Since 1967
Reedy Creek
IMPROVEMENT DISTRICT

Lake Buena Vista, Florida

ANNUAL FINANCIAL REPORT

AND COMPLIANCE REPORTS

Year Ended September 30, 2021

REEDY CREEK IMPROVEMENT DISTRICT

(LOCATED IN ORANGE AND OSCEOLA COUNTIES)
1900 HOTEL PLAZA BOULEVARD
LAKE BUENA VISTA, FLORIDA

BOARD OF SUPERVISORS

LAURENCE C. HAMES, PRESIDENT
DONALD R. GREER, VICE-PRESIDENT
JANE ADAMS, TREASURER
MAXIMIANO BRITO
(VACANCY)

DISTRICT ADMINISTRATOR

JOHN H. CLASSE, JR.

CHIEF FINANCIAL OFFICER/COMPTROLLER

CHRISTOPHER M. QUINN

INDEPENDENT AUDITOR

Cherry Bekaert LLP
Orlando, Florida

REEDY CREEK IMPROVEMENT DISTRICT
ANNUAL FINANCIAL REPORT
Year Ended September 30, 2021

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the District Administrator, Deputy District Administrator, and Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Reedy Creek Improvement District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District'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 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 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 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, the business-type activities, each major fund and the aggregate remaining fund information of the District as of September 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, certain balances at October 1, 2020, derived from the fiscal 2020 financial statements, have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2022 on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Orlando, Florida
February 7, 2022

REEDY CREEK IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Reedy Creek Improvement District (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which follow this section.

Financial Highlights

- The assets plus deferred outflows of resources of the District exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year by $519,206,304 (net position).

- The District's total net position increased during the year by $53,626,836.

- The District's total noncurrent liabilities decreased by $29,803,125 during the year.

- As of September 30, 2021, the District's governmental funds reported combined ending fund balances of $171,328,448, a decrease of $39,497,869 in comparison with the prior year. Approximately 9% of this total amount is available for spending at the government's discretion (unassigned fund balance).

- At September 30, 2021, unassigned fund balance for the general fund was $15,287,434, or 16% of total general fund expenditures, including transfers.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, 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 District 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., arbitrage rebate owed but not due until a future year and earned but unused vacation leave).

Overview of the Financial Statements (continued)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, public safety, physical environment and transportation. The business-type activities of the District include water, wastewater, reuse, gas, solid waste, chilled water, hot water and electric utility operations. The government-wide financial statements can be found on pages 13-16 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental funds. Governmental funds are 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, governmental 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds 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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds.

The District adopts an annual legally appropriated budget for its general fund and debt service fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 17-23 of this report.

Proprietary fund. Proprietary funds report the same functions presented as business-type activities in the government-wide financial statements. The District maintains a proprietary fund, the Utility Fund, which is an enterprise fund that accounts for eight utility operations. The Utility Fund provides the same type of information as the government-wide financial statements, only in more detail. The Utility Fund financial statements can be found on pages 24-28 of this report.

Overview of the Financial Statements (continued)

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 31 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $519,206,304 at September 30, 2021.

District's Net Position

	Governmental activities		Business-type activities		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Current and noncurrent assets	$ 195,283,573	$ 228,373,593	$ 243,902,306	$ 146,376,239	$ 439,185,879	$ 374,749,832
Capital assets	917,979,553	895,725,699	303,838,086	293,640,063	1,221,817,639	1,189,365,762
Total assets	1,113,263,126	1,124,099,292	547,740,392	440,016,302	1,661,003,518	1,564,115,594
Deferred outflows of resources	55,314,283	70,855,246	-	-	55,314,283	70,855,246
Total deferred outflows of resources	55,314,283	70,855,246	-	-	55,314,283	70,855,246
Current liabilities*	68,087,501	60,087,542	39,799,313	44,409,848	107,886,814	104,497,390
Non-current liabilities**	829,623,549	923,327,259	189,818,453	125,917,868	1,019,442,002	1,049,245,127
Total liabilities	897,711,050	983,414,801	229,617,766	170,327,716	1,127,328,816	1,153,742,517
Deferred inflows of resources	49,101,277	11,158,683	20,681,404	4,490,172	69,782,681	15,648,855
Total deferred inflows of resources	49,101,277	11,158,683	20,681,404	4,490,172	69,782,681	15,648,855
Net position:						
Net investment in capital assets**	319,129,216	287,422,682	188,282,174	163,326,910	507,411,390	450,749,592
Restricted	218,320	2,449,768	51,111,811	59,058,334	51,330,131	61,508,102
Unrestricted (deficit)**	(97,582,454)	(89,491,396)	58,047,237	42,813,170	(39,535,217)	(46,678,226)
Total net position (restated)	$ 221,765,082	$ 200,381,054	$ 297,441,222	$ 265,198,414	$ 519,206,304	$ 465,579,468

*includes current liabilities payable from restricted assets

**Governmental Activities amount in 2020 restated (Note 16)

Government-wide Financial Analysis (continued)

The District's net position includes: 1) net investment in capital assets (e.g., land, land improvements, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding and deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt. The District uses these capital assets to provide infrastructure and services to businesses operating within the District; consequently, these assets are not available for future spending. Although the District'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; 2) net position restricted by contract or enabling legislation for non-operating uses such as capital and debt service, and 3) unrestricted net position (deficit). The net investment in capital assets continues to increase as the related debt is paid.

Governmental activities. Governmental activities reflect negative unrestricted net position balances primarily due to the District’s net pension liability and net OPEB liability. However, the District recognized a significant decrease in the proportionate share of the Florida Retirement System (FRS) pension liability, due to larger than anticipated investment earnings recognized by the FRS. Another contributing factor includes the financing, with long-term bonds of the District, certain roadways that were subsequently donated to the State of Florida. The donated roadways are not assets of the District; however, the remaining debt associated with the roadways is a liability of the District, which is discussed further in Note 14. The bonds are Ad Valorem Tax bonds, secured by an irrevocable lien on the ad valorem taxes collected by the District.

The decrease in revenues is the result of tax refunds related to ongoing property valuation disputes (further described in Note 15) and the deannexation of certain parcels. Charges for services were directly affected by the shutdown due to the pandemic. Intergovernmental revenue decreased with the termination of the Osceola County Concurrency Management Agreement. Interest income was also directly affected by economic conditions due to the pandemic, and lowering of interest rates by the Federal Reserve. The decrease in expenses is largely due to parks and resorts not operating at full capacity for much of the fiscal year and the resulting decreased demand for public safety services.

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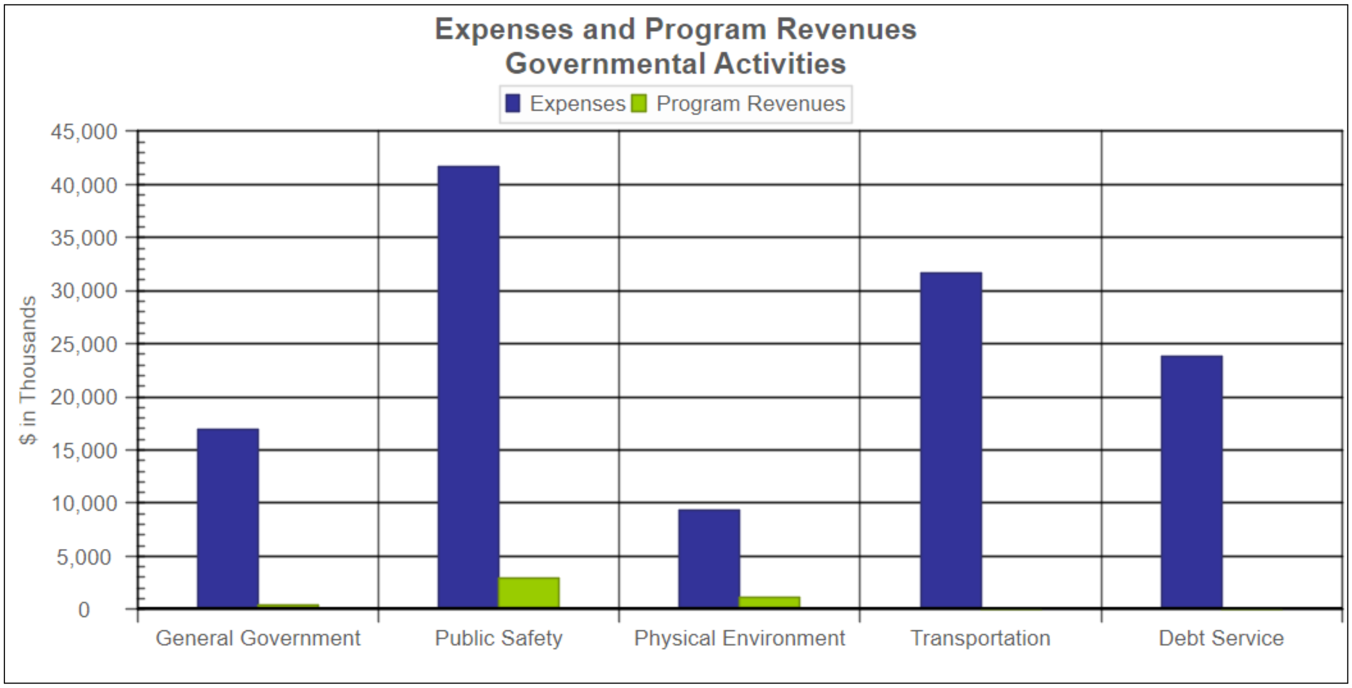
Government-wide Financial Analysis (continued)

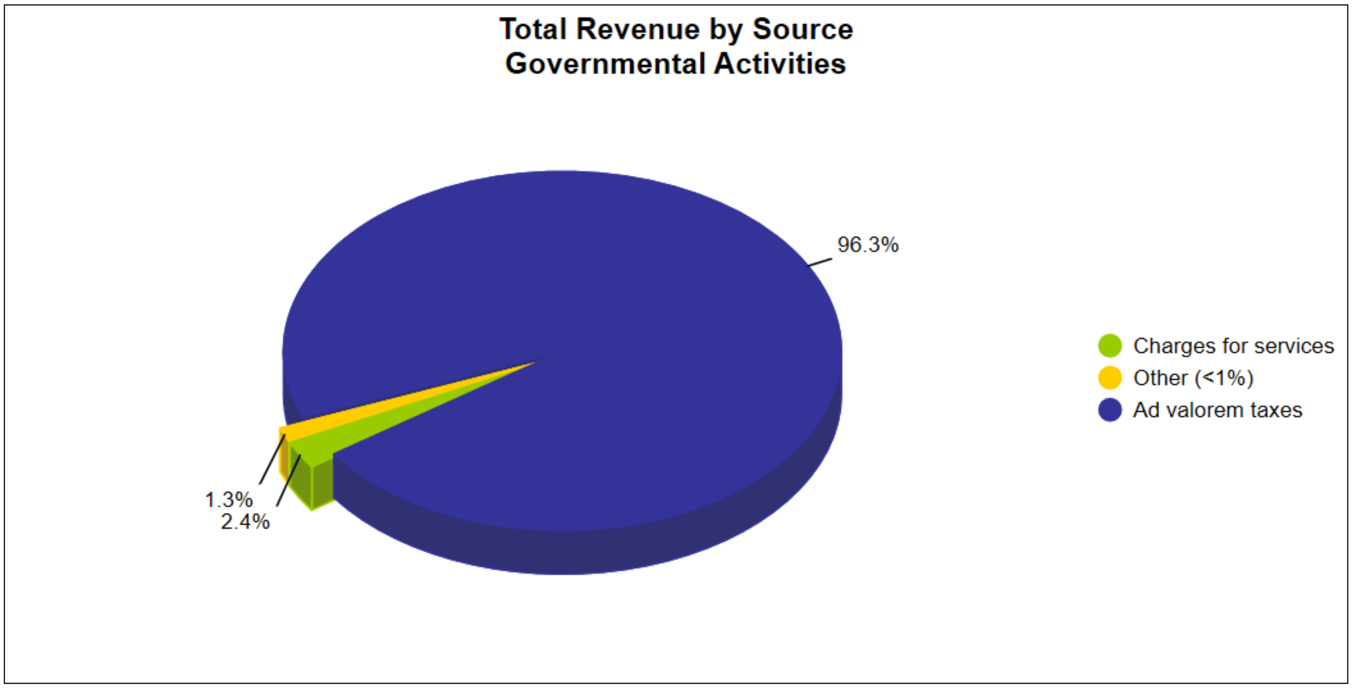
District's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 3,538,572	$ 4,670,150	$ 154,884,383	$ 139,799,718	$ 158,422,955	$ 144,469,868
Intergovernmental	-	819,122	-	-	-	819,122
Capital contributions	927,339	290,024	6,601,797	757,746	7,529,136	1,047,770
Total program revenues	4,465,911	5,779,296	161,486,180	140,557,464	165,952,091	146,336,760
General revenues:						
Ad valorem taxes - net	139,410,395	148,461,355	-	-	139,410,395	148,461,355
Interest income	196,708	2,302,550	309,074	1,115,852	505,782	3,418,402
Nonoperating revenue	-	785,605	-	468,405	-	1,254,010
Gain on disposal of capital assets	-	239,801	-	-	-	239,801
Total general revenues	139,607,103	151,789,311	309,074	1,584,257	139,916,177	153,373,568
Total revenues	144,073,014	157,568,607	161,795,254	142,141,721	305,868,268	299,710,328
Expenses:						
General government	16,973,543	18,255,461	-	-	16,973,543	18,255,461
Public safety	41,700,272	54,904,924	-	-	41,700,272	54,904,924
Physical environment	9,305,263	6,632,206	-	-	9,305,263	6,632,206
Transportation	31,649,320	27,517,289	-	-	31,649,320	27,517,289
Utility operations	-	-	123,740,150	131,020,275	123,740,150	131,020,275
Interest on debt	23,794,647	25,665,341	5,078,237	4,800,457	28,872,884	30,465,798
Total expenses	123,423,045	132,975,221	128,818,387	135,820,732	252,241,432	268,795,953
Increases in net position before transfers and extraordinary item	20,649,969	24,593,386	32,976,867	6,320,989	53,626,836	30,914,375
Transfers	734,059	(4,403,432)	(734,059)	4,403,432	-	-
Extraordinary item	-	67,278,581	-	-	-	67,278,581
Change in net position	21,384,028	87,468,535	32,242,808	10,724,421	53,626,836	98,192,956
Net position - beginning (restated) **	200,381,054	112,912,519	265,198,414	254,473,993	465,579,468	367,386,512
Net position - ending **	$ 221,765,082	$ 200,381,054	$ 297,441,222	$ 265,198,414	$ 519,206,304	$ 465,579,468

**Governmental Activities amount in 2020 restated (Note 16)

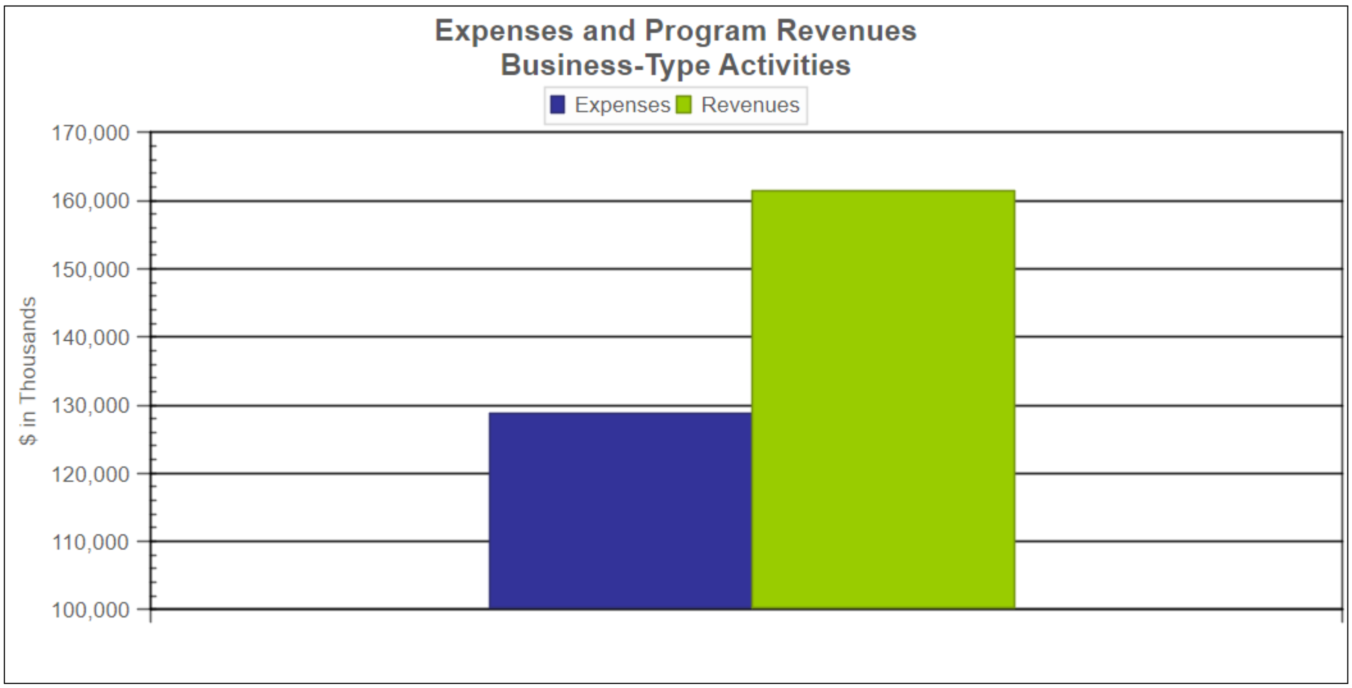
Government-wide Financial Analysis (continued)





Government-wide Financial Analysis (continued)

Business-type activities. Current assets increased largely due to an increase in fuel-related derivatives. Noncurrent assets increased with the investment of new revenue bond proceeds. Liabilities increased with the addition of new debt to fund utility system improvements. Charges for services were higher due to an increase in utility revenues resulting from increased capacity at theme parks and resorts. Interest income accounted for 0.2%, capital contributions accounted for 4.1%, with the remainder of total revenues from charges for services. Operating expenses decreased in fiscal year 2021 due to cost savings that were implemented as a result of the theme park closures in the prior year.



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial Analysis of the Government's Funds (continued)

As of September 30, 2021, the District's governmental funds reported combined fund balances of $171,328,448. Approximately 9% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, committed, restricted or assigned. Restricted amounts are not available for general spending as those amounts have been reserved to pay for capital projects from bond proceeds and debt service payments. Committed amounts are set-aside to pay for projects from drainage fees or property appraiser settlements as directed by the Board of Supervisors. Assigned amounts have been designated to cover the projected excess of expenditures over revenues in the fiscal year 2022 budget.

The general fund is the chief operating fund of the District. At September 30, 2021, unassigned fund balance of the general fund was $15,287,434, while total fund balance reached $37,790,468. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16% of the total general fund expenditures (including transfers), while total fund balance represents 40% of that same amount. The fund balance of the District's general fund decreased by $6,069,688. While the District budgeted a drawdown of over $7 million in the General Fund in FY2021, the postponement of transportation projects helped to offset tax refunds, resulting in a drawdown of approximately $6 million.

The debt service fund has a total fund balance of $218,320, a decrease of $2,231,448 from the prior year. The decrease was due to a reduction in tax revenues related to property tax settlements and refunds previously discussed.

The capital projects fund has a total fund balance of $133,319,660, a decrease of $31,196,733 from the prior year. The decrease was due to expenditures related to transportation improvement projects.

Proprietary fund. At September 30, 2021 the unrestricted net position of the Utility Fund amounted to $58,047,237, an increase of $15,234,067 from the prior year. The increase is due to a decrease of $7.9 million in debt service and renewal and replacement reserves, and increases in utility revenues from increased capacity subsequent to the shutdowns experienced in fiscal 2020. The restricted net position amounted to $51,111,811, the bulk of which is restricted for debt service.

General Fund Budgetary Highlights

The District amended its budget by adding $6 million in non-operating uses in fiscal year 2021. The outlay related to property appraiser settlements, which are discussed further in Note 15. Funds were sourced from a combination of reserves previously set aside for those settlements and available fund balance.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental and business type activities as of September 30, 2021 amounted to $1,221,817,639, net of accumulated depreciation. This represents an increase of $32,451,877. The primary driver for the increase was ongoing capital projects as described above.

Additional information on the District's capital assets can be found in Note 5 of the financial statements.

District's Capital Assets

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 2,740,642	$ 2,740,642	$ 6,896,164	$ 6,896,164	$ 9,636,806	$ 9,636,806
Buildings and system	238,388,167	246,515,664	21,169,187	22,415,775	259,557,354	268,931,439
Improvements other than buildings	-	-	112,581,259	107,144,604	112,581,259	107,144,604
Machinery and equipment	7,460,753	8,546,699	109,090,004	114,749,157	116,550,757	123,295,856
Infrastructure	633,446,873	617,948,179	-	-	633,446,873	617,948,179
Construction in progress	35,943,118	19,974,515	54,101,472	42,434,363	90,044,590	62,408,878
Total	$ 917,979,553	$ 895,725,699	$ 303,838,086	$ 293,640,063	$ 1,221,817,639	$ 1,189,365,762

Long-term debt. At September 30, 2021, the District had total long-term bonded debt outstanding of $977,215,801. Of this amount, $766,467,348 comprised of debt backed by the full faith and credit of the District and $210,748,453 is secured by the revenues generated by the District's utilities. During the year, the District's total long-term debt increased by $23,083,567 (2%) with the issuance of the Series 2021 utility revenue bonds to fund ongoing system improvements.

The District has received ratings of "AA-" from Standard and Poor's, "AA-" from Fitch and "Aa3" from Moody's for the Ad Valorem Tax general obligation bonds and ratings of "A-" from Standard and Poor's, "A" from Fitch and "A1" from Moody's for the Utility Revenue bonds. Additional information on the District's long-term debt can be found in Note 7 of the financial statements.

Capital Asset and Debt Administration (continued)

District's Outstanding Long-term Debt

General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	$ 766,467,348	$ 803,314,366	$ -	$ -	$ 766,467,348	$ 803,314,366
Revenue bonds	-	-	210,748,453	150,817,868	210,748,453	150,817,868
Total	$ 766,467,348	$ 803,314,366	$ 210,748,453	$ 150,817,868	$ 977,215,801	$ 954,132,234

Infrastructure Assets. As demonstrated in the Required Supplementary Information on pages 74-84 of this report, there have been no significant changes in the assessed condition of the bridges, roads and water control structures that use the modified approach for infrastructure reporting. There is an ongoing program to repair the remaining water control structures considered in good condition. The current conditions of the remaining assets are within the established levels maintained by the District.

Economic Factors and Next Year's Budget and Rates

Local governments continue to be affected by factors related to the COVID-19 pandemic, including the general state of the economy and real estate markets. Many industries continue to experience fluctuations in business operations. Assessed property values underlying the District's fiscal year 2022 budget and millage rates reflect the impact of the pandemic in our area and Orange County Property Appraiser revaluations of property value assessments as a result of Court of Appeals' recommendations. Millage rates were increased to offset the decrease in assessed values.

- The unemployment rate of the Central Florida area is currently averaging 3.9%. This is less than both the state and national average unemployment rates of 4.5% and 4.2%, respectively.
- Fiscal year 2022 assessed values decreased 9.3%. Millage rates increased overall by 2.4312 mills as a result of the decrease in assessed values.
- Inflationary trends in the region compare to national indices.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Reedy Creek Improvement District, Comptroller, 1900 Hotel Plaza Blvd., P.O. Box 10170, Lake Buena Vista, Florida 32830.

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 9,770,929	$ 11,288,598	$ 21,059,527
Cash and cash equivalents - restricted	55,290,355	42,827,796	98,118,151
Investments	35,013,299	25,374,783	60,388,082
Investments - restricted	92,952,999	107,670,595	200,623,594
Accounts receivable, net	668,509	22,441,713	23,110,222
Internal balances	(1,194,190)	1,194,190	-
Inventories	-	13,507,028	13,507,028
Prepaids	24,233	504,233	528,466
Derivative fuel instruments	-	19,070,370	19,070,370
Other assets	2,757,439	23,000	2,780,439
Capital assets not being depreciated	672,130,633	60,997,636	733,128,269
Capital assets, net of accumulated depreciation	245,848,920	242,840,450	488,689,370
Total assets	1,113,263,126	547,740,392	1,661,003,518
DEFERRED OUTFLOWS OF RESOURCES			
Loss on defeased debt due to refundings	25,084,363	-	25,084,363
Deferred outflow of resources related to pensions	12,231,703	-	12,231,703
Deferred outflow of resources related to OPEB	17,998,217	-	17,998,217
Total deferred outflows of resources	55,314,283	-	55,314,283

(Continued)

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable and accrued liabilities	10,110,707	14,675,272	24,785,979
Accounts payable from restricted assets	13,533,555	1,407,188	14,940,743
Compensated absences	1,821,152	-	1,821,152
Self insurance liability	1,280,700	-	1,280,700
Bonds and notes payable	32,755,000	20,930,000	53,685,000
Accrued interest payable	8,586,387	2,786,853	11,373,240
Noncurrent liabilities:			
Compensated absences	1,756,352	-	1,756,352
Self insurance liability	4,708,833	-	4,708,833
Net pension liability	20,032,980	-	20,032,980
Net OPEB liability	69,413,036	-	69,413,036
Bonds and notes payable	733,712,348	189,818,453	923,530,801
Total	897,711,050	229,617,766	1,127,328,816
DEFERRED INFLOWS OF RESOURCES			
Deferred fuel	-	1,600,216	1,600,216
Accumulated increase in fair value of derivative instruments	-	19,070,370	19,070,370
Gain on defeased debt due to refundings	-	10,818	10,818
Deferred inflow of resources related to pensions	40,615,919	-	40,615,919
Deferred inflow of resources related to OPEB	8,485,358	-	8,485,358
Total deferred inflows of resources	49,101,277	20,681,404	69,782,681
NET POSITION			
Net investment in capital assets	319,129,216	188,282,174	507,411,390
Restricted for:			
Debt service	218,320	47,116,827	47,335,147
Renewal and replacement	-	3,494,984	3,494,984
Emergency repairs	-	500,000	500,000
Unrestricted (deficit)	(97,582,454)	58,047,237	(39,535,217)
Total net position	$ 221,765,082	$ 297,441,222	$ 519,206,304

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES

For the Period Ended September 30, 2021

	Total	Total Business-type Activities	Total Governmental Activities
Expenses:			
Labor	$ 73,091,773	$ 27,275,204	$ 45,816,569
Operating expenses	117,497,278	75,208,726	42,288,552
Depreciation	32,000,767	20,495,185	11,505,582
Nonoperating expenses	761,035	761,035	-
Loss on disposal of capital assets	17,695	-	17,695
Interest on debt	28,872,884	5,078,237	23,794,647
Total expenses	252,241,432	128,818,387	123,423,045
Program revenues:			
Charges for services	158,422,955	154,884,383	3,538,572
Capital contributions	7,529,136	6,601,797	927,339
Total program revenues	165,952,091	161,486,180	4,465,911
Net program expense (revenue)	86,289,341	(32,667,793)	118,957,134
General revenues:			
Ad valorem taxes	139,410,395	-	139,410,395
Interest and investment income	505,782	309,074	196,708
Transfer in (out)	-	(734,059)	734,059
Total general revenues and transfers	139,916,177	(424,985)	140,341,162
Change in net position	53,626,836	32,242,808	21,384,028
Total net position - beginning	469,903,413	265,198,414	204,704,999
Restatement (Note 16)	(4,323,945)	-	(4,323,945)
Total net position - beginning (restated)	465,579,468	265,198,414	200,381,054
Total net position - ending	$ 519,206,304	$ 297,441,222	$ 221,765,082

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

Governmental Activities Expenses by Function

General Government	Public Safety	Physical Environment	Transportation	Debt Service
$ 6,154,818	$ 33,346,260	$ 5,397,420	$ 918,071	$ -
9,692,461	5,799,118	3,523,575	23,273,398	-
1,126,264	2,554,894	366,573	7,457,851	-
-	-	-	-	-
-	-	17,695	-	-
-	-	-	-	23,794,647
16,973,543	41,700,272	9,305,263	31,649,320	23,794,647
408,901	2,889,575	240,096	-	-
-	-	927,339	-	-
408,901	2,889,575	1,167,435	-	-
$ 16,564,642	$ 38,810,697	$ 8,137,828	$ 31,649,320	$ 23,794,647

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

REEDY CREEK IMPROVEMENT DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 9,710,590	$ 93,492	$ 55,257,202	$ 65,061,284
Investments	35,013,299	125,023	92,827,976	127,966,298
Accounts receivable, net	668,509	-	-	668,509
Due from other funds	197,085	-	-	197,085
Prepaids	24,233	-	-	24,233
Other assets	2,507,230	-	-	2,507,230
Total assets	$ 48,120,946	$ 218,515	$ 148,085,178	$ 196,424,639
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	$ 10,171,361	$ 195	$ 13,533,360	$ 23,704,916
Due to other funds	159,117	-	1,232,158	1,391,275
Total liabilities	10,330,478	195	14,765,518	25,096,191
Fund balances:				
Nonspendable:				
Prepaids	24,233	-	-	24,233
Other assets	2,507,230	-	-	2,507,230
Committed				
Drainage system	5,365,168	-	-	5,365,168
Property appraiser disputes	4,000,000	-	-	4,000,000
Restricted:				
Capital projects	-	-	133,319,660	133,319,660
Debt service	-	218,320	-	218,320
Assigned:				
2022 budget appropriation	10,606,403	-	-	10,606,403
Unassigned	15,287,434	-	-	15,287,434
Total fund balances	37,790,468	218,320	133,319,660	$ 171,328,448
Total liabilities and fund balances	$ 48,120,946	$ 218,515	$ 148,085,178	

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

REEDY CREEK IMPROVEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2021

Fund Balances - Total Governmental Funds	$ 171,328,448
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Accrued interest payable on bonds not currently due is not reported in the funds.	(8,586,387)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	917,979,553
Some liabilities, deferred outflows of resources and deferred inflows of resources, including those related to bonds payable, pensions, OPEB and other liabilities are not due and payable in the current period and therefore are not reported in the funds.	(858,956,532)
Net position of governmental activities	$ 221,765,082

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Period Ended September 30, 2021

	General	Debt Service	Capital Projects	Total
REVENUES				
Ad valorem taxes	$ 83,117,070	$ 56,293,325	$ -	$ 139,410,395
Emergency services	9,651	-	-	9,651
Building permits and fees	2,879,924	-	-	2,879,924
Drainage fees	927,339	-	-	927,339
Interest and investment income	-	-	300,566	300,566
Other	735,662	-	-	735,662
Total revenues	87,669,646	56,293,325	300,566	144,263,537
EXPENDITURES				
CURRENT:				
General government	16,374,521	-	-	16,374,521
Public safety	41,887,010	-	-	41,887,010
Physical environment	9,466,393	-	-	9,466,393
Transportation	24,254,238	-	30,001	24,284,239
Capital outlay	1,730,447	-	31,467,298	33,197,745
DEBT SERVICE:				
Principal	-	31,365,000	-	31,365,000
Interest and other charges	94,731	27,159,773	-	27,254,504
Total expenditures	93,807,340	58,524,773	31,497,299	183,829,412
Deficiency of revenues under expenditures	(6,137,694)	(2,231,448)	(31,196,733)	(39,565,875)
OTHER FINANCING SOURCES (USES)				
Transfers in	68,006	-	-	68,006
Total other financing sources	68,006	-	-	68,006
Net change in fund balances	(6,069,688)	(2,231,448)	(31,196,733)	(39,497,869)
Fund Balances, beginning of year	43,860,156	2,449,768	164,516,393	210,826,317
Fund Balances, end of year	$ 37,790,468	$ 218,320	$ 133,319,660	$ 171,328,448

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

REEDY CREEK IMPROVEMENT DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Period Ended September 30, 2021

Net Change in Fund Balances - Total Governmental Funds	$ (39,497,869)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	21,692,163
The net effect of miscellaneous transactions involving capital assets resulted in an increase in net position. This includes the transfer of lab assets from the Utility Fund to the General Fund, proceeds from equipment sales and the loss from disposal of assets.	561,691
Governmental funds report the payment of bond principal and interest when the current financial resources are available and payments are due and they report the payment of issuance costs, premiums, discounts, and similar items when debt is first issued. However, on the statement of activities, interest is accrued.	34,720,999
Decreases in other liabilities reported as expenses in the statement of activities not requiring the use of current financial resources in governmental funds.	3,907,044
Change in net position of governmental activities	$ 21,384,028

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Period Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Ad valorem taxes	$ 91,224,135	$ 85,224,135	$ 83,117,070	$ (2,107,065)
Emergency services	-	-	9,651	9,651
Building permits and fees	3,750,000	3,750,000	2,879,924	(870,076)
Drainage fees	-	-	927,339	927,339
Interest and investment income	158,000	158,000	-	(158,000)
Other	525,000	525,000	735,662	210,662
Total revenues	95,657,135	89,657,135	87,669,646	(1,987,489)
EXPENDITURES				
GENERAL GOVERNMENT				
Administrative:				
Labor	3,079,433	3,079,433	3,312,893	(233,460)
Operating	6,566,274	6,566,274	6,906,315	(340,041)
	9,645,707	9,645,707	10,219,208	(573,501)
Human Resources:				
Labor	875,908	875,908	853,247	22,661
Operating	238,567	238,567	211,110	27,457
	1,114,475	1,114,475	1,064,357	50,118
Information Systems & Technology:				
Labor	2,104,303	2,104,303	1,928,468	175,835
Operating	1,867,575	1,899,575	1,819,653	79,922
Capital outlay	1,521,000	1,489,000	965,611	523,389
	5,492,878	5,492,878	4,713,732	779,146
Property Management:				
Labor	800,076	800,076	682,143	117,933
Operating	746,472	666,472	660,692	5,780
	1,546,548	1,466,548	1,342,835	123,713
TOTAL GENERAL GOVERNMENT	17,799,608	17,719,608	17,340,132	379,476

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Period Ended September 30, 2021

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
PUBLIC SAFETY				
Building & Safety:				
Labor	4,923,919	4,923,919	4,988,433	(64,514)
Operating	718,900	718,900	628,361	90,539
	5,642,819	5,642,819	5,616,794	26,025
Emergency Services:				
Labor	32,043,018	32,043,018	30,785,816	1,257,202
Operating	3,322,682	3,322,682	3,043,724	278,958
Capital outlay	1,470,400	1,470,400	392,410	1,077,990
	36,836,100	36,836,100	34,221,950	2,614,150
Property Management:				
Labor	347,607	347,607	313,644	33,963
Operating	3,016,600	3,116,600	2,127,032	989,568
Capital outlay	132,000	132,000	132,241	(241)
	3,496,207	3,596,207	2,572,917	1,023,290
TOTAL PUBLIC SAFETY	45,975,126	46,075,126	42,411,661	3,663,465
PHYSICAL ENVIRONMENT				
Environmental Sciences:				
Labor	3,615,472	3,615,472	3,520,161	95,311
Operating	1,318,500	1,305,000	1,226,451	78,549
Capital outlay	6,500	20,000	6,399	13,601
	4,940,472	4,940,472	4,753,011	187,461
Planning & Engineering:				
Labor	2,376,301	2,376,301	2,422,657	(46,356)
Operating	846,281	846,281	687,198	159,083
Capital outlay	268,000	268,000	201,255	66,745
	3,490,582	3,490,582	3,311,110	179,472
Water Control:				
Operating	2,869,000	1,869,000	1,256,739	612,261
Property Management:				
Operating	352,900	352,900	353,187	(287)
TOTAL PHYSICAL ENVIRONMENT	11,652,954	10,652,954	9,674,047	978,907

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Period Ended September 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
TRANSPORTATION				
Roadway Maintenance:				
Labor	230,150	230,150	248,735	(18,585)
Operating	20,494,451	21,494,451	15,752,938	5,741,513
	20,724,601	21,724,601	16,001,673	5,722,928
Parking Facilities:				
Labor	750,974	750,974	762,106	(11,132)
Operating	8,650,186	8,624,686	7,490,459	1,134,227
Capital outlay	27,000	32,500	32,531	(31)
	9,428,160	9,408,160	8,285,096	1,123,064
TOTAL TRANSPORTATION	30,152,761	31,132,761	24,286,769	6,845,992
DEBT SERVICE				
Interest and other charges	-	-	94,731	(94,731)
Total expenditures	105,580,449	105,580,449	93,807,340	11,773,109
Excess (deficiency) of revenues over (under) expenditures	(9,923,314)	(15,923,314)	(6,137,694)	9,785,620
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	68,006	68,006
Total Other Financing Sources	-	-	68,006	68,006
Excess (deficiency) of revenues over (under) expenditures and other financing uses	$ (9,923,314)	$ (15,923,314)	(6,069,688)	$ 9,853,626
Fund Balance, beginning of year			43,860,156	
Fund Balance, end of year			$ 37,790,468	

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION - UTILITY FUND

September 30, 2021

ASSETS	
Current assets:	
Cash and cash equivalents	$ 11,288,598
Investments	3,596,386
Accounts receivable, net	22,441,713
Due from other funds	1,391,275
Inventories	13,507,028
Prepaids	504,233
Derivative fuel instruments	19,070,370
Restricted assets:	
Cash and cash equivalents	42,827,796
Investments	25,780,040
Total current assets	140,407,439
Noncurrent assets:	
Investments	21,778,397
Restricted investments	81,890,555
Capital assets:	
Land	6,896,164
Construction in progress	54,101,472
Buildings	66,218,685
Improvements other than buildings	277,105,823
Machinery and equipment	442,823,021
Less accumulated depreciation	(543,307,079)
Total capital assets	303,838,086
Other assets	23,000
Total noncurrent assets	407,530,038
Total assets	547,937,477

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION - UTILITY FUND

September 30, 2021

LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	14,675,272
Due to other funds	197,085
Total current liabilities	14,872,357
Current liabilities payable from restricted assets:	
Bonds and notes payable	20,930,000
Accrued interest payable	2,786,853
Contracts and retainage payable	1,407,188
Total current liabilities payable from restricted assets	25,124,041
Long-term liabilities:	
Bonds and notes payable	189,818,453
Total liabilities	229,814,851
DEFERRED INFLOWS OF RESOURCES	
Deferred fuel	1,600,216
Accumulated increase in the fair value of derivative instruments	19,070,370
Gain on defeased debt due to refundings	10,818
Total deferred inflows of resources	20,681,404
NET POSITION	
Net investment in capital assets	188,282,174
Restricted for debt service	47,116,827
Restricted for renewal and replacement	3,494,984
Restricted for emergency repairs	500,000
Unrestricted	58,047,237
Total net position	$ 297,441,222

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

UTILITY FUND

For the Period Ended September 30, 2021

OPERATING REVENUES	
Utility sales	$ 154,884,383
Total operating revenues	154,884,383
OPERATING EXPENSES	
Purchased power and fuel	52,402,524
Labor support	27,341,764
Operating costs	12,656,650
Taxes	2,424,237
Repairs and maintenance	6,622,843
Insurance	1,035,912
Depreciation	20,495,185
Total operating expenses	122,979,115
Operating income	31,905,268
NONOPERATING REVENUES (EXPENSES)	
Interest and investment income	309,074
Interest expense	(5,078,237)
Bond issue costs	(331,750)
Loss on retirement of plant assets	(429,285)
Total nonoperating expenses, net	(5,530,198)
Income before contributions and transfer	26,375,070
Capital contributions	6,601,797
Transfer out	(734,059)
Increase in net position	32,242,808
Total net position - beginning	265,198,414
Total net position - ending	$ 297,441,222

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF CASH FLOWS
UTILITY FUND

For the Year Ended September 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 154,212,827
Payments to suppliers	(74,116,089)
Payments for labor contract and management service agreement	(24,236,585)
Net cash provided (used) by operating activities	55,860,153
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from bonds	132,177,000
Payment of bond issue costs	(331,750)
Purchases of capital assets	(34,363,197)
Proceeds from sale of capital assets	(257,556)
Principal paid on bonds	(71,376,000)
Interest paid on bonds	(6,035,758)
Capital contributions	1,269,881
Net cash provided (used) by capital and related financing activities	21,082,620
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(119,891,655)
Proceeds from sales and maturities of investments	25,387,207
Investment income	309,074
Net cash provided (used) by investing activities	(94,195,374)
Net decrease in cash and cash equivalents	(17,252,601)
Balances - beginning of the year	71,368,995
Balances - end of the year	$ 54,116,394
Unrestricted	$ 11,288,598
Restricted	42,827,796
	$ 54,116,394

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF CASH FLOWS
UTILITY FUND

For the Year Ended September 30, 2021

Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 31,905,268
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	20,495,185
Change in assets, liabilities and deferred inflows of resources:	
Accounts receivable	1,362,148
Inventories	1,394,225
Prepaid items	29,080
Accounts payable and accrued liabilities	2,603,179
Due to other funds	104,772
Deferred fuel	(2,033,704)
Net cash provided by operating activities	$ 55,860,153

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

September 30, 2021

	Other Post-Employment Benefits Trust
ASSETS	
Trust cash	$ 2,348,384
Trust investments	12,800,117
Total Assets	15,148,501
NET POSITION	
Restricted for other postemployment benefits	$ 15,148,501

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

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

For the Period Ended September 30, 2021

	Other Post-Employment Benefit Trust
ADDITIONS:	
Employer contributions	$ 2,774,518
DEDUCTIONS:	
Benefits paid on behalf of participants	1,757,481
Investment expense	60,629
Total Deductions	1,818,110
Net increase in fiduciary net position	956,408
Net position - October 1, 2020	14,192,093
Net position - September 30, 2021	$ 15,148,501

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

REEDY CREEK IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Reedy Creek Improvement District (the "District") is a public corporation of the State of Florida created on May 12, 1967 by a special act of the legislature. The District includes approximately 25,000 acres of land in Orange and Osceola Counties. Walt Disney World Co. or other wholly owned subsidiaries of the Walt Disney Company own substantially all the land within the District. As outlined in Chapter 67-764 of the Laws of Florida, the District was organized to provide for the reclamation, drainage, and irrigation of land, to establish water, flood, and erosion control, to provide water and sewer systems and waste collection and disposal facilities, to provide for mosquito and other pest controls, to provide for public utilities, to create and maintain conservation areas, to provide streets, roads, bridges and street lighting facilities, and to adopt zoning and building codes and regulations. The governing body of the District is a five-member Board of Supervisors elected to office for four-year terms by landowners of the District.

The accompanying financial statements present the financial position and changes in financial position of the applicable fund types governed by the Board of Supervisors of the District in accordance with accounting principles generally accepted in the United States of America. Determination of the financial reporting entity of the District is founded upon the objective of accountability. Therefore, the financial statements include only the District (the primary government). There are no legally separate component units for which operational or financial responsibility rest with officials of the District or for which the nature and significance of their relationship to the District are such that exclusion would cause the financial statements to be misleading.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government. Fiduciary activities are reported only in the fund financial statements. As required by generally accepted governmental accounting principles, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses, of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Government-Wide and Fund Financial Statements - Continued

Separate financial statements are provided for the governmental funds, the proprietary fund and the fiduciary fund. All governmental funds and the proprietary fund are considered to be major funds and are reported as separate columns in the fund financial statements. The OPEB trust fund is reported as a separate financial statement and is not included in the government-wide financial statements.

C. 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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current 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 of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are generally not measurable and available until the District receives cash.

The District reports the following major governmental funds:

General Fund - The District's primary operating fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - Accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund - Accounts for the financial resources to be used for the acquisition or construction of major general government capital projects.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The District reports the following major proprietary fund:

Utility Fund - Accounts for activities of the following District systems: wastewater collection and treatment; potable water production, treatment, storage, pumping and distribution; reclaimed water distribution; electric generation and distribution; chilled water; hot water; natural gas distribution; and solid waste and recyclables collection and transfer.

Additionally, the District reports the following fiduciary fund type:

Other Post-Employment Benefits Trust Fund - Accounts for the receipt and disbursement of assets held in trust for eligible participants of other post-employment benefits of the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating contributions, and 3) capital contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes. Bad debt expense, if any, reduces revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are charges to customers for sales and services. The District also recognizes as operating revenue connection fees which are to recover the expense of connecting new customers to the system. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Property Taxes

Property taxes are billed and collected within the same fiscal period, and are reflected on the modified accrual basis. Ad Valorem taxes on property values have a lien and assessment date of January 1, with millage established during the preceding September. The fiscal year for which taxes are levied begins October 1. Taxes, which are billed in November, carry a maximum discount available through November 30, and become delinquent April 1. State Statutes permit the District to levy property taxes at a rate up to 30 mills. The millage rates assessed by the District for the fiscal year ended September 30, 2021 were 6.8467 for General Operating and 4.2962 for Debt Service.

E. Cash, Cash Equivalents and Investments

Cash balances from the majority of funds are pooled for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable balances maintained in the pool by each fund. Holdings in the pool, for purposes of these statements, are allocated to the participating funds based on their equity.

Cash and cash equivalents consist of non-interest bearing demand deposits and money market funds and investments with an original maturity of three months or less when purchased. Cash and cash equivalents are carried at cost, which approximates fair value.

Investments are stated at fair value based upon quoted market prices or matrix pricing for certain fixed income securities. Investments are further explained in Notes 3, 10 and 13, Deposits and Investments, Other Postemployment Benefits and Fair Value Measurements, respectively.

F. Inventories

Utility Fund inventories consist of materials, supplies and fuel. Materials and supplies inventories are only held for use and are valued at cost. Fuel oil inventories are accounted for at the lower of cost or market using the moving average cost method.

G. Restricted Assets

Certain assets in the Debt Service Fund, Capital Projects Fund and Utility Fund are restricted as to use by specific provisions of bond resolutions. These assets are classified as restricted assets on the statement of net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Capital Assets

Infrastructure improvements such as roads, bridges, canals, curbs, gutters, sidewalks, drainage systems and lighting systems are recorded as capital expenditures in the various governmental funds at the time of purchase. These assets are presented as capital assets in the government-wide statement of net position for governmental activities. Infrastructure assets are not depreciated and are accounted for using the modified approach, as further explained in the Required Supplementary Information. Condition assessments are periodically performed and preservation and maintenance costs are reflected as expenses in the government-wide statement of activities under transportation expenses.

Land, buildings, plant, machinery and equipment are carried on the statement of net position for governmental activities and business-type activities at cost, except for contributed assets, which are recorded at acquisition value at the date of contribution. The District's capitalization threshold is $5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and land improvements	30-50 years
Improvements, including utility distribution and collection systems	30-50 years
Machinery and equipment	3-30 years

Repairs and maintenance are expensed when incurred. Additions, major renewals and replacements, which increase the useful lives of the assets, are capitalized.

I. Deferred Amount on Refunding

For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Deferred amounts are presented as a deferred outflow of resources or deferred inflow of resources in the Statement of Net Position.

J. Compensated Absences

In the Government-wide financial statements, compensated absences are recorded as a liability when the benefits are earned. The current portion is the amount accrued during the year that would normally be liquidated with available, expendable resources in the next fiscal year. In the fund statements, expenditures are recognized when payments are due to the employee.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Fund Balances

In the Governmental Fund financial statements, fund balances are classified as follows:

Nonspendable -The portion of fund balance that includes amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact.

Restricted - Amounts that can only be used for specific purposes due to constraints that have been placed on them by external parties, constitutional provisions or enabling legislation.

Committed - Amounts that are constrained for specific purposes that are internally imposed through formal action of the Board of Supervisors and does not lapse at year end.

Assigned - Amounts constrained by the Board of Supervisors to be used for a specific purpose.

Unassigned - All amounts not included in other spendable classifications.

The District spends restricted amounts first when both restricted and unrestricted fund balance is available unless legally prohibited from doing so. When expenditures are incurred for payment from the unrestricted fund balances, assigned is used first, followed by unassigned fund balance. The District does not have a formal minimum fund balance policy.

L. Budgets and Budgetary Accounting

The following procedures are used to establish the budgetary data reflected in the financial statements:

(1) The District Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing on October 1.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to October 1, the budget is legally enacted through passage of an ordinance.

(4) Budgets are legally adopted for the General Fund, Debt Service Fund and the Utility Fund.

(5) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

(6) The District's charter does not require formal authorization for actual expenditures to exceed budgeted expenditures; however, the Board of Supervisors monitors the budget periodically during the year. The budgetary control is legally maintained at the fund level. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual is presented in the same format as the District's operating budget.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

L. Budgets and Budgetary Accounting - Continued

(7) All appropriations and encumbrances, except those specifically approved by the Board of Supervisors, lapse at the close of the fiscal year to the extent not expended.

M. Forward Contracts

The District enters into forward contracts as part of its normal purchases of power and fuel and accounts for such contracts as settled, as a component of the cost of its operations.

N. Derivative Instruments

Fuel-related derivative transactions are executed in accordance with the District's established Energy Risk Management Policy ("Policy") which is controlling the level of price risk exposure involved in the normal course of the District's natural gas purchasing activities. The Policy establishes the Energy Risk Management Oversight Committee to enter into financial hedging agreements and contracts with third parties pursuant to enabling agreements approved by the Board of Supervisors. The Policy establishes the organizational structure of the committee and various volume and pricing limits. The fair value of these derivative fuel instruments is included in the Statement of Net Position, with the accumulated changes in fair value reported as deferred outflows or deferred inflows of resources as they have been determined to qualify for hedge accounting. Related gains or losses are deferred and recognized in the specific period in which the derivative is settled and included as part of fuel costs.

O. Pensions

The Florida Retirement System (FRS) is responsible for providing participating employers with total pension liabilities, pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, as well as the District's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the FRS and additions to/deductions from the FRS's fiduciary net position have been determined on the same basis as they are reported by the FRS. For this purpose, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

P. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plan fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at cost.

Q. Rates and Regulations

The District follows the accounting practices set forth in GASB No. 62, paragraphs 476-500, Regulated Operations for its utility operations. This standard allows utilities to capitalize or defer certain costs or revenues based on management's ongoing assessment that it is probable these items will be recovered through the rate-making process. Regulatory liabilities consist of deferred fuel.

R. Use of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences could be material.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the balance sheet – governmental funds and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Further details of certain elements of that reconciliation are as follows:

(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount represents the total capital assets of governmental activities of $1,005,167,299, net of accumulated depreciation of $87,187,746, or $917,979,553.

(2) Some liabilities, including bonds payable, other long-term liabilities, and deferred outflows of resources and deferred inflows of resources, are not due and payable in the current period and therefore are not reported in the funds. The details of this difference are shown below:

Compensated absences payable	$ 3,516,850
Self insurance liability	5,739,324
Bonds payable	766,467,348
Deferred outflows - losses on defeased debt	(25,084,363)
Net pension liability	20,032,980
Deferred outflows - pensions	(12,231,703)
Deferred inflows - pensions	40,615,919
Net OPEB liability	69,413,036
Deferred outflows - OPEB	(17,998,217)
Deferred inflows - OPEB	8,485,358
Net adjustment to reduce total fund balances - total governmental funds to arrive at net position of governmental activities	$ 858,956,532

B. Explanation of certain differences between the statement of revenues, expenditures and changes in fund balances – governmental funds and the government-wide statement of activities

The statement of revenues, expenditures and changes in fund balances - governmental funds includes a reconciliation of the "net changes in fund balances - total governmental funds" and "change in net position of governmental activities" as reported in the government-wide statement of activities. Further details of certain elements of that reconciliation are as follows:

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED

B. Explanation of certain differences between the statement of revenues, expenditures and changes in fund balances – governmental funds and the government-wide statement of activities - Continued

(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is as follows:

Capital outlay expenditures:	
General fund	
General government	$ 965,611
Public safety	524,651
Physical environment	207,654
Transportation	32,531
Capital projects	31,467,298
Depreciation expense	(11,505,582)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 21,692,163

(2) Governmental funds report the payment of bond principal and interest when the current financial resources are available and payments are due, and they report the payment of issuance costs, premiums, discounts, and similar items when debt is first issued. However, on the statement of activities interest is accrued and certain bond related costs are deferred and amortized. The details of the difference are as follows:

Net changes of deferred loss, bond costs, discount and premium	$ 2,893,450
Principal payments on bonds outstanding	31,365,000
Accrued interest payable	462,549
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 34,720,999

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED

B. Explanation of certain differences between the statement of revenues, expenditures and changes in fund balances – governmental funds and the government-wide statement of activities - Continued

(3) Increases in other liabilities reported as expenses in the statement of activities not requiring the use of current financial resources in governmental funds. The details of the difference are as follows:

Compensated absences	$ 192,983
Self insurance	(664,998)
Net OPEB liability	(1,156,766)
Pensions	5,535,825
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 3,907,044

3. DEPOSITS AND INVESTMENTS

The District is authorized to invest in securities as described in its investment policy and in its bond resolutions. As of September 30, 2021, the District held the following deposits and investments as categorized below:

		Investment maturities (in years)		
	Fair Value	Less than 1	1 - 5	More than 10
Demand deposits	$ 6,187,280	$ 6,187,280	$ -	$ -
US Treasury securities	173,237,387	58,685,642	114,551,745	-
US Government agency securities	59,752,955	17,385,323	42,367,632	-
State and local government securities	35,723,000	15,951,178	2,545,044	17,226,778
Supranationals	3,198,557	-	3,198,557	-
Money market mutual funds	102,090,175	102,090,175	-	-
Totals	$ 380,189,354	$ 200,299,598	$ 162,662,978	$ 17,226,778

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy for operating funds is structured to provide sufficient liquidity to pay obligations as they come due and (1) limits investments to not more than 7 year maturities (with the exception of bond proceeds, described below); and (2) requires the portfolio have no more than 15% in securities maturing in or having an average life of more than 5 years. Bond proceeds and reserve funds are managed in accordance with bond covenants and funding needs which could result in maturities longer than 7 years.

3. DEPOSITS AND INVESTMENTS - CONTINUED

Credit Risk - The District's investment policy limits credit risk by restricting authorized investments to the following: direct obligations of, or obligations guaranteed by, the U.S. Government; bonds and notes issued by various federal agencies; state and local government securities; Canadian public obligations; public improvement bonds; public utility obligations; public housing obligations; State Board of Education obligations; international development banks; certain government security money market mutual funds; repurchase agreements and reverse repurchase agreements. Securities that derive their value from underlying securities ("derivatives") are specifically prohibited except when separately approved by the District's Board of Supervisors.

Custodial Credit Risk - All demand deposits are entirely insured by federal depository insurance or by the multiple financial institution collateral pool pursuant to the Public Depository Security Act of the State of Florida.

The District's investment policy requires that all investments be held by a third party custodian and held in the District's name. As of September 30, 2021, all District investments are held in a bank's trust department in the District's name.

Concentration of Credit Risk - At September 30, 2021, there were two issuers with which the District held investments exceeding 5% of the total investment portfolio. The issuers were Federal Home Loan Bank (5.5%) and Federal Home Loan Mortgage Corporation (5.6%).

Restricted Cash and Cash Equivalents and Investments - The table below summarizes the District's balances of cash and cash equivalents and investments restricted as to use. Restricted amounts are primarily unspent bond proceeds and reserves for debt service:

Statement of Net Position Classifications:	
Restricted cash and cash equivalents	$ 98,118,151
Restricted investments	200,623,594
	$ 298,741,745

4. VALUATION ALLOWANCES

The District recognizes allowances for losses on accounts receivable and inventories. The allowance for receivables is based on an aging of receivables and includes accounts over 120 days. The Utility Fund recognized an allowance at September 30, 2021 in the amount of $95,214. The expense associated with this allowance is recognized as an offset to utility revenues.

REEDY CREEK IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2021

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance October 1, 2020	Increases	Decreases	Ending Balance September 30, 2021
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 2,740,642	$ -	$ -	$ 2,740,642
Construction in progress	19,974,515	31,467,298	(15,498,695)	35,943,118
Infrastructure	617,948,179	15,498,694	-	633,446,873
Total capital assets not being depreciated	640,663,336	46,965,992	(15,498,695)	672,130,633
Capital assets being depreciated				
Buildings*	289,342,600	2,413,840	-	291,756,440
Machinery and equipment*	37,900,054	4,487,166	(1,106,994)	41,280,226
Total capital assets being depreciated	327,242,654	6,901,006	(1,106,994)	333,036,666
Less accumulated depreciation for:				
Buildings	42,826,936	10,541,337	-	53,368,273
Machinery and equipment	29,353,355	5,468,752	(1,002,634)	33,819,473
Total accumulated depreciation *	72,180,291	16,010,089	(1,002,634)	87,187,746
Total capital assets being depreciated, net	255,062,363	(9,109,083)	(104,360)	245,848,920
Governmental activities capital assets, net	$ 895,725,699	$ 37,856,909	$ (15,603,055)	$ 917,979,553
Business-type Activities:				
Capital assets not being depreciated				
Land	$ 6,896,164	$ -	$ -	$ 6,896,164
Construction in progress	42,434,363	29,236,238	(17,569,129)	54,101,472
Total capital assets not being depreciated	49,330,527	29,236,238	(17,569,129)	60,997,636
Capital assets being depreciated				
Buildings	68,071,136	572,426	(2,424,877)	66,218,685
Improvements other than buildings	265,623,061	11,482,762	-	277,105,823
Machinery and equipment	439,327,545	7,808,695	(4,313,219)	442,823,021
Total capital assets being depreciated	773,021,742	19,863,883	(6,738,096)	786,147,529
Less accumulated depreciation for:				
Buildings	45,655,362	1,593,329	(2,199,193)	45,049,498
Improvements other than buildings	158,478,455	6,046,109	-	164,524,564
Machinery and equipment	324,578,389	12,855,747	(3,701,119)	333,733,017
Total accumulated depreciation	528,712,206	20,495,185	(5,900,312)	543,307,079
Total capital assets being depreciated, net	244,309,536	(631,302)	(837,784)	242,840,450
Business-type activities capital assets, net	$ 293,640,063	$ 28,604,936	$ (18,406,913)	$ 303,838,086

(*) Increases in accumulated depreciation include the transfer of capital assets associated with the lab in the amount of $4,504,507, which were included in business-type activities in fiscal year 2020.

5. CAPITAL ASSETS - CONTINUED

The District regularly reviews the feasibility of ongoing capital projects and may write-off immaterial amounts as needed.

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivable and payable balances as of September 30, 2021 are as follows:

	Interfund Receivables (Due from)	Interfund Payables (Due to)
General	$ 197,085	$ 159,117
Capital Projects	-	1,232,158
Utility Fund	1,391,275	197,085
	$ 1,588,360	$ 1,588,360

The interfund balances between funds results mainly from the time lag between the dates that the goods and services were provided or the expenditure occurs, the recording of the transaction and the date the payment between the funds are made.

Interfund transfers during the year ended September 30, 2021 were as follows:

	Interfund Transfers In	Interfund Transfers Out
General	$ 68,006	$ -
Utility Fund	-	734,059
	$ 68,006	$ 734,059

The transfer in to the General Fund represents net position balances associated with the lab at October 1, 2020, excluding capital assets. The transfer out from the Utility Fund represents the lab's total assets (including capital assets, net of depreciation) at October 1, 2020. The difference between the two transfer amounts is net capital assets associated with the lab, which are included in Governmental Activities on the Statement of Net Position.

7. LONG-TERM DEBT

A. Changes in long-term liabilities

	Beginning Balance October 1, 2020	Additions	Reductions	Ending Balance September 30, 2021	Due within one year
Governmental activities:					
General Obligation Bonds:					
2013A Ad Valorem	$ 37,260,000	$ -	$ (11,820,000)	$ 25,440,000	$ 12,410,000
2013B Ad Valorem Refunding	13,225,000	-	(4,220,000)	9,005,000	4,415,000
2015A Ad Valorem Refunding	13,550,000	-	(1,480,000)	12,070,000	1,550,000
2016A Ad Valorem	161,400,000	-	(2,580,000)	158,820,000	2,710,000
2017A Ad Valorem	187,000,000	-	(6,655,000)	180,345,000	6,990,000
2020A Ad Valorem Refunding	338,025,000	-	(4,610,000)	333,415,000	4,680,000
Deferred amounts:					
Discount/Premium	52,854,366	-	(5,482,018)	47,372,348	-
Total long-term general obligations	803,314,366	-	(36,847,018)	766,467,348	32,755,000
Compensated absences	3,789,138	2,150,366	(2,362,000)	3,577,504	1,821,152
Self insurance liability	5,365,253	624,280	-	5,989,533	1,280,700
Net pension liability	75,809,610	12,199,396	(67,976,026)	20,032,980	-
Net OPEB liability [1]	68,910,454	502,582	-	69,413,036	-
Long-term liabilities	$ 957,188,821	$ 15,476,624	$ (107,185,044)	$ 865,480,401	$ 35,856,852
Business-type activities:					
Revenue Bonds:					
2013-1 Utility Refunding	$ 38,590,000	$ -	$ (5,490,000)	$ 33,100,000	$ 5,760,000
2018-1 Utility	26,230,000	-	-	26,230,000	-
2018-2 Utility	19,750,000	-	-	19,750,000	-
Deferred amounts:					
Discount/Premium	6,167,868	-	(870,415)	5,297,453	-
Total long-term bonds payable	90,737,868	-	(6,360,415)	84,377,453	5,760,000
Notes from Direct Borrowings:					
2011-2 Utility	30,000,000	-	(30,000,000)	-	-
2015-1 Utility	30,080,000	-	(14,910,000)	15,170,000	15,170,000
2021-1 Utility	-	35,095,000	-	35,095,000	-
2021-2 Utility	-	55,130,000	-	55,130,000	-
2021-3 Utility	-	20,976,000	(20,976,000)	-	-
2021-4 Utility	-	20,976,000	-	20,976,000	-
Total direct borrowings	60,080,000	132,177,000	(65,886,000)	126,371,000	15,170,000
Long-term liabilities	$ 150,817,868	$ 132,177,000	$ (72,246,415)	$ 210,748,453	$ 20,930,000

[1] October 1, 2020 balance restated to include benefits associated with the Survivor Income Plan, see Note 16, Restatement.

7. LONG-TERM DEBT - CONTINUED

A. Changes in long-term liabilities - Continued

General Obligation Bonds Payable

2013A Ad Valorem Tax Bonds - In September 2013, the District issued $344,960,000 Ad Valorem Tax Bonds at interest rates of 4.5% to 5.25%, interest only until June 2020. The proceeds were used to finance the costs to design, construct, equip and improve roadways and parking facilities within and outside the District.

2013B Ad Valorem Tax Refunding Bonds - In September 2013, the District issued $40,950,000 Ad Valorem Refunding Bonds at interest rates of 4.0% to 5.0%. The proceeds were used for the advance refunding of the 2004A and 2004B Ad Valorem Tax Bonds maturing on and after June 1, 2015.

2015A Ad Valorem Tax Refunding Bonds - In April 2015, the District issued $50,925,000 Ad Valorem Refunding Bonds at interest rates of 2.0% to 5.0%. The proceeds were used for the current refunding of the 2005A and 2005B Ad Valorem Tax Bonds maturing on and after June 1, 2015.

2016A Ad Valorem Tax Bonds - In July 2016, the District issued $165,500,000 Ad Valorem Tax Bonds at interest rates of 4.0% and 5.0%, interest only until June 2019. The proceeds were used to finance the costs to design, construct, equip and improve roadways and other facilities within and outside the District.

2017A Ad Valorem Tax Bonds - In October 2017, the District issued $199,375,000 Ad Valorem Tax Bonds at interest rates of 3.0% to 5.0%, interest only until June 2019. The proceeds were used to finance additional transportation projects and were also used to retire the District's 2017 Bond Anticipation Note.

2020A Ad Valorem Tax Refunding Bonds - In February 2020, the District issued $338,025,000 Taxable Ad Valorem Refunding Bonds at interest rates of 1.463% to 2.731%. The proceeds were used for the current refunding of the 2013A and 2013B Ad Valorem Tax Bonds maturing on and after June 2, 2024.

The major provisions of the District's Ad Valorem Tax Bond Resolutions authorizing its debt are as follows:

(1) The Ad Valorem tax bond issues and related interest are collateralized by an irrevocable lien on the proceeds from Ad Valorem taxes levied by the District.

7. LONG-TERM DEBT - CONTINUED

(2) Additional bonds may be issued by the District provided (a) the maximum bond debt service requirement of the proposed and then outstanding bonds does not exceed 85% of the maximum annual collection from Ad Valorem Taxes calculated for the current year and (b) the principal amount of all bonds proposed and then outstanding not exceed 50% of the assessed value of the taxable property within the District.

Revenue Bonds Payable

2013-1 Utilities Revenue Refunding Bonds - In July 2013, the District issued $54,915,000 Utilities Revenue Refunding Bonds at interest rates of 2.5% to 5.0%. The proceeds were used to refund the 2003-1 and 2005-1 Utilities Revenue Bonds.

2018-1 Utilities Revenue Bonds - In July 2018, the District issued $26,230,000 Utilities Revenue Bonds at an interest rate of 5.0%. The proceeds are being used to pay for construction and acquisition of improvements to the utility systems.

2018-2 Taxable Utilities Revenue Bonds - In July 2018, the District issued $19,750,000 Taxable Utilities Revenue Bonds at an average interest rate of 3.44%. The proceeds are being used to pay for improvements to certain existing utility systems.

Notes from Direct Borrowings

2015-1 Utilities Revenue Bonds - In March 2015, the District issued $30,080,000 Utilities Revenue Bonds at an interest rate of 1.83%, interest only due until October 2020. The proceeds were used to pay for construction and acquisition of improvements to the utility systems. The direct borrowing is a non bank-qualified bond, secured by a pledge of net revenues derived from operation of the District’s utility system on a parity with all other previously outstanding Utility Revenue Bonds.

2021-1 Utilities Revenue Bonds - In February 2021, the District issued $35,095,000 Utilities Revenue Bonds at an interest rate of 1.72%. The proceeds are being used to pay for construction and acquisition of improvements to the utility systems. The direct borrowing is a non bank-qualified bond, secured by a pledge of net revenues derived from operation of the District’s utility system on a parity with all other previously outstanding Utility Revenue Bonds. The loan is subject to acceleration in accordance with the District's existing Trust Indenture at a default rate equal to prime +4%.

2021-2 Taxable Utilities Revenue Bonds - In February 2021, the District issued $55,130,000 Taxable Utilities Revenue Bonds at interest rates of 1.03%-1.58%, interest only due until October 2022. The proceeds are being used to pay for improvements to certain existing utility systems. The direct borrowing is a taxable loan, secured by a pledge of net revenues derived from operation of the District’s utility system on a parity with all other previously outstanding Utility Revenue Bonds. The loan is subject to acceleration in accordance with the District's existing Trust Indenture at a default rate equal to prime +4%.

7. LONG-TERM DEBT - CONTINUED

2021-3 Taxable Utilities Revenue Refunding Bonds - In February 2021, the District issued $20,976,000 Taxable Utilities Revenue Refunding Bonds at an interest rate of 1.0%. The proceeds were used to advance refund the 2011-2 Utilities Revenue Bonds.

2021-4 Utilities Revenue Refunding Bonds - In July 2021, the District issued $20,976,000 Utilities Revenue Refunding Bonds at an interest rate of 0.79%, interest only due until October 2022. The proceeds were used to currently refund the 2021-3 Taxable Utility Revenue Refunding Bonds. The loan is subject to acceleration in accordance with the District's existing Trust Indenture at a default rate equal to prime +4%.

The major provisions of the Utility Fund's trust indentures securing its debt are as follows:

(1) The debt obligation and related interest are collateralized by a pledge of the net revenues of the combined utility systems.

(2) The District will establish rates that will provide sufficient net revenues (revenues less operating expenses (excluding depreciation and lease payments to WDWC)), to pay 110% of the annual debt service requirements due each year. Revenues are defined to mean all rates, fees, charges or other income (including certain investment earnings, impact fees and special assessments) generated by the Utility Fund.

(3) The District will pay all current operating expenses.

(4) The District will deposit into the Sinking Fund on a monthly basis an amount equal to one-sixth of the next semi-annual interest payment and one-twelfth of the next annual principal payment.

(5) The District will maintain a renewal and replacement fund equal to 5% of the gross revenues (less expenses for purchased power and fuel) received in the prior year. Such amount may be and was reduced to 4% by certification from the District's consulting engineer.

(6) The District will maintain on deposit in the emergency repair fund at least $500,000.

(7) The debt service reserve requirements are being provided by Debt Service Reserve accounts with the bond trustee.

(8) Additional bonds may be issued if the net revenues (revenues of the system less operating expenses (excluding depreciation and lease payments to WDWC)) for twelve consecutive prior months are at least equal to 125% of the maximum annual debt service of the proposed and then outstanding bonds.

7. LONG-TERM DEBT - CONTINUED

B. Annual Debt Service Requirements

The annual requirements to amortize the principal balance and interest of all bonds outstanding are as follows:

Year Ended September 30,	General Obligation Bonds Principal	General Obligation Bonds Interest
2022	$ 32,755,000	$ 25,759,160
2023	34,170,000	24,344,252
2024	35,710,000	22,799,674
2025	36,725,000	21,791,296
2026	37,955,000	20,557,790
2027-2031	210,570,000	82,001,248
2032-2036	250,585,000	42,018,767
2037-2038	80,625,000	3,594,204
Total	$ 719,095,000	$ 242,866,391
Current portion	(32,755,000)	
Deferred amounts:		
Discount/Premium	47,372,348	
Long-term bonds payable	$ 733,712,348	

Year Ended September 30,	Revenue Bonds Principal	Revenue Bonds Interest	Direct Borrowings Principal	Direct Borrowings Interest
2022	$ 5,760,000	$ 3,496,685	$ 15,170,000	$ 1,710,726
2023	10,750,000	3,124,378	11,957,000	1,431,868
2024	11,205,000	2,656,468	11,473,000	1,320,590
2025	12,300,000	2,147,855	10,315,000	1,218,212
2026	12,835,000	1,595,173	10,406,000	1,119,185
2027-2031	8,185,000	5,574,375	51,770,000	2,634,584
2032-2036	10,445,000	3,256,375	11,315,000	834,329
2037-2039	7,600,000	582,500	3,965,000	34,100
Total	$ 79,080,000	$ 22,433,809	$ 126,371,000	$ 10,303,594
Current portion	(5,760,000)		(15,170,000)	
Deferred amounts:				
Discount/Premium	5,297,453		-	
Long-term bonds payable	$ 78,617,453		$ 111,201,000	

7. LONG-TERM DEBT - CONTINUED

C. Refunded Debt

General Long-Term Debt

In February 2021, the District issued $20,976,00 in Utility Revenue Taxable Refunding Bonds, Series 2021-3, with an interest rate of 1.0% to advance refund $25.5 million of outstanding 2011-2 Series Utility Revenue Bonds with an average interest rate of 4.24%. The net proceeds of $20.8 million (after payment of $182 thousand in issuance costs) plus an additional $5.8 million of 2011-2 Series sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2011-2 Series bonds. As a result, the 2011-2 Series bonds are considered to be defeased and the liability for those bonds has been removed.

Although the advance refunding resulted in the recognition of an accounting loss of $6,209 for the year ended September 30, 2021, the District in effect reduced its aggregate debt service payments by almost $1.54 million over the next 5 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $1.48 million.

In July 2021, the Utility Revenue Taxable Refunding Bonds, Series 2021-3 were converted to Series 2021-4 tax-exempt Utility Revenue Bonds at an interest rate of .79%, maturing October 1, 2025. Due to the short-term nature of holding the Series 2021-3 bonds, there was no economic gain or loss recognized on the Series 2021-4 bonds.

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At September 30, 2021, $301.3 million of bonds outstanding are considered defeased.

8. TRANSACTIONS WITH PRINCIPAL LANDOWNERS

During fiscal 2021, Walt Disney World Co. and other wholly owned subsidiaries of The Walt Disney Company provided certain services to the District as follows:

Governmental Funds

(1) Financial and other administrative services amounted to $2,471,944.

(2) The operation and maintenance of various District water control facilities amounted to $349,997.

(3) The maintenance of certain roadways and District property within the District amounted to $6,943.

At September 30, 2021, the General Fund included accounts payable of $663,587 and accounts receivable of $283,695 to Walt Disney World Co. and other wholly owned subsidiaries of the Walt Disney Company.

The District's primary source of revenue is ad valorem taxes. Walt Disney Co. comprised 87% of the total taxable assessed value within the District for the year ended September 30, 2021.

Utility Fund

(1) The management and construction of various capital improvements amounted to $1,270,171.

(2) The District has a labor services agreement totaling $26,890,245, which includes operation and maintenance of the utility system and planned work expenses. In addition, the District incurred $1,287,056 in labor for capital improvements.

At September 30, 2021 the Utility Fund had accounts receivable of $14,565,048 and accounts payable of $3,072,780 with Walt Disney World Co. and other wholly owned subsidiaries of The Walt Disney Company.

The District provides utility services to Walt Disney World Co. and other associated companies within its service area. Revenues from services provided to these companies were 81% of total utility revenues for the year ended September 30, 2021.

9. RETIREMENT SYSTEM

General Information - All full-time employees of the District participate in the FRS, administered by the State of Florida (State). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Employees elect participation in either the Pension Plan or the defined contribution plan ("Investment Plan"), which is administered by the State Board of Administration ("SBA"). The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The latest available report may be obtained by writing to State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida, 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

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9. RETIREMENT SYSTEM - CONTINUED

Pension Plan

Benefits provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation and service credit. Pension plan members are eligible for retirement as follows:

	Class			
	Regular	Senior Management	Special Risk	Special Risk Administrative Support
Enrolled prior to July 1, 2011				
Vested	6 years	6 years	6 years	6 years
Normal retirement age	earlier of 30 years of credited service or attainment of age 62	earlier of 30 years of credited service or attainment of age 62	earlier of 25 years of credited service or attainment of age 55	earlier of 25 years of credited service or attainment of age 55
Retirement benefit	1.6% of average final compensation for each year of credited service	2% of average final compensation for each year of credited service	3% of average final compensation for each year of credited service	1.6% of average final compensation for each year of credited service
Enrolled on or after July 1, 2011				
Vested	8 years	8 years	8 years	8 years
Normal retirement age	earlier of 33 years of credited service or attainment of age 65	earlier of 33 years of credited service or attainment of age 65	earlier of 30 years of credited service or attainment of age 60	earlier of 30 years of credited service or attainment of age 60
Retirement benefit	1.6% of average final compensation for each year of credited service	2% of average final compensation for each year of credited service	3% of average final compensation for each year of credited service	1.6% of average final compensation for each year of credited service

If the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment, which is determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement, multiplied by 3%. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

Early retirement may be taken anytime; however, there is a five percent benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Pension Plan Members eligible for retirement are given the option to enter the DROP (Deferred Retirement Option Program), which effectively allows them to work with a FRS employer for up to 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

9. RETIREMENT SYSTEM - CONTINUED

Pension Plan - Continued

Contributions - The contribution requirements of the District are established and may be amended by FRS. Effective July 1, 2011 Florida Legislature required employees contribute 3% of their annual earnings on a pretax basis, with remaining contributions being the obligation of the District. The District contributed 16.06% of covered employee payroll during the year. The District's contributions to FRS for the year ended September 30, 2021 were $5,193,646. Employee contributions to FRS for the year ended September 30, 2021 were $910,439. Contributions made and accrued were equal to the required contributions for each year.

The FRS has numerous classes of membership (of which District employees qualify in five classes) with descriptions and employer contribution rates in effect during the year ended September 30, 2021 as follows:

Regular Class - Members not qualifying for other classes (10.00% from 10/1/2020 through 6/30/2021 and 10.82% from 7/1/2021 through 9/30/2021).

Special Risk Class - Members employed as law enforcement officers, firefighters, correctional officers or community-based correctional probation officers, and paramedics and EMTs who meet the criteria set to qualify for this class (24.45% from 10/1/2020 through 6/30/2021 and 25.89% from 7/1/2021 through 9/30/2021).

Special Risk Administrative Support Class - Special risk employees who are transferred or reassigned to a non-special risk position (35.84% from 10/1/2020 through 6/30/2021 and 37.76% from 7/1/2021 through 9/30/2021).

Senior Management Service Class - Qualifying member of senior management (27.29% from 10/1/2020 through 6/30/2021 and 29.01% from 7/1/2021 through 9/30/2021).

Deferred Retirement Option Program (DROP) - Participating members of the program, not to exceed 60 months (16.98% from 10/1/2020 through 6/30/2021 and 18.34% from 7/1/2021 through 9/30/2021).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2021, the District reported a liability of $9,169,131 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on historical employer contributions. At June 30, 2021, the District's proportionate share was 0.12138%, which was a decrease of 0.02650% from its proportionate share measured as of June 30, 2020.

9. RETIREMENT SYSTEM - CONTINUED

Pension Plan - Continued

For the year ended September 30, 2021, the District recognized a pension benefit primarily due to significant investment income and resulting pension fund asset appreciation experienced by FRS. As a result, expense was reduced $971,406. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,571,604	$ -
Change of assumptions	6,273,973	-
Net difference between projected and actual earnings on Pension Plan investments	-	31,988,791
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	970,164	7,350,461
District Pension Plan contributions subsequent to the measurement date	1,428,970	-
Total	$ 10,244,711	$ 39,339,252

The deferred outflows of resources related to the Pension Plan, totaling $1,428,970 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as an increase to the net pension liability in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2022	$ (5,375,955)
2023	(6,268,857)
2024	(8,303,829)
2025	(10,640,801)
2026	65,931

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.40%
- Salary increases: 3.25% average, including inflation
- Investment rate of return: 6.80% net of pension plan investment expense and inflation

9. RETIREMENT SYSTEM - CONTINUED

Pension Plan - Continued

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018. Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The long-term expected rate of return assumption of 6.80% consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.30%, which is consistent with the 4.17% real return from the capital market outlook model developed by the FRS consulting actuary; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2021 by the FRS Actuarial Assumption Conference. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation [1]	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	2.1 %	2.1 %	1.1 %
Fixed Income	20.0	3.8	3.7	3.3
Global Equity	54.2	8.2	6.7	17.8
Real Estate	10.3	7.1	6.2	13.8
Private Equity	10.8	11.7	8.5	26.4
Strategic Investments	3.7	5.7	5.4	8.4
Total	100.0 %			
Assumed Inflation - Mean			2.4 %	1.2 %

[1] As outlined in the Pension Plan's investment policy available from Funds We Manage on the SBA's website at www.sbafla.com.

Discount Rate - The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

9. RETIREMENT SYSTEM - CONTINUED

Pension Plan - Continued

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
District's proportionate share of the net pension liability (asset)	$ 41,004,965	$ 9,169,131	$ (17,442,058)

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan - At September 30, 2021, the District reported a payable in the amount of $733,368 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. At September 30, 2021, the HIS contribution was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding four years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled $536,934 for the fiscal year ended September 30, 2021.

9. RETIREMENT SYSTEM - CONTINUED

HIS Plan - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2021, the District reported a liability of $10,863,849 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, with the liabilities developed in that valuation rolled forward to the Measurement Date using standard actuarial roll-forward techniques. The District's proportionate share of the net pension liability was based on the District's 2020-2021 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was 0.08857%, which was a decrease of 0.00740% from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of $852,743. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 363,533	$ 4,550
Change of assumptions	853,655	447,618
Net difference between projected and actual earnings on HIS Plan investments	11,325	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	611,990	824,499
District HIS contributions subsequent to the measurement date	146,489	-
Total	$ 1,986,992	$ 1,276,667

The deferred outflows of resources related to the HIS Plan, totaling $146,489 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2022	$ 155,300
2023	49,474
2024	102,079
2025	135,496
2026	101,336
Thereafter	20,151

9. RETIREMENT SYSTEM - CONTINUED

HIS Plan - Continued

Actuarial Assumptions - The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.40%
- Salary increases: 3.25% average, including inflation
- Municipal bond rate: 2.16%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
District's proportionate share of the HIS pension liability	$ 12,559,662	$ 10,863,849	$ 9,474,509

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the HIS Plan - At September 30, 2021, the District reported a payable in the amount of $61,446 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

9. RETIREMENT SYSTEM - CONTINUED

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Costs to administer the Investment Plan, including the FRS Financial Guidance Program, are funded through employer contributions of 0.06% of payroll and by forfeited benefits of plan members. Allocations to investment member's accounts during the 2020-2021 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular 6.30%, Special Risk 14.00%, Special Risk Administrative Support 7.95%, and Senior Management Service 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee regains control over their account. If the employee does not return within the 5-year period, the employee forfeits the accumulated account balance. For fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes these amounts, if any, would be immaterial to the District.

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

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan description - The District provides OPEB through the VEBA Plan, a single-employer plan administered by the District. The Plan is administered by the VEBA Board, whose members are the same as the District's Board of Supervisors. The authority to establish and amend benefits, as well as the funding policy, rests with the District's Board. The Plan does not issue a separate publicly available financial report. The Plan trustee is US Bank.

State Statute requires the District to continue offering healthcare coverage to retirees at the District's cost; however, for employees hired prior to March 1, 2013, the District elected by policy to provide this coverage at no cost to retirees that have met certain requirements during employment with the District. Certain executive positions qualify for the health benefits regardless of hire date. The District also has a Survivor Income Plan for retirees that have met certain requirements during employment with the District.

Benefits provided - The VEBA Plan provides healthcare benefits for eligible retirees and their dependents enrolled in District-sponsored plans. Benefits are provided through a third-party insurer. To qualify for this benefit non-union employees must have 20 years of service with the District and be age 62 to obtain paid coverage for themselves and their eligible dependent, certain executive positions must have 7 years of service and be age 62, and union employees must have 20 years of service with the District and be age 55 to obtain paid coverage for themselves. For employees hired after March 1, 2013, retirees may elect to continue coverage for themselves and their eligible dependents at the full, unsubsidized cost to the District for the elected coverage. The VEBA Plan also provides death benefits for certain retirees, equivalent of two times the participant's final annual base salary at retirement to their designated beneficiary. To qualify for this benefit, they must be designated or key employees as outlined by the plan and be age 62 with 10 years (7 years for executive positions) of service, or 25 years with no age requirement. The District currently has 5 retirees that meet the eligibility requirements.

Employees covered by benefit terms - At September 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	134
Inactive employees entitled to but not yet receiving benefit payments	9
Active employees	361

Contributions - Contributions to the VEBA Trust are not codified or mandated but the District's funding strategy is to contribute a minimum of $1 million to the VEBA Trust per year. The District is paying current benefits as they come due from operations. For the year ended September 30, 2021, the District's contribution rate was 9.4% of covered-employee payroll. Employees are not required to contribute to the Plan. However, retirees reimburse the District for their elected health coverage at the District's cost in instances where they are not entitled to all or a portion of the subsidy.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Investments

Rate of Return - For the year ended September 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was (0.3)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment guidelines related to the VEBA Trust are structured to provide sufficient liquidity to pay obligations as they come due. Guidelines for the VEBA Trust are consistent with the policy on other District investments as to the restrictions on the type of investments.

Custodial Credit Risk - VEBA Plan investments are held by the Trustee in the Plan's name.

Credit Risk - The investment policy limits credit risk by restricting authorized investments to the following: direct obligations of, or obligations guaranteed by, the U.S. Government; bonds and notes issued by various federal agencies; state and local government securities; Canadian public obligations; public improvement bonds; public utility obligations; public housing obligations; State Board of Education obligations; international development banks; certain government security money market mutual funds; repurchase agreements and reverse repurchase agreements.

Concentration of Credit Risk - At September 30, 2021, there were multiple issuers with which the District held investments exceeding 5% of the total investment portfolio. They were Federal Home Loan Bank (10.4%), Federal Farm Credit Bank (8.3%), Federal Home Loan Mortgage Corporation (8.2%) and Federal National Mortgage Association (9.9%).

The VEBA Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. VEBA plan investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using observable inputs other than quoted prices. The VEBA Plan's cash and cash equivalents are invested in First American Money Market Fund, which has a credit rating of AAAm as rated by Standard & Poor's. There are no redemption or deposit restrictions related to these money market funds and the funds aim to maintain NAV of $1 per share.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Investments - Continued

	2021			
	Total Fair Value	Level 1	Level 2	Level 3
Investments Measured at Fair Value				
U.S. Treasury and Government Agency Securities	$ 11,122,463	$ -	$ 11,122,463	$ -
Supranational	1,513,583	-	1,513,583	-
Total Investments at Fair Value	$ 12,636,046	$ -	$ 12,636,046	$ -
Investments Measured at Amortized Cost				
Money Market Funds	$ 164,071			
Total Investments	$ 12,800,117			

Long-Term Expected Rate of Return

The long-term expected rate of return on trust investments can be determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocation as of September 30, 2021 are summarized in the following table:

	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	100.00 %	2.15 %
Total	100.00 %	

Net OPEB Liability

The District's net OPEB liability was measured as of September 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Net OPEB Liability - Continued

Actuarial Assumptions - The total OPEB liability in the September 30, 2021 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation 2.00%
- Salary increases 3.50%, including inflation
- Investment rate of return 2.15%, including inflation
- Healthcare cost trend rates The table below are annual trends based on the current trend study and are applied on a select and ultimate basis. Select trends are reduced .5 percent per year until reaching the ultimate trend rate.

	Fiscal Years		
Expense Type	2022	2023	2024+
Pre-65 Medical	6.0 %	5.5 %	5.0 %
Post-65 Medical	5.0	4.5	4.5
Dental	4.0	4.0	4.0
Vision	3.0	3.0	3.0

Mortality assumptions were based on table PUB-2010 with projections scale MP-2020. Retirement and turnover assumptions are consistent with the assumptions used in the actuarial valuation of the Florida Retirement System as of July 1, 2019.

The discount rate (long-term expected rate of return) is based on the Bond Buyer "20-Bond GO Index" and assuming that the expected return on plan assets is equal to the 20-Bond GO Index, believed to be reasonable given the assets are 100% invested in corporate and government fixed income securities of various maturities.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at October 1, 2020 (restated)	$ 83,102,547	$ 14,192,093	$ 68,910,454
Changes for the year:			
Service cost	1,926,349	-	1,926,349
Interest	1,851,303	-	1,851,303
Changes in assumptions	(935,997)	-	(935,997)
Changes in benefit terms	374,816	-	374,816
Contributions - employer	-	2,774,518	(2,774,518)
Net investment income	-	(60,629)	60,629
Benefit payments	(1,757,481)	(1,757,481)	-
Net changes	1,458,990	956,408	502,582
Balances at September 30, 2021	$ 84,561,537	$ 15,148,501	$ 69,413,036
Plan fiduciary net position as a percentage of total OPEB liability			17.9%

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.15%) or one percentage point higher (3.15%) than the current discount rate (rounded to the nearest thousand):

	1% Decrease (1.15%)	Discount Rate (2.15%)	1% Increase (3.15%)
Net OPEB liability	$ 86,093,993	$ 69,413,036	$ 56,090,845

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.0% decreasing to 3.5%) or one percentage point higher (7.0% decreasing to 5.5%) than the current healthcare cost trend rates (rounded to the nearest thousand):

	1% Decrease (5.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (6.0% decreasing to 4.5%)	1% Increase (7.0% decreasing to 5.5%)
Net OPEB liability	$ 56,322,334	$ 69,413,036	$ 86,981,222

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Changes in Net OPEB Liability - Continued

Changes of assumptions or other inputs. Beginning of year total OPEB liability was calculated using an assumed discount rate of 2.20%. The discount rate used at September 30, 2021 was 2.15%. The mortality assumption was revised from the projection scale MP-2019 used at September 30, 2020, to projection scale MP-2020 used at September 30, 2021.

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

For the year ended September 30, 2021, the District recognized OPEB expense of $4,815,148. At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual demographic experience	$ -	$ 3,600,594
Change of assumptions	17,923,743	4,884,764
Net difference between projected and actual investment performance	74,474	-
Total	$ 17,998,217	$ 8,485,358

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

Fiscal Year Ending September 30,	Amount
2022	$ 968,868
2023	968,686
2024	1,014,328
2025	997,906
2026	945,271
Thereafter	4,617,800

11. RISK MANAGEMENT

The District is self-insured and carries excess commercial insurance due to exposure to various risks of loss related to theft, damage to and destruction of assets, torts, injuries to employees and natural disasters. The District retains risk up to a maximum of $1,000,000 for each worker's compensation claim, $250,000 for each liability claim, $100,000 for most property damage claims, and $50,000 for criminal acts. The District purchases commercial insurance for certain exposures in excess of risk retained. There have been no claim settlements in excess of insurance coverage during the three fiscal years ended September 30, 2019, 2020 and 2021.

Liabilities are reported when it is probable that a material loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimate for claims that have been incurred but not reported. The self-insurance liability of $5,989,533 at September 30, 2021 is based on an actuarial review of claims pending and past experience. Changes in the claims liability amount during fiscal years 2021 and 2020 are as follows:

	Year Ended September 30,	
	2021	2020
Self insurance liability beginning balance	$ 5,365,253	$ 4,390,197
Claims and changes in estimates	2,052,231	2,665,071
Claims payments	(1,427,951)	(1,690,015)
Self insurance liability ending balance	$ 5,989,533	$ 5,365,253

12. DERIVATIVE FUEL INSTRUMENTS

The District entered into derivative fuel instruments - cash flow hedges (commodity swaps, caps and collars) to financially hedge the cost of natural gas. The District's fuel-related derivative transactions are recorded at fair value on the Statement of Net Position as either an asset or liability depending on their fair value, and the related unrealized gains and/or losses for effective hedges are deferred and reported as either deferred inflows or outflows of resources. Realized gains and losses on these transactions are recognized as fuel expense in the specific period in which the instrument is settled. During the year, a total of $2,035,987 in settlement gains was recognized in fuel expense.

The following is a summary of the derivative fuel instruments of the Utility Fund as of September 30, 2021 which have been deemed effective and are recorded as deferred inflows.

	Fair Value at September 30,				
Classification	2020	Change in fair value	2021	Notional	Maturity
Deferred outflows/(inflows)	$ (840,554)	$ (18,229,816)	$ (19,070,370)	13,091,335 MMBTUs	FY2022 - 2025

12. DERIVATIVE FUEL INSTRUMENTS - CONTINUED

Credit Risk - The District's counterparties must have a minimum credit rating of BBB- issued by Standard and Poor's or Fitch's rating service or Baa3 issued by Moody's Investor Services.

Basis Risk - All of the District's transactions are based on the same reference rates, thus there is no basis risk.

Termination Risk - The District's Energy Risk Management Oversight Committee oversees the derivative instrument activity and of the counterparties who are required to maintain a minimum credit rating and present collateral at certain levels which mitigates the chance of a termination event. To date, no termination events have occurred.

13. FAIR VALUE MEASUREMENTS

GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For the District, this statement applies to certain investments and natural gas hedges.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

Level 1 - quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date

Level 2 - inputs other than quoted prices included within Level 1 - that are observable for an asset or liability, either directly or indirectly

Level 3 - unobservable inputs for an asset or liability

Investments - The District's investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using observable inputs other than quoted prices. The District's cash and cash equivalents are invested in First American Money Market Fund and Federated Treasury Obligations Fund, both of which have a credit rating of AAAm as rated by Standard & Poor's. There are no redemption or deposit restrictions related to these money market funds and the funds aim to maintain NAV of $1 per share.

13. FAIR VALUE MEASUREMENTS - CONTINUED

	2021			
	Total	Level 1	Level 2	Level 3
Investments Measured at Fair Value				
U.S. Treasury and Government Agency Securities	$ 232,990,342	$ -	$ 232,990,342	$ -
State and Local Government Securities	35,723,000	-	35,723,000	-
Supranational	3,198,557	-	3,198,557	-
Total Investments at Fair Value	$ 271,911,899	$ -	$ 271,911,899	$ -
Investments Measured at Amortized Cost				
Money Market Funds	$ 102,090,175			
Total Investments	$ 374,002,074			

Natural Gas Hedges - The District utilizes a derivative advisory and valuation service to value its portfolio of natural gas hedges, which are valued based on a discounted cash flows (DCF) proprietary model. Commodity cap valuations were produced by a similar DCF model that incorporates an adaptation of the Black-Scholes option pricing model. As market quotations are not available for identical commodity derivatives, indirect valuation techniques are required. The District's derivative instruments have been categorized as Level 2 inputs.

14. NET POSITION AND FUND BALANCE REPORTING

The Statement of Net Position for governmental activities reflects a negative unrestricted net position of $97,582,454, primarily due to the District's net pension liability and net OPEB liability, both of which amount to a combined $89 million. Also contributing is the financing, with long-term bonds of the District, certain roadways that were subsequently donated to the State of Florida. The roadways are not assets of the District; however, the remaining debt associated with the roadways, $7,981,024 at September 30, 2021, is a liability of the District. All of the bonds are Ad Valorem Tax bonds secured by an irrevocable lien on the ad valorem taxes collected by the District.

Governmental Fund Balances

In the Balance Sheet - Governmental Funds, the District has classified fund balances into nonspendable, committed, restricted, assigned and unassigned amounts. Restricted amounts represent the following:

- Capital Projects Fund - Bond funds restricted for road system and building improvements subject to specific provisions in bond resolutions.
- Debt Service Fund - Assets required for servicing general obligation bond indebtedness under the District's trust indenture.

14. NET POSITION AND FUND BALANCE REPORTING - CONTINUED

Committed amounts in the General Fund represent certain fees specifically set aside by action of the Board to be used solely to maintain the integrity of the drainage system. Also included are amounts set aside due to property appraiser disputes. Note 15 discusses these disputes in more detail.

Assigned amounts in the General Fund represent the portion of fund balance designated by the Board of Supervisors to cover the projected excess of expenditures over revenues in the fiscal year 2022 budget. Note 1(L) discusses the District's budget approval process.

15. COMMITMENTS AND CONTINGENCIES

Construction

As of September 30, 2021, the District's Board of Supervisors authorized a budget of approximately $169.7 million for current or in-process major transportation and other construction projects. Executed construction commitments associated with these projects approximated $65.8 million and of this amount, approximately $35.6 million was spent as of September 30, 2021.

Purchased Power and Gas

The District has entered into Purchase Power Agreements (PPA) with public and private entities throughout Florida for the purchase and sale of power at wholesale rates, and associated transmission service. Some of the PPAs require the District to pay reservation charges for capacity. The District's budgeted minimum commitment for fiscal year 2021 reservation charges under the agreements was approximately $8,820,000. There are no requirements for the District to sell wholesale power or reserve capacity for wholesale sales. Initial terms of the agreements expire in fiscal years 2022, 2025, 2031 and 2034, with various provisions for renewal or cancellation by the District and the respective counterparties to each agreement.

On September 13, 2015, the District entered into a Service Agreement for Network Integration Transmission Service (NITS) with Duke Energy for the period January 1, 2016 through December 31, 2020. On February 26, 2020, the District signed a restated Service Agreement for NITS with Duke Energy for the period March 1, 2020 through March 1, 2025. Although the agreement expires in 2025, the District has contractual rollover rights for 5 year increments. The District's budgeted transmission commitment for fiscal year 2021 under the agreement was approximately $9,891,032.

On May 27, 2015, the District entered into a Purchase Power Agreement with Duke Energy for the purchase of solar energy. The agreement is for a term of 15 years with a total commitment of the District to purchase approximately 109,000 MWh at a rate of $68.95/MWh, or approximately $7,515,550. The annual cost for fiscal year 2021 was estimated at $566,080.

15. COMMITMENTS AND CONTINGENCIES - CONTINUED

Purchased Power and Gas - Continued

On October 9, 2017, the District entered into a Purchase Power Agreement with Origis Energy for the purchase of solar energy. The agreement is for a term of 17 years with the option to extend the term up to 20 years. For the 17 year term, the District is committed to purchase approximately 1,978,360 MWh at a rate of $38.76/MWh or approximately $76,681,234. The annual cost for fiscal year 2021 was estimated at $4,515,928.

Similarly, the District is obligated to purchase minimum pipeline capacity to transport natural gas under two agreements with Florida Gas Transmission Company ("FGTC"), and a gas transportation and supply agreement dated January 25, 2012 with Peoples Gas System ("PGS"). Minimum payments for natural gas under these agreements were budgeted at approximately $3,746,603 for fiscal year 2021. The terms of the FGTC agreements expire in the year 2025; however, the District has contractual rollover rights for 10 year increments, and the term of the PGS agreement expires in the year 2028.

The District has entered into forward contracts for specified periods of time to purchase natural gas at either specified swap prices in the future or collars where prices fluctuate within a ceiling and floor range. The District enters into these financial contracts to help plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. These purchases (hedges) are made in compliance with the District's Energy Risk Management Program (ERMP). It is possible that the market price before or at the specified time to purchase natural gas may be lower or higher than the price at which the District is hedged. This would serve to reduce or increase the value of the hedge contracts. The District would have options with respect to holding the forward contracts. The District is also exposed to the failure of the counterparty to fulfill the contracts. The terms of the contracts included provisions for recovering the cost in excess of the guaranteed price from the counterparty should the District have to procure natural gas on the open market.

STOPR Agreements

In September 2007, the District entered into an agreement with the City of St. Cloud, Tohopekaliga Water Authority (TWA), and Orange and Polk Counties to jointly perform permit compliance monitoring activities as required by the Water Use Permits issued by the South Florida Water Management District. Between 2010 and June 2016, Orange County was the contract manager and the District's payments were made to Orange County upon receipt of invoice. In March 2016, the District executed an amendment to the original agreement that (1) made TWA the contract manager and (2) extended the term of the agreement. The agreement, as amended, requires the District to contribute 18.2% of the total costs. As of September 30, 2021, the District has paid $1,127,858 for these efforts.

15. COMMITMENTS AND CONTINGENCIES - CONTINUED

STOPR Agreements - Continued

In August 2011, the District entered into an agreement with the Water Cooperative of Central Florida (which currently consists of the City of St. Cloud, TWA, Orange County and Polk County) to participate in the preliminary design and permitting of the Cypress Lake Wellfield alternative water supply project. Originally TWA was the contract manager but with the First Amendment approved in June 2014, the Water Coop became the contract manager and the District's payments are made to them. The agreement, as amended, requires the District to contribute $749,139 for this work. As of September 30, 2021, the District has paid $422,505. The project was awarded a grant from the SFWMD for up to $2,556,600, which could reduce the District's obligation up to $84,368.

Litigation and Other Claims

Various suits and claims arising in the ordinary course of operations are pending against the District. Management believes the ultimate disposition of such matters, including the cases described below, will not materially affect the financial position of the District or the results of its operations, or the District's ability to pay debt service on existing outstanding bonds.

Various suits involve Walt Disney Parks and Resort US, Inc. and Disney Vacation Development, Inc. (collectively "WDP and DVD Plaintiffs") naming the Orange County Property Appraiser, the Orange County Tax Collector and the District as defendants and challenging the Orange County Property Appraiser's valuation of multiple commercial parcels and contesting the legality and validity of the 2015 through 2020 ad valorem tax assessments on the parcels paid to the District. WDP and DVD Plaintiffs claim that the value of each of the assessments on the parcels does not represent the just value of the parcels because it exceeds the fair value thereof and claims the appraiser included the value of certain intangible property in the assessment in violation of law. WDP and DVD Plaintiffs have requested the court set aside the 2015 through 2020 assessments and resulting taxes to the extent they exceed the just value of such property and issue a new tax bill in said reassessed amounts. As a result of these claims, the Court of Appeals instructed that a revaluation be calculated by the Orange County Property Appraiser's office using the Court of Appeals' recommendations on the parcels applicable to the District. The revaluation is currently pending. Parcels related to the theme parks were settled in August of 2021, resulting in a refund of $6.0 million to the WDP Plaintiff, which was paid by the District and recovered by the WDP Plaintiff on August 10, 2021. While the District anticipates further adjustments to the tax collections for fiscal years 2016 through 2021 (assessments in 2015 through 2020), it cannot predict the outcome of these cases.

16. RESTATEMENTS

The District restated its 2020 ending net position in governmental activities by adding OPEB liabilities associated with the Survivor Income Plan. In fiscal 2021, the District analyzed the benefits associated with the Survivor Income Plan and determined the liability qualified as an other post-employment benefit. The actuaries recalculated the ending OPEB liability as of September 30, 2020, and the following restatement was made to beginning Net Position:

	Governmental Activities
Net position October 1, 2020, previously reported	$ 204,704,999
Net position adjustment due to OPEB	(4,323,945)
Net position October 1, 2020, restated	$ 200,381,054

The District reclassified its 2020 ending net position to correct the calculation of net investment in capital assets. This resulted in an increase to net investment in capital assets and a decrease in unrestricted net position as of September 30, 2020. The OPEB restatement also resulted in a change to unrestricted net position as of September 30, 2020. The following reclassification was made to beginning Net Position of Governmental Activities:

	Net investment in capital assets	Unrestricted (deficit)
Net position October 1, 2020, previously reported	$ 243,970,168	$ (41,714,937)
Reclassification of net investment in capital assets	43,452,514	(43,452,514)
Restatement of OPEB liability	-	(4,323,945)
Net position October 1, 2020, reclassified	$ 287,422,682	$ (89,491,396)

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI) SCHEDULES SUPPORTING MODIFIED APPROACH FOR DISTRICT INFRASTRUCTURE CAPITAL ASSETS

Year Ended September 30, 2021

Roadways
(Note 2. A.)

	Percentage of Roadways		
Fiscal Year	**Excellent**	**Acceptable**	**Poor**
2021	70 %	23 %	7 %
2020	70 %	24 %	6 %
2019	72 %	21 %	7 %
2018	70 %	23 %	7 %
2017	96 %	4 %	0 %

Bridges
(Note 2. B.)

	Number of Bridges by Category			
Fiscal Year	**Excellent**	**Good**	**Poor**	**Total**
2021	50	3	-	53
2020	50	8	-	58
2019	50	8	-	58
2018	45	8	-	53
2017	36	8	-	44

Water Control Structures
(Note 2. C.)

	Number of Structures by Category			
Fiscal Year	**Excellent**	**Good**	**Poor**	**Total**
2021	18	6	-	24
2020	18	6	-	24
2019	18	4	-	22
2018	19	3	-	22
2017	18	4	-	22

	Budgeted Costs			Actual Costs		
Fiscal Year	**Roads**	**Bridges**	**Water Control Structures**	**Roads**	**Bridges**	**Water Control Structures**
2022	$ 12,238,876	$ 4,285,000	$ 1,760,000	$ -	$ -	$ -
2021	6,607,600	3,220,400	1,025,000	3,713,650	1,588,609	450,492
2020	4,345,000	95,000	1,378,400	1,624,955	47,071	708,075
2019	2,000,000	1,644,673	1,903,000	1,026,195	165,000	625,522
2018	2,620,000	35,000	1,448,000	416,315	98,647	970,573
2017	1,185,000	40,000	620,000	635,227	30,852	462,913

1. ELECTION TO USE MODIFIED APPROACH

The District has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its roads, bridges and water control structures. The infrastrucure capital assets are managed using an asset management system with (1) an up-to-date inventory; (2) annual or bi-annual (depending on the asset) condition assessment that is summarized using a numerical measurement scale; and (3) an estimated annual amount to maintain and preserve the asset at the established condition assessment level.

2. BASIS FOR CONDITION ASSESSMENTS AND TARGETED CONDITION LEVEL

A. Roads

Streets and roads are constantly deteriorating due to environmental causes (weathering and aging) and structural causes (repeated traffic loading). The rate at which pavement deteriorates depends on the original construction quality, environmental conditions, drainage, traffic loading and interim maintenance procedures. The District bases all pavement design on existing traffic counts, proposed traffic generation due to planned development and known loading factors. We continually maintain the pavement by way of crack sealing, patching and applying preservative treatments as well as structural overlay work when warranted. This preventative maintenance substantially extends the useful life of asphaltic pavement and ensures the comfort and ride-ability of the network.

In an effort to ensure the quality of the District's roadway network, the District performs an annual physical condition assessment of the public streets/roadways within its jurisdiction. The physical condition assessment was performed using the Road Manager Condition Evaluation test method. All roads are evaluated and given a numerical rating, or Pavement Condition Index (PCI) of 1 through 100. This identifies the condition and helps determine what work is required. The ratings were based on visual observation of the roads surface condition: defects or deformation, cracking (transverse, reflective, longitudinal and alligator), and patching/pot hole frequency. Ratings of 80 and above indicate the road is in excellent condition and no improvements are required; 60-79 are classified as good/satisfactory and a rating of 59 or below indicates poor condition. Currently, the majority of roads within the District have a PCI in excess of 80, a small percentage have a PCI rating that indicates surface work would be advisable, and less than 7% of the roads have a PCI of 59 or below.

In prioritizing roadway repairs, a benefit value for each roadway is determined based on the roadway use and the projected cost of the necessary repair. Based on the identified priorities, the District budgets for and schedules the pavement repairs. The District completed two pavement resurfacing repair projects in 2021; the remaining work needed to upgrade the 7% of roadways in the poor category is programmed for subsequent fiscal years.

2. BASIS FOR CONDITION ASSESSMENTS AND TARGETED CONDITION LEVEL - CONTINUED

A. Roads - Continued

In addition to roadway construction and major asphalt refurbishment, the District continued with routine/ongoing maintenance and repairs throughout the roadway system. The routine work in 2021 encompassed maintenance repairs of asphalt, shoulder protection and replacement of guardrail totaling $3,713,650.

B. Bridges

All bridges within the District are inspected bi-annually by a Florida licensed Structural Engineer. Using the Florida Department of Transportation (FDOT) reporting system, the bridge deck, super-structure, substructure, and channel configuration are rated Excellent, Good or Poor. The earliest bridges constructed within the District were placed into service in 1972 and a majority of the bridges were constructed during the following 25 years. Over the past six years, the District has undergone major infrastructure expansion with additional bridges being placed into service, older bridges undergoing major modifications and numerous bridges retired from service. As of the date of this report, the District has 53 bridge structures in use.

Preservation and maintenance of bridge structures is an on-going activity and allows the bridges to be classified as either Excellent or Good condition. Based on inspection results/recommendations, bridge installations and repairs were completed at a cost of $1,588,609.

C. Water Control Structures

The Master Drainage System within the District is comprised of 66 river miles of canals and waterway. It incorporates 24 major water control structures comprised of Amil Gates, sharp crested weirs, and one set of 48” diameter culverts. Amil Gates are constant level water control structures. These gates provide a consistent water level within the waterways or canals, and open due to increasing water pressure during a storm event, thereby allowing flood waters to pass downstream and exit the District. Weirs maintain water levels at a set elevation; as the flood waters rise due to a storm event, they spill over the weirs and pass downstream. The set of 48” culverts act as an overflow or pass through, allowing flood waters to pass to an adjacent wetland on the eastern perimeter of the District. Construction on a majority of these structures began in the late 1960’s, thus many are approaching 60 years of service time. Ongoing maintenance and major rehabilitative work has extended the useful life of the structures allowing them to remain operational.

2. BASIS FOR CONDITION ASSESSMENTS AND TARGETED CONDITION LEVEL - CONTINUED

C. Water Control Structures - Continued

Structures are classified by their overall condition and are listed as Excellent, Good or Poor condition. This rating is generated by the annual inspection and condition assessment report. This Annual Water Control Structure Report lists all items inspected both above ground and below the water surface. Using this information, the structure condition is assigned, the required repairs are prioritized and the repair work is scheduled. Required repairs are listed as Priority 1, 2 or 3. Priority 1 signifies a major rehabilitative repair. Priority 1 repairs are items that if not repaired, may degrade the integrity of the structural element or reduce the operational capacity of the structure. Historically, we have found Priority 1 repairs often occur in underwater conditions and have evolved over long periods of time. This type of repair may require extensive construction work and as such, cannot always be done immediately. These major repairs are programmed and budgeted to occur in a future year. Priority 2 repairs are those that may impact the operational capacity of the structure but do not cause major cost impacts and can be addressed during annual routine maintenance. Priority 3 identifies items not in current need of repair but signify a condition, though noteworthy, that is expected to remain stable for a number of years. As such, the recommendation is that Priority 3 items need not be separately scheduled for repair, but addressed when the structure undergoes Priority 1 or Priority 2 repairs. As the structures continue to age, our annual inspections reveal an increasing number of Priority 2 repairs, and the annual maintenance for the water control system has begun to trend upward.

During fiscal year 2021, the District conducted routine maintenance on the system, which included repairs on structures, levees and debris removal throughout the canal system and maintenance/repair of erosion issues. The cost of these activities totaled $450,492.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
OTHER POSTEMPLOYMENT BENEFITS

Year Ended September 30, 2021

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

Last 4 Fiscal Years*

	2021	2020 **	2019 **	2018 **
TOTAL OPEB LIABILITY				
Service cost	$ 1,926,349	$ 1,511,559	$ 1,219,287	$ 1,179,666
Interest	1,851,303	2,167,491	2,521,415	2,332,664
Change in benefit terms	374,816	-	-	-
Difference between expected and actual experience	-	(6,200,300)	-	-
Changes of assumptions	(935,997)	6,505,338	18,890,916	(6,120,684)
Benefit payments	(1,757,481)	(1,709,222)	(1,523,266)	(1,521,768)
Net change in total OPEB liability	1,458,990	2,274,866	21,108,352	(4,130,122)
Total OPEB liability, beginning of year	83,102,547	80,827,681	59,719,329	63,849,451
Total OPEB liability, end of year	$ 84,561,537	$ 83,102,547	$ 80,827,681	$ 59,719,329
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$ 2,774,518	$ 2,743,348	$ 2,552,995	$ 12,521,768
Net investment income (expense)	(60,629)	488,190	637,649	2,399
Benefit payments	(1,757,481)	(1,709,222)	(1,523,266)	(1,521,768)
Net change in plan fiduciary net position	956,408	1,522,316	1,667,378	11,002,399
Plan fiduciary net position, beginning of year	14,192,093	12,669,777	11,002,399	-
Plan fiduciary net position, end of year	15,148,501	14,192,093	12,669,777	11,002,399
District's net OPEB liability, end of year	$ 69,413,036	$ 68,910,454	$ 68,157,904	$ 48,716,930
Plan fiduciary net position as a percentage of the total OPEB liability	17.91 %	17.08 %	15.68 %	18.42 %
Covered-employee payroll	$ 29,475,581	$ 28,294,306	$ 27,612,000	$ 26,678,408
District's net OPEB liability as a percentage of covered-employee payroll	235.49 %	243.55 %	246.84 %	182.61 %

*Information in this schedule is intended to display the last 10 years; however, information is not available for all prior years. Additional years will be displayed as information becomes available. ** OPEB liability amounts and related ratios were restated with the addition of the Survivor Income Plan.

Notes to Schedule

Changes of assumptions - The discount rate decreased from 2.20% to 2.15% at September 30, 2021. Mortality assumptions were changed from projection scale MP-2019 to MP-2020. The Plan was revised to provide the District Administrator with retiree health insurance for self and dependents at no retiree cost after age 62 and completion of at least 7 years of service.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
OTHER POST EMPLOYMENT BENEFITS - CONTINUED

Year Ended September 30, 2021

Schedule of the District's Contributions

Last 4 Fiscal Years*

Fiscal Year	Actuarially Determined Contribution **	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	$ 5,075,307	$ 2,774,518	$ 2,300,789	$ 29,475,581	9.41 %
2020	4,838,645	2,743,348	2,095,297	28,294,306	9.70 %
2019	4,507,464	2,552,995	1,954,469	27,612,000	9.25 %
2018	3,580,651	12,521,768	(8,941,117)	26,678,408	46.94 %

* Information in this schedule is intended to display the last 10 years; however, information is not available for all prior years. Additional years will be displayed as information becomes available. ** Fiscal year 2020 amount was restated with the addition of the Survivor Income Plan.

Notes to Schedules

Valuation Date: September 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal based on level basis over the earnings of the individual between entry age and assumed exit age(s). Projected Unit Credit method used in years 2018 and prior.
Amortization period	30-year open group
Asset valuation method	Fair market value
Contributions	Contributions to the VEBA Trust are not codified or mandated but the District's funding strategy is to contribute a minimum of $1 million to the Trust per year.
Inflation	2.00%
Healthcare cost trend rates	6.0% initial, decreasing .5% per year to an ultimate rate of 4.5% for medical; 4.0% dental; 3.0% vision
Salary increases per year	3.50%
Investment rate of return	2.15%
Retirement age	Based on the 2019 Florida Retirement System Actuarial Valuation
Mortality	PUB-2010 mortality table with scale MP-2020

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
OTHER POST EMPLOYMENT BENEFITS - CONTINUED

Year Ended September 30, 2021

Schedule of Investment Returns

Last 4 Fiscal Years *

Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2021	0.3%
2020	4.0%
2019	5.8%
2018	0.0%

* Information in this schedule is intended to display the last 10 years; however, information is not available for all prior years. Additional years will be displayed as information becomes available. Fiscal year 2018 was 0.0% as The Plan was funded at the end of the fiscal year.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
PENSIONS

Year Ended September 30, 2021

Schedule of the District's Proportionate Share of the Net Pension Liability - Pension Plan

Florida Retirement System

Last 8 Fiscal Years*

Calendar Year	RCID's Proportion of the Net Pension Liability (Asset)	RCID's Proportionate Share of the Net Pension Liability	RCID's Covered Employee Payroll	RCID's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.12138 %	$ 9,169,131	$ 31,367,402	29.23 %	96.40 %
2020	0.14788 %	64,091,387	33,311,667	192.40 %	78.85 %
2019	0.15020 %	51,728,123	32,604,660	158.65 %	82.61 %
2018	0.14924 %	44,950,699	31,337,271	143.44 %	84.26 %
2017	0.13850 %	40,967,776	27,550,271	148.70 %	83.89 %
2016	0.14236 %	35,945,064	26,833,753	133.95 %	84.88 %
2015	0.12545 %	16,204,183	24,758,513	65.45 %	92.00 %
2014	0.12860 %	7,846,750	23,975,240	32.73 %	96.09 %

*Amounts presented for each fiscal year were determined as of June 30. Information in this schedule is intended to display the last 10 years; however, information is not available for all prior years. Additional years will be displayed as information becomes available.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
PENSIONS - CONTINUED

Year Ended September 30, 2021

Schedule of the District's Contributions - Pension Plan

Florida Retirement System

Last 10 Fiscal Years*

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	RCID's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	$ 5,193,646	$ 5,193,646	$ -	$ 32,345,424	16.06 %
2020	5,173,531	5,173,531	-	32,847,147	15.75 %
2019	5,114,578	5,114,578	-	33,220,360	15.40 %
2018	4,642,954	4,642,954	-	31,540,901	14.72 %
2017	4,027,501	4,027,501	-	28,358,740	14.20 %
2016	3,815,742	3,815,742	-	27,184,949	14.04 %
2015	3,459,545	3,459,545	-	25,052,616	13.81 %
2014	3,199,940	3,199,940	-	24,221,740	13.21 %
2013	2,479,819	2,479,819	-	23,420,014	10.59 %
2012	1,992,353	1,992,353	-	21,960,067	9.07 %

*Amounts presented for each fiscal year were determined as of September 30.

Changes in assumptions

From 2020 to 2021, the amortization period changed from 25 years to 20 years, effective July 1, 2021. Salary increases no longer vary by gender.

Change in benefit terms

Effective July 1, 2011, employees were required to contribute 3% of their annual earnings on a pretax basis. At the same time, FRS reduced the employer contribution amounts. This accounts for the reduction in contributions as a percentage of covered employee payroll in 2012. Effective July 1, 2013, the legislature required employers to pay the full unfunded actuarial liability (UAL) contribution recommended by the actuary for all membership classes and DROP participants. For the two prior fiscal years, the legislature required only a portion of the UAL rate recommended by the actuary. This accounts for the increase in contributions in 2014.

Year Ended September 30, 2021

Schedule of the District's Proportionate Share of the Net Pension Liability - HIS Plan

Health Insurance Subsidy Program

Last 8 Fiscal Years*

Calendar Year	RCID's Proportion of the Net Pension Liability (Asset)	RCID's Proportionate Share of the Net Pension Liability	RCID's Covered Employee Payroll	RCID's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.08857 %	$ 10,863,849	$ 31,367,402	34.63 %	3.56 %
2020	0.09597 %	11,718,223	33,311,667	35.18 %	3.00 %
2019	0.09749 %	10,908,108	32,604,660	33.46 %	2.63 %
2018	0.09590 %	10,150,278	31,337,271	32.39 %	2.15 %
2017	0.08638 %	9,235,838	27,550,271	33.52 %	1.64 %
2016	0.08682 %	10,118,388	26,833,753	37.71 %	0.97 %
2015	0.08138 %	8,299,010	24,758,513	33.52 %	0.50 %
2014	0.08064 %	7,539,962	23,975,240	31.45 %	0.99 %

*Amounts presented for each fiscal year were determined as of June 30. Information in this schedule is intended to display the last 10 years; however, information is not available for all prior years. Additional years will be displayed as information becomes available.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
PENSIONS - CONTINUED

Year Ended September 30, 2021

Schedule of the District's Contributions - HIS Plan

Health Insurance Subsidy Program

Last 10 Fiscal Years*

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	RCID's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	$ 536,934	$ 536,934	$ -	$ 32,345,424	1.66 %
2020	545,263	545,263	-	32,847,147	1.66 %
2019	551,458	551,458	-	33,220,360	1.66 %
2018	523,579	523,579	-	31,540,901	1.66 %
2017	470,755	470,755	-	28,358,740	1.66 %
2016	451,270	451,270	-	27,184,949	1.66 %
2015	340,982	340,982	-	25,052,616	1.36 %
2014	294,282	294,282	-	24,221,740	1.21 %
2013	265,172	265,172	-	23,420,014	1.13 %
2012	243,757	243,757	-	21,960,067	1.11 %

*Amounts presented for each fiscal year were determined as of September 30.

Changes in assumptions

From 2020 to 2021, the municipal rate used to determine total pension liability decreased from 2.21% to 2.16%.

Change in benefit terms

The District is not aware of any changes in benefit terms during the periods noted.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor 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 District Administrator, Deputy District Administrator, and Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Reedy Creek Improvement District (the "District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described as Finding 2021-001 in the Schedule of Findings and Recommendations, which we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations to this report. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Cherry Bekaert LLP

Orlando, Florida
February 7, 2022

Net Position Classification - *Material Weakness*

Statement of Condition 2021-001: Classification of net position was not recorded consistently with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Criteria: Net position classifications should be calculated and recorded in accordance with U.S. GAAP.

Cause of Condition: Net position classifications had a formula error that subtracted, rather than added, a component and also excluded payables applicable to the net investment in capital assets calculation.

Effect of Condition: By not presenting net position classifications in accordance with U.S. GAAP, the District's financial statements were misstated prior to audit adjustment. This adjustment was for $36,735,171 of net position that was incorrectly presented as unrestricted net position rather than net investment in capital assets net position at September 30, 2021. Further, this formula error existed in the prior year, resulting in a misclassification of the same elements of net position by $43,452,514.

Recommendation: We recommend the calculation of net position be correctly applied in future years, as it was after the correction in the current year.

Views of Responsible Officials: We have corrected the formula error in our systems to properly calculate net investment in capital assets as a component of net position. We have also added an additional senior level review of net position calculations prior to issuing draft financial statements.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Accountant on Compliance With Local Government Investment Policies

To the District Administrator, Deputy District Administrator, and Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

We have examined Reedy Creek Improvement District's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statues, during the year ended September 30, 2021. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District'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 District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, 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 District's compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.

Cherry Bekaert LLP

Orlando, Florida
February 7, 2022

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance with Trust Indenture

To the Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Reedy Creek Improvement District (the "District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report, with unmodified opinions, thereon dated February 7, 2022.

In connection with our audit, nothing came to our attention that caused us to believe the District failed to comply with any of the terms, covenants, provisions, or conditions of Sections 4.01-4.03, 5.01-5.17 and 6.01-6.02 of the Trust Indenture dated November 1, 1987, as amended and supplemented, with Truist Bank, formerly Sun Bank d.b.a. SunTrust, (the "Trustee"), which assigned its rights and duties to US Bank, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's compliance with the above referenced terms, covenants, provisions, or conditions of Sections 4.01-4.03, 5.01-5.17 and 6.01-6.02 of the Trust Indenture dated November 1, 1987, as amended and supplemented, insofar as they refer to accounting matters.

This report is intended solely for the information and use of the Board of Supervisors, management of the District, and the Trustee and is not intended to be and should not be used by anyone other than these specified parties.

Cherry Bekaert LLP

Orlando, Florida
February 7, 2022

Cherry Bekaert LLP
CPAs & Advisors

Independent Auditor's Management Letter

To the District Administrator, Deputy District Administrator, and Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

Report of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Reedy Creek Improvement District (the "District"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 7, 2022.

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 Report of Independent Auditor 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 Report of Independent Accountant on Compliance with Local Government Investment Policies regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 7, 2022, 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. No findings or recommendations were made in the preceding annual 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. The District has included such disclosures in the notes to the financial statements. There are no component units related to this entity.

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 District 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 out audit, we determined that the District 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 District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. We have identified a matter in Appendix A to this letter, Finding 2021-A, that is relevant to financial management. In addition, we have identified a matter provided in Appendix A to our Report of Independent Auditor 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*. We did not audit the District's responses to these matters, which are also provided in applicable Appendix A attachments.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District provided the following information (unaudited):

a. The total number of District employees compensated in the last pay period of the fiscal year as 366.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 1.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $32,345,424.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $16,100.
e. Each construction project with a total cost of at least $65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as listed below:

Project Name	Budget	Inception Date	Expenditures to Date
Replace C4 Outfall to Reedy Creek	$ 200,000	10/1/2020	$ -
Structure Repairs	70,000	10/1/2020	49,383
Culvert Replacement Program	120,000	10/1/2020	77,814
Clean Stormwater Ponds	100,000	10/1/2020	15,904
Install Fire Lane Bypass Weir	75,000	10/1/2020	-
Clear & Snag Pilot Canal	200,000	10/1/2020	172,791
Erosion Repairs S10 & S12	200,000	10/1/2020	-
LED Phase III Lighting	1,500,000	10/1/2020	1,455,103
FS1 Roof Replacement	485,000	10/1/2020	329,554
FS2 Bathroom Renovations	100,000	10/1/2020	189,437
FS3 Bay Doors	215,000	10/1/2020	5,253
FS3 AC Unit	90,000	10/1/2020	80
FS3 LED Bay Lighting	125,000	10/1/2020	19,465
Garage Concrete Repairs	74,500	10/1/2020	24,009
Garages Paint - Nodes, Stucco, etc.	200,000	10/1/2020	80,950
Environmental Lab Ph III design	132,000	10/1/2020	172,585
Paving Rehabilitation	5,280,000	10/1/2020	2,547,897
Guardrail Replacements	400,000	10/1/2020	378,710
BVD North Median Closures	797,600	10/1/2020	713,431
Redeck Bridges 756010 & 756012	3,220,400	10/1/2020	1,602,629

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as $6,000,000.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District provided the following information (unaudited):

a. The millage rate or rates imposed by the District as 11.1429.
b. The total amount of ad valorem taxes collected by or on behalf of the District as $139,410,395.
c. The total amount of outstanding bonds issued by the District and the terms of such bonds as $924,546,000.

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

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

Cherry Bekaert LLP

Orlando, Florida
February 7, 2022

Current Year Recommendation

Reconciliation of Subsidiary Ledgers
Statement of Condition 2021-A: The accounts payable subsidiary ledger, containing an aging of accounts payable by vendor, has not been historically reconciled to the general ledger on a regular basis. This reconciliation was provided as of September 30, 2021, after discussion of the need for such reconciliation. In addition, capital asset depreciation detail does not have capital asset or accumulated depreciation balances that have been reconciled to the general ledger.

Criteria: Subsidiary detail should be maintained and regularly reconciled to support general ledger balances, providing a clear record that supports general ledger amounts recorded.

Cause of Condition: Accounts payable and capital asset depreciation subsidiary detail has not been regularly reconciled to the general ledger. Although accounts payable has been reconciled as of September 30, 2021, the capital asset depreciation detail has not yet been reconciled and will require additional analysis to ensure depreciation calculations are based on appropriate information.

Effect of Condition: Reliance has been placed on ongoing recording of accounts payable, without use of a reconciliation control to verify the accuracy of amounts recorded. Similarly, reliance has been placed on depreciation calculated without a control to check that the depreciation is properly calculated based on recorded capital asset and accumulated depreciation balances.

Recommendation: We recommend that capital asset depreciation detail be further analyzed and that accounts payable and capital asset depreciation subsidiary detail be regularly reconciled to ensure accuracy and completeness of general ledger balances.

Management Response: We have included additional procedures in our reconciliations of capital assets and accounts payable to include preparation of subsidiary ledgers and reports to provide additional support for the calculations of the amounts recorded in the general ledger.