

TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021



PREPARED BY:
THE FINANCE DEPARTMENT

TOHOPEKALIGA WATER AUTHORITY
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

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Tohopekaliga Water Authority
Osceola County, Florida

INTRODUCTORY SECTION

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February 21, 2022

Letter of Transmittal

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

The Annual Comprehensive Financial Report (ACFR) of the Tohopekaliga Water Authority (Toho) for fiscal year ended September 30, 2021, 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, 2021, are free of material misstatement.

THE REPORTING ENTITY AND SERVICES PROVIDED

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

effective date of the Act, June 26, 2003). Pursuant to the Act, this service area may be expanded to include any service area within the boundaries of an affected local government upon the adoption of a resolution by the governing body of that government authorizing Toho to provide its service and facilities therein. Toho has entered into several interlocal agreements to service a small adjacent service area located in the southern portion of Orange County and in certain portions of unincorporated Polk County. Authorization for Toho to exercise and implement the powers specified in the Act within Polk County were provided by Polk County in Resolution No. 06-160 adopted on October 11, 2006, and through an interlocal agreement between Toho and Polk County dated October 1, 2006.

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

Toho's water facilities include 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 40.64 million gallons per day (MGD) to the fourteen water treatment plants strategically located throughout the service area. Water is distributed through 1,478 miles of water mains.

Toho's wastewater facilities include eight water reclamation plants, sewage collection facilities, and wastewater effluent disposal facilities. Toho's water reclamation facilities (WRF) each operate independently for set geographic areas throughout the service area. Wastewater is delivered to the various WRFs through a network of 1,305 miles of collection and transmission system piping with 452 wastewater pump stations. The highly treated reclaimed water produced by the WRFs is distributed through 402 miles of reclaimed water distribution mains and used for irrigation customers or routed to the system's rapid infiltration basins to recharge the ground water. The waste solids from the treatment process, termed bio-solids, are processed by a third-party to kill pathogens, and then spread over agricultural lands as a fertilizer.

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ECONOMIC OUTLOOK

Florida's economy experienced a sharp contraction early in 2020 as the response to the coronavirus threat triggered the shutdown of many businesses, especially in the entertainment and hospitality sectors, sending unemployment to a high of 14.2% at its worst moment. 2021 has seen a slow return to more normal trends and we expect that to continue over the next three years. Businesses are open and tourism has largely resumed. Unemployment has decreased to 4.6% and is expected to continue to decrease. Additionally, demand for housing is strong, pricing for both houses and condos has seen a sharp increase, and inventory levels currently average only 1.3 months of supply. This demand, coupled with the lack of inventory, will drive strong growth in new housing starts and will be supported by population growth as aging baby boomers continue to retire to Florida.

Likewise, the Orlando-Kissimmee area has begun to rebound from the pandemic woes of 2020. 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. 2021 has seen the return of tourism to the region and, consequently, job growth. Over the next three years, this area is expected to have the highest employment growth rate in the state, largely driven by the leisure and hospitality sector. Unemployment has decreased from last year's average of 10.3% to 5.8%; this decline is expected to continue over the three-year forecast period to land at 4.1% in 2024. As with the state as a whole, housing demand has been very strong and inventory limited. Total housing starts remained level in 2020 despite the pandemic; in 2021, total starts increased a whopping 19.3%. The ongoing lack of inventory, combined with modest but steady population growth (averaging 1.4% for our area), will support an average for new starts over the forecast period that is 21.6% higher than pre-pandemic levels from 2016 - 2019. Barring any new global disasters, the future for sunny Central Florida is looking bright.

Our assessment of our area's economic outlook is primarily based on the Fall 2021 Florida & Metro Forecast published by the University of Central Florida's Institute for Economic Forecasting. The full report can be accessed on the UCF website www.ucf.edu.

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THE TOHO PROMISE

During Spring 2021, Toho leadership and staff revised Toho’s Mission Statement, Vision and Values. Our goal was to distill these ideas into a simpler statement that would clearly communicate our core values. It will 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.**

We 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 will drive development and implementation of our strategic plan initiatives both now and as we conduct periodic revisions.

STRATEGIC PLAN INITIATIVES

The Strategic Plan sets the priorities and direction for Toho in alignment with the Toho Promise. The current strategic plan was adopted in 2019. The seven strategic initiatives of the plan are Customer and Community, Water Resources, Infrastructure, Workforce, Communication, Technology, and Financial Performance. Although the coronavirus pandemic continued to impact our ability to implement our goals as planned in FY2021, we have adapted and were able to make significant progress while maintaining practices to protect the health of both staff and the community in response to ongoing pandemic concerns. An update of the accomplishments and advancements of each strategic initiative is summarized in this section.

1 Customer & Community
Recognized by our customers and stakeholders for excellent customer experience

GOALS

1. Provide customer service consistent with the highest standards in the utility industry.
2. Connect with stakeholders through TWA brand.

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

During FY2021, we focused on multiple strategic plan initiatives including:

- Completing the next phase of the implementation of our expanded Toho Assistance Program which, in partnership with the Osceola Council on Aging, helps customers experiencing financial hardship to pay their bills through contributions from various sources.

- Progressing into Phase II of developing our online customer booklet with new updates, including a Spanish language version.
- Completing our annual National Business Research Institute survey capturing our customers' opinions of our service, which improved again year-over-year, and performance of the related gap analysis to guide future improvements.
- Continuing the redesign of our website, including a chat feature with artificial intelligence technology.
- Beginning the implementation of our Customer Engagement "My Meter" software portal.
- Completing the analysis and documentation of all processes to ensure efficiency.
- Implementing a new customer call back feature on our phone system to improve the experience of our customers.
- Re-recording our phone system hold messages to improve the information being provided to our customers.
- Beginning the selection process for a new payment processing vendor.
- Implementing an upgrade to our customer information software system.
- Completing a technology road map to pave the way for future efficiencies including automation.

In addition, we increased our internal dispatch staff's hours during the week as well as adding weekend hours, allowing our customers an expanded opportunity to contact a Toho employee directly instead of a third party. This has improved the customer experience and shortened response times in the field for afterhours calls.

We expanded the number of reporting locations for the Customer Service Field Technicians to improve efficiency by enabling more rapid deployment to the field each day. This has resulted in less travel time to service destinations, lower fuel costs, and improved customer satisfaction as we are consistently able to complete more jobs each day.

We are continuing to follow safety guidelines established during FY2020 in response to the pandemic to protect both staff and the community and to allow remote work for administrative positions. Our community, anchored by the hospitality and entertainment industries, experienced pandemic-related economic hardship which continued into FY2021. Consequently, we extended payment plan offerings to continue to provide additional assistance. We also helped our customers to liaise with other organizations that could provide additional assistance.

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

2 Water Resources

Maximize customer value through long term, integrated water resource strategies

GOALS

1. Refine, expand, and implement a 50-year water resources plan.
2. Be a leader in water resource efficiency.
3. Provide high quality water services that consistently meet stakeholder expectations.

The Water Resources strategy is to maximize customer value through long-term, integrated water resource strategies.

Major tasks carried out during the fiscal year included continuing development of potable and reclaimed water master plans and cooperative efforts with other regional governments and the Water Cooperative of Central Florida (WCCF).

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

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

- Toho, along with the City of St. Cloud, Orange County, and Polk County, is a founding member of the WCCF, established in 2011 to support a regional approach to the management and protection of the public water supply.
- The Cypress Lake Wellfield, under development by the WCCF through a contract with Toho, is an alternative water supply project for the treatment of brackish water, partially funded by a grant from the South Florida Water Management District. Membership in the WCCF will enable Toho to access up to 12 MGD of the 30 MGD expected future net production. Preliminary design for the water treatment facility and the interconnected water distribution system began in 2013 and was completed in 2017. Final design is currently ongoing. Toho, in conjunction with the WCCF members, is currently constructing the first of three concentrate disposal wells and developing the final design for the water treatment plant. In December 2021, an agreement to share funding responsibility for the water wheeling infrastructure necessary to wheel water between and amongst the WCCF members was approved by the individual member Boards and the WCCF Board of Supervisors.

- The Judge Farms Reservoir is a joint project with Osceola County to develop a stormwater treatment facility and water storage reservoir to provide a supplemental source of reclaimed water for future development. The County will own the reservoir and be responsible for its maintenance; Toho will own a 5-acre portion of the property to use for a water treatment facility and will have rights to 400 million gallons of water storage. This supply will initially be used for irrigation but could potentially become a future potable water source. Preliminary design of the treatment facility is currently underway. The design of the treatment facility is anticipated to be completed by late 2022. Both treatment facility and distribution infrastructure will be completed in late 2024.
- The Taylor Creek Reservoir (TCR) is an alternative water supply being developed by Toho in cooperation with Deseret Ranch and several other water utilities including the City of Cocoa, Orange County, East Central Florida Services, and the Orlando Utilities Commission. TCR will provide 6.5 MGD from the reservoir to the Sunbridge development in northeastern Osceola County. The approved 2020 Water Resources Development Act (WRDA) included a provision to remove levee L-73 and structure S-64, which impound the TCR, from the United States Army Corps of Engineers' Upper St. Johns River Basin Flood Control Project. The Congressional deauthorization of the TCR places the regulation and operation of the reservoir under the authority of the St. Johns River Water Management District and was a significant milestone in allowing the TCR/St. Johns River Water Supply Project to move forward. Project completion is not expected for 10 or more years.

Finally, one major alternative water supply project being developed solely by Toho began in 2021 at Toho's 160-acre site in northwest Osceola County. This project will include wells, rapid filtration basins, and an advanced water treatment plant made possible through Toho's groundwater recharge efforts in the region, ultimately supplying up to 7.0 MGD water beginning in late 2024 to 2025. The first two production wells to obtain water quality for the design of the facility are currently in construction. As an alternative, should the 160-acre site project be delayed due to regulatory changes, the Shingle Creek Water Treatment Plant will proceed forward. The Shingle Creek Water Treatment Plant project utilizes the Shingle Creek as a raw water source and the existing Actiflo system at the South Bermuda WRF as pretreatment to produce potable water. The project is currently in the preliminary design phase and expected to be completed by mid-2022. The 160-acre site project or the Shingle Creek project, or a combination of both projects will move forward to construction to meet the water supply demand by late 2024.

3 Infrastructure

Manage infrastructure to meet stakeholders' needs now and in the future

GOALS

1. Plan, operate and maintain infrastructure effectively to a targeted level of service.
2. Energy sustainability.
3. Ensure that adequate capacity is available to meet stakeholders' needs.

The Infrastructure strategy is to manage infrastructure to meet stakeholders' needs now and in the future.

TWA's asset management program oversees condition assessment initiatives for sanitary sewer collection infrastructure, water distribution infrastructure, water treatment and wastewater reclamation facilities. During FY2021, the following related projects were performed:

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

- 710 fire hydrants were assessed.
- 328 air release valves were assessed.
- Assessment of ten force mains, totaling 94,600 linear feet (LF), serving the South Bermuda and Parkway Water Reclamation basins was initiated in 2021. These represent the initial batch of ductile iron force mains of greater than ten inches in diameter in our system to be assessed by 2025.
- 101 wastewater pumping stations were assessed.
- 112,481 LF of gravity mains and 601 manholes within the collection system were inspected.

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

- The rehabilitation and replacement of 33.7 miles of gravity mains and 1,159 manholes identified in our 2019 sanitary sewer assessment is underway and will be completed prior to December 2025 as part of a Water Infrastructure Finance and Innovation Act (WIFIA) project.
- Eight lift stations were rehabilitated.
- Construction of a 16-inch force main replacement project at lift station 111 was substantially completed on December 6, 2021. The project replaces approximately 5,423 feet of 16" ductile iron force main with high density polyethylene and polyvinyl chloride pipe.
- Construction of a 24-inch parallel force main from LS 57 to South Bermuda WRF has been completed; the design to replace or rehabilitate the existing force main has been initiated.

- Design was completed in FY2021 for replacement of approximately 2,600 LF of 12-inch asbestos cement force main along US192 between Simpson Road and Madison Crossing. Construction is scheduled to be complete in FY2022.

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

- Construction of approximately 10,000 feet of 24-inch water main along Boggy Creek Road from Fells Cove Boulevard to Narcoossee Road and along Narcoossee Road from Boggy Creek Road to Cyrils Drive was completed in March 2021. The new water main will improve water quality and system pressures along the Cyrils Drive corridor to meet development growth.
- Construction of approximately 16,000 feet of 30-inch water main along Simpson Road from Fortune Road to Myers Road and approximately 15,000 feet of 24-inch water main along Boggy Creek Road from Springlake Village Boulevard to Fells Cove Boulevard is moving forward. The new water mains are part of an overall plan to interconnect the Eastern Regional Water System and the Sunbridge Water System supporting growth along the Cyrils Drive corridor and northeast portion of Osceola County. Construction for the 30-inch water main is anticipated to be completed in early 2024 and for the 24-inch water main in early 2025.
- Consultant selection and design initiation for the South Bermuda to Parkway Reuse Interconnect is underway. This includes construction of approximately 35,000 feet of 20-inch reclaimed water main connecting the South Bermuda WRF and the Parkway WRF providing enhanced resiliency in the reclaimed distribution system. The transmission main will also act as the primary connection point for the new Toho Reservoir Alternative Water Supply project. The project is anticipated to be completed in FY2025.
- Construction was initiated to replace potable service lines serving 406 service connections in the Sherwood Forest development. Construction will be completed in 2022.
- Toho has approximately two thousand platted lots within the Poinciana service area that do not have water and/or sewer service. Distribution mains must be extended into these areas to enable service to be provided. In order to install these infrastructure improvements in an efficient and equitable manner, Toho created the Contribution in Aid of Construction (CIAC) reimbursement program. Builders in these areas will be able to apply for CIAC consideration, and, if specific criteria are met, be reimbursed for qualifying construction to lots they do not own or control. Lot owners who request utility service will pay Toho a CIAC fee from which Toho will use to replenish the funding available to developers. Although this policy was created in response to infrastructure needs in Poinciana, it is not limited to that area. However, it does not apply to new subdivisions.

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

- Construction to expand the design capacity for Lake Marion WRF from 1.5 to 3.0 MGD was completed, providing capacity for continued growth in the Poinciana area. The initial permitted capacity is 2.0 MGD due to the wet weather storage limit. A larger wet weather storage for 3.0 MGD was constructed and the plant is in a permit modification process to increase the plant capacity to 2.44 MGD limited by reuse disposal capacity. The capacity will increase in increments to 3 MGD concurrent with the addition of reuse disposal associated with development projects.
- Construction of three new disk filters at the Sand Hill WRF was completed late FY2021, improving reuse water quality within the distribution system.
- An upgrade and replacement of the aeration system in one of two treatment basins and replacement of the related leaking air piping at the Cypress West WRF was completed in FY2021.

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

- Construction was underway for the Western Reuse Storage and Pumping Facility. The facility was completed in January FY2022, and includes two 4-million-gallon ground storage tanks and a high service pumping facility with disinfection to offset the use of potable water for irrigation in the western service area.
- Construction is underway to expand the Sand Hill WRF facility from 6.0 MGD to 7.5 MGD capacity. Construction is scheduled for completion in FY2023.
- Toho is in the final design stages of a Central Reuse Storage and Pumping Facility that should be under construction by late FY2022. The Facility will consist of two 10-million-gallon ground storage tanks and a high service pumping facility with disinfection and will interconnect the Poinciana WRF, Camelot WRF, and South Bermuda WRF. The storage facility will allow storage of excess reuse to be pumped to the Western Rapid Infiltration Basins (RIBs) during off-peak hours thereby maximizing the capacity of the 36" reuse transmission main from South Bermuda to the RIB site. The facility will also provide additional reuse supply to the Poinciana Service area during dry weather events, when the area historically has had reuse shortfalls.
- The 3.0 MGD Sunbridge WRF design is 60% complete. Construction will be initiated in 2022 and completed in 2024.
- A consultant was selected and design initiated for the Southwest Water Treatment Plant Well #3 and Raw Water Transmission Main. Design will be completed in FY2021 and construction completed in early 2023. This project will increase plant capacity from 8.64 MGD to 12.96 MGD to address continued growth in the Western Service Area.
- The design to add the third mechanical screen and replace the fine bubble diffusers at South Bermuda WRF has been completed. The construction is scheduled for substantial completion in September 2022.

- The Sunbridge Water Treatment Plant is being constructed under a cooperative agreement with Tavistock East II, LLC. The first phase will supply 1.0 MGD of potable water to the northwest sector of Toho's service area. Construction of this phase was completed in February 2022.
- The design of the South Bermuda WRF expansion to 16 MGD or larger will be initiated in early 2022 followed by construction upon completion of the design.
- A consultant was selected and design initiated for the Harmony WTP Upgrade and Expansion. Design will be completed in FY2022 and construction in 2023. The project will increase plant capacity from 1.29 MGD to 2.6 MGD to address continued growth in the Harmony service area.

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

- Construction is underway for an ion exchange treatment process at the Parkway Water Treatment Plant. This project will reduce disinfection by-products (DBPs) created when naturally occurring organic material present in the groundwater reacts with chlorine, a chemical utilized in the disinfection process. Under the same construction contract is the High Service Pump replacement project which replaces the five undersized high service pumps with larger pumps designed to meet future demands. Both projects are scheduled for final completion in FY2022.
- Design of a full-scale demonstration of a granular activated carbon system for DBP reduction has been completed at the Buenaventura Lakes WTP and the construction was completed in April 2021.
- A consultant has been selected to evaluate alternatives for the improvements of the hydrogen sulfide removal system at nine WTPs with Bella Lago WTP given priority due to customer complaints about water quality. The consultant has visited all nine WTPs and conducted a treatment technology evaluation at Bella Lago WTP. Final sampling will be conducted in February 2022 with the final report due at the end of that month.

4 Workforce

A motivated, healthy and engaged workforce delivering exceptional outcomes

GOALS

1. Maintain safe and healthy work conditions.
2. Increase performance by building an engaged and productive work environment.
3. Secure a skilled and trained workforce that supports the organizational plan.
4. Commit to promoting a culture of positive accountability, where employees hold themselves accountable for the ultimate results of the organization.

The Workforce strategy is to attract and develop a motivated, healthy, and engaged workforce to deliver exceptional outcomes.

The Workforce strategic goals continue to be a primary focus and anchor for the activities of the Human Resources Division. The following is a summary of accomplishments during FY2021.

Maintain safe and healthy work conditions.

Toho demonstrated its commitment to safe and healthy working conditions by continuing to offer work-from-home options for eligible positions and equipping those employees with the technology necessary to perform from non-traditional work locations. For employees in positions ineligible for remote work and employees working in the office, Toho continued to promote safe behaviors to minimize spread in the workplace. A strategic reassignment of reporting locations and an expanded fleet supported social distancing and working in smaller groups. Use of face coverings and temperature screening continued to be offered for much of the year. Disinfection services and PPE (personal protection equipment) supplies continued to be provided to all facilities. Toho also continued quarantine guidelines for any suspected or confirmed COVID exposure and for all confirmed positive cases, granting additional paid leave to employees who were unable to work to avoid adversely impacting their income.

Increase performance by building an engaged and productive work environment.

Toho implemented several programs that align with this goal. A fresh spin on the New Employee Orientation (NEO) process began. While the ultimate goal is to build a program to cover the employee's first and second years, this initial phase covered the critical first weeks of an employee's connection and engagement with Toho. This included contact with home departments as well as other functional areas within the organization. Frequency of the Toho Tour increased to bi-monthly. Another new program included Diversity and Inclusion (D&I) programs. Employees were invited to attend a diversity and inclusion focus group that resulted in three D&I sub-committees. These sub-committees meet regularly and focus on hiring and promotion, bias awareness, and mentoring. To establish common language, the sub-committees created Toho definitions for diversity, inclusion and equal opportunity. There was an increase in Toho events focused on diversity and inclusion. Toho also created a formal ADA accommodation procedure. These efforts are ways for Toho to leverage diversity to help build a stronger organization.

Secure a skilled and trained workforce that supports the organization.

Toho launched a new learning management system in 2020, allowing for better employee training tracking and more transparent recordkeeping accessible to both employees and their supervisors. We continued to build the training modules throughout 2021. Additionally, we continued to offer required safety training with modifications to accommodate COVID safety precautions. Organization-wide, Toho offered many web-based professional development programs. Some were created internally and others were utilized from professional water utility organizations and associations.

Commit to providing a culture of positive accountability.

Employee accountability and involvement in decision-making continued to increase as a result of “Toho All Calls” (quarterly townhall meetings) which included the entire employee population; this allowed Toho leadership to address issues directly at all levels of our organization; employee feedback could also be submitted anonymously. Every month, the Executive Director and the Human Resources Director meet with Toho’s VOTE Committee (an employee Senate) to hear their suggestions and question. This past year the Toho Mission and Vision was changed to the Toho Promise: *Toho’s Promise is that Our Customers, Our Community, Our Employees Trust that Toho Cares.*



5 Communication
Effective communication strengthens and grows relationships.

GOALS

1. Understand and respond to the communications needs and expectations of the workforce and external stakeholders.

The focus of the Communication strategy is creating effective communication to strengthen and grow relationships. In FY2021, the focus was on understanding and responding to the communications needs and expectations of the workforce and external stakeholders.

Communications Plan Application

The comprehensive communications plan specifies measurable objectives related to Toho’s main areas of communication. This year’s accomplishments included receiving five awards for public relations efforts from local, state and national organizations.

Cross-Functional Teams Integration

Cross-functional teams played a key role in communications successes including several high-profile assessments and campaigns. Assessments included baseline studies of the effectiveness of internal and external communication channels. Campaigns ranged from long-term plans for website redesign and customer engagement tool development to specifics like customer hardship expansion and related communications.

Communications Expansion

In alignment with the Strategic Plan, we completed the process to bring onboard a third-party PIO firm to assist with project-specific communications, and also launched a public relations internship program.

6 Technology
Provide an outstanding level of service, quality products, and innovative solutions to our employees

GOALS

1. Manage security risk to systems, IT assets and data.
2. Effectively use technology to enhance business processes.
3. Achieve operational excellence through effective technology planning.

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

IT Master Plan

In FY2021, the Information Technology Department remained focused on the IT Master Plan which contains a three-year to five-year strategic roadmap to prioritize future technology investments and develop project management capabilities for enterprise technology service delivery. This year, we concentrated on security and achieving operational excellence.

Manage Security Risk

We continued to focus on the areas of security configuration and security training. Toho engaged security experts to perform an information security assessment. As part of this project, engineers attempted to identify vulnerabilities in the environment associated with critical systems, networks, and processes. The vulnerabilities were further assessed to determine the level of risk a vulnerability or threat may impose on the environment.

We purchased software that provides a suite of applications supporting phishing social engineering simulations with data analytics to target training and education for our employees.

Projects underway during FY2021 included:

- Completing a SCADA vulnerability assessment.
- Implementing multi-factor authentication on Toho's network.
- Deploying Security Awareness Best Practices software for employees.

Achieve Operational Excellence through Effective Technology

We have established a project framework that leverages current and future capital investments. The ability for Toho to create predictable value from technology project investment has become a strategic priority for the organization. Technology project management involves leadership and coordination between IT and its constituent departments, so technology resources are effectively defined, planned, executed, and results delivered.

Accomplishments for FY2021 included:

- Aligning IT governance with organizational strategic planning.
- Creating a formal project management methodology.
- Instituting IT change management practices.
- Upgrading or retiring software with unsupported operating systems.

7 Financial Performance

Maintain financial health to achieve the expected level of return to customers, stakeholders and investors

GOALS

1. Effectively balance operating revenues, expenditures, asset value and debt.
2. Maintain financial integrity.
3. Manage financial and legal risk.

The Financial Performance goal is to maintain financial health to achieve the expected level of return to customers, stakeholders and investors.

Below are some of the more notable highlight in delivering on Financial Performance during FY2021.

- Toho maintained its excellent credit ratings, signaling its continued financial strength, strong operating performance and stable economic future as a regional service provider.
 - S&P Global Ratings: AAA for our outstanding utility revenue bonds and AA+ for our 2020 WIFIA long-term loan.
 - Fitch Ratings: AAA for our WIFIA loan and AAA for approximately \$169.8 million in outstanding utility system revenue bonds.
- Toho had a good audit report for FY2020 and received the Government Finance Officers Certificate of Excellence in Financial Reporting for the thirteenth consecutive year.
- Bond coverage was maintained above 3.0 during FY2021 while meeting reserve targets and all key performance indicators.

The strategic plan has multiple initiatives that will drive performance in upcoming fiscal years. Certain key initiatives are intended to elevate performance over time. These Elevate Initiatives are grouped into three categories: 1) Culture and Branding, 2) Understanding, and 3) Planning and Delivery. The chart below depicts the strategic areas being directly (solid bullets) or indirectly (hollow bullets) impacted by the Elevate Initiatives.

CRITICAL "ELEVATE" INITIATIVES		STATUS		CUSTOMER & COMMUNITY	WATER RESOURCES	INFRASTRUCTURE	WORKFORCE	COMMUNICATION	TECHNOLOGY	FINANCIAL PERFORMANCE
CULTURE AND BRANDING										
Customer Service Excellence focused culture assessment and improvement plan	On Hold/ Covid-19 – will be coordinated with Asset Management Program enhancements	●					○			
Re-evaluate our vision, mission and values	New Vision and Mission: "Toho Cares" Also part of Cultural Assessment	●					○			
Define and establish TWA's brand as an employer of choice	Moved to Year 2						●			
UNDERSTANDING										
Segment unique stakeholder groups, develop stakeholder group specific gap closure plan	Ongoing and part of the communication plan	●						○	○	
Determine how customers value water	On Hold/Covid-19 - part of Communication Plan	○	●							
Form Risk Management Committee to develop enterprise risk management framework	Sched start FY21 q4 of Year 2		○	○						●
Asset Management Program Enhancements	Developing asset mgt plans for gravity and force mains		○	●						○
PLANNING AND DELIVERY										
IT Master Plan	Plan completed and presented	○	○	○	○	○	○	○	●	○
Customer Centered Technology Roadmap	Part of IT Master Plan	●							○	
Budget process to plan and budget for anticipated staffing needs based on organizational goals and objectives	FY21 budget completed incorporating COVID impacts						●			○
Evaluate performance management process to determine opportunities	New annual evaluation process employed last fall. Top Performing Program rolling out.						●	○		○
SOP Inventory and as-is/to be process optimization	Continuing/ Org. Development Mgr contributing	○	○	○	○	○	○	○	○	○
WiFi Program Delivery	Funds being used for design, construction			●						○
Infrastructure Master Plans	Water and Reuse MP work has been initiated; WW Master Plan Scope of Services being finalized		●	●						
AWS Delivery	Cypress Lake delivery schedule		●							
Biosolids	Developing risk management plan with regional partners		●							
Management System	Developing a system using existing EMS program as a basis	○	●	○	○	○	○	○	○	○

These accomplishments over the past year are primarily the result of the efforts of the Toho's dedicated and professional staff, who routinely and consistently deliver service to our customers in an efficient and responsive manner.

ACCOUNTING SYSTEM, INTERNAL ACCOUNTING CONTROLS, AND BUDGETARY CONTROLS

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

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

The concept of reasonable assurance recognizes that:

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

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

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

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

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

STATUTORY REQUIREMENTS – INDEPENDENT AUDIT

Florida law requires Toho’s financial statements to be subjected to an annual financial audit 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 2020 (awarded during FY2021).

- Gold Award
 - Walnut Water Reclamation Facility

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

Florida Department of Environmental Protection’s Plant Operations Excellence Award

Awards are presented to drinking water and domestic wastewater facilities that demonstrate excellence in operation, maintenance, innovative treatment, waste reduction and pollution prevention, recycling, or other special achievements. These awards recognize facilities that demonstrate a special commitment to excellence in management through dedicated professionalism. Harmony WRF earned this distinction for calendar year 2020 (awarded during FY2021).

Utility of the Future Today Award

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

Orlando Sentinel Top 100



Toho was recognized for the thirteenth year as one of the Orlando Sentinel Top 100 Employers in Central Florida for Families. This award program was created by the Orlando Sentinel and Best Companies Group and is designed to identify, recognize and honor the best places of employment in Orlando, benefiting the city's economy, its work force and businesses. Toho placed 27 among mid-sized companies.

Public Relations Society of America

Toho received a commendation for its Getting Back on Track campaign in the Reputation/Brand Management category at the Radiance Awards. The Radiance Awards recognize outstanding strategic public relations programs.

Florida Public Relations Association

Toho won an Award of Distinction from the Orlando Chapter at the Orlando Image Awards for its Holiday Pipemares campaign in the Digital Tools of Public Relations category in the Video – Public Service division.

Toho also won two state awards, a Golden Image and a Judges Award, in Reputation Management, from the FPRA Golden Image Awards. The Golden Image Awards competition is conducted annually by the Florida Public Relations Association to recognize outstanding public relations programs in Florida and to encourage and promote the development of public relations in our state.

Florida Water Environmental Association

Toho won a Public Education Award in the Campaign category for its Holiday Pipemares campaign.

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 thirteenth 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



Rodney Henderson
Director of Business Services



Alexandra S. Green
Comptroller

TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tohopekaliga Water Authority
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

**TOHOPEKALIGA WATER AUTHORITY
OSCEOLA COUNTY, FLORIDA**

BOARD OF SUPERVISORS

Hector Lizasuain, Chair

Domingo Sanchez, Vice-Chair

William “Bill” Land, Secretary

Henry Thacker, Supervisor

Jim Swan, Supervisor

EXECUTIVE DIRECTOR

Todd Swingle

GENERAL COUNSEL

Anthony Cotter

**TOHO'S
PROMISE**

Our Customers
Our Community
Our Employees

TRUST THAT TOHO CARES

**TOHO'S
PRINCIPLES**

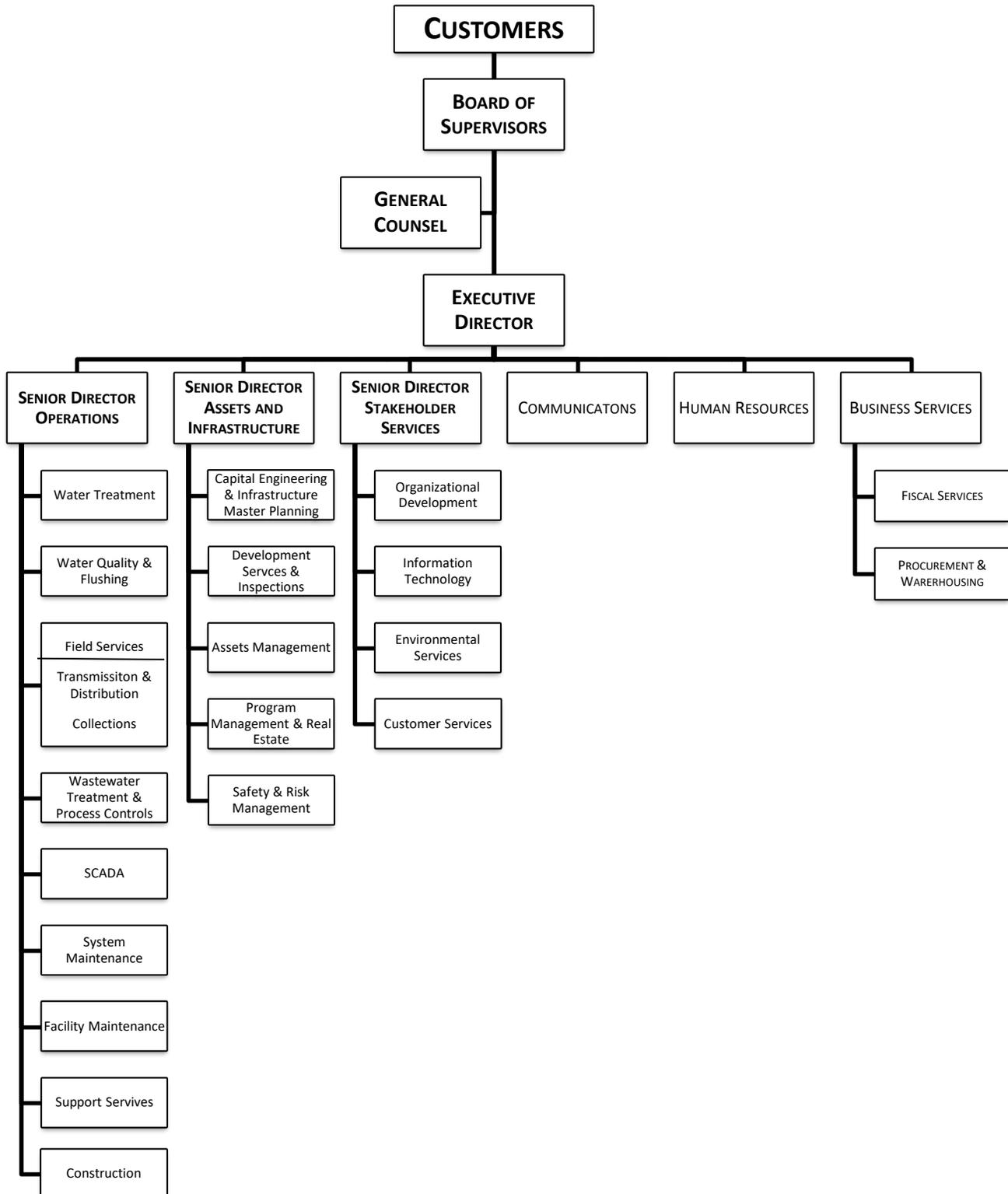
Integrity
Responsiveness
Dependability
Professionalism
Quality

**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
Tohopekalinga Water Authority
Osceola County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Tohopekalinga Water Authority (Toho) as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Toho's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toho as of September 30, 2021 and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Supervisors of the
Tohopekaliga Water Authority

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Toho's basic financial statements. The introductory section, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022, 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
February 21, 2022

TOHOPEKALIGA WATER AUTHORITY

Management's Discussion and Analysis

September 30, 2021
(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, 2021. 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 eighteenth year of operation:

- *Operating income* was \$18,600, an increase of 10.2% over the prior year.
- *Capital contributions* were \$44,207, a decrease of 27.0% over the prior year.
- *Net position* totaled \$1,011,539 in 2021, an increase of \$57,691 or 6.0% over the prior year.
- *Net capital assets* increased by \$38,214, an increase of 4.4% 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, 2021
(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, 2021 and 2020
(In Thousands)

	2021	2020	Increase (Decrease)	
			Change	%
Current assets	\$ 179,708	\$ 152,980	26,728	17.5%
Non-current assets-other than capital assets	190,418	204,600	(14,182)	-6.9%
Total Capital Assets (Net)	914,418	876,204	38,214	4.4%
 Total Assets	 1,284,544	 1,233,784	 50,760	 4.1%
Total Deferred Outflows of Resources	4,801	4,376	425	9.7%
Total Assets and Deferrals	1,289,345	1,238,160	51,185	4.1%
 Current liabilities	 44,209	 39,908	 4,301	 10.8%
Non-current liabilities	227,653	243,349	(15,696)	-6.4%
Total Liabilities	271,862	283,257	(11,395)	-0.4%
Total Deferred Inflows of Resources	5,944	1,055	4,889	463.4%
Total Liabilities and Deferrals	277,806	284,312	(6,506)	-2.3%
 Net investment in capital assets	 709,556	 666,901	 42,655	 6.4%
Restricted - system development charges	151,746	155,281	(3,535)	-2.3%
Unrestricted	150,237	131,666	18,571	14.1%
Total Net Position	\$ 1,011,539	\$ 953,848	57,691	6.0%

Management's Discussion and Analysis (Continued)

September 30, 2021
(In Thousands)

FINANCIAL ANALYSIS OF TOHO AS A WHOLE

A comparative summary of Toho's statement of net position as of September 30, 2021, and 2020, 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 \$1,011,539 (total net position) at the close of the fiscal year ended September 30, 2021. This \$57,691 increase in net position over the prior year consists of capital contributions of \$44,207 and net operating income of \$18,600, plus non-operating expense of \$5,116. Toho's Total Net Position increased 6.0% over last year.

The largest part of Toho's net position (70.1%) reflects its investment in capital assets (e.g., land, building and improvements, water and wastewater equipment), less any related outstanding debt used to acquire those assets. Toho uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although Toho's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position may be used to meet Toho's on-going obligations to customers and creditors.

Restricted net position represents the balance of unspent water and wastewater system development charges. The decrease in restricted net position related to water and wastewater system development charges can be attributed to a decrease in the income and contributions generated by development activities which have slowed relative to FY2020.

[Remainder of page intentionally left blank]

Management's Discussion and Analysis (Continued)

September 30, 2021
(In Thousands)

The following is a comparative summary of the changes in net position for Toho for the fiscal years ended September 30, 2021 and 2020:

Comparative Summary of the Changes in Net Position
For the Years Ended September 30, 2021 and 2020
(In Thousands)

	2021	2020	Increase (Decrease)	
			Change	%
<i>Operating Revenues:</i>				
Charges for services	\$ 138,751	\$ 130,813	7,938	6.1%
Miscellaneous revenues	766	753	13	1.7%
Total Operating Revenues	<u>139,517</u>	<u>131,566</u>	7,951	0.6%
<i>Operating Expenses:</i>				
Personnel services	30,575	29,134	1,441	4.9%
Contracted services	11,057	13,097	(2,040)	-15.6%
Supplies and materials	5,395	5,337	58	1.1%
Repairs and maintenance	10,158	8,531	1,627	19.1%
Payments in lieu of taxes	11,574	10,851	723	6.7%
Other services and charges	11,945	10,762	1,183	11.0%
Depreciation	40,213	36,976	3,237	8.8%
Total Operating Expenses	<u>120,917</u>	<u>114,688</u>	6,229	5.4%
Operating Income	<u>18,600</u>	<u>16,878</u>	1,722	10.2%
<i>Non-Operating Revenues (Expenses):</i>				
Investment income	906	7,185	(6,279)	-87.4%
Interest and fiscal charges expense	(8,598)	(8,677)	79	0.9%
Other	2,576	(272)	2,848	1,047.1%
Total Non-Operating Revenues (Expenses)	<u>(5,116)</u>	<u>(1,764)</u>	(3,352)	-190.0%
Gain (Loss) Before Contributions	13,484	15,114	(1,630)	-10.8%
<i>Capital Contributions:</i>				
Federal, state and local capital grants	-	(16)	16	100.0%
Developers	44,207	60,571	(16,364)	-27.0%
Total Capital Contributions	<u>44,207</u>	<u>60,555</u>	(16,348)	-27.0%
Change in Net Position	57,691	75,669	(17,978)	-23.8%
Total Net Position – Beginning	<u>953,848</u>	<u>878,179</u>	75,669	8.6%
Total Net Position – Ending	<u>\$1,011,539</u>	<u>\$ 953,848</u>	57,691	6.0%

Management's Discussion and Analysis (Continued)

September 30, 2021
(In Thousands)

Operating revenues for fiscal year 2021 reflect signs that the local economy has continued to gradually improve throughout Toho's service area. In 2021, operating revenues increased by \$7,938 over the prior fiscal year while overall operating expenses only increased by \$6,229, resulting in an increase of 10.2% for net operating income. Non-operating revenue (expense) for fiscal year 2021 was an expense of \$5,116, a decline of \$3,352 from 2020. The change was primarily driven by the decline in investment income over this period.

The \$44,207 in capital contributed during fiscal year 2021 is primarily an indication that financial institutions and investors continue to have confidence in the economic outlook of the local economy. This has enabled developers to move forward with either resuming construction or investing in new development projects. We anticipate a stable economic forecast going forward as broader economic indicators in Central Florida and throughout the state, such as unemployment rate, home values, and access to capital, reflect a steady population growth as baby boomers migrate to the warmer Florida climate.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – Net capital assets increased by \$38,214 (4.4%) over the prior year, primarily due to infrastructure improvements. In addition, Toho received contributed assets totaling \$13,406 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, 2021 and 2020:

Comparative Summary of Capital Assets As of September 30, 2021 and 2020 (In Thousands)

	2021	2020	Increase (Decrease)	
			Change	%
Capital Assets				
Land	\$ 22,627	\$ 22,498	129	0.6%
Furniture, Fixtures and Equipment	41,174	40,507	667	1.6%
Plant and Infrastructure	1,199,325	1,146,719	52,606	4.6%
Construction in Progress	56,177	33,177	23,000	69.3%
Less: Accumulated Depreciation	(404,885)	(366,697)	(38,188)	-10.4%
Total Capital Assets, Net	<u>\$ 914,418</u>	<u>\$ 876,204</u>	<u>38,214</u>	4.4%

Management's Discussion and Analysis (Continued)

September 30, 2021
(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 2011 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.

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

Debt retirement and principal payments totaling \$23,054 were made on these bond and note issues during the current year. Toho incurred \$8,598 and \$8,677 of interest and other fiscal charges for the fiscal years ended September 30, 2021, and 2020, respectively. (Please refer to Note 4 - Long-Term Debt).

Management’s Discussion and Analysis (Continued)

**September 30, 2021
(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 forecasted to continue in 2022. Population growth is expected to be approximately 1.4% for the next two years which will be positive for the local economy. Economic indicators are expected to improve over time as commercial activity recovers from COVID-19 impacts and to trend slightly better locally than for the national economy towards the end of 2022.

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

Combined Systems Last Five Years of Total Billed Services as of September 30th				
	<u>Water</u>	<u>Irrigation</u>	<u>Wastewater</u>	<u>Reclaimed Water</u>
2017	100,957	16,821	94,989	16,300
2018	104,266	17,015	98,716	17,942
2019	109,645	17,304	103,606	19,313
2020	114,640	17,478	108,506	21,180
2021	119,074	17,667	112,498	22,721

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 159,5300 service connections (water, irrigation, and reclaimed water services) providing service to a population of approximately 347,000.

The following chart shows the average customer water and wastewater charges for the fiscal year ended September 30, 2021:

Average Charges for Selected Customers

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

This financial report is designed to present users with a general overview of 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, 2021

(In Thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 127,566
Restricted cash and cash equivalents	29,655
Accounts receivable	20,162
Due from other governments	966
Inventory	1,359

TOTAL CURRENT ASSETS 179,708

NON-CURRENT ASSETS

Due from other governments - non-current	5,130
Restricted cash and cash equivalents - system development charges and bond funds	85,295
Restricted investments - system development charges and bond funds	97,459
Restricted accounts receivable, net - system development charges	2,533
Restricted construction deposits in escrow	1
Capital Assets:	
Land	22,627
Equipment, furniture and fixtures	41,174
Plant and infrastructure	1,199,325
Construction in progress	56,177
Less: Accumulated depreciation	(404,885)

TOTAL CAPITAL ASSETS 914,418

TOTAL NON-CURRENT ASSETS 1,104,836

TOTAL ASSETS 1,284,544

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	3,856
Deferred outflows related to pensions	746
Deferred outflows related to OPEB	199

TOTAL DEFERRED OUTFLOWS OF RESOURCES 4,801

TOTAL ASSETS AND DEFERRALS 1,289,345

(Continued)

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

TOHOPEKALIGA WATER AUTHORITY

STATEMENT OF NET POSITION *(Continued)*

September 30, 2021

(In Thousands)

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 12,273
Accrued liabilities	1,020
Other liabilities	150
Contracts payable	479
Compensated absences payable	632
Current liabilities payable from restricted assets:	
Accounts payable	1,958
Contracts payable	2,033
Revenue bonds and notes payable	9,294
Accrued interest payable	4,457
Deposits	11,913
	<hr/>
TOTAL CURRENT LIABILITIES	44,209

NON-CURRENT LIABILITIES

Compensated absences payable	1,618
OPEB liability	1,554
Net pension liability	1,956
Revenue bonds and notes payable	222,525
	<hr/>
TOTAL NON-CURRENT LIABILITIES	227,653

TOTAL LIABILITIES 271,862

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	5,184
Deferred inflows of resources related to OPEB	760
	<hr/>

TOTAL DEFERRED INFLOWS OF RESOURCES 5,944

TOTAL LIABILITIES AND DEFERRALS 277,806

NET POSITION

Net investment in capital assets	709,556
Restricted - system development charges	151,746
Unrestricted	150,237
	<hr/>

TOTAL NET POSITION \$ 1,011,539

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, 2021
(In Thousands)

OPERATING REVENUES	
Charges for services	\$ 138,751
Miscellaneous revenues	766
	<hr/>
TOTAL OPERATING REVENUES	139,517
OPERATING EXPENSES	
Personnel services	30,575
Contracted services	11,057
Supplies and materials	5,395
Repairs and maintenance	10,158
Payments in lieu of taxes	11,574
Other services and charges	11,945
Depreciation	40,213
	<hr/>
TOTAL OPERATING EXPENSES	120,917
	<hr/>
OPERATING INCOME	18,600
NON-OPERATING REVENUES (EXPENSES)	
Investment income	906
Interest and fiscal charges expense	(8,598)
Other	2,576
	<hr/>
TOTAL NON-OPERATING REVENUES (EXPENSES)	(5,116)
	<hr/>
GAIN/(LOSS) BEFORE CONTRIBUTIONS	13,484
CAPITAL CONTRIBUTIONS	
Developers	44,207
	<hr/>
TOTAL CAPITAL CONTRIBUTIONS	44,207
	<hr/>
CHANGE IN NET POSITION	57,691
	<hr/>
TOTAL NET POSITION - BEGINNING	953,848
	<hr/>
TOTAL NET POSITION - ENDING	<u>\$ 1,011,539</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, 2021
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 141,857
Payments to suppliers	(50,167)
Payments to employees	<u>(31,659)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>60,031</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition/construction of capital assets	(60,710)
Receipts from construction escrow account	341
Retirement of capital debt	(23,054)
Interest paid on capital debt	(9,679)
Capital contributions	31,546
Proceeds from long-term debt	14,306
Proceeds from sale of capital assets	<u>1,128</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(46,122)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(93,999)
Sale of investments	77,696
Investment earnings	<u>1,866</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(14,437)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(528)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>243,044</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 242,516</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Total unrestricted cash and cash equivalents	\$ 127,566
Total restricted cash and cash equivalents	<u>114,950</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 242,516</u></u>

(Continued)

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

TOHOPEKALIGA WATER AUTHORITY

STATEMENT OF CASH FLOWS *(Continued)*

For the Year Ended September 30, 2021
(In Thousands)

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 18,600
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	40,213
Changes in assets and liabilities:	
Decrease in accounts receivable	1,300
Increase in inventories	(198)
Increase in accounts payable	136
Increase in customer deposits	1,040
Increase in other liabilities	24
Increase in accrued liabilities	172
Decrease in OPEB	(662)
Increase in compensated absences	208
Decrease in net pension liability	(802)
	<u>41,431</u>
TOTAL ADJUSTMENTS	<u>41,431</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 60,031</u></u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Water/sewer lines contributed by developers	\$ 13,406
Net change in fair value of investments	\$ (2,255)

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

TOHOPEKALIGA WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2021
(In Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Current Accounts Receivable - Toho has receivables consisting of system development charges, and other. Receivables related to system development charges are recorded as non-current assets, net of an allowance for doubtful accounts. The allowance is based upon management's specific identification of receivables that may become uncollectible. In fiscal year 2021, no allowance was deemed necessary.

Inventory - Inventory, primarily consisting of meter boxes and supplies held for use in maintaining the system, is stated at cost.

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses - 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 position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time.

Toho has three items that qualify for reporting in this category, which are the deferred amount on refunding, the deferred outflows related to pensions, and the deferred outflows related to other postemployment benefits (OPEB), that are all reported in the statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue. In fiscal year 2021, Toho reported \$3,856 related to the refunding of debt. The deferred outflows related to pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows related to pensions are discussed further in Note 6. The deferred outflows related to OPEB are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for OPEB*. The deferred outflows related to OPEB will be recognized as an expense in future reporting years. Details on the composition of the deferred outflows related to OPEB are discussed further in Note 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Toho has two items that qualify for reporting as deferred inflows of resources.

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

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

Pensions/Net Pension Liability - In the statement of net position, net pension liability represents 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 2 - DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

At September 30, 2021, the carrying amount of Toho's cash deposit accounts was \$27,335. Toho's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. Toho's cash deposits are fully insured by the Public Deposits Trust Fund.

Investment Portfolio

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS *(Continued)*

Investment Portfolio *(Continued)*

As of September 30, 2021, Toho had the following investment types and weighted average maturity presented in terms of years:

Security Type	Market Value (\$ thousands)	Weighted Average Maturity (Years)
Florida Prime	\$ 73,817	0.01
U.S. Treasury Bond/Note	53,534	1.98
Money Market Fund	45,407	0.01
Local Government Investment Pool	35,939	0.04
Federal Agency Bond/Note	30,689	1.87
Corporate Note	24,827	2.07
Asset-Backed Security	18,509	2.77
Supra-National Agency Bond/Note	9,383	2.02
Federal Agency Commercial Mortgage-Backed Security	8,411	1.68
Federal Agency Mortgage-Backed Security	6,490	8.32
Municipal Bond/Note	5,260	1.97
Federal Agency Collateralized Mortgage Obligation	374	13.18
Total	\$ 312,640	2.78

Interest Rate Risk

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

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

Toho utilizes “weighted average duration” as a measurement of interest rate risk and as of September 30, 2021, the investment portfolio had a weighted average duration of 2.78 years.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

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

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement 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

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

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

As of September 30, 2021, Toho's investment portfolio was held with a third-party custodian as required by Toho's investment policy.

Concentration of Credit Risk

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

As of September 30, 2021, 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
Florida Prime	\$ 73,817	23.6%	25%
United States Treasury Securities	53,534	17.1%	100%
Federal Agency Securities/GSE	45,964	14.7%	75%
Money Market Fund	45,407	14.5%	50%
Local Government Investment Pool	35,939	11.5%	25%
Corporate Note	24,827	7.9%	35%
Asset-Backed Security	18,509	5.9%	25%
Supra-National Agency Bond/Note	9,383	3.0%	25%
Municipal Bond/Note	5,260	1.7%	25%
Total	\$ 312,640	99.9%	

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued)

Below are two charts depicting the Standard and Poor's and Moody's credits rating assigned to the assets backed securities, corporate notes, government debt, and supranational debt held in Toho's investment portfolio based on their market value at September 30, 2021.

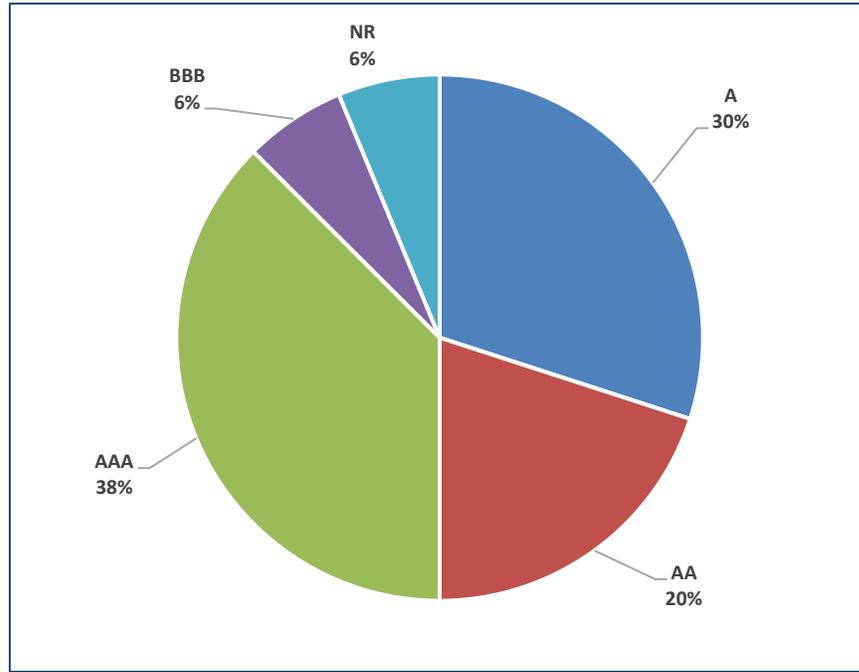


Figure 1- Credit Quality | S&P Ratings

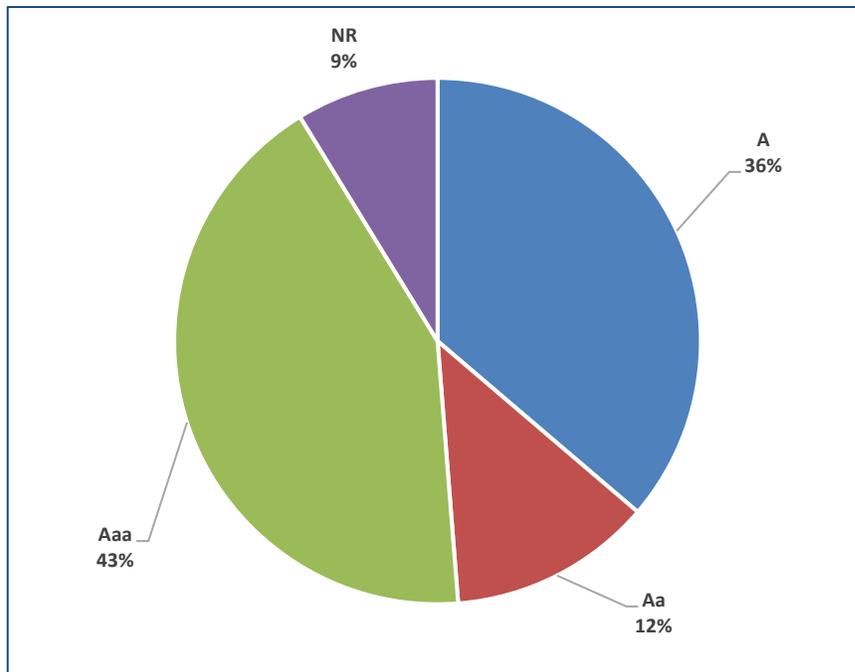


Figure 2 - Credit Quality | Moody's Ratings

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk and Fair Value Measurement

	9/30/2021 Market Value (\$ thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level		
Florida Prime ^[1]	\$ 73,817	\$ -
U.S. Treasury Bond/Note	53,534	53,534
Money Market Fund	45,407	-
Local Government Investment Pool ^[1]	35,939	35,939
Federal Agency Bond/Note	30,689	30,689
Corporate Note	24,827	24,827
Asset-Backed Security	18,509	18,509
Supra-National Agency Bond/Note	9,383	9,383
Federal Agency Commercial Mortgage-Backed Security	8,411	8,411
Federal Agency Mortgage-Backed Security	6,490	6,490
Municipal Bond/Note	5,260	5,260
Federal Agency Collateralized Mortgage Obligation	374	374
Total investments by fair value measure	312,640	\$ 196,416
Total deposits	27,335	
Total deposits and investments	339,975	
Restricted	212,409	
Unrestricted	\$ 127,566	

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.

NOTE 2 - DEPOSITS AND INVESTMENTS *(Continued)*

Local Government Investment Pools

Florida PRIME Governmental Investment Pool

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

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

Toho currently holds investments in the Florida PRIME Governmental Investment Pool. As a Florida PRIME participant, pool shares are based on amortized cost, which approximates fair value of the Florida PRIME's underlying portfolio. The Florida Prime operated by the SBA is a "2a-7-like" pool and is also presented in accordance with generally accepted accounting principles; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. For Florida PRIME as of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued)

Local Government Investment Pools (Continued)

According to the SBA, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case, may the time limit set by the Trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value. Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, “Applicable Florida Law”).

NOTE 2 - DEPOSITS AND INVESTMENTS *(Continued)*

Local Government Investment Pools *(Continued)*

FL PALM Fund

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

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

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

Foreign Currency Risk

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

NOTE 3 - CAPITAL ASSETS

Toho's capital assets consist of land, buildings and improvements, containment equipment and facilities, and machinery and equipment. Following is a summary of changes related to capital assets during the fiscal year ended September 30, 2021:

	Beginning Balance 10/1/20	Increases	Decreases	Ending Balance 9/30/21
Capital assets, not being depreciated				
Land	\$ 22,498	\$ 479	\$ (350)	\$ 22,627
Construction in progress	33,177	57,924	(34,924)	56,177
Total capital assets, not being depreciated	<u>55,675</u>	<u>58,403</u>	<u>(35,274)</u>	<u>78,804</u>
Capital assets, being depreciated				
Water system assets				
Plant and infrastructure	405,905	15,402	(1,132)	420,175
Equipment, furniture and fixtures	9,289	230	(103)	9,416
Total water system assets	<u>415,194</u>	<u>15,632</u>	<u>(1,235)</u>	<u>429,591</u>
Sewer system assets				
Plant and infrastructure	713,748	35,900	(1,445)	748,203
Equipment, furniture and fixtures	11,541	641	(163)	12,019
Total sewer system assets	<u>725,289</u>	<u>36,541</u>	<u>(1,608)</u>	<u>760,222</u>
General plant and administrative assets				
Plant and infrastructure	27,066	3,896	(15)	30,947
Equipment, furniture and fixtures	19,677	655	(593)	19,739
Total general plant and administrative assets	<u>46,743</u>	<u>4,551</u>	<u>(608)</u>	<u>50,686</u>
Total capital assets, being depreciated	<u>1,187,226</u>	<u>56,724</u>	<u>(3,451)</u>	<u>1,240,499</u>
Less accumulated depreciation for:				
Plant and infrastructure	(342,511)	(37,126)	1,185	(378,452)
Equipment, furniture and fixtures	(24,186)	(3,087)	840	(26,433)
Total accumulated depreciation	<u>(366,697)</u>	<u>(40,213)</u>	<u>2,025</u>	<u>(404,885)</u>
Total capital assets, being depreciated, net	<u>850,529</u>	<u>16,511</u>	<u>(1,426)</u>	<u>835,614</u>
Capital assets, net	<u>\$ 876,204</u>	<u>\$ 74,914</u>	<u>\$ (36,700)</u>	<u>\$ 914,418</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, 2021:

	Beginning Balance 10/1/20	Additions	Reductions	Ending Balance 9/30/21	Due Within One Year	Long- Term Portion
Revenue bonds payable (Public Offerings)	\$ 177,040	\$ -	\$ 7,225	\$ 169,815	\$ 7,795	\$ 162,020
Notes payable (Direct Borrowing)	11,102	-	1,564	9,538	1,499	8,039
Notes payable (Direct Placement)	52,425	14,305	14,264	52,466	-	52,466
Total revenue bonds and notes payable	<u>240,567</u>	<u>14,305</u>	<u>23,053</u>	<u>231,819</u>	<u>9,294</u>	<u>222,525</u>
OPEB payable	2,216	246	908	1,554	-	1,554
Net pension liability	7,909	-	5,953	1,956	-	1,956
Compensated absences payable	2,041	1,300	1,091	2,250	632	1,618
Total long-term liabilities	<u>\$ 252,733</u>	<u>\$ 15,851</u>	<u>\$ 31,005</u>	<u>\$ 237,579</u>	<u>\$ 9,926</u>	<u>\$ 227,653</u>

Revenue Bonds Payable (Public Offerings) - Toho has revenue bonds outstanding at September 30, 2021, as follows:

Series 2011A Revenue Refunding Bonds - Used to refund the Series 2007 Revenue Bonds, to fund the payment of interest rate swap termination costs, to fund required reserves, and pay costs associated with the issuance of the Series 2011A Bonds. These bonds mature through fiscal year ending September 30, 2022.

Series 2013 Revenue Refunding Bonds - Used to refund a portion of the Series 2012 Note and pay costs associated with the issuance of the Series 2013 Bonds. These bonds mature through fiscal year ending September 30, 2021.

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

Revenue Notes Payable - Toho has three bank notes outstanding at September 30, 2021, as follows:

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

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

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

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

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

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

Pledged Revenues - Toho has pledged the net revenues generated by the overall system for payment of the bond issues and notes listed below. Proceeds of Toho's bonds and notes issued were used, as discussed above. The bonds and notes are payable solely from Toho's customers' net revenues payable through 2047. Annual principal and interest payments on the bonds and notes are currently expected to require approximately 26% of net revenues. The total principal and interest remaining on the bonds and notes, as noted below under debt service requirements, is \$313,864. Principal and interest paid for the current year was \$18,465. Total customer net revenues for the current year were \$71,320.

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 2011A	Refunding	\$ 93,495	\$ 630	3.875%-4.50%
Series 2013	Refunding	\$ 33,590	-	3.375%-5.00%
Series 2016	Refunding/Misc. Project Capital	\$173,605	169,185	2.00%-5.00%
Notes Payable				
Direct Borrowings				
Note Payable - BOA	Admin Bldg. Project Capital	\$ 16,000	8,615	3.63%
Note Payable - SunTrust	Improvements	\$ 10,000	923	4.582%
Direct Placements				
Note Payable - SunTrust	Refunding	\$ 14,305	14,305	1.080%
Note Payable - WCM (Wells Capital Management)	Project Capital	\$ 38,160	<u>38,161</u>	1.213%
Total Long-Term Debt			<u>\$ 231,819</u>	

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

<u>Fiscal Year</u>	<u>Public Offering</u>		<u>Direct Borrowing</u>		<u>Direct Placement</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 7,795	\$ 6,626	\$ 1,498	\$ 355	\$ -	\$ 1,997	\$ 9,293	\$ 8,978
2023	8,115	6,311	1,105	294	30	2,062	9,250	8,667
2024	8,445	5,986	885	252	30	2,062	9,360	8,300
2025	8,860	5,564	920	220	30	2,062	9,810	7,846
2026	9,275	5,146	955	186	38,190	2,061	48,420	7,393
2027-2031	37,595	21,223	4,175	385	14,186	307	55,956	21,915
2032-2036	60,690	13,424	-	-	-	-	60,690	13,424
2037-2041	19,005	3,713	-	-	-	-	19,005	3,713
2042-2046	8,155	1,716	-	-	-	-	8,155	1,716
2047	1,880	94	-	-	-	-	1,880	94
	<u>\$ 169,815</u>	<u>\$ 69,803</u>	<u>\$ 9,538</u>	<u>\$ 1,692</u>	<u>\$ 52,466</u>	<u>\$ 10,551</u>	<u>\$ 231,819</u>	<u>\$ 82,046</u>

NOTE 5 - INVESTED IN CAPITAL ASSETS

The amount reported on the statement of net position as net investment in capital assets at September 30, 2021, consists of the following:

Net capital assets	\$ 914,418
Debt related to purchase of capital assets	(231,819)
Unspent bond proceeds	28,613
Capital related liabilities	(5,512)
Deferred amount on refunding	<u>3,856</u>
Net investment in capital assets	<u>\$ 709,556</u>

NOTE 6 - 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, 2020. The City does not produce separately available financial reports for this pension plan. However, all required disclosures and financial data are contained in the City's publicly available Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. The City's ACFR may be obtained by written request to the City's Finance Department, 101 North Church Street, Kissimmee, Florida 34741-5054.

Description of Plan

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

Funding Policy

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

The City Commission sets contribution rates every two years based on an actuarial report. The most recent report the City received was dated October 1, 2020. Toho paid in 100% of its required contribution amount for the current and prior fiscal years. Toho's contributions to the plan for the years ended September 30, 2021, 2020 and 2019 were \$1,515, \$1,430 and \$1,631, respectively.

NOTE 6 - PENSION PLAN (Continued)

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

At September 30, 2021, Toho reported a liability of \$1,956 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Toho's proportion of the net pension liability was based on the historical actuarially determined employer contributions to the pension plan for fiscal year 2021. At September 30, 2021, Toho's proportion was 31.39%, which reflects a decline (1.34%) from its respective proportion measured as of September 30, 2020.

For the year ended September 30, 2021, Toho recognized pension income of \$58.

At September 30, 2021, Toho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 145	\$ (75)
Changes of assumptions earnings on pension plan investments	580	-
Changes in proportion	21	(791)
Net difference between projected and actual earnings on pension plan investments	-	(4,318)
Total	<u>\$ 746</u>	<u>\$ (5,184)</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
2022	\$ (1,006)
2023	(996)
2024	(1,268)
2025	(1,168)
2026	-
Thereafter	-
Total	<u>\$ (4,438)</u>

NOTE 6 - PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the October 1, 2020 actuarial valuation for the Pension Plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	October 1, 2020
Measurement Date:	September 30, 2021
Inflation:	2.25%
Salary Increases:	7.00%
Mortality:	The healthy post-retirement mortality table is the RP-2000 Mortality Table for annuitants with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. The preretirement mortality table is the RP-2000 Combined Healthy Participant Mortality Table with the same white and blue collar adjustments and the same mortality improvement projection scales. For disabled retirees, the mortality table is the RP-2000 Mortality Table for disabled annuitants, set-back 4 years for males and set-forward 2 years for females, with no provision made for future mortality improvements. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2018 FRS actuarial valuation.
Actuarial Cost Method:	Aggregate

The actuarial assumptions used in the October 1, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2019 - September 30, 2020.

The long-term expected rate of return, net of investment expense on pension plan investments, was 7.00% as of September 30, 2020. This rate was determined using a forward-looking capital market economic model. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

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

NOTE 6 - PENSION PLAN (Continued)**Actuarial Assumptions (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%.

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 7.00%, as well as what Toho's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
Toho's proportionate share of the net pension liability (asset)	<u>\$ 7,937</u>	<u>\$ 1,956</u>	<u>\$ (3,064)</u>

Change in Net Pension Liability

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

	October 1, 2020	Additions	Deletions	September 30, 2021	Due Within One year
Net pension liability	<u>\$ 7,909</u>	<u>\$ -</u>	<u>\$ 5,953</u>	<u>\$ 1,956</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, 2021, 2020 and 2019 were \$1,038, \$887 and \$791, respectively. Participants contributed \$513, \$439 and \$397 for the years ended September 30, 2021, 2020 and 2019, respectively.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Other Post-Employment Benefit Plan (OPEB Plan) is a single-employer benefit plan administered by 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, 2021.

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 Ch. 112.08, F.S. The OPEB Plan does not issue a stand-alone report.

Funding Policy

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

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	\$ 181
Interest on the Total OPEB Liability	65
Changes of benefit terms	-
Difference between expected and actual experience of the Total OPEB Liability	(178)
Changes of assumptions and other inputs	(644)
Benefit payments	(86)
Net change in Total OPEB Liability	(662)
Total OPEB Liability at Beginning of Year	2,216
Total OPEB Liability at End of Year	\$ 1,554

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

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

For the year ended September 30, 2020, Toho recognized OPEB expense of \$158. At September 30, 2019, Toho reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 17	\$ (156)
Changes of assumptions	133	(604)
Benefits subsequent to measurement date	49	-
Total	\$ 199	\$ (760)

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

Years Ending September 30,	Amount
2022	\$ (88)
2023	(88)
2024	(88)
2025	(88)
2026	(81)
Thereafter	(177)
Total	\$ (610)

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

Actuarial Methods and Assumptions

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

Valuation Date:	September 30, 2020
Measurement Date:	September 30, 2020
Inflation:	2.25%
Salary increases, including inflation:	4.00% to 6.50% based on service
Retirement Age:	Retirement rates based on those used in the October 1, 2020 actuarial valuation for the General Employees of the City of Kissimmee.
Mortality:	Mortality rates are the same as used in the July 1, 2020 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018.
Healthcare Cost Trend Rates	Trend rate starting at 6.25% for claims cost and at 0.00% for premiums (based on actual premium rates effective January 1, 2021), and thereafter trends based on the Getzen Model, with a trend rate of 6.00% effective January 1, 2022, and gradually decreasing to an ultimate trend rate of 3.99%.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

The discount rate was changed from 2.75% as of the beginning of the measurement period to 2.41% as of September 30, 2020.

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

Sensitivity of Total OPEB Liability

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.41%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

1% Decrease	Current Discount Rate	1% Increase
1.41%	2.41%	3.41%
<u>\$ 1,667</u>	<u>\$ 1,554</u>	<u>\$ 1,447</u>

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

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

1% Decrease	Current Discount Rate	1% Increase
<u>\$ 1,385</u>	<u>\$ 1,554</u>	<u>\$ 1,752</u>

NOTE 8 - 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 years ended September 30, 2021 and 2020.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Toho had the following significant capital construction projects, with remaining commitment amounts greater than \$500 as of September 30, 2021:

Project Description	Remaining Commitment
Sand Hill Water Reclamation Facility Expansion	\$ 17,765
Water Treatment Plant and Pipelines - Cypress Lake	9,895
WIFIA Lift Stations 42, 43, 44, 45, 46, 47, and 54 Rehabilitation	5,425
Parkway Water Treatment Plant Ion Exchange and High Service Pump Replacement	3,964
WIFIA Lift Station 1B Hermosillo Gravity Sewer Rehabilitation	3,826
WIFIA Lift Station 57 Southwest Quadrant Gravity Sewer Rehabilitation	3,785
WIFIA Gravity Sewer Rehabilitation	2,710
Camelot Water Reclamation Facility Expansion and Effluent Storage	2,339
WIFIA Collector Road Gravity Sewer Rehabilitation	2,164
Judge Farms Reservoir and Impoundment	2,141
Indirect Potable Reuse - 160 Acre Alternative Water Supply	1,685
Shingle Creek Surface Water Treatment Plant	1,387
WIFIA Manhole Rehabilitation	1,172
Western Reuse Pumping Facility	1,155
Lift Station 111 Force Main Rehabilitation	1,097
US192 Force Main Replacement	1,096
Tropical Park Water Main Improvements	1,068
Franklin-Zuni Road Force Main Extension (to be reimbursed by Tavistock)	958
Parkway Water Treatment Plant High Service Pump Replacement	869
South Bermuda Water Reclamation Facility Grit Removal and RAS/WAS Replacement	819
WIFIA San Remo Gravity Sewer	730
Sherwood Forest Water Service	572
Marigold Avenue Reclaimed Main Repair	540
	\$ 67,164

Intergovernmental Acquisition Agreements

Toho was created with an effective operating date of October 1, 2003. Toho was created pursuant to a state legislative act, as described in Note 1 to these financial statements. The City and the County agreed to transfer all assets, liabilities, and operations of their water and sewer systems to Toho. Toho issued in excess of \$118 million in revenue bonds to pay off the City's utility revenue bonds and other outstanding obligations, to acquire the rights to the County's system, to acquire seven privately owned water and sewer systems, and to provide for new construction and system expansion. Toho is obligated to provide payments to the City and the County annually. Annual amounts are to be calculated based on the gross annual revenues of the system for an additional 8 years. Toho expensed approximately \$12 million under these agreements during the current fiscal year.

NOTE 9 - 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 10 - 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.

NOTE 11 - SUBSEQUENT EVENT

In February 2022, in separate actions, Toho's Board and the City of St. Cloud's Council approved steps to execute an interlocal agreement that will transfer management, operation, and administration of the City of St. Cloud's water and sewer utility system to Toho. The agreement provides for expansion of Toho's board by three seats, two voting members and one ex-officio member, and a minimum annual payment to the City of St. Cloud of \$3,300. The plan also includes the transition of the City of St. Cloud's utility employees and assumption of the City of St. Cloud's debt of approximately \$35,000 to Toho. Toho will be responsible for all operational expenses and receive all revenue related to the St. Cloud utility system. The agreement shall continue for an initial term of 60 full fiscal years with 30-year renewals. The City of St. Cloud may terminate this agreement at 15-year intervals following the transfer date. Toho may only terminate this agreement at the end of the initial 60-year period. The transition plan will begin in the second quarter of FY2022 and is expected to be completed in FY2023.

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
For the Year Ended September 30, 2021
(In Thousands)

Fiscal Year Ended September 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Year Ended September 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service Cost	\$ 181	\$ 146	\$ 127	\$ 128
Interest on the Total OPEB Liability	65	76	64	54
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	(178)	-	27	-
Changes of assumptions and other inputs	(644)	178	(20)	(57)
Benefit payments	(84)	(63)	(55)	(29)
Net change in Total OPEB Liability	<u>(662)</u>	<u>337</u>	<u>143</u>	<u>96</u>
Total OPEB Liability – Beginning	<u>2,216</u>	<u>1,879</u>	<u>1,736</u>	<u>1,640</u>
Total OPEB Liability – Ending	<u>\$ 1,554</u>	<u>\$ 2,216</u>	<u>\$ 1,879</u>	<u>\$ 1,736</u>
Covered Payroll	<u>\$ 18,442</u>	<u>\$ 19,844</u>	<u>\$ 18,272</u>	<u>\$ 15,641</u>
Total OPEB Liability as a Percentage of Covered Payroll	8.42%	11.17%	10.28%	11.10%

Notes to Schedule:

The discount rate was changed from 2.75% as of the beginning of the measurement period to 2.41% as of September 30, 2020. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the measurement period.

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

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

Fiscal Year Ended September 30,	Plan Sponsor Measurement Date September 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
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%

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

TOHOPEKALIGA WATER AUTHORITY
Schedule of Contributions
(In Thousands)

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2021	\$ 1,515	\$ 1,515	\$ -	\$ 5,737	26.40%
2020	\$ 1,424	\$ 1,430	\$ (6)	\$ 6,015	23.78%
2019	\$ 1,631	\$ 1,631	\$ -	\$ 6,156	26.49%
2018	\$ 1,529	\$ 1,529	\$ -	\$ 6,526	23.43%
2017	\$ 1,507	\$ 1,507	\$ -	\$ 6,724	22.41%
2016	\$ 1,461	\$ 1,461	\$ -	\$ 6,689	21.84%
2015	\$ 1,544	\$ 1,500	\$ 44	\$ 7,020	21.37%

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

Tohopekaliga Water Authority
Osceola County, Florida

STATISTICAL SECTION (UNAUDITED)

This part of 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.....	44 - 45
<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	46 - 47
<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	48 - 54
<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	55 - 57
<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	58 - 59
<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, 2021
with Comparative Amounts for Fiscal Years Ended September 30, 2012 through 2021 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
ASSETS										
Current Assets										
Cash and cash equivalents	\$127,566	\$102,735	\$94,293	\$84,861	\$73,962	\$52,242	\$47,548	\$59,865	\$61,038	\$60,175
Restricted cash and cash equivalents	29,655	26,797	24,553	26,666	12,108	9,034	14,552	11,486	11,768	10,418
Accounts receivable, net	20,162	21,462	20,172	16,973	12,755	11,907	12,082	10,220	9,435	9,633
Due from other governments	966	825	203	2,540	518	226	73	578	365	-
Inventory	1,359	1,161	775	524	734	1,176	406	549	315	352
Total Current Assets	179,708	152,980	139,996	131,564	100,077	74,585	74,661	82,698	82,921	80,578
NON-CURRENT ASSETS										
Due from other governments - non-current	5,130	5,352	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	85,295	113,512	58,120	61,854	43,568	42,835	31,159	23,100	15,497	25,013
Restricted investments	97,459	82,116	78,970	75,641	98,910	91,789	60,346	59,660	59,219	59,039
Restricted accounts receivable	2,533	3,278	1,368	3,964	1,003	1,339	1,368	2,297	2,241	3,791
Restricted construction deposits in escrow	1	342	320	330	1,408	2,519	4,774	-	-	-
Total Restricted Assets	190,418	204,600	138,778	141,789	144,889	138,482	97,647	85,057	76,957	87,843
Capital Assets										
Land	22,627	22,498	19,486	19,486	19,486	19,501	18,397	17,199	17,199	17,181
Water plant and equipment	429,598	415,192	391,148	372,994	365,216	354,716	337,713	328,094	308,132	290,822
Sewer plant and equipment	760,215	725,292	660,079	605,253	566,771	540,548	512,957	494,348	471,339	446,696
General plant and equipment	50,686	46,742	43,202	41,727	39,924	37,083	36,117	32,002	30,208	28,023
Construction-in-progress	56,177	33,177	56,353	42,276	29,691	21,539	23,573	16,660	21,096	31,478
Less: Accumulated depreciation	(404,885)	(366,697)	(331,585)	(300,047)	(276,085)	(247,658)	(221,563)	(196,950)	(173,409)	(152,209)
Total Capital Assets (Net)	914,418	876,204	838,684	781,689	745,003	725,728	707,194	691,353	674,565	661,991
Deferred loss on refunding	3,856	3,169	10,956	11,582	12,208	12,834	12,189	12,872	-	-
Deferred outflows related to pensions	746	997	4,280	2,553	-	-	-	-	-	-
Deferred outflows related to OPEB	199	210	23	-	1,529	2,341	1,461	-	-	-
Total Deferred Outflows of Resources	4,801	4,376	15,259	14,135	13,737	15,175	13,650	12,872	-	-
Total Assets and Deferrals	1,289,345	1,238,160	1,132,717	1,069,177	1,003,706	953,970	893,152	871,980	834,443	830,412
LIABILITIES AND NET POSITION										
Current Liabilities										
Accounts payable	\$12,273	\$10,788	\$10,810	\$21,225	\$10,724	\$7,036	\$11,548	\$7,040	\$5,147	\$6,623
Accrued liabilities	1,020	848	640	547	481	400	232	363	120	455
Other liabilities	150	126	80	71	46	32	17	25	20	22
Contracts payable	479	753	1,824	896	214	413	679	548	560	449
Compensated absences payable	632	596	544	584	485	437	420	378	316	278
Current liabilities payable from restricted assets:										
Accounts payable	1,958	1,211	-	2,220	1,971	965	-	-	-	-
Contracts payable	2,033	1,073	1,386	1,665	1,223	541	283	86	221	52
Revenue bonds and note payable	9,294	8,789	8,601	8,404	1,175	1,365	7,123	5,760	6,285	5,025
Accrued interest payable	4,457	4,851	4,060	4,257	282	307	4,242	4,333	4,067	4,195
Deposits	11,913	10,873	10,506	10,120	7,457	5,856	2,904	1,307	1,195	1,146
Total Current Liabilities	44,209	39,908	38,451	49,989	24,058	\$17,352	27,448	19,840	17,931	18,245
Non-Current Liabilities										
Compensated absences payable	1,618	1,446	1,298	1,143	1,108	1,034	961	817	708	605
OPEB payable	1,554	2,216	1,879	1,736	1,076	922	801	700	512	405
Net Pension Liability	1,956	7,909	9,019	7,422	7,495	9,457	6,277	-	-	-
Revenue bonds and note payables	222,525	231,778	202,407	211,008	219,412	227,662	186,932	194,040	185,004	191,336
Total Non-Current Liabilities	227,653	243,349	214,603	221,309	229,091	239,075	194,971	195,557	186,224	192,346
Total Liabilities	271,862	283,257	253,054	271,298	253,149	256,427	222,419	215,397	204,155	210,591
Deferred Inflows of Resources										
Deferred inflows of resources related to pensions	5,184	1,055	1,424	1,548	879	-	817	-	-	-
Deferred inflows of resources related to OPEB	760	-	60	50	-	-	-	-	-	-
Total Deferred Inflows of Resources	5,944	1,055	1,484	1,598	879	-	817	-	-	-
Total Liabilities and Deferrals	277,806	284,312	254,538	272,896	254,028	256,427	223,236	215,397	204,155	210,591
Net Position										
Net investment in capital assets	709,556	666,901	638,632	573,859	536,624	509,535	525,328	491,553	483,276	465,630
Restricted - system development charges	151,746	155,281	135,434	122,469	110,298	92,125	92,099	85,057	76,350	87,032
Restricted - bond projects	-	-	-	3,568	29,018	41,818	-	-	-	-
Unrestricted	150,237	131,666	104,113	96,385	73,738	54,065	52,489	79,973	70,662	67,159
Total Net Position	\$ 1,011,539	\$ 953,848	\$ 878,179	\$ 796,281	\$ 749,678	\$ 697,543	\$ 669,916	\$ 656,583	\$ 630,288	\$ 619,821

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, 2021
 with Comparative Amounts for Fiscal Years Ended September 30, 2012 through 2021 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenue										
Charges for services	\$138,751	\$130,813	\$126,799	\$117,913	\$110,911	\$96,486	\$87,150	\$81,344	\$78,951	\$77,695
Miscellaneous revenues	766	753	759	649	708	654	637	619	603	593
Total Operating Revenue	139,517	131,566	127,558	118,562	111,619	97,140	87,787	81,963	79,554	78,288
Operating Expenses										
Personnel services	30,575	29,134	27,433	25,537	24,323	24,697	21,002	19,220	17,779	17,013
Contracted services	11,057	13,097	10,477	8,965	8,518	10,036	7,470	6,892	7,785	8,519
Supplies and materials	5,395	5,337	5,136	4,484	4,657	4,091	4,041	4,385	3,584	3,392
Repairs and maintenance	10,158	8,531	7,605	6,784	6,688	7,006	6,068	5,752	5,073	5,522
Payments in lieu of taxes	11,574	10,851	10,800	9,990	9,478	8,264	7,456	7,015	6,832	6,545
Other services and charges	11,945	10,762	10,975	10,586	9,949	9,612	8,968	8,958	8,429	8,843
Depreciation	40,213	36,976	33,753	32,135	29,559	27,706	26,021	24,280	22,198	20,738
Amortization	-	-	-	-	-	-	-	-	64	74
Total Operating Expenses	120,917	114,688	106,179	98,481	93,172	91,412	81,026	76,502	71,744	70,646
Operating Income	18,600	16,878	21,379	20,081	18,447	5,728	6,761	5,461	7,810	7,642
Non-Operating Revenues (Expenses)										
Investment income (loss)	906	7,185	8,832	2,281	1,695	1,424	1,263	699	245	788
Interest and fiscal charges expense	(8,598)	(8,677)	(8,748)	(9,113)	(9,421)	(9,308)	(9,171)	(9,035)	(9,769)	(10,244)
Other	2,576	(272)	334	(17,060)	555	410	131	239	525	(1,499)
Total Non-Operating Revenues (Expenses)	(5,116)	(1,764)	418	(23,892)	(7,171)	(7,474)	(7,777)	(8,097)	(8,999)	(10,955)
Income/(Loss) Before Contributions	13,484	15,114	21,797	(3,811)	11,276	(1,746)	(1,016)	(2,636)	(1,189)	(3,313)
Capital Contributions										
Federal, state, and local capital gains	-	(16)	20	725	448	-	165	15	20	-
Developers	44,207	60,571	60,081	50,310	40,411	29,373	21,615	30,473	11,636	8,618
Total Capital Contributions	44,207	60,555	60,101	51,035	40,859	29,373	21,780	30,488	11,656	8,618
Change in Net Position	57,691	75,669	81,898	47,224	52,135	27,627	20,764	27,852	10,467	5,305
Net Position Beginning of Year	953,848	878,179	796,281	749,678	697,543	669,916	656,583	630,288	619,821	614,516
Restatement - for Implementation of GASB 68 & 65	-	-	-	(621)	-	-	(7,431)	(1,557)	-	-
Total Net Position - Beginning Restated	953,848	878,179	796,281	749,057	697,543	669,916	649,152	628,731	-	-
Net Position - Ending	\$1,011,539	\$953,848	\$878,179	\$796,281	\$749,678	\$697,543	\$669,916	\$656,583	\$630,288	\$619,821

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 3

SCHEDULE OF MAJOR CONTRACT SERVICES

For the Fiscal Year Ended September 30, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Service Provider										
City of Kissimmee	\$ 72	\$ 70	\$ 69	\$ 68	\$ 66	\$ 82	\$ 80	\$ 79	\$ 77	\$ 176
Severn Trent Environmental Services	-	-	-	-	-	-	-	28	700	1,300
Kissimmee Utility Authority	-	-	-	-	-	1,082	1,717	1,901	2,051	2,152
Total	<u>\$ 72</u>	<u>\$ 70</u>	<u>\$ 69</u>	<u>\$ 68</u>	<u>\$ 66</u>	<u>\$ 1,164</u>	<u>\$ 1,797</u>	<u>\$ 2,008</u>	<u>\$ 2,828</u>	<u>\$ 3,628</u>

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 4

SCHEDULE OF TOTAL ACTIVE EMPLOYEES BY DEPARTMENT

For the Fiscal Year Ended September 30, 2021

CHANGES FROM YEAR TO YEAR - LAST TEN FISCAL YEARS

Department	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operations:										
Field Services	59	70	73	73	71	67	70	63	66	67
Plant and Support Operations	116	104	97	97	98	95	95	92	86	85
Engineering Services	45	41	36	33	32	28	26	26	27	25
Business Services	19	16	16	16	15	15	16	18	19	24
Customer Service	68	64	59	60	60	51	41	30	26	19
Information Technology	21	18	15	15	14	12	12	12	9	0
Human Resources	10	8	8	8	7	8	6	4	4	6
Office of the General Counsel	3	3	2	1	2	2	1	2	0	0
Administration	11	14	13	14	13	15	16	17	15	14
Total	352	337	317	317	310	291	283	264	252	240

Source: Tohopekaliga Water Authority

SCHEDULE OF HISTORICAL ANNUAL NUMBER OF RETAIL WATER

For the Fiscal Year Ended September 30, 2021

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

	2021	2020	2019	2018	2017	2016 ¹	2015	2014	2013	2012
Water Service										
<u>Residential</u>										
Average Monthly Customers ¹	109,572	105,116	100,873	96,461	93,199	89,215	82,043	79,011	76,463	74,647
Average Monthly Consumption (000s)	537,879	499,617	464,681	450,455	412,215	404,663	380,303	369,604	366,832	366,834
Total Billed Usage	6,454,549	5,995,398	5,576,167	5,405,464	4,946,584	4,855,959	4,563,632	4,435,244	4,401,984	4,402,003
Average Monthly Use Per Customer	4,909	4,753	4,607	4,670	4,423	4,536	4,635	4,678	4,798	4,914
<u>Commercial</u>										
Average Monthly Customers ¹	7,147	6,973	6,925	6,704	6,740	7,540	11,167	11,115	11,129	11,129
Average Monthly Consumption (000s)	365,307	360,926	387,641	366,345	378,890	377,871	370,920	361,376	349,300	356,167
Total Billed Usage	4,383,687	4,331,108	4,651,686	4,396,134	4,546,674	4,534,448	4,451,045	4,336,517	4,191,598	4,274,004
Average Monthly Use Per Customer	51,113	51,760	55,977	54,646	56,215	50,115	33,216	32,513	31,386	32,004
Irrigation Service										
<u>General Service</u>										
Average Monthly Customers	17,753	17,267	17,201	16,957	16,636	16,460	16,251	15,950	15,638	15,235
Average Monthly Consumption (000s)	94,092	96,474	99,199	95,937	99,568	96,675	93,405	97,007	101,569	118,075
Total Billed Usage	1,129,100	1,157,684	1,190,388	1,151,245	1,194,811	1,160,094	1,120,858	1,164,079	1,218,822	1,416,905
Average Monthly Use Per Customer	5,300	5,587	5,767	5,658	5,985	5,873	5,748	6,082	6,495	7,750
Wastewater Service										
<u>Residential</u>										
Average Monthly Customers ¹	98,961	99,490	95,593	91,236	88,381	84,007	76,287	73,511	71,126	68,935
Average Monthly Consumption (000s)	506,925	465,896	435,995	421,377	380,652	379,958	346,883	337,476	334,392	325,819
Total Billed Usage	6,083,095	5,590,755	5,231,945	5,056,526	4,567,828	4,559,490	4,162,595	4,049,713	4,012,709	3,909,833
Average Monthly Use Per Customer	5,122	4,683	4,561	4,619	4,307	4,523	4,547	4,591	4,701	4,726
<u>Commercial</u>										
Average Monthly Customers ¹	6,306	6,267	6,129	5,945	5,832	6,809	10,533	10,315	10,322	10,324
Average Monthly Consumption (000s)	323,945	311,045	346,222	330,833	328,527	336,972	330,310	328,806	316,376	316,903
Total Billed Usage	3,887,341	3,732,542	4,154,669	3,969,996	3,942,323	4,043,664	3,963,725	3,945,675	3,796,514	3,802,833
Average Monthly Use Per Customer	51,371	49,632	56,489	55,649	56,332	49,489	31,360	31,875	30,652	30,696
Reclaimed Water Service										
<u>General Service</u>										
Average Monthly Customers	21,987	20,192	18,797	17,201	15,756	14,565	13,527	12,610	11,815	11,266
Average Monthly Consumption (000s)	565,389	542,852	531,948	444,639	386,532	332,068	298,480	320,675	332,510	333,995
Total Billed Usage	6,784,664	6,514,220	6,383,375	5,335,665	4,638,382	3,984,815	3,581,755	3,848,095	3,990,118	4,007,943
Average Monthly Use Per Customer	25,715	26,884	28,300	25,850	24,532	22,799	22,065	25,430	28,143	30,171

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

SCHEDULE OF WATER PRODUCTION CAPACITY

For the Fiscal Year Ended September 30, 2021

Water Treatment Plants	Permitted (MGD)	Average Flow (MGD)	Max Day Flow (MGD)
Toho I (Kissimmee System)			
Eastern Regional System:			
Richard McLaughlin	19.964	17.151	20.620
Parkway	11.230	3.238	4.857
Camelot West	4.400	3.131	4.705
Western Regional System:			
Northwest	9.360	4.857	7.000
Southwest	8.640	3.995	7.530
Spring Lake Village & Morningside	0.806	0.000	0.002
Hidden Glen	0.024	0.005	0.006
Toho II (Harmony System)	1.296	0.350	0.645
Toho III (formerly Florida Water Utility Systems)			
Buenaventura Lakes	5.040	2.558	4.182
Bay Lake Estates	0.198	0.102	0.720
Intercession City (Offline)	0.198	0.000	0.000
Toho IV (Poinciana Utility System)			
Peabody	3.355	2.895	4.279
Huron	3.780	3.123	4.460
Bella Lago	4.608	2.291	4.470

Source: Tohopekaliga Water Authority

SCHEDULE OF WASTEWATER TREATMENT CAPACITY

For the Fiscal Year Ended September 30, 2021

Wastewater Treatment Plants	Permitted (MGD)	Average Flow (MGD)	Max Day Flow (MGD)
Toho I (Kissimmee System)			
South Bermuda WRF	14.000	12.217	15.135
Camelot WRF	5.000	3.900	5.100
Parkway WRF	1.500	1.278	2.135
Sandhill WRF	6.000	5.029	7.450
Effluent Disposal Sites:			
Champions Gate (Imperial)	15.140	8.261	13.330
Daniels	0.000	0.000	0.000
Sandhill RIBs	2.140	2.028	6.457
Pine Island Sprayfield	1.600	0.405	2.940
Toho II (Harmony WRF)	0.499	0.218	0.398
Toho IV (Poinciana Utility System)			
Cypress West WRF	3.500	2.712	5.000
Walnut Drive WRF	0.850	0.761	1.057
Lake Marion WRF	2.000	1.781	2.983

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 8

SCHEDULE OF MONTHLY BILL RATE COMPARISON
WITH OTHER FLORIDA MUNICIPAL UTILITY SYSTEMS
For the Fiscal Year Ended September 30, 2021
with Comparative Usage At 4,000 Gallons

	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Toho Water Authority	\$12.05	\$30.61	\$42.66
Orange County	\$13.19	\$34.78	\$47.97
City of Orlando	\$12.51	\$41.42	\$53.93
City of St. Cloud	\$23.95	\$34.37	\$58.32
Lakeland	\$19.56	\$36.99	\$56.55
Seminole County	\$19.14	\$43.40	\$62.54

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 9

SCHEDULE OF SYSTEM DEVELOPMENT CHARGES COMPARISON
 WITH OTHER FLORIDA MUNICIPAL UTILITY SYSTEMS
 For the Fiscal Year Ended September 30, 2021
 with Comparative Per Equivalent Residential Connection (ERC)

	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Toho Water Authority ⁽¹⁾	\$2,415	\$3,450	\$5,865
Lakeland	\$1,050	\$1,916	\$2,966
Seminole County	\$2,574	\$3,175	\$5,749
City of Orlando	\$1,970	\$2,538	\$4,508
Orange County	\$1,970	\$3,570	\$5,540
City of St. Cloud	\$3,133	\$3,533	\$6,667

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, 2021
Consumption Reported in 1,000 Gallons

	<u>Water Customer</u>	<u>Consumption</u>	<u>Revenues</u>	<u>%age of Revenue</u>
1	Enterprise Comm Dev Dist	468,480	\$671,867	1.99%
2	Westgate Vacation Villas	170,396	344,200	1.02%
3	Holiday Inn Club Vacations Inc	164,280	336,881	1.00%
4	Quaker Oats	132,150	260,680	0.77%
5	Opryland	128,601	259,318	0.77%
6	Good Samaritan Village	74,445	101,052	0.30%
7	RIDA	63,535	140,358	0.42%
8	Orange Co Utilities	58,131	103,299	0.31%
9	Osceola Board - Master	57,996	180,494	0.53%
10	Goldem at Valencian LLC	53,043	103,996	0.31%
	Total	<u>1,371,057</u>	<u>\$2,502,145</u>	<u>7.42%</u>

SCHEDULE OF TEN LARGEST WASTEWATER CUSTOMERS

For the Fiscal Year Ended September 30, 2021
 Consumption Reported in 1,000 Gallons

	<u>Wastewater Customer</u>	<u>Consumption</u>	<u>Revenues</u>	<u>%age of Revenue</u>
1	Enterprise Comm Dev Dist	342,700	\$1,690,377	2.66%
2	Westgate Vacation Villas	170,396	1,155,964	1.82%
3	Holiday Inn Club Vacations Inc	164,280	1,133,465	1.78%
4	Opryland	128,601	874,824	1.38%
5	RIDA	55,774	329,861	0.52%
6	Goldem at Valencian LLC	53,043	349,097	0.55%
7	Orange Co Utilities	48,597	231,016	0.36%
8	Osceola County Board	41,813	291,856	0.46%
9	Osceola Regional Medical Center	39,328	259,813	0.41%
10	ARCM IV BFND LLC	34,773	167,915	0.26%
	Total	1,079,305	\$6,484,187	10.20%

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 12

SCHEDULE OF TOTAL OUTSTANDING INDEBTEDNESS (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2021

Revenue Bond & Note Issues - Yearly Debt Service								Total Debt Service
Fiscal Year	2009	2010	2011	2016	2020	2021		
2022	\$ 1,138	\$ 715	\$ 658	\$ 13,763	\$ 1,908	\$ 89	\$	18,271
2023	1,138	261	-	14,426	1,908	184		17,917
2024	1,137	-	-	14,431	1,908	184		17,660
2025	1,140	-	-	14,424	1,908	184		17,656
2026	1,141	-	-	14,421	40,068	183		55,813
2027	1,141	-	-	14,422	-	193		15,756
2028	1,141	-	-	7,380	-	7,145		15,666
2029	1,138	-	-	7,389	-	7,154		15,681
2030	1,140	-	-	14,805	-	-		15,945
2031	-	-	-	14,822	-	-		14,822
2032	-	-	-	14,823	-	-		14,823
2033	-	-	-	14,824	-	-		14,824
2034	-	-	-	14,821	-	-		14,821
2035	-	-	-	14,822	-	-		14,822
2036	-	-	-	14,824	-	-		14,824
2037	-	-	-	14,820	-	-		14,820
2038	-	-	-	1,973	-	-		1,973
2039	-	-	-	1,977	-	-		1,977
2040	-	-	-	1,974	-	-		1,974
2041	-	-	-	1,974	-	-		1,974
2042	-	-	-	1,977	-	-		1,977
2043	-	-	-	1,972	-	-		1,972
2044	-	-	-	1,975	-	-		1,975
2045	-	-	-	1,974	-	-		1,974
2046	-	-	-	1,973	-	-		1,973
2047	-	-	-	1,974	-	-		1,974
TOTAL	\$ 10,254	\$ 976	\$ 658	\$ 238,960	\$ 47,700	\$ 15,316	\$	\$ 313,864

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 13

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

For the Fiscal Year Ended September 30, 2021

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

Source: Tohopekaliga Water Authority

TOHOPEKALIGA WATER AUTHORITY
Osceola County, Florida

Schedule 14

SCHEDULE OF DEBT SERVICE COVERAGE (Dollars in Thousands)

For the Fiscal Year Ended September 30, 2021
with Comparative Amounts for Fiscal Years Ended September 30, 2012 through 2021 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Gross Revenues ⁽¹⁾	\$141,253	\$134,534	\$130,268	\$120,133	\$112,402	\$97,725	\$88,232	\$82,379	\$79,873	\$78,761	\$74,877
Total Operating Expenses ⁽²⁾	69,130	66,861	61,626	56,356	54,135	55,442	47,549	45,207	42,650	43,289	40,356
Net Operating Income	72,123	67,673	68,642	63,777	58,267	42,283	40,683	37,172	37,223	35,472	34,521
Debt Service Requirement ⁽³⁾	18,401	17,531	16,721	16,350	16,338	15,273	14,322	14,685	13,433	15,084	15,360
Debt Service Coverage Calculation	3.92	3.86	4.11	3.90	3.57	2.77	2.84	2.53	2.77	2.35	2.25
Net Revenues After Debt Service	\$53,722	\$50,142	\$51,921	\$47,427	\$41,929	\$27,010	\$26,361	\$22,487	\$23,761	\$20,388	\$19,161
Total Revenues - Capital Facilities Charges ⁽⁴⁾	\$29,566	\$35,994	\$41,774	\$36,949	\$29,952	\$21,053	\$16,094	\$13,993	\$7,082	\$7,353	\$9,396

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

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

(3) Does not include early retirement of debt

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

SELECTED OSCEOLA COUNTY DEMOGRAPHIC INFORMATION

Population

Population (Census, Estimates, & Projections)	Osceola County	Florida
1990 Census	107,728	12,938,071
2000 Census	172,493	15,982,824
2010 Census	268,685	18,801,332
% change 2000-10	55.8%	17.6%
2020 Estimate	388,656	21,538,187
% change 2010-20	44.7%	14.6%
2021 Projection based on 2020 Estimate	406,460	21,898,945
2025 Projection based on 2020 Estimate	453,633	23,138,553
% change 2020-25	11.6%	5.7%
Persons per square mile		
2010	202.4	350.6
2021	306.2	408.2
Under 18 years of age	23.4%	19.5%
Median age (2020)	36.8	41.8

Population Characteristics

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

Households and Family Households

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

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

Education

Public Education Institutions (2020-21)	Osceola County	Florida
Total	74	3,744
Elementary	29	1,883
Middle	10	573
Senior High	17	715
Combination	18	573
Educational attainment		
Persons aged 25 and older		
% HS graduate or higher	86.7%	88.2%
% bachelor's degree or higher	21.8%	29.9%

Housing

Housing Counts	Osceola County	Florida
Housing units, 2000 Census	154,680	9,865,350
Occupied	130,574	8,529,067
Vacant	24,106	1,336,283
Housing units, 2010 Census	128,170	8,989,580
Occupied	90,603	7,420,802
Owner-occupied	58,541	4,998,979
Renter-occupied	32,062	2,421,823
Vacant	37,567	1,568,778
Units Permitted		
2012	2,495	64,810
2013	2,731	86,752
% change 2012-13	9.5%	33.9%
2014	3,414	84,075
% change 2013-14	25.0%	-3.1%
2015	6,760	109,924
% change 2014-15	-98.0%	-30.7%
2016	4,297	116,240
% change 2015-16	36.4%	-5.7%
2017	4,785	122,719
% change 2016-17	11.4%	5.6%
2018	9,759	144,427
% change 2017-18	103.9%	17.7%
2019	7,937	154,302
% change 2018-19	-18.7%	6.8%
2020	5,848	164,074
% change 2019-20	-26.3%	6.3%
Total Units Permitted 2012-2020	48,026	808,946

State Infrastructure

Transportation	Osceola County	Florida
State Highway		
Centerline Miles	202.7	12,135.8
Lane Miles	762.4	45,111.7
State Bridges		
Number	146	7,079
State Facilities		
Buildings/Facilities		
Number	49	9,426
Square Footage	156,816	65,539,144
State Lands		
Conservation Lands (land acres only)		
State-Owned (includes partially-owned)	149,615	5,478,547
% of Total Conservation Land (CL)	70.7%	51.8%
% of Total Area Land	17.6%	16.0%
% of Florida State-Owned CL	2.7%	
State-Managed		
State-Managed	191,814	5,627,174
% of Total Conservation Land (CL)	90.7%	53.2%
% of Total Area Land	22.6%	16.4%
% of Florida State-Managed CL	3.4%	

Prepared by:

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



January 2022

SELECTED OSCEOLA COUNTY DEMOGRAPHIC INFORMATION

Employment by Industry

Average Annual Employment, % by Category, 2020 preliminary	Osceola County		Florida		Average Annual Wage, 2020 preliminary	Osceola County		Florida	
All Industries	91,303		8,452,413		All Industries	\$41,409		\$55,845	
Natural Resource & Mining	0.3%		0.8%		Natural Resource & Mining	\$40,025		\$37,711	
Construction	6.6%		6.7%		Construction	\$47,453		\$55,884	
Manufacturing	1.9%		4.5%		Manufacturing	\$51,145		\$66,740	
Trade, Transportation and Utilities	22.0%		20.6%		Trade, Transportation and Utilities	\$32,540		\$49,378	
Information	0.5%		1.5%		Information	\$71,513		\$93,327	
Financial Activities	4.2%		6.9%		Financial Activities	\$49,326		\$84,238	
Professional & Business Services	11.9%		16.1%		Professional & Business Services	\$52,574		\$68,201	
Education & Health Services	17.0%		15.3%		Education & Health Services	\$51,237		\$55,093	
Leisure and Hospitality	18.6%		11.9%		Leisure and Hospitality	\$24,795		\$45,092	
Other services	2.5%		3.0%		Other services	\$35,253		\$41,146	
Government	14.5%		12.5%		Government	\$49,156		\$58,795	

Labor Force

Labor Force as Percent of Population		Osceola County		Florida		Unemployment Rate		Osceola County		Florida	
Aged 18 and Older											
2000		71.6%		64.2%		2000		3.3%		3.8%	
2010		69.3%		61.8%		2010		12.5%		10.8%	
2020		63.3%		58.8%		2020		12.7%		3.3%	

Financial Health

Poverty, 2020		Osceola County		Florida	
% living in poverty		11.8%		12.4%	
% ages 5-17 living in poverty		18.0%		16.5%	

Personal Income (\$000s)		Osceola County		Florida	
2012		\$8,160,228		\$800,551,723	
2013		\$8,518,988		\$802,975,701	
% change 2012-13		4.4%		0.3%	
2014		\$9,135,549		\$864,412,339	
% change 2013-14		7.2%		7.7%	
2015		\$9,975,391		\$919,834,894	
% change 2014-15		9.2%		6.4%	
2016		\$10,774,486		\$954,069,719	
% change 2015-16		8.0%		3.7%	
2017		\$11,711,284		\$1,023,131,116	
% change 2016-17		8.7%		7.2%	
2018		\$12,801,899		\$1,087,188,628	
% change 2017-18		9.3%		6.3%	
2019		\$13,566,532		\$1,139,799,293	
% change 2018-19		6.0%		4.8%	
2020		\$15,108,065		\$1,209,995,921	
% change 2019-20		11.4%		6.2%	

Earnings by Place of Work

Earnings (\$000s)		Osceola County		Florida	
2011		\$3,835,330		\$450,498,606	
2012		\$3,946,295		\$468,410,475	
% change 2011-12		2.9%		4.0%	
2013		\$4,117,555		\$482,898,301	
% change 2012-13		4.3%		3.1%	
2014		\$4,389,527		\$512,375,290	
% change 2013-14		6.6%		6.1%	
2015		\$4,748,152		\$544,408,719	
% change 2014-15		8.2%		6.3%	
2016		\$4,957,623		\$569,769,284	
% change 2015-16		4.4%		4.7%	
2017		\$5,298,597		\$603,668,170	
% change 2016-17		6.9%		5.9%	
2018		\$5,683,745		\$639,620,451	
% change 2017-18		7.3%		6.0%	
2019		\$6,126,308		\$671,553,148	
% change 2018-19		7.8%		5.0%	
2020		\$6,083,963		\$688,764,753	
% change 2019-20		-0.7%		2.6%	

Quality of Life

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

Crime		Osceola County		Florida	
Crime rate, 2020 (index crimes per 100,000 population)		1,920.4		2,152.3	
Admissions to prison FY 2019-20		333		21,276	
Admissions to prison per 100,000 population FY 2019-20		81.9		97.2	

State and Local Taxation

Osceola County		
2019 Ad Valorem Millage Rates	County-Wide	Not County-Wide*
County	6.8635	0.8611
School	6.0260	
Municipal		1.0359
Special Districts	0.3000	0.2685

*MSTU Included in Not County Wide "County" category

Per Capita Personal Income		Osceola County		Florida	
2011		\$28,578		\$40,482	
2012		\$28,243		\$41,475	
% change 2011-12		-1.2%		2.5%	
2013		\$28,461		\$41,069	
% change 2012-13		0.8%		-1.0%	
2014		\$29,361		\$43,388	
% change 2013-14		3.2%		5.6%	
2015		\$30,802		\$45,493	
% change 2014-15		4.9%		4.9%	
2016		\$31,860		\$46,253	
% change 2015-16		3.4%		1.7%	
2017		\$33,148		\$48,774	
% change 2016-17		4.0%		5.5%	
2018		\$34,848		\$51,150	
% change 2017-18		5.1%		4.9%	
2019		\$36,258		\$53,034	
% change 2018-19		4.0%		3.7%	
2020		\$39,210		\$55,675	
% change 2019-20		8.1%		5.0%	

Personal Bankruptcy Filing Rate (per 1,000 population)		Osceola County		Florida	
12-Month Period Ending Sept 30, 2020		2.72		1.78	
12-Month Period Ending Sept 30, 2021		2.04		1.45	
State Rank		2		NA	

NonBusiness Chapter 7 & Chapter 13

Prepared by:

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



January 2022

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Tohopekaliga Water Authority
Osceola County, Florida

COMPLIANCE SECTION

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Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements, as listed in the table of contents, of the Tohopekaliga Water Authority (Toho) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 21, 2022.

Internal Control over Financial Reporting

Management of Toho is responsible for establishing and maintaining effective 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 over financial reporting. 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Supervisors of the
Tohopekaliga Water Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 21, 2022



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the basic financial statements of the Tohopekaliga Water Authority (Toho) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 21, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit on Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 21, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and report the results of our determination as to whether or not 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.

To the Board of Supervisors of the
Tohopekaliga Water Authority

Financial Condition and Management (Continued)

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for 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, 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 356.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of Toho's fiscal year as 19.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$22,836,448 for fiscal year ended September 30, 2021.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$5,477,996 for the fiscal year ended September 30, 2021.
- 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 \$8,897,605 (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 \$217,511.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

To the Board of Supervisors of the
Tohopekaliga Water Authority

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 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
February 21, 2022

TOHOPEKALIGA WATER AUTHORITY
Construction Project Listing
Attachment A

Project	Project Name	Budget	FY21 Actual
121001	16" WM Jack & Bore @ Ruby St	\$ 217,000.00	\$ -
121003	Administration Building Improv	160,053.06	51,431.26
121004	IT-Admin Building UPS Replacem	150,000.00	-
121005	BillBeckBlvd-OscPkwy-Woodcrest	1,620,173.00	-
121007	CarrollStJYP-MichiganAve	1,049,000.00	25,133.75
121009	IT-InfrastructureImprove-Wirel	140,000.00	-
121012	IT-Email Storage-Record Retent	160,000.00	-
121016	FM Replacement-Renee Terrance	657,000.00	-
121019	I/I Rehab - Toho I	542,647.00	-
121022	IT-Mobile Solution Assessment	418,070.13	-
121024	Judge Farms Raw Water Main	1,000,000.00	-
121025	King's Hwy Pipe Improvements	100,000.00	-
121029	LS 57 Parallel FMs	1,709,556.00	1,505,673.86
121036	ParkwayWRF-RAS/WASModif&SFilte	568,600.00	-
121041	IT-Security Infrastructure	300,000.00	-
121043	Shady Lane Widening	2,034,994.00	-
121044	US192 Force Main Replacement	1,441,000.00	103,202.25
121046	S Bermuda WRF Exp to 16 MGD	2,747,056.39	-
121047	SWWTP-Well2RawWM&AddGST	3,803,000.00	-
121049	Toho/Poinc-HoaglandBlvd16"WM	2,700,000.00	-
121052	W.OakSt-JYP Intersection-City	327,000.00	-
121054	WIFIA-Accelerated GS Rehab	5,029,030.20	-
121055	WM,SM,RM Reloc-192&HoaglandBlv	242,789.55	-
121056	WIFIA Formosa Gardens GS Rehab	655,030.00	381,668.04
121059	NeoCity/ValenciaVillageUtility	409,961.35	-
121060	WIFIA LS57 SW Quad GS Rehab	4,589,289.00	1,097,709.98
121061	WIFIA LS1B Hermosillo GS Rehab	4,305,196.00	449,772.79
121066	Simpson Road Widening PH1 Proj	287,090.00	-
121067	WIFIA LS1P Industrial Lane GS	2,295,617.00	81,343.54
121068	S. Bermuda WRF Diff Repl Mech	4,068,548.00	59,193.38
121069	Shingle Creek SWTF	1,590,779.00	127,822.63
121072	WIFIA LS116 Emergency Rehab	846,577.53	846,577.53
121073	BlackwaterCrossing36"PCCPReloc	400,924.20	400,924.20
121074	North Narcoosee Roadway Repair	67,567.12	26,956.34
121077	IT-Dialer/IVR Enhancement	75,000.00	-
121081	WIFIA LS35 Lake Front Ph2 GS	1,206,289.00	205,261.07
121083	FortuneRd&LakeshoreDrUtilReloc	7,220,794.41	181,436.39
121085	WIFIA LS 18 Scotts Blvd GS Reh	355,440.00	122,435.70
121093	WIFIA N OldLakeWilsonCIPP30"	275,035.00	262,675.00
121094	WIFIA Last Run GS-WW LS Inspec	553,952.00	-
121095	WIFIA LS Last Run GS/MH	172,669.00	50,704.84
121098	Franklin-Zuni Rd FM Ext - Reim	958,150.72	-
121099	Celebration LS111	231,000.00	-
121125	Capitalized Labor	1,218,898.06	1,218,898.06
221002	Harmony WRF Reuse GST&HSPs	600,000.00	-
321001	I/I Rehab-Toho III	200,000.00	-
321003	RoyalPalm-WatersEdgeResurface	115,000.00	-
321004	BVL-LakeAjayArea DBP	89,544.00	89,544.00
321005	BVLWTPGradularActivatedCarbon	1,545,826.01	1,545,826.01
321006	WIFIA Simpson Rd FM Repl	186,600.00	-
321016	Bay Lake Estates Water Main	88,885.00	19,872.50
421002	I/I Rehab - Toho IV	850,000.00	-
421003	Lift Station Rehab - Toho IV	79,911.15	-
421006	OscPolkCtyLineRd36"RM Relocat	250,000.00	-
421008	PoincianaSys W&WW Main Ext MPs	294,600.00	-
421009	StationaryEmerg/Generator/Pump	250,000.00	-
421010	Walnut WRF Decommissioning	3,303,000.00	7,054.75
421012	538 Utility Adj Project	2,719,368.00	-
421018	Master Utility Plan Poinciana	110,000.00	-
421020	Ameicana Ct SS Relocation	91,249.00	6,093.96
421021	Ext of Utilities Platted Lots	66,343.40	-
421022	Punta Gorda Gravity Main Ext	613,099.67	-
421023	Marigold HDD 16" Emerg Repair	625,000.00	30,393.48
421025	CASA BELLA FORCE MAIN	288,475.00	-
			<u>\$ 8,897,605.31</u>



Certified Public Accountants

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, 2021. Management is responsible for Toho's compliance with those requirements. Our responsibility is to express an opinion on 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 is in accordance 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.

In our opinion, Toho complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2021.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 21, 2022

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