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KISSIMMEE
UTILITY
AUTHORITY

Year End Audited Financial Report

FISCAL YEAR 2025

2025

Kissimmee Utility Authority

Financial Statements and Independent Auditor's Report

Years Ended September 30, 2025 and 2024

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

KISSIMMEE UTILITY AUTHORITY
KISSIMMEE, FLORIDA

YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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Board of Directors
Kissimmee Utility Authority
Kissimmee, Florida

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, 2025 and 2024, 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, 2025 and 2024, 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.

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.

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.

Board of Directors
Kissimmee Utility Authority
Kissimmee, Florida

INDEPENDENT AUDITOR'S REPORT

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 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 15, 2026, 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 15, 2026
Ocala, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of 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, 2025 and 2024. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights – 2025

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at September 30, 2025 by $400.4 million (net position). Of this amount, $90.1 million (unrestricted net position) may be used to meet ongoing obligations to customers and creditors.
- The Authority's net position increased by $21.7 million, or 5.7 percent.
- The Authority's net utility plant increased by $17.0 million, or 6.1 percent.
- During the year, the Authority's operating revenues decreased by 10.3 percent to $230.5 million while operating expenses decreased by 4.1 percent to $218.2 million.
- The Authority's total long-term liabilities decreased by 7.1 percent to $150.1 million.
- Liabilities payable from restricted assets increased by $3.0 million, or 9.8 percent primarily due to increases in customer deposits of $1.9 million and advances for construction of $1.1 million.
- Deferred Inflows of Resources increased by $13.8 million or 11.1 percent primarily due to increases in rate stabilization of $11.5 million and pension related of $2.6 million, offset by decreases in other postemployment benefit related of $0.2 million and leases of $0.1 million.

Financial Highlights – 2024

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at September 30, 2024 by $378.7 million (net position). Of this amount, $77.9 million (unrestricted net position) may be used to meet ongoing obligations to customers and creditors.
- The Authority's net position increased by $39.6 million, or 11.7 percent.
- The Authority's net utility plant increased by $14.4 million, or 5.4 percent.
- During the year, the Authority's operating revenues increased by 6.9 percent to $257.0 million while operating expenses decreased by 3.6 percent to $227.6 million.
- The Authority's total long-term liabilities decreased by 13.6 percent to $161.6 million.
- Liabilities payable from restricted assets decreased by 11.3 million, or 27.0 percent primarily due to decreases in the current portion of commercial paper notes of $13.2 million as well as decreases in advances for construction of $1.1 million, offset by an increase in customer deposits of $3.1 million.
- Deferred inflows of resources increased by $25.8 million or 26.1 percent primarily due to increases in rate stabilization of $22.4 million and pension related of $3.3 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 (FERC) 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 Statements 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

	9/30/2025	9/30/2024	9/30/2023
Capital Assets	$ 296,549,832	$ 279,526,653	$ 265,145,575
Current and Other Assets	448,072,946	438,549,877	413,676,753
Total Assets	744,622,778	718,076,530	678,822,328
Deferred Outflows of Resources	7,088,777	5,935,941	16,056,969
Total Assets and Deferred Outflows of Resources	751,711,555	724,012,471	694,879,297
Long-Term Liabilities	150,135,861	161,559,606	186,879,966
Current and Other Liabilities	62,610,438	59,004,384	70,002,024
Total Liabilities	212,746,299	220,563,990	256,881,990
Deferred Inflows of Resources	138,563,633	124,762,760	98,914,506
Total Liabilities and Deferred Inflows of Resources	351,309,934	345,326,750	355,796,496
Net Position:			
Net Investment in Capital Assets	306,553,479	297,071,871	276,302,934
Restricted	3,735,063	3,735,063	16,935,063
Unrestricted	90,113,081	77,878,787	45,844,804
Total Net Position	$ 400,401,623	$ 378,685,721	$ 339,082,801

Analysis of 2025 Net Position

Capital assets increased by $17.0 million primarily as a result of an increase in property, plant and equipment of $26.1 million, offset by an increase in accumulated depreciation of $7.0 million and a decrease in construction in progress of $2.1 million.

Current, restricted and other assets increased by $9.5 million primarily due to increases in cash and cash equivalents of $38.9 million, inventory of $3.2 million and other postemployment benefit related of $0.4 million, offset by decreases in sales type transaction receivable of 19.9 million, cost of power adjustment receivable of $9.4 million, investments of $2.1 million, net customer accounts receivable of $1.0 million, and pension cost related of $0.3 million.

Total deferred outflows of resources increased by $1.2 million due to an increase in deferred amount pension related of $1.8 million, offset by a decrease in deferred amount other postemployment benefit related of $0.6 million.

Total liabilities decreased by approximately $7.8 million primarily due to decreases in unearned sales type lease revenue of $13.8 million, accounts payable of $2.0 million and net pension liability of $1.1 million, offset by increases in compensated absences (net of current portion) of $2.8 million, customer deposits of $1.9 million, deferred cost of power adjustment of $1.2 million, advances for construction of $1.1 million, current portion of other long-term liabilities of $1.0 million, subscription liability of $0.7 million and other accrued liabilities of $0.4 million.

Total deferred inflows of resources increased by $13.8 million due to increases in rate stabilization funds of $11.5 million and deferred amount pension related of $2.6 million, offset by decreases in deferred amount other postemployment benefit related of $0.2 million and deferred amount leases of $0.1 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 $9.5 million primarily as a result of an increase in property, plant, and equipment of $26.1 million and a decrease in unearned sales type lease revenue of $13.8 million, offset by a decrease in sales type transaction receivable (net of current portion) of $19.9 million, an increase in accumulated depreciation of $7.0 million, a decrease in construction in progress of $2.1 million, and an increase in subscription liability of $1.5 million.

An additional portion of the Authority's net position ($3.7 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 ($90.1 million) may be used to meet the Authority's ongoing obligations to rate payers and creditors.

Analysis of 2024 Net Position

Capital assets increased by $14.4 million primarily as a result of increases in property, plant and equipment of $17.8 million and construction in progress of $6.0 million, offset by an increase in accumulated depreciation of $9.5 million.

Current, restricted and other assets increased by $24.9 million primarily due to increases in investments of $16.5 million, cash and cash equivalents of $14.1 million, cost of power adjustment receivable of $9.4 million, inventory of $2.2 million, net customer accounts receivable of $0.7 million, other current assets of $0.5 million, unbilled customer receivables of $0.5 million and other postemployment benefit related of $0.4 million, offset by a decrease in sales type transaction receivable of $19.9 million.

Total deferred outflows of resources decreased by $10.1 million due to a decrease in deferred amount pension related of $10.5 million, offset by an increase in deferred amount other postemployment benefit related of $0.4 million.

Total liabilities decreased by approximately $36.3 million primarily due to decreases in unearned sales type lease revenue of $13.8 million, net pension liability of $13.6 million, current portion of commercial paper notes of $13.2 million, deferred cost of power adjustment of $4.1 million, advances for construction of $1.1 million, and current portion of other long-term liabilities of $0.4 million, offset by increases in accounts payable of $4.5 million, customer deposits of $3.1 million, lease liability of $1.2 million, other postemployment benefits (net of current portion) of $0.5 million, and other accrued liabilities of $0.4 million.

Total deferred inflows of resources increased by $25.8 million primarily due to increases in rate stabilization funds of $22.4 million and deferred amount pension related of $3.3 million, offset by a decrease in leases of $0.1 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 $20.8 million primarily as a result of an increase in property, plant and equipment of $17.8 million, a decrease in unearned sales type lease revenue of $13.8 million, an increase in accumulated depreciation of $9.5 million and an increase in construction in progress of $6.0 million, offset by a decrease in sales type transaction receivable of $19.9 million and a decrease in commercial paper notes of $13.2 million.

An additional portion of the Authority's net position ($3.7 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 ($77.9 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 Revenues, Expenses, and Changes in Net Position

	2025	2024	2023
Operating Revenue:			
Metered Sales	$ 214,124,678	$ 234,209,321	$ 231,090,564
Lease Revenue	13,810,049	13,810,049	11,269,247
Other	8,973,651	8,296,320	8,437,730
Rate Stabilization Transfer	(6,542,271)	-	(15,538,629)
Change in Regulatory Asset Pension Related	(287,479)	271,788	4,690,242
Change in Regulatory Asset Other Postemployment Benefit Related	402,282	396,496	345,086
Total Operating Revenues	230,480,910	256,983,974	240,294,240
Operating Expenses:			
Purchased Power	135,440,521	153,468,739	159,924,614
Transmission and Distribution	20,432,745	17,049,976	18,413,365
Administrative and General	28,616,390	24,290,186	26,325,183
Intergovernmental Transfers	20,541,772	19,883,717	19,432,933
Depreciation and Amortization	13,157,606	12,907,657	12,093,074
Total Operating Expenses	218,189,034	227,600,275	236,189,169
Operating Income	12,291,876	29,383,699	4,105,071
Total Non-Operating Revenues (Expenses)	9,424,026	10,219,221	5,356,267
Change in Net Position	21,715,902	39,602,920	9,461,338
Net Position - Beginning of Year	378,685,721	339,082,801	329,621,463
Net Position - End of Year	$ 400,401,623	$ 378,685,721	$ 339,082,801

Analysis of 2025 Activity

Year-to-date mWh sales in fiscal year 2025 were 1,886,263 compared to fiscal year 2024 sales of 1,825,499, or a 3.3 percent increase. Sales to metered customers decreased from $234.2 million to $214.1 million, or 8.6 percent. The decrease in metered sales revenue resulted from a decrease in Cost of Power Adjustment (COPA) revenues of $27.8 million, or 70.9 percent and an increase in kWh revenues of $7.7 million, or 2.8 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 2025, $19.1 million in transfers were drawn from this fund, of which $15.5 million was used to offset customer fuel charges, and $30.6 million in transfers were made to build-up the fund during the year, resulting in a decrease of fiscal year 2025 operating revenues by rate stabilization transfers of $6.5 million. Those interested in more detailed information may refer to Note 4 in the Notes to Financial Statements.

Total operating expenses were lower than the previous year by $9.4 million due to lower purchased power of $18.0 million, offset by increases in administrative and general of $4.3 million, transmission and distribution of $3.4 million, intergovernmental transfers of $0.7 million and depreciation and amortization of $0.2 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 Statements of Revenue, Expenses and Changes in Net Position. For fiscal year 2025, our "unrealized gain" (difference between carrying value versus current market value) was $0.7 million compared to an unrealized gain of $2.1 million for fiscal year 2024. Non-operating revenues decreased primarily due to decreases in investment income of $0.7 million and FEMA proceeds of $0.1 million.

Analysis of 2024 Activity

Year-to-date mWh sales in fiscal year 2024 were 1,825,499 compared to fiscal year 2023 sales of 1,780,674, or a 2.5 percent increase. Sales to metered customers increased from $231.1 million to $234.2 million, or 1.3 percent. The increase in metered sales revenue resulted from a decrease in COPA revenues of $1.8 million, or 4.8 percent and an increase in kWh revenues of $4.9 million, or 1.8 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 2024, $7.4 million in transfers were drawn from this fund, of which $3.5 million was used to offset customer fuel charges, and $7.4 million in transfers were made to build-up the fund during the year, resulting in no change to the fiscal year 2024 operating revenues. Those interested in more detailed information may refer to Note 4 in the Notes to Financial Statements.

Total operating expenses were lower than the previous year by $8.6 million due to lower generation and purchased power of $6.5 million, as well as decreases in administrative and general of $2.0 million, transmission and distribution of $1.4 million, offset by increases in depreciation and amortization of $0.8 million and intergovernmental transfers of $0.5 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 Statements of Revenue, Expenses and Changes in Net Position. For fiscal year 2024, our "unrealized gain" (difference between carrying value versus current market value) was $2.1 million compared to an unrealized gain of $0.9 million for fiscal year 2023. Non-operating revenues increased primarily due to increases in investment income of $3.9 million and Grant Proceeds of $0.5 million. Non-operating expenses decreased primarily due to a decrease in interest expense of $0.4 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. Past year's audited amounts to survey the adequacy of each rate and rate structure, and
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 2025, the Authority had $440.1 million invested in a broad range of capital assets, primarily electric transmission and distribution systems. This amount represents an increase of $24.0 million, or 5.8 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 2024, the Authority had $416.1 million invested in a broad range of capital assets, primarily electric transmission and distribution systems. This amount represents an increase of $22.4 million, or 5.7 percent over last year. Those interested in more detailed information may refer to Note 5 in the Notes to Financial Statements.

Debt Management
At the end of the current fiscal year, the Authority had no debt outstanding.

	2025	2024	2023
Commercial Paper	$ -	$ -	$ 13,200,000
Total	$ -	$ -	$ 13,200,000

The Authority's total debt decreased by $13.2 million (100 percent) from 2023 to 2024 due to scheduled principal payments. See Note 8 in the Notes to 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 may 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 $10.8 million).

4. Maintain a minimum level of one and one-half months of fixed operating and maintenance expenses (excluding depreciation, fuel and purchase power 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 $15 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 as well as other uninsured losses. If used, reimbursed to a fully funded level within five years.
7. Maintain a minimum of $5 million in the retail Rate Stabilization fund capped at a value equal to 25% of the largest of any annual Authority operating budget. The bulk system 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 $40.6 million, $70.5 million, and $55.0 million for fiscal years 2023, 2024, and 2025, respectively. The debt service requirements for fiscal years 2023, 2024, and 2025 were $10.4 million, $13.2 million and $0, respectively. Debt service coverage was 3.9x, 5.3x and not applicable for fiscal years 2023, 2024, and 2025, 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 2025, the Authority's growth (increase) in customers and energy sales for fiscal year 2026 was projected to be approximately 2% and 1.1%, respectively, within the service territory. The change in net position was projected to be approximately $23.9 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, 2025 AND 2024

ASSETS

	2025	2024
Current Assets		
Cash and Cash Equivalents	$ 16,445,212	$ 50,264
Investments	78,998,855	73,096,019
Interest Receivable	403,547	422,403
Customer Accounts Receivable, Net	12,713,212	13,459,974
Unbilled Customer Receivables	8,888,900	9,104,272
Cost of Power Adjustment Receivable	-	9,405,521
Inventory	17,932,851	14,730,490
Other Current Assets	1,448,336	1,668,955
Current Portion of Sales Type Transaction Receivable	19,894,566	19,894,566
Total Current Assets	156,725,479	141,832,464
Restricted Assets		
Cash and Cash Equivalents	130,696,911	108,144,065
Investments	20,327,105	28,337,000
Interest Receivable	56,030	53,414
Total Restricted Assets	151,080,046	136,534,479
Other Assets		
Leases Receivable	389,465	525,217
Regulatory Assets - Net Costs Recoverable in Future Years:		
Pension Cost Related	22,575,476	22,862,955
Other Postemployment Benefit Related	5,636,456	5,234,174
Sales Type Transaction Receivable (Net of Current Portion)	111,666,024	131,560,588
Total Other Assets	140,267,421	160,182,934
Capital Assets - Utility Plant		
Property, Plant and Equipment	424,468,672	398,345,678
Less: Accumulated Depreciation	(143,599,540)	(136,601,258)
	280,869,132	261,744,420
Construction in Progress	15,680,700	17,782,233
Total Capital Assets - Utility Plant	296,549,832	279,526,653
Total Assets	744,622,778	718,076,530
Deferred Outflows of Resources		
Pension Related	5,414,112	3,649,477
Other Postemployment Benefit Related	1,674,665	2,286,464
Total Deferred Outflows of Resources	7,088,777	5,935,941
Total Assets and Deferred Outflows of Resources	$ 751,711,555	$ 724,012,471

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

LIABILITIES AND NET POSITION

	2025	2024
Liabilities		
Current Liabilities		
Accounts Payable	$ 16,746,578	$ 18,731,813
Due to Other Governments	2,976,904	2,938,150
Deferred Cost of Power Adjustment	1,248,437	-
Other Accrued Liabilities	3,334,411	2,975,543
Current Portion of Other Long-Term Liabilities	4,854,152	3,895,683
Total Current Liabilities	29,160,482	28,541,189
Liabilities Payable from Restricted Assets		
Advances for Construction	5,992,441	4,923,199
Customer Deposits	27,457,515	25,539,996
Total Liabilities Payable from Restricted Assets	33,449,956	30,463,195
Other Long-Term Liabilities		
Net Pension Liability	19,188,444	20,291,435
Other Postemployment Benefits (Net of Current Portion)	5,180,747	5,248,236
Lease Liability	1,190,141	1,193,369
Subscriptions Liability	763,784	36,056
Compensated Absences (Net of Current Portion)	4,942,283	2,109,999
Unearned Revenues - Sales Type Transaction	118,870,462	132,680,511
Total Other Long-Term Liabilities	150,135,861	161,559,606
Total Liabilities	212,746,299	220,563,990
Deferred Inflows of Resources		
Leases	380,575	510,862
Pension Related	8,801,144	6,220,997
Other Postemployment Benefit Related	1,413,051	1,604,309
Regulatory Credits:		
Self-Insurance	15,000,000	15,000,000
Rate Stabilization - Bulk System	35,722,613	24,180,342
Rate Stabilization - Retail	77,246,250	77,246,250
Total Deferred Inflows of Resources	138,563,633	124,762,760
Total Liabilities and Deferred Inflows of Resources	351,309,932	345,326,750
Net Position		
Net Investment in Capital Assets	306,553,479	297,071,871
Restricted	3,735,063	3,735,063
Unrestricted	90,113,081	77,878,787
Total Net Position	$ 400,401,623	$ 378,685,721

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Operating Revenues		
Metered Sales	$ 214,124,678	$ 234,209,321
Lease Revenue	13,810,049	13,810,049
Other	8,973,651	8,296,320
Rate Stabilization	(6,542,271)	-
Change in Regulatory Asset Pension Related	(287,479)	271,788
Change in Regulatory Asset Other Postemployment Benefit Related	402,282	396,496
Total Operating Revenues	230,480,910	256,983,974
Operating Expenses		
Purchased Power	135,440,521	153,468,739
Transmission and Distribution	20,432,745	17,049,976
Administrative and General	28,616,390	24,290,186
Intergovernmental Transfers	20,541,772	19,883,717
Depreciation and Amortization	13,157,606	12,907,657
Total Operating Expenses	218,189,034	227,600,275
Operating Income	12,291,876	29,383,699
Non-Operating Revenues (Expenses)		
Investment Income	8,735,576	9,439,736
Interest Expense	(88,626)	(50,280)
Other Debt Service Expense	-	(23,313)
Grant Income	777,076	853,078
Total Non-Operating Revenues (Expenses)	9,424,026	10,219,221
Change in Net Position	21,715,902	39,602,920
Net Position, Beginning of Year	378,685,721	339,082,801
Net Position, End of Year	$ 400,401,623	$ 378,685,721

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities		
Receipts from Customers and Other Sources	$ 261,554,643	$ 250,864,689
Payments to Suppliers for Goods and Services	(169,753,645)	(157,585,841)
Payments for Employees for Services	(25,326,324)	(23,599,924)
Payments for Benefits on Behalf of Employees	(11,326,639)	(8,099,194)
Net Cash Provided by Operating Activities	55,148,035	61,579,730
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(31,558,484)	(26,426,147)
Disposition of Capital Assets	(3,154,956)	(2,186,380)
Advances for Construction and Advances from Co-Owners	7,794,221	1,472,615
Grant Proceeds	777,076	853,078
Principal Paid on Long-Term Debt	(828,347)	(13,637,595)
Interest Paid on Long-Term Debt	(88,626)	(149,452)
Net Cash (Used in) Capital and Related Financing Activities	(27,059,116)	(40,073,881)
Cash Flows from Investing Activities		
Purchase of Investment Securities	(142,239,000)	(196,079,000)
Proceeds from Maturities of Investment Securities	145,122,000	181,764,000
Interest on Investments	7,975,875	6,873,049
Net Cash Provided (Used in) Investing Activities	10,858,875	(7,441,951)
Net Increase in Cash and Cash Equivalents	38,947,794	14,063,898
Cash and Cash Equivalents at Beginning of Year	108,194,329	94,130,431
Cash and Cash Equivalents at End of Year	$ 147,142,123	$ 108,194,329
Reconciliation of Cash and Cash Equivalents to Statements of Net Position		
Current Assets:		
Cash and Cash Equivalents	$ 16,445,212	$ 50,264
Restricted Assets:		
Cash and Cash Equivalents	130,696,911	108,144,065
Cash and Cash Equivalents at End of Year	$ 147,142,123	$ 108,194,329

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Cash Provided by Operating Activities		
Operating Income	$ 12,291,876	$ 29,383,699
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	13,157,606	12,907,657
Change in Assets - Decrease (Increase):		
Customer and Unbilled Accounts Receivable, Net	962,134	(1,174,736)
Leases Receivable and Deferred Inflows	5,465	(389)
Cost of Power Adjustment	10,653,958	(13,487,574)
Other Current Assets	220,619	(549,466)
Inventory	(3,202,361)	(2,153,994)
Sales Type Transaction Receivable	19,894,564	19,894,565
Change in Liabilities - Increase (Decrease):		
Accounts Payable	(1,985,235)	4,487,001
Due to Other Governments	38,754	(106,640)
Customer Deposits	1,917,519	3,104,508
Other Accrued Liabilities	12,918	392,476
Rate Stabilization - Bulk System	11,542,271	22,431,889
Other Long-Term Liabilities	3,447,996	260,783
Unearned Revenues - Sales Type Transaction	(13,810,049)	(13,810,049)
Net Cash Provided by Operating Activities	$ 55,148,035	$ 61,579,730
Non-Cash Investing, Capital, and Financing Activities		
Issuance of SBITAs	$ 2,192,324	$ -
Issuance of Leases	-	1,258,299
Increase/(Decrease) in Fair Value of Investments	919,302	2,116,814

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUND
SEPTEMBER 30, 2025 AND 2024

	2025	2024
Assets		
Receivables		
Interest	$ 182,102	$ 160,033
Dividends	20,322	16,825
Total Receivables	202,424	176,858
Investments at Fair Value		
Temporary Investment Fund	1,097,462	4,358,949
Fixed Income Securities	22,352,800	21,171,130
Domestic Stocks	35,291,714	65,945,758
Fixed Income Mutual Funds	9,288,321	3,080,899
Pooled Equity Fund - International	24,310,402	21,177,302
Pooled Equity Fund - Domestic	38,879,798	1,403,388
Foreign Equity Fund	861,996	3,023,006
Real Estate	12,827,173	12,409,786
Total Investments at Fair Value	144,909,666	132,570,218
Total Assets	145,112,090	132,747,076
Liabilities		
Accounts Payable - Administrative Charges	62,767	101,811
Total Liabilities	62,767	101,811
Fiduciary Net Position - Restricted for Pensioners	$ 145,049,323	$ 132,645,265

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
SEPTEMBER 30, 2025 AND 2024

	2025	2024
Additions		
Contributions		
Employer	$ 6,360,463	$ 5,561,339
Employee	416,124	372,392
Total Contributions	6,776,587	5,933,731
Investment Earnings		
Net Increase (Decrease) in Fair Value of Investments	11,017,511	21,574,893
Interest	1,163,418	1,081,032
Dividends	1,742,725	1,973,332
Other	1,814	15,866
Total Investment Earnings	13,925,468	24,645,123
Less: Investment Expenses	396,536	589,985
Net Investment Earnings	13,528,932	24,055,138
Total Additions	20,305,519	29,988,869
Deductions		
Benefits:		
Age and Service	7,570,156	7,083,385
DROP	266,773	1,150,708
Refund of Contributions	8,514	9,350
Professional and Administrative Expenses	56,018	55,391
Total Deductions	7,901,461	8,298,834
Net Increase in Fiduciary Net Position	12,404,058	21,690,035
Fiduciary Net Position		
Beginning of Year	132,645,265	110,955,230
End of Year	$ 145,049,323	$ 132,645,265

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
KISSIMMEE UTILITY AUTHORITY
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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, Florida (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 $98,747,760 and $77,482,026 for the years ended September 30, 2025 and 2024, 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 $707,608 and $717,403 for the years ended September 30, 2025 and 2024, 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 (OPEB) 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 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 $20,541,772 and $19,883,717 for the years ended September 30, 2025 and 2024, respectively. The amount owed to the COK was approximately $2,105,062 and $2,167,479 for the years ended September 30, 2025 and 2024, respectively.

The Authority performs certain customer-related services for the COK for which the COK paid the Authority approximately $503,807 and $466,004 for the years ended September 30, 2025 and 2024, respectively. The amount owed by the COK to the Authority was approximately $42,393 and $39,164 at September 30, 2025 and 2024, respectively.

Governmental Accounting Standard Board Implementation (GASB 101)

This statement updates the treatment for compensated absences and requires that liabilities for compensated absences be recognized for: (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through non-cash means. The Authority completed their review and implemented that standard as required.

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.

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]. 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.

NOTES TO FINANCIAL STATEMENTS
KISSIMMEE UTILITY AUTHORITY
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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, 2025 and 2024, are as follows:

	2025	2024
Current:		
Cash and Cash Equivalents	$ 16,445,212	$ 50,264
Investments	78,998,855	73,096,019
Total Current	95,444,067	73,146,283
Restricted:		
Cash and Cash Equivalents	130,696,911	108,144,065
Investments	20,327,105	28,337,000
Total Restricted	151,024,016	136,481,065
Total:		
Cash and Cash Equivalents	147,142,123	108,194,329
Investments	99,325,960	101,433,019
Total	$ 246,468,083	$ 209,627,348

The Authority's total cash, cash equivalents, and investments as of September 30, 2025 and 2024, are summarized as follows:

	2025	2024
Investments	$ 99,325,960	$ 101,433,019
Florida State Board of Administration	98,747,760	77,482,026
Cash and Investments – Bulk System	35,722,558	24,176,363
Cash and Investments Held at FMPA	3,735,063	3,735,063
Carrying Value – Deposits	8,902,014	2,765,498
Petty Cash	34,728	35,379
Total	$ 246,468,083	$ 209,627,348

Investments are recorded at fair value. The effect of adjusting the investments to market value at September 30, 2025 and 2024, was a change to the investments carrying value of $705,355 and $2,116,814, respectively.

The balance in the SBA was $98,747,760 and $77,482,026 at September 30, 2025 and 2024, 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.

The balance in the SBA held at FMPA was $3,735,063 at September 30, 2025 and 2024, respectively. All investments are delivered to the FMPA's custody bank and held for the FMPA's account. The Authority's FMPA funds are invested held at the Agency for future use at the Authority's discretion for development projects.

At September 30, 2025 and 2024, the carrying value of the Authority's deposits with financial institutions was $8,902,014 and $2,765,519, respectively, and the bank balance was $7,212,334 and $912,663, 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 2025 and 2024 are as follows:

Investment Class – 2025	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 – 2024	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, 2025, the portfolio had a duration of .493 and a weighted average life of .899. As of September 30, 2024, the portfolio had a duration of .456 and a weighted average life of .841.

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, 2025 and 2024, the Authority had the following investments in its portfolio:

	2025		2024	
Investment	**Fair Value**	**Effective Duration**	**Fair Value**	**Effective Duration**
Federal Instrumentalities - Coupon	$ 33,020,832	0.549	$ 33,921,990	0.519
Federal Instrumentalities - Discount	-	-	13,892,900	0.163
U.S. Government Securities	66,305,128	1.254	53,618,129	1.160
	99,325,960		101,433,019	
Florida Local Government Trust Fund (SBA) - Bulk System	35,722,558		24,176,364	N/A
Florida Local Government Trust Fund (SBA)	98,747,760		77,482,026	N/A
	$ 233,796,278		$ 203,091,409	
Investments Total	$ 99,325,960		$ 101,433,019	
Cash and Cash Equivalents (SBA)	134,470,318		101,658,390	
	$ 233,796,278		$ 203,091,409	

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, 2025, 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, 2025, 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 investments were held as cash deposits and cash equivalents. As of September 30, 2025 and 2024, FMPA held the following investments in its portfolio:

	2025		2024	
Investment	**Fair Value**	**Effective Duration**	**Fair Value**	**Effective Duration**
ARP Working Capital	$ 3,735,063	N/A	$ 3,735,063	N/A
	$ 3,735,063		$ 3,735,063	

NOTES TO FINANCIAL STATEMENTS
KISSIMMEE UTILITY AUTHORITY
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

The Authority had the following recurring fair value measurements as of September 30, 2025 and 2024:

Fair Value Hierarchy September 30, 2025

		Fair Value Measurements Using		
	9/30/2025	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	$ 33,020,832	$ -	$ 33,020,832	$ -
Treasury Securities	66,305,128	66,305,128	-	-
Total Investments by Fair Value Level	99,325,960	$ 66,305,128	$ 33,020,832	$ -
Investments Exempt from Fair Value Hierarchy Disclosures				
Florida PRIME (SBA) - Bulk System	35,722,558			
Florida PRIME (SBA)	98,747,760			
Total Investments Exempt from Fair Value Hierarchy Disclosures	134,470,318			
Total Investments Measured at Fair Value	$ 233,796,278			
Investments Total	$ 99,325,960			
Cash and Cash Equivalents (SBA)	134,470,318			
	$ 233,796,278			

Fair Value Hierarchy September 30, 2024

		Fair Value Measurements Using		
	9/30/2024	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	$ 47,814,890	$ -	$ 47,814,890	$ -
Treasury Securities	53,618,129	53,618,129	-	-
Total Investments by Fair Value Level	101,433,019	$ 53,618,129	$ 47,814,890	$ -
Investments Exempt from Fair Value Hierarchy Disclosures				
Florida PRIME (SBA) - Bulk System	24,176,364			
Florida PRIME (SBA)	77,482,026			
Total Investments Exempt from Fair Value Hierarchy Disclosures	101,658,390			
Total Investments Measured at Fair Value	$ 203,091,409			
Investments Total	$ 101,433,019			
Cash and Cash Equivalents (SBA)	101,658,390			
	$ 203,091,409			

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, 2025 and 2024:

Investment Type	Percent of Total Fund	Fair Value 9/30/2025	Overall Credit Rating (S&P and Moody's)	Average Effective Duration (Years)
Integrity Fixed Fund	15.60%	$ 22,599,985	AA	3.91
PIMCO Diversified Income Fund	6.40%	9,319,998	BB	5.22
Total		$ 31,919,983		

Investment Type	Percent of Total Fund	Fair Value 9/30/2024	Overall Credit Rating (S&P and Moody's)	Average Effective Duration (Years)
Integrity Fixed Fund	16.34%	$ 21,686,626	AA+	3.93
PIMCO Diversified Income Fund	2.33%	3,094,078	BBB+	5.00
Total		$ 24,780,704		

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, 2025 and 2024, are summarized as follows:

Investments	**2025 Fair Value**	**2024 Fair Value**
Temporary Investment Funds	$ 1,097,462	$ 4,358,949
Fixed Income Securities	22,352,800	21,171,130
Domestic Stocks	35,291,714	65,945,758
Fixed Income Mutual Funds	9,288,321	3,080,899
Pooled Equity Funds – International	24,310,402	21,177,302
Pooled Equity Funds – Domestic	38,879,798	1,403,388
Foreign Equity	861,996	3,023,006
Real Estate Fund	12,827,173	12,409,786
Total	$ 144,909,666	$ 132,570,218

NOTES TO FINANCIAL STATEMENTS
KISSIMMEE UTILITY AUTHORITY
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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, 2025 and 2024:

		Fair Value Measurements Using		
	9/30/2025	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	$ 1,299,886	$ -	$ 1,299,886	$ -
Total Cash and Cash Equivalents	1,299,886	-	1,299,886	-
Debt Securities:				
U.S. Treasury Securities	7,503,402	7,503,402	-	-
Mortgage-Backed Securities	8,858,201	-	8,858,201	-
Collateralized Mortgage Obligations	144,902	-	144,902	-
Non-Corporate Obligations	245,988	-	245,988	-
Corporate Bonds	5,600,307	-	5,600,307	-
Total Debt Securities	22,352,800	7,503,402	14,849,398	-
Equity Securities:				
Common Stock	35,291,714	35,291,714	-	-
Foreign Stock	861,996	861,996	-	-
Total Equity Securities	36,153,710	36,153,710	-	-
Mutual Funds:				
Fixed Income	9,288,321	-	9,288,321	-
Equity	63,190,200	-	63,190,200	-
Real Estate Funds	12,827,173	-	-	12,827,173
Total Mutual Funds	85,305,694	-	72,478,521	12,827,173
Total Investments by Fair Value Level/ Measured at Fair Value	$ 145,112,090	$ 43,657,112	$ 88,627,805	$ 12,827,173

		Fair Value Measurements Using		
	9/30/2024	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	$ 4,535,807	$ -	$ 4,535,807	$ -
Total Cash and Cash Equivalents	4,535,807	-	4,535,807	-
Debt Securities:				
U.S. Treasury Securities	5,556,316	5,556,316	-	-
Mortgage-Backed Securities	8,869,089	-	8,869,089	-
Non-Corporate Obligations	1,321,247	-	1,321,247	-
Corporate Bonds	5,424,478	-	5,424,478	-
Total Debt Securities	21,171,130	5,556,316	15,614,814	-
Equity Securities:				
Common Stock	65,945,758	65,945,758	-	-
Foreign Stock	3,023,006	3,023,006	-	-
Total Equity Securities	68,968,764	68,968,764	-	-
Mutual Funds:				
Fixed Income	3,080,899	-	3,080,899	-
Equity	22,580,690	-	22,580,690	-
Real Estate Funds	12,409,786	-	-	12,409,786
Total Mutual Funds	38,071,375	-	25,661,589	12,409,786
Total Investments by Fair Value Level/ Measured at Fair Value	$ 132,747,076	$ 74,525,080	$ 45,812,210	$ 12,409,786

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, 2025 and 2024, included the following internal designations:

	2025	2024
Current Assets		
Undesignated	$ 5,311,551	$ 3,574,014
Designated	90,536,063	69,994,672
Total	$ 95,847,614	$ 73,568,686

Note 4 - Restricted Assets

Restrictions are made in accordance with bond resolutions, contracts, developers, the FMPA, and agreements with customers. Restricted assets, which consist of cash, cash equivalents, investments, and interest receivable at September 30, 2025 and 2024, included the following:

	2025	2024
Restricted Assets		
Advances for Construction	$ 5,992,441	$ 4,923,199
Customer Deposits	27,457,515	25,539,996
COK Collections	54,321	138,958

	2025	2024
City of St. Cloud Collections	$ 24,706	$ 14,193
County Tax Collections	847,137	756,478
ARP Working Capital	3,735,063	3,735,063
Rate Stabilization – Retail	75,782,250	77,246,250
Rate Stabilization – Retail Bulk	1,464,000	-
Rate Stabilization – Bulk System	35,722,613	24,180,342
Total	$ 151,080,046	$ 136,534,479

Shown in the accompanying Statements of Net Position as:

	2025	2024
Cash and Cash Equivalents	$ 130,696,911	$ 108,144,065
Investments	20,327,105	28,337,000
Interest Receivable	56,030	53,414
Total	$ 151,080,046	$ 136,534,479

Note 5 - Capital Assets

Utility plant activity for the years ended September 30, 2025 and 2024, was as follows:

	9/30/2024 Balance	Additions	Deletions and Reclassifications	9/30/2025 Balance
Utility Plant				
Land	$ 18,123,910	$ -	$ (28,058)	$ 18,095,852
Transmission Plant	46,945,235	1,955,973	-	48,901,208
Distribution Plant	275,148,897	23,763,981	(1,674,010)	297,238,868
General	55,241,541	2,748,593	(1,452,888)	56,537,246
Subtotal	395,459,583	28,468,547	(3,154,956)	420,773,174
Less Accumulated Depreciation				
Transmission Plant	(31,269,288)	(1,209,042)	1,614	(32,476,716)
Distribution Plant	(73,456,937)	(9,573,629)	3,491,558	(79,539,008)
General	(30,617,200)	(1,915,123)	1,511,460	(31,020,863)
Subtotal	(135,343,425)	(12,697,794)	5,004,632	(143,036,587)
CWIP	17,782,233	29,437,562	(31,539,095)	15,680,700
Leased Assets				
Right-of-Use Asset	1,263,863	-	-	1,263,863
Accumulated Amortization	(12,288)	(21,064)	-	(33,352)
Leased Asset, Net	1,251,575	(21,064)	-	1,230,511
Subscription-Based Information Technology Assets - (SBITA)				
Right-of-Use Asset SBITA	1,622,232	2,192,324	(1,382,921)	2,431,635
Accumulated Amortization	(1,245,545)	(438,748)	1,154,692	(529,601)
SBITA, Net	376,687	1,753,576	(228,229)	1,902,034
Total Capital Assets - Utility Plant	$ 279,526,653	$ 46,940,827	$ (29,917,648)	$ 296,549,832

	9/30/2023 Balance	Additions	Deletions and Reclassifications	9/30/2024 Balance
Utility Plant				
Land	$ 18,077,313	$ 46,597	$ -	$ 18,123,910
Transmission Plant	46,936,648	8,587	-	46,945,235
Distribution Plant	259,399,354	16,718,035	(968,492)	275,148,897
General	54,701,220	1,758,210	(1,217,889)	55,241,541
Subtotal	379,114,535	18,531,429	(2,186,381)	395,459,583
Less Accumulated Depreciation				
Transmission Plant	(30,106,345)	(1,162,993)	50	(31,269,288)
Distribution Plant	(66,332,444)	(9,287,435)	2,162,942	(73,456,937)
General	(29,986,310)	(1,879,108)	1,248,218	(30,617,200)
Subtotal	(126,425,099)	(12,329,536)	3,411,210	(135,343,425)
CWIP	11,741,726	29,534,940	(23,494,433)	17,782,233
Leased Assets				
Right-of-Use Asset	-	1,263,863	-	1,263,863
Accumulated Amortization	-	(12,288)	-	(12,288)
Leased Asset, Net	-	1,251,575	-	1,251,575
Subscription-Based Information Technology Assets - (SBITA)				
Right-of-Use Asset SBITA	1,394,124	228,108	-	1,622,232
Accumulated Amortization	(679,711)	(565,834)	-	(1,245,545)
SBITA, Net	714,413	(337,726)	-	376,687
Total Capital Assets - Utility Plant	$ 265,145,575	$ 36,650,682	$ (22,269,604)	$ 279,526,653

Depreciation expense for utility plant totaled approximately $12,697,000 and $12,329,000 for the years ended September 30, 2025 and 2024, respectively.

The capital contribution of plant costs was approximately $6,725,000 and $2,582,000 for the years ended September 30, 2025 and 2024, respectively. These funds are recorded as reductions to gross plant.

Note 6 - <u>Sales Type Transaction</u>

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:

	2025	2024
Total Minimum Payments to be Received	$ 131,560,590	$ 151,455,154
Less: Unearned Revenue	(118,870,462)	(132,680,511)
Net Amount Due for Sales Type Transaction	$ 12,690,128	$ 18,774,643
Shown in the Accompanying Statements of Net Position as:		
Current Assets – Current Portion	$ 19,894,566	$ 19,894,566
Other Assets – Long-Term Portion	111,666,024	131,560,588
Total Assets	$ 131,560,590	$ 151,455,154
Unearned Revenue	$ 118,870,462	$ 132,680,511
Total Unearned Revenue	$ 118,870,462	$ 132,680,511

Fiscal Year	Minimum Lease Payments to be Received	Unearned Lease Revenue
2026	$ 19,894,566	$ 13,810,049
2027	19,894,566	13,810,049
2028	16,376,736	15,855,654
2029	15,078,942	15,078,942
2030	15,078,942	15,078,942
2031-2033	45,236,838	45,236,826
Total	$ 131,560,590	$ 118,870,462

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, 2057, 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.

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 2025 to April 2028.

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 35 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 (Harmony) and II (Rice Creek) 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 10 MW. 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, 2025 and 2024, were as follows:

	9/30/2024 Balance	Additions	Reductions	9/30/2025 Balance	Amounts Due Within One Year	Long-Term
Other Liabilities:						
Net Pension Liability	$ 20,291,435	$ -	$ (1,102,991)	$ 19,188,444	$ -	$ 19,188,444
Other Postemployment Benefits	5,916,329	-	(18,259)	5,898,070	717,323	5,180,747
Compensated Absences	5,244,510	3,102,046	-	8,346,556	3,404,273	4,942,283
Lease Liability	1,196,432	-	(3,063)	1,193,369	3,228	1,190,141
Subscription-Based Information Technology Arrangement Liability	126,072	2,192,324	(825,284)	1,493,112	729,328	763,784
Total Other Liabilities	$ 32,774,778	$ 5,294,370	$ (1,949,597)	$ 36,119,551	$ 4,854,152	$ 31,265,399

	9/30/2023 Balance	Additions	Reductions	9/30/2024 Balance	Amounts Due Within One Year	Long-Term
Debt:						
Commercial Paper	$ 13,200,000	$ -	$ (13,200,000)	$ -	$ -	$ -
Total Debt	$ 13,200,000	$ -	$ (13,200,000)	$ -	$ -	$ -
Other Liabilities:						
Net Pension Liability	$ 33,845,657	$ -	$ (13,554,222)	$ 20,291,435	$ -	$ 20,291,435
Other Postemployment Benefits	5,361,502	554,827	-	5,916,329	668,093	5,248,236
Compensated Absences	4,983,727	3,246,031	(2,985,248)	5,244,510	3,134,511	2,109,999
Lease Liability	-	1,258,299	(61,867)	1,196,432	3,063	1,193,369
Subscription-Based Information Technology Arrangement Liability	501,800	161,407	(537,135)	126,072	90,016	36,056
Total Other Liabilities	$ 44,692,686	$ 5,220,564	$ (17,138,472)	$ 32,774,778	$ 3,895,683	$ 28,879,095

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 $2,431,634 and accumulated amortization of $529,600 at September 30, 2025.

The future subscription payments under SBITA arrangements are as follows:

	Subscriptions		
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 729,328	$ 46,609	$ 775,937
2027	717,466	23,779	741,245
2028	23,850	1,755	25,605
2029	22,468	791	23,259
Total	$ 1,493,112	$ 72,934	$ 1,566,046

Note 9 - Lease Receivable and Lease Liability

Lease receivable agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Incremental Borrowing Rate	Total Lease Receivable	Balance 9/30/2025
Pole Attachment	05/01/2019	14 Years	$ 7,751	4.03%	$ 75,386	$ 55,362
Pole Attachment	09/20/2019	7 Years	42,002	4.03%	219,968	79,187
Pole Attachment	07/18/2018	7 Years	13,502	4.03%	60,160	13,100
Tower Space	05/25/2020	10 Years	35,251	4.03%	254,676	141,468
Tower Space	10/30/2022	5 Years	35,832	4.03%	147,565	51,030
Tower Space	07/25/2021	10 Years	7,465	4.03%	67,713	49,318
Total Lease Agreements						$ 389,465

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	$ 7,656	$ 144	$ 11,685
Pole Attachment	5,306	2,445	5,799
Pole Attachment	37,308	4,695	36,661
Pole Attachment	12,471	1,031	12,032
Tower Space	35,182	7,119	28,297
Tower Space	32,467	3,365	29,513
Tower Space	5,360	2,105	6,299
Total	$ 135,750	$ 20,904	$ 130,286

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

Year Ending September 30,	Lease Receivable	Deferred Inflows
2026	$ 133,386	$ 118,601
2027	107,257	106,569
2028	52,384	40,395
2029	41,245	40,395
2030	14,635	40,395
Thereafter	40,558	34,219
Total	$ 389,465	$ 380,574

Lease Liability – The Authority leases land from the City of Kissimmee, Florida for a future substation at the City's airport property. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The interest rate on the lease is based on the Authority's incremental borrowing rate of 5.38%. The details of the lease are listed below:

Description	Date	Payment Terms	Incremental Payment Amount	Total Borrowing Rate	Lease Liability	Balance 9/30/2025
Airport Land Lease	2/20/2024	60 Years	$ 67,430	5.38%	$ 1,263,863	$ 1,193,369
Total Lease Agreements						$ 1,193,369

Annual requirements to amortize long-term obligations and related interest are as follows:

Fiscal Year Ending September 30,	Lease Interest	Lease Principal	Total Payment
2026	$ 64,203	$ 3,227	$ 67,430
2027	64,029	3,401	67,430
2028	63,846	3,584	67,430
2029	63,653	3,777	67,430
2030	63,450	3,980	67,430
Thereafter	2,398,438	1,175,400	3,573,838
Total	$ 2,717,619	$ 1,193,369	$ 3,910,988

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 2026 will be approximately $78,406,000. An additional $183,593,000 of capital expenditures are estimated for years 2027 through 2030.

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 2026 are as follows:

	Date	Commitment
Orlando Utilities Commission (OUC)		
SEC 1, Indian River, SEC A	NONE	$ 1,110,173
FMPA (St. Lucie, SEC 1, SEC 2)	NONE	4,040,686
Total		$ 5,150,859

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 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, 2025 and 2024. 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, 2025 and 2024:

	2025	2024
Other:		
ARP Working Funds	$ 3,735,063	$ 3,735,063
Total Restricted Assets	$ 3,735,063	$ 3,735,063

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 of Directors. 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, 2024, and a measurement date of September 30, 2025. The following table shows the key components of the Authority's OPEB valuation for the reporting at September 30, 2025 and 2024:

	2025	2024
Total OPEB Liability as of the Measurement Date	$ 5,898,070	$ 5,916,329
OPEB Expense for the Fiscal Year Ended September 30	$ 717,323	$ 668,093
Covered Employee Payroll	$ 24,043,063	$ 23,886,832
The Authority's Total OPEB Liability as a Percentage of Covered Payroll	24.53%	24.77%

At September 30, 2024, the Plan's participants consisted of:

Covered Spouses	3
Retirees, Beneficiaries, and Disabled Members	91
Active Plan Members	266
Total	360

The total OPEB liability was determined by an actuarial valuation as of September 30, 2024, updated to September 30, 2025, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies by Service
Discount Rate	4.50%
Initial Trend Rate	8.50%
Ultimate Trend Rate	3.45%
Years to Ultimate	51

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 4.50%. 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, 2024	$ 5,916,329
Changes for the Year:	
Service Cost	243,297
Interest	241,874
Differences Between Expected and Actual Experience	(52,105)
Changes of Assumptions	(148,284)
Benefit Payments	(303,041)
Net Changes	(18,259)
Reporting Period Ended September 30, 2025	$ 5,898,070

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ended September 30, 2023	$ 5,361,502
Changes for the Year:	
Service Cost	175,495
Interest	235,745
Differences Between Expected and Actual Experience	(567,831)
Changes of Assumptions	971,365
Benefit Payments	(259,947)
Net Changes	554,827
Reporting Period Ended September 30, 2024	$ 5,916,329

Changes in assumptions reflect a change in the discount rate from 4.06% for the reporting period ended September 30, 2024, to 4.50% for the reporting period ended September 30, 2025. 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, 2025:

	1% Decrease 3.50%	Current Discount Rate 4.50%	1% Increase 5.50%
Total OPEB Liability (Asset)	$ 6,537,361	$ 5,898,070	$ 5,353,074

	1% Decrease 2.45% - 7.50%	Healthcare Cost Trend Rates 3.45% - 8.50%	1% Increase 4.45% - 9.50%
Total OPEB Liability (Asset)	$ 5,471,045	$ 5,898,070	$ 6,400,543

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, 2024:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB Liability (Asset)	$ 6,589,331	$ 5,916,329	$ 5,344,757

	1% Decrease 2.45% - 7.50%	Healthcare Cost Trend Rates 3.45% - 8.50%	1% Increase 4.45% - 9.50%
Total OPEB Liability (Asset)	$ 5,486,840	$ 5,916,329	$ 6,423,192

For the year ended September 30, 2025, the Authority will recognize OPEB expense of $717,323.

On September 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows (Inflows) of Resources	
	2025	**2024**
Differences Between Expected and Actual Experience	$ (264,215)	$ (122,124)
Changes of Assumptions	525,829	804,279
Total	$ 261,614	$ 682,155

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	
2026	$ 249,173
2027	89,807
2028	(86,483)
2029	(86,484)
2030	95,256
Thereafter	345
Total	$ 261,614

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 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, 2024 and 2023, the Plan's participants consisted of:

	October 1, 2024	October 1, 2023
Actives	248	249
Service Retirees	213	205
DROP Retirees	15	14
Beneficiaries	46	51
Disability Retirees	4	4
Terminated Vested	71	65
Total	597	588

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, 2025:

Asset Class	Target Allocation	Range	Benchmark Index
Domestic Equity	50%	45% - 55%	Russell 3000
International Equity	15%	10% - 20%	MSCI-ACW-x U.S. (Net)
Broad Market Fixed Income	15%	10% - 30%	B-Barclays Domestic Master (1-10 Yr) "A" Rated and Above
Non-Core Fixed Income*	10%	0% - 20%	Strategic Index**
Real Estate	10%	0% - 15%	NFI-ODCE (eqwt)
Alternatives *	0%	0% - 15%	Strategic Index**
Cash and Cash Equivalents	0%	0% - 5%	Citigroup 3-mth U.S. T-bill
	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 "strategy index" for other assets is defined as the most appropriate index, combination of indices, or absolute return target for the investment(s) in question.

The annual money-weighted rate of return on Plan investments, net of Plan investment expense was 10.01% and 21.37% for the years ended September 30, 2025 and 2024, respectively. 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 2025, 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, 2025 and 2024, are summarized in the table below:

Asset Class	Long-Term Expected Real Rate of Return 2025
All Cap Value Equity	7.5%
Broad Growth Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%
Global Bond	2.5%
Real Estate	4.5%

Asset Class	Long-Term Expected Real Rate of Return 2024
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 7.45%. 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.

2025	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
The Authority's Net Pension Liability	$ 38,059,961	$ 19,188,444	$ 3,284,996

2024	1% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
The Authority's Net Pension Liability	$ 38,137,229	$ 20,291,435	$ 5,265,767

Net Pension Liability

The total pension liability was determined by an actuarial valuation as of October 1, 2024 updated to September 30, 2025, using the following actuarial assumptions applied to all measurement periods:

	2025	2024
Inflation	2.50%	2.50%
Salary Increases	Service Based	Service Based
Investment Rate of Return	7.45%	7.55%
Discount Rate	7.45%	7.55%

The measurement date is September 30, 2025. The measurement period for the pension expense and the reporting is October 1, 2024 to September 30, 2025.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2024	$ 152,924,936	$ 132,633,501	$ 20,291,435
Changes for a Year:			
Service Cost	4,065,942	-	4,065,942
Interest	11,556,647	-	11,556,647
Change in Benefit Terms	141	-	141
Differences Between Expected and Actual Experience	2,240,831	-	2,240,831
Changes of Assumptions	1,242,233	-	1,242,233
Contributions - Employer	-	6,360,463	(6,360,463)
Contributions - Employee	-	372,978	(372,978)
Contributions - Buy Back	43,143	43,143	-
Net Investment Income	-	13,531,362	(13,531,362)
Benefit Payments, Including Refunds of Employee Contributions	(7,845,443)	(7,845,443)	-
Administrative Expenses	-	(56,018)	56,018
Net Changes	11,303,494	12,406,485	(1,102,991)
Balance at September 30, 2025	$ 164,228,430	$ 145,039,986	$ 19,188,444

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2023	$ 144,791,085	$ 110,945,428	$ 33,845,657
Changes for a Year:			
Service Cost	3,574,658	-	3,574,658
Interest	11,178,912	-	11,178,912
Differences Between Expected and Actual Experience	(1,614,406)	-	(1,614,406)
Changes of Assumptions	3,211,687	-	3,211,687
Contributions - Employer	-	5,561,339	(5,561,339)
Contributions - Employee	-	345,949	(345,949)
Contributions - Buy Back	26,443	26,443	-
Net Investment Income	-	24,053,179	(24,053,179)
Benefit Payments, Including Refunds of Employee Contributions	(8,243,443)	(8,243,443)	-
Administrative Expenses	-	(55,394)	55,394
Net Changes	8,133,851	21,688,073	(13,554,222)
Balance at September 30, 2024	$ 152,924,936	$ 132,633,501	$ 20,291,435

The major components of the net pension liability of the Authority on September 30, 2025 and 2024, were as follows:

	2025	2024
Total Pension Liability	$ 164,228,433	$ 152,924,936
Plan Fiduciary Net Position*	(145,039,989)	(132,633,501)
The Authority's Liability	$ 19,188,444	$ 20,291,435
Plan Fiduciary Net Position as a % of Total Pension Liability	88.32%	86.73%

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

For the years ended September 30, 2025 and 2024, the Authority will recognize a pension expense of $6,072,984 and $5,833,127. On September 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	$ 1,792,664	$ 2,461,493	$ -	$ 3,460,657
Changes of Assumptions	3,621,448	-	3,649,477	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	6,339,651	-	2,760,340
Total	$ 5,414,112	$ 8,801,144	$ 3,649,477	$ 6,220,997

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

Year Ending September 30,	**2025**	**2024**
2025	$ -	$ 753,968
2026	3,145,123	3,160,509
2027	(3,924,498)	(3,909,112)
2028	(2,858,484)	(2,843,098)
2029	250,827	266,213
Total	$ (3,387,032)	$ (2,571,520)

Notes to Schedule

Changes of Assumptions:
Changes in Assumptions - Total Pension Liability as of the September 30, 2025 measurement date reflects the following assumption change:

- The discount rate was updated from 7.55% to 7.45%
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024 FRS valuation report for non-special risk employees.

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, 2025, are $3,233,293 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, 2025, 2024, and 2023, respectively, was 24.43%, 22.93%, and 21.68% 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, 2025, 2024, and 2023, respectively, was 1.38%, 1.62%, and 1.46% 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 - Other Deferred Compensation Plans

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 - Subsequent Event

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. The agreement was amended effective October 1, 2025, to provide additional payments. The total amount of fixed capacity credits that will be paid to the Authority from fiscal year 2026 through fiscal year 2033 increased from $131,561,000 to $139,341,000.

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 **Measurement Date**	**9/30/2025** **9/30/2025**	**9/30/2024** **9/30/2024**	**9/30/2023** **9/30/2023**	**9/30/2022** **9/30/2022**	**9/30/2021** **9/30/2021**	**9/30/2020** **9/30/2020**	**9/30/2019** **9/30/2019**	**9/30/2018** **9/30/2018**
Total OPEB Liability								
Service Cost	$ 243,297	$ 175,495	$ 150,104	$ 209,881	$ 148,908	$ 97,062	$ 107,883	$ 116,414
Interest	241,874	235,745	230,630	142,932	106,965	137,928	170,601	127,476
Differences Between Expected and Actual Experience	(52,105)	(567,831)	146,533	(191,454)	268,054	334,140	696,531	-
Changes of Assumptions	(148,284)	971,365	412,406	(1,262,499)	965,976	765,942	(678,874)	(232,114)
Benefit Payments	(303,041)	(259,947)	(230,409)	(219,022)	(196,738)	(153,371)	(149,559)	(92,167)
Net Change in Total OPEB Liability	(18,259)	554,827	709,264	(1,320,162)	1,293,165	1,181,701	146,582	(80,391)
Total OPEB Liability, Beginning	5,916,329	5,361,502	4,652,238	5,972,400	4,679,235	3,497,534	3,350,952	3,431,343
Total OPEB Liability, Ending	$ 5,898,070	$ 5,916,329	$ 5,361,502	$ 4,652,238	$ 5,972,400	$ 4,679,235	$ 3,497,534	$ 3,350,952
Covered Employee Payroll	$ 24,043,063	$ 23,886,832	$ 23,430,038	$ 22,599,159	$ 22,621,128	$ 21,190,292	$ 19,618,158	$ 18,582,494
Sponsor's Total OPEB Liability as a Percentage of Covered Employee Payroll	24.53%	24.77%	22.88%	20.59%	26.40%	22.08%	17.83%	18.03%

Notes to Schedule:

**Since Implementation of GASB 75

Covered Employee Payroll was projected one year forward from the valuation date using applicable salary increase assumptions.

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, 2024.

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 2025	4.50%
FY 2024	4.06%
FY 2023	4.87%
FY 2022	4.77%
FY 2021	2.43%

Also reflected as assumption changes are updated healthcare costs and premiums.

Benefit Payments: The Plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ended on September 30, 2025. 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 4,065,942	$ 3,574,658	$ 3,475,276	$ 3,293,485	$ 2,519,401	$ 2,450,011	$ 2,394,385	$ 2,236,364	$ 2,153,285	$ 2,108,098
Interest	11,556,647	11,178,912	10,796,232	10,478,010	9,813,976	9,310,380	8,923,763	8,581,641	8,139,836	7,701,067
Changes of Benefit Terms	141	-	-	(228)	-	-	71	-	-	251
Difference Between Expected and Actual Experience	2,240,831	(1,614,406)	(1,384,077)	(2,269,860)	(449,826)	1,204,601	64,729	(117,613)	768,026	947,882
Changes of Assumptions	1,242,233	3,211,687	-	-	2,919,218	(150,838)	-	-	-	(204)
Contributions - Buy Back	43,146	26,443	18,857	6,147	27,080	40,111	82,628	8,030	8,030	8,605
Benefit Payments, Including Refunds of Employee Contributions	(7,845,443)	(8,243,443)	(7,892,295)	(7,274,676)	(6,796,374)	(6,054,906)	(7,010,133)	5,893,940	(5,009,170)	(5,289,022)
Net Change in Total Pension Liability	11,303,497	8,133,851	5,013,993	4,232,878	8,033,475	6,799,359	4,455,443	4,814,482	6,060,007	5,476,677
Total Pension Liability - Beginning	152,924,936	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
Total Pension Liability - Ending (a)	164,228,433	152,924,936	144,791,085	139,777,092	135,544,214	127,510,739	120,711,380	116,255,937	111,441,455	105,381,448
Plan Fiduciary Net Position										
Contributions - Employer	6,360,463	5,561,339	4,842,574	4,804,111	4,875,965	4,873,980	4,742,955	4,334,806	5,068,576	5,203,612
Contributions - Employee	372,978	345,949	335,285	370,201	364,822	356,104	322,012	304,627	297,597	164,006
Contributions - Buy Back	43,146	26,443	18,857	6,147	27,080	40,111	82,628	8,030	8,030	8,605
Net Investment Income	13,531,362	24,053,179	9,985,717	(23,358,679)	20,519,089	13,012,153	3,729,746	9,204,443	10,919,810	7,318,037
Benefit Payments, Including Refunds of Employee Contributions	(7,845,443)	(8,243,443)	(7,892,295)	(7,274,676)	(6,796,374)	(6,054,906)	(7,010,133)	(5,893,940)	(5,009,170)	(5,289,022)
Administrative Expense	(56,018)	(55,394)	(62,976)	(51,296)	(68,206)	(51,522)	(66,471)	(64,683)	(56,217)	(68,197)
Net Change in Plan Fiduciary Net Position	12,406,488	21,688,073	7,227,162	(25,504,192)	18,922,376	12,175,920	1,800,737	7,893,283	11,228,626	7,337,041
Plan Fiduciary Net Position - Beginning	132,633,500	110,945,427	103,718,265	129,222,457	110,300,081	98,124,161	96,323,424	88,430,141	77,201,514	69,864,473
Plan Fiduciary Net Position - Ending (b)	145,039,988	132,633,500	110,945,427	103,718,265	129,222,457	110,300,081	98,124,161	96,323,424	88,430,140	77,201,514
Net Pension Liability - Ending (a) - (b)	$ 19,188,445	$ 20,291,436	$ 33,845,658	$ 36,058,827	$ 6,321,757	$ 17,210,658	$ 22,587,219	$ 19,932,513	$ 23,011,315	$ 28,179,934
Plan Fiduciary Net Position as a % of the Total Pension Liability	88.32%	86.73%	76.62%	74.20%	95.34%	86.50%	81.29%	82.85%	79.35%	73.26%
Covered Employee Payroll	$ 20,039,479	$ 24,252,712	$ 22,335,158	$ 21,792,875	$ 20,900,640	$ 20,436,411	$ 19,851,056	$ 18,665,630	$ 17,875,560	$ 18,144,502
Net Pension Liability as a % of covered Employee Payroll	73.69%	83.67%	151.54%	165.46%	30.25%	84.22%	113.78%	106.79%	128.73%	155.31%

Notes to Schedule:

Changes of Assumptions:

Changes of Benefit Terms:

For the measurement date of 09/30/2025, benefit changes:

As the result of a special actuarial analysis, the Member Contribution Rate for Tier 2 participants has increased from 2.35% to 2.69% and the Member Contribution Rate for Tier 3 participants has decreased from 4.90% to 4.51%.

For the measurement date of 09/30/2025, changes in assumptions:

The discount rate was updated from 7.55% to 7.45%.

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman’s July 1, 2024, FRS valuation report for non-special risk employees.

For measurement date 09/30/2024, the discount rate was lowered from 7.75% to 7.55%.

For measurement date 09/30/2022, amounts reported as changes of benefit terms, resulted from a special actuarial analysis, the Member Contribution Rate for Tier 2 participants has been reduced from 3.20% to 2.35%.

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.

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

Notes to Schedule:

For measurement date 09/30/2020, 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.

For measurement date September 30, 2019, amounts reported as changes of benefit terms resulted from the Board Resolution No. 19-01, the following changes were made:

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, the inflation assumption was lowered from 3.0% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

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%.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contributions	$ 6,897,858	$ 5,876,432	$ 5,143,787	$ 4,639,703	$ 4,274,181	$ 4,096,177	$ 4,728,521	$ 4,604,811	$ 4,558,268	$ 4,817,365
Contributions in Relation to the Actuarially Determined Contributions	6,360,463	5,561,339	4,842,574	4,804,111	4,875,965	4,873,980	4,742,955	4,334,806	5,068,576	5,203,612
Contribution Deficiency (Excess)	$ 537,395	$ 315,093	$ 301,213	$ (164,408)	$ (601,784)	$ (777,803)	$ (14,434)	$ 270,005	$ (510,308)	$ (386,247)
Covered Employee Payroll *	$ 26,039,478	$ 24,252,712	$ 22,335,158	$ 21,792,875	$ 20,900,640	$ 20,436,411	$ 19,851,056	$ 18,665,630	$ 17,875,560	$ 1,844,502
Contributions as a % of Covered Employee Payroll	24.43%	22.93%	21.68%	22.04%	23.33%	23.85%	23.89%	23.22%	28.35%	28.68%

Notes to Schedule:

Valuation Date: October 1, 2024

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-2021

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, 2024 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: 7.45% 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 years 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%

Benefit Changes: As the result of a special actuarial analysis, the Member Contribution Rate for Tier 2 participants has increased from 2.35% to 2.69% and the Member Contribution Rate for Tier 3 participants has decreased from 4.90% to 4.51%.

Changes in Assumptions: The discount rate was updated from 7.55% to 7.45%.

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024 FRS valuation report for non-special risk employees.

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%
	Age Plus Svc.		20 or more years	0.0%
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%

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, 2025 AND 2024

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance as of October 1, 2023	$ 33,845,656	$ 2,875,581	$ 14,130,071	$ -
Total Pension Liability Factors:				
Service Cost	3,574,658	-	-	3,574,658
Interest	11,178,912	-	-	11,178,912
Contributions - Buy Back	26,443	-	-	26,443
Differences Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(1,614,406)	1,614,406	-	-
Current Year Amortization of Experience Difference	-	(999,162)	(240,920)	(758,242)
Changes in Assumptions	3,211,687	-	3,211,687	-
Current Year Amortization	-	(30,168)	(1,021,818)	991,650
Benefit Payments	(8,243,443)	-	-	-
Net Change	8,133,851	585,076	1,948,949	15,013,421
Plan Fiduciary Net Position:				
Contributions - Employer	5,561,339	-	-	-
Contributions - Employee	345,949	-	-	(345,949)
Contributions - Buy Back	26,443	-	-	(26,443)
Net Investment Income	21,292,839	-	-	(21,292,839)
Differences Between Projected and Actual Earnings on Pension Plan Investments	2,760,340	2,760,340	-	-
Current Year Amortization	-	(7,014,729)	(6,658,056)	(356,673)
Benefit Payments, Including Refund of Employee Contributions	(8,243,443)	-	-	-
Administrative Expenses	(55,394)	-	-	55,394
Investment Income Netted	-	7,014,729	(5,771,487)	12,786,216
Net Change	21,688,073	2,760,340	(12,429,543)	(9,180,294)
Ending Balance as of September 30, 2024	$ 20,291,434	$ 6,220,997	$ 3,649,477	$ 5,833,127
Beginning Balance as of October 1, 2024	$ 20,291,434	$ 6,220,997	$ 3,649,477	$ -
Total Pension Liability Factors:				
Service Cost	4,065,942	-	-	4,065,942
Interest	11,556,647	-	-	11,556,647
Changes in Benefit Terms	141	-	-	141
Contributions - Buy Back	43,146	-	-	-
Differences Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	2,240,831	-	2,240,831	-
Current Year Amortization of Experience Difference	-	(999,164)	(448,167)	(550,997)
Changes in Assumptions	1,242,233	-	1,242,233	-
Current Year Amortization	-	-	(1,270,262)	1,270,262
Benefit Payments	(7,845,443)	-	-	-
Net Change	11,303,497	(999,164)	1,764,635	15,071,733
Plan Fiduciary Net Position:				
Contributions - Employer	6,360,463	-	-	-
Contributions - Employee	372,978	-	-	(372,978)
Contributions - Buy Back	43,146	-	-	-
Net Investment Income	13,531,362	-	-	(9,971,365)
Differences Between Projected and Actual Earnings on Pension Plan Investments	-	3,559,997	-	-
Current Year Amortization	-	(6,638,742)	(6,658,056)	19,314
Benefit Payments, Including Refund of Employee Contributions	(7,845,443)	-	-	-
Administrative Expenses	(56,018)	-	-	56,018
Investment Income Netted	-	6,658,056	6,658,056	-
Net Change	12,406,488	3,579,311	-	(10,269,011)
Ending Balance as of September 30, 2025	$ 19,188,443	$ 8,801,144	$ 5,414,112	$ 4,802,722

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, 2025	10.01%
September 30, 2024	21.37%
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%

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, 2025, 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 15, 2026.

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 15, 2026
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, 2025, and have issued our report thereon dated January 15, 2026.

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

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 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 15, 2026, 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, 2025, 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, fraud, waste, or abuse, that has occurred, or is likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, 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 15, 2026
Ocala, Florida

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

Board of Directors
Kissimmee Utility Authority
Kissimmee, Florida

We have examined the Kissimmee Utility Authority's (the Authority) compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2025, 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 complied, 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, 2025.

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 15, 2026
Ocala, Florida