

WATER COOPERATIVE OF CENTRAL FLORIDA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2020



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**WATER COOPERATIVE OF CENTRAL FLORIDA
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June 24, 2021

The Chairman and Members of the Board of Supervisors
Water Cooperative of Central Florida
Osceola County, Florida

The Financial Statements of the Water Cooperative of Central Florida (the Cooperative) for the fiscal year ended September 30, 2020, are submitted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Cooperative. The Cooperative's accounting function is provided by the Tohopekalinga Water Authority (TWA), including the preparation of these statements. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Cooperative, and that all disclosures necessary to enable the readers to gain the maximum understanding of the Cooperative's financial activity have been included.

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

The Cooperative's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Cooperative for the fiscal year ended September 30, 2020, are free of material misstatement.

THE REPORTING ENTITY AND SERVICES PROVIDED

The Cooperative is a unit of local government established by interlocal agreement on March 14, 2011, as defined by the Florida Interlocal Cooperation Act of 1969, as amended, and with all the privileges, benefits, powers, and terms provided within the agreement and by law, including without limitation, Section 163.01(7)(g) and Chapter 189, Florida Statutes. The parties to the agreement are the City of St. Cloud, Florida; TWA; Orange County, Florida; and Polk County, Florida. The parties determined that the growth of population and attendant commerce throughout Orange, Osceola, and Polk counties have caused the need to consider, advance, and develop an effective regional approach to the governmental conservation, use, delivery, and provision of potable and non-potable water facilities systems, the protection of the environment, and the efficient, innovative, and cooperative use of valuable water

resources. The establishment of the Cooperative demonstrates an appreciation of the comprehensive planning requirements of Chapter 163, Florida Statutes, and the beneficial use policy declarations of Chapter 373, Florida Statutes, which mandate that local governments and water management districts coordinate their plans for future growth with available resources, funding constraints and thoughtful delivery of infrastructure. Creation of the Cooperative allows for provision of economies of scale, elimination of duplicative functions, and protection of the local and regional environment.

MAJOR INITIATIVES

The following are highlights of the Cooperative's activities during FY2020:

- **Third Amendment to the Interlocal Agreement for the Preliminary Design and Permitting of the Cypress Lake Wellfield Project**

The Third Amendment to the Interlocal Agreement was approved in early FY2017; this amendment allows TWA to provide funding for Phase IV of the Cypress Lake Alternative Water Supply Project. Phase IV includes: (1) additional services for future work associated with the cost allocation methodologies and rate designs study for individual water wheeling projects, (2) expanded funding for appraisals, surveys, and related legal services, (3) funding for the acquisition of a Water Quality Criteria Exemption (WQCE), necessary to support the final permitting of three RO concentrate disposal wells and (4) funding for the design and construction of one RO concentrate disposal well for testing purposes.

Water Wheeling - Currently, three of the wheeling projects have been partially constructed; the participating utilities revisited the cost allocation methodologies study in 2019 and have agreed upon a reimbursement methodology satisfactory to participating utilities. A wheeling agreement, currently in draft form, is near completion and addresses funding responsibilities and obligations of those benefitting from constructed infrastructure to support the Cypress Lake Alternative Water Supply Project.

Property Acquisition - Boundary surveys of the property for the water treatment plant, production and concentrate disposal well sites, and pipeline easements were completed in support of the property acquisition process. The draft appraisals for the first phase of property acquisitions were received in February 2020, and subsequently updated in October 2020 to address a large property sale in the area. Negotiations are expected to begin with the property owner in mid-2021.

Concentrate Disposal Wells - The WQCE was submitted to the Florida Department of Environmental Protection (FDEP), a Request for Additional Information was received and the response was submitted on April 24, 2020. The WCCF is still waiting for a response from the FDEP. The design of the first of three concentrate disposal wells was completed, the project was bid and awarded in October 2020 and November 2020 respectively, and the construction is underway. The test concentrate disposal

well is expected to be completed by April 2022. The project has received up to \$2.556M in grant funding for the first concentrate disposal well and will reimburse up to 50% of the cost of construction upon completion of the well.

- **Fourth Amendment to the Interlocal Agreement for the Design and Permitting of the Cypress Lake Wellfield Project**

The Fourth Amendment to the Interlocal Agreement was approved in August, 2020. This amendment provides funding for two main project components: funding for consulting services for the final design, including permitting and bidding services of the first phase of the project, anticipated to provide up to 15+ million gallons per day of finished water; and funding to update the water wheeling hydraulic model and the cost estimates for related project infrastructure improvements. Discrete final design tasks are underway including updating the Preliminary Design Report, a project Phasing Study, and the design of three production (supply) wells. The design of the production wells is 90% complete. The project has received up to \$3.0M in grant funding for the construction of the three production wells and will reimburse up to 50% of the cost of construction upon completion of the three wells. The wells must be constructed by November 2024 to receive the grant funding.

In addition to the active engagement of staff from each partner, we sincerely thank TWA's staff for managing the administrative process supporting the Water Cooperative.



Todd Swingle, Executive Director
Toho Water Authority



Alexandra S. Green, Comptroller
Toho Water Authority



INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Water Cooperative of Central Florida
Kissimmee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Water Cooperative of Central Florida (Cooperative), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Cooperative as of September 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 to 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's basic financial statements. The Letter of Transmittal is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Letter of Transmittal has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021, on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
June 24, 2021

**WATER COOPERATIVE OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

The Water Cooperative of Central Florida's Management's (Cooperative) Discussion and Analysis presents an overview of the Cooperative'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 Cooperative's financial statements which follow.

FINANCIAL HIGHLIGHTS

The following is a summary of significant financial highlights related to the Cooperative's operations:

- Operating grants and contributions were \$119,395, an increase of 27.3% from the prior year.
- Physical environment expenses were \$87,977, an increase of 91.5% from the prior year.
- Net Position totaled \$187,297, an increase of 20.2% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Cooperative's basic financial statements. The financial section is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

REQUIRED FINANCIAL STATEMENTS

Required financial statements for the Cooperative include both government-wide financial statements and fund financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Cooperative's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Cooperative's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Cooperative is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Also, capital assets are capitalized and depreciated on the statement of net position whereas related purchases are expended on government fund financial statements.

General Fund

The General Fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the General Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

**WATER COOPERATIVE OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

General Fund (Continued)

Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the General Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the General Fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the General Fund balance sheet and the General Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation, when necessary, to facilitate this comparison between General Fund and governmental activities.

Other Information

The Cooperative adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Additionally, the notes to the financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, such as the Cooperative's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any exist.

Government-Wide Financial Analysis

As previously mentioned in the financial highlights section, total assets exceeded total liabilities by \$187,297 (total net position) at the close of the fiscal year ended September 30, 2020. This 20.2% increase in net position from the prior year reflects a 27.3% increase in revenue and a 91.5% increase in expenses during the fiscal year; a result of increased member contributions coupled with increased professional services expense for the Cooperative's legal representation for the Central Florida Water Initiative (CFWI).

Comparative Summary of the Statement of Net Position

As of September 30, 2020 and 2019

| | 2020 | 2019 | Increase (Decrease) | |
|---------------------------|--------------------------|--------------------------|-------------------------|---------------------|
| | | | Change | Percentage |
| ASSETS | | | | |
| Cash | \$ 216,816 | \$ 180,757 | \$ 36,059 | 19.9% |
| Accounts Receivable, Net | 7,234 | 845 | 6,389 | 756.1% |
| Total Assets | <u>224,050</u> | <u>181,602</u> | <u>42,448</u> | <u>23.4%</u> |
| LIABILITIES | | | | |
| Accounts Payable | <u>36,753</u> | <u>25,723</u> | <u>11,030</u> | <u>42.9%</u> |
| NET POSITION | | | | |
| Restricted | <u>187,297</u> | <u>155,879</u> | <u>31,418</u> | <u>20.2%</u> |
| TOTAL NET POSITION | <u><u>\$ 187,297</u></u> | <u><u>\$ 155,879</u></u> | <u><u>\$ 31,418</u></u> | <u><u>20.2%</u></u> |

**WATER COOPERATIVE OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Government-Wide Financial Analysis (Continued)

| Comparative Statement of Activities | | | | |
|--|------------|------------|------------------------|------------|
| Years Ended September 30, 2020 and 2019 | | | | |
| | 2020 | 2019 | Increase (Decrease) | |
| | | | Change | Percentage |
| REVENUES | | | | |
| Operating Grants and Contributions | \$ 119,395 | \$ 93,790 | \$ 25,605 | 27.3% |
| EXPENSES | | | | |
| Physical Environment | 87,977 | 45,937 | 42,040 | 91.5% |
| CHANGE IN NET POSITION | 31,418 | 47,853 | (16,435) | (34.3%) |
| NET POSITION, BEGINNING OF YEAR | 155,879 | 108,026 | 47,853 | 44.3% |
| NET POSITION, END OF YEAR | \$ 187,297 | \$ 155,879 | \$ 31,418 | 20.2% |

Operating grants and contributions represent the contributions of the four member parties plus Reedy Creek Improvement District's reimbursement of the legal fees and other expenses related to the CFWI. Expenses include \$80,095 and \$39,989 for 2020 and 2019, respectively, in legal expenses which are primarily associated with representation of the Cooperative's interests involving the CFWI.

General Fund and Budgetary Highlights

The General Fund ending fund balance increased \$31,906 to \$187,297 as of September 30, 2020. There were no changes between original and final budget. Revenues were approximate to budget by being within \$11,117 and expenditures were underbudget by \$65,723 due to timing of legal expenditures related to the CFWI.

Economic Factors and Conditions

Key regional economic indicators, such as personal income growth, total employment, the unemployment rate, population growth, and housing starts are expected to show varying degrees of strengths and weaknesses in future business cycles. The overall economic trend for central Florida is moving in a favorable direction, supported by moderate, sustainable population growth. Additionally, the tourism industry is recovering from the impact of the coronavirus pandemic, fueling an overall increase in commercial activity.

Requests for Information

This financial report is designed to provide a general overview of the Cooperative's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Cooperative's Executive Director, 951 Martin Luther King Boulevard, Kissimmee, FL 34741.

**WATER COOPERATIVE OF CENTRAL FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

ASSETS

| | |
|--------------------------|----------------|
| Cash | \$ 216,816 |
| Accounts Receivable, Net | 7,234 |
| Total Assets | <u>224,050</u> |

LIABILITIES

| | |
|------------------|---------------|
| Accounts Payable | <u>36,753</u> |
|------------------|---------------|

NET POSITION

| | |
|-------------------------------|--------------------------|
| Restricted for Water Projects | <u><u>\$ 187,297</u></u> |
|-------------------------------|--------------------------|

See accompanying Notes to Financial Statements.

**WATER COOPERATIVE OF CENTRAL FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

| | Program Revenues | | | Net (Expense) |
|----------------------------------|-------------------------|--|--|---|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| <u>Functions/Programs</u> | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Physical Environment | \$ 87,977 | \$ - | \$ 119,395 | \$ 31,418 |
| Total Governmental Activities | \$ 87,977 | \$ - | \$ 119,395 | 31,418 |
| General Revenues: | | | | |
| Total General Revenues | | | | - |
| Change in Net Position | | | | 31,418 |
| Net Position - Beginning of Year | | | | 155,879 |
| Net Position - End of Year | | | | \$ 187,297 |

See accompanying Notes to Financial Statements.

**WATER COOPERATIVE OF CENTRAL FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2020**

ASSETS

| | |
|--------------------------|--------------------------|
| Cash | \$ 216,816 |
| Accounts Receivable, Net | <u>7,234</u> |
| Total Assets | <u><u>\$ 224,050</u></u> |

LIABILITIES AND FUND BALANCE

| | |
|------------------------------------|--------------------------|
| Liabilities: | |
| Accounts Payable | \$ 36,753 |
| Fund Balance: | |
| Restricted for Water Projects | <u>187,297</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 224,050</u></u> |

See accompanying Notes to Financial Statements.

**WATER COOPERATIVE OF CENTRAL FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 131,000 | \$ 131,000 | \$ 119,883 | \$ (11,117) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Physical Environment: | | | | |
| Water Utility Services | 153,700 | 153,700 | 87,977 | 65,723 |
| NET CHANGE IN FUND BALANCE | (22,700) | (22,700) | 31,906 | 54,606 |
| Fund Balance - Beginning of Year | 86,039 | 86,039 | 155,391 | 69,352 |
| FUND BALANCE - END OF YEAR | <u>\$ 63,339</u> | <u>\$ 63,339</u> | <u>\$ 187,297</u> | <u>\$ 123,958</u> |

See accompanying Notes to Financial Statements.

**WATER COOPERATIVE OF CENTRAL FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

| | |
|--|------------------|
| Net Change in Fund Balance - Governmental Funds | \$ 31,906 |
| In the statement of activities, revenue is reported during the year it is earned. In the governmental funds, revenue is recorded in the year it is considered available. | <u>(488)</u> |
| Change in Net Position of Governmental Activities | <u>\$ 31,418</u> |

See accompanying Notes to Financial Statements.

**WATER COOPERATIVE OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Water Cooperative of Central Florida (Cooperative) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

The Cooperative was created by an interlocal agreement between the city of St. Cloud, the Tohopekaliga Water Cooperative, Orange County, and Polk County in 2011 in accordance with Chapters 163 and 373 of the Florida Statutes.

The Cooperative is comprised of one Supervisor appointed by each Member Government, who is a sitting member of a Member Government. Reappointments shall be made when necessary to ensure continuous representation of the Member Governments. Appointment to the Board of Supervisors shall be effective only for so long as the appointing government is a Member Government. These financial statements present the financial statements of the Cooperative and are not meant to represent any of the Member Organizations as a whole.

Basis of Presentation

The Cooperative complies with accounting standards established by the Governmental Accounting Standards Board (GASB). The Cooperative has implemented GASB Statement No. 34 as amended, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Cooperative. The Cooperative reports only governmental activities; it does not have any business-type activities or fiduciary funds. Governmental activities are supported by contributions from member organizations.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues consist of grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Payments of other items not properly included as program revenues are reported as general revenues.

**WATER COOPERATIVE OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The financial transactions of the Cooperative are reported in individual funds in the fund financial statements. Each fund is accounted for by a providing separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purposes of the Cooperative's fund is as follows:

Governmental Fund

- **General Fund** – This fund is used to account for the accumulation and expenditure of resources that are used for general purposes of the Cooperative and do not require the establishment of any other type of fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the Cooperative considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The Cooperative is a single program entity, devoted to the sound planning, acquisition, development, management, operation, improvement, and maintenance of Water Projects. It is comprised of a General Fund only and has no other governmental, proprietary, or fiduciary funds. There were no component units related to the Cooperative.

**WATER COOPERATIVE OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements

The Board of Supervisors shall provide each member government with a notice of its intention to adopt the budget along with a copy of the tentative budget no later than thirty days prior to the budget hearing. The Cooperative's duly adopted final budget shall also be transmitted to or filed annually with the clerk or other similar official for each Member Government. The budget may not be changed or modified by any other authority.

The budget was prepared on a basis consistent with generally accepted accounting principles and was based upon the final amended budget of the Cooperative. Florida Statutes state that it is unlawful for expenditures to exceed appropriations. For the year ended September 30, 2020, actual expenditures did not exceed budgeted expenditures.

Net Position

Net position represents the difference between assets and liabilities. The Cooperative may report three categories of net position, as follows: invested in capital assets, restricted net position, and unrestricted net position. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Unrestricted net position consists of all other net position that does not meet the definition of the other two components and are available for general use by the Cooperative. When both restricted and unrestricted resources are available for use, it is the Cooperative's policy to use restricted resources first, then unrestricted as needed. At September 30, 2020, restricted net position was \$187,297.

Fund Balance and Spending Policy

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts can be spent for specific purposes because of constraints that are externally imposed by contributors, creditors, grantors, laws or regulations, or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes determined by formal action of the Board, the Authority's highest level of decision-making authority.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority's adopted policy, only the Board may assign amounts for specific purposes.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

**WATER COOPERATIVE OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policy (Continued)

The Cooperative has fund balance and spending practices for tracking the various classifications of fund balance. When an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Cooperative will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

Accounts Receivable, Net

Accounts receivable are shown at their net realizable value and reduced by an allowance for uncollectible accounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 2 DEPOSITS

At September 30, 2020, the Cooperative's carrying amount was \$216,816 and the bank balance was \$216,816, consisting entirely of demand deposits. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Cooperative's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Cooperative's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, and Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Cooperative has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

**WATER COOPERATIVE OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 DEPOSITS (CONTINUED)

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

NOTE 3 ACCOUNTS RECEIVABLE, NET

Receivables consist of the following at September 30, 2020:

| | |
|--------------------------------|-----------------|
| Reedy Creek | \$ 7,234 |
| Total Accounts Receivable, Net | <u>\$ 7,234</u> |

NOTE 4 RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts, theft of assets, errors and omissions, and natural disasters. The Cooperative is self-insured for all risk of loss. No claims have been paid during the past two years.

NOTE 5 SERVICES PROVIDED BY THE TOHOPEKALIGA WATER AUTHORITY

The Cooperative's accounting function is provided by the Tohopekaliga Water Authority. If these services were no longer provided by the Tohopekaliga Water Authority, the Cooperative would have to incur additional expenses.



**INDEPENDENT AUDITORS' 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**

Members of the Board of Supervisors
Water Cooperative of Central Florida
Kissimmee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Water Cooperative of Central Florida (Cooperative) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.



CliftonLarsonAllen LLP

Sebring, Florida
June 24, 2021



MANAGEMENT LETTER

Members of the Board of Supervisors
Water Cooperative of Central Florida
Kissimmee, Florida

Report on the Financial Statements

We have audited the financial statements of the Water Cooperative of Central Florida (Cooperative), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 24, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit 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. See Note 1 in the notes to the financial statements.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Cooperative. It is management's responsibility to monitor the Cooperative'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 that is a component unit of a county, municipality, or 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 component units 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 note any such findings.

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
June 24, 2021



INDEPENDENT ACCOUNTANTS' REPORT

Members of the Board of Supervisors
Water Cooperative of Central Florida
Kissimmee, Florida

We have examined the Water Cooperative of Central Florida (Cooperative) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. Management of the Cooperative is responsible for the Cooperative's compliance with the specified requirements. Our responsibility is to express an opinion on the Cooperative's compliance with the specified requirements 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 Cooperative complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Cooperative complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material 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 Cooperative's compliance with specified requirements.

In our opinion, the Cooperative complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2020.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
June 24, 2021