

TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020



PREPARED BY:
THE FINANCE DEPARTMENT

TOHOPEKALIGA WATER AUTHORITY
Comprehensive Annual Financial Reports
For the Fiscal Year Ended September 30, 2020

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Tohopekaliga Water Authority
Osceola County, Florida

INTRODUCTORY SECTION

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March 3, 2021

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 (Toho) for fiscal year ended September 30, 2020, 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 Toho. This CAFR was prepared by Toho'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 Toho, and that all disclosures necessary to enable the readers to gain the maximum understanding of Toho's financial activity have been included.

Generally accepted accounting principles (GAAP) require 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. Toho's MD&A can be found immediately following the report of the independent auditors.

Toho'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 Toho's financial statements for the fiscal year ended September 30, 2020, are free of material misstatement.

THE REPORTING ENTITY AND SERVICES PROVIDED

Toho 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. Toho 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, Toho's service area 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 unincorporated areas provided with water and wastewater service by the City of St. Cloud on the

effective date of the Act, June 26, 2003). Pursuant to the Act, this 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 Toho to provide its service and facilities therein. Toho has entered into several interlocal agreements to service a small adjacent service area located in the southern portion of Orange County and in certain portions of unincorporated Polk County. Authorization for Toho 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 Toho and Polk County dated October 1, 2006.

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

Toho's water facilities include thirteen operating water treatment plants consisting of wells, ground storage tanks, high-service pumps, and water distribution systems. Toho's water facilities currently rely exclusively on ground water derived from the upper Floridan aquifer. Raw water supply wells currently pump an average of 34.7 million gallons per day (mgd) to the thirteen water treatment plants strategically located throughout the service area. Water is distributed through 1,452 miles of water mains.

Toho's wastewater facilities include eight water reclamation plants, sewage collection facilities, and wastewater effluent disposal facilities. Toho'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 1,290 miles of collection and transmission system piping with 444 wastewater pump stations. The highly treated reclaimed water produced by the WRFs is distributed through 396 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

Despite the severe impact of the pandemic on Florida's economy, the forecast for the next four years is largely favorable. Florida's economy experienced a sharp contraction early in 2020 as the response to the coronavirus threat triggered the shutdown of many businesses, especially in the entertainment and hospitality sectors. These shutdowns increased unemployment from 3.3% in 2019 to 8.5% in 2020. However, Florida is already in recovery; businesses are reopening and tourism is resuming. Florida's labor force is expected to grow by 2.1% over the four-year forecast period, supported by job growth rebounding to 5.6% in 2021 and stabilizing at roughly 2.7% for the following two years. Additionally, demand for housing is strong; traditional sales are up 23.9% over last year and inventory levels currently average only 2.2 months of supply. This demand will drive strong growth in new housing starts and will be supported by population growth as aging baby boomers continue to retire to Florida.

Likewise, the Orlando-Kissimmee area experienced significant economic hardship as a result of the pandemic. The central Florida economy is largely dependent on tourism, anchored by the major theme parks and supported by many satellite businesses in the entertainment and hospitality sectors. Consequently, area unemployment in 2020 spiked from 2.8% at the beginning of the year to a high of 13.2% in the second quarter as the parks closed and tourists stayed home. In the second half of 2020, businesses gradually reopened or partially reopened and limited tourism resumed, but unemployment remained quite high at 11.1% overall with the heaviest impact felt in Osceola County. As the recovery continues, unemployment is expected to decrease sharply over the course of 2021 to 6.7% and land at 4.2% by the end of the four-year forecast period, aided by growth in the services, entertainment, and hospitality sectors. As with the state as a whole, strong housing demand emerged as the bright spot in the local economy. New housing starts remained level with the high volume experienced during 2019 and are not expected to undergo any significant decrease during the forecast period. This will be supported by modest but steady population growth averaging 1.6% for our area.

Our assessment of our area's economic outlook is primarily based on the November 2020 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.

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STRATEGIC PLAN INITIATIVES

The Strategic Plan sets the priorities and direction for Toho. 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. Although the coronavirus pandemic impacted our ability to implement our goals as planned in FY2020, we were still able to make significant progress while re-designing multiple business practices to protect the health of both staff and the community in response to pandemic concerns. 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 pattern of water droplets. A large blue square is positioned in the bottom right corner of the content area.

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

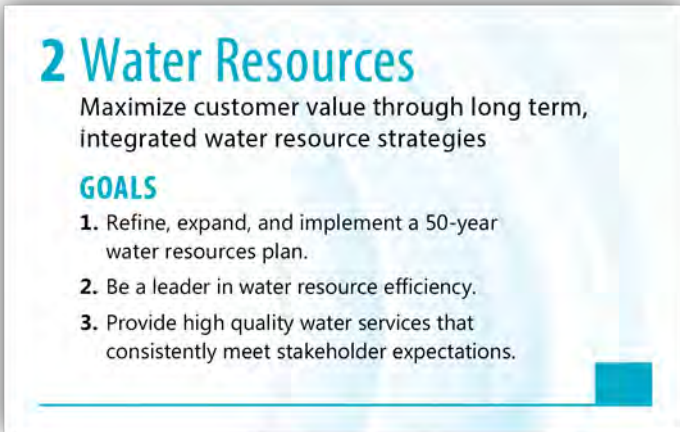
This year, we completed the implementation of our expanded Toho Assistance Program which, in partnership with the Osceola Council on Aging, helps customers experiencing financial hardship to

pay their bills through contributions from various sources; launched our online Customer Tool Kit, including a Spanish language version; completed a National Business Research Institute survey of our customers and performed the related gap analysis to guide future improvements; began the redesign of our website which will include adding chat capability; and completed a technology road map to pave the way for future efficiencies and automation

Despite the pandemic, over the first half of FY2020 new meters were requested at the same high volume we experienced in FY2019. Throughout much of the year, Toho was able to improve the turnaround time for these requests to a next-business-day response, boosting our relationships with area builders and developers.

In response to the pandemic, the Customer Service Department restructured to follow safety guidelines to protect staff and the community and to allow remote work for administrative positions. Our community is anchored by the hospitality and entertainment industries; consequently, our customers experienced considerable economic hardship over the past year. We suspended both disconnection and collection efforts throughout the second half of FY2020. Although these activities have since resumed, we continue to provide extensive specialized payment plans and to help our customers liaise with other organizations providing financial assistance.

Both the initiatives we pursued during the year and our response to the pandemic have been driven by our commitment to support our community and improve our customers' experience.



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 continuing development of potable and reclaimed water master plans and cooperative efforts with other regional governments and the Water Cooperative of Central Florida (WCCF).

Toho continued master planning efforts to develop a comprehensive long-term water supply plan for both potable and reclaimed water based on population/demand projections for our service area and hydraulic modeling of our water system infrastructure. These plans will provide recommendations for best uses of both existing and alternative water supplies and a prioritized list of specific capital improvement projects to extend through 2030. The master plans will be completed in early 2021.

As water is a shared resource, long-term planning for future water supply needs is best accomplished through cooperative efforts with other regional stakeholders. Toho continues to participate in multiple water supply projects involving other organizations:

- Toho, along with the City of St. Cloud, Orange County, and Polk County, is a founding member of the WCCF, established in 2011 to support a regional approach to the management and protection of the public water supply.
- The Cypress Lake Wellfield, under development by the WCCF through a contract with Toho, is an alternative water supply project for the treatment of brackish water, partially funded by a grant from the South Florida Water Management District. Membership in the WCCF will enable Toho to access up to 12 mgd of the 30 mgd expected future net production. Design for the water treatment facility and the interconnected water distribution system began in 2013. We are currently constructing the first of three concentrate disposal wells and developing the final design for the water treatment plant.
- The Judge Farms Reservoir is a joint project with Osceola County to develop a stormwater treatment facility and water storage reservoir to provide a supplemental source of reclaimed water for future development. The County will own the reservoir and be responsible for its maintenance; Toho will own a 5-acre portion of the property to use for a water treatment facility and will have rights to 400 million gallons of water storage. This supply will initially be used for irrigation but could potentially become a future potable water source. The treatment facility is currently in design. Both treatment facility and distribution infrastructure will be completed in late 2024.

- The Taylor Creek Reservoir (TCR) is an alternative water supply being developed by Toho in cooperation with Deseret Ranch and several other water utilities including the City of Cocoa, Orange County, East Central Florida Services, and the Orlando Utilities Commission. TCR will provide 6.5 mgd from the reservoir to the Sunbridge development in northeastern Osceola County. A reservoir levee/berm design review is about to begin. Project completion is not expected for 10 or more years.

Finally, one major alternative water supply project being developed solely by Toho will begin in 2021 at Toho’s 160-acre site in northwest Osceola County. This project will include wells and an advanced water treatment plant made possible through Toho’s groundwater recharge efforts in the region, ultimately supplying 5 mgd or more of water beginning in 2024.



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 sanitary sewer collection infrastructure, water distribution infrastructure, water treatment and wastewater reclamation facilities. During FY2020, the following related projects were performed.

Ongoing Assessment Process - We continued to assess our infrastructure to monitor condition and prioritize repair, replacement, and rehabilitation projects:

- 509 potable water valves and 6,215 hydrants
- Six force mains totaling 56,160 linear feet (LF) of ductile iron pipe. We will continue to assess ductile iron force mains of greater than 10-inch in diameter in 2021 with completion of the remaining 124,000 LF in our system by 2025.
- 106 wastewater pumping stations

Sewer Collection System Infrastructure Repair/Replacement - Repair and replacement of collection system infrastructure continued:

- The rehabilitation and replacement of 23.9 miles of gravity mains and 1,332 manholes identified in our 2019 sanitary sewer assessment is underway and will be completed prior to December 2025 as part of a WIFIA (Water Infrastructure Finance and Innovation Act) project.
- Eight lift stations were rehabilitated and, at the Indian Ridge supplement facility, four new high service pumps, motors, and concrete pump pedestals were installed.
- Construction of a 16-inch force main replacement project at lift station 111 has begun and will be complete in September 2021. The project replaces approximately 5,423 feet of 16" ductile iron force main with high density polyethylene (HDPE) and polyvinyl chloride (PVC) pipe.
- A 24-inch parallel force main from LS 57 to South Bermuda WRF is under construction; the existing force main will be rehabilitated in FY 2023.
- Design was initiated in FY2021 for replacement of approximately 2,600 LF of 12-inch asbestos cement force main along US192 between Simpson Rd. and Madison Crossing. Construction is expected to be complete in FY2022.

Water Transmission and Distribution Infrastructure Construction - Construction of water transmission and distribution infrastructure continued as well:

- Construction of 25,100 feet of 8-inch to 16-inch water, wastewater, and reuse transmission mains was completed to serve NeoCity, a 500-acre master planned technology.
- Construction of approximately 4,400 LF of water main along Poinciana Boulevard between Pam Road and US 192 was completed in 2020. This main facilitates the movement of water from the Eastern Regional Water System to the Poinciana system supporting growth within the Poinciana service area.
- Construction of 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 continued. The new water main will improve water quality and system pressures along the Cyrils Drive corridor to meet development growth. Construction will be complete in March 2021.

Completed Facility Construction – Multiple construction projects at our treatment facilities were completed this year:

- The upgrade and expansion of the South Bermuda WRF Biosolids Processing Facility was completed in early FY2020.
- Construction of the new Sand Hill Road WRF Biosolids Processing Facility was completed in early FY2020

- Construction of a sixth well and raw water main at the Richard McLaughlin Water Treatment Plant was completed in FY2020. This project increases well capacity by 3,500 gallons per minute.
- Construction to expand the Lake Marion WRF from 1.5 to 3.0 mgd was completed, providing capacity for continued growth in the Poinciana area.

Ongoing Facility Construction - We have multiple facility construction projects currently underway:

- Construction is underway for the Western Reuse Storage and Pumping Facility. The facility, when completed in late FY2021, will include two 4-million-gallon ground storage tanks and a high service pumping facility and will offset the use of potable water for irrigation in the western service area.
- Final design was initiated in FY 2020 to expand the Sandhill WRF facility from 6.0 mgd to 9.0 mgd capacity. Construction is scheduled for substantial completion in FY2023.
- A consultant was selected and design initiated for the Southwest Water Treatment Plant Well #3 and Raw Water Transmission Main. Design will be completed in FY2021 and construction completed in early 2023. This project will increase plant capacity from 8.64 mgd to 12.96 mgd to address continued growth in the Western Service Area.
- The Sunbridge Water Treatment Plant is being constructed under a cooperative agreement with Tavistock East II, LLC. The first phase will supply 1.0 mgd of potable water to the northwest sector of Toho's service area. Construction of this phase will be completed in December 2021.

Treatment Process Improvements - Finally, we have several projects to implement process improvements at our water treatment facilities:

- For several years, we've been challenged by a disinfection by-product compliance issue in the Harmony water system. We installed a MIEX water treatment system in 2013 to address the issue, but it failed to meet performance requirements consistently. Over subsequent years, we tried multiple modifications to resolve the problem without success. This year, we completed construction of a degasification system that removes sulfates in advance of the MIEX process, supporting improved operational performance of the MIEX process.
- Design of a full-scale demonstration of a granular activated carbon system (GAC) for disinfection by-products (DBP) reduction has been completed at the Buenaventura Lakes WTP. Construction of the GAC will start in winter 2021 with completion expected before summer 2021.
- Preliminary design was completed for an ion exchange treatment process at the Parkway Water Treatment Plant. This project will reduce the DBPs created when naturally occurring organic material present in the groundwater reacts with chlorine, a chemical utilized in the disinfection process. The project also includes replacement of the existing high service pumps to meet demands within the distribution system and improvements to the backup power capabilities. Design will be finalized in FY2021; construction will be completed in FY2022.

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.

The Workforce strategic goals continue to be a primary focus and anchor for the activities of the Human Resources Division. The following is a summary of accomplishments during FY2020.

Maintain safe and healthy work conditions.

Toho demonstrated its commitment to safe and healthy working conditions by implementing a work from home policy for all eligible positions and equipping employees with the technology necessary to perform from home. For employees in positions ineligible for working from home, we implemented procedures to minimize spread in the workplace. A strategic reassignment of reporting locations and an expanded fleet supported social distancing and working in smaller groups. Use of face coverings and temperature screening became mandatory. Disinfection services and PPE (personal protection equipment) supplies were provided to all facilities. Toho also implemented quarantine guidelines for any suspected or confirmed COVID exposure and for all confirmed positive cases, granting additional paid leave to employees who were unable to work to avoid adversely impacting their income. The success of these approaches was evident in that no confirmed positive cases were known to originate in our workplace, and there have been no outbreaks in any of our locations.

Increase performance by building an engaged and productive work environment.

Toho implemented several programs that align to this goal. We revised our performance evaluation form to include an expanded rating scale and redefined competency descriptions assigned based on job classes. This resulted in more clear, accurate performance feedback and better scoring consistency. In addition, we conducted a compensation study during 2020 that provided market data comparisons allowing us to position our compensation scale closer to the market, enhancing competitiveness; the first phase of this plan was implemented in January 2021. The success of this implementation has been evident both in feedback from employees and our improved ability to recruit and retain talent. Lastly, Toho developed a High Achievement Recognition Program in 2020 which will launch in 2021. This program will recognize and reward top talent based on stringent criteria including validation by the Executive Director; it is intended to be a distinguished recognition of outstanding performance.

Secure a skilled and trained workforce that supports the organization.

Toho launched a new learning management system in 2020, allowing for better tracking of employee training and more transparent recordkeeping accessible to both employees and their supervisors. We are also using it as a platform to deliver training. We have continued to offer required safety training with modifications to accommodate COVID safety precautions. While development training opportunities have been limited by lack of instructor availability during the pandemic, our intent is to regain lost ground in 2021 and provide continued development to Toho staff.

Commit to providing a culture of positive accountability.

Toho’s commitment to communication and follow through during 2020 was consistent, despite the pandemic. Employee accountability and involvement in decision making was increased as a result of regular “Toho All Surveys” and “Toho All Calls” which included the entire employee population; this allowed Toho leadership to address issues directly at all levels of our organization; employee feedback could also be submitted anonymously.



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

Communications Plan Development

We began with detailed research including a thorough communications audit outlining key stakeholders and an analysis of communications channels. From this research, we developed a comprehensive communications plan that was adopted by the Toho Board of Supervisors. This plan provides the structure for measurable objectives for FY2021.

Cross-Functional Teams Integration We organized cross-functional teams to implement our various efforts, including communications projects and campaigns from different departments within Toho. We used a variety of tools and outreach methods to effectively leverage this team approach to maximize desired results.

Communications Expansion

We expanded staffing by adding a managerial position to elevate communications efforts in alignment with the Strategic Plan.

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.

The Technology strategy focuses on providing an outstanding level of service, quality products, and innovative solutions to our employees.

We were able to address all three technology goals with various initiatives during FY2020.

Manage Security Risk

- Toho created a Cyber Security Program to educate and empower employees to safeguard its data. A series of training sessions provided information on potential security threats and best practices for mitigating risk. The program also includes maintenance of security policies and procedures for technology use.
- Toho implemented an initial pilot of Duo Factor authentication; two-factor authentication protocols protect against data breaches caused by phishing, social engineering, and password brute force attacks. We anticipate Toho-wide deployment in 2021.
- Toho engaged a consultant to provide a vulnerability assessment to identify possible exposures in our critical systems, networks, and processes and assign a level of risk associated with each potential threat.

Enhance Business Processes through Effective Technology

During FY2020, Toho expanded deployment of VDI technology to allow remote users to securely access Toho's data. With the onset of the pandemic, we experienced an unexpected and rapid need to provide work from home options to most office and administrative staff. We were able to provide technology to all staff eligible to work from home and quickly migrate these employees from working on site to successfully working remotely in a matter of weeks, allowing normal business processes to continue in compliance with COVID-19 public health recommendations.

IT Master Plan

Toho developed an IT Master Plan featuring two components: 1) an assessment of current business needs across all divisions, and 2) a three-year to five-year strategic roadmap to prioritize future technology investments and develop project management capabilities for enterprise technology service delivery. We are currently working on implementing IT governance process improvements and delivery of the first-year projects presented in the plan. We are also conducting more detailed mapping of critical customer service business processes in order to prioritize technology improvements in this functional area.

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.

Below are some of the more notable highlight in delivering on Financial Performance during FY2020.

- Toho successfully closed its first WIFIA loan. Loan proceeds will be used to fund up to 49% of Toho's \$81.9 million Accelerated Gravity Sewer Assessment and Rehabilitation project. The WIFIA loan is expected to save Toho an estimated \$7.9 million compared to typical bond financing.
 - S&P Global Ratings raised its long-term rating on the Toho's outstanding utility revenue bonds to 'AAA' from 'AA+'. At the same time, it assigned our 'AA+' long-term rating to our 2020 WIFIA Loan.
 - Fitch Ratings assigned a 'AAA' to the WIFIA loan. In addition, Fitch Ratings affirmed approximately \$190.6 million in outstanding utility system revenue bonds at 'AAA'.
- Toho had a good audit report for FY2019 and received the Government Finance Officers Certificate of Excellence in Financial Reporting for the twelfth consecutive year.
- Toho received its sixth Government Finance Officers Distinguished Budget Presentation Award for its FY2020 budget.
- Bond coverage was maintained above 3.0 during FY2020 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		STATUS						
		CUSTOMER & COMMUNITY	WATER RESOURCES	INFRASTRUCTURE	WORKFORCE	COMMUNICATION	TECHNOLOGY	FINANCIAL PERFORMANCE
CULTURE AND BRANDING								
Customer Service Excellence focused culture assessment and improvement plan	On Hold/ Covid-19 – will be coordinated with Asset Management Program enhancements	●			○			
Re-evaluate our vision, mission and values	New Vision and Mission: "Toho Cares" Also part of Cultural Assessment	●			○			
Define and establish TWA's brand as an employer of choice	Moved to Year 2				○			
UNDERSTANDING								
Segment unique stakeholder groups, develop stakeholder group specific gap closure plan	Ongoing and part of the communication plan	●				○	○	
Determine how customers value water	On Hold/Covid-19 - part of Communication Plan	○	●					
Form Risk Management Committee to develop enterprise risk management framework	Sched start FY21 q4 of Year 2		○	○				●
Asset Management Program Enhancements	Developing asset mgt plans for gravity and force mains		○	●				○
PLANNING AND DELIVERY								
IT Master Plan	Plan completed and presented	○	○	○	○	○	●	○
Customer Centered Technology Roadmap	Part of IT Master Plan	●					○	
Budget process to plan and budget for anticipated staffing needs based on organizational goals and objectives	FY21 budget completed incorporating COVID impacts				○			○
Evaluate performance management process to determine opportunities	New annual evaluation process employed last fall. Top Performing Program rolling out.				○	○		○
SOP Inventory and as-is/to be process optimization	Continuing/ Org. Development Mgr contributing	○	○	○	○	○	○	○
WiFi Program Delivery	Funds being used for design, construction			●				○
Infrastructure Master Plans	Water and Reuse MP work has been initiated; WW Master Plan Scope of Services being finalized		●	●				
AWS Delivery	Cypress Lake delivery schedule		●					
Biosolids	Developing risk management plan with regional partners		●					
Management System	Developing a system using existing EMS program as a basis	○	●	○	○	○	○	○

Finally, the Strategic Plan provides direction for Toho 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 Toho'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 Toho'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 Toho'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 Toho to the bondholders. Among other requirements, Toho must keep accounts in accordance with GAAP 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 30th of each year.

Toho 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 in September where it is either adopted as presented, or amended and adopted by September 30th, if additional budget or rate changes are necessary. The new fiscal year begins October 1st and interim financial reports are provided to the Board for oversight and to management for internal use.

STATUTORY REQUIREMENTS – INDEPENDENT AUDIT

Florida law requires Toho’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

National Association of Clean Water Agencies Peak Performance Awards

The Peak Performance Awards recognize member agencies facilities for excellence in wastewater treatment as measured by their compliance with their National Pollutant Discharge Elimination System permits, as well as those facilities that operate under a Federal or state equivalent NPDES permit, an underground injection control permit, or a state control mechanism that regulates effluent quality and reuse of reclaimed flows.

Gold Awards are presented to facilities with no permit violations for the entire calendar year. Silver Awards are presented to facilities with no more than five violations per calendar year. Toho won multiple awards for calendar year 2019 (awarded during FY2020).

- Gold Award
 - Cypress West Water Reclamation Facility
 - Walnut Water Reclamation Facility

- Silver Award
 - Harmony Water Reclamation Facility
 - South Bermuda Water Reclamation Facility

Utility of the Future Today Award

The Utility of the Future Today Joint Recognition Program has again deemed Toho a Utility of the Future Today in the area of Energy Efficiency. The Utility of the Future Today Recognition Program is a joint initiative led by the Water Environment Federation, the National Association of Clean Water Agencies, the Water Research Foundation, and the WaterReuse Association, and is supported by the Environmental Protection Agency, Office of Wastewater Management, and the Department of Energy, Office of Energy Efficiency & Renewable Energy. It honors water resource recovery facilities for community engagement, watershed stewardship, and recovery of resources such as water, energy, and nutrients.

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 Toho.

In order to be awarded a Certificate of Achievement, Toho 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. Toho received a Certificate of Achievement for the twelfth 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 FY2020 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 sixth year that Toho 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 Toho’s financial operations in a most responsible and progressive manner.



Todd P. Swingle
Executive Director



Rodney Henderson
Director of Business Services



Alexandra S. Green
Comptroller

TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA



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, 2019

Christopher P. Morill

Executive Director/CEO

**TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA**

BOARD OF SUPERVISORS

Hector Lizasuain, Chairman

Domingo Sanchez, Vice Chairman

William "Bill" Land, Secretary

Henry Thacker, Supervisor

Jim Swan, Supervisor

EXECUTIVE DIRECTOR

Todd Swingle

GENERAL COUNSEL

Anthony Cotter

TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA



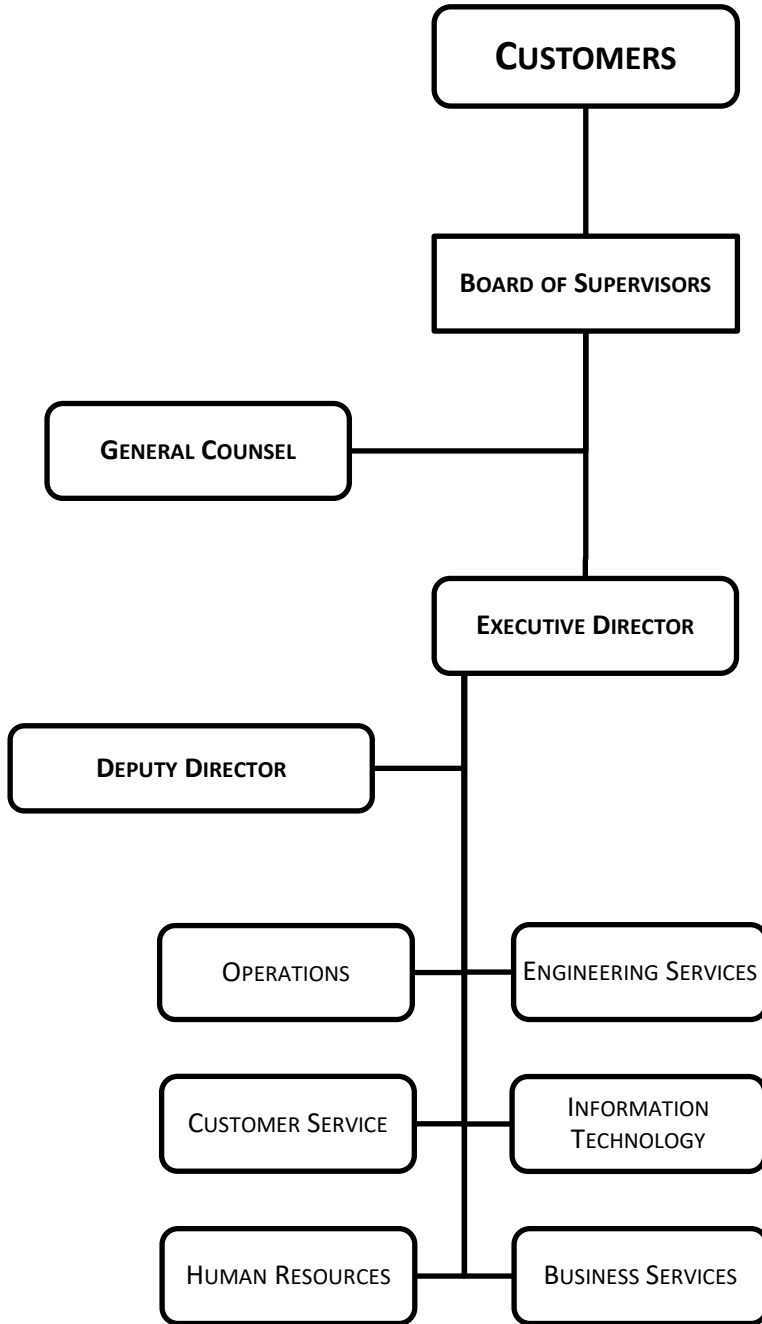
Provide reliable, cost-effective, and responsive water services to our customers while protecting public health and the environment.



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

TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA

ORGANIZATIONAL CHART



Tohopekaliga Water Authority
Osceola County, Florida

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, 2020, 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, 2020 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 3, 2021, 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 3, 2021

TOHOPEKALIGA WATER AUTHORITY

Management's Discussion and Analysis

September 30, 2020

(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, 2020. 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 seventeenth year of operation:

- *Operating income* was \$16,878, a decline of 21% over the prior year.
- *Capital contributions* were \$60,555, an increase of 0.8% over the prior year.
- *Net position* totaled \$953,848 in 2020, an increase of \$75,669 or 8.6% over the prior year.
- *Net capital assets* increased by \$37,520, an increase of 4.5% 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 the Authority's creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the Authority's capital structure, and assessing the Authority's liquidity and financial flexibility. Over time, increases or decreases in net position may serve as a useful indicator of whether the Authority's financial position 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, 2020
(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, 2020 and 2019
(In Thousands)

	2020	2019	Increase (Decrease)	
			Change	%
Current assets	\$ 152,980	\$ 139,997	\$ 12,983	9.3%
Non-current assets-other than capital assets	204,600	138,778	65,822	47.4%
Total Capital Assets (Net)	<u>876,204</u>	<u>838,684</u>	<u>37,520</u>	4.5%
 Total Assets	 1,233,784	 1,117,459	 116,325	 10.4%
Total Deferred Outflows of Resources	<u>4,376</u>	<u>15,259</u>	<u>(10,883)</u>	-71.3%
Total Assets and Deferrals	<u>1,238,160</u>	<u>1,132,718</u>	<u>105,442</u>	9.3%
 Current liabilities	 39,908	 38,451	 1,457	 3.8%
Non-current liabilities	<u>243,349</u>	<u>214,603</u>	<u>28,746</u>	13.4%
Total Liabilities	283,257	253,054	30,203	11.9%
Total Deferred Inflows of Resources	<u>1,055</u>	<u>1,484</u>	<u>(429)</u>	-28.9%
Total Liabilities and Deferrals	<u>284,312</u>	<u>254,538</u>	<u>29,774</u>	11.7%
 Net investment in capital assets	 666,901	 638,632	 28,269	 4.4%
Restricted - system development charges	155,281	135,434	19,847	14.7%
Restricted - bond projects	37,939	-	37,939	100.0%
Unrestricted	<u>93,737</u>	<u>104,113</u>	<u>17,709</u>	17.0%
Total Net Position	<u>\$ 953,848</u>	<u>\$ 878,179</u>	<u>\$ 75,669</u>	8.6%

Management's Discussion and Analysis (Continued)

September 30, 2020
(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, 2020, and 2019, 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 \$953,848 (total net position) at the close of the fiscal year ended September 30, 2020. This \$75,669 increase in net position over the prior year consists of capital contributions of \$60,555 and net operating income of \$16,878, plus non-operating expense of \$1,764. The Authority's Total Net Position increased 8.6% over last year.

The largest part of the Authority's net position (70%) 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 increase in restricted net position related to bond funds can be attributed to the issuance of the Authority's Series 2020 Bonds.

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Management's Discussion and Analysis (Continued)

September 30, 2020
(In Thousands)

The following is a comparative summary of the changes in net position for the Authority for the fiscal years ended September 30, 2020 and 2019:

Comparative Summary of the Changes in Net Position
For the Years Ended September 30, 2020 and 2019
(In Thousands)

	2020	2019	Increase (Decrease)	
			Change	%
<i>Operating Revenues:</i>				
Charges for services	\$ 130,813	\$ 126,799	\$ 4,014	3.2%
Miscellaneous revenues	753	759	(6)	-0.8%
Total Operating Revenues	<u>131,566</u>	<u>127,558</u>	<u>4,008</u>	3.1%
<i>Operating Expenses:</i>				
Personnel services	29,134	27,433	1,701	6.2%
Contracted services	13,097	10,477	2,620	25.0%
Supplies and materials	5,337	5,136	201	3.9%
Repairs and maintenance	8,531	7,605	926	12.2%
Payments in lieu of taxes	10,851	10,800	51	0.5%
Other services and charges	10,762	10,975	(213)	-1.9%
Depreciation	36,976	33,753	3,223	9.5%
Total Operating Expenses	<u>114,688</u>	<u>106,179</u>	<u>8,509</u>	8.0%
Operating Income	<u>16,878</u>	<u>21,379</u>	<u>(4,501)</u>	-21.1%
<i>Non-Operating Revenues (Expenses):</i>				
Investment income	7,185	8,832	(1,647)	18.6%
Interest and fiscal charges expense	(8,677)	(8,748)	71	-0.8%
Other	(272)	334	(606)	-181.4%
Total Non-Operating Revenues (Expenses)	<u>(1,764)</u>	<u>418</u>	<u>(2,182)</u>	-522.0%
Gain (Loss) Before Contributions	15,114	21,797	(6,683)	-30.7%
<i>Capital Contributions:</i>				
Federal, state and local capital grants	(16)	20	(36)	-180.0%
Developers	60,571	60,081	490	0.8%
Total Capital Contributions	<u>60,555</u>	<u>60,101</u>	<u>454</u>	0.8%
Change in Net Position	75,669	81,898	(6,229)	-7.6%
Total Net Position – Beginning	<u>878,179</u>	<u>796,281</u>	<u>81,898</u>	10.3%
Total Net Position – Ending	<u>\$ 953,848</u>	<u>\$ 878,179</u>	<u>\$ 75,669</u>	8.6%

Management's Discussion and Analysis (Continued)

September 30, 2020
(In Thousands)

Operating revenues for fiscal year 2020 reflect signs that the local economy has continued to gradually improve throughout the Authority's service area. In 2020, operating revenues increased by 3.1% over the prior fiscal year. Overall operating expenses also increased by 8%, resulting in a decline of 21% for net operating income. Non-operating revenue (expense) for fiscal year 2020 was an expense of \$1,764, a decline of \$2,182 from 2019.

The \$60,555 in capital contributed during fiscal year 2020 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 \$37,520 (4.5%) over the prior year, primarily due to infrastructure improvements. In addition, the Authority received contributed assets totaling \$26,778 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, 2020 and 2019:

Comparative Summary of Capital Assets As of September 30, 2020 and 2019 (In Thousands)

	2020	2019	Increase (Decrease)	
			Change	%
Capital Assets				
Land	\$ 22,498	\$ 19,486	\$ 3,012	15.5%
Furniture, Fixtures and Equipment	40,507	38,470	2,037	5.3%
Plant and Infrastructure	1,146,719	1,055,960	90,759	8.6%
Construction in Progress	33,177	56,353	(23,176)	-41.1%
Less: Accumulated Depreciation	(366,697)	(331,585)	(35,112)	10.6%
Total Capital Assets, Net	<u>\$ 876,204</u>	<u>\$ 838,684</u>	<u>\$ 37,520</u>	4.5%

Management's Discussion and Analysis (Continued)

September 30, 2020
(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 Series 2003A&B 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.

On February 12, 2020, the Authority successfully closed its first WIFIA (Water Infrastructure Finance and Innovation Act) loan. Loan proceeds will be used to fund up to 49% of the Authority's \$81.9 million Accelerated Gravity Sewer Assessment and Rehabilitation project.

On March 31, 2020, the Authority issued \$38,160 in Utility System Revenue Bonds, Series 2020 to serve as complementary short-term financing for the WIFIA Loan for the five-year construction period of the Accelerated Gravity Sewer Assessment and Rehabilitation project.

Debt retirement and principal payments totaling \$8,601 were made on these bond and note issues during the current year. The Authority incurred \$8,677 and \$8,748 of interest and other fiscal charges for the fiscal years ended September 30, 2020, and 2019, 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 2021. 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 improve over time as commercial activity recovers from COVID-19 impacts and to trend slightly better locally than for the national economy towards the end of 2021.

Management’s Discussion and Analysis (Continued)

September 30, 2020
(In Thousands)

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

Combined Systems				
Last Five Years of Total Billed Services as of September 30th				
	<u>Water</u>	<u>Irrigation</u>	<u>Wastewater</u>	<u>Reclaimed Water</u>
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
2020	114,640	17,478	108,506	21,180

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 153,300 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, 2020:

Average Charges for Selected Customers

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Residential – 4,000 Gallons Usage (3/4” Meter)	\$ 12.05	\$ 31.83	\$ 43.88
Commercial – 30,000 Gallons Usage (2” Meter)	\$ 89.03	\$ 298.01	\$ 387.04

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, 2020

(In Thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 102,735
Restricted cash and cash equivalents	26,797
Accounts receivable	21,462
Due from other governments	825
Inventory	1,161

TOTAL CURRENT ASSETS 152,980

NON-CURRENT ASSETS

Due from other governments - non-current	5,352
Restricted cash and cash equivalents - system development charges and bond funds	113,512
Restricted investments - system development charges and bond funds	82,116
Restricted accounts receivable, net - system development charges	3,278
Restricted construction deposits in escrow	342
Capital Assets:	
Land	22,498
Equipment, furniture and fixtures	40,507
Plant and infrastructure	1,146,719
Construction in progress	33,177
Less: Accumulated depreciation	(366,697)

TOTAL CAPITAL ASSETS 876,204

TOTAL NON-CURRENT ASSETS 1,080,804

TOTAL ASSETS 1,233,784

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	3,169
Deferred outflows related to pensions	997
Deferred outflows related to OPEB	210

TOTAL DEFERRED OUTFLOWS OF RESOURCES 4,376

TOTAL ASSETS AND DEFERRALS 1,238,160

(Continued)

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

TOHOPEKALIGA WATER AUTHORITY

STATEMENT OF NET POSITION (*Continued*)

September 30, 2020

(In Thousands)

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 10,788
Accrued liabilities	848
Other liabilities	126
Contracts payable	753
Compensated absences payable	596
Current liabilities payable from restricted assets:	
Accounts payable	1,211
Contracts payable	1,073
Revenue bonds and notes payable	8,789
Accrued interest payable	4,851
Deposits	10,873
	<hr/>
TOTAL CURRENT LIABILITIES	39,908

NON-CURRENT LIABILITIES

Compensated absences payable	1,446
OPEB liability	2,216
Net pension liability	7,909
Revenue bonds and notes payable	231,778
	<hr/>
TOTAL NON-CURRENT LIABILITIES	243,349

TOTAL LIABILITIES 283,257

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	<u>1,055</u>
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TOTAL DEFERRED INFLOWS OF RESOURCES 1,055

TOTAL LIABILITIES AND DEFERRALS 284,312

NET POSITION

Net investment in capital assets	666,901
Restricted - system development charges	155,281
Restricted - bond projects	37,939
Unrestricted	93,727
	<hr/>

TOTAL NET POSITION \$ 953,848

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, 2020
(In Thousands)

OPERATING REVENUES	
Charges for services	\$ 130,813
Miscellaneous revenues	753
	<hr/>
TOTAL OPERATING REVENUES	131,566
OPERATING EXPENSES	
Personnel services	29,134
Contracted services	13,097
Supplies and materials	5,337
Repairs and maintenance	8,531
Payments in lieu of taxes	10,851
Other services and charges	10,762
Depreciation	36,976
	<hr/>
TOTAL OPERATING EXPENSES	114,688
	<hr/>
OPERATING INCOME	16,878
NON-OPERATING REVENUES (EXPENSES)	
Investment income	7,185
Interest and fiscal charges expense	(8,677)
Other	(272)
	<hr/>
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,764)
	<hr/>
GAIN/(LOSS) BEFORE CONTRIBUTIONS	15,114
CAPITAL CONTRIBUTIONS	
Federal, state and local capital grants	(16)
Developers	60,571
	<hr/>
TOTAL CAPITAL CONTRIBUTIONS	60,555
	<hr/>
CHANGE IN NET POSITION	75,669
	<hr/>
TOTAL NET POSITION - BEGINNING	878,179
	<hr/>
TOTAL NET POSITION - ENDING	\$ 953,848
	<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, 2020
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 130,643
Payments to suppliers	(48,651)
Payments to employees	<u>(26,832)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>55,160</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition/construction of capital assets	(55,168)
Payments to construction escrow account	(22)
Retirement of capital debt	(8,601)
Interest paid on capital debt	(99)
Capital contributions	31,883
Grant reimbursements	(16)
Proceeds from long-term debt	38,160
Proceeds from sale of capital assets	<u>741</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>6,878</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	(82,029)
Purchase of investments	81,398
Investment earnings	<u>4,670</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,039</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,077
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>176,967</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 243,044</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Total unrestricted cash and cash equivalents	\$ 102,735
Total restricted cash and cash equivalents	<u>140,309</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 243,044</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, 2020
(In Thousands)

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	<u>\$ 16,878</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	36,976
Changes in assets and liabilities:	
Increase in accounts receivable	(1,290)
Decrease in inventories	(386)
Increase in accounts payable	268
Increase in customer deposits	367
Increase in other liabilities	45
Increase in accrued liabilities	208
Increase in OPEB	337
Increase in compensated absences	200
Decrease in net pension liability	<u>1,557</u>
TOTAL ADJUSTMENTS	<u>38,282</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 55,160</u></u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Water/sewer lines contributed by developers	\$ 26,778
Net change in fair value of investments	\$ 948

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

TOHOPEKALIGA WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2020
(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 \$325. 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 2020, 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 2020, the Authority reported \$3,169 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, 2020, the carrying amount of the Authority's cash deposit accounts was \$27,073. 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, 2020, the Authority had the following investment types and weighted average maturity presented in terms of years:

Security Type	Fair Value (\$ thousands)	Weighted Average Maturity (Years)
Florida PRIME Fund	\$ 65,344	0.08
United States Treasury Securities	41,117	1.96
Florida PRIME Fund Bond Proceeds	39,612	0.08
Intergovernmental Investment Pool	35,911	0.08
Corporate Notes	33,172	1.68
Federal Agency Securities Note	28,981	2.38
Asset-Backed Securities	22,915	2.81
Federal Agency Securities Collateralized Mortgage Obligation	10,537	3.73
Federal Agency Securities Mortgage-Backed Security	10,444	8.24
Supranationals	6,479	2.36
State and/or Local Government Debt	2,883	3.05
Money Market Mutual Fund	692	0.00
Total	\$ 298,087	2.89

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, 2020 the investment portfolio had a weighted average duration of 2.89 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 ¹	Maximum Maturity
U.S. Treasury	100%	100%	N/A	5 Years (5 Year Avg. Life ⁴ for GNMA)
GNMA		40%		
Other U.S. Government Guaranteed (e.g., AID, GTC)		10%		
Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB*	75%	40% ³	N/A	5 Years
Federal Agency/GSE other than those above		10%		
Supranationals 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% ²	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% ³	N/A	5 Years Avg. Life ⁴
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5 Years Avg. Life ⁴
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	10%	None, if fully collateralized	None, if fully collateralized	2 Years
Commercial Paper (CP)	35% ²	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Bankers' Acceptances (BAs)	10% ²	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, <i>if rated</i> (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:

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

² Maximum allocation to all corporate and bank credit instruments is 50% combined.

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

⁴ 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 an asset 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 their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70/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, 2020, 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.

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NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**Concentration of Credit Risk (Continued)**

As of September 30, 2020, the Authority had the following issuer concentration and credit exposure based on fair value as a percentage of total investments:

Security Type	Fair Value (\$ thousands)	Portfolio Asset Allocation	Permitted by Policy
Florida PRIME Fund	\$ 65,344	21.92%	25%
Federal Agency Securities/GSE	49,962	16.76%	75%
United States Treasury Securities	41,117	13.79%	100%
Florida PRIME Fund Bond Proceeds	39,612	13.29%	25%
Intergovernmental Investment Pool	35,911	12.05%	25%
Corporate Notes	33,172	11.13%	35%
Asset-Backed Securities	22,915	7.69%	25%
Supranationals	6,479	2.17%	25%
State and/or Local Government Debt	2,883	0.97%	25%
Money Market Mutual Fund	692	0.23%	50%
Total	\$ 298,087	100.0%	

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NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued)

Below are two charts depicting the Standard and Poor's and Moody's credits rating assigned to the assets backed securities, corporate notes, government debt, and supranational debt held in the Authority's investment portfolio based on their fair value at September 30, 2020.

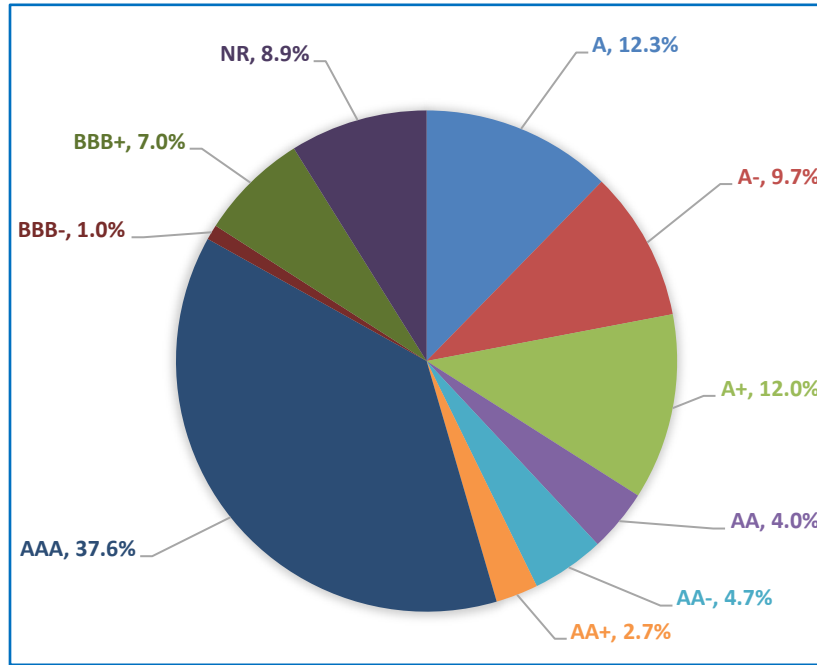


Figure 1 - Credit Quality | S&P Ratings

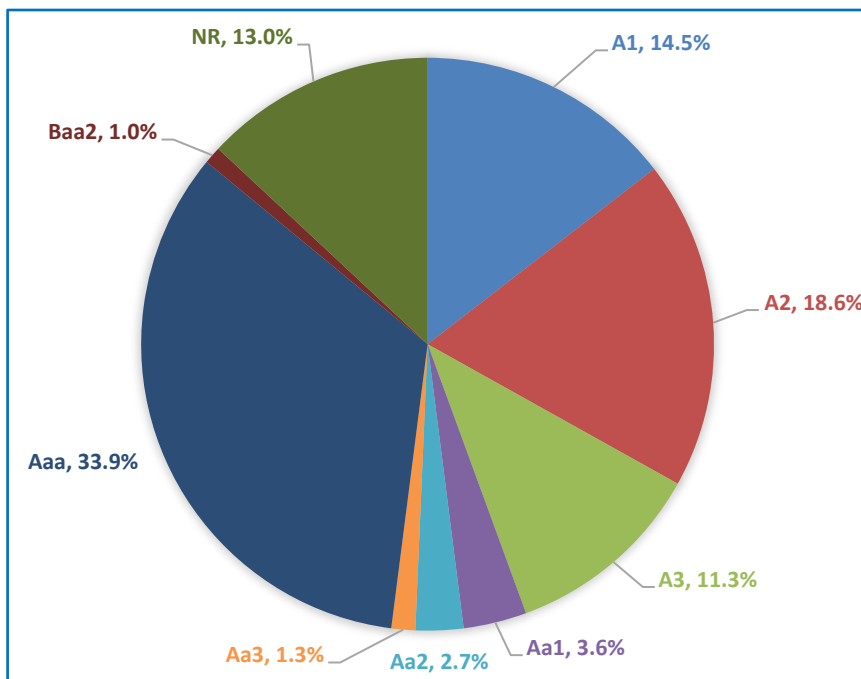


Figure 2 - Credit Quality | Moody's Ratings

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk and Fair Value Measurement

	9/30/2020 Fair Value (\$ thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level		
Florida PRIME Fund ^[1]	\$ 65,344	\$ -
United States Treasury Securities	41,117	41,117
Florida PRIME Fund Bond Proceeds ^[1]	39,612	-
Intergovernmental Investment Pool ^[1]	35,911	-
Corporate Notes	33,172	33,172
Federal Agency Securities Note	28,981	28,981
Asset-Backed Securities	22,915	22,915
Federal Agency Securities Collateralized Mortgage Obligation	10,537	10,537
Federal Agency Securities Mortgage-Backed Security	10,444	10,444
Supranationals	6,479	6,479
State and/or Local Government Debt	2,883	2,883
Money Market Mutual Fund	692	692
	<hr/>	<hr/>
Total investments by fair value measure	298,087	\$ 157,220
	<hr/>	<hr/>
Total deposits	27,073	
	<hr/>	
Total deposits and investments	325,160	
	<hr/>	
Restricted	222,425	
	<hr/>	
Unrestricted	\$ 102,735	
	<hr/>	

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

^[1] The Authority invests in certain money market mutual funds 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)*

Local Government Investment Pools

Florida PRIME Governmental Investment Pool

GASB 72 established a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgage of a mortgage-backed security.

GASB 72 generally requires investments to be measured at fair value. Investments not measured at fair value continue to include, for example, money market investments, 2a-7 like external investment pools such as the Florida Prime. GASB 72 requires disclosures be made about fair value measurements, the level of fair value hierarchy, and the valuation techniques. The Authority utilizes a third-party pricing service to 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 the SBA, the 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.

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, 2020, 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.

NOTE 2 - DEPOSITS AND INVESTMENTS *(Continued)*

Credit Risk *(Continued)*

Local Government Investment Pools *(Continued)*

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 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, 2020, 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. Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, Applicable Florida Law).

NOTE 2 - DEPOSITS AND INVESTMENTS *(Continued)*

Local Government Investment Pools *(Continued)*

FL PALM Fund

The Authority currently holds funds in the LGIP of the FL PALM Fund. This fund meets the requirements for GASB 79. The FL PALM is a common-law trust organized as an intergovernmental 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. Intergovernmental investment pool funds are held with FL PALM and are valued using an 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 of the shares at the close of each business day and monitors the difference between the amortized cost and fair 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 FL PALM fund is AAAM by Standard & Poor's and signifies a high level of safety of investment principal and seeks 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 fiscal year ended September 30, 2020:

	Beginning Balance 10/1/19	Increases	Decreases	Ending Balance 9/30/20
Capital assets, not being depreciated				
Land	\$ 19,486	\$ 3,012	\$ -	\$ 22,498
Construction in progress	56,353	36,893	(60,069)	33,177
Total capital assets, not being depreciated	<u>75,839</u>	<u>39,905</u>	<u>(60,069)</u>	<u>55,675</u>
Capital assets, being depreciated				
Water system assets				
Plant and infrastructure	381,956	24,531	(582)	405,905
Equipment, furniture and fixtures	9,194	172	(77)	9,289
Total water system assets	<u>391,150</u>	<u>24,703</u>	<u>(659)</u>	<u>415,194</u>
Sewer system assets				
Plant and infrastructure	649,234	65,891	(1,377)	713,748
Equipment, furniture and fixtures	10,844	1,352	(655)	11,541
Total sewer system assets	<u>660,078</u>	<u>67,243</u>	<u>(2,032)</u>	<u>725,289</u>
General plant and administrative assets				
Plant and infrastructure	24,770	2,363	(67)	27,066
Equipment, furniture and fixtures	18,432	1,667	(422)	19,677
Total general plant and administrative assets	<u>43,202</u>	<u>4,030</u>	<u>(489)</u>	<u>46,743</u>
Total capital assets, being depreciated	<u>1,094,430</u>	<u>95,976</u>	<u>(3,180)</u>	<u>1,187,226</u>
Less accumulated depreciation for:				
Plant and infrastructure	(309,581)	(33,913)	983	(342,511)
Equipment, furniture and fixtures	(22,004)	(3,063)	881	(24,186)
Total accumulated depreciation	<u>(331,585)</u>	<u>(36,976)</u>	<u>1,864</u>	<u>(366,697)</u>
Total capital assets, being depreciated, net	<u>762,845</u>	<u>59,000</u>	<u>(1,316)</u>	<u>820,529</u>
Capital assets, net	<u>\$ 838,684</u>	<u>\$ 98,905</u>	<u>\$ (61,385)</u>	<u>\$ 876,204</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, 2020:

	Beginning Balance 10/1/19	Additions	Reductions	Ending Balance 9/30/20	Due Within One Year	Long- Term Portion
Revenue bonds payable (Public Offerings)	\$ 183,990	\$ -	\$ 6,950	\$ 177,040	\$ 7,225	\$ 169,815
Notes payable (Direct Borrowing)	12,753	-	1,651	11,102	1,564	9,538
Notes payable (Direct Placement)	14,265	38,160	-	52,425	-	52,425
Total revenue bonds and notes payable	<u>211,008</u>	<u>38,160</u>	<u>8,601</u>	<u>240,567</u>	<u>8,789</u>	<u>231,778</u>
OPEB payable	1,879	400	63	2,216	-	2,216
Net pension liability	9,019	1,848	2,958	7,909	-	7,909
Compensated absences payable	1,842	1,197	997	2,042	596	1,446
Total long-term liabilities	<u>\$ 223,748</u>	<u>\$ 41,605</u>	<u>\$ 12,619</u>	<u>\$ 252,734</u>	<u>\$ 9,385</u>	<u>\$ 243,349</u>

Revenue Bonds Payable (Public Offerings) - The Authority has revenue bonds outstanding at September 30, 2020, 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, 2020, 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.

Series 2020 Note (Direct Placement) - Used to fund the construction and improvements to the Utility System, including (a) the gravity sanitary sewer system assessment; and (b) the rehabilitation and/or removal and replacement of certain mains and manholes (including the replacement of water mains within lift station basins as determined by the Authority to be necessary), and consists of the activities related to the improvements of the Utility System located in the lift station areas described in the WIFIA Loan Agreement dated as of February 12, 2020 between the Authority and the United States Environmental Protection Agency. The bond matures October 1, 2025. The terms in the event of a default for the Series 2020 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 \$333,452. Principal and interest paid for the current year was \$17,277. Total customer net revenues for the current year were \$68,000.

NOTE 4 - LONG-TERM DEBT (Continued)

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				
Public Offerings				
Series 2011A	Refunding	\$ 93,495	\$ 1,235	3.875%-4.50%
Series 2013	Refunding	\$ 33,590	5,475	3.375%-5.00%
Series 2016	Refunding/Misc. Project Capital	\$173,605	170,330	2.00%-5.00%
Notes Payable				
Direct Borrowings				
Note Payable - BOA	Admin Bldg. Project Capital	\$ 16,000	9,410	3.63%
Note Payable - SunTrust	Improvements	\$ 10,000	1,692	4.582%
Direct Placements				
Note Payable - SunTrust	Refunding	\$ 91,665	14,265	2.897%
Note Payable - BNY	Project Capital	\$ 38,160	<u>38,160</u>	1.213%
Total Long-Term Debt			<u>\$ 240,567</u>	

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>
2021	\$ 7,225	\$ 6,951	\$ 1,564	\$ 420	\$ -	\$ 1,372	\$ 8,789	\$ 8,743
2022	7,795	6,626	1,360	355	-	2,321	9,155	9,302
2023	8,115	6,311	1,243	301	-	2,321	9,358	8,933
2024	8,445	5,986	885	252	-	2,321	9,330	8,559
2025	8,860	5,564	920	220	-	2,321	9,780	8,105
2026-2030	35,905	22,512	5,130	571	52,425	3,356	93,460	26,439
2031-2035	58,570	15,542	-	-	-	-	58,570	15,542
2036-2040	30,660	4,908	-	-	-	-	30,660	4,908
2041-2045	7,795	2,077	-	-	-	-	7,795	2,077
2046-2047	3,670	277	-	-	-	-	3,670	277
	<u>\$ 177,040</u>	<u>\$ 76,754</u>	<u>\$ 11,102</u>	<u>\$ 2,119</u>	<u>\$ 52,425</u>	<u>\$ 14,012</u>	<u>\$ 240,567</u>	<u>\$ 92,885</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, 2020, consists of the following:

Net capital assets	\$ 876,204
Debt related to purchase of capital assets	(240,567)
Unspent bond proceeds	31,676
Capital related liabilities	(3,581)
Deferred amount on refunding	<u>3,169</u>
Net investment in capital assets	<u>\$ 666,901</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, 2019. 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, 2020. 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.

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 7.50% (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, 2019. 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 fiscal years ended September 30, 2020, 2019 and 2018 were \$1,430, \$1,631, and \$1,529, respectively.

NOTE 6 - PENSION PLAN (Continued)

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

At September 30, 2020, the Authority reported a liability of \$7,909 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, 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 2020. At September 30, 2020, the Authority's proportion was 32.73%, which reflects a decline (4.86%) from its respective proportion measured as of September 30, 2019.

For the fiscal year ended September 30, 2020, the Authority recognized pension expense of \$947.

At September 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 232	\$ (89)
Changes of assumptions earnings on pension plan investments	545	-
Changes in proportion	45	(966)
Net difference between projected and actual earnings on pension plan investments	175	-
Total	<u>\$ 997</u>	<u>\$ (1,055)</u>

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):

Years Ending September 30,	Amount
2021	\$ (241)
2022	144
2023	154
2024	(115)
2025	-
Thereafter	-
Total	<u>\$ (58)</u>

NOTE 6 - PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the October 1, 2019 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, 2019
Measurement Date:	September 30, 2020
Inflation:	2.50%
Salary increases, including inflation:	4.00% to 6.50% based on service
Salary Increases:	7.30%
Mortality:	The healthy post-retirement 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, 2018 FRS actuarial valuation.
Actuarial Cost Method:	Aggregate

The actuarial assumptions used in the October 1, 2019 valuation were based on the results of an actuarial experience study for the period October 1, 2018 - September 30, 2019.

The long-term expected rate of return, net of investment expense on pension plan investments, was 7.30% as of September 30, 2019. 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%
Domestic Fixed	20%
International Equity	16%
Real Estate (Property)	10%
Global Fixed	5%
Private Equity	5%
Total	<u>100%</u>

NOTE 6 - PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. This single discount rate was based on the expected rate of return on pension plan investments of 7.30%.

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 7.30%, 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:

	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
The Authority's proportionate share of the net pension liability (asset)	<u>\$ 13,811</u>	<u>\$ 7,909</u>	<u>\$ 2,963</u>

Change in Net Pension Liability

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

	October 1, 2019	Additions	Deletions	September 30, 2020	Due Within One year
Net pension liability	<u>\$ 9,019</u>	<u>\$ 862</u>	<u>\$ 1,972</u>	<u>\$ 7,909</u>	<u>\$ -</u>

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 fiscal years ended September 30, 2020, 2019 and 2018 were \$887, \$791, and \$697, respectively. Participants contributed \$439, \$397, and \$352 for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Other Post-Employment 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. The OPEB plan is reported under GASB 75 for the fiscal year ended September 30, 2020.

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.

Annual OPEB Cost and Total OPEB Liability

The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period, not to exceed 30 years. The following table shows the components of the Authority's Total OPEB Liability to the OPEB Plan:

	Total OPEB Liability
Service	\$ 146
Interest on the Total OPEB Liability	76
Changes of benefit terms	-
Difference between expected and actual experience of the Total OPEB Liability	-
Changes of assumptions and other inputs	178
Benefit payments	(63)
Net change in Total OPEB Liability	<u>337</u>
Total OPEB Liability at Beginning of Year	<u>1,879</u>
Total OPEB Liability at End of Year	<u><u>\$ 2,216</u></u>

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

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

For the fiscal year ended September 30, 2020, the Authority recognized OPEB expense of \$239. At September 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 20	\$ -
Changes of assumptions	105	-
Benefits paid after the measurement date	85	
Total	\$ 210	\$ -

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

Years Ending September 30,	Amount
2021	\$ 16
2022	16
2023	16
2024	16
2025	16
Thereafter	45
Total	\$ 125

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, 2019
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, 2016 actuarial valuation of the FRS. 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 3.83% as of the beginning of the measurement period to 2.75% as of September 30, 2019.

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

Sensitivity of 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 2.75%, 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 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
<u>\$ 2,395</u>	<u>\$ 2,216</u>	<u>\$ 2,051</u>

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

1% Decrease	Current Discount Rate	1% Increase
<u>\$ 1,965</u>	<u>\$ 2,216</u>	<u>\$ 2,512</u>

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 fiscal years ended September 30, 2020 and 2019.

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, 2020:

Project Description	Remaining Commitment
Western Reuse Pumping Facility	\$ 10,399
Cypress Lakes Water Treatment Plant and Pipelines	7,593
WIFIA Gravity Sewer Rehabilitation	4,183
Boggy Creek and Narcoossee Road Water Main Extension	2,960
WIFIA San Remo Gravity Sewer Rehabilitation	2,782
WIFIA Collector Road Gravity Sewer Rehabilitation	2,384
Sand Hill Water Reclamation Facility Expansion	1,498
South Bermuda Water Reclamation Facility Expansion to 16MGD	1,407
Lift Station 57 Parallel Force Main Replacement	1,243
WIFIA Lift Station 28/Valencian and Dorado Gravity Sewers Rehabilitations	965
Sewer Manhole Rehabilitation	717
Hoagland Boulevard Widening and Realignment	692
SR600 Utility Relocation Poinciana Blvd/HamBrown Rd	641
Lift Station 97 Rehabilitation	526
	<hr/>
	\$ 37,990

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 8 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.

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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, 2020
(In Thousands)

Fiscal Year Ended September 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Year Ended September 30,	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 146	\$ 127	\$ 128
Interest on the Total OPEB Liability	76	64	54
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	-	27	-
Changes of assumptions and other inputs	178	(20)	(57)
Benefit payments	<u>(63)</u>	<u>(55)</u>	<u>(29)</u>
Net change in Total OPEB Liability	337	143	96
Total OPEB Liability – Beginning	<u>1,879</u>	<u>1,736</u>	<u>1,640</u>
Total OPEB Liability – Ending	<u>\$ 2,216</u>	<u>\$ 1,879</u>	<u>\$ 1,736</u>
 Covered-Employee Payroll	 <u>\$ 19,844</u>	 <u>\$ 18,272</u>	 <u>\$ 15,641</u>
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 11.17%	 10.28%	 11.10%

Notes to Schedule:

The discount rate was changed from 3.83% as of the beginning of the measurement period to 2.75% as of September 30, 2019. 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)

Fiscal Year Ended September 30,	Plan Sponsor Measurement Date September 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2020	2020	32.73%	\$ 7,909	\$ 6,015	131.49%	84.17%
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)

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2020	\$ 1,424	\$ 1,430	\$ (6)	\$ 6,015	23.78%
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

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.

Contents	Pages
Financial Trends.....	45 - 46
<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	47 - 48
<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	49 - 55
<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	56 - 58
<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	59 - 60
<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 2

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2020
 with Comparative Amounts for Fiscal Years Ended September 30, 2011 through 2020 Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenue										
Charges for services	\$ 130,813	\$ 126,799	\$ 117,913	\$ 110,911	\$ 96,486	\$ 87,150	\$ 81,344	\$ 78,951	\$ 77,695	\$ 73,721
Miscellaneous revenues	753	759	649	708	654	637	619	603	593	563
Total Operating Revenue	131,566	127,558	118,562	111,619	97,140	87,787	81,963	79,554	78,288	74,284
Operating Expenses										
Personnel services	29,134	27,433	25,537	24,323	24,697	21,002	19,220	17,779	17,013	15,203
Contracted services	13,097	10,477	8,965	8,518	10,036	7,470	6,892	7,785	8,519	8,970
Supplies and materials	5,337	5,136	4,484	4,657	4,091	4,041	4,385	3,584	3,392	3,427
Repairs and maintenance	8,531	7,605	6,784	6,688	7,006	6,068	5,752	5,073	5,522	4,753
Payments in lieu of taxes	10,851	10,800	9,990	9,478	8,264	7,456	7,015	6,832	6,545	5,626
Other services and charges	10,762	10,975	10,586	9,949	9,612	8,968	8,958	8,429	8,843	8,003
Depreciation	36,976	33,753	32,135	29,559	27,706	26,021	24,280	22,198	20,738	20,667
Amortization	-	-	-	-	-	-	-	64	74	53
Total Operating Expenses	114,688	106,179	98,481	93,172	91,412	81,026	76,502	71,744	70,646	66,702
Operating Income	16,878	21,379	20,081	18,447	5,728	6,761	5,461	7,810	7,642	7,582
Non-Operating Revenues (Expenses)										
Investment income (loss)	7,185	8,832	2,281	1,695	1,424	1,263	699	245	788	1,178
Interest and fiscal charges expense	(8,677)	(8,748)	(9,113)	(9,421)	(9,308)	(9,171)	(9,035)	(9,769)	(10,244)	(10,436)
Other	(272)	334	(17,060)	555	410	131	239	525	(1,499)	93
Total Non-Operating Revenues (Expenses)	(1,764)	418	(23,892)	(7,171)	(7,474)	(7,777)	(8,097)	(8,999)	(10,955)	(9,165)
Income/(Loss) Before Contributions	15,114	21,797	(3,811)	11,276	(1,746)	(1,016)	(2,636)	(1,189)	(3,313)	(1,583)
Capital Contributions										
Federal, state, and local capital gains	(16)	20	725	448	-	165	15	20	-	208
Developers	60,571	60,081	50,310	40,411	29,373	21,615	30,473	11,636	8,618	11,097
Total Capital Contributions	60,555	60,101	51,035	40,859	29,373	21,780	30,488	11,656	8,618	11,305
Change in Net Position	75,669	81,898	47,224	52,135	27,627	20,764	27,852	10,467	5,305	9,722
Net Position Beginning of Year	878,179	796,281	749,678	697,543	669,916	656,583	630,288	619,821	614,516	604,794
Restatement - for Implementation of GASB 68 & 65	-	-	(621)	-	-	(7,431)	(1,557)	-	-	-
Total Net Position - Beginning Restated	878,179	796,281	749,057	697,543	669,916	649,152	628,731	-	-	-
Net Position - Ending	\$ 953,848	\$ 878,179	\$ 796,281	\$ 749,678	\$ 697,543	\$ 669,916	\$ 656,583	\$ 630,288	\$ 619,821	\$ 614,516

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 3

SCHEDULE OF MAJOR CONTRACT SERVICES
 CHANGES FROM YEAR TO YEAR - LAST TEN FISCAL YEARS (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2020

Service Provider	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City of Kissimmee	\$ 70	\$ 69	\$ 68	\$ 66	\$ 82	\$ 80	\$ 79	\$ 77	\$ 176	\$ 272
Severn Trent Environmental Services	-	-	-	-	-	-	28	700	1,300	1,797
Kissimmee Utility Authority	-	-	-	-	1,082	1,717	1,901	2,051	2,152	1,990
Total	\$ 70	\$ 69	\$ 68	\$ 66	\$ 1,164	\$ 1,797	\$ 2,008	\$ 2,828	\$ 3,628	\$ 4,059

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 4

SCHEDULE OF TOTAL ACTIVE EMPLOYEES BY DEPARTMENT
 CHANGES FROM YEAR TO YEAR - LAST TEN FISCAL YEARS

For the Fiscal Year Ended September 30, 2020

Department	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operations:										
Field Services	70	73	73	71	67	70	63	66	67	63
Plant and Support Operations	104	97	97	98	95	95	92	86	85	85
Engineering Services	41	36	33	32	28	26	26	27	25	29
Business Services	16	16	16	15	15	16	18	19	24	19
Customer Service	64	59	60	60	51	41	30	26	19	14
Information Technology	18	15	15	14	12	12	12	9	0	0
Human Resources	8	8	8	7	8	6	4	4	6	4
Office of the General Counsel	3	2	1	2	2	1	2	0	0	0
Administration	14	13	14	13	15	16	17	15	14	12
Total	337	317	317	310	291	283	264	252	240	226

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 5

SCHEDULE OF HISTORICAL ANNUAL NUMBER OF RETAIL WATER
WASTEWATER & RECLAIMED WATER CUSTOMERS & USAGE - LAST TEN FISCAL YEARS

For the Fiscal Year Ended September 30, 2020

	2020	2019	2018	2017	2016 ¹	2015	2014	2013	2012	2011
Water Service										
<u>Residential</u>										
Average Monthly Customers ¹	105,116	100,873	96,461	93,199	89,215	82,043	79,011	76,463	74,647	72,447
Average Monthly Consumption (000s)	499,617	464,681	450,455	412,215	404,663	380,303	369,604	366,832	366,834	375,711
Total Billed Usage	\$ 5,995,398	\$ 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
Average Monthly Use Per Customer	4,753	4,607	4,670	4,423	4,536	4,635	4,678	4,798	4,914	5,186
<u>Commercial</u>										
Average Monthly Customers ¹	6,973	6,925	6,704	6,740	7,540	11,167	11,115	11,129	11,129	11,233
Average Monthly Consumption (000s)	360,926	387,641	366,345	378,890	377,871	370,920	361,376	349,300	356,167	386,750
Total Billed Usage	4,331,108	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
Average Monthly Use Per Customer	51,760	55,977	54,646	56,215	50,115	33,216	32,513	31,386	32,004	34,430
Irrigation Service										
<u>General Service</u>										
Average Monthly Customers	17,267	17,201	16,957	16,636	16,460	16,251	15,950	15,638	15,235	14,846
Average Monthly Consumption (000s)	96,474	99,199	95,937	99,568	96,675	93,405	97,007	101,569	118,075	134,868
Total Billed Usage	1,157,684	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
Average Monthly Use Per Customer	5,587	5,767	5,658	5,985	5,873	5,748	6,082	6,495	7,750	9,084
Wastewater Service										
<u>Residential</u>										
Average Monthly Customers ¹	99,490	95,593	91,236	88,381	84,007	76,287	73,511	71,126	68,935	66,893
Average Monthly Consumption (000s)	465,896	435,995	421,377	380,652	379,958	346,883	337,476	334,392	325,819	299,027
Total Billed Usage	5,590,755	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
Average Monthly Use Per Customer	4,683	4,561	4,619	4,307	4,523	4,547	4,591	4,701	4,726	4,470
<u>Commercial</u>										
Average Monthly Customers ¹	6,267	6,129	5,945	5,832	6,809	10,533	10,315	10,322	10,324	10,487
Average Monthly Consumption (000s)	311,045	346,222	330,833	328,527	336,972	330,310	328,806	316,376	316,903	313,693
Total Billed Usage	3,732,542	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
Average Monthly Use Per Customer	49,632	56,489	55,649	56,332	49,489	31,360	31,875	30,652	30,696	29,913
Reclaimed Water Service										
<u>General Service</u>										
Average Monthly Customers	20,192	18,797	17,201	15,756	14,565	13,527	12,610	11,815	11,266	10,910
Average Monthly Consumption (000s)	542,852	531,948	444,639	386,532	332,068	298,480	320,675	332,510	333,995	329,156
Total Billed Usage	6,514,220	6,383,375	5,335,665	4,638,382	3,984,815	3,581,755	3,848,095	3,990,118	4,007,943	3,949,870
Average Monthly Use Per Customer	26,884	28,300	25,850	24,532	22,799	22,065	25,430	28,143	30,171	30,170

¹ Short-Term Rental classification was transferred to Residential class from Commercial

Source: Tohopekaliga Water Authority, & Kissimmee Utility Authority

SCHEDULE OF WATER PRODUCTION CAPACITY

For the Fiscal Year Ended September 30, 2020

Water Treatment Plants	Permitted (MGD)	Average Flow (MGD)	Max Day Flow (MGD)
Toho I (Kissimmee System)			
Eastern Regional System:			
Richard McLaughlin	19.964	15.756	19.290
Parkway	11.230	3.647	5.186
Camelot West	4.400	3.386	4.889
Western Regional System:			
Northwest	9.360	4.048	7.467
Southwest	8.640	3.995	7.530
Spring Lake Village & Morningside	0.806	0.028	0.885
Hidden Glen	0.024	0.003	0.008
Toho II (Harmony System)	1.296	0.350	0.645
Toho III (formerly Florida Water Utility Systems)			
Buenaventura Lakes	5.040	0.317	1.803
Bay Lake Estates	0.198	0.053	0.089
Intercession City (Offline)	0.198	0.017	0.095
Toho IV (Poinciana Utility System)			
Peabody	3.355	2.041	2.870
Huron	3.780	3.426	3.892
Bella Lago	4.608	2.338	3.940

Source: Tohopekaliga Water Authority

SCHEDULE OF WASTEWATER TREATMENT CAPACITY

For the Fiscal Year Ended September 30, 2020

Wastewater Treatment Plants	Permitted (MGD)	Average Flow (MGD)	Max Day Flow (MGD)
Toho I (Kissimmee System)			
South Bermuda WRF	14.000	11.615	12.505
Camelot WRF	5.000	3.526	3.409
Parkway WRF	1.500	1.025	1.180
Sandhill WRF	6.000	4.123	3.907
Effluent Disposal Sites:			
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
Toho II (Harmony WRF)	0.499	0.222	0.219
Toho IV (Poinciana Utility System)			
Cypress West WRF	3.500	2.796	3.033
Walnut Drive WRF	0.850	0.814	0.952
Lake Marion WRF	2.000	1.680	2.004

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, 2020
with Comparative Usage At 4,000 Gallons

	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Toho Water Authority	\$12.05	\$30.61	\$42.66
Orange County	\$13.19	\$34.78	\$47.97
City of Orlando	\$12.51	\$39.46	\$51.97
City of St. Cloud	\$18.88	\$34.37	\$53.25
Lakeland	\$19.56	\$36.99	\$56.55
Seminole County	\$19.14	\$43.40	\$62.54

Source: Tohopekaliga Water Authority

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, 2020
with Comparative Per Equivalent Residential Connection (ERC)

	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Toho Water Authority ⁽¹⁾	\$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	\$3,093	\$3,488	\$6,581

Note:

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

Source: Tohopekaliga Water Authority

SCHEDULE OF TEN LARGEST WATER CUSTOMERS

For the Fiscal Year Ended September 30, 2020
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	451,922	\$ 623,484	1.85%
2	Westgate Vacation Villas	173,624	348,462	1.03%
3	Quaker Oats	134,045	263,097	0.78%
4	Holiday Inn Club Vacations Inc	129,634	269,200	0.80%
5	Opryland	100,440	202,994	0.60%
6	Good Samaritan Village	74,682	100,998	0.30%
7	RIDA	66,791	150,693	0.45%
8	Vacation Village at Parkway	62,273	131,508	0.39%
9	Orange Co Utilities	52,851	71,620	0.21%
10	Dalcor Reef Club, Ltd	48,836	124,190	0.37%
	Total	<u>1,295,098</u>	<u>\$ 2,286,244</u>	<u>6.78%</u>

SCHEDULE OF TEN LARGEST WASTEWATER CUSTOMERS

For the Fiscal Year Ended September 30, 2020
 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	329,758	\$ 1,587,178	2.50%
2	Westgate Vacation Villas	167,567	1,131,778	1.78%
3	Holiday Inn Club Vacations Inc	129,634	905,529	1.43%
4	Opryland	100,440	682,455	1.07%
5	Vacation Village at Parkway	62,273	442,082	0.70%
6	RIDA	58,746	364,507	0.57%
7	Dalcor Reef Club, Ltd	48,836	351,870	0.55%
8	Osceola Regional Medical Ctr	47,138	317,063	0.50%
9	The Palms Country Club & Resort	43,404	307,975	0.48%
10	Goldem at Valencian, LLC	41,791	275,218	0.43%
	Total	<u>1,029,587</u>	<u>\$ 6,365,655</u>	<u>10.01%</u>

SCHEDULE OF TOTAL OUTSTANDING INDEBTEDNESS (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2020

Revenue Bond & Note Issues - Yearly Debt Service								
Fiscal Year	2009	2010	2011	2012	2013	2016	2020	Total Debt Service
2021	\$ 1,137	\$ 847	\$ 661	\$ 413	\$ 5,749	\$ 7,766	\$ 959	\$ 17,532
2022	1,138	577	658	413	-	13,763	1,908	18,457
2023	1,138	406	-	413	-	14,426	1,908	18,291
2024	1,137	-	-	413	-	14,431	1,908	17,889
2025	1,140	-	-	413	-	14,424	1,908	17,885
2026	1,141	-	-	413	-	14,421	40,068	56,043
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
TOTAL	\$ 11,391	\$ 1,830	\$ 1,319	\$ 17,778	\$ 5,749	\$ 246,726	\$ 48,659	\$ 333,452

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, 2020

Fiscal Year	Revenue Bonds	Revenue Notes	State Loans	Total Outstanding	Total Billed Services	Per Billed Service
2020	\$ 215,200	\$ 25,367	\$ -	\$ 240,567	\$ 261,804	\$ 919
2019	\$ 183,990	\$ 27,018	\$ -	\$ 211,008	\$ 249,868	\$ 844
2018	\$ 190,630	\$ 28,782	\$ -	\$ 219,412	\$ 238,418	\$ 920
2017	\$ 190,630	\$ 29,957	\$ -	\$ 220,587	\$ 229,067	\$ 963
2016	\$ 196,990	\$ 32,037	\$ -	\$ 229,027	\$ 221,778	\$ 1,033
2015	\$ 120,550	\$ 73,505	\$ -	\$ 194,055	\$ 213,330	\$ 910
2014	\$ 125,250	\$ 74,550	\$ -	\$ 199,800	\$ 205,674	\$ 971
2013	\$ 129,430	\$ 76,655	\$ -	\$ 206,085	\$ 198,897	\$ 1,036
2012	\$ 100,265	\$ 116,525	\$ -	\$ 216,790	\$ 192,879	\$ 1,124
2011	\$ 190,275	\$ 25,440	\$ -	\$ 215,715	\$ 189,054	\$ 1,141
2010	\$ 191,060	\$ 26,000	\$ 73	\$ 217,133	\$ 182,842	\$ 1,188
2009	\$ 194,995	\$ 1,000	\$ -	\$ 195,995	\$ 179,154	\$ 1,094
2008	\$ 198,975	\$ -	\$ -	\$ 198,975	\$ 179,154	\$ 1,111
2007	\$ 202,040	\$ -	\$ -	\$ 202,040	\$ 177,392	\$ 1,139
2006	\$ 112,630	\$ -	\$ -	\$ 112,630	\$ 120,453	\$ 935
2005	\$ 115,550	\$ -	\$ -	\$ 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, 2020
with Comparative Amounts for Fiscal Years Ended September 30, 2011 through 2020 Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Gross Revenues ⁽¹⁾	\$ 134,534	\$ 130,268	\$ 120,133	\$ 112,402	\$ 97,725	\$ 88,232	\$ 82,379	\$ 79,873	\$ 78,761	\$ 74,877
Total Operating Expenses ⁽²⁾	66,861	61,626	56,356	54,135	55,442	47,549	45,207	42,650	43,289	40,356
Net Operating Income	67,673	68,642	63,777	58,267	42,283	40,683	37,172	37,223	35,472	34,521
Debt Service Requirement ⁽³⁾	16,166	16,721	16,350	16,338	15,273	14,322	14,685	13,433	15,084	15,360
Debt Service Coverage Calculation	4.19	4.11	3.90	3.57	2.77	2.84	2.53	2.77	2.35	2.25
Net Revenues After Debt Service	\$ 51,507	\$ 51,921	\$ 47,427	\$ 41,929	\$ 27,010	\$ 26,361	\$ 22,487	\$ 23,761	\$ 20,388	\$ 19,161
Total Revenues - Capital Facilities Charges ⁽⁴⁾	\$ 35,995	\$ 41,774	\$ 36,949	\$ 29,952	\$ 21,053	\$ 16,094	\$ 13,993	\$ 7,082	\$ 7,353	\$ 9,396

(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 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. 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, \$1,158 in FY15, \$920 in FY16, \$1,175 in FY17, \$539 in FY18, and \$386 in FY19

(4) Includes Capital Facilities or System Development Charges (Impact Fees) of \$13,211 for Water, \$19,654 for Sewer, and Interest from System Development Charge Funds (\$3,129). 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%
2019 Estimate	370,552	21,208,589
% change 2010-19	37.9%	12.8%
2020 Projection based on 2019 Estimate	387,055	21,596,068
2025 Projection based on 2019 Estimate	452,077	23,130,870
% change 2020-25	16.8%	7.1%
Persons per square mile		
2010	202.4	350.6
2019	279.1	399.7
Under 18 years of age	26.2%	21.3%
Median age (2018)	36.7	41.7

Population Characteristics

	Osceola County	Florida
Language spoken at home other than English		
Persons aged 5 and over	51.3%	29.4%
Place of birth		
Foreign born	20.9%	20.7%
Veteran Status		
Civilian population 18 and over	6.4%	8.6%

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

Public Education Institutions (2018-19)	Osceola County	Florida
Total	74	3,721
Elementary	29	1,878
Middle	10	575
Senior High	17	713
Combination	18	555
Educational attainment		
Persons aged 25 and older		
% HS graduate or higher	86.7%	88.2%
% bachelor's degree or higher	21.8%	29.9%

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
2011	785	42,360
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%
2019	7,937	154,302
% change 2018-19	-18.7%	6.8%
Total Units Permitted 2011-2019	42,963	841,534

State Infrastructure

Transportation	Osceola County	Florida
State Highway		
Centerline Miles	202.7	12,115.3
Lane Miles	762.2	45,030.3
State Bridges		
Number	145	7,044

State Facilities	Osceola County	Florida
Buildings/Facilities		
Number	47	9,630
Square Footage	154,569	66,989,245

State Lands	Osceola County	Florida
Conservation Lands (land acres only)		
State-Owned (includes partially-owned)	123,874	5,383,024
% of Total Conservation Land (CL)	70.0%	51.6%
% of Total Area Land	14.6%	15.7%
% of Florida State-Owned CL	2.3%	
State-Managed	157,265	5,486,474
% of Total Conservation Land (CL)	88.8%	52.6%
% of Total Area Land	18.5%	16.0%
% of Florida State-Managed CL	2.9%	

Prepared by:

Florida Legislature
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 Tallahassee, FL 32399-6588
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December 2020

SELECTED OSCEOLA COUNTY DEMOGRAPHIC INFORMATION

Employment by Industry

Average Annual Employment, % by Category, 2019 preliminary	Osceola County		Florida		Average Annual Wage, 2019 preliminary	Osceola County		Florida	
Natural Resource & Mining	99,576		8,878,680		All industries	\$38,807		\$51,761	
Construction	0.3%		0.8%		Natural Resource & Mining	\$38,454		\$35,649	
Manufacturing	6.8%		6.3%		Construction	\$46,137		\$52,926	
Trade, Transportation and Utilities	1.8%		4.3%		Manufacturing	\$50,066		\$63,883	
Information	20.4%		20.3%		Trade, Transportation and Utilities	\$30,115		\$46,237	
Financial Activities	0.7%		1.6%		Information	\$66,725		\$86,109	
Professional & Business Services	4.3%		6.6%		Financial Activities	\$45,370		\$77,030	
Education & Health Services	12.4%		15.7%		Professional & Business Services	\$49,585		\$63,747	
Leisure and Hospitality	15.8%		14.9%		Education & Health Services	\$48,041		\$52,050	
Other services	21.4%		14.2%		Leisure and Hospitality	\$23,710		\$26,681	
Government	2.4%		3.2%		Other services	\$33,488		\$37,972	
	13.7%		12.1%		Government	\$47,290		\$55,897	

Labor Force

Labor Force as Percent of Population		Osceola County		Florida		Unemployment Rate		Osceola County		Florida	
Aged 18 and Older											
2000		70.9%		63.7%		2000		3.3%		3.7%	
2010		69.3%		62.2%		2010		12.5%		11.1%	
2019		65.9%		61.2%		2019		3.3%		3.1%	

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	
2011		\$7,773,694		\$764,633,664	
2012		\$8,003,851		\$793,428,830	
% change 2011-12		3.0%		3.8%	
2013		\$8,356,566		\$795,425,004	
% change 2012-13		4.4%		0.3%	
2014		\$8,949,132		\$856,161,773	
% change 2013-14		7.1%		7.6%	
2015		\$9,798,998		\$914,928,403	
% change 2014-15		9.5%		6.9%	
2016		\$10,584,694		\$949,717,988	
% change 2015-16		8.0%		3.8%	
2017		\$11,438,134		\$1,016,818,999	
% change 2016-17		8.1%		7.1%	
2018		\$12,560,543		\$1,082,702,187	
% change 2017-18		9.8%		6.5%	
2019		\$13,248,144		\$1,125,984,012	
% change 2018-19		5.5%		4.0%	

Earnings by Place of Work

Earnings (\$000s)		Osceola County		Florida	
2010		\$3,506,509		\$438,991,235	
2011		\$3,835,309		\$450,502,115	
% change 2010-11		9.4%		2.6%	
2012		\$3,946,224		\$468,412,894	
% change 2011-12		2.9%		4.0%	
2013		\$4,117,582		\$482,900,406	
% change 2012-13		4.3%		3.1%	
2014		\$4,389,700		\$512,381,351	
% change 2013-14		6.6%		6.1%	
2015		\$4,748,438		\$544,423,234	
% change 2014-15		8.2%		6.3%	
2016		\$4,953,127		\$568,848,341	
% change 2015-16		4.3%		4.5%	
2017		\$5,287,155		\$602,210,803	
% change 2016-17		6.7%		5.9%	
2018		\$5,679,971		\$639,710,580	
% change 2017-18		7.4%		6.2%	
2019		\$6,082,112		\$672,454,824	
% change 2018-19		7.1%		5.1%	

Quality of Life

Workers Aged 16 and Over		Osceola County		Florida	
Worked outside county of residence		52.8%		18.2%	
Mean travel time to work (minutes)		34.0		27.8	

Crime		Osceola County		Florida	
Crime rate, 2019 (index crimes per 100,000 population)		2,212.4		2,551.1	
Admissions to prison FY 2019-20		333		21,276	
Admissions to prison per 100,000 population FY 2019-20		86.0		98.5	

State and Local Taxation

Osceola County		
2019 Ad Valorem Millage Rates	County-Wide	Not County-Wide*
County	6.8858	0.8638
School	6.2400	
Municipal		1.0286
Special Districts	0.3000	0.2806


*MSTU Included in Not County Wide "County" category

Personal Bankruptcy Filing Rate (per 1,000 population)		Osceola County		Florida	
12-Month Period Ending Sept 30, 2019		2.95		2.09	
12-Month Period Ending Sept 30, 2020		2.74		1.78	
State Rank		1		NA	

Chapter 7 & Chapter 13

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December 2020

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Tohopekaliga Water Authority
Osceola County, Florida

COMPLIANCE SECTION

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**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, 2020, and have issued our report thereon dated March 3, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 3, 2021



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, 2020, and have issued our report thereon dated March 3, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States 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 3, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations 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 met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Supervisors of the
Tohopekaliga Water Authority

Financial Condition and Management (Continued)

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.

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 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 3, 2021



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, 2020. 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 is in accordance with those requirements, in all material respects. 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, 2020.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 3, 2021

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