

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
Maitland, Florida**

For the year ended September 30, 2023

Prepared by:

Authority Accountant

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT
SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY**

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SOUTH SEMINOLE & NORTH ORANGE COUNTY WASTEWATER TRANSMISSION AUTHORITY

410 Lake Howell Road

Maitland, FL 32751-5907

February 16, 2024

Authority Board Members
South Seminole and North Orange County
Wastewater Transmission Authority

Dear Authority Board Members:

The Annual Comprehensive Financial Report of the South Seminole and North Orange County Wastewater Transmission Authority (Authority) for the year ended September 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the South Seminole and North Orange County Wastewater Transmission Authority. All disclosures necessary to enable the reader to gain an understanding of the South Seminole and North Orange County Wastewater Transmission Authority's financial activities have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity Definition: The Authority, in determining the entity to be reported on, used the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and the other organizations for which the nature and significance of their relationship with their primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority has no component units.

Governmental Structure: The South Seminole and North Orange County Wastewater Transmission Authority was created by an Act of Florida Legislature in 1978 as a separate local agency of the government with powers designed to meet the particular needs of the area in relationship to transmission of wastewater to a regional sewage treatment plant (Iron Bridge Treatment Facility).

The Authority, an Independent Special District, encompasses a service area of approximately sixty-eight (68) square miles. It owns and operates an untreated wastewater transmission system located in portions of Seminole County, Orange County, and the Cities of Casselberry, Winter Park, and Maitland. The Authority provides such service to Seminole County, the Cities of Maitland, Casselberry, and Winter Park. Until June 29, 2021, the Authority could have provided service to the City of Winter Springs; however, the Florida Legislature amended the Enabling Act and the City is no longer a member/customer of the Authority as it has its own wastewater system.

Design work for the Authority began in the spring of 1979. Construction grants were obtained from the Environmental Protection Agency (EPA), and Bond Anticipation Notes were issued during 1981 in the amount of \$7,000,000. Construction on the system began in February 1982. Initial flows into the system were begun in February 1983 and the total system completed in the fall of 1983. The Bond Anticipation Notes issued in December 1981 were replaced by Sewer Revenue Bonds in December 1983 and replaced at lower interest rates with bond issues in 1986 and 1993. EPA grants in the amount of \$8,876,992 had been received by September 30, 1984. Upon the pay-off of the 1993 Sewer Revenue Bonds, new bonds were issued in the amount of \$8,515,000 to fund Phase I of the Master Plan-Capital Improvement Projects (CIP).

The facilities owned by the Authority within the service area consist of thirty-five (35) metering points and pump stations and approximately thirty-eight (38) miles of force mains ranging in size from eight inch (8") to thirty-six inch (36") diameters. The Authority also owns a section of forty-two inch (42") and forty-eight inch (48") diameter gravity sewer lines and discharges into the City of Orlando's eighty-four inch (84") diameter gravity sewer for the final leg of transmission and ultimately treatment at the City of Orlando's Iron Bridge Treatment Facility. The Authority's present committed flow through the system is 13.203 million gallons per day (MGD).

The Cities of Maitland, Casselberry, Winter Park, and Seminole County are entitled to representation on the governing board. Each governmental entity appoints one member and one alternate member. The alternate member is authorized by each respective entity to act in all matters for the member during the absence of the member at any duly authorized board meeting. The term of office is four (4) alternating years terminating in successive years on September 30.

The Legislative Act creates a 100-vote basis for conducting business with the first fifty (50) votes divided equally among board members and the remaining fifty (50) votes divided in proportion to the committed capacity for each governmental entity.

The Authority Board Members have the power to represent the Authority and have the exclusive responsibility and power to adopt the annual budget for the operation of the Authority. The Authority does not have the power to levy taxes but receives all revenues from its member entities through Interlocal Agreements.

The Authority has one (1) employee. Duties other than administrative are provided by service contracts. The legal firm of Brown, Garganese, Weiss and D'Agresta, P.A. is the Authority's Attorneys (represented by the same attorney since 1990) and the firm of CHA Consulting (formerly Reiss Engineering) is the Authority's Consulting Engineers. Lombardo Spradley & Klein, CPAs provide accounting services.

OPERATIONAL OUTLOOK

In order to ensure the viability and the financial integrity of the Authority's System, the Act gives the Authority the power to compel all retail sewage collection within its legislated boundaries to utilize its facilities. The Act further gives the Authority the ability to compel by legal proceedings payment by for among other things, the Authority's operation, maintenance and debt service expenses.

Each member entity (customer) of the Authority has executed with the City of Orlando, Uniform Intergovernmental Agreements, whereby Orlando agrees to treat, at the City of Orlando's Iron Bridge Treatment Facility, a certain volume of sewage (committed capacity) generated within each customer's service area. The Authority's user charge system, which has been formalized through Uniform Interlocal Agreements (recently amended and restated) executed between the Authority and each one of its member entities, states that each customer will be billed monthly for its pro rata share of 100% of the Authority's operation, maintenance and depreciation expenses and 110% of the debt service expense of the bond based solely upon its committed flow. Member entities are charged penalties when total committed capacity is exceeded.

With the exception of initial construction in 1982 and 1983 and two State Tribal Assistance Grants in the amounts of \$144,300 (2004) and \$485,000 (2012-2013) from the Environmental Protection Agency, the Authority has not received any Federal or State funding.

Local Economy: The area's major industries include Leisure & Hospitality, Professional & Business Services, Retail, and Education & Health. The area's labor force has increased and unemployment rates have remained low as the labor market continues to normalize coming out of the pandemic. Central Florida is expected to continue to outperform the national economy in the coming year, but at a slower rate. Higher interest rates, a tight housing market and staffing challenges are affecting businesses throughout the area.

Long Term Financial Planning: Funding for identified projects is addressed through the existing rate structure which includes a depreciation component. This growth element is reviewed and adjusted annually but may not exceed the actual depreciation of the prior fiscal year. This component is offset according to the required increase in debt service for project funding.

Major Initiatives for the Year: The Authority, by virtue of the Act, is to maintain the system and all components in good condition and operate the same in an economical and efficient manner and does so by making proper expenditures for equipment, repairs and replacements.

The following is a summary of significant accomplishments and project related activities and expenses made by the Authority during the fiscal year:

Since the majority of the Authority's facilities were constructed in the 1970s and 1980s, these original facilities are approaching the end of their useful lives requiring extensive maintenance or have limited capacities. Improvements to the Authority's pumping stations were identified through facility inspections, discussions with the operation and maintenance personnel of the entities and through hydraulic analyses performed via computer modeling. The Authority is presently in the engineering/design/construction phase for major system replacements, and force main relocations. All design flows and criteria for the Authority's system are updated as system changes occur and compared with the calibrated hydraulic model to identify potential capacity and operational issues. Additionally periodic systematic pipe testing is conducted as emphasized in the original Hydraulic Analysis as a proactive approach to identify, maintain, and replace components of the systems before reaching critical stage.

The engineering firm continued with the engineering and design and coordinating the scheduling of the contractors for the upcoming projects in the Capital Improvement Plan, including lift station renovations, installation of generators and additional replacement of pipe segments that have been identified as reaching the end of their useful life. The Authority now has seven pre-qualified contractors to perform "on call" pump station and pipeline system work.

The authority expended \$698,005 during the year for various improvements and continued its efforts to obtain additional financing for the capital improvement projects in the Capital Improvement Plan.

◆ **Air Release Valve Maintenance Program**

A maintenance program is in effect with a service provider to clean, inspect and maintain the one hundred fifteen (115) valves located throughout the Authority's system. This extends the life of the pipe and pumps through the evacuation of hydrogen sulfide gases and trapped air.

◆ **Manifolded Transmission System**

This ongoing project allows directional flow options from multiple pump stations which permits intermittent low flow lines to be flushed and cleaned, reducing the maintenance requirements due to septic conditions. Additionally it serves as a back-up alternative during emergencies, routine maintenance, and would also allow flows to be diverted to or from the City of Casselberry's Water Reclamation Facility. The valves associated with alternate routes were recently mapped. To date there has been over 18,000 linear feet of force main transmission piping replaced as a major effort to increase the useful service life of the piping.

◆ **Operation and Maintenance Costs**

Operation and maintenance rates to the entities, remain constant.

◆ Future Capacity

Members have completed their review of future capacity needs to assist the City of Orlando in analyzing repair/replacement alternatives as well as future capacity needs for the Iron Bridge Treatment Facility.

Major Initiatives for the Future: Roadway widening throughout this rapidly growing area has and will continue to provide an opportunity to improve the system after determining the degree of required line relocation by replacing the affected line with non-corrosive pipe material. Since the Authority System is presently operating at approximately 50% capacity, there are no immediate long-term plans for expanding the system.

Projects and costs contained in the Master Plan (CIP) are annually revisited. Major factors for consideration are as follows:

- Age of infrastructure.
- Potential adverse environmental impacts from damage or failure of components of the infrastructure.
- Operating flexibility and improved emergency response time, which minimizes costs of repairs and replacement.
- Developing alternative funding sources for the Master Plan (CIP) Phase II and Phase III.

These factors translate into constant monitoring of the infrastructure so as to modify the Master Plan as necessary to assure a system that will be effective, efficient, and economical.

FINANCIAL OUTLOOK

Depreciation Reserve Fund: The Depreciation Reserve Fund was established to provide for system relocation costs and other capital improvements to the system. It is funded through a depreciation rate component, dedicated interest earnings, year-end surplus, if any, and monthly excess flow administrative penalty charges. This account is held in the State Board of Administration Local Government Surplus Trust Funds Investment Pool and money market accounts that are insured by federal depository insurance up to \$250,000. Amounts in excess of \$250,000 are fully insured by U.S. Government securities held in the Public Deposit Security Trust Fund maintained and monitored by the Treasurer of the State of Florida. The balance in the Depreciation Reserve Fund on September 30, 2023 was \$9,186,949.

Internal Accounting Controls: The Authority's management is responsible for establishing and maintaining internal control designed to ensure that: 1) the assets of the Authority are protected from loss, theft, or misuse; 2) adequate accounting data is compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles; and 3) all transactions and activities are properly authorized. The internal accounting control should provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgment by management.

We believe the internal control for functions adequately safeguards assets, provides reasonable assurance of proper recording of financial transactions, and provides for proper authorization of all transactions and activities.

During the year, monthly budgetary reports showing budget and actual revenue and expenses are reviewed by management and made available to the Authority Board. Additionally, the Authority has an independent accounting firm perform the day-to-day bookkeeping \ accounting services.

Relevant Financial Policies:

The Authority is aware of a number of pronouncements issued by the Governmental Accounting Standards Board (GASB) that are effective for this year; however, none had any discernable impact on the Authority, and there were no changes in any accounting policies (see Note 13 to the financial statements).

OTHER INFORMATION

Independent Audit: The Enabling Legislative Act and Florida State Statutes require an annual audit made by independent certified public accountants. The accounting firm of Holland and Reilly, CPAs was selected by the Authority to audit the 2023 financial statements. The auditors' report on the basic financial statements is included in the financial section of this report.

Submittal for Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Seminole and North Orange County Wastewater Transmission Authority, Maitland, Florida, for its Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended September 30, 2023; this is the twenty-sixth time the Authority has received the Certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR), whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to the Government Finance Officers Association (GFOA) for acceptance.

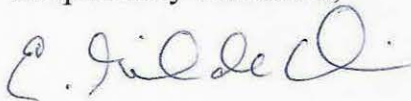
ACKNOWLEDGMENTS

The preparation of the Annual Comprehensive Financial Report on a timely basis would not have been possible without the dedicated service of Lombardo Spradley & Klein CPAs, the contract accountants, and Holland and Reilly, the Authority's Auditors for their contribution to the excellence of this report.

Annual Financial reports are a permanent historical record of the South Seminole and North Orange County Wastewater Transmission Authority's operation for the general public, member entities, Authority Board Members and management. It is our belief that this is a comprehensive report of financial transactions under the control of the South Seminole and North Orange County Wastewater Transmission Authority and that the following statements present an accurate, informative record of the financial activities of the Authority, and its financial condition at September 30, 2023.

We wish to acknowledge the interest, leadership and support of the Board Members in planning and conducting financial operations in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Ed Gil de Rubio", with a stylized flourish at the end.

Ed Gil de Rubio
Executive Director

SOUTH SEMINOLE and NORTH ORANGE COUNTY WASTEWATER TRANSMISSION AUTHORITY

PRINCIPAL OFFICIALS

REPRESENTATIVES

Chairman

Randy Knight City of Winter Park

Vice-Chairman

Kim Ornberg Seminole County

Tara Lamoureux City of Casselberry

Mark Reggentin City of Maitland

ALTERNATE REPRESENTATIVES

Kim Tracy City of Maitland

Lorie Mertens-Black City of Casselberry

Michelle del Valle City of Winter Park

Paul Zimmerman Seminole County

ADMINISTRATION

Ed Gil de Rubio Executive Director

CONSULTANTS

Accounting Services

Lombardo, Spradley & Klein, CPAs

Legal Counsel

Brown, Garganese, Weiss, and D'Agresta, P.A.

Engineering

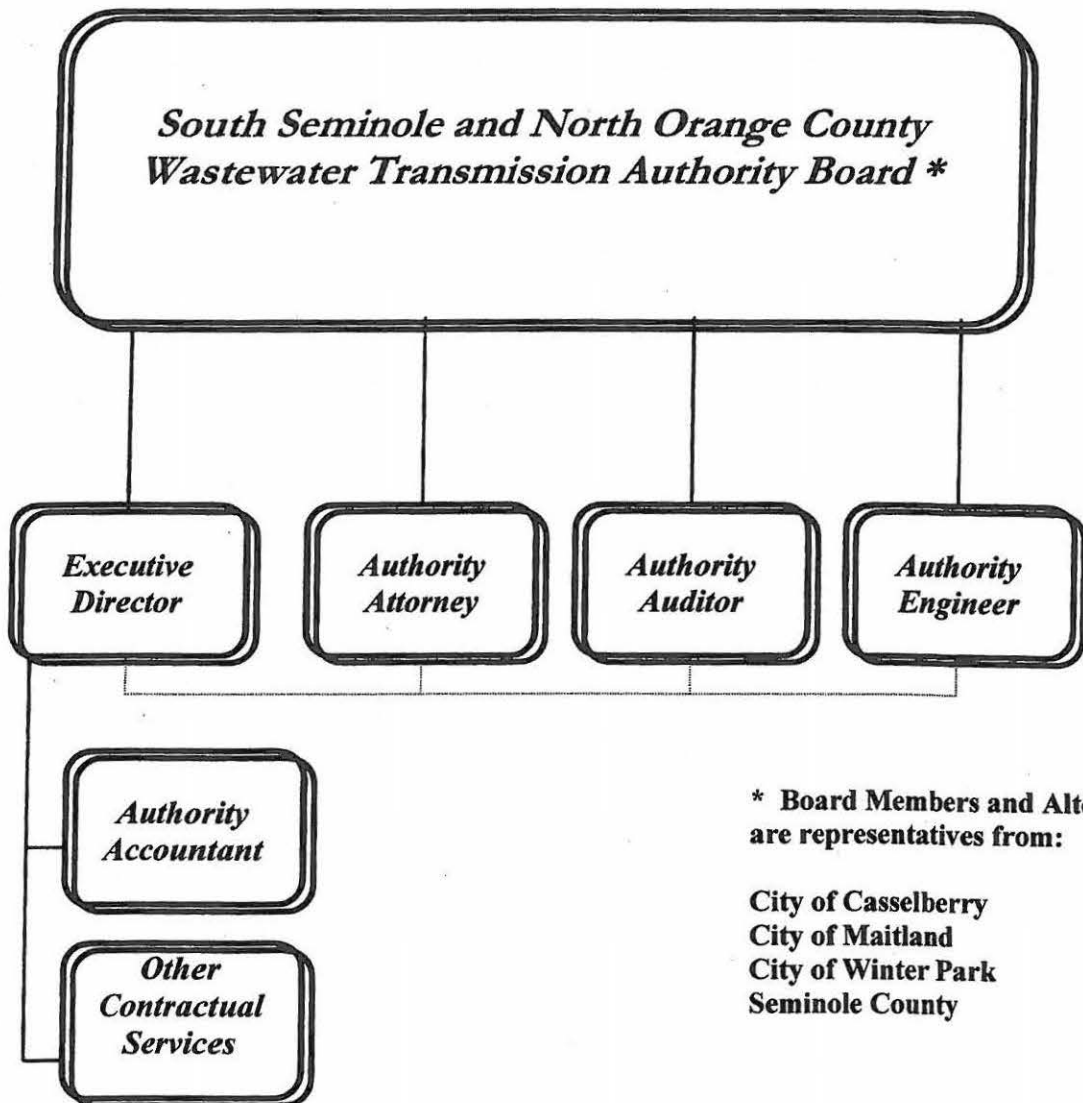
CHA Consulting, Inc. (formerly Reiss Engineering, Inc.)

Auditors

Holland and Reilly, CPAs

SOUTH SEMINOLE AND NORTH ORANGE COUNTY WASTEWATER TRANSMISSION AUTHORITY

ORGANIZATIONAL STRUCTURE





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**South Seminole & North Orange County
Wastewater Transmission Authority
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

HOLLAND & REILLY

CERTIFIED PUBLIC ACCOUNTANTS
601 NORTH FERN CREEK
SUITE 200
ORLANDO, FLORIDA 32803

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(407) 896-3044 FAX

DAVID S. HOLLAND, CPA
THOMAS F. REILLY, CPA

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ASSOCIATION OF
CERTIFIED FRAUD EXAMINERS

INDEPENDENT AUDITORS' REPORT

Board of Directors
South Seminole and North Orange County
Wastewater Transmission Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the South Seminole and North Orange County Wastewater Transmission Authority (the Authority), as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements 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 Authority as of September 30, 2023, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 on pages 4 to 7 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 February 16, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Orlando, Florida
February 16, 2024

Holland & Reilly

Management's Discussion and Analysis

As financial management of the South Seminole and North Orange County Wastewater Transmission Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of the report.

Financial Highlights

- Operating income for the Authority was \$1,976,725, for fiscal year 2023. This was a decrease of \$368,025 from the previous year, due primarily to an increase in maintenance and contractual services.
- The Authority's net position increased \$2,197,336 compared to an increase of \$2,111,296 in the prior year due to an increase in interest income. The term "net position" refers to the difference between assets and liabilities. At the close of fiscal year 2023, the Authority had a net position of \$30,764,838 – an increase from \$28,567,502 in the previous year.
- The Authority reported unrestricted net position of \$10,988,560 at the close of fiscal year 2023, an increase of \$2,277,927 over the September 30, 2022 balance of \$8,710,633.
- The Authority's cash and cash equivalents balance was \$14,627,058 representing a \$3,011,559 increase from the prior fiscal year due to less expenditures on capital projects and increased revenue.
- The Authority's capital outlays were \$698,005, a decrease from the prior year's \$1,190,936.
- The Authority had total operating revenues of \$4,521,384 and total operating expenses of \$2,544,659 for fiscal year 2023.
- The Authority's outstanding debt is \$8,715,000, a decrease of \$605,000 from the prior fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and notes to the financial statements included in this report were prepared in accordance with U.S. generally accepted accounting principles applicable to governmental entities for proprietary fund types.

Basic Financial Statements

The Authority is a special-purpose government consisting only of a proprietary type enterprise fund whose function is to meet the particular need of the area in relationship to wastewater transmission to a regional sewage treatment plant. The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows.

The statement of net position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation, and earned but unused compensated absences).

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary statistical schedules that cover more than one fiscal year that reflect the population of member entities, annual flows, and financial trends of the Authority.

Financial Analysis

	September 30,	
	2023	2022
ASSETS		
Current and other assets	\$ 14,692,994	\$ 11,729,297
Capital assets, net	<u>27,499,880</u>	<u>28,223,327</u>
Total assets	<u>\$ 42,192,874</u>	<u>\$ 39,952,624</u>
LIABILITIES AND NET POSITION		
Liabilities:		
Current liabilities (Payable from current assets)	175,785	80,191
Current liabilities (Payable from restricted assets)	2,527,167	1,978,351
Long-term liabilities, including current portion	<u>8,725,084</u>	<u>9,326,580</u>
Total liabilities	<u>11,428,036</u>	<u>11,385,122</u>
Net Position:		
Net investment in capital assets	18,766,352	18,902,609
Restricted	1,009,926	954,260
Unrestricted	<u>10,988,560</u>	<u>8,710,633</u>
Total net position	<u>\$ 30,764,838</u>	<u>\$ 28,567,502</u>

Assets exceeded liabilities by \$30,764,838. This represents an increase in total assets of \$2,240,250 (5.6%), and an increase of total liabilities of \$42,914 (.4%) over the previous year. The increase in total assets was primarily due to an increase in cash and cash equivalents. The increase in total liabilities was primarily due to an increase in accounts payable. A portion of net position (\$1,009,926) is restricted for debt service and renewal and replacement reserves. Funds were used to pay for investments in capital assets of \$698,005, primarily for various construction in progress projects (\$537,382). This is a (\$492,930) decrease in investments in capital assets compared to those made by the Authority in 2022 of \$1,190,935.

By far, the largest portion of the Authority's net position (61%) reflects its investment in capital assets (e.g., land, buildings, equipment and system facilities, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to operate a wastewater transmission line and consequently, those assets are not available to liquidate liabilities or other spending. Of the \$27,499,880 in capital assets, \$1,395,043 is construction in progress which includes engineering studies and design work for future pump station renovations, line replacements and utility relocates, instrument panels, as well as generator replacements.

Changes in Net Position

	for the year ended September 30,	
	<u>2023</u>	<u>2022</u>
Revenues:		
Operating revenues	\$ 4,521,384	\$ 4,549,622
Investment income	<u>433,931</u>	<u>57,130</u>
Total revenue	<u>4,955,315</u>	<u>4,606,752</u>
Expenses:		
Operating expenses	2,544,659	2,204,872
Interest expense	188,668	201,481
Loss on disposal of equipment	<u>24,652</u>	<u>89,103</u>
Total expenses	<u>2,757,979</u>	<u>2,495,456</u>
Increase in net position	2,197,336	2,111,296
Beginning net position	<u>28,567,502</u>	<u>26,456,206</u>
Ending net position	<u>\$ 30,764,838</u>	<u>\$ 28,567,502</u>

Operating revenues slightly decreased by (\$28,238) and operating expenses increased by \$339,787 in 2023. The decrease in operating revenues was a budgeted small reduction in member assessments to cover operating expenses required to maintain the system. The increase in operating expenses was mainly due to an increase in system maintenance and contractual services expenses. A significant portion of operating expenses relates to depreciation, which was \$1,396,800 (55%) in 2023 and \$1,387,490 (63%) in 2022.

The increase in net position of \$2,197,336 is up from the prior year's increase of \$2,111,296 mainly due to the increase in investment income, and a smaller loss on disposal of equipment this year. The loss on disposal of equipment represents the original depreciated costs of certain capital assets that are being replaced in the Authority's system improvement program, as well as some items that were disposed of during 2023.

Capital Asset and Debt Administration

Capital Assets

The Authority's investment in capital assets was \$27,499,880, net of accumulated depreciation, as of September 30, 2023, a net decrease of (\$723,447), primarily due to the depreciation expenses exceeding the outlays for capital assets. Capital assets include land, buildings, system facilities, furniture, fixtures and equipment, and construction in progress. Major capital asset events during the fiscal year pertained to the completion of several pump replacements, as well as odor control and instrument panel replacements, and the continuance of various projects under construction, including several projects for engineering studies and design work for future pump station renovations and line replacements. Additional information on the Authority's capital assets can be found in note 6 on page 16 of this report.

Long-Term Debt

The Authority has outstanding bonds payable of \$8,715,000, a reduction of \$605,000 during fiscal year 2023 due to the payments on the long-term debt.

The Authority's debt service coverage ratio increased from 4.75 for fiscal year 2022 to 4.76 for fiscal year 2023. The increase in debt service ratio was primarily because of the increase in interest income. Additional information on the Authority's long-term debt can be found in note 8 on pages 17-18 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Executive Director, South Seminole and North Orange County Wastewater Transmission Authority, 410 Lake Howell Road, Maitland, Florida 32751.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
STATEMENT OF NET POSITION
September 30, 2023**

ASSETS

Current assets

Cash	\$ 290,608
Accounts receivable	59,901
Prepaid expenses	6,035
Restricted assets – cash equivalents	<u>4,139,575</u>
Total current assets	<u>4,496,119</u>

Noncurrent assets

Restricted assets:	
Cash equivalents	10,196,875
Capital assets:	
Non-depreciable assets	\$ 1,569,875
Depreciable assets	44,575,323
Less accumulated depreciation	<u>(18,645,318)</u>
Total capital assets	<u>27,499,880</u>
Total noncurrent assets	<u>37,696,755</u>

Total assets	<u>\$ 42,192,874</u>
--------------	----------------------

LIABILITIES AND NET POSITION

Current liabilities (payable from current assets)

Accounts payable	\$ 160,321
Accrued salaries	3,735
Accrued and withheld payroll taxes and benefits	7,729
Compensated absences	<u>4,000</u>
Total current liabilities (payable from current assets)	175,785

Current liabilities (payable from restricted assets)

Contracts payable	\$ 15,018
Retainage payable	3,510
Accrued interest payable	94,480
Due to other governmental units	2,414,159
Bonds payable – current portion	<u>615,000</u>
Total current liabilities (payable from restricted assets)	<u>3,142,167</u>
Total current liabilities	3,317,952

Noncurrent liabilities

Compensated absences	10,084
Bonds payable	<u>8,100,000</u>
Total noncurrent liabilities	<u>8,110,084</u>
Total liabilities	11,428,036

Net position

Net investment in capital assets	18,766,352
Restricted for debt service and renewal and replacement reserves	1,009,926
Unrestricted	<u>10,988,560</u>
Total net position	<u>30,764,838</u>

Total liabilities and net position	<u>\$ 42,192,874</u>
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See accompanying notes.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**
for the year ended September 30, 2023

Operating revenues		
Charges for services		\$ 4,521,384
Operating expenses		
Personal services	\$ 129,341	
Maintenance	439,077	
Contractual services	532,197	
Depreciation	1,396,800	
Other	<u>47,244</u>	
Total operating expenses		<u>2,544,659</u>
Operating income		1,976,725
Non-operating revenues (expenses)		
Investment income	433,931	
Loss on disposal of equipment	(24,652)	
Interest expense	<u>(188,668)</u>	
Total non-operating revenues (expenses)		<u>220,611</u>
Increase in net position		2,197,336
Net position, beginning of year		<u>28,567,502</u>
Net position, end of year		<u>\$ 30,764,838</u>

See accompanying notes.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
STATEMENT OF CASH FLOWS**
for the year ended September 30, 2023

Cash flows from operating activities

Receipts from customers	\$ 5,112,589
Payments to suppliers	(932,479)
Payments to employees	(122,935)
Net cash provided by operating activities	<u>4,057,175</u>

Cash flows from capital and related financing activities

Additions to property and equipment	(679,476)
Principal paid on bonds	(605,000)
Interest paid on debt	(195,071)
Net cash used in capital and related financing activities	<u>(1,479,547)</u>

Cash flows from investing activities

Investment income	<u>433,931</u>
Net cash provided by investing activities	<u>433,931</u>

Net increase in cash and cash equivalents	3,011,559
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Cash and cash equivalents at beginning of year	<u>11,615,499</u>
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Cash and cash equivalents at end of year	<u>\$ 14,627,058</u>
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Classified as

Current assets:	
Cash	290,608
Cash equivalents – restricted	4,139,575
Noncurrent assets:	
Cash equivalents – restricted	<u>10,196,875</u>
	<u>\$ 14,627,058</u>

(Continued)
See accompanying notes.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
STATEMENT OF CASH FLOWS - Continued
for the year ended September 30, 2023**

Reconciliation of operating income to net cash provided

by operating activities

Operating income	<u>\$ 1,976,725</u>
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Adjustments:

Depreciation	1,396,800
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Change in assets and liabilities:

Decrease in due from other governments	53,797
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Increase in prepaid expenses	(5,935)
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Increase in accounts payable	92,692
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Increase in accrued salaries	4,676
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Increase in accrued and withheld payroll taxes	1,730
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Decrease in contracts payable	(718)
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Increase in due to other governmental units	<u>537,408</u>
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Total adjustments	<u>2,080,450</u>
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Net cash provided by operating activities	<u><u>\$ 4,057,175</u></u>
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Non-cash investing capital and related financing activities

Capital assets funded by contracts and retainage payable amounted to \$18,528.

See accompanying notes.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

1. Organization

The South Seminole and North Orange County Wastewater Transmission Authority (the Authority) was formed in October 1978 by Legislative Act of the State of Florida to construct and operate a wastewater transmission line to be the prime source of conveyance of wastewater collected in the service area of its five members (Seminole County and the Cities of Winter Park, Casselberry, Maitland, and Winter Springs) to the Iron Bridge Regional Treatment Plant owned by the City of Orlando. During the year ended September 30, 2021, the Enabling Act was amended by the Florida Legislature and the City of Winter Springs is no longer a member/customer of the Authority.

Each of the Authority's members is bound, through uniform interlocal agreements, to pay its pro-rata share of the Authority's operation and maintenance expenses and annual bond debt service requirements. All of the Authority's program revenues (charges for services) come from four of its five customers.

These financial statements consist only of the Authority's operations; there are no component units.

2. Summary of Significant Accounting Policies

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

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

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

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. The Authority's cash equivalents included in restricted assets and the depreciation reserve (see notes 4 and 5) consist of funds invested with the State of Florida Board of Administration Local Government Surplus Funds Trust Fund Investment Pool (SBA) and money market funds collateralized by U.S. Government obligations, with the fair value equal to the carrying value. The Authority's bank deposits are held by qualified state depositories that, under state law, are required to be collateralized by U.S. government obligations held by the various financial institutions.

Accounts Receivable - Accounts receivable represents amounts due from a member entity for operations and maintenance and excess flow charges. No allowance for doubtful accounts is necessary.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies - Continued

Operating Revenues and Expenses – The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its system, including administrative expenses and depreciation of capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

Capital Assets – Capital assets are stated at cost to the Authority when purchased or constructed and at acquisition value when donated. The significant portion of capital assets is comprised of infrastructure assets, such as sewer pipes and lines. Expenditures for capital asset additions and improvements with a cost of \$500 or more are capitalized. Expenditures for maintenance and repairs are charged to operating expenses.

Provisions for depreciation are made using the straight-line method, based upon the estimated useful lives of the assets, which range as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	10
Furniture, fixtures, and equipment	5-7
System facilities	5-50

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. Demand deposits and money market accounts are insured by federal depository insurance up to \$250,000 of the aggregate account balances. Amounts in excess of \$250,000 are fully insured by U.S. Government securities held in the Public Deposit Security Trust Fund (Pool) maintained and monitored by the Treasurer of the State of Florida. The Pool provides for additional assessments to members of the pool to ensure that there will be no loss of public funds. At September 30, 2023, the carrying amount of the Authority's demand deposits was \$2,016,024, and the respective bank balance totaled \$2,025,146.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

4. Restricted Assets

Cash equivalents and investments included in restricted assets, current and noncurrent, at September 30, 2023 consist of the following:

<u>Account</u>	<u>Carrying Value</u>
Infiltration and Inflow Rehabilitation Fund	\$ 2,414,159
Debt Service Reserve	608,122
Interest	94,334
Principal	615,000
Renewal and Replacement	401,805
Capital Projects	1,016,081
Depreciation Reserve	<u>9,186,949</u>
	<u>\$ 14,336,450</u>

The funds above are invested as follows:

Demand deposits	\$ 1,725,416
SBA Florida PRIME	<u>12,611,034</u>
	<u>\$ 14,336,450</u>

These amounts are reflected in the Statement of Net Position as follows:

Current assets	\$ 4,139,575
Noncurrent assets	<u>10,196,875</u>
	<u>\$ 14,336,450</u>

The bond covenants permit the Authority to invest in obligations of the U.S. Government or other agencies or instrumentalities of the United States. Further, the Authority may invest in commercial paper, any general obligation of any state or political subdivision with a rating in one of the two highest rating categories by a nationally recognized bond rating agency, certificates of deposits with a Federal Reserve System member bank, units of participation in Local Government Surplus Funds Trust Funds or any other investment permitted under applicable Florida and United States law and/or approved by the insurer in writing. The Authority's policy with respect to concentrations of credit risk states "Assets shall be diversified to control the risk of loss resulting from over concentration of assets in specific maturities, issuer, and security issues." The Authority invests primarily in the SBA and demand deposit accounts.

The SBA established the Florida PRIME whereby participants own a share of the pool and not the underlying securities.

The Florida PRIME (formerly known as Pool or Fund A) is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments in the Florida PRIME at amortized cost. Therefore, the Authority's investment in Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool's shares. The Florida PRIME is rated by Standard and Poor's and is currently rated AAAm. At September 30, 2023, the weighted average days to maturity (WAM) is 35 days, and the weighted average life (WAL) is 75 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

4. Restricted Assets - Continued

The Florida PRIME did not participate in a securities lending program during the year ended September 30, 2023, nor was it exposed to any foreign currency risk. The SBA provides separate financial statements for the Florida PRIME (audited) as of and for the period ending June 30, which can be obtained at www.sbafla.com/prime/home.aspx. It does not issue financial statements as of and for the period ending September 30.

At September 30, 2023, there were no redemption fees or maximum transfer amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account balance. With regard to liquidity fees, the SBA has the authority to impose penalties for early withdrawal, but has not made any required disclosures relating to these fees. The SBA also has the authority to limit contributions or withdrawals for up to 48 hours in the event of an occurrence or event that has a material impact on the liquidity of the Florida PRIME. No such limitation took place during the year ended September 30, 2023.

The Infiltration and Inflow Rehabilitation Fund Account was established by the Authority in 1988 for the collection of excess flow penalties from customers that exceeded their daily committed flow allocation. An amount equal to the excess flow penalty is recorded in an account called "due to other governmental units" when the funds are collected. The funds are returned to the customer from whom they were collected after the customer has completed infiltration and inflow rehabilitation services to correct the excess flow.

5. Depreciation Reserve Account

The Depreciation Reserve Account was originally established by the Board of Directors to replace fully depreciated assets. The account is funded by a depreciation rate component which is authorized in the interlocal agreements and the Revenue Bond Series 2004 resolution (supplemented by the Revenue Bond Series 2016A and 2016B resolutions) and excess charges for service after all restricted accounts have been fully funded as required by the bond resolution. The bond resolutions specify that this account may be used for the purpose of paying extraordinary and nonrecurring costs for removal and transfer of used and useable capital facilities caused by governmental requirements or directives. Funds may also be used for paying the costs of extensions, enlargements or additions to, or the replacement of capital assets of the system and emergency repairs thereto. In addition, if no other funds are available, funds may be used to pay for operation/maintenance expenses on a non-recurring basis caused by unforeseen circumstances.

Activity in the Depreciation Reserve Account for the year ended September 30, 2023 is as follows:

Balance at October 1, 2022	\$ 6,604,108
Addition:	
Deposits from member entities	2,580,367
Interest income	374,424
Reductions:	
Payments for cost of capital assets	(371,950)
Balance at September 30, 2023	<u>\$ 9,186,949</u>

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

6. Capital Assets

Capital assets are summarized as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Dispositions/ Adjustments</u>	<u>Ending balance</u>
Capital Assets, Not Depreciated:				
Land	\$ 174,832	\$ -	\$ -	\$ 174,832
Construction in progress	<u>910,248</u>	<u>537,382</u>	<u>(52,587)</u>	<u>1,395,043</u>
Total capital assets, not being depreciated	<u>1,085,080</u>	<u>537,382</u>	<u>(52,587)</u>	<u>1,569,875</u>
Capital Assets, Being Depreciated:				
Building and improvements	112,898	-	-	112,898
System facilities	44,298,299	160,623	(16,415)	44,442,507
Furniture, fixtures, and equipment	<u>19,918</u>	<u>-</u>	<u>-</u>	<u>19,918</u>
Total capital assets, being depreciated	<u>44,431,115</u>	<u>160,623</u>	<u>(16,415)</u>	<u>44,575,323</u>
Less Accumulated Depreciation for:				
Building and improvements	(70,859)	(2,011)	-	(72,870)
System facilities	(17,202,368)	(1,394,535)	44,350	(18,552,553)
Furniture, fixtures, and equipment	<u>(19,641)</u>	<u>(254)</u>	<u>-</u>	<u>(19,895)</u>
Total accumulated depreciation	<u>(17,292,868)</u>	<u>(1,396,800)</u>	<u>44,350</u>	<u>(18,645,318)</u>
Total capital assets, being depreciated, net	<u>27,138,247</u>	<u>(1,236,177)</u>	<u>27,935</u>	<u>25,930,005</u>
Total Capital Assets, net	<u>\$ 28,223,327</u>	<u>(\$ 698,795)</u>	<u>(\$ 24,652)</u>	<u>\$ 27,499,880</u>

7. Construction Commitments

The Authority has active construction projects as of September 30, 2023. The projects include design work and engineering studies for future line replacement and pumping station rehabilitation. At year end, the Authority's commitments with engineers and contractors are as follows:

	<u>Spent to date</u>	<u>Remaining commitment</u>
Construction projects	<u>\$285,441</u>	<u>\$1,428,534</u>

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

8. Long-Term Debt

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Compensated absences	\$ 10,580	\$ 7,504	(\$ 4,000)	\$ 14,084	\$ 4,000
Series 2016A bonds	4,525,000	-	(280,000)	4,245,000	285,000
Series 2016B bonds	<u>4,795,000</u>	<u>-</u>	<u>(325,000)</u>	<u>4,470,000</u>	<u>330,000</u>
	<u>\$ 9,330,580</u>	<u>\$ 7,504</u>	<u>(\$ 609,000)</u>	<u>\$ 8,729,084</u>	<u>\$ 619,000</u>

During fiscal year ended September 30, 2016, the Authority issued two series of bonds as follows:

Series 2016A - For the purpose of financing major capital improvements. The \$5,590,000 Authority Sewer System Revenue Bonds, Series 2016A, dated June 9, 2016, are due on October 1 of each year beginning 2019 through 2035, with interest at 2.17% payable semi-annually on April 1 and October 1 (commencing 2017 for interest only through 2018). These bonds are collateralized by a pledge of the net revenues derived by the Authority from the operations of the sewer system, and are classified as Additional Parity Obligations.

Series 2016B - For the purpose of refunding the Authority Sewer System Revenue Bonds, Series 2004. The \$6,410,000 Authority Sewer System Revenue Bonds, Series 2016B, dated June 9, 2016, are due on October 1 of each year beginning 2017 through 2035, with interest at 2.16% payable semi-annually on April 1 and October 1. These bonds are collateralized by a pledge of the net revenues derived by the Authority from the operation of the sewer system, and are classified as Additional Parity Obligations.

As a result of the refunding, the Authority will save \$1,702,516 over the life of the bonds. Discounted at 2.16%, this savings has a net present value of \$1,399,123. The Authority does not have any outstanding deferred debt.

Annual service requirements to maturity for the sewer system revenue series 2016A are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest rate</u>
2024	\$ 285,000	89,024	374,024	2.17%
2025	295,000	82,731	377,731	2.17%
2026	300,000	76,276	376,276	2.17%
2027	305,000	69,711	374,711	2.17%
2028	310,000	63,039	373,039	2.17%
2029-2033	1,665,000	209,459	1,874,459	2.17%
2034-2036	<u>1,085,000</u>	<u>35,642</u>	<u>1,120,642</u>	2.17%
	<u>\$ 4,245,000</u>	<u>\$ 625,882</u>	<u>\$ 4,870,882</u>	

Annual debt service requirements maturity for the sewer system revenue series 2016B bonds are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest rate</u>
2024	\$ 330,000	92,988	422,988	2.16%
2025	340,000	85,752	425,752	2.16%
2026	345,000	78,354	423,354	2.16%
2027	355,000	70,794	425,794	2.16%
2028	360,000	63,072	423,072	2.16%
2029-2033	1,915,000	194,346	2,109,346	2.16%
2034-2035	<u>825,000</u>	<u>17,874</u>	<u>842,874</u>	2.16%
	<u>\$ 4,470,000</u>	<u>\$ 603,180</u>	<u>\$ 5,073,180</u>	

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

8. Long-Term Debt – Continued

Under terms of the bonds payable, upon any default as specified in the bond documents (any representation or warranty made in writing proven to be false or incorrect in any material respect on the date made or reaffirmed; or failure to pay amounts when due) the interest rate shall increase by 5 percentage points in excess of the Bond's Prime Rate of interest at the time of the default. Acceleration of the principal and interest shall not be a remedy upon the occurrence or continuation of the default.

The resolutions authorizing the Series 2016A and 2016B bonds keeps in force many of the provisions of the Master Resolution that issued the Series 2004 bonds, and amends or supplements various provisions. Accordingly, the 2016 resolutions maintain or establish the following restricted accounts. The purpose of the accounts in order of priority of monthly revenue transfers is as follows:

A. Revenue Fund	Deposit gross revenues of the Authority's system.
B. Debt Service Fund	Shall maintain the Principal Account and the Interest Account as follows:
1. Interest Account	Deposit 1/6 of the interest income becoming due on the next semi-annual interest payment.
2. Principal Account	Deposit 1/12 of the principal due on the next maturity date for the bonds.
C. Reserve Fund	Deposit amount necessary to bring the account balance equal to the maximum amount of principal and interest becoming due in any ensuing fiscal year.
D. Renewal and Replacement Fund	Deposit 1/12 of 5% of the gross revenues received during the immediately preceding year until the balance is equal to \$300,000.
E. Project Fund	Deposit remaining funds to be used for paying project costs.
F. Depreciation Reserve Fund	Deposit an amount as shall be determined by the annual budget of the Authority.
G. Surplus Fund	Deposit excess Revenue Fund moneys after all above payments have been made.

9. Pension Plan

Defined Contribution Plan

The Authority set up a Defined Contribution Plan under Internal Revenue Code Section 401(a) with the Florida Municipal Pension Trust Fund. This plan is pursuant to the Florida Retirement System Opt-out for all new employees hired on or after January 1, 1996. One employee participated in this plan during the year.

Employer contributions were \$2,000 a month. There are no employee contributions. Contributions for the year ended September 30, 2023 were \$20,000. Contributions vest after three years of service; however, contributions vest immediately upon death, disability, or termination of the Plan. Forfeitures are held in a forfeiture account and used to reduce future employer contributions. There were no forfeitures at September 30, 2023.

At September 30, 2023 the Authority had no outstanding payable for any legally required contribution to the Plan.

On July 19, 2023, the Board of Directors passed Resolution #2023-1 terminating the Authority's involvement in this plan. The monthly contribution of \$2,000 was moved to the Executive Director's salary.

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

10. Deferred Compensation Plan

In prior years, the Authority had one full-time employee who participated in a deferred compensation plan that was created in accordance with Internal Revenue Code Section 457. That employee retired in May 2013 and the Authority no longer makes contributions to the Plan.

Funds are held in trust by a third-party administrator; thus the assets and related liabilities are not reflected in these financial statements.

11. Commitments and Contingencies

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the Authority's insurance coverage for each of the past three years.

In the normal course of business, the Authority has commitments and claims. The Authority does not believe any liability that may result from these matters would have a material effect on its financial position.

12. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through February 16, 2024, the date on which the financial statements were available to be issued.

13. New Accounting Standards

The Governmental Accounting Standards Board (GASB) issued several pronouncements that are effective for these financial statements. These are:

GASB Statement 91 – Conduit Debt Obligations
GASB Statement 94 – Public-Private Partnerships
GASB Statement 96 – Subscription-Based Information Technology Arrangements
GASB Statement 99 – Certain portions thereof

Management has ascertained that none of these professional pronouncements effective for this year had any discernable impact on the Authority.

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STATISTICAL SECTION

The Statistical Schedules differ from other financial presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Authority.

TABLE

Financial Trends

PAGE

These schedules contain information to help the reader understand how the Authority's financial performance and well-being have changed over time.

I	Net Position by Component	22
II	Changes in Net Position	23

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the government's ability to issue additional debt in the future.

III	Debt Service Requirements and Long-term Debt	24
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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

IV	Percentage of Committed Capacity of Member Entities	25
V	Percentage of Iron Bridge Facility Committed Capacity	26
VI	Annual Flow – Millions of Gallons Transmitted to Iron Bridge Facility	27

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

VII	Demographic and Economic Statistics	28
VIII	Principal Employers	29
IX	Miscellaneous Statistics	30

Except where noted, the information is derived from the Authority's comprehensive financial reports for the relevant year.

TABLE I

SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Position:										
Net investment in capital assets	\$ 18,782,478	\$ 18,902,609	\$ 18,584,471	\$ 17,687,766	\$ 17,439,500	\$ 18,283,388	\$ 18,294,922	\$ 18,370,777	\$ 16,695,533	\$ 16,224,644
Restricted for debt service and renewal and replacement reserves	1,009,926	954,260	943,615	941,548	937,101	920,877	908,029	907,041	583,342	928,559
Restricted for capital improvements										-
Unrestricted, restated*	10,972,434	8,710,633	6,928,120	6,076,390	4,778,340	3,422,951	3,414,364	3,383,642	4,075,562	4,060,080
Total net position*	\$ 30,764,838	\$ 28,567,502	\$ 26,456,206	\$ 24,705,704	\$ 23,154,941	\$ 22,627,216	\$ 22,617,315	\$ 22,661,460	\$ 21,354,437	\$ 21,213,283

*Balances restated in 2013 for implementation of GASB Statementes #63 and #65, for restatement related to bond issuance costs.

TABLE II

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY**

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Charges for service	\$ 4,521,384	\$ 4,549,622	\$ 4,143,800	\$ 3,573,392	\$ 2,871,665	\$ 2,188,735	\$ 2,468,328	\$ 2,427,450	\$ 2,209,151	\$ 1,824,531
Operation & maintenance expenses	(1,147,859)	(817,382)	(733,138)	(1,075,605)	(897,341)	(876,617)	(659,960)	(899,471)	(683,924)	(646,470)
Income before depreciation*	3,373,525	3,732,240	3,410,662	2,497,787	1,974,324	1,312,118	1,808,368	1,527,979	1,525,227	1,178,061
Depreciation	(1,396,800)	(1,387,490)	(1,323,473)	(1,292,742)	(1,249,936)	(1,028,725)	(1,053,687)	(1,026,780)	(919,699)	(892,802)
Operating income*	1,976,725	2,344,750	2,087,189	1,205,045	724,388	283,393	754,681	501,199	605,528	285,259
Non-operating Revenue (expenses):										
Investment income	433,931	57,130	9,293	64,029	98,869	53,761	26,579	14,923	20,119	8,705
Miscellaneous income	-	-	-	-	-	-	-	-	-	155
Net increase (decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	(220)
EPA Grant	(24,652)	(89,103)	(131,688)	(15,577)	(56,235)	(197,256)	(682,060)	(339,728)	(162,296)	(185,158)
Loss on disposal of equipment	(188,668)	(201,481)	(214,292)	(226,920)	(239,297)	(129,997)	(143,345)	(324,731)	(321,577)	(336,354)
Interest expense	-	-	-	-	-	-	-	(500)	(620)	(1,158)
Fiscal agent fee	-	-	-	-	-	-	-	-	-	-
Total non-operating revenue or (expense)	220,611	(233,454)	(336,687)	(178,468)	(196,663)	(273,492)	(798,826)	(650,036)	(464,374)	(514,030)
Increase (decrease) in net position before capital contributions*	2,197,336	2,111,296	1,750,502	1,026,577	527,725	9,901	(44,145)	(148,837)	141,154	(228,771)
Contributed capital	-	-	-	524,186	-	-	-	1,455,860	-	-
Change in net position*, restated	\$ 2,197,336	\$ 2,111,296	\$ 1,750,502	\$ 1,550,763	\$ 527,725	\$ 9,901	\$ (44,145)	\$ 1,307,023	\$ 141,154	\$ (228,771)

*Activity restated in 2013 for implementation of GASB Statements #63 and #65, for restatement related to bond issuance costs and related amortization.

TABLE III

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY**

**SCHEDULE OF DEBT SERVICE REQUIREMENTS AND LONG-TERM DEBT
FOR LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED			NET REVENUE AVAILABLE FOR DEBT SVC	DEBT SERVICE REQUIREMENTS			COVERAGE
	GROSS REVENUES (1)	OPERATING EXPENSES		PRINCIPAL	INTEREST	TOTAL	
2023	\$ 4,955,315	\$ 1,147,859	3,807,456	\$ 605,000	\$ 195,071	800,071	4.76
2022	4,606,752	817,382	3,789,370	590,000	207,867	797,867	4.75
2021	4,153,093	733,138	3,419,955	580,000	220,814	800,814	4.27
2020	3,637,421	1,075,605	2,561,816	570,000	233,089	803,089	3.19
2019	2,970,534	897,341	2,073,193	550,000	245,250	795,250	2.61
2018	2,245,166	876,618	1,368,548	805,000	258,046	1,063,046	1.29
2017	2,499,815	659,960	1,839,855	605,000	220,281	825,281	2.23
2016	2,441,873	899,471	1,542,402	720,000	394,887	1,114,887	1.38
2015	2,229,270	683,924	1,545,346	705,000	329,050	1,034,050	1.49
2014	1,833,171	646,470	1,186,701	690,000	343,515	1,033,515	1.15

	BONDS PAYABLE	UNAMORTIZED BOND DISCOUNT	NET BONDS OUTSTANDING	RATIO PER CAPITA (2)
2023	\$ 8,715,000		8,715,000	16
2022	9,320,000	-	9,320,000	18
2021	9,910,000	-	9,910,000	19
2020	10,490,000	-	10,490,000	20
2019	11,060,000	-	11,060,000	21
2018	11,610,000	-	11,610,000	23
2017	12,415,000	-	12,415,000	25
2016	13,020,000	-	13,020,000	26
2015	8,220,000	(64,277)	8,155,723	17
2014	8,925,000	(67,674)	8,857,326	18

(1) Includes Charges for Service, Interest earnings, Miscellaneous revenue, Gain (loss) on investments, and Capital contributions.

(2) The ratio is calculated on the populations of Seminole County, Maitland and Winter Park, as Casselberry and Winter Springs are included in Seminole County's population. The years 2013 to 2016 have been restated to conform.

Source: South Seminole & North Orange County Wastewater Transmission Authority

TABLE IV

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY**

**PERCENTAGE OF
COMMITTED CAPACITY OF MEMBER ENTITIES
LAST TEN FISCAL YEARS**

<u>FISCAL</u> <u>YEAR</u> <u>ENDED</u>	<u>CITY OF</u> <u>MAITLAND</u>	<u>CITY OF</u> <u>CASSELBERRY</u>	<u>CITY OF</u> <u>WINTER</u> <u>PARK</u>	<u>SEMINOLE</u> <u>COUNTY</u>	<u>CITY OF</u> <u>WINTER</u> <u>SPRINGS</u>	<u>TOTAL</u> <u>CAPACITY</u> <u>SSNOCWTA</u>
2023	8.332%	25.714%	45.156%	20.798%	N/A	100%
2022	8.332%	25.714%	45.156%	20.798%	N/A	100%
2021	8.332%	25.714%	45.156%	20.798%	-	100%
2020	8.332%	25.714%	45.156%	20.798%	-	100%
2019	8.332%	25.714%	45.156%	20.798%	-	100%
2018	8.332%	25.714%	45.156%	20.798%	-	100%
2017	8.332%	25.714%	45.156%	20.798%	-	100%
2016	8.332%	25.714%	45.156%	20.798%	-	100%
2015	8.332%	25.714%	45.156%	20.798%	-	100%
2014	8.332%	25.714%	45.156%	20.798%	-	100%

Note: The City of Winter Springs was a Member Entity with no committed capacity. During the year ended September 30, 2021, the City of Winter Springs was removed as a member of the Authority.

TABLE V

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY**

**PERCENTAGE OF
IRON BRIDGE FACILITY COMMITTED CAPACITY**

COMMITTED FACILITY CAPACITY (2) =		<u>COMMITTED CUSTOMER FLOW (1)</u> TOTAL COMMITTED CUSTOMER FLOW - RESERVE FUTURE ALLOCATION	
COMMITTED SYSTEM CAPACITY (3) =		<u>COMMITTED CUSTOMER FLOW (1)</u> SUBTOTAL COMMITTED CUSTOMER FLOW	
<u>SSNOCWTA CUSTOMER</u>	<u>COMMITTED CUSTOMER FLOW-MGD (1)</u>	<u>COMMITTED FACILITY CAPACITY (2)</u>	<u>COMMITTED SYSTEM CAPACITY (3)</u>
MAITLAND	1.1000	3.212%	8.332%
CASSELBERRY	3.3950	9.913%	25.714%
WINTER PARK	5.9620	17.408%	45.156%
SEMINOLE COUNTY	2.7460	8.018%	20.798%
SUB-TOTAL	13.2030	38.551%	100.000%
<u>NON-CUSTOMER</u>			
ORLANDO	20.6715	60.336%	
ORANGE COUNTY	0.3750	1.093%	
RESERVE	5.7505		
TOTAL	40MGD	100.000%	

- (1) SSNOCWTA has Committed Customer Flow of 13.203 Million Gallons Daily (MGD).
- (2) Based on current Committed Customer Flow, SSNOCWTA has Committed Facility Capacity of 38.551% with Iron Bridge Facility.
- (3) Based on current Committed Customer Flow, SSNOCWTA has Committed System Capacity of 100% with Iron Bridge Facility.

Source: South Seminole & North Orange County Wastewater Transmission Authority

TABLE VI

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY**

**ANNUAL FLOW - MILLIONS OF GALLONS
TRANSMITTED TO IRON BRIDGE FACILITY
FOR LAST TEN FISCAL YEARS**

<u>YEAR ENDED</u>	<u>CITY OF MAITLAND</u>	<u>CITY OF CASSELBERRY</u>	<u>CITY OF WINTER PARK</u>	<u>SEMINOLE COUNTY</u>	<u>CITY OF WINTER SPRINGS *</u>	<u>TOTAL FLOW</u>
2023	188.430	746.489	1601.830	994.413	N/A	3531.162
2022	192.000	752.455	1538.341	964.103	N/A	3446.899
2021	206.711	774.581	1571.908	1055.305	-	3608.505
2020	235.734	752.784	1531.495	996.899	-	3516.912
2019	257.872	759.565	1556.532	977.334	-	3551.303
2018	243.576	839.615	1653.203	1024.876	-	3761.270
2017	257.078	844.404	1495.722	1045.199	-	3642.403
2016	295.988	905.352	1433.418	1014.913	-	3649.671
2015	312.695	895.859	1457.494	954.441	-	3620.489
2014	301.558	775.755	1400.024	958.118	-	3435.455

* The City of Winter Springs was a Member Entity with no committed capacity. During the year ended September 30, 2021, the City of Winter Springs was removed as a member of the Authority.

Source: City of Orlando Environmental Control Section-Environmental Services Department

DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR THE LAST TEN FISCAL YEARS

TABLE VII

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
SEMINOLE COUNTY										
POPULATION (1)	486,839	480,484	477,455	476,727	471,735	463,560	454,757	449,124	442,903	437,086
PERSONAL INCOME (in thousands) (2)	\$ 29,258,050	25,659,287	25,731,482	24,165,569	15,764,911	21,389,218	19,486,792	19,245,413	19,632,118	13,022,977
PER CAPITA INCOME (2)	\$ 60,098	53,403	53,893	51,227	33,419	46,231	42,851	42,851	44,326	29,795
UNEMPLOYMENT RATE (3)	2.4%	2.4%	3.8%	6.0%	2.6%	2.6%	3.6%	4.3%	4.1%	5.7%
CITY OF CASSELBERRY										
POPULATION (1)	30,061	30,020	29,571	30,341	30,035	29,778	28,548	27,786	27,614	27,527
PERSONAL INCOME (in thousands) (2)	\$ 1,716,652	1,653,802	1,593,263	1,534,935	1,436,904	1,424,608	1,372,455	1,322,199	1,273,795	1,227,163
PER CAPITA INCOME (2)	\$ 57,106	55,090	53,879	50,589	47,841	47,841	48,075	47,585	46,129	44,580
UNEMPLOYMENT RATE (3)	2.90%	2.40%	3.8%	6.4%	2.7%	3.5%	3.0%	4.3%	4.6%	5.1%
CITY OF MAITLAND										
POPULATION (1)	19,964	20,300	19,545	21,113	21,096	17,519	17,401	17,598	17,007	16,411
PERSONAL INCOME (in thousands) (2)	\$ 1,038,388	994,964	908,393	951,837	1,035,931	760,990	779,547	746,648	726,267	661,462
PER CAPITA INCOME (2)	\$ 52,013	49,013	46,477	45,083	49,080	43,438	44,799	42,428	42,704	40,306
UNEMPLOYMENT RATE (3)	3.3%	3.5%	5.5%	9.2%	2.6%	2.7%	3.6%	4.1%	4.9%	4.8%
CITY OF WINTER PARK										
POPULATION (1)	30,706	30,377	30,233	30,630	30,239	30,746	29,317	29,308	28,967	29,073
PERSONAL INCOME (in thousands) (1)	\$ 1,961,039	1,781,459	1,708,557	1,695,414	1,697,073	1,557,746	1,451,192	1,472,170	1,432,389	1,293,865
PER CAPITA INCOME (1)	\$ 63,865	58,645	56,513	55,351	56,122	50,665	49,500	50,231	49,449	44,504
UNEMPLOYMENT RATE (2)	2.9%	2.3%	3.5%	4.9%	2.4%	3.0%	3.0%	4.4%	4.5%	4.8%
CITY OF WINTER SPRINGS										
POPULATION (1)	-	-	-	38,760	38,595	37,639	35,599	35,266	34,901	38,871
PERSONAL INCOME (in thousands) (1)	\$ -	-	-	14,752,056	1,422,573	1,287,254	1,170,887	1,144,523	1,090,935	1,084,989
PER CAPITA INCOME (1)	\$ -	-	-	38,060	36,859	34,200	32,891	32,454	31,258	32,033
UNEMPLOYMENT RATE (1)	-	-	-	6.4%	3.0%	2.7%	4.0%	4.6%	5.0%	5.4%

These numbers may not properly reflect the effects of the COVID 19 pandemic.

Sources: Data provided by representatives of each member entity. Their sources are listed below.

Seminole County	Per 9/30/22 CAFR	City of Casselberry	Per 9/30/23 CAFR	City of Maitland	Per 9/30/22 CAFR	City of Winter Springs	Per 9/30/20 CAFR	City of Winter Park	Per 9-30-22 CAFR
1. Metro Orlando Economic Development Commission (Esd)		1. University of FL, Bureau of Economic and Business Research		1. City of Maitland Community Development Dept.		1. Metro Orlando Economic Dev Comm		1. Information provided by Metro Orlando EDC and the Community Redevelopment Agency	
Seminole County Government		2. University of FL, Bureau of Economic and Business Research		2. Per capita income is from the U.S. Census Bureau information for Maitland adjusted by the South Urban Wage Earners and Clerical Workers CPI published by U.S. Bureau of Labor Statistics		2. Metro Orlando Economic Dev Commission florida.hometown locator.com		2. Unemployment rate from State of Florida, Bureau of Labor Market Information	
2. Metro Orlando Economic Development Commission		3. University of FL, Bureau of Economic and Business Research		3. State of Florida, Agency for Workforce Innovation, Orlando MSA annual averages		3. State of Florida, Agency for Workforce Innovation, Orlando MSA annual averages		Department of Labor and Employment Security, (http://www.labormarketinfo.com/Statistical	
Seminole County Government		Florida Agency for Workforce Innovation, Labor Market Statistics						Programs LAUS-Local Area Unemployment Statistics/Get detailed Statistics/Monthly Data	
Personal Income was calculated by multiplying Per Capita Income times Population		Local Area Unemployment Statistics Program, in cooperation with the US Dept of Labor, Bureau of Labor Statistics						Table per year (includes city estimate)	
3. My Florida, Employment, Labor Market Statistics website: www.myflorida.com									
Metro Orlando Economic Development Commission									

Table VIII

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY**

PRINCIPAL EMPLOYERS CENTRAL FLORIDA

Current Year and Nine Years Ago

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Walt Disney World	75,000	1	5.2%	74,000	1	6.5%
Adventist Health System (Florida Hospital)	35,938	2	2.5%	18,668	5	1.6%
Universal Orlando	28,000	3	1.9%	19,000	4	1.7%
Orlando Health	26,357	4	1.8%			
Orange County Public Schools	24,718	5	1.7%	22,347	2	1.9%
Publix Supermarkets	20,100	6	1.4%	17,521	7	1.5%
Walmart	16,475	7	1.1%			
Lockheed Martin	14,547	8	1.0%			
University of Central Florida	13,078	9	0.9%			
Seminole County Public Schools	8,491	10	0.6%			
Orange County Government				9,858	9	1.7%
State of Florida Government				19,800	3	1.7%
Orlando International Airport				18,000	6	1.6%
Federal Government				12,200	8	0.9%
Darden Restaurants, Inc.				6,419	10	0.6%

Source: Orlando Sentinel, Orlando Business Journal and the Metro Orlando Economic Development Commission

TABLE IX

**SOUTH SEMINOLE AND NORTH ORANGE COUNTY
WASTEWATER TRANSMISSION AUTHORITY**

MISCELLANEOUS STATISTICAL DATA

Date of Establishment	October 1, 1978	
Form of Government	Special Governmental District	
Area Served	68 square miles	(2014-2023)
Transmission Force Mains	32 miles	(2014-2023)
Number of Pump Stations	19	(2014-2023)
Daily Permitted Capacity in Million Gallons	13.203	(2014-2023)

	Number of Metering Points	Number of Employees
2013	32	1
2014	32	1
2015	32	1
2016	32	1
2017	32	1
2018	32	1
2019	32	1
2020	32	1
2021	32	1
2022	32	1

Source: South Seminole & North Orange County Wastewater Transmission Authority

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INDEPENDENT AUDITORS' 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
South Seminole and North Orange County
Wastewater Transmission Authority

We have audited, 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, the financial statements of South Seminole and North Orange County Wastewater Transmission Authority (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents and have issued our report thereon dated February 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Authority'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 preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying auditor's comments and recommendations on page 34 as item No. 2023-01 that we consider to be a material weakness.

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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying management letter on page 36. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

February 16, 2024
Orlando, Florida



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA STATUTES 218.415 – INVESTMENTS OF PUBLIC FUNDS

Board of Directors
South Seminole and North Orange County
Wastewater Transmission Authority

We have examined the South Seminole and North Orange County Wastewater Transmission Authority's (the Authority) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2023. Authority 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 specified 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 noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the South Seminole and North Orange County Wastewater Transmission Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

This report is intended solely for the information and use of the Florida Auditor General, the Board of Directors of the South Seminole and North Orange County Wastewater Transmission Authority, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Holland & Reilly

Orlando, Florida
February 16, 2024

MANAGEMENT LETTER

AUDITORS' COMMENTS AND RECOMMENDATIONS

2023-01 Lack of Segregation of Duties

The size of the Authority's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. However, management is aware of this situation and should continue to exercise a high level of management review and supervision. Also, the Board of Directors should remain involved in the financial affairs of the Authority to provide oversight and independent review functions.

OTHER MATTERS

In accordance with the Rules of the Auditor General of the State of Florida, the following is noted:

1. Based on our audit procedures performed, we determined that the Authority did not meet any of the conditions described in Florida Statutes Section 218.503 (1).
2. The Authority was formed in October 1978 by Legislative Act 78-617 of the State of Florida.
3. The auditors applied financial condition assessment procedures per Auditor General Rule 10.556(8). 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 the review of financial information provided by same.
4. Per Auditor General Rule 10.554(1)(i)6, independent special districts are required to present specific information by management. The following information is presented by management and the auditor provides no assurance on this information:
 - a. Total number of district employees compensated in the last pay period of the Authority's fiscal year being reported - one (1) employee.
 - b. Total number of independent contractors to whom compensation was paid in the last month of the Authority's fiscal year being reported – four (4) independent contractors
 - c. All compensation earned or awarded to employees, whether paid or accrued, regardless of contingency - \$75,055
 - d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency - \$722,727
 - e. Each construction contract with a total cost of at least \$65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project – The Authority has budgeted \$3,780,500 for sewer system replacement and renovation projects for the years ending September 30, 2023 and 2024. Some of these projects are in the engineering phase and construction began on the others in the previous fiscal year.
 - f. A budget variance report has been presented as required – see page 35.

STATUS OF PRIOR YEAR COMMENTS

2022-01 See Comment No. 2023-01, which has been reported in the past eleven audit reports.

**South Seminole and North Orange County
Wastewater Transmission Authority
Budgetary Comparison Schedule
For the year ended September 30, 2023**

	Budgeted Amounts		Variance with Final Budget- Positive (Negative)
	Original and Final	Actual Budgetary Basis	
Revenues			
Charges for services	\$ 4,480,485	4,521,384	40,899
Investment income	12,000	433,931	421,931
Total revenues	<u>4,492,485</u>	<u>4,955,315</u>	<u>462,830</u>
Expenses			
Personal services	121,651	129,341	(7,690)
Maintenance	500,000	439,077	60,923
Contractual services	424,000	532,197	(108,197)
Depreciation	2,580,366	1,396,244	1,184,122
Other	50,800	47,244	3,556
Principal payment on bonds	615,000	615,000	-
Interest expense	188,668	188,668	-
Loss on disposal of equipment	-	24,652	(24,652)
Total expenditures	<u>4,480,485</u>	<u>3,372,423</u>	<u>1,108,062</u>
Excess of revenue over expenses	12,000	1,582,892	1,570,892
Net Position			
Beginning of year	<u>27,372,502</u>	<u>27,372,502</u>	<u>-</u>
End of year	<u><u>\$ 27,384,502</u></u>	<u><u>28,955,394</u></u>	<u><u>1,570,892</u></u>

Note - This budgetary comparison schedule is prepared by management as required by Florida Auditor General Rule 10.554(1)(i)6f, and the auditor provides no assurance on this document.

Note - The budget is prepared on the budgetary basis of accounting. Actual amounts have been modified to conform to the budgetary basis of accounting. The Authority's main source of revenue is the annual contributions from the member entities. The calculation of the required annual contribution includes three components: operations, debt service, and future capital outlay. Therefore the Authority's annual budget reflects the projected cash outflow necessary to pay the current bond principal due which is not in accordance with generally accepted accounting principles.

Explanation of differences between the budgetary and actual revenues and expenses:

Expenses:

Budgetary Comparison Schedule - Principal payment on bonds	\$ 615,000
Difference	<u>(615,000)</u>
Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ -</u></u>



SOUTH SEMINOLE & NORTH ORANGE COUNTY WASTEWATER TRANSMISSION AUTHORITY

410 Lake Howell Road

Maitland, FL 32751-5907

February 16, 2024

Ms. Sherrill F. Norman, CPA
Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

Subject: Management response to Auditors' comments and recommendations on Fiscal Year 2022-2023 Financial Statements

Dear Ms. Norman:

In accordance with the rules of the Auditor General, I am submitting my written response to the auditors' comments and recommendations on the Fiscal Year 2022-2023 Financial Statements, which were received on February 16, 2024 as follows:

2023-01: We will continue to provide management review and supervision as well as oversight by the Authority Board regarding optimum segregation of duties due to the limited number (one employee) of accounting and administrative staff.

The Executive Director reviews all bank statements on line and performs a review for any unusual activity. The Board of Directors reviews and ratifies monthly financial statements (which consist of actual results and comparisons to budget) at regular Board of Directors meetings. A review of specific financial activities that took place that month are also deliberated.

Sincerely,

Ed Gil de Rubio
Executive Director

Cc: Tom Reilly, Holland and Reilly CPA