ 82	\$ 80	\$ 79	\$ 77	\$ 176	\$ 272	\$ 673
Severn Trent Environmental Services	-	-	-	-	-	28	700	1,300	1,797	6,083
Kissimmee Utility Authority	-	-	-	1,082	1,717	1,901	2,051	2,152	1,990	1,999
<b>Total</b>	<b>\$ 69</b>	<b>\$ 68</b>	<b>\$ 66</b>	<b>\$ 1,164</b>	<b>\$ 1,797</b>	<b>\$ 2,008</b>	<b>\$ 2,828</b>	<b>\$ 3,628</b>	<b>\$ 4,059</b>	<b>\$ 8,755</b>

Source: Tohopekaliga Water Authority

SCHEDULE OF TOTAL ACTIVE EMPLOYEES BY DEPARTMENT

For the Fiscal Year Ended September 30, 2019

TOTALS FROM YEAR TO YEAR - LAST TEN FISCAL YEARS

Department	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operations:										
Field Services	73	73	71	67	70	63	66	67	63	49
Plant and Support Operations	97	97	98	95	95	92	86	85	85	64
Engineering Services	36	33	32	28	26	26	27	25	29	32
Business Services	16	16	15	15	16	18	19	24	19	27
Customer Service	59	60	60	51	41	30	26	19	14	0
Information Technology	15	15	14	12	12	12	9	0	0	0
Human Resources	8	8	7	8	6	4	4	6	4	3
Office of the General Counsel	2	1	2	2	1	2	0	0	0	0
Administration	13	14	13	15	16	17	15	14	12	10
<b>Total</b>	<b>319</b>	<b>317</b>	<b>310</b>	<b>291</b>	<b>283</b>	<b>264</b>	<b>252</b>	<b>240</b>	<b>226</b>	<b>185</b>

SCHEDULE OF HISTORICAL ANNUAL NUMBER OF RETAIL WATER

For the Fiscal Year Ended September 30, 2019

WASTEWATER AND RECLAIMED WATER CUSTOMERS AND USAGE - LAST TEN FISCAL YEARS

	2019	2018	2017	2016 <sup>1</sup>	2015	2014	2013	2012	2011	2010
<b>Water Service</b>										
<u>Residential</u>										
Average Monthly Customers <sup>1</sup>	100,873	96,461	93,199	89,215	82,043	79,011	76,463	74,647	72,447	69,152
Average Monthly Consumption (000s)	464,681	450,455	412,215	404,663	380,303	369,604	366,832	366,834	375,711	340,230
Total Billed Usage	5,576,167	5,405,464	4,946,584	4,855,959	4,563,632	4,435,244	4,401,984	4,402,003	4,508,533	4,082,764
Average Monthly Use Per Customer	4,607	4,670	4,423	4,536	4,635	4,678	4,798	4,914	5,186	4,920
<u>Commercial</u>										
Average Monthly Customers <sup>1</sup>	6,925	6,704	6,740	7,540	11,167	11,115	11,129	11,129	11,233	11,362
Average Monthly Consumption (000s)	387,641	366,345	378,890	377,871	370,920	361,376	349,300	356,167	386,750	361,264
Total Billed Usage	4,651,686	4,396,134	4,546,674	4,534,448	4,451,045	4,336,517	4,191,598	4,274,004	4,640,998	4,335,174
Average Monthly Use Per Customer	55,977	54,646	56,215	50,115	33,216	32,513	31,386	32,004	34,430	31,796
<b>Irrigation Service</b>										
<u>General Service</u>										
Average Monthly Customers	17,201	16,957	16,636	16,460	16,251	15,950	15,638	15,235	14,846	14,015
Average Monthly Consumption (000s)	99,199	95,937	99,568	96,675	93,405	97,007	101,569	118,075	134,868	117,977
Total Billed Usage	1,190,388	1,151,245	1,194,811	1,160,094	1,120,858	1,164,079	1,218,822	1,416,905	1,618,421	1,415,728
Average Monthly Use Per Customer	5,767	5,658	5,985	5,873	5,748	6,082	6,495	7,750	9,084	8,418
<b>Wastewater Service</b>										
<u>Residential</u>										
Average Monthly Customers <sup>1</sup>	95,593	91,236	88,381	84,007	76,287	73,511	71,126	68,935	66,893	65,254
Average Monthly Consumption (000s)	435,995	421,377	380,652	379,958	346,883	337,476	334,392	325,819	299,027	283,221
Total Billed Usage	5,231,945	5,056,526	4,567,828	4,559,490	4,162,595	4,049,713	4,012,709	3,909,833	3,588,323	3,398,652
Average Monthly Use Per Customer	4,561	4,619	4,307	4,523	4,547	4,591	4,701	4,726	4,470	4,340
<u>Commercial</u>										
Average Monthly Customers <sup>1</sup>	6,129	5,945	5,832	6,809	10,533	10,315	10,322	10,324	10,487	10,653
Average Monthly Consumption (000s)	346,222	330,833	328,527	336,972	330,310	328,806	316,376	316,903	313,693	299,006
Total Billed Usage	4,154,669	3,969,996	3,942,323	4,043,664	3,963,725	3,945,675	3,796,514	3,802,833	3,764,312	3,588,070
Average Monthly Use Per Customer	56,489	55,649	56,332	49,489	31,360	31,875	30,652	30,696	29,913	28,067
<b>Reclaimed Water Service</b>										
<u>General Service</u>										
Average Monthly Customers	18,797	17,201	15,756	14,565	13,527	12,610	11,815	11,266	10,910	10,582
Average Monthly Consumption (000s)	531,948	326,029	386,532	332,068	298,480	320,675	332,510	333,995	329,156	268,809
Total Billed Usage	6,383,375	3,912,347	4,638,382	3,984,815	3,581,755	3,848,095	3,990,118	4,007,943	3,949,870	3,225,713
Average Monthly Use Per Customer	28,300	18,954	24,532	22,799	22,065	25,430	28,143	30,171	30,170	25,403

<sup>1</sup> Short-Term Rental classification was transferred to Residential class from Commercial

SCHEDULE OF WATER PRODUCTION CAPACITY

For the Fiscal Year Ended September 30, 2019

<b>Water Treatment Plants</b>	<b>Permitted (MGD)</b>	<b>Average Flow (MGD)</b>	<b>Max Day Flow (MGD)</b>
<b>Toho I (Kissimmee System)</b>			
Eastern Regional System:			
Richard McLaughlin	19.964	15.154	17.810
Parkway	11.230	3.624	5.438
Camelot West	4.400	3.295	5.114
Western Regional System:			
Northwest	9.360	3.713	5.664
Southwest	8.640	4.823	8.650
Spring Lake Village & Morningside	0.806	0.049	0.806
Hidden Glen	0.024	0.003	0.005
<b>Toho II (Harmony System)</b>	1.296	0.320	0.460
<b>Toho III (formerly Florida Water Utility Systems)</b>			
Buenaventura Lakes	5.040	0.197	1.811
Bay Lake Estates	0.198	0.042	0.087
Intercession City (Offline)	0.198	0.030	0.110
<b>Toho IV (Poinciana Utility System)</b>			
Peabody	3.355	1.908	2.704
Huron	3.780	3.197	3.639
Bella Lago	4.608	3.161	4.720

SCHEDULE OF WASTEWATER TREATMENT CAPACITY

For the Fiscal Year Ended September 30, 2019

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<b>Wastewater Treatment Plants</b>	<b>Permitted (MGD)</b>	<b>Average Flow (MGD)</b>	<b>Max Day Flow (MGD)</b>
<b>Toho I (Kissimmee System)</b>			
South Bermuda WRF	14.000	11.771	16.708
Camelot WRF	5.000	4.270	5.130
Parkway WRF	1.500	0.976	1.703
Sandhill WRF	6.000	5.128	7.830
<b>Effluent Disposal Sites:</b>			
Champions Gate (Imperial)	15.140	9.379	15.410
Daniels	0.000	0.000	0.000
Sandhill RIBs	2.140	1.630	7.833
Pine Island Sprayfield	1.600	0.510	3.550
<b>Toho II (Harmony WRF)</b>	0.499	0.184	0.428
<b>Toho IV (Poinciana Utility System)</b>			
Cypress West WRF	3.500	2.687	6.400
Walnut Drive WRF	0.850	0.805	1.378
Lake Marion WRF	1.500	1.538	2.786

**TOHOPEKALIGA WATER AUTHORITY**  
**Osceola County, Florida**

Schedule 8

SCHEDULE OF MONTHLY BILL RATE COMPARISON  
WITH OTHER FLORIDA MUNICIPAL UTILITY SYSTEMS  
For the Fiscal Year Ended September 30, 2019  
with Comparative Usage At 4,000 Gallons

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	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
<b>Toho Water Authority</b>	<b>\$11.64</b>	<b>\$30.61</b>	<b>\$42.25</b>
Orange County	\$12.79	\$33.77	\$46.56
City of Orlando	\$12.51	\$39.46	\$51.97
City of St. Cloud	\$18.88	\$34.37	\$53.25
Lakeland	\$19.01	\$36.07	\$55.08
Seminole County	\$19.14	\$43.40	\$62.54

**TOHOPEKALIGA WATER AUTHORITY**  
**Osceola County, Florida**

Schedule 9

SCHEDULE OF SYSTEM DEVELOPMENT CHARGES COMPARISON  
WITH OTHER FLORIDA MUNICIPAL UTILITY SYSTEMS  
For the Fiscal Year Ended September 30, 2019  
with Comparative Per Equivalent Residential Connection (ERC)

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	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Toho Water Authority <sup>(1)</sup>	\$2,415	\$3,450	\$5,865
Lakeland	\$1,050	\$1,916	\$2,966
Seminole County	\$1,054	\$2,229	\$3,283
City of Orlando	\$1,637	\$3,570	\$5,207
Orange County	\$1,970	\$3,570	\$5,540
City of St. Cloud	\$3,041	\$3,430	\$6,471

**Note:**

(1) Water \$8.05 Per ERC @ 300 GPD and Wastewater \$12.50Per ERC @ 276 GPD.



## SCHEDULE OF TEN LARGEST WATER CUSTOMERS

For the Fiscal Year Ended September 30, 2019  
Consumption Reported in 1,000 Gallons

	<u>Water Customer</u>	<u>Consumption</u>	<u>Revenues</u>	<u>%age of Revenue</u>
1	Enterprise Comm Dev Dist	435,256	\$588,885	1.75%
2	Westgate Vacation Villas	229,120	439,113	1.30%
3	Holiday Inn Club Vacations Inc	181,382	356,173	1.06%
4	Opryland	144,943	278,740	0.83%
5	Quaker Oats	132,545	250,906	0.74%
6	Vacation Village at Parkway	92,069	182,375	0.54%
7	The Palms Country Club & Resort	79,353	155,662	0.46%
8	RIDA	76,126	156,154	0.46%
9	Good Samaritan Village	74,576	97,037	0.29%
10	Orange Co Utilities	60,191	78,489	0.23%
	<b>Total</b>	<b><u>1,505,561</u></b>	<b><u>\$2,583,534</u></b>	<b><u>7.66%</u></b>

SCHEDULE OF TEN LARGEST WASTEWATER CUSTOMERS

For the Fiscal Year Ended September 30, 2019  
Consumption Reported in 1,000 Gallons

	<u>Wastewater Customer</u>	<u>Consumption</u>	<u>Revenues</u>	<u>%age of Revenue</u>
1	Enterprise Comm Dev Dist	348,936	\$1,554,661	2.45%
2	Westgate Vacation Villas	221,011	\$1,421,311	2.24%
3	Holiday Inn Club Vacations Inc	181,382	\$1,194,782	1.88%
4	Opryland	144,943	\$934,611	1.47%
5	Vacation Village at Parkway	92,069	\$611,446	0.96%
6	The Palms Country Club & Resort Condo Assoc.	79,353	\$522,407	0.82%
7	RIDA	70,505	\$437,483	0.69%
8	Osceola Regional Medical Ctr	55,084	\$354,427	0.56%
9	Dalcor Reef Club, Ltd	45,543	\$317,739	0.50%
10	Blue Road, LLC	38,292	\$242,587	0.38%
	<b>Total</b>	<b><u>1,277,118</u></b>	<b><u>\$7,591,454</u></b>	<b><u>11.95%</u></b>

SCHEDULE OF TOTAL OUTSTANDING INDEBTEDNESS (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2019

Fiscal Year	Revenue Bond & Note Issues - Yearly Debt Service						Total Debt Service
	2009	2010	2011	2012	2013	2016	
2020	\$ 1,139	\$ 999	\$ 662	\$ 413	\$ 5,744	\$ 7,763	\$ 16,720
2021	1,137	593	661	413	5,749	7,766	16,319
2022	1,138	589	658	413	-	13,763	16,561
2023	1,138	584	-	413	-	14,426	16,561
2024	1,137	91	-	413	-	14,431	16,072
2025	1,140	-	-	413	-	14,424	15,977
2026	1,141	-	-	413	-	14,421	15,975
2027	1,141	-	-	413	-	14,422	15,976
2028	1,141	-	-	7,453	-	7,380	15,974
2029	1,138	-	-	7,434	-	7,389	15,961
2030	1,140	-	-	-	-	14,805	15,945
2031	-	-	-	-	-	14,822	14,822
2032	-	-	-	-	-	14,823	14,823
2033	-	-	-	-	-	14,824	14,824
2034	-	-	-	-	-	14,821	14,821
2035	-	-	-	-	-	14,822	14,822
2036	-	-	-	-	-	14,824	14,824
2037	-	-	-	-	-	14,820	14,820
2038	-	-	-	-	-	1,973	1,973
2039	-	-	-	-	-	1,977	1,977
2040	-	-	-	-	-	1,974	1,974
2041	-	-	-	-	-	1,974	1,974
2042	-	-	-	-	-	1,977	1,977
2043	-	-	-	-	-	1,972	1,972
2044	-	-	-	-	-	1,975	1,975
2045	-	-	-	-	-	1,974	1,974
2046	-	-	-	-	-	1,973	1,973
2047	-	-	-	-	-	1,974	1,974
<b>TOTAL</b>	<b>\$ 12,530</b>	<b>\$ 2,856</b>	<b>\$ 1,981</b>	<b>\$ 18,191</b>	<b>\$ 11,493</b>	<b>\$ 254,489</b>	<b>\$ 301,540</b>

**TOHOPEKALIGA WATER AUTHORITY**  
**Osceola County, Florida**

Schedule 13

SCHEDULE OF PRINCIPAL PORTION OF OUTSTANDING DEBT (Dollars in Thousands)  
 PER CUSTOMER BILLED SERVICE

For the Fiscal Year Ended September 30, 2019

<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>Revenue Notes</b>	<b>State Loans</b>	<b>Total Outstanding</b>	<b>Total Billed Services</b>	<b>Per Billed Service</b>
2019	\$183,990	\$27,018	\$0	\$211,008	249,868	\$844
2018	\$190,630	\$28,782	\$0	\$219,412	238,418	\$920
2017	\$190,630	\$29,957	\$0	\$220,587	229,067	\$963
2016	\$196,990	\$32,037	\$0	\$229,027	221,778	\$1,033
2015	\$120,550	\$73,505	\$0	\$194,055	213,330	\$910
2014	\$125,250	\$74,550	\$0	\$199,800	205,674	\$971
2013	\$129,430	\$76,655	\$0	\$206,085	198,897	\$1,036
2012	\$100,265	\$116,525	\$0	\$216,790	192,879	\$1,124
2011	\$190,275	\$25,440	\$0	\$215,715	189,054	\$1,141
2010	\$191,060	\$26,000	\$73	\$217,133	182,842	\$1,188
2009	\$194,995	\$1,000	\$0	\$195,995	179,154	\$1,094
2008	\$198,975	\$0	\$0	\$198,975	179,154	\$1,111
2007	\$202,040	\$0	\$0	\$202,040	177,392	\$1,139
2006	\$112,630	\$0	\$0	\$112,630	120,453	\$935
2005	\$115,550	\$0	\$0	\$115,550	112,533	\$1,027

Source: Tohopekaliga Water Authority

**TOHOPEKALIGA WATER AUTHORITY**  
**Osceola County, Florida**

Schedule 14

SCHEDULE OF DEBT SERVICE COVERAGE (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2019

with Comparative Amounts for Fiscal Years Ended September 30, 2010 through 2019 Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Gross Revenues <sup>(1)</sup>	\$130,268	\$120,133	\$112,402	\$97,725	\$88,232	\$82,379	\$79,873	\$78,761	\$74,877	\$76,717
Total Operating Expenses <sup>(2)</sup>	61,626	56,356	54,135	55,442	47,549	45,207	42,650	43,289	40,356	41,369
Net Operating Income	68,642	63,777	58,267	42,283	40,683	37,172	37,223	35,472	34,521	35,348
Debt Service Requirement <sup>(3)</sup>	16,721	16,350	16,338	15,273	14,322	14,685	13,433	15,084	15,360	13,845
Debt Service Coverage Calculation	4.11	3.90	3.57	2.77	2.84	2.53	2.77	2.35	2.25	2.55
Net Revenues After Debt Service	\$51,921	\$47,427	\$41,929	\$27,010	\$26,361	\$22,487	\$23,761	\$20,388	\$19,161	\$21,503
Total Revenues - Capital Facilities Charges <sup>(4)</sup>	\$41,774	\$36,949	\$29,952	\$21,053	\$16,094	\$13,993	\$7,082	\$7,353	\$9,396	\$5,510

(1) Pursuant to the bond resolution, total gross revenues include customer charges, miscellaneous customer charges, other revenues associated with the application of miscellaneous fees, and charges to customers of the Toho System, and interest investment earnings on available funds of the Toho System (\$2,710, net of unrealized fair market value adjustments, if any) on available unrestricted funds of the Authority. Amounts do not include earnings on System Development Charges or project funds, if any, and gain on disposal of assets. CMS cash flows of \$12 in 2008, \$1,318 in 2009 are reflected. In 2010 \$1,603 in CMS cash flows, and investment gain of \$5,312 for CMS suspension and \$1,145 for CMS termination are reflected. Amounts do not include grant revenue.

(2) Pursuant to the bond resolution, the expenses do not include depreciation, amortization, and government transfers.

(3) Does not include early retirement of debt in the amount of \$1,465 in FY13 and \$1,158 in FY15, \$920 ub /dt'6m \$1,175 inf FY17, \$539 in FY18

(4) Include Capital Facilities or System Development Charges (Impact Fees) of \$15,808 for Water, \$23,399 for Sewer, and Interest from System Development Charge Funds (\$2,568). Interest income excludes unrealized gains (or losses).

Source: Tohopekaliga Water Authority

**SELECTED OSCEOLA COUNTY DEMOGRAPHIC INFORMATION**

**Population**

Population (Census, Estimates, & Projections)	Osceola County	Florida
1990 Census	107,728	12,938,071
2000 Census	172,493	15,982,824
2010 Census	268,685	18,801,332
% change 2000-10	55.8%	17.6%
2018 Estimate	352,496	20,840,568
% change 2010-18	31.2%	10.8%
2020 Projection based on 2018 Estimate	380,703	21,517,610
2025 Projection based on 2018 Estimate	445,286	23,050,820
% change 2020-25	17.0%	7.1%
Persons per square mile		
2010	202.4	350.6
2019	279.1	399.7
% of 2010 population		
Under 18 years of age	26.2%	21.3%
Over 65 years of age	11.0%	17.3%
Median age (2018)	36.7	41.7

**Population Characteristics**

	Osceola County	Florida
<b>Language spoken at home other than English</b>		
Persons aged 5 and over	50.0%	29.1%
<b>Place of birth</b>		
Foreign born	20.0%	20.5%
<b>Veteran Status</b>		
Civilian population 18 and over	6.5%	8.9%

**Households and Family Households**

Households	Osceola County	Florida
Total households, 2000 Census	60,977	6,338,075
Total households, 2010 Census	90,603	7,420,802
% change 2000-10	48.6%	17.1%
Family households, 2010 Census	68,547	4,835,475
% with own children under 18	47.6%	40.0%
Average Household Size, 2010 Census	2.93	2.48
Average Family Size, 2010 Census	3.30	3.01

According to Census definitions, a household includes all of the people who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living quarters. A family includes a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption.

**Education**

	Osceola County	Florida
<b>Public Education Institutions (2018-19)</b>		
Total	71	3,714
Elementary	26	1,896
Middle	8	580
Senior High	18	706
Combination	19	532
<b>Educational attainment</b>		
<b>Persons aged 25 and older</b>		
% HS graduate or higher	86.8%	88.0%
% bachelor's degree or higher	20.5%	29.2%

**Housing**

Housing Counts	Osceola County	Florida
Housing units, 2000 Census	72,293	7,302,947
Occupied	60,977	6,337,929
Owner-occupied	41,305	4,441,799
Renter-occupied	19,672	1,896,130
Vacant	11,316	965,018
Housing units, 2010 Census	128,170	8,989,580
Occupied	90,603	7,420,802
Owner-occupied	58,541	4,998,979
Renter-occupied	32,062	2,421,823
Vacant	37,567	1,568,778

Units Permitted	Osceola County	Florida
2010	892	38,679
2011	785	42,360
% change 2010-11	12.0%	9.5%
2012	2,495	64,810
% change 2011-12	217.8%	53.0%
2013	2,731	86,752
% change 2012-13	9.5%	33.9%
2014	3414	84075
% change 2013-14	25.0%	-3.1%
2015	6,760	109,924
% change 2014-15	-98.0%	-30.7%
2016	4,297	116,240
% change 2015-16	36.4%	-5.7%
2017	4,785	122,719
% change 2016-17	11.4%	5.6%
2018	9,759	144,427
% change 2017-18	103.9%	17.7%
Total Units Permitted 2010-2018	35,918	725,911

**State Infrastructure**

Transportation	Osceola County	Florida
<b>State Highway</b>		
Centerline Miles	202.7	12,115.3
Lane Miles	749.0	44,700.9
<b>State Bridges</b>		
Number	143	6,929

State Facilities	Osceola County	Florida
<b>Buildings/Facilities</b>		
Number	44	9,498
Square Footage	141,259	64,170,217

State Lands	Osceola County	Florida
<b>Conservation Lands</b>		
Parcels	159	38,326
Acreage	79,678.8	3,140,422.9
<b>Non-Conservation Lands</b>		
Parcels	54	5,880
Acreage	434.6	160,353.7

**Prepared by:**

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December 2019

SELECTED OSCEOLA COUNTY DEMOGRAPHIC INFORMATION

Employment by Industry

Average Annual Employment, % by Category, 2018 preliminary	Osceola County	Florida	Average Annual Wage, 2018 preliminary	Osceola County	Florida
Natural Resource & Mining	95,091	8,700,271	All industries	\$37,723	\$50,090
Construction	0.3%	80.0%	Natural Resource & Mining	\$38,241	\$34,683
Manufacturing	6.7%	6.2%	Construction	\$44,407	\$51,295
Trade, Transportation and Utilities	1.5%	4.3%	Manufacturing	\$50,471	\$61,735
Information	20.3%	20.4%	Trade, Transportation and Utilities	\$29,338	\$44,767
Financial Activities	0.4%	1.6%	Information	\$51,096	\$81,162
Professional & Business Services	4.5%	6.6%	Financial Activities	\$42,112	\$75,339
Education & Health Services	12.8%	15.7%	Professional & Business Services	\$47,691	\$60,905
Leisure and Hospitality	15.7%	14.8%	Education & Health Services	\$47,269	\$50,751
Other services	21.3%	14.1%	Leisure and Hospitality	\$23,959	\$25,882
Government	2.3%	3.2%	Other services	\$32,282	\$36,404
	14.0%	12.2%	Government	\$45,679	\$54,532

Labor Force

Labor Force as Percent of Population Aged 18 and Older	Osceola County	Florida	Unemployment Rate	Osceola County	Florida
2000	70.9%	63.7%	2000	3.3%	3.7%
2010	69.3%	62.2%	2010	12.5%	11.1%
2018	66.1%	61.6%	2018	3.6%	3.6%

Financial Health

Poverty, 2018	Osceola County	Florida
% living in poverty	13.4%	13.7%
% ages 0-17 living in poverty	20.2%	20.0%

Personal Income (\$000s)	Osceola County	Florida
2000	\$3,596,108	\$472,238,563
2011	\$7,773,694	\$764,633,664
% change 2010-11	116.2%	61.9%
2012	\$8,003,851	\$793,428,830
% change 2011-12	3.0%	3.8%
2013	\$8,362,849	\$795,424,889
% change 2012-13	4.5%	0.3%
2014	\$8,954,927	\$856,161,682
% change 2013-14	7.1%	7.6%
2015	\$9,824,852	\$915,895,494
% change 2014-15	9.7%	7.0%
2016	\$10,564,090	\$942,461,242
% change 2015-16	7.5%	2.9%
2017	\$11,396,379	\$1,004,144,269
% change 2016-17	7.9%	6.5%
2018	\$12,271,080	\$1,066,446,916
% change 2017-18	7.7%	6.2%

Per Capita Personal Income	Osceola County	Florida
2000	\$20,650	\$29,428
2011	\$27,899	\$40,047
% change 2010-11	35.1%	36.1%
2012	\$27,704	\$41,055
% change 2011-12	-0.7%	2.5%
2013	\$27,941	\$40,659
% change 2012-13	0.9%	-1.0%
2014	\$28,781	\$43,109
% change 2013-14	3.0%	6.0%
2015	\$30,363	\$45,287
% change 2014-15	5.5%	5.1%
2016	\$31,280	\$45,684
% change 2015-16	3.0%	0.9%
2017	\$32,315	\$47,869
% change 2016-17	3.3%	4.8%
2018	\$33,346	\$50,070
% change 2017-18	3.2%	4.6%

Personal Bankruptcy Filing Rate (per 1,000 population)	Osceola County	Florida
12-Month Period Ending Sept 30, 2018	2.76	1.95
12-Month Period Ending Sept 30, 2019	2.95	2.09
State Rank	2	NA

Chapter 7 & Chapter 13

Earnings by Place of Work

Earnings (\$000s)	Osceola County	Florida
2000	\$1,878,947	\$313,054,047
2011	\$3,835,309	\$450,502,115
% change 2010-11	104.1%	43.9%
2012	\$3,946,224	\$468,412,894
% change 2011-12	2.9%	4.0%
2013	\$4,123,527	\$482,900,406
% change 2012-13	4.5%	3.1%
2014	\$4,394,666	\$512,381,351
% change 2013-14	6.6%	6.1%
2015	\$4,761,886	\$545,198,370
% change 2014-15	8.4%	6.4%
2016	\$4,948,792	\$568,197,880
% change 2015-16	3.9%	4.2%
2017	\$5,283,627	\$601,927,042
% change 2016-17	6.8%	5.9%
2018	\$5,587,399	\$634,065,871
% change 2017-18	5.7%	5.3%

Quality of Life

Workers Aged 16 and Over	Osceola County	Florida
Worked outside county of residence	51.2%	17.7%
Mean travel time to work (minutes)	32.8	27.4

Crime	Osceola County	Florida
Crime rate, 2017 (index crimes per 100,000 population)	2,261.9	2,721.4
Admissions to prison FY 2016-17	438	28,782
Admissions to prison per 100,000 population FY 2016-17	118.2	135.7

State and Local Taxation

2018 Ad Valorem Millage Rates	Osceola County	
	County-Wide	Not County-Wide*
County	6.8858	0.86338
School	6.4110	
Municipal		1.0114
Special Districts	0.3000	0.2948

\*MSTU Included in Not County Wide "County" category

Prepared by:

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December 2019

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Tohopekaliga Water Authority  
Osceola County, Florida

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COMPLIANCE SECTION

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Certified Public Accountants

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

To the Board of Supervisors of the  
Tohopekaliga Water Authority  
Osceola 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 basic financial statements, as listed in the table of contents, of the Tohopekaliga Water Authority (the Authority) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 9, 2020.

**Internal Control over Financial Reporting**

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

To the Board of Supervisors of the  
Tohopekaliga Water Authority

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
March 9, 2020



Certified Public Accountants

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Supervisors of the  
Tohopekaliga Water Authority  
Osceola County, Florida

### Report on the Financial Statements

We have audited the basic financial statements of the Tohopekaliga Water Authority (the Authority) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 9, 2020.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit on Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 9, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

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

### Financial Condition and Management

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

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

To the Board of Supervisors of the  
Tohopekaliga Water Authority

**Financial Condition and Management (Continued)**

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

**Special District Component Units**

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district components that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Additional Matters**

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

**Purpose of this Letter**

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

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
March 9, 2020



## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors of the  
Tohopekaliga Water Authority  
Osceola County, Florida

We have examined the compliance of the Tohopekaliga Water Authority (the Authority) with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with those requirements. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

*MSL, P.A.*

Certified Public Accountants

Orlando, Florida  
March 9, 2020

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