

TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023



PREPARED BY:
THE FINANCE DEPARTMENT

TOHOPEKALIGA WATER AUTHORITY
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023

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Tohopekaliga Water Authority
Osceola County, Florida

INTRODUCTORY SECTION

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March 26, 2024

Letter of Transmittal

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

The Annual Comprehensive Financial Report (ACFR) of the Tohopekaliga Water Authority (Toho) for fiscal year ended September 30, 2023, 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, 2023, 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 initially 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. Subsequently, Toho entered into several interlocal agreements to expand its service area to include a small area located in the southern portion of Orange County, certain portions of unincorporated Polk County, and the City of St. Cloud. 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.

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 fourteen 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 53.31 million gallons per day (MGD) to the fourteen water treatment plants strategically located throughout the service area. Water is distributed through 1,985 miles of water mains.

Toho's wastewater facilities include ten 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 1,736 miles of collection and transmission system piping with 605 wastewater pump stations. The highly treated reclaimed water produced by the WRFs is distributed through 667 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 produce a soil supplement/fertilizer that is beneficially used on agricultural lands.

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ECONOMIC OUTLOOK

In 2023, Florida had largely recovered from the economic impact of the 2020 pandemic. The state's economy expanded by 4.4% during the 2023 fiscal year. Additionally, job growth led to a gain of 8.7% in the number of jobs relative to pre-pandemic levels and average unemployment rate dropped to 2.7%. Tourism continued to exceed the pre-pandemic peak, although the proportion of domestic to foreign visitors is still higher than in the pre-pandemic era. The housing market also remained strong despite the increase in mortgage interest rates, but retreated from the extreme high of 2022. Although the recession forecast for 2023 did not materialize, a slowdown is expected in 2024, even if it does not reach the technical definition of recession. Housing inventory, while remaining low, has begun to increase in response to the high cost of borrowing. Unemployment is expected to rise over the next four years to a high of 4.3% in 2027 before easing slightly to 4.0%. However, Florida still continues to experience population growth; although the migration to Florida is expected to moderate, overall growth should average 1.23% annually. This is a slower rate of growth than Florida has experienced in recent years, but it still exceeds the national average. New home starts are expected to decline after 2024 reflecting the slowing of both the housing market and population growth. Although these trends point to an overall slowdown of Florida's economy, it is still in a strong economic position and should suffer only mild impacts in the event of a national recession.

Likewise, the Orlando-Kissimmee area has generally recovered from the economic impact of the 2020 pandemic. The central Florida economy is largely dependent on tourism, anchored by the major theme parks and supported by many satellite businesses in the entertainment and hospitality sectors. Tourism was strong throughout 2023, continuing to exceed pre-pandemic levels. New housing starts temporarily bounced back to 2021's high level, the population grew by 2.4%, and unemployment remained stable at 3.2%. However, the Orlando-Kissimmee area is expected to experience a slowdown in future years in synch with Florida overall. Unemployment will climb, reaching an estimated high of 5.2% in 2025 before beginning to slowly decline again in 2026. Housing starts are expected to decline 6.3% to 2022 levels and remain stable through 2027. Population growth will gradually decline to a modest rate of 1.8% by the end of 2026. Although a possible recession may still lead to economic challenges, the long-term forecast remains positive for our area and we should be able to adapt to the slower pace of continuing growth.

Our assessment of our area's economic outlook is primarily based on the Fall 2023 Florida & Metro Forecast published by the University of Central Florida's Institute for Economic Forecasting and the Florida Economic Overview published by the Florida Legislature's Office of Economic and Demographic Research. The UCF report can be accessed on the UCF website www.ucf.edu. The State's report can be accessed at edr.state.fl.us.

THE TOHO PROMISE

During Spring 2021, Toho leadership and staff revised Toho’s Mission, Vision and Values 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.

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

TOHO'S STRATEGIC PLAN

Toho's Strategic Plan sets the priorities and direction for Toho in alignment with the Toho Promise and Focus.

Our current Strategic Plan was adopted by the Board in October 2022 and will continue to guide us through September 2024. The plan focuses 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 fourteen 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.

As we near the end of the current planning cycle, an update of the strategic plan is underway to establish Toho's top priorities for the FY2025 through FY2026 planning cycle.

More detail on our current strategic plan can be found on the following page.

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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



FY2023 NOTABLE HIGHLIGHTS

City of St Cloud Utilities Integration



In February 2022, the Toho Board and the City of St. Cloud Council voted in support of an interlocal agreement to integrate the City’s water and sewer utility with Toho in order to 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. The execution of this integration was Toho’s most significant initiative throughout 2023 and is continuing in 2024. The merging of the City’s Environmental Utility department into Toho included a roughly 20% increase in both customers and employees. Toho worked closely with the City throughout 2022 to develop a robust transition plan to minimize any negative impacts to both customers and employees. This planning effort resulted in a successful transition of both customers and employees on October 1, 2022. We are continuing coordination and revision of policies and procedures and the integration of technological infrastructure such as the asset management and customer billing software packages. We ran both customer information systems in parallel during 2023 as staff worked on upgrading our billing software to facilitate the migration of the St. Cloud customers to Toho’s existing billing database. We are continuing the steps required to facilitate complete migration of these systems in 2024 and likely into 2025. Likewise, we are working on expanding use of the St. Cloud asset management software. Additionally, similar to our arrangements with the City of Kissimmee, St. Cloud has continued to provide fleet maintenance and fueling services following the transition. Transition tasks will continue through 2024.



Customer Service staff from both Toho and St Cloud preparing advance outreach to customers

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 accelerate the acquisition of 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 2022. The wastewater treatment facility began operations in late 2023. Migration of those customers to Toho's billing system is planned for this spring.



Sunbridge Water Treatment Plant

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 \$210m to fund Toho's One Water Initiative. The project goal is to provide a more robust and resilient integrated water supply system that meets

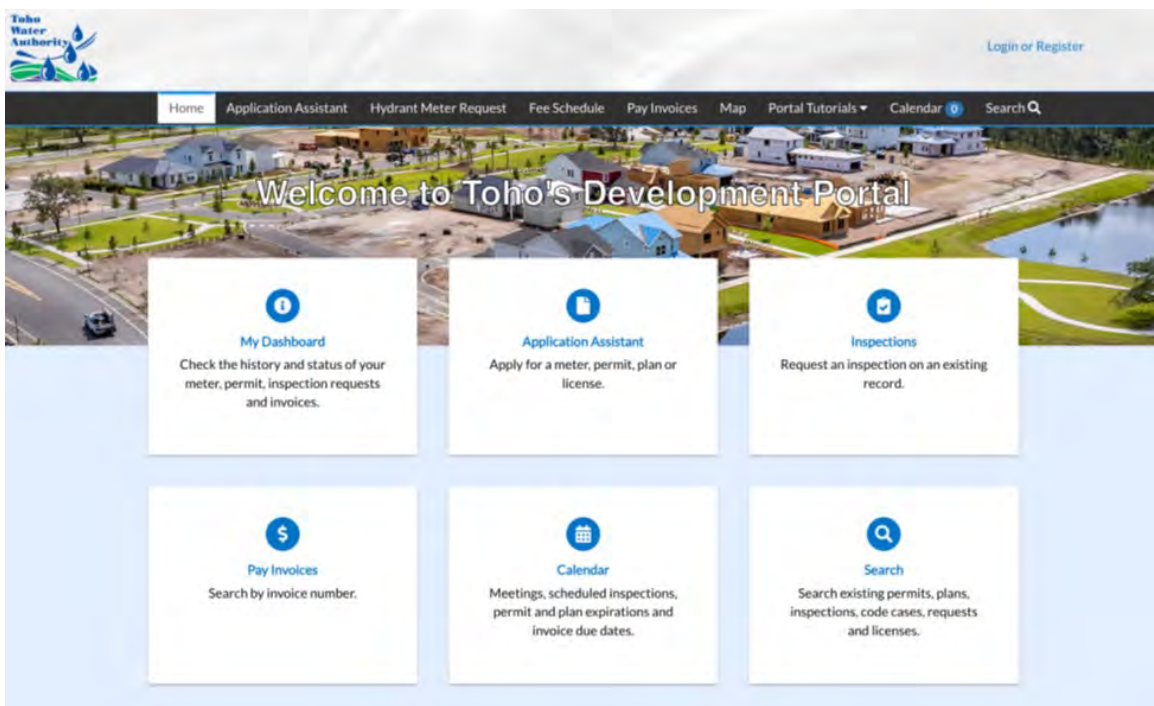
projected water needs while protecting the environment through developing alternative water supplies, expanding three water treatment plants, and providing additional transmission, interconnection, and booster pumping infrastructure. If approved, the WIFIA funding is expected to offer significant cost savings as well more flexible financing terms relative to a traditional bond issue. Toho's application is currently under review by the Environmental Protection Agency.

Toho's Development Portal

During FY2023, teams from Assets & Infrastructure Information Technology, Communications, Customer Service, and Fiscal Services worked together with IT consultants to design and implement a new web-based portal to serve the development community. This portal is designed to be a one-stop shop for developers working with Toho. Developers will be able to use the portal for the following activities:

- Project applications and plan submissions
- Utility permits
- Meter requests
- Large meter account activation
- Flushing device meter requests

Developers will be able to monitor the progress of these requests through the portal as well as track scheduled inspections, upcoming meetings and hearings, expired permits and plans, and invoice due dates. We expect this portal to streamline the development process and provide more process transparency for developers in our area. The portal went live on January 22, 2024. A link to the portal is available through our primary website, tohowater.com.



Cypress Lakes Alternative Water Supply Regional Project

Toho continued to work with Orange County and Polk County on the Cypress Lake Alternative Water Project, a cooperative effort managed through the Water Cooperative of Central Florida (WCCF) to prepare for future regional water use needs, currently focused on a water desalination facility in Osceola County. The Cypress Lake Governance Agreement was approved in May 2023. It sets forth the ownership, funding, construction, operation, and maintenance obligations of the parties. The Cypress Lakes facility will be owned, funded, constructed, and operated by the WCCF, with Toho continuing to serve as the Project Administrator. The Governance Agreement will remain in effect as long as water is being delivered to the parties, unless terminated earlier by written agreement.

Financial Planning

Financial planning is a key component in maintaining financial health for the future. It underpins our three strategic planning goals: Adequate Water Supply, Successful Growth, and a Sustainable Workforce. In 2023, we implemented an updated water and wastewater System Development Charges policy which included an updated calculation methodology. This was aimed at promoting greater transparency and simplicity for both our staff and customers. Additionally, the Toho Board approved a multi-year rate plan designed to address our future capital needs amid economic uncertainties, aligning with the identified planning outcomes. Annually, Toho resets its five-year forecast and reevaluates its revenue requirements. This process enables Toho to validate or adjust its rates, fees, and charges for the upcoming five years and to refine assumptions, financing plans, and related policies.

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2023

ACCOMPLISHMENTS

In late November 2023, Toho senior leaders met offsite for a training workshop at the UCF Incubator building in Kissimmee for a two-day session planned by Organizational Development Leader Rebeca Martinez. During that interactive workshop with trainer Patti O'Neal, the following list of accomplishments was compiled from 2023. Each effort is a testament to Toho's dedication and combined efforts that made this past year one to remember. And, 2024 will continue that momentum and add more to Toho and its commitment to our Promise that Our Customers, Our Community, Our Employees Trust That Toho Cares. Happy New Year!

- ✓ New Water Use Plan (WUP) review and approval process
- ✓ Received AMWA Gold Award for Exceptional Utility Performance
- ✓ Navigated inflationary period
- ✓ Kicked off Cityworks implementation project
- ✓ Multiple Stakeholder Services employee/team quarterly awards
- ✓ Utility of the Future Today award - Toho recognized for 6th year in a row
- ✓ St Cloud merger success
- ✓ Received grant funds and loans including grant program development
- ✓ Expanded laboratory testing/sampling services (new operator training)
- ✓ Developed tracking system for water loss and audit
- ✓ Organizational changes
- ✓ SWIFT implementation
- ✓ Senior Leadership changes
- ✓ Assets & Infrastructure
- ✓ New positions
- ✓ New numbering system (task authorizations)
- ✓ Took over workers comp from City of Kissimmee
- ✓ Onboarding – NEOGOV
- ✓ Requisitions over 148
- ✓ New hires are increasing
- ✓ Revamped website and continuous additions to site
- ✓ Shifted back to more 'in person' meetings
- ✓ 4% COLA
- ✓ Total Rewards review
- ✓ Orlando Sentinel Top Workplaces – moved to large group and ranked #11



AMWA AWARD



ST. CLOUD MERGER SUCCESS



CDL PROGRAM



FSAWWA COMPETITIONS

2023

ACCOMPLISHMENTS

- ✓ Presentations / conference awards
- ✓ Implemented Phase I of MLK team moves, preparing Phase II
- ✓ 5% rate increase
- ✓ Commercial Driver's License (CDL) Program
- ✓ Field Competitions (FSAWWA)
- ✓ Online benefits enrollment
- ✓ 3 new HR Business Partners aligned with departments
- ✓ Training Specialist added
- ✓ Continued refresh of Board agenda process – added team sign-off
- ✓ Added and expanded interns and process
- ✓ Reclassification process
- ✓ LIHWAP federal assistance funds received
- ✓ TAP merged with St Cloud
- ✓ Completed year 1 of Strategic Plan
- ✓ Events – Veterans, 80s Pep Rally, Toho Tours, Tree of Angels – large increase in staff attendance
- ✓ First Quarterly Managers meeting since COVID and with St Cloud held in person.
- ✓ 30+ new positions added
- ✓ Data Voice
- ✓ Employment training workshop
- ✓ Other industry awards – Ops
- ✓ More social media engagement
- ✓ 20th Anniversary!
- ✓ Secured sponsors for the state appropriations
- ✓ Expansion of high school tours
- ✓ Certified SCADA – ICS (Instrument Control Systems) training
- ✓ Additional resources
- ✓ Budget/fiscal/awards – overall improvement
- ✓ Additional cyber security
- ✓ You Belong Here!
- ✓ Water Hero Leadership Academy
- ✓ Integration of Field Services with St Cloud
- ✓ Developed maintenance department
- ✓ Purchasing inventory St Cloud



EXPANDED INTERN PROGRAM



TOHO'S TURNS 20



ADDITIONAL CYBER SECURITY



SCADA ICS TRAINING

2023

ACCOMPLISHMENTS

- ✓ Website awards (state, local)
- ✓ Improve water quality St Cloud (unidirectional)
- ✓ More positive St Cloud feedback
- ✓ New exclusive leadership offerings 2.0
- ✓ Key inter-connects with St Cloud
- ✓ AMWA Gold Award
- ✓ NACWA Presidents Award
- ✓ Congressional testimony
- ✓ FL Water Reuse Presentation
- ✓ NACWA, AMWA, WRF, FWEA, FL Water Reuse, AWWA State Boards
- ✓ State and federal community funding
- ✓ Successful cyber security attack response
- ✓ Payment portal issue response
- ✓ Building mural
- ✓ Water buggy purchased
- ✓ St Cloud integration activities
- ✓ Development Portal implementation
- ✓ Cypress Lake governance agreement
- ✓ Cypress Lake Interlocal Agreement Amendment #6
- ✓ Cypress Lake Class I Underground Injection Control Permit
- ✓ Cypress Lake injection well completed
- ✓ Cypress Lake 4 production well in construction
- ✓ Cypress Lake grants
- ✓ Cypress Lake property acquisition
- ✓ Toho Reservoir land agreement
- ✓ County land swap negotiated
- ✓ Tag line adoption – Water, Community, Life
- ✓ Capacity planning and tracking Systems
- ✓ Real Estate Group up and running
- ✓ Boggy Creek booster
- ✓ Closed on Sunbridge (WTF, WRF Land Retail Utility)
- ✓ Sunbridge WTF Start-Up
- ✓ Sunbridge WRF construction
- ✓ WTF #4 filters installed/operating



HILLSBOROUGH LIFT STATION HELP



PAYMENT PORTAL ISSUE RESPONSE



SANDHILL UPGRADE COMPLETED



DEV. PORTAL IMPLEMENTATION

2023

ACCOMPLISHMENTS

- ✓ Ranch well permitting/construction
- ✓ Ranch irrigation facility in construction
- ✓ Poinciana Reuse Booster pump station completed
- ✓ WIFIA 2 invitation/application for a \$422.4M loan under review with EPA
- ✓ Stood up Grants Program
- ✓ Closed St Cloud Consent Order
- ✓ AWWA DEI Award
- ✓ Completed Sandhill facility upgrade
- ✓ Managing continual growth
- ✓ Closed out multiple consent orders
- ✓ Improved relationships w/regulatory agencies
- ✓ Development and implemented new FOG (Fats, Oils and Grease) BMP (Best Management Practices) and other tracking systems for backflow
- ✓ STEAM Program for 50 students at AWWA Conference
 - ✓ Developed work plans for new roles
 - ✓ Implemented monthly procurement updated
 - ✓ Completed year-end asset inventory (warehouse & finance)
 - ✓ Sunbridge transition
 - ✓ Work w/Tavistock (conservation efforts)
 - ✓ Interlocal agreements
 - ✓ Updated regulatory sampling plans
 - ✓ Real Estate Web Application is complete
 - ✓ Updated & improved Toho's miscellaneous fee schedule
 - ✓ Reached 89% of encumbered amount required for WIFIA I \$82M loan 2 years prior to completion date
 - ✓ Completed 6,958 number of next day sewer connection inspections
 - ✓ Completed 8,172 number of next-day Toho Efficiency Program (TEP) and utility building final inspections
 - ✓ Reviewed 291 new private development projects
 - ✓ Harmony WTF interim reverse osmosis system in operation
 - ✓ Potable water transmission main to Bay Lake Estate from Harmony WTF construction completed
 - ✓ Re-rating of Peabody WTF permit capacity



LAB SAMPLING/TESTING EXPANSION



FWEA AWARDS



SURFACE/POTABLE WATER PROJECT



CONSERVATION EFFORTS

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

ACCOUNTING SYSTEM, INTERNAL ACCOUNTING CONTROLS, AND BUDGETARY CONTROLS

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

- Safeguarding assets against loss from unauthorized use or disposition; and
- 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
- evaluation of cost and benefits requires estimates and judgments by management.

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

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

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

The budget process begins in the winter with a review and update of the Strategic Plan and with the staff's preparation of a capital budget. This is followed by a presentation to the Board, providing an opportunity for their input and feedback on the long-range goals of managing and operating the utility system. The operating budget then incorporates the goals and objectives identified during the strategic and capital planning process. The Executive Director forwards a final draft of the operating budget to the Board for formal adoption in September where it is either adopted as presented, or amended and adopted by September 30th, if additional budget or rate

changes are necessary. The new fiscal year begins October 1st and interim financial reports are provided to the Board for oversight and to management for internal use.

STATUTORY REQUIREMENTS – INDEPENDENT AUDIT

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

AWARDS

National Association of Clean Water Agencies Peak Performance Awards

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

Gold Awards are presented to facilities with no permit violations for the entire calendar year. Silver Awards are presented to facilities with no more than five violations per calendar year. Toho won multiple awards for calendar year 2022 (awarded during FY2023).

- Gold Award
 - Camelot Water Reclamation Facility
 - Lake Marion Water Reclamation Facility
 - Parkway Water Reclamation Facility
 - Walnut Water Reclamation Facility

- Silver Award
 - Cypress West Water Reclamation Facility
 - South Bermuda Water Reclamation Facility

Additionally, Toho’s Executive Director, Todd Swingle (at left in photo), was honored with the 2022 President’s Award which recognizes an individual who has made significant contributions toward achieving the Association’s collective goals and objectives.



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 Energy Efficiency for 2023. 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 WateReuse

Association, and is supported by the Environmental Protection Agency, Office of Wastewater Management, and the Department of Energy, Office of Energy Efficiency & Renewable Energy. It honors water resource recovery facilities for community engagement, watershed stewardship, and recovery of resources such as water, energy, and nutrients. This is the sixth year Toho has been recognized for its achievement.

Florida Water Environmental Association

The Florida Water Environmental Association presents a number of prestigious awards to recognize the outstanding accomplishments of its members. In 2023, Toho was honored with four awards:

- Utility Management Award, to recognize best business practices.
- Safety Program Award, Class A Second Place, to recognize utilities who maintain exemplary safety programs: South Bermuda Water Reclamation Facility.
- David W. York Reuse Award, to honor utilities, customers, and organizations for their commitment to, and their accomplishments in, developing, using, and/or maintaining exemplary reuse programs: Parkway Water Reclamation Facility
- Earle B. Phelps Award, to recognize wastewater treatment facilities which have maintained the highest removal of major pollution-causing constituents prior to discharging treated effluent to receiving waters: Cypress West Water Reclamation Facility.



(From left to right: Mike Sweeney, Justin Moran, Angela Perez, Don Vedner, and Todd Swingle).

Public Relations Society of America

Toho received a commendation for its Website Reimagining: tohowater.com in the Websites, External category at the 2023 Radiance Awards. 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.



(From left to right: Calynne Thompson, Mark Grayson, Andy Briseno, and Jeremy Lanier)

St. Cloud Main Street

The St Cloud Main Street Program is a comprehensive revitalization program designed to encourage ongoing economic development in conjunction with historic preservation. Toho was honored as Supporter of the Year for sponsorship of the inaugural A Taste of Main Street event.

American Water Works Association

The American Water Works Association recognizes those who have dedicated themselves to the pursuit for clean and safe water. Toho was honored with the 2023 Diversity & Inclusion Award which recognizes and individual, group, or organization that has created, promoted, and maintained diversity and inclusion by establishing an environment that recognizes, encourages, and effectively utilizes each individual's talents.

Orlando Business Journal Diversity in Business Awards

This annual award serves to recognize Central Florida organizations who have gone above and beyond in embracing inclusion and equality across all areas of diversity. Toho was awarded the Diversity in Business Award (Large Organization) for its Diversity, Equity and Inclusion campaign.



(From left to right: Jamie Floer, Rebeca Martinez, and Jeremy Lanier)

Florida Public Relations Association

The Orlando Chapter of the Florida Public Relations Association honored Toho's Communication Manager, Jamie Floer, with the Roger Pynn Award for Career Excellence, the most prestigious honor bestowed by this chapter. The award recognizes local professionals for a lifetime of leadership and outstanding contributions to the field of public relations.



Jamie Floer (in blue) accepts the award from representatives of the FPRA.

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 annual comprehensive financial report, whose content conforms to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Toho received a Certificate of Achievement for the fifteenth 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



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, 2022

Christopher P. Morill

Executive Director/CEO

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**

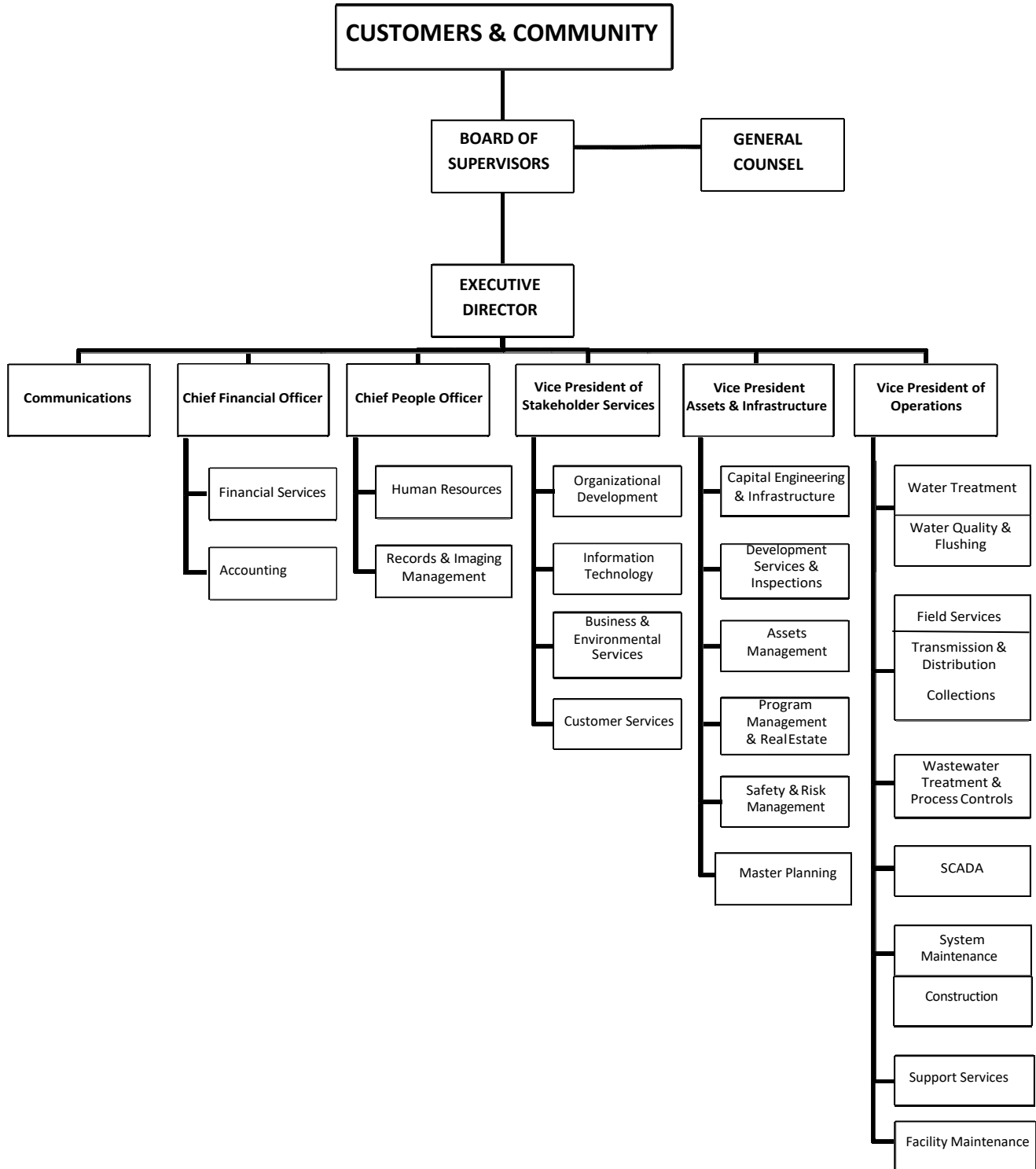
Integrity
Responsiveness
Dependability
Professionalism
Quality

**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

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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, 2023, 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, 2023, 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 1 to the financial statements, during the fiscal year ended September 30, 2023, Toho adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Transfer of St. Cloud Utility System Operations

As discussed in Notes 1 and 12 to the financial statements, Toho entered into a joint local agreement with the City of St. Cloud to transfer operations of St. Cloud's environmental utility system to Toho effective October 1, 2022. Our opinion is not modified with respect to this matter.

To the Board of Supervisors of the
Tohopekaliga Water Authority

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.

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.

To the Board of Supervisors of the
Tohopekaliga Water Authority

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.

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 26, 2024, 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 26, 2024

TOHOPEKALIGA WATER AUTHORITY

Management's Discussion and Analysis

September 30, 2023

(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, 2023. 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 twentieth year of operation:

- *Operating income* was \$20,225, an increase of 14.0% over the prior year.
- *Capital contributions* were \$88,347, an increase of 19.6% over the prior year.
- *Net position* totaled \$1,318,900, an increase of \$230,887 or 21.2% over the prior year.
- *Net capital assets* increased by \$173,771, an increase of 16.9% 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, 2023
(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, 2023 and 2022

(In Thousands)

	2023	2022	Increase (Decrease)	
			Change	%
Current assets	\$ 203,901	\$ 189,107	\$ 14,794	7.8%
Non-current assets-other than capital assets	288,791	216,857	71,934	33.2%
Capital Assets, Net	<u>1,202,072</u>	<u>1,028,301</u>	<u>173,771</u>	16.9%
 Total Assets	 <u>1,694,764</u>	 <u>1,434,265</u>	 <u>260,499</u>	 18.16%
 Total Deferred Outflows of Resources	 <u>24,613</u>	 <u>26,329</u>	 <u>(1,716)</u>	 -6.5%
 Total Assets and Deferrals	 <u>1,719,377</u>	 <u>1,460,594</u>	 <u>258,783</u>	 17.7%
 Current liabilities	 78,909	 72,441	 6,468	 8.9%
Non-current liabilities	<u>266,635</u>	<u>245,270</u>	<u>21,365</u>	8.7%
Total Liabilities	<u>345,544</u>	<u>317,711</u>	<u>27,833</u>	8.8%
 Total Deferred Inflows of Resources	 <u>54,933</u>	 <u>54,870</u>	 <u>63</u>	 0.1%
 Total Liabilities and Deferrals	 <u>400,477</u>	 <u>372,581</u>	 <u>27,896</u>	 7.5%
 Net investment in capital assets	 956,470	 797,252	 159,218	 20.0%
Restricted - system development charges	216,233	123,301	92,932	75.4%
Restricted - bond projects	-	6,144	(6,144)	-100%
Unrestricted	<u>146,197</u>	<u>161,316</u>	<u>(15,119)</u>	-9.4%
Total Net Position	<u>\$ 1,318,900</u>	<u>\$ 1,088,013</u>	<u>\$ 230,887</u>	21.2%

Management's Discussion and Analysis (Continued)

September 30, 2023
(In Thousands)

FINANCIAL ANALYSIS OF TOHO AS A WHOLE

A comparative summary of Toho's statement of net position as of September 30, 2023 and 2022, 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 \$1,318,900 (total net position) at the close of the fiscal year ended September 30, 2023. This \$230,887 increase in net position over the prior year consists of capital contributions of \$88,347, a one-time special item for the transfer of Environmental Utility operations from the City of St. Cloud of \$118,392 and net operating income of \$20,225, plus non-operating income of \$3,923. Toho's Total Net Position increased 21.2% over last year.

The largest part of Toho's net position (72.5%) 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 increase 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 FY2022, including the transfer of Environmental Utility operations from the City of St. Cloud.

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Management's Discussion and Analysis (Continued)

September 30, 2023
(In Thousands)

The following is a comparative summary of the changes in net position for Toho for the fiscal years ended September 30, 2023 and 2022:

Comparative Summary of the Changes in Net Position

For the Years Ended September 30, 2023 and 2022

(In Thousands)

	2023	2022	Increase (Decrease)	
			Change	%
Operating Revenues:				
Charges for services	\$ 198,400	\$ 150,435	\$ 47,965	31.9%
Miscellaneous revenues	888	564	324	57.4%
Total Operating Revenues	<u>199,288</u>	<u>150,999</u>	<u>48,289</u>	32.0%
Operating Expenses:				
Personnel services	49,908	34,713	15,195	43.8%
Contracted services	16,500	12,651	3,849	30.4%
Supplies and materials	12,755	6,586	6,169	93.7%
Repairs and maintenance	15,624	11,453	4,171	36.4%
Payments in lieu of taxes	17,711	12,520	5,191	41.5%
Other services and charges	18,516	13,839	4,677	33.8%
Depreciation and amortization	48,049	41,488	6,561	15.8%
Total Operating Expenses	<u>179,063</u>	<u>133,250</u>	<u>45,813</u>	34.4%
Operating Income	<u>20,225</u>	<u>17,749</u>	<u>2,476</u>	14.0%
Non-Operating Revenues (Expenses):				
Investment income	12,576	(7,916)	20,492	258.9%
Interest and fiscal charges expense	(8,822)	(8,895)	73	-0.8%
Other	169	1,647	(1,478)	-89.7%
Total Non-Operating Revenues (Expenses)	<u>3,923</u>	<u>(15,164)</u>	<u>19,087</u>	125.9%
Gain (Loss) Before Contributions and Special Item	<u>24,148</u>	<u>2,585</u>	<u>21,563</u>	834.2%
Capital Contributions:				
State and local capital grants	364	2,197	(1,833)	-83.4%
Developers	87,983	71,692	16,291	22.7%
Total Capital Contributions	<u>88,347</u>	<u>73,889</u>	<u>14,458</u>	19.6%
Special Item:				
Transfer of operations from City of St. Cloud	<u>118,392</u>	<u>-</u>	<u>118,392</u>	100%
Change in Net Position	<u>230,887</u>	<u>76,474</u>	<u>154,413</u>	201.9%
Total Net Position – Beginning	<u>1,088,013</u>	<u>1,011,539</u>	<u>76,474</u>	7.6%
Total Net Position – Ending	<u>\$ 1,318,900</u>	<u>\$ 1,088,013</u>	<u>\$ 230,887</u>	21.2%

Management’s Discussion and Analysis (Continued)

September 30, 2023
(In Thousands)

In 2023, operating revenues increased by \$48,289 over the prior fiscal year while overall operating expenses increased by \$45,813, resulting in an increase of 14.0% for net operating income. Non-operating income for fiscal year 2023 was \$3,923, an increase of \$19,087 from 2022. The change was primarily driven by the cumulative impact of the Federal Reserve interest rate hikes which increased investment income over this period.

The \$88,347 in capital contributed during fiscal year 2023 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 \$173,771 (16.9%) over the prior year, primarily due to infrastructure improvements. In addition, Toho received contributed assets totaling \$26,988 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, 2023 and 2022:

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

	2023	2022	Increase (Decrease)	
			Change	%
Capital Assets				
Land	\$ 32,718	\$ 22,632	\$ 10,086	44.6%
Furniture, Fixtures and Equipment	53,914	43,403	10,511	24.2%
Plant and Infrastructure	1,450,972	1,277,972	223,000	18.2%
Construction in Progress	129,038	129,013	25	0.00%
Right-to-Use Assets - St. Cloud Utility	28,660	-	28,660	100.00%
Right-to-Use Assets - SBITAs	1,814	-	1,814	100.00%
Less: Accumulated Depreciation/Amortization	(495,044)	(444,719)	(50,325)	11.3%
Total Capital Assets, Net	<u>\$ 1,202,072</u>	<u>\$ 1,028,301</u>	<u>\$ 173,771</u>	16.9%

Management's Discussion and Analysis (Continued)

September 30, 2023
(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 2023.

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

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, 2022, Toho issued \$14,305 in Utility System Revenue Refunding Bonds, Series 2022 to refund the remaining outstanding balance of the Series 2012 bonds resulting in a net present value savings of \$1,603.

On October 1, 2022, Toho issued \$28,660 in Utility System Revenue Bonds, Series 2022, to redeem, defease, or paid all outstanding indebtedness of the City of St. Cloud's Environmental Utility System in accordance with the Interlocal Agreement ("ILA") with the City of St. Cloud dated February 10, 2022, which establishes a cooperative undertaking whereby Toho will provide full management, financing, and administration services of the City of St. Cloud's Environmental Utility System.

Debt retirement and principal payments totaling \$9,250 were made on these bonds and note issues during the current year. Toho incurred \$8,822 and \$8,895 of interest and other fiscal charges for the fiscal years ended September 30, 2023 and 2022, respectively. (Please refer to Note 4 - Long-Term Debt).

Management's Discussion and Analysis (Continued)

September 30, 2023
(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 1.8% for the next two years which will be positive for the local economy. Economic indicators have improved over time as most commercial activity has rebounded from COVID-19 impacts. In 2023, key economic data are expected to be modest and trend slightly better locally when compared to the national economy.

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

Combined Systems Last Five Years of Total Billed Services as of September 30 th				
	Water	Irrigation	Wastewater	Reclaimed Water
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
2023*	161,325	24,111	150,852	35,337

* Includes addition of St. Cloud Utility System

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 220,800 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, 2023:

Average Charges for Selected Customers			
	Water	Wastewater	Total
Residential – 4,000 Gallons Usage (3/4" Meter)	\$ 11.94	\$ 34.44	\$ 46.38
Commercial – 30,000 Gallons Usage (2" Meter)	\$ 96.34	\$ 322.29	\$ 418.63

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, 2023

(In Thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	114,844
Restricted cash and cash equivalents		32,264
Accounts receivable		30,940
Leases receivable		303
Due from other governments		22,037
Inventory		3,513
		3,513
TOTAL CURRENT ASSETS		203,901

NON-CURRENT ASSETS

Leases receivable - non-current		53,117
Due from other governments - non-current		3,320
Restricted cash and cash equivalents - system development charges and bond funds		127,005
Restricted investments - system development charges and bond funds		95,478
Restricted accounts receivable, net - system development charges		8,112
Restricted construction deposits in escrow		1,759
Capital Assets:		
Land		32,718
Equipment, furniture and fixtures		53,914
Plant and infrastructure		1,450,972
Right-to-use assets - St. Cloud Utility System		28,660
Right-to-use assets - SBITAs		1,814
Construction in progress		129,038
Less: Accumulated depreciation and amortization		(495,044)
		1,202,072
TOTAL CAPITAL ASSETS		1,202,072
TOTAL NON-CURRENT ASSETS		1,490,863
TOTAL ASSETS		1,694,764

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding		19,230
Deferred outflows related to pensions		5,021
Deferred outflows related to OPEB		362
		362
TOTAL DEFERRED OUTFLOWS OF RESOURCES		24,613

	TOTAL ASSETS AND DEFERRALS	1,719,377
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(Continued)

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

TOHOPEKALIGA WATER AUTHORITY

STATEMENT OF NET POSITION (Continued)

September 30, 2023

(In Thousands)

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 41,158
Accrued liabilities	1,579
Other liabilities	270
Contracts payable	2,077
Compensated absences payable	1,254
SBITA Liability	307
Current liabilities payable from restricted assets:	
Accounts payable	1,303
Contracts payable	1,230
Revenue bonds and notes payable	9,360
Accrued interest payable	4,529
Deposits	15,842

TOTAL CURRENT LIABILITIES 78,909

NON-CURRENT LIABILITIES

Compensated absences payable	2,427
OPEB liability	1,900
Net pension liability	14,208
SBITA Liability	191
Revenue bonds and notes payable	247,909

TOTAL NON-CURRENT LIABILITIES 266,635

TOTAL LIABILITIES 345,544

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	443
Deferred inflows related to OPEB	1,588
Deferred inflows related to leases receivable	52,902

TOTAL DEFERRED INFLOWS OF RESOURCES 54,933

TOTAL LIABILITIES AND DEFERRALS 400,477

NET POSITION

Net investment in capital assets	956,470
Restricted - system development charges	216,233
Unrestricted	146,197

TOTAL NET POSITION \$ 1,318,900

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, 2023
(In Thousands)

OPERATING REVENUES		
Charges for services	\$	198,400
Miscellaneous revenues		<u>888</u>
	TOTAL OPERATING REVENUES	<u>199,288</u>
OPERATING EXPENSES		
Personnel services		49,908
Contracted services		16,500
Supplies and materials		12,755
Repairs and maintenance		15,624
Payments in lieu of taxes		17,711
Other services and charges		18,516
Depreciation & amortization expense		<u>48,049</u>
	TOTAL OPERATING EXPENSES	<u>179,063</u>
	OPERATING INCOME	<u>20,225</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income (loss)		12,576
Interest and fiscal charges expense		(8,822)
Other		<u>169</u>
	TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>3,923</u>
	GAIN BEFORE CONTRIBUTIONS AND SPECIAL ITEM	<u>24,148</u>
CAPITAL CONTRIBUTIONS		
State and Local Capital Grants		364
Developers		<u>87,983</u>
	TOTAL CAPITAL CONTRIBUTIONS	<u>88,347</u>
SPECIAL ITEM		
Transfer of operations from City of St. Cloud		<u>118,392</u>
	CHANGE IN NET POSITION	<u>230,887</u>
	TOTAL NET POSITION - BEGINNING	<u>1,088,013</u>
	TOTAL NET POSITION - ENDING	<u><u>\$ 1,318,900</u></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, 2023

(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 196,536
Payments to suppliers	(94,138)
Payments to employees	(45,195)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	57,203
	<hr/>
CASH FLOWS FROM NON-OPERATING ACTIVITIES	
Transfer from City of St. Cloud	85,862
	<hr/>
NET CASH PROVIDED BY NON-OPERATING ACTIVITIES	85,862
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition/construction of capital assets	(172,022)
Receipts from construction escrow account	(517)
Retirement of capital debt	(11,245)
Interest paid on capital debt	(6,898)
Capital contributions - developers	57,960
Capital grant reimbursements	364
Proceeds from long-term debt	28,660
Proceeds from sale of capital assets	1,005
	<hr/>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(102,693)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(117,532)
Sale of investments	116,596
Investment earnings	10,970
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,034
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,406
	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	223,707
	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 274,113
	<hr/>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Total unrestricted cash and cash equivalents	\$ 114,844
Total restricted cash and cash equivalents	159,269
	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 274,113
	<hr/>

(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, 2023

(In Thousands)

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 20,225
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	48,049
Changes in assets and liabilities:	
Increase in accounts receivable	(4,540)
Increase in lease receivable	296
Decrease in inventories	(1,472)
Increase in deferred outflows	2,927
Decrease in accounts payable	(11,619)
Increase in customer deposits	1,734
Increase in other liabilities	59
Increase in Subscription liability	498
Increase in accrued liabilities	399
Increase in OPEB	(501)
Increase in compensated absences	796
Increase in net pension liability	469
Decrease in deferred inflows	(117)
	<u>36,978</u>
TOTAL ADJUSTMENTS	36,978
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 57,203</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Water/sewer lines contributed by developers	\$ 26,988
Net change in fair value of investments	\$ 4,166
Transfer from the City of St. Cloud	\$ 32,530

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

TOHOPEKALIGA WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023
(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 non-potable water services to the residents of Osceola County, Florida. 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. On February 10, 2022, Toho entered into a joint local agreement with the City of St. Cloud, Florida (City of St. Cloud resolution No. 2022-034R) whereby Toho will provide full management, financing and administration services for the City of St. Cloud environmental utility system. Incorporating the City of St. Cloud Utility system began on October 1, 2022. Toho is governed by a seven-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, two Board members are appointed by the City Commission of the City of St. Cloud, 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 Public Assets for Liquidity Management (FLPALM), 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 FL PALM, which are external 2a-7 like investment pools stated at share price. All fair market valuations are based on quoted market prices.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable - 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 \$500. The allowance is based upon management's specific identification of receivables that may become uncollectible.

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 2023, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

Deferred Outflows/Inflows of Resources (*Cont.*)

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, 2023, Toho reported \$19,230 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 8. 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 9.

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 8 and Note 9, 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.

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

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. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Under this statement, a government is required to recognize a right-to-use subscription asset and a corresponding subscription liability at the commencement of the subscription term and to amortize the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods, thereby enhancing financial reporting by allowing users to better evaluate a government's SBITA-related obligations and assets and providing greater consistency and comparability of governmental financial statements. Toho reviewed its current SBITAs and determined that two agreements qualify for this treatment. See Note 7 for further information on SBITAs.

Financial Statement Presentation - All dollar amounts listed in the Notes to the Financial Statements are presented in thousands.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

At September 30, 2023, the carrying amount of Toho's cash deposit accounts was \$38,758. 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, through Resolution 2015-013, pursuant to Section 218.415, Florida Statutes. This policy revision encompassed updates to permissible investments, asset allocation and issuer limits, credit rating requirements, and maturity constraints, aiming to safeguard Toho's financial 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 by an investment policy. Toho's policy permits investments in various instruments, including Florida Prime, U.S. Government Securities, Agency Securities, GSEs, Supra-nationals, Asset-Backed Securities, Mortgage-Backed Securities, time deposits, repurchase agreements, commercial paper, Corporate notes, bankers acceptances, and state or local government debt, among others.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investment Portfolio (Continued)

As of September 30, 2023, Toho had the following investment types and weighted average maturities expressed in years:

<u>Security Type</u>	<u>Market Value (\$ thousands)</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury	\$ 83,135	1.93
Local Government Investment pool	68,671	0.28
Florida Prime	63,455	0.10
Corporate	53,708	1.78
Asset-Backed Security	40,786	3.21
Agency Commercial Mortgage-Backed Security	15,935	2.00
Agency Mortgage-Backed Security Pass-through	3,080	6.32
Municipal	881	1.15
Supra-National Agency Bond / Note	742	0.98
Federal Agency	274	0.04
Agency CMO	138	11.18
Money Market Fund	28	0.01
Total	\$ 330,833	2.61

Interest Rate Risk

Toho is committed to aligning its investment strategy with its anticipated cash flow needs to the greatest extent feasible. Investments are carefully selected to ensure that, except for those tied to specific cash flows, the maturity of securities does not exceed five years from the purchase date, in alignment with relevant state and local regulations.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years. This approach is taken only when the maturity dates of these investments closely align with the projected timing of fund utilization. Any decision to invest in long-maturity securities is transparently communicated to the Board of Supervisors through written disclosures.

Toho utilizes a “weighted average duration” as a measurement of interest rate risk and as of September 30, 2023, the investment portfolio had a weighted average duration of 2.61 years, indicating a moderate level of interest rate risk. This measure helps Toho in maintaining a balanced investment portfolio that supports its financial stability and strategic objectives.

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

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

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

Toho mandates that all securities and collateral be held by a third-party custodian, clearly marked as Toho's assets to ensure transparency and security. Withdrawals from custody are strictly regulated, permitted only by authorized Toho personnel. Annually, the custodian must submit their latest report on internal controls, in compliance with Statements of Auditing Standards No. 70, or SAS 70/SSAE 16, reinforcing the integrity of the custodial arrangement.

Mitigating Custodial Risk

Toho enforces rigorous standards for broker/dealers to minimize custodial risk – the risk of losing investment or collateral due to a counterparty's failure. These standards include SEC-mandated capital requirements, state registration, and a comprehensive understanding of Toho's investment policies, underscored by the submission of a detailed questionnaire and the latest audit report. Notably, Toho's policy does not limit the holdings with any single counterparty, an aspect that necessitates careful risk assessment and management.

Concentration of Credit Risk

Toho's investment strategy emphasizes diversification to mitigate credit risk, setting guidelines to prevent overexposure to any single issuer or type of investment. Consistent with this approach, Toho avoids investing in securities with maturities beyond five years, unless tied to particular cash flows, adhering to relevant statutory requirements.

As of the latest review on September 30, 2023, Toho's investments were prudently managed by a third-party custodian, in line with policy directives. The portfolio's issuer concentration and credit exposure are meticulously monitored, ensuring alignment with Toho's strategic objectives and risk tolerance levels.

As of September 30, 2023, Toho had the following issuer concentration and credit exposure based on market value as a percentage of total investments:

Security Type	Fair Value (\$ thousands)	Portfolio Asset Allocation	Permitted by Policy
United States Treasury Securities	\$ 83,135	25.1%	100%
Florida Prime	63,455	19.2%	25%
Corporate Note	53,708	16.2%	35%
Local Government Investment Pool	68,671	20.8%	25%
Asset-Backed Security	40,786	12.3%	25%
Federal Agency Securities/GSE	19,427	5.9%	75%
Supra-National Agency Bond/Note	742	0.2%	25%
Municipal Bond/Note	881	0.3%	25%
Money Market Fund	28	0.0%	50%
Total	\$ 330,833	100.0%	

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, 2023.

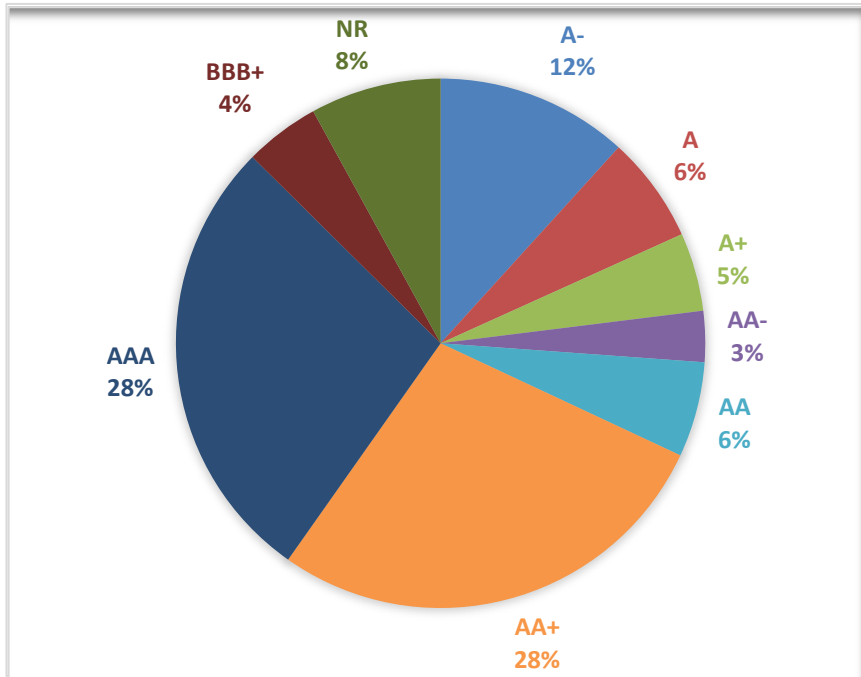


Figure 1 - Credit Quality / S&P Ratings

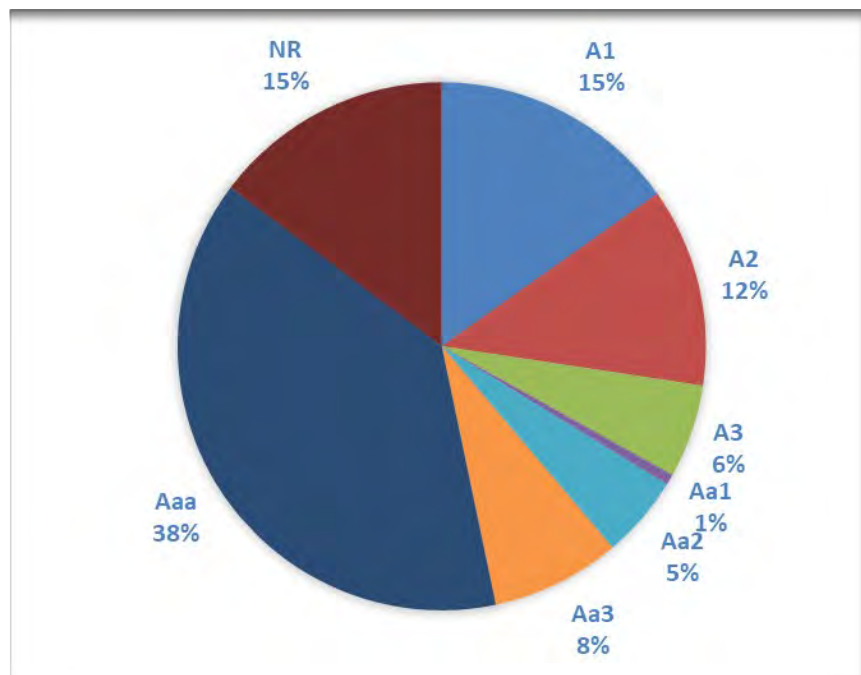


Figure 2 - Credit Quality / Moody's Ratings

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk and Fair Value Measurement

	9/30/2023 Market Value (\$ thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level		
U.S. Treasury Bond / Note	\$ 83,135	\$ 83,135
Local Government Investment Pool ^[1]	68,671	-
Florida Prime ^[1]	63,455	-
Corporate Note	53,708	53,708
Asset-Backed Security	40,786	40,786
Agency Commercial Mortgage-Backed Security	15,935	15,935
Agency Mortgage-Backed Security Pass Through	3,080	3,080
Municipal	881	881
Supra-National Agency Bond / Note	742	742
Federal Agency Mortgage-Backed Security	274	274
Agency Collateralized Mortgage Obligation	138	138
Money Market Fund	28	-
Total investments by fair value measure	330,833	\$ 198,679
Total deposits	38,758	
Total deposits and investments	369,591	
Restricted	254,747	
Unrestricted	\$ 114,844	

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

^[1] 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.

Local Government Investment Pools

Florida PRIME Governmental Investment Pool

The Governmental Accounting Standards Board (GASB) Statement No. 72 establishes a hierarchy for valuing assets and liabilities at fair value, categorized into three levels based on the transparency and reliability of inputs used in valuation techniques. Level 1 inputs are the most reliable, consisting of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs include observable data other than Level 1 prices, and Level 3 inputs are unobservable, relying on management’s assumptions about underlying asset or liability characteristics.

Under GASB 72, most investments are required to be measured at their fair value, except for certain exceptions like money market investments and external investment pools that are similar to those governed by Rule 2a-7 of the Investment Company Act, such as Florida PRIME. This standard also mandates disclosures about the valuation techniques used, the hierarchy level of the fair value measurements, and the rationale for their categorization.

NOTE 2 - DEPOSITS AND INVESTMENTS *(Continued)*

Local Government Investment Pools *(Continued)*

Florida PRIME Governmental Investment Pool (Continued)

Toho employs third-party services for the fair value assessment of its investments in U.S. Treasury and corporate securities, among others. For investments like commercial paper, Toho relies on custody statements for valuation. According to GASB 72, since Florida PRIME operates akin to a 2a-7-like pool, Toho measures its investments in the pool at amortized cost, which is considered the fair value and is thus exempt from the standard's fair value hierarchy disclosures.

As of September 30, 2023, Toho's investments in the Florida PRIME Governmental investment pool are managed in accordance with these guidelines, with no restrictions on daily withdrawals, ensuring full liquidity for Toho's assets.

Regarding liquidity management, Florida Statutes and administrative rules provide mechanisms for temporary restrictions on withdrawals in extraordinary circumstances to protect all pool participants. These include the potential for a temporary moratorium on transactions, subject to stringent oversight and immediate communication with stakeholders and regulatory bodies.

FL PALM Fund

Toho's investments in the FL PALM Fund, an intergovernmental investment pool compliant with GASB 79, are managed under the Florida Interlocal Cooperation Act and relevant statutes. The FL PALM Fund is not SEC-registered but operates in a manner consistent with SEC Rule 2a-7, valuing shares at an amortized cost to maintain a stable net asset value (NAV) of \$1.00 per share.

The fund's investments adhere to Toho's policy, with daily NAV determination by the investment advisor. The fund's trustees have the authority to restrict withdrawals in emergencies, ensuring the funds stability and compliance with investment objectives.

The FL PALM Fund's underlying securities are highly rated, reflecting a strong emphasis on credit quality. Toho's participation in the fund represents an ownership share in the pool rather than direct ownership of the underlying assets, aligning with Toho's risk management and investment strategies.

Foreign Currency Risk

Toho's investment policy explicitly prohibits investments in foreign currencies, effectively eliminating exposure to foreign currency risk. This conservative stance ensures that Toho's investments remain focused on stability and risk mitigation within its operating jurisdiction.

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, 2023:

	Beginning Balance 10/1/22	Increases	Decreases	Ending Balance 9/30/23
Capital assets, not being depreciated				
Land	\$ 22,632	\$ 10,086	\$ -	\$ 32,718
Construction in progress	129,013	128,997	(128,972)	129,038
Total capital assets, not being depreciated	<u>151,645</u>	<u>139,083</u>	<u>(128,972)</u>	<u>161,756</u>
Capital assets, being depreciated				
Water system assets				
Plant and infrastructure	443,175	64,350	(1,185)	506,340
Equipment, furniture and fixtures	9,661	1,752	(73)	11,340
Total water system assets	<u>452,836</u>	<u>66,102</u>	<u>(1,258)</u>	<u>517,680</u>
Sewer system assets				
Plant and infrastructure	803,343	110,483	(1,184)	912,642
Equipment, furniture and fixtures	13,429	3,066	(332)	16,163
Total sewer system assets	<u>816,772</u>	<u>113,549</u>	<u>(1,516)</u>	<u>928,805</u>
General plant and administrative assets				
Plant and infrastructure	31,454	614	(78)	31,990
Equipment, furniture and fixtures	20,313	6,446	(348)	26,411
Total general plant and administrative assets	<u>51,767</u>	<u>7,060</u>	<u>(426)</u>	<u>58,401</u>
Intangible Assets				
Right-to-use assets – St. Cloud Utility	-	28,660	-	28,660
Right-to-use assets – SBITAs	-	1,814	-	1,814
Total Intangible assets	<u>-</u>	<u>30,474</u>	<u>-</u>	<u>30,474</u>
Total capital assets, being depreciated	<u>1,321,375</u>	<u>217,185</u>	<u>(3,200)</u>	<u>1,535,360</u>
Less accumulated depreciation/amortization for:				
Plant and infrastructure	(415,819)	(43,115)	1,492	(457,442)
Equipment, furniture and fixtures	(28,900)	(8,225)	662	(36,463)
Right-to-use assets – St. Cloud Utility	-	(478)	-	(478)
Right-to-use assets – SBITAs	-	(661)	-	(661)
Total accumulated depreciation	<u>(444,719)</u>	<u>(52,479)</u>	<u>2,154</u>	<u>(495,044)</u>
Total capital assets, being depreciated, net	<u>876,656</u>	<u>164,706</u>	<u>(1,046)</u>	<u>1,040,316</u>
Capital assets, net	<u>\$1,028,301</u>	<u>\$ 303,789</u>	<u>\$(130,018)</u>	<u>\$1,202,072</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, 2023:

	Beginning Balance 10/1/22	Additions	Reductions	Ending Balance 9/30/23	Due Within One Year	Long- Term Portion
Revenue bonds payable (Public Offerings)	\$ 162,020	\$ -	\$ 8,115	\$ 153,905	\$ 8,445	\$ 145,460
Notes payable (Direct Borrowing)	8,040	-	1,105	6,935	885	6,050
Notes payable (Direct Placement)	52,465	28,660	30	81,095	30	81,065
	<u>222,525</u>	<u>28,660</u>	<u>9,250</u>	<u>241,935</u>	<u>9,360</u>	<u>232,575</u>
Plus (Less) Bond Discounts and Premiums	17,329	-	1,995	15,334	-	15,334
Total revenue bonds and notes payable	<u>239,854</u>	<u>28,660</u>	<u>11,245</u>	<u>257,269</u>	<u>9,360</u>	<u>247,909</u>
OPEB payable	1,730	1,314	1,144	1,900	-	1,900
Net pension liability	11,420	3,692	904	14,208	-	14,208
Compensated absences payable	2,518	3,425	2,262	3,681	1,254	2,427
SBITA Liability	-	797	299	498	307	191
Total long-term liabilities	<u>\$ 255,522</u>	<u>\$ 37,888</u>	<u>\$ 15,854</u>	<u>\$ 277,556</u>	<u>\$ 10,921</u>	<u>\$ 266,635</u>

Revenue Bonds Payable (Public Offerings) - Toho has revenue bonds outstanding at September 30, 2023, as follows:

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, 2023, 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.

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.

NOTE 4 - LONG-TERM DEBT (Continued)

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.

Series 2022 Note (Direct Placement) - Used to refund the City of St. Cloud's utility-related debt in order to execute the interlocal agreement effective October 1, 2022, that transferred the management, operation, and administration of the City of St. Cloud's water and sewer utility system to Toho.

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 20% of net revenues. The total principal and interest remaining on the bonds and notes, as noted below under debt service requirements, is \$309,433. Principal and interest paid for the current year was \$18,106 Total customer net revenues for the current year were \$91,411.

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				
Public Offerings				
Series 2016	Project Capital	\$173,605	\$ 153,905	3.10%
Notes Payable				
Direct Borrowings				
Note Payable - BOA	Admin Bldg. Project Capital	\$ 16,000	6,935	3.63%
Note Payable - Truist	Project Capital	\$ 10,000	-	4.582%
Direct Placements				
Note Payable - Truist	Refunding	\$ 14,305	14,275	1.08%
Note Payable - WCM (Wells Capital Management)	Project Capital	\$ 38,160	38,160	5.00%
Series 2022 - Truist	St. Cloud Integration	\$ 28,660	28,660	2.64%
Total Long-Term Debt			\$ 241,935	

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>
2024	\$ 8,445	\$ 5,986	\$ 885	\$ 252	\$ 30	\$ 2,812	\$ 9,360	\$ 9,050
2025	8,860	5,564	920	220	30	2,819	9,810	8,603
2026	9,275	5,146	955	186	38,190	2,818	48,420	8,150
2027	9,740	4,682	990	151	28,700	910	39,430	5,743
2028	3,075	4,305	1,025	116	7,030	153	11,130	4,574
2029-2033	47,710	18,953	2,160	118	7,115	77	56,985	19,148
2034-2038	52,635	8,625	-	-	-	-	52,635	8,625
2039-2043	7,165	2,709	-	-	-	-	7,165	2,709
2044-2048	7,000	896	-	-	-	-	7,000	896
	\$ 153,905	\$ 56,866	\$ 6,935	\$ 1,043	\$ 81,095	\$ 9,589	\$ 241,935	\$ 67,498

NOTE 5 - INVESTED IN CAPITAL ASSETS

The amount reported on the statement of net position as net investment in capital assets at September 30, 2023, consists of the following:

Net capital assets	\$1,202,072
Debt related to purchase of capital assets	(257,767)
Unspent bond proceeds	324
Capital related liabilities	(7,389)
Deferred amount on refunding	19,230
Net investment in capital assets	\$ 956,470

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 \$53,420 as of September 30, 2023, and a deferred inflows of resources in the amount of \$52,902 as of September 30, 2023, related to this agreement. The deferred inflows of resources for leases will be recognized as revenue over the term of the lease agreement.

The lease principal was reduced by \$296 and Toho recognized \$292 of interest income for the year ended September 30, 2023.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 303	\$ 303	\$ 606
2025	310	314	624
2026	317	326	643
2027	324	338	662
2028	332	350	682
Thereafter	<u>51,834</u>	<u>91,909</u>	<u>143,743</u>
	<u>\$ 53,420</u>	<u>\$ 93,540</u>	<u>\$ 146,960</u>

NOTE 7 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Toho accounts for Subscription agreements in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Toho's operations include two agreements as follows:

Toho has an agreement with Samsara Inc. to provide software that monitors activity on dashboard cameras installed on Toho's fleet of vehicles. The three-year term for this agreement commenced on December 23, 2021. An interest rate of 2.64% (based on Toho's current rate of borrowing) was used to determine the net present value of subscription payments to establish the subscription liability.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 120</u>	<u>\$ 8</u>	<u>\$ 128</u>
	<u>\$ 120</u>	<u>\$ 8</u>	<u>\$ 128</u>

Toho has an agreement with Tyler Technologies for Tyler to provide software to support Toho's web-based development portal. This software enables developer to submit plans, apply for permits, and request meters as well as make the related payments. Additionally, it allows them to monitor the progress of their requests and track scheduled inspections, meetings, expiration dates, etc. The four-year term of this agreement commenced on July 1, 2022. An interest rate of 2.64% (based on Toho's current rate of borrowing) was used to determine the net present value of subscription payments to establish the subscription liability.

NOTE 7 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 187	\$ 5	\$ 192
2025	191	20	211
	<u>\$ 378</u>	<u>\$ 25</u>	<u>\$ 403</u>

NOTE 8 - 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, 2022. 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, 2023. The City’s ACFR may be obtained by written request to the City’s Finance Department, 101 North Church Street, Kissimmee, Florida 34741-5054.

On September 8, 2022, the City of St. Cloud City Council adopted Ordinance No. 2022-52, allowing Toho employees transferring from the City of St. Cloud to continue their participation in the City’s General Employees’ Retirement System. Toho’s employees that transferred from the City of St. Cloud have participated in the City of St. Cloud’s general employees’ retirement plan since separation from the City of St. Cloud as noted in Note 1 – Reporting entity of these financial statements. An actuarial study was conducted as of October 1, 2022. The City of St. Cloud does not produce separately available financial reports for this pension plan. However, all required disclosures and financial data are contained in the City of St. Cloud’s publicly available ACFR for the fiscal year ended September 30, 2023. The City of St. Cloud’s ACFR may be obtained by written request to the City of St. Cloud’s Finance Department, 1300 Ninth Street, St. Cloud, Florida 34769.

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 of Kissimmee Commission, including the funding policy.

NOTE 8 - PENSION PLAN *(Continued)*

Description of Plan *(Continued)*

The City of St. Cloud 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 who transferred to Toho on October 1, 2022), 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 of St. Cloud Council, including the funding policy. Toho's proportion of the total OPEB liability for the City of St. Cloud plan was based on the historical actuarially determined employer contributions to the OPEB plan for fiscal year 2023. At September 30, 2023, Toho's proportion was 22.82%.

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 of Kissimmee 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, 2023, 2022 and 2021 were \$1,491, \$1,505 and \$1,515, respectively.

The City of St. Cloud is required to contribute at an actuarially determined rate, or 10% of the employee's compensation, whichever is greater. Toho contributed 13% of qualified employee salaries to the plan. Plan members contribute 1.0% of their annual covered salary. Contribution requirements are based upon the normal (current year) cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes. Toho contributions to the plan for the year ended September 30, 2023 was \$493.

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

At September 30, 2023, Toho reported a liability of \$10,516 for its proportionate share of the net pension liability for the City plan and \$3,692 for its proportionate share of the net pension liability for the City of St. Cloud plan for a total net pension liability of \$14,208. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as October 1, 2022 for both plans.

NOTE 8 - PENSION PLAN (Continued)

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

Toho's proportion of the net pension liability for the City plan was based on the historical actuarially determined employer contributions to the pension plan for fiscal year 2023. At September 30, 2023, Toho's proportion was 27.57%, which reflects a decline (0.74%) from its respective proportion measured as of September 30, 2022.

For the year ended September 30, 2023, Toho recognized pension expense of \$2,470 related to the City plan.

At September 30, 2023, Toho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands) relating to the City plan:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 180	\$ (22)
Changes of assumptions earnings on pension plan investments	579	-
Changes in proportion	-	(377)
Net difference between projected and actual earnings on pension plan investments	<u>2,327</u>	<u>-</u>
Total	<u>\$ 3,086</u>	<u>\$ (399)</u>

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

Years Ending September 30,	Amount
2024	\$ 588
2025	645
2026	1,647
2027	(193)
2028	-
Thereafter	-
Total	<u>\$ 2,687</u>

Toho's proportion of the net pension liability for the City of St. Cloud plan was based on the historical actuarially determined employer contributions to the pension plan for fiscal year 2023. At September 30, 2023, Toho's proportion was 22.82%.

For the year ended September 30, 2023, Toho recognized pension expense of \$2,858 related to the City of St. Cloud plan.

NOTE 8 - PENSION PLAN (Continued)

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

At September 30, 2023, Toho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands) relating to the City of St. Cloud plan:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 84	\$ (44)
Changes of assumptions earnings on pension plan investments	137	-
Changes in proportion	-	-
Net difference between projected and actual earnings on pension plan investments	1,714	-
Total	<u>\$ 1,935</u>	<u>\$ (44)</u>

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

Years Ending September 30,	Amount
2024	\$ 597
2025	498
2026	838
2027	(42)
2028	-
Thereafter	-
Total	<u>\$ 1,891</u>

NOTE 8 - PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the October 1, 2022 actuarial valuation for the City of Pension Plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	October 1, 2022
Measurement Date:	September 30, 2023
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, 2021.
Actuarial Cost Method:	Entry Age Normal

The actuarial assumptions used in the October 1, 2022 valuation were based on the results of an actuarial experience study for the period October 1, 2021 - September 30, 2022.

The total pension liability in the October 1, 2022 actuarial valuation for the City of St. Cloud Pension Plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	October 1, 2022
Measurement Date:	September 30, 2023
Inflation:	2.50%
Salary Increases:	Service based
Mortality:	<u>Healthy Active Lives:</u> Female: PubG.H-2010 for Employees. Male: PubG.H-2010 for Healthy Retirees, set back one year. <u>Healthy Retiree Lives:</u> Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year. <u>Beneficiary Lives</u> Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year. <u>Disabled Lives:</u> PubG.H-2010 for disables retirees, set forward three years.

NOTE 8 - PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return, net of investment expense on pension plan investments, was 6.80% for the City plan and 7.25% for the City of St. Cloud plan as of September 30, 2023. This rate was determined using a forward-looking capital market economic model. The tables below show the assumptions for each of the asset classes in which each 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.

Kissimmee Plan

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

St. Cloud Plan

<u>Asset Class</u>	<u>Target Allocation</u>
All Cap Value Equity	20%
Broad growth Equity	20%
International Equity	15%
Fixed Income (Core)	20%
Fixed Income (non-Core)	5%
Global Bond	5%
Real Estate	10%
GTAA	5%
Total	<u>100%</u>

Discount Rate

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

The discount rate used to measure the total pension liability was 7.25% for the City of St. Cloud plan. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%.

NOTE 8 - PENSION PLAN (Continued)

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 for the City plan:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Toho's proportionate share of the net pension liability (asset)	<u>\$ 16,252</u>	<u>\$ 10,516</u>	<u>\$ 5,705</u>

The following presents Toho's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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 for the City of St. Cloud plan:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Toho's proportionate share of the net pension liability (asset)	<u>\$ 6,317</u>	<u>\$ 3,692</u>	<u>\$ 1,529</u>

Change in Net Pension Liability

	October 1, 2022	Additions	Deletions	September 30, 2023	Due Within One year
Net pension liability	<u>\$ 11,420</u>	<u>\$ 3,692</u>	<u>\$ 904</u>	<u>\$ 14,208</u>	<u>\$ -</u>

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, 2023, 2022 and 2021 were \$1,621, \$1,332 and \$1,038, respectively. Participants contributed \$796, \$655 and \$513 for the years ended September 30, 2023, 2022 and 2021, respectively.

NOTE 9 - 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, 2023.

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.

The City of St. Cloud administers a cost-sharing, multiple-employer defined benefit postemployment health care plan that covers eligible retired employees of the City. Toho will record its proportionate share of the OPEB liability for those employees that transferred from the City of St. Cloud. The OPEB plan is reported under GASB 75 for fiscal year ended September 30, 2023.

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. Medicare is assumed to become primary upon attainment of age 65.

NOTE 9 - 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:

	Total OPEB Liability
Service	\$ 170
Interest on the Total OPEB Liability	41
Differences between expected and actual experience	(44)
Changes of assumptions and other inputs	(753)
Benefit payments	(74)
Net change in Total OPEB Liability	(660)
Total OPEB Liability at Beginning of Year	1,730
Total OPEB Liability at End of Year	\$ 1,070

The following table shows the components of Toho's net obligation to the City of St. Cloud OPEB Plan:

	Proportionate Share of Total OPEB Liability
Service	\$ 71
Interest on the Total OPEB Liability	24
Differences between expected and actual experience	70
Changes of assumptions and other inputs	(231)
Benefit payments	(41)
Other Changes	937
Net change in Total OPEB Liability	830
Total OPEB Liability at Beginning of Year	-
Proportionate Share of Total OPEB Liability at End of Year	\$ 830

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Toho Plan

For the year ended September 30, 2023, Toho recognized OPEB expense of \$46. At September 30, 2023, Toho reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 10	\$ (150)
Changes of assumptions	108	(1,099)
Benefits subsequent to measurement date	<u>47</u>	<u>-</u>
Total	<u>\$ 165</u>	<u>\$(1,249)</u>

The amount of \$47 reported as deferred outflows of resources related to OPEB resulting from benefits payments made subsequent to the measurement date will be recognized as a decrease of the Total OPEB Liability in fiscal year 2024.

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

<u>Years Ending September 30,</u>	<u>Amount</u>
2024	\$ (165)
2025	(165)
2026	(158)
2027	(161)
2028	(171)
Thereafter	<u>(311)</u>
Total	<u>\$ (1,131)</u>

City of St. Cloud Plan

For the year ended September 30, 2023, Toho recognized OPEB expense of \$67. At September 30, 2023, Toho reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 62	\$ (19)
Changes of assumptions	85	(320)
Benefits subsequent to measurement date	<u>50</u>	<u>-</u>
Total	<u>\$ 197</u>	<u>\$(339)</u>

The amount of \$50 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the Total OPEB Liability in fiscal year 2024.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

<u>Years Ending September 30,</u>	<u>Amount</u>
2024	\$ (30)
2025	(30)
2026	(30)
2027	(25)
2028	(20)
Thereafter	(57)
Total	<u>\$ (192)</u>

Actuarial Methods and Assumptions

Valuation Date:	September 30, 2022
Measurement Date:	September 30, 2022
Inflation:	2.50%
Salary increases, including inflation:	Salary increases rates based on those used in the October 1, 2022 actuarial valuation for the General Employees of the City of Kissimmee.
Retirement Age:	Retirement rates based on those used in the October 1, 2022 actuarial valuation for the General Employees of the City of Kissimmee.
Mortality:	Mortality rates are the same as used in the July 1, 2022 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 6.50% for claims cost and at 5.00% for premiums (based on actual premium rates effective January 1, 2023), and thereafter trends based on the Getzen Model, with a trend rate of 6.25% effective January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.00%.
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 2.19% as of the beginning of the measurement period to 4.40% as of September 30, 2022.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of Total OPEB Liability

Toho Plan

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 4.40%, 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	Current Discount Rate	1% Increase
3.40%	4.40%	5.40%
<u>\$ 1,151</u>	<u>\$ 1,070</u>	<u>\$ 996</u>

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

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

1% Decrease	Current Discount Rate	1% Increase
<u>\$ 961</u>	<u>\$ 1,070</u>	<u>\$ 1,198</u>

City of St. Cloud Plan

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 4.77%, 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	Current Discount Rate	1% Increase
3.77%	4.77%	5.77%
<u>\$ 919</u>	<u>\$ 830</u>	<u>\$ 752</u>

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of Total OPEB Liability (Continued)

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

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

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<u>\$ 738</u>	<u>\$ 830</u>	<u>\$ 939</u>

NOTE 10 - 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, 2023.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Toho had the following significant capital construction projects, with remaining commitment amounts greater than \$500 as of September 30, 2023:

Project Description	Remaining Commitment
WIFIA I Accelerated Gravity Sewer Assessment and Rehabilitation Project	\$ 16,508
Cypress Lake Water Treatment Plant & Pipelines	13,572
160-Acre Alternative Water Supply – Indirect Potable reuse	5,161
Harmony Water Treatment Plant Upgrade & Expansion	4,689
Shingle Creek Surface Water Treatment Facility	3,804
Camelot Water Reclamation Facility Expansion and Effluent Storage	3,590
Walnut Water Reclamation Facility Decommissioning	3,436
Harmony Water Reclamation Facility Re-rating and Expansion	2,829
Sunbridge Water Treatment Plant Well #3 Pump and Distribution Piping	2,624
S Bermuda/Parkway Water Reclamation Facilities - Reclaim Interconnection	2,443
Poinciana Utilities Extension/Contribution in Aid of Construction Project	2,265
Hydrogen Sulfide Removal System	2,178
Administration Building Renovations and Universal Power Supply	1,611
Neptune Road/Partin Settlement/US192 Utility Relocations	1,090
Ranch Water Supply Well Drilling	1,048
Judge Farms Reservoir and Impoundment	983
Buenaventura Lakes Water Treatment Plant Upgrade	942
St Cloud Water Treatment Plant #4 Interim Supplemental Filtration Project	928
S Bermuda Water Reclamation Facility Expansion to 16 Million Gallons/Day	912
Fortune Road and Lakeshore Drive Utility Relocation	782
Marigold Ave Utility Relocation and Improvements	598
2020 Lift Station Rehabilitations	534
	\$ 72,527

Intergovernmental 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. Toho also entered an interlocal agreement with the City of St. Cloud (City of St. Cloud Resolution No. 2022-034R) adopted February 10, 2022 to manage the City of St. Cloud's environmental utilities and exercise and implement the powers specified in the Act within the City of St. Cloud utility service area effective October 1, 2022. Toho is obligated to provide payments to the City of St. Cloud annually based on the gross annual revenues of the system with a \$3 million minimum until September 30, 2083 (Unless the City of St. Cloud exercises its right to terminate as defined in the agreement). Toho expensed approximately \$18 million under these agreements during the current fiscal year.

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

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 12 - SPECIAL ITEM

Transfer of Operations - Under an interlocal agreement, the City of St. Cloud and Toho agreed to transfer operation of the City of St. Cloud's environmental utility (water and sewer service) to Toho. This agreement will help increase operational efficiency, better support regional water supply management, and improve the reliability and resiliency of infrastructure. To facilitate this transfer, Toho issued new revenue bonds in order to retire the City of St. Cloud's utility-related debt. The City of St. Cloud retains ownership of all associated land, buildings, and infrastructure but the City of St. Cloud's other utility-related assets and liabilities transferred to Toho. Consequently, Toho recognized the following assets, liabilities, and net position (which is reported as a special item in the Statement of Revenues, Expenses, and Changes in Net Position):

	<u>Carrying Values</u>
Transferred Assets and Deferrals	
Restricted cash	\$ 85,862
Other current assets	23,497
Equipment and Furniture	2,291
Construction in Progress	8,833
Deferred Outflows	<u>2,940</u>
	<u>123,423</u>
Transferred Liabilities and Deferrals	
Current Liabilities	1,861
Long-Term Liabilities	2,990
Deferred Inflows	<u>180</u>
	<u>5,031</u>
Net Transfer of Utility Operation	<u><u>\$ 118,392</u></u>

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)

	Toho Plan					
Fiscal Year Ended September 30,	2023	2022	2021	2020	2019	2018
Measurement Year Ended September 30,	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 170	\$ 159	\$ 181	\$ 146	\$ 127	\$ 128
Interest on the Total OPEB Liability	41	40	65	76	64	54
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	(44)	-	(178)	-	27	-
Changes of assumptions and other inputs	(753)	26	(644)	178	(20)	(57)
Benefit payments	(74)	(49)	(86)	(63)	(55)	(29)
Net change in Total OPEB Liability	(660)	176	(662)	337	143	96
Total OPEB Liability – Beginning	1,730	1,554	2,216	1,879	1,736	1,640
Total OPEB Liability – Ending	\$ 1,070	\$ 1,730	\$ 1,554	\$ 2,216	\$ 1,879	\$ 1,736
Covered-Employee Payroll	\$ 22,455	\$ 22,503	\$ 18,442	\$ 19,844	\$ 18,272	\$ 15,641
Total OPEB Liability as a Percentage of Covered -Employee Payroll	4.77%	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 2.19% as of the beginning of the measurement period to 4.40% as of September 30, 2022. 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 Changes in Total OPEB Liability and Related Ratios
(In Thousands)

St. Cloud Plan	
Fiscal Year Ended September 30,	2023
Measurement Year Ended September 30,	2022
Total OPEB Liability	
Service Cost	\$ 71
Interest on the Total OPEB Liability	24
Changes of benefit terms	-
Difference between expected and actual experience of the Total OPEB Liability	70
Changes of assumptions and other inputs	(231)
Benefit payments	(41)
Other Changes	937
Net change in Total OPEB Liability	830
Total OPEB Liability – Beginning	-
Total OPEB Liability – Ending	\$ 830
Covered-Employee Payroll	\$ 5,592
Total OPEB Liability as a Percentage of Covered -Employee Payroll	14.84%

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 2.43% for the reporting period ended September 30, 2022 to 4.77% for the reporting period ended September 30, 2023. 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)

Kissimmee Plan

Fiscal Year Ended September 30,	Plan Sponsor Measurement Date September 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2023	2023	27.57%	\$ 10,516	\$ 4,572	230.00%	78.62%
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 Net Pension Liability
(In Thousands)

St. Cloud Plan						
Fiscal Year Ended September 30,	Plan Sponsor Measurement Date September 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2023	2023	22.82%	\$ 3,692	\$ 4,492	82.19%	81.23%

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)

Kissimmee Plan						
Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll	
2023	\$ 1,496	\$ 1,491	\$ 5	\$ 4,572	32.61%	
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%	

TOHOPEKALIGA WATER AUTHORITY
Schedule of Contributions
(In Thousands)

St. Cloud Plan

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2023	\$ 720	\$ 493	\$ 227	\$ 4,492	10.98%

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

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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.

Contents	Pages
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, 2023
with Comparative Amounts for Fiscal Years Ended September 30, 2014 through 2023 Last Ten Fiscal Years

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014
ASSETS										
Current Assets										
Cash and cash equivalents	\$114,844	\$130,259	\$127,566	\$102,735	\$94,293	\$84,861	\$73,962	\$52,242	\$47,548	\$59,865
Restricted cash and cash equivalents	32,264	33,650	29,655	26,797	24,553	26,666	12,108	9,034	14,552	11,486
Accounts receivable, net	30,940	23,413	20,162	21,462	20,172	16,973	12,755	11,907	12,082	10,220
Leases receivable	303	297	-	-	-	-	-	-	-	-
Due from other governments	22,037	758	966	825	203	2,540	518	226	73	578
Inventory	3,513	730	1,359	1,161	775	524	734	1,176	406	549
Total Current Assets	\$203,901	\$189,107	\$179,708	\$152,980	\$139,996	131,564	100,077	74,585	74,661	82,698
NON-CURRENT ASSETS										
Leases receivable	53,117	53,419	-	-	-	-	-	-	-	-
Due from other governments - non-current	3,320	4,479	5,130	5,352	-	-	-	-	-	-
Restricted cash and cash equivalents	127,005	59,798	85,295	113,512	58,120	61,854	43,568	42,835	31,159	23,100
Restricted investments	95,478	92,936	97,459	82,116	78,970	75,641	98,910	91,789	60,346	59,660
Restricted accounts receivable	8,112	5,077	2,533	3,278	1,368	3,964	1,003	1,339	1,368	2,297
Restricted construction deposits in escrow	1,759	1,148	1	342	320	330	1,408	2,519	4,774	-
Total Restricted Assets	288,791	216,857	190,418	204,600	138,778	141,789	144,889	138,482	97,647	85,057
Capital Assets										
Land	32,718	22,632	22,627	22,498	19,486	19,486	19,486	19,501	18,397	17,199
Water plant and equipment	517,680	452,836	429,598	415,192	391,148	372,994	365,216	354,716	337,713	328,094
Sewer plant and equipment	928,805	816,772	760,215	725,292	660,079	605,253	566,771	540,548	512,957	494,348
General plant and equipment	58,401	51,767	50,686	46,742	43,202	41,727	39,924	37,083	36,117	32,002
Right to Use Assets - St. Cloud Utility System	28,660	-	-	-	-	-	-	-	-	-
Right to Use Assets - SBITAs	1,814	-	-	-	-	-	-	-	-	-
Construction-in-progress	129,038	129,013	56,177	33,177	56,353	42,276	29,691	21,539	23,573	16,660
Less: Accumulated depreciation	(495,044)	(444,719)	(404,885)	(366,697)	(331,585)	(300,047)	(276,085)	(247,658)	(221,563)	(196,950)
Total Capital Assets (Net)	1,202,072	1,028,301	914,418	876,204	838,684	781,689	745,003	725,728	707,194	691,353
Deferred loss on refunding	19,230	20,959	3,856	3,169	10,956	11,582	12,208	12,834	12,189	12,872
Deferred outflows related to pensions	5,021	8,883	1,446	997	4,280	2,553	-	-	-	-
Deferred outflows related to OPEB	362	221	198	210	23	-	1,529	2,341	1,461	-
Total Deferred Outflows of Resources	24,613	30,063	5,500	4,376	15,259	14,135	13,737	15,175	13,650	12,872
Total Assets and Deferrals	\$ 1,719,377	\$ 1,464,328	\$ 1,290,044	\$ 1,238,160	\$ 1,132,717	\$ 1,069,177	\$ 1,003,706	\$ 953,970	\$ 893,152	\$ 871,980
LIABILITIES AND NET POSITION										
Current Liabilities										
Accounts payable	\$41,158	\$34,813	\$12,273	\$10,788	\$10,810	\$21,225	\$10,724	\$7,036	\$11,548	\$7,040
Accrued liabilities	1,579	1,180	1,020	848	640	547	481	400	232	363
Other liabilities	270	211	150	126	80	71	46	32	17	25
Contracts payable	2,077	1,585	479	753	1,824	896	214	413	679	548
Compensated absences payable	1,254	1,002	632	596	544	584	485	437	420	378
SBITA Liability	307	-	-	-	-	-	-	-	-	-
Current liabilities payable from restricted assets:										
Accounts payable	1,303	3,427	1,958	1,211	-	2,220	1,971	965	-	-
Contracts payable	1,230	3,387	2,033	1,073	1,386	1,665	1,223	541	283	86
Revenue bonds and note payable	9,360	9,250	9,294	8,789	8,601	8,404	1,175	1,385	7,123	5,760
Accrued interest payable	4,529	4,334	4,457	4,851	4,060	4,257	282	307	4,242	4,333
Deposits	15,842	13,252	11,913	10,873	10,506	10,120	7,457	5,856	2,904	1,307
Total Current Liabilities	\$78,909	\$72,441	\$44,209	\$39,908	\$38,451	\$49,989	\$24,058	\$17,352	27,448	19,840
Non-Current Liabilities										
Compensated absences payable	2,427	1,516	1,618	1,446	1,298	1,143	1,108	1,034	961	817
OPEB payable	1,900	1,730	1,554	2,216	1,879	1,736	1,076	922	801	700
Net Pension Liability	14,208	11,420	1,956	7,909	9,019	7,422	7,495	9,457	6,277	-
SBITA Liability	191	-	-	-	-	-	-	-	-	-
Revenue bonds and note payables	247,909	230,604	222,525	231,778	202,407	211,008	219,412	227,662	186,932	194,040
Total Non-Current Liabilities	266,635	245,270	227,653	243,349	214,603	221,309	229,091	239,075	194,971	195,557
Total Liabilities	345,544	317,711	271,862	283,257	253,054	271,298	253,149	256,427	222,419	215,397
Deferred Inflows of Resources										
Deferred inflows of resources related to pensions	443	4,316	5,883	1,055	1,424	1,548	879	-	817	-
Deferred inflows of resources related to OPEB	1,588	646	760	-	60	50	-	-	-	-
Deferred inflows of resources related to Leases	52,902	53,642	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	54,933	58,604	6,643	1,055	1,484	1,598	879	-	817	-
Total Liabilities and Deferrals	400,477	376,315	278,505	284,312	254,538	272,896	254,028	256,427	223,236	215,397
Net Position										
Net investment in capital assets	956,777	797,252	680,943	638,806	638,632	573,859	536,624	509,535	525,328	491,553
Restricted - system development charges	216,233	123,301	151,746	155,281	135,434	122,469	110,298	92,125	92,099	85,057
Restricted - bond projects	-	6,144	26,038	37,939	-	3,568	29,018	41,818	-	-
Unrestricted	145,890	161,316	152,812	121,822	104,113	96,385	73,738	54,065	52,489	79,973
Total Net Position	\$ 1,318,900	\$ 1,088,013	\$ 1,011,539	\$ 953,848	\$ 878,179	\$ 796,281	\$ 749,678	\$ 697,543	\$ 669,916	\$ 656,583

* Beginning in 2023, St. Cloud utility operations were integrated with Toho operations

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, 2023
 with Comparative Amounts for Fiscal Years Ended September 30, 2014 through 2023 Last Ten Fiscal Years

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenue										
Charges for services	\$198,400	\$150,435	\$138,751	\$130,813	\$126,799	\$117,913	\$110,911	\$96,486	\$87,150	\$81,344
Miscellaneous revenues	888	564	766	753	759	649	708	654	637	619
Total Operating Revenue	199,288	150,999	139,517	131,566	127,558	118,562	111,619	97,140	87,787	81,963
Operating Expenses										
Personnel services	49,908	34,713	30,575	29,134	27,433	25,537	24,323	24,697	21,002	19,220
Contracted services	16,500	12,651	11,057	13,097	10,477	8,965	8,518	10,036	7,470	6,892
Supplies and materials	12,755	6,586	5,395	5,337	5,136	4,484	4,657	4,091	4,041	4,385
Repairs and maintenance	15,624	11,453	10,158	8,531	7,605	6,784	6,688	7,006	6,068	5,752
Payments in lieu of taxes	17,711	12,520	11,574	10,851	10,800	9,990	9,478	8,264	7,456	7,015
Other services and charges	18,516	13,839	11,945	10,762	10,975	10,586	9,949	9,612	8,968	8,958
Depreciation & Amortization	48,049	41,488	40,213	36,976	33,753	32,135	29,559	27,706	26,021	24,280
Total Operating Expenses	179,063	133,250	120,917	114,688	106,179	98,481	93,172	91,412	81,026	76,502
Operating Income	20,225	17,749	18,600	16,878	21,379	20,081	18,447	5,728	6,761	5,461
Non-Operating Revenues (Expenses)										
Investment income (loss)	12,576	(7,916)	906	7,185	8,832	2,281	1,695	1,424	1,263	699
Interest and fiscal charges expense	(8,822)	(8,895)	(8,598)	(8,677)	(8,748)	(9,113)	(9,421)	(9,308)	(9,171)	(9,035)
Other	169	1,647	2,576	(272)	334	(17,060)	555	410	131	239
Total Non-Operating Revenues (Expenses)	3,923	(15,164)	(5,116)	(1,764)	418	(23,892)	(7,171)	(7,474)	(7,777)	(8,097)
Income/(Loss) Before Contributions and Special Item	24,148	2,585	13,484	15,114	21,797	(3,811)	11,276	(1,746)	(1,016)	(2,636)
Capital Contributions										
Federal, state, and local capital gains	364	2,197	-	(16)	20	725	448	-	165	15
Developers	87,983	71,692	44,207	60,571	60,081	50,310	40,411	29,373	21,615	30,473
Total Capital Contributions	88,347	73,889	44,207	60,555	60,101	51,035	40,859	29,373	21,780	30,488
Special Item:										
Transfer of operations from City of St. Cloud	118,392	-	-	-	-	-	-	-	-	-
Change in Net Position	230,887	76,474	57,691	75,669	81,898	47,224	52,135	27,627	20,764	27,852
Net Position Beginning of Year	1,088,013	1,011,539	953,848	878,179	796,281	749,678	697,543	669,916	656,583	630,288
Restatement - for Implementation of GASB 68 & 65	-	-	-	-	-	(621)	-	-	(7,431)	(1,557)
Total Net Position - Beginning Restated	1,088,013	1,011,539	953,848	878,179	796,281	749,057	697,543	669,916	649,152	628,731
Net Position - Ending	\$1,318,900	\$1,088,013	\$1,011,539	\$953,848	\$878,179	\$796,281	\$749,678	\$697,543	\$669,916	\$656,583

* Beginning in 2023, St. Cloud utility operations were integrated with Toho operations

Source: Tohopekaliga Water Authority

SCHEDULE OF TOTAL ACTIVE EMPLOYEES BY DEPARTMENT

For the Fiscal Year Ended September 30, 2023

CHANGES FROM YEAR TO YEAR - LAST TEN FISCAL YEARS

Department	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operations:										
Field Services	100	80	59	70	73	73	71	67	70	63
Plant and Support Operations	146	99	116	104	97	97	98	95	95	92
Asset & Infrastructure (incl. Engineering)	64	49	45	41	36	33	32	28	26	26
Business Services	19	22	19	16	16	16	15	15	16	18
Stake Holder Services										
Customer Service	107	70	68	64	59	60	60	51	41	30
Information Technology	15	23	21	18	15	15	14	12	12	12
Business & Environmental Services	44	24	0	0	0	0	0	0	0	0
Human Resources & Records Management	16	10	10	8	8	8	7	8	6	4
Office of the General Counsel	5	3	3	3	2	1	2	2	1	2
Administration	2	7	11	14	13	14	13	15	16	17
Total	518	387	352	337	317	317	310	291	283	264

* Beginning in 2023, St. Cloud utility operations were integrated with Toho operations

SCHEDULE OF HISTORICAL ANNUAL NUMBER OF RETAIL WATER

For the Fiscal Year Ended September 30, 2023

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

	2023*	2022	2021	2020	2019	2018	2017	2016 ¹	2015	2014
Water Service										
<u>Residential</u>										
Average Monthly Customers ¹	148,783	113,820	109,572	105,116	100,873	96,461	93,199	89,215	82,043	79,011
Average Monthly Consumption (000s)	723,354	549,554	537,879	499,617	464,681	450,455	412,215	404,663	380,303	369,604
Total Billed Usage	8,680,244	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
Average Monthly Use Per Customer	4,862	4,828	4,909	4,753	4,607	4,670	4,423	4,536	4,635	4,678
<u>Commercial</u>										
Average Monthly Customers ¹	8,642	7,213	7,147	6,973	6,925	6,704	6,740	7,540	11,167	11,115
Average Monthly Consumption (000s)	459,745	407,459	365,307	360,926	387,641	366,345	378,890	377,871	370,920	361,376
Total Billed Usage	5,516,937	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
Average Monthly Use Per Customer	53,199	56,490	51,113	51,760	55,977	54,646	56,215	50,115	33,216	32,513
Irrigation Service										
<u>General Service</u>										
Average Monthly Customers	24,043	17,882	17,753	17,267	17,201	16,957	16,636	16,460	16,251	15,950
Average Monthly Consumption (000s)	168,150	94,633	94,092	96,474	99,199	95,937	99,568	96,675	93,405	97,007
Total Billed Usage	2,017,799	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
Average Monthly Use Per Customer	6,994	5,292	5,300	5,587	5,767	5,658	5,985	5,873	5,748	6,082
Wastewater Service										
<u>Residential</u>										
Average Monthly Customers ¹	139,678	108,426	98,961	99,490	95,593	91,236	88,381	84,007	76,287	73,511
Average Monthly Consumption (000s)	661,352	519,161	506,925	465,896	435,995	421,377	380,652	379,958	346,883	337,476
Total Billed Usage	7,936,226	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
Average Monthly Use Per Customer	4,735	4,788	5,122	4,683	4,561	4,619	4,307	4,523	4,547	4,591
<u>Commercial</u>										
Average Monthly Customers ¹	6,809	6,354	6,306	6,267	6,129	5,945	5,832	6,809	10,533	10,315
Average Monthly Consumption (000s)	411,398	355,336	323,945	311,045	346,222	330,833	328,527	336,972	330,310	328,806
Total Billed Usage	4,936,778	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
Average Monthly Use Per Customer	60,420	55,923	51,371	49,632	56,489	55,649	56,332	49,489	31,360	31,875
Reclaimed Water Service										
<u>General Service</u>										
Average Monthly Customers	34,016	23,301	21,987	20,192	18,797	17,201	15,756	14,565	13,527	12,610
Average Monthly Consumption (000s)	739,172	592,719	565,389	542,852	531,948	444,639	386,532	332,068	298,480	320,675
Total Billed Usage	8,870,068	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
Average Monthly Use Per Customer	21,730	25,437	25,715	26,884	28,300	25,850	24,532	22,799	22,065	25,430

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

* Beginning in 2023, St. Cloud utility operations were integrated with Toho operations

SCHEDULE OF WATER PRODUCTION CAPACITY

For the Fiscal Year Ended September 30, 2023

Water Treatment Plants	Permitted (MGD)	Average Flow (MGD)	Max Day Flow (MGD)
Toho I (Kissimmee System)			
Eastern Regional System:			
Richard McLaughlin	19.964	14.134	17.450
Parkway	11.230	4.732	7.186
Camelot West	5.650	3.646	5.093
Western Regional System:			
Northwest	9.360	4.971	6.209
Southwest	8.640	3.949	6.700
Spring Lake Village & Morningside	0.806	0.000	0.000
Hidden Glen	0.024	0.003	0.006
Sunbridge	1.000	0.670	1.210
Toho II (Harmony System)	1.296	0.865	1.107
Toho III (formerly Florida Water Utility Systems)			
Buenaventura Lakes	5.040	2.216	4.306
Bay Lake Estates	0.198	0.068	0.100
Intercession City (Offline)	0.198	0.000	0.000
Toho IV (Poinciana Utility System)			
Peabody	3.355	2.401	3.370
Huron	3.780	3.239	4.166
Bella Lago	4.608	2.039	3.660
Toho V (St Cloud Utility System)			
St Cloud Plant #1	3.366	1.608	2.052
St Cloud Plant #2	0.000	0.000	0.000
St Cloud Plant #4	9.000	7.623	8.000

Source: Tohopekaliga Water Authority

SCHEDULE OF WASTEWATER TREATMENT CAPACITY

For the Fiscal Year Ended September 30, 2023

Wastewater Treatment Plants	Permitted (MGD)	Average Flow (MGD)	Max Day Flow (MGD)
Toho I (Kissimmee System)			
South Bermuda WRF	14.000	12.902	19.059
Camelot WRF	5.000	4.147	6.650
Parkway WRF	1.500	1.190	2.886
Sandhill WRF	6.000	5.566	7.520
Effluent Disposal Sites:			
Champions Gate (Imperial)	15.120	8.473	16.870
Daniels	0.000	0.000	0.000
Sandhill RIBs	2.000	0.885	2.264
Pine Island Sprayfield	1.600	0.706	2.676
Toho II (Harmony WRF)	0.499	0.313	0.565
Toho IV (Poinciana Utility System)			
Cypress West WRF	3.500	2.904	5.288
Walnut Drive WRF	0.850	0.798	2.101
Lake Marion WRF	2.000	2.096	4.839
Toho V (Southside WRF)	7.600	5.043	6.949

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 7

SCHEDULE OF MONTHLY BILL RATE COMPARISON
WITH OTHER FLORIDA MUNICIPAL UTILITY SYSTEMS
For the Fiscal Year Ended September 30, 2023
with Comparative Usage At 4,000 Gallons

	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Toho Water Authority	\$11.94	\$34.44	\$46.38
Orange County	\$14.00	\$36.89	\$50.89
City of Orlando	\$13.24	\$43.47	\$56.71
Lakeland	\$19.98	\$38.50	\$58.48
Seminole County	\$20.93	\$47.46	\$68.39

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 8

SCHEDULE OF SYSTEM DEVELOPMENT CHARGES COMPARISON
 WITH OTHER FLORIDA MUNICIPAL UTILITY SYSTEMS
 For the Fiscal Year Ended September 30, 2023
 with Comparative Per Equivalent Residential Connection (ERC)

	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Toho Water Authority ⁽¹⁾	\$3,293	\$4,151	\$7,444
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

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, 2023
 Consumption Reported in 1,000 Gallons

	<u>Water Customer</u>	<u>Consumption</u>	<u>Revenues</u>	<u>% of Revenue</u>
1	Enterprise Comm Dev Dist	529,332	\$837,201	1.67%
2	Opryland Hotel	164,632	354,423	0.71%
3	Wesgate Vacation Villas	146,655	321,437	0.64%
4	Quaker Oats	143,080	304,186	0.61%
5	Holiday Inn Club Vacations	142,169	317,128	0.63%
6	Good Samaritan Village	72,869	106,319	0.21%
7	Orange Co Utilities	68,543	101,213	0.20%
8	RIDA	68,055	155,160	0.31%
9	Goldem at Valencian LLC	57,317	121,102	0.24%
10	Osceola Reginal Medical Ctr	44,581	94,543	0.19%
	Total	1,437,233	\$2,712,711	5.41%

Source: Tohopekaliga Water Authority

SCHEDULE OF TEN LARGEST WASTEWATER CUSTOMERS

For the Fiscal Year Ended September 30, 2023
Consumption Reported in 1,000 Gallons

	Wastewater Customer	Consumption	Revenues	% of Revenue
1	Enterprise Comm Dev Dist	431,721	\$2,333,112	0.38%
2	Opryland	164,632	\$1,189,914	0.19%
3	Westgate Vacation Villas	146,655	\$1,078,615	0.18%
4	Holiday Inn Club Vacations	142,169	\$1,066,406	0.17%
5	Orange Co Utilities	61,999	\$316,228	0.05%
6	RIDA	61,489	\$404,152	0.07%
7	Goldem at Valencian LLC	57,317	\$406,104	0.07%
8	Osceola Regional Medical Center	44,581	\$317,073	0.05%
9	Avanath Wellington LLC	40,691	\$298,638	0.05%
10	Quaker Oats	37,968	\$267,479	0.04%
	Total	1,189,222	\$7,677,722	1.25%

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 11

SCHEDULE OF TOTAL OUTSTANDING INDEBTEDNESS (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2023

Revenue Bond & Note Issues - Yearly Debt Service						
Fiscal Year	2009	2016	2020	2021	2022	Total Debt Service
2024	\$1,137	\$14,431	\$1,908	\$184	\$750	\$18,410
2025	1,140	14,424	1,908	184	757	18,413
2026	1,141	14,421	40,068	183	757	56,570
2027	1,141	14,422	0	193	29,417	45,173
2028	1,141	7,380	0	7,183		15,704
2029	1,138	7,389	0	7,192		15,719
2030	1,140	14,805	0			15,945
2031	0	14,822	0			14,822
2032	0	14,823	0			14,823
2033	0	14,824	0			14,824
2034	0	14,821	0			14,821
2035	0	14,822	0			14,822
2036	0	14,824	0			14,824
2037	0	14,820	0			14,820
2038	0	1,973	0			1,973
2039	0	1,977	0			1,977
2040	0	1,974	0			1,974
2041	0	1,974	0			1,974
2042	0	1,977	0			1,977
2043	0	1,972	0			1,972
2044	0	1,975	0			1,975
2045	0	1,974	0			1,974
2046	0	1,973	0			1,973
2047	0	1,974	0			1,974
TOTAL	\$7,978	\$210,771	\$43,884	\$15,119	\$31,681	\$309,433

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 12

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

For the Fiscal Year Ended September 30, 2023

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Revenue Notes</u>	<u>State Loans</u>	<u>Total Outstanding</u>	<u>Total Billed Services</u>	<u>Per Billed Service</u>
2023	\$235,000	\$6,935	\$0	\$241,935	\$371,625	\$651
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 13

SCHEDULE OF DEBT SERVICE COVERAGE (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2023
with Comparative Amounts for Fiscal Years Ended September 30, 2014 through 2023 Last Ten Fiscal Years

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Gross Revenues ⁽¹⁾	\$203,535	\$151,647	\$141,253	\$134,534	\$130,268	\$120,133	\$112,402	\$97,725	\$88,232	\$82,379
Total Operating Expenses ⁽²⁾	113,989	79,243	69,130	66,861	61,626	56,356	54,135	55,442	47,549	45,207
Net Operating Income	89,546	72,404	72,123	67,673	68,642	63,777	58,267	42,283	40,683	37,172
Debt Service Requirement ⁽³⁾	18,072	17,930	18,401	17,531	16,721	16,350	16,338	15,273	14,322	14,685
Debt Service Coverage Calculation	4.95	4.04	3.92	3.86	4.11	3.90	3.57	2.77	2.84	2.53
Net Revenues After Debt Service	\$71,474	\$54,474	\$53,722	\$50,142	\$51,921	\$47,427	\$41,929	\$27,010	\$26,361	\$22,487
Total Revenues - Capital Facilities Charges ⁽⁴⁾	\$62,385	\$40,411	\$29,566	\$35,994	\$41,774	\$36,949	\$29,952	\$21,053	\$16,094	\$13,993

* Beginning in 2023, St. Cloud utility operations were integrated with Toho operations

(1) Pursuant to the bond resolution, total gross revenues include customer charges, miscellaneous customer charges, other revenues associated with the application of miscellaneous fees, and charges to customers of the Toho System, and interest investment earnings on available funds of the Toho System on available unrestricted funds of the Authority. Amounts do not include 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
2010 Census	268,685	18,801,332
2020 Census	388,656	21,538,187
% change 2000-10	44.7%	14.6%
2021 Estimate	406,460	21,898,945
% change 2020-21	4.6%	1.7%
2022 Estimate	424,946	22,276,132
% change 2020-22	4.5%	1.7%
2022 Estimate	439,225	22,634,867
% change 2020-23	3.4%	1.6%
2025 Projection based on 2022 Estimate	468,451	23,218,811
2030 Projection based on 2022 Estimate	534,977	24,588,452
% change 2020-25	14.2%	5.9%
Persons per square mile		
2000	130.5	296.4
2010	202.4	350.6
2020	292.8	401.4
2023	330.9	421.9

Population Characteristics

	Osceola County	Florida
Language spoken at home (% of total persons aged 5 and over)		
Speak only English	45.2%	70.1%
Speak language other than English	54.8%	29.9%
Speak English "very well"	33.8%	18.1%
Place of birth		
Foreign born	23.7%	21.1%
Veteran Status		
Civilian population 18 and over	6.1%	7.9%

Households and Family Households

Households	Osceola County	Florida
Total households, 2000 Census	60,977	6,338,075
Total households, 2010 Census	90,603	7,420,802
% change 2000-10	48.6%	17.1%
Family households, 2010 Census	68,547	4,835,475
% with own children under 18	47.6%	40.0%
Average Household Size, 2010 Census	2.93	2.48
Average Family Size, 2010 Census	3.30	3.01
Total households, 2020 Census	130,574	8,529,067
Family households, 2020 Census	99,031	5,571,482
% with own children under 18	42.9%	36.0%

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

Education

	Osceola County	Florida
Public Education Institutions (2023-24)		
Total	75	3,787
Elementary	30	1,877
Middle	10	565
Senior High	17	729
Combination	18	616
Educational attainment		
Persons aged 25 and older		
% HS graduate or higher	87.7%	89.3%
% bachelor's degree or higher	26.5%	32.3%

Housing

Population by Housing Type	Osceola County	Florida
Household Population	385,751	21,073,604
Household Population/Occupied Unit	2.95	2.47
Group Quarters Population	2,905	464,583
Housing Counts		
Housing units, 2020 Census	154,680	9,865,350
Occupied	130,574	8,529,067
Vacant	24,106	1,336,283
Units Permitted		
2015	6,760	109,924
2016	4,297	116,240
% change 2015-16	57.3%	-5.4%
2017	4,785	122,719
% change 2016-17	10.2%	5.3%
2018	9,759	144,427
% change 2017-18	51.0%	15.0%
2019	7,937	154,302
% change 2018-19	-23.0%	6.4%
2020	5,848	164,074
% change 2019-20	-35.7%	6.0%
2021	10,003	213,494
% change 2020-21	41.5%	23.1%
2022	7,383	211,962
% change 2021-22	-35.5%	-0.7%
Total Units Permitted 2015-2022	56,772	1,237,142

State Infrastructure

	Osceola County	Florida
Transportation		
State Highway		
Centerline Miles	202.6	12,123.4
Lane Miles	762.5	45,337.5
State Bridges		
Number	146	7,079
State Facilities		
Buildings/Facilities (min. 300 Sq.Ft)		
Number	49	9,426
Square Footage	156,816	65,539,144
State Lands		
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%	

Health Insurance Status

Percent Insured by Age Group	Osceola County	Florida
Under 65 years	84.7%	84.9%
Under 19 years	93.6%	92.7%
18 to 64 years	81.2%	82.2%

Prepared by:

Florida Legislature
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January 2024

SELECTED OSCEOLA COUNTY DEMOGRAPHIC INFORMATION

Employment by Industry

Average Annual Employment, % by Category, 2022			Average Annual Wage, 2022		
	Osceola County	Florida		Osceola County	Florida
All Industries	107,141	9,359,143	All Industries	\$48,457	\$63,770
Natural Resource & Mining	0.3%	0.8%	Natural Resource & Mining	\$44,404	\$43,504
Construction	6.0%	6.4%	Construction	\$53,957	\$63,021
Manufacturing	2.1%	4.4%	Manufacturing	\$60,810	\$74,590
Trade, Transportation and Utilities	21.3%	20.5%	Trade, Transportation and Utilities	\$37,955	\$56,618
Information	0.6%	1.7%	Information	\$78,543	\$109,068
Financial Activities	4.4%	7.0%	Financial Activities	\$61,374	\$97,914
Professional & Business Services	13.0%	16.9%	Professional & Business Services	\$63,393	\$79,380
Education & Health Services	16.5%	14.8%	Education & Health Services	\$59,324	\$62,057
Leisure and Hospitality	20.4%	13.2%	Leisure and Hospitality	\$32,158	\$33,766
Other services	2.6%	3.0%	Other services	\$39,663	\$47,178
Government	12.5%	11.2%	Government	\$54,332	\$64,666

Labor Force

Labor Force as Percent of Population Aged 18 and Older			Unemployment Rate		
	Osceola County	Florida		Osceola County	Florida
2010	68.7%	61.8%	2010	12.1%	10.8%
2020	65.0%	58.7%	2020	14.1%	8.1%
2021	60.6%	59.3%	2021	6.2%	4.6%
2022	60.7%	60.1%	2022	3.4%	2.9%
2023 preliminary	60.5%	61.1%	2023 preliminary	3.3%	2.8%

Financial Health

Personal Income (\$000s)	Osceola County	Florida
2015	\$9,975,391	\$919,834,894
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	\$15,360,005	\$1,221,121,559
% change 2019-20	13.2%	7.1%
2021	\$17,782,078	\$1,376,879,460
% change 2020-21	15.8%	12.8%
2022	\$18,737,344	\$1,441,598,918
% change 2021-22	5.4%	4.7%

Earnings by Place of Work

Earnings (\$000s)	Osceola County	Florida
2015	\$4,748,152	\$544,408,719
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	\$6,093,045	\$683,698,267
% change 2019-20	-0.5%	1.8%
2021	\$7,114,606	\$768,399,192
% change 2020-21	16.8%	12.4%
2022	\$8,173,447	\$844,048,879
% change 2021-22	14.9%	9.8%

Quality of Life

Per Capita Personal Income	Osceola County	Florida
2015	\$30,802	\$45,493
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	\$39,272	\$56,561
% change 2019-20	8.3%	6.7%
2021	\$44,013	\$63,078
% change 2020-21	12.1%	11.5%
2022	\$44,344	\$64,806
% change 2021-22	0.8%	2.7%

Median Income	Osceola County	Florida
Median Household Income	\$64,312	\$67,917
Median Family Income	\$71,239	\$81,514

Poverty, 2022	Osceola County	Florida
% living in poverty	12.9%	13.2%
% ages 5-17 living in poverty	17.6%	16.1%

Crime	Osceola County	Florida
Crime rate, 2020 (index crimes per 100,000 population)	1,920.4	2,158.0
Admissions to prison FY 2022-23	281	27,209
Admissions to prison per 100,000 population FY 2022-23	64.0	120.2

State and Local Taxation

2022 Ad Valorem Millage Rates	Osceola County	
	County-Wide	Not County-Wide*
County	6.8626	0.8564
School	5.5040	
Municipal		1.0659
Special Districts	0.3000	0.4541

*MSTU Included in Not County Wide "County" category

Personal Bankruptcy Filing Rate (per 1,000 population)	Osceola County	Florida
12-Month Period Ending Sept 30, 2022	1.48	1.14
12-Month Period Ending Sept 30, 2023	1.44	1.16
State Rank	4	NA

Prepared by:
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January 2024

Tohopekaliga Water Authority
Osceola County, Florida

COMPLIANCE SECTION

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

To the Board of Supervisors of the
Tohopekalgia 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 Tohopekalgia Water Authority (Toho) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 26, 2024.

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 26, 2024.

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 26, 2024



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, 2023, and have issued our report thereon dated March 26, 2024.

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*; 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 26, 2024, 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 518.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of Toho's fiscal year as 2.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$34,195,078 for the fiscal year ended September 30, 2023.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$112,538 for the fiscal year ended September 30, 2023.
- 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 \$17,806,868 (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 FY2023.

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 26, 2024

TOHOPEKALIGA WATER AUTHORITY
Construction Project Listing
Attachment A

Project	Project Name	Budget	FY23 Actual
123002	West Reuse SRF (EU)	6,000,000	-
123005	NeoVation Way Utility Reloc/Ex	1,161,054	1,212,147
123011	20"Con-Cntrlk-JckBrckRd-Su(EU)	1,500,000	-
123012	Facilities Master Plan Impleme	2,318,762	-
123013	Force Main Rehab Program	1,166,874	-
123014	WIFIA LS #208 Rehabilitation	2,757,091	112,170
123016	Lift Station Rehab	116,497	1,141
123019	HkryTrRd 16"Main(TwnLkBlvd(EU)	3,190,240	295,586
123021	532-OldlakeWilson-US1792-Cty	793,506	-
123023	20"RM CP Pkwy-Nep Rd&Toh(EU)	1,000,000	-
123025	WTP#4 Transmission South/(EU)	2,014,800	-
123028	Parkway WRF-Lined Pond Replace	636,000	-
123029	Richard McLaughlin(NB)WTP Impr	1,530,000	58,703
123030	Potable Service Connections	411,836	-
123031	Lavon Ave WM Replace & Upgrade	571,000	-
123032	Old HKry Tr Rd 16"Main(Nol(EU)	870,120	653
123033	Nolte Road BPS(Center Lake(EU)	1,461,594	26,638
123034	Pine Lake Estates WM Replc(EU)	831,000	52,368
123037	16"RM 10th St(OldHkryTr-Na(EU)	1,810,575	-
123040	Water Treatment Plant #4 Upgra	8,138,792	364,318
123041	Misc Sewer Lining(EU)	473,557	142,930
123042	Misc Lift Station Repair/R(EU)	330,165	-
123043	CL Transmission Seg 19c-GI(EU)	1,175,800	-
123046	CL Transmission Seg 19b-GI(EU)	1,071,900	-
123051	Screwpress Upgrade(EU)	300,000	-
123052	Sunset/Carter/Central S&W Impr	400,000	1,285
123053	Parkway Well 3 Generator	178,153	-
123054	St. Cloud Interconnection	813,000	414,740
123055	Mystic Dunes ARV Odor Control	69,114	-
123056	16"RM Old Hkry Tr Rd(Note (EU)	2,095,895	41,707
123057	OBT & Osceola PkwySignals-FDOT	989,877	-
123059	Columbia Ave Improvements-COK	208,000	-
123064	Biosolids Dewatering & Process	200,000	-
123065	Toho Interconnect (Cyrils)(EU)	300,000	-
123066	Toho Interconnect (Tohoqua)(EU)	200,000	-
123070	FM Pine Tree Rd-SouthsideWWTP	730,000	-
123071	Reuse Pump Station PLC/VFD(EU)	150,000	-
123072	SSWWTF Add Bar Screen(EU)	150,000	-
123073	NEBS Capacity Increase(Cen(EU)	3,055,526	38,957
123074	Vac Truck Dump Sites	800,000	-
123078	US17-92&PleasantHillRdImprFDOT	200,000	-
123079	16"WM Jack & Bore @ Ruby St	434,000	-
123080	Thacker Ave Ext(Ball Park-Osc)	861,187	-
123081	Kissimmee Broadway Relocation	234,635	12,325
123082	BVLBlvd-OscPkwy&TrottersCi	75,000	-
123086	Underwood Sewer Rehab(EU)	409,000	7,817
123090	Mann St Rdwy Impr-COK	488,431	34,728
123099	Cypress Lake Transmission Main	3,726,959	-
123100	Toho/Poinc - Hoagland 16"WM	500,000	-
123102	Northwest WTP Storage Expan-MP	2,300,000	-
123103	Kindred Reuse Main Upsizing	1,878,357	-
123111	WIFIA N JYP(LS30Renee)GS Rehab	389,042	299,765
123112	TurnpikeWidening-OscPky-Partin	989,756	134,471
123116	Seralago FM - 123126	104,255	104,255
123119	Parkway WRF Reuse System Modif	536,707	69,480
123120	WTP #4 Interim Supplemental Fi	5,295,756	3,028,315
123121	16" Champions Gate FM Repl	354,300	272,152
123122	I/I Rehab	122,628	68,920
123123	Tohoqua20"RM Route Sel&Survey	207,138	60,715
123125	Resilient Generators Batch 1	421,847	98,514

TOHOPEKALIGA WATER AUTHORITY
Construction Project Listing
Attachment A

Project	Project Name	Budget	FY23 Actual
123126	Florida Plaza 16" FM-123116	995,886	48,912
123127	WIFIA LS 53 GS Rehab	78,118	9,978
123130	SH WRF-Filter Replacement	249,946	109,988
123133	Shingle Creek Pipe Crossing Su	86,175	2,800
123134	Elbridge Drive Gravity Sewer	777,656	645,390
123135	LS 6 Airport 20" FM Replace	280,777	236,762
123136	Lakeshore Interconnect	98,337	3,128
123138	Capitalized Labor FY23	5,459,349	5,459,349
124001	3rd Disk Filter(ENG)	1,000,000	-
124002	Additional funds to repave ent	125,000	-
124003	Aeration Basin D.O.Control(ENG)	800,000	-
124005	Condition Assessment-Metallic	1,650,000	-
124006	Contingency Project Funding	6,570,562	-
124007	Edgewater&TohoqualS Connection	1,231,000	-
124010	GS,FM,WM,RM& Lift Station Upsi	300,000	-
124011	Headworks Concrete Rehab/Coati	75,000	-
124012	I/I GS Rehab - Toho 1	7,545,875	-
124013	IT-InfrastructureImprove-Wirel	140,000	-
124014	IT-Security Infrastructure	150,000	-
124015	Kings Hwy LS Pump Replacement	280,000	-
124016	Lift Station Rehab - Toho 1	310,811	-
124017	Misc Extensions in Unserved Ar	382,012	-
124020	Parkway WRF Expansion to 3.5 M	150,000	-
124021	Private Development Line Exten	2,017,583	-
124022	Reedy Creek Interconnect	192,000	-
124023	St Cloud Joint Use Facility	200,000	-
124024	Replace SHWRF Sludge Blowers a	400,000	-
124025	Replacement of Galvanized and	350,000	-
124026	Sandhill WRF Advanced Water Tr	1,000,000	-
124029	Site Lighting(ENG)	100,000	-
124030	ThackerAve&ClaySt Intersection	483,630	-
124031	WIFIA-Accelerated Gravity Sewe	1,141,294	-
124033	South Orange Ave Interconnect	192,434	-
124035	Lincoln Street Sewer Extension	65,917	-
124037	LS30 FM Replace/Upgrade	313,235	-
124039	Kissimmee-St Cloud Connector T	91,914	-
223003	Harmony Reuse Main Extension	776,335	605,185
224001	Harmony WRF Expansion to Appro	2,000,000	-
224002	Reuse Pump Station Rehabuild H	400,000	-
323001	I/I Rehab	700,000	-
323002	Lift Station Rehab	80,300	-
323003	GalvWM-IntercessionCty-SUS1792	111,000	13,813
323004	Potable Service Connections	91,000	-
324001	I/I GS Rehab - Toho 3	375,000	-
324002	Lift Station Rehab - Toho 3	170,000	-
423002	I/I Rehab	1,136,733	438,464
423005	Lift Station Rehab	765,000	-
423006	Marigold Ave Utility Rel&Impr	1,352,575	277,002
423007	Easement Purchase in Poinciana	162,927	-
423008	Water Treatment Plant Demo	83,525	1,979
423018	Marigold Ave Safety Impr	158,370	76,019
423019	OldPleasantHillReedyCreekWM	978,559	948,344
423020	I/I Rehab	100,000	7,477
424001	Huron WTP Expansion-MP Project	1,537,500	-
424003	I/I GS Rehab - Toho 4	750,000	-
424004	Lake Marion WRF Advanced Water	1,005,625	5,625
424005	Lift Station Rehab - Toho 4	510,000	-
424009	New Pretreatment Screen Cypres	400,000	-
424011	Marigold-L Marion&Cherry WM	1,330,428	233,472
523003	I/I Manhole Rehab (EU)	359,979	235,717

TOHOPEKALIGA WATER AUTHORITY
Construction Project Listing
Attachment A

Project	Project Name	Budget	FY23 Actual
523004	CHA Embed Engineers (EU)	140,000	-
523005	Indian Lakes Reuse Main (EU)	135,000	-
523008	LS 84#Oder Cont Const Ord (EU)	519,339	466,183
523010	RanchWaterSupplySupWellDrill	4,638,010	708,166
523011	Pine Glen Upsizing Reimburseme	228,308	228,308
523012	TP- KissimmeePark-NolteRd	169,160	29,874
524001	16"RM DrRnRD&8thAve/CC Rd-PnTr	90,000	-
524002	16"RM Old Hkry Tr Rd and 10th	3,337,110	-
524004	FM CC Rd, Dr Rn Rd to GIR P1	250,000	-
524005	FM Deer Run Rd to Pine Tree Rd	125,000	-
524006	Hopkins Park Septic to Sewer P	86,085	7,298
524007	I/I GS Rehab - Toho 5	2,750,000	-
524008	Lift Station Rehab - Toho 5	930,000	-
524009	Offsite RM CC Rd, Dr Rn Rd-GI	250,000	-
524010	Old Canoe Creek WM Extension	227,000	-
524011	SSWRF Digester AER Rehab(EU)	1,000,000	-
524013	SSWRF Screwpress upgrade(EU)	1,000,000	-
524014	Turnpike Interchange Imp-WM Ad	120,000	-
524016	St Cloud Downtown WM Replaceme	598,000	-
524018	16"WM on Canoe Creek Rd from D	250,000	38,209
524019	16"WM on Rummell Rd from Narc	756,000	-
524020	24"RM on Narcoossee Road	1,128,000	-
524021	CL Transmission Segment 19d-24	446,500	-
524022	In-Plant Lift Station 58-E Reh	75,000	-
524023	Sand Blasting and coating of W	100,000	-
524024	LS-05C(St Cloud)Master Station	1,200,000	-
524025	New WTP#1 Well on Offsite Parc	482,400	-
524026	Jack Brack Rd(Narcoossee-Abshe	165,145	-
524027	SSWRF - Spare AER Blower and E	300,000	-
524028	SSWRF Additional Bar Screen	350,000	-
524029	SSWRF Aeration Basin DO Contro	801,000	-
524030	SSWRF On-Site Lift Station 58E	75,000	-
524032	WTP 4 - Replace Generator 1	400,000	-
524033	St Cloud Unidirectional Flush	193,540	14,627
524034	Myrtle Ave Water Main Exten	117,988	-
			17,806,868



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, 2023. 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, 2023.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 26, 2024

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