

OKEECHOBEE UTILITY AUTHORITY

MEETING AGENDA

April 12, 2021

10:00A.M.

1. Call the Meeting to Order

- Pledge of Allegiance
- Determination of Voting Members

2. Meeting Minutes from February 8, 2021 and March 8, 2021.

3. Consent Agenda

4. Finance Report
5. Invoice from Eckler Engineering, Inc. – Pine Ridge Park Utility Improvement
6. Invoice from Sumner Engineering & Consulting, Inc. – SW Wastewater Service Area Project
7. Invoice from Sumner Engineering & Consulting, Inc. – Oak Lake Estates
8. Invoice from Sumner Engineering & Consulting, Inc. – SW 5th Avenue Sewer
9. Invoice from OneWater, Inc. – Lakeview Estates WWTP
10. Invoice from Holtz Consulting Engineers, Inc. – Advance Metering Infrastructure
11. Invoice from Holtz Consulting Engineers, Inc. – FDOT Water Main Replacement US441SE
12. Invoice from Vocelle & Berg, LLP
13. Surplus Equipment April 2021
14. Accounts to be Written Off

-
15. Presentation of FY20 Financial Statement Audit Report, Governance Letter and Annual Financial Report
 16. Capital Connection Charges
 17. SWTP 3MG Storage Tank
 18. SWTP Window Replacement
 19. OUA Water Main Extension
 20. Federal Lobbying
 21. Lakeview Estates WWTF Cabinet Proposal
 22. Public Comments
 23. Items from the Attorney
 24. Items from the Executive Director
 25. Items from the Board

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 1

APRIL 12, 2021

Call Meeting to Order

Pledge of Allegiance
Determine Voting Members

	<u>Absent</u>	<u>Present</u>
Melanie Anderson – Board Member	_____	_____
Tommy Clay – Board Member	_____	_____
John Creasman – Chairperson	_____	_____
Jeff Fadley - Alternate	_____	_____
Harry Moldenhauer - Alternate	_____	_____
Steve Nelson – 2 nd Vice Chairperson	_____	_____
Tabitha Trent –Vice Chairperson	_____	_____

FUTURE MEETING OF OUA BOARD

May 10, 2021 – 10:00 A.M.

June 14, 2021 – 10:00 A.M.

FUTURE HOLIDAYS FOR OUA STAFF

Monday, May 31, 2021 - Memorial Day

Sunday, July 4, 2021 – Independence Day

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 2

APRIL 12, 2021

MEETING MINUTES

Attached are copies of the minutes of the meetings held on February 8, 2021 and March 8, 2021.

Unless the Board determines a correction is required to the minutes, Staff recommends the approval of the meeting minutes from February 8, 2021 and March 8, 2021 as presented.

OKEECHOBEE UTILITY AUTHORITY
MEETING MINUTES
Monday, February 8, 2021 10:00 A.M.
Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, Florida

Chairperson Nelson called the meeting to order at 10:00 A.M. with the following members and alternates present:

Board Members:

Melanie Anderson*
Steve Nelson*
John Creasman
Tommy Clay*

Alternates:

Harry Moldenhauer
Jeff Fadley

Absent:

Tabitha Trent*

*Voting Board Members

OUA Members:

John Hayford
George Gall

Tom Conely
Michelle Willoughby

The Pledge of Allegiance was led by Chairperson Nelson.

Chairperson Nelson addressed Agenda Item No. 2 'Additions or Deletions' There were none.

Chairperson Nelson addressed Agenda Item No. 3 **Meeting Minutes** from January 11, 2021 Motion by Tommy Clay to approve the Meeting Minutes from January 11, 2021 Second by John Creasman. Vote unanimous (4), motion carried.

Chairperson Nelson addressed Agenda Item No. 4 **'Consent Agenda'** Request by John Creasman to pull Item #1 for discussion Motion by John Creasman to approve the Consent Agenda as follows:

Consent Agenda Item No. 5 **'Finance Report for the period ending January 11, 2021**

Consent Agenda Item No. 6 'Invoice from Sumner Engineering & Consulting, Inc. – SW Wastewater Service Area Project in the amount of \$38,802.88'

Consent Agenda Item No. 7 'Invoice from Sumner Engineering & Consulting, Inc. – Oak Lake Estates in the amount of \$20,880.00'

Consent Agenda Item No. 8 Invoices from OneWater, Inc. – Lakeview Estates WWTP in the amounts of \$3,900.00

Consent Agenda Item No. 9 Invoice from Eckler Engineering, Inc. – PRP Utility Improvement in the amount of \$8,170.00'

Consent Agenda Item No. 10 Invoices from RJ Sullivan Corp – WTP Improvements in the amounts of \$20,630.90'

Consent Agenda Item No. 12 'Accounts to be Written Off'

Second by Tommy Clay. Vote unanimous (4-0), motion carried. Motion by John Creasman to approve

Chairperson Nelson addressed- **Consent Agenda Item No. 11 'Invoice from Vocelle and Berg, LLP is the amount of \$2,800.00'**. John Creasman asked some questions concerning intent and direction of this item, was legal actions necessary and or planned. Executive Director Hayford assured OUA Board legal proceedings are a last resort and current actions are to recover connection fees. Motion by John Creasman to approve payment of \$2,800.00 to Vocelle and Berg, LLP. Second by Tommy Clay. Vote unanimous (4-0), motion carried.

Chairperson Nelson addressed Agenda Item No. 13 **'Discussion on Capital Connection Charges'**. Executive Director Hayford presented item. After a brief discussion the board tabled item pending discussion with Raftelis.

Chairperson Nelson addressed Agenda Item No. 14 **'Fulford Easement'**. Executive Director Hayford advised that the OUA is nearing completion of the design of the Southwest Service Area force main. While the force main route uses existing right-of-way where possible, at times, the force main does cross private property. OUA staff met with the property owner to discuss the easement request. OUA staff is recommending approval of the easement and the associated cost (\$10,000.00) paid to the owners of the Fulford property. Motion by Tommy Clay to approve payment in the amount of \$10,000.00 to the owners of the Fulford property for easement for SW Section. Second by Melanie Anderson. Vote unanimous (4-0), motion carried.

Chairperson Nelson addressed Agenda Item No. 15 **'Okeechobee Livestock Market Easement'**. Executive Director Hayford advised that the OUA is nearing completion of the design of the Southwest Service Area force main. While the force main route uses existing right-of-way where possible, at times, the force main does cross private property. OUA staff met with the property owner to discuss the easement request. OUA staff is recommending approval of the easement and the associated cost (\$17,250.00) paid to the owners of the Okeechobee Livestock Market property. Motion by John Creasman to approve payment in the amount of \$17,250.00 to the owners of the Okeechobee Livestock Market property for easement for SW Section. Second by Tommy Clay. Vote unanimous (4-0), motion carried.

Chairperson Nelson addressed Agenda Item No. 61 **'Hall Easement'**. Executive Director Hayford advised that the OUA is nearing completion of the design of the Southwest Service Area force main. While the force main route uses existing right-of-way where possible, at times, the force main does cross private property. OUA staff met with the property owner to discuss the easement request. OUA staff is recommending approval of the easement and the associated cost (\$2,259.00) paid to the owners of the Hall property. Motion by Tommy Clay to approve payment in the amount of \$2,259.00 to the owners of the Hall property for easement for SW Section. Second by Melanie Anderson. Vote unanimous (4-0), motion carried.

Chairperson Nelson addressed Agenda Item No. 1 **'LP 47021 SWSA Amendment Number 1'**. Executive Director Hayford discussed amendment to LP47021, which was originally slated for

Treasure Island and later redirected towards the Southwest Service Area project. The amendment addresses a schedule change to the work plan, which pushes the completion to June 30, 2021. Motion by Tommy Clay to approve as presented. Second by John Creasman Vote unanimous (4-0), motion carried.

Chairperson Nelson addressed Agenda Item No. 18 'SW 5th Avenue Engineering Services Agreement' Executive Director Hayford presents a proposed agreement between Sumner Engineering & Consulting, Inc. The project will review a wastewater collection system. The engineering report will include project management/meetings, the evaluation and a review of funding sources. The total compensation package as detailed in the agreement is \$46,588.00. Motion by Tommy Clay to approve as presented. Second by Melanie Anderson Vote unanimous (40), motion carried.

Chairperson Nelson addressed Agenda Item No. 19 'SW 5th Avenue Collection System' Informational purposes only.

Chairperson Nelson addressed Agenda Item No. 20 'SWTP 3MG Storage Tank Project' Executive Director Hayford updated the board on the SWTP 3MG Storage Tank Project. The project is nearing completion, which is set for February 15, 2021. Executive Director Hayford discusses Change Order #1, which is change the contract time, adding 193 days to the contract with no change to contract price and elimination of liquidated damages if the contractor completes all work by February 15, 2021. Motion by John Creasman to approve Allowance Authorization #4-5 in the amount of \$32,340.36. Second by Tommy Clay Vote unanimous (40), motion carried.

Motion by John Creasman to approve Change Order #1 authorizing additional time to the contract. Second by Tommy Clay. Vote unanimous (40), motion carried.

Chairperson Nelson addressed Agenda Item No. 21 'Oak Lake Estates Project' Executive Director Hayford discusses the Oak Lake Estates Project. This project is a collaborative project between the OUA and the County with the OUA being the lead agency for letting the bid and overseeing construction. Bids were reviewed on January 20, 2021, There were three bidders with PRP construction being the apparent low bidder. Motion by Tommy Clay to approve Interlocal Agreement between Okeechobee County, Florida and the Okeechobee Utility Authority. Second by John Creasman Vote unanimous (40), motion carried.

Motion by Tommy Clay to approve acceptance of low bid by PRP Construction subject to action by BOCC. Second by John Creasman Vote unanimous (40), motion carried.

Motion by Tommy Clay to issue Notice of Award to PRP Construction subject to action by BOCC. Second by Melanie Anderson Vote unanimous (40), motion carried.

Motion by Tommy Clay to issue Notice to Proceed to PRP Construction subject to action by BOCC. Second by John Creasman Vote unanimous (40), motion carried.

Chairperson Nelson addressed Agenda Item No. 22 'Public Comments' There were none

Chairperson Nelson addressed Agenda Item No. 23 **'Items from the Attorney'** Attorney Tom Conely discusses the two (School Board and Mohawk Properties) Declaration of Restrictive Covenants which are required by the FDEP on recent property purchases in the Southwest Service Area Project. The covenants are to be joined to each parcel that is purchased through state grant funds. Motion by John Creasman to approve the Declaration of Restrictive Covenants for the School Board and Mohawk Properties. Second by Tommy Clay. Vote unanimous (40), motion carried.

Chairperson Nelson addressed Agenda Item No. 24 **'Items from the Executive Director'** Executive Director Hayford gave an update on current projects. Executive Director Hayford also discussed an invoice from Eckler Engineering in the amount of \$4,998.00 for the Water Treatment Plant, which was received after the printing of the Agenda. Motion by Tommy Clay to approve Invoice from Eckler Engineering in the amount of \$4,998.00. Second by Melanie Anderson. Vote unanimous (40), motion carried.

Chairperson Nelson addressed Agenda Item No. 25 **'Items from the Board'**. None requiring action.

There being no other business, meeting adjourned at 11:37 A.M.

PLEASE TAKE NOTICE AND BE ADVISED that if a person decided to appeal any decision made by the Okeechobee Utility Authority with respect to any matter considered at this meeting, he/she may need to ensure that verbatim record of the proceeding is made, which record includes the testimony and evidence upon which the appeal is to be based. A CD recording of this meeting is on file in the Executive Director's office.

Chairperson

Executive Director (Secretary)

OKEECHOBEE UTILITY AUTHORITY
MEETING MINUTES

Monday, March 8, 2021 10:00 A.M.

Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, Florida

Vice Chairperson Creasman called the meeting to order at 10:12 A.M. with the following members and alternates present:

Board Members:

Melanie Anderson*
John Creasman*
Tommy Clay*
Tabitha Trent*

Alternates:

Harry Moldenhauer

Absent:

Steve Nelson*
Jeff Fadley**

*Voting Board Members

**Voting in Steve Nelson's absence

OUA Members:

John Hayford
George Gall
Tom Conely
Michelle Willoughby

The Pledge of Allegiance was led by Vice Chairperson Creasman

Vice Chairperson Creasman addressed **Agenda Item No. 2 'Welcome Re-appointed Board Members'** Executive Director Hayford presided over the meeting. Executive Director Hayford explained that the Board needs to elect a Chairperson, Vice Chairperson and a Chairperson. Executive Director Hayford advised that the County re-appointed Tabitha Trent and the City re-appointed Jeff Fadley and Tommy Clay to their current positions. The Board received one applicant for the Glades County position. Harry Moldenhauer submitted an application for the Alternate Board Member seat. Motion by Tommy Clay to approve the applications as presented. Second by Tabitha Trent. Vote unanimous (40), motion carried.

Vice Chairperson Creasman addressed **Agenda Item No. 3 'Election of Officers'** Item postponed until all board members have arrived.

Executive Director Hayford turned the meeting over to Vice Chairperson Creasman.

Vice Chairperson Creasman addressed **Agenda Item No. 4 'Meeting Minutes from February 8, 2021'** Due to employee absence, the Meeting Minutes from February 8, 2021 were presented at the April 2021 Meeting for approval.

Vice Chairperson Creasman addressed Agenda Item No. 5 'Consent Agenda' Motion by Melanie Anderson to approve the Consent Agenda as follows:

Consent Agenda Item No. 6 'Finance Report for the period ending February 28, 2021

Consent Agenda Item No. 7 'Invoices from OneWater, Inc. – Lakeview Estates WWTP in the amounts of \$24,900.25

Consent Agenda Item No. 8 'Invoice from Vocelle and Berg, LLP is the amount of \$612.00'

Consent Agenda Item No. 9 'Accounts to be Written Off'

Second by Tommy Clay. Vote unanimous (4-0), motion carried.

Steve Nelson enters 10:16am.

Vice Chairperson Creasman turns meeting over to Chairperson Nelson.

Chairperson Nelson addressed Agenda Item No. 3 'Election of Officers' Executive Director Hayford presided over the meeting. Executive Director Hayford advised that all three officers cannot serve in the same capacity as per the Interlocal Agreement. Executive Director Hayford explained that the Board needs to elect a Chairperson, Vice Chairperson and 2nd Vice Chairperson. Executive Director Hayford called for nominations for the Chairperson. Motion by Melanie Anderson to appoint Tabitha Trent as Chairperson. Motion by Tabitha Trent to appoint John Creasman. Second by Tommy Clay to appoint Tabitha Trent. Tabitha Trent declines nomination. Motion by Steve Nelson to appoint John Creasman as Chairperson. Second by Melanie Anderson. Vote unanimous (50), motion carried. Executive Director Hayford relinquished meeting to Chairperson Creasman. Chairperson Creasman called for nominations for Vice Chairperson. Motion by Tommy Clay to appoint Tabitha Trent for Vice Chairperson. Second by Melanie Anderson. Vote unanimous (50), motion carried. Chairperson Creasman called for nominations for 2nd Vice Chairperson. Motion by Tabitha Trent to appoint Steve Nelson as 2nd Vice Chairperson. Second by Tommy Clay. Vote unanimous (50), motion carried.

Chairperson Creasman addressed Agenda Item No. 10 'Water and Wastewater Revenue Study' Executive Director Hayford discussed the agreement with Raftelis to prepare a Water and Wastewater Revenue Sufficiency and Cost Connection Charge Study. There was a brief discussion about the fees being charged by Raftelis. Motion by Tommy Clay to approve the Raftelis Agreement dated February 22, 2021 not to exceed \$7,850.00. Second by Steve Nelson. Vote unanimous (50), motion carried.

Chairperson Creasman addressed Agenda Item No. 11 'Advanced Metering Infrastructure' Executive Director Hayford discussed advanced metering capabilities for the OUA water system. Holtz Consulting Engineers, Inc. has submitted a proposal to secure an application to fund this project by use of the State Revolving Fund. HCE has conducted the initial planning for the project and submitted request for Inclusion, which is the first step to obtain SRF monies. Executive Director

Hayford discussed the features of the Advanced Metering Infrastructure (AMI) which include remote reading of meter information, notifications if flow exceeds a preset limit, customer portal, etc. HCE submitted a proposal (\$17,962.00) to prepare and submit to the SRF Water Facilities Plan to continue the SRF loan/grant proposal. Motion by Tommy Clay to approve the Holtz Consulting Engineers, Inc. proposal in the amount of \$17,692.00. Second by Steve Nelson. Vote unanimous (50), motion carried.

Chairperson Creasman addressed Agenda Item No. 12 'FDOT Water Main Replacement US 441 SE' Executive Director Hayford discussed the Florida Department of Transportation (FDOT) storm water improvement project for US 441 SE/SR15 between SR 38 and SE 38 Avenues. The FDOT has moved the deadline for completion to June 2021. OUA has an existing 16 inch cast iron water main that will be in conflict with the proposed storm water piping. The OUA is required to move OUA facilities out of the way of planned FDOT improvements. Holtz Consulting Engineers, Inc. (HCE) has extensive FDOT utility design experience. HCE submitted a proposal for a scope of work at a fee of \$34,900.00, which includes the accelerated schedule to meet the new FDOT deadline for work to be completed. Motion by Tommy Clay to approve the Holtz Consulting Engineers, Inc. proposal in the amount of \$34,900.00. Second by Steve Nelson. Vote unanimous (50), motion carried.

Chairperson Creasman addressed Agenda Item No. 13 'LPQ0008 Agreement Modification' Executive Director Hayford discussed the changes to LPQ0008 agreement with the OUA and the Florida Department of Environmental Protection (FDEP). The modification is necessary due to the addition of the work associated with the Okeantle Project. The modification will add \$10,500,000.00 in grant monies to the overall SWSA project and changes to the scope of work. Motion by Tabitha Trent to approve modifying the LPQ0008 Agreement as presented. Second by Tommy Clay. Vote unanimous (50), motion carried.

Chairperson Creasman addressed Agenda Item No. 14 'Oak Lake Estates' Informational purposes only.

Chairperson Creasman addressed Agenda Item No. 15 'SWSA engineering agreement' Executive Director Hayford discussed the engineering agreement between the OUA and Sumner Engineering & Consulting, Inc. to complete the design and construction services which are associated with Project 2, of the septic to sewer Southwest Service Area Project. Motion by Tommy Clay to approve the agreement with Sumner Engineering & Consulting for the SWSA Project in the amount of \$1,141,783.00. Second by Tabitha Trent. Vote unanimous (50), motion carried.

Chairperson Creasman addressed Agenda Item No. 16 'Taylor Creek Water Quality Report' Informational purposes only.

Chairperson Creasman addressed Agenda Item No. 17 'Public Comments' There were none

Chairperson Creasman addressed Agenda Item No. 18 ‘Items from the Attorney’ There were none

Chairperson Creasman addressed Agenda Item No. 19 “Items from Executive Director”
Executive Director Hayford presents two invoices from Eckler Engineering. Motion by Steve Nelson to approve invoice #21029 from Eckler Engineering in the amount of \$9,430.00 Pine Ridge Park Utility Improvements. Second by Tommy Clay. Vote unanimous (6), motion carried.

Motion by Steve Nelson to approve invoice #21028 from Eckler Engineering in the amount of \$4,861.78 for Water Treatment Plant Improvements. Second by Tommy Clay. Vote unanimous (50), motion carried.

Chairperson Creasman addressed Agenda Item No. 20 ‘Items from the Board’. None requiring action.

There being no other business, meeting adjourned at 11:38 A.M.

PLEASE TAKE NOTICE AND BE ADVISED that if a person decided to appeal any decision made by the Okeechobee Utility Authority with respect to any matter considered at this meeting, he/she may need to ensure that verbatim record of the proceeding is made, which record includes the testimony and evidence upon which the appeal is to be based. A recording of this meeting is on file in the Executive Director’s office.

Chairperson

Executive Director (Secretary)

OKEEHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 3

APRIL 12, 2021

CONSENT AGENDA

1. Pull items for discussion from Consent Agenda.
2. Items pulled from Consent Agenda will be discussed at the end of Agenda.
3. Unless noted all Consent Agenda items are recommended for approval.
4. Motion to approve items on Consent Agenda as follows:
 4. Finance Report
 5. Invoice from Eckler Engineering, Inc. – Pine Ridge Park Utility Improvement
 6. Invoice from Sumner Engineering & Consulting, Inc. – SW Wastewater Service Area Project
 7. Invoice from Sumner Engineering & Consulting, Inc. – Oak Lake Estates
 8. Invoice from Sumner Engineering & Consulting, Inc. – SW 5th Avenue Sewer
 9. Invoice from OneWater, Inc. – Lakeview Estates WWTP
 10. Invoice from Holtz Consulting Engineers, Inc. – Advance Metering Infrastructure
 11. Invoice from Holtz Consulting Engineers, Inc. – FDOT Water Main Replacement US441SE
 12. Invoice from Vocelle & Berg, LLP
 13. Surplus Equipment April 2021
 14. Accounts to be Written Off

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 4

APRIL 12, 2021

CONSENT AGENDA

FINANCE REPORT

Attached for your review is a copy of the Finance Report for the period ending March 31, 2021.

Okeechobee Utility Authority

Finance Report

Fiscal Year 2021

As of The Period Ending March 31, 2021

OKEECHOBEE UTILITY AUTHORITY
TABLE OF CONTENTS

Executive Summary	Page 1
Finance Report for: The Period Ending March 31, 2021	Page 2
Graphs:	
Operating Revenue Comparison- YTD Actual vs Budget	Page 3
Operating Expenses Comparison- YTD Actual vs Budget	Page 3
Operating Activity Comparisons:	
Revenue-Current Year vs 4 Year Weighted Average vs Current YTD Budget	Page 4
Graph-Current Year vs 4 Year Weighted Average YTD	Page 5
Graph-Water Revenue FY15-FY20 & FY21 YTD	Page 6
Graph-Sewer Revenue FY15-FY20 & FY21 YTD	Page 7
Expenses-Current Year vs 4 Year Weighted Average vs Current YTD Budget	Page 8
Graph-Current Year vs 4 Year Weighted Average YTD	Page 9
Graph Operating Expenses FY15-FY20 & FY21 YTD	Page 10
Graph Non Operating Expenses FY15-FY20 & FY21 YTD	Page 11
Comparative Statement of Cash Flows: Sep 30, 2019, Sep 30, 2020 & March 31, 2021	Page 12
Balance Sheet as of March 31, 2021	Pages 13-14
Pie Graph of Major Balance Sheet Items	Page 15
Detail of Other Operating Revenue	Page 16

Okeechobee Utility Authority
Executive Summary
Prepared by Finance Director

The accompanying Finance Report for the six months ending March 31, 2021 is presented for your review and information. There may be invoices received at a later date that when paid, may change these results.

For the first 6 months of fiscal year 2021, actual YTD operating revenues are \$5,582,966 which is \$195,604 greater than the budgeted operating revenues. YTD actual operating expenses are \$3,195,556 which is \$760,202 lower than budgeted operating expenses. Restricted revenues are \$148,187 greater than budget. Based on this preliminary data, OUA has a favorable operating budget variance.

**OKEECHOBEE UTILITY AUTHORITY
BUDGET SUMMARY COMPARISON**

	Operating Revenues			Operating Expenses			Cumulative YTD Operating Budget Variance	Restricted Revenues			Cumulative YTD Restricted Budget Variance
	Actual YTD	Budget YTD	% Variance	Actual YTD	Budget YTD	% Variance		Actual YTD	Budget YTD	% Variance	
Oct-20	897,718	897,894	0.0%	487,324	659,293	26.1%	171,793	31,412	10,165	209.0%	21,247
Nov-20	1,897,055	1,795,787	5.6%	924,651	1,318,586	29.9%	495,203	53,629	20,330	163.8%	33,300
Dec-20	2,801,786	2,693,681	4.0%	1,654,365	1,977,879	16.4%	431,619	124,582	30,495	308.5%	94,087
Jan-21	3,676,602	3,591,574	2.4%	2,158,028	2,637,172	18.2%	564,172	176,235	40,659	333.4%	135,576
Feb-21	4,641,896	4,489,468	3.4%	2,633,720	3,296,465	20.1%	815,173	194,229	50,824	282.2%	143,405
Mar-21	5,582,966	5,387,362	3.6%	3,195,556	3,955,758	19.2%	955,807	209,176	60,989	243.0%	148,187
Apr-21											
May-21											
Jun-21											
Jul-21											
Aug-21											
Sep-21											

Utility billing accounts receivable over 90 days past due increased \$46,005 to \$121,774 from March 31, 2020 to March 31, 2021.

If you have any questions, please contact me.

Respectfully,


George Gall

Okeechobee Utility Authority
FY 2021 Finance Report for March 31, 2021
The Period Ending

OPERATING REVENUE FUND

	<u>Actual YTD</u>	<u>Budget YTD</u>	<u>\$ Variance</u>	<u>% Variance</u>
OPERATING REVENUE RECEIVED:				
Water	\$ 3,306,098	\$ 3,209,402	\$ 96,696	3.0%
Sewer	\$ 2,050,895	2,007,415	43,480	2.2%
Other Operating Revenue (see detail on page 16)	\$ 213,184	157,548	55,637	35.3%
Interest Income-non restricted	\$ 12,788	12,998	(209)	-1.6%
Total Operating Revenue Received	\$ 5,582,966	\$ 5,387,362	\$ 195,604	3.6%

OPERATING EXPENSES

Water	\$ 678,894	\$ 821,918	\$ 143,024	17.4%
Wastewater	\$ 490,841	660,089	169,248	25.6%
Meter Readers	\$ 117,242	129,171	11,928	9.2%
Maintenance	\$ 1,015,308	1,221,292	205,984	16.9%
Administration Operating	\$ 572,636	625,866	53,229	8.5%
General & Admin.	\$ 320,635	457,424	136,789	29.9%
Contingency Expense	\$ -	40,000	40,000	0.0%
Total Operating Expenses Paid (3) (4) (5) (6)	\$ 3,195,556	\$ 3,955,758	\$ 760,202	19.2%

Net Operating Income	\$ 2,387,410	\$ 1,431,604	\$ 955,807	66.8%
-----------------------------	---------------------	---------------------	-------------------	--------------

RESTRICTED REVENUE FUNDS

RESTRICTED REVENUE FUNDS RECEIVED:

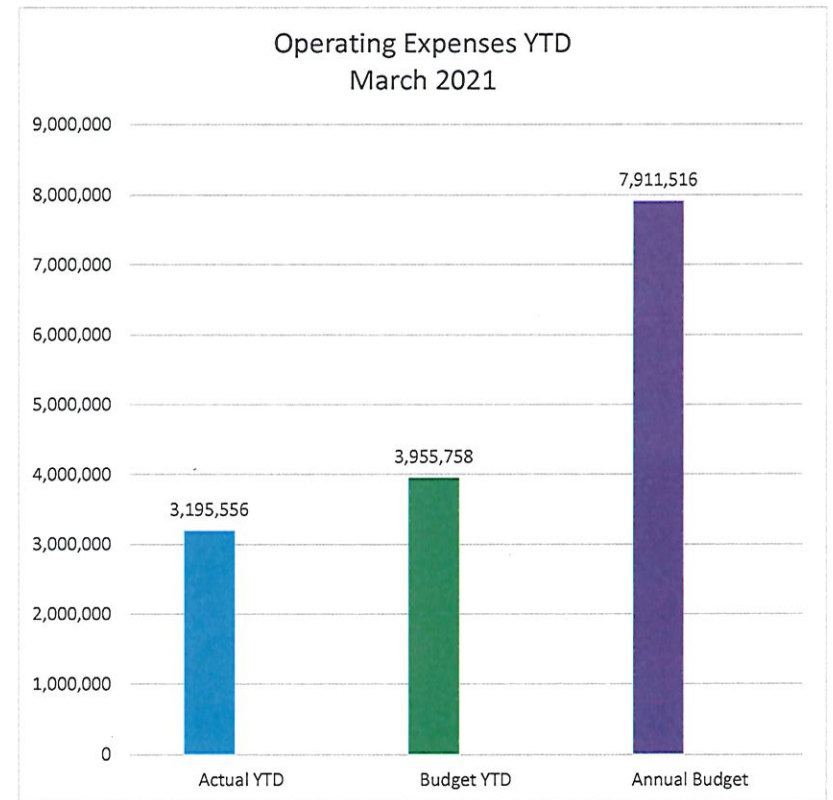
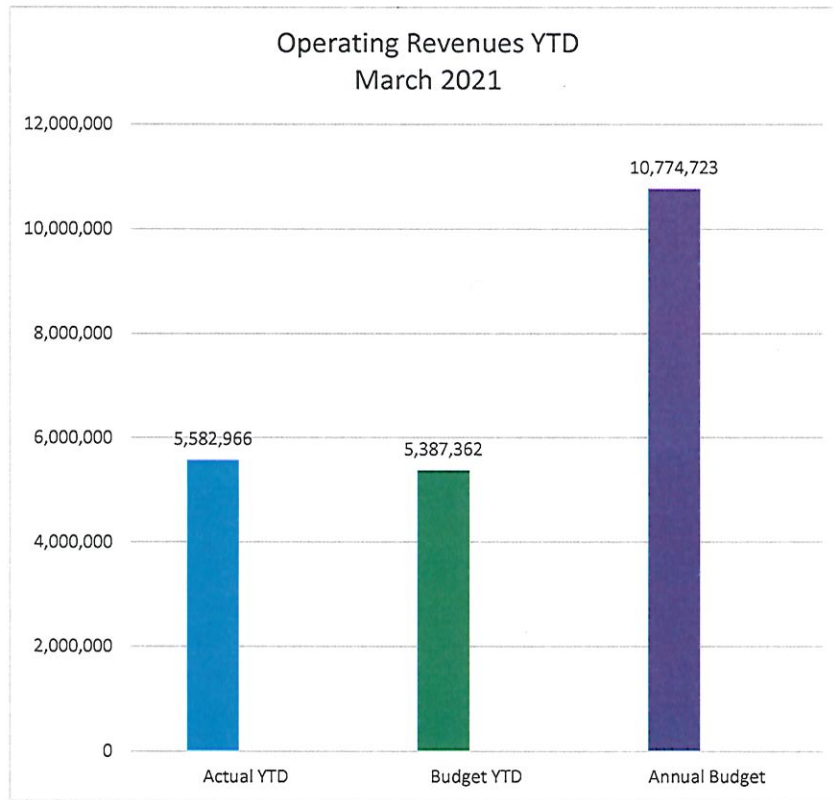
Fire Hydrant Fund Fee	\$ 43,620	\$ 42,567	\$ 1,053	2.5%
Water CC Fees (infill)	\$ 50,632	4,825	45,807	949.4%
WW CC Fees (infill)	\$ 103,013	4,500	98,513	2189.2%
Water CC Fees 10/20 Plan	\$ -	-	-	0.0%
WW CC Fees 10/20 Plan10/20	\$ -	-	-	0.0%
Interest Income-restricted	\$ 11,910	9,097	2,813	30.9%

TOTAL RESTRICTED REVENUE (1) (2)	\$ 209,176	\$ 60,989	\$ 148,187	243.0%
---	-------------------	------------------	-------------------	---------------

NET OPERATING INCOME & RESTRICTED REVENUE	\$ 2,596,586	\$ 1,492,593	\$ 1,103,994	74.0%
--	---------------------	---------------------	---------------------	--------------

NOTES:

	<u>Actual YTD</u>	<u>Budgeted</u>	<u>Variance</u>
(1) Not including grant funds & state appropriations of:	\$100,013		100,013
(2) Not including contributed capital of:	\$54,987	\$0	54,987
(3) Not including debt service interest expense of:	\$197,082	\$197,084	2
(4) Not including debt service principal payments of:	\$1,009,715	\$1,014,072	4,357
(5) Not including non-cash depreciation/amortization of:	\$1,263,253	\$1,341,100	77,847
(6) Not including net Construction In Progress (CIP) Expenditures of:	\$1,079,054		

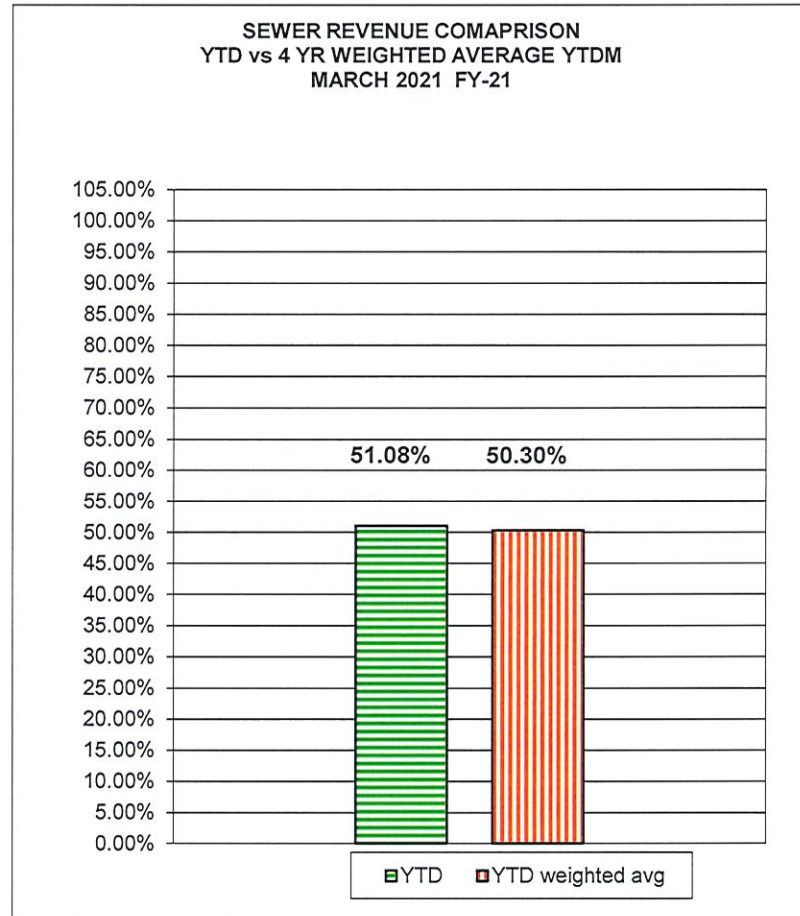
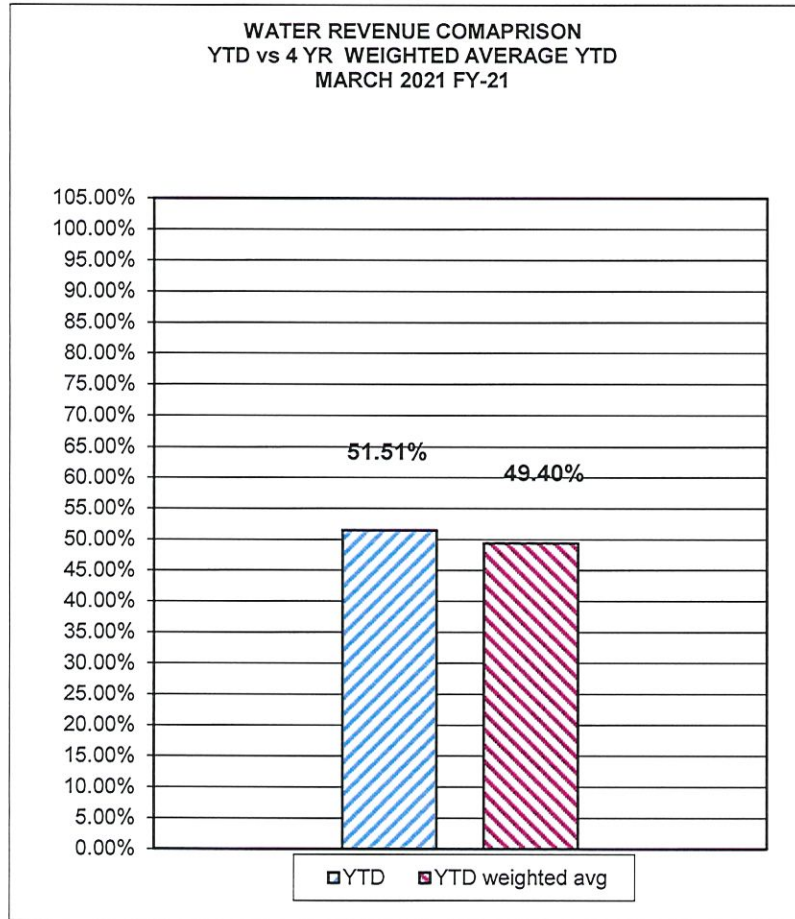


Current FY-21 Water and Sewer Utility Revenue
Monthly & YTD Revenue and Difference from 4Yr Weighted Average (in \$)

WATER UTILITY REVENUE:			Monthly \$ Difference From 4 Year Weighted Average of	% Current YTD To Budget	4 Yr Weighted Average %
Period	YTD		\$ 6,085,229	Water Revenue \$6,418,804	
Oct.	529,526	529,526	\$ 44,634	8.25%	7.97%
Nov.	\$ 579,094	1,108,620	\$ 100,045	17.27%	15.85%
Dec.	\$ 539,571	1,648,191	\$ 51,945	25.68%	23.85%
Jan.	\$ 523,717	2,171,908	\$ (1,017)	33.84%	32.49%
Feb.	\$ 567,333	2,739,241	\$ 50,493	42.68%	40.99%
Mar.	\$ 566,857	3,306,098	\$ 55,205	51.51%	49.40%
Apr.					58.50%
May					66.77%
Jun.					75.30%
Jul.					83.66%
Aug.					91.81%
Sep.					100.00%

SEWER UTILITY REVENUE:			Monthly \$ Difference From 4 Year Weighted Average of	% Current YTD To Budgeted Sewer Revenue	
			\$ 3,779,411	\$4,014,829	
Oct.	\$ 335,081	\$ 335,081	\$ 26,358	8.35%	8.17%
Nov.	\$ 369,771	\$ 704,852	\$ 68,312	17.56%	16.15%
Dec.	\$ 333,389	\$ 1,038,241	\$ 20,440	25.86%	24.43%
Jan.	\$ 315,961	\$ 1,354,202	\$ (12,302)	33.73%	33.12%
Feb.	\$ 360,293	\$ 1,714,495	\$ 31,410	42.70%	41.82%
Mar.	\$ 336,400	\$ 2,050,895	\$ 15,853	51.08%	50.30%
Apr.					59.36%
May					67.28%
Jun.					75.59%
Jul.					83.89%
Aug.					91.83%
Sep.					100.00%

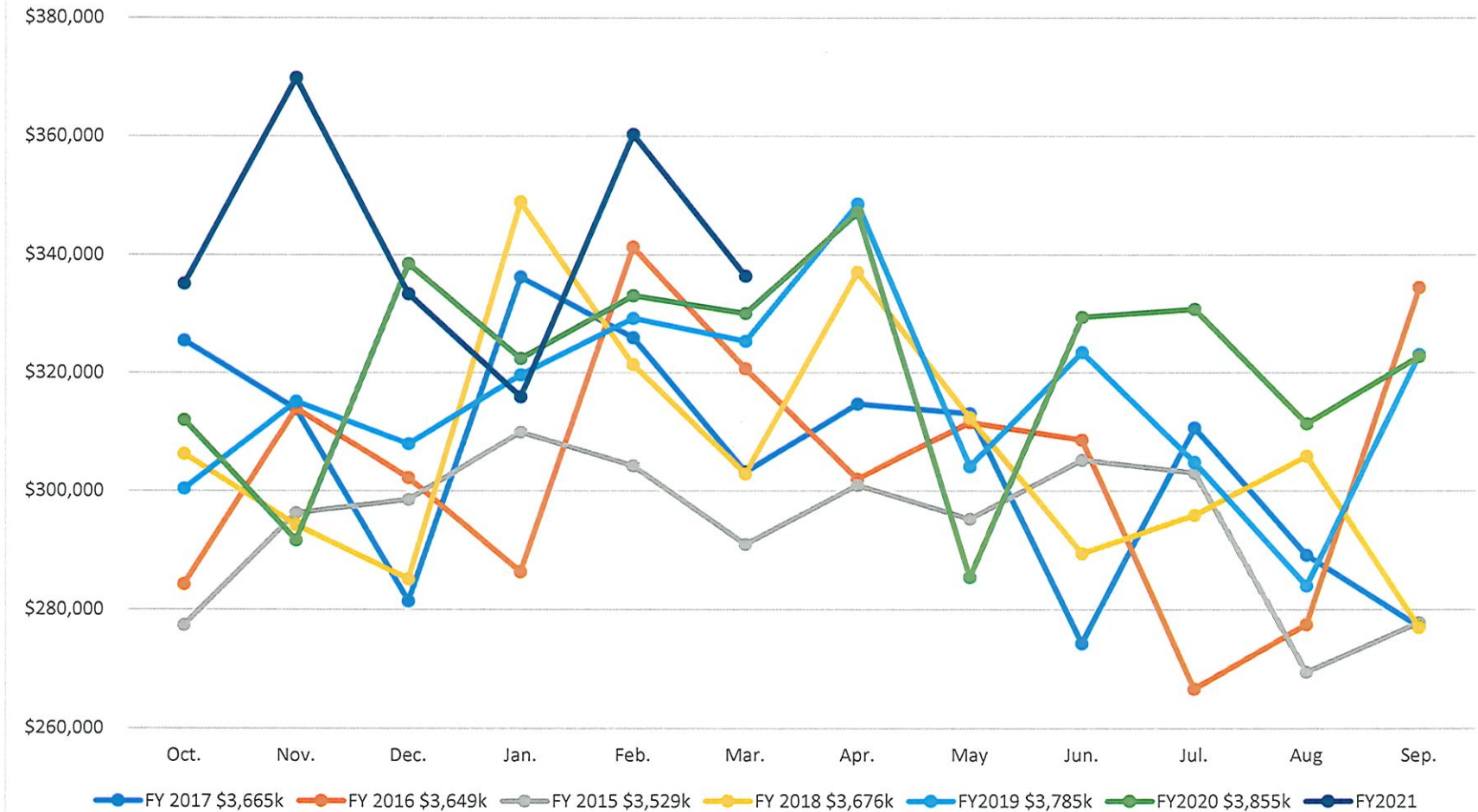
WATER AND SEWER REVENUE COMPARISON **YEAR TO DATE vs 4 YEAR WEIGHTED AVERAGE YEAR TO DATE**



Actual Water Revenue Comparison



Actual Wastewater Revenue Comparison

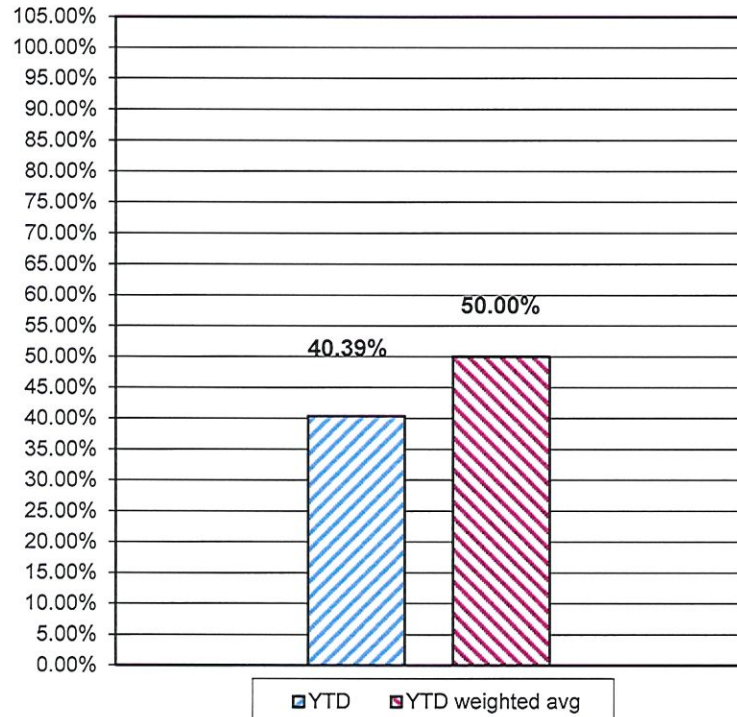


**Current FY-21 Operating & Non-Operating Expenses,
Monthly & YTD Expense and Difference from 4Yr Weighted Average (in \$)**

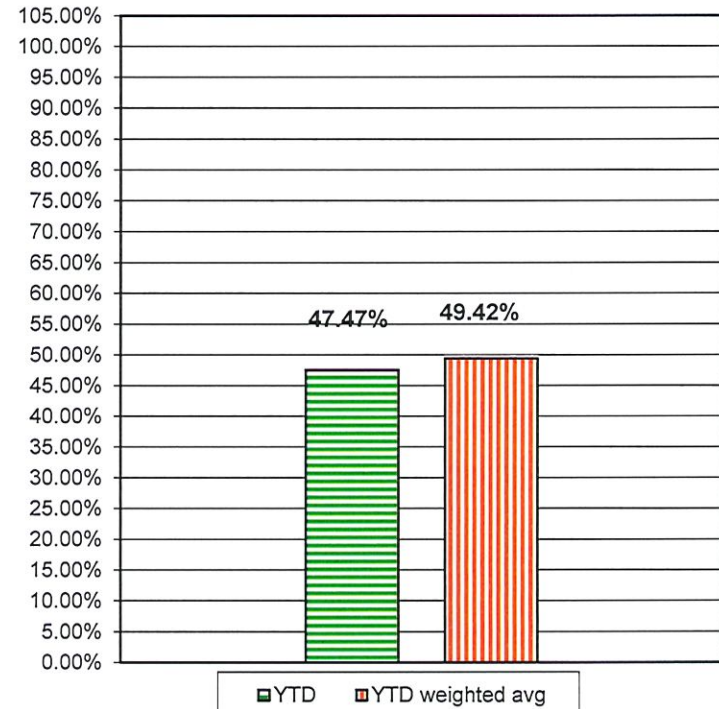
OPERATING EXPENSES:			\$ Difference For the Month From 4 Year Weighted Avg of	% Current YTD To Budgeted Operating Exp.	4 Yr Weighted Average
Period	YTD		\$ 6,455,933	\$7,911,516	
Oct.	\$ 487,324	\$ 487,324	\$ 75,719	6.16%	6.78%
Nov.	\$ 437,327	\$ 924,651	\$ (53,417)	11.69%	14.34%
Dec.	\$ 729,714	\$ 1,654,365	\$ 199,501	20.91%	22.82%
Jan.	\$ 503,663	\$ 2,158,028	\$ (98,359)	27.28%	31.94%
Feb.	\$ 475,692	\$ 2,633,720	\$ (49,998)	33.29%	40.05%
Mar.	\$ 561,836	\$ 3,195,556	\$ (31,285)	40.39%	50.00%
Apr.					57.12%
May					66.16%
Jun.					73.46%
Jul.					82.17%
Aug.					92.02%
Sep.					100.00%
NON-OPERATING EXPENSES:			\$ Difference For the Month From 4 Year Weighted Avg of	% Current YTD To Budgeted Non-Oper. Exp.	
			\$ 3,257,678	\$3,076,367	
Oct.	\$ 248,131	\$ 248,131	\$ (17,733)	8.07%	8.20%
Nov.	\$ 241,668	\$ 489,799	\$ (24,456)	15.92%	16.40%
Dec.	\$ 241,668	\$ 731,467	\$ (26,292)	23.78%	24.70%
Jan.	\$ 241,356	\$ 972,823	\$ (26,745)	31.62%	32.99%
Feb.	\$ 243,756	\$ 1,216,579	\$ (22,650)	39.55%	41.20%
Mar.	\$ 243,756	\$ 1,460,335	\$ (24,370)	47.47%	49.42%
Apr.					57.60%
May					65.74%
Jun.					74.08%
Jul.					82.41%
Aug.					90.72%
Sep.					100.00%

OPERATING AND NON-OPERATING EXPENSE COMPARISON **YEAR TO DATE vs 4 YEAR WEIGHTED AVERAGE YEAR TO DATE**

OPERATING EXPENSES COMAPRISON
YTD vs 4 YR WEIGHTED AVERAGE YTD
MARCH 2021 FY-21



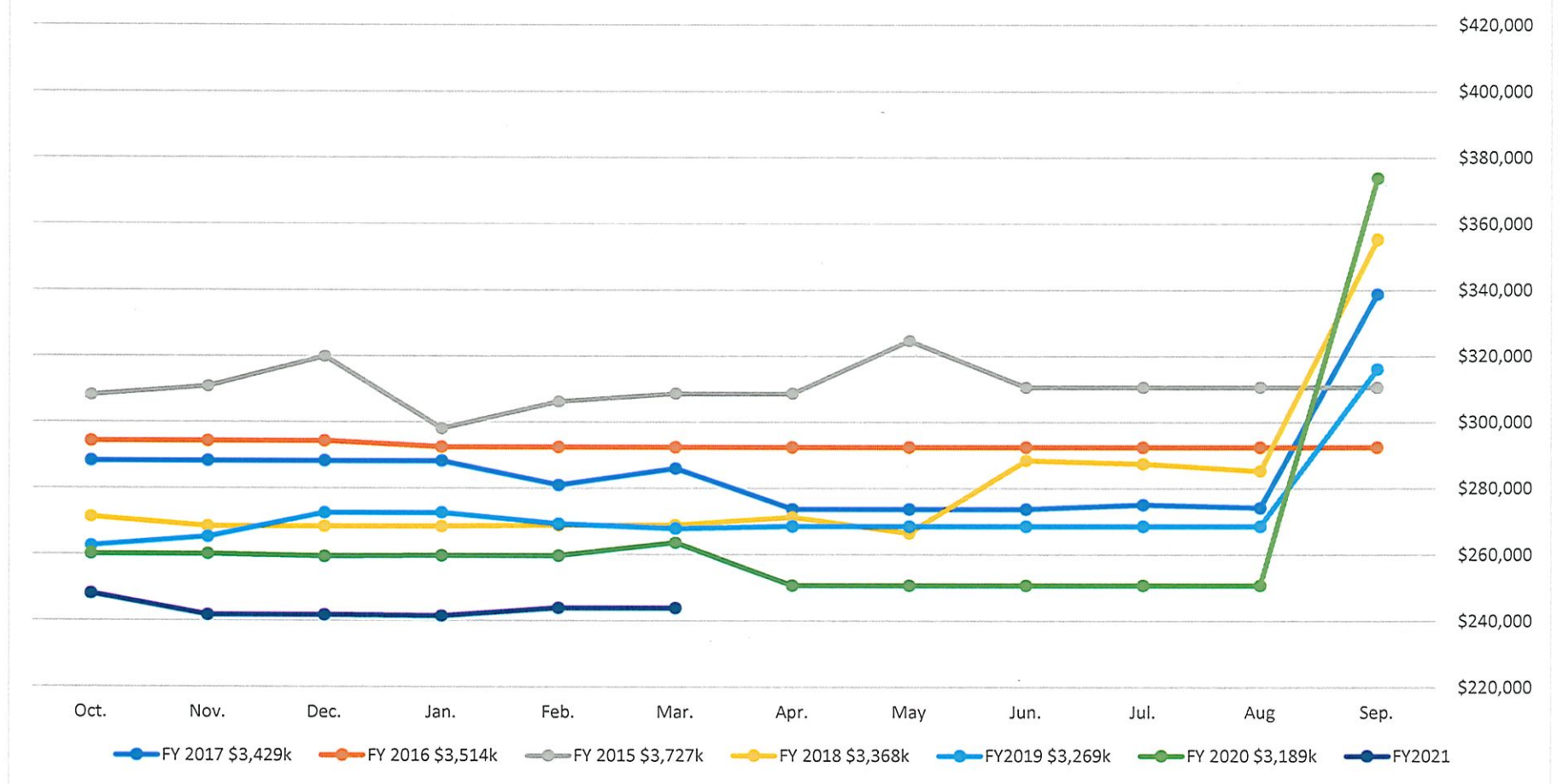
NON-OPERATING EXPENSES COMAPRISON
YTD vs 4 YR WEIGHTED AVERAGE YTD
MARCH 2021 FY-21



Actual Operating Expense Comparison



Actual Non Operating Expense Comparison



	A	B	T	W	X	Y	Z	AA
91		Okeechobee Utility Authority		OUA prepared /		OUA prepared		OUA prepared
92		Statement of Cash Flows		Audit				
93		Basis of Accounting		Accrual Basis for		Accrual Basis for		Accrual Basis for
94				Revenues		Revenues		Revenues
95				Accrual for Basis		Cash Basis for		Cash Basis for
96				Expenses		Expenses		Expenses
97				Sept 30, 2019		Sept 30, 2020		3-31-21
98				12 Months		12 Months		6 Months
99		Cash Flows from Operations						
100		Operating Income		1,192,903		1,137,636		1,083,071
101		Depreciation & Amortization		2,804,190		2,746,474		1,263,253
102		Increase (decrease) in cash from changes in accounts receivable		(4,715)		(416,787)		691,626
103		Increase (decrease) in cash from changes in accounts payable		508,329		(394,791)		(255,349)
104		Increase in cash from changes in other assets & liabilities		83,081		372,929		45,673
105		Decrease in cash from changes in other assets & liabilities		(80,543)		(388,909)		(191,080)
106		Cash provided (used) by operations		4,503,245		3,056,552		2,637,194
107								
108		Cash Flows from Nonoperating Revenues/Expenses						
109		Capital connection fees		191,424		97,282		197,266
110		Interest revenue		197,248		157,694		24,699
111		Debt issuance costs		0		(55,500)		(55,500)
112		Interest expense		(598,589)		(613,093)		(197,082)
113		Cash provided (used) by nonoperating activities		(209,917)		(413,617)		(30,618)
114								
115		Cash Flows from Capital and Financing Activities						
116		Purchase of equipment, computer hardware, completed construction projects & contributed capital assets		(481,812)		(342,552)		(138,799)
117		Construction in progress		(2,499,599)		(4,913,908)		(1,079,054)
118		Acquisition of land and related costs		0		(252,195)		0
119		Sale of land and equipment		32,431		8,610		22,561
120		Gain (Loss) on sale of land and equipment		6,432		2,310		28,298
121		Bond principal payments		(4,802,237)		(1,287,391)		(1,009,715)
122		Grant revenue & FEMA reimbursement		394,358		1,154,965		100,013
123		Capital contributions from developers		8,772		224,430		54,987
124		Cash provided (used) by capital / financing activities		(7,341,655)		(5,405,731)		(2,021,710)
125								
126		Net increase (decrease) in cash and investments		(3,048,327)		(2,762,796)		584,866
127								
128		This interim cash flow statement for 3/31/21 does not include accruals for operating expenses.						
129		Revenues, however, are reported on an accrual basis.						

OKEECHOBEE UTILITY AUTHORITY
Statement of Net Assets
March 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,150,629.30
Unrestricted assets:	
Investments	0.00
Interest receivable	0.00
Grants receivable	
Restricted assets:	
Cash and cash equivalents	7,637,245.80
Investments	0.00
Interest receivable	0.00
Receivables:	
Accounts receivable	1,381,104.20
less allowance for uncollectible accounts	-182,746.52
Inventories	515,670.97
Prepaid Expenses	252,095.70
Total current assets	<u>11,753,999.45</u>

NONCURRENT ASSETS

Capital assets:

Land	2,743,323.32
Utility plants, buildings and equipment	<u>99,599,823.34</u>
	102,343,146.66
Less accumulated depreciation	<u>-47,754,346.83</u>
	54,588,799.83
Construction in progress	<u>8,238,059.75</u>
Total capital assets	<u>62,826,859.58</u>

Other Assets:

Net Pension Asset	286,195.00
Unamortized organizational cost, net	0.00

Deferred Charges:

Deferred Pension Outflows - Actuarial and Prepaid	206,267.00
Deferred loss on bond refunding, net	<u>683,187.00</u>
Total Deferred charges:	889,454.00

Total noncurrent assets	<u>64,002,508.58</u>
-------------------------	----------------------

TOTAL ASSETS	<u><u>\$ 75,756,508.03</u></u>
---------------------	--------------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	274,073.66
Accrued expenses		105,363.83
Due to other governments		46,814.24
Bonds payable (current)		1,018,427.87
Accrued compensated absences (current)		248,474.48

Payable from restricted assets

Accrued interest -476.67

Customer Deposits 584,721.53

Total current liabilities 2,277,398.94

NONCURRENT LIABILITIES

Long-term portion of bonds payable, net 18,995,699.46

Accrued OPEB payable 50,665.00

Net Pension Liability and Deferred Pension Inflow 571,809.00

Unearned revenues:

Land Lease Deferral -

Developer agreements 464,635.36

Total noncurrent liabilities 20,082,808.82

TOTAL LIABILITIES 22,360,207.76

NET POSITION

Invested in capital assets, net of related debt 38,353,565.00

Restricted for capital projects 2,152,317.00

Restricted for debt service 627,806.00

Restricted for Rate Stabilization 2,400,940.00

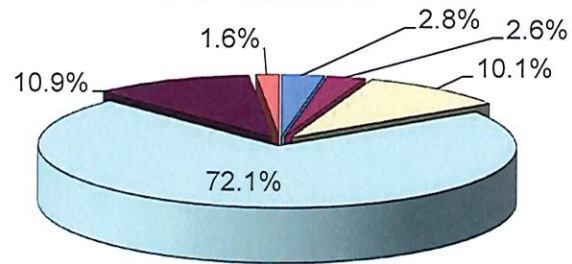
Unrestricted 8,570,422.02

YTD Surplus of Revenue over Expenses 1,291,250.25

Total net position 53,396,300.27

TOTAL LIABILITIES AND NET POSITION \$ 75,756,508.03

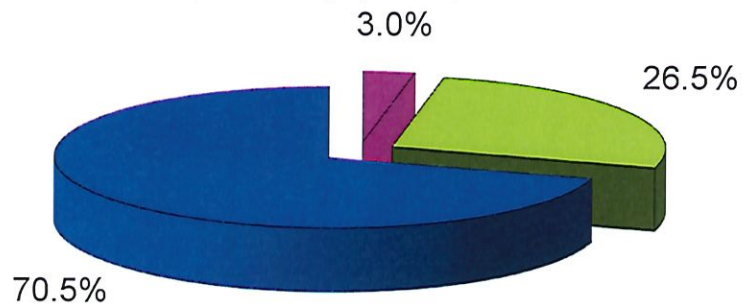
Assets - March, 2021



■ Cash	■ AR, Inventory & Prepaid
□ Restricted Cash	□ Fixed Assets
■ Construction in Progress	■ Other Assets (Deferred Charges)

Cash	2,150,629	2.8%
AR, Inventory & Prepaid	1,966,124	2.6%
Restricted Cash	7,637,246	10.1%
Fixed Assets	54,588,800	72.1%
Construction in Progress	8,238,060	10.9%
Other Assets (Deferred Charges)	1,175,649	1.6%
Total Assets	75,756,508	

Liabilities & Equity March, 2021



■ Current Liabilities	■ Noncurrent Liabilities	■ Equity - Net Assets
-----------------------	--------------------------	-----------------------

Current Liabilities	2,277,399	3.0%
Noncurrent Liabilities	20,082,809	26.5%
Equity - Net Assets	53,396,300	70.5%
Total Liab & Equity	75,756,508	

Okeechobee Utility Authority
Detail of March 31, 2021 Other Operating Revenue
Data Per General Ledger Account Balances For Finance Report

		Actual Amount YTD	Amount Per Budget YTD	\$ Variance From Budget YTD
Accounts included in Other Operating Revenue:				
Install Fees-Water		\$ 12,800	\$ 3,188	\$ 9,613
Private Fire Protection		\$ 39,412	35,343	4,069
Turn on/off Fees		\$ 30,850	23,803	7,047
Other Revenue-Water	A	\$ 8,109	7,268	842
Install Fees-Sewer		\$ 1,040	3,060	(2,020)
Kings Bay Sewer Maint. Fees		\$ 5,262	5,511	(249)
Other Revenue-Sewer	B	\$ 1,188	1,007	181
Penalties & Late Charges		\$ 62,555	58,704	3,851
Gain/Loss Sale of Assets	C	\$ 28,298	0	28,298
Ag Land Lease		\$ 2,508	0	2,508
Miscellaneous Revenue	D	\$ 21,162	19,665	1,497
Totals		<u>\$ 213,184</u>	<u>\$ 157,548</u>	<u>\$ 55,637</u>

- A Other Revenue-Water includes:
Water service inspection fees
Backflow prevention fees
After hours charges
Meter relocation charges
Bench test charges
- B Other Revenue-Sewer includes:
Wastewater service line inspection fees
- C Gain/Loss on Sale of Assets
There was \$18,000 of insurance proceeds, \$6,961 from sale of 3 surplus trucks and \$3,337 from sale of surplus equipment and parts.
- D Miscellaneous Revenue includes:
Administration charges
Charges for damage and repair to system:
Parts and labor used
Equipment charges

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 5

APRIL 12, 2021

CONSENT AGENDA

INVOICE FROM ECKLER ENGINEERING, INC. – PINE RIDGE PARK UTILITY IMPROVEMENTS

Please find attached the invoice in the amount of \$3,772.00 submitted by Eckler Engineering, Inc. Staff is aware of the work currently being done by Eckler Engineering, Inc. and is in agreement with these requests.

Invoice Date	Pay Request No.	Date Paid	Amt. Requested	Amount Paid	Remaining Balance
					\$145,600.00
May-20	1	May-20		\$2,912.00	\$142,688.00
Jun-20	2	Jun-20		\$11,648.00	\$131,040.00
Jul-20	3	Jul-20		\$32,032.00	\$99,008.00
Aug-20	4	Aug-20		\$14,560.00	\$84,448.00
Aug-20	Change Order		\$21,000.00		\$105,448.00
Sep-20	5	Sep-20		\$22,148.00	\$83,300.00
Oct-20	6	Oct-20		\$24,990.00	\$58,310.00
Nov-20	7	Nov-20		\$19,992.00	\$38,318.00
Dec-20	8	Dec-20		\$4,998.00	\$33,320.00
Dec-20	Change Order		\$22,000.00		\$55,320.00
Jan-21	9	Jan-21		\$8,170.00	\$47,150.00
Feb-21	10	Feb-21		\$18,860.00	\$28,290.00
Mar-21	11	Mar-21		\$9,430.00	\$18,860.00
Apr-21	12		\$3,772.00		\$15,088.00

Staff recommends approval of this invoice in the amount of \$3,772.00 to Eckler Engineering, Inc.

Mr. John Hayford, P.E.
Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, FL 34974

March 31, 2021
No: 235-006.01
Invoice No: 21050

Project: Pine Ridge Park Utility Improvements

Professional engineering services for the design of the Pine Ridge Park Utility Improvements as authorized on April 14, 2020 under P.O. No. 10380, Engineering Scope Revision No. 1 dated 7/20/2020 and Engineering Scope Revision No. 2 dated 12/3/2020.

Professional Services from February 26, 2021 to March 25, 2021

Fee

Total Fee	188,600.00		
Percent Complete	92.00	Total Earned	173,512.00
		Previous Fee Billing	169,740.00
		Current Fee Billing	3,772.00
		Total Fee	3,772.00

Billing Limits

	Current	Prior	To-Date
Total Billings	3,772.00	169,740.00	173,512.00
Limit			188,600.00
Remaining			15,088.00

Total this Invoice \$3,772.00

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 6

APRIL 12, 2021

CONSENT AGENDA

INVOICE FROM SUMNER ENGINEERING & CONSULTING, INC. – SW WASTEWATER SERVICE AREA PROJECT

Please find attached the invoice in the amount of \$43,653.24 submitted by Sumner Engineering & Consulting, Inc. Staff is aware of the work currently being done by Sumner Engineering & Consulting, Inc. and is in agreement with these requests.

Invoice Date	Pay Request No.	Date Paid	Amt. Requested	Amount Paid	Remaining Balance
					\$724,136.00
Apr-20	1	Apr-20		\$48,503.60	\$675,632.40
May-20	2	May-20		\$38,802.88	\$636,829.52
Jun-20	3	Jun-20		\$33,952.52	\$602,877.00
Aug-20	4	Aug-20		\$87,306.48	\$515,570.52
Sep-20	5	Sep-20		\$43,653.24	\$471,917.28
Nov-20	6	Nov-20		\$77,605.76	\$394,311.52
Jan-21	7	Jan-21		\$38,802.88	\$355,508.64
Feb-21	8	Feb-21		\$38,802.88	\$316,705.76
Apr-21	9		\$43,653.24		\$273,052.52

Staff recommends approval of this invoice in the amount of \$43,653.24 to Sumner Engineering & Consulting, Inc.



Sumner Engineering & Consulting, Inc.
Agriculture, Civil, Land & Water Resources

410 NW 2nd Street
Okeechobee, FL 34972
863.763.9474

Invoice

BILL TO

April 1, 2021

Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, Florida 34974

Invoice No. 1349

SW Wastewater Service Area Project (SEC Proj. No. 19-04)

Part B – Design, Permitting & Bidding, and Part C – Construction Phase Services (Project 1)

OUA Purchase Order No. 10264

Task	Contract Amount	Percent Complete	Amount Complete	Previously Billed	Invoice Amount
B1 – Design and Permitting	\$485,036	93%	\$451,083.48	\$407,430.24	\$43,653.24
B2 – Bidding Services	\$27,160	0%	\$0.00	\$0.00	\$0.00
C – Construction Services	\$211,940	0%	\$0.00	\$0.00	\$0.00
				TOTAL:	\$43,653.24

Total Purchase Order Amount: \$724,136.00

Total Billed to Date: \$451,083.24

Total Billed this Invoice: \$ 43,653.24

For services rendered through March 27, 2021.

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 7

APRIL 12, 2021

CONSENT AGENDA

**INVOICE FROM SUMNER ENGINEERING & CONSULTING, INC. – OAK LAKE
ESTATES**

Please find attached the invoice in the amount of \$4,793.77 submitted by Sumner Engineering & Consulting, Inc. Staff is aware of the work currently being done by Sumner Engineering & Consulting, Inc. and is in agreement with these requests.

Invoice Date	Pay Request No.	Date Paid	Amt. Requested	Amount Paid	Remaining Balance
					\$43,500.00
Nov-20	1	Nov-20		\$22,620.00	\$20,880.00
Jan-21	2	Jan-21		\$20,880.00	\$0.00
Jan-21	Change Order		\$56,990.00		\$56,990.00
Feb-21	3	Feb-21		\$14,660.00	\$42,330.00
Apr-21	4		\$4,793.77		\$37,536.23

Staff recommends approval of this invoice in the amount of \$4,793.77 to Sumner Engineering & Consulting, Inc.



Sumner Engineering & Consulting, Inc.
Agriculture, Civil, Land & Water Resources

410 NW 2nd Street
Okeechobee, FL 34972
863.763.9474

Invoice

BILL TO

April 1, 2021

Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, Florida 34974

Invoice No. 1353
SW Wastewater Service Area Project (SEC Proj. No. 19-04)
Part D – Oak Lake Estates Design and Permitting
OUA Purchase Order No. 10544

Task	Contract Amount	Percent Complete	Amount Complete	Previously Billed	Invoice Amount
D1 – Oak Lake Estates Design and Permitting	\$43,500.00	100%	\$43,500.00	\$43,500.00	\$0.00
D2 – Oak Lake Estates Bidding Services	\$14,660.00	100%	\$14,660.00	\$14,660.00	\$0.00
D3 – Oak Lake Estates Construction Services	\$42,330.00	11.32%	\$4,793.77	\$0.00	\$4,793.77
				TOTAL:	\$4,793.77

Total Purchase Order Amount: \$100,490.00
Total Billed to Date: \$ 92,953.77
Total Billed this Invoice: \$ 4,793.77

For services rendered through March 27, 2021.

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 8

APRIL 12, 2021

CONSENT AGENDA

**INVOICE FROM SUMNER ENGINEERING & CONSULTING, INC. – SW 5TH AVENUE
SEWER**

Please find attached the invoice in the amount of \$5,445.24 submitted by Sumner Engineering & Consulting, Inc. Staff is aware of the work currently being done by Sumner Engineering & Consulting, Inc. and is in agreement with these requests.

Invoice Date	Pay Request No.	Date Paid	Amt. Requested	Amount Paid	Remaining Balance
					\$46,588.00
Apr-21	1		\$5,445.24		\$41,142.76

Staff recommends approval of this invoice in the amount of \$5,445.24 to Sumner Engineering & Consulting, Inc.



Sumner Engineering & Consulting, Inc.
Agriculture, Civil, Land & Water Resources

410 NW 2nd Street
Okeechobee, FL 34972
863.763.9474

Invoice

BILL TO

April 1, 2021

Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, Florida 34974

Invoice No. 1350
SW 5th Avenue Sewer PER (SEC Proj. No. 20-10)
OUA Purchase Order No. 10711

Task	Contract Amount	Percent Complete	Amount Complete	Previously Billed	Invoice Amount
A1 – Project Management & Meetings	\$3,690.00	10%	\$369.00	\$0.00	\$369.00
A2 – Preliminary Evaluation Report	\$39,048.00	13%	\$5,076.24	\$0.00	\$5,076.24
A3 – Funding Sources & Opportunities Review	\$3,850.00	0%	\$0.00	\$0.00	\$0.00
				TOTAL:	\$5,445.24

Total Purchase Order Amount: \$46,588.00
Total Billed to Date: \$ 5,445.24
Total Billed this Invoice: \$ 5,445.24

For services rendered through March 27, 2021.

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 9

APRIL 12, 2021

CONSENT AGENDA

INVOICES FROM ONEWATER, INC. – LAKEVIEW ESTATES WWTP

Please find attached the invoice in the amount of \$29,112.75 submitted by OneWater, Inc. Staff is aware of the work currently being done by OneWater, Inc. and is in agreement with these requests.

Invoice Date	Pay Request No.	Date Paid	Amt. Requested	Amount Paid	Remaining Balance
					\$977,950.00
May-20	1	May-20		\$45,572.00	\$932,378.00
Jun-20	2	Jun-20		\$136,314.31	\$796,063.69
Jul-20	3	Jul-20		\$52,969.00	\$743,094.69
Aug-20	4	Aug-20		\$50,509.00	\$692,585.69
Sep-20	5	Sep-20		\$36,500.00	\$656,085.69
Oct-20	6	Nov-20		\$32,725.00	\$623,360.69
Nov-20	7	Nov-20		\$36,765.00	\$586,595.69
Dec-20	8	Dec-20		\$38,257.50	\$548,338.19
Jan-21	9	Jan-21		\$63,900.00	\$484,438.19
Feb-21	10	Feb-21		\$3,887.00	\$480,551.19
Mar-21	11	Mar-21		\$24,900.25	\$455,650.94
Apr-21	12		\$29,112.75		\$426,538.19

Staff recommends approval of this invoice in the amount of \$29,112.75 to OneWater, Inc.



INVOICE NO. 1370

April 1st 2021

Okeechobee Utility Authority
100 SW 5th Avenue
OKEECHOBEE FL 34974
Attention: John Hayford

OneWater Inc. – Two Pilot Projects
FLDEP Grant Agreement No: LP47012
OUA, OWI, Cain Enterprises Joint Agreement Executed
3/13/2020

AGREEMENT TOTAL - Grant Task Amounts to OneWater Inc.:											\$ 123,000
Task 2 - Design and Permitting											\$ 18,000
Task 3 - Project Management & Testing											\$ 766,950
Task 4 - Construction											\$ 70,000
Task 5 - Connection to Central Sewer											
TOTAL ORDER											\$ 977,950
PAYMENT DUE THIS INVOICE:											
Task 2	See KHA invoice										\$ 6,612.75
Task 3											\$ -
Task 4	See ESI Invoice										\$ 22,500.00
Task 5											\$ -
AMOUNT DUE THIS INVOICE											\$ 29,112.75
PRIOR INVOICES:	#1344A, 1346A, 1348A	#1352A	#1355A	#1357A	#1359A	#1362A	#1363A	#1365A	#1367A	Totals	
Task 2	\$ 30,750.00	\$ 11,070.00	\$ 6,500.00	\$ 2,725.00	\$ 6,765.00	\$ 7,995.00	\$ 12,300.00	\$ 3,887.00	\$ 4,875.25	\$ 86,867.25	
Task 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Task 4	\$ 204,105.31	39,439.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 8,662.50	\$ 30,000.00	\$ -	\$ 14,625.00	\$ 386,831.81	
Task 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,600.00	\$ 21,600.00	\$ -	\$ 5,400.00	\$ 48,600.00	
TOTAL PRIOR INVOICES	\$ 234,855.31	\$ 50,509.00	\$ 36,500.00	\$ 32,725.00	\$ 36,765.00	\$ 38,257.50	\$ 63,900.00	\$ 3,887.00	\$ 24,900.25	\$ 522,299.06	
REMAINING TO BE INVOICED:											
Task 2										\$ 29,520.00	
Task 3										\$ 18,000.00	
Task 4										\$ 357,618.19	
Task 5										\$ 21,400.00	
TOTAL REMAINING TO BE INVOICED										\$ 426,538.19	
TOTAL ORDER											\$977,950.00

Please remit amount due now to:

Pay Routing Transit Number: ABA 021052053

Account Number: 18339057

PNC Bank

OneWater Inc., P O Box 222, Cary NC 27512
Tel 317.582.1400 info@algaewheel.com

www.algaewheel.com

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 10

APRIL 12, 2021

CONSENT AGENDA

**INVOICES FROM HOLTZ CONSULTING ENGINEERS, INC. – ADVANCED METER
INFRASTRUCTURE**

Please find attached the invoice in the amount of \$4,423.00 submitted by Holtz Consulting Engineers, Inc. Staff is aware of the work currently being done by Holtz Consulting Engineers, Inc. and is in agreement with these requests.

Invoice Date	Pay Request No.	Date Paid	Amt. Requested	Amount Paid	Remaining Balance
					\$17,692.00
Apr-21	1		\$4,423.00		\$13,269.00

Staff recommends approval of this invoice in the amount of \$4,423.00 to Holtz Consulting Engineers, Inc.

Holtz Consulting Engineers, Inc.

INVOICE

270 South Central Boulevard, Suite 207
Jupiter, FL 33458
Phone: (561) 575-2005 Fax: (561) 575-2009

INVOICE DATE: April 9, 2021
INVOICE #: **SRF AMI - 1**
CLIENT: OUA
PROJECT: State Revolving Fund Water
Facilities Plan for AMI
Program
P.O. Number: 0000010754

Bill To:

Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, FL 34974-4221

Lump Sum Contract Amount:	\$	17,692.00
Prior Invoices to Date:	\$	-
This Invoice Amount:	\$	4,423.00
Remaining Balance:	\$	13,269.00

THIS INVOICE AMOUNT: \$ **4,423.00**

Please make checks payable to: **Holtz Consulting Engineers, Inc.**
270 South Central Boulevard, Suite 207
Jupiter, FL 33458

If you have any questions concerning this invoice, please contact Christine Miranda at (863) 824-7200

HCE will never communicate changes to invoicing, payment procedures, and/or account number information in an email. All financial communications will be in writing via certified mail.

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 11

APRIL 12, 2021

CONSENT AGENDA

**INVOICES FROM HOLTZ CONSULTING ENGINEERS, INC. – FDOT WATER
MAIN REPLACEMENT US441SE**

Please find attached the invoice in the amount of \$16,355.00 submitted by Holtz Consulting Engineers, Inc. Staff is aware of the work currently being done by Holtz Consulting Engineers, Inc. and is in agreement with these requests.

Invoice Date	Pay Request No.	Date Paid	Amt. Requested	Amount Paid	Remaining Balance
					\$34,900.00
Apr-21	1		\$16,355.00		\$18,545.00

Staff recommends approval of this invoice in the amount of \$16,355.00 to Holtz Consulting Engineers, Inc.

Holtz Consulting Engineers, Inc.

INVOICE

270 South Central Boulevard, Suite 207
Jupiter, FL 33458
Phone: (561) 575-2005 Fax: (561) 575-2009

INVOICE DATE: April 9, 2021
INVOICE #: 441 - 1
CLIENT: OUA
PROJECT: Relocation of approx 605
linear ft of 6" WM-US Hwy
441 (FDOT)
P.O. Number: 0000010755

Bill To:

Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, FL 34974-4221

Lump Sum Contract Amount:	\$	34,900.00
Prior Invoices to Date:	\$	-
This Invoice Amount:	\$	16,355.00
Remaining Balance:	\$	18,545.00

THIS INVOICE AMOUNT: \$ 16,355.00

Please make checks payable to: **Holtz Consulting Engineers, Inc.**
270 South Central Boulevard, Suite 207
Jupiter, FL 33458

If you have any questions concerning this invoice, please contact Christine Miranda at (863) 824-7200

HCE will never communicate changes to invoicing, payment procedures, and/or account number information in an email. All financial communications will be in writing via certified mail.

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 12

APRIL 12, 2021

CONSENT AGENDA

INVOICE FROM VOCELLE AND BERG, LLP

The OUA billed Gadsden Family LTD Partnership for wastewater connection fees in Pine Ridge Park. The customer is disputing the charges. The OUA has obtained the legal representation of Vocelle and Berg, LLP, to review the pertinent documents pertaining to the debt due. An invoice in the amount of \$700.00 has been submitted for approval for services during the month of January from Vocelle and Berg, LLP.

Invoice Date	Pay Request No.	Date Paid	Amt. Requested	Amount Paid	Total Paid
February-21	1	Feb-21		\$2,800.00	\$2,800.00
March-21	2	Mar-21		\$612.00	\$3,412.00
April-21	3		\$700.00		\$2,712.00

Staff recommends approval of this invoice in the amount of \$700.00 from Vocelle & Berg, LLC.

VOCALLE & BERG, L.L.P.
3333 20TH STREET
VERO BEACH, FL 32960-2469
TELEPHONE (772) 562-8111
FAX (772) 562-2870
FEDERAL TAX I.D. # 20-5935145

Okeechobee Utility Authority
100 SW Fifth Avenue
Okeechobee FL 34974-4221

Page: 1
April 01, 2021
ACCOUNT NO: 3170-00002M
STATEMENT NO: 3

PO No. 10692 - Gadsden Family / Pine Ridge Park

			<u>RATE</u>	<u>HOURS</u>	
03/08/2021	HGM	Make revisions to proposed letter to Virginia L. Gadsden Family Limited Partnership. Correspondence to John Hayford regarding same.	350.00	1.50	525.00
03/11/2021	HGM	Receipt and review of revised copy of letter to Gadsden Family Limited Partnership from John Hayford. Make final suggested changes. Receipt and review of final copy of letter.	350.00	0.50	175.00
		FOR CURRENT SERVICES RENDERED		2.00	700.00
		Previous Balance			\$612.50
		TOTAL CURRENT WORK			700.00
03/17/2021		PAYMENT - Check No. 26522			-612.50
		BALANCE DUE			<u>\$700.00</u>

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 13

APRIL 12, 2021

CONSENT AGENDA

SURPLUS EQUIPMENT APRIL 2021

Periodically staff review equipment to determine what can be deemed as surplus. At this time we have three (3) submersible pumps.

Three (3) Barnes 3.7hp 460 volt 3-phase submersible pumps

Staff is requesting these items to be declared surplus and available for auction or disposal.

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 14

APRIL 12, 2021

CONSENT AGENDA

ACCOUNTS TO BE WRITTEN OFF

There are five tenant accounts on the attachment that were closed for non-payment. The amount on the debt is less than \$60.00, and they are all over 6 months past due. These tenants do not own real property in Okeechobee County from a search of the Okeechobee County Property Appraisers web site.

There are four owner accounts on the attachment that were closed for nonpayment. Mail to Walter Smith and Gus Rowlett Trust is returned undeliverable. Dominguez and Wetherington do not own real property in Okeechobee County from a search of the Okeechobee County Property Appraisers web site.

Staff recommends approval that the nine accounts on the attachment totaling \$395.93 be written off.

	A	B	C	D	E	F	G	M
1	UB ACCT	RTE/SEQ	OWNER	R/NR/GO	FINAL	NAME (CUSTOMER)	ADDRESS	TOTAL
2	035419-000	11100965	Owner	Residential	9/27/2016	SMITH WALTER THOMAS	1010 SW 4TH ST	39.80
3	013390-000	26300153	Owner	Residential	11/22/2016	ROWLETT TRUST GUS	1808 NW 3RD LN	50.25
4	053117-000	26104509	Owner	Residential	4/17/2020	DOMINGUEZ JOAQUIN D	3252 NW 1ST ST	3.15
5	052698-000	31005980	Owner	Residential	9/24/2020	WETHERINGTON MICHELLE FREDIA	1906 SE 35TH LN	40.69
6	Total Owners							133.89
7								
8	050389-000	30501360	TENANT	RESIDENTIAL	7/20/2020	THOMAS PEGGY IRENE	4090 SE 37TH WAY	52.95
9	050428-000	12000087	TENANT	RESIDENTIAL	8/17/2020	SMITH JENESSA K.	1803 S PARROTT AVE APT D101	54.76
10	051422-000	31200063	Tenant	Residential	9/14/2020	RODGERS KRISTY M	4948 SE 42ND ST	53.41
11	043702-000	26109514	Tenant	Residential	9/18/2020	CRUZ CRUZ SILVESTRE	3559 NW 3RD ST 3	50.62
12	052470-000	26104056	TENANT	RESIDENTIAL	9/29/2020	GARCIA JESUS	3405 NW 2ND ST	50.30
13	Total Tenants							262.04
14								
15	Total of Owners and Tenants							395.93

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 15

APRIL 12, 2021

PRESENTATION OF FY20 FINANCIAL STATEMENT AUDIT REPORT, GOVERNANCE LETTER AND ANNUAL FINANCIAL REPORT

Attached are the OUA Financial Statement Audit, Governance Letter, and the OUA Annual Financial Report for FY20 which were completed by Nowlen, Holt & Miner, P.A.

Pages 52-57 of the Financial Statement Audit are three documents required by State Grant Funding since OUA received funding exceeding \$750,000 in FY20. The Management Letter on pages 58–60 is a required communication to the Board by the Auditor General. The Governance Letter is a requirement by Auditing Standards. The Annual Financial Report (AFR) is a summary of the Audit that is required to be submitted to the Department of Financial Services.

Mr. Terry Morton, CPA of Nowlen, Holt & Miner, P.A. will be in attendance to discuss the Audit and answer any questions the Board may have concerning the Audit.

After presentation of the Financial Statement Audit Report and should the OUA Board agree with the findings, staff requests formal Board acceptance of the FY20 Financial Statement Audit Report and the FY20 Annual Financial Report as presented.



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCAPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED, CPA
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCHIA, CFP®, CPA

KATHLEEN A. MINER, CPA
MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
TIMOTHY H. SCHMEDES, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA

April 8, 2021

Honorable Chairman and Members
Okeechobee Utility Authority
Okeechobee, Florida

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

We have audited the financial statements for the Okeechobee Utility Authority, the Authority, for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550 Rules of the Florida Auditor General, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 27, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Okeechobee Utility Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Okeechobee Utility Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for doubtful accounts for water and sewer receivables is based on historical water and sewer revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop these allowances in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statement were:

The disclosure on the Employee Retirement System in Note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The adjusting journal entries presented in Schedule I represent misstatements detected as a result of audit procedures and were corrected by management prior to the preparation and publication of the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 22, 2021, which is presented in the attached Schedule II.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and the pension and other postemployment benefit trend information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of State Financial Assistance, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board and management of Okeechobee Utility Authority and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Miner, P.A.

Nowlen, Holt, & Miner, P.A.

SCHEDULE I

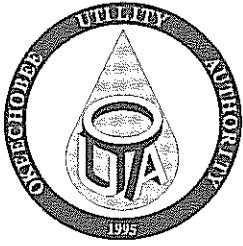
Client: OKEECHOBEE UTILITY AUTHORITY
Engagement: 2020 - Okeechobee Utility Authority
Current Period: 09/30/2020
Workpaper: Adjusting Journal Entries

1 of 2

Account	Description	Debit	Credit	Net Income Effect
AJE01				
To record entries for 2020 refunding				
9-539-9121-000	Amort Def Costs 2017 A Bonds	5,259.07	0.00	
9-539-9123-000	Amort Def Costs 2017 B Bonds	2,663.00	0.00	
0-154-0001-300	Amortization of Refunding Loss	409,691.64	0.00	
0-154-0001-100	Def Cost Refunding 2017 A Bond	0.00	183,949.69	
0-154-0002-100	Def Cost Refunding 2017B Bond	0.00	151,714.02	
3-513-4907-100	Loan Cost of Issuance	0.00	81,950.00	
Total		417,613.71	417,613.71	74,027.93
RJE01				
To reclassify A/R amounts for F/S presentation				
0-140-0000-000	Receivable Grant Monies	544,582.43	0.00	
1-225-0000-001	Deferred Water/Sewer Regular	0.00	71,111.17	
0-115-1000-000	AR Regular	0.00	473,471.26	
Total		544,582.43	544,582.43	0.00
RJE02				
To post client entries made after T/B provided to auditors				
2-389-3012-000	CDBG/LP47011 State Grant	50,509.00	0.00	
0-115-1000-000	AR Regular	0.00	50,509.00	
5-533-2200-100	Retirement SWTP	768.00	0.00	
5-533-2200-200	Retirement GWTP	0.00	768.00	
1-216-0050-000	OPEB Allocation	20,694.00	0.00	
3-513-1620-100	Accrued OPEB Admin	0.00	6,208.20	
4-536-1620-100	Accrued OPEB Maint	0.00	7,035.96	
6-535-1620-100	Accrued OPEB WW	0.00	2,897.16	
5-533-1620-100	Accrued OBEP SWTP	0.00	2,690.22	
5-533-1620-200	Accrued OPEB GWTP	0.00	620.82	
7-513-1620-100	Accrued OPEB MR	0.00	1,241.64	
0-156-9000-000	Net Pen Asset	286,195.00	0.00	
1-239-0001-000	Net Pension Liability	274,282.00	0.00	
0-190-0002-000	Def Pen Outflow Actuarial Calc	0.00	277,033.00	
1-290-0001-000	Def Pen Inflow Actuarial Calc	0.00	245,054.00	
3-513-2200-100	Retirement Admin	0.00	11,133.00	
4-536-2200-100	Retirement Maint	0.00	12,669.00	
5-533-2200-100	Retirement SWTP	0.00	5,375.00	
5-533-2200-200	Retirement GWTP	0.00	768.00	
6-535-2200-100	Retirement WW	0.00	6,142.00	
7-513-2200-100	Retirement MR	0.00	2,303.00	
0-140-0000-000	Receivable Grant Monies	57,715.00	0.00	
2-389-3012-000	CDBG/LP47011 State Grant	0.00	57,715.00	
0-140-0000-000	Receivable Grant Monies	184,694.95	0.00	
2-389-3012-000	CDBG/LP47011 State Grant	0.00	184,694.95	
9-539-9110-000	Amortize Organizational Cost	144,063.62	0.00	
0-180-0050-000	Accum Amort Org Costs	0.00	144,063.62	
0-180-0050-000	Accum Amort Org Costs	384,075.30	0.00	
0-180-0000-000	Organizational Costs	0.00	30,111.86	
0-180-0000-100	Organizational Costs Legal	0.00	346,843.44	
0-180-0000-200	Organizational Costs Acctg	0.00	7,120.00	
Total		1,402,996.87	1,402,996.87	106,921.33
RJE03				

Account	Description	Debit	Credit	Net Income Effect
To post clients entry regarding Compensated Absences				
1-218-0000-020	Accumulated Vacation Payable	9,395.10	0.00	
1-218-0000-030	Accumulated Sick Payable	0.00	570.54	
3-513-1610-100	Accrued Benefits and FICA Admi	0.00	4,070.50	
4-536-1610-100	Accrued Benefits and FICA Main	0.00	1,996.17	
7-513-1610-100	Accrued Benefits and FICA MR	0.00	264.98	
5-533-1610-100	Accrued Benefits and FICA SWTP	0.00	501.62	
5-533-1610-200	Accrued Benefits and FICA GWTP	0.00	230.52	
6-535-1610-100	Accrued Benefits and FICA WW	0.00	1,760.77	
Total		9,395.10	9,395.10	8,824.56
GRAND TOTAL		2,374,588.11	2,374,588.11	189,773.82

SCHEDULE II



OKEECHOBEE UTILITY AUTHORITY

100 SW 5th Avenue
Okeechobee, Florida 34974-4221

(863) 763-9460
FAX: (863) 467-4335

March 22, 2021

Nowlen, Holt & Miner, P.A.
Certified Public Accountants
515 N. Flagler Dr., Suite 1700
West Palm Beach, FL 33401

This representation letter is provided in connection with your audit of the financial statements of the Okeechobee Utility Authority (the "Authority"), which comprise the respective financial position of the propriety fund and the aggregate remaining fund information of the Authority as of September 30, 2020, and the respective changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 22, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 27, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the

primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenses, loans, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.
- 10) We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Board Statement (GASB) No. 87 as discussed in Note 14 to the financial statements. The Okeechobee Utility authority is therefore unable to disclose the impact that adopting GASB 87 will have on its financial position and the results of its operations when the Statements are adopted.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.

- c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Authority's Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of state financial assistance.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the entity's related parties and all the related party relationships and transactions, including any side agreements.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position..

- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statements and disclosures, schedule of expenditures of state financial assistance and the preparation of the Annual Financial Report, filed with the Florida Department of Financial Services. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, schedule of expenditures of state financial assistance, and the preparation of the Annual Financial Report, filed with the Florida Department of Financial Services.
- 25) In order to provide oversight of the financial statement preparation services provided by you at an appropriate level, we have established effective review policies and procedures including the performance of the following functions:
- a) Reconcile general ledger amounts to the draft statements utilizing grouping schedules provided by you.
 - b) Review all supporting documentation and explanations for journal entries you proposed and approve the entries.
 - c) Review and approve schedules and calculations supporting amounts included in the notes to the financial statements.
- 26) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

- 29) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 31) Provisions for uncollectible receivables have been properly identified and recorded.
- 32) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 33) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 34) We have appropriately disclosed the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 35) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 36) We agree with the findings of actuaries in evaluating the Authority's pension and OPEB liabilities and costs and have adequately considered the qualifications of the actuaries in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the actuaries with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuaries. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 37) During the fiscal year ended September 30, 2020, the Okeechobee Utility Authority expended less than \$750,000 in federal awards and the Authority is not required to have a Federal Single Audit.
- 38) During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

- 39) We understand that it is management's responsibility to monitor the Authority's financial condition, and that your financial condition assessment was based in part on representations made by management and the review of financial information provided by management.
- 40) As of September 30, 2020, and during the year then ended, the Authority was not required to recognize any liabilities and corresponding deferred outflows of resources defined in GASB Statement No. 83, *Certain Asset Retirement Obligations*.
- 41) During the fiscal year ended September 30, 2020, the Okeechobee Utility Authority has not met any of the following financial emergency conditions specified in Section 218.503(1), Florida Statutes:
- a) Failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of a lack of funds.
 - b) Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of a lack of funds.
 - c) Failure to transfer at the appropriate time, due to lack of funds:
 - i) Taxes withheld on the income of employees; or
 - ii) Employer and employee contributions for:
 - (1) Federal social security; or
 - (2) Any pension, retirement, or benefit plan of an employee.
 - d) Failure for one pay period to pay, due to lack of funds:
 - i) Wages and salaries owed to employees; or
 - ii) Retirement benefits owed to former employees.
- 42) With respect to state projects:
- a) We are responsible for understanding and complying with and have complied with the requirements of the Department of Financial Services' *State Projects Compliance Supplement*, including requirements relating to preparation of the schedule of expenditures of state financial assistance.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of state financial assistance (SEFA) and related disclosures in accordance with the requirements of Chapter 10.550 Rules of the Auditor General, and we believe the SEFA, including its form and content, is fairly presented in accordance with Chapter

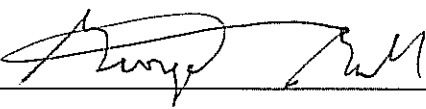
10.550 Rules of the Auditor General. We have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Florida Single Audit Act and have included in the SEFA expenditures made during the audit period for all awards provided by state agencies in the form of grants, or state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the terms and conditions of contracts and grant agreements related to each of our state projects and have identified and disclosed to you the requirements of laws, regulations, and the terms and conditions of contracts and grant agreements that are considered to have a direct and material effect on each major project.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to state projects that provide reasonable assurance that we are managing our state projects in compliance with laws, regulations, and the terms and conditions of contracts and grant agreements that could have a material effect on our state projects. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to state projects and related activities.
- h) We have received no requests from a state agency to audit one or more specific projects as a major project.
- i) We have complied with the direct and material compliance requirements including when applicable, those set forth in the Department of Financial Services' *State Projects Compliance Supplement*, relating to state financial assistance and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of state financial assistance.
- j) We have disclosed any communications from grantors and pass through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and

corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to state project financial reports and claims for advances and reimbursements.
- n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- q) State project financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r) The copies of state project financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
- s) We have charged costs to state financial assistance in accordance with applicable cost principles.
- t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Chapter 10.550 Rules of the Auditor General and we have provided you with all information on the status of the follow-up on prior audit findings by state awarding agencies and pass-through entities, including all management decisions.

Signed: 
Title: Executive Director

Signed: 
Title: Finance Director

OKEECHOBEE UTILITY AUTHORITY
FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON
SEPTEMBER 30, 2020

OKEECHOBEE UTILITY AUTHORITY
SEPTEMBER 30, 2020
TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis (required supplementary information)	4 - 9
Basic Financial Statements:	
Statement of Net Position	10- 11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13-14
Statement of Fiduciary Net Position	15
Statement of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17-45
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Changes in Total OPEB Liability	46
Schedule of Changes in Net Pension Liability and Related Ratios	47
Schedule of Employer Contributions and Investment Returns	48
Notes to the Schedule of Contributions	49
OTHER REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50-51
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General	52-54
Schedule of Expenditures of State Financial Assistance	55
Schedule of Findings and Questioned Costs	56-57
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	58-60
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	61



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCAPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Members of the
Okeechobee Utility Authority Board
Okeechobee, Florida

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

Report on the Financial Statements

We have audited the accompanying financial statements of the proprietary fund and aggregate remaining fund information of the Okeechobee Utility Authority as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Okeechobee Utility Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary fund and the aggregate remaining fund information of the Okeechobee Utility Authority as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the schedule of changes in the total OPEB liability on page 46, and the pension schedules on pages 47 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Okeechobee Utility Authority's basic financial statements. The schedule of expenditures of state financial assistance on page 55 is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2021, on our consideration of the Okeechobee Utility Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Okeechobee Utility Authority's internal control over financial reporting and compliance.

West Palm Beach, Florida
March 22, 2021

Nowlen, Holt & Miner, P.A.

**Okeechobee Utility Authority
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2020**

Management's Discussion and Analysis (MD&A) is intended to provide an objective analysis of the Okeechobee Utility Authority (the "Authority") financial activities for fiscal year ended September 30, 2020. The analysis provides summary financial information for the Authority and should be read in conjunction with the audited financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded its liabilities at September 30, 2020, by \$52 million (Net Position). Of this amount, approximately \$5.2 million is its unrestricted net position (Table 1).
- The Authority refunded the balance of its \$16.390 million of Capital Improvement Revenue Notes with a savings in interest expense of approximately \$480,000 over the next 10 years.
- The Authority's operating and miscellaneous revenues decreased \$89,004 over FY2019 and operating expenses increased by \$280,434 or 2.87% from FY2019 (Table 2).
- Operating expenses were \$9.389 million, which was 8.6% less than budget.
- Subsequent to the end of the fiscal year, the Authority received \$13,250,000 in additional grants from the Florida Department of Environmental Protection to help pay for the Septic to Sewer project referred to as the Southwest Wastewater Service Area, expanding the wastewater collection system for Pine Ridge Park and Okee-Tantie Wastewater Improvements.
- The Authority's total capital assets, before accumulated depreciation, increased by approximately \$0.7 million from FY2019 (Table 3).

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis (MD&A) is intended to serve as an introduction to the Authority's financial statements. Since the Authority is a special district involved solely in the provision of water and wastewater services within the service area of the utility system, its operations are accounted for in a Proprietary Fund, specifically an Enterprise Fund. Enterprise Funds are used to report business-type functions, which recover all or a significant portion of their costs through user fees and charges. Over time, significant changes in the Authority's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any entity, the reader must also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The Okeechobee Utility Authority Employees' Retirement System is a component unit of the Authority as it is fiscally dependent on and imposes a specific financial burden. It is reported in the Authority's financial statements as a Fiduciary Fund, the General Employee's Pension Trust Fund. Fiduciary Funds are not included in the government-wide financial statements because the Authority cannot use these assets to finance its operations. Therefore, there are no government-wide financial statements, as they would be redundant to the fund financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Authority using accounting methods similar to those used by private business entities. The costs of providing goods or services are primarily recaptured primarily through user charges for water and wastewater services. The full accrual basis of accounting is used whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The *Statement of Net Position* includes the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. 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 results of the Authority's operations over the past year and may be used to determine whether the Authority is efficiently recovering all its costs through its user fees and other charges. These two statements help the reader understand the Authority's profitability and credit worthiness.

The third required financial statement is the *Statement of Cash Flows*. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. Answers to questions regarding sources of cash, uses of cash, and changes in cash balances during the reporting period may be found in the *Statement of Cash Flows*.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Net Position* report information about the Authority's activities in a way that reflects whether the Authority is improving or deteriorating as a result of the fiscal year's activities. These two statements report the net position of the Authority and changes in the net position. Viewing the Authority's net position helps one to evaluate the financial health and financial position of the Authority. Net position is the difference between assets and deferred outflows of resources (what is owned) and liabilities and deferred inflows of resources (what is owed).

The Authority's total net position increased \$2,105,724. The condensed analysis below focuses on the Authority's net position (Table 1) and changes in net position from fiscal year 2019 to fiscal year 2020.

Table 1
Net Position

	<u>FY2020</u>	<u>FY2019</u>	<u>Net Change</u>	
Net Capital Assets	\$ 62,839,322	\$ 59,932,088	\$ 2,907,234	4.85%
Restricted Assets	5,034,317	5,767,433	(733,116)	(12.71%)
Current and Other Assets	7,034,423	8,455,640	(1,421,217)	(16.81%)
Total assets	<u>\$ 74,908,062</u>	<u>\$ 74,155,161</u>	<u>\$ 752,901</u>	1.02%
Total deferred outflows	\$ 889,454	\$ 1,216,010	\$ (326,556)	(26.85%)
Noncurrent Liabilities	\$ 19,769,828	\$ 21,463,413	\$ (1,693,585)	(7.89%)
Liabilities Payable from				
Restricted Assets	590,071	586,370	3,701	0.63%
Current Liabilities	2,760,758	2,995,307	(234,549)	(7.83)%
Total liabilities	<u>\$ 23,120,657</u>	<u>\$ 25,045,090</u>	<u>\$ (1,924,433)</u>	(7.68%)
Total deferred inflows	\$ 571,809	\$ 326,755	\$ 245,054	75.00%
Net Investment in Capital Assets	\$ 42,498,667	\$ 38,353,565	\$ 4,145,102	10.81%
Restricted for Capital Projects	2,168,736	2,152,317	16,419	0.76%
Restricted for Debt Service	99,091	627,806	(528,715)	(84.22%)
Restricted for Rate Stabilization	1,890,225	2,400,940	(510,715)	(21.27%)
Restricted for Pension Benefits	286,195	-	286,195	
Unrestricted Net Position	5,162,136	6,464,698	(1,302,562)	(20.15%)
Total Net Position	<u>\$ 52,105,050</u>	<u>\$ 49,999,326</u>	<u>\$ 2,105,724</u>	4.21%

A comparison of the Authority's income (loss) is as follows (Table 2):

Table 2
Revenues and Expenses

	<u>FY2020</u>	<u>FY2019</u>	<u>Net Change</u>	
Revenue				
Water System Revenue	\$ 6,500,587	\$ 6,325,675	\$ 174,912	2.77%
Waste Water System Revenue	3,856,063	3,821,544	34,519	0.90%
Miscellaneous Revenue	172,391	223,864	(51,473)	(22.99%)
Non-Operating Revenue	199,322	446,284	(246,962)	(55.34%)
Total Revenue	<u>\$ 10,728,363</u>	<u>\$ 10,817,367</u>	<u>\$ (89,004)</u>	(0.82%)
Expenses				
Operating Expenses	\$ 9,389,095	\$ 9,044,398	\$ 344,697	3.81%
Non-Operating Expenses	668,593	732,856	(64,263)	(8.77%)
Total Expenses	<u>\$ 10,057,688</u>	<u>\$ 9,777,254</u>	<u>\$ 280,434</u>	2.87%
Excess Revenue over Expenses				
Before Capital Contributions	\$ 670,675	\$ 1,040,113	\$ (369,438)	(35.52%)
Capital Contributions	1,435,049	385,318	1,049,731	272.43%
Total change in net position	<u>\$ 2,105,724</u>	<u>\$ 1,425,431</u>	<u>\$ 680,293</u>	47.73%
Beginning Net Position	<u>49,999,326</u>	<u>48,573,895</u>	<u>1,425,431</u>	2.93%
Ending Net Position	<u>\$ 52,105,050</u>	<u>\$ 49,999,326</u>	<u>\$ 2,105,724</u>	4.21%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the Authority had \$62,839,322 after accumulated depreciation invested in a broad range of utility capital assets including land, ground water plant, surface water plant, water main system, wastewater plant, lift stations, sanitary sewer system, force mains, equipment and construction in process.

The Authority's total capital assets increased after accumulated depreciation from last year by approximately \$2,900,000 as reflected in the following table (Table 3):

Table 3
Changes in Capital Assets

	<u>FY2020</u>	<u>FY2019</u>	<u>Net Change</u>
Land and Easements	\$ 2,743,323	\$ 2,497,428	\$ 245,895
Buildings	1,108,764	993,404	115,360
Equipment	4,142,602	4,158,844	(16,242)
Distribution & Collection System	94,222,095	93,826,246	395,849
	\$ 102,216,784	\$ 101,475,922	\$ 740,862
Less: Accumulated Depreciation	(46,536,468)	\$ (43,995,091)	\$ (2,541,377)
	\$ 55,680,316	\$ 57,480,831	\$ (1,800,515)
Construction in Process	7,159,006	2,451,257	4,707,749
	<u>\$ 62,839,322</u>	<u>\$ 59,932,088</u>	<u>\$ 2,907,234</u>

The Authority plans each year for capital improvement projects. Some projects are completed within the fiscal year, and other projects take longer than a year to complete. The surface water treatment plant's Storage Water Tank Project listed below is the construction of a three-million-gallon water tank at a cost of approximately \$5.7 million. The Storage Water Tank and the SE 8th Ave Water Main Replacement projects will be completed during fiscal year September 30, 2021.

Table 4 below reflects the major additions and costs incurred as of September 30, 2020.

Table 4
Capital Improvement Projects

Lakeview Estates Wastewater Facility	\$ 354,589
Pine Ridge Park Wastewater expansion	108,290
SE 8 th Ave Water Main Replacement	802,297
SW Wastewater Area Septic to Sewer	494,229
SWTP Storage Water Tank Project	5,156,345
Other Projects	243,256
Total Ongoing CIP Projects	<u>\$ 7,159,006</u>

See *Notes to the Financial Statements (Note 6)* for additional information related to capital assets.

Debt Management

On September 30, 2020, the Authority had State Revolving Loans and notes payable outstanding in the amount of \$21,023,842. The Authority refunded its notes payable on April 1, 2020 in the amount of \$16,390,000 reducing future interest expense by approximately \$480,000. The total principal repaid in FY2020 was \$1,287,391. See *Notes to the Financial Statements (Note 7)* for additional information related to State Revolving Loans and notes payable.

ECONOMIC FACTORS AND ASSESSMENT OF GROWTH

The Authority began operations in 1995. Since 1995, the net increase in new customer accounts has been modest on an annual basis. In the most recent fiscal year ended September 30, 2020, capital connection charge revenues for 53 water and 16 wastewater residential connections were received.

Florida's rural central areas do not experience the same rate of growth as both the Atlantic and Gulf coastal areas. Given current economic environment, a modest growth in the number of connections is anticipated to be realized from new construction on vacant sites in the existing developed sections of the Authority's service area rather than through planned new developments.

The City of Okeechobee is approximately forty-five minutes to one hour from the Atlantic coast. The main east and west access highways to the Atlantic coastal area are State Road 70 and State Road 710. As such, the Okeechobee Utility Authority's service area is within a commutable range of the Atlantic coast and its life style.

The Authority's current water treatment plants with a total treatment capacity of six million gallons per day (6mgd) can accommodate approximately twenty-four thousand (24,000) residential water connections, which is greater than the existing customer base of approximately nine thousand five hundred sixty-nine (9,569) residential connections. The Authority's current wastewater treatment plant with three million gallons per day (3mgd) of total treatment capacity can accommodate approximately twelve thousand (12,000) additional wastewater customers, which is greater than the existing customer base of approximately four thousand four hundred fifty-three (4,453). In the near-term projection of five years, this available capacity is more than adequate to accommodate the projected level of customer growth.

This MD&A report is designed to provide a general overview of the Okeechobee Utility Authority's financial health for those interested in the Authority's financial condition. Questions concerning the information provided in this report or requests for additional information should be addressed to George Gall, Finance Director, 100 SW 5th Avenue, Okeechobee, Florida, 34974-4221. An audit of the financial statements for the Authority may be obtained at the Main Office of the Authority.

OKEECHOBEE UTILITY AUTHORITY
Statement of Net Position - Proprietary Fund
September 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,344,885
Investments	1,110,000
Interest receivable	8,489
Receivables:	
Grants	786,992
Accounts receivable, less allowance for uncollectible accounts of \$194,810	1,174,106
Inventories	535,740
Prepaid expenses	74,211
Total current assets	<u>7,034,423</u>

NONCURRENT ASSETS

Restricted assets:	
Cash and cash equivalents	4,358,122
Investments	390,000
Net pension asset	286,195
Capital assets:	
Land	2,743,323
Utility plants	99,473,461
	<u>102,216,784</u>
Less accumulated depreciation	(46,536,468)
	<u>55,680,316</u>
Construction in progress	7,159,006
Total capital assets	<u>62,839,322</u>
Total noncurrent assets	<u>67,873,639</u>

TOTAL ASSETS	<u>74,908,062</u>
--------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

Pension related items	206,267
Deferred loss on bond refunding, net	683,187
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>889,454</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 529,423
Accrued expenses	104,277
Due to other governments	30,787
Bonds payable (current)	2,028,143
Accrued compensated absences (current)	76,754
Payable from restricted assets:	
Accrued interest	4,143
Customer deposits	585,928
Total current liabilities	<u>3,359,455</u>

NONCURRENT LIABILITIES

Long-term portion of bonds payable	18,995,699
Long-term portion of compensated absences	179,092
Accrued OPEB payable	50,665
Unearned revenues:	
Connection fees	71,111
Developer fees	464,635
Total noncurrent liabilities	<u>19,761,202</u>

TOTAL LIABILITIES	<u>23,120,657</u>
-------------------	-------------------

DEFERRED INFLOWS OF RESOURCES

Pension related items	<u>571,809</u>
-----------------------	----------------

NET POSITION

Net investment in capital assets	42,498,667
Restricted for capital projects	2,168,736
Restricted for debt service	99,091
Restricted for rate stabilization	1,890,225
Restricted for pension benefits	286,195
Unrestricted	5,162,136
TOTAL NET POSITION	<u>\$ 52,105,050</u>

See notes to the financial statements.

OKEECHOBEE UTILITY AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Fund
For the Fiscal Year Ended September 30, 2020

OPERATING REVENUE	
Water system charges for services	\$ 6,500,587
Wastewater system charges for services	3,856,063
Penalties and late charges	82,542
Miscellaneous	89,849
Total operating revenues	<u>10,529,041</u>
OPERATING EXPENSES	
Water services	1,368,926
Wastewater services	1,007,380
Maintenance	1,972,099
Meter reader	214,529
Administrative and general	2,079,687
Depreciation and amortization	2,746,474
Total operating expenses	<u>9,389,095</u>
OPERATING INCOME	<u>1,139,946</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	157,694
Interest expense	(613,093)
Debt issuance costs	(55,500)
Operating grants	41,628
Total nonoperating revenues (expenses)	<u>(469,271)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>670,675</u>
CAPITAL CONTRIBUTIONS	
Capital grants	1,113,337
Water capital connection fees	22,321
Wastewater capital connection fees	74,961
Developer contributions for capital projects	224,430
Total capital contributions	<u>1,435,049</u>
INCREASE IN NET POSITION	2,105,724
NET POSITION, BEGINNING OF PERIOD	<u>49,999,326</u>
NET POSITION, END OF PERIOD	<u><u>\$ 52,105,050</u></u>

See notes to the financial statements.

OKEECHOBEE UTILITY AUTHORITY
Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 10,553,928
Payments to suppliers	(3,694,656)
Payments to employees	(2,527,539)
Payments for employee benefits	<u>(941,133)</u>

Net cash provided (used) by operating activities	<u>3,390,600</u>
--	------------------

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(5,318,609)
Note and loan principal payments	(17,677,391)
Note and loan interest paid	(482,065)
Note issuance costs and prepayment penalty on refunding	(137,450)
Note Proceeds	16,390,000
Capital connection fees received	145,483
Capital grants	<u>752,460</u>

Net cash (used) by capital and related financing activities	<u>(6,327,572)</u>
---	--------------------

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(1,500,000)
Proceeds from investments	3,330,935
Interest on investments	<u>174,175</u>

Net cash provided by investing activities	<u>2,005,110</u>
---	------------------

Net increase (decrease) in cash and cash equivalents	(931,862)
--	-----------

Cash and cash equivalents at beginning of year	<u>8,634,869</u>
--	------------------

Cash and cash equivalents at end of year	<u><u>\$ 7,703,007</u></u>
--	----------------------------

See notes to the financial statements.

OKEECHOBEE UTILITY AUTHORITY
Statement of Cash Flows - Proprietary Fund (continued)
For the Fiscal Year Ended September 30, 2020

CASH AND CASH EQUIVALENTS CLASSIFIED AS:

Current assets	\$ 3,344,885
Restricted assets	4,358,122
Total	<u>\$ 7,703,007</u>

**ADJUSTMENTS TO RECONCILE OPERATING INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 1,139,946
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in net pension liability and related deferred amount:	(38,390)
Operating grants	757
Depreciation and amortization	2,746,474
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	19,983
(Increase) decrease in inventory	(2,676)
(Increase) decrease in prepaid expenses	(64,978)
Increase (decrease) in accounts payable	(394,791)
Increase (decrease) in accrued liabilities	17,271
Increase (decrease) in compensated absences	(16,668)
Increase (decrease) in OPEB	(20,694)
Increase (decrease) in deposits	4,147
Increase (decrease) in due to other governments	<u>219</u>
Total adjustments	<u>2,250,654</u>
Net cash provided (used) by operating activities	<u>\$ 3,390,600</u>

Noncash investing, capital and financing activities

Developer contributions of lines and equipment	<u>\$ 181,436</u>
--	-------------------

See notes to the financial statements.

OKEECHOBEE UTILITY AUTHORITY
Statement of Fiduciary Net Position
Pension Trust Fund
September 30, 2020

ASSETS

Cash and cash equivalents	\$ 173,684
Contributions receivable	
Employee	10,045
Employer	23,774
Investments: (at fair value)	
Mutual funds- fixed income	3,458,015
Mutual funds - international equity	923,851
Mutual funds - domestic equity	5,594,002
Total investments	<u>9,975,868</u>

TOTAL ASSETS	<u>10,183,371</u>
---------------------	-------------------

LIABILITIES

Accounts payable	7,137
Due to brokers	<u>33,819</u>

TOTAL LIABILITIES	<u>40,956</u>
--------------------------	---------------

FIDUCIARY NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 10,142,415</u></u>
---	-----------------------------

See notes to the financial statements.

OKEECHOBEE UTILITY AUTHORITY
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Fiscal Year Ended September 30, 2020

ADDITIONS

Contributions	
Employer	\$ 317,039
Plan members	133,961
Total contributions	<u>451,000</u>
Investment income	
Net appreciation in fair value of investments	846,594
Interest and dividends	240,729
	<u>1,087,323</u>
Less: investment expenses	(20,250)
Net investment income	<u>1,067,073</u>
 TOTAL ADDITIONS	 <u>1,518,073</u>

DEDUCTIONS

Benefits paid to participants	307,190
Refunds due on terminations	21,411
Administrative expenses	<u>52,827</u>
 TOTAL DEDUCTIONS	 <u>381,428</u>

NET INCREASE	1,136,645
--------------	-----------

FIDUCIARY NET POSITION - RESTRICTED FOR PENSION BENEFITS

Beginning of year	9,005,770
End of year	<u><u>\$ 10,142,415</u></u>

See notes to the financial statements.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Okeechobee Utility Authority (the “Authority”) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority’s significant accounting policies are described below.

Reporting Entity

The Okeechobee Utility Authority is an independent special district created pursuant to an Interlocal Agreement (the “Agreement”), dated November 10, 1994, between the City of Okeechobee (the “City”) and the County of Okeechobee (the “County”) in accordance with the provisions of Chapters 163 and 189, Florida Statutes.

As required by generally accepted accounting principles, these financial statements include the Authority (the primary government) and its component units. Component units are legally separate entities for which the Authority is financially accountable. The Authority is financially accountable if:

- a) the Authority appoints a voting majority of the organization’s governing board and (1) the Authority is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority, or
- b) the organization is fiscally dependent on the Authority and (1) there is a potential for the organization to provide specific financial benefits to the Authority or (2) impose specific financial burdens on the Authority.

Organizations for which the Authority is not financially accountable are also included when doing so is necessary in order to prevent the Authority’s financial statements from being misleading.

Based upon application of the above criteria, the Authority has determined that there is one legally separate entity to consider as a component unit. The Okeechobee Utility Authority Employees’ Retirement System is a component unit as it is fiscally dependent on and imposes a specific financial burden on the Authority. It is reported in the Authority’s financial statements as a Fiduciary Fund, the Employees’ Pension Trust Fund.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

The Authority was created in order to regionalize the water and wastewater services being provided to the residents and customers within the service area of the utility system and to assist in addressing environmental issues concerning the quality and supply of water for Lake Okeechobee and South Florida. The Authority has broad powers with respect to the operation and maintenance of the utility system.

The Authority services both residential and commercial customers and its service area includes the City and County of Okeechobee and extends into part of the unincorporated section of Glades County.

The Authority began operations on September 28, 1995 and is governed by a Board of Directors comprised of five (5) members and three (3) alternates. The Board of Directors has financial accountability and control over all activities relating to the operations of the Authority.

Basis of Presentation

The Authority is accounted for as a proprietary type enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. Enterprise funds are used in the following situations: 1) the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; 2) laws or regulations require that all costs of providing services, including capital costs, be recovered from fees and charges; or 3) fees and charges are designed to recover the costs of the activity, including capital costs.

Measurement Focus and Basis of Accounting

These financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when earned; expenses are recognized when incurred. The assets, deferred outflows, liabilities, deferred inflows, and net position of the Authority are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the Authority's operations.

The Employees' Pension Trust Funds also uses the accrual basis of accounting and the economic resources measurement focus.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its system, including administrative expenses and depreciation of capital assets. All other revenues and expenses not meeting the definition above are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Budget Process

Pursuant to the interlocal agreement, the Authority is required to adopt a budget and provide a copy to the City of Okeechobee and the Okeechobee County Board of County Commissioners. The Authority adopted its final budget relating to the fiscal year ended September 30, 2020 on September 9, 2019.

Deposits and Investments

Cash and cash equivalents include amounts on deposit in demand accounts, money market accounts, and money market mutual funds. For the purposes of the statement of cash flows, the Authority considers all highly liquid investments and certificates of deposit with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value as required by generally accepted accounting principles. The fair value of an investment is the amount that the Authority could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. The Authority categorizes its investments according to the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on observable and unobservable inputs used in establishing the fair value of a financial asset or liability. Purchases and sales of investments are recorded on the trade date.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consist of both billed and unbilled receivables. Unbilled receivables represent the estimated amount of accounts receivable for services that have not been billed as of the statement of financial position date. The amounts are a result of a timing difference between the Authority's fiscal year end and the date the various utility cycles are subsequently billed.

Inventories

Inventories are recorded at cost using the first-in, first-out method.

Utility Plant

Property, plant, and equipment are stated at cost for items constructed or purchased. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

Depreciation of exhaustible utility fixed assets, including those acquired through intergovernmental grants externally restricted to capital acquisition, is charged as an expense against operations. Depreciation of the various assets is computed over the assets' estimated useful lives using the straight-line method. The estimated useful lives range as follows:

Distribution and collection plants	10-60 years
Buildings	15-25 years
Equipment	3-10 years

Unearned Revenues

Unearned revenues primarily represent water and wastewater capital connection and inspection fees and service payments that are paid in advance by customers. These fees will be recognized as income in subsequent years as the services are performed.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflow of Resources

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. Deferred Outflows of Resources represent the usage of net position applicable to future periods and will not be recognized as an expense until the future period to which it applies. The Authority has two items that qualify for reporting in this category. The first is the deferred amount on bond refunding. The deferred loss on current and advance refunding of bonds is being charged to operations through the year 2030 based on the effective interest method. The second is deferred pension items in connection with its pension plan. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability or (b) amortized in a systematic and rational method as pension expense in future periods.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for Deferred Inflows of Resources. Deferred Inflows of Resources represent the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. The Authority currently reports deferred pension items in connection with its pension plan. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability or (b) amortized in a systematic and rational method as pension expense in future periods.

Compensated Absences

The Authority's policy is to allow each employee eligible for vacation leave to accumulate up to thirty (30) days. Employees are paid unused vacation leave at current hourly rates upon retirement or at termination. Employees of the Authority, with ten (10) years or more of continuous service, receive payment for unused sick leave at a rate of fifty percent (50%) of current hourly rates upon retirement or at termination. This also applies to employees at normal retirement, regardless of length of service.

Accrued liabilities, based on hourly salary rates at September 30, 2020, are reflected in the accounts of the Authority for vested (not contingent on an employee's future services) vacation and sick leave benefits.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is classified in three components:

Net investment in capital assets

This category consists of the Authority's capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or notes that are attributable to the acquisition, construction, or improvements of those assets.

Restricted

This category of the net position consists of constraints placed on the net position by external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted

This category represents all other Authority net position that do not meet the definition of net investment in capital assets, restricted for capital projects, or restricted for debt service as defined earlier.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets, deferred inflows and outflows, and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS

Authority Deposits

As of September 30, 2020, the carrying amount of the Authority's book balance for deposits in "Qualified Public Depositories" was \$8,088,505 and the bank balance was \$7,700,257. The Authority also had \$2,750 in petty cash for a total carrying amount of \$7,703,007.

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Authority's deposits at year end are considered insured for custodial credit risk purposes.

Authority Investments

The Authority categorizes its investments according to the fair value hierarchy established *GASB Statement No. 72, Fair Value Measurement and Application*. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs.

The Authority's investment policy authorizes investments in money market and savings accounts, certificates of deposits, money market funds, bonds, notes, bills or other obligations of the U.S. Government, repurchase agreements, securities issued or guaranteed by certain federal agencies and instrumentalities, Local Government Surplus Trust Fund or any intergovernmental investment fund authorized pursuant to the Florida Interlocal Cooperation Act, commercial paper, securities issued by the Authority, any guaranteed investment contract within the limitations established by Florida Statutes, and any other investment vehicle authorized by Florida law and determined by the investment officer and the Board of Directors to be a prudent investment.

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Authority Investments (Continued)

The Authority had the following investments as of September 30, 2020:

	<u>Maturity (Days)</u>	<u>S&P Rating</u>	<u>Fair Value</u>
US Treasury Notes	15	AA+	\$ 500,000
US Treasury Notes	76	AA+	1,000,000

The U.S. Treasury Notes are categorized as Level 1 of the fair value hierarchy.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Authority's investment policies limit its investments to high quality investments to control credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Cash and cash equivalents and investments were comprised of the following as of September 30, 2020:

Cash on hand	\$ 2,750
Deposits held by public depositories	7,700,257
US Treasury Notes	<u>1,500,000</u>
Total cash and cash equivalents and investments	<u>\$ 9,203,007</u>

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Authority Investments (Continued)

Cash and cash equivalents and investments are presented in the balance sheet as of September 30, 2020, as follows:

Current cash and cash equivalents	\$ 3,344,885
Current investments	1,110,000
Restricted cash and cash equivalents	4,358,122
Restricted investments	<u>390,000</u>
 Total cash and cash equivalents and investments	 <u>\$ 9,203,007</u>

General Employees' Pension Trust Fund

Salem Trust Company periodically holds uninvested cash in its capacity as custodian for the Plan. These funds exist temporarily as cash in the process of collection from the sale of securities and for the payments of benefits and expenses. The pension plan's policy for the allocation of invested assets is established by the Plan's Board of Trustees which pursues an investment strategy that reduces risk through a prudent diversification of the portfolio across a selection of distinct asset classes. The policy discourages the use of cash equivalents, except for liquidity purposes and refrains from shifting asset class allocations over short time spans. Investment management fees are calculated quarterly as a percentage of the fair market value of the Plan's assets managed, where applicable. The plan uses mutual funds as the investment vehicle for fixed income, international equity and additional domestic equity investments for further diversification. These investments are recommended and monitored by the investment monitor.

The plan follows the investment guidelines as established within the ordinance and Florida Statute 112.661. The Pension Trust Fund is authorized to invest in the local government surplus funds trust fund, obligations of the U.S. Government or agencies thereof, banking institution within the state and other such institutions within the guidelines of the state statutes which are insured by the Federal Deposit Insurance Corporation, investment agreements, direct and general long-term obligations of any state with proper credit rating and full faith and credit pledge, municipal obligations with proper credit rating, annuity and life insurance contracts, bonds issued by the State of Israel, foreign stocks or bonds, and stocks, bonds, and commingled funds administered by National or State banks or evidences that the corporation is listed on a nationally recognized exchange and holds proper credit ratings as set forth by a major credit rating service. These equity investments are not to exceed 60% of the assets of the fund on a cost basis or 70% of the market value of plan assets. Foreign investments are not to exceed 25% of the market value of the assets. Temporary investment funds held by the custodian in a money market fund are classified as cash equivalents within the investment account.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

General Employees' Pension Trust Fund (Continued)

The Plan carried no particular security investment that individually represented 5% or more of the Plan's net assets available for benefits as of September 30, 2020.

Investments not evidenced by securities that exist in physical or book-entry form include investments in mutual funds, domestic investment funds or a commingled pooled trust fund.

The Plan's independently managed investments are segregated into a separate account. The investment manager is monitored by the Board of Trustees and an investment performance monitor.

The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB statement No. 53, Accounting and Financial Reporting for Derivative Instruments during the current year.

The Plan invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan are guaranteed by federally sponsored agencies such as the Government National Mortgage Association. These investments are inside of the fixed income open-end mutual fund that the plan holds.

The Plan invests in a variety of investment vehicles. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the statement of fiduciary net position.

For a more detailed and comprehensive list of available investments, the Investment Policy Statement, as approved by the Board of Trustees, should be referenced. The gain or loss on financial instruments is recognized in the changes in net position as part of investment income.

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

General Employees' Pension Trust Fund (Continued)

The following is a list of the Plan's investments by categories of risk as of September 30, 2020:

	2020	
	Historical Cost	Fair Value
Money Market Mutual Funds	\$ 173,684	\$ 173,684
Mutual Funds – Domestic Equity	3,263,501	3,458,015
Mutual Funds – International Equity	770,082	923,851
Mutual Funds - Fixed Income	3,706,647	5,594,002
	<u>\$ 7,913,914</u>	<u>\$ 10,149,552</u>

The money market mutual funds consist of investments with financial institutions in open end, institutional, money market funds complying with Securities and Exchange Commission (SEC) Rule 2a7. Rule 2a7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, and requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount. Money market mutual funds are exempt from the GASB 72 fair value hierarchy disclosures and are recorded as cash and cash equivalents on the Statement of Fiduciary Net Position.

Investment Measurement at Fair Value

The Plan categorizes its investments according to the fair value hierarchy established GASB *Statement No. 72, Fair Value Measurement and Application*. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs.

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Employees’ Pension Trust Fund (Continued)

Investment Measurement at Fair Value (Continued)

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2, and Level 3 investments. A fund’s NAV is simply its assets less its liabilities and is often reported as a per share amount for fair value measurement purposes. Level 1 investment in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV is also used to value Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a “practical expedient”), a Plan can use the NAV per share for investments in a nongovernmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund’s reported NAV as a matter of convenience.

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following fair value measurements as of September 30, 2020:

	Fair Value Measurement			
	Balance	Level 1	Level 2	Level 3
Investments by fair value level				
Mutual Funds – Domestic Equity	\$ 5,594,002	\$ 5,594,002	\$	\$
Mutual Funds – International Equity	923,851	923,851		
Mutual Funds - Fixed Income	3,458,015		3,458,015	
	<u>\$ 9,975,868</u>	<u>\$ 6,517,853</u>	<u>\$ 3,458,015</u>	<u>\$</u>

Mutual funds - The rationale for inclusion in Level 1 or Level 2 points to the unobservable inputs involved in mutual fund pricing. Mutual funds do not trade using bid and ask, as with ETF’s or common stock. Instead, the prices are determined by the net asset value of the underlying investments at the close of business for the next day’s open. The underlying assets themselves may include a variety of Level 1 and Level 2 securities and some may be valued using matrix pricing which interpolates the price of a security based on the price of similar securities.

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Employees' Pension Trust Fund (Continued)

Investment Measurement at Fair Value (Continued)

Credit risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Credit risk does not apply to the Plan's investments at this time.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risks.

At September 30, 2020, the fixed income mutual fund was invested in high quality bonds and other fixed income securities including U.S. Government obligations, mortgage and asset-backed securities, corporate and municipal bonds, collateralized mortgage obligations, short-term instruments, and the other investments A rated by Standard & Poor's, Moody's Investor Services or Fitch. To a lesser extent the fund may also invest in fixed income securities rated Baa or lower.

This fund had an effective duration of 4.8 years of September 30, 2020.

Concentrations of credit risk – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single user. Not more than five (5) percent of the Plan's assets shall be invested in the common stock or capital stock of any one issuing company.

Investing in Foreign Markets – Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

NOTE 3 – INVENTORY

Inventory was comprised of the following at September 30, 2020:

Chemicals	\$ 17,380
Parts and supplies	<u>518,360</u>
Total inventory	<u><u>\$ 535,740</u></u>

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 4 – RESTRICTED ASSETS

Restricted assets consist of the following accounts as of September 30, 2020:

Renewal, replacement & improvement	\$ 521,440
Capital connection water	480,424
Capital connection wastewater and treatment plant	960,353
Fire hydrant	<u>206,519</u>
Total restricted for capital projects	2,168,736
Debt service	103,233
Rate stabilization	1,890,225
Customer deposits	<u>585,928</u>
 Total restricted assets	 <u><u>\$ 4,748,122</u></u>

NOTE 5 – UNRESTRICTED NET POSITION

Unrestricted net position consists of the following as of September 30, 2020:

Designated:	
Capital improvement project	\$ 383,677
Operating reserve	1,899,567
Emergency funding	<u>631,300</u>
Total designated	2,914,544
Undesignated	<u>2,247,592</u>
Total unrestricted net position	<u><u>\$ 5,162,136</u></u>

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 6 – CAPITAL ASSETS

Capital assets are summarized as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Capital assets, not being depreciated</u>				
Land	\$ 2,497,428	\$ 252,195	\$ (6,300)	\$ 2,743,323
Construction in progress	<u>2,451,257</u>	<u>5,003,565</u>	<u>(295,816)</u>	<u>7,159,006</u>
Total capital assets not being depreciated	<u>4,948,685</u>	<u>5,255,760</u>	<u>(302,116)</u>	<u>9,902,329</u>
<u>Capital assets being depreciated</u>				
Buildings	993,404	115,360		1,108,764
Equipment	4,158,844	35,191	(51,433)	4,142,602
Distribution and collection plant	<u>93,826,246</u>	<u>395,849</u>	<u>_____</u>	<u>94,222,095</u>
Total capital assets being depreciated	<u>98,978,494</u>	<u>546,400</u>	<u>(51,433)</u>	<u>99,473,461</u>
<u>Less accumulated depreciation for</u>				
Buildings	(579,022)	(36,652)		(615,674)
Equipment	(3,248,701)	(183,671)	51,433	(3,380,939)
Distribution and collection Plant	<u>(40,167,368)</u>	<u>(2,372,487)</u>	<u>_____</u>	<u>(42,539,855)</u>
Total accumulated depreciation	<u>(43,995,091)</u>	<u>(2,592,810)</u>	<u>51,433</u>	<u>(46,536,468)</u>
Total capital assets being depreciated, net	<u>54,983,403</u>	<u>(2,046,410)</u>	<u>_____</u>	<u>52,936,993</u>
Total capital assets, net	<u>\$59,932,088</u>	<u>\$ 3,209,350</u>	<u>\$ (302,116)</u>	<u>\$62,839,322</u>

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 7 – LONG-TERM LIABILITIES

Loans Payable from Direct Borrowings and Direct Placements

Pledged Revenues

All rates, fees, charges, or other income, received by the Authority excluding (1) Pledged Capital Connection Charges, (2) Unpledged Capital Connection Charges, (3) Special Assessments, (4) capital contributions, and (5) earnings and investment income derived from moneys described in clauses (1) through (3) are pledged for the payment of the Capital Improvement Refunding Revenue Notes, Series 2020 and the Loan Agreement WW615100.

Current Refunding

The Utility System Capital Improvement Refunding Revenue Note, Series 2020A was issued to current refund the Capital Improvement Refunding Revenue Note, Series 2017A. The reacquisition price exceeded the net carrying amount of the old debt by \$213,617. This amount is reported as a deferred outflow of resources in the statement of net position and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The debt service requirements on the new debt are \$35,509 less than the debt service requirements on the retired debt. The economic gain on the current refunding transaction was \$60,157. The Series 2017A bonds were called and paid in full April 1, 2020.

The Utility System Capital Improvement Refunding Revenue Note, Series 2020B was issued to current refund the Capital Improvement Refunding Revenue Note, Series 20170B. The reacquisition price exceeded the net carrying amount of the old debt by \$539,267. This amount is reported as a deferred outflow of resources in the statement of net position and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The debt service requirements on the new debt are \$449,185 less than the debt service requirements on the retired debt. The economic gain on the current refunding transaction was \$420,558. The Series 2017B bonds were called and paid in full April 1, 2020.

Capital Improvement Refunding Revenue Notes, Series 2020

On April 1, 2020, the Authority issued \$16,390,000 Capital Improvement Refunding Revenue Notes, Series 2020 with Truist Bank (the Senior Debt). The notes were issued to provide funds to refund the Capital Improvement Refunding Revenue Note, Series 2017.

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Loans Payable from Direct Borrowings and Direct Placements (Continued)

Capital Improvement Refunding Revenue Notes, Series 2020 (Continued)

The Series 2020 Notes are comprised of \$7,340,000 Series 2020A and \$9,050,000 Series 2020B as follows:

<u>Series</u>	<u>Original Face Amount</u>	<u>Interest Rate</u>	<u>Mandatory Redemption Beginning October 1</u>	<u>Maturity</u>
2020A	\$7,340,000	1.79%	2020	October 1, 2025
2020B	9,050,000	2.05%	2020	October 1, 2030

Principal and interest is to be paid semiannually on each April 1 and October 1, through October 1, 2030. As of September 30, 2020, the balance due on Series 2020A and 2020B is \$6,703,000 and \$8,975,000, respectively.

The Authority is to maintain a Debt Service Account that is funded monthly to fund semi-annual Debt Service Payments, and maintain a Renewal Replacement and Improvement Account of 5% of Gross Revenues of the preceding fiscal year. In the event of default in the payment of interest or principal of any of the bonds or any other event of default and such default shall continue for a period of sixty days, any Holder shall be entitled to the appointment of a receiver to manage the System in an appropriate judicial proceeding.

Loan Agreement WW615100

The Authority was approved for a construction loan of \$10,000,000, with an interest rate of 1.86%, by the Florida Department of Environmental Protection (the Department) under the State Revolving Fund Loan Program (The Junior Debt). The amount outstanding as of September 30, 2020, was \$5,345,842. According to the loan agreement, 40 semi-annual payments of principal and interest commence on September 15, 2009, in the amount of \$341,431. This loan is junior, inferior, and subordinate in all regards in right of payment and security to the Capital Improvement Refunding Revenue Note, Series 2020A and Capital Improvement Refunding Revenue Note, Series 2020B.

The Authority is to 1) establish rates and collect fees to provide Net Revenues of at least 1.15 times the Annual Debt Service Requirement for the Notes, 2) maintain a Debt Service Account that is funded monthly to fund semi-annual Debt Service Payments, and 3) satisfy the debt service coverage requirements of the Senior Debt. Any amount due and not paid when due shall bear interest rate at a default rate equal to 3.86%.

OKEECHOBEE UTILITY AUTHORITY**Notes to Financial Statements****September 30, 2020****NOTE 7 – LONG-TERM LIABILITIES** (Continued)**Loans Payable from Direct Borrowings and Direct Placements** (Continued)

Upon any event of default and subject to the rights of others having prior liens on the Pledged Revenues the Department may (1) apply to a court of competent jurisdiction, cause to appoint a receiver to manage the System, or (2) may accelerating the repayment schedule or increase the interest rate on the unpaid principal of the loan.

Debt service requirements to amortize long term debt at September 30, 2020 are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,028,143	\$ 394,168	\$ 2,422,311
2022	2,073,096	356,854	2,429,950
2023	2,113,253	318,753	2,432,006
2024	2,153,619	279,859	2,433,478
2025	2,212,198	240,170	2,452,368
2025-2030	10,443,533	554,654	10,998,187
	<u>\$ 21,023,842</u>	<u>\$ 2,144,458</u>	<u>\$ 23,168,300</u>

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
Notes payable	\$22,311,233	\$ 16,390,000	\$ (17,677,391)	\$21,023,842	\$ 2,028,143
Compensated absences	272,513	145,804	(162,472)	255,845	76,754
Net pension liability (1)	274,282		(274,282)		
OPEB liability	71,359		(20,694)	50,665	
Total long-term liabilities	<u>\$22,929,387</u>	<u>\$ 16,535,804</u>	<u>\$ (18,134,839)</u>	<u>\$21,330,352</u>	<u>\$ 2,104,897</u>

(1) At September 30, 2020, the Authority had a net pension asset of \$286,195.

Interest Expense

Interest expense for the year ended September 30, 2020 was \$613,093, which consisted of \$131,474 amortization of deferred costs from the issuance of bonds in prior years and interest costs incurred of \$481,619. Total interest paid during the year was \$482,065.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM

General Information

The Employees' Retirement System of the Okeechobee Utility Authority (the System) is a single-employer, defined benefit contributory pension trust established by the Authority in Resolution 2016-03 for the benefit of the Authority employees. The System is under the supervision of a five-member local independent board of trustees, two of whom shall be a legal resident within the Authority's jurisdictional boundaries, who shall be appointed by the Okeechobee Utility Authority Board; two of whom shall be Employee Members employed by the Authority and elected by Member employees; and one of whom shall be the Executive Director of the Authority or his designee. Any changes to the plan requires approval by the Board of the Authority.

The System issues a publicly available financial report that includes financial statements, ten-year historical trend information, and other required supplementary information. That report may be obtained by writing to the attention of Janet McKinley, Okeechobee Utility Authority, 100 SW. 5th Avenue, Okeechobee, FL 34974-4221.

Basis of Accounting

The retirement system is reported on the accrual basis of accounting. Plan members contributions are recognized as revenues in the period that the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms the plan. The plan's fiduciary net position has been determined on the same basis used by the pension plan. Investments are reported at fair value

Plan Description

The pension plan provides retirement, death and disability benefits for its participants. Each person employed by the Authority as a full-time employee becomes a member of the Plan as a condition of their employment except that the Executive Director of the Utility Authority, may opt out of the Plan within 60 days of employment. All employees are eligible to participate on the date of employment following attainment of age 18. Participation is mandatory. Normal retirement is provided for at age 65 and 5 years of service, or at 30 years of service regardless of age. The benefit is calculated at 2.1% of average monthly earnings times years of continuous service with the employer. Benefits are payable by monthly annuity for 10 years certain and life thereafter with other options available. Early retirement is provided for at age 55 and 10 years of participation. Death and disability benefits are also available through the plans. The early retirement reduction factor is 2% per year.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM (Continued)

Plan Description (Continued)

Upon termination of employment, with less than 5 years of service, the plan refunds accumulated employee contributions. After 5 years of service, the pension benefit is accrued to date of termination and payable at normal retirement age if employee contributions are left in the fund.

The Plan contains a deferred retirement option plan (DROP) whereupon the employee could retire from the pension plan but continue employment with the Utility Authority for an additional maximum period of up to five years. The retirement benefit is immediately calculated and the monthly benefit is allocated to the DROP account. An election is made to either earn interest at the rate of 6.5% per annum or credited or debited with an investment return or loss approximating the other assets in the fund. Once a participant elects this option, he is no longer eligible for disability or pre-retirement benefits. The Plan's guidelines for the DROP are designed to adhere to IRS regulations. Additional information about the DROP can be obtained from the ordinance.

The Plan is administered by its Board of Trustees. Any changes to benefit provisions requires approval by the Board of the Authority.

Members of the plan consisted of the following at September 30, 2020:

Retired Plan Members or Beneficiaries	
currently receiving benefits	21
Inactive Plan Members entitled to but	
not yet receiving benefits	4
Drop Participants	-
Active Plan Members	<u>50</u>
Total	<u><u>75</u></u>

Contributions

Contributions are made in accordance with applicable Florida Statutes and meeting the actuarially determined contribution requirements as based on the benefit structure established within the Plan as approved by the plan sponsor. The employer is required to contribute an amount equal to the difference between the normal cost, as calculated for the plan year from the applicable actuarial valuation, less the member contributions for the current year. The Authority is required to fund the plan according to any contribution deficit as determined by actuarial valuation for the plan beyond the contributions by employees and the regular employer contributions by the Okeechobee Utility Authority. After applying the allocable prepaid contribution from the beginning of the year, the employer contribution was sufficient to meet the required annual contribution, prepaid employer contributions.

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM (Continued)

Contributions (Continued)

The Utility Authority was to fund the pension plan at the rate of 14.20% of covered payroll for plan participants based on the 2018 actuarial valuation. Employee contributions are at the rate of 6% of payroll.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation. The funding policy for the Plan is to make an actuarially determined pension contribution in an amount, such that when combined with the participants' contributions, all participants' benefits will be fully provided for by the time they attain retirement age.

Investments Concentrations. The plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020 using the following actuarial assumptions.

Inflation	2.5 %
Salary increases	6.00%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement Age	100% when first eligible for normal retirement or DROP entry
Mortality	RP 2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.

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

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM (Continued)

Best estimates of arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Real Rate of Return*
Domestic Equity	50%	7.5%
International Equity	10%	8.5%
Fixed Income	40%	2.5%
Cash Equivalents	0%	0.0%
Total	100%	

*Net of long-term inflation assumption of 2.5%

Rate of Return.

For the year ended September 30, 2020, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 6.24 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM (Continued)

The components of the net pension liability at September 30, 2020, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2019	\$ 9,280,052	\$ 9,005,770	\$ 274,282
Changes due to:			
Service cost	285,901		285,901
Interest	655,548		655,548
Differences between expected and actual experience	(36,680)		(36,680)
Change of Assumptions			
Employer contributions		317,039	(317,039)
Employee contributions		133,961	(133,961)
Benefit payments and refunds	(328,601)	(328,601)	
Net investment income		1,067,073	(1,067,073)
Administrative expenses		(52,827)	52,827
Total changes	576,168	1,136,645	(560,477)
Balances at September 30, 2020	<u>\$ 9,856,220</u>	<u>\$ 10,142,415</u>	<u>\$ (286,195)</u>

The Plan fiduciary net position was 102.90% of the total pension liability as of September 30, 2020.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following represents the Authority's net pension liability calculated using the discount rate of 7.0%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease 6%	Current Rate 7%	1% Increase 8%
Net pension liability	<u>\$ 1,025,006</u>	<u>\$ (286,195)</u>	<u>\$ (1,375,593)</u>

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM (Continued)

Pension expense and deferred outflows and inflows of resources

For the fiscal year ended September 30, 2020, the Authority recognized pension expense of \$278,649. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 110,397	\$ 301,916
Change of assumptions	95,870	
Net difference between projected and actual earnings on plan investments		269,893
	<u> </u>	<u> </u>
Total	<u>\$ 206,267</u>	<u>\$ 571,809</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

<u>Year ended September 30:</u>	<u>Amount</u>
2020	\$ (82,341)
2021	(56,123)
2022	(45,767)
2023	(125,401)
2024	(50,226)
Thereafter	(5,684)
	<u>\$ (365,542)</u>

Payables to the Pension Plan

At September 30, 2020, the Authority did not have a payable for outstanding contributions to the Pension Plan for the fiscal year ended September 30, 2020.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Effective October 1, 2017, the Authority implemented Governmental Accounting Standards Board Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Retirees of the Authority pay an amount equal to the actual premium for health insurance charged by the carrier. The premium charged includes an implied subsidy, as the amount charged for all participants (active employee or retiree) is the same, regardless of age. Under GASB 75, an implied subsidy is considered other post-employment benefits (OPEB).

The following describes the Authority's OPEB Provisions:

Plan Description

The Authority provides a single employer defined benefit health care plan to all of its employees and the plan is administered by the Authority. The plan has no assets and does not issue a separate financial report.

Benefits Provided

The plan allows its employees and their beneficiaries, to continue to obtain health and dental benefits upon retirement. Normal retirement is provided for at age 65 and 5 years of service, or at 30 years of service regardless of age. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Employees Covered by Benefit Terms

At September 30, 2020, the following employees were covered by benefit terms:

Participants	
Active employees	51
Inactive employees currently receiving benefits	3
Inactive employees entitled to but not receiving benefits	-
Total	<u>54</u>

Contribution Requirements: The Authority does not make direct contributions to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group health rates as active employees. However, the Authority's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total annual age-adjusted costs paid by the Authority, or its active employees, for coverage of the retirees and their dependents net of the retiree's own payments for the year.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

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

Total OPEB Liability

The Authority's total OPEB liability of \$50,665 was measured as of September 30, 2020 and was determined by the actuarial valuation as of that date.

Actuarial Assumptions and Methods

The total OPEB liability was determined using the following actuarial assumptions and other methods:

Valuation Date:	September 30, 2020
Discount Rate:	2.37% per annum
Average Retirement Age	63
Age adjustment factor	2.375431
Health Care Trend Rate:	Medical – 4.60% initially trending to 4.70% in 10 years Pharmacy – 7.60% initially trending to 4.70% in 10 years Dental – 3.50% initially trending to 3.00% in 10 years Vision – 3.00%
Actuarial Cost Method:	Entry Age Normal
Plan Participation Percentage:	13%
Mortality Rates:	RP2000 Mortality Table for Males and Females Projected 18 years

Discount Rate

The Authority does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate is a yield or index rate for 20-year, tax-exempt municipal bonds. As a result, the calculation used a rate of 2.37%.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2019	\$ 71,359
Changes for the Year:	
Service Cost	4,304
Interest Cost	2,436
Changes of Assumptions and Other Inputs	4,176
Differences Between Expected and Actual Experience	(31,610)
Benefit Payments	
Net Change in Total OPEB Liability	(20,694)
Balance at September 30, 2020	\$ 50,665

OKEECHOBEE UTILITY AUTHORITY
Notes to Financial Statements
September 30, 2020

NOTE 9 – OTHERPOST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in Assumptions

The discount rate was 3.22% at 10/1/19 and 2.37% at 9/30/20.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB 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 discount rate:

	1.0% Decrease (1.37%)	Discount Rate (2.37%)	1.0% Increase (3.37%)
Total OPEB Liability	\$ 56,860	\$ 50,665	\$ 45,835

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trends that are 1-percentage-point lower or 1-percentage-point higher (then the current healthcare cost trend rates:

	1.0% Decrease	Healthcare cost Trend Rates	1.0% Increase
Total OPEB Liability	\$ 45,169	\$ 50,665	\$ 57,803

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

For the year ended September 30, 2020, the Authority recognized OPEB credit of \$20,694

NOTE 10 – CONTINGENCIES

The Authority is involved in various litigations and claims arising in the course of operations. It is the opinion of legal counsel that the likelihood of unfavorable outcomes and the amounts of potential losses cannot be reasonably determined at this time. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

In the opinion of management, no present claims exist that would, in the event of an adverse resolution, result in liabilities in excess of the Authority's insurance coverage.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 11 – COMMITMENTS

As of September 30, 2020, the Authority had commitments on outstanding engineering and construction contracts for improvements to the system of approximately \$2,294,544.

NOTE 12 – RISK MANAGEMENT

The Okeechobee Utility Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the 2020 fiscal year, coverage was maintained via membership renewal with Preferred Governmental Insurance Trust (“PGIT”), a public entity risk pool. The Okeechobee Utility Authority pays an annual premium to PGIT for the following coverage: property and inland marine, general liability, automobile, crime, public official’s liability, employment practices liability, and worker’s compensation. The PGIT purchases excess of loss insurance policies. The excess of loss insurance policies attaches at \$100,000 per occurrence except for property insurance which is \$25,000 per occurrence. Since the PGIT purchases excess of loss insurance, the pool has not billed and does not plan to bill members for additional assessments.

As of September 30, 2020, the Authority’s management is of the opinion that the PGIT is able to pay claims incurred to date and that the Authority will not be liable to pay any submitted claims.

The Okeechobee Utility Authority continues to carry commercial insurance for the following risks: pollution liability, health, life, and disability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Florida Statutes limit the Authority’s maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

NOTE 13 – CORONAVIRUS

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Authority could be significantly adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

OKEECHOBEE UTILITY AUTHORITY

Notes to Financial Statements

September 30, 2020

NOTE 14– NEW ACCOUNTING STANDARDS

Below is a brief description and effective date of new accounting standards that could have a significant impact on the Authority's financial statements. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

GASB Statement No. 87, *Leases*. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022.

OKEECHOBEE UTILITY AUTHORITY
Required Supplemental Information
Schedule of Changes in the Total OPEB Liability
Last Ten Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service cost	\$ 2,113	\$ 3,493	\$ 4,304
Interest on total OPEB liability	1,636	3,107	2,436
Effect of economic/demographic gains or losses	26,276	(22,138)	(31,610)
Effect of assumption changes	<u>(11,009)</u>	<u>4,796</u>	<u>4,176</u>
Net change in total OPEB Liability	19,016	(10,742)	(20,694)
Total OPEB liability - beginning	<u>63,085</u>	<u>82,101</u>	<u>71,359</u>
Total OPEB liability - ending	<u><u>\$ 82,101</u></u>	<u><u>\$ 71,359</u></u>	<u><u>\$ 50,665</u></u>
<u>Change of Assumptions</u>			
Discount rate	<u>3.63%</u>	<u>3.22%</u>	<u>2.37%</u>
At 10/1/17 the discount rate was 2.51%			

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

OKEECHOBEE UTILITY AUTHORITY
Required Supplemental Information
Employees' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	2017	2018	2019	2020
Total pension liability:				
Service cost	\$ 285,610	\$ 282,926	\$ 269,093	\$ 285,901
Interest	723,860	595,025	616,927	655,548
Differences between expected and actual experience		181,813	(383,010)	(36,680)
Change of assumptions	109,828			
Benefit payments, including refunds of employee contributions	(206,413)	(319,132)	(300,238)	(328,601)
Net change in total pension liability	912,885	740,632	202,772	576,168
Total pension liability - beginning	7,423,763	8,336,648	9,077,280	9,280,052
Total pension liability - ending (a)	<u>\$ 8,336,648</u>	<u>\$ 9,077,280</u>	<u>\$ 9,280,052</u>	<u>\$ 9,856,220</u>
Plan fiduciary net position				
Contributions - employer	\$ 287,362	\$ 325,097	\$ 336,605	\$ 317,039
Contributions - employees	130,765	129,178	128,067	133,961
Net investment income	831,485	703,480	327,727	1,067,073
Benefit payments, including refunds of employee contributions	(206,413)	(319,132)	(300,238)	(328,601)
Administrative expenses	(52,151)	(72,819)	(59,018)	(52,827)
Net change in plan fiduciary net position	991,048	765,804	433,143	1,136,645
Plan fiduciary net position - beginning	6,815,775	7,806,823	8,572,627	9,005,770
Plan fiduciary net position - ending (b)	<u>\$ 7,806,823</u>	<u>\$ 8,572,627</u>	<u>\$ 9,005,770</u>	<u>\$ 10,142,415</u>
Net pension liability (a) - (b)	<u>\$ 529,825</u>	<u>\$ 504,653</u>	<u>\$ 274,282</u>	<u>\$ (286,195)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>93.64%</u>	<u>94.44%</u>	<u>97.04%</u>	<u>102.90%</u>
Covered payroll	<u>\$ 2,179,417</u>	<u>\$ 2,152,963</u>	<u>\$ 2,134,469</u>	<u>\$ 2,232,670</u>
Net pension liability as a percentage of covered payroll	<u>24.31%</u>	<u>23.44%</u>	<u>12.85%</u>	<u>(12.82)%</u>

NOTE: Prior to October 1, 2016, the Authority participated in the City of Okeechobee and Okeechobee Utility Authority Employees' Retirement System, a cost-sharing multiple-employer defined benefit plan. Effective October 1, 2016, the Authority withdrew from that plan and started the Okeechobee Utility Authority Employees' Retirement System, a single-employer defined benefit plan with the same contribution and benefit provisions as the prior plan.

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available

Change of Assumptions

For the year ending September 30, 2017, the assumed rates of mortality were changed

OKEECHOBEE UTILITY AUTHORITY
Required Supplemental Information

Last Ten Fiscal Years

Schedule of Employer Contributions

<u>Fiscal Year Ended September 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Authority's Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2017	303,157	287,362 *	(15,795) *	2,179,417	13.19%
2018	302,922	325,097	22,175	2,152,963	15.10%
2019	335,965	336,605	640	2,134,469	15.77%
2020	317,039	317,039	-	2,232,670	14.20%

* Excess contributions from previous years totaling \$15,795 were applied to satisfy the full contribution requirement.

Schedule of Annual Money-Weighted Rate of Return, Net of Investment Expense

<u>Fiscal Year Ending September 30</u>	
2017	10.83%
2018	8.11%
2019	3.21%
2020	6.24%

NOTE: Prior to October 1, 2016, the Authority participated in the City of Okeechobee and Okeechobee Utility Authority' Employees' Retirement System, a cost-sharing multiple-employer defined benefit plan. Effective October 1, 2016, the Authority withdrew from that plan and started the Okeechobee Utility Authority Employees' Retirement System, a single-employer defined benefit plan with the same contribution and benefit provisions as the prior plan.

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

OKEECHOBEE UTILITY AUTHORITY
Notes to the Schedule of Contributions

September 30, 2020

The actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Valuation Date October 1, 2018

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Aggregate
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	4-year smoothed market
Inflation	2.50%
Salary Increases	6.00%
Cost of Living Adjustments	None
Investment Rate of Return	7.00%
Retirement age	100% when first eligible for normal retirement or DROP entry
Mortality	RP-2000 Combined Healthy Participant Mortality Table with mortality improvement projected to all future years using Scale BB



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPCA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

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

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Chairman and Members of the
Okeechobee Utility Authority Board
Okeechobee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Okeechobee Utility Authority as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Okeechobee Utility Authority'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 the Okeechobee Utility Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Okeechobee Utility Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
March 22, 2021



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Chairman and Members of the
Okeechobee Utility Authority Board
Okeechobee, Florida

Report on Compliance for Each Major State Project

We have audited the Okeechobee Utility Authority's compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Okeechobee Utility Authority's major State project for the year ended September 30, 2020. The Okeechobee Utility Authority's major State project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Okeechobee Utility Authority's major State project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Okeechobee Utility Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance of the major State project. However, our audit does not provide a legal determination of the Okeechobee Utility Authority's compliance.

Opinion on Each Major State Project

In our opinion, the Okeechobee Utility Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State project for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the Okeechobee Utility Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Okeechobee Utility Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major State project as basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Okeechobee Utility Authority's internal control over compliance.

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

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

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

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
March 22, 2021

OKEECHOBEE UTILITY AUTHORITY
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended September 30, 2020

State Grantor/Program Title	CSFA Number	Contract Number	State Expenditures
<u>Florida Department of Environmental Protection</u>			
<u>Statewide Water Quality Restoration Projects</u>	37.039		
		LP47012	\$ 361,639
		LP47021	56,784
		LPQ0008	586,624
		LPQ0017	108,290
			1,113,337
Total State Financial Assistance			\$ 1,113,337

NOTE 1 - BASIS OF PRESENTATION

The above schedule of expenditures of state financial assistance includes State grant activity of the Okeechobee Utility Authority and is presented in accordance with the requirements of the Florida Single Audit Act. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Because the Schedule presents only a portion of the operations of the Okeechobee Utility Authority it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Okeechobee Utility Authority.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Department of Financial Services' State Projects Compliance Supplement, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Okeechobee Utility Authority did not have any loan programs.

NOTE 3 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Okeechobee Utility Authority for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable State laws and regulations.

OKEECHOBEE UTILITY AUTHORITY
Schedule of Findings and Questioned Costs
September 30, 2020

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified Opinion

Internal control over financial reporting:

- Material weakness identified? No
- Reportable condition identified that is not considered to be a material weakness? No

Noncompliance material to financial statements noted? No

State Financial Assistance

Internal control over major projects:

- Material weakness identified? No
- Reportable condition identified that is not considered to be a material weakness? None reported

Type of auditor’s report issued on compliance for major project: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? No

Identification of Major State Project

<u>CSFA Number</u>	<u>Name of State Project</u>
37.039	Florida Department of Environmental Protection <ul style="list-style-type: none">• Statewide Water Quality Restoration Projects

Dollar threshold used to distinguish between type A and type B programs: \$300,000

OKEECHOBEE UTILITY AUTHORITY
Schedule of Findings and Questioned Costs
September 30, 2020

SECTION II — FINANCIAL STATEMENT FINDINGS

None

SECTION III— STATE PROJECTS FINDINGS AND QUESTIONED COSTS

Major State Project

Florida Department of Environmental Protection
Statewide Water Quality Restoration Projects – CSFA 37.069

None

SECTION IV— SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

WEST PALM BEACH OFFICE
NORTHBRIIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPCA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. DOTTS, CPA

**MANAGEMENT LETTER IN ACCORDANCE WITH
THE RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA**

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Chairman and Members of the
Okeechobee Utility Authority Board
Okeechobee, Florida

Report on the Financial Statements

We have audited the financial statements of the Okeechobee Utility Authority, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 22, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 22, 2021, should be considered in conjunction with this Management Letter.

Prior Audit Findings

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

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. This information is disclosed in Note 1 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 communicate the results of our determination as to whether or not the Okeechobee Utility Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Okeechobee Utility Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the fiscal year ended September 30, 2020.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Okeechobee Utility Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes.

Based on the application of criteria in publications cited in Section 10.553, Rules of the Auditor General, there are no special district component units of the Okeechobee Utility Authority.

Additional Matters

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

Single Audits

The Okeechobee Utility Authority expended less than \$750,000 of federal awards and more than \$750,000 of state financial assistance for the fiscal year ended September 30, 2020, and was required to have a state single audit.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
March 22, 2021



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPCA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. DOTTS, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Chairman and Members of the
Okeechobee Utility Authority Board
Okeechobee, Florida

We have examined the Okeechobee Utility Authority's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management of the Okeechobee Utility Authority is responsible for Okeechobee Utility Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Okeechobee Utility Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Okeechobee Utility Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Okeechobee Utility Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Okeechobee Utility Authority's compliance with the specified requirements.

In our opinion, the Okeechobee Utility Authority complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2020.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, applicable management, and the Okeechobee Utility Authority Board, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
March 22, 2021

Unit Information

Unit Type: Special District

Year: 2020

Unit Name: Okeechobee Utility Authority

Unit Dependency: Independent

Unit Status: Active

Location Information

Name: Mr. George Gall

Title: Finance Director

Phone: (863) 763-9460

Fax:

Address:

100 SW 5th Ave
Okeechobee, FL 34974

Contact Information

Name: Mr. George Gall

Title: Finance Director

Phone: (863) 763-9460

Email: ggall@ouafl.com

Address:

100 SW 5th Ave
Okeechobee, FL 34974

AFR Details

Original AFR

AFR Status: In Progress

AFR Received Date:

Audit Received Date: 4/6/2021

Submission Type:

Long-Term Debt Information

Long-Term Debt: \$18,995,699

Audit Information

Was an audit performed? Yes

Audit Performed Date: 3/22/2021

Auditor Name: Nowlen, Holt & Miner, P.A.

Address:
515 N. Flagler Drive
Suite 1700
West Palm Beach, FL 33410

Certification

Chief Financial Officer

Name: George Gall
Title: Finance Director

Chairman/Elected Official

Name: John Crenshaw
Title: Chairman

Yes No

Have You Experienced a Financial Emergency in this year?

<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	-------------------------------------

If Yes, Have You Complied With Section 218.503(2), Florida Statutes?

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

Revenues Report for FYE 2020

Account Code	General	Special Revenue	Debt Service	Capital Projects	Permanent	Enterprise	Internal Service	Pension	Trust	Component Units	Total
343300 - Service Charge - Water Utility						6,500,587					6,500,587
343500 - Service Charge - Sewer/Wastewater Utility						3,856,063					3,856,063
343600 - Service Charge - Water/Sewer Combination Utility						82,542					82,542
361100 - Interest								240,729			240,729
361300 - Net Increase (Decrease) in Fair Value of Investments								846,594			846,594
368000 - Pension Fund Contributions								451,000			451,000
369900 - Other Miscellaneous Revenues						89,849					89,849
389100 - Proprietary - Interest						157,694					157,694
389200 - Proprietary - Federal Grants and Donations						41,628					41,628
389600 - Proprietary - Capital Contributions from State Government						1,113,337					1,113,337
389800 - Proprietary - Capital Contributions from Private Source						321,712					321,712
Grand Total						12,163,412		1,538,323			13,701,735

Expenditures Report for FYE 2020

Account/Object Code	General	Special Revenue	Debt Service	Capital Projects	Permanent	Enterprise	Internal Service	Pension	Trust	Component Units	Total
513.10 - Financial and Administrative - Personnel Services						1,012,611					1,012,611
513.30 - Financial and Administrative - Operating Expenses						1,057,076		73,077			1,140,153
518.30 - Pension Benefits - Operating Expenses								328,601			328,601
533.10 - Water Utility Services - Personnel Services						531,174					531,174
533.30 - Water Utility Services - Operating Expenses						837,752					837,752
535.10 - Sewer/Wastewater Services - Personnel Services						542,990					542,990
535.30 - Sewer/Wastewater Services - Operating Expenses						464,390					464,390
536.10 - Water/Sewer Services - Personnel Services						1,386,437					1,386,437
536.30 - Water/Sewer Services - Operating Expenses						3,546,665					3,546,665
591.70 - Non-Operating Interest Expense - Debt Service						668,593					668,593
Grand Total						10,057,688		401,678			10,459,366

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 16

APRIL 12, 2021

CAPTIAL CONNECTION CHARGES

The Okeechobee Utility Authority has engaged Raftelis to review capital connection charges (CCC) and accrued guaranteed revenue charges (AGRC) assessed by the OUA for new or expanded service connections. These discussions are necessary as a predecessor to the Raftelis Water and Wastewater Revenue Sufficiency Study.

Raftelis is prepared to discuss with the OUA Board both historic as well as generally accepted industry practices associated with the application of CCC and AGRC to customer connections. Mr. Murray Hamilton of Raftelis will be at the OUA Board meeting and present information on this subject.

Background on OUA Fees

From Resolution 15-01

SECTION 19. EQUIVALENT RESIDENTIAL CONNECTION (ERC)

A. When determining equivalent residential connection (ERC) for water and wastewater service and for purposes of calculating and imposing the Water and/or Wastewater Capital Connection Charge provided for in the Rate Resolution approved by the OUA Board, the ERC factor for any new connection or modification to an existing connection shall be calculated and imposed in the manner provided as follows:

(1) For water and/or wastewater service capacity, one ERC is hereby established and determined to be equal to a flow of two hundred fifty gallons per day, (250 GPD) based upon the average daily flow (ADF

SECTION 20. ESTABLISHMENT OF WATER AND WASTEWATER SCHEDULE OF RATES, FEES AND CHARGES

The OUA Board shall establish and adopt by Resolution a water and wastewater schedule of rates, fees and charges. The OUA Board may modify the water and wastewater Rate Resolution from time to time by like action.

SECTION 22. FREE SERVICE PROHIBITED

No service shall be furnished free of charge to any customer whatsoever, and any customer connected to the OUA water and/or wastewater systems shall pay at the Rates fixed by resolution, without exception.

SECTION 33. CAPITAL CONNECTION CHARGES

The OUA has established a Water Capital Connection Charge for new Customers or additional units added to an existing customer's connection to the OUA's water system. The purpose of the charge is to establish a fund to replace the water capacity utilized by new Customers by expansion and enlargement of the water system and capital improvements.....

.... The OUA has established a Wastewater Capital Connection Charge for new Customers or additional units added to an existing customer's connection to the

OUA's wastewater system. The purpose of the charge is to establish a fund to replace the wastewater capacity utilized by new Customers by expansion and/or enlargement of the wastewater system and capital improvements.....

SECTION 41. FINANCIAL FUND POLICIES

H. Accrued Guaranteed Revenue Charge (AGRC)

In order to ensure that current and future customers reserving capacity are treated equally with respect to the cost of reserving capacity for future use an Accrued Guaranteed Revenue Charge (AGRC) will be assessed to all new water and/or wastewater connections on a per equivalent residential connection (ERC) basis in accordance with the schedule of rates, fees and charges in effect at the time new water and/or wastewater utility services are established.

The current OUA Schedule of Rates, Fees and Charges (Resolution 20-06) provides the following:

Water Capital Connection Charge (per ERC) - \$405.00

Water AGRC (per (ERC) - \$250.00

Wastewater Capital Connection Charge (per ERC) - \$786.00

Wastewater AGRC (per ERC) - \$500.00

Per OUA Board resolution, the CCC values above represent a 75% annual reduction in the actual values previously set for CCC fees.

Each year during budget preparation, an estimate for the number of connections is set for the upcoming year. The revenue derived from these estimated connections is included in the budgetary process. The following table shows the current year (FY21) and the previous year estimations for connection and the fees.

CONNECTION REVENUE

		FY20			FY21				
		Units	Each	Total	Units	Each	Total		
Water Capital Connection Charge		25	\$378	\$9,450	25	\$386	\$9,650		
Wastewater Capital Connection Charge		12	\$734	\$8,808	12	\$750	\$9,000		
Water AGRC		25	\$250	\$6,250	25	\$250	\$6,250		
Wastewater AGRC		12	\$500	\$6,000	12	\$500	\$6,000		
TOTAL				\$30,508	TOTAL				\$30,900

The actual number on connections for FY20 is as follows:

ACTUAL CONNECTION REVENUE

	FY20		
	Units	Each	Total
Water Capital Connection Charge	103		\$38,976
Wastewater Capital Connection Charge	41		\$30,244
Water AGRC	104		\$26,335
Wastewater AGRC	62		\$32,019
TOTAL			\$127,574

These capital connection charges have been collected for each new or expanded connection to the system. Historically these fees were used to offset previous capital improvement expenditures. The following table details the budgeted annual debt service payments for FY20 and what is projected to be paid this year (FY21).

ANNUAL DEBT SERVICE PAYMENTS

	FY20		FY21
BB&T 2017A	\$1,319,320.00	Truist 2020A	\$1,406,228.85
BB&T 2017B	\$414,983.00	Truist 2020B	\$333,218.75
SRF #1	\$682,863.00	SRF #1	\$682,862.00
TOTAL	\$2,417,166.00	TOTAL	\$2,422,309.60

From the previous tables, the connections fees budgeted are a little over 1% of the annual debt service payments. However, while the capital connection charges do represent a small portion of the debt service, it does reflect that new or expanded connections pay slightly more for the first year towards capital expenditures than the existing customer base.

OUA staff contacted representatives of Truist Bank and State Revolving Fund (SRF). OUA staff inquired regarding the loan documents requiring capital connection charges (CCC) being pledged as a revenue source in the repayment of the loans. Both Truist and SRF indicated that they will allow for the loan documents to be altered to remove any references as to requiring CCC as a

revenue source for repayment. There may be a cost to prepare these new documents and to utilize the services of a bond counsel to review the documents.

OUA staff has been contacted concerning the CCC & AGRC fees. Two different alternative positions were offered for consideration.

- A) Completely do away with the collection of AGRC and possibly CCC. The AGRC is unnecessary and only serves as a purpose to hinder connections due to excessive fees. The concept of collecting CCC is reasonable in that it makes new/expanded service pay for expanded facilities that existing rate payers do not need. However, make this fee a reasonable small fee, not a financial burden to new customer.
- B) Eliminate CCC & AGRC as separate fees and put all fees in to one fee for a connection. The idea that a new connection must pay for the meter install, the backflow preventor, CCC, AGRC & others tends to frustrate new customers. Have one fee by meter size based upon the minimum number of ERC's per meter size.

Mr. Hamilton will be able to address OUA policy as well as regulatory issues regarding concurrency/Community Planning Act. His presentation is attached for your review.

Guidance given and decisions made at the OUA Board meeting will be used in the Water and Wastewater Revenue Sufficiency Study.

Okeechobee Utility Authority

Planning for System Costs to Meet the Demands of Future Growth

Presented on April 12, 2021



Discussion Topics

1. Why do we have Capital Connection Charges?
2. How were the fees originally established and what costs do they recover?
3. How much of OUA's investment in facilities was allocated and reserved for the benefit of future growth?
4. How much Capital Connection Charge Revenue did OUA collect since the fees were implemented? How much of the original investment has not been collected?
5. What did OUA do with the Sources of Capital Connection Charge Funds?

Concurrency Planning

- Community Planning Act (F.S. 163.3161) provides for comprehensive planning by local government units to guide and manage future development in order to preserve, promote, protect, and improve public health, safety and comfort
- Consistent with safeguarding public health and safety, sanitary sewer, adequate water supplies, and potable water facilities shall be in place and available concurrent with new development (F.S. 163.3180(1)b)
- Since the utility business is capital intensive and requires investment in such facilities in advance of the growth in demand, utilities have (universally) implemented capacity fees, such as Capital Connection Charges, to recover the capital costs of system capacity (FPSC Rule Chapter 25-30.515 and F.S.163.31807)

Financing Costs In Advance of New Growth

- Okeechobee County and the City of Okeechobee have adopted Comprehensive Plans that require coordination with OUA to ensure that the concurrency requirements are met before approving new development
- In addition to existing facilities that have expansion-related capacity to serve new growth
 - › OUA most recently financed the expansion of the water system through the Series 2002 Bonds (now the BB&T 2020B Loan) and issued a series of State Revolving Fund (SRF) Loans to finance the expansion of the wastewater system
- OUA currently imposes Capital Connection Charges that reflect the new user's contribution to system costs to provide utility service
 - › System costs include capital infrastructure costs associated with supply, treatment and transmission facilities
 - › System costs exclude local and on-site water distribution / wastewater collection system costs, meter services and minor equipment that are generally contributed or funded separately
 - › Additional credits were applied to the existing fees to account for historical grant revenues

Capacity Cost Determination

Summary of Capital Costs Included in Existing Capital Connection Charges (Millions) ^[*]			
<u>Description</u>	<u>Water System</u>	<u>Wastewater System</u>	<u>Total System</u>
Total Existing & Future Investments	\$51.1	\$72.7	\$123.8
Total Adjustments & Credits	<u>(\$30.2)</u>	<u>(\$37.9)</u>	<u>(\$68.1)</u>
Total System Costs	\$20.9	\$34.8	\$55.7
Percent Allocable to Future Capacity Needs	66%	73%	71%
Amount Allocable to Future Capacity Needs	\$13.8	\$25.5	\$39.3

[*] Amounts published September 22, 2009 that resulted in the adoption of the existing fees before any applied discounts by the Board.

Capacity Cost Recoupment

Summary of Capital Cost Recovery from Capital Connection Charges (Millions)			
<u>Description</u>	<u>Water System</u>	<u>Wastewater System</u>	<u>Total System</u>
Amount of System Costs Allocable to Future Capacity Needs ^[1]	\$13.8	\$25.5	\$39.3
Amount of Capital Connection Charges Collected (FY09-20) ^[2]	<u>(\$1.4)</u>	<u>(\$4.9)</u>	<u>(\$6.3)</u>
Amount of System Costs Remaining to be Recovered from New Growth ^[3]	\$12.4	\$20.6	\$33.0
Percent of Total Investments	90%	81%	84%

[1] Amounts published September 22, 2009 that resulted in the adoption of the existing fees before any applied discounts by the Board.

[2] Actual Capital Connection Charge revenues collected from Fiscal Year 2009 through 2020.

[3] An updated Capital Connection Charge study should be conducted to verify the existing and future system costs allocable to new growth.

Sources and Uses of Capital Connection Charges

Summary of Sources and Uses (Millions) [*]			
<u>Description</u>	<u>Water System</u>	<u>Wastewater System</u>	<u>Total System</u>
Beginning Fund Balance (As of 10/01/2008)	\$1.0	\$4.4	\$5.4
Capital Connection Charges and Investment Income (FY09-20)	<u>1.4</u>	<u>5.2</u>	<u>6.6</u>
Total Sources of Funds	\$2.4	\$9.6	\$12.0
Amount Used to Fund Capital Projects	\$1.9	\$2.3	\$4.2
Amount Used to Reduce Expansion-related Debt	<u>0</u>	<u>6.4</u>	<u>6.4</u>
Total Uses of Funds	\$1.9	\$8.7	\$10.6
Ending Fund Balance (As of 09/30/2020)	\$0.5	\$0.9	\$1.4

[*] Amounts provided by OUA staff.

Use of Wastewater Connection Fees / Benefit to Existing and Future Customers

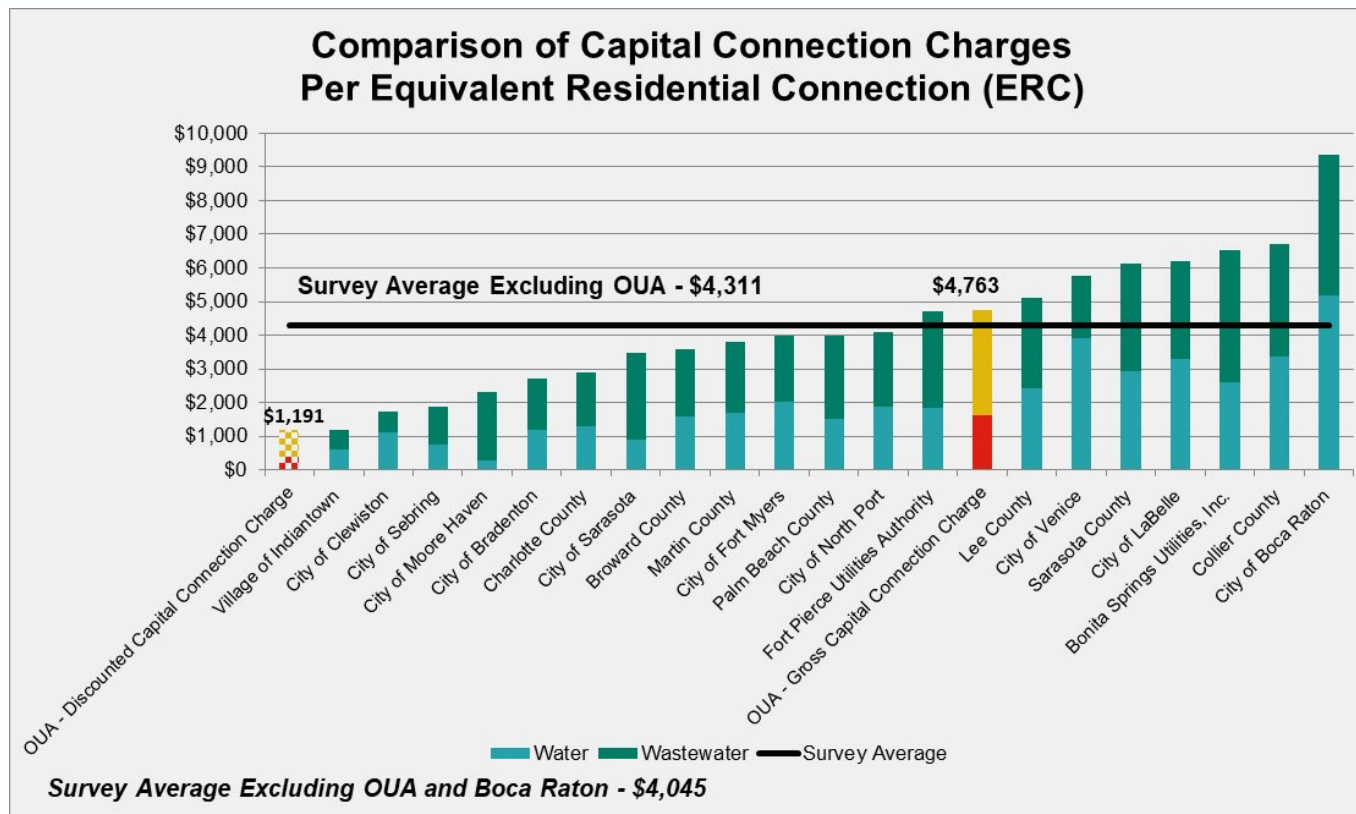
Use of Wastewater Capital Connection Charges to Reduce Debt ^[*]	
<u>Description</u>	<u>Total System</u>
Use of Wastewater Capital Connection Charges to Reduce Debt (FY14)	\$6,422,932
Other Sources Resulting from the Use of Capital Connection Charges (FY19)	<u>\$2,957,402</u>
Total Principal Reduction on Expansion-related Debt	\$9,380,334
Total Reduction in Annual Debt Service Per Year	\$822,000
Existing Wastewater Equivalent Residential Connections (ERC)	<u>6,636</u>
Estimated Average <u>Monthly</u> Savings per ERC	\$10.32
Existing Residential Water and Wastewater Bill (6,000 Monthly Gallons)	\$120.53
Total Savings / Avoided Rate Increase (Percent of Existing Bill)	9%

[*] Amounts provided by OUA staff.

Comparison of Capital Connection Charges

- Reasons why fees differ among utilities
 - › Source of Supply
 - › Proximity to Source of Supply
 - › Type of Treatment
 - › Availability of Grant Funding
 - › Utility Life Cycle (Growth-oriented vs. Mature)
 - › Level of Service per ERC
 - › Age of System
 - › Density/ Size of System

Summary of Existing Capital Connection Charges



Conclusion

- To the extent new development, expansion of demand and redevelopment impose new demands on system capacity, modern capital funding practices support the use of capacity fees, such as Capital Connection Charges, to help ensure that growth pays its own way
- As demonstrated herein, OUA's collection and use of Capital Connection Charges has reduced the burden on existing (and future) rate payers associated with financing costs of unused and excess capacity solely reserved for new development
- The level of OUA's Capital Connection Charges were last formally reviewed in Fiscal Year 2009
 - › Raftelis is currently under contract to re-evaluate and update the existing Capital Connection Charges
 - › The primary purpose of this presentation is to gather feedback from the Board to identify any Capital Connection Charge policy changes, if any, that may impact OUA's ability to meet the projected funding requirements over the next five years

Q&A



Thank you!

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 17

APRIL 12, 2021

SWTP 3MG STORAGE TANK

All of the contracted work for this project has been completed by the contractor, R J Sullivan Corporation.

There are two documents provided by Eckler Engineering that require approval from the OUA Board.

Contract Modification No. 2 is a reconciliation document removing project money from the Contract. There is \$18,494.10 remaining in the contract for work not performed. Built in to the bid were work items that are allowances for work which could not be quantified prior to doing the work. As an example: removal of unsuitable material or placement of structural fill or other such work items. The monies referenced above reflect total remaining balances.

The other referenced cost reflects the contractor payment for additional engineering services due to the contract extension. This payment will be adjusted from the retention monies due to the contractor.

OUA staff recommends approval Contract Modification No. 2.

The second item is the final Payment Application No. 23 for the project. The engineer has recommended approval of payment.

OUA staff recommends approval of Payment Application No. 23 in the amount of \$228,123.64 to R J Sullivan Corporation.

April 6, 2021
235-004.03

Mr. John Hayford, P.E.
Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, FL 34974-4221

Dear Mr. Hayford:

Reference: Contract Modification No. 02
Water Treatment Plant Improvements
OUA PO No. 09954

Enclosed is a partially executed copy of Contract Modification Number 02. This Contract Modification provides a contract cost adjustment to reconcile the project for closeout. Contract Modification Number 02 addresses the outstanding work allowance balance and reimburses OUA for the additional engineering fees assessed for the construction project.

Please review the attached documents and if everything meets with your approval, have the appropriate Okeechobee Utility Authority personnel sign where indicated by Owner on the Contract Modification No. 02 form. Once these documents have been approved and signed, please return a signed copy to our office. We will forward the final executed copy to R. J. Sullivan Corporation for their files.

If you have any questions or require additional information pertaining to this item or the project in general, please do not hesitate to contact me.

Sincerely,

Bryant Facey, P.E.

Encl.

Y:\Documents\Okeechobee\235-004.03 WTP Improvements - SDC\Change Orders\CO 002 (Final Reconciliation)\CO 002 Cover letter.docx

CONTRACT MODIFICATION (CHANGE ORDER)

DATE: March 31, 2021

PROJECT NO: 235-004.03

CONTRACT MODIFICATION NO: 02
OWNER: Okeechobee Utility Authority (PO #0000009954)
PROJECT: Water Treatment Plant Improvements
CONTRACTOR: R. J. Sullivan Corp. (RJS)

The following modifications to the Contract are hereby ordered:

This contract modification has been prepared to reconcile the outstanding balance of the Miscellaneous Work Allowance and make final contract reconciliations to finalize and close out the project.

Outstanding Balance for Miscellaneous Work Allowance \$ - 18,494.10
Engineering Cost for project extension/closeout \$ - 58,800.00

TOTAL AMOUNT THIS CONTRACT MODIFICATION = \$ - 77,294.10

<u>CONTRACT AMOUNT</u>		<u>CONTRACT TIME (CALENDAR DAYS)</u>	
Original	\$5,095,000.00	Original	500 Days
Previous Change Orders (+)	\$0.00	Previous Change Orders (+)	193 Days
This Change Order (-/+)	\$- 77,294.10	This Change Order (+)	0 Days
Revised Contract Amount	\$5,017,705.90	Revised Contract Amount	693 Days

Revised Contract Final Completion Date: February 15, 2021

OWNER

OUA
Address: 100 SW 5th Avenue
Okeechobee, FL 34974-4221

By: _____

Date: _____

CONTRACTOR

RJ Sullivan
Address: 2001 NW 22nd Street
Pompano Beach, FL 33069

By: Mahel R. Batista

Date: 4/5/2021

ENGINEER

Eckler Engineering
Address: 4700 Riverside Drive, #110
Coral Springs, FL 33067

By: Dafu Han

Date: 4-5-2021

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 18

APRIL 12, 2021

SWTP WINDOW REPLACEMENT

The windows in the 2-story Administration Building at the Surface Water Treatment Plant leak during rain events. Staff have tried to caulk and seal around the windows, but they still leak. The leaking upstairs windows allow water to flood the downstairs area beneath the windows.

OUA staff have requested quote from various local contractors or contractors known to work in this area. The best response is attached for your review.

OUA staff recommends approval of the Awnit proposal for \$15,910.00.

**Awnit**

Awnit
820 S Parrott Ave
Okeechobee, FL 34974
863-634-3100

WINDOW REPLACEMENTS

#0011413

To:
Kevin Rogers
371 FL-78, Okeechobee, FL, USA

Amount
\$15,910.00 USD

Expiration Date: 05/07/2021

Service or Product	Quantity	Price/Rate	Total
11 Openings - 15 Window Replacements 1st and 2nd floor windows replaced and permitted on OUA Commercial Building - Additional line items are included details as per complete project	1.0	\$15,910.00 USD	\$15,910.00 USD
Okeechobee County Permit Storm breaker Series windows by Simonton are large and small missile impact rated storm windows engineered and approve for use in Zone 3. Engineering and workmanship to be inspected by Okeechobee County.	1.0	\$0.00 USD	\$0.00 USD
Stormbreaker Plus Series by Simonton - Window Details Vinyl, Double hung, Low E, insulated double pane with Argon, Coil Balance, 100 Yr Warranty. https://www.simonton.com/products-specs/stormbreaker-plus/	1.0	\$0.00 USD	\$0.00 USD
SUBTOTAL			\$15,910.00 USD
GRAND TOTAL			\$15,910.00 USD

Notes:**Included:**

Window blind removal and re installation (as needed, No Guarantee)
Minor stucco patch
Caulking, sealant guarantee
Minor furniture moving
Site cleanup, minimal site footprint
Security system removal (if necessary)

Not included:

Paint, structural concrete, Major stucco, electrical, security system re installation, and heavy furniture moving.

Terms & Conditions:

Estimate covers listed services/products only and is based on the information provided to us at the time – changes or additions may increase costs. Estimate valid only until expiration date specified, unless otherwise provided.

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 19

APRIL 12, 2021

OUA WATER MAIN INSTALLATION

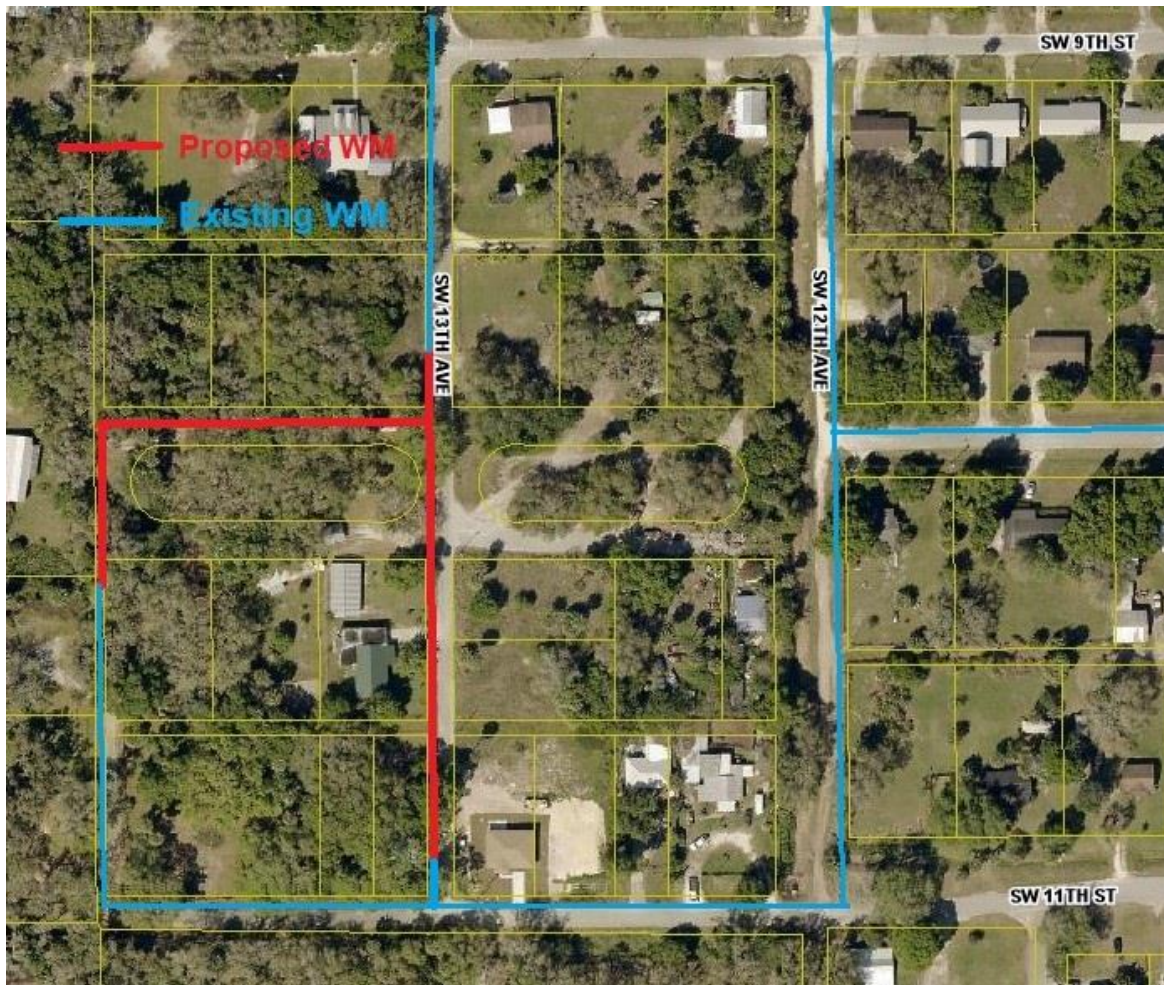
OUA staff, in response to potential customer request, has been asked if water service could be provided to several lots. In review of the system maps, staff also looked at what could be best for the OUA if a water main was extended.

Brindaban



The existing water main serving the area is shown in blue with the proposed water main shown in red. If this water main installation were approved, a fully looped water system would serve the Brindaban area. Staff estimated the cost to be \$ 40,000.

SW 13th Avenue



The existing water main serving the area is shown in blue with the proposed water main shown in red. If this water main installation were approved, three dead ends would be tied together as well as providing for additional service connections. Staff estimated the cost approximately \$28,000.

The FY21 budget has a general water main installation line item at \$150,000.

OUA staff recommends approval of these two projects (Brindaban and SW 13th Avenue).

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 20

APRIL 12, 2021

FEDERAL LOBBYING

Please find attached a proposal from Thorn Run Partners. Mr. Jim Davenport represented the interests of the Okeechobee Utility Authority previously.

With Washington, D.C. issuing funding requests from Congressional members, it may be time to enlist the help of both State and Federal help to fund/support septic to sewer projects. Currently, the OUA has the full support of CAS Governmental Services for the State and Local elements. Thorn Run would act on the behalf of the OUA at the federal level.

The attached proposal is based upon a monthly fee of \$3,500 with a 30 day notice of cancellation.

What is the direction of the OUA Board.

THORN RUN PARTNERS



PROPOSAL TO PROVIDE FEDERAL LOBBYING SERVICES FOR:

Okeechobee Utility Authority, Florida

*Jim Davenport , Partner
100 M Street SE, Suite 750
Washington, DC 20003
(703) 597-2009
jdavenport@thornrun.com*





March 19, 2021

John Hayford, Executive Director
Okeechobee Utility Authority
100 SW 5th Avenue
Okeechobee, Florida 34974

Dear John,

Thank you for providing me with the opportunity to represent the Okeechobee Utility Authority again. Given that the House of Representatives is returning to the process of allowing members of Congress to seek funding in the annual appropriations process for specific Community Project Funding for projects in their congressional districts, the time is right to engage with Congress for your Federal funding needs.

As you recall, Thorn Run Partners, provides the personal service of a boutique firm yet offer the depth and reach of a top-20 lobbying shop with a first-class local government practice. Since our founding in 2010, TRP has consistently ranked among Washington's fastest-growing lobbying firms according to analysis from *Politico*, *The Hill*, *Bloomberg Government*, and others, showing consistent growth each year since the firm was founded. Within just the last few months, the firm was ranked among the Top 20 Lobbying Firms by *Politico* and among the "top lobbyists" by *The Hill*.

Greg Burns and I lead the Local Government Practice at TRP and represent nearly 30 local government clients on a wide range of issues. Our clients range from small, rural communities to larger, more urban communities in states across the country. Apart from Greg and I, our OUA team will be assisted by Guneev Sharma.

Due to our representation of local governments in Florida, we are intimately familiar with the scope of work as well as the Federal programs and legislation that are beneficial to OUA. We would very much enjoy the opportunity to represent OUA in Washington and appreciate your consideration of our proposal.

Sincerely,

Jim Davenport, Partner

Firm Profile

Thorn Run Partners, LLC, offers a first-in-class, bipartisan government relations and strategic communications practice with extensive experience representing clients on Capitol Hill and before the Executive Branch. TRP is a recognized leader among the next generation of government affairs firms. By incorporating traditional lobbying, deep policy expertise, and innovative communications capabilities in one client-friendly platform, TRP approaches every challenge with a truly comprehensive arsenal of skills, strategies, and tactics. And at the end of the day, it is geared towards one, measurable outcome – our clients' success.

Unique for its bipartisan composition and client-friendly size, our firm was founded by Andrew Rosenberg, a former aide to Democratic Senator Edward M. Kennedy (MA), and Chris Lamond, a former aide to Republican Senator Fred Thompson (TN). Our partners have largely come from bigger, older firms and have joined together to

"I absolutely can recommend Thorn Run. They do a great job keeping us informed, are thoughtful in how they focus us on potential funding sources and policies and are realistic about our potential chances. They are well respected, set up great meetings for us in Washington, D.C., and when they come to the community, they present well to the Council and community groups. In short, you can't go wrong bringing them on board."
– Jim Lewis, City Manager, City of Pismo Beach, Calif.

create and develop something fresh. Our personnel include 34 partners, vice presidents, legislative staff, and policy analysts with backgrounds working for top tier Senators and Representatives on Capitol Hill and at various Federal agencies.

With its partners having spent decades at some of Washington's most prestigious large-scale government and public relations firms, TRP incorporates the professionalism of those larger firms with the strategic, tactical, and cost-effective approaches of an elite, boutique-sized agency. Our more than 160 clients include local governments, stakeholder coalitions, large and mid-sized corporations, major investment funds, and respected nonprofits. We operate in multiple sectors including Defense, Education, Energy, Financial Services, Healthcare, Local Governments, Technology, Telecommunications, Transportation, and Water Resources, among others.

We believe that firms emphasizing either political heft or substantive policy depth present a false choice. In today's environment, stakeholders require a breadth of relationships and political acumen, as well as unqualified policy expertise on the issues of importance to them, and Thorn Run provides both. We add to that mix TRP *Engage*, a tech-savvy and forward-thinking communications practice that serves our clients' external and internal messaging needs with efficiency and effectiveness.

CQ Magazine recognized our ability by profiling two TRP partners in their cover story on how lobbying has adapted after the 2016 election. We place an extraordinarily high premium on setting clear objectives, defining the metrics by which to measure success, and achieving specific goals. While some firms may have difficulty pointing to measurable victories in today's challenging political environment, TRP, and your team can proudly lay claim to delivering game-changing wins for our clients.

Local Government Practice Group

TRP's Local Government Practice Group is comprised of partners and policy staff with a proven track record of representing local governments in Washington, DC. Jim Davenport and Greg Burns lead the Local Government Practice Group and are supported by TRP partners and policy personnel who also have strong ties to Capitol Hill and the Biden administration, and execute effective advocacy campaigns.

Jim will serve as the client team leader for the OUA. Greg Burns and Guneev Sharma will support the team with key Capitol Hill and Administration outreach. Jim and Greg have a reputation for subject matter expertise across a broad spectrum of Federal issues important to local governments. Their biographies are below. All TRP partners and support staff are available as needed to assist the Local Government team's work. For a full list of our team and their bios, please visit our website at www.thornrun.com/team.

JIM DAVENPORT, PARTNER



Jim Davenport provides top tier consulting services to public entities on a broad spectrum of issues. Jim represents a range of government clients, including cities, counties, airports, independent taxing districts, and education entities.

Jim's wide variety of public entity clients gives him exposure to the entire scale of Federal agencies and programs, and he has developed an expertise on an array of

Federal issues, including transportation, water infrastructure, navigation, energy and environment, public safety, and elementary, secondary and higher education. Jim operates strategically and with efficiency, offering his clients meaningful subject-matter knowledge coupled with a determined approach to achieving their objectives.

Jim continues to represent many of the first clients that ever retained him, representing several for more than 15 years. He is an experienced tactician in navigating the Federal budget, congressional appropriations process, and competitive Federal grant opportunities to obtain Federal resources on behalf of clients. He also consults and advises clients on legislation, agency rulemakings, and Administration policy to position his clients to take advantage of new opportunities and to protect and prepare themselves from regulatory impacts.

Prior to joining Thorn Run Partners, Jim spent over 18 years as both a partner and managing partner at Alcalde & Fay, representing government entities from states across the country, including Florida, California, Virginia, and Kansas. He has represented corporate clients in the areas of environmental remediation, homeland security and public safety, engineering, and energy. Before joining Alcalde & Fay, Jim served as Legislative Assistant in the office of the late Congressman Gerald B. Solomon of New York.

Mr. Davenport received his Bachelor of Arts in Government at St. Lawrence University, and obtained his law degree from The Catholic University of America, Columbus School of Law. Mr. Davenport lives in Arlington with his wife, Shari, and his children Nathan and Zachary.

GREG BURNS, PARTNER



Greg Burns provides expert advice and strategic counsel to local and regional governments on a wide variety of issues and will be the manager on behalf of Coconut Creek. Greg represents clients ranging from large, urban regions to small, rural communities from across the United States.

Prior to joining Thorn Run Partners, Greg spent a decade as a Vice President at Van Scoyoc Associates, representing government entities from states as diverse as California,

Florida, Oregon, and Texas.

Greg takes a personal approach to client service, tailoring his efforts to each client's unique needs. He believes it is vital to forge a relationship with clients and spend time getting to know the communities he represents to most effectively advocate their priorities. This dedication to client service has led clients to refer to him as their "secret weapon in D.C." Greg has several clients whom he has represented for his 20-year lobbying career, emphasizing his dedication to client service.

During his career, Greg has helped clients secure more than \$1 billion for their needs as well as deliver policy wins that in some cases, dwarf the value of a funded project. Greg successfully helps secure Federal funding for projects, navigate complicated policy issues, and address regulatory or legislative challenges with Congress and Federal agencies. He believes that proactive and consistent engagement is essential for driving success.

Before joining Van Scoyoc Associates, Mr. Burns was a lobbyist with another Washington firm for nearly 6 years, helping that firm grow substantially. Mr. Burns also served on the legislative staff of former Rep. Darlene Hooley of Oregon, where he was responsible for a broad array of issues, and at the U.S. Public Interest Research Group in Washington, D.C.

Mr. Burns graduated from the University of Virginia with a Bachelor of Arts in Government and English. He lives in Washington, D.C. with his family.

GUNEEV SHARMA, LEGISLATIVE ASSOCIATE

Guneev Sharma joined Thorn Run Partners in 2019, bringing an array of legislative experience from the private and public sector and extensive knowledge of rural issues. At Thorn Run, he serves the vital role of supporting the firm's local government team.

Prior to joining Thorn Run, Guneev served as a Legislative Correspondent for former Senator Heidi Heitkamp (D-ND), where he assisted the Senator on several issues, including transportation, Native American affairs, education, and postal issues. On Capitol Hill, he handled casework for constituents, helped to secure various grants for communities in North Dakota, and assisted senior legislative staff with multiple projects for inclusion in the fiscal year 2019 budget.

Before joining the U.S. Senate, Guneev supported the Tyson Foods government relations team where he was essential in updating the company on the events and conversations occurring on and off Capitol Hill. He has also served in a variety of roles for a variety of Federal and local campaigns in his home state of Arkansas.

A native of Hot Springs, Arkansas, Guneev graduated from Hendrix College with a B.A. in Politics.

Local Government Advocacy Work and Client Successes

TRP's Local Government Practice Group provides Federal advocacy and comprehensive lobbying services to local governments, special districts, public utilities, seaports, airports and transportation authorities from across the country, including everything from small rural communities to large urban areas. We provide expert guidance on policy and regulatory issues, as well as navigate and influence the Federal appropriations and grant processes to position our clients to achieve success. These days, results require sustained engagement through the legislative, regulatory, and agency processes.

"There were some very difficult questions asked in those meetings [when I was in Washington]. What I was thoroughly impressed with is the fact that Thorn Run Partners did not shy away from it; they got into it. They fought for those dollars right there, in the office. That is what I am talking about as far as confidence. To have seen that, we had someone up there who was fighting for us. That's what I know we have with TRP because I've seen it firsthand." – Tax Collector Chris Craft, St. Lucie County, Fla.

Beyond Jim and Greg, TRP includes a bipartisan team of 32 additional professionals with substantial experience in lobbying the Federal government. Our partners have impressive backgrounds working for top-tier Representatives and Senators from both parties, Congressional committees, and Federal agencies. Moreover, our policy professionals focus

on covering congressional hearings, issue tracking, legislative monitoring, research, social media, and client team support. Our team condenses substantive information into relevant and concise daily content. This is in addition to our direct, tailored communication to our clients.

A listing of the firm's current local government clients is included below.

- **Broward County, Florida**
- **Central Florida Expressway**
- **Charlotte County, Florida**
- City of Gresham, Oregon
- City of Manteca, California
- City of Pismo Beach, California
- City of Roseville, California
- City of Santa Maria, California
- City of Visalia, California
- City of Wichita, Kansas
- Del Norte County, California
- **Florida Inland Navigation District**
- Galveston Island Park Board of Trustees, Texas
- Los Angeles County Office of Education, California
- **Marion County, Florida**
- **Martin County, Florida**
- **Melbourne Airport Authority, Florida**
- **Monroe County, Florida**
- **Palm Beach County, Florida**
- San Bernardino City Unified School District, California
- **St. Lucie County, Florida**
- Sedgwick County, Kansas
- Unified Government of Wyandotte County & Kansas City, Kansas
- **Village of Islamorada, Florida**
- **Village of Key Biscayne, Florida**
- **West Coast Inland Navigation District, Florida**

Scope of Services

Developing a Federal Agenda

On behalf of OUA, we will commence our work by reviewing your current capital improvement projects and then develop Federal objectives based on your needs. By creating a document from which we can work from, we will be prepared to take advantage of any opportunity or quickly work to mitigate any emerging areas of concern. This document provides transparency to OUA regarding our efforts in Washington, DC. It also serves as a benchmark to everyone involved regarding progress toward achieving a client's goals.

Federal Appropriations: Community Project Funding

The TRP Local Government team have decades of experience securing federal funding for our clients in both the earmark and non-earmark eras, totaling awards of more than \$2 billion. We pride ourselves on being proactive in the early stages of Congress's annual appropriations process to fund critical programs of importance to local governments. Thus, while we will collaborate with the OUA and your congressional delegation to submit community project funding, programmatic, and language requests to the House Appropriations Committee, we also advocate for these projects and programs directly with our contacts on the Appropriations Committees and Subcommittees. Likewise, in addition to members of Congress, we work with Federal agencies to protect and enhance funding programs of importance to our clients. We arrange meetings between our clients and senior Federal officials overseeing a program to request that programs are included, retained, or modified as part of the President's Budget, or to advocate on behalf of our clients as the Administration considers how to direct funding appropriated by Congress.

Water and Wastewater

TRP tackles water resource issues at the Federal level, including drinking water and wastewater improvements, through a multi-pronged approach that includes regulatory intervention, to appropriations for environmental infrastructure projects, to policy reform. Among the many issues we have worked on include reclaimed water, nutrient issues, watershed protection, wetland conservation, coastal restoration, dredging for navigation, onshore and offshore energy exploration, air pollution, pesticides, "Brownfields," the Clean Water Act, Section 404 permitting, and innovative environmental research and development. Likewise, we work very closely with the Environmental Protection Agency (EPA), as well as the House and Senate Appropriations Committees, to maintain robust funding for the State Revolving Fund, which provides loan/grant funding to communities.

We have been closely involved in issues relating to the development of total maximum daily loads for various nutrients, including phosphorus in a variety of impaired watersheds. We work with our impacted clients, the EPA, and Congress to ensure that any rules that are adopted are fair and based on science, as they can have significant costs to local governments, utilities, and others. The House of Representatives has been very engaged on some of these issues, and we have worked successfully with our clients' Representatives to pass legislation to amend the Federal Water Pollution Act to grant states the authority to mandate their own water quality standards (including nutrient criteria) rather than the EPA enforcing a Federal standard.

Recent funding successes on behalf of our clients include:

- Secured a \$278 million WIFIA loan from the Environmental Protection Agency for the City of Wichita, Kansas
- \$1 million for an aquifer storage and recovery project, Wichita, Kansas
- Assisted in securing a \$37 million WIFIA loan for the City of Roseville, CA for improvements to the City's drinking water infrastructure
- \$72 million for the Florida Keys Water Quality Improvement Program, which is the most successful environmental infrastructure program funded by the Army Corps of Engineers

Federal Grants

Concurrent with our efforts to pursue community funding requests, programmatic funding and beneficial policy in appropriations legislation, TRP works to pursue funding through the Federal grants process. Specifically, we will work with OUA to develop an overarching grant strategy that outlines an annual plan for grant success that improves on past performance, including working with your internal grant writing team, reviewing prior grant applications to suggest areas of improvement, and identifying priority projects. We target pertinent grant opportunities and will keep you apprised of solicitations. We will assist your staff with putting together an application, including reviewing the application, making suggested edits, and having your questions answered by the grant program manager with the agency. Prior to grant solicitations, we will utilize our targeted relationships with Federal agency leaders and program managers to arrange meetings for you in Washington, DC. These meetings are critical to a successful application because you are given an opportunity to present your case, get to know the agency official, and get a better understanding of the upcoming solicitation. Moreover, they in turn will remember you when your application is submitted, which we believe gives you a leg up on the competition. While we are readying a grant application for submission, we will work with your Congressional delegation to obtain letters of support for your application.

Communication with Our Clients

As we advocate on behalf of our clients, we will maintain a constant dialogue to update you on our work as well as assess your priorities. We believe effective communication is critical to successful advocacy, and we work diligently to keep our clients informed and updated regarding Federal legislation, proposed regulations, initiatives, funding opportunities, and news through a variety of different tracking sources and reports based on their needs and preferences. Our clients receive the *TRP Tip Sheet* daily, which is a morning summary of Capitol Hill activity, political insight, notable news stories, and links to relevant TRP memos and reports.

Examples of recent *Tip Sheets* are available at twitter.com/thornrun. In addition, with the new administration and Congress poised to tackle infrastructure this year, we have included a memo on what a bill might look like in the *addendum* for your review and so you have another example of the types of information we regularly provide to clients. You will note that water/wastewater is a big part of Congress's infrastructure plans.

Monitoring

TRP comprehensively monitors any actions by the Federal government that may impact a client's priority issues and provides strategic guidance to them regarding any needed advocacy or education. This includes regulatory changes and the policies of Federal agencies, which can have direct impacts on the operations of a client. We track all proposed Federal rulemakings and keep them informed so that we can implement an advocacy plan. Once proposed rules or regulations are published, they are typically open for public comment. TRP drafts comments for our clients to approve and submit on the proposed initiatives and can help identify other ways to weigh in on the proposed comment, including engagement with members of Congress to garner political support for the client's position.

"Thank you so much for these critical updates! Both your updates and the general TRP updates are much needed and appreciated. Please keep updates like these and on other topics coming!" – Cameron Pennant, Legislative Manager, Charlotte County, Fla.

Meetings in Washington, DC

TRP handles all aspects of our client's Washington, D.C. trips, which at this time are virtual. Prior to your meetings in Washington, D.C., TRP will work with you to ensure that those attending the meeting are knowledgeable on the topics being discussed and equipped with documents to supplement the conversation. Jim Davenport would accompany you to all meetings with Congress, staff, and agency officials to provide background information and assist as needed. After the meetings, he will complete any follow-up needed from the meetings and build upon the progress made during the trip.

References

Florida Inland Navigation District

Mark Crosley, Executive Director
(561) 627-3386; mcrosley@aicw.org

Marion County, Florida

Jeannie Rickman, Assistant County Administrator
(352) 438-2300;
Jeannie.Rickman@marioncountyfl.org

Martin County, Florida

Don Donaldson, Deputy County Administrator
(772) 288-5920; ddonalds@martin.fl.us

Melbourne Airport Authority, Florida

Greg Donovan, Executive Director
(321) 723-6227; gdonovan@mlbair.com

Village of Islamorada, Florida

Roget Bryan, Village Attorney
(305) 664-6418; roget.bryan@islamorada.fl.us

Village of Key Biscayne, Florida

Michael Davey, Mayor
(305) 639-8293; mdavey@keybiscayne.fl.gov

West Coast Inland Navigation District, Florida

Justin McBride, Executive Director
(941) 485-9402; justin@wcind.net

Proposed Fee

TRP proposes a monthly retainer of \$3,500, which is inclusive of expenses other than those related to the direct cost of long distance travel requested and pre-approved by OUA. In addition to the proposed client team, OUA will have full access to all TRP personnel at no additional charge.

Addendum: Sample Report



WHAT MIGHT AN INFRASTRUCTURE PACKAGE LOOK LIKE?

EXECUTIVE SUMMARY

The 2020 (and 2021) federal elections have created a scenario where an infrastructure package is more likely than previously thought. With Democrats controlling the House, Senate, and White House, Congress could use the relatively arcane budget reconciliation process (a detailed memo on this process can be found [here](#)) to pass a large bill combining an infrastructure package, tax items, and issues relating to green energy and climate change. This is likely to follow action on additional efforts to pass more COVID-19 relief.

While we do not know exactly what this may look like, it could build off what the House proposed during the last Congress, the \$1.5 trillion Moving Forward Act ([H.R. 2](#) in the 116th Congress) plus additional items from Biden's Build Back Better plan as well as the House Select Committee on the Climate Crisis' Action Plan.

- The Biden [Build Back Better plan](#), while light on specifics, is larger than the Moving Forward Act with a \$2 trillion price tag and is also broader, with investments suggested to help reduce the carbon footprint of the auto industry, the agricultural sector, and the power sector.
- The House Select Committee on the Climate Crisis produced a 547-page [Action Plan](#) that is much broader than just infrastructure, but also complements the other two plans with a variety of climate policy recommendations, many of which are focused on improving community resilience.

Based on prior experience, most federal infrastructure investments are likely to utilize existing programs and funding streams. However, some new programs and opportunities will also be created.

Below are summarized some of the more interesting or new items from the Moving Forward Act, which of the three proposals has the most specificity thus far to help you think about local ideas and opportunities should this type of bill pass. It is important now to consider what projects or plans you can advance locally over the next few months to prepare for such an infrastructure package. We will have more to share, but hopefully this jumpstarts your internal discussions.

Transportation Investments

Funding Levels

For surface transportation projects, the Moving Forward Act proposes a 46 percent increase over current investment levels, much of which is provided to states and local governments via formula programs. The highway portion of the Senate version of the surface transportation bill that was developed in 2018 (America's Transportation Infrastructure Act, [S. 2302](#)) even proposed to increase spending by 27 percent above current levels. Most transportation programs are "federally funded, but state administered." With that in mind, it is important to be well positioned in various locally created transportation improvement programs to benefit from these potential boosts in programmatic funding.

Surface Transportation Grant Examples

- Creates a new apportioned program (\$6.25b for FY22-25) to fund resilience and emergency evacuation needs.
- Projects of National and Regional Significance (known currently as INFRA): Provides more than \$9 billion over the life of the bill for large highway, transit, and freight projects. This is more than double the existing authorization.
- Community Transportation Investment Grants: \$600 million per year for local government applicants. Broadens eligibility for highway and transit projects, with project evaluation done in a manner that will limit political decision-making.
- Electric Vehicle Charging and Hydrogen Fueling Infrastructure Grants: \$350 million per year for grants for electric vehicle charging and hydrogen fueling infrastructure. Focuses funding on designated Alternative Fuel Corridors and projects that demonstrate the most effective emissions reductions.
- Community Climate Innovation Grants: \$250 million per year to non-State applicants for highway, transit, and rail projects, provided they reduce GHGs.
- Metro Performance Program: A total of \$750 million over the life of the bill for funding allocations directly to MPOs to carry out projects selected by the MPO. The Secretary selects applicants to be accepted into the program based on their technical capacity to manage Federal funds.

Surface Transportation Single-Year Grants Examples

- Gridlock Reduction Grants: \$250 million, of which half is set aside for freight grants. Grants will be awarded for reducing urban congestion in large metro areas, with an emphasis on operational, technological, and mode shift strategies.
- Rebuild Rural Grants: \$250 million for rural communities to address needs on and off the Federal-aid system. Focuses funding on safety, state of good repair, and access to jobs and services.
- Active Transportation Connectivity Grants: \$250 million for pedestrian and bicycle networks and spines and related planning, including complete streets planning.
- Commercial Motor Vehicle Parking Grants: \$250 million to construct and improve truck parking facilities.

Transit Grant Examples

- \$100 million in annual grant funds to tackle larger city street congestion that slows down buses through support of items like bus-only lanes and priority signaling.
- The State of Good Repair and Lo-No grant programs, among other programs would be continued.

Rail Grant Examples

- A new Passenger Rail Improvement, Modernization, and Expansion (PRIME) grant program devoted entirely to passenger rail improvements and expansion. Authorized at \$19 billion over five years, it will fund capital projects that improve the state of good repair, optimize performance, and expand intercity rail passenger transportation.
- Reauthorization of the Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program, which funds passenger and freight rail projects, at \$7 billion over five years – an increase of \$5.8 billion over FAST Act levels. New eligibility to allow commuter rail authorities to compete for funds.
- Grade Crossing Separation Grants: Authorizes \$2.5 billion over five years to build or improve grade crossing separations.

Water Infrastructure Investments

- Funding authorizations for the Clean Water State Revolving Fund (SRF) program totaling \$40 billion (\$8 billion annually) for fiscal years 2021 through 2025. Mandates that some of those funds be granted rather than simply loaned.
 - Mandates that a certain percentage of the Clean Water SRF be used on green infrastructure, water or energy efficiency improvements, or other environmentally innovative projects. Potentially eligible projects include, but are not limited to, replacing inefficient pumps or pumping systems, rain gardens, permeable pavements, green roofs, bioswales, and rainwater harvesting.
- \$1 billion for a new grant program for local governments to carry out watershed, wet weather, and resiliency projects to assess and address future risks posed by manmade or natural disasters, including extreme weather events and sea-level rise
- \$600 million for a new grant program to carry out alternative water source projects, like stormwater reclamation
- Increase the authorization of appropriations for sewer overflow and stormwater reuse grants under section 221 of the Clean Water Act to \$400 million annually (\$2 billion total) through fiscal year 2025, as well as provides for a greater Federal cost share of projects that serve financially distressed communities.
- Reauthorizes a total of \$1 billion in appropriations for grants to States to address nonpoint sources of pollution.
- Reauthorizes a total of \$250 million in Federal appropriations for EPA's National Estuaries Program (Section 320 of the Clean Water Act) for fiscal years 2022 through 2026.
- Establish a PFAS Infrastructure Grant Program to aid water utilities to pay for capital costs associated with treatment for PFAS.

Energy Efficiency

- \$3.5 billion each year for fiscal year for the Energy Efficiency and Conservation Block Grant Program. Apart from the past uses of the program, funds may also be used to deploy infrastructure for delivering alternative fuels or for the use of alternative fuels.
- Establishment of Home Energy Savings Retrofit Rebate Program for fiscal years 2021 through 2025: Requires DOE to establish a Home Energy Savings Retrofit Rebate Program to provide rebates to homeowners for retrofits that achieve home energy savings, like insulation and air sealing or replacement of a heating, ventilation, and air conditioning system.
- Funds to improve the energy efficiency of public buildings and schools.
- Funds to expand the existing weatherization program.
- Funds a Clean School Bus Program.
- A pilot program to electrify certain refrigerated vehicles.
- Rebates for electric vehicle supply equipment.
- Program to provide \$2 billion each year for fiscal years 2021 through 2025 for grants to State and local governments and private entities to electrify the transportation sector. Also provides \$2.5 billion each year over the same period for large-scale projects.
- \$200 annual grant program for solar installations located in, or that serve, low-income and underserved areas: Directs the Secretary of Energy to establish a program to provide loans and grants to eligible entities to construct or install community solar facilities or solar generating facilities to serve multi-family affordable housing.

U.S. Army Corps of Engineers Projects

- Total of \$15 billion to the U.S. Army Corps of Engineers
 - \$10 billion for the construction account
 - \$3 billion of this is for the Inland Waterways System
 - \$500 million would be for environmental infrastructure (Section 219) projects
 - \$5 billion in Operation and Maintenance funding

Bureau of Reclamation Projects

- \$3.5 billion for western water infrastructure and drought resiliency measures, including:
 - \$750 million for sustainable, multi-benefit water storage projects
 - \$500 for water recycling and reuse projects
 - \$260 million for innovative water desalination projects

Coastal Projects

- \$3 billion coastal resiliency fund managed by the National Oceanic and Atmospheric Administration (NOAA) to provide funding for shovel-ready coastal restoration projects that restores habitat for fish and wildlife or assists in adaptation to the impacts of climate change.
- Living Shoreline Grant Program: authorizes \$50 million per year for grants for living shoreline projects through NOAA to increase climate resilience of shorelines.

Housing

- Public Housing Capital Fund: \$70 billion to the public housing capital fund.

- \$5 billion to the National Housing Trust Fund.
- \$5 billion for the HOME program.
- \$2.5 billion for the Section 811 Supportive Housing for Persons with Disabilities program.
- \$2.5 billion for the Section 202 Supportive Housing for the Elderly program
- \$10 billion for a new competitive allocation of the Community Development Block Grant program

Port Projects

- \$500 million a year for a zero emissions ports infrastructure program through fiscal year 2030 to assist ports and port users with replacing cargo handling equipment, port harbor craft, drayage trucks, and more with zero emissions equipment and technology.
- An additional \$50 million a year for fiscal years 2021 through 2025 for the Diesel Emissions Reduction Act specifically to reduce port emissions.

Airport Projects

- \$4 billion per year for the Airport Improvement Program (AIP) for fiscal years 2021 through 2025.
- Supplemental funding for the AIP in the following amounts to be distributed based on airport passenger enplanement levels, with 12 percent in total set-asides for cargo airports, general aviation, reliever, and nonprimary commercial service airports, and airport projects that increase climate resiliency, reduce greenhouse gas emissions, and mitigate airplane noise, among other things:
 - \$3 billion for FY 2021
 - \$3.25 billion for FY 2022
 - \$3.50 billion for FY 2023
 - \$3.75 billion for FY 2024
 - \$4 billion for FY 2025

Broadband

- Broadband benefit program that entitles households with a member who qualifies for Lifeline, free/reduced school lunch, or are recently unemployed to receive a \$50 benefit, or a \$75 benefit on tribal lands, to put toward the monthly price of internet service. Internet service providers would be required to provide eligible households service at a price reduced by an amount up to the benefit, and those providers can seek a reimbursement from the Federal Communications Commission (FCC) for such amount. The program is appropriated \$9 billion.
- Expansion of Broadband Access in Unserved Areas and Areas with Low-Tier or Mid-Tier Service: Appropriates \$80 billion to fund competitive bidding systems to build broadband infrastructure. Seventy-five percent of the funding is to be used for a nationwide system of competitive bidding to fund broadband deployment in unserved areas, defined as areas with service below 25/25 Megabits per second (Mbps), and areas with low-tier service, defined as areas with service between 25/25 and 100/100 Mbps. The remaining funds (25 percent) are to be distributed among States, by population, for States to conduct statewide systems of competitive bidding for broadband deployment in unserved areas, areas with low-tier service, and to unserved anchor institutions (anchor institutions with speeds less than 1 gigabit per 1,000 users).

Hazard Mitigation

- Establishes an option for state revolving loan funds under the Federal Emergency Management Agency (FEMA) for hazard mitigation projects.

Miscellaneous

- Brownfields: Increases and extends funding for the Brownfields program.
- Lots of tax and energy credits, including improvements to the Low-Income Housing Tax Credit.
- \$25 billion for the Postal Service for the modernization of postal infrastructure and operations, including through capital expenditures to purchase delivery vehicles, processing equipment, and other goods. The section reserves \$6 billion for the purchase of new vehicles.

THORN RUN PARTNERS

GOVERNMENT RELATIONS

AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN THE OKEECHOBEE UTILITY AUTHORITY AND THORN RUN PARTNERS, LLC

The following is an agreement between the Okeechobee Utility Authority, Florida, hereinafter referred to as "OUA", and the firm THORN RUN PARTNERS LLC, a Washington, DC based firm, hereinafter referred to as "TRP".

WHEREAS, TRP has duly qualified experts in the field of Federal government relations, including transportation, airport and aviation matters, Federal budget processes, Federal grant programs, and Federal regulatory programs; and

WHEREAS, OUA deems it in their best interest to employ TRP to provide OUA with services in the field Federal government relations, including water and wastewater infrastructure, Federal budget and appropriations processes, Federal grant programs, and Federal regulatory programs.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

PART I- SPECIFIC PROVISIONS

- A. GENERAL SCOPE OF WORK: TRP will advise and provide government relations and public affairs related services to OUA on issues affecting OUA, and work with appropriate policy makers in the United States Legislative Branch and Executive Branch to facilitate OUA's agenda. In this role, TRP shall also assist OUA in its planning, establishing priorities among its objectives, and developing and implementing strategic plans.
- B. SERVICES TO BE PROVIDED: TRP will consult and advise, as requested, on Federal government relations, including water and wastewater infrastructure, Federal budget and appropriations processes, Federal grant programs, and Federal regulatory programs; including, but not limited to:
 - 1. Developing strategies to obtain and maximize funding for water and wastewater infrastructure;
 - 2. Advocating for funding, legislation, policy and regulatory related activities with the United States Congress and Federal agencies;
 - 3. Maintaining direct and frequent contact with key United States Senators and Representatives;
 - 4. Providing OUA with written reports of activities; and
 - 5. Assisting OUA in other areas as requested by OUA.

- C. PAYMENT: TRP's compensation for the services provided hereunder shall be \$3,500.00 per month. The monthly \$3,500.00 fee invoice shall be submitted by TRP at the first of each month, beginning on April 1, 2021. The OUA shall reimburse the TRP for travel expenses to and from Okeechobee, Florida. All travel expenses will be incurred only following written approval by the Executive Director.
- D. KEY PERSONNEL: TRP has represented to OUA that OUA will have Jim Davenport as the principal of TRP's services, in the performance of TRP's duties hereunder, and has relied on that representation as an inducement to entering into this Agreement.

PART II- GENERAL PROVISIONS

- A. ASSIGNMENT AND DELEGATION: Except as above, neither party hereto shall assign or delegate any interest in or duty under this Agreement without written consent of the other, and no assignment shall be of any force or effect whatsoever unless and until the other party shall have so consented.
- B. STATUS OF TRP: The parties intend that TRP, in performing the services hereinafter specified, shall act as an independent TRP and shall have control of the work and the manner in which it is performed. TRP is not to be considered an agent or employee of OUA and is not entitled to participate in any pension plan, insurance, bonus or similar benefits OUA provides its employees.
- C. METHOD AND PLACE OF GIVING NOTICE, SUBMITTING BILLS AND MAKING PAYMENTS: All notices, bill, and payments shall be made in writing and may be given by personal delivery, by mail or by e-mail. Notices, bills and payments should be addressed as follows:

OKEECHOBEE UTILITY AUTHORITY:	John Hayford, Executive Director Okeechobee Utility Authority 100 SW 5 th Ave. Okeechobee, FL 34974
-------------------------------------	---

TRP:	THORN RUN PARTNERS, LLC 100 M Street, SE – Ste. 750 Washington, DC 20003
------	--

- D. NON-DISCRIMINATION: TRP shall comply with all applicable federal, state and local laws, rules and regulations regarding nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, age, marital status, medical condition, or physical or mental disability.
- E. TERM OF AGREEMENT: This Agreement shall become effective on **March __, 2021** and shall terminate with or without cause upon thirty (30) days written notice to either party.
- F. JURISDICTION; VENUE: This Agreement and performance hereunder and all suits and proceedings hereunder shall be construed in accordance with the laws of the State of Florida. For any suit, action or proceeding arising out of or relating to this Agreement, the parties hereby consent to the jurisdiction and venue of any of the courts of record of the State of Florida, Okeechobee County.

- G. PUBLIC RECORD: The parties understand that any record, document, computerized information and program, audio, or video tape, or other writing completed by the TRP related directly or indirectly to the Agreement is a public record pursuant to Chapter 119, Florida Statutes, whether in the possession or control of the OUA or the TRP. Such public records may not be destroyed without the specific written approval of the OUA's Executive Director and in accordance with applicable state or federal law. Upon request by the OUA, the TRP shall promptly supply copies of said public records to the OUA. Nothing contained in this paragraph shall require the disclosure of records or information that is exempt from public records disclosure pursuant to state or federal law.
- H. MEDIATION: All controversies, claims, and disputes between the parties arising out of or related to this Agreement or the interpretation thereof, will first be submitted to mediation by a mediator certified by the Supreme Court of Florida, which mediator shall be selected and retained by the OUA. The cost of the mediator's fee shall be borne equally by the parties. The mediation process shall be invoked by written notice from either party. The OUA shall retain the mediator and schedule a mediation within thirty (30) days of sending or receiving the written notice, or on a date as agreed by the parties. Mediation shall be a condition precedent to filing a lawsuit by either party.
- I. ATTORNEY'S FEES; COSTS: If any party hereto shall bring an action or proceeding for an alleged breach of any provision of this Agreement, the prevailing party shall be entitled to recover, as part of such action or proceeding, reasonable attorney's fees and court costs at both trial and appellate levels.
- J. ENTIRE AGREEMENT: This Agreement constitutes the entire agreement between the parties and supersedes all prior oral or written agreements. No waiver, modifications, additions or addendum to this Agreement shall be valid unless in writing and signed by both the TRP and OUA.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this _____ day of _____.

ATTEST:

OKEECHOBEE UTILITY AUTHORITY

John F. Hayford, Executive Director

By: _____
John R. Creasman, Chairperson

WITNESSES:

THORN RUN PARTNERS, LLC

By: _____

Jim Davenport, Partner

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 21

APRIL 12, 2021

LAKEVIEW ESTATES WWTF CABINET PROPOSAL

Lakeview Estates WWTF construction is ongoing. The engineer and contractor for the work has proposed to replace the existing electrical cabinets that on the site. These two cabinets are some of the original work at the site and are in a deteriorated state. They still function, but they are very old. They were not included in the Grant work being done at the present time.

OUA staff have reviewed the proposal and agree to the proposed work.

OUA staff recommend approval of the expense of \$35,460.00 Cain Enterprises LLC dba Engineering Solutions Int.

CONTRACT CHANGE ORDER

Project No.: Lakeview Estates

Change Order No.: # 1

Date: 03-23-2021

Location: **Okeechobee Utility Authority**
100 SW 5th Avenue
Okeechobee, FL 34974-4221

Contract No.: NA

Type: NA

Description of change: Please see below.

Reason for change: Changes from Engineer.

Breakdown of Proposed Changes:

Item	Quant	Cost	Extended	1.25
LIFT STATION & BLOWER/DOSING/BACKWASH CONTROL PANEL				
CONTROL PANEL	1	\$13,385.00	\$ 13,385.00	\$ 16,731.25
J BOX	1	\$ 2,219.00	\$ 2,219.00	\$ 2,773.75
SEAL OFF	2	\$ 100.00	\$ 200.00	\$ 250.00
			\$ -	\$ -
			\$ -	\$ -
CONTROL PANEL	1	\$5,985.00	\$ 5,985.00	\$ 7,481.25
J BOX	1	\$ 2,219.00	\$ 2,219.00	\$ 2,773.75
SEAL OFF	2	\$ 100.00	\$ 200.00	\$ 250.00
			\$ -	\$ -
			\$ -	\$ -
FREIGHT			\$ -	\$ 400.00
LABOR		\$ 200.00	\$ 4,800.00	\$ 4,800.00
				\$ 35,460.00

NOTE: Includes all parts, taxes, and labor to install.

Change in Contract \$35,460.00

Total Proposed Change in Contract Price \$35,460.00

Original Contract Price \$385,000.00

Total All Previous Change Orders \$ 0.00

Current Contract Price (Total of Items above) \$420,460.00

New Contract Price (Total of Items above) \$420,460.00

Recommended by: _____
Kimley-Horn & Associates, Inc.

Date: _____

Presented by: _____
Cain Enterprises LLC dba Engineering Solutions Int.

Date: 03-23-2021

Approved by: _____
(Owner) Okeechobee Utility Authority, One Water, Inc.

Date: _____

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 22

APRIL 12, 2021

PUBLIC COMMENTS

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 23

APRIL 12, 2021

ITEMS FROM THE ATTORNEY

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 24

APRIL 12, 2021

ITEMS FROM THE EXECUTIVE DIRECTOR

Southwest Wastewater Service Area

- Project 1 Design of the pump station & force main is at 90%
 - Master Pump Station (MPS)
 - 90% Design completed
 - Force Main to NW15
 - 90% Design completed
 - Force Main SE2 to MPS
 - 75% Design completed

Oak Lake Estates Wastewater Project

- Notice to Proceed was issued on March 3, 2021
- Construction has begun

Water Service - Cemetery Road WWTF

- The well has been drilled, proceeding with the piping and electrical work

SW 5th Ave Wastewater System Improvements

- Work has begun on data acquisition and field survey work

Surface Water Treatment Plant – 3 MG Storage Tank

- Work is complete

US 441SE at SE 18th Terrace - Roundabout

- All OUA work associated with the new piping has been accomplished
- OUA will continue to monitor the roadway contractor work to protect OUA facilities

PDT Consultant

- The OUA has engaged the firm of MacVicar Consulting, Inc. to represent the interest of the OUA at meetings with the U.S. Army Corps of Engineers concerning the creation of the Lake Okeechobee System Operating Manual (LOSOM). MacVicar also represents the City of Okeechobee and Okeechobee County.

Gadsden Family Partnership – Pine Ridge Park

- The Gadsden family has signed a payment agreement for wastewater connection fees to be paid to the OUA due to Pine Ridge Park joining the OUA system

Administration Vehicle

- I have one quote from Gilbert Chevrolet and I am waiting on another from Gilbert Ford.

OKEECHOBEE UTILITY AUTHORITY

AGENDA ITEM NO. 25

APRIL 12, 2021

ITEMS FROM THE BOARD