

TOHOPEKALIGA WATER AUTHORITY  
OSCEOLA COUNTY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022



PREPARED BY:  
THE FINANCE DEPARTMENT

**TOHOPEKALIGA WATER AUTHORITY**  
**Annual Comprehensive Financial Report**  
For the Fiscal Year Ended September 30, 2022

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Transmittal.....	i - xviii
Certificate of Achievement.....	xix
Board of Supervisors and Officers.....	xx
Mission and Goals.....	xxi
Organizational Chart.....	xxii

FINANCIAL SECTION

Independent Auditor’s Report.....	1 - 3
Management’s Discussion and Analysis.....	4 - 10
Basic Financial Statements:	
Statement of Net Position.....	11 - 12
Statement of Revenues, Expenses and Changes in Net Position.....	13
Statement of Cash Flows.....	14 - 15
Notes to Financial Statements.....	16 - 42
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios.....	43
Schedule of Net Pension Liability.....	44
Schedule of Contributions.....	45

STATISTICAL SECTION

Financial Trends	
Schedule of Net Position.....	46
Schedule of Revenues, Expenses and Changes in Net Position.....	47
Operating Information	
Schedule of Major Contract Services.....	48
Schedule of Total Employees by Department.....	49
Revenue Capacity	
Schedule of Historical Annual Number of Retail Water, Wastewater and Reclaimed Water Customers and Usage.....	50
Schedule of Water Production Capacity.....	51
Schedule of Wastewater Treatment Capacity.....	52
Schedule of Monthly Bill Rate Comparison with Other Florida Municipal Utility Systems.....	53
Schedule of System Development Charges Comparison with Other Florida Municipal Utility Systems.....	54
Schedule of Ten Largest Water Customers.....	55
Schedule of Ten Largest Wastewater Customers.....	56

**TOHOPEKALIGA WATER AUTHORITY**  
**Annual Comprehensive Financial Report**  
For the Fiscal Year Ended September 30, 2022

TABLE OF CONTENTS

Page

Debt Capacity	
Schedule of Total Outstanding Indebtedness .....	57
Schedule of Principal Portion of Outstanding Debt Per Customer Basis .....	58
Schedule of Debt Service Coverage .....	59
Demographic and Economic Information	
Selected Osceola County Demographic Information .....	60 - 61
<b>COMPLIANCE SECTION:</b>	
Schedule of Expenditures of State Financial Assistance.....	62
Independent Auditor’s Report on Compliance for Each Major State Project and on Internal Control over Compliance and Report on the Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, <i>Rules of the Auditor General</i> .....	63 - 65
Schedule of Findings and Questioned Costs .....	66 - 67
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	68 - 69
Independent Auditor’s Management Letter.....	70 - 72
Attachment A - Construction Costs .....	73 - 74
Independent Accountant’s Report .....	75



Tohopekaliga Water Authority  
Osceola County, Florida

---

# INTRODUCTORY SECTION

This Page Intentionally Left Blank



March 3, 2023

*Letter of Transmittal*

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

The Annual Comprehensive Financial Report (ACFR) of the Tohopekaliga Water Authority (Toho) for fiscal year ended September 30, 2022, is submitted in accordance with the provisions of Chapter 10.500, *Rules of the Auditor General*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Toho. This ACFR was prepared by Toho's Finance Department staff. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and the operating results of Toho, and that all disclosures necessary to enable the readers to gain the maximum understanding of Toho's financial activity have been included.

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

Toho's financial statements have been audited by MSL, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that Toho's financial statements for the fiscal year ended September 30, 2022, are free of material misstatement.

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

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

effective date of the Act, June 26, 2003). Pursuant to the Act, this service area may be expanded to include any service area within the boundaries of an affected local government upon the adoption of a resolution by the governing body of that government authorizing Toho to provide its service and facilities therein. Toho has entered into several interlocal agreements to service a small adjacent service area located in the southern portion of Orange County and in certain portions of unincorporated Polk County. Authorization for Toho to exercise and implement the powers specified in the Act within Polk County were provided by Polk County in Resolution No. 06-160 adopted on October 11, 2006, and through an interlocal agreement between Toho and Polk County dated October 1, 2006. Toho also entered into an interlocal agreement with the City of St. Cloud (City of St. Cloud Resolution No. 20022-034R) adopted February 10, 2022, to manage St. Cloud's environmental utilities and exercise and implement the powers specified in the Act within the St. Cloud utility service area effective October 1, 2022 (note that metrics for the St. Cloud service area are not included in this annual report since this is an FY23 transfer).

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

Toho's water facilities include 14 operating water treatment plants consisting of wells, ground storage tanks, high-service pumps, and water distribution systems. Toho's water facilities currently rely exclusively on ground water derived from the upper Floridan aquifer. Raw water supply wells currently pump an average of 43.27 million gallons per day (MGD) to the 14 water treatment plants strategically located throughout the service area. Water is distributed through 1,520 miles of water mains. Toho's wastewater facilities include eight water reclamation plants, sewage collection facilities, and wastewater effluent disposal facilities. Toho's water reclamation facilities (WRF) each operate independently for set geographic areas throughout the service area. Wastewater is delivered to the various WRFs through a network of 1,338 miles of collection and transmission system piping with 467 wastewater pump stations. The highly treated reclaimed water produced by the WRFs is distributed through 424 miles of reclaimed water distribution mains and used for irrigation customers or routed to the system's rapid infiltration basins to recharge the ground water. The waste solids from the treatment process, termed bio-solids, are processed by a third-party to kill pathogens, and then spread over agricultural lands as a soil supplement/fertilizer.

[Remainder of This Page Intentionally Left Blank]



## ECONOMIC OUTLOOK

In 2021, Florida's economy began to slowly recover from 2020's pandemic-induced contraction. That recovery continued through 2022. Businesses remained open and tourism bounced back to pre-pandemic levels. Unemployment continued to decrease from 4.6% in 2021 to 2.9% in 2022. Housing demand remained strong, supporting a continuation of both increased new housing starts and house-price appreciation. However, in 2023, these trends are expected to flatten as Florida, along with the rest of the United States, faces a likely recession. Unemployment is expected to reverse its trend, rising to a high of 5.8% in 2024 before starting to ease in 2025. Depleted housing inventories have already begun to rise as both sales and prices decrease. However, Florida had the fastest-growing population in the country last year and the migration of retirees to Florida is expected to continue despite the recession, prompting a resumption of the upward trend in home sales and, coupled with a slowing of new home starts, keeping inventory low. New home starts are expected to once again resume growth in 2025. Although recession is never desirable, this one is projected to be of short duration and does have the potential positive impacts of moderating home prices, easing both supply chain issues and labor market shortages, and bringing down the sky-rocketing prices of fuel, petroleum-based commodities, and other materials.

Likewise, the Orlando-Kissimmee area continued to rebound from the pandemic during 2022. The Central Florida economy is largely dependent on tourism, anchored by the major theme parks and supported by many satellite businesses in the entertainment and hospitality sectors. Visitors flocked to the area during 2022, exceeding pre-pandemic levels. New housing starts remained strong (although not quite at 2021 levels) and unemployment averaged 3.2%. In 2023, Orlando-Kissimmee will also experience the impact of the forecasted recession. Unemployment will climb, reaching an estimated high of 6.2% in 2024 before beginning to slowly decline again in 2025 and 2026. Housing starts are expected to drop a whopping 32.8% in 2023 relative to the previous five-year average before beginning to rebound in 2024 and resuming modest growth in 2025 and 2026. Population growth will continue at a slow but steady rate of 1.4% in 2023 increasing to 1.8% in 2026. Although the next two years will include economic challenges, the more long-term forecast remains positive for our area with economic indicators resuming a positive trend in 2025 and 2026.

*Our assessment of our area's economic outlook is primarily based on the Winter 2023 Florida & Metro Forecast published by the University of Central Florida's Institute for Economic Forecasting. The full report can be accessed on the UCF website [www.ucf.edu](http://www.ucf.edu).*

[Remainder of This Page Intentionally Left Blank.]

**THE TOHO PROMISE**

During Spring 2021, Toho leadership and staff revised Toho’s Mission, Vision and Value Statements. Our goal was to distill these ideas into a simpler statement that would clearly communicate our core values. It continues to serve as both a beacon to guide us forward and a lens through which we can evaluate our Strategic Plan initiatives. Our Board has approved the **Toho Promise: Our Customers, Our Community, Our Employees Trust that Toho Cares.**

The Toho Promise is supported by our Principles:

- Integrity
- Responsiveness
- Dependability
- Professionalism
- Quality

We have also established four areas to comprise Toho’s Priorities:

- Providing Safe and Reliable Services
- Protecting the Environment
- Delivering Value
- Investing in the Future

The Toho Promise and Priorities drive the development and implementation of our Strategic Plan initiatives both now and as we conduct periodic revisions.

<b>TOHO’S PROMISE</b>	<p>Our Customers Our Community Our Employees</p> <p><b>TRUST THAT TOHO CARES</b></p>
<b>TOHO’S PRINCIPLES</b>	<p>Integrity • Responsiveness • Dependability • Professionalism • Quality</p>
<b>TOHO’S PRIORITIES</b>	<p>Providing Safe &amp; Reliable Services Protecting The Environment Delivering Value Investing In The Future</p>

## TOHO'S STRATEGIC PLAN

Toho's Strategic Plan sets the priorities and direction for Toho in alignment with the Toho Promise and Focus. The version of the Strategic Plan in place at the beginning of FY2022 had been adopted in September 2019 as a three-year plan and consequently was nearing the end of its term. During FY2022, Toho's leadership and staff worked to develop a new revision to continue to guide our goals and activities. We began by assessing the pros and cons of the existing plan to identify the elements that were most valuable in advancing our initiatives and also the features that may have detracted from the usefulness of the plan. We determined that our plan had been successful in aligning with the goals and vision in place at that time and had benefited from the comprehensiveness of the data collection that supported its creation, but had cast its net too wide in terms of the broad range of initiatives it included. We used these insights to revise our Strategic Plan. In addition, it reflects our need to prepare for continuing population growth in our service area, future water needs, and the changing regulatory environment.

Our revised Strategic Plan was adopted by the Board in October 2022 and will guide us through the next two years. The revision narrows its range to focus on our three highest priority goals:

- Adequate Water Supply – Develop and deploy sustainable water supplies in a timely manner that meet targeted service levels and provide long-term value for customers, community, and the environment.
- Successful Growth – Enhance service excellence while adapting to growth and to the complexity of rapidly changing regulations, processes, communications, and technologies.
- Sustainable Workforce – Attract, develop, and retain employees who are skilled in their work, have visibility of their connection to the organization, and can see their future with Toho.

Three strategies were developed for each of these goals as detailed on the following page. Additionally, each strategy is supported by a combined total of 14 action plans to provide more specific direction. Each action plan is sponsored by a member of senior leadership to guide and engage the team members responsible for executing each plan.

More detail on our Strategic Plan can be found on the following page.



2022-2024

# STRATEGIC PLAN

## GOALS

### ADEQUATE WATER SUPPLY

Develop and deploy sustainable water supplies in a timely manner that meet targeted service levels and provide long-term value for customers, community, and the environment.

- Constantly understand all aspects of water demands.
- Optimize water use through demand and supply management approaches.
- Deliver solutions on time, optimizing risk, cost, and quality.

### SUCCESSFUL GROWTH

Enhance service excellence while adapting to growth and to the complexity of rapidly changing regulations, processes, communications, and technologies.

- Integrate St. Cloud utilities with Toho.
- Improve efficiency by streamlining processes, optimizing tools, communicating cross-functionally, and anticipating evolving conditions.
- Maintain or improve internal and external service levels.

### SUSTAINABLE WORKFORCE

Attract, develop, and retain employees who are skilled in their work, have visibility of their connection to the organization, and can see their future with Toho.

- Tell the story of working at Toho.
- Promote a variety of career paths and build the knowledge and skills needed to support success.
- Keep total rewards relevant.

## ACTIONS

Our employees are committed to several action steps each department is taking to bring this strategy to life



## PRINCIPLES:

- Integrity
- Responsiveness
- Dependability
- Professionalism
- Quality

## PRIORITIES:

- Providing a Safe & Reliable Service
- Protecting the Environment
- Delivering Value
- Investing in the Future



## **FY2022 NOTABLE HIGHLIGHTS**

### ***City of St. Cloud Utilities Integration***

By far the most significant event of FY2022 was the February 2022 vote by the Toho Board and the City of St. Cloud Council in support of an interlocal agreement to integrate St. Cloud's water and sewer utility with Toho. This agreement will help reduce capital costs, reduce rates for a majority of St. Cloud residents, improve regional water supply planning, and improve the reliability and resiliency of infrastructure. Both utilities benefit. A transition of this scope requires considerable planning to execute smoothly. The merging of St. Cloud's Environmental Unit into Toho includes a roughly 20% increase in both customers and employees, as well as the need to coordinate and revise policies and procedures, and to integrate technological infrastructure such as the asset management and customer billing software packages. Toho worked closely with St. Cloud throughout 2022 to develop a robust transition plan to minimize any negative impacts to both customers and employees, including developing a communication outreach to St. Cloud customers and an onboarding plan for St. Cloud employees. The official transition of customers and employees took place on October 1, 2022, and other transition items will happen well after the transition date. We plan to run the customer information systems in parallel for at least one year, through October 1, 2023. And similar to our arrangements with the City of Kissimmee, St. Cloud will continue to provide fleet maintenance and fueling services following the transition for the foreseeable future. Transition dates for many other functions remain to be established.

### ***Sunbridge Transition***

Sunbridge is a planned 24,000-acre community east of Lake Nona currently under development. Toho negotiated agreements with Tavistock Development Company and Sunbridge Stewardship District to acquire the retail water, sewer, and reclaimed water/irrigation utility rights for this community. On September 1, 2022, approximately 500 new customers transferred to Toho. This adds to Toho's responsibility for bulk water supply and wastewater treatment that was part of the original utility agreement for this community that was established in 2018. The Sunbridge water treatment facility began operations in February 2022. The wastewater treatment facility is under construction and expected to be online in late 2023.

### ***New Customer Website***

In support of our commitment to our customers, we revamped our website for easier navigation, adding new quick links, a chatbot with both English and Spanish capability, and mobile compatibility. These new features were designed based on data collected on use of the previous website and both customer and employee surveys.

### ***Update of System Development Charges Policy***

During 2022, Toho staff worked on a revision to our System Development Charges (SDCs) rate schedule which had been in effect since June 2012. A comprehensive water and wastewater SDC study was conducted to determine the rates necessary to support infrastructure improvements associated with system-wide capacity needs for the existing Toho system and the soon to be included St. Cloud system. Along with the updated rates, relevant policies and procedures governing the administration of SDCs and collection of fees were also reviewed. We shifted to a meter-size basis for meters two inches and smaller and consolidated the fees, policies and procedures for Toho, St. Cloud, and Sunbridge. This revised policy was approved by the Board in October 2022 and went into effect in January 2023.



## ***Water Infrastructure Finance and Innovation Act Loan Program***

The Water Infrastructure Finance and Innovation Act (WIFIA) loan program, administered by the Environmental Protection Agency (EPA), is designed to accelerate capital investment in the nation's water infrastructure by providing long-term low-cost loans of up to 49% for regional and local projects. Financing for the remaining 51% is provided by the organization's traditional methods of financing (impact fees, rates, charges and/or bond issues). Toho successfully obtained a WIFIA loan in 2020 for wastewater rehabilitation. On October 19, 2022, the EPA selected Toho to apply for a second WIFIA loan amount up to \$193 million to fund Toho's One Water Initiative. The project goal is to provide a more robust and resilient integrated water supply system that meets projected water needs while protecting the environment through developing alternative water supplies, expanding three water treatment plants, and providing additional transmission, inter-connection, and booster pumping infrastructure. If approved, the WIFIA funding is expected to offer a significant cost savings of \$4.5 million relative to a traditional bond issue.

## ***Hurricane Ian Response***



**Drone view of the hospital next to Toho after the passing of Hurricane Ian. This drone footage created by City of Kissimmee's Access Osceola was picked by the New York Times.**

## **All hands on deck for Hurricane Ian**

Even though Hurricane Ian diminished in strength on reaching Central Florida, it left a ton of rain water in its wake. Scenes like the one above were replicated throughout the County. Toho employees were 'all in' to provide continuous and safe services to our customers and to make sure fellow employees were safe and had assistance. We had employees embedded at the County's Emergency Operations Center (EOC) and at our water, wastewater, lab facilities and at Toho's EOC throughout the hurricane. Toho maintained water services and no boil water advisories have been issued, which is commendable. In the aftermath, many employees have worked extended shifts to maintain or re-establish normal services. Customer Service has helped customers with their service concerns relating to the hurricane. From the onset, HR, Business Services and the Logistics team have been taking care of employees. But all this rain and flooding has put a strain on our water reclamation facilities and lift stations due to all the storm water infiltration. Our lift station, plant and field services personnel continue to working extensively to ensure continuous and safe services to the community and to normalize operations.

# 20 22

## OPERATIONS

### HIGHLIGHTS

- ✓ St. Cloud transition
- ✓ Sandhill Collaboration
- ✓ Engineering/Operations/ Environmental Coordination Meeting
- ✓ Engineering walk-through
- ✓ Lift Station 84 Nora Tyson odor control (consent order)
- ✓ Enhanced locates Poinciana completion
- ✓ Scheduler/Planner
- ✓ Water quality in St. Cloud collaboration
- ✓ Western reuse system
- ✓ Improved morale overall
- ✓ County permitting change
- ✓ 50 lift station rehabs
- ✓ Parkway clarifier rehab in-house
- ✓ Maintained NE water system compliance
- ✓ Water quality team creation/integration
- ✓ Sunbridge WTP start- up/connection transition
- ✓ Good Samaritan assistance
- ✓ Leachate assist for South Plant
- ✓ Cityworks decision
- ✓ Infor training in NeoGov for tracking
- ✓ KPI initiatives
- ✓ Parkway 30 acre bermed area overflow significantly reduced
- ✓ Biosolids amendment (public/private) partnership
- ✓ Team resolved N.E. water pressure issues



SUNBRIDGE



ENHANCED LOCATES



ST. CLOUD TRANSITION



AWARDS



# 2022 HIGHLIGHTS

## STAKEHOLDER SERVICES

- ✓ St. Cloud / Toho merge transition
- ✓ Successful hiring and retention
- ✓ Survived and thrived during 2 hurricanes. Great teamwork!
- ✓ Contact Center wrap time and wrap codes
- ✓ COVID Collections completed
- ✓ Recognized through PIO for COVID collection efforts
- ✓ Added direct reports to Senior Leads
- ✓ Added screen capture for quality assurance audits
- ✓ Streamlined credit adjustment process
- ✓ Partnership with Larry at the St Cloud service area warehouse
- ✓ Toho improved customer website
- ✓ Automated the 3-business day rule on the website for applications.
- ✓ On track to clean up all MTU challenges
- ✓ Implementation of Dispatch using Cityworks – access to St. Cloud CIS
- ✓ Employee of the Quarter - Aurelia
- ✓ Team of the quarter TWICE – Dispatch and Billing
- ✓ Successful customer service week
- ✓ Senior Team Lead selected to apply for Leadership Osceola
- ✓ Reclassed Assistant Foreman to Foreman (LaCory and Ryan)
- ✓ Toho Leadership training
- ✓ High involvement budget process
- ✓ Developed its own onboarding team orientation/ training



ST. CLOUD TRANSITION



COVID CAMPAIGN AWARD



MORE AWARDS



CUSTOMER SERVICE WEEK



# 2022 HIGHLIGHTS

## ASSETS & INFRASTRUCTURE

- ✓ Added 3.8MGD of additional water supply
- ✓ Added the PMO Program to help deliver Capital projects
- ✓ Initiation of multiple water supply projects
- ✓ Addition of liability insurance and claims to our Toho side
- ✓ Incorporated additional fleet and implemented new dash cams
- ✓ Separation from City of Kissimmee; working toward being self-insured
- ✓ Maintaining service during 2 storms
- ✓ Stand & Specs have been updated to include merger with St. Cloud
- ✓ CIAC program is well in the works and closing on the first projects
- ✓ Over 150 new projects started this year
- ✓ Tyler implementation moving forward
- ✓ Support for CS Dept
- ✓ Support CIAC Team
- ✓ Support WIFIA Program Application
- ✓ Pilot going for Shingle Creek
- ✓ Toho Reservoir got to 60% design and going to CMAR bid early next year
- ✓ Rapid infiltration basin
- ✓ Western Reuse Facility project won an Eagle Award
- ✓ Design for Central Reuse Facility was completed
- ✓ Completed Property Acquisition Ph 1 of the Cypress Lake AWS project



ST. CLOUD TRANSITION



TOHO RESERVOIR



UTILITY AVAILABILITY TEAMWORK

# WIFIA

WATER INFRASTRUCTURE FINANCE  
AND INNOVATION ACT

# 2022

## HIGHLIGHTS

### HUMAN RESOURCES

- ✓ Jan. 2022 Compensation Adjustment
- ✓ Roaring into 2022 event
- ✓ Nursing Lounge
- ✓ Diversity, Equity, Inclusion (DEI) Calendar created
- ✓ Your Belong Here! - video, yard signs, and related branding
- ✓ Removing gender identifiable pronouns from job descriptions and policies
- ✓ Many HR team members are on the Events Committee
- ✓ EOQ and TOQ events (saw an increase in nominations)
- ✓ Again recognized as being a Top Workplace Employer
- ✓ Participated in multiple job fairs
- ✓ Increased recruiting UCF interns/employees
- ✓ Addition of the Dermatology Bus option
- ✓ Created multiple new processes and forms
- ✓ Additional Toho Tours and improving those tours
- ✓ Leave program improvements
- ✓ Performance review changes (removed rating #s)
- ✓ Improved training programs and added training programs
- ✓ CDL instructor
- ✓ Added key positions in the organization
- ✓ Benefit improvements
- ✓ St. Cloud integration
- ✓ Restructuring department to maximize efficiency and resolve processing issues
- ✓ Took on Workers Compensation from St. Cloud
- ✓ Hurricane survivors



# 20 22

## BUSINESS SERVICES

### HIGHLIGHTS

- ✓ Toho receives GFOA certification for Toho's Annual Comprehensive Financial Report (ACFR) - 14th year in a row
- ✓ Toho awarded AAA rating from Fitch Ratings
- ✓ Board approval of update of System Development Charge (SDC) policy (last updated in 2012)



RIC'S RETIREMENT



14 YEARS IN A ROW



AAA RATING



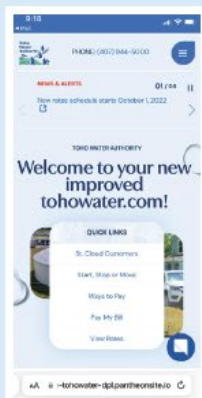
SDC UPDATE



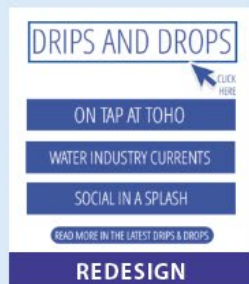
# 2022 HIGHLIGHTS

## COMMUNICATIONS

- ✓ Awards – FPRA, PRSA, local, state and national
- ✓ Website and Chatbot
- ✓ Redesigned D&D
- ✓ Diversity, Equity, Inclusion (DEI) efforts – You Belong Here video series, quilt, promos on social media
- ✓ Big community events – two 4th of Julys, two holiday parades and Experience Osceola
- ✓ Sponsorships grew to \$150K
- ✓ News releases about Sunbridge WTP
- ✓ Utilities United



NEW WEBSITE



PRSA & FPRA AWARDS



INTERNSHIP PROGRAM



EXPERIENCE OSCEOLA



CAMPAIGNS

The brief highlights noted on the previous pages are just a few of many successes that occurred during this past year and are primarily the result of the efforts of Toho's dedicated and professional staff, who routinely and consistently deliver service to our customers in an efficient and responsive manner.

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

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

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

The concept of reasonable assurance recognizes that:

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

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

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

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

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

## STATUTORY REQUIREMENTS – INDEPENDENT AUDIT

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

### AWARDS

#### *National Association of Clean Water Agencies Peak Performance Awards*

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

Gold Awards are presented to facilities with no permit violations for the entire calendar year. Silver Awards are presented to facilities with no more than five violations per calendar year. Toho won multiple awards for calendar year 2021 (awarded during FY2022).

- Gold Award
  - Cypress West Water Reclamation Facility
  - Lake Marion Water Reclamation Facility
  - Walnut Water Reclamation Facility
- Silver Award
  - South Bermuda Water Reclamation Facility

#### *Utility of the Future Today Award*

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

#### *Associated Builders & Contractors – Central Florida 2022 Excellence in Construction Award*

Each year, Associated Builders and Contractors Central Florida (ABC CF) recognizes and celebrates outstanding merit shop construction projects built by ABC CF members. Project entries are judged on execution of design, quality of craftsmanship, attention to detail, proper installation, outstanding planning and coordination efforts, challenges successfully overcome, project complexity, custom materials, safety programs, and owner satisfaction. The awards competition serves to raise the level of construction standards throughout the industry by recognizing the workmanship of those who contribute and by showcasing the results of their commitment. Wharton Smith’s expansion of Toho’s Western Reuse Storage and Pumping Facility was recognized with a 2022 Eagle Award in the category of Public Works/Environmental Projects from \$10 - \$20 million.

### *Orlando Sentinel Top Workplace*



Toho was recognized for the fourteenth year as one of the Orlando Sentinel Top Workplaces in Central Florida. This award program was created by the Orlando Sentinel and Best Companies Group and is designed to identify, recognize and honor the best places of employment in Orlando, benefiting the city's economy, its work force and businesses. Toho placed 27 among mid-sized companies. Recognition is based on employee responses to a survey about workplace culture.

### *Public Relations Society of America*

Toho received a commendation for its Getting Back on Track campaign in the Reputation/Brand Management category at the 2022 Radiance Awards. Toho also received a commendation for its Customer Info-Book Comes to Caribbean Isle in the Single-Issue Print Publications category. The Radiance Awards recognize outstanding strategic public relations programs. The awards highlight Public relations campaigns and tactics that demonstrate excellence in research, planning, implementation and evaluation.

### *Florida Public Relations Association*

Toho won in two categories at the 2022 Golden Image Awards: an Award of Distinction and Judges' Award in Reputation Management and a Judges' Award in the Brochure category for Customer Info-Book Comes to Caribbean Isle. The Golden Image Awards competition is conducted annually by the Florida Public Relations Association to recognize outstanding public relations programs in Florida and to encourage and promote the development of public relations in our state. Winners demonstrate the very best examples of innovation, planning, and design.

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

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

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

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

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

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



Todd P. Swingle  
Executive Director/CEO



Rodney Henderson  
Chief Financial Officer



Alexandra S. Green  
Comptroller



TOHOPEKALIGA WATER AUTHORITY  
OSCEOLA COUNTY, FLORIDA



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Tohopekaliga Water Authority  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**TOHOPEKALIGA WATER AUTHORITY  
OSCEOLA COUNTY, FLORIDA**

---

**BOARD OF SUPERVISORS**

Henry Thacker, Supervisor

Hector Lizasuain, Vice-Chair

William “Bill” Land, Secretary

Tom White, Supervisor

John McAleenan, Supervisor

Rayelynn Ketchm, Supervisor

Dave Askew, Supervisor

**EXECUTIVE DIRECTOR/CEO**

Todd Swingle

**GENERAL COUNSEL**

Anthony Cotter

**TOHO'S  
PROMISE**

**Our** Customers  
**Our** Community  
**Our** Employees

**TRUST THAT TOHO CARES**

**TOHO'S  
PRINCIPLES**

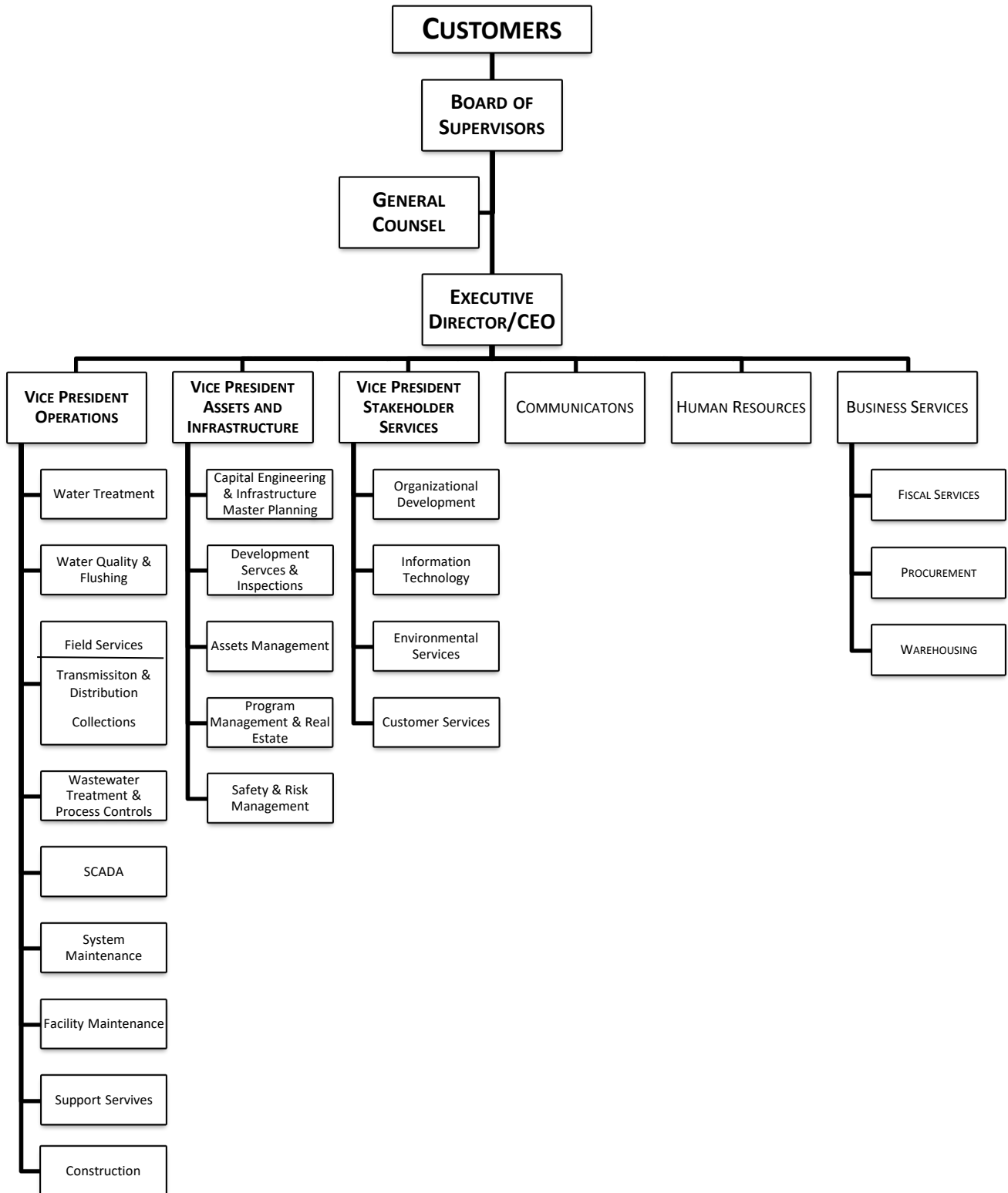
Integrity  
Responsiveness  
Dependability  
Professionalism  
Quality

**TOHO'S  
PRIORITIES**

Providing Safe & Reliable Services  
Protecting The Environment  
Delivering Value  
Investing In The Future

TOHOPEKALIGA WATER AUTHORITY  
OSCEOLA COUNTY, FLORIDA

ORGANIZATIONAL CHART



Tohopekaliga Water Authority  
Osceola County, Florida

---

FINANCIAL SECTION

This Page Intentionally Left Blank



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Tohopekaliga Water Authority (Toho) as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Toho's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toho as of September 30, 2022, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Toho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis-of-Matter***

##### *Change in Accounting Principle*

As discussed in Note 6 to the financial statements, in the year ended September 30, 2022, Toho adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Toho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Supervisors of the  
Tohopekaliga Water Authority

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Toho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Toho's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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 GASB, 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.



To the Board of Supervisors of the  
Tohopekaliga Water Authority

***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory section and the statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2023, on our consideration of Toho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Toho's internal control over financial reporting and compliance.

***MSL, P.A.***

Certified Public Accountants

Orlando, Florida  
March 3, 2023

# TOHOPEKALIGA WATER AUTHORITY

## Management's Discussion and Analysis

September 30, 2022  
(In Thousands)

The Tohopekaliga Water Authority's Management's Discussion and Analysis presents an overview of Toho's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the letter of transmittal in the introductory section and Toho's financial statements which follow.

### FINANCIAL HIGHLIGHTS

The following is a summary of significant financial highlights related to Toho's nineteenth year of operation:

- **Operating income** was \$17,749, a decrease of 4.6% over the prior year.
- **Capital contributions** were \$73,889, an increase of 67.1% over the prior year.
- **Net position** totaled \$1,088,013, an increase of \$76,474 or 7.6% over the prior year.
- **Net capital assets** increased by \$113,883, an increase of 12.5% over the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

### REQUIRED FINANCIAL STATEMENTS

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

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

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

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

**September 30, 2022**  
(In Thousands)

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

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

**Comparative Summary of the Statement of Net Position**

As of September 30, 2022 and 2021

(In Thousands)

	2022	2021	Increase (Decrease)	
			Change	%
Current assets	\$ 189,107	\$ 179,708	\$ 9,399	5.2%
Non-current assets-other than capital assets	216,857	190,418	26,439	13.9%
Total Capital Assets (Net)	<u>1,028,301</u>	<u>914,418</u>	<u>113,883</u>	<u>12.5%</u>
 Total Assets	 <u>1,434,265</u>	 <u>1,284,544</u>	 <u>149,721</u>	 <u>11.7%</u>
 Total Deferred Outflows of Resources	 <u>26,329</u>	 <u>4,801</u>	 <u>21,528</u>	 <u>448.4%</u>
 Total Assets and Deferrals	 <u>1,460,594</u>	 <u>1,289,345</u>	 <u>171,249</u>	 <u>13.3%</u>
 Current liabilities	 72,441	 44,209	 28,232	 63.9%
Non-current liabilities	<u>245,270</u>	<u>227,653</u>	<u>17,617</u>	<u>7.7%</u>
Total Liabilities	<u>317,711</u>	<u>271,862</u>	<u>45,849</u>	<u>16.9%</u>
 Total Deferred Inflows of Resources	 <u>54,870</u>	 <u>5,944</u>	 <u>48,926</u>	 <u>823.1%</u>
 Total Liabilities and Deferrals	 <u>372,581</u>	 <u>277,806</u>	 <u>94,775</u>	 <u>34.1%</u>
 Net investment in capital assets	 797,252	 709,556	 87,696	 12.4%
Restricted - system development charges	123,301	151,746	(28,445)	-18.7%
Restricted - bond projects	6,144	26,039	(19,895)	-76.4%
Unrestricted	<u>161,316</u>	<u>124,198</u>	<u>37,118</u>	<u>29.9%</u>
Total Net Position	<u>\$ 1,088,013</u>	<u>\$ 1,011,539</u>	<u>\$ 76,474</u>	<u>7.6%</u>

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

**September 30, 2022**  
**(In Thousands)**

### **FINANCIAL ANALYSIS OF TOHO AS A WHOLE**

A comparative summary of Toho's statement of net position as of September 30, 2022, and 2021, is shown on the previous page. Net position may serve, over time, as a useful indicator of Toho's financial position. As previously mentioned in the financial highlights section, total assets exceeded total liabilities by \$1,088,013 (total net position) at the close of the fiscal year ended September 30, 2022. This \$76,474 increase in net position over the prior year consists of capital contributions of \$73,889 and net operating income of \$17,749, minus non-operating expense of \$15,164. Toho's Total Net Position increased 7.6% over last year.

The largest part of Toho's net position (73.3%) reflects its investment in capital assets (e.g., land, building and improvements, water and wastewater equipment), less any related outstanding debt used to acquire those assets. Toho uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although Toho's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position may be used to meet Toho's on-going obligations to customers and creditors.

Restricted net position represents the balance of unspent water and wastewater system development charges. The decrease in restricted net position related to water and wastewater system development charges can be attributed to an increase in the income and contributions generated by development activities relative to FY2021.

[Remainder of page intentionally left blank]

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

**September 30, 2022**  
**(In Thousands)**

The following is a comparative summary of the changes in net position for Toho for the fiscal years ended September 30, 2022 and 2021:

**Comparative Summary of the Changes in Net Position**

For the Years Ended September 30, 2022 and 2021

(In Thousands)

	2022	2021	Increase (Decrease)	
			Change	%
<i>Operating Revenues:</i>				
Charges for services	\$ 150,435	\$ 138,751	\$ 11,684	8.4%
Miscellaneous revenues	564	766	(202)	-26.4%
Total Operating Revenues	<u>150,999</u>	<u>139,517</u>	<u>11,482</u>	8.2%
<i>Operating Expenses:</i>				
Personnel services	34,713	30,575	4,138	13.5%
Contracted services	12,651	11,057	1,594	14.4%
Supplies and materials	6,586	5,395	1,191	22.1%
Repairs and maintenance	11,453	10,158	1,295	12.7%
Payments in lieu of taxes	12,520	11,574	946	8.2%
Other services and charges	13,839	11,945	1,894	15.9%
Depreciation	41,488	40,213	1,275	3.2%
Total Operating Expenses	<u>133,250</u>	<u>120,917</u>	<u>12,333</u>	10.2%
Operating Income	<u>17,749</u>	<u>18,600</u>	<u>(851)</u>	-4.6%
<i>Non-Operating Revenues (Expenses):</i>				
Investment income (loss)	(7,916)	906	(8,822)	-973.7%
Interest and fiscal charges expense	(8,895)	(8,598)	(297)	3.5%
Other	1,647	2,576	(929)	-36.1%
Total Non-Operating Revenues (Expenses)	<u>(15,164)</u>	<u>(5,116)</u>	<u>(10,048)</u>	196.4%
Gain Before Contributions	2,585	13,484	(10,899)	-80.8%
<i>Capital Contributions:</i>				
State capital grants	2,197	-	2,197	-
Developers	71,692	44,207	29,682	62.2%
Total Capital Contributions	<u>73,889</u>	<u>44,207</u>	<u>29,682</u>	67.1%
Change in Net Position	76,474	57,691	18,873	32.7%
Total Net Position – Beginning	<u>1,011,539</u>	<u>953,848</u>	<u>57,691</u>	6.0%
Total Net Position – Ending	<u>\$ 1,088,013</u>	<u>\$ 1,011,539</u>	<u>\$ 76,474</u>	7.6%

## Management's Discussion and Analysis (Continued)

September 30, 2022  
(In Thousands)

In 2022, operating revenues increased by \$11,482 over the prior fiscal year while overall operating expenses increased by \$12,333, resulting in a decline of 4.6% for net operating income. Non-operating expense for fiscal year 2022 was \$15,164, a decline of \$10,048 from 2021. The change was primarily driven by the decline in investment income over this period.

The \$73,889 in capital contributed during fiscal year 2022 is primarily an indication that financial institutions and investors continue to have confidence in the economic outlook of the local economy. This has enabled developers to move forward with their construction plans and investing in new development projects. We anticipate a stable economic forecast going forward as broader economic indicators in Central Florida and throughout the state, such as unemployment rate, home values, and access to capital, reflect a steady population growth as baby boomers migrate to a favorable state tax environment and the warmer Florida climate.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – Net capital assets increased by \$113,883 (12.5%) over the prior year, primarily due to infrastructure improvements. In addition, Toho received contributed assets totaling \$23,747 from developers. (Please see Note 3 - Capital Assets for more information.)

The following is a summary of capital assets owned by Toho as of September 30, 2022 and 2021:

#### Comparative Summary of Capital Assets As of September 30, 2022 and 2021 (In Thousands)

	2022	2021	Increase (Decrease)	
			Change	%
Capital Assets				
Land	\$ 22,632	\$ 22,627	\$ 5	0.0%
Furniture, Fixtures and Equipment	43,403	41,174	2,229	5.4%
Plant and Infrastructure	1,227,972	1,199,325	78,647	6.6%
Construction in Progress	129,013	56,177	72,836	129.7%
Less: Accumulated Depreciation	(444,719)	(404,885)	(39,834)	9.8%
Total Capital Assets, Net	<u>\$ 1,028,301</u>	<u>\$ 914,418</u>	<u>\$ 113,883</u>	12.5%

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

**September 30, 2022**  
**(In Thousands)**

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

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

On March 24, 2011, Toho issued \$93,495 in Utility System Revenue Refunding Bonds. The proceeds from these Series 2011A bonds, together with certain other legally available funds belonging to Toho, were used to refund the outstanding Series 2007 Bonds and make a termination payment on the related interest rate swap agreement. The remaining outstanding balance of the Series 2011A bonds was retired in fiscal year 2022.

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

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

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

On September 3, 2021, Toho issued \$14,305 in Utility System Revenue Refunding Bonds, Series 2021 to refund the remaining outstanding balance of the Series 2012 bonds resulting in a net present value savings of \$1,603.

Debt retirement and principal payments totaling \$9,294 were made on these bonds and note issues during the current year. Toho incurred \$8,895 and \$8,598 of interest and other fiscal charges for the fiscal years ended September 30, 2022 and 2021, respectively. (Please refer to Note 4 - Long-Term Debt).

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

**September 30, 2022**  
**(In Thousands)**

**ECONOMIC FACTORS AND RATES**

Toho operates in a stable economic environment evidenced by a steadily growing customer base along with some of the most affordable rates in Central Florida. Historically, Osceola County has experienced steady growth. Growth rates over the past two years have been moderate, steady, and sustainable; this trend is projected to continue in 2023. Population growth is expected to be approximately 1.4% for the next two years which will be positive for the local economy. Economic indicators have improved over time as most commercial activity have rebounded from COVID-19 impacts. In 2023, key economic data are expected to be modest and trend slightly better locally when compared to national economy.

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

<b>Combined Systems</b>				
<b>Last Five Years of Total Billed Services as of September 30<sup>th</sup></b>				
	<b>Water</b>	<b>Irrigation</b>	<b>Wastewater</b>	<b>Reclaimed Water</b>
2018	104,266	17,015	98,716	17,942
2019	109,645	17,304	103,606	19,313
2020	114,640	17,478	108,506	21,180
2021	119,074	17,667	112,498	22,721
2022	122,877	17,729	116,641	23,990

Toho charges various rates, depending on the types of service. The rate structure is established according to residential and commercial usage. As Toho progresses, comparison of average charges by customer type will provide management with useful information for establishing rates and charges and monitoring operations. There are approximately 164,600 service connections (water, irrigation, and reclaimed water services) providing service to a population of approximately 350,000.

The following chart shows the average customer water and wastewater charges for the fiscal year ended September 30, 2022:

<b>Average Charges for Selected Customers</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>Total</b>
Residential – 4,000 Gallons Usage (3/4” Meter)	\$ 11.49	\$ 34.44	\$ 45.93
Commercial – 30,000 Gallons Usage (2” Meter)	\$ 92.66	\$ 309.92	\$ 402.58

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



# TOHOPEKALIGA WATER AUTHORITY

## STATEMENT OF NET POSITION

September 30, 2022

(In Thousands)

### ASSETS

#### CURRENT ASSETS

Cash and cash equivalents	\$ 130,259
Restricted cash and cash equivalents	33,650
Accounts receivable	23,413
Leases receivable	297
Due from other governments	758
Inventory	730

TOTAL CURRENT ASSETS 189,107

#### NON-CURRENT ASSETS

Leases receivable - non-current	53,419
Due from other governments - non-current	4,479
Restricted cash and cash equivalents - system development charges and bond funds	59,798
Restricted investments - system development charges and bond funds	92,936
Restricted accounts receivable, net - system development charges	5,077
Restricted construction deposits in escrow	1,148
Capital Assets:	
Land	22,632
Equipment, furniture and fixtures	43,403
Plant and infrastructure	1,277,972
Construction in progress	129,013
Less: Accumulated depreciation	<u>(444,719)</u>

TOTAL CAPITAL ASSETS 1,028,301

TOTAL NON-CURRENT ASSETS 1,245,158

TOTAL ASSETS 1,434,265

#### DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	20,959
Deferred outflows related to pensions	5,149
Deferred outflows related to OPEB	221

TOTAL DEFERRED OUTFLOWS OF RESOURCES 26,329

TOTAL ASSETS AND DEFERRALS 1,460,594

(Continued)

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

# TOHOPEKALIGA WATER AUTHORITY

## STATEMENT OF NET POSITION *(Continued)*

September 30, 2022

(In Thousands)

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable	\$ 34,813
Accrued liabilities	1,180
Other liabilities	211
Contracts payable	1,585
Compensated absences payable	1,002
Current liabilities payable from restricted assets:	
Accounts payable	3,427
Contracts payable	3,387
Revenue bonds and notes payable	9,250
Accrued interest payable	4,334
Deposits	13,252
	<hr/>
TOTAL CURRENT LIABILITIES	72,441

#### NON-CURRENT LIABILITIES

Compensated absences payable	1,516
OPEB liability	1,730
Net pension liability	11,420
Revenue bonds and notes payable	230,604
	<hr/>
TOTAL NON-CURRENT LIABILITIES	245,270

TOTAL LIABILITIES 317,711

#### DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	582
Deferred inflows related to OPEB	646
Deferred inflows related to leases receivable	53,642
	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	54,870

TOTAL LIABILITIES AND DEFERRALS 372,581

#### NET POSITION

Net investment in capital assets	797,252
Restricted - system development charges	123,301
Restricted - bond projects	6,144
Unrestricted	161,316
	<hr/>
TOTAL NET POSITION	<u>\$ 1,088,013</u>

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

# TOHOPEKALIGA WATER AUTHORITY

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

For the Year Ended September 30, 2022  
(In Thousands)

OPERATING REVENUES	
Charges for services	\$ 150,435
Miscellaneous revenues	564
	<hr/>
TOTAL OPERATING REVENUES	150,999
OPERATING EXPENSES	
Personnel services	34,713
Contracted services	12,651
Supplies and materials	6,586
Repairs and maintenance	11,453
Payments in lieu of taxes	12,520
Other services and charges	13,839
Depreciation	41,488
	<hr/>
TOTAL OPERATING EXPENSES	133,250
	<hr/>
OPERATING INCOME	17,749
NON-OPERATING REVENUES (EXPENSES)	
Investment income (loss)	(7,916)
Interest and fiscal charges expense	(8,895)
Other	1,647
	<hr/>
TOTAL NON-OPERATING REVENUES (EXPENSES)	(15,164)
	<hr/>
GAIN BEFORE CONTRIBUTIONS	2,585
CAPITAL CONTRIBUTIONS	
State capital grants	2,197
Developers	71,692
	<hr/>
TOTAL CAPITAL CONTRIBUTIONS	73,889
	<hr/>
CHANGE IN NET POSITION	76,474
	<hr/>
TOTAL NET POSITION - BEGINNING	1,011,539
	<hr/>
TOTAL NET POSITION - ENDING	<u>\$ 1,088,013</u>

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

# TOHOPEKALIGA WATER AUTHORITY

## STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2022  
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 201,977
Payments to suppliers	(60,887)
Payments to employees	<u>(69,420)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>71,671</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition/construction of capital assets	(98,906)
Receipts from construction escrow account	(1,147)
Retirement of capital debt	(9,296)
Interest paid on capital debt	(26,121)
Capital contributions - developers	45,401
Capital grant reimbursements	2,197
Proceeds from sale of capital assets	<u>784</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(87,087)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(170,453)
Sale of investments	165,292
Investment earnings	<u>1,768</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,393)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,809)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>242,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 223,707</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Total unrestricted cash and cash equivalents	\$ 130,259
Total restricted cash and cash equivalents	<u>93,448</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 223,707</u></u>

(Continued)

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

# TOHOPEKALIGA WATER AUTHORITY

## STATEMENT OF CASH FLOWS *(Continued)*

For the Year Ended September 30, 2022  
(In Thousands)

### RECONCILIATION OF OPERATING INCOME TO NET

#### CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	<u>\$ 17,749</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	41,488
Changes in assets and liabilities:	
Increase in accounts receivable	(3,251)
Increase in lease receivable	(751)
Decrease in inventories	629
Increase in deferred outflows	(4,198)
Decrease in accounts payable	(4,528)
Increase in customer deposits	1,339
Increase in other liabilities	61
Increase in accrued liabilities	160
Increase in OPEB	176
Increase in compensated absences	268
Increase in net pension liability	26,567
Decrease in deferred inflows	<u>(4,039)</u>
TOTAL ADJUSTMENTS	<u>53,922</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 71,671</u></u>

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

Water/sewer lines contributed by developers	\$ 23,747
Net change in fair value of investments	\$ (9,918)

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

# TOHOPEKALIGA WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2022  
(In Thousands)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

**Accounts Receivable** - Fund operating revenues are generally recognized on the basis of cycle billings rendered monthly. Unbilled revenues for services delivered during the last month of the fiscal year are accrued based on meter readings for September consumption. Also included are outstanding balances relating to finance agreements. Receivables related to operating revenues are recorded as current assets, net of an allowance for doubtful accounts of \$325. The allowance is based upon management's specific identification of receivables that may become uncollectible.

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

**Non-Current Accounts Receivable** - Toho has receivables consisting of system development charges, and other. Receivables related to system development charges are recorded as non-current assets, net of an allowance for doubtful accounts. The allowance is based upon management's specific identification of receivables that may become uncollectible. In fiscal year 2022, no allowance was deemed necessary.

**Lease Receivable** - Toho's lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**Inventory** - Inventory, primarily consisting of meter boxes and supplies held for use in maintaining the system, is stated at cost. Each inventory item's cost is determined by using the first-in, first-out (FIFO) method.

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

**Capital Assets** - Capital assets include property, plant, and equipment and are capitalized at cost when purchased, except for donated assets, which are capitalized at their acquisition value when received. Toho's capitalization threshold is \$5,000. Depreciation is provided using the straight-line method, with estimated useful lives of the various depreciable assets of 5 - 100 years for plant and infrastructure and 5 - 25 years for equipment, furniture and fixtures.

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

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

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

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

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

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

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

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

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

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

Toho has three items that qualify for reporting in this category, which are the deferred amount on refunding, the deferred outflows related to pensions, and the deferred outflows related to other postemployment benefits (OPEB), that are all reported in the statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue. As of September 30, 2022, Toho reported \$20,959 related to the refunding of debt. The deferred outflows related to pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows related to pensions are discussed further in Note 6. The deferred outflows related to OPEB are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for OPEB*. The deferred outflows related to OPEB will be recognized as an expense in future reporting years. Details on the composition of the deferred outflows related to OPEB are discussed further in Note 7.



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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Toho has three items related to pensions, OPEB, and leases that qualify for reporting as deferred inflows of resources. The deferred inflows related to leases represent the value of the lease receivable under GASB 87 and systematically reduced and recognized as lease revenue over the term of the lease.

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

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

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

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

**Accounting Changes** - Toho implemented GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevancy and consistency of information about governments' leasing activities. Toho reviewed its current leases and determined that Toho is not a lessee in a lease but is a lessor in one lease. See Note 6 for further information on leases.

## NOTE 2 - DEPOSITS AND INVESTMENTS

### Cash and Cash Equivalents

At September 30, 2022, the carrying amount of Toho's cash deposit accounts was \$24,280. Toho's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. Toho's cash deposits are fully insured by the Public Deposits Trust Fund.

### Investment Portfolio

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

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

As of September 30, 2022, Toho had the following investment types and weighted average maturity presented in terms of years:

<u>Security Type</u>	<u>Market Value (\$ thousands)</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury	\$ 79,876	1.87
Florida Prime	62,774	0.01
Corporate Note	40,571	2.23
Local Government Investment Pool	36,161	0.04
Asset-Backed Security	33,556	3.24
Federal Agency Bond / Note	14,528	1.20
Federal Agency Commercial Mortgage-Backed Security	10,278	1.86
Supra-National Agency Bond / Note	7,198	1.20
Federal Agency Mortgage-Backed Security	4,197	7.32
Municipal Bond / Note	2,282	1.62
Money Market Fund	740	0.01
Federal Agency Collateralized Mortgage Obligation	202	12.18
<b>Total</b>	<b>\$ 292,363</b>	<b>2.84</b>

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

### **Interest Rate Risk**

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

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

Toho utilizes “weighted average duration” as a measurement of interest rate risk and as of September 30, 2022, the investment portfolio had a weighted average duration of 2.84 years.

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

**Credit Risk**

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

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

**Notes:**

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

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

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

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

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

## NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

### Custodial Credit Risk

Securities shall be held with a third party; and all securities purchased by, and all collateral obtained by; Toho should be properly designated as an asset of Toho. No withdrawal of securities, in whole or in part, shall be made from safekeeping or custody, except by an authorized staff member of Toho. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70/SSAE 16).

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

As of September 30, 2022, Toho's investment portfolio was held with a third-party custodian as required by Toho's investment policy.

### Concentration of Credit Risk

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

As of September 30, 2022, Toho had the following issuer concentration and credit exposure based on market value as a percentage of total investments:

<b>Security Type</b>	<b>Fair Value (\$ thousands)</b>	<b>Portfolio Asset Allocation</b>	<b>Permitted by Policy</b>
United States Treasury Securities	\$ 79,876	27.3%	100%
Florida Prime	62,774	21.5%	25%
Corporate Note	40,571	13.9%	35%
Local Government Investment Pool	36,161	12.4%	25%
Asset-Backed Security	33,556	11.5%	25%
Federal Agency Securities/GSE	29,205	10.0%	75%
Supra-National Agency Bond/Note	7,198	2.5%	25%
Municipal Bond/Note	2,282	0.8%	25%
Municipal Bond/Note	740	0.3%	50%
<b>Total</b>	<b>\$ 292,363</b>	<b>100.0%</b>	

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

**Concentration of Credit Risk (Continued)**

Below are two charts depicting the Standard and Poor's and Moody's credits rating assigned to the assets backed securities, corporate notes, government debt, and supranational debt held in Toho's investment portfolio based on their market value at September 30, 2022.

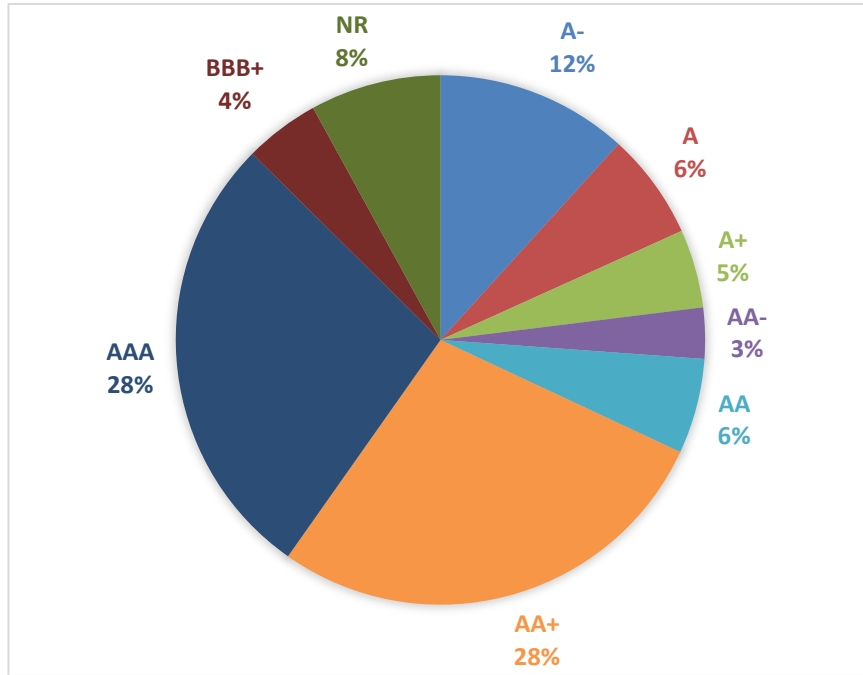


Figure 1- Credit Quality | S&P Ratings

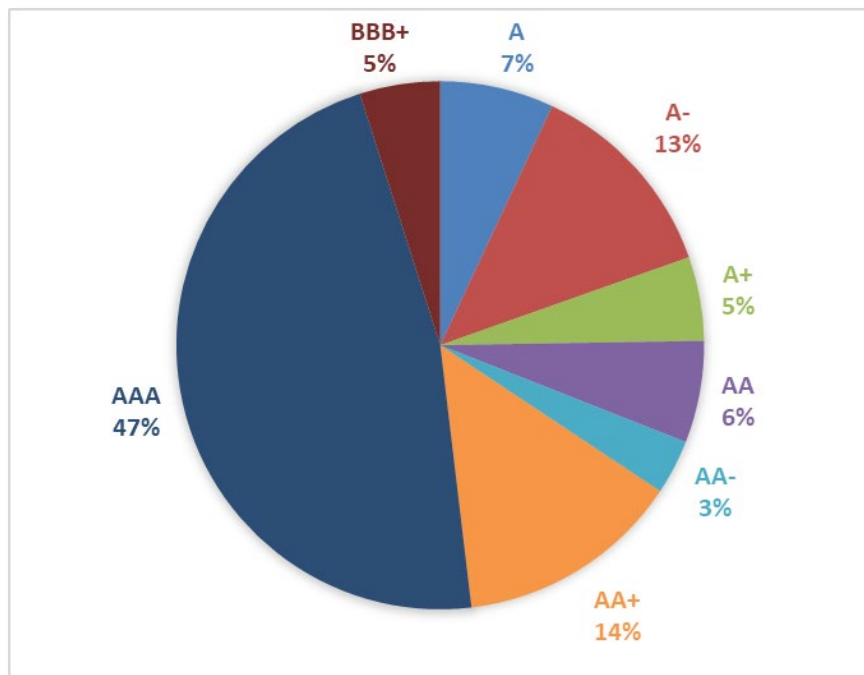


Figure 2 - Credit Quality | Moody's Ratings

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

**Credit Risk and Fair Value Measurement**

	<b>9/30/2022 Market Value (\$ thousands)</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>
<b>Investments by fair value level</b>		
U.S. Treasury Bond / Note	\$ 79,876	\$ 79,876
Florida Prime <sup>[1]</sup>	62,774	-
Corporate Note	40,571	40,571
Local Government Investment Pool <sup>[1]</sup>	36,161	36,161
Asset-Backed Security	33,556	33,556
Federal Agency Bond / Note	14,528	14,528
Federal Agency Commercial Mortgage-Backed Security	10,278	10,278
Supra-National Agency Bond / Note	7,198	7,198
Federal Agency Mortgage-Backed Security	4,197	4,197
Municipal Bond / Note	2,282	2,282
Money Market Fund	740	-
Federal Agency Collateralized Mortgage Obligation	202	202
	<b>292,363</b>	<b>\$ 228,849</b>
	<b>24,280</b>	
	<b>316,643</b>	
	<b>186,384</b>	
	<b>\$ 130,259</b>	

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

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

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

### **Local Government Investment Pools**

#### *Florida PRIME Governmental Investment Pool*

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

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

Toho currently holds investments in the Florida PRIME Governmental Investment Pool. As a Florida PRIME participant, pool shares are based on amortized cost, which approximates fair value of the Florida PRIME's underlying portfolio. The Florida Prime operated by the SBA is a "2a-7-like" pool and is also presented in accordance with generally accepted accounting principles; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. For Florida PRIME as of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.



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

### **Credit Risk *(Continued)***

#### **Local Government Investment Pools *(Continued)***

According to the SBA, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case, may the time limit set by the Trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value. Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, “Applicable Florida Law”).

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

### **Local Government Investment Pools *(Continued)***

#### *FL PALM Fund*

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

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

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

#### **Foreign Currency Risk**

Toho's investment policy does not allow for investments in foreign currency therefore, Toho has no exposure to foreign currency risk.

### NOTE 3 - CAPITAL ASSETS

Toho's capital assets consist of land, buildings and improvements, containment equipment and facilities, and machinery and equipment. Following is a summary of changes related to capital assets during the fiscal year ended September 30, 2022:

	<b>Beginning Balance 10/1/21</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/22</b>
Capital assets, not being depreciated				
Land	\$ 22,627	\$ 5	\$ -	\$ 22,632
Construction in progress	56,177	125,937	(53,101)	129,013
Total capital assets, not being depreciated	<u>78,804</u>	<u>125,942</u>	<u>(53,101)</u>	<u>151,645</u>
Capital assets, being depreciated				
Water system assets				
Plant and infrastructure	420,175	23,585	(585)	443,175
Equipment, furniture and fixtures	9,416	521	(276)	9,661
Total water system assets	<u>429,591</u>	<u>24,106</u>	<u>(861)</u>	<u>452,836</u>
Sewer system assets				
Plant and infrastructure	748,203	55,954	(814)	803,343
Equipment, furniture and fixtures	12,019	1,452	(42)	13,429
Total sewer system assets	<u>760,222</u>	<u>57,406</u>	<u>(856)</u>	<u>816,772</u>
General plant and administrative assets				
Plant and infrastructure	30,947	609	(102)	31,454
Equipment, furniture and fixtures	19,739	926	(352)	20,313
Total general plant and administrative assets	<u>50,686</u>	<u>1,535</u>	<u>(454)</u>	<u>51,767</u>
Total capital assets, being depreciated	<u>1,240,499</u>	<u>83,047</u>	<u>(2,171)</u>	<u>1,321,375</u>
Less accumulated depreciation for:				
Plant and infrastructure	(378,452)	(38,386)	1,019	(415,819)
Equipment, furniture and fixtures	(26,433)	(3,102)	635	(28,900)
Total accumulated depreciation	<u>(404,885)</u>	<u>(41,488)</u>	<u>1,654</u>	<u>(447,719)</u>
Total capital assets, being depreciated, net	<u>835,614</u>	<u>41,559</u>	<u>(517)</u>	<u>876,656</u>
Capital assets, net	<u>\$ 914,418</u>	<u>\$ 167,501</u>	<u>\$ (53,618)</u>	<u>\$1,028,301</u>

## NOTE 4 - LONG-TERM DEBT

**Schedule of Changes in Long-Term Debt** - The following is a schedule of changes in Toho's long-term debt for the fiscal year ended September 30, 2022:

	<b>Beginning Balance 10/1/21</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 9/30/22</b>	<b>Due Within One Year</b>	<b>Long- Term Portion</b>
Revenue bonds payable (Public Offerings)	\$ 169,815	\$ -	\$ 7,795	\$ 162,020	\$ 8,115	\$ 153,905
Notes payable (Direct Borrowing)	9,538	-	1,498	8,040	1,105	6,935
Notes payable (Direct Placement)	52,466	-	1	52,465	30	52,435
	231,819	-	9,294	222,525	9,250	213,275
Plus (Less) Bond Discounts and Premiums	19,324	-	1,995	17,329	-	17,329
Total revenue bonds and notes payable	251,143	-	11,289	239,854	9,250	230,604
OPEB payable	1,554	225	49	1,730	-	1,730
Net pension liability	1,956	9,464	-	11,420	-	11,420
Compensated absences payable	2,250	1,631	1,363	2,518	1,002	1,516
Total long-term liabilities	\$ 256,903	\$ 11,320	\$ 12,701	\$ 255,522	\$ 10,252	\$ 245,270

**Revenue Bonds Payable (Public Offerings)** - Toho has revenue bonds outstanding at September 30, 2022, as follows:

Series 2011A Revenue Refunding Bonds - Used to refund the Series 2007 Revenue Bonds, to fund the payment of interest rate swap termination costs, to fund required reserves, and pay costs associated with the issuance of the Series 2011A Bonds.

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

**Revenue Notes Payable** - Toho has revenue notes outstanding at September 30, 2022, as follows:

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

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

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

Series 2020 Note (Direct Placement) - Used to fund the construction and improvements to the Utility System, including (a) the gravity sanitary sewer system assessment; and (b) the rehabilitation and/or removal and replacement of certain mains and manholes (including the replacement of water mains within lift station basins as determined by Toho to be necessary), and consists of the activities related to the improvements of the Utility System located in the lift station areas described in the WIFIA Loan Agreement dated as of February 12, 2020, between Toho and the United States Environmental Protection Agency. The bond matures October 1, 2025. The terms in the event of a default for the Series 2020 Direct Note pursuant to the master resolution provides for an acceleration of principal, accrued interest, and premium, if any. Registered owners of 25% of aggregate principle have the right to enforce payment of debt service on the bonds and the performance of any other covenant, agreement, obligation or any other instrument providing security, directly or indirectly, for the bonds.

Series 2021 Note (Direct Placement) - Used to refund the Series 2012 Note and pay costs associated with the issuance of the Series 2021 Bonds, resulting in cash flow savings of \$1,845 and a net present value savings of \$1,603. These bonds mature through fiscal year ending September 30, 2028.

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

**Pledged Revenues** - Toho has pledged the net revenues generated by the overall system for payment of the bond issues and notes listed below. Proceeds of Toho's bonds and notes issued were used, as discussed above. The bonds and notes are payable solely from Toho's customers' net revenues payable through 2047. Annual principal and interest payments on the bonds and notes are currently expected to require approximately 25% of net revenues. The total principal and interest remaining on the bonds and notes, as noted below under debt service requirements, is \$295,593. Principal and interest paid for the current year was \$18,084. Total customer net revenues for the current year were \$72,552.

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

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

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>
Water and Sewer Revenue Bonds				
<b>Public Offerings</b>				
Series 2011A	Refunding	\$ 93,495	\$ -	3.875%-4.50%
Series 2016	Refunding/Misc. Project Capital	\$173,605	162,020	2.00%-5.00%
Notes Payable				
<b>Direct Borrowings</b>				
Note Payable - BOA	Admin Bldg. Project Capital	\$ 16,000	7,790	3.63%
Note Payable - SunTrust	Improvements	\$ 10,000	250	4.582%
<b>Direct Placements</b>				
Note Payable - SunTrust	Refunding	\$ 14,305	14,305	1.080%
Note Payable - WCM (Wells Capital Management)	Project Capital	\$ 38,160	<u>38,160</u>	5.00%
Total Long-Term Debt			<u>\$ 222,525</u>	

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

<u>Fiscal Year</u>	<u>Public Offering</u>		<u>Direct Borrowing</u>		<u>Direct Placement</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 8,115	\$ 6,311	\$ 1,105	\$ 294	\$ 30	\$ 2,062	\$ 9,250	\$ 8,667
2024	8,445	5,986	885	252	30	2,062	9,360	8,300
2025	8,860	5,564	920	220	30	2,062	9,810	7,846
2026	9,275	5,146	955	186	38,190	2,061	48,420	7,393
2027	9,740	4,682	990	151	40	153	10,770	4,986
2028-2032	39,150	20,069	3,185	234	14,145	154	56,480	20,457
2033-2037	63,000	11,111	-	-	-	-	63,000	11,111
2038-2042	6,890	2,985	-	-	-	-	6,890	2,985
2043-2047	8,545	1,323	-	-	-	-	8,545	1,323
	<u>\$ 162,020</u>	<u>\$ 63,177</u>	<u>\$ 8,040</u>	<u>\$ 1,337</u>	<u>\$ 52,465</u>	<u>\$ 8,554</u>	<u>\$ 222,525</u>	<u>\$ 73,068</u>

**NOTE 5 - INVESTED IN CAPITAL ASSETS**

The amount reported on the statement of net position as net investment in capital assets at September 30, 2022, consists of the following:

Net capital assets	\$1,028,301
Debt related to purchase of capital assets	(239,854)
Unspent bond proceeds	10,721
Capital related liabilities	(22,875)
Deferred amount on refunding	<u>20,959</u>
Net investment in capital assets	<u>\$ 797,252</u>

## NOTE 6 - LEASES

Toho accounts for leases in accordance with GASB Statement No. 87, *Leases*. Toho's operations include an agreement to lease unused land to RIDA Development Corporation, which expires in 2095. Toho reported leases receivable with a carrying amount of \$53,716 as of September 30, 2022, and a deferred inflows of resources in the amount of \$53,642 as of September 30, 2022, related to this agreement. The deferred inflows of resources for leases will be recognized as revenue over the term of the lease agreement.

The impact of implementing GASB 87 increased the amount of lease receivable and deferred inflows by \$52,989 as of October 1, 2021, the beginning of the implementation period. A lease modification resulted in an additional increase of \$777 effective August 2022. The lease principal was reduced by \$287 and Toho recognized \$286 of interest income for the year ended September 30, 2022.

Future minimum lease payments are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 297	\$ 292	\$ 589
2024	303	303	606
2025	310	314	624
2026	317	325	642
2027	324	338	662
Thereafter	52,165	92,259	144,424
	<u>\$ 53,716</u>	<u>\$ 93,831</u>	<u>\$ 147,547</u>

## NOTE 7 - PENSION PLAN

All Toho full-time employees hired before October 1, 2010, participate in a cost-sharing, multiple-employer, defined benefit plan with the City. Toho's employees have participated in the City's general employees' retirement plan since separation from the City, as noted in Note 1 - Reporting Entity of these financial statements. An actuarial study was conducted as of October 1, 2021. The City does not produce separately available financial reports for this pension plan. However, all required disclosures and financial data are contained in the City's publicly available Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022. The City's ACFR may be obtained by written request to the City's Finance Department, 101 North Church Street, Kissimmee, Florida 34741-5054.

### Description of Plan

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

**NOTE 7 - PENSION PLAN (Continued)**

**Funding Policy**

The plan uses the aggregate actuarial cost method for funding. Toho is required to contribute 24.91% of qualified employee salaries to the plan. Employees are required to contribute 3.69% (Tier 1) and 7.50% (Tier 2) of their salaries to the plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, and the employer has made a formal commitment to provide the contribution (i.e., the annual budget process). Benefits and refunds are recognized when due and payable, in accordance with the terms of the plan.

The City Commission sets contribution rates every two years based on an actuarial report. The most recent report the City received was dated October 1, 2020. Toho paid in 100% of its required contribution amount for the current and prior fiscal years. Toho's contributions to the plan for the years ended September 30, 2021, 2020 and 2019 were \$1,505, \$1,515 and \$1,430, respectively.

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

At September 30, 2022, Toho reported a liability of \$11,420 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Toho's proportion of the net pension liability was based on the historical actuarially determined employer contributions to the pension plan for fiscal year 2022. At September 30, 2022, Toho's proportion was 28.31%, which reflects a decline (3.08%) from its respective proportion measured as of September 30, 2021.

For the year ended September 30, 2022, Toho recognized pension income of \$1,964.

At September 30, 2022, Toho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 65	\$ (42)
Changes of assumptions earnings on pension plan investments	1,078	-
Changes in proportion	-	(540)
Net difference between projected and actual earnings on pension plan investments	4,006	-
Total	<u>\$ 5,149</u>	<u>\$ (582)</u>



**NOTE 7 - PENSION PLAN (Continued)**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<b>Years Ending September 30,</b>	<b>Amount</b>
2023	\$ 1,068
2024	796
2025	852
2026	1,851
2027	-
Thereafter	-
<b>Total</b>	<b>\$ 4,567</b>

**Actuarial Assumptions**

The total pension liability in the October 1, 2021 actuarial valuation for the Pension Plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date: October 1, 2021

Measurement Date: September 30, 2022

Inflation: 2.25%

Salary Increases: 6.80%

Mortality: PUB-2010 Headcount Weighted General Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted General Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted General Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted General Below Median Retiree Female Table (post-retirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2020.

Actuarial Cost Method: Entry Age Normal

The actuarial assumptions used in the October 1, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2020 - September 30, 2021.

**NOTE 7 - PENSION PLAN (Continued)****Actuarial Assumptions (Continued)**

The long-term expected rate of return, net of investment expense on pension plan investments, was 6.80% as of September 30, 2022. This rate was determined using a forward-looking capital market economic model. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.80%. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%.

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

The following presents Toho's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what Toho's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Toho's proportionate share of the net pension liability (asset)	\$ 17,133	\$ 11,420	\$ 6,628

**Change in Net Pension Liability**

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

	October 1, 2021	Additions	Deletions	September 30, 2022	Due Within One year
Net pension liability	\$ 1,956	\$ 9,464	\$ -	\$ 11,420	\$ -

**NOTE 7 - PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

**Defined Contribution Plan**

On September 22, 2010, the Board, pursuant to Resolution 2010-012, closed the Pension Plan to new Toho employees as of October 1, 2010. Under the plan change, existing employees or current members in the pension plan will continue to accrue benefits under the existing plan provisions. New employees hired on or after October 1, 2010 will enroll in a 401(a) Defined Contribution Plan (DC Plan). The DC Plan is administered by Voya. Plan provisions and contribution requirements are established and can be amended by the Board. Toho's maximum contribution is set at 8.5% of qualified employee salaries, a 6.5% fixed contribution, and a 2% matching contribution. Eligible employees are required to contribute 4% of their salaries to the DC Plan. Toho's contribution to the DC Plan for the years ended September 30, 2022, 2021 and 2020 were \$1,332, \$1,038 and \$887, respectively. Participants contributed \$655, \$513 and \$439 for the years ended September 30, 2022, 2021 and 2020, respectively.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Other Post-Employment Benefit Plan (the OPEB Plan) is a single-employer benefit plan administered by Toho. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger, active employees and older, retired employees. The OPEB plan is reported under GASB 75 for the fiscal year ended September 30, 2022.

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

**Funding Policy**

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

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Annual OPEB Cost and Total OPEB Liability**

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

	<b>Total OPEB Liability</b>
Service	\$ 159
Interest on the Total OPEB Liability	40
Changes of assumptions and other inputs	26
Benefit payments	(49)
Net change in Total OPEB Liability	176
Total OPEB Liability at Beginning of Year	1,554
<b>Total OPEB Liability at End of Year</b>	<b>\$ 1,730</b>

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

For the year ended September 30, 2022, Toho recognized OPEB expense of \$114. At September 30, 2022, Toho reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 13	\$ (133)
Changes of assumptions	134	(513)
Benefits subsequent to measurement date	74	-
<b>Total</b>	<b>\$ 221</b>	<b>\$ (646)</b>

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

<b>Years Ending September 30,</b>	<b>Amount</b>
2023	\$ (85)
2024	(85)
2025	(85)
2026	(78)
2027	(81)
Thereafter	(85)
<b>Total</b>	<b>\$ (499)</b>

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Actuarial Methods and Assumptions**

The total OPEB liability was rolled forward 12 months from the Valuation Date to the Measurement Date using standard actuarial techniques.

Valuation Date:	September 30, 2020
Measurement Date:	September 30, 2021
Inflation:	2.25%
Salary increases, including inflation:	Salary increases rates based on those used in the October 1, 2020 actuarial valuation for the General Employees of the City.
Retirement Age:	Retirement rates based on those used in the October 1, 2020 actuarial valuation for the General Employees of the City.
Mortality:	Mortality rates are the same as used in the July 1, 2020 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of a statewide experience study covering the period 2013 through 2018.
Healthcare Cost Trend Rates	Trend rate starting at 6.25% for claims cost and at 0.00% for premiums (based on actual premium rates effective January 1, 2021), and thereafter trends based on the Getzen Model, with a trend rate of 6.00% effective January 1, 2022, and gradually decreasing to an ultimate trend rate of 3.99%.
Aging factors	Based on the 2013 SOA Study <i>Health Care Costs - From Birth to Death</i> .
Expenses	Administrative expenses are included in the per capita health costs.

The discount rate was changed from 2.41% as of the beginning of the measurement period to 2.19% as of September 30, 2021.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)****Sensitivity of Total OPEB Liability**

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.19%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher:

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

1% Decrease 1.19%	Current Discount Rate 2.19%	1% Increase 3.19%
\$ 1,853	\$ 1,730	\$ 1,614

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher:

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

1% Decrease	Current Discount Rate	1% Increase
\$ 1,530	\$ 1,730	\$ 1,966

**NOTE 9 - RISK MANAGEMENT**

Toho is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which Toho carries commercial insurance. Settled claims resulting from these risks have not substantially exceeded the commercial insurance coverage during the fiscal year ended September 30, 2022.

## NOTE 10 - COMMITMENTS AND CONTINGENCIES

Toho had the following significant capital construction projects, with remaining commitment amounts greater than \$500 as of September 30, 2022:

<b>Project Description</b>	<b>Remaining Commitment</b>
Water Treatment Plant and Pipelines - Cypress Lake	\$ 7,148
Sand Hill Water Reclamation Facility Expansion	6,603
Shingle Creek Surface Water Treatment Plant	5,573
WIFIA Lift Station 18 Scotts Blvd Gravity Sewer Rehabilitation	5,164
WIFIA Lift Station 35 Phase 1 Gravity Sewer Rehabilitation	5,119
Indirect Potable Reuse - 160 Acre Alternative Water Supply	5,093
WIFIA Formosa Gardens Gravity Sewer Rehabilitation	4,331
Walnut Water Reclamation Facility Decommissioning	4,032
Camelot Water Reclamation Facility Expansion and Effluent Storage	3,600
Judge Farms Reservoir and Impoundment	3,438
Harmony Water Treatment Plant Upgrade and Expansion	2,822
Sunbridge Water Treatment Plant Free Chlorine Conversion	2,751
South Bermuda and Parkway Reuse Interconnect	2,698
Lake Wilson Road Improvements/Polk County Utilities	2,200
South Bermuda Water Reclamation Facility Diffuser System Replacement	1,847
Parkway Water Reclamation Facility Sand Filter Replacement	1,836
WIFIA Lift Station 1P Industrial Lane Gravity Sewer Rehabilitation	1,728
Poinciana Area Expansion V7N2 Utility	1,720
Fortune Road and Lakeshore Drive Utility Relocation	1,637
WIFIA Lift Stations 42, 43, 44, 45, 46, 47, and 54 Rehabilitation	1,604
Boggy Creek and Narcoossee Rd Water Main Extension	1,475
WIFIA Gravity Sewer Rehabilitation	1,366
Southwest Water Treatment Plant Well 3 Raw Water Main/Gravity Sewer Design	1,364
Hydrogen Sulfide Removal System	1,055
WIFIA Lift Station 57 Southwest Quadrant Gravity Sewer Rehabilitation	869
Bill Beck Blvd Water Main/Gravity Sewer Design	817
South Bermuda Water Reclamation Facility Grit Removal and RAS/WAS Replacement	741
WIFIA Manhole Rehabilitation	712
Lift Station Rehabilitations - Multiple	689
Sunbridge Utilities	623
State Road 600 Resurfacing Utility Adjustments	519
WIFIA Lift Station 1B Hermosillo Gravity Sewer Rehabilitation	513
Partin Settlement Road Widening	503
	<hr/>
	\$ 82,190

## **NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)**

### **Intergovernmental Acquisition Agreements**

Toho was created with an effective operating date of October 1, 2003. Toho was created pursuant to a state legislative act, as described in Note 1 to these financial statements. The City and the County agreed to transfer all assets, liabilities, and operations of their water and sewer systems to Toho. Toho issued in excess of \$118 million in revenue bonds to pay off the City's utility revenue bonds and other outstanding obligations, to acquire the rights to the County's system, to acquire seven privately owned water and sewer systems, and to provide for new construction and system expansion. Toho is obligated to provide payments to the City and the County annually. Annual amounts are to be calculated based on the gross annual revenues of the system for an additional 7 years. Toho expensed approximately \$13 million under these agreements during the current fiscal year.

### **Litigation**

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

## **NOTE 11 - SUBSEQUENT EVENT**

In February 2022, in separate actions, Toho's Board and the City of St. Cloud's Council approved steps to execute an interlocal agreement that will transfer management, operation, and administration of the City of St. Cloud's water and sewer utility system to Toho. This transition took place effective October 1, 2023. Toho issued \$28,660 in direct placement revenue bonds on October 4, 2022, to refund the City of St. Cloud's utility-related debt.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**TOHOPEKALIGA WATER AUTHORITY**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**(In Thousands)**

Fiscal Year Ended September 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Year Ended September 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 159	\$ 181	\$ 146	\$ 127	\$ 128
Interest on the Total OPEB Liability	40	65	76	64	54
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	-	(178)	-	27	-
Changes of assumptions and other inputs	26	(644)	178	(20)	(57)
Benefit payments	(49)	(86)	(63)	(55)	(29)
<b>Net change in Total OPEB Liability</b>	<u>176</u>	<u>(662)</u>	<u>337</u>	<u>143</u>	<u>96</u>
<b>Total OPEB Liability – Beginning</b>	<u>1,554</u>	<u>2,216</u>	<u>1,879</u>	<u>1,736</u>	<u>1,640</u>
<b>Total OPEB Liability – Ending</b>	<u>\$ 1,730</u>	<u>\$ 1,554</u>	<u>\$ 2,216</u>	<u>\$ 1,879</u>	<u>\$ 1,736</u>
<b>Covered-Employee Payroll</b>	<u>\$ 22,503</u>	<u>\$ 18,442</u>	<u>\$ 19,844</u>	<u>\$ 18,272</u>	<u>\$ 15,641</u>
<b>Total OPEB Liability as a Percentage of Covered -Employee Payroll</b>	7.69%	8.42%	11.17%	10.28%	11.10%

**Notes to Schedule:**

Since the measurement date is one year prior to fiscal year end, the amounts presented were determined as of the prior fiscal year ending September 30.

The discount rate was changed from 2.41% as of the beginning of the measurement period to 2.19% as of September 30, 2021. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There are no assets accumulating in a trust which meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits in the OPEB plan.

There were no benefit changes during the measurement period.

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

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

<b>Fiscal Year Ended September 30,</b>	<b>Plan Sponsor Measurement Date September 30,</b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate Share of the Net Pension Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>
2022	2022	28.31%	\$ 11,420	\$ 5,332	214.19%	76.37%
2021	2021	31.39%	\$ 1,956	\$ 5,737	34.09%	96.11%
2020	2020	32.73%	\$ 7,909	\$ 6,015	131.49%	84.17%
2019	2019	37.59%	\$ 9,019	\$ 6,156	146.51%	83.32%
2018	2018	37.13%	\$ 7,422	\$ 6,526	113.74%	85.45%
2017	2017	39.14%	\$ 7,495	\$ 6,724	111.47%	85.22%
2016	2016	40.81%	\$ 9,457	\$ 6,689	141.38%	80.94%
2015	2015	41.68%	\$ 9,938	\$ 7,020	141.57%	79.18%
2014	2014	41.68%	\$ 8,206	\$ 7,338	111.83%	82.07%

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

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

<b>Fiscal Year Ended September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2022	\$ 1,505	\$ 1,505	\$ -	\$ 5,332	28.23%
2021	\$ 1,515	\$ 1,515	\$ -	\$ 5,737	26.40%
2020	\$ 1,424	\$ 1,430	\$ (6)	\$ 6,015	23.77%
2019	\$ 1,631	\$ 1,631	\$ -	\$ 6,156	26.49%
2018	\$ 1,529	\$ 1,529	\$ -	\$ 6,526	23.43%
2017	\$ 1,507	\$ 1,507	\$ -	\$ 6,724	22.41%
2016	\$ 1,461	\$ 1,461	\$ -	\$ 6,689	21.84%
2015	\$ 1,544	\$ 1,500	\$ 44	\$ 7,020	21.37%
2014	\$ 1,147	\$ 1,151	\$ (4)	\$ 7,338	15.69%

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

Tohopekaliga Water Authority  
Osceola County, Florida

---

## STATISTICAL SECTION (UNAUDITED)

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

<b>Contents</b>	<b>Pages</b>
Financial Trends.....	46 - 47
<i>These schedules contain trend information to help the reader understand how Toho’s financial performance and well-being have changed over time.</i>	
Operating Information .....	48 - 49
<i>These schedules contain service and infrastructure data to help the reader understand how information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	
Revenue Capacity .....	50 - 56
<i>These schedules contain information to help the reader assess Toho’s most significant revenue source, user rates and capacity facility charges.</i>	
Debt Capacity Information .....	57 - 59
<i>These schedules provide information to help the reader assess Toho’s current debt load and its ability to issue additional debt in the future.</i>	
Demographic and Economic Information .....	60 - 61
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Toho’s financial activities take place.</i>	

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

Schedule 1

SCHEDULE OF NET POSITION (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2022  
with Comparative Amounts for Fiscal Years Ended September 30, 2013 through 2022 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>ASSETS</b>										
Current Assets										
Cash and cash equivalents	\$130,259	\$127,566	\$102,735	\$94,293	\$84,861	\$73,962	\$52,242	\$47,548	\$59,865	\$61,038
Restricted cash and cash equivalents	33,650	29,655	26,797	24,553	26,666	12,108	9,034	14,552	11,486	11,768
Accounts receivable, net	23,413	20,162	21,462	20,172	16,973	12,755	11,907	12,082	10,220	9,435
Leases receivable	297	-	-	-	-	-	-	-	-	-
Due from other governments	758	966	825	203	2,540	518	226	73	578	365
Inventory	730	1,359	1,161	775	524	734	1,176	406	549	315
<b>Total Current Assets</b>	<b>\$189,107</b>	<b>\$179,708</b>	<b>\$152,980</b>	<b>\$139,996</b>	<b>131,564</b>	<b>100,077</b>	<b>74,585</b>	<b>74,661</b>	<b>82,698</b>	<b>82,921</b>
NON-CURRENT ASSETS										
Leases receivable - non-current	53,419	-	-	-	-	-	-	-	-	-
Due from other governments - non-current	4,479	5,130	5,352	-	-	-	-	-	-	-
Restricted cash and cash equivalents	59,798	85,295	113,512	58,120	61,854	43,568	42,835	31,159	23,100	15,497
Restricted investments	92,936	97,459	82,116	78,970	75,641	98,910	91,789	60,346	59,660	59,219
Restricted accounts receivable	5,077	2,533	3,278	1,368	3,964	1,003	1,339	1,368	2,297	2,241
Restricted construction deposits in escrow	1,148	1	342	320	330	1,408	2,519	4,774	-	-
<b>Total Restricted Assets</b>	<b>216,857</b>	<b>190,418</b>	<b>204,600</b>	<b>138,778</b>	<b>141,789</b>	<b>144,889</b>	<b>138,482</b>	<b>97,647</b>	<b>85,057</b>	<b>76,957</b>
Capital Assets										
Land	-	22,627	22,498	19,486	19,486	19,486	19,501	18,397	17,199	17,199
Water plant and equipment	22,632	429,598	415,192	391,148	372,994	365,216	354,716	337,713	328,094	308,132
Sewer plant and equipment	43,403	760,215	725,292	660,079	605,253	566,771	540,548	512,957	494,348	471,339
General plant and equipment	1,277,972	50,686	46,742	43,202	41,727	39,924	37,083	36,117	32,002	30,208
Construction-in-progress	129,013	56,177	33,177	56,353	42,276	29,691	21,539	23,573	16,660	21,096
Less: Accumulated depreciation	(444,719)	(404,885)	(366,697)	(331,585)	(300,047)	(276,085)	(247,658)	(221,563)	(196,950)	(173,409)
<b>Total Capital Assets (Net)</b>	<b>1,028,301</b>	<b>914,418</b>	<b>876,204</b>	<b>838,684</b>	<b>781,689</b>	<b>745,003</b>	<b>725,728</b>	<b>707,194</b>	<b>691,353</b>	<b>674,565</b>
Deferred loss on refunding	20,959	3,856	3,169	10,956	11,582	12,208	12,834	12,189	12,872	-
Deferred outflows related to pensions	5,149	1,446	997	4,280	2,553	-	-	-	-	-
Deferred outflows related to OPEB	221	198	210	23	-	1,529	2,341	1,461	-	-
<b>Total Deferred Outflows of Resources</b>	<b>26,329</b>	<b>5,500</b>	<b>4,376</b>	<b>15,259</b>	<b>14,135</b>	<b>13,737</b>	<b>15,175</b>	<b>13,650</b>	<b>12,872</b>	<b>-</b>
<b>Total Assets and Deferrals</b>	<b>\$ 1,460,594</b>	<b>\$ 1,290,044</b>	<b>\$ 1,238,160</b>	<b>\$ 1,132,717</b>	<b>\$ 1,069,177</b>	<b>\$ 1,003,706</b>	<b>\$ 953,970</b>	<b>\$ 893,152</b>	<b>\$ 871,980</b>	<b>\$ 834,443</b>
<b>LIABILITIES AND NET POSITION</b>										
Current Liabilities										
Accounts payable	\$34,813	\$12,273	\$10,788	\$10,810	\$21,225	\$10,724	\$7,036	\$11,548	\$7,040	\$5,147
Accrued liabilities	1,180	1,020	848	640	547	481	400	232	363	120
Other liabilities	211	150	126	80	71	46	32	17	25	20
Contracts payable	1,585	479	753	1,824	896	214	413	679	548	560
Compensated absences payable	1,002	632	596	544	584	485	437	420	378	316
Current liabilities payable from restricted assets:										
Accounts payable	3,427	1,958	1,211	-	2,220	1,971	965	-	-	-
Contracts payable	3,387	2,033	1,073	1,386	1,665	1,223	541	283	86	221
Revenue bonds and note payable	9,250	9,294	8,789	8,601	8,404	1,175	1,365	7,123	5,760	6,285
Accrued interest payable	4,334	4,457	4,851	4,060	4,257	282	307	4,242	4,333	4,067
Deposits	13,252	11,913	10,873	10,506	10,120	7,457	5,856	2,904	1,307	1,195
<b>Total Current Liabilities</b>	<b>\$72,441</b>	<b>\$44,209</b>	<b>\$39,908</b>	<b>\$38,451</b>	<b>\$49,989</b>	<b>\$24,058</b>	<b>\$17,352</b>	<b>27,448</b>	<b>19,840</b>	<b>17,931</b>
Non-Current Liabilities										
Compensated absences payable	1,516	1,618	1,446	1,298	1,143	1,108	1,034	961	817	708
OPEB payable	1,730	1,554	2,216	1,879	1,736	1,076	922	801	700	512
Net Pension Liability	11,420	1,956	7,909	9,019	7,422	7,495	9,457	6,277	-	-
Revenue bonds and note payables	230,604	222,525	231,778	202,407	211,008	219,412	227,662	186,932	194,040	185,004
<b>Total Non-Current Liabilities</b>	<b>245,270</b>	<b>227,653</b>	<b>243,349</b>	<b>214,603</b>	<b>221,309</b>	<b>229,091</b>	<b>239,075</b>	<b>194,971</b>	<b>195,557</b>	<b>186,224</b>
<b>Total Liabilities</b>	<b>317,711</b>	<b>271,862</b>	<b>283,257</b>	<b>253,054</b>	<b>271,298</b>	<b>253,149</b>	<b>256,427</b>	<b>222,419</b>	<b>215,397</b>	<b>204,155</b>
Deferred Inflows of Resources										
Deferred inflows of resources related to pensions	582	5,883	1,055	1,424	1,548	879	-	817	-	-
Deferred inflows of resources related to OPEB	646	760	-	60	50	-	-	-	-	-
Deferred inflows of resources related to Leases	53,642	-	-	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>54,870</b>	<b>6,643</b>	<b>1,055</b>	<b>1,484</b>	<b>1,598</b>	<b>879</b>	<b>-</b>	<b>817</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Deferrals</b>	<b>372,581</b>	<b>278,505</b>	<b>284,312</b>	<b>254,538</b>	<b>272,896</b>	<b>254,028</b>	<b>256,427</b>	<b>223,236</b>	<b>215,397</b>	<b>204,155</b>
Net Position										
Net investment in capital assets	797,252	680,943	638,806	638,632	573,859	536,624	509,535	525,328	491,553	483,276
Restricted - system development charges	123,301	151,746	155,281	135,434	122,469	110,298	92,125	92,099	85,057	76,350
Restricted - bond projects	6,144	26,038	37,939	-	3,568	29,018	41,818	-	-	-
Unrestricted	161,316	152,812	121,822	104,113	96,385	73,738	54,065	52,489	79,973	70,662
<b>Total Net Position</b>	<b>\$ 1,088,013</b>	<b>\$ 1,011,539</b>	<b>\$ 953,848</b>	<b>\$ 878,179</b>	<b>\$ 796,281</b>	<b>\$ 749,678</b>	<b>\$ 697,543</b>	<b>\$ 669,916</b>	<b>\$ 656,583</b>	<b>\$ 630,288</b>

Source: Tohopekaliga Water Authority

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

Schedule 2

SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION (Dollars in Thousands)  
 For the Fiscal Year Ended September 30, 2022  
 with Comparative Amounts for Fiscal Years Ended September 30, 2013 through 2022 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Operating Revenue</b>										
Charges for services	\$150,435	\$138,751	\$130,813	\$126,799	\$117,913	\$110,911	\$96,486	\$87,150	\$81,344	\$78,951
Miscellaneous revenues	564	766	753	759	649	708	654	637	619	603
<b>Total Operating Revenue</b>	<b>150,999</b>	<b>139,517</b>	<b>131,566</b>	<b>127,558</b>	<b>118,562</b>	<b>111,619</b>	<b>97,140</b>	<b>87,787</b>	<b>81,963</b>	<b>79,554</b>
<b>Operating Expenses</b>										
Personnel services	34,713	30,575	29,134	27,433	25,537	24,323	24,697	21,002	19,220	17,779
Contracted services	12,651	11,057	13,097	10,477	8,965	8,518	10,036	7,470	6,892	7,785
Supplies and materials	6,586	5,395	5,337	5,136	4,484	4,657	4,091	4,041	4,385	3,584
Repairs and maintenance	11,453	10,158	8,531	7,605	6,784	6,688	7,006	6,068	5,752	5,073
Payments in lieu of taxes	12,520	11,574	10,851	10,800	9,990	9,478	8,264	7,456	7,015	6,832
Other services and charges	13,839	11,945	10,762	10,975	10,586	9,949	9,612	8,968	8,958	8,429
Depreciation	41,488	40,213	36,976	33,753	32,135	29,559	27,706	26,021	24,280	22,198
Amortization	-	-	-	-	-	-	-	-	-	64
<b>Total Operating Expenses</b>	<b>133,250</b>	<b>120,917</b>	<b>114,688</b>	<b>106,179</b>	<b>98,481</b>	<b>93,172</b>	<b>91,412</b>	<b>81,026</b>	<b>76,502</b>	<b>71,744</b>
<b>Operating Income</b>	<b>17,749</b>	<b>18,600</b>	<b>16,878</b>	<b>21,379</b>	<b>20,081</b>	<b>18,447</b>	<b>5,728</b>	<b>6,761</b>	<b>5,461</b>	<b>7,810</b>
<b>Non-Operating Revenues (Expenses)</b>										
Investment income (loss)	(7,916)	906	7,185	8,832	2,281	1,695	1,424	1,263	699	245
Interest and fiscal charges expense	(8,895)	(8,598)	(8,677)	(8,748)	(9,113)	(9,421)	(9,308)	(9,171)	(9,035)	(9,769)
Other	1,647	2,576	(272)	334	(17,060)	555	410	131	239	525
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(15,164)</b>	<b>(5,116)</b>	<b>(1,764)</b>	<b>418</b>	<b>(23,892)</b>	<b>(7,171)</b>	<b>(7,474)</b>	<b>(7,777)</b>	<b>(8,097)</b>	<b>(8,999)</b>
<b>Income/(Loss) Before Contributions</b>	<b>2,585</b>	<b>13,484</b>	<b>15,114</b>	<b>21,797</b>	<b>(3,811)</b>	<b>11,276</b>	<b>(1,746)</b>	<b>(1,016)</b>	<b>(2,636)</b>	<b>(1,189)</b>
<b>Capital Contributions</b>										
Federal, state, and local capital grants	2,197	-	(16)	20	725	448	-	165	15	20
Developers	71,692	44,207	60,571	60,081	50,310	40,411	29,373	21,615	30,473	11,636
<b>Total Capital Contributions</b>	<b>73,889</b>	<b>44,207</b>	<b>60,555</b>	<b>60,101</b>	<b>51,035</b>	<b>40,859</b>	<b>29,373</b>	<b>21,780</b>	<b>30,488</b>	<b>11,656</b>
<b>Change in Net Position</b>	<b>76,474</b>	<b>57,691</b>	<b>75,669</b>	<b>81,898</b>	<b>47,224</b>	<b>52,135</b>	<b>27,627</b>	<b>20,764</b>	<b>27,852</b>	<b>10,467</b>
<b>Net Position Beginning of Year</b>	<b>1,011,539</b>	<b>953,848</b>	<b>878,179</b>	<b>796,281</b>	<b>749,678</b>	<b>697,543</b>	<b>669,916</b>	<b>656,583</b>	<b>630,288</b>	<b>619,821</b>
Restatement - for Implementation of GASB 68 & 65	-	-	-	-	(621)	-	-	(7,431)	(1,557)	-
<b>Total Net Position - Beginning Restated</b>	<b>1,011,539</b>	<b>953,848</b>	<b>878,179</b>	<b>796,281</b>	<b>749,057</b>	<b>697,543</b>	<b>669,916</b>	<b>649,152</b>	<b>628,731</b>	<b>-</b>
<b>Net Position - Ending</b>	<b>\$1,088,013</b>	<b>\$1,011,539</b>	<b>\$953,848</b>	<b>\$878,179</b>	<b>\$796,281</b>	<b>\$749,678</b>	<b>\$697,543</b>	<b>\$669,916</b>	<b>\$656,583</b>	<b>\$630,288</b>

Source: Tohopekaliga Water Authority

SCHEDULE OF MAJOR CONTRACT SERVICES

For the Fiscal Year Ended September 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Service Provider</b>										
City of Kissimmee	\$ 73	\$ 72	\$ 70	\$ 69	\$ 68	\$ 66	\$ 82	\$ 80	\$ 79	\$ 77
Severn Trent Environmental Services	-	-	-	-	-	-	-	-	28	700
Kissimmee Utility Authority	-	-	-	-	-	-	1,082	1,717	1,901	2,051
<b>Total</b>	<u>\$ 73</u>	<u>\$ 72</u>	<u>\$ 70</u>	<u>\$ 69</u>	<u>\$ 68</u>	<u>\$ 66</u>	<u>\$ 1,164</u>	<u>\$ 1,797</u>	<u>\$ 2,008</u>	<u>\$ 2,828</u>



SCHEDULE OF TOTAL ACTIVE EMPLOYEES BY DEPARTMENT

For the Fiscal Year Ended September 30, 2022

CHANGES FROM YEAR TO YEAR - LAST TEN FISCAL YEARS

Department	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operations:										
Field Services	80	59	70	73	73	71	67	70	63	66
Plant and Support Operations	99	116	104	97	97	98	95	95	92	86
Asset & Infrastructure (incl. Engineering)	49	45	41	36	33	32	28	26	26	27
Business Services	22	19	16	16	16	15	15	16	18	19
Stake Holder Services		68	64	59	60	60	51	41	30	26
Customer Service	70									
Information Technology	23									
Others (Laboratory, Cross-connection)	24	21	18	15	15	14	12	12	12	9
Human Resources & Records Management	10	10	8	8	8	7	8	6	4	4
Office of the General Counsel	3	3	3	2	1	2	2	1	2	0
Administration	7	11	14	13	14	13	15	16	17	15
<b>Total</b>	<b>387</b>	<b>352</b>	<b>337</b>	<b>317</b>	<b>317</b>	<b>310</b>	<b>291</b>	<b>283</b>	<b>264</b>	<b>252</b>

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

Schedule 5

SCHEDULE OF HISTORICAL ANNUAL NUMBER OF RETAIL WATER

For the Fiscal Year Ended September 30, 2022

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

	2022	2021	2020	2019	2018	2017	2016 <sup>1</sup>	2015	2014	2013
<b>Water Service</b>										
<u>Residential</u>										
Average Monthly Customers <sup>1</sup>	113,820	109,572	105,116	100,873	96,461	93,199	89,215	82,043	79,011	76,463
Average Monthly Consumption (000s)	549,554	537,879	499,617	464,681	450,455	412,215	404,663	380,303	369,604	366,832
Total Billed Usage	\$6,594,653	\$6,454,549	\$5,995,398	\$5,576,167	\$5,405,464	\$4,946,584	\$4,855,959	\$4,563,632	\$4,435,244	\$4,401,984
Average Monthly Use Per Customer	4,828	4,909	4,753	4,607	4,670	4,423	4,536	4,635	4,678	4,798
<u>Commercial</u>										
Average Monthly Customers <sup>1</sup>	7,213	7,147	6,973	6,925	6,704	6,740	7,540	11,167	11,115	11,129
Average Monthly Consumption (000s)	407,459	365,307	360,926	387,641	366,345	378,890	377,871	370,920	361,376	349,300
Total Billed Usage	4,889,506	4,383,687	4,331,108	4,651,686	4,396,134	4,546,674	4,534,448	4,451,045	4,336,517	4,191,598
Average Monthly Use Per Customer	56,490	51,113	51,760	55,977	54,646	56,215	50,115	33,216	32,513	31,386
<b>Irrigation Service</b>										
<u>General Service</u>										
Average Monthly Customers	17,882	17,753	17,267	17,201	16,957	16,636	16,460	16,251	15,950	15,638
Average Monthly Consumption (000s)	94,633	94,092	96,474	99,199	95,937	99,568	96,675	93,405	97,007	101,569
Total Billed Usage	1,135,590	1,129,100	1,157,684	1,190,388	1,151,245	1,194,811	1,160,094	1,120,858	1,164,079	1,218,822
Average Monthly Use Per Customer	5,292	5,300	5,587	5,767	5,658	5,985	5,873	5,748	6,082	6,495
<b>Wastewater Service</b>										
<u>Residential</u>										
Average Monthly Customers <sup>1</sup>	108,426	98,961	99,490	95,593	91,236	88,381	84,007	76,287	73,511	71,126
Average Monthly Consumption (000s)	519,161	506,925	465,896	435,995	421,377	380,652	379,958	346,883	337,476	334,392
Total Billed Usage	6,229,927	6,083,095	5,590,755	5,231,945	5,056,526	4,567,828	4,559,490	4,162,595	4,049,713	4,012,709
Average Monthly Use Per Customer	4,788	5,122	4,683	4,561	4,619	4,307	4,523	4,547	4,591	4,701
<u>Commercial</u>										
Average Monthly Customers <sup>1</sup>	6,354	6,306	6,267	6,129	5,945	5,832	6,809	10,533	10,315	10,322
Average Monthly Consumption (000s)	355,336	323,945	311,045	346,222	330,833	328,527	336,972	330,310	328,806	316,376
Total Billed Usage	4,264,030	3,887,341	3,732,542	4,154,669	3,969,996	3,942,323	4,043,664	3,963,725	3,945,675	3,796,514
Average Monthly Use Per Customer	55,923	51,371	49,632	56,489	55,649	56,332	49,489	31,360	31,875	30,652
<b>Reclaimed Water Service</b>										
<u>General Service</u>										
Average Monthly Customers	23,301	21,987	20,192	18,797	17,201	15,756	14,565	13,527	12,610	11,815
Average Monthly Consumption (000s)	592,719	565,389	542,852	531,948	444,639	386,532	332,068	298,480	320,675	332,510
Total Billed Usage	7,112,629	6,784,664	6,514,220	6,383,375	5,335,665	4,638,382	3,984,815	3,581,755	3,848,095	3,990,118
Average Monthly Use Per Customer	25,437	25,715	26,884	28,300	25,850	24,532	22,799	22,065	25,430	28,143

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

Source: Tohopekaliga Water Authority, & Kissimmee Utility Authority

SCHEDULE OF WATER PRODUCTION CAPACITY

For the Fiscal Year Ended September 30, 2022

<b>Water Treatment Plants</b>	<b>Permitted (MGD)</b>	<b>Average Flow (MGD)</b>	<b>Max Day Flow (MGD)</b>
<b>Toho I (Kissimmee System)</b>			
Eastern Regional System:			
Richard McLaughlin	19.964	15.988	20.310
Parkway	11.230	2.875	4.415
Camelot West	4.400	3.529	4.905
Western Regional System:			
Northwest	9.360	4.971	5.961
Southwest	8.640	3.949	6.900
Spring Lake Village & Morningside	0.806	0.000	0.004
Hidden Glen	0.024	0.003	0.006
Sunbridge	1.000	0.670	1.140
<b>Toho II (Harmony System)</b>	1.296	0.609	1.007
<b>Toho III (formerly Florida Water Utility Systems)</b>			
Buenaventura Lakes	5.040	3.294	4.382
Bay Lake Estates	0.198	0.063	0.790
Intercession City (Offline)	0.198	0.000	0.000
<b>Toho IV (Poinciana Utility System)</b>			
Peabody	3.355	2.401	3.370
Huron	3.780	3.239	4.166
Bella Lago	4.608	2.039	3.660

Source: Tohopekaliga Water Authority

SCHEDULE OF WASTEWATER TREATMENT CAPACITY

For the Fiscal Year Ended September 30, 2022

Wastewater Treatment Plants	Permitted (MGD)	Average Flow (MGD)	Max Day Flow (MGD)
<b>Toho I (Kissimmee System)</b>			
South Bermuda WRF	14.000	12.572	14.874
Camelot WRF	5.000	4.069	4.813
Parkway WRF	1.500	1.276	1.623
Sandhill WRF	6.000	5.374	6.664
<b>Effluent Disposal Sites:</b>			
Champions Gate (Imperial)	15.140	8.608	17.370
Sandhill RIBs	2.140	1.947	5.167
Pine Island Sprayfield	1.600	0.716	4.978
<b>Toho II (Harmony WRF)</b>			
	0.499	0.249	0.315
<b>Toho IV (Poinciana Utility System)</b>			
Cypress West WRF	3.500	2.865	4.056
Walnut Drive WRF	0.850	0.780	1.047
Lake Marion WRF	2.000	2.004	2.712

Source: Tohopekaliga Water Authority

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

Schedule 8

SCHEDULE OF MONTHLY BILL RATE COMPARISON  
WITH OTHER FLORIDA MUNICIPAL UTILITY SYSTEMS  
For the Fiscal Year Ended September 30, 2022  
with Comparative Usage At 4,000 Gallons

---

	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
<b>Toho Water Authority</b>	\$11.49	\$33.09	\$44.58
Orange County	\$14.54	\$36.17	\$50.71
City of Orlando	\$13.24	\$43.07	\$56.31
City of St. Cloud	\$18.88	\$34.37	\$53.25
Lakeland	\$19.56	\$36.99	\$56.55
Seminole County	\$20.04	\$45.37	\$65.41

Source: Tohopekaliga Water Authority

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

Schedule 9

SCHEDULE OF SYSTEM DEVELOPMENT CHARGES COMPARISON  
 WITH OTHER FLORIDA MUNICIPAL UTILITY SYSTEMS  
 For the Fiscal Year Ended September 30, 2022  
 with Comparative Per Equivalent Residential Connection (ERC)

---

	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Toho Water Authority <sup>(1)</sup>	\$2,415	\$3,450	\$5,865
Lakeland	\$1,050	\$1,916	\$2,966
Seminole County	\$2,574	\$3,175	\$5,749
City of Orlando	\$1,970	\$2,538	\$4,508
Orange County	\$1,970	\$3,570	\$5,540
City of St. Cloud	\$3,409	\$3,780	\$7,189

**Note:**

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

SCHEDULE OF TEN LARGEST WATER CUSTOMERS

For the Fiscal Year Ended September 30, 2022  
 Consumption Reported in 1,000 Gallons

	<u>Water Customer</u>	<u>Consumption</u>	<u>Revenues</u>	<u>%age of Revenue</u>
1	Enterprise Comm Dev Dist	502,399	\$760,653	2.25%
2	Westgate Vacation Villas	181,570	379,385	1.12%
3	Holiday Inn Club Vacations Inc	164,608	349,928	1.04%
4	Quaker Oats	149,845	306,145	0.91%
5	Opryland	149,038	309,223	0.92%
6	Good Samaritan Village	83,196	116,716	0.35%
7	Orange Co Utilities	76,573	107,879	0.32%
8	RIDA	73,879	172,176	0.51%
9	Osceola Board - Master	72,214	180,494	0.53%
10	Goldem at Valencian LLC	67,094	103,996	0.31%
	<b>Total</b>	<b>1,520,416</b>	<b>\$2,786,595</b>	<b>8.26%</b>

SCHEDULE OF TEN LARGEST WASTEWATER CUSTOMERS

For the Fiscal Year Ended September 30, 2022  
Consumption Reported in 1,000 Gallons

	<u>Wastewater Customer</u>	<u>Consumption</u>	<u>Revenues</u>	<u>%age of Revenue</u>
1	Enterprise Comm Dev Dist	391,255	\$2,027,109	3.19%
2	Westgate Vacation Villas	176,304	1,237,124	1.95%
3	Holiday Inn Club Vacations Inc	164,608	1,175,978	1.85%
4	Opryland	149,038	1,038,291	1.63%
5	Vacation Village at Parkway	72,214	527,031	0.83%
6	Goldem at Valencian LLC	67,094	456,728	0.72%
7	RIDA	65,995	429,556	0.68%
8	Orange Co Utilities	56,277	278,121	0.44%
9	Avanath Wellington, LLC	40,393	285,110	0.45%
10	Dalcor Reef Club, LTD	40,177	307,289	0.48%
	<b>Total</b>	<b><u>1,223,355</u></b>	<b><u>\$7,762,337</u></b>	<b><u>12.22%</u></b>



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

Schedule 12

SCHEDULE OF TOTAL OUTSTANDING INDEBTEDNESS (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2022

<b>Revenue Bond &amp; Note Issues - Yearly Debt Service</b>						
<b>Fiscal Year</b>	<b>2009</b>	<b>2010</b>	<b>2016</b>	<b>2020</b>	<b>2021</b>	<b>Total Debt Service</b>
2023	\$1,138	\$261	\$14,426	\$1,908	\$184	\$17,917
2024	1,137	-	14,431	1,908	184	17,660
2025	1,140	-	14,424	1,908	184	17,656
2026	1,141	-	14,421	40,068	183	55,813
2027	1,141	-	14,422	-	193	15,756
2028	1,141	-	7,380	-	7,145	15,666
2029	1,138	-	7,389	-	7,154	15,681
2030	1,140	-	14,805	-	-	15,945
2031	-	-	14,822	-	-	14,822
2032	-	-	14,823	-	-	14,823
2033	-	-	14,824	-	-	14,824
2034	-	-	14,821	-	-	14,821
2035	-	-	14,822	-	-	14,822
2036	-	-	14,824	-	-	14,824
2037	-	-	14,820	-	-	14,820
2038	-	-	1,973	-	-	1,973
2039	-	-	1,977	-	-	1,977
2040	-	-	1,974	-	-	1,974
2041	-	-	1,974	-	-	1,974
2042	-	-	1,977	-	-	1,977
2043	-	-	1,972	-	-	1,972
2044	-	-	1,975	-	-	1,975
2045	-	-	1,974	-	-	1,974
2046	-	-	1,973	-	-	1,973
2047	-	-	1,974	-	-	1,974
<b>TOTAL</b>	<b>\$9,116</b>	<b>\$261</b>	<b>\$225,197</b>	<b>\$45,792</b>	<b>\$15,227</b>	<b>\$295,593</b>

Source: Tohopekaliga Water Authority

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

Schedule 13

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

For the Fiscal Year Ended September 30, 2022

<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>Revenue Notes</b>	<b>State Loans</b>	<b>Total Outstanding</b>	<b>Total Billed Services</b>	<b>Per Billed Service</b>
2022	\$214,485	\$8,040	\$0	\$222,525	\$281,237	\$791
2021	\$222,280	\$9,538	\$0	\$231,818	271,960	\$852
2020	\$215,200	\$25,367	\$0	\$240,567	261,804	\$919
2019	\$183,990	\$27,018	\$0	\$211,008	249,868	\$844
2018	\$190,630	\$28,782	\$0	\$219,412	238,418	\$920
2017	\$190,630	\$29,957	\$0	\$220,587	229,067	\$963
2016	\$196,990	\$32,037	\$0	\$229,027	221,778	\$1,033
2015	\$120,550	\$73,505	\$0	\$194,055	213,330	\$910
2014	\$125,250	\$74,550	\$0	\$199,800	205,674	\$971
2013	\$129,430	\$76,655	\$0	\$206,085	198,897	\$1,036
2012	\$100,265	\$116,525	\$0	\$216,790	192,879	\$1,124
2011	\$190,275	\$25,440	\$0	\$215,715	189,054	\$1,141
2010	\$191,060	\$26,000	\$73	\$217,133	182,842	\$1,188
2009	\$194,995	\$1,000	\$0	\$195,995	179,154	\$1,094
2008	\$198,975	\$0	\$0	\$198,975	179,154	\$1,111
2007	\$202,040	\$0	\$0	\$202,040	177,392	\$1,139
2006	\$112,630	\$0	\$0	\$112,630	120,453	\$935

Source: Tohopekaliga Water Authority

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

Schedule 14

SCHEDULE OF DEBT SERVICE COVERAGE (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2022

with Comparative Amounts for Fiscal Years Ended September 30, 2013 through 2022 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Gross Revenues <sup>(1)</sup>	\$152,040	\$141,253	\$134,534	\$130,268	\$120,133	\$112,402	\$97,725	\$88,232	\$82,379	\$79,873
Total Operating Expenses <sup>(2)</sup>	79,244	69,130	66,861	61,626	56,356	54,135	55,442	47,549	45,207	42,650
Net Operating Income	72,796	72,123	67,673	68,642	63,777	58,267	42,283	40,683	37,172	37,223
Debt Service Requirement <sup>(3)</sup>	17,930	18,401	17,531	16,721	16,350	16,338	15,273	14,322	14,685	13,433
Debt Service Coverage Calculation	4.06	3.92	3.86	4.11	3.90	3.57	2.77	2.84	2.53	2.77
Net Revenues After Debt Service	54,866	53,722	50,142	51,921	47,427	41,929	27,010	26,361	22,487	23,761
Total Revenues - Capital Facilities Charges <sup>(4)</sup>	\$40,403	\$29,566	\$35,994	\$41,774	\$36,949	\$29,952	\$21,053	\$16,094	\$13,993	\$7,082

(1) Pursuant to the bond resolution, total gross revenues include customer charges, miscellaneous customer charges, other revenues associated with the application of miscellaneous fees, and charges to customers of the Toho System, and interest investment earnings on available funds of the Toho System on available unrestricted funds of TOHO. Amounts do not include unrealized gains (or losses), earnings on System Development Charges or project funds, if any, and gain on disposal of asset

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

(3) Does not include early retirement of debt

(4) Include Capital Facilities or System Development Charges (Impact Fees) for Water, Wastewater, and Interest income, however, unrealized gains (or losses) is excluded.

**SELECTED OSCEOLA COUNTY DEMOGRAPHIC INFORMATION**

**Population**

Population (Census, Estimates, & Projections)	Osceola County	Florida
1990 Census	107,728	12,938,071
2000 Census	172,493	15,982,824
2010 Census	268,685	18,801,332
% change 2000-10	55.8%	17.6%
2021 Estimate	406,460	21,898,945
% change 2020-21	51.3%	16.5%
2022 Estimate	424,946	22,276,132
% change 2020-22	4.5%	1.7%
2025 Projection based on 2021 Estimate	463,493	23,164,008
2030 Projection based on 2021 Estimate	525,535	24,471,129
% change 2020-25	13.4%	5.6%
Persons per square mile		
2000	130.5	296.4
2010	202.4	350.6
2020	292.8	401.4
2022	306.2	408.2

**Housing**

Housing Counts	Osceola County	Florida
Housing units, 2000 Census	154,680	9,865,350
Occupied	130,574	8,529,067
Vacant	24,106	1,336,283
Housing units, 2010 Census	128,170	8,989,580
Occupied	90,603	7,420,802
Owner-occupied	58,541	4,998,979
Renter-occupied	32,062	2,421,823
Vacant	37,567	1,568,778
Units Permitted	Osceola County	Florida
2013	2,731	86,752
2014	3,414	84,075
% change 2013-14	25.0%	-3.1%
2015	6,760	109,924
% change 2014-15	-98.0%	-30.7%
2016	4,297	116,240
% change 2015-16	36.4%	-5.7%
2017	4,785	122,719
% change 2016-17	11.4%	5.6%
2018	9,759	144,427
% change 2017-18	103.9%	17.7%
2019	7,937	154,302
% change 2018-19	-18.7%	6.8%
2020	5,848	164,074
% change 2019-20	-26.3%	6.3%
2021	10,003	213,494
% change 2020-21	71.0%	30.1%
Total Units Permitted 2013-2021	55,534	1,111,932

**Population Characteristics**

	Osceola County	Florida
<b>Language spoken at home other than English</b>		
Persons aged 5 and over	54.1%	29.8%
<b>Place of birth</b>		
Foreign born	22.8%	21.0%
<b>Veteran Status</b>		
Civilian population 18 and over	6.4%	8.2%

**Households and Family Households**

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

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

**State Infrastructure**

Transportation	Osceola County	Florida
State Highway		
Centerline Miles	203	12,123.4
Lane Miles	765.5	45,337.5
State Bridges		
Number	146	7,079
State Facilities	Osceola County	Florida
Buildings/Facilities (min. 300 Sq.Ft)		
Number	49	9,426
Square Footage	156,816	65,539,144
State Lands	Osceola County	Florida
Conservation Lands (land acres only)		
State-Owned (includes partially-owned)	196,187	5,689,323
% of Total Conservation Land (CL)	95.5%	54.9%
% of Total Area Land	23.1%	16.6%
% of Florida State-Owned CL	3.4%	
State-Managed	131,974	4,681,857
% of Total Conservation Land (CL)	86.1%	30.3%
% of Total Area Land	15.6%	14.8%
% of Florida State-Managed CL	2.8%	

**Education**

	Osceola County	Florida
<b>Public Education Institutions (2020-21)</b>		
Total	75	3,755
Elementary	29	1,876
Middle	10	568
Senior High	17	719
Combination	19	592
<b>Educational attainment</b>		
Persons aged 25 and older		
% HS graduate or higher	86.6%	89.0%
% bachelor's degree or higher	24.3%	31.5%

Prepared by:  
 Florida Legislature  
 Office of Economic and Demographic Research  
 111 W. Madison Street, Suite 574  
 Tallahassee, FL 32399-6588  
 (850) 487-1402 <http://edr.state.fl.us>



December 2022

**SELECTED OSCEOLA COUNTY DEMOGRAPHIC INFORMATION**

**Employment by Industry**

Average Annual Employment, % by Category, 2020 preliminary	Osceola County	Florida	Average Annual Wage, 2020 preliminary	Osceola County	Florida
All Industries	97,883	8,859,818	All Industries	\$44,708	\$60,299
Natural Resource & Mining	0.3%	0.8%	Natural Resource & Mining	\$41,372	\$42,128
Construction	6.3%	6.5%	Construction	\$49,825	\$59,088
Manufacturing	2.0%	4.4%	Manufacturing	\$53,172	\$69,997
Trade, Transportation and Utilities	22.0%	20.7%	Trade, Transportation and Utilities	\$35,206	\$53,763
Information	0.6%	1.6%	Information	\$71,475	\$104,461
Financial Activities	4.2%	6.9%	Financial Activities	\$59,423	\$93,945
Professional & Business Services	11.9%	16.5%	Professional & Business Services	\$57,221	\$74,786
Education & Health Services	16.7%	15.0%	Education & Health Services	\$55,629	\$59,043
Leisure and Hospitality	20.1%	12.7%	Leisure and Hospitality	\$29,229	\$31,029
Other services	2.4%	3.0%	Other services	\$37,618	\$44,107
Government	13.4%	11.8%	Government	\$50,751	\$61,210

**Labor Force**

Labor Force as Percent of Population Aged 18 and Older	Osceola County	Florida	Unemployment Rate	Osceola County	Florida
2000	71.6%	64.2%	2000	3.3%	3.8%
2010	68.7%	61.8%	2010	12.1%	10.8%
2020	65.0%	58.6%	2020	14.4%	8.2%
2021	61.2%	59.0%	2021	6.3%	4.6%

**Financial Health**

Poverty, 2020	Osceola County	Florida
% living in poverty	13.3%	13.2%
% ages 5-17 living in poverty	19.9%	17.5%

Personal Income (\$000s)	Osceola County	Florida
2013	\$8,518,988	\$802,975,701
2014	\$9,135,549	\$864,412,339
% change 2013-14	7.2%	7.7%
2015	\$9,975,391	\$919,834,894
% change 2014-15	9.2%	6.4%
2016	\$10,774,486	\$954,069,719
% change 2015-16	8.0%	3.7%
2017	\$11,711,284	\$1,023,131,116
% change 2016-17	8.7%	7.2%
2018	\$12,801,899	\$1,087,188,628
% change 2017-18	9.3%	6.3%
2019	\$13,566,532	\$1,139,799,293
% change 2018-19	6.0%	4.8%
2020	\$15,407,740	\$1,235,793,410
% change 2019-20	13.6%	8.4%
2021	\$17,483,423	\$1,356,318,587
% change 2020-21	13.5%	9.8%

**Earnings by Place of Work**

Earnings (\$000s)	Osceola County	Florida
2012	\$3,946,295	\$468,410,475
2013	\$4,117,555	\$482,898,301
% change 2012-13	4.3%	3.1%
2014	\$4,389,527	\$512,375,290
% change 2013-14	6.6%	6.1%
2015	\$4,748,152	\$544,408,719
% change 2014-15	8.2%	6.3%
2016	\$4,957,623	\$569,769,284
% change 2015-16	4.4%	4.7%
2017	\$5,298,597	\$603,668,170
% change 2016-17	6.9%	5.9%
2018	\$5,683,745	\$639,620,451
% change 2017-18	7.3%	6.0%
2019	\$6,126,308	\$671,553,148
% change 2018-19	7.8%	5.0%
2020	\$6,119,325	\$686,243,741
% change 2019-20	-0.1%	2.2%
2021	\$6,993,022	\$764,483,116
% change 2020-21	14.3%	11.4%

**Quality of Life**

Workers Aged 16 and Over	Osceola County	Florida
Worked outside county of residence	49.3%	17.8%
Mean travel time to work (minutes)	34.5	27.9

Crime	Osceola County	Florida
Crime rate, 2020 (index crimes per 100,000 population)	1,920.4	2,158.0
Admissions to prison FY 2021-22	213	25,362
Admissions to prison per 100,000 population FY 2021-22	50.1	113.9

**State and Local Taxation**

2019 Ad Valorem Millage Rates	Osceola County	
	County-Wide	Not County-Wide*
County	6.8626	0.8584
School	5.8970	
Municipal		1.0566
Special Districts	0.3000	0.2581

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

Per Capita Personal Income	Osceola County	Florida
2012	\$28,243	\$41,475
2013	\$28,461	\$41,069
% change 2012-13	0.8%	-1.0%
2014	\$29,361	\$43,388
% change 2013-14	3.2%	5.6%
2015	\$30,802	\$45,493
% change 2014-15	4.9%	4.9%
2016	\$31,860	\$46,253
% change 2015-16	3.4%	1.7%
2017	\$33,148	\$48,774
% change 2016-17	4.0%	5.5%
2018	\$34,848	\$51,150
% change 2017-18	5.1%	4.9%
2019	\$36,258	\$53,034
% change 2018-19	4.0%	3.7%
2020	\$39,421	\$57,292
% change 2019-20	4.0%	3.7%
2021	\$43,354	\$62,270
% change 2020-21	10.0%	8.7%

Personal Bankruptcy Filing Rate (per 1,000 population)	Osceola County	Florida
12-Month Period Ending Sept 30, 2021	2.04	1.45
12-Month Period Ending Sept 30, 2022	1.48	1.14
State Rank	2	NA

NonBusiness Chapter 7 & Chapter 13

**Prepared by:**

Florida Legislature  
Office of Economic and Demographic Research  
111 W. Madison Street, Suite 574  
Tallahassee, FL 32399-6588  
(850) 487-1402 <http://edr.state.fl.us>



December 2022

This Page Intentionally Left Blank

Tohopekaliga Water Authority  
Osceola County, Florida

---

COMPLIANCE SECTION

This Page Intentionally Left Blank



**TOHOPEKALIGA WATER AUTHORITY**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**For the Year Ended September 30, 2022**

<u>Agency</u>	<u>CSFA</u>	<u>Agreement/Program</u>	<u>Expenditures</u>
<b><u>Florida Department of Environmental Protection</u></b>			
Passed through Project: South Florida Water Management District Alternative Water Supply Funding Program	37.100	4600004146	\$ 2,197,300
<b>Total Florida Department of Environmental Protection</b>			<u>2,197,300</u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 2,197,300</u></u>

Note 1: Basis of Presentation

The Schedule of Expenditures of State Financial Assistance includes the state grant activity of the Toho Water Authority, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

This Page Intentionally Left Blank



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major State Project**

***Opinion on Each Major State Project***

We have audited the compliance of the Tohopekaliga Water Authority (Toho) with the types of compliance requirements described in the requirements described in the Department of Financial Services’ *State Projects Compliance Supplement* that could have a direct and material effect on Toho’s major state project for the fiscal year ended September 30, 2022. Toho’s major state project is identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Toho complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on Toho’s major state project for the fiscal year ended September 30, 2022.

***Basis for Opinion on Each Major State Project***

We conducted our audit of compliance 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*. Our responsibilities under those standards and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Toho and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state project. Our audit does not provide a legal determination of Toho’s compliance with the compliance requirements referred to above.

***Responsibility of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Toho’s state project.

To the Board of Supervisors of the  
Tohopekaliga Water Authority

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Toho's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Toho's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Toho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Toho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Toho's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

To the Board of Supervisors of the  
Tohopekaliga Water Authority

**Report on Internal Control over Compliance (continued)**

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General**

We have audited the accompanying financial statements of Toho as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Toho's basic financial statements. We issued our report thereon dated March 3, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis, as required by Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
March 3, 2023

**TOHOPEKALIGA WATER AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended September 30, 2022**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:

**Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified?                     Yes                     No
- Significant deficiency(ies) identified?                 Yes                     None reported
- Noncompliance material to financial statements noted?     Yes                     No

**State Financial Assistance**

Internal control over major projects:

- Material weakness(es) identified?                     Yes                     No
- Significant deficiency(ies) identified?                 Yes                     None reported

Type of report issued on compliance for major state project:

**Unmodified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, *Rules of the Auditor General*?

Yes                     No

**Identification of Major State Projects:**

**CSFA Numbers**

**Name of State Project**

37.100

Alternative Water Supply Funding Program

Dollar threshold used to distinguish between Type A and Type B projects:

\$ 659,190

**TOHOPEKALIGA WATER AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)***

**For the Year Ended September 30, 2022**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION**

None reported.

**SECTION IV - PRIOR AUDIT FINDINGS**

None reported.

This Page Intentionally Left Blank





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Tohopekcaliga Water Authority (Toho) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 3, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

To the Board of Supervisors of the  
Tohopekaliga Water Authority

### **Report on Compliance and Other Matters**

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

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management in a separate management letter and Independent Accountant's Report dated March 3, 2023.

### **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 Toho's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Toho's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
March 3, 2023



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the Tohopekaliga Water Authority (Toho) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 3, 2023.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance and Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 3, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

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

To the Board of Supervisors of the  
Tohopekaliga Water Authority

### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Toho met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Toho 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 Toho. It is management's responsibility to monitor Toho's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

### **Special District Component Units**

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, Toho reported:

- a. The total number of Toho employees compensated in the last pay period of Toho's fiscal year as 385.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of Toho's fiscal year as 3.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$25,644,880 for the fiscal year ended September 30, 2022.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$55,800 for the fiscal year ended September 30, 2022.
- e. Each construction project with a total cost of at least \$65,000 approved by Toho that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as \$13,114,074 (see Attachment A).
- 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 Toho amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$0. Toho did not amend its final adopted budget for FY2022.

To the Board of Supervisors of the  
Tohopekaliga Water Authority

**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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

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

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
March 3, 2023

**TOHOPEKALIGA WATER AUTHORITY**

**Construction Project Listing**

**Attachment A**

<b>Project</b>	<b>Project Name</b>	<b>Budget</b>	<b>FY22 Actual</b>
122002	30"WExtSimpsonRdFortuneInters	\$5,315,352.80	\$135,515.55
122007	BoggyCreekSimpsonNarcoosseeCty	1,300,000.00	119,691.76
122008	Lift Station ByPass Pumps@11LS	891,175.00	74,932.21
122011	Collection & Distribution PMO	1,263,807.00	123,959.26
122014	Cyrils Drive Reuse Main Extenc	3,186,000.00	-
122016	IT-DR Project/Cloud Infrastruc	285,302.82	285,302.82
122025	Hydrogen Sulfide Removal Syste	4,159,383.00	780,214.61
122028	IT-Kiosk-AdminBuild&PoincianaA	631,000.00	30,949.25
122029	2022 Lift Station Rehab	392,346.00	-
122034	Narcoossee Road Water Main	344,620.83	14,032.25
122036	NeptuneRdPartinSettlementUS192	1,448,000.00	244,801.55
122040	Partin Settlement Widening	1,699,324.25	229,900.74
122041	Pleasant Hill Rd & Hawins 16"	150,000.00	-
122042	PMO Services - CIAC Program	510,044.18	223,863.97
122047	Roofing	150,000.00	-
122058	SunbridgeWTPWell#3Pump&DisPipe	8,398,087.53	419,724.10
122062	Sherwood/Celebration/Monter WM	453,000.00	13,502.50
122068	Indian Ridge Conversion to WTP	227,972.00	134,376.42
122070	SB- Parkway Reuse Interconnect	5,191,577.00	486,194.65
122071	WIFIA LS35 PH 1 Gravity Sewer	8,013,567.75	3,468,259.70
122072	Lake Wilson Rd Imp/Util Polk	2,707,762.10	85,891.59
122073	WIFIA LS35 Lk Front Ph3 GS Reh	642,548.00	175,193.73
122076	WW Collection System PMO	296,607.00	-
122079	2021 In House Lift Station Reh	370,423.02	27,109.65
122083	Simpson Rd Ph1 UA Reim	1,770,847.68	-
122084	Four Toho Collection&Distribut	532,679.00	58,986.93
122087	LS19 Pickering Priority GS Reh	103,313.94	21,158.32
122125	Capitalized Labor	2,085,956.42	2,085,956.42
123002	West Reuse SRF (EU)	6,000,000.00	-
123003	South Bermuda WRF Expansion	5,000,000.00	-
123005	NeoVation Way Utility Reloc/Ex	1,311,000.00	-
123010	Lake Wilson Rd Improvement	1,530,000.00	-
123011	20"Con-CntrLk-JckBrckRd-Su(EU)	1,500,000.00	-
123012	Facilities Master Plan Impleme	1,489,984.67	-
123013	Force Main Rehab Program	800,000.00	-
123014	SSWWTF Reuse Storage Pond (EU)	2,674,840.00	-
123016	Lift Statioon Rehab	498,188.57	-
123019	HkryTrRd 16"Main(TwnLkBlvd(EU)	1,740,240.00	-
123020	CL WTP and Other (EU)	1,123,077.00	-
123021	532-OldlakeWilson-US1792-Cty	874,055.00	-
123023	20"RM CP Pkwy-Nep Rd&Toh(EU)	1,000,000.00	-
123024	Nept Rd W/WW/Reuse Util Rel(EU)	1,399,505.93	-
123025	WTP#4 Transmission South(EU)	772,800.00	-
123027	16"RM Old Hkry Tr Rd(10th)(EU)	955,710.00	-
123028	Parkway WRF-Lined Pond Replace	636,000.00	-
123029	Richard McLaughlin(NB)WTP Impr	606,000.00	-
123030	Potable Service Connections	594,000.00	-
123031	Galvanized 2"WM-LavonPalmUS192	571,000.00	-
123032	Old HKry Tr Rd 16"Main(Nol(EU)	870,120.00	-
123033	Nolte Road BPS(Center Lake(EU)	785,070.00	-
123034	Pine Lake Estates WM Replc(EU)	676,000.00	-
123037	16"RM 10th St(OldHkryTr-Na(EU)	757,575.00	-
123040	WTP#4 Repl MIEX Exp 9 to 1(EU)	500,000.00	-
123041	Misc Sewer Lining(EU)	473,557.00	-
123042	Misc Lift Station Repair/R(EU)	484,800.00	-
123043	CL Transmission Seg 19c-GI(EU)	475,800.00	-
123044	Partin Settlement Util Rel(EU)	723,892.00	-
123046	CL Transmission Seg 19b-GI(EU)	420,900.00	-
123050	Generator-ChampionsGatePumpSta	300,000.00	-
123051	Screwpress Upgrade(EU)	300,000.00	-
123052	Sunset Dr Sewer Replacement	300,000.00	-
123053	Parkway Well 3 Generator	300,000.00	-
123054	Misc Line Extensions(EU)	290,000.00	-
123055	Mystic Dunes ARV Odor Control	281,000.00	-
123056	16"RM Old Hkry Tr Rd(Note (EU)	404,040.00	-

**TOHOPEKALIGA WATER AUTHORITY**  
**Construction Project Listing**  
**Attachment A**

<b>Project</b>	<b>Project Name</b>	<b>Budget</b>	<b>FY22 Actual</b>
123057	OBT & Osceola PkwySignals-FDOT	250,000.00	-
123058	RIB Refurbishing-Sandhill WRF	250,000.00	36,135.13
123059	Columbia Ave Improvements-COK	208,000.00	-
123063	SCADA Upgrade(EU)	200,000.00	-
123064	Biosolids Dewatering & Process	200,000.00	-
123065	Toho Interconnect (Cyrils)(EU)	300,000.00	-
123066	Toho Interconnect (Tohoqua)(EU)	200,000.00	-
123067	OBT&OsceolaPkwyTrafficSignals	228,000.00	-
123070	FM Pine Tree Rd-SouthsideWWTP	160,000.00	-
123071	Reuse Pump Station PLC/VFD(EU)	150,000.00	-
123072	SSWWTF Add Bar Screen(EU)	150,000.00	-
123073	NEBS Capacity Increase(Cen(EU)	229,860.00	-
123074	Vac Truck Dump Sites	800,000.00	-
123075	Misc. Line Extensions	100,000.00	-
123076	Misc Water System Repairs	100,000.00	-
123077	Reuse System Line Ext	100,000.00	-
123078	US17-92&PleasantHillRdImprFDOT	100,000.00	-
123079	16"WM Jack & Bore @ Ruby St	434,000.00	-
123080	Thacker Ave Ext(Ball Park-Osc)	90,000.00	-
123081	Connect Kissimmee Project -COK	80,000.00	-
123082	BVLBlvd-OscPkwy&TrottersCi	75,000.00	-
123083	Air Release Valve Maintenance	75,000.00	-
123099	Cypress Lake Transmission Main	569,742.00	-
123100	Toho/Poinc - Hoagland 16"WM	500,000.00	-
123101	Misc Extensions-Unserved Area	500,000.00	-
123102	Northwest WTP Storage Expan-MP	300,000.00	-
123103	Kindred Reuse Main Upsizing	200,000.00	-
123111	JYP Lateral Replacement	365,704.99	3,137.89
123112	TurnpikeWidening-OscPky-Partin	136,758.75	-
222002	Harmony WTP Upgrade&Expansion	23,341,637.69	1,897,268.06
222003	Harmony WRF Rerate/Expansion	3,500,000.00	147,006.80
222004	Harmony West Emergency	1,092,175.71	974,679.95
322002	BVL WTP Upgrade	2,128,000.00	297,982.26
322006	Simpson Road Ph2/3/4 South Imp	2,772,042.00	-
323001	I/I Rehab	1,100,000.00	-
323002	Lift Station Rehab	255,000.00	-
323003	GalvWM-IntercessionCty-SUS1792	111,000.00	-
323004	Potable Service Connections	91,000.00	-
422006	Poinciana Utilities Ext/CAIC	3,934,592.42	98,790.25
422006A	Maple Run Water Main Extension	65,407.58	-
422010	Vac Truck Dump Sites	700,000.00	-
422013	SR600 Resurfacing Utili Adjust	593,361.00	24,955.43
422014	Reaves Rd FM Replacement	1,000,000.00	58,798.30
422016	Marigold WM Replacement PH2	99,540.00	72,624.92
422019	Pleasant Hill Rd 16" WM Ext	901,674.43	31,501.74
422020	Poinciana Reuse Booster PS	2,131,754.85	31,713.25
422021	Poinciana CrscentLks-PlsntHill	3,353,442.00	199,962.32
423002	I/I Rehab	2,250,000.00	-
423005	Lift Station Rehab	765,000.00	-
423006	DoverPlum Country Club WM	500,000.00	-
423007	Easement Purchase in Poinciana	200,000.00	-
423008	Water Treatment Plant Demo	94,320.00	-
423009	Air Release Valve Maintence	75,000.00	-
423013	Potable Service Connections	470,000.00	-
523002	WTP#1 HydSulf Pre-Trmt Sy (EU)	2,000,000.00	-
523003	I/I Manhole Rehab (EU)	216,443.00	-
523004	CHA Embed Engineers (EU)	140,000.00	-
523005	Indian Lakes Reuse Main (EU)	80,000.00	-
523008	LS #84#Oder Cont Const Ord (EU)	300,000.00	-
523009	LS #84 ByPass Pump CO (EU)	100,000.00	-
		1,069,963.00	-
			<u>\$ 13,114,074.28</u>

This Page Intentionally Left Blank





## INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the compliance of the Tohopekaliga Water Authority (Toho) with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2022. Management is responsible for the Toho's compliance with those requirements. Our responsibility is to express an opinion on the Toho's compliance based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, Toho complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2022.

***MSL, P.A.***

Certified Public Accountants

Orlando, Florida  
March 3, 2023

This Page Intentionally Left Blank