Year End Audited Financial Report

Fiscal Year 2023

KISSIMMEE UTILITY AUTHORITY

Kissimmee, FL

2023

Kissimmee Utility Authority

Financial Statements and Independent Auditor's Report

Years Ended September 30, 2023 and 2022

Purvis Gray
Certified Public Accountants

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

KISSIMMEE UTILITY AUTHORITY
KISSIMMEE, FLORIDA

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Kissimmee Utility Authority (the Authority) as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund, and the aggregate remaining fund information of the Authority, as of September 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of a Matter

Change in Accounting Principle
As described in Note 1 to the financial statements, in 2023, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. As described in Note 16, the standard requires retroactive application and, therefore, a prior period adjustment. Our opinion is not modified with respect to this matter.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and the required pension and other postemployment benefit schedules be presented to supplement the basic financial statements. Such information is the

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Purvis Gray

January 16, 2024
Ocala, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Kissimmee Utility Authority's (the Authority) annual financial report presents the analysis of the Authority's financial performance during the fiscal years that ended on September 30, 2023 and 2022. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights – 2023

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at September 30, 2023, by $339.1 million (net position). Of this amount, $45.8 million (unrestricted net position) may be used to meet ongoing obligations to customers and creditors.
- The Authority's net position increased by $9.5 million, or 2.9 percent.
- The Authority's net utility plant increased by $8.0 million, or 3.1 percent.
- During the year, the Authority's operating revenues decreased by 7.3 percent to $240.3 million while operating expenses decreased by 5.3 percent to $236.2 million.
- The Authority's total long-term liabilities increased to $146.5 million.
- Liabilities payable from restricted assets increased by $7.0 million, or 20.1 percent primarily due to increases in the current portion of commercial paper notes of $3.2 million as well as increases in Customer Deposits of $2.4 million and Advances for Construction of $1.4 million.
- Deferred inflows of resources increased by $17.6 million or 21.7 percent primarily due to increases in rate stabilization of $17.3 million and $0.6 million in deferred amount pension related, offset by a decrease in deferred amount other postemployment benefit related of $0.3 million.

Financial Highlights – 2022

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at September 30, 2022, by $329.6 million (net position). Of this amount, $51.8 million (unrestricted net position) may be used to meet ongoing obligations to customers and creditors.
- The Authority's net position increased by $6.1 million, or 1.9 percent.
- The Authority's net utility plant decreased by $3.2 million, or 1.2 percent.
- During the year, the Authority's operating revenues increased by 34.7 percent to $259.2 million while operating expenses increased by 42.7 percent to $249.5 million.
- The Authority's total long-term liabilities were increased to approximately $68.4 million.
- Liabilities payable from restricted assets decreased by $2.6 million, or 6.9 percent primarily due to advances for construction of $4.2 million, offset by increases in customer deposits of $1.5 million.
- Deferred inflows of resources decreased by $11.9 million or 12.8 percent primarily due to decreases in deferred amount pension related of $10.1 million and $3.5 million in rate stabilization, offset by increases in deferred amount other postemployment benefit related of $1.2 million and deferred inflows - leases of $0.6 million.

Required Financial Statements

The Authority maintains its accounts on the accrual basis in accordance with accounting principles generally accepted in the United States. The accounts are substantially in conformity with accounting principles and methods prescribed by the Federal Energy Regulatory Commission and other regulatory authorities. The financial statements of the Authority offer short and long-term financial information about its activities.

The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs.

The other 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 operations, investing, and financing activities and provides answers to such questions as "where did the cash come from?", "what was the cash used for?", and "what was the change in the cash balance during the reporting period?".

Financial Analysis of the Authority

One of the most important questions asked about the Authority's finances is, "is the Authority better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority, and changes in them. You can think of the Authority's net position – the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in economic conditions, customer growth, and legislative mandates.

The following analysis focuses on the Authority's Net Position (Table 1) and Statements of Revenues, Expenses, and Changes in Net Position (Table 2) during the three fiscal years.

Table 1 - Net Position

	9/30/2023	Restated 9/30/2022	9/30/2021
Capital Assets	$ 265,145,575	$ 257,130,803	$ 260,286,265
Current and Other Assets	413,676,753	306,548,073	247,118,455
Total Assets	678,822,328	563,678,876	507,404,720
Deferred Outflows of Resources	16,056,969	22,268,008	5,460,177
Total Assets and Deferred Outflows of Resources	694,879,297	585,946,884	512,864,897
Long-Term Liabilities	186,879,966	111,289,876	23,200,000
Current and Other Liabilities	70,002,024	63,753,354	72,955,025
Total Liabilities	256,881,990	175,043,230	96,155,025
Deferred Inflows of Resources	98,914,506	81,282,191	93,184,671
Total Liabilities and Deferred Inflows of Resources	355,796,496	256,325,421	189,339,696
Net Position:			
Net Investment in Capital Assets	276,302,934	264,053,949	264,114,454
Restricted	16,935,063	13,735,063	13,735,063
Unrestricted	45,844,804	51,832,451	45,675,684
Total Net Position	$ 339,082,801	$ 329,621,463	$ 323,525,201

Analysis of 2023 Net Position

Capital assets increased by $8.0 million primarily as a result of increases in property, plant, and equipment of $15.5 million and construction in progress of $2.4 million offset by an increase in accumulated depreciation of $9.8 million.

Current, restricted, and other assets increased by $107.1 million primarily due to increases in sales type transaction receivable of $85.2 million, cash and cash equivalents of $46.8 million, pension cost related of $4.7 million, unbilled customer receivables of $0.5 million, other postemployment benefit related of $0.3 million, and inventory of $0.3 million, offset by decreases in investments of $22.4 million, cost of power adjustment receivable of $6.1 million, and other current assets of $0.1 million.

Total deferred outflows of resources decreased by $6.2 million due to a decrease in deferred amount pension related of $6.3 million, offset by an increase in deferred amount other postemployment benefit related of $0.1 million.

Total liabilities increased by approximately $81.8 million primarily due to increases in unearned sales type lease revenue of $91.3 million, deferred cost of power adjustment of $4.1 million, current portion of commercial paper notes of $3.2 million, customer deposits of $2.4 million, and advances for construction of $1.4 million, offset by decreases in long-term commercial paper notes of $13.2 million, accounts payable of $5.6 million, net pension liability of $2.2 million, compensated absences (net of current portion) of $0.5 million, and subscription liability of $0.4 million.

Total deferred inflows of resources increased by $17.6 million due to increases in rate stabilization funds of $17.3 million and deferred amount pension related of $0.6 million, offset by a decrease in deferred amount other postemployment benefit related of $0.3 million.

The first portion of net position reflects the Authority's investment in capital assets (i.e. plant, property and equipment net of accumulated depreciation) less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide electricity and other services to rate payers. It should be noted that the resources needed to repay the related debt must be provided primarily from future operating revenues, since the capital assets themselves cannot be used to liquidate these liabilities. This amount increased by $12.2 million primarily as a result of an increase in sales type transaction receivable of $85.2 million, an increase in property, plant and equipment of $15.5 million, an increase in accumulated depreciation of $9.8 million, and an increase in construction in progress of $2.4 million, offset by a decrease in unearned sales type lease revenue of $91.3 million and a decrease in commercial paper notes of $10.0 million.

An additional portion of the Authority's net position ($16.9 million) represents resources that are subject to external restrictions (i.e. debt covenants) on how they may be used. The remaining balance of unrestricted net position ($45.8 million) may be used to meet the Authority's ongoing obligations to rate payers and creditors.

Analysis of 2022 Net Position

Capital assets decreased by $3.2 million primarily as a result of an increase in accumulated depreciation of $10.6 million and a decrease in construction in progress of $1.8 million, offset by an increase in property, plant and equipment of $9.2 million.

Current, restricted, and other assets increased by $59.4 million primarily due to increases in investments of $51.3 million, sales type transaction receivable of $49.2 million, deferred cost of power adjustment of $3.6 million, net customer accounts receivable of $2.4 million, pension cost related of $2.4 million, inventory of $2.2 million, lease receivable of $0.6 million, other postemployment benefit related of $0.3 million, and unbilled customer receivables of $0.2 million, offset by decreases in cash and cash equivalents of $52.6 million and other current assets of $0.2 million.

Total deferred outflows of resources increased by $16.8 million due to an increase in deferred amount pension related of $17.2 million, offset by a decrease in deferred amount other postemployment benefit related of $0.4 million.

Total liabilities increased by approximately $78.9 million primarily due to increases in unearned sales type lease revenue of $55.2 million, net pension liability of $29.7 million, accounts payable of $6.4 million, customer deposits of $1.5 million, current portion of other long-term liabilities of $0.6 million, and Subscription Liability of $0.4 million, offset by decreases in commercial paper notes of $10.0 million, advances for construction of $4.2 million and other postemployment benefits of $1.2 million.

Total deferred inflows of resources decreased by $11.9 million due to decreases in deferred amount pension related of $10.1 million and rate stabilization funds of $3.5 million, offset by increases in deferred amount other postemployment benefit related of $1.2 million and deferred inflows - leases of $0.6 million.

The first portion of net position reflects the Authority's investment in capital assets (i.e. plant, property and equipment net of accumulated depreciation) less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide electricity and other services to rate payers. It should be noted that the resources needed to repay the related debt must be provided primarily from future operating revenues, since the capital assets themselves cannot be used to liquidate these liabilities. This amount increased by $60,000 primarily as a result of an increase in sales type transaction receivable of $49.2 million and in property, plant and equipment of $9.3 million, offset by an increase in unearned sales type revenue of $55.2 million, an increase in accumulated depreciation of $10.6 million, a decrease in commercial paper notes of $10.0 million, a decrease in construction in progress of $1.8 million and an increase in Subscription Liability of $0.8 million.

An additional portion of the Authority's net position ($13.7 million) represents resources that are subject to external restrictions (i.e. debt covenants) on how they may be used. The remaining balance of unrestricted net position ($51.8 million) may be used to meet the Authority's ongoing obligations to rate payers and creditors.

Changes in the Authority's net position can be determined by reviewing the following condensed Statements of Revenues, Expenses and Changes in Net Position for the year.

Table 2 - Statements of Revenue, Expenses, and Changes in Net Position

	2023	Restated 2022	2021
Operating Revenue:			
Metered Sales	$ 231,090,564	$ 233,775,172	$ 194,189,823
Lease Revenue	11,269,247	11,219,009	11,170,239
Other	8,437,730	8,009,002	6,980,118
Rate Stabilization Transfer	(15,538,629)	3,541,296	(15,560,210)
Change in Regulatory Asset Pension Related	4,690,242	2,365,336	(4,787,983)
Change in Regulatory Asset Other Postemployment Benefit Related	345,086	258,684	365,772
Total Operating Revenues	240,294,240	259,168,499	192,357,759
Operating Expenses:			
Purchased Power	159,924,614	178,463,834	115,502,700
Transmission and Distribution	18,413,365	16,712,880	11,416,261
Administrative and General	26,325,183	23,585,195	19,300,637
Intergovernmental Transfers	19,432,933	18,973,463	18,287,671
Depreciation and Amortization	12,093,074	11,747,212	10,344,008
Total Operating Expenses	236,189,169	249,482,584	174,851,277
Operating Income	4,105,071	9,685,915	17,506,483
Total Non-Operating Expenses	5,356,267	(3,589,653)	493,240
Change in Net Position	9,461,338	6,096,262	17,999,722
Net Position - Beginning of Year	329,621,463	323,525,201	305,525,479
Net Position - End of Year	$ 339,082,801	$ 329,621,463	$ 323,525,201

Analysis of 2023 Activity

Year-to-date mWh sales in fiscal year 2023 were 1,780,674 compared to fiscal year 2022 sales of 1,733,594, or a 2.7 percent increase. Sales to metered customers decreased from $233.8 million to $231.1 million, or 1.1 percent. The decrease in metered sales revenue resulted from a decrease in COPA revenues of $15.9 million, or 73.7 percent, and an increase in kWh revenues of $13.2 million, or 5.2 percent.

During fiscal year 2003, the Authority's Board of Directors approved the issuance of revenue bonds and refunding of outstanding bonds. A Rate Stabilization fund was created, which allows current income to be deferred to a future time in order to stabilize rates. In fiscal year 2023, $17.1 million in transfers were drawn from this fund, of which $13.2 million was used to offset customer fuel charges, and $32.7 million in transfers were made to build-up the fund during the year, resulting in a decrease of fiscal year 2023 operating revenues by the net amount. Those interested in more detailed information may refer to Note 4 in the Notes to the Financial Statements.

Total operating expenses were lower than the previous year by $13.3 million due to lower generation and purchased power of $18.5 million, offset by increases in administrative and general of $2.7 million, transmission and distribution of $1.7 million, intergovernmental affairs of $0.5 million and depreciation and amortization of $0.3 million.

We are required to record the fair value of our investment portfolio and recognize any corresponding increase or decrease in the fair value of investments in the Statement of Revenue, Expenses and Changes in Net Position. For fiscal year 2023, our "unrealized gain" (difference between carrying value versus current market value) was $0.9 million compared to an unrealized loss of $4.4 million for fiscal year 2022. Non-operating revenues increased primarily due to increases in investment income of $8.7 million and Federal Emergency Management Agency (FEMA) Proceeds of $0.4 million. Non-operating expenses increased primarily due to an increase in interest expense of $0.3 million.

Analysis of 2022 Activity

Year-to-date mWh sales in fiscal year 2022 were 1,733,594 compared to fiscal year 2021 sales of 1,665,932, or a 4.1 percent increase. Sales to metered customers increased from $194.2 million to $233.8 million, or 20.4 percent. The increase in metered sales revenue resulted from an increase in Cost of Power Adjustment (COPA) revenues of $34.2 million, or 61.3 percent and an increase in kWh revenues of $5.4 million, or 2.2 percent.

During fiscal year 2003, the Authority's Board of Directors approved the issuance of revenue bonds and refunding of outstanding bonds. A Rate Stabilization fund was created, which allows current income to be deferred to a future time in order to stabilize rates. In fiscal year 2022, $34.5 million in transfers were drawn from this fund, of which $26.7 million was used to offset customer fuel charges and $31.0 million in transfers were made to build-up the fund during the year, resulting in an increase of fiscal year 2022 operating revenues by the net amount. Those interested in more detailed information may refer to Note 4 in the Notes to the Financial Statements.

Total operating expenses were higher than the previous year by $74.6 million due to higher generation and purchased power of $63.0 million, transmission and distribution of $5.3 million, administrative and general of $4.3 million, depreciation and amortization of $1.4 million, and intergovernmental transfers of $0.7 million.

We are required to record the fair value of our investment portfolio and recognize any corresponding increase or decrease in the fair value of investments in the Statement of Revenue, Expenses and Changes in Net Position. For fiscal year 2022, our "unrealized loss" (difference between carrying value versus current market value) was $4.4 million compared to an unrealized loss of $0.2 million for fiscal year 2021. Non-operating revenues decreased primarily due to decreases in investment income of $3.3 million and FEMA Proceeds of $0.8 million. Non-operating expenses decreased primarily due to other debt service expense of $0.1 million, offset by an increase in interest expense of $0.1 million.

Rates

In December 1974, the City of Kissimmee Commission adopted an ordinance permitting the City of Kissimmee (and now the Authority) to pass on directly to the customer incremental fuel cost increases on a monthly basis. This COPA has eliminated the regulatory delay that has been a problem for many other utilities. Additionally, in June 1983, the City of Kissimmee Commission modified the COPA Ordinance to allow the system to project the billed COPA to a levelized rate for the fiscal year. The negative or positive COPA account balance was used in calculating the projected COPA rate for the next fiscal year. In July 1991, the Board of Directors approved a COPA Resolution that allows automatic monthly adjustments to the COPA rate based on weighted average using the prior month actual, estimated current month, and following month estimated costs. In May 1994, the Board of Directors approved a resolution permitting the Authority to pass on directly to the customer conservation costs on a monthly basis similar to the COPA mechanism. This Energy Conservation Cost Recovery (ECCR) rate is adjusted semiannually to reflect changes in conservation costs. The COPA and ECCR rates have been combined and are presented on the customer's bill as Fuel Adjustment.

The Authority maintains a computerized cost of service study, which is updated annually with:

a. The past year's audited amounts to survey the adequacy of each rate and rate structure.
b. The current year's budgeted amounts to predict the need for a rate change.

Customer rates and rate structures are intended to follow guidelines of the Florida Public Service Commission and, as such, should be "fair, just, and reasonable". It is also intended that they are competitive with neighboring utilities and equitable between rate classes.

Capital Assets and Debt Management

Capital Assets

At the end of fiscal year 2023, the Authority had $390.9 million invested in a broad range of capital assets, primarily electric transmission and distribution systems. This amount represents an increase of $17.7 million, or 4.7 percent over last year. Those interested in more detailed information may refer to Note 5 in the Notes to the Financial Statements.

At the end of fiscal year 2022, the Authority had $373.2 million invested in a broad range of capital assets, primarily electric transmission and distribution systems. This amount represents an increase of $6.2 million, or 1.7 percent over last year. Those interested in more detailed information may refer to Note 5 in the Notes to the Financial Statements.

Debt Management

At the end of the current fiscal year, the Authority had total debt outstanding of $13.2 million of commercial paper.

	2023	2022	2021
Commercial Paper	$ 13,200,000	$ 23,200,000	$ 33,200,000
Total	$ 13,200,000	$ 23,200,000	$ 33,200,000

The Authority's total debt decreased by $10.0 million (42.9 percent) in the current fiscal year due to scheduled principal payments. See Note 8 in the Notes to the Financial Statements for further details. The Authority maintains an AA underlying rating from Fitch.

The Authority's total debt decreased by $10.0 million (30.1 percent) from 2021 to 2022 due to scheduled principal payments. See Note 8 in the Notes to the Financial Statements for further details. The Authority maintains an AA underlying rating from Fitch.

The Authority attempts to minimize external financing needs through internal generation of capital funds. The purpose of this financial policy is to establish and maintain a debt-to-equity ratio and a coverage ratio that would minimize the impact of future debt issues for transmission plants. The current fiscal policy includes the following guidelines:

1. Bond proceeds will fund transmission projects.
2. Current earnings (cash provided from operations) shall be adequate to fund operating and maintenance expenses, debt service-related costs (excluding capitalized interest), and year to year capital needs, generally less than $100,000.
3. The Reserve for Future Capital Outlay funds should be used for all other purposes as approved by the Board of Directors. Maintain a minimum level of $5.0 million in Reserve for Future Capital Outlay, indexed each year by the increase in kWh sales beginning in fiscal year 1997. If used, reimbursed to a fully funded level within five years. The Board of Directors froze fund growth for fiscal year 2009, but growth resumed in fiscal year 2010 (current minimum level is approximately $10.2 million).

4. Maintain a minimum level of one and one-half months of fixed operating and maintenance expenses (excluding depreciation, fuel costs, and debt service-related costs) in unrestricted operating cash and cash equivalents and longer-term invested working capital funds.
5. Maintain a minimum level of 1.25 debt service coverage on outstanding bonds and 1.10 on commercial paper.
6. Maintain a self-insurance fund of approximately $15.0 million to fund reconstruction expenditures for our transmission and distribution system in the event of weather-related or other disasters that would affect the Authority's system.
7. Maintain a minimum of $5.0 million in the Authority held Rate Stabilization fund capped at a value equal to 25 percent of the largest of any annual Authority operating budget. The Florida Municipal Power Agency (FMPA) held Rate Stabilization fund will be capped at a value equal to the larger of any two FMPA monthly bills to the Authority.

The principal, premium, if any, and interest on all outstanding bonds are payable solely from the net revenues derived by the Authority from the operation of the system. These obligations do not constitute liens upon the system or on any other property of the Authority or the City of Kissimmee but are a lien only on the Net Revenues and special funds created by the Bond Resolution and in the manner provided therein.

The revenue available for debt service was $46.5 million, $41.5 million, and $40.6 million for fiscal years 2021, 2022, and 2023, respectively. The debt service requirements for fiscal years 2021, 2022, and 2023 were $5.0 million, $10.1 million, and $10.4 million, respectively. Debt service coverage was 9.2x, 4.1x, and 3.9x for fiscal years 2021, 2022, and 2023, respectively.

Those interested in more detailed information may refer to Note 8 in the Notes to Financial Statements.

Economic Factors and Next Year's Budget and Rates

In July 2023, the Authority's growth (increase) in customers and energy sales for fiscal year 2024 was projected to be approximately 2.0 percent and 1.0 percent, respectively, within the service territory. The change in net position was projected to be approximately $3.0 million. The Board of Directors has directed staff to implement a strategy to maintain the Authority's rates in the bottom half of all utilities in the State of Florida. That strategy will include the utilization of rate stabilization funds to lower the fuel and purchase power costs billed to the customers. There is no base rate increase planned for the upcoming year.

Contacting the Authority's Financial Management

The financial report is designed to provide the Authority's rate payers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Those interested in more detailed information may refer to the notes to financial statements. If you have questions about this report or need additional information, contact the Finance and Administration Department at Kissimmee Utility Authority, 1701 W. Carroll Street, Kissimmee, Florida, 34741.

FINANCIAL STATEMENTS

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS

	2023	(Restated) 2022
Current Assets		
Cash and Cash Equivalents	$ 401,813	$ 168,059
Investments	53,976,323	54,161,367
Interest Receivable	107,506	85,503
Customer Accounts Receivable, Net	12,803,067	14,854,642
Unbilled Customer Receivables	8,586,443	8,098,998
Cost of Power Adjustment Receivable	-	6,146,742
Inventory	12,576,496	12,272,222
Other Current Assets	1,119,489	1,252,462
Current Portion of Sales Type Transaction Receivable	19,894,566	17,353,764
Total Current Assets	109,465,703	114,393,759
Restricted Assets		
Cash and Cash Equivalents	93,728,619	47,166,454
Investments	30,931,313	53,110,362
Interest Receivable	12,006	19,575
Total Restricted Assets	124,671,938	100,296,391
Other Assets		
Leases Receivable	655,114	634,655
Regulatory Assets - Net Costs Recoverable in Future Years:		
Pension Cost Related	22,591,167	17,900,925
Other Postemployment Benefit Related	4,837,678	4,492,592
Sales Type Transaction Receivable (Net of Current Portion)	151,455,153	68,829,751
Total Other Assets	179,539,112	91,857,923
Capital Assets - Utility Plant		
Property, Plant and Equipment	380,508,659	365,054,703
Less: Accumulated Depreciation	(127,104,810)	(117,300,978)
	253,403,849	247,753,725
Construction in Progress	11,741,726	9,377,078
Total Capital Assets - Utility Plant	265,145,575	257,130,803
Total Assets	678,822,328	563,678,876
Deferred Outflows of Resources		
Pension Related	14,130,071	20,409,671
Other Postemployment Benefit Related	1,926,898	1,858,337
	16,056,969	22,268,008
Total Assets and Deferred Outflows of Resources	$ 694,879,297	$ 585,946,884

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022

LIABILITIES AND NET POSITION

	2023	(Restated) 2022
Liabilities		
Current Liabilities		
Accounts Payable	$ 14,244,812	$ 19,863,236
Due to Other Governments	3,044,790	2,721,265
Deferred Cost of Power Adjustment	4,082,053	-
Other Accrued Liabilities	2,583,067	2,619,855
Current Portion of Other Long-Term Liabilities	4,303,280	3,781,217
Total Current Liabilities	28,258,002	28,985,573
Liabilities Payable from Restricted Assets		
Current Portion of Long-Term Debt	13,200,000	10,000,000
Accrued Interest Payable - Commercial Paper	75,859	119,340
Advances for Construction	6,032,675	4,609,829
Customer Deposits	22,435,488	20,038,612
Total Liabilities Payable from Restricted Assets	41,744,022	34,767,781
Long-Term Liabilities		
Commercial Paper Notes	-	13,200,000
Total Long-Term Liabilities	-	13,200,000
Other Long-Term Liabilities		
Net Pension Liability	33,845,657	36,058,826
Other Postemployment Benefits (Net of Current Portion)	4,774,707	4,163,532
Subscriptions Liability	28,611	417,884
Compensated Absences (Net of Current Portion)	1,740,431	2,209,793
Unearned Revenues - Sales Type Transaction	146,490,560	55,239,841
Total Other Long-Term Liabilities	186,879,966	98,089,876
Total Liabilities	256,881,990	175,043,230
Deferred Inflows of Resources		
Leases	641,148	623,870
Pension Related	2,875,581	2,251,770
Other Postemployment Benefit Related	1,403,074	1,698,691
Regulatory Credits:		
Self-Insurance	15,000,000	15,000,000
Rate Stabilization	78,994,703	61,707,860
Total Deferred Inflows of Resources	98,914,506	81,282,191
Total Liabilities and Deferred Inflows of Resources	355,796,496	256,325,421
Net Position		
Net Investment in Capital Assets	276,302,934	264,053,948
Restricted	16,935,063	13,735,063
Unrestricted	45,844,804	51,832,452
Total Net Position	$ 339,082,801	$ 329,621,463

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	(Restated) 2022
Operating Revenues		
Metered Sales	$ 231,090,564	$ 233,775,172
Lease Revenue	11,269,247	11,219,009
Other	8,437,730	8,009,002
Rate Stabilization Transfer	(15,538,629)	3,541,296
Change in Regulatory Asset Pension Related	4,690,242	2,365,336
Change in Regulatory Asset Other Postemployment Benefit Related	345,086	258,684
Total Operating Revenues	240,294,240	259,168,499
Operating Expenses		
Purchased Power	159,924,614	178,463,834
Transmission and Distribution	18,413,365	16,712,880
Administrative and General	26,325,183	23,585,195
Intergovernmental Transfers	19,432,933	18,973,463
Depreciation and Amortization	12,093,074	11,747,212
Total Operating Expenses	236,189,169	249,482,584
Operating Income	4,105,071	9,685,915
Non-Operating Revenues (Expenses)		
Investment Income (Loss)	5,568,215	(3,172,432)
Interest Expense	(444,413)	(164,495)
Other Debt Service Expense	(81,959)	(152,268)
Grant Income (Expense)	314,424	(100,458)
Total Non-Operating Revenues (Expenses)	5,356,267	(3,589,653)
Change in Net Position	9,461,338	6,096,262
Net Position, Beginning of Year	329,621,463	323,525,201
Net Position, End of Year	$ 339,082,801	$ 329,621,463

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	(Restated) 2022
Cash Flows from Operating Activities		
Receipts from Customers and Other Sources	$ 255,568,169	$ 258,204,952
Payments to Suppliers for Goods and Services	(177,951,007)	(205,569,198)
Payments for Employees for Services	(21,255,274)	(20,959,646)
Payments for Benefits on Behalf of Employees	(8,224,683)	(7,848,659)
Net Cash Provided by Operating Activities	48,137,205	23,827,449
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(22,250,603)	(16,627,857)
Proceeds from Disposition of Capital Assets	(1,315,716)	(334,718)
Advances for Construction and Advances from Co-Owners	4,881,319	5,231,838
Principal Paid on Long-Term Debt	(10,318,729)	(10,000,000)
Interest Paid on Long-Term Debt	(487,894)	(48,154)
Other Debt Costs	(81,959)	(152,268)
Net Cash (Used in) Capital and Related Financing Activities	(29,573,582)	(21,931,159)
Cash Flows from Investing Activities		
Purchase of Investment Securities	(99,463,000)	(158,162,000)
Proceeds from Maturities of Investment Securities	123,054,000	101,760,000
Interest on Investments	4,641,296	1,899,664
Net Cash Provided (Used in) Investing Activities	28,232,296	(54,502,336)
Net Increase (Decrease) in Cash and Cash Equivalents	46,795,919	(52,606,046)
Cash and Cash Equivalents at Beginning of Year	47,334,512	99,940,558
Cash and Cash Equivalents at End of Year	$ 94,130,431	$ 47,334,512
Reconciliation of Cash and Cash Equivalents to Statements of Net Position		
Current Assets:		
Cash and Cash Equivalents	$ 401,813	$ 168,059
Restricted Assets:		
Cash and Cash Equivalents	93,728,619	47,166,454
Cash and Cash Equivalents at End of Year	$ 94,130,432	$ 47,334,513

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	(Restated) 2022
Cash Provided by Operating Activities		
Operating Income	$ 4,105,071	$ 9,685,915
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	12,093,074	11,747,212
Change in Assets - Decrease (Increase):		
Customer and Unbilled Accounts Receivable, Net	1,564,130	(2,168,612)
Leases Receivable and Deferred Inflows	(3,181)	(10,785)
Cost of Power Adjustment	10,228,795	(3,647,055)
Other Current Assets	132,973	(579,142)
Inventory	(304,272)	(2,222,069)
Sales Type Transaction Receivable	(85,166,204)	17,303,526
Change in Liabilities - Increase (Decrease):		
Accounts Payable	(5,618,424)	6,360,777
Due to Other Governments	323,525	89,098
Customer Deposits	2,396,876	1,499,252
Other Accrued Liabilities	(152,720)	529,635
Other Long-Term Liabilities	17,286,843	(3,541,294)
Unearned Revenues - Sales Type Transaction	91,250,719	(11,219,009)
Net Cash Provided by Operating Activities	$ 48,137,205	$ 23,827,449
Non-Cash Investing, Capital, and Financing Activities		
Increase/(Decrease) in Fair Value of Investments	$ 919,302	$ (4,418,697)

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUND
SEPTEMBER 30, 2023 AND 2022

	2023	2022
Assets		
Receivables		
Interest	$ 130,916	$ 151,841
Dividends	37,884	23,113
Total Receivables	168,800	174,954
Investments at Fair Value		
Temporary Investment Fund	1,706,929	3,578,501
Fixed Income Securities	19,286,225	20,191,932
Domestic Stocks	54,824,373	44,406,911
Fixed Income Mutual Funds	2,735,748	2,631,832
Pooled Equity Fund - International	16,980,856	14,193,302
Pooled Equity Fund - Domestic	1,029,418	846,476
Foreign Equity Fund	1,452,196	3,947,483
Real Estate	12,857,699	13,858,416
Total Investments at Fair Value	110,873,444	103,654,853
Total Assets	111,042,244	103,829,807
Liabilities		
Accounts Payable - Administrative Charges	87,014	86,217
Total Liabilities	87,014	86,217
Fiduciary Net Position - Restricted for Pensioners	$ 110,955,230	$ 103,743,590

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
SEPTEMBER 30, 2023 AND 2022

	2023	2022
Additions		
Contributions		
Employer	$ 4,842,574	$ 4,804,112
Employee	354,142	376,349
Total Contributions	5,196,716	5,180,461
Investment Earnings		
Net Increase (Decrease) in Fair Value of Investments	7,595,921	(25,391,543)
Interest	941,498	841,643
Dividends	1,971,665	1,817,591
Other	3,812	4,220
Total Investment Earnings	10,512,896	(22,728,089)
Less: Investment Expenses	526,060	633,274
Net Investment Earnings	9,986,836	(23,361,363)
Total Additions	15,183,552	(18,180,902)
Deductions		
Benefits:		
Age and Service	6,539,156	6,146,430
DROP	1,369,480	1,109,437
Refund of Contributions	-	2,468
Professional and Administrative Expenses	63,276	51,397
Total Deductions	7,971,912	7,309,732
Net Increase (Decrease) in Fiduciary Net Position	7,211,640	(25,490,634)
Fiduciary Net Position		
Beginning of Year	103,743,590	129,234,224
End of Year	$ 110,955,230	$ 103,743,590

See accompanying notes.

Note 1 - Summary of Significant Accounting Policies

Entity Definition

The Kissimmee Utility Authority (the Authority) is a municipal electric utility authority created effective October 1, 1985, by the City of Kissimmee (the COK) Ordinance No. 1285 adopted on February 19, 1985, and ratified by the voters on March 26, 1985. The Authority serves customers in the COK and the surrounding area. The Authority Board of Directors (the Board) has six members. The Mayor of the COK is a non-voting Ex-Officio member. The five voting members are recommended by the Board and appointed by the City Commission. The Authority has exclusive jurisdiction, control, and management of the electric utility.

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the Authority. The reporting entity for the Authority includes all functions in which the Authority exercises financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: (a) the ability to impose will by the primary government; or (b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government. As a result of applying the above reporting entity criteria, no other component units exist in which the Authority has any financial accountability which would require inclusion in the Authority's financial statements.

Regulation

According to existing laws of the State of Florida, the five voting members of the Authority act as the regulatory authority for the establishment of electric rates. The Florida Public Service Commission (FPSC) has authority to regulate the electric "rate structures" of municipal utilities in Florida. It is believed that "rate structures" are clearly distinguishable from the total amount of revenues which a particular utility may receive from rates, and that distinction has thus far been carefully made by the FPSC. In addition, the *Florida Energy Efficiency and Conservation Act* has given the FPSC exclusive authority to approve the construction of new power plants under the *Florida Electrical Power Plant Siting Act*. The FPSC also exercises jurisdiction under the *National Energy Act*, including electric use conservation programs.

Operations of the Authority are subject to environmental regulations by federal, state, and local authorities and to zoning regulations by local authorities. Federal and state standards and procedures that govern control of the environment can change. These changes can arise from continuing legislative, regulatory, and judicial action respecting the standards and procedures. Therefore, there is no assurance that the units in operation, under construction, or contemplated will always remain subject to the regulations currently in effect or will always be in compliance with future regulations. An inability to comply with environmental standards or deadlines could result in reduced operating levels or complete shutdown of individual electric generating units not in compliance. Furthermore, compliance with environmental standards or deadlines may substantially increase capital and operating costs.

Description of Funds Reported

- An Enterprise Fund operated by the Authority accounts for the electric utility.

- A Pension Trust Fund accounts for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified retiring employees. They are excluded from the enterprise fund financial statements because they are fiduciary in nature and do not represent resources available to the Authority for operations. Separate pension financial statements are not issued.

Basis of Accounting
The Authority maintains its accounts on the accrual basis in accordance with accounting principles generally accepted in the United States. The accounts are substantially in conformity with accounting principles and methods prescribed by the Federal Energy Regulatory Commission and other regulatory authorities. The accounting and reporting policies of the Authority conform to the accounting rules prescribed by the Governmental Accounting Standards Board (GASB).

Budget
The Authority is required by charter to adopt an annual budget (budget). The budget is adopted on a basis consistent with generally accepted accounting principles.

The Authority follows these procedures in establishing the budget:

- The President and General Manager submits to the Board a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed uses and the sources of funds to finance them.

- Staff discusses and presents a preliminary budget to the Board at a special meeting, which is open to the public.

- A public hearing is subsequently advertised and conducted to obtain ratepayer comments. Once approved by the Board, the budget becomes the basis for operations for the ensuing fiscal year.

The President and General Manager is authorized to approve all budget transfers and all interdepartmental transfers are reported to the Board quarterly. Budget amendments which increase the adopted budget are approved by the Board. Operating budgets lapse at year-end. Capital projects are budgeted for the project life rather than for the current fiscal year. The unexpended portion of project budgets does not lapse until conclusion of the project.

Reclassifications
Certain amounts presented for the prior year have been reclassified in order to be consistent with the current year's presentation.

Cash and Cash Equivalents
Cash and cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and whose original maturity is three months or less. These consist of the Florida State Board of Administration (the SBA) Pool and the carrying amount of the Authority's deposits with financial institutions.

Investments
Investments are recorded at fair value. Fair value is determined based on quoted market prices. The Fund A of the Local Government Investment Pool operated by the SBA is recorded at amortized cost, which approximates market value. The Authority reports the balance of investments in the SBA as $82,502,846 and $41,290,643 for the years ended September 30, 2023 and 2022, respectively at its pooled share price, which approximates market value. The net change to the investments carrying value is included in investment income. The Authority's investments are not insured.

Customer Accounts Receivable
Customer accounts receivable consist of uncollateralized amounts billed to commercial and residential customers for electric service provided throughout the Authority service territory consisting primarily of Osceola County. The Authority bills customers monthly on a cycle basis based upon metered usage, recognizing revenue in the period in which it was earned net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated based upon the Authority's historical experience with collections and current energy market conditions. The total allowance amounts are $749,626 and $816,103 for the years ended September 30, 2023 and 2022, respectively. Bad debt expense for estimated uncollectible accounts was recorded as a reduction of Operating Revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

The Authority acts as billing agent, on behalf of the state and other local governments, which are included in Customer Accounts Receivable but not reflected in the Statements of Revenues, Expenses, and Changes in Net Position. All receivables are anticipated to be collected within an operating cycle and are reported as current assets.

Unbilled Customer Receivables
Unbilled customer receivables represent base electric service provided to customers but not billed until after the end of the fiscal year based upon the billing cycles established by the Authority.

Inventory
Inventory consists of materials and supplies associated with construction and maintenance of the Authority's electric system and is stated at weighted average cost.

Other Current Assets
Other current assets consist primarily of prepaid expenses and other accounts receivable.

Deferred Outflows of Resources
A *deferred outflow of resources* is a consumption of net assets by the government that is applicable to a future reporting period. The following accounts are reflected as a deferred outflow of resources on the Statements of Net Position:

- Deferred amount pension related - Certain costs associated with pension plans for governments, municipalities, body politics, etc. are reported as deferred outflows pursuant to GASB Statement No. 68.

- Deferred amount other postemployment benefit related - Certain costs associated with medical, dental, and vision plans for governments, municipalities, body politics, etc. are reported as deferred outflows pursuant to GASB Statement No. 75.

Capital Assets

Property, plant and equipment are stated at cost when purchased or constructed. Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable property, plant and equipment are as follows:

Production	28 years
Transmission	32 to 50 years
Distribution	25 to 37 years
General	8 to 39 years

The cost of maintenance and repairs, including renewal of minor items of property less than $5,000, is charged to operating expense as incurred. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to utility plant. The cost of units replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation.

Capital Contributions

The Authority receives funds from developers for electric line extensions. These funds are recorded as reductions to gross plant. Unspent developer contributions are reported as Advances for Construction.

Cost of Power Adjustment

Cost of power adjustment represents the Authority's cost of power revenues collected, but for which costs have not been incurred or costs that have been incurred, but for which cost of power revenues have not been collected.

Compensated Absences

The Authority accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Authority has not normally, nor is it legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for compensated absences is included in Other Long-Term Liabilities in the accompanying Statements of Net Position.

Net Position

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt that is attributable to the acquisition, construction, or improvement of those capital assets.

- Restricted – Consists of net position with constraints placed on its use by revenue bond resolution or other external agreement.

- Unrestricted – All other net position that does not meet the definition of “restricted” or “investment in capital assets, net of related debt”.

Operating Revenues and Expenses
Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The principal operating revenue of the Authority is charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority accrues base revenue for services rendered but unbilled to provide a closer matching of revenues and expenses.

Deferred Inflows of Resources
A *deferred inflow of resources* is an acquisition of net assets by the Authority that is applicable to a future reporting period. The following accounts are reflected as deferred inflows of resources on the Statements of Net Position:

- Regulatory Credits:
  - Rate Stabilization Accounts - A retail rate stabilization account (regulatory credit) was created by the Authority bond resolution, which allows current income to be deferred to a future time in order to stabilize rates. This gives the Authority the ability to defer revenues in years when excess revenues (over minimum bond requirements) exist to build up the rate stabilization account. The deferred revenues would be recognized in future years. This fund is classified as restricted (see Note 4). Further, the Board has directed staff to implement a strategy to maintain the Authority’s rates in the lower 50% of all utilities in the State of Florida. That strategy will include the utilization of rate stabilization funds to lower the fuel and purchase power costs billed to the customers.

    A bulk system rate stabilization account (regulatory credit) was created, which allows current cost of power revenue to be utilized at a future time in order to stabilize rates related to fuel and purchase power pursuant to an agreement with the wholesale power provider. This fund is classified as restricted (see Note 4).

  - Self-Insurance (regulatory credit) - The Authority has established a self-insurance reserve as part of its Risk Management (see Note 11).

- Deferred amount pension related - Certain amounts received associated with pension plans for governments, municipalities, body politics, etc. are reported as deferred inflows of resources pursuant to GASB Statement No. 68.

- Deferred amount other postemployment benefits (OPEB) related - Certain amounts received associated with medical, dental, and vision plans for governments, municipalities, body politics, etc. are reported as deferred inflows of resources pursuant to GASB Statement No. 75.

- Lease-Related – Represents a future economic benefit that will be received as a result of a lease transaction and recognized as inflow of resources in the period that the amounts become available.

Regulatory Assets – Net Costs Recoverable in Future Years
Future pension costs related to GASB Statement No. 68 implementation have been deferred in accordance with GASB Statement No. 62 and will be recognized in future years as the plan is funded based on actuarial requirements. OPEB cost related: Future costs related to GASB Statement No. 75 implementation have been deferred in accordance with GASB Statement No. 62 and will be recognized in future years as the plan is funded based on actuarial requirements.

Payments to and from the COK
The Authority is required to pay to the COK 11.06 mills/kWh of retail sales. This payment is treated as an operating expense in the Statements of Revenues, Expenses, and Changes in Net Position. The total amount transferred to the COK was $19,432,933 and $18,973,463 for the years ended September 30, 2023 and 2022, respectively. The amount owed to the COK was approximately $2,253,366 and $1,991,924 for the years ended September 30, 2023 and 2022, respectively.

The Authority performs certain customer-related services for the COK for which the COK paid the Authority approximately $431,249 and $410,097 for the years ended September 30, 2023 and 2022, respectively. The amount owed by the COK to the Authority was approximately $36,435 and $34,290 at September 30, 2023 and 2022, respectively.

Implementation of GASB Statement No. 96
During the fiscal year ended September 30, 2023, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, became effective. This statement defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA results in a "right-to-use" asset and a corresponding liability, and provided the criteria for outlays and subscription payments, as well as required specific note disclosures. The Authority performed a review of its agreements and determined that three arrangements met the criteria for recording under GASB Statement No. 96. See Note 5 for the intangible "right-to-use" asset disclosure, Note 8 for the liability related disclosures, and Note 16 for the prior period adjustment information.

Note 2 - Cash, Cash Equivalents, Investments, and Interest Receivable

Enterprise Fund
Florida Statutes, the Authority Charter, and the Authority Investment Policy authorize the investment of excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of U.S. Government agencies, certain instruments guaranteed by the U.S. Government agencies, certain instruments guaranteed by the U.S. Government, the SBA Pool, bankers' acceptances, and commercial paper. Revenue Bond Covenants also restrict the type and maturities of investments in the required trust funds (see Note 8).

Investments must be in the Authority's name and represented by bank safekeeping receipts, which enumerate the various securities held [All-Requirements Power Supply Project (ARP) Working Capital Deposit, and Rate Stabilization – Bulk System]. These funds are held by the Florida Municipal Power Agency (FMPA) and are contractually obligated to be paid on behalf of the Authority.

Florida Statutes also require depositories of public funds to provide collateral each month, at least equal to 50 percent of the average daily balance of all public deposits in excess of deposit insurance. Any loss not covered by the pledged securities and deposit insurance would be assessed by the State Treasurer and paid by other qualified public depositories.

The components of the Authority's total cash, cash equivalents, and investments at their respective carrying amounts as shown in the accompanying Statements of Net Position at September 30, 2023 and 2022, are as follows:

	2023	2022
Current:		
Cash and Cash Equivalents	$ 401,813	$ 168,059
Investments	53,976,323	54,161,367
Total Current	54,378,136	54,329,426
Restricted:		
Cash and Cash Equivalents	93,728,619	47,166,454
Investments	30,931,313	53,110,362
Total Restricted	124,659,932	100,276,816
Total:		
Cash and Cash Equivalents	94,130,432	47,334,513
Investments	84,907,636	107,271,729
Total	$ 179,038,068	$ 154,606,242

The Authority's total cash, cash equivalents, and investments as of September 30, 2023 and 2022, are summarized as follows:

	2023	2022
Investments	$ 84,907,636	$ 107,271,729
Florida State Board of Administration	82,502,845	41,290,643
Cash and Investments Held at FMPA	5,483,363	3,735,302
Carrying Value - Deposits	6,107,447	2,273,055
Petty Cash	36,777	35,513
Total	$ 179,038,068	$ 154,606,242

Investments are recorded at fair value. The effect of adjusting the investments to market value at September 30, 2023 and 2022, was a change to the investments carrying value of $919,302 and $(4,418,697) respectively.

The balance in the SBA was $82,502,846 and $41,290,643 at September 30, 2023 and 2022, respectively. All investments are delivered to the SBA's custody bank and held for the SBA's account according to their instructions. The Authority's SBA funds are invested in the SBA's Local Government Surplus Funds Investment Pool Trust Fund.

At September 30, 2023 and 2022, the carrying value of the Authority's deposits with financial institutions was $6,107,447 and $2,273,055, respectively, and the bank balance was $4,141,263 and $1,703,015, respectively. All bank balances are fully insured in accordance with Florida Statute 280, which established the multiple financial institution collateral pool.

Deposit and Investment Risk Disclosures

When practical, the Authority will attempt to match its investments with anticipated cash flow requirements. Maturity lengths may be adjusted based on the opportunities presented by the then current yield curve. Investment in securities in which the maturity dates result in a duration that exceeds the maximum duration allowed for the security class is not permitted. The Authority's investment policy limits duration and percent of portfolio limitations (based on par values) by investment class for 2023 and 2022 are as follows:

Investment Class – 2023	Duration	Portfolio %
U.S. Government Securities	8.25 Years	100%
U.S. Federal Agencies	8.25 Years	25%
U.S. Federal Instrumentalities	4.75 Years	90%
Corporate Bonds	4.75 Years	15%
State and Local Government Taxable and Tax-Exempt Debt	3.00 Years	15%
Mortgage-Backed Securities	2.50 Years	15%
Certificate of Deposit	365 Days	15%
Commercial Paper	270 Days	15%
Bankers' Acceptance	180 Days	15%
Fixed Income Treasury Mutual Funds	Daily Liquidity	100%
Fixed Income Mutual Funds	Daily Liquidity	10%
Florida Local Government Surplus Trust Fund (SBA)	Daily Liquidity	60%

Investment Class – 2022	Duration	Portfolio %
U.S. Government Securities	8.25 Years	100%
U.S. Federal Agencies	8.25 Years	25%
U.S. Federal Instrumentalities	4.75 Years	90%
Corporate Bonds	4.75 Years	15%
State and Local Government Taxable and Tax-Exempt Debt	3.00 Years	15%
Mortgage-Backed Securities	2.50 Years	15%
Certificate of Deposit	365 Days	15%
Commercial Paper	270 Days	15%
Bankers' Acceptance	180 Days	15%
Fixed Income Treasury Mutual Funds	Daily Liquidity	100%
Fixed Income Mutual Funds	Daily Liquidity	10%
Florida Local Government Surplus Trust Fund (SBA)	Daily Liquidity	60%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the market value of an investment in debt securities. Generally, the longer the time to maturity or duration, the greater the exposure to interest rate risk. The Authority's investment policy restricts investments by duration in an effort to limit its exposure to market value losses arising from rising interest rates. These investment restrictions have been detailed above. As of September 30, 2023, the portfolio had a duration of .632 and a weighted average life of .724. As of September 30, 2022, the portfolio had a duration of 1.011 and a weighted average life of 1.20.

Duration is a measure of fixed income's cash flows using present values, weighted for cash flows as a percentage of the investments full price. Analytical software commonly includes duration functions. Macaulay Duration (named after its developer) is the basic calculation developed for portfolio of bonds assembled to fund a fixed liability. Modified Duration, based on Macaulay Duration, estimates the sensitivity of a bond's price to interest rate changes. Effective Duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, prepayments, and variable-rate debt. Since the Authority assumes that callable bonds will be called due to the falling interest rate environment, Effective Duration will be used.

As of September 30, 2023 and 2022, the Authority had the following investments in its portfolio:

	2023		2022	
Investment	Fair Value	Effective Duration	Fair Value	Effective Duration
Federal Instrumentalities - Coupon	$ 11,584,200	1.738	$ 10,981,769	0.683
Federal Instrumentalities - Discount	3,975,000	0.122	20,241,427	0.105
Corporate Bonds	-	N/A	1,959,480	0.597
Municipal Bonds	-	N/A	2,669,280	0.047
U.S. Government Securities	69,348,437	1.268	71,419,773	1.975
	84,907,637		107,271,729	
Florida Local Government Trust Fund (SBA) - FMPA Custody	1,748,453	N/A	239	N/A
Florida Local Government Trust Fund (SBA)	82,502,846	N/A	41,290,643	N/A
	$ 169,158,936		$ 148,562,611	
Investments Total	$ 84,907,637		$ 107,271,729	
Cash and Cash Equivalents (SBA)	84,251,299		41,290,882	
	$ 169,158,936		$ 148,562,611	

Credit Risk

Credit risk is the risk that a debt issuer will not fulfill its obligations. The Authority's policy is to limit its investments in commercial paper and corporate bonds by rating to mitigate this risk. At purchase, commercial paper must have a minimum rating of A1 by Standard & Poor's, F1 by Fitch, and P1 by Moody's. A minimum of two of the rating agencies must rate the commercial paper. As a practical matter, the Authority only invests in commercial paper rated as A1+/P1. Corporate bonds are limited at purchase to ratings of AA by Standard & Poor's, AA by Fitch, and Aa by Moody's. Additionally, the investment policy limits Fixed Income Mutual Funds ratings as AAA by Standard & Poor's, AAA by Fitch, and Aaa by Moody's.

As of September 30, 2023, fixed income mutual funds held by the Authority were rated AAA-mf/AAAm. Federal instrumentalities held by the Authority were rated AA+/Aaa by Standard & Poor's and Moody's, respectively, and AAA by Fitch.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2023, the Authority did not have any material investments held by our counterparty, which were in a name other than the Authority.

Cash and Investments Held by FMPA

The ARP Working Capital and the Rate Stabilization – Bulk System investments were held as cash deposits and cash equivalents. As of September 30, 2023 and 2022, FMPA held the following investments in its portfolio:

	2023		2022	
Investment	**Fair Value**	**Effective Duration**	**Fair Value**	**Effective Duration**
ARP Working Capital	$ 3,735,063	N/A	$ 3,735,063	N/A
Rate Stabilization - Bulk System (SBA)	1,748,300	N/A	239	N/A
	$ 5,483,363		$ 3,735,302	
Rate Stabilization - Bulk System Interest Receivable	153		-	
	$ 5,483,516		$ 3,735,302	

Credit Risk

Investments represented by the Rate Stabilization Fund – Bulk System were composed of AAAm/AAA-mf rated mutual funds.

The Authority had the following recurring fair value measurements as of September 30, 2023 and 2022:

Fair Value Heirarchy September 30, 2023

		Fair Value Measurements Using		
	9/30/2023	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by Fair Value Level				
Federal Agency Securities	$ 15,559,200	$ -	$ 15,559,200	$ -
Treasury Securities	69,348,437	69,348,437	-	-
Total Investments by Fair Value Level	84,907,637	$ 69,348,437	$ 15,559,200	$ -
Investments Exempt from Fair Value Hierarchy Disclosures				
Florida PRIME (SBA) - FMPA Custody	1,748,453			
Florida PRIME (SBA)	82,502,846			
Total Investments Exempt from Fair Value Hierarchy Disclosures	84,251,299			
Total Investments Measured at Fair Value	$ 169,158,936			
Investments Total	$ 84,907,637			
Cash and Cash Equivalents (SBA)	84,251,299			
	$ 169,158,936			

Fair Value Heirarchy September 30, 2022

		Fair Value Measurements Using		
	9/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Corporate Bonds	$ 1,959,480	$ -	$ 1,959,480	$ -
Federal Agency Securities	31,223,196	-	31,223,196	-
Treasury Securities	71,419,773	71,419,773	-	-
Municipal Bonds	2,669,280	-	2,669,280	-
Total Investments by Fair Value Level	107,271,729	$ 71,419,773	$ 35,851,956	$ -
Investments Exempt from Fair Value Hierarchy Disclosures				
Florida PRIME (SBA) - FMPA Custody	239			
Florida PRIME (SBA)	41,290,643			
Total Investments Exempt from Fair Value Hierarchy Disclosures	41,290,882			
Total Investments Measured at Fair Value	$ 148,562,611			
Investments Total	$ 107,271,729			
Cash and Cash Equivalents (SBA)	41,290,882			
	$ 148,562,611			

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are unadjusted quoted prices in an active market for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly on the measurement date; Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value that rely on the reporting entity's reasonably available information concerning the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

Pension Trust Fund

Valuation of Investments

Investments in common stocks and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices; investments in securities not having an established market value are valued at market value as determined by the Board of Trustees. The market value of an investment is the amount that the Kissimmee Utility Authority Employees' Retirement Plan (the Plan) 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. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statements of Changes in Net Position.

Investments

Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended mutual or pooled investment funds.

The Plan's investments are uninsured and unregistered and are held in a custodial account in the Plan's name. The Plan has no instrument that, in whole or part, is accounted for as a derivative instrument under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, during the current Plan year.

The Plan held the following fixed investments as of September 30, 2023 and 2022:

Investment Type	Percent of Total Fund	Fair Value 9/30/2023	Overall Credit Rating (S&P and Moody's)	Average Effective Duration (Years)
Integrity Fixed Fund	17.77%	$ 19,726,678	AA+	4.40
Vanguard TIPS (VAIPX)	1.26%	1,398,468	AAA	6.50
PIMCO Diversified Income Fund	1.21%	1,342,946	BBB+	5.10
		2,741,414		
Total		$ 22,468,092		

Investment Type	Percent of Total Fund	Fair Value 9/30/2022	Overall Credit Rating (S&P and Moody's)	Average Effective Duration (Years)
Integrity Fixed Fund	19.68%	$ 20,437,084	AA	4.24
Vanguard TIPS (VAIPX)	1.33%	1,384,733	AAA	6.75
PIMCO Diversified Income Fund	1.21%	1,251,491	BBB	5.34
		2,636,224		
Total		$ 23,073,308		

Credit Risk

Fixed income investments shall have a weighted average minimum rating of "A" or equivalent as rated by a major credit rating service and the value of bonds issued by any single corporation shall not exceed 5% of the total fund. Fixed income investments with a minimum rating below "A" as reported by a major credit rating service shall be limited to 10% of the market value of the total Plan assets. No more than 3% of the Plan's assets, at the time of purchase shall be invested in any one issuing company with a debt rated less than "A" by a major rating service.

Interest Rate Risk and Duration

Through its investment policies, the Plan manages its exposure to market value losses arising from increasing interest rates. In this regard, the Plan adopted the Merrill Lynch Government Corporate Bond Index (MLGC) benchmark. The Plan further limited the effective duration of its fixed investment portfolio to between 50% and 150% of the duration of the MLGC duration.

Custodial Credit Risk

The Plan requires all securities to be held by a third-party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a delivery vs. payment basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The investments in mutual funds are considered unclassified pursuant to the custodial risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book entry form.

The Plan's investments at fair value as of September 30, 2023 and 2022, are summarized as follows:

Investments	2023 Fair Value	2022 Fair Value
Temporary Investment Funds	$ 1,875,729	$ 3,753,455
Fixed Income Securities	19,286,225	20,191,932
Domestic Stocks	54,824,373	44,406,911
Fixed Income Mutual Funds	2,735,749	2,631,832
Pooled Equity Funds – International	16,980,856	14,193,302
Pooled Equity Funds – Domestic	1,029,418	846,476
Foreign Equity	1,452,196	3,947,483
Real Estate Fund	12,857,699	13,858,416
Total	$ 111,042,245	$ 103,829,807

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following recurring fair value measurements as of September 30, 2023 and 2022:

		Fair Value Measurements Using		
	9/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash and Cash Equivalents:				
Regions Trust Cash Sweep	$ 1,875,730	$ -	$ 1,875,730	$ -
Total Cash and Cash Equivalents	1,875,730	-	1,875,730	-
Debt Securities:				
U.S. Treasury Securities	5,971,777	5,971,777	-	-
Mortgage-Backed Securities	7,726,356	-	7,726,356	-
Non-Corporate Obligations	2,006,292	-	2,006,292	-
Corporate Bonds	3,581,800	-	3,581,800	-
Total Debt Securities	19,286,225	5,971,777	13,314,448	-
Equity Securities:				
Common Stock	54,824,373	54,824,373	-	-
Foreign Stock	1,452,196	1,452,196	-	-
Total Equity Securities	56,276,569	56,276,569	-	-
Mutual Funds:				
Fixed Income	2,735,748	-	2,735,748	-
Equity	18,010,274	-	18,010,274	-
Real Estate Funds	12,857,699	-	-	12,857,699
Total Mutual Funds	33,603,721	-	20,746,022	12,857,699
Total Investments by Fair Value Level/ Measured at Fair Value	$ 111,042,245	$ 62,248,346	$ 35,936,200	$ 12,857,699

		Fair Value Measurements Using		
	9/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash and Cash Equivalents:				
Regions Trust Cash Sweep	$ 3,753,455	$ -	$ 3,753,455	$ -
Total Cash and Cash Equivalents	3,753,455	-	3,753,455	-
Debt Securities:				
U.S. Treasury Securities	5,290,572	5,290,572	-	-
Mortgage-Backed Securities	6,241,888	-	6,241,888	-
Collateralized Mortgage Obligations	14,193	-	14,193	-
Non-Corporate Obligations	3,209,770	-	3,209,770	-
Corporate Bonds	5,435,509	-	5,435,509	-
Total Debt Securities	20,191,932	5,290,572	14,901,360	-
Equity Securities:				
Common Stock	44,406,911	44,406,911	-	-
Foreign Stock	3,947,483	3,947,483	-	-
Total Equity Securities	48,354,394	48,354,394	-	-
Mutual Funds:				
Fixed Income	2,631,832	-	2,631,832	-
Equity	15,039,778	-	15,039,778	-
Real Estate Funds	13,858,416	-	-	13,858,416
Total Mutual Funds	31,530,026	-	17,671,610	13,858,416
Total Investments by Fair Value Level/ Measured at Fair Value	$ 103,829,807	$ 53,644,966	$ 36,326,425	$ 13,858,416

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a multi-factor model. The models generate an evaluated adjustment factor, which adjusts securities for post-closing market movements. Mortgage-backed and collateralized mortgage obligations classified in Level 2 are valued using discounted cash flow techniques. A matrix based on coverage ratios and interest shortfalls is used to establish a benchmark level for determining tranche evaluations.

Real Estate Funds reported under Level 3, significant unobservable inputs, are reported at fair market value. PRIME is a core, fully-specified, open-ended commingled real estate investment fund diversified by property type and location designed to provide a stable, income-driven rate of return over the long-term with potential for growth of income and appreciation. PRIME has a rigorous appraisal process. Every asset is independently appraised quarterly. Third-party appraisal firms are engaged by PRIME's independently controlled Board of Directors. Real estate valuations are inherently uncertain given the uniqueness of real property, the need to project rental income with such projections being inherently unreliable, and the absence of frequent trading. The fund makes no assurances regarding the price at which an asset may be sold and cautions investors that sales may occur at prices materially lower or higher than the latest appraised value for such asset. The fair value has been determined using the net asset value (NAV) per share of the Plan's ownership interest. Increases or decreases in the NAV arise from PRIME's marking of its debt to market in accordance with *Accounting Standards Codification* 825-10-25.

Note 3 - Current Cash and Investments

Certain internal designations of current cash, investments, and interest receivable are made in the financial records during the fiscal year to identify a portion of cash, cash equivalents, investments, and interest receivable intended to be used for specific purposes in a future period. Current cash and cash equivalents, investments, and interest receivable at September 30, 2023 and 2022, included the following internal designations:

	2023	2022
Current Assets		
Undesignated	$ 2,178,379	$ 954,240
Designated	52,307,263	53,460,689
Total	$ 54,485,642	$ 54,414,929

Note 4 - Restricted Assets

Restrictions are made in accordance with bond resolutions, contracts, developers, the FMPA, agreements with customers, and in accordance with Nuclear Regulatory Commission rules and regulations. Restricted assets, which consist of cash, cash equivalents, investments, and interest receivable at September 30, 2023 and 2022, included the following:

	2023	2022
Restricted Assets		
Sinking Fund	$ 13,275,859	$ 10,103,814
Advances for Construction	6,032,675	4,609,829
Customer Deposits	22,435,488	20,038,612
COK Collections	188,735	101,213
City of St. Cloud Collections	9,415	-
ARP Working Capital	3,735,063	3,735,063
Rate Stabilization – Retail	74,089,250	61,707,621
Rate Stabilization – Retail Bulk	3,157,000	-
Rate Stabilization – Bulk System	1,748,453	239
Total	$ 124,671,938	$ 100,296,391

Shown in the accompanying Statements of Net Position as:

	2023	2022
Cash and Cash Equivalents	$ 93,728,619	$ 47,166,454
Investments	30,931,313	53,110,362
Interest Receivable	12,006	19,575
Total	$ 124,671,938	$ 100,296,391

Note 5 - Capital Assets

Utility plant activity for the years ended September 30, 2023 and 2022, was as follows:

	(Restated) 9/30/2022 Balance	Additions	Deletions and Reclassifications	9/30/2023 Balance
Utility Plant				
Land	$ 18,077,313	$ -	$ -	$ 18,077,313
Transmission Plant	46,936,648	-	-	46,936,648
Distribution Plant	244,997,829	14,732,179	(330,654)	259,399,354
General	53,788,687	1,897,595	(985,062)	54,701,220
Subtotal	363,800,477	16,629,774	(1,315,716)	379,114,535
Less Accumulated Depreciation				
Transmission Plant	(28,930,511)	(1,175,834)	-	(30,106,345)
Distribution Plant	(59,079,490)	(8,636,423)	1,383,469	(66,332,444)
General	(29,081,939)	(1,810,144)	905,773	(29,986,310)
Subtotal	(117,091,940)	(11,622,401)	2,289,242	(126,425,099)
CWIP	9,377,078	22,150,186	(19,785,538)	11,741,726
Subscription-Based Information Technology Assets - (SBITA)				
Right-of-Use Asset SBITA	1,254,226	139,898	-	1,394,124
Accumulated Amortization	(209,038)	(470,673)	-	(679,711)
SBITA, Net	1,045,188	(330,775)	-	714,413
Total Capital Assets - Utility Plant	$ 257,130,803	$ 26,826,784	$ (18,812,012)	$ 265,145,575

	9/30/2021 Balance	Additions	Deletions and Reclassifications	(Restated) 9/30/2022 Balance
Utility Plant				
Land	$ 18,077,313	$ -	$ -	$ 18,077,313
Transmission Plant	46,936,648	-	-	46,936,648
Distribution Plant	237,875,805	7,193,277	(71,253)	244,997,829
General	52,879,889	1,172,264	(263,466)	53,788,687
Subtotal	355,769,655	8,365,541	(334,719)	363,800,477
Less Accumulated Depreciation				
Transmission Plant	(27,743,362)	(1,187,149)	-	(28,930,511)
Distribution Plant	(51,420,803)	(8,516,278)	857,591	(59,079,490)
General	(27,512,534)	(1,834,747)	265,342	(29,081,939)
Subtotal	(106,676,699)	(11,538,174)	1,122,933	(117,091,940)
CWIP	11,193,309	17,116,738	(18,932,969)	9,377,078
Subscription-Based Information Technology Assets - (SBITA)				
Right-of-Use Asset SBITA	-	1,254,226	-	1,254,226
Accumulated Amortization	-	(209,038)	-	(209,038)
SBITA, Net	-	1,045,188	-	1,045,188
Total Capital Assets - Utility Plant	$ 260,286,265	$ 14,989,293	$ (18,144,755)	$ 257,130,803

*New category for the Authority's subscription-based information technology arrangement assets, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

Depreciation expense for utility plant totaled approximately $11,622,000 and $11,538,000 for the years ended September 30, 2023 and 2022, respectively.

The capital contribution of plant costs was approximately $3,458,000 and $9,488,000 for the years ended September 30, 2023 and 2022, respectively. These funds are recorded as reductions to gross plant.

Note 6 - Sales Type Transaction

The Authority negotiated with FMPA ARP the Revised, Amended, and Restated Capacity and Energy Sales Contract (TARP Contract) effective October 1, 2008, under which FMPA ARP will pay the Authority a fixed capacity credit that will not vary for the Authority owned generating assets over various periods of time that are tied to the useful life of such the Authority assets. The total amount of fixed capacity credits that will be paid to the Authority from fiscal year 2009 through fiscal year 2028 will be approximately $342 million. In return for this fixed rate of return, not tied to market variations, the Authority ceded to FMPA operational control of these assets and waived its right to exercise its contract rate of delivery associated with the Authority's Cane Island Units 1, 2, and 3; Stanton Energy Center (SEC) Units 1 and A; and Indian River Units A and B. The Authority also passed responsibility for the operation, maintenance, and capital costs of these generation assets to FMPA (see Note 7). The Authority retained its proportionate share of risk and liability for these generation assets. The Authority also retained responsibility for its ownership share of Cane Island land and common transmission facilities and a proportionate share of decommissioning costs or benefits of the generation assets.

The agreement was amended on July 1, 2019, to provide additional payments with a present value of $10.7 million. Under the revised and amended contract, the Authority receives agreed upon fixed payments over preset periods.

The agreement was amended effective October 1, 2023, to provide additional payments of $102 million. Under the revised and amended contract, the Authority receives agreed upon fixed payments over preset periods.

The following lists the components of the sales type transaction as of September 30:

	2023	2022
Total Minimum Payments to be Received	$ 171,349,719	$ 86,183,515
Less: Unearned Revenue	(146,490,561)	(55,239,841)
Net Amount Due for Sales Type Transaction	$ 24,859,158	$ 30,943,674
Shown in the Accompanying Statements of Net Position as:		
Current Assets – Current Portion	$ 19,894,566	$ 17,353,764
Other Assets – Long-Term Portion	151,455,153	68,829,751
Total Assets	$ 171,349,719	$ 86,183,515
Unearned Revenue	$ 146,490,561	$ 55,239,841
Total Unearned Revenue	$ 146,490,561	$ 55,239,841

Fiscal Year	Minimum Lease Payments to be Received	Unearned Lease Revenue
2024	$ 19,894,566	$ 13,810,049
2025	19,894,566	13,810,049
2026	19,894,566	13,810,049
2027	19,894,566	13,810,049
2028	16,376,736	15,855,654
2029-2033	75,394,719	75,394,710
Total	$ 171,349,719	$ 146,490,560

Note 7 - Power Supply Agreements

FMPA ARP

The Authority purchases power exclusively from FMPA through the state-wide bulk power system. The Authority has an ARP Project Contract (effective 10/1/2002) with FMPA, which requires FMPA to sell and deliver to the Authority and the Authority to purchase from FMPA all electric power that the Authority requires in excess of the amount the Authority receives from its power entitlement in St. Lucie 2. The contract shall remain in effect until October 1, 2055, and is subject to automatic one-year extensions each October 1st unless either party notifies the other in writing at least one year prior to such automatic extension date of its decision not to extend the contract. The Authority pays for electric power under the contract at the rates set forth in the applicable rate schedule of FMPA, which FMPA may revise from time to time. The contract provides the option for the Authority to leave the FMPA after notice and making the remaining project participants whole. This is generally understood to mean paying off its portion of the project's long-term debt.

During the 2022 fiscal year, FMPA entered into price risk management and stabilization arrangements (commonly known as hedges) to help mitigate the volatility and uncertainty of natural gas prices. The effective dates for those arrangements range from April 2023 to April 2025.

Effective October 1, 2008, the Authority entered into a sales-type transaction, as discussed in Note 6, its ownership share of the generating assets associated with the Authority's Cane Island Units 1, 2, and 3; SEC Units 1 and A; and Indian River Units A and B. In addition, the Authority entered into a Consolidated Operating and Joint Ownership Contract with FMPA whereby the Authority provides operation and maintenance services for Cane Island and Gulfstream Interconnection facilities and FMPA reimburses the expenditures.

Power Supply Entitlements

SEC: The Authority is a member of FMPA's Stanton and Stanton II projects whereby the Authority has a total power entitlement of 1.8072% in SEC 1, approximately 8 MW and 7.6628% in SEC 2, approximately 34 MW. These resources are dedicated to the ARP. The participation costs are paid by the ARP.

Florida Municipal Solar Project: The Authority is a member of FMPA's Florida Municipal Solar Projects Phase I and II whereby the Authority has a total power entitlement of 28.1172% in Phase I, approximately 20.9 MW, and 13.3510% in Phase II, approximately 20 MW (estimated to achieve full commercial operation by 2025). The Authority is billed for its share of the participation costs, which are included in purchased power.

The following is an excluded resource under the ARP agreement:

- St. Lucie Nuclear Power Plant: The Authority is a member of FMPA's St. Lucie project whereby the Authority has a total power entitlement of 0.8282%, approximately 8 MW in the St. Lucie nuclear power plant. The Authority is billed for its share of the participation costs, which are included in purchased power.

Note 8 - Long-Term Liabilities

Long-term liabilities for the years ended September 30, 2023 and 2022, were as follows:

	(Restated) 9/30/2022	Additions	Reductions	9/30/2023 Balance	Amounts Due Within One Year	Long-Term
Debt:						
Commercial Paper	$ 23,200,000	$ -	$ (10,000,000)	$ 13,200,000	$ 13,200,000	$ -
Total Debt	$ 23,200,000	$ -	$ (10,000,000)	$ 13,200,000	$ 13,200,000	$ -
Other Liabilities:						
Net Pension Liability	$ 36,058,826	$ -	$ (2,213,169)	$ 33,845,657	$ -	$ 33,845,657
Other Postemployment Benefits	4,652,238	709,264	-	5,361,502	586,795	4,774,707
Compensated Absences	5,099,659	2,972,922	(3,088,854)	4,983,727	3,243,296	1,740,431
Subscription-Based Information Technology Arrangement Liability	820,529	139,898	(458,627)	501,800	473,189	28,611
Total Other Liabilities	$ 46,631,252	$ 3,822,084	$ (5,760,650)	$ 44,692,686	$ 4,303,280	$ 40,389,406

	9/30/2021	Additions	Reductions	(Restated) 9/30/2022 Balance	Amounts Due Within One Year	Long-Term
Debt:						
Commercial Paper	$ 33,200,000	$ -	$ (10,000,000)	$ 23,200,000	$ 10,000,000	$ 13,200,000
Total Debt	$ 33,200,000	$ -	$ (10,000,000)	$ 23,200,000	$ 10,000,000	$ 13,200,000
Other Liabilities:						
Net Pension Liability	$ 6,321,757	$ 29,737,069	$ -	$ 36,058,826	$ -	$ 36,058,826
Other Postemployment Benefits	5,972,400	-	(1,320,162)	4,652,238	488,706	4,163,532
Compensated Absences	4,839,567	3,038,809	(2,778,717)	5,099,659	2,889,866	2,209,793
Subscription-Based Information Technology Arrangement Liability	-	1,254,226	(433,697)	820,529	402,645	417,884
Total Other Liabilities	$ 17,133,724	$ 34,030,104	$ (4,532,576)	$ 46,631,252	$ 3,781,217	$ 42,850,035

Long-term debt outstanding at September 30, 2023 and 2022, consisted of the following Commercial Paper Notes:

Description	Final Maturity	Original Amount	2023	2022
Commercial Paper Program Series B, Variable Interest		$ 35,000,000	$ 5,000,000	$ 15,000,000
Commercial Paper Program Series B, Second Installment Variable Interest		8,200,000	8,200,000	8,200,000
Total			$ 13,200,000	$ 23,200,000

Commercial Paper Notes

The Authority authorized the issuance of the Commercial Paper Notes pursuant to Resolution No. 00-04, adopted by the Board on October 25, 2000. The notes were issued in three series, 2000A, 2000B, and 2000B second installment for $35,000,000, $35,000,000, and $8,200,000, respectively to: (a) finance the cost of the Cane Island Project (including repayment of amounts previously borrowed to provide financing therefore); (b) SEC Unit A; and (c) pay the costs of issuance of the Commercial Paper Notes. The aggregate principal amount of all Commercial Paper Notes outstanding at any one time shall not exceed the lesser of $100,000,000 or the amount of the Available Commitment under the Purchase Agreement (the current Available Commitment is $33,200,000). During the year ended September 30, 2023, interest rates on the Commercial Paper ranged from 2.60% to 3.57% and averaged 3.16%.

As of September 30, 2005, $35,000,000 of the Series A was refunded. On October 13, 2005, $32,000,000 was refunded and the remaining $3,000,000 was refunded on November 16, 2005. On October 1, 2021, $10,000,000 of the Series B was refunded. On October 1, 2022, $10,000,000 of the Series B was refunded. The Series B in the amount of $13,200,000 is outstanding. $13,200,000 is reflected as short-term liabilities on the Statements of Net Position.

The notes are secured by the Commercial Paper Purchase Agreement between the Authority and JP Morgan Chase Bank (the Bank). In the Purchase Agreement, the Bank has agreed, subject to certain conditions, to purchase Commercial Paper Notes which have not been sold by the dealers so that monies will be available in the Commercial Paper Notes Payment Fund to pay the maturing principal of outstanding notes. The obligation of the Bank under the Commercial Paper Purchase Agreement provides only for payment of maturing principal of the notes; the Authority is obligated to make provision for payment of interest on maturing Commercial Paper Notes from Subordinate Revenues.

The amount of the Bank's obligation under the Purchase Agreement is limited to $23.2 million, reduced by the amount of any outstanding notes previously purchased by the Bank and subject to adjustment upward upon request of the Authority and consent of the Bank, or downward upon unilateral request by the Authority, in either case in $1 million increments.

The duration of the Bank's obligation under the Commercial Paper Purchase Agreement is for 32 months, beginning on February 2022, and terminating on October 2024. The Authority must request such an extension at least 60 days prior to the expiration of the Commercial Paper Purchase Agreement (unless the Bank consents to a later request), and the Bank must notify the Issuing and Paying Agent within 30 days of receipt of the request whether the Bank consents to such extension and must deliver a written acknowledgment of the extension within 15 days of its consent to the Issuing and Paying Agent. The Authority has received an offer from the Bank for a multi-period renewal. However, the Authority paid all of the outstanding balances as of October 2, 2023. The Authority included $13,200,000 as short-term liabilities to reflect the payment made shortly after year-end.

In the event that bank notes owned by the Bank are outstanding on the expiration date, October 2024, the Bank agrees to accept amortization of the principal thereof and payment of the interest thereon as indicated. The Bank agrees that it shall continue to hold such bank notes for the Term-Out Period, an additional period up to three years. This will occur provided that all bank notes shall bear interest at the Term-Out Rate during the Term-Out Period, payable in arrears, on the last day of each calendar month; and provided further that the Authority shall redeem the bank notes by paying to the Bank the principal amount of the bank notes, in six (6) equal principal amounts on a semi-annual basis, on each sixth Interest Payment Date together with accrued interest, commencing on the sixth Interest Payment Date after the expiration date. The Term-Out Rate is a Base Rate plus two percent (2.00%) calculated on the basis of a 360-day year and actual days elapsed. The Base Rate means for any day, the higher of: (a) the Prime Rate plus one- and one-half percent (1.50%), (b) the Federal Funds Rate plus two percent (2.00%), or (c) eight- and one-half percent (8.50%) per annum.

Subscription-Based Information Technology Arrangements
The Authority entered into SBITAs for information technology security software and various desktop and server software subscriptions. The total of the Authority's subscription assets are recorded at a cost of $1,394,124 and accumulated amortization of $679,711 at September 30, 2023.

The future subscription payments under SBITA arrangements are as follows:

Subscriptions			
Fiscal Year	Principal	Interest	Total
2024	$ 473,190	$ 18,990	$ 492,180
2025	28,610	890	29,500
Total	$ 501,800	$ 19,880	$ 521,680

Note 9 - Lease Receivable

Lease Receivable Agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Incremental Borrowing Rate	Total Lease Receivable	Balance 9/30/2023
Small Cell	04/14/2017	7 Years	$ 14,400	4.03%	$ 46,739	$ 21,202
Pole Attachment	05/01/2019	14 Years	7,751	4.03%	75,386	65,770
Pole Attachment	09/20/2019	7 Years	42,002	4.03%	219,968	152,357
Pole Attachment	07/18/2018	7 Years	13,502	4.03%	60,160	37,559
Tower Space	05/25/2020	10 Years	35,251	4.03%	254,676	203,694
Tower Space	10/30/2022	5 Year	35,832	4.03%	147,565	114,706
Tower Space	07/25/2021	10 Years	7,465	4.03%	67,713	59,826
Total Lease Agreements						$ 655,114

Small cell antenna attachments and pole attachments are leased to external parties for cell phone and telecommunications usage. Tower space agreements are leased to cell phone companies for placement of antenna attachments. Due to the nature of the usage/purpose, the agreements are typically renewed at the conclusion of the stated term.

Lease Payments Received During the Fiscal Year:

Description	Lease Revenues	Lease Interest	Deferred Inflows
Small Cell	$ 13,021	$ 1,379	$ 11,685
Pole Attachment	4,903	2,848	5,799
Pole Attachment	34,473	7,529	36,661
Pole Attachment	11,524	1,978	12,032
Tower Space	25,995	9,256	28,297
Tower Space	32,858	2,973	29,513
Tower Space	4,331	2,665	6,299
Total	$ 127,105	$ 28,628	$ 130,286

Annual requirements to amortize lease receivable and related deferred inflows are as follows:

Year Ending September 30,	Lease Receivable	Deferred Inflows
2024	$ 129,897	$ 130,286
2025	135,751	130,286
2026	133,386	118,601
2027	107,257	106,569
2028	52,384	40,395
Thereafter	96,439	115,011
Total	$ 655,114	$ 641,148

Note 10 - Commitments and Contingent Liabilities

Purchase Commitments

The Authority has made certain commitments in connection with its continuing capital improvements program. The Authority estimates that capital expenditures for its ongoing business during 2024 will be approximately $43,805,000. An additional $103,660,000 of capital expenditures are estimated for years 2025 through 2028.

The Authority has purchase agreements with utilities whereby the Authority must pay capacity demand fees whether or not electricity or fuel is received from these utilities. The utilities involved and the approximate charges of the purchase agreements to be paid in fiscal year 2024 are as follows:

	Date	Commitment
Orlando Utilities Commission (OUC)		
SEC 1, Indian River, SEC A	NONE	$ 1,407,636
FMPA (St. Lucie, SEC 1, SEC 2)	NONE	4,746,652
Total		$ 6,154,288

Claims

The Authority is involved in litigation arising during the normal course of its business. In the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Authority.

The Authority is subject to general liability claims throughout the year. The range of loss is such that an estimate cannot be made. These claims are well within the Authority's insurance limits and sovereign immunity provided by the Florida Statutes, Section 768.28. The Authority has established a self-insurance fund to cover any claims that exceed the Authority's insurance deductibles and/or limits, which is reflected as a deferred inflow of resources on the Statements of Net Position.

Note 11 - Risk Management

The 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. The Authority has established a self-insurance reserve to account for and finance its uninsured risks of loss for the transmission and distribution system as well as other uninsured losses. The reserve balance is $15,000,000 for the years ended September 30, 2023 and 2022. The self-insurance reserve is the Authority's best estimate based upon available information and is decreased by claims paid each year.

The Authority purchases commercial insurance for all other risks of loss, including general liability, excess liability, workers' compensation, property insurance, employee health, life, and accident insurance. Settled claims have not exceeded the commercial coverage insurance in any of the past five fiscal years.

Note 12 - Restricted Component of Net Position

Restricted net position is comprised of the following at September 30, 2023 and 2022:

	2023	2022
Debt Service:		
Sinking Funds	$ 13,200,000	$ 10,000,000
Other:		
ARP Working Funds	3,735,063	3,735,063
Total Restricted Assets	$ 16,935,063	$ 13,735,063

Note 13 - Other Postemployment Benefits

The Authority provides medical, dental, and life insurance benefits to current employees and eligible retirees and their families. These benefit provisions have been established by and may be amended by, the Authority's Board. Retirees participating in the plans offered by the Authority are required to contribute 100% of the active premiums. The plans are not funded through a trust. The Authority does not contribute any funds on behalf of the retirees. Separate other postemployment benefits financial statements are not issued.

The annual OPEB cost is calculated based on the actuarial valuation performed as of September 30, 2022, and a measurement date of September 30, 2023. The following table shows the key components of the Authority's OPEB valuation for the reporting at September 30, 2023 and 2022:

	2023	2022
Total OPEB Liability as of the Measurement Date	$ 5,361,502	$ 4,652,238
OPEB Expense for the Fiscal Year Ended September 30	$ 586,795	$ 488,706
Covered Employee Payroll	$ 23,430,038	$ 22,599,159
The Authority's Total OPEB Liability as a Percentage of Covered Payroll	22.88%	20.59%

At September 30, 2022, the Plan's participants consisted of:

Covered Spouses	7
Retirees, Beneficiaries, and Disabled Members	104
Active Plan Members	259
Total	370

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, updated to September 30, 2023, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies by Service
Discount Rate	4.87%
Initial Trend Rate	7.50%
Ultimate Trend Rate	3.45%
Years to Ultimate	52

Discount Rate

Given the Authority's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's, or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in Total OPEB Liability

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ended September 30, 2022	$ 4,652,238
Changes for the Year:	
Service Cost	150,104
Interest	230,630
Differences Between Expected and Actual Experience	146,533
Changes of Assumptions	412,406
Benefit Payments	(230,409)
Net Changes	709,264
Reporting Period Ended September 30, 2023	$ 5,361,502

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ended September 30, 2021	$ 5,972,400
Changes for the Year:	
Service Cost	209,881
Interest	142,932
Differences Between Expected and Actual Experience	(191,454)
Changes of Assumptions	(1,262,499)
Benefit Payments	(219,022)
Net Changes	(1,320,162)
Reporting Period Ended September 30, 2022	$ 4,652,238

Changes in assumptions reflect a change in the discount rate from 4.77% for the reporting period ended September 30, 2022, to 4.87% for the reporting period ended September 30, 2023. Also reflected as assumptions changes are updated health care costs and premiums.

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

The following presents the Total OPEB Liability, as well as what total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate for the year ended September 30, 2023:

	1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
Total OPEB Liability (Asset)	$ 5,917,846	$ 5,361,502	$ 4,885,998

	1% Decrease 2.45% - 7.50%	Healthcare Cost Trend Rates 3.45% - 8.50%	1% Increase 4.45% - 9.50%
Total OPEB Liability (Asset)	$ 5,012,183	$ 5,361,502	$ 5,767,753

The following presents the total OPEB liability, as well as what total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate for the year ended September 30, 2022:

	1% Decrease 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
Total OPEB Liability (Asset)	$ 5,177,527	$ 4,652,238	$ 4,206,833

	1% Decrease 2.45% - 7.50%	Healthcare Cost Trend Rates 3.45% - 8.50%	1% Increase 4.45% - 9.50%
Total OPEB Liability (Asset)	$ 4,347,896	$ 4,652,238	$ 5,008,508

For the year ended September 30, 2023, the Authority will recognize OPEB expense of $586,795.

On September 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows (Inflows) of Resources 2023	Deferred Outflows (Inflows) of Resources 2022
Differences Between Expected and Actual Experience	$ 542,206	$ 563,151
Changes of Assumptions	(18,382)	(403,505)
Total	$ 523,824	$ 159,646

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

Year Ending September 30	
2024	$ 194,761
2025	194,759
2026	223,780
2027	64,414
2028	(111,876)
Thereafter	(42,014)
Total	$ 523,824

Note 14 - Pension Plan

Plan Description

The Plan is a single employer defined benefit pension plan. The Plan provides for pension, death, and disability benefits. Participation in the Plan is required as a condition of employment for all full-time employees, except for the Authority Board and the President and General Manager. The Plan is subject to the provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The Plan is governed by a five-member pension Board of Trustees, which consists of two members elected by the membership, two appointed by the Authority's President and General Manager, and one member is appointed by the other four members. The Plan was established by an Authority Resolution and any changes are made through the adoption of an Authority Resolution. The Authority is obligated to fund all Plan costs based upon actuarial valuations. The Authority is also authorized to establish benefit levels and the Plan's Board of Trustees approves the actuarial assumptions used in the determination of the contribution levels.

At October 1, 2022 and 2021, the Plan's participants consisted of:

	October 1, 2022	October 1, 2021
Actives	246	244
Service Retirees	194	188
DROP Retirees	13	15
Beneficiaries	50	47
Disability Retirees	4	5
Terminated Vested	64	64
Total	571	563

Pension Benefits

Under the Plan, a participant's normal retirement date shall be as follows:

1) Tier 1 Participants: the attainment of age sixty-two (62) and the completion of ten (10) years of credited service;
2) Tier 2 Participants: the attainment of the age which when added to the years of credited service, equals eighty (80) years and the completion of ten (10) years of credited service; and
3) Tier 3 Participants: the attainment of age sixty-two (62) and the completion of ten (10) years of credited service.

Participants are entitled to annual pension benefits in accordance with the above schedule or an early retirement at age 55 with a benefit reduced by two percent for each year prior to normal retirement. A participant's normal retirement benefit shall be calculated in accordance with the following schedule:

1) Tier 1 Participants: two and six-tenths percent (2.6%) of average final compensation for each year of credited service;
2) Tier 2 Participants: two and six-tenths percent (2.6%) of average final compensation for each year of credited service; and
3) Tier 3 Participants: three percent (3.0%) of average final compensation for each year of credited service.

In addition to the formula benefit, early and normal retirees receive a supplemental benefit of $300 per month to age 65 and $25 per month thereafter.

The monthly retirement benefit shall not exceed 100 percent of the participant's average final compensation. A participant who terminates prior to five (5) continuous years of service forfeits the right to receive all benefits he/she has accumulated. However, he/she retains the right of a refund of all personal contributions made to the Plan.

Vesting in a participant's accrued benefit based on their contributions begins at 25 percent at five (5) years of credited service and increases 15 percent per year as follows:

Credited Service (Years)	Percent Vested
5	25%
6	40%
7	55%
8	70%
9	85%
10	100%

Deferred Retirement Option Plan (DROP)

The Plan adopted a DROP benefit on November 17, 1999. Any Plan participant who is eligible to receive a normal retirement pension may elect to participate in a DROP while continuing his/her active employment. Upon participation in the DROP, the participant becomes a retiree for all Plan purposes so that he/she ceases to accrue any further benefits under the Plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his/her termination of employment. Interest is earned by the participant's election of either: (1) 6.5% per annum, compounded monthly, or (2) actual net rate of investment return (total return net of commissions, management fees, and transaction costs) for the fiscal quarter. Accounts are updated quarterly. Participation in the DROP ceases for a Plan participant after 96 months.

Death Benefits
For any deceased employee who had been an actively employed participant eligible for early or normal retirement, the manner of benefit payable shall be at least equal to the annuity of ten years calculated as of the date of death. The benefit payable in the event of death while in service on, or prior to, normal retirement date is the greater of the value of a participant's accrued benefit accrued to the date of death or the smaller of 24 times a participant's average final monthly compensation at the date of death or 100 times a participant's monthly retirement income assuming retirement occurred on the date of death.

Disability Benefits
A participant that has two or more years credited service and becomes totally and permanently disabled to the extent that they are unable to engage in any reasonable occupation is entitled to a disability benefit. If granted, the pension benefit will be 2.6 percent of final average compensation multiplied by years of credited service, not to exceed thirty years of credited service, but in any event, the minimum benefit shall be 25 percent of average final compensation. Disability pension will be reduced by any workers' compensation and/or social security disability benefits such that the total does not exceed 100 percent of the disability pension benefit.

Cost of Living Increases (COLA)
Prior to 2013, the Authority was required to review every three years the status of all retirees who were receiving payments from the Plan for the purpose of considering an ad hoc increase in benefits. In determining the adjustment, if any, the Authority considered the actuarial soundness of the Plan as determined by the most recent actuarial valuation, the prevailing rate of inflation as reflected in the Consumer Price Index, and the recommendations of the Plan's Board of Trustees. The requirement to review the appropriateness of an ad hoc COLA every three years was removed from the authorizing resolution by the Authority in February 2013. Any future ad hoc COLA's would be based on the recommendation of the Plan's Board of Trustees and current market conditions.

Basis of Accounting
The accrual basis of accounting is used by the Plan. The Authority's contributions to the Plan, as calculated by the Plan's actuary, are recognized as revenue when due and the Authority has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Custody of Assets
Custodial and certain investment services are provided to the Plan under contracts with a custodian having trust powers in the State of Florida. The Plan's investment policies are governed by investment objectives of the Authority and the Florida State Statutes. The Authority has outlined the investment guidelines in a resolution. The Plan's Board of Trustees develops and adopts a written Investment Policy Statement (IPS) setting forth the goals and objectives of investments. The IPS is intended to complement

the investment guidelines provided for in state statutes and the Authority Resolution. Each investment manager has an applicable addendum to the Investment Policy that further compliments the objectives and guidelines contained in the IPS. The Plan's Board of Trustees reviews the IPS on an annual basis to determine whether any changes are necessary. Compliance with the IPS parameters is reviewed on a quarterly basis.

Authorized Plan Investments
The obligations of the Plan are long-term, and the investment policy is geared toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with a prudent investor rule and Chapter 112 of the Florida Statutes.

Permissible investments include obligations of the U.S. Treasury and U.S. agencies, high capitalization common or preferred stocks, pooled equity funds, high quality bonds or notes, and fixed income funds. In addition, the Plan requires assets be invested with no more than 70 percent in stocks and convertible securities measured at cost.

In addition, the Plan limits investment in common stock (equity investments) as follows:

a. No more than 5 percent at cost of an investment manager's portfolio may be invested in the common or capital stock of any single corporation.
b. The Plan's investment in the common stock of any single foreign corporation shall not exceed 25 percent of the Plan's total value.

The following was the Plan's adopted asset allocation policy as of September 30, 2023:

Asset Class	Target Allocation	Range	Benchmark Index
Domestic Equity	50%	45% - 55%	Russell 3000
International Equity	15%	10% - 20%	MSCI-ACW-x U.S.
Broad Market Fixed Income	15%	10% - 30%	B-Barclays Domestic Matter (1-10 Yr) "A" Rated and Above
Treasury Inflation Protected Securities (TIPS) *	10%	0% - 20%	Barclays TIPS
Real Estate	10%	0% - 15%	ODCE
Alternatives *	0%	0% - 15%	TBD
	100%		

* Portfolio allocation and Total Fund Benchmark will default to "Broad Market Fixed Income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

The annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 9.54% and (17.88)% for the years ended September 30, 2023 and 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on 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 Plan investment expenses and inflation) are developed for each major asset class. For 2023, the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation policy as of September 30, 2023 and 2022, are summarized in the table below:

Asset Class	**Long-Term Expected Real Rate of Return 2023**
All Cap Value Equity	7.50%
Broad Growth Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Bond	3.50%
Real Estate	4.50%

Asset Class	**Long-Term Expected Real Rate of Return 2022**
All Cap Value Equity	7.50%
Broad Growth Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Bond	3.50%
Real Estate	4.50%

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the Plan member contributions will be made at the current contribution rate and that the Authority's contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan's 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Authority's net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

2023	**1% Decrease 6.75%**	**Current Discount Rate 7.75%**	**1% Increase 8.75%**
The Authority's Net Pension Liability	$ 50,390,177	$ 33,845,657	$ 19,894,446

2022	**1% Decrease 6.75%**	**Current Discount Rate 7.75%**	**1% Increase 8.75%**
The Authority's Net Pension Liability	$ 52,045,122	$ 36,058,826	$ 22,583,821

Net Pension Liability

The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023, using the following actuarial assumptions applied to all measurement periods:

	2023	2022
Inflation	2.50%	2.50%
Salary Increases	Service Based	Service Based
Investment Rate of Return	7.75%	7.75%
Discount Rate	7.75%	7.75%

The measurement date is September 30, 2023. The measurement period for the pension expense and the reporting is October 1, 2022 to September 30, 2023.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2022	$ 139,777,092	$ 103,718,266	$ 36,058,826
Changes for a Year:			
Service Cost	3,475,276	-	3,475,276
Interest	10,796,232	-	10,796,232
Differences Between Expected and Actual Experience	(1,384,077)	-	(1,384,077)
Contributions - Employer	-	4,842,574	(4,842,574)
Contributions - Employee	-	335,285	(335,285)
Contributions - Buy Back	18,857	18,857	-
Net Investment Income	-	9,985,717	(9,985,717)
Benefit Payments, Including Refunds of Employee Contributions	(7,892,295)	(7,892,295)	-
Administrative Expenses	-	(62,976)	62,976
Net Changes	5,013,993	7,227,162	(2,213,169)
Balance at September 30, 2023	$ 144,791,085	$ 110,945,428	$ 33,845,657

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2021	$ 135,544,214	$ 129,222,458	$ 6,321,756
Changes for a Year:			
Service Cost	3,293,485	-	3,293,485
Interest	10,478,010	-	10,478,010
Differences Between Expected and Actual Experience	(2,269,860)	-	(2,269,860)
Changes of Benefit Terms	(228)	-	(228)
Contributions - Employer	-	4,804,111	(4,804,111)
Contributions - Employee	-	370,201	(370,201)
Contributions - Buy Back	6,147	6,147	-
Net Investment Income	-	(23,358,679)	23,358,679
Benefit Payments, Including Refunds of Employee Contributions	(7,274,676)	(7,274,676)	-
Administrative Expenses	-	(51,296)	51,296
Net Changes	4,232,878	(25,504,192)	29,737,070
Balance at September 30, 2022	$ 139,777,092	$ 103,718,266	$ 36,058,826

The major components of the net pension liability of the Authority on September 30, 2023 and 2022, were as follows:

	2023	2022
Total Pension Liability	$ 144,791,085	$ 139,777,092
Plan Fiduciary Net Position*	(110,945,428)	(103,718,266)
The Authority's Liability	$ 33,845,657	$ 36,058,826
Plan Fiduciary Net Position as a % of Total Pension Liability	76.62%	74.20%

*The accompanying Plan Net Position differs from the Actuarial Plan Position for immaterial timing differences.

For the year ended September 30, 2023 and 2022, the Authority will recognize a pension expense of $9,532,816 and $7,169,450. On September 30, 2023 and 2022, the Authority reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences Between Expected and Actual Experiences	$ 240,920	$ 2,845,413	$ 494,786	$ 2,191,434
Changes of Assumptions	1,459,608	30,168	1,946,144	60,336
Net Difference Between Projected and Actual Earnings on Plan Investments	12,429,543	-	17,968,741	-
Total	$ 14,130,071	$ 2,875,581	$ 20,409,671	$ 2,251,770

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

	2023	2022
Year Ending September 30:		
2023	$ -	$ 4,152,595
2024	2,719,831	3,407,535
2025	3,597,066	4,284,770
2026	6,003,607	6,691,311
2027	(1,066,014)	(378,310)
Total	$ 11,254,490	$ 18,157,901

Notes to Schedule

Changes of Assumptions:
Total Pension Liability and GASB 68 Pension Expense measured as of September 30, 2023, reflect no assumption changes.

For measurement date September 30, 2022, the Board approved the following assumption changes based on the August 23, 2021, actuarial experience study:

1. Salary Increases – Increased the assumed rates at all service levels based on experience observed during the period.
2. Retirement Rates – We observed that normal retirements are occurring later than first eligibility. Early retirements are occurring as expected for Tier 1 and Tier 2 participants, and somewhat more frequently than expected for Tier 3 participants. The rates were adjusted to reflect this observed experience.
3. Withdrawal Rates – Adjustments that result in generally fewer assumed withdrawals than previously expected.

Designations

A portion of the Plan's net position is designated for benefits that accrue in relation to the DROP accounts. Allocations to the DROP plan accounts for the year ended September 30, 2023, are $2,485,823 as determined in the most recent notification of DROP balances as prepared by the Plan's actuary.

Actuarial Cost Method

The Plan uses the Entry Age Normal Actuarial Cost Method for funding purposes. This method allocates future normal costs based on the earnings of each employee participant. Entry age is the employee's age nearest his birthday on October 1st following his employment. The unfunded actuarial accrued liability is not separately identified and is not, therefore, amortized under this actuarial method. Information about funded status and funding progress was prepared using the Entry Age Actuarial Cost Method and is intended to serve as a surrogate for the funded status and funding progress of the Plan.

Funding Policy

The Authority is obligated to fund all Plan costs based upon actuarial valuations in accordance with Plan responsibilities. The Authority is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. The Authority's contribution rate for the years ended September 30, 2023, 2022, and 2021, respectively, was 21.68%, 22.04%, and 23.33% of total annual payroll. The Plan had been a non-contributory plan since 1986 and was changed to a tiered plan in April 2004. Employees currently have the option of contributing to the Plan. The employee contribution rate for the years ended September 30, 2023, 2022, and 2021, respectively, was 1.46%, 1.65%, and 1.76% of total annual payroll. The employee contribution rates are actuarially determined and are reevaluated every three years.

The Authority used regulatory accounting for GASB Statement No. 68.

Note 15 - <u>Other Deferred Compensation Plans</u>

The Authority established deferred compensation plans, other than the retirement pension plan, for the benefit of its employees. Section 457 plans pursuant to Federal Internal Revenue Code (IRC) are available for employees to voluntarily defer a portion of their wages. The Authority established an IRC

Section 401(a) plan for employees prior to October 1, 1985, to voluntarily defer a portion of their wages. This plan is not available to anyone hired by the Authority on or after October 1, 1985. The Authority's former President and General Manager solely participates in a separate IRC section 401(a) plan in lieu of participation in the retirement pension plan. All other contributions to these plans come from participating employees.

Required supplementary information follows the notes to financial statements.

Note 16 - Prior Period Adjustments

The Microsoft software arrangement was initially leased in fiscal year 2022 and the implementation of GASB Statement No. 96 requires retroactive application. The prior period adjustment for this subscription-based information technology arrangement requires the following restatement to prior balances.

Prior Period Adjustments at September 30, 2022

Increase in SBITA Right-to-Use Asset	$ 1,254,226
Increase in Accumulated Amortization	(209,038)
Increase in SBITA Liability	(820,529)
Decrease in Prepaid Expenses	(199,788)
Increase in Interest Payable	(15,526)
Increase in Net Position	$ 9,345

REQUIRED SUPPLEMENTARY INFORMATION

KISSIMMEE UTILITY AUTHORITY
COMPONENTS OF OPEB
LAST 10 YEARS**

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

Reporting Period Ending	**9/30/2023**	**9/30/2022**	**9/30/2021**	**9/30/2020**	**9/30/2019**	**9/30/2018**	**9/30/2017**
Measurement Date	**9/30/2023**	**9/30/2022**	**9/30/2021**	**9/30/2020**	**9/30/2019**	**9/30/2018**	**9/30/2017**
Total OPEB Liability							
Service Cost	$ 150,104	$ 209,881	$ 148,908	$ 97,062	$ 107,883	$ 116,414	$ 109,825
Interest	230,630	142,932	106,965	137,928	170,601	127,476	122,016
Differences Between Expected and Actual Experience	146,533	(191,454)	268,054	334,140	696,531	-	-
Changes of Assumptions	412,406	(1,262,499)	965,976	765,942	(678,874)	(232,114)	-
Benefit Payments	(230,409)	(219,022)	(196,738)	(153,371)	(149,559)	(92,167)	(84,751)
Net Change in Total OPEB Liability	709,264	(1,320,162)	1,293,165	1,181,701	146,582	(80,391)	147,090
Total OPEB Liability, Beginning	4,652,238	5,972,400	4,679,235	3,497,534	3,350,952	3,431,343	3,284,253
Total OPEB Liability, Ending	$ 5,361,502	$ 4,652,238	$ 5,972,400	$ 4,679,235	$ 3,497,534	$ 3,350,952	$ 3,431,343
Covered Employee Payroll	$ 23,430,038	$ 22,599,159	$ 22,621,128	$ 21,190,292	$ 19,618,158	$ 18,582,494	$ 17,530,655
Sponsor's Total OPEB Liability as a Percentage of Covered Employee Payroll	22.88%	20.59%	26.40%	22.08%	17.83%	18.03%	19.57%

Notes to Schedule:

**Since Implementation of GASB 75

Covered Employee Payroll was projected one year forward from the valuation date for the reporting period ended September 30, 2022.

Difference Between Expected and Actual Experience. Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2022.

Changes of Assumptions: Changes of assumptions and other inputs reflects the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2023	4.87%
FY 2022	4.77%
FY 2021	2.43%
FY 2020	2.14%

The following assumption changes are also reflected:

- Updated projected medical claims and premiums.
- Updated mortality rates.
- Also reflected as assumption changes are updated healthcare costs and premiums, updated healthcare cost trend rates, updated mortality improvement scales, updated terminations, retirement, and salary scale rates.

Benefit Payments. The Plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ended on September 30, 2023. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

KISSIMMEE UTILITY AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES' RETIREMENT PLAN
LAST 10 YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 3,475,276	$ 3,293,485	$ 2,519,401	$ 2,450,011	$ 2,394,385	$ 2,236,364	$ 2,153,285	$ 2,108,098	$ 1,946,740	$ 1,923,754
Interest	10,796,232	10,478,010	9,813,976	9,310,380	8,923,763	8,581,641	8,139,836	7,701,067	7,539,096	7,120,003
Changes of Benefit Terms	-	(228)	-	-	71	-	-	251	-	-
Difference Between Expected and Actual Experience	(1,384,077)	(2,269,860)	(449,826)	1,204,601	64,729	(117,613)	768,026	947,882	(1,187,068)	-
Changes of Assumptions	-	-	2,919,218	(150,838)	-	-	-	(204)	1,110,810	-
Contributions - Buy Back	18,857	6,147	27,080	40,111	82,628	8,030	8,030	8,605	60,468	-
Benefit Payments, Including Refunds of Employee Contributions	(7,892,295)	(7,274,676)	(6,796,374)	(6,054,906)	(7,010,133)	(5,893,940)	(5,009,170)	(5,289,022)	(3,714,459)	(3,941,703)
Net Change in Total Pension Liability	5,013,993	4,232,878	8,033,475	6,799,359	4,455,443	4,814,482	6,060,007	5,476,677	5,755,587	5,102,054
Total Pension Liability - Beginning	139,777,092	135,544,214	127,510,739	120,711,380	116,255,937	111,441,455	105,381,448	99,904,771	94,149,184	89,047,130
Total Pension Liability - Ending (a)	144,791,085	139,777,092	135,544,214	127,510,739	120,711,380	116,255,937	111,441,455	105,381,448	99,904,771	94,149,184
Plan Fiduciary Net Position										
Contributions - Employer	4,842,574	4,804,111	4,875,965	4,873,980	4,742,955	4,334,806	5,068,576	5,203,612	4,735,674	3,618,757
Contributions - Employee	335,285	370,201	364,822	356,104	322,012	304,627	297,597	164,006	111,814	123,663
Contributions - Buy Back	18,857	6,147	27,080	40,111	82,628	8,030	8,030	8,605	60,468	-
Net Investment Income	9,985,717	(23,358,679)	20,519,089	13,012,153	3,729,746	9,204,443	10,919,810	7,318,037	(138,816)	6,750,566
Benefit Payments Including Refunds of Employee Contributions	(7,892,295)	(7,274,676)	(6,796,374)	(6,054,906)	(7,010,133)	(5,893,940)	(5,009,170)	(5,289,022)	(3,714,459)	(3,941,703)
Administrative Expense	(62,976)	(51,296)	(68,206)	(51,522)	(66,471)	(64,683)	(56,217)	(68,197)	(80,276)	(62,711)
Net Change in Plan Fiduciary Net Position	7,227,162	(25,504,192)	18,922,376	12,175,920	1,800,737	7,893,283	11,228,626	7,337,041	974,405	6,488,572
Plan Fiduciary Net Position - Beginning	103,718,265	129,222,457	110,300,081	98,124,161	96,323,424	88,430,141	77,201,514	69,864,473	68,890,068	62,401,496
Plan Fiduciary Net Position - Ending (b)	110,945,427	103,718,265	129,222,457	110,300,081	98,124,161	96,323,424	88,430,140	77,201,514	69,864,473	68,890,068
Net Pension Liability - Ending (a) - (b)	$ 33,845,658	$ 36,058,827	$ 6,321,757	$ 17,210,658	$ 22,587,219	$ 19,932,513	$ 23,011,315	$ 28,179,934	$ 30,040,298	$ 25,259,116
Plan Fiduciary Net Position as a % of the Total Pension Liability	76.62%	74.20%	95.34%	86.50%	81.29%	82.85%	79.35%	73.26%	69.93%	73.17%
Covered Employee Payroll*	$ 22,335,158	$ 21,792,875	$ 20,900,640	$ 20,436,411	$ 19,851,056	$ 18,665,630	$ 17,875,560	$ 18,144,502	$ 17,981,517	$ 16,198,556
Net Pension Liability as a % of covered Employee Payroll	151.54%	165.46%	30.25%	84.22%	113.78%	106.79%	128.73%	155.31%	167.06%	155.93%

Notes to Schedule:

**Since Implementation of GASB 68

*The Covered Employee Payroll numbers shown are in compliance with GASB Statement No. 82, except for the September 30, 2015 measurement period, which includes DROP payroll.

Changes of Assumptions:

For measurement date September 30, 2021, the Board approved the following assumption changes based on the August 23, 2021 actuarial experience study:

1. Salary Increases – Increased the assumed rates at all service levels based on experience observed during the period.
2. Retirement Rates – We observed that Normal Retirements are occurring later than first eligibility. Early Retirements are occurring as expected for Tier 1 and Tier 2 participants, and somewhat more frequently than expected for Tier 3 participants. The rates were adjusted to reflect this observed experience.
3. Withdrawal Rates – Adjustments that result in generally fewer assumed withdrawals than previously expected.

For measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

KISSIMMEE UTILITY AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES' RETIREMENT PLAN
LAST 10 YEARS

Notes to Schedule:

Changes of Benefit Terms:

For measurement date September 30, 2019, amounts

1. The plan was amended to add an opt-out provision for new employees who are hired as the Authority President and General Manager.
2. The member contribution rates for Tier 2 and Tier 3 were reviewed as described in the letter dated August 5, 2019.
   The member contribution rate for Tier 2 was increased from the current 2.88% rate to 3.20%.
   No change applied for Tier 3.

For measurement date September 30, 2016, amounts reported as changes of benefit terms, effective June 18, 2016, resulted from an increase in the Member Contribution Rate for Tier 2 and Tier 3 participants as follows:

Tier 2: Increase Contribution Rate from 0.70% to 2.88%.
Tier 3: Increase Contribution Rate from 2.60% to 4.90%.

Changes of Assumptions:

For measurement date September 30, 2016, the inflation assumption was lowered from 3.0% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

KISSIMMEE UTILITY AUTHORITY
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT PLAN
LAST 10 YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contributions	$ 5,143,787	$ 4,639,703	$ 4,274,181	$ 4,096,177	$ 4,728,521	$ 4,604,811	$ 4,558,268	$ 4,817,365	$ 4,735,674	$ 3,618,757
Contributions in Relation to the Actuarially Determined Contributions	4,842,574	4,804,111	4,875,965	4,873,980	4,742,955	4,334,806	5,068,576	5,203,612	4,735,674	3,618,757
Contribution Deficiency (Excess)	$ 301,213	$ (164,408)	$ (601,784)	$ (777,803)	$ (14,434)	$ 270,005	$ (510,308)	$ (386,247)	$ -	$ -
Covered Employee Payroll *	$ 22,335,158	$ 21,792,875	$ 20,900,640	$ 20,436,411	$ 19,851,056	$ 18,665,630	$ 17,875,560	$ 18,144,502	$ 17,981,517	$ 16,198,556
Contributions as a % of Covered Employee Payroll	21.68%	22.04%	23.33%	23.85%	23.89%	23.22%	28.35%	28.68%	26.34%	22.34%

Notes to Schedule:

**Since Implementation of GASB 68

* The Covered Employee Payroll numbers shown are in compliance with GASB Statement No. 82, except for September 30, 2015 measurement period, which included DROP payroll.

Valuation Date: October 1, 2022

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contributions Rates:

Mortality Rate:

Mortality Rate Healthy Active Lives:

Females - PubG.H-2010 (above Median) for Employees

Males - PubG.H-2010 (above Median) for Employees, set back one year

Mortality Rate Retiree Lives:

Females - PubG.H-2010 for Healthy Retirees

Males - PubG.H-2010 for Healthy Retirees, set back one year

Mortality Rate Beneficiary Lives:

Females - PubG.H-2010 for Healthy Retirees

Males - PubG.H-2010 for Healthy Retirees, set back one year

Mortality Table Disabled Lives:

PubG.H-2010 for disabled Retirees, set forward three years

All rates are projected generationally with Mortality Improvement Scale MP-2018

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was dated August 23, 2021

Interest Rate: 7.75% per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Retirement Age: Age 62 and the completion of 10 year of service (date when age plus service equals 80 for Tier 2 Members). This is based on the results of an experience study for the period 2008-2014.

Early Retirement: Commencing with the earliest Early Retirement Age (55 with 10 years of Credited Service). Members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year. This is based on the results of an experience study for the period 2008-2014.

Salary Increases: 6.0% per year for the first ten years of Credited Service, reducing to 3.5% per year for Credited Service greater than ten years. This is based on the results of an experience study for the period 2008-2014.

Disability Rates: See table below. These disability rates are consistent with other non-special-risk Florida public pension plans.

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%
60	0.90%

KISSIMMEE UTILITY AUTHORITY
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT PLAN
LAST 10 YEARS

Termination Rates: This is based on the results of an experience study for the period 2008 – 2014.

Tier	Normal Retirement Date (Age/Service)	Benefit Accrual Rate	Credited Service	Termination Probability
1	62/10	2.60%	Less than 10 years	8.5%
			10-14 years	7.0%
			15-19 years	2.0%
			20 or more years	0.0%
	Age Plus Svc.			
2	Equals 80	2.60%	Less than 10 years	5.5%
			10 or more years	3.0%
3	62/10	3.00%	Less than 10 years	5.5%
			10 or more years	3.0%

This is based on the results of an experience study for the period 2008 – 2014.

Payroll Growth: 0.00% for the purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Funding Method: Entry Age Normal Actuarial Cost Method.

Inflation Assumption: 2.5% for Internal Revenue Code 415 and 401(a)(17) benefit limits. This is consistent with long-term inflation expected by the Plan's Investment Consultant.

Asset Valuation: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

KISSIMMEE UTILITY AUTHORITY
COMPONENTS OF PENSION EXPENSE
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance as of October 1, 2021	$ 6,321,756	$ 12,395,162	$ 3,181,332	$ -
Total Pension Liability Factors:				
Service Cost	3,293,485	-	-	3,293,485
Interest	10,478,010	-	-	10,478,010
Changes in Benefit Terms	(228)	-	-	(228)
Contributions - Buy Back	6,147	-	-	6,147
Differences Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(2,269,860)	2,269,860	-	-
Current Year Amortization of Experience Difference	-	(476,804)	(253,866)	(222,938)
Current Year Amortization of Changes in Assumptions	-	(30,168)	(486,536)	456,368
Benefit Payments	(7,274,676)	-	-	-
Net Change	4,232,878	1,762,888	(740,402)	14,010,844
Plan Fiduciary Net Position:				
Contributions - Employer	4,804,112	-	-	-
Contributions - Employee	370,201	-	-	(370,201)
Contributions - Buy Back	6,147	-	-	(6,147)
Net Investment Income	9,931,602	-	-	(9,931,602)
Differences Between Projected and Actual Earnings on Pension Plan Investments	(33,290,281)	-	33,290,281	-
Current Year Amortization	-	(3,974,911)	(7,390,171)	3,415,260
Benefit Payments, Including Refund of Employee Contributions	(7,274,676)	-	-	-
Administrative Expenses	(51,296)	-	-	51,296
Investment Income Netted	-	(7,931,369)	(7,931,369)	-
Net Change	(25,504,191)	(11,906,280)	17,968,741	(6,841,394)
Ending Balance as of September 30, 2022	$ 36,058,825	$ 2,251,770	$ 20,409,671	$ 7,169,450
Beginning Balance as of October 1, 2022	$ 36,058,825	$ 2,251,770	$ 20,409,671	$ -
Total Pension Liability Factors:				
Service Cost	3,475,276	-	-	3,475,276
Interest	10,796,232	-	-	10,796,232
Changes in Benefit Terms	-	-	-	-
Contributions - Buy Back	18,857	-	-	18,857
Differences Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(1,384,077)	1,384,077	-	-
Current Year Amortization of Experience Difference	-	(730,098)	(253,866)	(476,232)
Current Year Amortization of Changes in Assumptions	-	(30,168)	(486,536)	456,368
Benefit Payments	(7,892,295)	-	-	-
Net Change	5,013,993	623,811	(740,402)	14,270,501
Plan Fiduciary Net Position:				
Contributions - Employer	4,842,574	-	-	-
Contributions - Employee	335,285	-	-	(335,285)
Contributions - Buy Back	18,857	-	-	(18,857)
Net Investment Income	7,931,272	-	-	(7,931,272)
Differences Between Projected and Actual Earnings on Pension Plan Investments	2,054,445	2,054,445	-	-
Current Year Amortization	-	(3,905,417)	(7,390,170)	3,484,753
Benefit Payments, Including Refund of Employee Contributions	(7,892,295)	-	-	-
Administrative Expenses	(62,976)	-	-	62,976
Investment Income Netted	-	1,850,972	1,850,972	-
Net Change	7,227,162	-	(5,539,198)	(4,737,685)
Ending Balance as of September 30, 2023	$ 33,845,656	$ 2,875,581	$ 14,130,071	$ 9,532,816

KISSIMMEE UTILITY AUTHORITY
SCHEDULE OF INVESTMENT RETURNS
LAST 10 YEARS

Fiscal Year-End	Annual Money-Weighted Rate of Return Net of Investment Expense
September 30, 2023	9.54%
September 30, 2022	(17.88%)
September 30, 2021	18.35%
September 30, 2020	12.99%
September 30, 2019	3.82%
September 30, 2018	10.24%
September 30, 2017	13.68%
September 30, 2016	10.13%
September 30, 2015	(0.20%)
September 30, 2014	10.52%

OTHER REPORTS

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*

Board of Directors
Kissimmee Utility Authority
Kissimmee, 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 business-type activities, the major fund, and the aggregate remaining fund information of the Kissimmee Utility Authority (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 16, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Board of Directors
Kissimmee Utility Authority
Kissimmee, Florida

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*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, non-compliance 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 non-compliance 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

January 16, 2024
Ocala, Florida

MANAGEMENT LETTER

Board of Directors
Kissimmee Utility Authority
Kissimmee, Florida

Report on the Financial Statements
We have audited the financial statements of the Kissimmee Utility Authority (the Authority) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated January 16, 2024.

Auditor's Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Florida 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* and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountants *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 January 16, 2024, should be considered in conjunction with this management letter.

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

Official Title and Legal Authority
Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in Note 1 of the Authority's September 30, 2023, financial statements. There are no component units related to the Authority.

Financial Condition and Management
Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority 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 Authority did not meet any of the conditions described in Section 218. 503(1), Florida Statutes.

Board of Directors
Kissimmee Utility Authority
Kissimmee, Florida

MANAGEMENT LETTER

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 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 audit noted no findings of deteriorating financial condition 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.

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

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 applicable (granting) agencies, the Authority's Board of Directors, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Purvis Gray

January 16, 2024
Ocala, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE SECTION 218.415 – *INVESTMENTS OF PUBLIC FUNDS*

Board of Directors
Kissimmee Utility Authority
Kissimmee, Florida

We have examined the Kissimmee Utility Authority (the Authority) compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority compliance, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, 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 Authority's compliance with specified requirements.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2023.

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

Purvis Gray

January 16, 2024
Ocala, Florida