

ORIGINAL

**\*\* FLORIDA PUBLIC SERVICE COMMISSION \*\***

**DIVISION OF COMPETITIVE MARKETS AND ENFORCEMENT**  
**CERTIFICATION**

**APPLICATION FORM**  
**for**  
**AUTHORITY TO PROVIDE**  
**ALTERNATIVE LOCAL EXCHANGE SERVICE**  
**WITHIN THE STATE OF FLORIDA**

030211 - TX

**Instructions**

- ◆ This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 12).
- ◆ Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission**  
***Division of the Commission Clerk and Administrative Services***  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6770**

- ◆ If you have questions about completing the form, contact:

**Florida Public Service Commission**  
**Division of Competitive Markets and Enforcement**  
**Certification**  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6600**

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded check:

*[Handwritten initials]*

03 MAR - 3 AM 10: 24  
DOCUMENT CENTER

2092 MAR - 3 8

FPSC-COMMISSION CLERK

## APPLICATION

1. This is an application for  (check one):

- Original certificate** (new company).
- Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.
- Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
- Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

FORT PIERCE UTILITIES AUTHORITY

3. Name under which the applicant will do business (fictitious name, etc.):

GigaBand Communications

4. Official mailing address (including street name & number, post office box, city, state, zip code):

206 S. 6<sup>TH</sup> STREET

P. O. BOX 3191

FORT PIERCE, FL 34948-3191

5. Florida address (including street name & number, post office box, city, state, zip code):

206 S. 6<sup>TH</sup> STREET  
P. O. BOX 3191  
FORT PIERCE, FL 34948-3191

6. Structure of organization:

- |                                                                 |                                              |
|-----------------------------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Individual                             | <input type="checkbox"/> Corporation         |
| <input type="checkbox"/> Foreign Corporation                    | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership                    | <input type="checkbox"/> Limited Partnership |
| <input checked="" type="checkbox"/> Other <u>Public Utility</u> |                                              |

7. If individual, provide:

Name: NA

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

8. If incorporated in Florida, provide proof of authority to operate in Florida:

(a) The Florida Secretary of State corporate registration number:

Public Utility: FL PSC Company Code EM 857 (Ordinance F-399 attached)

9. **If foreign corporation, provide proof of authority to operate in Florida:**

(a) The Florida Secretary of State corporate registration number:  
NA

10. **If using fictitious name-d/b/a, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:**

(a) The Florida Secretary of State fictitious name registration number:  
G03037700132 (for GigaBand Communications)

11. **If a limited liability partnership, provide proof of registration to operate in Florida:**

(a) The Florida Secretary of State registration number:  
NA

12. **If a partnership, provide name, title and address of all partners and a copy of the partnership agreement.**

Name: NA

Title:

Address:

City/State/Zip:

Telephone No.: Fax No.:

Internet E-Mail Address:

Internet Website Address:

13. **If a foreign limited partnership, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.**

(a) The Florida registration number: NA

14. **Provide F.E.I. Number(if applicable): 591547357**



**15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:**

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. Provide explanation.

N/A  
\_\_\_\_\_  
\_\_\_\_\_

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

N/A  
\_\_\_\_\_  
\_\_\_\_\_

**16. Who will serve as liaison to the Commission with regard to the following?**

(a) The application:

Name: Don Landin  
Title: Marketing Representative  
Address: P. O. Box 3191  
City/State/Zip: Fort Pierce, FL 34948—3191  
Telephone No.: 772-466-1600 ext 6307 Fax No.: 772-461-1938  
Internet E-Mail Address: dlandin@fpu.com  
Internet Website Address: www.fpu.com

(b) Official point of contact for the ongoing operations of the company:

Name: Mr. Thomas W. Richards, P. E.  
Title: Director of Electric & Gas Systems  
Address: P. O Box 3191  
City/State/Zip: Fort Pierce, FL 34948-3191  
Telephone No.: 772-466-1600 ext 3400 Fax No.: 772-595-9841  
  
Internet E-Mail Address: trichards@fpu.com  
Internet Website Address: www.fpu.com

(c) Complaints/Inquiries from customers:

Name: Don Landin  
  
Title: Marketing Representative  
  
Address: P. O. Box 3191  
City/State/Zip: Fort Pierce, FL 34948-3191  
  
Telephone No.: 772-466-1600 ext 6307 Fax No.: 772-461-1938  
  
Internet E-Mail Address: dlandin@fpu.com  
Internet Website Address: www.fpu.com

**17. List the states in which the applicant:**

(a) has operated as an alternative local exchange company.

N/A  
\_\_\_\_\_

(b) has applications pending to be certificated as an alternative local exchange company.

N/A  
\_\_\_\_\_

(c) is certificated to operate as an alternative local exchange company.

N/A  
\_\_\_\_\_

(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

N/A

---

---

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

N/A

---

---

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

N/A

---

---

**18. Submit the following:**

**A. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.**

**See attached: Managerial & Technical Capability**

**B. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.**

**See attached: Managerial & Technical Capability**

**C. Financial capability.**

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

**Three years' audited Comprehensive Annual Financial Reports enclosed**

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

1. the balance sheet:
2. income statement: and
3. statement of retained earnings.

**NOTE:** *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

**See attached: Financial Capability written explanations**


**THIS PAGE MUST BE COMPLETED AND SIGNED**

**APPLICANT ACKNOWLEDGMENT STATEMENT**

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
  
2. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

**UTILITY OFFICIAL:**

**Elie J. Boudreaux, III**  
\_\_\_\_\_  
Print Name

  
\_\_\_\_\_  
Signature

**Director of Utilities**  
\_\_\_\_\_  
Title

**2/18/03**  
\_\_\_\_\_  
Date

**772-466-1600**  
\_\_\_\_\_  
Telephone No.

**772-595-9841**  
\_\_\_\_\_  
Fax No.

**Address: P. O. Box 3191**  
\_\_\_\_\_

**Fort Pierce, FL 34948-3191**  
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**THIS PAGE MUST BE COMPLETED AND SIGNED**

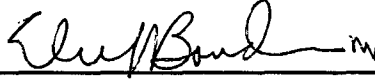
**AFFIDAVIT**

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

**Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."**

**UTILITY OFFICIAL:**

**Elie J. Boudreaux, III**  
\_\_\_\_\_  
Print Name

  
\_\_\_\_\_  
Signature

**Director of Utilities**  
\_\_\_\_\_  
Title

**2/18/03**  
\_\_\_\_\_  
Date

**772-466-1600**  
\_\_\_\_\_  
Telephone No.

**772-595-9841**  
\_\_\_\_\_  
Fax No.

**Address: P. O. Box 3191**  
\_\_\_\_\_

**Fort Pierce, FL 34948-3191**  
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

1. **POP:** Addresses where located, and indicate if owned or leased.

1) <u>N/A</u>	2) _____
_____	_____
3) _____	4) _____
_____	_____

2. **SWITCHES:** Address where located, by type of switch, and indicate if owned or leased.

1) <u>N/A</u>	2) _____
_____	_____
3) _____	4) _____
_____	_____

3. **TRANSMISSION FACILITIES:** POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

<u>POP-to-POP</u>	<u>OWNERSHIP</u>
1) <u>N/A</u>	_____
2) _____	_____
3) _____	_____
4) _____	_____

**CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT**

I, (Name) \_\_\_\_\_  
(Title) \_\_\_\_\_ of (Name of Company)

and current holder of Florida Public Service Commission Certificate Number # \_\_\_\_\_  
\_\_\_\_\_, have reviewed this application and join in the petitioner's request for a:

- ( ) sale
- ( ) transfer
- ( ) assignment

of the above-mentioned certificate.

**UTILITY OFFICIAL:**

**Print Name** \_\_\_\_\_

**Signature**

**Title** \_\_\_\_\_

**Date**

**Telephone No.** \_\_\_\_\_

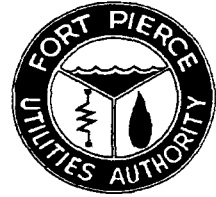
**Fax No.**

**Address:**



# Fort Pierce Utilities Authority

“Committed to Quality”



206 South 6<sup>th</sup> Street (34950)  
P. O. Box 3191  
Fort Pierce, FL 34948-3191

Phone: (772) 466-1600  
Fax: (772) 461-1938

---

February 20, 2003      Attachment 1 to Application to provide ALEC services      Page 1 of 2

## Items 18.a. & 18.b. Managerial and Technical Capability

Sixty years after the City of Fort Pierce began to provide utilities to its residents, Fort Pierce Utilities Authority (FPUA) was formed in 1972 to relieve the busy City Commission of some of its administrative burden. FPUA employs about 250 people who serve over 24,000 electric, 15,000 water, 12,000 wastewater and 4,700 natural gas customers in Fort Pierce and portions of St. Lucie County.

FPUA has many years of experience in communications. In 1997, FPUA's Information Systems (IS) personnel successfully upgraded several links between buildings to 3 Mbps wireless technology. In 2000, the Electric Engineering (EE) department completed FPUA's 1400 strand-mile fiber ring network, and the wireless links were upgraded to single-mode fiber links by IS personnel. FPUA's system includes approximately 250 voice phones on multiple networked PBX devices, 230 computers that are networked through multiple servers and extensive SCADA (Supervisory Control And Data Acquisition) systems for remote power substations, fresh water wells, and sewage pumping stations.

In addition to many years of experience in meeting its own communication needs, FPUA is currently providing limited communication services to the public. Internet services were launched in January 2001 under the brand name ispEZ. Services include Internet access services (dial-up, shared broadband and dedicated broadband connections) and website services (web development, hosting and domain services). FPUA began to offer dark fiber optic communication links, through its optical fiber ring network, later that same year. GigaBand Communications is FPUA's trade name used for various communication services.

The entire operation is managed professionally and maintained technically with very high quality, as indicated by FPUA's rock solid reputation for excellence in customer service.

FPUA management staff includes 20 managers and directors, as well as numerous supervisors and crew leaders. See organizational chart on pages 10 – 11 of the enclosed Comprehensive Annual Financial Report for 2001. Key employees involved in communication services are:

1. Nine technicians and managers in its Information Systems department, including two Mitel-certified telephone switch technicians and five BA-II Certified Network Engineers.

2. Two electrical engineers, two engineering technicians and two business management people in the Electric Engineering department.
3. Fourteen Customer Service and billing representatives, including two managers and two supervisors.
4. Two accountants and two accounting technicians.
5. Six warehousing, purchasing and construction personnel.

Items 18.c.1, 2 and 3 Financial Capability written explanations

As can be seen by the enclosed Comprehensive Annual Financial Reports, Fort Pierce Utilities Authority is very sound financially. FPUA's management style is conservative, and the ample cash reserves listed in these financial reports are maintained for contingencies.

Ninety years of experience in providing various utilities to the residents of Fort Pierce have made FPUA expert at planning ahead financially to provide for and maintain its services, assets and obligations to lessors and contractors.

The Alternative Local Exchange Company services to be offered by FPUA to the citizens of Fort Pierce will be limited in scope initially. FPUA will then expand the ALEC services to meet unfulfilled needs as it makes sense to FPUA and to the communities served. With FPUA's conservative approach, services will be expanded only insofar as FPUA's finances are capable of providing and supporting all aspects of the services to be provided.

ORDINANCE NO. F-399

AN ORDINANCE AMENDING SECTION 14(33) OF THE CITY CHARTER OF THE CITY OF FORT PIERCE, FLORIDA, (CHAPTER 57-1331, LAWS OF FLORIDA, AS AMENDED) CREATING AND ESTABLISHING THE FORT PIERCE UTILITIES AUTHORITY, CHANGING THE NAME AND DESIGNATION OF SAID AUTHORITY TO FORT PIERCE UTILITIES AUTHORITY IN LIEU OF FORT PIERCE UTILITIES COMMISSION, PRESCRIBING ITS POWERS, DUTIES AND AUTHORITY; PROVIDING THE MANNER, NUMBER AND TERMS, METHOD OF APPOINTMENT AND QUALIFICATIONS OF MEMBERS; PROVIDING THAT EMPLOYEE PENSION PLANS SHALL NOT BE AFFECTED; PROVIDING FOR A REFERENDUM; PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF FORT PIERCE, FLORIDA, that:

SECTION 1. There is hereby created and made a part of the government of the City of Fort Pierce a utilities authority to be known and designated as "Fort Pierce Utilities Authority", City of Fort Pierce, Florida, which shall be responsible for the development, production, purchase and distribution of all electricity, gas, water, sanitary sewer collection and disposal, and such other utility services as may be designated by resolution by the City Commission. The Authority shall have exclusive jurisdiction, control and management of the utilities of the City and all its operations and facilities. The Authority shall have all the powers and duties possessed by the City to construct, acquire, expand and operate utility systems, and to do any and all acts or things that are necessary, convenient or desirable in order to operate, maintain, enlarge, extend, preserve and promote an orderly, economic and businesslike administration of the utility systems. The Authority shall operate as a separate unit of the City government; and except as otherwise provided in this Ordinance, the Authority shall be free from the jurisdiction, direction, and control of other City officers and of the City Commission. The Authority may sue or be sued in its own name. All damage claims arising from the operations of the Authority and the utilities shall be the responsibility of and be liquidated by the Authority from the appropriate funds of the utility systems. For the purposes of this Ordinance, unless otherwise designated or the context requires, the word "Authority" shall mean the Fort Pierce Utilities Authority, the word "member" shall mean a member of the Fort Pierce Utilities Authority, and the word "City" shall mean the City of Fort Pierce.

SECTION 2. The Authority shall consist of five (5) members, one of whom shall be the Mayor. In the discretion of the City Commission, the City Manager may serve as an ex officio member without vote, and whose term shall be set by the City Commission.

(1) The City Commission shall, within fifteen (15) days upon this Ordinance becoming law, elect by a majority vote, four (4) citizens with such qualifications as are provided for herein, one of whom shall serve for one (1) year, one of whom shall serve for two (2) years, and one of whom shall serve for three (3) years, one of whom shall serve for four (4) years, each of such terms to commence the first day of each new fiscal year. Thereafter, the term of office of each member shall be for four (4) years, but each elected member shall hold such office until his successor has qualified and been elected and furthermore, the said Authority shall, by a majority vote, nominate, and the City Commission elect all new members of the Authority; however, no member shall vote to nominate his successor. No member shall serve more than two (2) consecutive terms.

(2) Any vacancy in the Authority shall be filled for the unexpired term in the same manner as provided for appointment after the initial appointments. No vacancy in the Authority shall impair the right of the remaining members to exercise all the powers of the Authority. Any member may be removed from office by the City Commission for malfeasance, misfeasance or nonfeasance in office, or upon conviction of a felony.

(3) No person shall be a member unless he shall be a qualified elector of the City. No person who holds any other public office or who is an employee of the City Government or who has any business relationship with the Authority other than as a consumer shall be a member, except the Mayor and the ex officio member. A member ceasing to possess any of these qualifications shall be removed from his office forthwith by the City Commission.

(4) Each member shall be paid Twenty Dollars (\$20.00) per meeting actually attended; provided that no member shall receive more than Five Hundred Dollars (\$500.00) in any one calendar year. Members may be reimbursed for travel expenses and other expenses incurred in carrying out their duties.

(5) The authority by majority vote shall elect from among its members a chairman, who shall preside over the meetings of the Authority, a vice-chairman who shall act for the chairman during his absence, and a secretary. An election of officers of the Authority shall be held at the first regular meeting at which all members are present following the appointment of a new member for a full term, but not later than the fourth meeting following the appointment. The Authority shall adopt rules for the conduct of its meetings. No action shall be taken by the Authority except by the affirmative vote of at least three (3) members. Three (3) members shall constitute a quorum. The Authority shall meet at least once each month. All meetings shall be open to the public and minutes shall be kept of all meetings, copies of such minutes shall be furnished members of the City Commission within seven (7) days of such meeting. Special meetings may be called upon six (6) hours written notice thereof by the chairman or any three (3) members.

(6) All contracts shall be executed by the chairman or vice-chairman and secretary. All other instruments in writing necessary to be signed by the Authority shall be executed by the chairman or vice-chairman and secretary, or by such officer, agent or employee of the Authority as it may designate.

SECTION 3. The Authority may establish separate divisions for the electric, water, and other utility operations, respectively. Separate accounts shall be kept for each division and as may be found practical by the Authority in accordance with the uniform systems of accounts for sanitary sewer, gas, electricity, water and other utilities, as promulgated by the Public Utilities Commission of the State of Florida or the Federal Power Commission and according to generally accepted public utility accounting principles. Each division may be operated independently of the others, except insofar as the Authority determines joint operations to be advisable and economical. Expenses incurred in joint operations shall be equitably prorated among the divisions by the Authority.

SECTION 4. The Authority shall have the power to appoint a utilities director to be responsible to the Authority and who shall serve at its pleasure. There shall be such other officers and employees as may be provided by the Authority. The officers shall be appointed or removed by the utilities director subject to confirmation by the Authority. The employees shall be appointed and removed by the utilities director. The Authority shall fix the salary of the utilities director and shall have, but may delegate to the utilities director, the power to fix the salaries of all other officers and employees of the Authority. The Authority shall also have the power to employ or appoint engineers, accountants, lawyers, and such other personnel as may be required for the operation and management of the utilities and to fix their compensation. Department heads shall be appointed by the Director subject to the approval of the Authority.

SECTION 5. The Authority may require surety bonds for any of the officers and employees in such amounts as the Authority deems necessary. The premiums for the bonds shall be paid in the same manner as any other operating expense.

SECTION 6. The Authority shall not have power to create or regulate a pension or retirement system, but shall utilize the existing City pension and retirement plans for its employees and shall make contribution to the cost of pension and retirement plans as may be, from time to time, required which cost shall be paid in the same manner as any other operating expense.

SECTION 7. The Authority may, in order to promote the efficient and economical operation of the utilities, with the approval of the City Commission, combine the operations of the utilities with other city operations, including, but not limited to, the following:

(1) Any officer or employee of the City at the time this act becomes effective, or who is appointed or employed thereafter, may serve as an officer or employee of the Authority, or in a dual or joint capacity, but in no event shall receive more than one salary as may be fixed by the Authority or by the City Commission, except the Mayor-Commissioner.

(2) Life, accident and health insurance plans for City employees may be utilized by the Authority for its officers and employees.

(3) Accounting, billing or any other operations or functions may be combined or operated jointly.

SECTION 8. The Authority in the efficient and economical operation of the city utilities, both inside and outside the city limits, shall have the following powers and duties.

(1) To sell its products and services to public and private corporations and to other consumers; construct plants, transmission lines and other facilities and purchase real estate in the name of the City and to enter into all contracts, leases, and agreements in furtherance hereof. Franchises may be purchased with the approval of the City Commission.

(2) The Authority may adopt regulations governing extensions of services both inside and outside the city limits. The regulations shall provide the conditions under which the extensions shall be made to render them compensatory. The Authority may provide for the form of refunds where advances by the persons benefitted are necessary to make extensions compensatory. Any such regulations promulgated shall recognize existing contracts, agreements or understandings.

(3) The Authority may contract with any public or private corporation or any individual, both inside and outside the City limits, for the joint use of poles and other property belonging either to the City or to the other contracting party or jointly to both parties; and with the approval of the City Commission for the joint acquisition of real property and franchises and the joint financing, construction, and operation of plants, transmission lines, and other facilities, whereby any property acquired may become the property of either or both the City and the other contracting party.

(4) The Authority may enter upon any land or water for the purpose of making surveys and may exercise the right of eminent domain on behalf of the City whenever public necessity or convenience requires inside and outside the city limits in the manner provided by law.

(5) The Authority may use the ground over, under or along any road, railroad, highway, street, sidewalk, thoroughfare, alley, waterway, or other public way, in the operations of the utilities but shall in all cases and subject to the applicable general regulations of the City, cause the surface of the public way to be restored to its usual condition.

(6) The Authority shall fix rates to be charged for gas, electricity, water, sanitary sewer, and other utilities services sold and services rendered. Rates shall be uniform for all consumers within the same class; but different rate schedules may be applied to different classes of consumers as determined by the Authority. Rates shall be sufficient to pay all operating and maintenance expenses of each respective utility operation, capital outlay, all bond interest and redemption

costs, and payments authorized by this Ordinance. The Authority may require deposits as security for the payment of charges for utility services and may provide for the return of the deposits when satisfactory consumer credit has been established.

(7) No money shall be drawn from the funds of the utilities nor shall any obligation for the expenditure of money be incurred except as authorized by the Authority. No claim against the Authority shall be paid unless evidenced by a voucher approved by the utilities director or by some other employee to be designated by him.

(8) The Authority shall have the right, power and authority by resolution to issue and sell revenue bonds or certificates in such amounts as shall be deemed necessary to finance all or part of the costs of acquisition, construction, repairs, replacements, improvements, additions and extensions of the city's utilities and equipment required therefor. All of such revenue bonds or certificates issued by the Authority shall be obligations of the City of Fort Pierce provided, however, the Authority shall have no power to pledge the full faith and credit of the City and nothing set forth herein shall be so construed. No referendum or freeholders election shall be required as a condition precedent to the issuance of such revenue bonds or certificates. The bonds, or revenue certificates, shall be dated, shall bear interest at such rate or rates not exceeding that established by state law, shall mature at such time or times not exceeding forty (40) years from their date or dates, as may be determined by the Authority, and may be redeemable before maturity, at the option of the Authority, at such price or prices and under such terms and conditions as may be fixed by the Authority prior to the issuance of the bonds or certificates. The Authority shall determine the form of bonds, or certificates, including any interest coupons to be attached thereto, and the manner of execution, and shall fix the denomination or denominations, and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the state. The resolution authorizing the issuance of the bond, or certificates, shall contain such provisions relating to the use of the proceeds from their sale and for the protection and security of holders thereof, including their rights and remedies, and the rights, powers, privileges, duties and obligations of the Authority with respect to the same, as shall be determined by the Authority. In case any officer whose signature or facsimile of whose signature shall appear on any bonds, certificates or coupons shall cease to be such officer before the delivery of such bonds, or certificates, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. All bonds, or certificates, issued under the provisions of this Ordinance shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code-Investment Securities Law of the State of Florida. The bonds, or certificates, may be issued in coupon or in registered form, or both, as the Authority may determine, and provisions may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The issuance of such bonds shall not be subject to any limitations or conditions contained in any other law. All revenue bonds, or certificates, issued hereunder shall be advertised for sale on sealed bids, which advertisement shall be published once a week for two (2) weeks, the first publication to be made at least fifteen (15) days preceding the date advertised for the reception of bids, in a newspaper published in the City of Fort Pierce and also in a financial paper designated by resolution. The Authority may reject any and all bids. If the revenue bonds, or certificates, are not sold pursuant to such advertisement and public bidding, they may be sold by the Authority at a private sale by negotiation or may be readvertised in the same manner for public sale. In the event of a private sale by negotiation, the Authority may sell said certificates or notes upon the best terms offered therefor. Revenue bonds, or certificates, issued under the provisions of this act shall be payable from the revenues derived from the operation of the City's utilities or services, under the supervision, operation and control of the Authority and from any other funds legally available therefor. The Authority is authorized to provide by resolution for the issuance of refunding revenue bonds, or

certificates for the purpose of refunding any revenue bonds, or certificates heretofore issued by the City of Fort Pierce then outstanding or issued under the provisions of this Ordinance, providing, however, that any such refunding obligation shall only refund outstanding bonds and interest and redemption premiums therein at a lower net average interest cost rate; and to issue notes in anticipation of the receipt of the proceeds of the sale of any such bonds, or certificates. The Authority, with the consent of the City Commission, may pledge the proceeds of utilities service taxes, cigarette taxes, or franchise taxes (as defined in Chapter 159.02, Florida Statutes 1969) or any other excise taxes or other funds which such Authority is authorized to levy and collect or will have available, as additional security for the payment of the principle and interest on any revenue bonds or certificates issued hereunder, or for services for such debt services.

(9) The Authority may borrow money for periods not to exceed two (2) years and may issue negotiable notes, payable from the revenues of the utilities or a division thereof, as evidence of the loans, with the approval of the City Commission. The action of the Authority may be by resolutions which may be adopted at the same meetings at which introduced and shall take effect immediately upon adoption and public sale shall not be required.

(10) The Authority may authorize reasonable expenditures to advertise and otherwise promote the use of the utility services and to acquaint the public with the operations, programs, and planned expansion of the utilities.

(11) The Authority may invest idle funds in banks or savings institutions when qualified as city depositories, provided such investments are secured by direct obligations of the United States Treasury, or may invest idle funds in direct obligations of United States Treasury. The Authority may also invest such idle funds in investments secured by indirect obligations of the United States of America.

(12) The Authority, in addition to the reports and accounting it may otherwise be required by law to make, promptly after the close of the fiscal year, furnish the City Commission, its annual report which shall include the following statements as of the end of the preceding fiscal year; a balance sheet showing the financial condition of the utilities and each separate division, prepared as nearly as practical according to generally accepted public utility accounting principles; a statement of operations for each division of the utilities; and any additional supporting statements or schedules deemed necessary and desirable by the City Commission to make a clear and informative presentation of the financial position of the utilities. The reports shall be kept on file in the City Clerk's office and shall be open to public inspection. The funds and accounts of the utilities shall be audited annually by a certified public accountant appointed by the City Commission. The Authority shall also annually prepare and adopt a budget for the ensuing year and furnish a copy to the City Commission at least forty-five (45) days prior to the beginning of the next fiscal year. The fiscal year of the Authority shall be the same as the City of Fort Pierce. The annual budget shall contain an amount anticipated to be transferred to the general fund of the City.

SECTION 9. Contracts and obligations relating to the utility systems of the City incurred prior to the taking effect of this Ordinance shall be binding upon the Authority insofar as they apply to the Authority.

SECTION 10. The Authority shall have the exclusive power and authority to manage and operate its financial affairs in accordance with the provisions of existing revenue certificate ordinances and the provisions of Section 140 of the present City Charter of the City of Fort Pierce, except that transfers of net revenues by the Authority to the City may be made monthly to the City Commission at the option of the City Commission.

SECTION 11. Contracts for services, construction, materials, supplies, equipment, or machinery where the cost, value or amount

exceeds five thousand (\$5,000.00) dollars, shall not be entered into or purchases made without competitive bidding and advertisement by a notice published at least once a week for two (2) consecutive weeks before the award of any contract in a newspaper having a general circulation in the City. Bids shall not be required to purchase patented and manufactured products offered for sale in a noncompetitive market or when the product can be obtained only from a sole source of supply, or where services cannot be contracted for upon the basis of competitive bidding. The provisions of this section shall not apply to any contract or agreement between the Authority and any engineers, architects, accountants, attorneys, or for other professional services; or to agents, or investment bankers, relating to financing herein authorized; or to contracts of a continuing nature where an extension thereof without bids shall be in the best interest of the Authority.

SECTION 12. All employees of the City of Fort Pierce on the effective date of this Ordinance who shall be under the supervision of the Authority shall continue without any loss of right or benefits as employees under the pension plans and civil service merit system of the City existing on the effective date of this Ordinance or hereafter.

SECTION 13. The powers and authority granted in this Ordinance to issue and sell revenue bonds or certificates shall not be deemed exclusive and the Authority may issue revenue bonds and certificates and may exercise any of the powers granted to the City under general laws of the State of Florida for the development, production, purchase and distribution of electricity, gas, water, sanitary sewer collection and disposal, and other utility services, with the approval of the City Commission, when the same is not inconsistent with the provisions of this Ordinance.

SECTION 14. Any revenue bonds, certificates or other obligations issued pursuant to this chapter shall be and constitute legal investments for bonds, savings banks, trustees, executors, administrators and all other fiduciaries for all state, municipal and public funds and shall also be and constitute securities eligible for deposit as security for all state, municipal or other public funds notwithstanding the provisions of any other law or laws to the contrary.

SECTION 15. If any section, subsection, sentence, clause or provisions of this Ordinance is held invalid, the remainder of the Ordinance shall not be affected.

SECTION 16. All laws or parts of laws in conflict herewith are repealed.

SECTION 17. Section 14(33) of the City Charter of the City of Fort Pierce (Chapter 57-1331, Laws of Florida, as amended) is hereby amended to delete the name "Fort Pierce Utilities Commission" from said section and to substitute in lieu thereof the name "Fort Pierce Utilities Authority."

SECTION 18. This Ordinance shall become effective only upon approval by a majority vote of the qualified electors of the City voting in a referendum election to be held in the City of Fort Pierce, Florida, on the thirtieth (30th) day of May, 1972. The determination of the election results by the City Commission of the City of Fort Pierce shall be conclusive.

In the event such election is not held as authorized and provided this Ordinance is void.

SECTION 19. This Ordinance shall take effect thirty (30) days after approval thereof by the electors as provided for in Section 18 hereof.

ATTEST:

R. L. [Signature]  
CITY CLERK

Dennis B. Summerlin  
MAYOR COMMISSIONER

(CITY SEAL)



STATE OF FLORIDA )  
ST. LUCIE COUNTY ) ss

WE, THE UNDERSIGNED, Mayor Commissioner and the City Clerk of the City of Fort Pierce, Florida, do hereby certify that the foregoing and above Ordinance No. F-399 was duly introduced, read and passed on first reading by title only by the City Commission of the City of Fort Pierce, Florida, on April 17, 1972; copy of said Ordinance was posted in the City Hall and copies were made available at the office of the City Clerk to the public upon request during the time between the first and second readings of the Ordinance; and was duly read and passed on second and final reading by title only on April 24, 1972, by the City Commission of the City of Fort Pierce, Florida.

IN WITNESS HEREWITH, we hereunto set our hands and affix the Official Seal of the City of Fort Pierce, Florida, this the 25th day of April A.D., 1972.

*Dennis B. Summerlin*  
\_\_\_\_\_  
MAYOR COMMISSIONER

*R. L. James*  
\_\_\_\_\_  
CITY CLERK

(CITY SEAL)

# **Comprehensive Annual Financial Report**

**A Component Unit of the City of Fort Pierce, Florida**

**For the Fiscal Year Ended September 30, 1999**



**Prepared by  
Department of Finance  
Frank J. Varella, CGFO, Director**

# FORT PIERCE UTILITIES AUTHORITY

## Mission Statement

*“To provide our customers  
with economical and friendly service  
in a continuous effort  
to enhance the quality of life in our community.”*

Fort Pierce Utilities Authority employees have “enhanced the quality of life in our community” by contributing their time and service to the following:

American Heart Association	MainStreet Fort Pierce
American Legion	Manatee Observation & Education Center
American Red Cross	Masonic Organizations
Amvets	Muscular Dystrophy Association
Area Agency On Aging	Mustard Seed Ministries
Big Brothers/Big Sisters	NAACP
Central Florida Blood Bank	Orange Avenue Charter School
Crime Stoppers	St. Lucie Conservation Alliance
Downtown Business Association	St. Lucie County Agriculture Advisory Board
Earth Day Activities	St. Lucie County Chamber of Commerce
Ellis Park	St. Lucie County 4-H
Florida Army National Guard	St. Lucie County Human Resources Association
Ft. Pierce Neighborhood Housing Services	St. Lucie County United Way
Ft. Pierce State Housing Initiative Partnership	St. Lucie Mural Society
Habitat for Humanity	Treasure Coast Safety Council
Heathcote Botanical Gardens	Treasure Coast Opera Society
Hospice of the Treasure Coast	Treasure Coast Regional Science Fair
HOSTS (Helping One Student To Succeed)	YMCA
Indian River Community College	Various:
Junior Chamber of Commerce	Boy/Girl Scouts & Cub/Brownie Troops
KIDS	Little Leagues
Kids Crossing	Babe Ruth Leagues
Lawnwood Regional Medical Center	School Mentoring Programs & Partnerships
Leadership Saint Lucie	Religious Groups & Organizations
	Rotary & Kiwanis Clubs

# TeamUA - 2,000+ Years of Dedicated Service

ABRAMOWICZ, WILLIAM S.  
ADAMS, GARY A.  
ADAMS, RAMADRAE J.  
ALLAN, RANDY E.  
ANDERSON, WENDELL  
ANDERSON, WILLIAM A.  
ANTONIATO, PAUL J.  
ARNOLD, GLEN L.  
AUSTIN, ROBERT G.  
BACON, MAURICE  
BALDWIN, WILLIAM E.  
BASSETT, MARK T.  
BAYNE, GLENN  
BEANG, THOMAS  
BEMENDERFER, TAYLOR M.  
BENNING, LAURENCE  
BERGEN, WILLIAM E.  
BOUDREAUX, ELIE J. III  
BRADY, KENNETH J.  
BRAUN, KELLIE K.  
BREWER, R. CRAIG  
BROOKS, WILLIAM, JR.  
BROOKS, STEPHANIE A.  
BROWN, WALTER M.  
BRYANT, JAMES L.  
BULLINGTON, LARRY D.  
BUSBY, ROBERT W.  
BYRD, ANDREW D.  
BYRD, PETER C.  
CANARD, JOHN C.  
CARLSON, KEN  
CARPENTER, CAROL A.  
CARPENTER, RAY J.  
CHAMBERS, MICHAEL J.  
CHANEY, GARY D.  
CHATMAN, MICHAEL  
CLARK, RONALD G.  
CLINE, STACY R.  
COLLINS, DAVID R.  
COMBS, LEE ROY  
CONAVAY, WILLIAM  
CONLON, JEANETTE F.  
COOK, TED E.  
CORBIN, ANN  
CRAWFORD, CRAIG A.  
CRAWFORD, WILBURN L.  
CROWDER, KIMBERLY  
CRUMBLEY, CHRISTOPHER  
CRUMBLEY, JONATHAN D.  
CUMBERS, PETER  
CUNNINGHAM, JAMES P.  
DALLAIRE, J. V. PAUL  
DALLAIRE, NANCY A.  
DAMPIER, WALTER W.  
DARDEN, LEE A.  
DAVIS, ROBERT P.  
DEMARCO, DEBORAH T.  
DENNIS, SCOTT  
DICKERSON, HORACE  
DIECKMANN, ROBERT H.  
DYKES, JAMES A.  
EASTERDAY, JOYCE E.  
ELDERBAUM, ELENA  
ENNS, EDWARD G.  
FAIRCLOTH, DANNY C.  
FATZINGER, CHRISTOPHER L.  
FOKINE, CHARLES A.  
FOUNTAIN, DENISE E.  
FOX, LARRY  
FRANCO, SHARI G.  
FREEMAN, GARY V.  
FRIER, MARY C.  
FURNESS, DEREK R.  
GATINS, STEVEN F.  
GEROLD, MARINA S.  
GIEL, DOUGLAS W.  
GIFT, MICHAEL R.  
GILBERT, A. EARL  
GILLETTE, GARY J.  
GILLILAND, LEWIS E.  
GILSINAN, PATRICIA L.  
GOMEZ, SONIA V.  
GOODSON, RALPH L.  
GORDON, MICHAEL

GREGG, STEVEN A.  
GRIMYSER, GLORIA  
GRONBORG, NEAL H.  
GROSSHANTEN, JULIE E.  
HALL, GEORGE R.  
HAMILTON, MURRAY M.  
HARGETT, BOBBY P.  
HARRIS, DIANE  
HAYES, KENNA B.  
HAYMAN, GORDON E.  
HAYMAN, MARK L.  
HAYNES, LOUIS I. III  
HILTZER, DEBORAH A.  
HITE, NELL D.  
HODGE, NATHANIEL, JR.  
HODGE, CALVIN D.  
HOLMAN, ESTELA Q. A.  
HUMMEL, LESTER C.  
HURTUBISE, M. NINA  
IRBY, STEPHEN  
JASA, KIM KESTEL  
JENNINGS, JEANETTE E.  
JERGER, SIDNEY L.  
JOHNS, DONALD B.  
JOHNSON, HUDIE, JR.  
JOHNSON, ANGELA MARIE  
JOHNSON, PATRICIA  
JOHNSON, RUBIN  
JONES, LATRAVIA S.  
JONES, LAWRENCE E.  
KARBETT, JOSEPH E., JR.  
KASCH, RICHARD J.  
KEANE, EDWARD T., JR.  
KECK, JAY A.  
KECK, JUDY S.  
KECK, TERRY L.  
KEENAN, LORENIA  
KELLER, PATRICK J.  
KELLEY, PETER G.  
KING, RAY A.  
KING, WANDA DAVIS  
KNIGHT, EUGENE D.  
KOBBE, MARK  
KOBLEGARD, RUPERT N. III  
KRAMER, C. RUSSELL  
KRUSE, ERNIE C.  
LACROIX, ALBERT J.  
LADOMIRAK, ALICE M.  
LAGUERRE, PAUL  
LAMB, HARRY P.  
LAMB, ROBERT J.  
LAMPE, JOHN W.  
LAWSON, PATRICIA ANN  
LAWSON, SHAWN O.  
LEATHERMAN, KIMBERLY W.  
LENARTIENE, KLAUS P.  
LEONGOMEZ, EDWARD S.  
LEWIS, NICKI DALE  
LONG, WILLIE, JR.  
LONG, DOROTHY E.  
LYONS, KEITH B.  
MADRID, SUSAN  
MADSEN, PAUL L.  
MALIN, TAMMY R.  
MANCHESTER, GLEN P.  
MANIS, DEBORAH  
MANN, TOMMIE T.  
MAREVELLE, CLARENCE DARROW  
MARSHALL, CLAUDE L.  
MARTIN, KEVIN P.  
MASSIMINO, JOSEPH  
MATHIS, MARK D.  
McCAUSLAND, LARRY JOB  
McCONKEY, NANCY L.  
McCRAY, ALBERTHA  
McFOLLEY, JOHNNIE C., JR.  
McMASTER, THOMAS S.  
McNEES, HERBERT J.  
MELLERT, DAVID A.  
MELLERT, DIANE M.  
MIDDLETON, CLEON M.  
MILLER, DEIRDRE S.  
MILLER, EARNEST  
MILLER, GEORGE E.

MOBERLY, E. GLYNDON, JR.  
MORRIS, CURTIS  
MORRIS, REGINA D.  
MOSELY, STEVEN  
MYRICK, CHRISTELLE  
McCARHY, TOMMIE M.  
NEAL, RANDY G.  
NESSELRODE, DINO G.  
NGUYEN, LONG K.  
NICHOLSON, GREGORY D.  
NOYES, VINCENT P.  
NYE, JENNIFER L.  
OQUENDO, MARIA V.  
PARK, W.T. EARL  
PARMELEE, ARTHUR O. III  
PAULEY, CLARENCE, JR.  
PARNICK, RALPH A.  
PETERS, STEVEN M.  
PHILLIPS, JAMES, JR.  
PIERO, RITA N.  
PLATT, SHIRLEY F.  
POWELL, JERRY L.  
PRICE, TONY T.  
PRINCE, ANTHONY L.  
PRINCE, GENEVRETT  
RAMOS, VIOLET  
RAMPY, STACEY R.  
REGAN, GEORGE F.  
RENRO, ROXANNE M.  
RICHARDS, THOMAS W.  
RIVERA, JUDI P.  
ROBINSON, KENNY R.  
ROCKSWOLD, ERIK L.  
ROGOLINO, MARC  
ROHAN, DEBRA E.  
RUSS, JOHN L.  
SANDOW, GERALDINE B.  
SCHNEBLI, ELIZABETH A.  
SEARS, MICHAEL A.  
SEWELL, CAMILLE W.  
SHAW, STEPHEN L.  
SHERRILL, RICHARD T.  
SHONK, JACK R.  
SHORT, JULIE Z.  
SHUFELT, DANIEL G.  
SIPLIN, THOMAS D.  
SIRMONS, VALENTINE C.  
SLATER, EDWARD W.  
SLOAN, RAY O.  
SMITH, RICHARD J.  
SNOBERGER, EILEEN  
SOUTHARD, CYNTHIA M.  
SPEARS, RICHARD J.  
SPIVEY, DAVID A.  
SPIVEY, KEITH C.  
STENBERG, RICHARD W.  
STEWART, DEBRA P.  
STILLE, JUDITH L.  
STONE, PAUL D.  
STUBBS, THOMAS Q.  
SWART, KIM E.  
TAYLOR, TERRENCE L.  
THEISS, WILLIAM G.  
THOMAS, MARY E.  
TIPTON, THELMA  
TREECE, STEPHEN P.  
VANATER, LENORA  
VARELLA, FRANK J.  
VOLPE, FRED J.  
WALLACE, CHARLES, JR.  
WARDWELL, MATTHEW W.  
WATKINS, LEROY, JR.  
WEAKLEY, DAVID W.  
WEAVER, VAUGHAN C.  
WEIR, FAY  
WHITE, WALTER H.  
WILLIAMS, GARY W.  
WILSON, DAVID K.  
WILSON, ESTELA M.  
WINT, OLIVER C.  
WOERNER, GORDON L.  
WOODS, SUSAN B.  
WORLEY, MARK A.  
WRIGHT, DORBEN

**FORT PIERCE UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended September 30, 1999

TABLE OF CONTENTS

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Transmittal Letter .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	9
Directory.....	10
Organizational Chart.....	11
 <u>FINANCIAL SECTION</u>	
Report of Independent Certified Public Accountants on Financial Statements.....	13
Financial Statements:	
Balance Sheet .....	14
Statement of Revenues, Expenses, and Changes in Retained Earnings .....	16
Statement of Cash Flows.....	17
Supplemental Schedule of Noncash Capital and Related Financing Activities .....	19
Notes to Financial Statements.....	20
Year 2000 (Y2K) Readiness Disclosure, Unaudited .....	29
Supporting Schedules:	
Schedule of Budget Comparisons .....	31
Schedule of Investments .....	32
Schedule of State Financial Assistance .....	33
Schedule of Insurance Coverage .....	34
 <u>STATISTICAL SECTION</u>	
Last Ten Years:	
Average Number of Accounts Billed by System.....	35
System Detailed Revenues.....	36
System Detailed Expenses .....	40
System Detailed Unit Sales.....	42
Energy Sources and Uses .....	44
Water Production Information.....	46
Property Value, Construction, and Bank Deposits.....	48
History of Transfers to the City of Fort Pierce, System Rate Increases, and Revenue Bond Coverage.....	49
Demographic Statistics.....	50
Ten Largest Customers - FY 1999 .....	52

# FORT PIERCE UTILITIES AUTHORITY

"Committed to Quality"



206 South Sixth Street (34950)  
Post Office Box 3191  
Fort Pierce, Florida 34948-3191

Phone 561-466-1600  
Fax 561-489-0396

March 7, 2000

Board Members  
Fort Pierce Utilities Authority

The Comprehensive Annual Financial Report of Fort Pierce Utilities Authority (the Authority) for the fiscal year ended September 30, 1999, is submitted herewith pursuant to Article XII, Section 176.12, of the Fort Pierce City Charter. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. This Comprehensive Annual Financial Report was prepared by the staff of the Authority's Department of Finance. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority, and that all disclosures necessary to enable the readers to gain the maximum understanding of the Authority's financial activity have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical.

- |                             |                                                                                                                                                                           |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Introductory Section</u> | The letter of transmittal and such other material as may be useful in understanding the reporting entity.                                                                 |
| <u>Financial Section</u>    | The auditor's report and financial statements of the Authority which present fairly the financial position, results of operations, and cash flows for the fiscal year.    |
| <u>Statistical Section</u>  | Selected financial and demographic information which will be beneficial to the reader in understanding the Authority's historical growth and its future growth prospects. |

The utilities are managed and operated for the City by the Authority. The Authority was established in accordance with provisions of the City Charter and Ordinance No. F-399, confirmed by an election held on May 30, 1972, with amendments thereto adopted and confirmed by an election held on November 2, 1976. The Authority Board consists of five members, one of whom is the Mayor-Commissioner of the City, who serves on the Board as long as he or she holds such office. The other four members are appointed by the City Commission for four-year overlapping terms.

The City Charter (Ordinances No. F-399 and G-397) states that the Authority shall be responsible for the development, production, purchase, distribution, and collection of all electricity, water, wastewater, natural gas, and such other utility services as may be designated by resolution by the City Commission. The Authority currently provides electric services (35-square mile service territory), water and wastewater services (30-square mile service territory), and natural gas services (27-square mile service territory) in the Fort Pierce area. This report includes all systems of the Authority. This report does not include the financial activities of the City of Fort Pierce. Reference should be made to their report published separately.

## ECONOMIC CONDITION AND OUTLOOK

Fort Pierce is located on the Florida East Coast, 120 miles north of Miami and 220 miles south of Jacksonville. The City's 1990 census population was 36,830, and St. Lucie County's was 150,171. Fort Pierce is the commercial center of the county, with 19.59 square miles in land area. Its metropolitan area includes a transportation network comprised of Interstate 95, Florida's Turnpike, U.S. Highway 1, Highway 70, Florida East Coast Railway, St. Lucie County International Airport, and the Port of Fort Pierce.

The major factors in the economy of Fort Pierce and surrounding St. Lucie County are agribusiness, construction, retail and wholesale trade, light manufacturing, tourism, and sport and commercial fishing. The Authority's service area encompasses many educational and research endeavors -- Harbor Branch Oceanographic Institution, Smithsonian Fort Pierce Marine Station, U.S. Department of Agriculture Laboratory, University of Florida Research and Education Center, and the Manatee Observation and Education Center.

The Authority's service area includes both the area within the corporate limits of the City of Fort Pierce and portions of unincorporated St. Lucie County. Approximately 75% of the system revenues are derived from services provided within the City of Fort Pierce, and 25% from services provided in unincorporated St. Lucie County and St. Lucie Village.

The Authority experienced positive billing growth in all systems during FY 1999:

	<u>Increase in Average Billings</u>	<u>Increase</u>	<u>Retail Unit Sales Increase/Decrease</u>
Electric	201	.8%	3.5%
Natural Gas	30	.6%	- 20.1%
Water	116	.7%	4.3%
Wastewater	23	.2%	---

Unit sales increases in the Electric and Water Systems were primarily related to the weather. Lower electric rates, related to the Power Cost Adjustment credit, also contributed to higher electric sales.

During the first quarter of FY 1998, the Authority Board elected to join Florida Municipal Power Agency's (FMPA) All-Requirements Power Supply Project. This action resulted in lower electricity costs for customers. The Authority has experienced three power cost credit increases since joining the project; another will be proposed for the second half of this year.

The Authority is optimistic about future growth as indicated by a growing customer base, and improvements such as major road work, continued beautification of the downtown area, and private investment. Florida's slow progress toward restructuring in the electric industry is allowing the Authority to better prepare for competition.

## MAJOR INITIATIVES

### Organizational Study

In January 2000, the Board approved the implementation of an Organizational Study which was begun last October. The study objectives were 1) to assess the Authority's organization structure, staffing, and compensation practices, and 2) to identify opportunities to improve the organization's effectiveness. This included review of critical success factors to achieve optimal organizational effectiveness, to identify positive characteristics, and to provide recommendations if warranted. Critical success factors were identified as Strategic Management, Organization Design, Culture, Staffing, Compensation, and Employee Development.

The study's recommendations will be implemented over the next 24 months. Suggested methods of communication will be utilized to inform employees of progress. The first phase, to reorganize into six Business Units, each with a Director, has begun and will be completed no later than October 1, 2000.

Once all departments are realigned, the Leadership Team will begin to implement the next phase, Strategic Management (planning, implementing, and assessing). Competition demands that we shorten planning and implementation time, and properly evaluate the Key Result Areas (KRA). If a strategy does not serve our Mission, it will not proceed.

The next phase includes human resource elements, evaluating performance against results that support our Mission -- by project, KRA, department, business unit, and individual employee.

### Strategic Plan

The Authority's Strategic Plan continues to promote interdepartmental communication and cooperation, and encourages increased employee involvement in achieving company goals that support the Authority's Mission Statement.

The Authority's Key Result Areas as presented in the 1998-99 Strategic Plan are as follows.

**Priority No. 1, Customer Retention and Expansion:**

Customer Satisfaction, Customer Choices, Ease of Acquiring Service, New or Rejuvenated Revenue Sources, Economic Development, Market Share, and New Opportunities.

**Priority No. 2, Corporate Culture:**

Values, Performance Based Organization, Goals and Accountability, Training, Communications, and Safety Performance.

**Priority No. 3, Corporate Planning:**

Facilities Master Planning and Long-Range Planning.

**Priority No. 4, Economic Decision Making:**

Spending (Capital, Operations and Maintenance).

**Priority No. 5, Financial Performance :**

Cost of Service.

The Authority continues to be customer and market driven. The FY 2000 budget includes funds and programs to focus on customer service, and the development and marketing of new services. It reflects the Authority's continued commitment to be proactive in response to the changing utility industry. The new organizational structure will be incorporated into the FY 2001 budget, emphasizing departmental goals that align with the Authority's Mission Statement and Key Result Areas.



## FINANCIAL INFORMATION

### Internal Controls

The management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. In developing and modifying the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

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

The concept of reasonable assurance recognizes that:

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

All internal control evaluations follow the above guidelines. We believe that the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### Budgeting Controls

Procedures followed in establishing the Authority's Annual Budget:

1. Department Heads prepare departmental Personnel, Operations & Maintenance, and Capital Budgets for consideration. Directors review, revise, approve, and submit to the Budget Review Committee.
2. The Budget Review Committee, consisting of the Director of Utilities, Director of Finance, Budget Officer, Internal Auditor, and General Accounting Manager, discusses the budgets with the respective Department Heads and Directors, revises if necessary, and approves for consideration of the Board.
3. Submit to the Board for approval.
4. Submit to the City Commission for approval.
5. Once approved, the Annual Budget becomes the basis for operating and capital expenditures during the ensuing fiscal year.

The Authority is required by charter to adopt an Annual Budget. Budgetary control is provided by monthly revenue and expense reports. Monthly financial statements are provided to the Board for review in advance of a verbal presentation at Board Meetings.

Financial Performance

The Authority's year to date combined operating revenues were lower in FY 1999 than for the same period last year. The \$2,522,000 decrease was primarily due to lower energy costs flowing through the power cost adjustment in the Electric System and the purchased gas adjustment in the Natural Gas System. The average cost of power this fiscal year from FMPA and the St. Lucie Nuclear Project was 41.35 mills, compared to the average of 47.37 mills for the previous fiscal year. However, unit sales increases were experienced in the Electric System (3.5%) and Water System (4.3%) as a result of weather. Below are highlights of the past year's operating results and unit sales:

	Operating Results (000's omitted)		
	<u>FY 1999</u>	<u>FY 1998</u>	<u>Increase/Decrease</u>
Operating Revenues	\$61,468	\$63,990	- 3.9%
Operating Expenses	53,281	55,628	- 4.2%
Operating Income	8,187	8,362	- 2.1%
Transfer to the City of Fort Pierce	4,024	3,859	4.3%
Net Income	270	730	- 63.0%
Operating Margin	13.3%	13.1%	1.5%

	Retail Unit Sales		
	<u>FY 1999</u>	<u>FY 1998</u>	<u>Increase/Decrease</u>
Electric MWh's	563,250	544,274	3.5%
Water - 1,000 gallons	2,871,901	2,753,395	4.3%
Natural Gas - CCF's	3,152,510	3,469,188	- 9.1%

During the fiscal year utility plant in service increased \$6,754,000, and construction work in progress increased \$1,811,000. Total restricted assets increased \$9,217,000 related to the 1999 bond issue which occurred in September 1999. Current assets decreased \$2,314,000. Also related, unrestricted equity in pooled cash and investments decreased \$1,761,000, and net accounts receivable increased \$217,000, while unbilled service receivables decreased \$707,000. The decrease in cash is related to funding our capital program with existing cash.

The following indicate the Authority's financial strength:

	<u>FY 1999</u>	<u>FY 1998</u>
Current Ratio:		
Restricted	2.61 times	1.45 times
Unrestricted	4.02 times	6.05 times
Debt to Total Assets	.557	.540
Debt to Equity Ratio	1.26 times	1.17 times

Rates

A rate study was conducted in FY 1999. Rate increases, presented in Resolution No U.A. 99-3, were approved by the Board on August 3, 1999:

Electric, natural gas, water, and wastewater base rates	No change during FY 1999
Water rates	Increase of 15% on October 1, 1999
	Increase of 15% on October 1, 2000

We expect no further base rate changes in FY 2000. Cost savings programs were instituted, while other programs were eliminated. Savings realized from these actions may allow the Authority to maintain its profitability and offset inflationary pressures. Rates continue to be competitive with neighboring utilities.

**Comparison of the Average Cost of Residential Utility Service Base Rates  
Previous Rates (FY 1999) vs. Current Rates (Effective February 1, 2000)**

<u>Utility Service</u>	<u>Average Consumption</u>	<u>Previous Rates</u>	<u>Current Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
Electric	900 kWh's	\$ 75.78	\$ 73.25	\$ -2.53	-3.339
Natural Gas	18 ccf's	18.92	19.45	.53	2.801
Water	7,000 gallons	19.56	22.50	2.94	15.031
Wastewater	7,000 gallons	<u>30.85</u>	<u>30.85</u>	<u>0</u>	0
TOTAL		\$145.11	\$146.05	\$ .94	0.648

Largest Customers

The Authority's ten largest customers (Page 52) represent 19% of total revenues; 7 are governmental or quasi-governmental entities. Contracts of up to five years in duration for an electric High Load Factor Discount are available. One three-year and one five-year gas transportation service contract have been established with the two largest citrus customers. In addition, one of these customers is a large electric user on a long-term contract.

Cash Management

The Authority has a banking service agreement with a local depository bank which provides that all funds in excess of a compensating balance will earn interest through overnight repurchase agreements. The Authority also participates in the State of Florida Board of Administration's program for pooled investment of local government surplus funds. In addition, the Authority purchases investments through a competitive bid process. The cash management program involves a theory of keeping principal and earnings free from risk, maintaining reasonable liquidity to meet maturing obligations, and maximizing return through the use of competitive rate comparisons from various investment sources.

### Debt Management

In September 1999, the Authority issued \$10,223,000 of new debt to partially finance a new reverse osmosis water treatment plant, supply wells, and a 3,000,000 gallon storage tank. Simultaneously, the Authority sold \$22,445,000 of refunding bonds to redeem \$11,210,000 of high interest 1989 series bonds in December 1999 and pay off the \$11,755,000 remaining balance of the FMPA variable rate pooled loan. The Authority received an underlying investment grade rating of A- from Fitch IBCA, Inc. related to this bond issue. (See Note F to the financial statements for further detail.)

At September 30, 1999, the Authority had outstanding insured revenue bonds in the amount of \$100,615,000. Debt service schedules go out to 2024. Interest rates range from 4.00% to 7.30% on the bonds and averaged 3.81% on the variable rate note for FY 1999. Principal payments are due October 1 of each year. The principal for the bonds due October 1, 1999, was \$3,150,000.

### Risk Management

The Authority has a comprehensive risk management program, which includes coverages as provided for in policies listed on the Schedule of Insurance Coverage on Page 34. In addition, quarterly meetings are held with management, the risk management consultant, and insurers to review coverages and risks.

### Manatee Observation and Education Center

The Authority operates the Manatee Observation and Education Center, which is located on Moore's Creek across from the Henry D. King Power Plant. The Center's mission is to promote understanding and responsible actions for the protection of the fragile ecosystems in the Treasure Coast Region and their inhabitants; it provides a clean and safe facility for viewing manatees and other inhabitants of the Indian River Lagoon. During this season the Center logged more than 25,000 visitors and 3,000 volunteer hours (valued at \$24,000), and sighted 362 manatees. The value of the volunteer assistance is not reflected in the financial statements.

### Year 2000

The Year 2000 (Y2K) posed a myriad of potential problems in the new millennium. Many computer systems were designed to use a two-digit field for the year, rather than four; therefore, date-sensitive computing might have been incorrect. Due to the diligence of Authority staff and joint agencies providing power and service to the Authority, all threats were abated. The Authority provided services without interruption.

The Authority expended approximately \$834,000 in its efforts to ensure Y2K compliance and to complete the projects. All funds have been budgeted.

### City Transfer

The transfer to the City of Fort Pierce, based on FY 1999 revenues, computes to \$4,063,000 and will be paid in March 2000. Last year's transfer, based on FY 1998 revenues, totaled \$4,024,000, and was paid in March 1999.

## OTHER INFORMATION

### Independent Audit

The Fort Pierce City Charter and the Indenture of Trust on outstanding revenue bonds require that an annual audit of the Authority be performed by independent certified public accountants. The accounting firm of Berger, Toombs, Elam and Frank was selected by the Fort Pierce City Commission to perform this audit. The independent auditor's report on the combined financial statements is included herein.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 1998. 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, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports 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 continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Authority's Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I would also like to express my thanks to the Board, the Director of Utilities, and the entire Authority staff for their interest and support in planning and conducting the financial operations in a responsible and progressive manner.



Frank J. Varella, CGFO  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Fort Pierce Utilities Authority, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Cary Brubaker*  
President

*Jeffrey L. Esser*  
Executive Director

# DIRECTORY

## Board Members

Cleon M. Middleton, Chairman  
Gloria Grimyser, Vice Chairman  
Thomas D. Siplin, Secretary  
Louis I. Haynes III, Deputy Secretary  
Mayor Edward G. Enns, Member

## Management Team

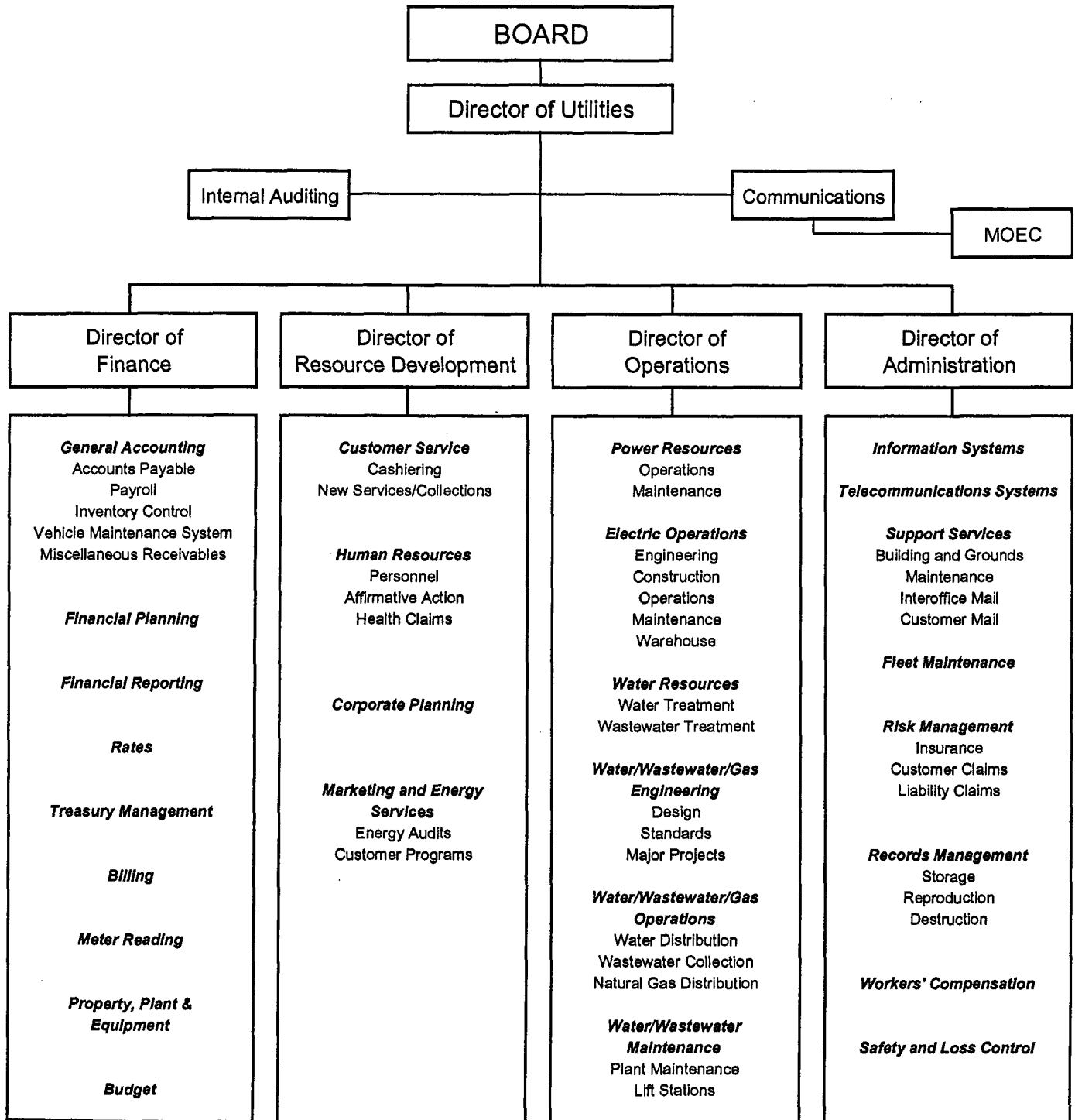
Elie J. Boudreaux III, P.E., Director of Utilities  
Frank J. Varella, CGFO, Director of Finance  
Thomas W. Richards, P.E., Director of Operations  
Shirley F. Platt, Director of Administration  
Douglas W. Giel, Director of Resource Development

## Counsel

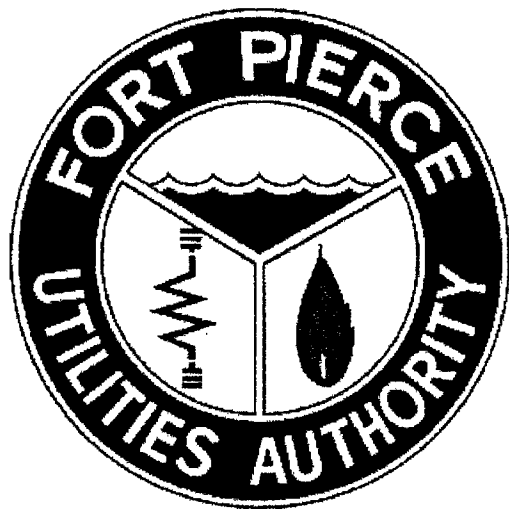
R. N. Koblegard III, Esquire  
Fort Pierce, Florida

## Independent Certified Public Accountants

Berger, Toombs, Elam and Frank  
Fort Pierce, Florida









Berger, Toombs, Elam  
& Frank

Certified Public Accountants Chartered

Sun Bank Building  
Suite 300  
111 Orange Avenue  
Fort Pierce, Florida 34950

561/461-6120  
FAX: 561/468-9278

**Report of Independent Certified Public Accountants**

Honorable Chairman and Members  
Fort Pierce Utilities Authority  
Fort Pierce, Florida

We have audited the accompanying financial statements of the Fort Pierce Utilities Authority as of and for the year ended September 30, 1999, as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fort Pierce Utilities Authority at September 30, 1999, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Fort Pierce Utilities Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The year 2000 supplementary information on pages 29 and 30 is also not a required part of the basic financial statements, but is supplementary information required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues* (as amended by Technical Bulletin 99-1, *Disclosures About Year 2000 Issues*), and we did not audit and do not express an opinion on such information.

We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.

*Berger, Toombs, Elam & Frank*

Fort Pierce, Florida  
November 23, 1999

# FORT PIERCE UTILITIES AUTHORITY

## BALANCE SHEET

September 30, 1999

(with comparative totals for September 30, 1998)

(Dollars in Thousands)

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
<b>UTILITY PLANT</b>		
Utility Plant in Service	\$ 240,357	\$ 233,603
Less Accumulated Depreciation	<u>100,524</u>	<u>93,992</u>
	139,833	139,611
Construction Work in Progress	<u>8,772</u>	<u>6,961</u>
Net Utility Plant	148,605	146,572
<b>RESTRICTED ASSETS</b>		
Equity in Pooled Cash and Investments	22,447	13,237
Cash with Fiscal Agent	227	223
Accrued Interest Receivable	<u>3</u>	<u>-</u>
Total Restricted Assets	22,677	13,460
<b>CURRENT ASSETS</b>		
Equity in Pooled Cash and Investments	16,428	18,189
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$51,000 in 1999 and \$52,000 in 1998	4,630	4,413
Unbilled Service Receivables	3,412	4,119
Inventories and Other Current Assets	<u>4,187</u>	<u>4,250</u>
Total Current Assets	28,657	30,971
<b>DEFERRED EXPENSES</b>		
Unamortized Finance Charges	1,045	1,019
Other	<u>674</u>	<u>658</u>
Total Deferred Expenses	<u>1,719</u>	<u>1,677</u>
<b>TOTAL ASSETS</b>	<u>\$ 201,658</u>	<u>\$ 192,680</u>

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## BALANCE SHEET

September 30, 1999

(with comparative totals for September 30, 1998)

(Dollars in Thousands)

	<u>1999</u>	<u>1998</u>
<b>FUND EQUITY AND LIABILITIES</b>		
<b>FUND EQUITY</b>		
Retained Earnings		
Reserved for Bond Requirements	\$ 13,233	\$ 3,222
Unreserved	50,610	59,305
	<u>63,843</u>	<u>62,527</u>
Contributed Capital	25,419	26,075
	<u>89,262</u>	<u>88,602</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Revenue Bonds Payable - Current	3,150	3,410
Accrued Interest Payable Revenue Bonds	1,769	2,140
Customer Deposits	3,770	3,748
	<u>8,689</u>	<u>9,298</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	3,454	3,737
Deferred Revenues	2,802	709
Due to City of Fort Pierce	878	674
	<u>7,134</u>	<u>5,120</u>
<b>OTHER LIABILITIES</b>		
Loans and Revenue Bonds Payable, Net of Current Amounts Payable from Restricted Assets and Unamortized Discounts	95,026	88,157
Accrued Compensated Absences	1,547	1,503
	<u>96,573</u>	<u>89,660</u>
Total Other Liabilities	<u>96,573</u>	<u>89,660</u>
Total Liabilities	<u>112,396</u>	<u>104,078</u>
<b>TOTAL FUND EQUITY AND LIABILITIES</b>	<u>\$ 201,658</u>	<u>\$ 192,680</u>

The accompanying notes are an integral part of this financial statement.

**FORT PIERCE UTILITIES AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
Year Ended September 30, 1999  
(with comparative totals for year ended September 30, 1998)  
(Dollars in Thousands)

	<u>1999</u>	<u>1998</u>
<b>OPERATING REVENUES</b>		
Sales and Charges for Services	\$ 60,434	\$ 62,849
Other	1,034	1,141
Total Operating Revenues	<u>61,468</u>	<u>63,990</u>
 <b>OPERATING EXPENSES</b>		
Generation	3,213	5,246
Purchases for Resale	24,240	24,875
Plant Operations	3,241	3,249
Field Operations	5,085	4,743
General and Administrative	8,724	8,641
Depreciation	8,778	8,874
Total Operating Expenses	<u>53,281</u>	<u>55,628</u>
 <b>OPERATING INCOME</b>	 8,187	 8,362
 <b>OTHER REVENUES (EXPENSES)</b>		
Investment and Other Income	1,654	1,730
Interest Expense	(4,719)	(5,043)
Taxes on Bond Refinancing	(442)	-
Amortization of Financing Expenses and Revenue Bond Discounts	(386)	(460)
Transfer to General Fund - City of Fort Pierce	<u>(4,024)</u>	<u>(3,859)</u>
Total Other Revenues (Expenses)	<u>(7,917)</u>	<u>(7,632)</u>
 <b>NET INCOME</b>	 270	 730
Depreciation of Fixed Assets Acquired by Capital Contribution	1,046	1,025
 <b>Retained Earnings - Beginning of Year</b>	 <u>62,527</u>	 <u>60,772</u>
 <b>Retained Earnings - End of Year</b>	 <u><u>\$ 63,843</u></u>	 <u><u>\$ 62,527</u></u>

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## STATEMENT OF CASH FLOWS

Year ended September 30, 1999

(with comparative totals for year ended September 30, 1998)

(Dollars in Thousands)

	1999	1998
Equity in Pooled Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Operating Income	\$ 8,187	\$ 8,362
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	8,778	8,874
Provision for uncollectible accounts	1	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(216)	122
(Increase) Decrease in Unbilled Service Revenue	707	(417)
(Increase) Decrease in Inventories and Other Current Assets	30	242
(Increase) Decrease in Deferred Expenses	(16)	526
Increase (Decrease) in Liabilities Payable from Restricted Assets Other than Revenue Bonds	21	184
Increase (Decrease) in Accounts Payable	(283)	(444)
Increase (Decrease) in Accrued Compensated Absences	43	(137)
Increase (Decrease) in Due to City of Fort Pierce	204	190
Increase (Decrease) in Deferred Revenues	2,092	1,243
Total Adjustments	11,361	10,383
Net Cash Provided by Operating Activities	19,548	18,745
Cash Flows from Noncapital Financing Activities:		
Transfer to City of Fort Pierce	(4,024)	(3,859)
Cash Flows from Capital and Related Financing Activities:		
Increase in Contributed Capital	233	108
Proceeds from Sales of Fixed Assets	1	49
Utility Plant Acquisitions and Construction	(10,188)	(8,790)
Capitalized Interest on Construction	(330)	(149)
Principal Paid on Revenue Bonds	(26,375)	(10,890)
Interest Paid	(4,741)	(5,318)
Proceeds from 1999 Bond Issuance	32,485	-
Bond Issue Costs for 1999 Bond Issue	(397)	-
Transfer Penalty Paid on Bond Refunding	(442)	-
Net Cash Used in Capital and Related Financing Activities	(9,754)	(24,990)

(Continued on Page 18)

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## STATEMENT OF CASH FLOWS (Continued)

Year ended September 30, 1999

(with comparative totals for year ended September 30, 1998)

(Dollars in Thousands)

	<u>1999</u>	<u>1998</u>
Cash Flows from Investing Activities:		
Interest Income	1,499	2,298
Purchase of Investment Securities	(10,132)	(8,788)
Proceeds from Sale and Maturities of Investment Securities	<u>9,015</u>	<u>10,142</u>
Net Cash Provided by Investing Activities	<u>382</u>	<u>3,652</u>
Net Increase (Decrease) in Equity in Pooled Cash and Cash Equivalents	6,152	(6,452)
Equity in Pooled Cash and Cash Equivalents at Beginning of Year	<u>22,622</u>	<u>29,074</u>
Equity in Pooled Cash and Cash Equivalents at End of Year	<u>\$ 28,774</u>	<u>\$ 22,622</u>
Restricted Equity in Pooled Cash and Investments	\$ 22,447	\$ 13,237
Current Equity in Pooled Cash and Investments	16,428	18,189
Cash with Fiscal Agent	<u>227</u>	<u>223</u>
Total Pooled Cash and Investments	39,102	31,649
Less Investments	<u>10,328</u>	<u>9,027</u>
Cash and Cash Equivalents	<u>\$ 28,774</u>	<u>\$ 22,622</u>
Noncash Investing, Capital, and Financing Activities:		
Contributions of Fixed Assets from Developers and Others	<u>\$ 293</u>	<u>\$ 268</u>

(Continued from Page 17)

The accompanying notes are an integral part of this financial statement.

**FORT PIERCE UTILITIES AUTHORITY**  
**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL**  
**AND RELATED FINANCING ACTIVITIES**

Year ended September 30, 1999

(with comparative totals for year ended September 30, 1998)

(Dollars in Thousands)

	<u>1999</u>	<u>1998</u>
Total Utility Plant Acquisitions and Construction	\$ 10,481	\$ 9,058
Less: Contribution-in-aid	<u>(293)</u>	<u>(268)</u>
Net cash paid for Utility Plant Acquisitions and Construction	<u>\$ 10,188</u>	<u>\$ 8,790</u>
Increase in Fair Value of Investments	<u>\$ 184</u>	<u>\$ 172</u>

The accompanying notes are an integral part of this financial statement.



# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements

September 30, 1999

### NOTE A - REPORTING ENTITY AND SUMMARY OF ACCOUNTING POLICIES

#### Reporting Entity

The voters of the City of Fort Pierce, Florida authorized the organization of the Fort Pierce Utilities Authority (the Authority) at a special election held May 30, 1972. The Authority commenced operations as of June 30, 1972, and is responsible for management and operation of the combined Electric, Water, Wastewater and Natural Gas Systems and the Manatee Observation and Education Center. City Ordinance No. F-399 (as amended by City Ordinances G-295, 296, and 297) defines the powers, duties, and responsibilities of the Authority. The members of the Authority's governing board are elected or removed from office by the Fort Pierce City Commission. The Authority's budget is subject to approval of the City Commission as are rates for service.

The accounts at September 30, 1999, and for the year then ended of the various utility systems of the Authority are included as a discretely presented component unit of the City of Fort Pierce, Florida, financial statements. The Authority has no component units.

#### Summary of Accounting Policies

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to local governmental units. The following is a summary of the more significant policies:

Basis of Presentation - Fund Accounting - The accounts of the Authority are organized on the basis of systems, each of which is considered a separate accounting entity. The activities of each system are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Resources are allocated to and accounted for in individual systems based upon the purpose for which they are to be spent.

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based upon the accounting and reporting standards set forth in Governmental Accounting Standards Board (GASB) 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has opted to apply only those accounting and reporting pronouncements issued by the GASB subsequent to November 30, 1989.

Basis of Accounting - The basis of accounting determines when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Utility Plant and Long-Term Liabilities - The accounting and reporting treatment applied to utility plant and long-term liabilities are determined by their measurement focus. All Proprietary Funds are accounted for on a cost of services or "economic resources" measurement focus. Accordingly, all assets and all liabilities (whether current or non-current) are included on their balance sheet. Their reported fund equity (net assets) is classified into contributed capital and retained earnings components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

Utility plant is stated at cost for items constructed or acquired by purchase and at estimated fair market value on the date received for items contributed. (See Note C for interest capitalization.)

Depreciation of all exhaustible utility plant assets, including those acquired through intergovernmental grants externally restricted to capital acquisitions, is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation has been provided based on the carrying amount of the various assets and is computed over the assets' estimated useful lives using the straight-line method. The estimated useful lives range as follows:

Structures and improvements	5-55 years
Equipment	3-35 years
Transmission, distribution, and collection plants	5-60 years

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, certificates of deposit, State Treasurer's Investment Pool, Overnight Repurchase Agreements, and short-term investments with original maturities of three months or less from date of acquisition.

Pooled Cash and Investments - The Authority, for accounting and investment purposes, pools certain cash and investments. Income earned as a result of pooling is distributed to the appropriate system based on the equity each system has in the income producing item. Investments are stated at fair value based on quoted market prices, except for the investment in the State Treasurer's Investment Pool, which is stated at amortized cost. (Also see Note B.)

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 1999

Inventories - Inventories of fuel, chemicals, supplies, construction materials, and utility plant replacement parts are recorded at lower of cost (weighted average method) or market.

Unbilled Service Receivables - These receivables represent the estimated amount of accounts receivable for services that have not been billed as of the balance sheet date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period).

Bond Discounts and Financing Costs - Unamortized financing expenses and bond discounts are amortized over the term of the respective debt issue by the effective interest method. Bond discounts are presented as a reduction of the face amounts of the bonds payable. Financing costs are recorded as deferred charges.

Retained Earnings Reserved for Bond Requirements - Reserves are used to indicate a segregation of a portion of retained earnings equal to the assets restricted for compliance with covenants as specified in revenue bond resolutions, or to earmark a portion of fund equity as legally segregated for a specific future use. (Also see Note T.)

Contributed Capital - Utility plant in service includes assets received from contributions in aid of construction. This contributed capital is depreciated on a straight-line method over the life of the related asset. The amount of depreciation expense included in the statement of revenues, expenses, and changes in retained earnings relating to the contributed assets is credited to retained earnings to reflect the transfer of this amount from the related contributions account.

Electric and Natural Gas Revenues - The rate schedules of the Electric and Natural Gas Systems provide that fuel cost increases, decreases, and credits, as computed under formulas adopted by the Authority, will be passed on to the customers. These charges or credits are recorded as a deferred charge or deferred revenue.

Budget Process - The Authority is required to prepare, adopt, and provide to the City of Fort Pierce City Commission an annual budget no later than 45 days prior to the beginning of its fiscal year. The annual budget and any amendments thereto shall not be in effect until approved by the Authority, and when any line item expense has not been disapproved by four-fifths (4/5) vote of the City Commission within 30 days of submission. Expenses may not exceed the adopted budget as presented to the City Commission, except adoption of necessary and reasonable procedures for providing emergency repairs and/or restoration or maintenance of services. The budget is prepared on the accrual basis; accordingly, revenues and expenses are budgeted for specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipts or payment of cash. The budget and amendments thereto for the year ended September 30, 1999, have been approved according to the above procedures. The final budget amendment for the fiscal year ended September 30, 1999, has been adopted by the Fort Pierce Utilities Authority Board and has been approved by the City Commission.

### NOTE B - CASH AND INVESTMENTS

Deposits - Florida statutes require state and local governmental units to deposit monies with a financial institution classified as a "Qualified Public Depository," which is a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. The Authority had deposits only with qualifying institutions as of September 30, 1999, or with banks in which depository insurance was sufficient to cover the deposit balance.

Investments - The Authority is authorized by Resolution to invest in:

- (1) Local Government Surplus Funds Trust Funds.
- (2) Negotiable direct obligations of the United States Government, or obligations, the principal and interest of which are unconditionally guaranteed by the United States Government.
- (3) Obligations of the federal farm credit banks, the Federal Home Loan Mortgage Corporation, including Federal Home Loan Corporation participation certificates, or the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association, U.S. Treasury, agencies, and instrumentalities.
- (4) Repurchase agreements secured by the types of investments listed above, restricted as to acquisition, term, and market value.
- (5) Interest-bearing time deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under State supervision, or in federal savings and loan associations located in this state and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law.
- (6) Deposits and certificates of deposit in out-of-state banks, savings and loan associations, and other regulated financial institutions insured by the FDIC.
- (7) Full faith and credit direct general obligations of any state, or unlimited tax direct obligations of any political subdivision thereof, to the payment of which the full faith and credit of such political subdivision is pledged, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized rating agency.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 1999

The Authority's investments are categorized as follows to provide an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments, with securities held by the counterparty or by its trust department or agent, but not in the Authority's name. Overnight repurchase agreements are collateralized by U.S. Treasury Notes and FHLMC Discount Notes.

Restricted Investments (in thousands):

	CATEGORY			Reported Amount
	<u>1</u>	<u>2</u>	<u>3</u>	
FNMA Discount Notes			\$3,711	\$ 3,711
FHLMC Discount Notes			2,298	2,298
Overnight Repurchase Agreement			9,223	9,223
Federal, state, and local government securities			<u>36</u>	<u>36</u>
			<u>\$15,268</u>	15,268
Investment in State Treasurer's Investment Pool				<u>2,754</u>
<b>Total Restricted Pooled Investments</b>				<u>\$18,022</u>

Current Investments (in thousands):

	CATEGORY			Reported Amount
	<u>1</u>	<u>2</u>	<u>3</u>	
FNMA Discount Notes			\$ 2,630	\$ 2,630
FHLMC Discount Notes			1,628	1,628
Overnight Repurchase Agreement			6,535	6,535
Federal, state, and local government securities			<u>25</u>	<u>25</u>
			<u>\$10,818</u>	10,818
Investment in State Treasurer's Investment Pool				<u>1,951</u>
<b>Total Current Pooled Investments</b>				<u>\$12,769</u>

The Authority's investments held throughout the year are principally the same as the investments held as of September 30, 1999. Because of significantly higher or lower cash flows at certain times during the year, the Authority's investment in overnight repurchase agreements changed significantly, from a low of \$411,569 to a high of \$16,028,057.

**NOTE C - NET UTILITY PLANT**

Net utility plant assets are summarized as follows as of September 30, 1999 (in thousands):

Land	\$ 5,236
Structures and improvements	37,629
Equipment	62,638
Transmission, distribution and collection plants	<u>134,854</u>
	240,357
Less accumulated depreciation	<u>100,524</u>
	139,833
Construction work in progress	<u>8,772</u>
	<u>\$148,605</u>

Construction work in progress at September 30, 1999, consists principally of expansions and upgrades to the electric generation and transmission system, water supply and distribution system, wastewater collection system, and natural gas distribution system.

The Authority capitalizes interest costs on funds borrowed to finance the construction of fixed assets in conformity with Statements of Financial Accounting Standards 34, 42, and 62 as applicable. Total interest costs for the year ended September 30, 1999, were \$5,049,000, of which \$330,000 was capitalized as utility plant construction costs.

The Authority has entered into contracts for the construction or renovation of various system assets as follows (in thousands):

	Project Authorization	Expended To Date	Remaining Commitment	Required Further Financing
Electric upgrades and expansion	\$ 219	\$ 166	\$ 53	None
Water extension and expansion	4,210	2,704	1,506	None
Natural gas upgrades and expansion	16	15	1	None
Wastewater upgrades and expansion	<u>334</u>	<u>303</u>	<u>31</u>	None
	<u>\$4,779</u>	<u>\$3,188</u>	<u>\$1,591</u>	

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 1999

In addition, the Authority has entered into unit price contracts for the construction or renovation of system assets. These contracts are not firm commitments, and the contractors are utilized as needed. As of September 30, 1999, expenditures up to \$3,431,000 were authorized under these contracts, \$777,000 had been spent, and authorized amounts of \$2,654,000 remained.

### NOTE D - RESTRICTED ASSETS

Certain assets are restricted by bond resolution; additionally, some assets have been classified as restricted in accordance with governmental accounting standards for enterprise funds and utility industry accounting practices.

The Authority's restricted assets consist of the following accounts (in thousands):

Equity in pooled cash and investments, cash with fiscal agent, and accrued interest receivable:

Construction funds	\$10,011
Principal and interest accounts	4,919
Emergency reserve	2,000
Renewal and replacement reserve	1,222
Capital improvement charges and special assessments	755
Customer security deposits	<u>3,770</u>
Total Restricted Assets	<u>\$22,677</u>

### NOTE E - TRANSFER TO THE GENERAL FUND, CITY OF FORT PIERCE

As provided in the Charter of the City of Fort Pierce, Florida, a percentage of the Authority's utility systems revenue is transferred to the City's General Fund on an annual basis. The transfer calculation is based on the preceding fiscal year audited financial statements. Following is the computation of the amounts transferable to the General Fund based on the transfer formula for the year ended September 30, 1999 (in thousands):

Gross Revenue	\$63,122
Plus:	
Fuel adjustment charges	4,741
Power quality service costs	20
Gas piping and appliance costs	18
Loss on property disposition	<u>1</u>
	\$67,902
Less: Manatee Observation and Education Center	<u>188</u>
Adjusted gross revenue	<u>\$67,714</u>
Amount transferable to General Fund, City of Fort Pierce	
at 6 percent of gross revenues, as defined	<u>\$ 4,063</u>

### NOTE F - REVENUE BONDS PAYABLE

#### Defeasance of Revenue Bonds Payable

In prior years, the Authority defeased certain outstanding utilities revenue bonds issued for the systems payable out of revenues derived from the operation of the utility systems. On September 29, 1999, the Authority defeased (advance refunded) \$11,210,000 of Series 1989 Bonds (that will be called December 27, 1999) with interest rates ranging from 6.90% to 7.30% and repaid \$11,755,000 FMPA Promissory Notes with an interest rate that was adjusted monthly, using proceeds from issuance of \$22,445,000 Series 1999A Utilities Refunding Revenue Bonds having interest rates varying from 4.00% to 5.375%. The refunding bonds were issued at par, and after paying issuance costs of \$354,596, the net proceeds used for defeasance were \$22,090,404. As a result of the refunding, the Authority reduced its total debt service requirements which resulted in an economic gain of \$449,624, representing the difference between the present value of the debt service payments on the old and new debt. These defeasances were achieved by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities (including bond discounts and financing costs) for the defeased bonds are not included in the Authority's financial statements. At September 30, 1999, the following bonds are considered defeased (in thousands):

Electric and Water Systems Revenue Certificates	
Twelfth Series	\$ 2,420
Utilities Revenue Certificates	
Series 1973A	3,210
Series 1975A	445
Utilities Revenue Bonds	
Series 1978	2,645
Series 1981	9,705
Series 1989	17,200
Series 1991	38,835

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 1999

Bonds Payable at September 30, 1999, consist of (in thousands):

\$40,355,000 Utilities Refunding Revenue Bonds, Series 1989, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 6.95% to 7.30%, due in annual principal and sinking fund amounts ranging from \$635,000 to \$2,310,000 through October 1, 2001. \$ 5,105

\$45,050,000 Utilities Refunding Revenue Bonds, Series 1991, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 6.85%. The accreted value of the Capital Appreciation Bonds at September 30, 1999, is \$4,672,000. The bonds mature October 1, 2009 and 2010, with principal and interest totaling \$5,445,000 due in each of those years. 4,672

\$56,195,000 Utilities Refunding Revenue Bonds, Series 1993, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 4.30% to 5.30%, due in annual principal and sinking fund amounts ranging from \$300,000 to \$7,460,000 through October 1, 2016. 51,785

\$6,580,000 Utilities Refunding Revenue Bonds, Series 1994, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 5.00% to 5.40%, due in annual principal amounts ranging from \$55,000 to \$3,295,000 through October 1, 2005. 6,385

\$22,445,000 Utilities Refunding Revenue Bonds, Series 1999A, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 4.00% to 5.375%, due in annual principal amounts ranging from \$190,000 to \$4,005,000 through October 1, 2015. 22,445

\$10,223,000 Utilities Revenue Capital Appreciation Bonds, Series 1999B, collateralized by pledge of and first lien on the net revenues of the combined systems, yield varying from 5.70% to 5.90%. The accreted value at September 30, 1999, is \$10,223,000. The bonds mature October 1, 2016, through October 1, 2024, with principal and interest totaling \$34,970,000 due in those years ranging in annual payment amounts of \$275,000 to \$4,340,000. 10,223

Less:

Unamortized portion of revenue bond discounts	1,616
Unamortized deferred bond loss	823
Current portion of revenue bonds payable from restricted assets	<u>3,150</u>

\$95,026

Requirements to amortize all revenue bond debt outstanding as of September 30, 1999, are as follows (in thousands):

Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>September 30,</u>			
2000	\$ 3,150	\$ 4,288	\$ 7,438
2001	3,675	3,981	7,656
2002	3,940	3,794	7,734
2003	4,125	3,614	7,739
2004	<u>4,305</u>	<u>3,424</u>	<u>7,729</u>
	19,195	19,101	38,296
Subsequent Years	<u>81,420</u>	<u>23,421</u>	<u>104,841</u>
	100,615	42,522	143,137
Future accretion on capital appreciation bonds	<u>30,965</u>	<u>-</u>	<u>30,965</u>
	<u>\$131,580</u>	<u>\$42,522</u>	<u>\$174,102</u>

Significant Bond Covenants for Utilities Revenue Bonds

The Series 1989, 1991, 1993, 1994, and 1999A bond issues provide that the Authority accumulate monthly 1/6 of the amount of all interest becoming due on the next semi-annual interest payment date, and 1/12 of the amount of principal which will become due and payable on the next principal maturity or sinking fund installment date. A maximum maturities reserve must be maintained at an amount equal to the maximum amount of principal of and interest on all bonds becoming due in any ensuing bond year, and has been provided for by purchasing a surety bond. This maximum amount is \$8,128,000 and occurs in the bond year October 1, 2013. Additionally, the issues require renewal and replacement and emergency reserve funds with minimum requirements of \$1,000,000 and \$1,750,000, respectively. These reserves are funded in the amounts of \$1,222,000 and \$2,000,000, respectively, at September 30, 1999.

Series 1989 Bonds maturing in the year 1998 and thereafter, Series 1993 Bonds maturing in the years 2004 to 2016, and Series 1999A Bonds maturing in the year 2010 and thereafter are redeemable prior to their stated dates of maturity, at the option of the Authority, beginning October 1, 1997, 2003, and 2009, respectively. The redemption may occur in whole on any date, or in part on any interest payment date, in inverse order of maturity and by lot within maturity if less than all for the Series 1989 and in such manner as shall be determined by the Authority for the Series 1993 and 1999A. The redemption price of the issues is equal to par plus interest accrued to the redemption date, plus a premium of 2 percent of par if redeemed October 1, 1997 and 2003, and 1% of par if redeemed October 1, 2009. Such premium shall decrease at the rate of 1 percent on each October 1 thereafter.

On October 1, 1997, the Authority called \$7,675,000 face amount of Series 1989 Bonds. The original maturity dates for these bonds were October 1, 2001, through October 1, 2004. In addition to the face amount, a 2% call premium in the amount of \$153,500 was paid. As a result, the interest savings for FY 1999 was approximately \$560,000.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 1999

### NOTE G - PENSION PLANS

#### General Employees Retirement and Benefit System

##### Plan Description

The General Employees Retirement and Benefit System (the System) is a cost-sharing multiple employer PERS defined benefit plan covering all City of Fort Pierce municipal employees, including the Authority's employees, and employees of the St. Lucie County-Fort Pierce Fire District. The System does not issue a stand-alone financial report, but this information is included in the financial statements of the City of Fort Pierce, which can be obtained by submitting a request to 100 North U.S. Highway 1, Fort Pierce, Florida 34950. Except for the Director of Utilities, participation in the plan is compulsory for all employees of the Authority. Employees are eligible to participate upon employment.

Benefits vest 100% after 5 years of service. Upon retirement, members are entitled to an annual retirement benefit, payable for life, of total service (years and months) times 2.5% of final average salary, based upon the highest 5 consecutive years out of the last 10 years. (Optional benefit forms are available on an actuarial equivalent basis.) The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance. Ad hoc increases in benefits may be granted periodically by a decision of the Retirement Board with the approval of the City Commission.

##### Funding Status and Progress

Per City Code, Section 13-40, Authority employees are required to contribute 7.16% of their annual salary to the System. The employer is required to contribute actuarially determined amounts which, together with member contributions, are sufficient to fund the System. Administrative costs are financed through investment earnings.

For the three years ended 1997, 1998, and 1999, employer contributions to the Plan based on the annual covered payroll, all made in accordance with actuarially determined requirements, were \$2,270,000 (7.57%), \$2,062,000 (6.81%), and \$1,275,000 (4.02%), respectively.

### NOTE H - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation assets are not available to employees until termination, retirement, death, or unforeseeable emergency.

During the year ended September 30, 1997, the assets in the plan were transferred into trust funds. The assets are protected by the trust arrangements from any claims on the employer and from any use by the employer other than paying benefits to employees and their beneficiaries in accordance with the plan. In accordance with GASB Statement No. 32, the plan's assets and liability payable from restricted assets were removed from the Authority's balance sheet as of September 30, 1997.

### NOTE I - COMPENSATED ABSENCES

Current policy allows each employee eligible for vacation leave to accumulate up to 30 days of vacation. Employees are paid unused vacation leave at current hourly rates upon termination. Employees eligible for sick leave are allowed unlimited accumulation. Employees having at least 3 through 9 years of continuous service with the Authority will receive pay for 1/2 of their accumulated sick leave balance up to a maximum of 45 days. Employees having at least 10 or more years of continuous service with the Authority will receive pay for their accumulated sick leave balance up to a maximum of 90 days.

Accrued liabilities, based on hourly salary rates at September 30, 1999, have been reflected in the accounts of the Authority for vested (not contingent on employee future service) vacation and sick leave benefits at September 30, 1999, as follows (in thousands):

Vacation leave	\$ 476
Sick leave	<u>1,071</u>
	<u>\$1,547</u>

Annually, the Authority offers the opportunity to convert unused sick leave to cash. Providing certain established criteria are met, an employee may elect to convert up to six days of unused sick leave to cash calculated at their current hourly salary rate. During the year ended September 30, 1999, approximately \$91,000 was paid to employees electing this option.

The Authority has established a policy which allows employees to convert certain of their accumulated sick leave to cash. Provided that certain criteria are met, an employee may elect to convert up to a maximum of 45 days and thereby reduce the amount payable upon termination. During the year ended September 30, 1999, approximately \$29,000 was paid to employees electing this option.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 1999

### NOTE J - RISK MANAGEMENT

#### Employee and Retiree Health Insurance

Effective January 1, 1998, the Authority became fully insured for health and accident claims of their employees and retirees. Prior to that time, the Authority was self-insured. Premiums are paid to the Florida Healthcare Purchasing Cooperative on a monthly basis. As of September 30, 1999, no liability has been recorded in the accompanying financial statements for claims prior to January 1, 1998, and current premiums are expensed as they are paid.

#### Other Risks of Loss

The Authority is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, the Authority purchases insurance coverage as described in more detail on Page 34.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

### NOTE K - CONTRIBUTED CAPITAL

Contributed capital includes amounts collected in prior years which are reserved for future expansion of the Authority's property, plant, and equipment. During the year, contributed capital changed by the following amounts (in thousands):

#### Tap and connection fees:

Developers	\$ 356
Customers	<u>170</u>
Total Additions	526
Less:	
Funds Applied	137
Depreciation of fixed assets acquired by contribution	<u>1,045</u>
Total Reductions	<u>1,182</u>
Net Reduction	656
Contributed capital, October 1, 1998	<u>26,075</u>
Contributed capital, September 30, 1999	<u>\$25,419</u>

### NOTE L - TRANSACTIONS WITH THE CITY OF FORT PIERCE

As an enterprise fund of the City of Fort Pierce, transactions occur between the Authority and the City throughout the year in the ordinary course of operations. Below is a summary of significant transactions:

**Administrative Services** - The Authority is billed monthly for various administrative services performed by the City.

**Vehicle Maintenance** - The City charges the Authority on a monthly basis for fuel used by Authority vehicles.

**Nonmetered and Metered Service Charges** - The Authority bills the City on a monthly basis for all nonmetered and metered services.

**Charges to City residents for sanitation and utility taxes** are included on the Authority's monthly billing statements to customers as a service to the City. The Authority acts only as an agent with all cash collections relating to these charges forwarded directly to the City. The City is charged \$70,000 annually by the Authority to perform these services. As of September 30, 1999, customer deposits held by the Authority for sanitation services provided by the City were \$162,000.

Total charges to the City for the year ended September 30, 1999, were \$1,515,000. Total accounts receivable from the City at September 30, 1999, were \$144,000. Total disbursements made to the City by the Authority, including payments of utility tax and sanitation charges collected the year ended September 30, 1999, were \$6,377,000. In addition, the Authority transferred the September 30, 1998, General Fund transfer to the City in the amount of \$4,024,000. (See Note E.) Amounts payable to the City at September 30, 1999, were \$878,000.

### NOTE M - CONTRACT COMMITMENTS

#### FMPA All-Requirements Power Supply Project

As of January 1, 1998, the Authority became a participant in Florida Municipal Power Agency's All-Requirements Power Supply Project (hereinafter referred to as ARP). The Authority has agreed to purchase their total bulk power requirements, in excess of certain excluded resources, from the ARP through October 1, 2030. Also, the Authority makes their generating or purchased capacity resources available to the ARP and receives capacity credits from the ARP.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 1999

Prior to being involved in the ARP, the Authority had Project Support Contracts and Power Sales Contracts with FMPA regarding Stanton Unit No. 1 (Stanton and Tri-City Projects) and Stanton Unit No. 2, coal-fired plants constructed by the Orlando Utilities Commission. The Authority's resources which have been assigned include the contracts with FMPA related to Stanton Unit No. 1 and Stanton Unit No. 2, and part of the contract with Florida Gas Transmission for the purchase of firm capacity natural gas. (See below.) The contracts related to the St. Lucie Project, detailed below, have not been assigned; however, as of January 1, 1998, the Authority's share of transmission costs related to the St. Lucie Project have been assigned to the ARP.

### FMPA St. Lucie Project

The Authority has entered into agreements with the Florida Municipal Power Agency (FMPA), of which it is a member, and with certain other members of FMPA, for entitlement to capacity, energy, and transmission services from Florida Power & Light's St. Lucie Unit No. 2 (the Unit) which is located on South Hutchinson Island near Fort Pierce, and through a reliability exchange agreement related to St. Lucie Unit No. 1, located at the same site. Pursuant to a Power Sales Contract and a Project Support Contract, the Authority has acquired an entitlement share of FMPA's allocation of these services. The Power Sales Contract requires payments for each month in which capacity, energy, or transmission services are available from the St. Lucie Project. Payments due each month are based upon an annual budget. Once each year the excess or deficiency of payments related to actual cost is calculated and applied to the monthly statements from FMPA to the Authority.

The Power Sales Contract will remain in effect until the latest of (i) the date that the principal, premium, if any, and interest on all bonds have been paid, or funds are set aside for the payment thereof, (ii) the date the Unit is decommissioned or finally disposed of as an electric generating unit pursuant to the Participation Agreement, or FMPA's interest in the Unit is terminated pursuant to the Participating Agreement or otherwise disposed of, or (iii) the date all obligations of FMPA under the Participation Agreement have been paid, performed, or provided for.

In any month when electric capacity, energy, or transmission services are not made available to the Authority, payment is made to FMPA under a Project Support Contract in a like amount as would have been due under the Power Sales Contract.

Purchases under these contracts are accounted for as operating expenses by the Authority. Total cost included in operating expenses for the year ended September 30, 1999, is \$5,603,000. The Authority is committed under the agreements to payments of \$5,507,000 for the year ending September 30, 2000.

### Florida Gas Transmission

The Authority has entered into a contract with Florida Gas Transmission for the purchases of firm capacity natural gas in an amount ranging from 868 to 1,500 MMBtu's per day in any given month. At September 30, 1999, \$856,000 is included in operating expenses by the Authority in regard to this contract. As of January 1, 1998, the Authority's commitment to Florida Gas Transmission for the purchase of firm capacity natural gas used to fuel the Authority's power generation facility was assigned to the ARP. Therefore, the Authority's remaining commitment under this contract, for the year ended September 30, 2000, is \$158,000.

### NOTE N - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for those benefits if they reach normal retirement age while working for the Authority. Retiree health care benefit costs are recognized on an accrual basis (43 participating retirees). The amount of the contributions made by retirees during the year ended September 30, 1999, totaled approximately \$123,000, and no expenses were recognized.

Florida Statutes, Section 112.0801, as amended by Sections 1 and 2 of Chapter 87-373, Laws of Florida, requires all public employers to allow their retirees to participate in the same health group plan or self-insurance plan offered to their active employees.

### NOTE O - LITIGATION

The Authority is a defendant in lawsuits filed by former employees for alleged discrimination. Outside counsel for the Authority has advised that he cannot offer an opinion as to the probable outcome. The Authority is vigorously defending its position.

### NOTE P - ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with 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 the estimates.



# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 1999

### NOTE Q - OPERATING LEASE

The Authority is the lessor of the former Southeast Bank property under an operating lease which expires on September 30, 2001. Effective September 30, 1998, this lease is on a month-to-month basis and may be terminated by the lessee by giving the Authority at least 60 days' written notice. Following is the property being leased at September 30, 1999 (in thousands):

Land	\$183
Building	185
Less: Accumulated depreciation	<u>(31)</u>
	<u>\$337</u>

### NOTE R - RESERVES FOR BOND REQUIREMENTS

Use of reserves is limited to the following:

Emergency Reserve - restricted for payment for emergency repairs or replacements of the capital assets of the Authority which have been damaged or destroyed by catastrophes, acts of God, or other disasters.

Renewal and Replacement Reserve - restricted for paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Authority.

Unexpended Construction Funds - restricted for capital projects and improvements.

Amounts reserved for bond requirements are comprised of:

Emergency reserve	\$ 2,000
Renewal and replacement reserve	1,222
Unexpended construction funds	<u>10,011</u>
	<u>\$13,233</u>

# FORT PIERCE UTILITIES AUTHORITY

## Year 2000 (Y2K) Readiness Disclosure Unaudited

September 30, 1999

### The Y2K Problem

The Authority has devoted significant resources throughout its business operations to minimize the risk of potential disruption from the "Year 2000 (Y2K) problem." This problem was a result of computer programs having been written using two digits (rather than four) to define the applicable year. Any information technology (IT) systems that had time-sensitive software may have recognized a date using "00" as the Year 1900 rather than the Year 2000, which could have resulted in miscalculations and system failure.

The problem also extended to many non-IT systems; that is, operating and control systems that relied on embedded chip systems. In addition, like every other business enterprise, the Authority was at risk from Y2K failure on the part of its major business counterparts, including suppliers, as well as potential failures in public and private infrastructure services, including electricity, water, wastewater, gas, transportation, and communications.

System failures resulting from the Y2K problem could have adversely affected operations and financial results of the Authority. However, due to the diligence of the Authority's staff and joint action agencies providing power and service to the Authority, all threats were abated. The Authority provided services without interruption.

### Addressing the Problem

The Authority developed a six-phase approach to resolving the Y2K issues that were reasonably within its control. All of these efforts were coordinated through the Information Systems Steering Committee. A final report outlining the Authority's Y2K efforts was accepted by the Board in February 2000.

The following describes the Authority's approach to each phase. All phases of this plan are 100% complete. Most modifications and/or replacements were completed by June 30, 1999. Testing continued throughout 1999 to ensure readiness.

Phase 1, Inventory – Performed an inventory of all hardware and software (including financial and operational applications, operating systems, and third-party products) that may have been at risk and identified key third-party business whose Y2K failures might have most significantly impacted the Authority.

Phase 2, Assessment – Assessed each at-risk system's importance to business operations and the potential impact of failure in order to establish priorities for repair or replacement. Systems that were known to be critical received top priority in assessment and remediation.

Phase 3, Strategy – Developed appropriate remedial strategies which included repairing, testing and certifying, replacing, or abandoning particular systems.

Phase 4, Remediation – Created detailed project plans, marshaled necessary resources, and executed the strategies chosen.

Phase 5, Testing and Certification – Established a test environment, performed systems testing (with third parties, if necessary), and certified the results. The certification process entailed having functional experts review test results, computer screens, and printouts against pre-established criteria to ensure system compliance.

The Authority initiated written and telephonic communications with key third-party businesses, and public and private providers of infrastructure services to ascertain and evaluate their efforts in addressing Y2K compliance.

Phase 6, Contingency Plan – Developed a contingency plan addressing all Y2K concerns as an adjunct to the company's disaster plan. A trial run of all systems and communications was performed company-wide on September 9, 1999. Final adjustments were then made to the contingency plan, and it was approved by the Board on October 5, 1999.

#### Costs

As of September 30, 1999, the Authority had incurred costs of approximately \$806,000 related to the Y2K project, of which \$605,000 has been capitalized. The total costs to complete the project were approximately \$834,000, of which \$622,000 was capitalized. A significant portion of the expenses were not incremental, but rather reflects redeployment of internal resources from other activities. All of the costs of the Y2K project were borne out of the Authority's operating cash flow.

#### Disclosure

Information contained in this statement regarding products and services offered by the Authority are "Year 2000 Readiness Disclosures" as defined by the Year 2000 Information and Readiness Disclosure Act of 1999 (Public Law 105-271, 112 Stat. 2386), enacted on October 19, 1998.

# FORT PIERCE UTILITIES AUTHORITY

## SCHEDULE OF BUDGET COMPARISONS

Year ended September 30, 1999

(Dollars in Thousands)

	<u>Actual</u>	<u>Amended Budget</u>
<b>REVENUES</b>		
Sales and Charges for Services	\$ 60,434	\$ 60,434
Other Operating Revenues	1,034	1,034
Investment and Other Income	1,654	1,654
	<u>1,654</u>	<u>1,654</u>
Total Revenues	<u>\$ 63,122</u>	<u>\$ 63,122</u>
<b>EXPENSES</b>		
Generation	\$ 3,213	\$ 3,213
Purchases for Resale	24,240	24,240
Plant Operations	3,241	3,241
Field Operations	5,085	5,085
General and Administrative	8,724	8,724
Depreciation	8,778	8,778
Interest	4,719	4,719
Taxes on Bond Refinancing	442	442
Amortization of Financing Expenses and Revenue		
Bond Discounts	386	386
Transfer to General Fund - City of Fort Pierce	4,024	4,024
	<u>4,024</u>	<u>4,024</u>
Total Expenses	<u>\$ 62,852</u>	<u>\$ 62,852</u>

# FORT PIERCE UTILITIES AUTHORITY

## SCHEDULE OF INVESTMENTS

September 30, 1999

(Dollars in Thousands)

<u>Description of Investments</u>	<u>Reported Amount</u>
Federal National Mortgage Association discount notes due 2/15/2000 and 5/15/2000	\$ 6,341
Federal Home Loan Mortgage Corporation discount notes due 3/30/2000	3,926
Federal, state and local government securities with interest rates from 10.2% to 10.39% maturing between 10/1/1999 and 10/1/2003	61
State Board of Administration Pooled Trust Fund with interest rate of 5.23% maturing at no set date	4,705 *
Repurchase Agreement - overnight with interest at 4.71% maturing at no set date	<u>15,758 *</u>
Total Investments	<u>\$ 30,791</u>

Interest income generated on the above investments for the year ended September 30, 1999, was \$1,473.

\* These items are considered cash equivalents for purposes of the Statement of Cash Flows.

**FORT PIERCE UTILITIES AUTHORITY**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
Year ended September 30, 1999

<u>Program Title</u>	<u>Contract Year</u>	<u>Contract Number</u>	<u>Receipts</u>	<u>Expenditures</u>
Florida Inland Navigation District *	1997/98	SL-FP-96-19	<u>\$ 892</u>	<u>\$ 892</u>

\* Passed through the City of Fort Pierce

This grant is not considered state grants and aids appropriations.

# FORT PIERCE UTILITIES AUTHORITY

## SCHEDULE OF INSURANCE COVERAGE

September 30, 1999

(Dollars in Thousands)

Description	Amount of Coverage
Fire, Lightning, Vandalism and Malicious Mischief, and Extended Coverage	
Buildings and Contents	
Electronic Data Processing & Telecommunications Equipment	\$ 3,340
Municipal Utilities Offices	4,044
Gas Department and Storage, and Other Small Locations	1,762
Water Department and Storage	18,499
Wastewater Treatment	10,635
Wastewater Lift Stations, Water Tanks, and Wells	7,065
Electric System	96,643
Manatee Observation & Education Center	82
Workers' Compensation	Legal Rates
Boiler - Explosion and Breakdown (\$100,000 deductible)	75,000
Other Policies	
Comprehensive Liability	
Automobile Bodily Injury and Property Damage	100/200
General Liability and Property Damage	100/200
Personal Injury Protection	10
Underground Storage Tanks (\$50,000 deductible)	1,000
Contractors' Equipment	554
Flood	3,310
Fidelity Bonds	
Public Employees Blanket	250 *
Public Employee - Director of Finance	500
Public Officials and Employees Liability (\$25,000 deductible)	3,000
Pollution and Remediation Legal Liability (\$10,000 deductible)	1,000

\* This policy is carried jointly with the City of Fort Pierce.

**FORT PIERCE UTILITIES AUTHORITY**  
**AVERAGE NUMBER OF ACCOUNTS BILLED BY SYSTEM - LAST TEN YEARS**

	ELECTRIC	WATER	NATURAL GAS	WASTEWATER
FY 1999	24,457	15,159	4,771	12,235
FY 1998	24,256	15,044	4,800	12,213
FY 1997	24,183	14,574	4,763	12,019
FY 1996	24,068	14,232	4,698	11,860
FY 1995	24,031	14,014	4,651	11,810
FY 1994	23,677	13,804	4,620	11,729
FY 1993	23,637	13,866	4,449	11,767
FY 1992	23,457	13,726	4,416	11,717
FY 1991	23,566	13,686	4,355	11,731
FY 1990	23,682	13,670	4,560	11,759



**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

	FY 1999	FY 1998	FY 1997	FY 1996	FY 1995
<b>ELECTRIC</b>					
Residential					
Inside the City	\$ 13,660,294	\$ 14,649,153	\$ 13,919,121	\$ 13,663,193	\$ 12,326,196
Outside the City	4,768,858	5,191,792	5,085,412	5,144,242	4,566,268
<b>Total Residential</b>	<b>18,429,152</b>	<b>19,840,945</b>	<b>19,004,533</b>	<b>18,807,435</b>	<b>16,892,464</b>
General Service					
Inside the City	18,193,515	18,697,561	19,001,660	18,029,288	16,851,498
Outside the City	5,008,267	5,544,187	5,702,088	5,413,173	4,933,333
<b>Total General Service</b>	<b>23,201,782</b>	<b>24,241,748</b>	<b>24,703,748</b>	<b>23,442,461</b>	<b>21,784,831</b>
Other Retail	1,025,759	1,030,803	1,008,557	869,774	721,847
Sales for Resale	-	7,418	1,354,809	140,872	618,047
Other Operating Revenues	638,763	709,096	676,884	292,566	99,756
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 43,295,456</b>	<b>\$ 45,830,010</b>	<b>\$ 46,748,531</b>	<b>\$ 43,553,108</b>	<b>\$ 40,116,945</b>
<b>WATER</b>					
Residential					
Inside the City	\$ 2,433,604	\$ 2,378,477	\$ 2,102,011	\$ 1,985,586	\$ 1,995,306
Outside the City	726,320	685,191	621,713	603,683	520,652
<b>Total Residential</b>	<b>3,159,924</b>	<b>3,063,668</b>	<b>2,723,724</b>	<b>2,589,269</b>	<b>2,515,958</b>
General Service					
Inside the City	3,042,178	2,757,485	2,799,805	2,835,903	2,632,697
Outside the City	1,565,834	1,531,034	1,386,219	1,211,519	1,008,885
<b>Total General Service</b>	<b>4,608,012</b>	<b>4,288,519</b>	<b>4,186,024</b>	<b>4,047,422</b>	<b>3,641,582</b>
Sales for Resale	586,997	517,163	402,441	435,138	381,815
Other Operating Revenues	10,635	7,397	41,211	12,614	38,937
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 8,365,568</b>	<b>\$ 7,876,747</b>	<b>\$ 7,353,400</b>	<b>\$ 7,084,443</b>	<b>\$ 6,578,292</b>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

FY 1994	FY 1993	FY 1992	FY 1991	FY 1990
\$ 12,289,991	\$ 13,007,936	\$ 11,753,987	\$ 12,000,882	\$ 11,893,720
4,646,568	4,944,935	4,469,899	4,492,931	4,489,357
16,936,559	17,952,871	16,223,886	16,493,813	16,383,077
16,301,154	15,821,278	15,641,762	16,206,573	15,376,940
5,651,475	6,354,755	4,983,618	4,965,386	5,129,762
21,952,629	22,176,033	20,625,380	21,171,959	20,506,702
1,039,083	1,300,510	876,362	853,439	825,007
734,363	534,226	2,297,401	1,737,539	1,956,784
487,362	541,306	258,308	(65,998)	750,465
\$ 41,149,996	\$ 42,504,946	\$ 40,281,337	\$ 40,190,752	\$ 40,422,035
\$ 1,956,332	\$ 1,897,260	\$ 1,913,198	\$ 1,717,881	\$ 1,609,080
508,915	492,068	477,515	408,696	377,422
2,465,247	2,389,328	2,390,713	2,126,577	1,986,502
2,054,789	2,057,136	2,096,118	2,047,227	1,852,339
1,134,003	1,082,090	997,884	872,619	772,359
3,188,792	3,139,226	3,094,002	2,919,846	2,624,698
429,036	328,262	304,800	277,218	266,934
381,410	348,719	481,202	213,068	167,724
\$ 6,464,485	\$ 6,205,535	\$ 6,270,717	\$ 5,536,709	\$ 5,045,858

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

	FY 1999	FY 1998	FY 1997	FY 1996	FY 1995
NATURAL GAS					
SALES REVENUE					
Residential	\$ 878,635	\$ 996,379	\$ 939,892	\$ 813,723	\$ 879,685
Heat Only	22,649	35,093	36,059	35,580	44,310
General Service	1,440,490	1,693,158	2,062,806	1,530,276	1,301,427
Interruptible and Other	14,133	6,695	-	-	25,481
Contract Gas	186,701	195,124	4,221,553	3,143,830	2,741,422
Total Sales Revenue	2,542,608	2,926,449	7,260,310	5,523,409	4,992,325
Other Operating Revenues, including Transportation	-	285,607	125,171	117,843	86,887
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 2,542,608</b>	<b>\$ 3,212,056</b>	<b>\$ 7,385,481</b>	<b>\$ 5,641,252</b>	<b>\$ 5,079,212</b>
WASTEWATER					
Residential					
Inside the City	\$ 2,915,450	\$ 3,011,837	\$ 2,754,039	\$ 2,430,307	\$ 2,467,173
Outside the City	361,580	361,858	331,412	299,005	277,600
Total Residential	3,277,030	3,373,695	3,085,451	2,729,312	2,744,773
General Service					
Inside the City	3,073,102	2,888,699	2,989,862	2,867,201	2,491,922
Outside the City	716,328	670,318	680,122	607,337	496,741
Total General Service	3,789,430	3,559,017	3,669,984	3,474,538	2,988,663
Other Service	-	-	-	-	55,378
Total Retail Service Revenue	7,066,460	6,932,712	6,755,435	6,203,850	5,788,814
Other Operating Revenues	9,850	4,646	3,392	8,295	18,180
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 7,076,310</b>	<b>\$ 6,937,358</b>	<b>\$ 6,758,827</b>	<b>\$ 6,212,145</b>	<b>\$ 5,806,994</b>
MANATEE EDUCATION AND OBSERVATION CENTER					
TOTAL OPERATING REVENUES	\$ 188,054	\$ 202,501	\$ 147,000	\$ 9,000	
<b>GRAND TOTAL</b>	<b>\$ 61,467,996</b>	<b>\$ 64,058,672</b>	<b>\$ 68,393,239</b>	<b>\$ 62,499,948</b>	<b>\$ 57,581,443</b>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

FY 1994	FY 1993	FY 1992	FY 1991	FY 1990
\$ 996,726	\$ 959,786	\$ 946,669	\$ 670,081	\$ 624,738
39,866	36,160	39,155	27,848	36,976
1,378,428	952,911	730,332	616,580	577,982
745,148	996,734	1,201,591	4,356,762	3,039,345
2,216,949	2,919,511	1,128,526	-	-
5,377,117	5,865,102	4,046,273	5,671,271	4,279,041
111,943	139,493	379,924	111,104	126,283
\$ 5,489,060	\$ 6,004,595	\$ 4,426,197	\$ 5,782,375	\$ 4,405,324
\$ 2,361,220	\$ 2,121,626	\$ 2,133,891	\$ 2,006,922	\$ 1,894,998
262,176	228,867	226,016	196,736	178,317
2,623,396	2,350,493	2,359,907	2,203,658	2,073,315
2,307,237	2,062,163	2,206,312	1,934,579	1,749,183
565,836	463,809	438,218	378,512	315,492
2,873,073	2,525,972	2,644,530	2,313,091	2,064,675
113,902	104,779	(13,600)	63,913	77,700
5,610,371	4,981,244	4,990,837	4,580,662	4,215,690
13,141	17,061	(68,334)	8,882	17,201
\$ 5,623,512	\$ 4,998,305	\$ 4,922,503	\$ 4,589,544	\$ 4,232,891
\$ 58,727,053	\$ 59,713,381	\$ 55,900,754	\$ 56,099,380	\$ 54,106,108

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED EXPENSES - LAST TEN YEARS**

	FY 1999	FY 1998	FY 1997	FY 1996	FY 1995
<b>ELECTRIC</b>					
Generation and Purchases for Resale	\$ 26,519,000	\$ 28,744,000	\$ 29,976,000	\$ 26,631,000	\$ 24,071,000
Transmission and Distribution	2,259,000	2,188,000	2,262,000	1,869,000	1,723,000
Administrative and General	4,593,000	4,588,000	4,667,000	4,693,000	4,355,000
Depreciation	4,827,000	5,084,000	4,296,000	4,246,000	4,286,000
<b>Total Operating Expenses</b>	<b>\$ 38,198,000</b>	<b>\$ 40,604,000</b>	<b>\$ 41,201,000</b>	<b>\$ 37,439,000</b>	<b>\$ 34,435,000</b>
<b>WATER</b>					
Plant Operations	\$ 1,978,000	\$ 1,999,000	\$ 1,913,000	\$ 1,693,000	\$ 1,784,000
Transmission and Distribution	917,000	859,000	808,000	766,000	764,000
Administrative and General	1,963,000	1,930,000	1,688,000	1,663,000	1,517,000
Depreciation	2,023,000	1,911,000	1,512,000	1,394,000	1,346,000
<b>Total Operating Expenses</b>	<b>\$ 6,881,000</b>	<b>\$ 6,699,000</b>	<b>\$ 5,921,000</b>	<b>\$ 5,516,000</b>	<b>\$ 5,411,000</b>
<b>NATURAL GAS</b>					
Supply and Distribution	\$ 1,551,000	\$ 1,881,000	\$ 5,431,000	\$ 4,353,000	\$ 3,775,000
Administrative and General	624,000	676,000	648,000	656,000	608,000
Depreciation	268,000	262,000	204,000	201,000	205,000
<b>Total Operating Expenses</b>	<b>\$ 2,443,000</b>	<b>\$ 2,819,000</b>	<b>\$ 6,283,000</b>	<b>\$ 5,210,000</b>	<b>\$ 4,588,000</b>
<b>WASTEWATER</b>					
Plant Operations	\$ 1,148,000	\$ 1,131,000	\$ 1,141,000	\$ 1,064,000	\$ 1,162,000
Pumping and Collection	1,249,000	1,153,000	1,140,000	940,000	1,029,000
Administrative and General	1,538,000	1,440,000	1,185,000	1,119,000	1,064,000
Depreciation	1,638,000	1,603,000	1,430,000	1,413,000	1,225,000
<b>Total Operating Expenses</b>	<b>\$ 5,573,000</b>	<b>\$ 5,327,000</b>	<b>\$ 4,896,000</b>	<b>\$ 4,536,000</b>	<b>\$ 4,480,000</b>
<b>MANATEE ED. AND OBSERVATION CTR.</b>					
Total Operating Expenses	\$ 188,000	\$ 180,000	\$ 147,000	\$ 37,000	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 53,283,000</b>	<b>\$ 55,629,000</b>	<b>\$ 58,448,000</b>	<b>\$ 52,738,000</b>	<b>\$ 48,914,000</b>
<b>OTHER REVENUE (EXPENSES) *</b>	<b>\$ (3,893,000)</b>	<b>\$ (3,842,000)</b>	<b>\$ (3,884,000)</b>	<b>\$ (3,479,000)</b>	<b>\$ (3,144,000)</b>

\* Excludes Transfer to the City of Fort Pierce.

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED EXPENSES - LAST TEN YEARS**

FY 1994	FY 1993	FY 1992	FY 1991	FY 1990
\$ 24,604,141	\$ 26,073,468	\$ 25,246,190	\$ 25,338,983	\$ 25,683,000
1,703,977	1,815,778	1,583,443	1,746,600	1,876,000
4,248,430	5,143,491	5,674,891	4,761,927	4,767,000
3,955,220	3,781,943	3,378,909	3,295,347	3,115,000
<b>\$ 34,511,769</b>	<b>\$ 36,814,680</b>	<b>\$ 35,883,433</b>	<b>\$ 35,142,857</b>	<b>\$ 35,441,000</b>
\$ 1,854,204	\$ 1,751,873	\$ 1,791,363	\$ 1,759,586	\$ 1,682,000
624,046	554,913	547,502	510,138	749,000
1,607,023	1,491,802	1,376,255	1,238,593	1,198,000
1,298,012	1,263,084	1,206,855	1,153,463	841,000
<b>\$ 5,383,285</b>	<b>\$ 5,061,672</b>	<b>\$ 4,921,975</b>	<b>\$ 4,661,780</b>	<b>\$ 4,470,000</b>
\$ 4,495,430	\$ 4,682,389	\$ 3,111,201	\$ 4,868,820	\$ 3,420,000
705,777	990,666	839,581	812,416	644,000
194,326	167,399	142,452	123,847	108,000
<b>\$ 5,395,533</b>	<b>\$ 5,840,453</b>	<b>\$ 4,093,234</b>	<b>\$ 5,805,083</b>	<b>\$ 4,172,000</b>
\$ 1,211,276	\$ 1,229,495	\$ 1,239,795	\$ 1,185,132	\$ 1,041,000
811,908	986,684	990,332	1,011,993	902,000
1,305,064	1,324,994	1,287,844	1,172,435	1,008,000
1,154,702	1,085,744	988,556	939,734	868,000
<b>\$ 4,482,951</b>	<b>\$ 4,626,917</b>	<b>\$ 4,506,527</b>	<b>\$ 4,309,294</b>	<b>\$ 3,819,000</b>
<b>\$ 49,773,538</b>	<b>\$ 52,343,723</b>	<b>\$ 49,405,169</b>	<b>\$ 49,919,014</b>	<b>\$ 47,902,000</b>
<b>\$ (3,473,745)</b>	<b>\$ (3,630,437)</b>	<b>\$ (2,576,741)</b>	<b>\$ (2,203,427)</b>	<b>\$ (1,647,000)</b>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED UNIT SALES - LAST TEN YEARS**

	FY 1999	FY 1998	FY 1997	FY 1996	FY 1995
<b>ELECTRIC</b>					
<b>ENERGY SALES (kWh)</b>					
Residential					
Inside the City	167,419,000	165,952,000	153,928,000	166,245,000	157,333,000
Outside the City	56,158,000	56,622,000	53,014,000	58,979,000	55,557,000
<b>Total Residential</b>	<b>223,577,000</b>	<b>222,574,000</b>	<b>206,942,000</b>	<b>225,224,000</b>	<b>212,890,000</b>
General Service					
Inside the City	261,739,000	241,091,000	223,215,000	231,344,000	225,542,000
Outside the City	67,445,000	70,317,000	71,048,000	66,559,000	68,639,000
<b>Total General Service</b>	<b>329,184,000</b>	<b>311,408,000</b>	<b>294,263,000</b>	<b>297,903,000</b>	<b>294,181,000</b>
Other Retail	9,310,000	9,181,000	9,499,000	9,432,000	9,243,000
<b>Total Retail Energy Sales</b>	<b>562,071,000</b>	<b>543,163,000</b>	<b>510,704,000</b>	<b>532,559,000</b>	<b>516,314,000</b>
<b>WATER SALES - 1000 GALLONS</b>					
Residential					
Inside the City	797,083	786,795	780,701	774,878	763,884
Outside the City	184,908	172,136	168,794	169,241	160,617
<b>Total Residential</b>	<b>981,991</b>	<b>958,931</b>	<b>949,495</b>	<b>944,119</b>	<b>924,501</b>
General Service					
Inside the City	1,103,392	1,021,115	1,094,136	1,166,291	1,162,481
Outside the City	583,639	577,158	544,633	486,323	446,008
<b>Total General Service</b>	<b>1,687,031</b>	<b>1,598,273</b>	<b>1,638,769</b>	<b>1,652,614</b>	<b>1,608,489</b>
Sales for Resale	202,879	196,191	165,006	175,135	174,644
<b>Total Sales</b>	<b>2,871,901</b>	<b>2,753,395</b>	<b>2,753,270</b>	<b>2,771,868</b>	<b>2,707,634</b>
<b>NATURAL GAS</b>					
<b>ENERGY SALES (ccf)</b>					
Residential	741,430	849,548	800,017	937,137	860,557
Heat Only	8,437	16,292	12,431	25,511	20,899
General Service	2,402,643	2,603,348	2,471,084	2,506,281	2,728,736
Interruptible and Other	-	-	-	-	28,290
Contract Sales	-	477,750	11,119,640	8,595,100	9,824,191
<b>Total Energy Sales</b>	<b>3,152,510</b>	<b>3,946,938</b>	<b>14,403,172</b>	<b>12,064,029</b>	<b>13,462,673</b>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED UNIT SALES - LAST TEN YEARS**

FY 1994	FY 1993	FY 1992	FY 1991	FY 1990
154,652,000	149,009,000	148,866,000	155,212,000	155,280,310
56,273,000	54,413,000	54,489,000	56,044,000	52,758,690
210,925,000	203,422,000	203,355,000	211,256,000	208,039,000
217,633,000	209,220,000	207,967,000	215,639,000	203,715,030
69,471,000	72,407,000	60,798,000	61,465,000	61,025,970
287,104,000	281,627,000	268,765,000	277,104,000	264,741,000
9,080,000	8,855,000	8,384,000	8,115,000	7,925,000
507,109,000	493,904,000	480,504,000	496,475,000	480,705,000
773,261	804,221	796,054	847,044	909,043
160,346	162,835	160,755	159,395	170,104
933,607	967,056	956,809	1,006,439	1,079,147
1,106,813	1,206,305	1,267,253	1,236,148	1,296,527
507,399	497,694	462,776	444,552	488,274
1,614,212	1,703,999	1,730,029	1,680,700	1,784,801
204,731	155,356	148,083	149,378	157,496
2,752,550	2,826,411	2,834,921	2,836,517	3,021,444
853,850	889,205	925,888	766,831	761,719
22,041	22,271	28,097	22,259	32,021
2,503,378	1,939,770	1,611,454	1,597,171	1,455,432
2,289,891	2,725,302	3,652,956	13,187,504	8,509,318
7,385,260	9,035,660	3,133,743	N/A	N/A
13,054,420	14,612,208	9,352,138	15,573,765	10,758,490



**FORT PIERCE UTILITIES AUTHORITY**  
**ENERGY SOURCES AND USES - LAST TEN YEARS**

	FY 1999	FY 1998	FY 1997	FY 1996	FY 1995
<b>SOURCES OF ENERGY (kWh)</b>					
Net Energy Generated					
Steam Plant					
Natural Gas	-	42,271,000	190,787,000	199,975,000	309,247,000
Minus used by Plant Auxiliaries	-	5,192,000	17,496,000	17,652,000	21,352,000
Total Steam Plant	-	37,079,000	173,291,000	182,323,000	287,895,000
Diesel Plant - No. 2 Oil		61,000	269,000	331,000	219,000
Total Net Energy Generated	-	37,140,000	173,560,000	182,654,000	288,114,000
Energy Purchased					
FMPA St. Lucie Project	90,368,000	86,059,000	89,120,000	66,388,000	80,089,000
FMPA All-Requirements including Stanton	492,605,000	436,175,000	259,712,000	177,344,000	113,281,000
Florida Power & Light Company	-	-	-	-	-
Vero Beach Purchases	-	-	24,798,000	100,670,000	79,191,000
Economy Purchases	-	17,203,000	43,985,000	30,064,000	10,059,000
Total Energy Purchased	582,973,000	539,437,000	417,615,000	374,466,000	282,620,000
<b>TOTAL SOURCES OF ENERGY</b>	<b>582,973,000</b>	<b>576,577,000</b>	<b>591,175,000</b>	<b>557,120,000</b>	<b>570,734,000</b>
Less: System Losses and Inadvertent Energy (kWh)		114,000	104,000	290,000	76,000
Net Available for Sale (kWh)	582,973,000	576,463,000	591,071,000	556,830,000	570,658,000
<b>SALES FOR RESALE (kWh)</b>					
Vero Beach Sales		-	6,472,000	1,250,000	3,616,000
Economy Sales		259,000	41,959,000	1,598,000	15,848,000
Total Sales for Resale	-	259,000	48,431,000	2,848,000	19,464,000
<b>NET ENERGY FOR LOAD</b>	<b>582,973,000</b>	<b>576,204,000</b>	<b>542,640,000</b>	<b>553,982,000</b>	<b>551,194,000</b>
<b>RETAIL SALES (kWh)</b>	<b>562,071,000</b>	<b>543,165,000</b>	<b>516,521,000</b>	<b>535,160,000</b>	<b>516,314,000</b>
Electric Department Usage (kWh)	1,179,000	1,109,000	1,108,000	1,068,000	1,092,000

**FORT PIERCE UTILITIES AUTHORITY**  
**ENERGY SOURCES AND USES - LAST TEN YEARS**

FY 1994	FY 1993	FY 1992	FY 1991	FY 1990
232,955,000	212,550,000	347,190,000	293,758,000	323,144,000
18,928,000	15,042,000	19,047,000	13,933,000	15,399,000
214,027,000	197,508,000	328,143,000	279,825,000	307,745,000
163,000	84,000	165,000	615,000	407,000
214,190,000	197,592,000	328,308,000	280,440,000	308,152,000
78,507,000	67,347,000	74,662,000	84,588,000	71,659,000
111,882,000	125,624,000	122,529,000	126,921,000	99,201,000
8,040,000	10,319,000	10,232,000	14,693,000	22,960,000
73,769,000	64,090,000	-	4,448,000	749,000
63,869,000	73,928,000	47,840,000	63,148,000	77,850,000
336,067,000	341,308,000	255,263,000	293,798,000	272,419,000
550,257,000	538,900,000	583,571,000	574,238,000	580,571,000
361,000	980,000	1,183,000	2,090,000	2,643,000
549,896,000	537,920,000	582,388,000	572,148,000	577,928,000
16,415,000	19,407,000	73,363,000	56,856,000	65,394,000
1,298,000	597,000	5,075,000	1,900,000	3,823,000
17,713,000	20,004,000	78,438,000	58,756,000	69,217,000
532,183,000	517,916,000	503,950,000	513,392,000	508,711,000
507,109,000	493,904,000	480,504,000	496,475,000	480,705,000
1,090,000	1,052,000	866,000	907,000	948,000

**FORT PIERCE UTILITIES AUTHORITY**  
**WATER PRODUCTION INFORMATION - LAST TEN YEARS**

WATER PRODUCTION - 1,000 GALLONS	FY 1999	FY 1998	FY 1997	FY 1996	FY 1995
Raw Water Treated	3,269,113	3,247,379	3,163,134	3,527,885	3,283,539
Water Used in Plant	(41,282)	(65,700)	(136,254)	(159,644)	(158,826)
Water Pumped to City	3,227,831	3,181,679	3,026,880	3,368,241	3,124,713
Water Used in System	(48,848)	(54,729)	(92,083)	(56,906)	(78,687)
Water Sales	2,871,901	2,753,395	2,753,270	2,771,868	2,707,634
Losses and Unaccounted for Gallonage	307,082	373,555	181,527	539,467	338,392
Unaccounted For	0.095	0.117	0.06	0.16	0.11
Average Daily Consumption	8,845	8,714	8,292	9,204	8,599
Highest Daily Consumption	11,853	11,323	10,597	11,714	11,596
Date	4/5/99	5/22/98	4/1/97	8/30/96	5/30/95
Peak Maximum Demand	16,200	13,700	15,600	17,100	14,900
Date	3/24/99	4/13/98	11/18/96	1/3/96	10/28/94
Duration	75 Minutes	75 Minutes	15 Minutes	40 Minutes	30 Minutes
Rainfall for FY (inches)	54	57	63	59	84

**FORT PIERCE UTILITIES AUTHORITY**  
**WATER PRODUCTION INFORMATION - LAST TEN YEARS**

FY 1994	FY 1993	FY 1992	FY 1991	FY 1990
3,171,298 (133,400)	3,307,171 (102,226)	3,396,285 (89,271)	3,383,849 (150,191)	3,406,496 (195,743)
3,037,898 (9,742)	3,204,945 (9,701)	3,307,014 (1,294)	N/A	N/A
2,752,550	2,826,411	2,834,921	2,836,517	3,021,444
275,606	368,833	470,799	397,141	189,309
0.09	0.12	0.14	0.12	0.06
8,314	8,775	9,060	8,944	8,794
10,866 7/19/94	11,968 5/18/93	13,118 7/18/92	10,775 3/29/91	11,708 5/4/90
15,300 9/29/94 10 Minutes	15,800 7/22/93 50 Minutes	15,360 12/16/91 30 Minutes	15,200 12/30/90 45 Minutes	15,300 5/1/90 50 Minutes
77	63	49	64	47

**FORT PIERCE UTILITIES AUTHORITY**  
**PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS - LAST TEN YEARS**

	Commercial Construction *	Residential Construction *	Assessed Value For Operations *	Bank Deposits **	
FY 1999	\$ 15,483,493	\$ 3,217,024	\$ 966,089,744	\$ 1,759,734,000	***
FY 1998	11,648,665	15,090,757	954,526,579	1,267,490,000	***
FY 1997	13,879,947	1,551,150	907,203,728	1,245,079,000	
FY 1996	3,921,119	1,892,309	914,473,737	1,222,428,000	
FY 1995	6,316,684	1,471,305	898,678,435	1,214,338,000	
FY 1994	4,449,217	1,800,000	854,107,623	1,622,939,000	
FY 1993	6,915,950	5,285,654	902,919,693	1,111,687,000	
FY 1992	1,776,963	1,913,300	909,929,129	1,048,641,000	
FY 1991	4,058,149	3,279,545	874,149,602	1,119,352,000	
FY 1990	15,252,367	3,941,098	827,494,520	880,749,000	

Sources:

\* City of Fort Pierce Annual Budget.

\*\* Florida Bankers Association.

\*\*\* Amount estimated; actual not available.

**FORT PIERCE UTILITIES AUTHORITY**  
**HISTORY OF TRANSFERS TO THE CITY OF FORT PIERCE, SYSTEM RATE INCREASES,**  
**AND REVENUE BOND COVERAGE - LAST TEN YEARS**

	<u>Computed Transfer to the City (3)</u>	<u>Rate Increases</u>	<u>Revenue Bond Coverage (4)</u>
FY 1999	\$ 4,063,000	None	(6) 2.24x
FY 1998	4,024,000	Water 5%	2.03x
FY 1997	3,859,000	Water 6% Wastewater 10%	2.16x
FY 1996	3,894,000	Electric .89% Water 6% Wastewater 10%	2.36x
FY 1995	3,796,050	(5) Water 15.9% (5) Wastewater	2.29x
FY 1994	(2) 4,368,499	Water 12.75% Wastewater 17.80% Natural Gas 4.97%	2.23x
FY 1993	(1) 3,679,281	None	1.77x
FY 1992	2,760,000	Electric 1.36% Water 9.22% Wastewater 9.37%	1.72x
FY 1991	2,741,181	Water 13.13% Wastewater 10.98% Natural Gas 9.07%	2.18x
FY 1990	2,625,000	Electric 2.4%	2.37x

(1) Adjusted from \$2,305,700 by special Board action.

(2) Includes the City's 40% share of \$1,611,805 R&R funds.

(3) Paid in subsequent fiscal year.

(4) FY's 89 - 93 are as published in FPUA's Official Statements. FY's 94 - 99 were computed by staff. Minimum required by bond covenant is 1.25 times.

(5) Increased the outside City surcharge from 20% to 25%.

(6) Revised 5/10/00.

**FORT PIERCE UTILITIES AUTHORITY**  
**DEMOGRAPHIC STATISTICS - LAST TEN YEARS**

	City of Fort Pierce Population*	St. Lucie County Population*	School Enrollment**
FY 1999	38,401	186,905	29,030
FY 1998	38,071	183,222	28,463
FY 1997	39,484	171,160	27,997
FY 1996	37,273	175,458	27,456
FY 1995	37,027	171,160	26,881
FY 1994	36,945	166,803	26,006
FY 1993	36,909	163,192	25,030
FY 1992	36,722	158,937	23,806
FY 1991	36,884	155,121	22,827
FY 1990	36,830	150,171	22,206

Sources:

\* University of Florida, Bureau of Business & Economic Research.

\*\* St. Lucie County School Board.

\*\*\* Florida Department of Labor & Employment Security,  
 Bureau of Labor and Market Security.

\*\*\*\* Data unavailable.

**FORT PIERCE UTILITIES AUTHORITY**  
**DEMOGRAPHIC STATISTICS - LAST TEN YEARS**

St. Lucie County Labor Force***	Unemployment***	% Rate of Unemployment**	Per Capita Income*
76,045	7,364	9.7	****
79,003	11,768	14.9	****
78,021	11,727	15	19,606
74,210	9,648	13	18,659
75,270	12,069	16	17,747
78,121	13,675	17.5	16,781
67,112	10,673	15.9	15,763
67,957	14,117	20.8	15,766
67,704	12,270	18.5	15,094
66,320	9,407	14.2	14,804



# FORT PIERCE UTILITIES AUTHORITY

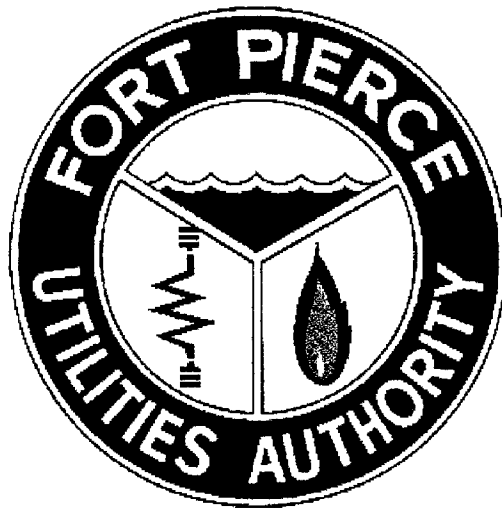
## TEN LARGEST CUSTOMERS - FY 1999

	Utility Service	Unit Sales	Revenues	Total
<b>St. Lucie County School Board</b>	Electric (kWh)	26,348,536	\$ 2,011,392	
	Water (kgal.)	38,149	107,580	
	Wastewater	-	147,761	
	Natural Gas (ccf)	54,352	40,689	
				\$ 2,307,422
<b>Fort Pierce Utilities Authority</b>	Electric (kWh)	20,619,825	1,410,176	
	Water (kgal.)	65,794	209,781	
	Wastewater	-	95,021	
	Natural Gas (ccf)	53,398	30,710	
				1,745,688
<b>Indian River Community College</b>	Electric (kWh)	17,213,173	1,200,953	
	Water (kgal.)	20,396	44,893	
	Wastewater	-	52,458	
	Natural Gas (ccf's)	126,539	65,728	
				1,364,032
<b>Board of County Commissioners</b>	Electric (kWh)	12,906,499	1,008,289	
	Water (kgal.)	41,696	142,226	
	Wastewater	-	101,164	
	Natural Gas (ccf)	283	317	
				1,251,996
<b>Lawnwood Regional Medical Center</b>	Electric (kWh)	13,705,707	895,187	
	Water (kgal.)	30,656	51,739	
	Wastewater	-	102,523	
	Natural Gas (ccf)	324,356	153,525	
				1,202,974
<b>Sunpure, Ltd. (Net)</b>	Electric (kWh)	18,034,063	1,007,168	
	Water (kgal.)	42,184	100,668	
	Wastewater	-	-	
	Natural Gas (net)	-	2,642	
				1,110,478
<b>City of Fort Pierce</b>	Electric (kWh)	9,300,559	732,089	
	Water (kgal.)	64,409	212,892	
	Wastewater	-	64,016	
	Natural Gas (ccf)	304	332	
				1,009,329
<b>Harbor Branch Oceanographic Inst.</b>	Electric (kWh)	9,902,302	751,449	
	Water (kgal.)	-	-	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				751,449
<b>Ocean Village POA Inc</b>	Electric (kWh)	2,440,078	198,133	
	Water (kgal.)	107,309	364,929	
	Wastewater	-	162,439	
	Natural Gas (ccf)	-	-	
				725,501
<b>St. Lucie County Utilities</b>	Electric (kWh)	-	-	
	Water (kgal.)	203,110	589,053	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				589,053
<b>TOTAL REVENUES BY UTILITY</b>	Electric	.....	\$ 9,214,836	
	Water	.....	1,823,761	
	Wastewater	.....	725,382	
	Natural Gas	.....	293,943	
<b>TOTAL REVENUES</b>			<b>\$ 12,057,922</b>	

# **Comprehensive Annual Financial Report**

**A Component Unit of the City of Fort Pierce, Florida**

**For the Fiscal Year Ended September 30, 2000**



**Prepared by  
Department of Finance  
Frank J. Varella, CGFO, Director of Corporate Services**

# FORT PIERCE UTILITIES AUTHORITY

## Mission Statement

*“To provide our customers  
with economical and friendly service  
in a continuous effort  
to enhance the quality of life in our community.”*

Fort Pierce Utilities Authority employees have “enhanced the quality of life in our community” by contributing their time and service to the following:

American Heart Association  
American Legion  
American Red Cross  
Amvets  
Area Agency On Aging  
Big Brothers/Big Sisters  
Central Florida Blood Bank  
Crime Stoppers  
Downtown Business Association  
Earth Day Activities  
Ellis Park  
Florida Army National Guard  
Ft. Pierce Neighborhood  
Housing Services  
Ft. Pierce State Housing  
Initiative Partnership  
Habitat for Humanity  
Heathcote Botanical Gardens  
Hospice of the Treasure Coast  
HOSTS (Helping One Student  
To Succeed)  
Indian River Community College  
Junior Chamber of Commerce  
KIDS  
Kids Crossing  
Lawnwood Regional Medical Center  
Leadership Saint Lucie

MainStreet Fort Pierce  
Manatee Observation & Education Center  
Masonic Organizations  
Muscular Dystrophy Association  
Mustard Seed Ministries  
NAACP  
Orange Avenue Charter School  
St. Lucie Conservation Alliance  
St. Lucie County Agriculture Advisory Board  
St. Lucie County Chamber of Commerce  
St. Lucie County 4-H  
St. Lucie County Human  
Resources Association  
St. Lucie County United Way  
St. Lucie Mural Society  
Treasure Coast Safety Council  
Treasure Coast Opera Society  
Treasure Coast Regional Science Fair  
YMCA

Various:

Boy/Girl Scouts & Cub/Brownie Troops  
Little Leagues  
Babe Ruth Leagues  
School Mentoring Programs & Partnerships  
Religious Groups & Organizations  
Rotary & Kiwanis Clubs

# TeamUA - 2,000+ Years of Dedicated Service

ABRAMOWICZ, WILLIAM S.  
ADAMS, GARY A.  
ADAMS, MARY R.  
ADAMS, RAMADRAE J.  
ANDERSON, WENDELL  
ANDERSON, WILLIAM A.  
ANTONIATO, PAUL J.  
ARNOLD, GLEN L.  
AUSTIN, ROBERT G.  
BACON, MAURICE  
BALDWIN, WILLIAM E.  
BASSETT, MARK T.  
BAYNE, GLENN  
BEANG, THOMAS  
BENNING, LAURENCE  
BERGEN, WILLIAM E.  
BOUDREAUX, ELIE J., III  
BRADY, KENNETH J.  
BRAUN, KELLIE K.  
BREWER, R. CRAIG  
BROOKS, WILLIAM, JR.  
BROWN, WALTER M.  
BULLINGTON, LARRY D.  
BUSBY, ROBERT W.  
BYRD, ANDREW D.  
BYRD, PETER C.  
CANARD, JOHN C.  
CARPENTER, CAROL A.  
CARPENTER, RAY J.  
CARSWELL, EDWARD P.  
CHAMBERS, MICHAEL J.  
CHANNEY, GARY D.  
CHATMAN, MICHAEL  
CISNEROS, JAVIER  
CLARK, RONALD G.  
CLINE, STACY R.  
COLLINS, DAVID R.  
COMBS, LEE ROY  
CONAVAY, WILLIAM  
COOK, TED E.  
CORBIN, ANN  
CRAWFORD, CRAIG A.  
CRAWFORD, WILBURN L.  
CROWDER, KIMBERLY  
CRUMBLEY, CHRISTOPHER  
CRUMBLEY, JONATHAN D.  
CUMBERS, PETER  
CUNNINGHAM, JAMES P.  
DALLAIRE, NANCY A.  
DAMPIER, WALTER W.  
DARDEN, LEE A.  
DAVIS, ROBERT P.  
DAVIS, SAMANTHA A.  
DEMARCO, DEBORAH T.  
DENNIS, SCOTT  
DICKERSON, HORACE  
DYKES, JAMES A.  
EASTERDAY, JOYCE E.  
ELDERBAUM, ELENA  
ENNS, EDWARD G.  
FAIRCLOTH, DANNY C.  
FATZINGER, CHRISTOPHER L.  
FOKINE, CHARLES A.

FORWARD, SARAH  
FOUNTAIN, DENISE E.  
FOX, LARRY  
FRANCO, SHARI G.  
FREEMAN, GARY V.  
FRIER, MARY C.  
FURNESS, DEREK R.  
GATINS, STEVEN F.  
GEROLD, MARINA S.  
GIEL, DOUGLAS W.  
GIFT, MICHAEL R.  
GILBERT, A. EARL  
GILLETTE, GARY J.  
GILLILAND, LEWIS E.  
GILSINAN, PATRICIA L.  
GILSON, JOSEPH T.  
GODSIL, C. PAUL  
GOMEZ, SONIA V.  
GOODSON, RALPH L.  
GORDON, MICHAEL  
GREGG, STEVEN A.  
GRIMYSER, GLORIA  
GRONBORG, NEAL H.  
GROSSHANTEN, JULIE E.  
HALL, GEORGE R.  
HAMILTON, MURRAY M.  
HARGETT, BOBBY P.  
HARRIS, DIANE  
HAYES, KENNA B.  
HAYMAN, GORDON E.  
HAYNES, LOUIS I., III  
HELMICH, PETER C.  
HEPBURN, EDITH M.  
HILL, RITA SHARLENE  
HILTZER, DEBORAH A.  
HITE, NELL D.  
HODGE, NATHANIEL, JR.  
HODGE, CALVIN D.  
HOLMAN, ESTELA Q. A.  
HUMMEL, LESTER C.  
HURTUBISE, M. NINA  
IRBY, STEPHEN  
JASA, KIM KESTEL  
JERGER, SIDNEY L.  
JOHNS, DONALD B.  
JOHNSON, HUDIE, JR.  
JOHNSON, ANGELA MARIE  
JOHNSON, JEREMIAH K.  
JOHNSON, PATRICIA  
JOHNSON, RUBIN  
JONES, LATRAVIA S.  
JONES, LAWRENCE E.  
KAEFF, WILLIAM R.  
KARBETT, JOSEPH E., JR.  
KASCH, RICHARD J.  
KEANE, EDWARD T., JR.  
KECK, JAY A.  
KECK, JUDY S.  
KECK, TERRY L.  
KEENAN, LORENIA  
KELLER, PATRICK J.  
KELLEY, PETER G.  
KING, WANDA DAVIS

KNIGHT, EUGENE D.  
KOBBE, MARK  
KOBLEGARD, RUPERT N., III  
KRAMER, C. RUSSELL  
KRUSE, ERNIE C.  
LACROIX, ALBERT J.  
LADOMIRAK, ALICE M.  
LAGUERRE, PAUL  
LAMB, ROBERT J.  
LAMPE, JOHN W.  
LANDIN, DONALD T. E.  
LAWSON, PATRICIA ANN  
LAWSON, SHAWN O.  
LENARTIENE, KLAUS P.  
LEONGOMEZ, EDWARD S.  
LEWIS, NICKI DALE  
LONG, WILLIE, JR.  
LONG, DOROTHY E.  
LYCKMAN, CARL  
LUONS, KEITH B.  
MADSEN, PAUL L.  
MALIN, TAMMY R.  
MANCHESTER, GLEN P.  
MANIS, DEBORAH  
MANN, TOMMIE T.  
MAREVELLE, CLARENCE DARROW  
MARSHALL, CLAUDE L.  
MARTIN, KEVIN P.  
MASSIMINO, JOSEPH  
MATHIS, MARK D.  
McCAUSLAND, LARRY JOE  
McCONKEY, NANCY L.  
McCRAVY, ALBERTHA  
McFOLLEY, JOHNNIE C., JR.  
McMASTER, THOMAS S.  
McNEES, HERBERT J.  
MELLERT, DAVID A.  
MELLERT, DIANE M.  
MIDDLETON, CLEON M.  
MILLER, EARNEST  
MILLER, GEORGE E.  
MOBERLY, E. GLYNDON, JR.  
MORRIS, CURTIS  
MORRIS, REGINA D.  
MOSELY, STEVEN  
MYRICK, CHRISTELLE  
McCARTHY, TOMMIE M.  
NEAL, RANDY G.  
NESSELRODE, DINO G.  
NGUYEN, LONG K.  
NICHOLSON, GREGORY D.  
NOYES, VINCENT P.  
NYE, JENNIFER L.  
OQUENDO, MARIA V.  
PARMELEE, ARTHUR O., III  
PENICK, RALPH A.  
PETERS, STEVEN M.  
PHILLIPS, JAMES, JR.  
PIERO, RITA N.  
PLATT, SHIRLEY F.  
POWELL, JERRY L.  
PRICE, TONY T.  
PRINCE, ANTHONY L.

PRINCE, GENERETT  
RAMOS, VIOLET  
RENFRO, ROXANNE M.  
RETHERFORD, DANIEL P.  
RHODEN, J. KEVIN  
RICHARDS, THOMAS W.  
RITTEN, JOHN T.  
RIVERA, JUDI P.  
ROARK, RONALD E.  
ROBINSON, KENNY R.  
ROCKSWOLD, ERIK L.  
ROGOLINO, MARC  
ROHAN, DEBRA E.  
RUSS, JOHN L.  
SABELLA, DEENA  
SCHNEBLI, ELIZABETH A.  
SEARS, MICHAEL A.  
SEWELL, CAMILLE W.  
SHAW, STEPHEN L.  
SHERRILL, RICHARD T.  
SHONK, JACK R.  
SHUFELT, DANIEL G.  
SIPLIN, THOMAS D.  
SIRMONS, VALENTINE C.  
SIZEMORE, JULIE Z.  
SLATER, EDWARD W.  
SLOAN, RAY O.  
SMITH, ALFRED L.  
SMITH, RICHARD J.  
SNOBERGER, EILEEN  
SOUTHARD, CYNTHIA M.  
SPEARS, RICHARD J.  
SPIVEY, DAVID A.  
STENBERG, RICHARD W.  
STEVENS, STACEY R.  
STEWART, DEBRA P.  
STEWART, GALE A.  
STONE, PAUL D.  
STOREY, WOODWARD E.  
STUBBS, THOMAS Q.  
SWART, KIM E.  
TAYLOR, TERRENCE L.  
THIESS, WILLIAM G.  
THOMAS, MARY E.  
TIPTON, THELMA  
TREECE, STEPHEN P.  
VAN SICKLE, RICHARD  
VANATER, LENORA  
VARELLA, FRANK J.  
WALLACE, CHARLES, JR.  
WARDWELL, MATTHEW W.  
WATKINS, LEROY, JR.  
WEAKLEY, DAVID W.  
WEAVER, VAUGHAN C.  
WEIR, FAY  
WILLIAMS, GARY W.  
WILSON, DAVID K.  
WILSON, ESTELA M.  
WINT, OLIVER C.  
WOERNER, GORDON L.  
WOODS, SUSAN B.  
WORLEY, MARK A.  
WRIGHT, DOREEN

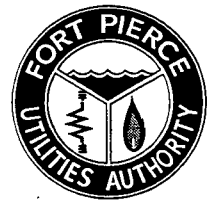
**FORT PIERCE UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended September 30, 2000

TABLE OF CONTENTS

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Transmittal Letter .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	8
Directory .....	9
Organizational Chart.....	10
 <u>FINANCIAL SECTION</u>	
Report of Independent Certified Public Accountants on Financial Statements.....	11
Financial Statements:	
Balance Sheet.....	12
Statement of Revenues, Expenses, and Changes in Retained Earnings .....	15
Statement of Cash Flows.....	16
Notes to Financial Statements.....	18
Letter of Bond Compliance .....	27
Supporting Schedules:	
Schedule of Budget Comparisons .....	28
Schedule of Investments .....	29
Schedule of Expenditures of Federal Awards.....	30
Schedule of State Financial Assistance.....	32
Schedule of Insurance Coverage.....	34
 <u>STATISTICAL SECTION</u>	
Last Ten Years:	
Average Number of Services Billed by System.....	35
System Detailed Revenues .....	36
System Detailed Expenses .....	40
System Detailed Unit Sales.....	42
Energy Sources and Uses .....	44
Water Production Information .....	46
Property Value, Construction, and Bank Deposits .....	48
History of Transfers to the City of Fort Pierce, System Rate Increases, and Debt Service Coverage.....	49
Computation of Debt Service Coverage – Last Five Years .....	50
Ten Largest Customers .....	51
Demographic Statistics .....	52

# FORT PIERCE UTILITIES AUTHORITY

"Committed to Quality"



206 South Sixth Street (34950)  
Post Office Box 3191  
Fort Pierce, Florida 34948-3191

Phone 561-466-1600  
Fax 561-489-0396

March 20, 2001

## Board Members Fort Pierce Utilities Authority

The Comprehensive Annual Financial Report of Fort Pierce Utilities Authority (the Authority) for the fiscal year ended September 30, 2000, is submitted herewith pursuant to the City of Fort Pierce Charter, Article XII, Section 176(12). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. This Comprehensive Annual Financial Report was prepared by the staff of the Authority's Department of Finance. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority, and that all disclosures necessary to enable the readers to gain the maximum understanding of the Authority's financial activity have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical.

<u>Introductory Section</u>	The letter of transmittal and such other material as may be useful in understanding the reporting entity.
<u>Financial Section</u>	The auditor's report and financial statements of the Authority which present fairly the financial position, results of operations, and cash flows for the fiscal year.
<u>Statistical Section</u>	Selected financial and demographic information which will be beneficial to the reader in understanding the Authority's historical growth and its future growth prospects.

The utilities are managed and operated for the City by the Authority. The Authority was established in accordance with provisions of the City Charter, confirmed by an election held on May 30, 1972. The Authority Board consists of five members, one of whom is the Mayor-Commissioner of the City, who serves on the Board as long as he or she holds such office. The other four members are appointed by the City Commission for four-year overlapping terms.

The City Charter, Article XII, Section 169, states that the Authority shall be responsible for the development, production, purchase, distribution, and collection of all electricity, water, wastewater, natural gas, and such other utility services as may be designated by resolution by the City Commission. The Authority currently provides electric services (35-square mile service territory), water and wastewater services (30-square mile service territory), and natural gas services (27-square mile service territory) in the Fort Pierce area. This report includes all systems of the Authority. This report does not include the financial activities of the City of Fort Pierce. Reference should be made to their report published separately.

## ECONOMIC CONDITION AND OUTLOOK

Fort Pierce is located on the Florida East Coast, 120 miles north of Miami and 220 miles south of Jacksonville. The City's 1999 population was 38,401, and St. Lucie County's was 186,905. Fort Pierce is the commercial center of the county, with 20.7 square miles in land area. Its metropolitan area includes a transportation network comprised of Interstate 95, Florida's Turnpike, U.S. Highway 1, Highway 70, Florida East Coast Railway, St. Lucie County International Airport, and the Port of Fort Pierce.

The major factors in the economy of Fort Pierce and surrounding St. Lucie County are agribusiness, construction, retail and wholesale trade, light manufacturing, tourism, and sport and commercial fishing. The Authority's service area encompasses many educational and research endeavors – Indian River Community College, Harbor Branch Oceanographic Institution, Smithsonian Fort Pierce Marine Station, U.S. Department of Agriculture Laboratory, University of Florida Research and Education Center, and the Manatee Observation and Education Center. The Smithsonian Marine Ecosystem Exhibit facility is under construction and will house a living coral reef ecosystem, which has been on display in Washington, DC, for the last 20 years.

The Authority's service area includes both the area within the corporate limits of the City of Fort Pierce and portions of unincorporated St. Lucie County. Approximately 75% of the system revenues are derived from services provided within the City of Fort Pierce, and 25% from services provided in unincorporated St. Lucie County and St. Lucie Village.

Growth during FY 2000:

	<u>Average Billings</u> <u>Increase/(Decrease)</u>	<u>Average Billings</u> <u>Increase/(Decrease)</u>	<u>Retail Unit Sales</u> <u>Increase/(Decrease)</u>
Electric	185	.8%	1.2%
Natural Gas	(47)	(1.0%)	4.4%
Water	240	1.6%	(.3%)
Wastewater	73	.6%	---

Unit sales increases in the Electric and Gas Systems were primarily related to the weather and improved business conditions. Lower electric rates, related to the Power Cost Adjustment credit, also contributed to higher electric sales.

The Authority is optimistic about future growth as indicated by a growing customer base and improvements such as major roadwork, continued beautification of the downtown area, revitalization of the Orange Blossom Mall as a business center, and private investment. Florida's tempered progress toward restructuring in the electric industry is allowing the Authority to better prepare for competition.

## MAJOR INITIATIVES

### Reorganization and Strategic Management

The first phase of the reorganization that was approved by the Board in January 2000 is now complete. The Authority has been organized into six Business Units. The strategic management process (planning, implementing, and assessing) has been initiated and key result areas (KRA's) have been identified. The Directors have developed strategic objectives and performance measures.

## Strategic Plan

The Authority's Strategic Plan continues to promote interdepartmental communication and cooperation, and encourages increased employee involvement in achieving company goals that support the Authority's Mission Statement.

The Authority's Key Result Areas as presented in the 2000-2001 Strategic Plan are as follows.

**Priority No. 1, Customer Retention and Expansion:**

Customer Satisfaction, Customer Choices, Ease of Acquiring Service, New or Rejuvenated Revenue Sources, Economic Development, Market Share, and New Opportunities.

**Priority No. 2, Corporate Culture:**

Values, Performance Based Organization, Goals and Accountability, Training, Communications, and Safety Performance.

**Priority No. 3, Corporate Planning:**

Facilities Master Planning and Long-Range Planning.

**Priority No. 4, Economic Decision Making:**

Spending (Capital, Operations and Maintenance).

**Priority No. 5, Financial Performance :**

Cost of Service.

The new organizational structure has been incorporated into the FY 2001 budget, emphasizing departmental goals that align with the Authority's Mission Statement and Key Result Areas.

## New Business

The Authority continues to be customer and market driven. The FY 2001 budget includes funds and programs to focus on customer service, and the development and marketing of new services. A new service was introduced to the community on December 1, 2000 – the Authority launched its Internet Service Provider (ISP) business (ispEZ). Plans are also underway to market the use of our fiber optic cable network and wireless Internet service, and the ISP is finalizing a contract with the St. Lucie County Chamber of Commerce to partner in providing E-business services in the four-county area. This venture reflects the Authority's continued commitment to be proactive in response to the changing utility industry.

In addition, the Authority is currently in the final phase of negotiating with Enron N.A. to lease a parcel of land at the Authority's existing Power Plant so that Enron can build a 170-MW power plant. The agreement includes FMPA participation to exchange natural gas for steam to repower the Authority's existing steam units, and also includes transmission, as well as operation and maintenance of the unit. Contracts are expected to be presented to the Authority Board in April 2001, with construction beginning in June 2001.

## FINANCIAL INFORMATION

### Internal Controls

The management of the Authority is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of the Authority are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. In developing and modifying the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:



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

The concept of reasonable assurance recognizes that:

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

All internal control evaluations follow the above guidelines. We believe that the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### Budgeting Controls

Procedures followed in establishing the Authority's Annual Budget:

1. Department Heads prepare departmental Personnel, Operations & Maintenance, and Capital Budgets for consideration. Directors review, revise, approve, and submit to the Budget Review Committee.
2. The Budget Review Committee, consisting of the Director of Utilities, Director of Corporate Services, Budget Officer, Internal Auditor, and Controller, discusses the budgets with the respective Department Heads and Directors, revises if necessary, and approves for consideration of the Board.
3. Submit to the Board for approval.
4. Submit to the City Commission for approval.
5. Once approved, the Annual Budget becomes the basis for operating and capital expenditures during the ensuing fiscal year.

The Authority is required by charter to adopt an Annual Budget. Budgetary control is provided by monthly revenue and expense reports. Monthly financial statements are provided to the Board for review in advance of a verbal presentation at Board Meetings.

### Financial Performance

The Authority's year to date combined operating revenues were higher in FY 2000 than for the same period last year. The \$4,699,000 increase was primarily due to higher energy costs flowing through the power cost adjustment in the Electric System and the purchased gas adjustment in the Gas System, and the 15% water rate increase. The 1.2% increase in electric retail unit sales and the 4.4% increase in gas unit sales have had a positive effect on revenues. Water unit sales were down .3%. This fiscal year's average cost of power per kWh from FMPA and the St. Lucie Nuclear Project was 43.58 mills, compared to the average of 41.35 mills for the previous fiscal year.

Below are highlights of the past year's operating results and unit sales:

	Operating Results (000's omitted)		Increase
	<u>FY 2000</u>	<u>FY 1999</u>	
Operating Revenues	\$66,167	\$61,468	7.6%
Operating Expenses	56,687	53,281	6.4%
Operating Income	9,480	8,187	15.8%
Transfer to the City of Fort Pierce	4,063	4,024	1.0%
Net Income	4,318	270	1499.3%
Operating Margin	14.3%	13.3%	7.5%

	Retail Unit Sales		Increase/Decrease
	<u>FY 2000</u>	<u>FY 1999</u>	
Electric MWh's	568,676	562,071	1.2%
Water - 1,000 gallons	2,863,879	2,871,901	(0.3%)
Natural Gas - CCF's	3,291,006	3,152,510	4.4%

Much of the increase in unit sales was related to the general service business class, indicating a strong economy. The higher net income from the previous year is a direct result of the higher unit sales in electric and gas, the FP&L black box settlement of \$1,838,000, the FEMA/DCA hurricane reimbursement, and the absence of bond transactions adversely affecting income.

During the fiscal year, utility plant in service increased \$13,060,000. Major projects which closed during this year include the Power Plant control room, 3 MG water tank, raw water main, North 25<sup>th</sup> Street project, and the Avenue D reconstruction project. Construction work in progress decreased \$193,000. Total restricted assets decreased \$3,572,000, related to the spend down of bond project cash. Current assets increased \$2,280,000 (including the FP&L black box settlement and the FMEA reimbursement of storm related expenses). Also, equity in pooled cash and investments increased \$1,637,000. Net accounts receivable increased \$447,000, while unbilled service receivables increased \$281,000.

The following indicators illustrate the Authority's financial strength:

	<u>FY 2000</u>	<u>FY 1999</u>
Current Ratio:		
Restricted	2.02 times	2.61 times
Unrestricted	4.56 times	4.02 times
Debt to Total Assets	.538	.557
Debt to Equity Ratio	1.16 times	1.26 times

#### Rates

A water rate study was conducted in FY 1999. Water rate increases, presented in Resolution No. U.A. 99-3, were approved by the Board on August 3, 1999:

Electric, natural gas, and wastewater base rates	No change during FY 2000
Water rates	Increase of 15% on October 1, 1999
	Increase of 15% on October 1, 2000

The main concern in this fiscal year was the rising cost of natural gas and power. Nationwide increases have adversely impacted the Authority's overall cost of serving its customers. Relief from these sharp increases is unforeseen.

**Comparison of the Average Residential Charges for Utility Services  
Previous Charges (9/2000) vs. Current Charges (Effective February 1, 2001)**

Utility Service	Average Consumption	Previous Charges	Current Charges	Difference	
				Amount	Percent
Electric	900 kWh's	\$ 72.45	\$ 74.53	\$ 2.08	2.9
Natural Gas	18 ccf's	19.70	30.11	10.41	52.8
Water	7,000 gallons	22.50	25.88	3.38	15.0
Wastewater	7,000 gallons	30.85	30.85	0	0
<b>TOTAL</b>		<b>\$145.50</b>	<b>\$161.37</b>	<b>\$15.87</b>	<b>10.9</b>

Largest Customers

The Authority's ten largest customers (Page 51) represent 18.5% of total revenues; 7 are governmental or quasi-governmental entities. Contracts of up to five years in duration for an electric High Load Factor Discount are available. A five-year gas transportation service contract and a five-year electric contract have been established with the Authority's largest citrus customer. St. Lucie County also recently contracted with the Authority to obtain water for North Hutchinson Island for a minimum of five years. The diversity of the list illustrates that the Authority is not vulnerable to any particular industry or business segment.

Cash Management

The Authority has a banking service agreement with a local depository bank which provides that all funds in excess of a compensating balance will earn interest through overnight repurchase agreements. The Authority also participates in the State of Florida Board of Administration's program for pooled investment of local government surplus funds. In addition, the Authority purchases investments through a competitive bid process. The cash management program involves a theory of keeping principal and earnings free from risk, maintaining reasonable liquidity to meet maturing obligations, and maximizing return through the use of competitive rate comparisons from various investment sources.

Debt Management

At September 30, 2000, the Authority had outstanding insured revenue bonds in the amount of \$98,516,000. Debt service schedules go out to 2024. Interest rates range from 4.00% to 7.30% on the bonds. Principal payments are due October 1 of each year. The principal for the bonds due October 1, 2000, was \$3,675,000.

Risk Management

The Authority has a comprehensive risk management program, which includes coverages as provided for in policies listed on the Schedule of Insurance Coverage on Page 34. In addition, quarterly meetings are held with management, the risk management consultant, and insurers to review coverages and risks.

Manatee Observation and Education Center

The Authority operates the Manatee Observation and Education Center, which is located on Moore's Creek across from the Henry D. King Power Plant. The Center's mission is to promote understanding and responsible actions for the protection of the fragile ecosystems in the Treasure Coast region and their inhabitants; it provides a clean and safe facility for viewing manatees and other inhabitants of the Indian River Lagoon. More than 70,000 visitors from all over the world visited the Center during the 1999-2000 season. A total of 422 manatees were sighted. Over 100 volunteers provided a huge donation to the Center -- a total of 5,230 hours, which equals \$47,000 worth of in-kind personnel assistance. (The value of the volunteer assistance is not reflected in the financial statements.)

### City Transfer

The transfer to the City of Fort Pierce, based on FY 2000 revenues, computes to \$4,285,000, and will be paid in April 2001. Last year's transfer, based on FY 1999 revenues, totaled \$4,063,000, and was paid in March 2000.

## OTHER INFORMATION

### Independent Audit

The Fort Pierce City Charter and the Indenture of Trust on outstanding revenue bonds require that an annual audit of the Authority be performed by independent certified public accountants. The accounting firm of Berger, Toombs, Elam and Frank was selected by the Fort Pierce City Commission to perform this audit. The independent auditor's report on the combined financial statements is included herein.

### Awards


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 1999. 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, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports 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 continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Authority's Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I would also like to express my thanks to the Board, the Director of Utilities, and the entire Authority staff for their interest and support in planning and conducting the financial operations in a responsible and progressive manner.

  
\_\_\_\_\_  
Frank J. Varella, CGFO  
Director of Corporate Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fort Pierce Utilities  
Authority, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Anne Spray Kinney*  
President

*Jeffrey L. Esser*  
Executive Director

# DIRECTORY

## Board Members

Gloria Grimyser, Chairman  
Thomas D. Siplin, Vice Chairman  
Louis I. Haynes, III, Secretary  
Cleon M. Middleton, Deputy Secretary  
Mayor Edward G. Enns, Member

## Management Team

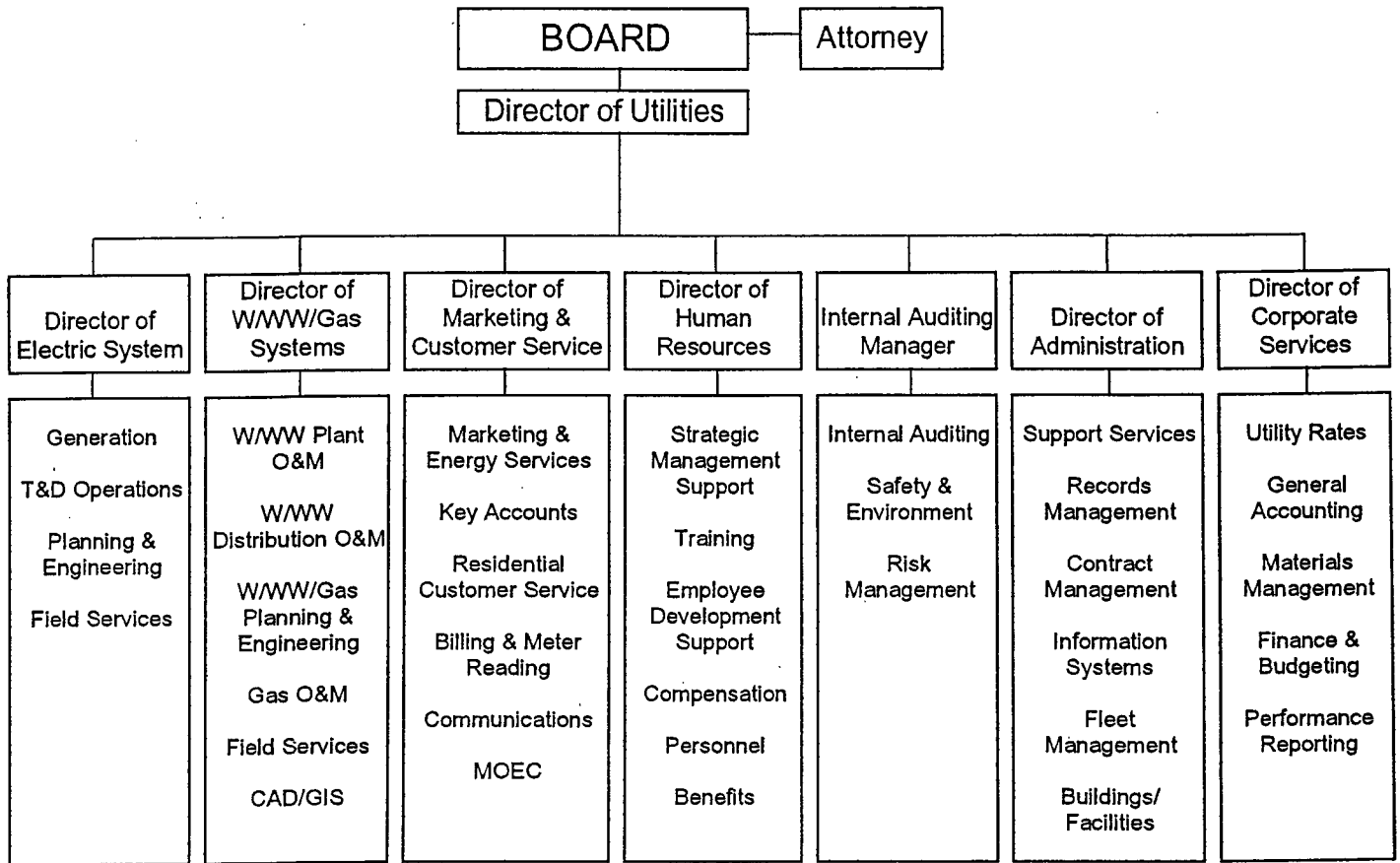
Elie J. Boudreaux, III, P.E., Director of Utilities  
Thomas W. Richards, P.E., Director of Electric System  
Vaughan C. Weaver, P.E., Director of Water/Wastewater/Gas Systems  
Murray M. Hamilton, Director of Marketing & Customer Service  
Douglas W. Giel, Director of Human Resources  
Nancy A. Dallaire, Internal Auditing and Risk Management Manager  
Shirley F. Platt, Director of Administration  
Frank J. Varella, CGFO, Director of Corporate Services

## Counsel

R. N. Koblegard, III, Esquire  
Fort Pierce, Florida

## Independent Certified Public Accountants

Berger, Toombs, Elam and Frank  
Fort Pierce, Florida





# Berger, Toombs, Elam & Frank

Certified Public Accountants Chartered

Sun Bank Building  
Suite 300  
111 Orange Avenue  
Fort Pierce, Florida 34950

561/461-6120  
FAX: 561/468-9278

## Report of Independent Certified Public Accountants

Honorable Chairman and Members  
Fort Pierce Utilities Authority  
Fort Pierce, Florida

We have audited the accompanying financial statements of the Fort Pierce Utilities Authority as of and for the year ended September 30, 2000, as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fort Pierce Utilities Authority at September 30, 2000, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Fort Pierce Utilities Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.

Fort Pierce, Florida  
December 13, 2000



# FORT PIERCE UTILITIES AUTHORITY

## BALANCE SHEET

September 30, 2000

(with comparative totals for September 30, 1999)

(Dollars in Thousands)

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
<b>UTILITY PLANT</b>		
Utility Plant in Service	\$ 253,417	\$ 240,357
Less Accumulated Depreciation	<u>107,846</u>	<u>100,524</u>
	145,571	139,833
Construction Work in Progress	<u>8,579</u>	<u>8,772</u>
Net Utility Plant	154,150	148,605
<b>RESTRICTED ASSETS</b>		
Equity in Pooled Cash and Investments	18,800	22,447
Cash with Fiscal Agent	230	227
Accrued Interest Receivable	<u>75</u>	<u>3</u>
Total Restricted Assets	19,105	22,677
<b>CURRENT ASSETS</b>		
Equity in Pooled Cash and Investments	18,065	16,428
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$53,000 in 2000 and \$51,000 in 1999	5,077	4,630
Unbilled Service Receivables	3,693	3,412
Inventories and Other Current Assets	<u>4,102</u>	<u>4,187</u>
Total Current Assets	30,937	28,657
<b>DEFERRED EXPENSES</b>		
Unamortized Finance Charges	968	1,045
Other	<u>460</u>	<u>674</u>
Total Deferred Expenses	<u>1,428</u>	<u>1,719</u>
<b>TOTAL ASSETS</b>	<u>\$ 205,620</u>	<u>\$ 201,658</u>

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## BALANCE SHEET

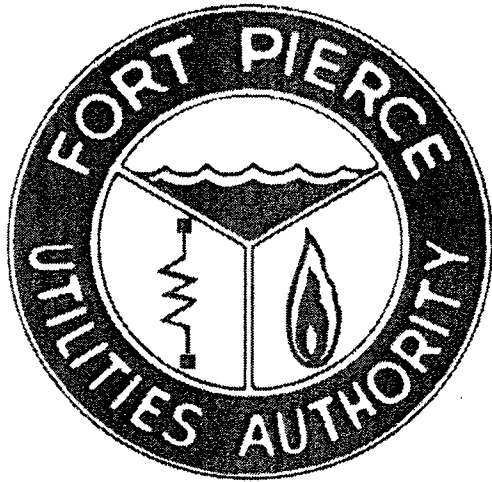
September 30, 2000

(with comparative totals for September 30, 1999)

(Dollars in Thousands)

	<u>2000</u>	<u>1999</u>
<b>FUND EQUITY AND LIABILITIES</b>		
<b>FUND EQUITY</b>		
Retained Earnings		
Reserved for Bond Requirements	\$ 9,057	\$ 13,233
Unreserved	<u>60,164</u>	<u>50,610</u>
	69,221	63,843
Contributed Capital	<u>25,871</u>	<u>25,419</u>
	95,092	89,262
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Revenue Bonds Payable - Current	3,675	3,150
Accrued Interest Payable Revenue Bonds	2,101	1,769
Customer Deposits	<u>3,701</u>	<u>3,770</u>
	9,477	8,689
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	4,517	3,454
Deferred Revenues	1,388	2,802
Due to City of Fort Pierce	<u>879</u>	<u>878</u>
	6,784	7,134
<b>OTHER LIABILITIES</b>		
Loans and Revenue Bonds Payable, Net of Current Amounts Payable from Restricted Assets and Unamortized Discounts	92,681	95,026
Accrued Compensated Absences	<u>1,586</u>	<u>1,547</u>
	94,267	96,573
	110,528	112,396
<b>TOTAL FUND EQUITY AND LIABILITIES</b>	<u>\$ 205,620</u>	<u>\$ 201,658</u>

The accompanying notes are an integral part of this financial statement.



**FORT PIERCE UTILITIES AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
Year Ended September 30, 2000  
(with comparative totals for year ended September 30, 1999).  
(Dollars in Thousands)

	<u>2000</u>	<u>1999</u>
<b>OPERATING REVENUES</b>		
Sales and Charges for Services	\$ 64,867	\$ 60,434
Other	1,300	1,034
Total Operating Revenues	<u>66,167</u>	<u>61,468</u>
<b>OPERATING EXPENSES</b>		
Generation	3,224	3,213
Purchases for Resale	26,164	24,240
Plant Operations	3,572	3,241
Field Operations	5,279	5,085
General and Administrative	9,585	8,724
Depreciation	8,863	8,778
Total Operating Expenses	<u>56,687</u>	<u>53,281</u>
<b>OPERATING INCOME</b>	9,480	8,187
<b>OTHER REVENUES (EXPENSES)</b>		
Investment and Other Income	2,462	1,654
Interest Expense	(5,157)	(4,719)
Taxes on Bond Refinancing	-	(442)
Amortization of Financing Expenses and Revenue Bond Discounts	(242)	(386)
Transfer to General Fund - City of Fort Pierce	(4,063)	(4,024)
Total Other Revenues (Expenses)	<u>(7,000)</u>	<u>(7,917)</u>
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	2,480	270
Extraordinary Income	1,838	-
<b>NET INCOME</b>	4,318	270
Depreciation of Fixed Assets Acquired by Capital Contribution	1,060	1,046
<b>Retained Earnings - Beginning of Year</b>	<u>63,843</u>	<u>62,527</u>
<b>Retained Earnings - End of Year</b>	<u>\$ 69,221</u>	<u>\$ 63,843</u>

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## STATEMENT OF CASH FLOWS

Year ended September 30, 2000

(with comparative totals for year ended September 30, 1999)

(Dollars in Thousands)

	2000	1999
Equity in Pooled Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Operating Income	\$ 9,480	\$ 8,187
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	8,863	8,778
Extraordinary income	1,838	-
Provision for uncollectible accounts	2	1
Change in Assets and Liabilities:		
(Increase) in Accounts Receivable	(449)	(216)
(Increase) Decrease in Unbilled Service Revenue	(281)	707
Decrease in Inventories and Other Current Assets	204	30
(Increase) Decrease in Deferred Expenses	214	(16)
Increase (Decrease) in Liabilities Payable from Restricted Assets Other than Revenue Bonds	(69)	21
Increase (Decrease) in Accounts Payable	1,063	(283)
Increase in Accrued Compensated Absences	39	43
Increase (Decrease) in Due to City of Fort Pierce	(236)	204
Increase (Decrease) in Deferred Revenues	(1,414)	2,092
Total Adjustments	9,774	11,361
Net Cash Provided by Operating Activities	19,254	19,548
Cash Flows from Noncapital Financing Activities:		
Transfer to City of Fort Pierce	(4,063)	(4,024)
Cash Flows from Capital and Related Financing Activities:		
Increase in Contributed Capital	337	233
Proceeds from Sales of Fixed Assets	17	1
Utility Plant Acquisitions and Construction	(12,462)	(10,188)
Capitalized Interest on Construction	(401)	(330)
Principal Paid on Revenue Bonds	(3,150)	(26,375)
Interest Paid	(3,795)	(4,741)
Proceeds from 1999 Bond Issuance	-	32,485
Bond Issue Costs for 1999 Bond Issue	(1)	(397)
Transfer Penalty Paid on Bond Refunding	-	(442)
Net Cash Used in Capital and Related Financing Activities	(19,455)	(9,754)

(Continued on Page 17)

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## STATEMENT OF CASH FLOWS (Continued)

Year ended September 30, 2000

(with comparative totals for year ended September 30, 1999)

(Dollars in Thousands)

	<u>2000</u>	<u>1999</u>
Cash Flows from Investing Activities:		
Interest Income	1,728	1,499
Purchase of Investment Securities	(16,116)	(10,132)
Proceeds from Sale and Maturities of Investment Securities	<u>15,510</u>	<u>9,015</u>
Net Cash Provided by Investing Activities	<u>1,122</u>	<u>382</u>
Net Increase (Decrease) in Equity in Pooled Cash and Cash Equivalents	(3,142)	6,152
Equity in Pooled Cash and Cash Equivalents at Beginning of Year	<u>28,774</u>	<u>22,622</u>
Equity in Pooled Cash and Cash Equivalents at End of Year	<u><u>\$ 25,632</u></u>	<u><u>\$ 28,774</u></u>
Restricted Equity in Pooled Cash and Investments	\$ 18,800	\$ 22,447
Current Equity in Pooled Cash and Investments	18,065	16,428
Cash with Fiscal Agent	<u>230</u>	<u>227</u>
Total Pooled Cash and Investments	37,095	39,102
Less: Investments	<u>(11,463)</u>	<u>(10,328)</u>
Cash and Cash Equivalents	<u><u>\$ 25,632</u></u>	<u><u>\$ 28,774</u></u>
<b>NONCASH INVESTING, CAPITAL &amp; FINANCING ACTIVITIES:</b>		
Total Utility Plant Acquisitions and Construction	\$ 13,977	\$ 10,481
Less: Contribution-in-aid Amounts payable	<u>(1,278)</u> <u>(236)</u>	<u>(293)</u> <u>-</u>
Net cash paid for Utility Plant Acquisitions and Construction	<u><u>\$ 12,463</u></u>	<u><u>\$ 10,188</u></u>
Increase in Fair Value of Investments	<u><u>\$ 529</u></u>	<u><u>\$ 184</u></u>

(Continued from Page 16)

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements

September 30, 2000

### NOTE A - REPORTING ENTITY AND SUMMARY OF ACCOUNTING POLICIES

#### Reporting Entity

The voters of the City of Fort Pierce, Florida authorized the organization of the Fort Pierce Utilities Authority (the Authority) at a special election held May 30, 1972. The Authority commenced operations as of June 30, 1972, and is responsible for management and operation of the combined Electric, Water, Wastewater, and Natural Gas Systems and the Manatee Observation and Education Center. The City Charter, Article XII, defines the powers, duties, and responsibilities of the Authority. The members of the Authority's governing board are elected or removed from office by the Fort Pierce City Commission. The Authority's budget is subject to approval of the City Commission, as are rates for service.

The accounts at September 30, 2000, and for the year then ended of the various utility systems of the Authority are included as a discretely presented component unit of the City of Fort Pierce, Florida, financial statements. The Authority has no component units.

#### Summary of Accounting Policies

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to local governmental units. The following is a summary of the more significant policies:

Basis of Presentation - Fund Accounting - The accounts of the Authority are organized on the basis of systems, each of which is considered a separate accounting entity. The activities of each system are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Resources are allocated to and accounted for in individual systems based upon the purpose for which they are to be spent.

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based upon the accounting and reporting standards set forth in Governmental Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has opted to apply only those accounting and reporting pronouncements issued by the GASB subsequent to November 30, 1989.

Basis of Accounting - The basis of accounting determines when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Utility Plant and Long-Term Liabilities - The accounting and reporting treatment applied to utility plant and long-term liabilities are determined by their measurement focus. All Proprietary Funds are accounted for on a cost of services or "economic resources" measurement focus. Accordingly, all assets and all liabilities (whether current or non-current) are included on their balance sheet. Their reported fund equity (net assets) is classified into contributed capital and retained earnings components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

Utility plant is stated at cost for items constructed or acquired by purchase and at estimated fair market value on the date received for items contributed. (See Note C for interest capitalization.)

Depreciation of all exhaustible utility plant assets, including those acquired through intergovernmental grants externally restricted to capital acquisitions, is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation has been provided based on the carrying amount of the various assets and is computed over the assets' estimated useful lives using the straight-line method. The estimated useful lives range as follows:

Structures and improvements	5-55 years
Equipment	3-35 years
Transmission, distribution, and collection plants	5-60 years

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, certificates of deposit, State Treasurer's Investment Pool, Overnight Repurchase Agreements, and short-term investments with original maturities of three months or less from date of acquisition.

Pooled Cash and Investments - The Authority, for accounting and investment purposes, pools certain cash and investments. Income earned as a result of pooling is distributed to the appropriate system based on the equity each system has in the income-producing item. Investments are stated at fair value based on quoted market prices, except for the investment in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (the LGSF Pool), which is stated at amortized cost, consistent with the requirements of GASB Statement 31. (Also see Note B.)

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2000

The Local Government Surplus Funds Trust Fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration (the Board).

While the Board has statutory authority for a wide range of derivative instruments, the only derivative products used in the LGSF Pool are floating rate and adjustable rate securities. These instruments are used as part of the investment strategy to hedge against interest rate risk and provide diversification to the portfolio.

The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

Inventories - Inventories of fuel, chemicals, supplies, construction materials, and utility plant replacement parts are recorded at lower of cost (weighted average method) or market.

Unbilled Service Receivables - These receivables represent the estimated amount of accounts receivable for services that have not been billed as of the balance sheet date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period).

Bond Discounts and Financing Costs - Unamortized financing expenses and bond discounts are amortized over the term of the respective debt issue by the effective interest method. Bond discounts are presented as a reduction of the face amounts of the bonds payable. Financing costs are recorded as deferred charges.

Retained Earnings Reserved for Bond Requirements - Reserves are used to indicate a segregation of a portion of retained earnings equal to the assets restricted for compliance with covenants as specified in revenue bond resolutions, or to earmark a portion of fund equity as legally segregated for a specific future use. (Also see Note T.)

Contributed Capital - Utility plant in service includes assets received from contributions in aid of construction. This contributed capital is depreciated on a straight-line method over the life of the related asset. The amount of depreciation expense included in the statement of revenues, expenses, and changes in retained earnings relating to the contributed assets is credited to retained earnings to reflect the transfer of this amount from the related contributions account.

Electric and Natural Gas Revenues - The rate schedules of the Electric and Natural Gas Systems provide that fuel cost increases, decreases, and credits, as computed under formulas adopted by the Authority, will be passed on to the customers. These charges or credits are recorded as a deferred charge or deferred revenue.

Budget Process - The Authority is required to prepare, adopt, and provide to the City Commission of the City of Fort Pierce an annual budget no later than 45 days prior to the beginning of its fiscal year. The annual budget and any amendments thereto shall be in effect when approved by the Authority, and when any line item expense has not been disapproved by four-fifths (4/5) vote of the City Commission within 30 days of submission. Expenses may not exceed the adopted budget as presented to the City Commission, except adoption of necessary and reasonable procedures for providing emergency repairs and/or restoration or maintenance of services. The budget is prepared on the accrual basis; accordingly, revenues and expenses are budgeted for specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipts or payment of cash. The budget and amendments thereto for the year ended September 30, 2000, have been approved according to the above procedures. Subsequent to the date of the auditor's report, the final budget amendment for the fiscal year ended September 30, 2000, was adopted by the Authority Board and was approved by the City Commission.

### NOTE B - CASH AND INVESTMENTS

Deposits - Florida statutes require state and local governmental units to deposit monies with a financial institution classified as a "Qualified Public Depository," which is a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. The Authority had deposits only with qualifying institutions as of September 30, 2000, or with banks in which depository insurance was sufficient to cover the deposit balance.

Investments - The Authority is authorized by Resolution to invest in:

- (1) Local Government Surplus Funds Trust Funds.
- (2) Negotiable direct obligations of the United States Government, or obligations, the principal and interest of which are unconditionally guaranteed by the United States Government.
- (3) Obligations of the federal farm credit banks, the Federal Home Loan Mortgage Corporation, including Federal Home Loan Corporation participation certificates, or the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association, U.S. Treasury, agencies, and instrumentalities.



# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2000

(4) Repurchase agreements secured by the types of investments listed above, restricted as to acquisition, term, and market value.

(5) Interest-bearing time deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under state supervision, or in federal savings and loan associations located in this state and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law.

(6) Deposits and certificates of deposit in out-of-state banks, savings and loan associations, and other regulated financial institutions insured by the FDIC.

(7) Full faith and credit direct general obligations of any state, or unlimited tax direct obligations of any political subdivision thereof, to the payment of which the full faith and credit of such political subdivision is pledged, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized rating agency.

The Authority's investments are categorized as follows to provide an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments, with securities held by the counterparty or by its trust department or agent, but not in the Authority's name. Overnight repurchase agreements are collateralized by U.S. Treasury Notes and FHLMC Discount Notes.

Restricted Investments (in thousands):

	C A T E G O R Y			Reported Amount
	<u>1</u>	<u>2</u>	<u>3</u>	
Overnight Repurchase Agreement			\$ 5,401	\$ 5,401
FHLMC Notes			1,863	1,863
SLMA Discount Notes			1,584	1,584
FHLMC Discount Notes			1,559	1,559
FNMA Notes			1,063	1,063
Federal, state, and local government securities			<u>27</u>	<u>27</u>
			<u>\$11,497</u>	11,497
Investment in State Treasurer's Investment Pool				<u>2,659</u>
Total Restricted Pooled Investments				<u>\$14,156</u>

Current Investments (in thousands):

	C A T E G O R Y			Reported Amount
	<u>1</u>	<u>2</u>	<u>3</u>	
Overnight Repurchase Agreement			\$ 4,756	\$ 4,756
FHLMC Notes			1,640	1,640
SLMA Discount Notes			1,395	1,395
FHLMC Discount Notes			1,373	1,373
FNMA Notes			936	936
Federal, state, and local government securities			<u>24</u>	<u>24</u>
			<u>\$10,124</u>	10,124
Investment in State Treasurer's Investment Pool				<u>2,342</u>
Total Current Pooled Investments				<u>\$12,466</u>

The Authority's investments held throughout the year are principally the same as the investments held as of September 30, 2000. Because of significantly higher or lower cash flows at certain times during the year, the Authority's investment in overnight repurchase agreements changed significantly, from a low of \$2,805,000 to a high of \$14,116,000.

NOTE C - NET UTILITY PLANT

Net utility plant assets are summarized as follows as of September 30, 2000 (in thousands):

Land	\$ 5,330
Structures and improvements	38,831
Equipment	62,189
Transmission, distribution, and collection plants	<u>147,067</u>
	253,417
Less accumulated depreciation	<u>107,846</u>
	145,571
Construction work in progress	<u>8,579</u>
	<u>\$154,150</u>

Construction work in progress at September 30, 2000, consists principally of expansions and upgrades to the electric generation and transmission system, water supply and distribution system, wastewater collection system, and natural gas distribution system.

The Authority capitalizes interest costs on funds borrowed to finance the construction of fixed assets in conformity with Statements of Financial Accounting Standards 34, 42, and 62 as applicable. Total interest costs for the year ended September 30, 2000, were \$5,558,000, of which \$401,000 was capitalized as utility plant construction costs.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2000

The Authority has entered into contracts for the construction or renovation of various system assets as follows (in thousands):

<u>Upgrades and Expansion</u>	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Remaining Commitment</u>	<u>Required Further Financing</u>
Electric	\$ 360	\$ 122	\$ 238	None
Water	3,278	2,185	1,093	None
Natural gas	34	27	7	None
Wastewater	<u>757</u>	<u>578</u>	<u>179</u>	None
	<u>\$4,429</u>	<u>\$2,912</u>	<u>\$1,517</u>	

In addition, the Authority has entered into unit price contracts for the construction or renovation of system assets. These contracts are not firm commitments, and the contractors are utilized as needed. As of September 30, 2000, expenditures up to \$3,542,000 were authorized under these contracts, \$1,289,000 had been spent, and authorized amounts of \$2,253,000 remained.

### NOTE D - RESTRICTED ASSETS

Certain assets are restricted by bond resolution; additionally, some assets have been classified as restricted in accordance with governmental accounting standards for enterprise funds and utility industry accounting practices.

The Authority's restricted assets consist of the following accounts (in thousands):

Equity in pooled cash and investments, cash with fiscal agent, and accrued interest receivable:

Unexpended construction funds	\$5,835
Principal and interest accounts	5,776
Customer security deposits	3,701
Emergency reserve	2,000
Renewal and replacement reserve	1,222
Capital improvement charges and special assessments	<u>571</u>
<b>Total Restricted Assets</b>	<b><u>\$19,105</u></b>

### NOTE E - TRANSFER TO THE GENERAL FUND, CITY OF FORT PIERCE

As provided in the Charter of the City of Fort Pierce, Florida, a percentage of the Authority's utility systems revenue is transferred to the City's General Fund on an annual basis. The transfer calculation is based on the preceding fiscal year audited financial statements. Following is the computation of the amounts transferable to the General Fund during the year ending September 30, 2001, based on the transfer formula for the year ended September 30, 2000 (in thousands):

Gross Revenue	\$70,467
Plus:	
Fuel adjustment charges	3,157
Power quality service costs	20
Gas piping and appliance costs	72
Loss on property disposition	<u>2</u>
	\$73,718
Less:	
Extraordinary income	1,838
FEMA/DCA reimbursements	236
Manatee Observation and Education Center	<u>234</u>
Adjusted gross revenue	<u>\$71,410</u>
Amount transferable to General Fund, City of Fort Pierce, at 6% of gross revenues, as defined	<u>\$ 4,285</u>

### NOTE F - REVENUE BONDS PAYABLE

#### Defeasance of Revenue Bonds Payable

In prior years, the Authority defeased certain outstanding utilities revenue bonds issued for the systems payable out of revenues derived from the operation of the utility systems. These defeasances were achieved by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities (including bond discounts and financing costs) for the defeased bonds are not included in the Authority's financial statements. The portion of the Series 1989 bonds that was defeased on September 29, 1999, was called on December 27, 1999. At September 30, 2000, the following bonds are considered defeased (in thousands):

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2000

Electric and Water Systems Revenue Certificates		Less:	
Twelfth Series	\$ 935	Unamortized portion of revenue bond discounts	1,452
Utilities Revenue Certificates		Unamortized deferred bond loss	708
Series 1973A	2,590	Current portion of revenue bonds payable from	
Series 1975A	170	restricted assets	<u>3,675</u>
Utilities Revenue Bonds			
Series 1978	760		
Series 1981	9,405		
Series 1991	38,820		<u>\$92,681</u>

Bonds Payable at September 30, 2000, consist of (in thousands):

\$40,355,000 Utilities Refunding Revenue Bonds, Series 1989, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 7.00% to 7.30%, due in annual principal and sinking fund amounts ranging from \$635,000 to \$2,310,000 through October 1, 2001.

\$ 2,945

\$45,050,000 Utilities Refunding Revenue Bonds, Series 1991, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 6.85%. The accreted value of the Capital Appreciation Bonds at September 30, 2000, is \$5,113,000. The bonds mature October 1, 2009 and 2010, with principal and interest totaling \$5,445,000 due in each of those years.

5,113

\$56,195,000 Utilities Refunding Revenue Bonds, Series 1993, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 4.50% to 5.30%, due in annual principal and sinking fund amounts ranging from \$300,000 to \$7,460,000 through October 1, 2016.

50,850

\$6,580,000 Utilities Refunding Revenue Bonds, Series 1994, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 5.00% to 5.40%, due in annual principal amounts ranging from \$60,000 to \$3,295,000 through October 1, 2005.

6,330

\$22,445,000 Utilities Refunding Revenue Bonds, Series 1999A, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 4.00% to 5.375%, due in annual principal amounts ranging from \$190,000 to \$4,005,000 through October 1, 2015.

22,445

\$10,223,000 Utilities Revenue Capital Appreciation Bonds, Series 1999B, collateralized by pledge of and first lien on the net revenues of the combined systems, yield varying from 5.70% to 5.90%. The accreted value at September 30, 2000, is \$10,833,000. The bonds mature October 1, 2016, through October 1, 2024, with principal and interest totaling \$34,970,000 due in those years ranging in annual payment amounts of \$275,000 to \$4,340,000.

10,833

98,516

Requirements to amortize all revenue bond debt outstanding as of September 30, 2000, are as follows (in thousands):

Year Ending September 30,	Principal	Interest	Total
2001	\$ 3,675	\$ 3,981	\$ 7,656
2002	3,940	3,794	7,734
2003	4,125	3,614	7,739
2004	4,305	3,424	7,729
2005	<u>4,495</u>	<u>3,192</u>	<u>7,687</u>
	20,540	18,005	38,545
Subsequent Years	<u>77,976</u>	<u>20,229</u>	<u>98,205</u>
	98,516	38,234	136,750
Future accretion on capital appreciation bonds	<u>29,914</u>	-	<u>29,914</u>
	<u>\$128,430</u>	<u>\$38,234</u>	<u>\$166,664</u>

Significant Bond Covenants for Utilities Revenue Bonds

The Series 1989, 1991, 1993, 1994, and 1999A bond issues provide that the Authority accumulate monthly 1/6 of the amount of all interest becoming due on the next semi-annual interest payment date, and 1/12 of the amount of principal which will become due and payable on the next principal maturity or sinking fund installment date. A maximum maturities reserve must be maintained at an amount equal to the maximum amount of principal of and interest on all bonds becoming due in any ensuing bond year, and has been provided for by purchasing a surety bond. This maximum amount is \$8,128,000 and occurs in the bond year October 1, 2013. Additionally, the issues require renewal and replacement and emergency reserve funds with minimum requirements of \$1,000,000 and \$1,750,000, respectively. These reserves are funded in the amounts of \$1,222,000 and \$2,000,000, respectively, at September 30, 2000.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2000

Series 1989 Bonds maturing in the year 1998 and thereafter, Series 1993 Bonds maturing in the years 2004 to 2016, and Series 1999A Bonds maturing in the year 2010 and thereafter are redeemable prior to their stated dates of maturity, at the option of the Authority, beginning October 1, 1997, 2003, and 2009, respectively. The redemption may occur in whole on any date, or in part on any interest payment date, in inverse order of maturity and by lot within maturity if less than all for the Series 1989 and in such manner as shall be determined by the Authority for the Series 1993 and 1999A. The redemption price of the issues is equal to par plus interest accrued to the redemption date, plus a premium of 2% of par if redeemed October 1, 1997 and 2003, and 1% of par if redeemed October 1, 2009. Such premium shall decrease at the rate of 1% on each October 1 thereafter.

### NOTE G - PENSION PLANS

#### General Employees Retirement and Benefit System

##### Plan Description

The General Employees Retirement and Benefit System (the System) is a cost-sharing multiple employer PERS defined benefit plan administered by the City of Fort Pierce, covering all municipal employees, including the Authority's employees, and employees of the St. Lucie County-Fort Pierce Fire District. The System does not issue a stand-alone financial report, but this information is included in the financial statements of the City of Fort Pierce, which can be obtained by submitting a request to 100 North U.S. Highway 1, Fort Pierce, Florida 34950. Except for the Director of Utilities, participation in the plan is compulsory for all employees of the Authority. Employees are eligible to participate upon employment.

Benefits vest 100% after 5 years of service. Upon retirement, members are entitled to an annual retirement benefit, payable for life, of total service (years and months) times 2.5% of final average salary, based upon the highest 5 consecutive years out of the last 10 years. (Optional benefit forms are available on an actuarial equivalent basis.) The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and city ordinance. Ad hoc increases in benefits may be granted periodically by a decision of the Retirement Board with the approval of the City Commission.

##### Funding Status and Progress

Per the City of Fort Pierce Code of Ordinances, Ch. 13, Art. II, Div. 1, Sec. 13-40, Authority employees are required to contribute 7.16% of their annual salary to the System. The employer is required to contribute actuarially determined amounts which, together with member contributions, are sufficient to fund the System. Administrative costs are financed through investment earnings.

For the three years ended 1998, 1999, and 2000, employer contributions to the Plan based on the annual covered payroll, all made in accordance with actuarially determined requirements, were \$2,062,000 (6.81%), \$1,275,000 (4.02%), and \$982,000 (2.95%), respectively.

### NOTE H - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation assets are not available to employees until termination, retirement, death, or unforeseeable emergency.

During the year ended September 30, 1997, the assets in the plan were transferred into trust funds. The assets are protected by the trust arrangements from any claims on the employer and from any use by the employer other than paying benefits to employees and their beneficiaries in accordance with the plan. In accordance with GASB Statement No. 32, the plan's assets and liability payable from restricted assets were removed from the Authority's balance sheet as of September 30, 1997.

### NOTE I - COMPENSATED ABSENCES

Current policy allows each employee eligible for vacation leave to accumulate up to 30 days of vacation. Employees are paid unused vacation leave at current hourly rates upon termination. Employees eligible for sick leave are allowed unlimited accumulation. Employees having at least 3 through 9 years of continuous service with the Authority will receive pay for 1/2 of their accumulated sick leave balance up to a maximum of 45 days. Employees having at least 10 or more years of continuous service with the Authority will receive pay for their accumulated sick leave balance up to a maximum of 90 days.

Accrued liabilities, based on hourly salary rates at September 30, 2000, have been reflected in the accounts of the Authority for vested (not contingent on employee future service) vacation and sick leave benefits at September 30, 2000, as follows (in thousands):

Vacation leave	\$ 498
Sick leave	<u>1,088</u>
	<u>\$1,586</u>

Annually, the Authority offers the opportunity to convert unused sick leave to cash. Providing certain established criteria are met, an employee may elect to convert up to six days of unused sick leave to cash calculated at their current hourly salary rate. During the year ended September 30, 2000, approximately \$88,000 was paid to employees electing this option.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2000

The Authority has established a policy which allows employees to convert certain of their accumulated sick leave to cash. Provided that certain criteria are met, an employee may elect to convert up to a maximum of 45 days and thereby reduce the amount payable upon termination. During the year ended September 30, 2000, approximately \$22,000 was paid to employees electing this option.

### NOTE J - RISK MANAGEMENT

#### Employee and Retiree Health Insurance

The Authority became a self-insurer for health and accident claims of their employees and retirees, effective January 1, 2000. Prior to that time, the Authority was insured by the Florida Healthcare Purchasing Cooperative. Payments of claims under the plan are administered by Anchor Benefit Consulting, Inc. Contributions are made to the Authority's health and accident insurance account biweekly by its employees. Any deficits of the account, up to the stop loss amounts, are absorbed by the Authority. Amounts in excess of the stop loss amounts are underwritten by Fidelity Security Life Insurance Company. The individual stop loss amount is \$100,000 and approximately \$1,888,000 in the aggregate for the calendar year ending December 31, 2000.

As of September 30, 2000, the Authority had accrued claims of approximately \$540,000, which are in excess of the individual and aggregate stop loss amounts for the calendar year 2000. This amount is expected to be recovered from the stop loss carrier. Changes in the Authority's claim liability (receivable) balance during fiscal year 2000 is as follows (in thousands):

	Beginning-of- Fiscal-Year	Current-Year Claims and Changes in	Claim	Balance at
	<u>Liability</u>	<u>Estimates</u>	<u>Payments</u>	<u>Year-End</u>
2000	\$	-	\$ 1,416	\$ 1,956
				\$ (540)

#### Other Risks of Loss

The Authority is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, the Authority purchases insurance coverage as described in more detail on Page 34. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

### NOTE K - CONTRIBUTED CAPITAL

Contributed capital includes amounts collected in prior years which are reserved for future expansion of the Authority's property, plant, and equipment. During the year, contributed capital changed by the following amounts (in thousands):

Tap and connection fees:		
Developers	\$	1,311
Customers		<u>336</u>
Total Additions		1,647
Less:		
Funds Applied		135
Depreciation of fixed assets acquired by contribution		<u>1,060</u>
Total Reductions		<u>1,195</u>
Net Increase		452
Contributed capital, October 1, 1999		<u>25,419</u>
Contributed capital, September 30, 2000		<u>\$25,871</u>

### NOTE L - TRANSACTIONS WITH THE CITY OF FORT PIERCE

As an enterprise fund of the City of Fort Pierce, transactions occur between the Authority and the City throughout the year in the ordinary course of operations. Below is a summary of significant transactions:

**Administrative Services** - The Authority is billed monthly for various administrative services performed by the City.

**Vehicle Maintenance** - The City charges the Authority on a monthly basis for fuel used by Authority vehicles.

**Nonmetered and Metered Service Charges** - The Authority bills the City on a monthly basis for all nonmetered and metered services.

**Charges to City residents for sanitation and utility taxes** are included on the Authority's monthly billing statements to customers as a service to the City. The Authority acts only as an agent with all cash collections relating to these charges forwarded directly to the City. The City is charged \$70,000 annually by the Authority to perform these services. As of September 30, 2000, customer deposits held by the Authority for sanitation services provided by the City were \$164,000.

Total charges to the City for the year ended September 30, 2000, were \$1,158,000. Total accounts receivable from the City at September 30, 2000, were \$96,000. Total disbursements made to the City by the Authority, including payments of utility tax and sanitation charges collected the year ended September 30, 2000, were \$6,665,000. In addition, the Authority transferred the September 30, 1999, General Fund transfer to the City in the amount of \$4,063,000. (See Note E.) Amounts payable to the City at September 30, 2000, were \$879,000.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2000

### NOTE M - CONTRACT COMMITMENTS

#### FMPA All-Requirements Power Supply Project

As of January 1, 1998, the Authority became a participant in Florida Municipal Power Agency's All-Requirements Power Supply Project (hereinafter referred to as ARP). The Authority has agreed to purchase their total bulk power requirements, in excess of certain excluded resources, from the ARP through October 1, 2030. Also, the Authority makes their generating or purchased capacity resources available to the ARP and receives capacity credits from the ARP.

Prior to being involved in the ARP, the Authority had Project Support Contracts and Power Sales Contracts with FMPA regarding Stanton Unit No. 1 (Stanton and Tri-City Projects) and Stanton Unit No. 2, coal-fired plants constructed by the Orlando Utilities Commission. The Authority's resources which have been assigned include the contracts with FMPA related to Stanton Unit No. 1 and Stanton Unit No. 2, and part of the contract with Florida Gas Transmission for the purchase of firm capacity natural gas. (See below.) The contracts related to the St. Lucie Project, detailed below, have not been assigned; however, as of January 1, 1998, the Authority's share of transmission costs related to the St. Lucie Project have been assigned to the ARP.

#### FMPA St. Lucie Project

The Authority has entered into agreements with the Florida Municipal Power Agency (FMPA), of which it is a member, and with certain other members of FMPA, for entitlement to capacity, energy, and transmission services from Florida Power & Light's (FP&L) St. Lucie Unit No. 2 (the Unit) which is located on South Hutchinson Island near Fort Pierce, and through a reliability exchange agreement related to St. Lucie Unit No. 1, located at the same site. Pursuant to a Power Sales Contract and a Project Support Contract, the Authority has acquired an entitlement share of FMPA's allocation of these services. The Power Sales Contract requires payments for each month in which capacity, energy, or transmission services are available from the St. Lucie Project. Payments due each month are based upon an annual budget. Once each year the excess or deficiency of payments related to actual cost is calculated and applied to the monthly statements from FMPA to the Authority.

The Power Sales Contract will remain in effect until the latest of (i) the date that the principal, premium, if any, and interest on all bonds have been paid, or funds are set aside for the payment thereof; (ii) the date the Unit is decommissioned or finally disposed of as an electric generating unit pursuant to the Participation Agreement, or FMPA's interest in the Unit is terminated pursuant to the Participating Agreement or otherwise disposed of; or (iii) the date all obligations of FMPA under the Participation Agreement have been paid, performed, or provided for.

In any month when electric capacity, energy, or transmission services are not made available to the Authority, payment is made to FMPA under a Project Support Contract in a like amount as would have been due under the Power Sales Contract.

Purchases under these contracts are accounted for as operating expenses by the Authority. Total cost included in operating expenses for the year ended September 30, 2000, was \$5,507,000. The Authority is committed under the agreements to payments of \$5,971,000 for the year ending September 30, 2001.

#### Florida Gas Transmission

The Authority has entered into a contract with Florida Gas Transmission for the purchases of firm capacity natural gas in an amount ranging from 868 to 1,500 MMBtu's per day in any given month. At September 30, 2000, \$1,162,000 was included in operating expenses by the Authority in regard to this contract. As of January 1, 1998, the Authority's commitment to Florida Gas Transmission for the purchase of firm capacity natural gas used to fuel the Authority's power generation facility was assigned to the ARP. Therefore, the Authority's remaining commitment under this contract, for the year ended September 30, 2001, is \$172,000.

### NOTE N - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for those benefits if they reach normal retirement age while working for the Authority. Retiree health care benefit costs are recognized on an accrual basis (27 participating retirees). The amount of the contributions made by retirees during the year ended September 30, 2000, totaled approximately \$142,000, and no expenses were recognized.

Florida Statutes, Sec. 112.0801, as amended by Sec. 1 and 2 of Ch. 87-373, Laws of Florida, requires all public employers to allow their retirees to participate in the same health group plan or self-insurance plan offered to their active employees.

### NOTE O - LITIGATION

The Authority is a defendant in a lawsuit related to the Midway Road service area dispute. Outside counsel for the Authority has advised that he cannot offer an opinion as to the probable outcome. The Authority is vigorously defending its position.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2000

### NOTE P - ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with 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 the estimates.

### NOTE S - EXTRAORDINARY INCOME

During the year ended September 30, 2000, the Authority received \$1,838,000 as a result of the FP&L/FMPA settlement that occurred late last year. This was the Authority's portion of the total settlement. It is termed a "black box" settlement because the money was received under the terms that it was not for any particular reason, but was just in settlement of the case.

### NOTE Q - OPERATING LEASE

The Authority is the lessor of the former Southeast Bank property under an operating lease which expires on September 30, 2001. Effective September 30, 1998, this lease is on a month-to-month basis and may be terminated by the lessee by giving the Authority at least 60 days' written notice. Following is the property being leased at September 30, 2000 (in thousands):

Land	\$183
Building	185
Less: Accumulated depreciation	<u>(37)</u>
	<u>\$331</u>

### NOTE R - RESERVES FOR BOND REQUIREMENTS

Use of reserves is limited to the following:

Emergency Reserve - restricted for payment for emergency repairs or replacements of the capital assets of the Authority which have been damaged or destroyed by catastrophes, acts of God, or other disasters.

Renewal and Replacement Reserve - restricted for paying the cost of extensions, enlargements or additions to, or the replacement of, capital assets of the Authority.

Unexpended Construction Funds - restricted for capital projects and improvements.

Amounts reserved for bond requirements are comprised of (in thousands):

Emergency reserve	\$ 2,000
Renewal and replacement reserve	1,222
Unexpended construction funds	<u>5,835</u>
	<u>\$9,057</u>



# Berger, Toombs, Elam & Frank

Certified Public Accountants Chartered

Sun Bank Building  
Suite 300  
111 Orange Avenue  
Fort Pierce, Florida 34950

561/461-6120  
FAX: 561/468-9278

Honorable Chairman and Members  
Fort Pierce Utilities Authority  
Fort Pierce, Florida

We have audited the financial statements of the Fort Pierce Utilities Authority as of and for the year ended September 30, 2000, and have issued our report thereon dated December 13, 2000. Our audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

In connection with our audit, nothing came to our attention that caused us to believe there has been any material lack of compliance with the covenants of the Utilities Refunding Revenue Bonds, Series 1989, Utilities Refunding Revenue Bonds, Series 1991, Utilities Refunding Revenue Bonds, Series 1993, Utilities Refunding Revenue Bonds, Series 1994, Utilities Refunding Revenue Bonds, Series 1999A, or Utilities Revenue Capital Appreciation Bonds, Series 1999B.

*Berger, Toombs, Elam & Frank*

Fort Pierce, Florida  
December 13, 2000



**FORT PIERCE UTILITIES AUTHORITY**  
**SCHEDULE OF BUDGET COMPARISONS**  
Year ended September 30, 2000  
(Dollars in Thousands)

	Actual	Amended Budget
<b>REVENUES</b>		
Sales and Charges for Services	\$ 64,867	\$ 64,867
Other Operating Revenues	1,300	1,300
Investment and Other Income	2,462	2,462
Extraordinary Income	1,838	1,838
Total Revenues	\$ 70,467	\$ 70,467
<b>EXPENSES</b>		
Generation	\$ 3,224	\$ 3,224
Purchases for Resale	26,164	26,164
Plant Operations	3,572	3,572
Field Operations	5,279	5,279
General and Administrative	9,585	9,585
Depreciation	8,863	8,863
Interest	5,157	5,157
Amortization of Financing Expenses and Revenue		
Bond Discounts	242	242
Transfer to General Fund - City of Fort Pierce	4,063	4,063
Total Expenses	\$ 66,149	\$ 66,149

# FORT PIERCE UTILITIES AUTHORITY

## SCHEDULE OF INVESTMENTS

September 30, 2000

(Dollars in Thousands)

Description of Investments	Reported Amount
Federal Home Loan Mortgage Corporation 7.125% notes due 5/16/2001	\$ 3,503
Student Loan Marketing Association discount notes due 12/20/2000	2,979
Federal Home Loan Mortgage Corporation discount notes due 3/29/2001	2,932
Federal National Mortgage Association 6.57% notes due 2/22/2001	1,999
Federal, state, and local government securities with interest rates from 10.25% to 10.39% maturing between 10/1/2000 and 10/1/2003	51
Repurchase Agreement - overnight with interest at 6.04% maturing at no set date	10,157 *
State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (LGSF Pool) with interest rate of 6.59% maturing at no set date	<u>5,001 *</u>
Total Investments	<u><u>\$ 26,622</u></u>

Interest income generated on the above investments for the year ended September 30, 2000, was \$2,069.

\* These items are considered cash equivalents for purposes of the Statement of Cash Flows.

**FORT PIERCE UTILITIES AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended September 30, 2000

(Dollars in Thousands)

<u>Federal Grantor/ Pass-through Grant</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Contract Period</u>	<u>Program or Award Amount</u>
<u>Federal Emergency Management Agency/ Pass-through State of Florida, Department of Community Affairs</u>				
Hurricane Floyd	83.544	00-RM-X*-10- 60-02-141	9/14/99- 3/22/2001	\$ 56
Hurricane Irene	83.544	00-RM-W*-10- 66-02-166	10/14/99- 4/22/2001	<u>856</u>
				<u>\$ 912</u>

Note: None of the above grants are considered to be from state grants and aids appropriation.

**FORT PIERCE UTILITIES AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended September 30, 2000

(Dollars in Thousands)

Accrued or (Deferred) Revenue at September 30, 1999	<u>Receipts</u>	<u>Disbursements</u>	Accrued or (Deferred) Revenue at September 30, 2000
\$ -	\$ 56	\$ 56	\$ -
<u>-</u>	<u>843</u>	<u>843</u>	<u>-</u>
<u><u>\$ -</u></u>	<u><u>\$ 899</u></u>	<u><u>\$ 899</u></u>	<u><u>\$ -</u></u>

**FORT PIERCE UTILITIES AUTHORITY**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
Year ended September 30, 2000

(Dollars in Thousands)

<u>Grantor Department/Agency and Program Description</u>	<u>Contract Period</u>	<u>Contract or Award Amount</u>
<u>State of Florida, Department of Community Affairs</u>		
Hurricane Floyd DCA Agreement No. 00-RM-X*-10-60-02-141	9/14/99-3/22/2001	\$ 9
Hurricane Irene DCA Agreement No. 00-RM-W*-10-66-02-166	10/14/99-4/22/2001	<u>143</u>
		<u>\$ 152</u>

**Note:** None of the above grants are considered to be from state grants and aids appropriation.

**FORT PIERCE UTILITIES AUTHORITY**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
Year ended September 30, 2000

(Dollars in Thousands)

<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued or (Deferred) Revenue at September 30, 2000</u>
\$ 9	\$ 9	\$ -
<u>137</u>	<u>137</u>	<u>-</u>
<u><u>\$ 146</u></u>	<u><u>\$ 146</u></u>	<u><u>\$ -</u></u>

# FORT PIERCE UTILITIES AUTHORITY

## SCHEDULE OF INSURANCE COVERAGE

September 30, 2000

(Dollars in Thousands)

Description	Amount of Coverage
Property (\$100,000 deductible)	
Electric System	\$ 93,408
Water Treatment, Operations and Storage	21,239
Wastewater Treatment and Operations	10,836
Wastewater Lift Stations	7,601
Administration Offices	3,501
Other Buildings	1,016
Gas Operations	407
Manatee Observation and Education Center	61
Other Property	
Computer Equipment (various deductibles)	3,184
Contractors Equipment (\$1,000 deductible)	646
Boiler and Machinery (various deductibles)	75,000
Flood (various deductibles)	3,310
Workers' Compensation (\$25,000 deductible)	Statutory
General Liability and Automobile Liability	
General Liability (\$25,000 deductible)	1,000
Automobile Liability (\$25,000 deductible)	1,000
Personal Injury Protection	10
Other Policies	
Public Officials and Employees Liability (\$25,000 deductible)	3,000
Pollution and Remediation Legal Liability (\$10,000 self-insured retention)	1,000
Storage Tank Liability (\$25,000 deductible)	1,000
Surety Bond - Director of Finance	500
Commercial Crime - Employee Dishonesty (\$5,000 deductible)*	250

\* This policy is carried jointly with the City of Fort Pierce and the City of Fort Pierce Retirement and Benefit Trust.

**FORT PIERCE UTILITIES AUTHORITY**  
**AVERAGE NUMBER OF SERVICES BILLED BY SYSTEM - LAST TEN YEARS**

	ELECTRIC	WATER	NATURAL GAS	WASTEWATER
FY 2000	24,642	15,399	4,724	12,308
FY 1999	24,457	15,159	4,771	12,235
FY 1998	24,256	15,044	4,800	12,213
FY 1997	24,183	14,574	4,763	12,019
FY 1996	24,068	14,232	4,698	11,860
FY 1995	24,031	14,014	4,651	11,810
FY 1994	23,677	13,804	4,620	11,729
FY 1993	23,637	13,866	4,449	11,767
FY 1992	23,457	13,726	4,416	11,717
FY 1991	23,566	13,686	4,355	11,731



**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
<b>ELECTRIC</b>					
Residential					
Inside the City	\$ 14,402,000	\$ 13,660,294	\$ 14,649,153	\$ 13,919,121	\$ 13,663,193
Outside the City	5,010,000	4,768,858	5,191,792	5,085,412	5,144,242
<b>Total Residential</b>	<b>19,412,000</b>	<b>18,429,152</b>	<b>19,840,945</b>	<b>19,004,533</b>	<b>18,807,435</b>
General Service					
Inside the City	19,110,000	18,193,515	18,697,561	19,001,660	18,029,288
Outside the City	5,622,000	5,008,267	5,544,187	5,702,088	5,413,173
<b>Total General Service</b>	<b>24,732,000</b>	<b>23,201,782</b>	<b>24,241,748</b>	<b>24,703,748</b>	<b>23,442,461</b>
Other Retail	1,095,000	1,025,759	1,030,803	1,008,557	869,774
Sales for Resale	-	-	7,418	1,354,809	140,872
Other Operating Revenues	757,000	638,763	709,096	676,884	292,566
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 45,996,000</b>	<b>\$ 43,295,456</b>	<b>\$ 45,830,010</b>	<b>\$ 46,748,531</b>	<b>\$ 43,553,108</b>
<b>WATER</b>					
Residential					
Inside the City	\$ 2,820,000	\$ 2,433,604	\$ 2,378,477	\$ 2,102,011	\$ 1,985,586
Outside the City	855,000	726,320	685,191	621,713	603,683
<b>Total Residential</b>	<b>3,675,000</b>	<b>3,159,924</b>	<b>3,063,668</b>	<b>2,723,724</b>	<b>2,589,269</b>
General Service					
Inside the City	3,510,000	3,042,178	2,757,485	2,799,805	2,835,903
Outside the City	1,841,000	1,565,834	1,531,034	1,386,219	1,211,519
<b>Total General Service</b>	<b>5,351,000</b>	<b>4,608,012</b>	<b>4,288,519</b>	<b>4,186,024</b>	<b>4,047,422</b>
Sales for Resale	592,000	586,997	517,163	402,441	435,138
Other Operating Revenues	12,000	10,635	7,397	41,211	12,614
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 9,630,000</b>	<b>\$ 8,365,568</b>	<b>\$ 7,876,747</b>	<b>\$ 7,353,400</b>	<b>\$ 7,084,443</b>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

FY 1995	FY 1994	FY 1993	FY 1992	FY 1991
\$ 12,326,196	\$ 12,289,991	\$ 13,007,936	\$ 11,753,987	\$ 12,000,882
4,566,268	4,646,568	4,944,935	4,469,899	4,492,931
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
16,892,464	16,936,559	17,952,871	16,223,886	16,493,813
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
16,851,498	16,301,154	15,821,278	15,641,762	16,206,573
4,933,333	5,651,475	6,354,755	4,983,618	4,965,386
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
21,784,831	21,952,629	22,176,033	20,625,380	21,171,959
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
721,847	1,039,083	1,300,510	876,362	853,439
618,047	734,363	534,226	2,297,401	1,737,539
99,756	487,362	541,306	258,308	(65,998)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 40,116,945	\$ 41,149,996	\$ 42,504,946	\$ 40,281,337	\$ 40,190,752
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,995,306	\$ 1,956,332	\$ 1,897,260	\$ 1,913,198	\$ 1,717,881
520,652	508,915	492,068	477,515	408,696
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,515,958	2,465,247	2,389,328	2,390,713	2,126,577
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,632,697	2,054,789	2,057,136	2,096,118	2,047,227
1,008,885	1,134,003	1,082,090	997,884	872,619
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
3,641,582	3,188,792	3,139,226	3,094,002	2,919,846
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
381,815	429,036	328,262	304,800	277,218
38,937	381,410	348,719	481,202	213,068
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 6,578,292	\$ 6,464,485	\$ 6,205,535	\$ 6,270,717	\$ 5,536,709
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
<b>NATURAL GAS</b>					
<b>SALES REVENUE</b>					
Residential	\$ 1,003,000	\$ 878,635	\$ 996,379	\$ 939,892	\$ 813,723
Heat Only	22,000	22,649	35,093	36,059	35,580
General Service	1,871,000	1,440,490	1,693,158	2,062,806	1,530,276
Interruptible and Other	-	14,133	6,695	-	-
Contract Gas	-	186,701	195,124	4,221,553	3,143,830
<b>Total Sales Revenue</b>	<b>2,896,000</b>	<b>2,542,608</b>	<b>2,926,449</b>	<b>7,260,310</b>	<b>5,523,409</b>
Other Operating Revenues, including Transportation	290,000	-	285,607	125,171	117,843
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 3,186,000</b>	<b>\$ 2,542,608</b>	<b>\$ 3,212,056</b>	<b>\$ 7,385,481</b>	<b>\$ 5,641,252</b>
<b>WASTEWATER</b>					
Residential					
Inside the City	\$ 2,938,000	\$ 2,915,450	\$ 3,011,837	\$ 2,754,039	\$ 2,430,307
Outside the City	365,000	361,580	361,858	331,412	299,005
<b>Total Residential</b>	<b>3,303,000</b>	<b>3,277,030</b>	<b>3,373,695</b>	<b>3,085,451</b>	<b>2,729,312</b>
General Service					
Inside the City	3,031,000	3,073,102	2,888,699	2,989,862	2,867,201
Outside the City	780,000	716,328	670,318	680,122	607,337
<b>Total General Service</b>	<b>3,811,000</b>	<b>3,789,430</b>	<b>3,559,017</b>	<b>3,669,984</b>	<b>3,474,538</b>
Other Service	-	-	-	-	-
<b>Total Retail Service Revenue</b>	<b>7,114,000</b>	<b>7,066,460</b>	<b>6,932,712</b>	<b>6,755,435</b>	<b>6,203,850</b>
Other Operating Revenues	9,000	9,850	4,646	3,392	8,295
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 7,123,000</b>	<b>\$ 7,076,310</b>	<b>\$ 6,937,358</b>	<b>\$ 6,758,827</b>	<b>\$ 6,212,145</b>
<b>MANATEE EDUCATION AND OBSERVATION CENTER</b>					
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 232,000</b>	<b>\$ 188,054</b>	<b>\$ 202,501</b>	<b>\$ 147,000</b>	<b>\$ 9,000</b>
<b>GRAND TOTAL</b>	<b>\$ 66,167,000</b>	<b>\$ 61,467,996</b>	<b>\$ 64,058,672</b>	<b>\$ 68,393,239</b>	<b>\$ 62,499,948</b>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

FY 1995	FY 1994	FY 1993	FY 1992	FY 1991
\$ 879,685	\$ 996,726	\$ 959,786	\$ 946,669	\$ 670,081
44,310	39,866	36,160	39,155	27,848
1,301,427	1,378,428	952,911	730,332	616,580
25,481	745,148	996,734	1,201,591	4,356,762
2,741,422	2,216,949	2,919,511	1,128,526	-
4,992,325	5,377,117	5,865,102	4,046,273	5,671,271
86,887	111,943	139,493	379,924	111,104
<u>\$ 5,079,212</u>	<u>\$ 5,489,060</u>	<u>\$ 6,004,595</u>	<u>\$ 4,426,197</u>	<u>\$ 5,782,375</u>
\$ 2,467,173	\$ 2,361,220	\$ 2,121,626	\$ 2,133,891	\$ 2,006,922
277,600	262,176	228,867	226,016	196,736
2,744,773	2,623,396	2,350,493	2,359,907	2,203,658
2,491,922	2,307,237	2,062,163	2,206,312	1,934,579
496,741	565,836	463,809	438,218	378,512
2,988,663	2,873,073	2,525,972	2,644,530	2,313,091
55,378	113,902	104,779	(13,600)	63,913
5,788,814	5,610,371	4,981,244	4,990,837	4,580,662
18,180	13,141	17,061	(68,334)	8,882
<u>\$ 5,806,994</u>	<u>\$ 5,623,512</u>	<u>\$ 4,998,305</u>	<u>\$ 4,922,503</u>	<u>\$ 4,589,544</u>
\$ 57,581,443	\$ 58,727,053	\$ 59,713,381	\$ 55,900,754	\$ 56,099,380

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED EXPENSES - LAST TEN YEARS**

	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
<b>ELECTRIC</b>					
Generation and Purchases for Resale	\$ 28,067,000	\$ 26,519,000	\$ 28,744,000	\$ 29,976,000	\$ 26,631,000
Transmission and Distribution	2,522,000	2,259,000	2,188,000	2,262,000	1,869,000
Administrative and General	5,060,000	4,593,000	4,588,000	4,667,000	4,693,000
Depreciation	4,689,000	4,827,000	5,084,000	4,296,000	4,246,000
<b>Total Operating Expenses</b>	<b>\$ 40,338,000</b>	<b>\$ 38,198,000</b>	<b>\$ 40,604,000</b>	<b>\$ 41,201,000</b>	<b>\$ 37,439,000</b>
<b>WATER</b>					
Plant Operations	\$ 2,025,000	\$ 1,978,000	\$ 1,999,000	\$ 1,913,000	\$ 1,693,000
Transmission and Distribution	881,000	917,000	859,000	808,000	766,000
Administrative and General	2,392,000	1,963,000	1,930,000	1,688,000	1,663,000
Depreciation	2,152,000	2,023,000	1,911,000	1,512,000	1,394,000
<b>Total Operating Expenses</b>	<b>\$ 7,450,000</b>	<b>\$ 6,881,000</b>	<b>\$ 6,699,000</b>	<b>\$ 5,921,000</b>	<b>\$ 5,516,000</b>
<b>NATURAL GAS</b>					
Supply and Distribution	\$ 1,849,000	\$ 1,551,000	\$ 1,881,000	\$ 5,431,000	\$ 4,353,000
Administrative and General	355,000	624,000	676,000	648,000	656,000
Depreciation	299,000	268,000	262,000	204,000	201,000
<b>Total Operating Expenses</b>	<b>\$ 2,503,000</b>	<b>\$ 2,443,000</b>	<b>\$ 2,819,000</b>	<b>\$ 6,283,000</b>	<b>\$ 5,210,000</b>
<b>WASTEWATER</b>					
Plant Operations	\$ 1,385,000	\$ 1,148,000	\$ 1,131,000	\$ 1,141,000	\$ 1,064,000
Pumping and Collection	1,301,000	1,249,000	1,153,000	1,140,000	940,000
Administrative and General	1,769,000	1,538,000	1,440,000	1,185,000	1,119,000
Depreciation	1,707,000	1,638,000	1,603,000	1,430,000	1,413,000
<b>Total Operating Expenses</b>	<b>\$ 6,162,000</b>	<b>\$ 5,573,000</b>	<b>\$ 5,327,000</b>	<b>\$ 4,896,000</b>	<b>\$ 4,536,000</b>
<b>MANATEE EDUCATION AND OBSERVATION CENTER</b>					
Total Operating Expenses	\$ 234,000	\$ 188,000	\$ 180,000	\$ 147,000	\$ 37,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 56,687,000</b>	<b>\$ 53,283,000</b>	<b>\$ 55,629,000</b>	<b>\$ 58,448,000</b>	<b>\$ 52,738,000</b>
<b>OTHER REVENUE (EXPENSES) *</b>	<b>\$ (1,100,000)</b>	<b>\$ (3,893,000)</b>	<b>\$ (3,842,000)</b>	<b>\$ (3,884,000)</b>	<b>\$ (3,479,000)</b>

\* Excludes Transfer to the City of Fort Pierce.

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED EXPENSES - LAST TEN YEARS**

FY 1995	FY 1994	FY 1993	FY 1992	FY 1991
\$ 24,071,000	\$ 24,604,141	\$ 26,073,468	\$ 25,246,190	\$ 25,338,983
1,723,000	1,703,977	1,815,778	1,583,443	1,746,600
4,355,000	4,248,430	5,143,491	5,674,891	4,761,927
4,286,000	3,955,220	3,781,943	3,378,909	3,295,347
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 34,435,000	\$ 34,511,769	\$ 36,814,680	\$ 35,883,433	\$ 35,142,857
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,784,000	\$ 1,854,204	\$ 1,751,873	\$ 1,791,363	\$ 1,759,586
764,000	624,046	554,913	547,502	510,138
1,517,000	1,607,023	1,491,802	1,376,255	1,238,593
1,346,000	1,298,012	1,263,084	1,206,855	1,153,463
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 5,411,000	\$ 5,383,285	\$ 5,061,672	\$ 4,921,975	\$ 4,661,780
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 3,775,000	\$ 4,495,430	\$ 4,682,389	\$ 3,111,201	\$ 4,868,820
608,000	705,777	990,666	839,581	812,416
205,000	194,326	167,399	142,452	123,847
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 4,588,000	\$ 5,395,533	\$ 5,840,453	\$ 4,093,234	\$ 5,805,083
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,162,000	\$ 1,211,276	\$ 1,229,495	\$ 1,239,795	\$ 1,185,132
1,029,000	811,908	986,684	990,332	1,011,993
1,064,000	1,305,064	1,324,994	1,287,844	1,172,435
1,225,000	1,154,702	1,085,744	988,556	939,734
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 4,480,000	\$ 4,482,951	\$ 4,626,917	\$ 4,506,527	\$ 4,309,294
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 48,914,000	\$ 49,773,538	\$ 52,343,723	\$ 49,405,169	\$ 49,919,014
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ (3,144,000)	\$ (3,473,745)	\$ (3,630,437)	\$ (2,576,741)	\$ (2,203,427)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED UNIT SALES - LAST TEN YEARS**

	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
<b>ELECTRIC</b>					
<b>ENERGY SALES (kWh)</b>					
Residential					
Inside the City	169,126,000	167,419,000	165,952,000	153,928,000	166,245,000
Outside the City	56,431,000	56,158,000	56,622,000	53,014,000	58,979,000
<b>Total Residential</b>	<b>225,557,000</b>	<b>223,577,000</b>	<b>222,574,000</b>	<b>206,942,000</b>	<b>225,224,000</b>
General Service					
Inside the City	260,790,000	261,739,000	241,091,000	223,215,000	231,344,000
Outside the City	72,653,000	67,445,000	70,317,000	71,048,000	66,559,000
<b>Total General Service</b>	<b>333,443,000</b>	<b>329,184,000</b>	<b>311,408,000</b>	<b>294,263,000</b>	<b>297,903,000</b>
Other Retail	9,676,000	9,310,000	9,181,000	9,499,000	9,432,000
<b>Total Retail Energy Sales</b>	<b>568,676,000</b>	<b>562,071,000</b>	<b>543,163,000</b>	<b>510,704,000</b>	<b>532,559,000</b>
<b>WATER SALES - 1,000 GALLONS</b>					
Residential					
Inside the City	793,954	797,083	786,795	780,701	774,878
Outside the City	183,594	184,908	172,136	168,794	169,241
<b>Total Residential</b>	<b>977,548</b>	<b>981,991</b>	<b>958,931</b>	<b>949,495</b>	<b>944,119</b>
General Service					
Inside the City	1,093,971	1,103,392	1,021,115	1,094,136	1,166,291
Outside the City	592,185	583,639	577,158	544,633	486,323
<b>Total General Service</b>	<b>1,686,156</b>	<b>1,687,031</b>	<b>1,598,273</b>	<b>1,638,769</b>	<b>1,652,614</b>
Sales for Resale	200,175	202,879	196,191	165,006	175,135
<b>Total Sales</b>	<b>2,863,879</b>	<b>2,871,901</b>	<b>2,753,395</b>	<b>2,753,270</b>	<b>2,771,868</b>
<b>NATURAL GAS</b>					
<b>ENERGY SALES (ccf)</b>					
Residential	770,318	741,430	849,548	800,017	937,137
Heat Only	9,555	8,437	16,292	12,431	25,511
General Service	2,511,133	2,402,643	2,603,348	2,471,084	2,506,281
Interruptible and Other	-	-	-	-	-
Contract Sales	-	-	477,750	11,119,640	8,595,100
<b>Total Energy Sales</b>	<b>3,291,006</b>	<b>3,152,510</b>	<b>3,946,938</b>	<b>14,403,172</b>	<b>12,064,029</b>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED UNIT SALES - LAST TEN YEARS**

FY 1995	FY 1994	FY 1993	FY 1992	FY 1991
157,333,000	154,652,000	149,009,000	148,866,000	155,212,000
55,557,000	56,273,000	54,413,000	54,489,000	56,044,000
212,890,000	210,925,000	203,422,000	203,355,000	211,256,000
225,542,000	217,633,000	209,220,000	207,967,000	215,639,000
68,639,000	69,471,000	72,407,000	60,798,000	61,465,000
294,181,000	287,104,000	281,627,000	268,765,000	277,104,000
9,243,000	9,080,000	8,855,000	8,384,000	8,115,000
516,314,000	507,109,000	493,904,000	480,504,000	496,475,000
763,884	773,261	804,221	796,054	847,044
160,617	160,346	162,835	160,755	159,395
924,501	933,607	967,056	956,809	1,006,439
1,162,481	1,106,813	1,206,305	1,267,253	1,236,148
446,008	507,399	497,694	462,776	444,552
1,608,489	1,614,212	1,703,999	1,730,029	1,680,700
174,644	204,731	155,356	148,083	149,378
2,707,634	2,752,550	2,826,411	2,834,921	2,836,517
860,557	853,850	889,205	925,888	766,831
20,899	22,041	22,271	28,097	22,259
2,728,736	2,503,378	1,939,770	1,611,454	1,597,171
28,290	2,289,891	2,725,302	3,652,956	13,187,504
9,824,191	7,385,260	9,035,660	3,133,743	N/A
13,462,673	13,054,420	14,612,208	9,352,138	15,573,765



**FORT PIERCE UTILITIES AUTHORITY**  
**ENERGY SOURCES AND USES - LAST TEN YEARS**

	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
<b>SOURCES OF ENERGY (kWh)</b>					
Net Energy Generated					
Steam Plant					
Natural Gas	-	-	42,271,000	190,787,000	199,975,000
Minus used by Plant Auxiliaries	-	-	5,192,000	17,496,000	17,652,000
Total Steam Plant	-	-	37,079,000	173,291,000	182,323,000
Diesel Plant - No. 2 Oil	-	-	61,000	269,000	331,000
Total Net Energy Generated	-	-	37,140,000	173,560,000	182,654,000
Energy Purchased					
FMPA St. Lucie Project	92,764,000	90,368,000	86,059,000	89,120,000	66,388,000
FMPA All-Requirements including Stanton	507,304,000	492,605,000	436,175,000	259,712,000	177,344,000
Florida Power & Light Company	-	-	-	-	-
Vero Beach Purchases	-	-	-	24,798,000	100,670,000
Economy Purchases	-	-	17,203,000	43,985,000	30,064,000
Total Energy Purchased	600,068,000	582,973,000	539,437,000	417,615,000	374,466,000
<b>TOTAL SOURCES OF ENERGY</b>	<b>600,068,000</b>	<b>582,973,000</b>	<b>576,577,000</b>	<b>591,175,000</b>	<b>557,120,000</b>
Less: System Losses and Inadvertent Energy (kWh)	-	-	114,000	104,000	290,000
Net Available for Sale (kWh)	600,068,000	582,973,000	576,463,000	591,071,000	556,830,000
<b>SALES FOR RESALE (kWh)</b>					
Vero Beach Sales	-	-	-	6,472,000	1,250,000
Economy Sales	-	-	259,000	41,959,000	1,598,000
Total Sales for Resale	-	-	259,000	48,431,000	2,848,000
<b>NET ENERGY FOR LOAD</b>	<b>600,068,000</b>	<b>582,973,000</b>	<b>576,204,000</b>	<b>542,640,000</b>	<b>553,982,000</b>
<b>RETAIL SALES (kWh)</b>	<b>568,676,000</b>	<b>562,071,000</b>	<b>543,165,000</b>	<b>516,521,000</b>	<b>535,160,000</b>
Electric Department Usage (kWh)	1,176,000	1,179,000	1,109,000	1,108,000	1,068,000

**FORT PIERCE UTILITIES AUTHORITY**  
**ENERGY SOURCES AND USES - LAST TEN YEARS**

FY 1995	FY 1994	FY 1993	FY 1992	FY 1991
309,247,000	232,955,000	212,550,000	347,190,000	293,758,000
21,352,000	18,928,000	15,042,000	19,047,000	13,933,000
287,895,000	214,027,000	197,508,000	328,143,000	279,825,000
219,000	163,000	84,000	165,000	615,000
288,114,000	214,190,000	197,592,000	328,308,000	280,440,000
80,089,000	78,507,000	67,347,000	74,662,000	84,588,000
113,281,000	111,882,000	125,624,000	122,529,000	126,921,000
-	8,040,000	10,319,000	10,232,000	14,693,000
79,191,000	73,769,000	64,090,000	-	4,448,000
10,059,000	63,869,000	73,928,000	47,840,000	63,148,000
282,620,000	336,067,000	341,308,000	255,263,000	293,798,000
570,734,000	550,257,000	538,900,000	583,571,000	574,238,000
76,000	361,000	980,000	1,183,000	2,090,000
570,658,000	549,896,000	537,920,000	582,388,000	572,148,000
3,616,000	16,415,000	19,407,000	73,363,000	56,856,000
15,848,000	1,298,000	597,000	5,075,000	1,900,000
19,464,000	17,713,000	20,004,000	78,438,000	58,756,000
551,194,000	532,183,000	517,916,000	503,950,000	513,392,000
516,314,000	507,109,000	493,904,000	480,504,000	496,475,000
1,092,000	1,090,000	1,052,000	866,000	907,000

**FORT PIERCE UTILITIES AUTHORITY**  
**WATER PRODUCTION INFORMATION - LAST TEN YEARS**

	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
<b>WATER PRODUCTION - 1,000 GALLONS</b>					
Raw Water Treated	3,232,018	3,269,113	3,247,379	3,163,134	3,527,885
Water Used in Plant	(51,346)	(41,282)	(65,700)	(136,254)	(159,644)
Water Pumped to City	3,180,672	3,227,831	3,181,679	3,026,880	3,368,241
Water Used in System	(50,226)	(48,848)	(54,729)	(92,083)	(56,906)
Water Sales	2,863,879	2,871,901	2,753,395	2,753,270	2,771,868
Losses and Unaccounted for Gallonage	266,567	307,082	373,555	181,527	539,467
Unaccounted For	0.084	0.095	0.117	0.06	0.16
Average Daily Consumption	8,692	8,845	8,714	8,292	9,204
Highest Daily Consumption	11,215	11,853	11,323	10,597	11,714
Date	5/1/00	4/5/99	5/22/98	4/1/97	8/30/96
Peak Maximum Demand	13,300	16,200	13,700	15,600	17,100
Date	6/22/00	3/24/99	4/13/98	11/18/96	1/3/96
Duration	60 Minutes	75 Minutes	75 Minutes	15 Minutes	40 Minutes
Rainfall for FY (inches)	51	54	57	63	59

**FORT PIERCE UTILITIES AUTHORITY**  
**WATER PRODUCTION INFORMATION - LAST TEN YEARS**

FY 1995	FY 1994	FY 1993	FY 1992	FY 1991
3,283,539 (158,826)	3,171,298 (133,400)	3,307,171 (102,226)	3,396,285 (89,271)	3,383,849 (150,191)
3,124,713 (78,687)	3,037,898 (9,742)	3,204,945 (9,701)	3,307,014 (1,294)	3,233,658 N/A
2,707,634	2,752,550	2,826,411	2,834,921	2,836,517
338,392	275,606	368,833	470,799	397,141
0.11	0.09	0.12	0.14	0.12
8,599	8,314	8,775	9,060	8,944
11,596 5/30/95	10,866 7/19/94	11,968 5/18/93	13,118 7/18/92	10,775 3/29/91
14,900 10/28/94 30 Minutes	15,300 9/29/94 10 Minutes	15,800 7/22/93 50 Minutes	15,360 12/16/91 30 Minutes	15,200 12/30/90 45 Minutes
84	77	63	49	64

**FORT PIERCE UTILITIES AUTHORITY**  
**PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS - LAST TEN YEARS**

	Commercial Construction *	Residential Construction *	Assessed Value For Operations *	Bank Deposits **	
FY 2000	\$ 5,778,377	\$ 25,020,545	\$ 966,079,031	\$ 1,908,177,000	***
FY 1999	15,483,493	3,217,024	966,089,744	1,759,734,000	***
FY 1998	11,648,665	15,090,757	954,526,579	1,267,490,000	***
FY 1997	13,879,947	1,551,150	907,203,728	1,245,079,000	
FY 1996	3,921,119	1,892,309	914,473,737	1,222,428,000	
FY 1995	6,316,684	1,471,305	898,678,435	1,214,338,000	
FY 1994	4,449,217	1,800,000	854,107,623	1,622,939,000	
FY 1993	6,915,950	5,285,654	902,919,693	1,111,687,000	
FY 1992	1,776,963	1,913,300	909,929,129	1,048,641,000	
FY 1991	4,058,149	3,279,545	874,149,602	1,119,352,000	

Sources:

\* City of Fort Pierce Annual Budget.

\*\* Florida Bankers Association. Includes S&L's

\*\*\* Amount estimated; actual not available.

**FORT PIERCE UTILITIES AUTHORITY**  
**HISTORY OF TRANSFERS TO THE CITY OF FORT PIERCE, SYSTEM RATE INCREASES,**  
**AND DEBT SERVICE COVERAGE - LAST TEN YEARS**

	Computed Transfer To the City (3)	Rate Increases	Debt Service Coverage (4)
FY 2000	\$4,285,000	15% Water	2.77x
FY 1999	\$4,063,000	15% Water	2.42x
FY 1998	\$4,024,000	Water 5%	2.26x
FY 1997	\$3,859,000	Water 6% Wastewater 10%	2.20x
FY 1996	\$3,894,000	Electric .89% Water 6% Wastewater 10% Natural Gas 15.9%	2.21x
FY 1995	\$3,796,000	(5) Water (5) Wastewater	2.29x
FY 1994	(2) \$4,368,000	Water 12.75% Wastewater 17.80% Natural Gas 4.97%	2.23x
FY 1993	(1) \$3,679,000	None	1.77x
FY 1992	\$2,760,000	Electric 1.36% Water 9.22% Wastewater 9.37%	1.72x
FY 1991	\$2,741,000	Water 13.13% Wastewater 10.98% Natural Gas 9.07%	2.18x

(1) Adjusted from \$2,306,000 by special Board action.

(2) Includes the City's 40% share of \$1,612,000 R&R funds.

(3) Paid in subsequent fiscal year.

(4) FY's 1991 - 1995 are as published in FPUA's Official Statements.

See Page 50 for calculation of last 5 years. Minimum required by bond covenant is 1.25 times.

(5) Increased the outside City surcharge from 20% to 25%.

**FORT PIERCE UTILITIES AUTHORITY**  
**COMPUTATION OF DEBT SERVICE COVERAGE - LAST FIVE YEARS**  
(Dollars in Thousands)

	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
OPERATING INCOME	\$ 9,480	\$ 8,187	\$ 8,362	\$ 9,947	\$ 9,763
ADD:					
Depreciation Expense	8,863	8,778	8,874	7,452	7,253
Investment & Other Income	2,462	1,654	1,730	1,913	2,486
Extraordinary Gain	1,838	-	-	-	-
LESS:					
Interest on Construction Funds	542	7	-	-	-
<b>NET AVAILABLE INCOME</b>	<b>\$ 22,101</b>	<b>\$ 18,612</b>	<b>\$ 18,966</b>	<b>\$ 19,312</b>	<b>\$ 19,502</b>
DEBT SERVICE:					
Revenue Bonds Payable Current	3,675	3,150	3,410	3,215	3,040
Total Interest Expense	5,157	4,719	5,043	5,543	5,705
Capitalized Interest	401	330	149	108	139
Customer Deposit Interest	(146)	(155)	(134)	(107)	(125)
Other Interest	-	(8)	-	-	-
Accretion	(1,051)	(417)	(394)	(373)	(353)
Bond Loss Amortization	(200)	(68)	(68)	(68)	(68)
Capital Improvement Charges	135	137	375	469	474
<b>NET CASH DEBT SERVICE</b>	<b>\$ 7,971</b>	<b>\$ 7,688</b>	<b>\$ 8,381</b>	<b>\$ 8,787</b>	<b>\$ 8,812</b>
<b>DEBT SERVICE COVERAGE (TIMES)</b>	<b>2.77</b>	<b>2.42</b>	<b>2.26</b>	<b>2.20</b>	<b>2.21</b>

# FORT PIERCE UTILITIES AUTHORITY

## TEN LARGEST CUSTOMERS - FY 2000

	Utility Service	Unit Sales	Revenues	Total
<b>St. Lucie County School Board</b>	Electric (kWh)	25,738,951	\$ 1,900,902	
	Water (kgal.)	54,522	163,364	
	Wastewater	36,488	156,349	
	Natural Gas (ccf)	58,655	44,357	
				\$ 2,264,972
<b>Fort Pierce Utilities Authority</b>	Electric (kWh)	19,907,255	1,356,664	
	Water (kgal.)	74,096	260,133	
	Wastewater	20,273	83,961	
	Natural Gas (ccf)	54,181	32,252	
				1,733,010
<b>Sunpure, Ltd. (Net)</b>	Electric (kWh)	22,633,407	1,457,796	
	Water (kgal.)	51,240	138,714	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				1,596,510
<b>Indian River Community College</b>	Electric (kWh)	17,209,553	1,146,088	
	Water (kgal.)	17,557	45,875	
	Wastewater	12,772	47,326	
	Natural Gas (ccf)	129,579	69,141	
				1,308,430
<b>Board of County Commissioners</b>	Electric (kWh)	12,829,913	956,703	
	Water (kgal.)	41,984	158,259	
	Wastewater	28,979	124,475	
	Natural Gas (ccf)	-	-	
				1,239,437
<b>Lawnwood Regional Medical Center</b>	Electric (kWh)	12,936,057	752,537	
	Water (kgal.)	29,060	66,649	
	Wastewater	29,027	97,364	
	Natural Gas (ccf)	307,701	145,267	
				1,061,817
<b>Ocean Village POA Inc.</b>	Electric (kWh)	2,399,499	186,629	
	Water (kgal.)	99,147	386,420	
	Wastewater	38,549	161,796	
	Natural Gas (ccf)	-	-	
				734,845
<b>Harbor Branch Oceanographic Institute</b>	Electric (kWh)	9,674,340	702,947	
	Water (kgal.)	-	-	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				702,947
<b>City of Fort Pierce</b>	Electric (kWh)	9,099,976	701,517	
	Water (kgal.)	63,070	242,603	
	Wastewater	12,530	59,264	
	Natural Gas (ccf)	-	-	
				1,003,384
<b>St. Lucie County Utilities</b>	Electric (kWh)	-	-	
	Water (kgal.)	206,743	611,191	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				611,191
<b>TOTAL REVENUES BY UTILITY</b>	Electric		\$ 9,161,783	
	Water		2,073,208	
	Wastewater		730,535	
	Natural Gas		291,017	
<b>TOTAL REVENUES</b>			<b>\$ 12,256,543</b>	



**FORT PIERCE UTILITIES AUTHORITY  
DEMOGRAPHIC STATISTICS - LAST TEN YEARS**

City of Fort Pierce Population*	St. Lucie County Population*	School Enrollment**
------------------------------------	---------------------------------	------------------------

FY 2000	****	****	29,285
FY 1999	38,401	186,905	29,030
FY 1998	38,071	183,222	28,463
FY 1997	39,484	171,160	27,997
FY 1996	37,273	175,458	27,456
FY 1995	37,027	171,160	26,881
FY 1994	36,945	166,803	26,006
FY 1993	36,909	163,192	25,030
FY 1992	36,722	158,937	23,806
FY 1991	36,884	155,121	22,827

Sources:

\* University of Florida, Bureau of Business & Economic Research.

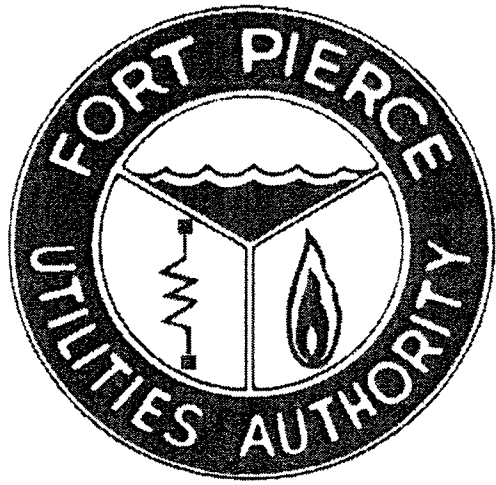
\*\* St. Lucie County School Board.

\*\*\* Florida Department of Labor & Employment Security,  
Bureau of Labor and Market Security.

\*\*\*\* Data unavailable.

**FORT PIERCE UTILITIES AUTHORITY**  
**DEMOGRAPHIC STATISTICS - LAST TEN YEARS**

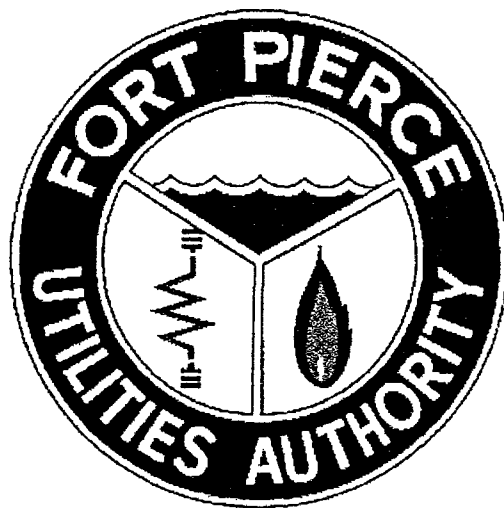
St. Lucie County Labor Force***	Unemployment***	Percentage Rate of Unemployment***	Per Capita Income*
81,882	9,305	11.4	****
76,045	7,364	9.7	****
79,003	11,768	14.9	****
78,021	11,727	15	19,606
74,210	9,648	13	18,659
75,270	12,069	16	17,747
78,121	13,675	17.5	16,781
67,112	10,673	15.9	15,763
67,957	14,117	20.8	15,766
67,704	12,270	18.5	15,094



# **Comprehensive Annual Financial Report**

**A Component Unit of the City of Fort Pierce, Florida**

**For the Fiscal Year Ended September 30, 2001**



**Prepared by  
Department of Finance  
Frank J. Varella, CMA, CPFO, CGFO  
Director of Corporate Services**

# FORT PIERCE UTILITIES AUTHORITY

## Mission Statement

*“To provide our customers  
with economical and friendly service  
in a continuous effort  
to enhance the quality of life in our community.”*

Fort Pierce Utilities Authority employees have “enhanced the quality of life in our community” by contributing their time and service to the following:

American Heart Association	Main Street Ft. Pierce
American Legion	Manatee Observation and Education Center
American Red Cross	Muscular Dystrophy Association
Amvets	Mustard Seed Ministries
Area Agency On Aging	NAACP
Big Brothers/Big Sisters	New Horizons
Central Florida Blood Bank	Rotary Club
Crime Stoppers	St. Lucie Conservation Alliance
DATA	St. Lucie County Agriculture Advisory Board
Downtown Business Association	St. Lucie County Chamber of Commerce
Earth Day Activities	St. Lucie County Fair Association
Ellis Park	St. Lucie County 4-H
Exchange Club	St. Lucie County Human Resources Association
Florida Army National Guard	St. Lucie County Sheriff's Department
Ft. Pierce Neighborhood Housing Services	St. Lucie County United Way
Ft. Pierce State Housing Initiative Partnership	St. Lucie Mural Society
Habitat for Humanity	Salvation Army Christmas Angels
Heathcote Botanical Gardens	Special Olympics
Hibiscus Children's Center	Sunrise Theatre Restoration
Horses for the Handicapped	Treasure Coast Safety Council
Hospice of the Treasure Coast	Treasure Coast Regional Science Fair
HOSTS (Helping One Student To Succeed)	Victory Children's Home
Indian River Community College	Workforce Development Board
Junior Chamber of Commerce	YMCA
KIDS	
Kids Crossing	Various:
Kiwanis Club	Boy/Girl Scouts & Cub/Brownie Troops
Lawnwood Regional Medical Center	Little Leagues
Leadership Saint Lucie	Babe Ruth Leagues
	School Mentoring Programs & Partnerships
	Religious Groups & Organizations
	Food Bank Programs

# TeamUA - 2,000+ Years of Dedicated Service

ABRAMOWICZ, WILLIAM S.  
ADAMS, GARY A.  
ADAMS, MARY R.  
ADAMS, RAMADRAE J.  
ANDERSON, WENDELL  
ANDERSON, WILLIAM A.  
ANTONIATO, PAUL J.  
ARNOLD, GLEN L.  
AUSTIN, ROBERT G.  
BACON, MAURICE  
BALDWIN, WILLIAM E.  
BASSETT, MARK T.  
BAYNE, GLENN  
BENNING, LAURENCE  
BERGEN, WILLIAM E.  
BOUDREAUX, ELIE J., III  
BRAUN, KELLIE K.  
BREWER, R. CRAIG  
BROCKETT, HARRY  
BROOKS, WILLIAM, JR.  
BROWN, WALTER M.  
BULLINGTON, LARRY D.  
BURDINE, JERRY L.  
BUSBY, ROBERT W.  
BYRD, ANDREW D.  
BYRD, PETER C.  
CABO, MANUEL  
CANARD, JOHN C.  
CARON, MICHAEL D.  
CARPENTER, CAROL A.  
CARPENTER, RAY J.  
CARSWELL, EDWARD P.  
CASEY, JO ANN  
CHAMBERS, MICHAEL J.  
CHANEY, GARY D.  
CHATMAN, MICHAEL  
CISNEROS, JAVIER  
COLLINS, DAVID R.  
COMBS, LEE ROY  
CONAVAY, WILLIAM  
CONRAD, PAMELA S.  
COOK, TED E.  
CORBIN, ANN  
CRAWFORD, CRAIG A.  
CRAWFORD, WILBURN L.  
CROWDER, KIMBERLY  
CRUMBLY, CHRISTOPHER  
CRUMBLY, JONATHAN D.  
CUMBERS, PETER  
CUNNINGHAM, JAMES P.  
CURLEY, ROBYN  
DALLAIRE, NANCY A.  
DAMPIER, WALTER W.  
DARDEN, LEE A.  
DAVIS, ROBERT P.  
DAVIS, SAMANTHA A.  
DENNIS, SCOTT  
DICKERSON, HORACE  
DOORISS, KEVIN J.  
DUFFANY, MARK  
DYKES, JAMES A.  
EASTERDAY, JOYCE E.  
ELDERBAUM, ELENA  
ENNS, EDWARD G.  
FAIRCLOTH, DANNY C.  
FATZINGER, CHRISTOPHER  
FOKINE, CHARLES A.

FOUNTAIN, DENISE E.  
FOX, LARRY  
FRANCO, SHARI G.  
FREEMAN, GARY V.  
FREI, PAMELA G.  
FRIER, MARY C.  
FURNESS, DEREK R.  
FURST, JAMES P., JR.  
GATINS, STEVEN F.  
GIEL, DOUGLAS W.  
GIFT, MICHAEL R.  
GILBERT, A. EARL  
GILLESPIE, PATRICK E.  
GILLETTE, GARY J.  
GILLILAND, LEWIS E.  
GILSINAN, PATRICIA L.  
GILSON, JOSEPH T.  
GLANCY, GARY K.  
GODSIL, C. PAUL  
GOMEZ, SONIA V.  
GOODSON, RALPH L.  
GORDON, MICHAEL  
GRIMYSER, GLORIA  
GRONBORG, NEAL H.  
GROSSHANTEN, JULIE E.  
HALL, GEORGE R.  
HAMILTON, MURRAY M.  
HARGETT, BOBBY P.  
HARRIS, DIANE  
HARRIS, RICHARD  
HAYES, KENNA B.  
HAYMAN, GORDON E.  
HAYNES, LOUIS I., III  
HELMICH, PETER C.  
HEMPHILL, PAUL  
HEPBURN, EDITH M.  
HILTZER, DEBORAH A.  
HITE, NELL D.  
HODGE, GARY A., JR.  
HODGE, NATHANIEL, JR.  
HODGE, CALVIN D.  
HOLMAN, ESTELA Q. A.  
HUMMEL, LESTER C.  
HURTUBISE, M. NINA  
IRBY, STEPHEN  
JASA, KIM KESTEL  
JERGER, SIDNEY L.  
JOHNS, DONALD B.  
JOHNSON, ANGELA MARIE  
JOHNSON, DEVOSHAY  
JOHNSON, JEREMIAH K.  
JOHNSON, PATRICIA  
JOHNSON, RUBIN  
JOHNSON, TERRY  
JOLLY, MELANIE S.  
JONES, LATRAVIA S.  
JONES, LAWRENCE E.  
KAEFF, WILLIAM R.  
KASCH, RICHARD J.  
KATZ, MILES  
KEANE, EDWARD T., JR.  
KECK, JAY A.  
KECK, JUDY S.  
KECK, TERRY L.

KEENAN, LORENIA  
KELLER, PATRICK J.  
KELLEY, PETER G.  
KING, WANDA DAVIS  
KITZI, STEVEN C., JR.  
KNIGHT, EUGENE D.  
KOBBE, MARK  
KOBLEGARD, RUPERT N., III  
KRAMER, C. RUSSELL  
KRUSE, ERNIE C.  
LADOMIRAK, ALICE M.  
LAGUERRE, PAUL  
LAMB, ROBERT J.  
LAMPE, JOHN W.  
LANDIN, DONALD T. E.  
LAWSON, PATRICIA ANN  
LAWSON, SHAWN O.  
LENARTIENE, KLAUS P.  
LEONGOMEZ, EDWARD S.  
LEWIS, NICKI DALE  
LOGAN, CHRISTA  
LONG, WILLIE, JR.  
LONG, DOROTHY E.  
LUCKMAN, CARL  
LYONS, KEITH B.  
MADSEN, PAUL L.  
MALIN, TAMMY R.  
MANCHESTER, GLEN P.  
MANIS, DEBORAH  
MAREVELLE, CLARENCE DARROW  
MARSHALL, CLAUDE L.  
MARTIN, DAVID  
MARTIN, KEVIN P.  
MASSIMINO, JOSEPH  
MATHIS, MARK D.  
McCARTHY, TOMMIE M.  
McCAUSLAND, LARRY JOE  
McCONKEY, NANCY L  
McCRAY, ALBERTHA  
McFOLLEY, JOHNNIE C., JR.  
McMASTER, THOMAS S.  
McMILLON, TERRANCE  
MELLERT, DAVID A.  
MELLERT, DIANE M.  
MIDDLETON, CLEON M.  
MILLER, GEORGE E.  
MOBERLY, E. GLYNDON, JR.  
MORRIS, CURTIS  
MORRIS, REGINA D.  
MOSELY, STEVEN  
MYRICK, CHRISTELLE  
NEAL, RANDY G.  
NESSELRODE, DINO G.  
NICHOLSON, GREGORY D.  
NOBLE, STACY L.  
NORTON, WILLIAM D.  
NOYES, VINCENT P.  
NYE, JENNIFER L.  
OTEEN, DEWEY, F.  
PARMELEE, ARTHUR O., III  
PEARSON, CAROL ANN  
PENICK, RALPH A.  
PETERS, STEVEN M.  
PHILLIPS, JAMES, JR.  
PIERRO, RITA N.  
PLATT, SHIRLEY F.  
PODRAZA, REBECCA L.

PRINCE, ANTHONY L.  
PRINCE, GENERETT  
RAMOS, VIOLET  
RENFRO, ROXANNE M.  
RETFERFORD, DANIEL P.  
RHODEN, J. KEVIN  
RICHARDS, THOMAS W.  
RICHARDS, TIMOTHY W.  
RITTEN, JOHN T.  
RIVERA, JUDI P.  
ROARK, RONALD E.  
ROBINSON, KENNY R.  
ROCKSWOLD, ERIK L.  
ROGOLINO, MARC  
ROHAN, DEBRA E.  
RUSS, JOHN L.  
RYAN-PATON, CAROL ANN  
SCHNEBLI, ELIZABETH A.  
SEARS, MICHAEL A.  
SHONK, JACK R.  
SHUFELT, DANIEL G.  
SIPLIN, THOMAS D.  
SIRMONS, VALENTIME C.  
SIZEMORE, JULIE Z.  
SLATER, EDWARD W.  
SLOAN, RAY O.  
SMITH, ALFRED L.  
SMITH, RICHARD J.  
SNELLINGS, JUDITH ANN  
SNOBERGER, EILEEN  
SOCHOR, EVELYN A.  
SOCHOR, PAUL F.  
SOUTHARD, CYNTHIA M.  
SPEARS, RICHARD J.  
SPENCER, RALPH  
SPRINGER, ROBYN L.  
STENBERG, RICHARD W.  
STEWART, DEBRA P.  
STEWART, GALE A.  
STONE, PAUL D.  
STUBBS, THOMAS Q.  
SWART, KIM E.  
TAYLOR, HILARY A.  
TAYLOR, TERENCE L.  
THIESS, WILLIAM G.  
THOMAS, MARY E.  
TIPTON, THELMA  
TOMPECK, JOHN K.  
TREECE, STEPHEN P.  
TREWYN, TIMOTHY C.  
TRYTHALL, DEBORAH ANN  
VAN SICKLE, RICHARD  
VANATER, LENORA  
VARELLA, FRANK J.  
WALLACE, CHARLES, JR.  
WEAKLEY, DAVID W.  
WEAVER, VAUGHAN C.  
WEIR, FAY  
WILLIAMS, GARY W.  
WILSON, DAVID K.  
WILSON, ESTELA M.  
WINT, OLIVER C.  
WOERNER, GORDON L.  
WOODS, SUSAN B.  
WORLEY, MARK A.  
WRIGHT, DOREEN  
YAKOWEC, PETER  
YATES, CAMILLE SEWELL

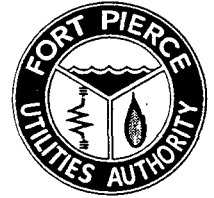
**FORT PIERCE UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended September 30, 2001

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Transmittal Letter .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	9
Directory .....	10
Organizational Chart.....	11
 <u>FINANCIAL SECTION</u>	
Report of Independent Certified Public Accountants on Financial Statements.....	13
Management's Discussion and Analysis.....	15
Financial Statements:	
Balance Sheet.....	22
Statement of Revenues, Expenses, and Changes in Net Assets.....	25
Statement of Cash Flows.....	26
Notes to Financial Statements.....	28
Letter of Bond Compliance.....	37
Supporting Schedules:	
Budgetary Comparison Schedule.....	38
Schedule of Investments.....	39
Schedule of State Financial Assistance.....	40
Schedule of Insurance Coverage.....	42
 <u>STATISTICAL SECTION</u>	
Last Ten Years:	
Average Number of Services Billed by System.....	43
System Detailed Revenues.....	44
System Detailed Expenses.....	46
System Detailed Unit Sales.....	48
Electric Energy Sources and Water Statistics.....	50
Property Value, Construction, and Bank Deposits.....	52
History of Transfers to the City of Fort Pierce, System Rate Increases, and Debt Service Coverage.....	53
Computation of Debt Service Coverage – Last Six Years.....	54
Ten Largest Customers.....	55
Demographic Statistics.....	56

# FORT PIERCE UTILITIES AUTHORITY

"Committed to Quality"



206 South Sixth Street (34950)  
Post Office Box 3191  
Fort Pierce, Florida 34948-3191

Phone 561-466-1600  
Fax 561-489-0396

---

March 15, 2002

Board Members  
Fort Pierce Utilities Authority

The Comprehensive Annual Financial Report of the Fort Pierce Utilities Authority (the Authority) for the fiscal year ended September 30, 2001, is submitted herewith pursuant to the City of Fort Pierce Charter, Article XII, Section 176(12) and the Indenture of Trust on outstanding revenue bonds. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. This Comprehensive Annual Financial Report was prepared by the staff of the Authority's Department of Finance. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority and that all disclosures necessary to enable the readers to gain the maximum understanding of the Authority's financial activity have been included.

The Authority's financial statements have been audited by Berger Toombs Elam & Frank, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended September 30, 2001, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the fiscal year ended September 30, 2001, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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



The Authority is electing early implementation of Government Accounting Standards Board (GASB) 34, with the September 30, 2001 financial statements. GASB 34 is a dramatic change in governmental financial reporting. The format and purpose of these changes are addressed in the Management Discussion and Analysis. Additionally, the notes to the financial statements discuss the changes (See Note A.) and reflect and explain the effects and results of these changes. We believe this new presentation will provide better information to the users of the Comprehensive Annual Financial Report.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical.

**Introductory Section** This letter of transmittal and such other material as may be useful in understanding the reporting entity.

**Financial Section** The auditor's report and financial statements of the Authority which present fairly the financial position, results of operations, and cash flows for the fiscal year. Also included is an auditor's bond compliance letter, budget comparisons, investments and state financial assistance.

**Statistical Section** Selected financial and demographic information which will be beneficial to the reader in understanding the Authority's historical growth and its future growth prospects.

## THE REPORTING UNIT

The Authority was established in accordance with provisions of the City Charter, confirmed by an election held on May 30, 1972. The Authority Board consists of five members, one of whom is the Mayor-Commissioner of the City, who serves on the Board as long as he or she holds such office. The other four members are appointed by the City Commission for four-year overlapping terms.

The City Charter, Article XII, Section 169, states that the Authority shall be responsible for the development, production, purchase, distribution, and collection of all electricity, water, wastewater, natural gas and such other utility services as may be designated by resolution by the City Commission. The Authority is a component unit of the City of Fort Pierce, FL and this report includes all systems of the Authority. This report does not include the financial activities of the City of Fort Pierce. Reference should be made to their report published separately.

## SYSTEM PROFILE

The Electric, Water, Gas, Wastewater Utility Systems and the Manatee Observation and Education Center (MOEC) are managed and operated for the City by the Authority. The Electric System serves the City of Fort Pierce and the immediately surrounding area, encompassing approximately 35 square miles, with an average of 24,975 customers during the fiscal year ended September 30, 2001. The Authority and Florida Power & Light (FPL) have a territorial agreement approved by the Florida Public Service Commission. On December 16, 1997, the Authority agreed to participate in Florida Municipal Power Agency's All-Requirements Power Supply Project (hereinafter referred to as "ARP"). In doing so, the Authority became one of 13 municipally owned utilities in ARP. The principal benefits of ARP are:

1. Lower operating costs through utilization of the most efficient generation available.
2. Future generation will be planned for the collective systems, as needed, by FMPA.
3. Economies of scale in operating, planning, and financing.
4. Lower risk with more units and more cities working together.

As of January 1, 1998, the Authority assigned their resources to ARP and agreed to purchase their total power requirements from ARP. The Authority's resources, which have been assigned, include the contracts with FMPA related to Stanton Unit No. 1 (Stanton and Tri-City Projects) and Stanton Unit No. 2, as well as the contract with Florida Gas Transmission for the purchase of firm capacity natural gas. The contracts related to the St. Lucie Nuclear Project have not been assigned.

The Authority continues to operate and maintain its units, but ARP is responsible for scheduling how units are used to maximize efficiency. The Authority receives credits that offset their cost to operate the units and the cost of purchasing power from FMPA.

For the past twenty-six months, the Authority has been negotiating with Fort Pierce Repowering Project, LLC (FPRP) for the purpose of repowering the Authority's existing H.D. King Power Plant in Fort Pierce, Florida, by securing an alternative steam supply. In October 2001, the Authority signed contracts with FPRP, a wholly-owned subsidiary of Enron North America Corp., which included an expiration date of February 28, 2002 if certain conditions were not met. Due to Enron's bankruptcy and likelihood that the project would not proceed as intended, the Board elected to cancel the contract at the February 19, 2002 meeting, effective February 27, 2002. This action was allowed by the contract documents. A majority of the costs related to FPRP occurred during FY 2001; accordingly, the Authority has expensed those costs incurred through September 30, 2001 in FY 2001.

The **Water System** serves the City of Fort Pierce and the immediate surrounding area, encompassing approximately 30 square miles, with an average of 15,561 customers during the fiscal year ended September 30, 2001. Water supply is obtained from 42 Surficial Aquifer wells (shallow) and 3 Floridan Aquifer (deep) wells. The Authority has a consumptive use permit (i.e., Water Use Permit) from the South Florida Water Management District to withdraw a daily maximum not to exceed 14.6 MG of ground water. Treatment of the raw water is presently accomplished through a 20 MGD conventional lime softening water treatment plant. The Authority is constructing a 4 MGD Reverse Osmosis Treatment Plant which should be operational in the last quarter of 2002. The Authority owns and operates a 10 MGD air stripping facility at the water treatment plant which began operating in November 1989. The Authority meets all federal and state drinking water standards. The Authority has 9 MG storage capacity. The water distribution system is composed of 292 miles of water mains, remote pumping facilities, ground level storage tanks, hydrants, and valves.

The **Gas System** serves the City of Fort Pierce and the immediate surrounding area, encompassing approximately 27 square miles, with an average of 4,736 customers during the fiscal year ended September 30, 2001. The Gas System purchases firm gas for resale through the Florida Gas Utility. Florida Gas Utility has a contract with Florida Gas Transmission for the transportation of gas to our system. The contract with Florida Gas Utility will expire in the year 2007. The Authority contracted with FGU as an ARP Participant on January 15, 2002. The Gas

Operations Department is responsible for the installation and maintenance of all gas mains and service lines. The department also employs a staff of qualified gas service technicians to maintain and repair customers' natural gas appliances.

The **Wastewater System** serves the City of Fort Pierce and the immediate surrounding area, encompassing approximately 30 square miles, with an average of 12,395 customers during the fiscal year ended September 30, 2001. The Wastewater collection system consists of 103 pumping and lift stations, 178 miles of gravity sewer lines ranging from 8 to 48 inches in diameter, and approximately 75 miles of force mains ranging in size from 2½ to 18 inches.

The **Water Reclamation Facility** has a permitted capacity of 10 MGD, which is anticipated to be adequate through the year 2010. The Authority has a deep injection well at the plant site. A pumping station injects effluent into the permitted 3,300-foot deep injection well. A site for a second facility has been purchased in the southwest corner of the service area, and the draft conceptual design of the plant is completed; however, the construction of the facility has been postponed for at least six to eight years.

The Authority operates the **Manatee Observation & Education Center (MOEC)**, which is located on Moore's Creek across from the H. D. King Power Plant. MOEC's mission is to promote understanding and responsible actions for the protection of the fragile ecosystems in the Treasure Coast Region and their inhabitants; it provides a clean and safe facility for viewing manatees and other inhabitants of the Indian River Lagoon. More than 15,000 visitors from all over the world visited the Center during the 2000-2001 season. A total of 139 manatees were sighted. Over 100 volunteers provided a substantial donation to the Center – a total of 2700 hours of volunteer time.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the Authority provides service.

### ***LOCAL ECONOMY***

Fort Pierce is located on the Florida East Coast, 120 miles north of Miami and 220 miles south of Jacksonville. The City's 2001 population was 38,013, and St. Lucie County's was 198,253. Fort Pierce is the commercial center of the county, with approximately 21 square miles in land area. Its metropolitan area includes a transportation network comprised of Interstate 95, Florida's Turnpike, U.S. Highway 1, Highway 70, Florida East Coast Railway, St. Lucie County International Airport, and the Port of Fort Pierce.

The Authority's service area includes both the area within the corporate limits of the City of Fort Pierce and portions of unincorporated St. Lucie County. Approximately 75% of the system revenues are derived from services provided within the City of Fort Pierce, and 25% from services provided in unincorporated St. Lucie County and St. Lucie Village.

The major factors in the economy of Fort Pierce and surrounding St. Lucie County are agribusiness, construction, retail and wholesale trade, light manufacturing, tourism and sport and commercial fishing. The labor force in our service territory depends on agribusiness resulting in above average unemployment in comparison to the State's averages. The Authority's service area encompasses many educational and research endeavors – Indian River Community College,

Harbor Branch Oceanographic Institution, Smithsonian Fort Pierce Marine Station, U.S. Department of Agriculture Laboratory, University of Florida Research and Education Center, and the Manatee Observation and Education Center. The Smithsonian Marine Ecosystem Exhibit houses a living coral reef ecosystem, which has been on display in Washington, D.C., for the last 20 years.

Other factors having a positive effect on the Authority's service territory is the completion of the Sable Chase Apartment Complex adding about 300 equivalent residential units in the electric, water and wastewater systems. Also, the Orange Blossom Mall, which has been nearly vacant for the last few years and under new ownership, recently converted to a business center housing a Convergys call center employing about 1,000. The St. Lucie School District's Administration Offices will be relocating to the old Sears store in the near future. Also, the Indian River Community College (IRCC) new Health Sciences Building was completed during this fiscal year adding electric load. Lastly, the restoration of the Sunrise Theatre in Historic Downtown Fort Pierce should be completed within the next few years.

The Authority is optimistic about future growth as indicated by a growing customer base and improvements such as major roadwork, continued beautification of the downtown area, and private investment. Florida's tempered progress toward restructuring in the electric industry is allowing the Authority to better prepare for competition.

### ***NEW BUSINESS***

The Authority continues to be customer and market driven. The FY 2002 budget includes funds and programs to focus on customer service and the development and marketing of new services. A new service was introduced to the community on December 1, 2000 – the Authority launched its Internet Service Provider (ISP) business (ispEZ). Business Plans have been adopted by the Authority's Board to market the use of our fiber optic cable network and wireless Internet service. The Authority has also entered into a contract with the St. Lucie County Chamber of Commerce to partner in providing E-business services in the four-county area. These ventures reflect the Authority's continued commitment to be proactive in response to the changing utility industry.

### ***STRATEGIC MANAGEMENT PLANNING***

The Authority's Strategic Plan continues to promote interdepartmental communication and cooperation, and encourages increased employee involvement in achieving company goals that support the Authority's Mission Statement.

The Authority's Key Result Areas as presented in the FY 2001 Strategic Plan are as follows.

#### **Priority No. 1 - Customer Retention and Expansion:**

Customer Satisfaction, Customer Choices, Ease of Acquiring Service, New or Rejuvenated Revenue Sources, Economic Development, Market Share, and New Opportunities.

#### **Priority No. 2 - Corporate Culture:**

Values, Performance Based Organization, Goals and Accountability, Training, Communications, and Safety Performance.

**Priority No. 3 - Corporate Planning:**

Facilities Master Planning and Long-Range Planning.

**Priority No. 4 - Economic Decision Making:**

Spending (Capital, Operations and Maintenance).

**Priority No. 5 - Financial Performance :**

Cost of Service

***LONG TERM CAPITAL PLANNING***

The Authority's capital renewal, expansion, and improvements continue. There is a Water/Wastewater and Gas Master Plan study and an Electric State of the System study currently underway. The multiplicity of requirements by regulatory agencies also demands much capital. Renewals and replacements are necessary due to the aging infrastructure and the street and highway reconstruction projects currently under way. Some replacements are the result of redevelopment efforts, which increase our costs and provide no additional revenue. In an effort to strategically expend the Authority's limited resources, Department Heads meet approximately twice annually to discuss and update capital plans. This allows for coordination between the numerous agencies the Authority's staff interact with to accomplish its plans.

Major projects include:

- Completion of the Reverse Osmosis (R.O.) Water Treatment Plant (\$7,500,000).
- A Water/Wastewater and Gas Master Plan (\$300,000).
- Municipal Services Benefit Unit's (MSBU) for the Water and Wastewater Systems (\$175,000).
- Wastewater intrusion, infiltration and main lining projects (\$1,000,000).
- Site development south of the Energy Services Center (\$1,375,000).

Since many of the projects rehabilitate deteriorating lines in the older sections of town, the impact on operating and maintenance expenses is expected to be favorable.

Due to limited cash resources in the Wastewater System, capital spending has been reduced to \$2,000,000 per year for the next three years. Wastewater rate increases were approved by the Board on October 2, 2001. The first 8% increase was effective the first billing cycle in November, 2001, and subsequent 8% increases are effective the first billing cycle in October, 2002 and October, 2003.

***BUDGETS***

The budgeting process was changed significantly in FY 2002. The Department of Finance prepared estimates for departmental review. Department Heads reviewed and revised where necessary, and respective Directors signed off on these revised budgets.

The Budget Review Committee, consisting of the Director of Utilities, Director of Corporate Services, Senior Utility Accountant, Controller and Internal Auditing/Risk Manager, discusses the budgets with the respective Department Heads and Directors and revise as needed. The Authority's Board reviews and approves each of the two prefatory budgets (Operations Budget – Personnel and O&M combined, and Capital Budget).

The budget is prepared on the accrual basis; accordingly, revenues and expenses are budgeted for specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipts or payment of cash.

The Authority is required by charter to prepare, adopt, and provide to the City Commission of the City of Fort Pierce an annual budget no later than 45 days prior to the beginning of its fiscal year. The annual budget and any amendments thereto shall not be in effect until approved by the Authority, and when any line item has not been disapproved by four-fifths (4/5) vote of the City Commission within 30 days of submission.

Once approved, the Annual Budget becomes the basis for operating and for capital expenditures during the ensuing fiscal year. Budgetary control is provided by monthly revenue and expense reports. Monthly financial statements are provided to the Board for review in advance of a verbal presentation of financial activity at Board meetings.

The budget and two amendments thereto have been approved according to the above procedures.

### ***CASH MANAGEMENT***

The Authority has a consolidated banking service agreement with a local depository bank which provides that all funds in excess of a compensating balance will earn interest through overnight repurchase agreements. The Authority also participates in the State of Florida Board of Administration's program for pooled investment of local government surplus funds. In addition, the Authority purchases investments through a competitive bid process in accordance with the Board approved Investment Policy outlined in Resolution No. 2002-3. The passive cash management program involves a theory of keeping principal and earnings free from risk, maintaining reasonable liquidity to meet maturing obligations and maximizing return through the use of competitive rate comparisons from various investment sources. An average investment rate of 5.39% was earned on cash balances, down from the 6.07% from the previous year.

### ***RISK MANAGEMENT***

The Authority has a comprehensive risk management program, which includes coverage as provided for in policies listed on the Schedule of Insurance Coverage on Page 42. In addition, quarterly meetings are held with management, the risk management consultant and insurers to review coverage and risks. Note J covers the risk related to the Authority's self-funded employee and retiree health plan.

### ***PENSION AND OTHER POST EMPLOYMENT BENEFITS***

The General Employees Retirement and Benefit System (the System) is a cost-sharing multiple employer Public Employee Retirement System (PERS) defined benefit plan covering all City of Fort Pierce municipal employees, including the Authority's employees and employees of the St. Lucie County-Fort Pierce Fire District. Except for the Director of Utilities, participation in the plan is compulsory for all employees of the Authority. Employees are eligible to participate upon employment. The System is currently funded in excess of 100%. Note I discusses the plan specifics.

In addition to providing pension benefits, the Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for those benefits if they reach normal retirement age while working for the Authority. Section 112.0801, Florida Statutes, as amended by Sections 1 and 2 of Chapter 87-373, Laws of Florida, requires

all public employers to allow their retirees to participate in the same health group plan or self-insurance plan offered to their active employees. See Note K for details.

### ***DEBT MANAGEMENT***

At September 30, 2001, the Authority had outstanding insured revenue bonds in the amount of \$95,951,000. Debt service schedules go out to 2024. Interest rates range from 4.53% to 7.30% on the bonds. All outstanding bonds are insured and rated AAA. Principal payments are due October 1 of each year. The principal for the bonds due October 1, 2001, was \$3,940,000. On December 6, 2001 Bond Rating firm Fitch IBCA, Duff & Phelps affirmed its underlying 'A-' rating on Fort Pierce (FL) Utilities Authority's (FPUA) outstanding \$96 million of revenue bonds. Fitch stated the Authority's rating outlook is stable.

### ***CITY TRANSFER***

The transfer to the City of Fort Pierce, based on FY 2001 revenues, computes to \$4,410,000, and will be paid in April 2002. Last year's transfer, based on FY 2000 revenues, totaled \$4,285,000, and was paid in April 2001.

### ***AWARDS***

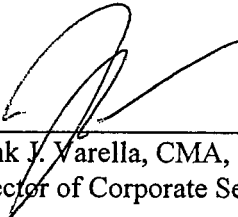
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2000. The Certificate of Achievement is 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, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports 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 continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

### **ACKNOWLEDGMENTS**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Authority's Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I would also like to express my thanks to the Board, the Director of Utilities, and the entire Authority staff for their interest and support in planning and conducting the financial operations in a responsible and progressive manner.



---

Frank J. Varella, CMA, CPFO, CGFO  
Director of Corporate Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fort Pierce Utilities  
Authority, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Imelda Aru*  
President

*Jeffrey L. Esser*  
Executive Director



# DIRECTORY

## Board Members

Thomas D. Siplin, Chairman  
Louis I. Haynes, III, Vice-Chairman  
Cleon M. Middleton, Secretary  
Gloria Grimyser, Deputy Secretary  
Mayor Edward G. Enns, Member

## Management Team

Elie J. Boudreaux, III, P.E., Director of Utilities  
Frank J. Varella, CMA, CPFO, CGFO, Director of Corporate Services  
Thomas W. Richards, P.E., Director of Electric System  
Vaughan C. Weaver, P.E., Director of Water/Wastewater/Gas Systems  
Murray M. Hamilton, Director of Marketing & Customer Service  
Shirley F. Platt, Director of Administration  
Douglas W. Giel, Director of Human Resources  
Nancy A. Dallaire, Internal Auditing/Risk Manager

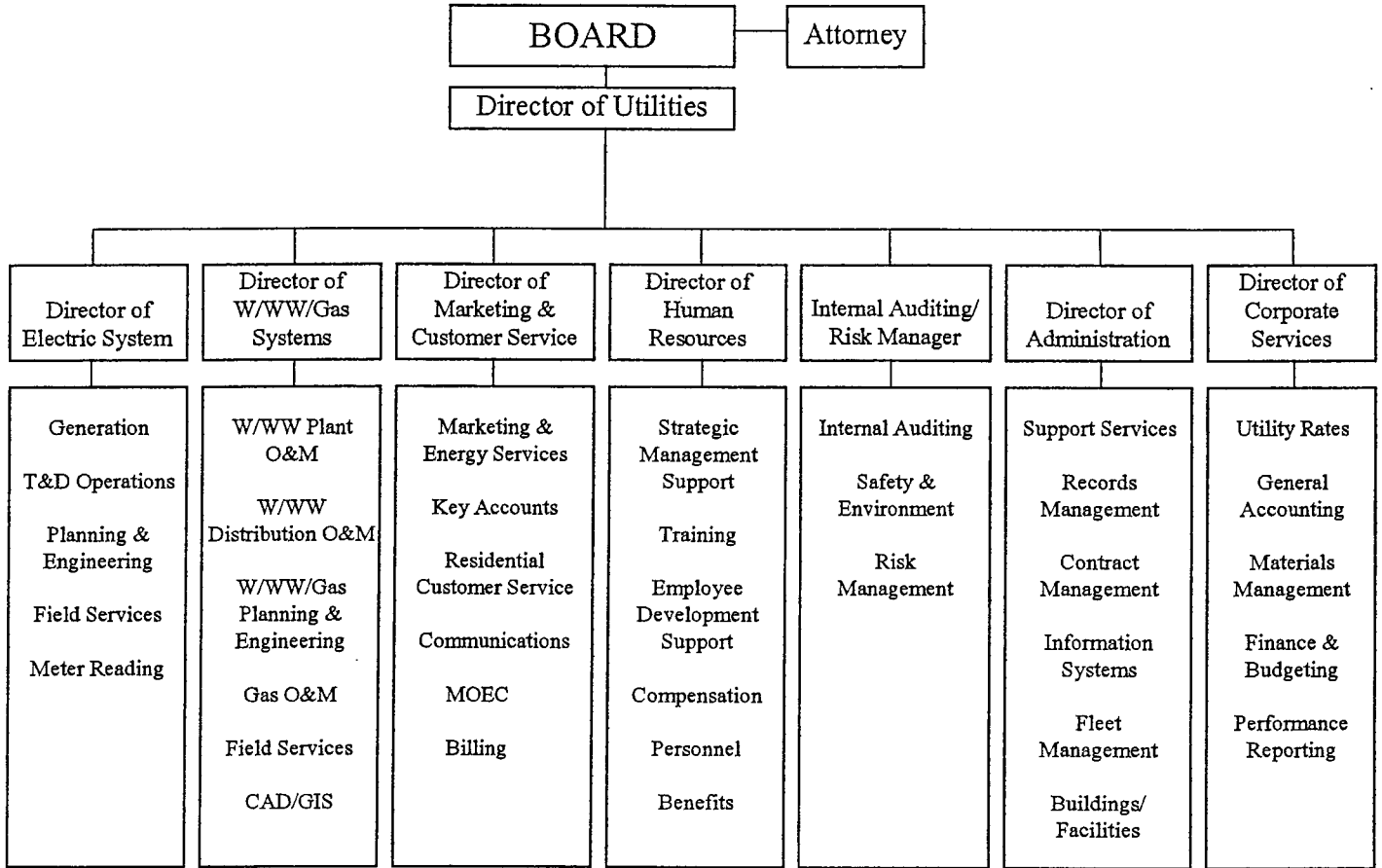
## Counsel

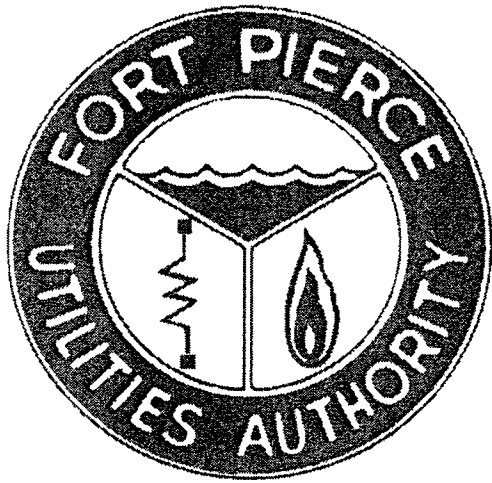
R. N. Koblegard, III, Esquire  
Fort Pierce, Florida

## Independent Certified Public Accountants

Berger, Toombs, Elam and Frank  
Fort Pierce, Florida

# FORT PIERCE UTILITIES AUTHORITY







# Berger, Toombs, Elam & Frank

Certified Public Accountants Chartered

Sun Bank Building  
Suite 300  
111 Orange Avenue  
Fort Pierce, Florida 34950

561/461-6120

FAX: 561/468-9278

## Report of Independent Certified Public Accountants

Honorable Chairman and Members  
Fort Pierce Utilities Authority  
Fort Pierce, Florida

We have audited the accompanying financial statements of the Fort Pierce Utilities Authority as of and for the year ended September 30, 2001, as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fort Pierce Utilities Authority at September 30, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis For State and Local Governments*, as of October 1, 2000.

The Management's Discussion and Analysis on pages 15-21 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board of the Financial Accounting Foundation, the recognized leading standards setting authority for governmental accounting in the United States of America.

Honorable Chairman and Members  
Fort Pierce Utilities Authority

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Fort Pierce Utilities Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.

*Berger, Toombs, Elam & Frank*

Fort Pierce, Florida  
November 30, 2001

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Fort Pierce Utilities Authority's (the Authority) annual financial report presents the analysis of the Authority's financial performance during the fiscal year that ended on September 30, 2001. Please read it in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The Authority's Net Utility Plant increased by \$6.1 million or 3.9 percent.
- The Authority's Net Assets increased by \$3.7 million or 3.9 percent.
- During the year, the Authority's operating revenues increased to \$74.5 million or 12.6 percent, while expenses increased to \$64.2 million or 13.2 percent.
- Capital contributions to the Authority decreased to \$1.5 million.
- City Transfer increased to \$4.41 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund even though it provides various utility services. The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes a letter of transmittal, the Authority's Organizational Chart, and a System Overview. The Financial section includes Management's Discussion and Analysis, Financial Statements with accompanying notes, Supplementary Information, and the Independent Auditor's Reports. The Statistical section includes selected financial, operational, and demographic information, generally presented on a multi-year basis.

The Authority elected to adopt Government Accounting Standards Board (GASB) Statement 34 on October 1, 2000. The early adoption had little effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets, and the inclusion of a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations. Also, the Statements of Cash Flows is presented using the direct method.

### REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

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

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Assets*. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The other required financial statement is the *Statement of Cash Flows*. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities; and provides answers to such questions as "where did cash come from?", "what was cash used for?", and "what was the change in cash balance during the reporting period?".

## FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

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

The Authority's total net assets increased from last year by \$3.7 million. The analysis below focuses on the Authority's net assets (Table 1) and changes in net assets (Table 2) during the year.

Table 1  
Net Assets

			Increase (Decrease)	
	Sept 30, 2001	Sept 30, 2000	\$	%
Current and Other Assets	\$ 46,566	\$ 51,470	\$ (4,904)	-9.53%
Capital Assets	161,134	155,032	6,102	3.94%
Total Assets	<u>207,700</u>	<u>206,502</u>	<u>1,198</u>	<u>0.58%</u>
Long-Term Liabilities	91,739	94,267	(2,528)	-2.68%
Other Liabilities	16,270	16,261	9	0.06%
Total Liabilities	<u>108,009</u>	<u>110,528</u>	<u>(2,519)</u>	<u>-2.28%</u>
Invested in Capital Assets,				
Net of Debt	67,069	58,676	8,393	14.30%
Restricted	3,222	9,057	(5,835)	-64.43%
Unrestricted	29,400	28,241	1,159	4.10%
Total Net Assets	<u>\$ 99,691</u>	<u>\$ 95,974</u>	<u>\$ 3,717</u>	<u>3.87%</u>

The shift from restricted net assets to net assets invested in capital assets (net of debt) reflects the Authority's continuation of several major capital projects in FY 2001.

Changes in the Authority's net assets can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Assets for the year.

Table 2  
Statement of Revenues, Expenses, and Changes in Net Assets  
(Dollars in Thousands)

	FY 2001	FY 2000	Increase (Decrease)	
			\$	%
Operating Revenues	\$ 74,519	\$ 66,167	\$ 8,352	12.62%
Nonoperating Revenues	1,969	2,462	(493)	-20.02%
Total Revenues	<u>76,488</u>	<u>68,629</u>	<u>7,859</u>	<u>11.45%</u>
Generation	2,722	3,224	(502)	-15.58%
Purchased for Resale	32,264	26,164	6,100	23.32%
Plant Operations	3,969	3,572	397	11.12%
Field Operations	5,932	5,279	653	12.37%
Administrative & General	9,979	9,585	394	4.11%
Depreciation	9,297	8,863	434	4.90%
Transfer to the City of Fort Pierce	4,285	4,063	222	5.46%
Nonoperating Expenses	5,324	5,534	(210)	-3.79%
Total Expenses	<u>73,772</u>	<u>66,284</u>	<u>7,488</u>	<u>11.30%</u>
Income (Loss) Before Capital Contributions and Extraordinary Items	2,716	2,345	371	15.82%
Capital Contributions	<u>1,495</u>	<u>2,529</u>	<u>(1,034)</u>	<u>-40.89%</u>
Income (Loss) Before Extraordinary Items	4,211	4,874	(663)	-13.60%
Extraordinary Income (Expenses)	<u>(494)</u>	<u>1,838</u>	<u>(2,332)</u>	<u>-126.88%</u>
Change in Net Assets	3,717	6,712	(2,995)	-44.62%
Beginning Net Assets	95,974	89,262	6,712	7.52%
Ending Net Assets	<u>\$ 99,691</u>	<u>\$ 95,974</u>	<u>\$ 3,717</u>	<u>3.87%</u>

Electric unit sales showed positive gains in residential sales. Unit electric sales were up .7% for the year. Disappointingly, Water and Natural Gas unit sales fell short of projections and last year's levels. The increases in the power cost adjustment and the purchased gas adjustment have resulted in higher revenues. The 15% water rate increase effective October 1, 2000, resulted in higher revenues in spite of lower than budgeted unit sales. Investment income was lower than the previous year due to falling rates and lower cash balances to invest. Capital contributions totaled \$1,495,000 for the year. The average number of electric customer billings increased 1.3% (333), water 1.1% (162), natural gas .2% (12), and wastewater .7% (87) during FY 2001.



Operating expenses were higher than the previous year also. Most departments experienced higher utilities, employee health insurance, and depreciation expenses. The increases in power and gas cost, due to skyrocketing natural gas prices, resulted in higher costs in the Purchases for Resale in the Power Generation and Gas Operations Departments. Departments with notable differences include Electric Operation's increased maintenance costs, the result of increased summer storm activity. The Water Resources Department also incurred higher maintenance contract costs due to increased hauling of lime residuals to make way for the construction of the new Reverse Osmosis (R.O.) Water Treatment Plant. However, lower chemical expenses were incurred due to treating less water than anticipated. The Wastewater Systems Department had higher maintenance contract costs, operating supplies, and chemical costs due to increased treatment due to excessive strength of inflow. Also, the Wastewater Systems Department made Civic Contributions to the Manatee Observation and Education Center (Moore's Creek cleanup), and Smithsonian Institute, Fort Pierce, due to the October 1999 spill.

The extraordinary loss reported in FY 2001 is related to writing off expenses related to the Fort Pierce Repowering Project, which was under development. The Authority's Board canceled the contract at the February 19, 2002 meeting effective February 27, 2002, as allowed by the contract documents.

The Authority had net income of \$3.7 million for FY 2001 including \$1.5 million in capital contributions. The Authority's cash flow remains strong.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the Authority's Board of Directors and City Commission approved two amendments to the original legally adopted budget, which was adopted on August 15, 2000. The Revenue Budget increased from the original \$67,923,000 to \$77,983,000, an increase of \$10,060,000. The Expense Budget increased from \$67,199,000 to \$74,266,000, an increase of \$7,067,000. This resulted in a projected increase in net assets from the original of \$724,000 to \$3,717,000, an increase of \$2,993,000. The revenue budget increase was necessary to pass through significant customer increases in power and gas costs that occurred during the winter of FY 2001. Natural gas prices during that period increased three- to four-fold. Natural gas and costs for electricity were higher than originally budgeted in the Purchases for Resale line items. In addition, sales projections were adjusted to take into consideration the colder and dryer winter than we experienced in the previous year. However, rainfall increased during the summer resulting in lower electric sales, as well as lower water sales that erased any sales gains experienced during the first six months of the fiscal year. Employee health insurance, a result of higher employee claims, also increased.

The final budget amendment adopted by the Utilities Authority's Board of Directors was approved on January 15, 2002. This final amendment basically trues the budget up to the actual revenue and expense figures for the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of FY 2001, the Authority had \$161 million invested in a broad range of utility capital assets, including its power generation plant, electric transmission and distribution, water treatment plant, water transmission and distribution mains, water storage facilities, pump stations, water reclamation facility, and related collection plant facilities. This amount represents an increase (net of increases and decreases) of over \$6 million, or 3.9% over last year.

The following tables summarize the Authority's capital assets, net of accumulated depreciation, and changes therein, for the year ended September 30, 2001. These changes are presented in detail in Note C to the financial statements.

Table 3  
**Capital Assets, Net of Accumulated Depreciation**  
**(Dollars in Thousands)**

	Sept 30, 2001	Sept 30, 2000	Increase (Decrease)
<b>Net Utility Plant</b>			
Electric	\$ 65,920	\$ 64,266	\$ 1,654
Water	44,425	40,382	4,043
Gas	6,126	6,715	(589)
Wastewater	44,630	43,639	991
MOEC	33	30	3
<b>Total Net Utility Plant</b>	<b>\$ 161,134</b>	<b>\$ 155,032</b>	<b>\$ 6,102</b>

Table 4  
**Capital Assets, Net of Accumulated Depreciation**  
**(Dollars in Thousands)**

	Sept 30, 2001	Sept 30, 2000	Increase (Decrease)	
			\$	%
Land	\$ 5,330	\$ 5,330	\$ -	0.00%
Transmission, distribution, and collection systems	100,355	95,240	5,115	5.37%
Buildings and equipment	43,350	45,883	(2,533)	-5.52%
Construction work in progress	12,099	8,579	3,520	41.03%
	<b>\$ 161,134</b>	<b>\$ 155,032</b>	<b>\$ 6,102</b>	<b>3.94%</b>

This year's major additions include:

<b>ELECTRIC</b>	
#8 Colling Tower Refurbishment	\$ 416,000
Steam Turbine Control Upgrade	485,000
Unit #5 Steam Turbine Rotor	289,000
Electric System Expansion	1,022,000
Transmission & Distribution System Improvements	1,001,000

**WATER**

R.O. Plant	\$ 3,740,000
S A1A Water Main	327,000
Meter Changeout/Replacements	261,000
Main/Service/Valve Replacement	241,000

**GAS**

System Expansion	\$ 116,000
------------------	------------

**WASTEWATER**

Intrusion and Infiltration Program - Lining Wastewater Mains	\$ 721,000
Intergovernmental/Oversizing	377,000
WW Reclamation Facility	584,000

Since many of the projects rehabilitate deteriorating lines in the older sections of town, the impact on operating and maintenance expenses is expected to be favorable. However, new revenue resulting from growth is slight.

The Authority's FY 2002 capital budget plans for investing another \$28.6 million in capital projects, including the following:

R.O. Plant	\$ 7,000,000
Power Plant Improvements and Upgrades	3,943,000
Government mandated projects	3,990,200
Site Development South of ESC	1,375,000
Vehicles (23)	1,003,000
Intrusion, Infiltration, and Lining of Wastewater Mains	1,000,000
New Revenue (Electric)	975,000
SCADA and Computer Systems	587,200
Lift Station Renovations	400,000
69kV Transmission Lines - H.D. King Plant to Vero Tie-Line	330,000
Master Plans	300,000
Replace NCC (Legacy) Applications	200,000
MSBU's	175,000
<b>TOTAL</b>	<b>\$ 21,278,400</b>

The Authority plans on using existing cash to fund part of the capital budget for the upcoming year, assuming the O&M Budget materializes and no disasters or emergencies occur. The Authority at this time is expecting to issue \$9 to 10 million in bonds in the next 60 days to fund its ongoing capital program

At September 30, 2001, the Authority had outstanding insured revenue bonds in the amount of \$95,951,000. Debt service schedules go out to 2024. Interest rates range from 4.53% to 7.30% on the bonds. All outstanding bonds are insured and rated AAA. Principal payments are due October 1 of each year. Principal on the bonds of \$3,940,000 was due October 1, 2001. On December 6, 2001 the bond rating firm Fitch IBCA, Duff & Phelps affirmed its underlying "A-" rating on the Authority's outstanding \$96 million of revenue bonds. Fitch stated the Authority's rating outlook is stable.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

At the close of FY 2001, due to a deficit cash balance in the Wastewater System, stagnant or negative growth coupled with inflation and regulatory pressures, it was necessary to decrease the capital budget for FY 2002 to \$2 million in the Wastewater System. Staff also recommended to the Board that rates be increased 8% per year for the next three years. The Board approved the three-year rate increases on October 2, 2001. The first 8% increase was effective the first billing cycle in November, 2001, and subsequent 8% increases are effective October 1, 2002 and 2003.

Electric sales for FY 2001 grew at less than 1%. We are expecting that trend to continue in the current fiscal year. This will provide adequate cash to complete the capital program necessary to maintain service levels where they are today.

In the Water System, we've been experiencing a no-growth situation. With the increased capital needs of the Water System, rates have increased 15% per year over the past two years. The elasticity effect on the rate increases resulted in lower per capita use by the Authority's customers reducing revenue unit sales for the Water System. This has also had a negative effect on the Wastewater System in that Wastewater charges are based on water consumption. Due to the City of Fort Pierce's annexation policy requiring the Authority to receive an annexation agreement from any future customers where service is provided, the Authority's growth potential outside of the existing service area is almost non-existent.

Wastewater revenues for FY 2001 are lower than FY 2000. This puts pressure on operating cash reserves to complete the capital program which is driven by the redevelopment efforts of the City of Fort Pierce and the reconstruction of many of the roadways by the County and State Department of Transportation. We do not foresee this situation changing in the next couple of years. This situation also holds true for the Gas System.

The Authority's new R.O. Plant, which has been under construction since March 2001, utilizes the resources of the Floridan aquifer. Water treated at the new plant will be blended with the water treated at the existing plant. This new plant will reduce the dependence the Authority has on the Surficial aquifer resources. This R.O. Plant should be online by the end of calendar year 2002.

No other rate changes are expected for the next couple of years, only adjustments in power costs and purchase gas costs will change the customer's bill.

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Authority's rate payers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Director of Corporate Services at Fort Pierce Utilities Authority, P.O. Box 3191, Fort Pierce, FL 34948-3191.

# FORT PIERCE UTILITIES AUTHORITY

## BALANCE SHEET

September 30, 2001

(with comparative totals for September 30, 2000)

(Dollars in Thousands)

	<u>2001</u>	<u>2000 as adjusted (Note R)</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Equity in Pooled Cash and Investments	\$ 17,858	\$ 18,065
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$58,000 in 2001 and \$53,000 in 2000	6,211	5,077
Unbilled Service Receivables	4,240	3,693
Inventories and Other Current Assets	<u>4,063</u>	<u>4,102</u>
Total Current Assets	32,372	30,937
<b>RESTRICTED ASSETS</b>		
Equity in Pooled Cash and Investments	12,615	18,800
Cash with Fiscal Agent	229	230
Accrued Interest Receivable	<u>-</u>	<u>75</u>
Total Restricted Assets	12,844	19,105
<b>DEFERRED EXPENSES</b>		
Unamortized Finance Charges	890	968
Other	<u>460</u>	<u>460</u>
Total Deferred Expenses	1,350	1,428
<b>UTILITY PLANT</b>		
Utility Plant in Service	264,105	254,299
Less Accumulated Depreciation	<u>115,070</u>	<u>107,846</u>
	149,035	146,453
Construction Work in Progress	<u>12,099</u>	<u>8,579</u>
Net Utility Plant	<u>161,134</u>	<u>155,032</u>
Total Noncurrent Assets	<u>175,328</u>	<u>175,565</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 207,700</u></u>	<u><u>\$ 206,502</u></u>

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## BALANCE SHEET

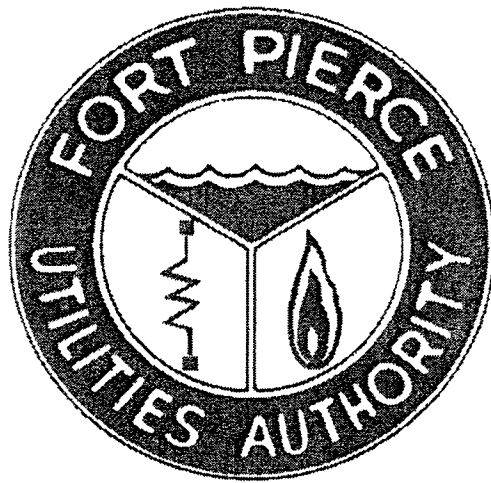
September 30, 2001

(with comparative totals for September 30, 2000)

(Dollars in Thousands)

	<u>2001</u>	2000 as adjusted (Note R)
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 5,280	\$ 4,517
Deferred Revenues	609	1,388
Due to City of Fort Pierce	<u>759</u>	<u>879</u>
Total Current Liabilities	6,648	6,784
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Revenue Bonds Payable - Current	3,940	3,675
Accrued Interest Payable Revenue Bonds	1,991	2,101
Customer Deposits	<u>3,691</u>	<u>3,701</u>
Total Liabilities Payable from Restricted Assets	9,622	9,477
<b>LONG-TERM LIABILITIES</b>		
Loans and Revenue Bonds Payable, Net of Current Amounts Payable from Restricted Assets and Unamortized Discounts	90,125	92,681
Accrued Compensated Absences	<u>1,614</u>	<u>1,586</u>
Total Long-Term Liabilities	<u>91,739</u>	<u>94,267</u>
Total Noncurrent Liabilities	<u>101,361</u>	<u>103,744</u>
Total Liabilities	108,009	110,528
<b>NET ASSETS</b>		
Invested in Capital Assets, net of related debt	67,069	58,676
Restricted for Debt Service	3,222	9,057
Unrestricted	<u>29,400</u>	<u>28,241</u>
Total Net Assets	<u>99,691</u>	<u>95,974</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 207,700</u>	<u>\$ 206,502</u>

The accompanying notes are an integral part of this financial statement.



**FORT PIERCE UTILITIES AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
Year Ended September 30, 2001  
(with comparative totals for year ended September 30, 2000)  
(Dollars in Thousands)

	<u>2001</u>	<u>2000</u> as adjusted (Note R)
<b>OPERATING REVENUES</b>		
Sales and charges for services	\$ 72,940	\$ 64,867
Other	1,579	1,300
Total Operating Revenues	<u>74,519</u>	<u>66,167</u>
 <b>OPERATING EXPENSES</b>		
Generation	2,722	3,224
Purchases for resale	32,264	26,164
Plant operations	3,969	3,572
Field operations	5,932	5,279
General and administrative	9,979	9,585
Depreciation	<u>9,297</u>	<u>8,863</u>
Total Operating Expenses	<u>64,163</u>	<u>56,687</u>
 <b>OPERATING INCOME</b>	 10,356	 9,480
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and other income	1,969	2,462
Interest expense	(5,086)	(5,292)
Amortization of financing expenses and revenue bond discounts	(238)	(242)
Transfer to General Fund - City of Fort Pierce	<u>(4,285)</u>	<u>(4,063)</u>
Total Nonoperating Revenues (Expenses)	<u>(7,640)</u>	<u>(7,135)</u>
 <b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	 2,716	 2,345
Capital contributions	<u>1,495</u>	<u>2,529</u>
 <b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	 4,211	 4,874
Extraordinary Income (Expense)	<u>(494)</u>	<u>1,838</u>
 <b>CHANGE IN NET ASSETS</b>	 3,717	 6,712
Net Assets - Beginning of Year	<u>95,974</u>	<u>89,262</u>
 Net Assets - End of Year	 <u>\$ 99,691</u>	 <u>\$ 95,974</u>

The accompanying notes are an integral part of this financial statement.



# FORT PIERCE UTILITIES AUTHORITY

## STATEMENT OF CASH FLOWS

Year Ended September 30, 2001

(with comparative totals for year ended September 30, 2000)

(Dollars in Thousands)

	<u>2001</u>	<u>2000 as adjusted (Note R)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 70,470	\$ 62,655
Receipts from other sources	1,579	1,300
Receipts from rental property	148	148
Receipts from administration fees and other	107	230
Receipts for extraordinary items	442	1,838
Payments to suppliers for goods and services	(41,385)	(34,510)
Payments to employees for services	(9,829)	(9,188)
Payments for benefits on behalf of employees	(3,036)	(2,605)
Payments for extraordinary items	(936)	-
	<u>17,560</u>	<u>19,868</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Reduction in payable to City of Fort Pierce	(120)	(235)
Transfer to City of Fort Pierce	(4,285)	(4,063)
	<u>(4,405)</u>	<u>(4,298)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of fixed assets	(15,279)	(13,778)
Proceeds from sale of depreciable assets	34	17
Capital contributions	1,374	1,252
Bond and loan principal payments	(3,675)	(3,150)
Bond and loan interest payments	(3,974)	(3,795)
Bond issue costs	-	(1)
	<u>(21,520)</u>	<u>(19,455)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of pooled cash and investments	11,513	15,510
Interest on pooled cash and investments	1,883	1,350
Purchase of pooled investments	-	(16,116)
	<u>13,396</u>	<u>744</u>
Net Increase in Cash and Cash Equivalents	<u>\$ 5,031</u>	<u>\$ (3,141)</u>

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## STATEMENT OF CASH FLOWS

Year ended September 30, 2001

(with comparative totals for year ended September 30, 2000)

(Dollars in Thousands)

	2001	2000 as adjusted (Note R)
Net Increase in Cash and Cash Equivalents	\$ 5,031	\$ (3,141)
Cash and Cash Equivalents at Beginning of Year	25,633	28,774
Cash and Cash Equivalents at End of Year	\$ 30,664	\$ 25,633
Current equity in pooled cash and investments	\$ 17,858	\$ 18,065
Restricted equity in pooled cash and investments	12,615	18,800
Cash with fiscal agent	229	230
Total Pooled Cash and Investments	30,702	37,095
Less: Investments	(38)	(11,462)
Total Cash and Cash Equivalents	\$ 30,664	\$ 25,633

### RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 10,356	\$ 9,480
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	9,297	8,863
Extraordinary income (expense)	(494)	1,838
Rental income	148	148
Administration fees and other income	107	230
(Increase) decrease in accounts receivable	(1,134)	(447)
(Increase) decrease in unbilled revenue	(547)	(281)
(Increase) decrease in inventories and other current assets	(176)	204
(Increase) decrease in deferred expenses	-	214
Increase (decrease) in liabilities payable from restricted assets other than revenue bonds	(10)	(69)
Increase (decrease) in accounts payable	764	1,063
Increase (decrease) in compensated absences	28	39
Increase (decrease) in deferred revenues	(779)	(1,414)
	\$ 17,560	\$ 19,868

### NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets	\$ 121	\$ 1,278
Increase in fair value of investments	\$ 88	\$ 529

(Continued from Page 26)

The accompanying notes are an integral part of this financial statement.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements

September 30, 2001

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The voters of the City of Fort Pierce, Florida authorized the organization of the Fort Pierce Utilities Authority (the Authority) at a special election held May 30, 1972. The Authority commenced operations as of June 30, 1972, and is responsible for management and operation of the combined Electric, Water, Wastewater, and Gas Systems and the Manatee Observation and Education Center. The City Charter, Article XII, defines the powers, duties, and responsibilities of the Authority. The members of the Authority's governing board are elected or removed from office by the Fort Pierce City Commission. The Authority's budget is subject to approval of the City Commission, as are rates for service.

The accounts at September 30, 2001, and for the year then ended of the various utility systems of the Authority are included as a discretely presented component unit of the City of Fort Pierce, Florida, financial statements. The Authority has no component units.

#### Basis of Presentation

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based upon the accounting and reporting standards set forth in Governmental Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has opted to apply only those accounting and reporting pronouncements issued by the GASB subsequent to November 30, 1989.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

GASB Statement No. 34 - The Authority adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, during the year ended September 30, 2001. Statement 34 establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section, a Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Assets and a Statement of Cash Flows. It requires the classification of Net Assets into three components - Invested in Capital Assets, net of related debt; Restricted for Debt Service; and Unrestricted.

The adoption of Statement 34 had little effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets, presentation of the Statement of Cash Flows using the direct method, and the inclusion of a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority is charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates - The preparation of financial statements in conformity with 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 the estimates.

#### Assets, Liabilities and Net Assets

Pooled Cash and Investments - The Authority, for accounting and investment purposes, pools certain cash and investments. Income earned as a result of pooling is distributed to the appropriate system based on the equity each system has in the income-producing item. Cash and cash equivalents are considered to be cash on hand, certificates of deposit, State Treasurer's Investment Pool, Overnight Repurchase Agreements, and short-term investments with original maturities of three months or less from date of acquisition. Investments are stated at fair value based on quoted market prices, except for the investment in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (the LGSF Pool). The LGSF Pool is a "2a -7 like" pool, and therefore, amortized cost has been used as fair value for financial reporting, consistent with the requirements of GASB Statement 31. (Also see Note B.)

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2001

The Local Government Surplus Funds Trust Fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration (the Board).

While the Board has statutory authority for a wide range of derivative instruments, the only derivative products used in the LGSF Pool are floating rate and adjustable rate securities. These instruments are used as part of the investment strategy to hedge against interest rate risk and provide diversification to the portfolio.

The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

Unbilled Service Receivables - These receivables represent the estimated amount of accounts receivable for services that have not been billed as of the balance sheet date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period).

Inventories - Inventories of fuel, chemicals, supplies, construction materials, and utility plant replacement parts are recorded at lower of cost (weighted average method) or market.

Utility Plant - Utility plant is stated at historical cost for items constructed or acquired by purchase and at estimated fair market value on the date received for contributed capital. Utility plant assets are defined by the Authority as assets with an initial, individual cost of \$750 or more and an estimated useful life of one year or more, as set forth in Florida Statute Chapter 274.02. (See Note C for interest capitalization.)

Depreciation of all exhaustible utility plant assets, including those acquired through intergovernmental grants externally restricted to capital acquisitions, is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation is calculated using the straight line method over the following estimated useful lives:

Structures and improvements	5-55 years
Equipment	3-35 years
Transmission, distribution, and collection plants	5-60 years

Purchased Power and Gas Adjustments - The rate schedules of the Electric and Gas Systems provide that fuel cost increases, decreases, and credits, as computed under formulas adopted by the Authority, will be passed on to the

customers. These charges or credits are recorded as a deferred charge or deferred revenue.

Long-Term Liabilities - Bonds payable are reported net of any applicable bond premium or discount. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Net Assets - Equity is classified as net assets and displayed in three components:

- Invested in Capital Assets, net of related debt - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted for Debt Service - Consists of net assets with constraints placed on their use by revenue bond resolution. (Also see Note M.)
- Unrestricted - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Comparative data/reclassifications - Comparative total data for the prior year have been presented in order to provide an understanding of the changes in the financial position and operations of the Authority. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

### Budget Process

The Authority is required to prepare, adopt, and provide to the City Commission of the City of Fort Pierce an annual budget no later than 45 days prior to the beginning of its fiscal year. The annual budget and any amendments thereto shall be in effect when approved by the Authority, and when any line item expense has not been disapproved by four-fifths (4/5) vote of the City Commission within 30 days of submission. Expenses may not exceed the adopted budget as presented to the City Commission, except adoption of necessary and reasonable procedures for providing emergency repairs and/or restoration or maintenance of services. The budget is prepared on the accrual basis. The budget and amendments thereto for the year ended September 30, 2001, have been approved according to the above procedures. Subsequent to the date of the auditor's report, the final budget amendment for the fiscal year ended September 30, 2001, was adopted by the Authority Board and was approved by the City Commission.

### NOTE B - CASH AND INVESTMENTS

Deposits - Florida statutes require state and local governmental units to deposit monies with a financial institution classified as a "Qualified Public Depository," which is a multiple financial institution pool whereby groups of

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2001

securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. The Authority had deposits only with qualifying institutions as of September 30, 2001, or with banks in which depository insurance was sufficient to cover the deposit balance.

Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments, with securities held by the counterparty or by its trust department or agent, but not in the Authority's name. Overnight repurchase agreements are collateralized by U.S. Treasury Notes and FHLMC Discount Notes.

Investments - The Authority is authorized by Resolution to invest in:

- (1) Local Government Surplus Funds Trust Funds.
- (2) Negotiable direct obligations of the United States Government, or obligations, the principal and interest of which are unconditionally guaranteed by the United States Government.
- (3) Obligations of the federal farm credit banks, the Federal Home Loan Mortgage Corporation, including Federal Home Loan Corporation participation certificates, or the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association, U.S. Treasury, agencies, and instrumentalities.
- (4) Repurchase agreements secured by the types of investments listed above, restricted as to acquisition, term, and market value.
- (5) Interest-bearing time deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under state supervision, or in federal savings and loan associations located in this state and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law.
- (6) Deposits and certificates of deposit in out-of-state banks, savings and loan associations, and other regulated financial institutions insured by the FDIC.
- (7) Full faith and credit direct general obligations of any state, or unlimited tax direct obligations of any political subdivision thereof, to the payment of which the full faith and credit of such political subdivision is pledged, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized rating agency.

Restricted Investments (in thousands):

	C A T E G O R Y			Reported Amount
	<u>1</u>	<u>2</u>	<u>3</u>	
Overnight Repurchase Agreement			\$ 3,436	\$ 3,436
FNMA Notes			1,044	1,044
Federal, state, and local government securities			<u>15</u>	<u>15</u>
			<u>\$ 4,495</u>	4,495
Investment in State Treasurer's Investment Pool				<u>5,265</u>
Total Restricted Pooled Investments				<u>\$ 9,760</u>

Current Investments (in thousands):

	C A T E G O R Y			Reported Amount
	<u>1</u>	<u>2</u>	<u>3</u>	
Overnight Repurchase Agreement			\$ 4,773	\$ 4,773
FNMA Notes			1,449	1,449
Federal, state, and local government securities			<u>22</u>	<u>22</u>
			<u>\$ 6,244</u>	6,244
Investment in State Treasurer's Investment Pool				<u>7,311</u>
Total Current Pooled Investments				<u>\$ 13,555</u>

The Authority's investments held throughout the year are principally the same as the investments held as of September 30, 2001. As indicated on page 39, certain investments are considered cash equivalents for purposes of the Statement of Cash Flows. Because of significantly higher or lower cash flows at certain times during the year, the Authority's investment in overnight repurchase agreements changed significantly, from a low of \$1,599,000 to a high of \$15,952,000.

The Authority's investments are categorized as follows to provide an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or securities held by the

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2001

### NOTE C - UTILITY PLANT

Utility plant activity for the year ended September 30, 2001 was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
	<u>Balance</u>			<u>Balance</u>
Utility Plant, not being depreciated:				
Land	\$ 5,330	\$ -	\$ -	\$ 5,330
Construction Work				
In Progress	<u>8,579</u>	<u>16,129</u>	<u>(12,609)</u>	<u>12,099</u>
Total Utility Plant, not being depreciated	<u>13,909</u>	<u>16,129</u>	<u>(12,609)</u>	<u>17,429</u>
Utility Plant, being depreciated:				
Transmission, distribution and collection systems	147,141	8,790	(199)	155,732
Buildings and equipment	<u>101,828</u>	<u>3,090</u>	<u>(1,875)</u>	<u>103,043</u>
Total Utility Plant being depreciated	<u>248,969</u>	<u>11,880</u>	<u>(2,074)</u>	<u>258,775</u>
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(51,901)	(4,474)	998	(55,377)
Buildings and equipment	<u>(55,945)</u>	<u>(4,823)</u>	<u>1,075</u>	<u>(59,693)</u>
Total accumulated depreciation	<u>(107,846)</u>	<u>(9,297)</u>	<u>2,073</u>	<u>(115,070)</u>
Total Utility Plant, being depreciated, net	<u>141,123</u>	<u>2,583</u>	<u>(1)</u>	<u>143,705</u>
Total Utility Plant, net	<u>\$155,032</u>	<u>\$18,712</u>	<u>\$(12,610)</u>	<u>\$161,134</u>

Depreciation expense was charged to the utility systems as follows (in thousands):

Electric	\$5,018
Water	2,141
Wastewater	1,824
Gas	298
Manatee Observation and Education Center	<u>16</u>
	<u>\$9,297</u>

Construction work in progress at September 30, 2001, consists principally of expansions and upgrades to the electric generation and transmission system, water supply and distribution system, wastewater collection system, and gas distribution system.

The Authority capitalizes interest costs on funds borrowed to finance the construction of fixed assets in conformity with Statements of Financial Accounting Standards 34, 42, and 62 as applicable. Total interest costs for

the year ended September 30, 2001, were \$5,363,000, of which \$277,000 was capitalized as utility plant construction costs.

The Authority has entered into contracts for the construction or renovation of various system assets as follows (in thousands):

	<u>Project</u>	<u>Expended</u>	<u>Remaining</u>	<u>Required</u>
	<u>Authorization</u>	<u>To Date</u>	<u>Commitment</u>	<u>Further</u>
	<u>Expansion</u>			<u>Financing</u>
Electric	\$ 668	\$ 310	\$ 358	None
Water	8,745	2,556	6,189	Yes
Gas	7	-	7	None
Wastewater	<u>1,048</u>	<u>834</u>	<u>214</u>	None
	<u>\$10,468</u>	<u>\$3,700</u>	<u>\$6,768</u>	

The commitments for water facilities are being financed by revenue bonds which are secured by utility revenues.

In addition, the Authority has entered into unit price contracts for the construction or renovation of system assets. These contracts are not firm commitments, and the contractors are utilized as needed. As of September 30, 2001, expenditures up to \$1,795,000 were authorized under these contracts, \$1,273,000 had been spent, and authorized amounts of \$522,000 remained.

### NOTE D - RESTRICTED ASSETS

Certain assets are restricted by bond resolution; additionally, some assets have been classified as restricted in accordance with governmental accounting standards for enterprise funds and utility industry accounting practices.

The Authority's restricted assets consist of equity in pooled cash and investments and cash with fiscal agent in the following accounts (in thousands):

Principal and interest accounts	\$ 5,931
Customer security deposits	3,691
Emergency reserve	2,000
Renewal and replacement reserve	<u>1,222</u>
Total Restricted Assets	<u>\$12,844</u>

### NOTE E - TRANSFER TO THE GENERAL FUND, CITY OF FORT PIERCE

As provided in the Charter of the City of Fort Pierce, Florida, a percentage of the Authority's utility systems revenue is transferred to the City's General Fund on an annual basis. The transfer calculation is based on the preceding fiscal year audited financial statements. Following is the computation of the

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2001

amounts transferable to the General Fund during the year ending September 30, 2002, based on the transfer formula for the year ended September 30, 2001 (in thousands):

Gross Revenue	\$78,425
Plus:	
Fuel adjustment charges	(2,698)
Power quality service costs	12
Gas piping and appliance costs	59
Loss on property disposition	<u>1</u>
	75,799
Less:	
Contributed capital	1,495
Extraordinary income	442
Manatee Observation and Education Center	288
Revenue for City billing	<u>70</u>
Adjusted gross revenue	<u>\$73,504</u>
Amount transferable to General Fund, City of Fort Pierce, at 6% of gross revenues, as defined	<u>\$ 4,410</u>

### NOTE F - REVENUE BONDS PAYABLE

#### Defeasance of Revenue Bonds Payable

In prior years, the Authority defeased certain outstanding utilities revenue bonds issued for the systems payable out of revenues derived from the operation of the utility systems. These defeasances were achieved by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities (including bond discounts and financing costs) for the defeased bonds are not included in the Authority's financial statements.

At September 30, 2001, the following bonds are considered defeased (in thousands):

Electric and Water Systems Revenue Certificates	
Utilities Revenue Certificates	
Series 1973A	\$ 1,635
Utilities Revenue Bonds	
Series 1978	525
Series 1981	6,725
Series 1991	38,805

#### Bonds Payable at September 30, 2001, consist of (in thousands):

\$40,355,000 Utilities Refunding Revenue Bonds, Series 1989, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 7.30% on the one remaining principal amount of \$635,000 on October 1, 2001.	\$ 635
\$45,050,000 Utilities Refunding Revenue Bonds, Series 1991, collateralized by pledge of and first lien on the net revenues of the combined systems, approximate yield of 6.85% on the remaining Capital Appreciation Bonds. The accreted value of the Capital Appreciation Bonds at September 30, 2001 is \$5,580,000. The bonds mature October 1, 2009 and 2010, with principal amounts of \$5,445,000 due in each of those years.	5,580

\$56,195,000 Utilities Refunding Revenue Bonds, Series 1993, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 4.625% to 5.30% on the remaining annual principal amounts ranging from \$300,000 to \$7,460,000 through October 1, 2016. 49,875

\$6,580,000 Utilities Refunding Revenue Bonds, Series 1994, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 5.10% to 5.40% on the remaining annual principal amounts ranging from \$60,000 to \$3,295,000 through October 1, 2005. 6,270

\$22,445,000 Utilities Refunding Revenue Bonds, Series 1999A, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 4.53% to 5.375% on the remaining annual principal amounts ranging from \$190,000 to \$4,005,000 through October 1, 2015. 22,115

\$10,223,000 Utilities Revenue Capital Appreciation Bonds, Series 1999B, collateralized by pledge of and first lien on the net revenues of the combined systems, yield varying from 5.70% to 5.90%. The accreted value at September 30, 2001, is \$11,476,000. The bonds mature October 1, 2016, through October 1, 2024, with principal amounts totaling \$34,970,000 due in those years in annual amounts ranging from \$275,000 to \$4,340,000. 11,476

Less:		95,915
Unamortized portion of revenue bond discounts		1,291
Unamortized deferred bond loss		595
Current portion of revenue bonds payable from restricted assets		<u>3,940</u>
		<u>\$90,125</u>

Requirements to amortize all revenue bond debt outstanding as of September 30, 2001, are as follows (in thousands):

Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>September 30,</u>			
2002	\$ 3,940	\$ 3,794	\$ 7,734
2003	4,125	3,614	7,739
2004	4,305	3,424	7,729
2005	4,495	3,192	7,687
2006	4,730	2,943	7,673
2007-2011	27,480	11,656	39,136
2012-2016	33,250	5,629	38,879
2017-2021	25,085	-	25,085
2022-2026	<u>17,345</u>	<u>-</u>	<u>17,345</u>
	124,755	34,252	159,007
Future accretion on capital appreciation bonds	<u>(28,804)</u>	<u>28,804</u>	<u>-</u>
	<u>\$95,951</u>	<u>\$63,056</u>	<u>\$159,007</u>

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2001

### Significant Bond Covenants for Utilities Revenue Bonds

The Series 1989, 1991, 1993, 1994, and 1999A bond issues provide that the Authority accumulate monthly 1/6 of the amount of all interest becoming due on the next semi-annual interest payment date, and 1/12 of the amount of principal which will become due and payable on the next principal maturity or sinking fund installment date. A maximum maturities reserve must be maintained at an amount equal to the maximum amount of principal of and interest on all bonds becoming due in any ensuing bond year, and has been provided for by purchasing a surety bond. This maximum amount is \$8,128,000 and occurs in the bond year October 1, 2013. Additionally, the issues require renewal and replacement and emergency reserve funds with minimum requirements of \$1,000,000 and \$1,750,000, respectively. These reserves are funded in the amounts of \$1,222,000 and \$2,000,000, respectively, at September 30, 2001.

Series 1989 Bonds maturing in the year 1998 and thereafter, Series 1993 Bonds maturing in the years 2004 to 2016, and Series 1999A Bonds maturing in the year 2010 and thereafter are redeemable prior to their stated dates of maturity, at the option of the Authority, beginning October 1, 1997, 2003, and 2009, respectively. The redemption may occur in whole on any date, or in part on any interest payment date, in inverse order of maturity and by lot within maturity if less than all for the Series 1989 and in such manner as shall be determined by the Authority for the Series 1993 and 1999A. The redemption price of the issues is equal to par plus interest accrued to the redemption date, plus a premium of 2% of par if redeemed October 1, 1997 and 2003, and 1% of par if redeemed October 1, 2009. Such premium shall decrease at the rate of 1% on each October 1 thereafter.

### NOTE G – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2001, was as follows:

	Revenue bonds <u>payable</u>	Deferred <u>amounts</u>	Compensated <u>Absences</u>	Long-term <u>liabilities</u>
Beginning balance	\$98,516	\$ (2,160)	\$ 1,586	\$97,942
Additions	1,110	-	1,001	2,111
Reductions	<u>(3,675)</u>	<u>274</u>	<u>(973)</u>	<u>(4,374)</u>
Ending balance	<u>\$95,951</u>	<u>\$(1,886)</u>	<u>\$ 1,614</u>	<u>\$95,679</u>
Due within one year	<u>\$ 3,940</u>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ 4,175</u>

The long-term portion of these liabilities are classified on the Balance Sheet as Other Liabilities, and the current portion of Revenue bonds payable is classified as Liabilities payable from restricted assets.

### NOTE H - COMPENSATED ABSENCES

Current policy allows each employee eligible for vacation leave to accumulate up to 30 days of vacation. Employees are paid unused vacation leave at current hourly rates upon termination. Employees eligible for sick leave are allowed unlimited accumulation. Employees having at least 3 through 9 years of continuous service with the Authority will receive pay for 1/2 of their accumulated sick leave balance up to a maximum of 45 days. Employees having at least 10 or more years of continuous service with the Authority will receive pay for their accumulated sick leave balance up to a maximum of 90 days.

Accrued liabilities, based on hourly salary rates at September 30, 2001, have been reflected in the accounts of the Authority for vested (not contingent on employee future service) vacation and sick leave benefits at September 30, 2001, as follows (in thousands):

Vacation leave	\$ 513
Sick leave	<u>1,101</u>
	<u>\$1,614</u>

Annually, the Authority offers the opportunity to convert unused sick leave to cash. Providing certain established criteria are met, an employee may elect to convert up to six days of unused sick leave to cash calculated at their current hourly salary rate. During the year ended September 30, 2001, approximately \$86,000 was paid to employees electing this option.

The Authority has established a policy which allows employees to convert a portion of their accumulated sick leave to cash. Provided that certain criteria are met, an employee may elect to convert up to a maximum of 90 days and thereby reduce the amount payable upon termination. During the year ended September 30, 2001, approximately \$58,000 was paid to employees electing this option.

### NOTE I - PENSION PLANS

#### General Employees Retirement and Benefit System

##### Plan Description

The General Employees Retirement and Benefit System (the System) is a cost-sharing multiple employer PERS defined benefit plan administered by the City of Fort Pierce, covering all municipal employees, including the Authority's employees, and employees of the St. Lucie County-Fort Pierce Fire District. The System does not issue a stand-alone financial report, but this information is included in the financial statements of the City of Fort Pierce, which can be obtained by submitting a request to 100 North U.S. Highway 1, Fort Pierce, Florida 34950. Except for the Director of Utilities, participation in the plan is compulsory for all employees of the Authority. Employees are eligible to participate upon employment.

Benefits vest 100% after 5 years of service. Upon retirement, members are entitled to an annual retirement benefit, payable for life, of total service



# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2001

(years and months) times 2.5% of final average salary, based upon the highest 5 consecutive years out of the last 10 years. (Optional benefit forms are available on an actuarial equivalent basis.) The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and city ordinance. Ad hoc increases in benefits may be granted periodically by a decision of the Retirement Board with the approval of the City Commission.

### Funding Status and Progress

Per the City of Fort Pierce Code of Ordinances, Ch. 13, Art. II, Div. 1, Sec. 13-40, Authority employees are required to contribute 6.16% of their annual salary to the System. The employer is required to contribute actuarially determined amounts which, together with member contributions, are sufficient to fund the System. Administrative costs are financed through investment earnings.

For the three years ended 1999, 2000, and 2001, employer contributions to the Plan, based on the annual covered payroll, all made in accordance with actuarially determined requirements, were \$1,275,000 (4.02%), \$982,000 (2.95%), and \$1,195,000 (3.36%), respectively.

### NOTE J - RISK MANAGEMENT

#### Employee and Retiree Health Insurance

The Authority became a self-insurer for health and accident claims of their employees and retirees, effective January 1, 2000. Payments of claims under the plan are administered by Anchor Benefit Consulting, Inc. Contributions are made to the Authority's health and accident insurance account biweekly by its employees. Any deficits of the account, up to the stop loss amounts, are absorbed by the Authority. Amounts in excess of the stop loss amounts are underwritten by Employer's Re-insurance Corporation. The individual stop loss amount is \$100,000 and approximately \$2,925,000 in the aggregate for the calendar year ending December 31, 2001.

As of September 30, 2001, the Authority had accrued claims of approximately \$349,000. Changes in the Authority's claim liability (receivable) balance during the past two fiscal years is as follows (in thousands):

	Beginning-of- Fiscal-Year <u>Liability</u>	Current-Year Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at Fiscal <u>Year-End</u>
2000	\$ -	\$ 1,416	\$ 1,956	\$ (540)
2001	(540)	2,641	2,026	75

#### Other Risks of Loss

The Authority is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to

employees; and natural disasters. As a result, the Authority purchases insurance coverage as described in more detail on Page 42. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

### NOTE K - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for those benefits if they reach normal retirement age while working for the Authority. Retiree health care benefit costs are recognized on an accrual basis (22 participating retirees). The amount of the contributions made by retirees during the year ended September 30, 2001, totaled approximately \$187,000, and no expenses were recognized.

Florida Statutes, Sec. 112.0801, as amended by Sec. 1 and 2 of Ch. 87-373, Laws of Florida, requires all public employers to allow their retirees to participate in the same health group plan or self-insurance plan offered to their active employees.

### NOTE L - OPERATING LEASE

The Authority is the lessor of the Federal building property under an operating lease which expired on September 30, 2001. Effective September 30, 1998, this lease is on a month-to-month basis and may be terminated by the lessee by giving the Authority at least 60 days' written notice. This lease has been extended for six months, and will expire on March 31, 2002. Following is the property being leased at September 30, 2001 (in thousands):

Land	\$ 183
Building and improvements	191
Less: Accumulated depreciation	<u>(43)</u>
	<u>\$ 331</u>

### NOTE M - RESTRICTED FOR DEBT SERVICE

Use of these funds is limited to the following:

Emergency Reserve - restricted for payment for emergency repairs or replacements of the capital assets of the Authority which have been damaged or destroyed by catastrophes, acts of God, or other disasters.

Renewal and Replacement Reserve - restricted for paying the cost of extensions, enlargements or additions to, or the replacement of, capital assets of the Authority.

Unexpended Construction Funds - restricted for capital projects and improvements.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2001

Amounts restricted for debt service are comprised of (in thousands):

Emergency reserve	\$ 2,000
Renewal and replacement reserve	<u>1,222</u>
	<u>\$3,222</u>

### NOTE N - TRANSACTIONS WITH THE CITY OF FORT PIERCE

As an enterprise fund of the City of Fort Pierce, transactions occur between the Authority and the City throughout the year in the ordinary course of operations. Below is a summary of significant transactions:

**Administrative Services** - The Authority is billed monthly for various administrative services performed by the City.

**Vehicle Maintenance** - The City charges the Authority on a monthly basis for fuel used by Authority vehicles.

**Nonmetered and Metered Service Charges** - The Authority bills the City on a monthly basis for all nonmetered and metered services.

**Charges to City residents for sanitation and utility taxes** are included on the Authority's monthly billing statements to customers as a service to the City. The Authority acts only as an agent with all cash collections relating to these charges forwarded directly to the City. The City is charged \$70,000 annually by the Authority to perform these services. As of September 30, 2001, customer deposits held by the Authority for sanitation services provided by the City were \$156,000.

Total charges to the City for the year ended September 30, 2001, were \$1,167,000. Total accounts receivable from the City at September 30, 2001, were \$109,000. Total disbursements made to the City by the Authority, including payments of utility tax and sanitation charges collected the year ended September 30, 2001, were \$6,799,000. In addition, the Authority transferred the September 30, 2000, General Fund transfer to the City in the amount of \$4,285,000. (See Note E.) Amounts payable to the City at September 30, 2001, were \$759,000.

### NOTE O - CONTRACT COMMITMENTS

#### FMPA All-Requirements Power Supply Project

As of January 1, 1998, the Authority became a participant in Florida Municipal Power Agency's All-Requirements Power Supply Project (hereinafter referred to as ARP). The Authority has agreed to purchase its total bulk power requirements, in excess of certain excluded resources, from the ARP through October 1, 2030. Also, the Authority makes its generating or purchased capacity resources available to the ARP and receives capacity credits from the ARP.

Prior to being involved in the ARP, the Authority had Project Support Contracts and Power Sales Contracts with FMPA regarding Stanton Unit No. 1 (Stanton and Tri-City Projects) and Stanton Unit No. 2, coal-fired plants constructed by the Orlando Utilities Commission. The Authority's resources which have been assigned include the contracts with FMPA related to Stanton Unit No. 1 and Stanton Unit No. 2, and part of the contract with Florida Gas Transmission for the purchase of firm capacity natural gas. (See below.) The contracts related to the St. Lucie Project, detailed below, have not been assigned; however, as of January 1, 1998, the Authority's share of transmission costs related to the St. Lucie Project have been assigned to the ARP.

#### FMPA St. Lucie Project

The Authority has entered into agreements with the Florida Municipal Power Agency (FMPA), of which it is a member, and with certain other members of FMPA, for entitlement to capacity, energy, and transmission services from Florida Power & Light's (FP&L) St. Lucie Unit No. 2 (the Unit) which is located on South Hutchinson Island near Fort Pierce, and through a reliability exchange agreement related to St. Lucie Unit No. 1, located at the same site. Pursuant to a Power Sales Contract and a Project Support Contract, the Authority has acquired an entitlement share of FMPA's allocation of these services. The Power Sales Contract requires payments for each month in which capacity, energy, or transmission services are available from the St. Lucie Project. Payments due each month are based upon an annual budget. Once each year the excess or deficiency of payments related to actual cost is calculated and applied to the monthly statements from FMPA to the Authority.

The Power Sales Contract will remain in effect until the latest of (i) the date that the principal, premium, if any, and interest on all bonds have been paid, or funds are set aside for the payment thereof; (ii) the date the Unit is decommissioned or finally disposed of as an electric generating unit pursuant to the Participation Agreement, or FMPA's interest in the Unit is terminated pursuant to the Participating Agreement or otherwise disposed of; or (iii) the date all obligations of FMPA under the Participation Agreement have been paid, performed, or provided for.

In any month when electric capacity, energy, or transmission services are not made available to the Authority, payment is made to FMPA under a Project Support Contract in a like amount as would have been due under the Power Sales Contract.

Purchases under these contracts are accounted for as operating expenses by the Authority. Total cost included in operating expenses for the year ended September 30, 2001, was \$5,971,000. The Authority is committed under the agreements to payments of \$5,714,000 for the year ending September 30, 2002.

# FORT PIERCE UTILITIES AUTHORITY

## Notes to Financial Statements (Continued)

September 30, 2001

### Florida Gas Transmission

The Authority has entered into a contract with Florida Gas Transmission for the purchases of firm capacity natural gas in an amount ranging from 868 to 1,500 MMBtu's per day in any given month. At September 30, 2001, \$2,061,000 was included in operating expenses by the Authority in regard to this contract. As of January 1, 1998, the Authority's commitment to Florida Gas Transmission for the purchase of firm capacity natural gas used to fuel the Authority's power generation facility was assigned to the ARP. Therefore, the Authority's remaining commitment under this contract, for the year ended September 30, 2002, is \$163,000.

"black box" settlement because the money was received under the terms that it was not for any particular reason, but was just in settlement of the case.

Also during the year ended September 30, 2001, the Authority received \$705,000 from the Fort Pierce Repowering Project (FPRP). Of this amount, \$362,000 has been recorded as contributed capital, since this amount represents reimbursement for improvements made to a fuel tank at the power plant. The balance, \$343,000, has been recorded as extraordinary income, and was intended to offset the Authority's costs associated with the FPRP, in the amount of \$936,000.

### NOTE P - LITIGATION

The Authority is a defendant in a lawsuit related to the Midway Road service area dispute. Outside counsel for the Authority has advised that he cannot offer an opinion as to the probable outcome. The Authority is vigorously defending its position.

### NOTE R - CHANGE IN ACCOUNTING PRINCIPLE

As a result of implementing GASB Statement No. 34, comparative amounts for the year ended September 30, 2000 have been restated.

Net Income, as previously reported	\$4,318
Adjustment for effect of a change in accounting principle that is applied retroactively	<u>2,394</u>
Change in Net Assets, as adjusted	<u>\$6,712</u>

### NOTE Q - EXTRAORDINARY INCOME (EXPENSE)

During the year ended September 30, 2001, the Authority received \$99,000 as a result of the FP&L/FMPA settlement that occurred late last year. This was a portion of the Authority's portion of the total settlement. It is termed a

This change represents cash and non-cash contributed capital received during the year ended September 30, 2000, which is now recorded as income, in accordance with GASB Statement No. 34.



# Berger, Toombs, Elam & Frank

Certified Public Accountants Chartered

Sun Bank Building  
Suite 300  
111 Orange Avenue  
Fort Pierce, Florida 34950

561/461-6120  
FAX: 561/468-9278

Honorable Chairman and Members  
Fort Pierce Utilities Authority  
Fort Pierce, Florida

We have audited the financial statements of the Fort Pierce Utilities Authority as of and for the year ended September 30, 2001, and have issued our report thereon dated November 30, 2001. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

In connection with our audit, nothing came to our attention that caused us to believe there has been any material lack of compliance with the covenants of the Utilities Refunding Revenue Bonds, Series 1989, Utilities Refunding Revenue Bonds, Series 1991, Utilities Refunding Revenue Bonds, Series 1993, Utilities Refunding Revenue Bonds, Series 1994, Utilities Refunding Revenue Bonds, Series 1999A, or Utilities Revenue Capital Appreciation Bonds, Series 1999B.

*Berger, Toombs, Elam & Frank*

Fort Pierce, Florida  
November 30, 2001

# FORT PIERCE UTILITIES AUTHORITY

## BUDGETARY COMPARISON SCHEDULE

Year ended September 30, 2001

(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUES</b>			
Sales and charges for services	\$ 64,929	\$ 72,940	\$ 72,940
Other operating revenues	1,132	1,579	1,579
Investment and other income	1,862	1,969	1,969
Capital contributions	-	1,495	1,495
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>\$ 67,923</u>	<u>\$ 77,983</u>	<u>\$ 77,983</u>
<b>EXPENSES</b>			
Generation	\$ 3,719	\$ 2,722	\$ 2,722
Purchases for resale	25,972	32,264	32,264
Plant operations	4,947	3,969	3,969
Field operations	5,591	5,932	5,932
General and administrative	8,691	9,979	9,979
Depreciation	8,816	9,297	9,297
Interest expense	5,047	5,086	5,086
Amortization of financing expenses and revenue bond discounts	293	238	238
Transfer to General Fund - City of Fort Pierce	4,123	4,285	4,285
Extraordinary expense	-	494	494
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 67,199</u>	<u>\$ 74,266</u>	<u>\$ 74,266</u>

# FORT PIERCE UTILITIES AUTHORITY

## SCHEDULE OF INVESTMENTS

September 30, 2001

(Dollars in Thousands)

<u>Description of Investments</u>	<u>Reported Amount</u>
State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (LGSF Pool) with interest rate of 2.59% maturing at no set date	\$ 12,576 *
Repurchase Agreement - overnight with interest at 2.59% maturing at no set date	8,209 *
Federal National Mortgage Association discount notes due 10/25/2001	2,493 *
Federal, state, and local government securities with interest rates from 10.30% to 10.39% maturing between 10/1/2001 and 10/1/2003	<u>37</u>
Total Investments	<u><u>\$ 23,315</u></u>

Interest income generated on the above investments for the year ended September 30, 2001, was \$1,018.

\* These items are considered cash equivalents for purposes of the Statement of Cash Flows.

**FORT PIERCE UTILITIES AUTHORITY**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
Year ended September 30, 2001

<u>Grantor Department/Agency and Program Description</u>	<u>Contract Period</u>	<u>Contract or Award Amount</u>
<u>South Florida Water Management District</u>		
Construction of Floridan Aquifer Production Wells SFWMD Contract No. C-10275	5/3/1999-5/2/2000	\$ 200,000
Florida Fish and Wildlife Conservation Commission FWC Grant No. 00106	12/11/00-12/3/2001	<u>33,660</u>
		<u>\$ 233,660</u>

**Note:** None of the above grants are considered to be from state grants and aids appropriation.

# FORT PIERCE UTILITIES AUTHORITY

## SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year ended September 30, 2001

<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued or (Deferred) Revenue at September 30, 2001</u>
\$ 200,000	\$ 200,000	\$ -
<u>25,968</u>	<u>30,295</u>	<u>4,327</u>
<u>\$ 225,968</u>	<u>\$ 230,295</u>	<u>\$ 4,327</u>



# FORT PIERCE UTILITIES AUTHORITY

## SCHEDULE OF INSURANCE COVERAGE

September 30, 2001

(Dollars in Thousands)

Description	Amount of Coverage
Property (\$100,000 deductible)	
Electric System	\$ 93,727
Water Treatment, Operations and Storage	21,228
Wastewater Treatment and Operations	10,538
Wastewater Lift Stations	7,501
Administration Offices	4,009
Other Buildings	1,016
Gas Operations	358
Manatee Observation and Education Center	61
Other Property	
Computer Equipment (various deductibles)	3,251
Contractors Equipment (\$1,000 deductible)	644
Boiler and Machinery (various deductibles)	75,000
Flood (various deductibles)	3,310
Workers' Compensation (\$25,000 deductible)	Statutory
General Liability and Automobile Liability	
General Liability (\$25,000 deductible)	1,000
Automobile Liability (\$25,000 deductible)	1,000
Personal Injury Protection	10
Other Policies	
Public Officials and Employees Liability (\$25,000 deductible)	3,000
Pollution and Remediation Legal Liability (\$10,000 self-insured retention)	1,000
Storage Tank Liability (\$25,000 deductible)	1,000
Surety Bond - Director of Corporate Services	250
Commercial Crime - Employee Dishonesty (\$5,000 deductible)*	250

\* This policy is carried jointly with the City of Fort Pierce and the City of Fort Pierce Retirement and Benefit Trust.

**FORT PIERCE UTILITIES AUTHORITY**  
**AVERAGE NUMBER OF SERVICES BILLED BY SYSTEM - LAST TEN YEARS**

	ELECTRIC	WATER	NATURAL GAS	WASTEWATER
FY 2001	24,975	15,561	4,736	12,395
FY 2000	24,642	15,399	4,724	12,308
FY 1999	24,457	15,159	4,771	12,235
FY 1998	24,256	15,044	4,800	12,213
FY 1997	24,183	14,574	4,763	12,019
FY 1996	24,068	14,232	4,698	11,860
FY 1995	24,031	14,014	4,651	11,810
FY 1994	23,677	13,804	4,620	11,729
FY 1993	23,637	13,866	4,449	11,767
FY 1992	23,457	13,726	4,416	11,717

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
<b>ELECTRIC</b>					
Residential					
Inside the City	\$ 16,259,000	\$ 14,402,000	\$ 13,660,000	\$ 14,649,000	\$ 13,919,000
Outside the City	5,580,000	5,010,000	4,769,000	5,192,000	5,085,000
General Service					
Inside the City	22,043,000	19,110,000	18,193,000	18,698,000	19,002,000
Outside the City	6,034,000	5,622,000	5,008,000	5,544,000	5,702,000
Other Retail	1,172,000	1,095,000	1,026,000	1,031,000	1,009,000
Sales for Resale	-	-	-	7,000	1,355,000
Other Operating Revenues	867,000	757,000	639,000	709,000	677,000
<b>Total Electric Operating Revenues</b>	<b>\$ 51,955,000</b>	<b>\$ 45,996,000</b>	<b>\$ 43,295,000</b>	<b>\$ 45,830,000</b>	<b>\$ 46,749,000</b>
<b>WATER</b>					
Residential					
Inside the City	\$ 3,194,000	\$ 2,820,000	\$ 2,434,000	\$ 2,379,000	\$ 2,102,000
Outside the City	986,000	855,000	726,000	685,000	622,000
General Service					
Inside the City	4,156,000	3,510,000	3,042,000	2,758,000	2,800,000
Outside the City	2,040,000	1,841,000	1,566,000	1,531,000	1,386,000
Sales for Resale	490,000	592,000	587,000	517,000	402,000
Other Operating Revenues	11,000	12,000	11,000	7,000	41,000
<b>Total Water Operating Revenues</b>	<b>\$ 10,877,000</b>	<b>\$ 9,630,000</b>	<b>\$ 8,366,000</b>	<b>\$ 7,877,000</b>	<b>\$ 7,353,000</b>
<b>NATURAL GAS</b>					
<b>SALES REVENUE</b>					
Residential	\$ 1,228,000	\$ 1,003,000	\$ 879,000	\$ 996,000	\$ 940,000
Heat Only	27,000	22,000	23,000	35,000	36,000
General Service	2,495,000	1,871,000	1,440,000	1,693,000	2,063,000
Interruptible and Other	13,000	-	14,000	7,000	-
Contract Gas	-	-	187,000	195,000	4,221,000
Other Operating Revenues, including Transportation	311,000	290,000	-	286,000	125,000
<b>Total Natural Gas Operating Revenues</b>	<b>\$ 4,074,000</b>	<b>\$ 3,186,000</b>	<b>\$ 2,543,000</b>	<b>\$ 3,212,000</b>	<b>\$ 7,385,000</b>
<b>WASTEWATER</b>					
Residential					
Inside the City	\$ 2,948,000	\$ 2,938,000	\$ 2,915,000	\$ 3,012,000	\$ 2,754,000
Outside the City	367,000	365,000	362,000	362,000	331,000
General Service					
Inside the City	3,121,000	3,031,000	3,073,000	2,889,000	2,990,000
Outside the City	780,000	780,000	716,000	670,000	680,000
Other Service	-	-	-	-	-
Total Retail Service Revenue	7,216,000	7,114,000	7,066,000	6,933,000	6,756,000
Other Operating Revenues	92,000	9,000	10,000	4,000	3,000
<b>Total Wastewater Operating Revenues</b>	<b>\$ 7,308,000</b>	<b>\$ 7,123,000</b>	<b>\$ 7,076,000</b>	<b>\$ 6,937,000</b>	<b>\$ 6,759,000</b>
<b>MANATEE OBSERVATION AND EDUCATION CENTER</b>					
<b>Total MOEC Operating Revenues</b>	<b>\$ 284,000</b>	<b>\$ 232,000</b>	<b>\$ 188,000</b>	<b>\$ 203,000</b>	<b>\$ 147,000</b>
<b>COMMUNICATION SERVICES</b>	<b>\$ 21,000</b>				
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 74,519,000</b>	<b>\$ 66,167,000</b>	<b>\$ 61,468,000</b>	<b>\$ 64,059,000</b>	<b>\$ 68,393,000</b>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED REVENUES - LAST TEN YEARS**

FY 1996	FY 1995	FY 1994	FY 1993	FY 1992
\$ 13,663,000	\$ 12,326,000	\$ 12,290,000	\$ 13,008,000	\$ 11,754,000
5,144,000	4,566,000	4,647,000	4,945,000	4,470,000
18,029,000	16,851,000	16,301,000	15,821,000	15,642,000
5,413,000	4,933,000	5,652,000	6,355,000	4,984,000
870,000	722,000	1,039,000	1,301,000	876,000
141,000	618,000	734,000	534,000	2,297,000
293,000	100,000	487,000	541,000	258,000
\$ 43,553,000	\$ 40,116,000	41,150,000	42,505,000	40,281,000
\$ 1,986,000	\$ 1,995,000	\$ 1,956,000	\$ 1,897,000	\$ 1,913,000
604,000	521,000	509,000	492,000	478,000
2,836,000	2,633,000	2,055,000	2,057,000	2,096,000
1,211,000	1,009,000	1,134,000	1,082,000	998,000
435,000	382,000	429,000	328,000	305,000
13,000	39,000	381,000	349,000	481,000
\$ 7,085,000	\$ 6,579,000	\$ 6,464,000	\$ 6,205,000	\$ 6,271,000
\$ 814,000	\$ 880,000	\$ 997,000	\$ 960,000	\$ 947,000
35,000	44,000	40,000	36,000	39,000
1,530,000	1,302,000	1,378,000	953,000	730,000
-	25,000	745,000	997,000	1,202,000
3,144,000	2,741,000	2,217,000	2,920,000	1,129,000
118,000	87,000	112,000	139,000	380,000
\$ 5,641,000	\$ 5,079,000	\$ 5,489,000	\$ 6,005,000	\$ 4,427,000
\$ 2,430,000	\$ 2,467,000	\$ 2,361,000	\$ 2,122,000	\$ 2,134,000
299,000	278,000	262,000	229,000	226,000
2,867,000	2,492,000	2,307,000	2,062,000	2,206,000
608,000	497,000	566,000	464,000	438,000
-	55,000	114,000	105,000	(14,000)
6,204,000	5,789,000	5,611,000	4,981,000	4,990,000
8,000	18,000	13,000	17,000	(68,000)
\$ 6,212,000	\$ 5,807,000	\$ 5,624,000	\$ 4,998,000	\$ 4,922,000
\$ 9,000				
\$ 62,500,000	\$ 57,581,000	\$ 58,727,000	\$ 59,713,000	\$ 55,901,000

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED EXPENSES - LAST TEN YEARS**

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
<b>ELECTRIC</b>					
Generation and					
Purchases for Resale	\$ 32,700,000	\$ 28,067,000	\$ 26,519,000	\$ 28,744,000	\$ 29,976,000
Transmission and Distribution	2,633,000	2,522,000	2,259,000	2,188,000	2,262,000
Administrative and General	3,928,000	5,060,000	4,593,000	4,588,000	4,667,000
Depreciation**	4,931,000	4,689,000	4,827,000	5,084,000	4,296,000
<b>Total Electric Operating Expenses</b>	<b>\$ 44,192,000</b>	<b>\$ 40,338,000</b>	<b>\$ 38,198,000</b>	<b>\$ 40,604,000</b>	<b>\$ 41,201,000</b>
<b>WATER</b>					
Plant Operations	\$ 2,238,000	\$ 2,025,000	\$ 1,978,000	\$ 1,999,000	\$ 1,913,000
Transmission and Distribution	1,034,000	881,000	917,000	859,000	808,000
Administrative and General	1,944,000	2,392,000	1,963,000	1,930,000	1,688,000
Depreciation**	2,183,000	2,152,000	2,023,000	1,911,000	1,512,000
<b>Total Water Operating Expenses</b>	<b>\$ 7,399,000</b>	<b>\$ 7,450,000</b>	<b>\$ 6,881,000</b>	<b>\$ 6,699,000</b>	<b>\$ 5,921,000</b>
<b>NATURAL GAS</b>					
Supply and Distribution	\$ 2,852,000	\$ 1,849,000	\$ 1,551,000	\$ 1,881,000	\$ 5,431,000
Administrative and General	568,000	355,000	624,000	676,000	648,000
Depreciation**	302,000	299,000	268,000	262,000	204,000
<b>Total Natural Gas Operating Expenses</b>	<b>\$ 3,722,000</b>	<b>\$ 2,503,000</b>	<b>\$ 2,443,000</b>	<b>\$ 2,819,000</b>	<b>\$ 6,283,000</b>
<b>WASTEWATER</b>					
Plant Operations	\$ 1,546,000	\$ 1,385,000	\$ 1,148,000	\$ 1,131,000	\$ 1,141,000
Pumping and Collection	1,616,000	1,301,000	1,249,000	1,153,000	1,140,000
Administrative and General	1,258,000	1,769,000	1,538,000	1,440,000	1,185,000
Depreciation**	1,865,000	1,707,000	1,638,000	1,603,000	1,430,000
<b>Total Wastewater Operating Expenses</b>	<b>\$ 6,285,000</b>	<b>\$ 6,162,000</b>	<b>\$ 5,573,000</b>	<b>\$ 5,327,000</b>	<b>\$ 4,896,000</b>
<b>MARKETING &amp; CUSTOMER SERVICES</b>					
Administrative and General	\$ 2,655,000				
Depreciation	51,000				
<b>Total M&amp;CS Operating Expenses</b>	<b>\$ 2,706,000</b>				
<b>MANATEE OBSERVATION AND EDUCATION CENTER</b>					
<b>Total MOEC Operating Expenses</b>	<b>\$ 270,000</b>	<b>\$ 234,000</b>	<b>\$ 188,000</b>	<b>\$ 180,000</b>	<b>\$ 147,000</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 64,574,000</b>	<b>\$ 56,687,000</b>	<b>\$ 53,283,000</b>	<b>\$ 55,629,000</b>	<b>\$ 58,448,000</b>
<b>OTHER REVENUE (EXPENSES) *</b>	<b>\$ (3,355,000)</b>	<b>\$ (3,072,000)</b>	<b>\$ (3,893,000)</b>	<b>\$ (3,773,000)</b>	<b>\$ (3,884,000)</b>

Excludes Transfer to the City of Fort Pierce.

\* Includes amortization of Contribution in Aid.

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED EXPENSES - LAST TEN YEARS**

FY 1996	FY 1995	FY 1994	FY 1993	FY 1992
\$ 26,631,000	\$ 24,071,000	\$ 24,604,000	\$ 26,074,000	\$ 25,246,000
1,869,000	1,723,000	1,704,000	1,816,000	1,583,000
4,693,000	4,355,000	4,249,000	5,143,000	5,675,000
4,246,000	4,286,000	3,955,000	3,782,000	3,379,000
<u>\$ 37,439,000</u>	<u>\$ 34,435,000</u>	<u>\$ 34,512,000</u>	<u>\$ 36,815,000</u>	<u>\$ 35,883,000</u>
\$ 1,693,000	\$ 1,784,000	\$ 1,854,000	\$ 1,752,000	\$ 1,791,000
766,000	764,000	624,000	555,000	548,000
1,663,000	1,517,000	1,607,000	1,492,000	1,376,000
1,394,000	1,346,000	1,298,000	1,263,000	1,207,000
<u>\$ 5,516,000</u>	<u>\$ 5,411,000</u>	<u>\$ 5,383,000</u>	<u>\$ 5,062,000</u>	<u>\$ 4,922,000</u>
\$ 4,353,000	\$ 3,775,000	\$ 4,496,000	\$ 4,682,000	\$ 3,111,000
656,000	608,000	706,000	991,000	840,000
201,000	205,000	194,000	167,000	142,000
<u>\$ 5,210,000</u>	<u>\$ 4,588,000</u>	<u>\$ 5,396,000</u>	<u>\$ 5,840,000</u>	<u>\$ 4,093,000</u>
\$ 1,064,000	\$ 1,162,000	\$ 1,211,000	\$ 1,229,000	\$ 1,240,000
940,000	1,029,000	812,000	987,000	990,000
1,119,000	1,064,000	1,305,000	1,325,000	1,288,000
1,413,000	1,225,000	1,155,000	1,086,000	989,000
<u>\$ 4,536,000</u>	<u>\$ 4,480,000</u>	<u>\$ 4,483,000</u>	<u>\$ 4,627,000</u>	<u>\$ 4,507,000</u>
<u>\$ 37,000</u>				
<u>\$ 52,738,000</u>	<u>\$ 48,914,000</u>	<u>\$ 49,774,000</u>	<u>\$ 52,344,000</u>	<u>\$ 49,405,000</u>
<u>\$ (3,479,000)</u>	<u>\$ (3,144,000)</u>	<u>\$ (3,474,000)</u>	<u>\$ (3,630,000)</u>	<u>\$ (2,577,000)</u>

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED UNIT SALES - LAST TEN YEARS**

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
<b>ELECTRIC</b>					
<b>ENERGY SALES (kWh)</b>					
Residential					
Inside the City	172,553,000	169,126,000	167,419,000	165,952,000	153,928,000
Outside the City	56,871,000	56,431,000	56,158,000	56,622,000	53,014,000
Total Residential	229,424,000	225,557,000	223,577,000	222,574,000	206,942,000
General Service					
Inside the City	263,887,000	260,790,000	261,739,000	241,091,000	223,215,000
Outside the City	69,004,000	72,653,000	67,445,000	70,317,000	71,048,000
Total General Service	332,891,000	333,443,000	329,184,000	311,408,000	294,263,000
Other Retail	10,153,000	9,676,000	9,310,000	9,181,000	9,499,000
Total Retail Energy Sales	572,468,000	568,676,000	562,071,000	543,163,000	510,704,000
<b>WATER SALES - 1,000 GALLONS</b>					
Residential					
Inside the City	776,608	793,954	797,083	786,795	780,701
Outside the City	183,429	183,594	184,908	172,136	168,794
Total Residential	960,037	977,548	981,991	958,931	949,495
General Service					
Inside the City	1,103,203	1,093,971	1,103,392	1,021,115	1,094,136
Outside the City	555,960	592,185	583,639	577,158	544,633
Total General Service	1,659,163	1,686,156	1,687,031	1,598,273	1,638,769
Sales for Resale	197,272	200,175	202,879	196,191	165,006
Total Sales	2,816,472	2,863,879	2,871,901	2,753,395	2,753,270
<b>NATURAL GAS</b>					
<b>ENERGY SALES (ccf)</b>					
Residential	786,920	770,318	741,430	849,548	800,017
Heat Only	12,122	9,555	8,437	16,292	12,431
General Service	2,409,372	2,511,133	2,402,643	2,603,348	2,471,084
Interruptible and Other	-	-	-	-	-
Contract Sales	-	-	-	477,750	11,119,640
Total Energy Sales	3,208,414	3,291,006	3,152,510	3,946,938	14,403,172

**FORT PIERCE UTILITIES AUTHORITY**  
**SYSTEM DETAILED UNIT SALES - LAST TEN YEARS**

FY 1996	FY 1995	FY 1994	FY 1993	FY 1992
166,245,000	157,333,000	154,652,000	149,009,000	148,866,000
58,979,000	55,557,000	56,273,000	54,413,000	54,489,000
225,224,000	212,890,000	210,925,000	203,422,000	203,355,000
231,344,000	225,542,000	217,633,000	209,220,000	207,967,000
66,559,000	68,639,000	69,471,000	72,407,000	60,798,000
297,903,000	294,181,000	287,104,000	281,627,000	268,765,000
9,432,000	9,243,000	9,080,000	8,855,000	8,384,000
532,559,000	516,314,000	507,109,000	493,904,000	480,504,000
774,878	763,884	773,261	804,221	796,054
169,241	160,617	160,346	162,835	160,755
944,119	924,501	933,607	967,056	956,809
1,166,291	1,162,481	1,106,813	1,206,305	1,267,253
486,323	446,008	507,399	497,694	462,776
1,652,614	1,608,489	1,614,212	1,703,999	1,730,029
175,135	174,644	204,731	155,356	148,083
2,771,868	2,707,634	2,752,550	2,826,411	2,834,921
937,137	860,557	853,850	889,205	925,888
25,511	20,899	22,041	22,271	28,097
2,506,281	2,728,736	2,503,378	1,939,770	1,611,454
-	28,290	2,289,891	2,725,302	3,652,956
8,595,100	9,824,191	7,385,260	9,035,660	3,133,743
12,064,029	13,462,673	13,054,420	14,612,208	9,352,138



**FORT PIERCE UTILITIES AUTHORITY**  
**ELECTRIC ENERGY SOURCES AND WATER STATISTICS - LAST TEN YEARS**

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
<b>SOURCES OF ENERGY (kWh)</b>					
Total Net Energy Generated	-	-	-	37,140,000	173,560,000
Total Energy Purchased	603,251,000	600,068,000	582,973,000	539,437,000	417,615,000
<b>TOTAL SOURCES OF ENERGY</b>	603,251,000	600,068,000	582,973,000	576,577,000	591,175,000
Less: System Losses and Inadvertent Energy (kWh)	-	-	-	114,000	104,000
Net Available for Sale (kWh)	603,251,000	600,068,000	582,973,000	576,463,000	591,071,000
<b>SALES FOR RESALE (kWh)</b>	-	-	-	259,000	48,431,000
<b>NET ENERGY FOR LOAD</b>	603,251,000	600,068,000	582,973,000	576,204,000	542,640,000

**WATER STATISTICS**

**Water Production - 1,000 Gallons**

Raw Water Treated	3,198,897	3,232,018	3,269,113	3,247,379	3,163,134
Water Used in Plant	949	(51,346)	(41,282)	(65,700)	(136,254)

<b>Water Pumped to City</b>	3,199,846	3,180,672	3,227,831	3,181,679	3,026,880
-----------------------------	-----------	-----------	-----------	-----------	-----------

Water Used in System	65,510	(50,226)	(48,848)	(54,729)	(92,083)
----------------------	--------	----------	----------	----------	----------

Water Sales	2,816,472	2,863,879	2,871,901	2,753,395	2,753,270
-------------	-----------	-----------	-----------	-----------	-----------

Losses and Unaccounted for Gallons	317,864	266,567	307,082	373,555	181,527
------------------------------------	---------	---------	---------	---------	---------

<b>Unaccounted For</b>	0.099	0.084	0.095	0.117	0.06
------------------------	-------	-------	-------	-------	------

Average Daily Consumption	8,771	8,692	8,845	8,714	8,292
---------------------------	-------	-------	-------	-------	-------

Highest Daily Consumption	10,628	11,215	11,853	11,323	10,597
Date	4/24/01	5/1/00	4/5/99	5/22/98	4/1/97

Peak Maximum Demand	13,900	13,300	16,200	13,700	15,600
Date	5/18/01	6/22/00	3/24/99	4/13/98	11/18/96
Duration	60 Minutes	60 Minutes	75 Minutes	75 Minutes	15 Minutes

Rainfall for FY (inches)	53.81	50.61	53.87	57.00	63.30
--------------------------	-------	-------	-------	-------	-------

**FORT PIERCE UTILITIES AUTHORITY**  
**ELECTRIC ENERGY SOURCES AND WATER STATISTICS - LAST TEN YEARS**

FY 1996	FY 1995	FY 1994	FY 1993	FY 1992
182,654,000	288,114,000	214,190,000	197,592,000	328,308,000
374,466,000	282,620,000	336,067,000	341,308,000	255,263,000
557,120,000	570,734,000	550,257,000	538,900,000	583,571,000
290,000	76,000	361,000	980,000	1,183,000
556,830,000	570,658,000	549,896,000	537,920,000	582,388,000
2,848,000	19,464,000	17,713,000	20,004,000	78,438,000
553,982,000	- 551,194,000	- 532,183,000	- 517,916,000	- 503,950,000
3,527,885	3,283,539	3,171,298	3,307,171	3,396,285
(159,644)	(158,826)	(133,400)	(102,226)	(89,271)
3,368,241	3,124,713	3,037,898	3,204,945	3,307,014
(56,906)	(78,687)	(9,742)	(9,701)	(1,294)
2,771,868	2,707,634	2,752,550	2,826,411	2,834,921
539,467	338,392	275,606	368,833	470,799
0.16	0.11	0.09	0.12	0.14
9,204	8,599	8,314	8,775	9,060
11,714	11,596	10,866	11,968	13,118
8/30/96	5/30/95	7/19/94	5/18/93	7/18/92
17,100	14,900	15,300	15,800	15,360
1/3/96	10/28/94	9/29/94	7/22/93	12/16/91
40 Minutes	30 Minutes	10 Minutes	50 Minutes	30 Minutes
59.37	84.31	76.82	62.90	49.49

**FORT PIERCE UTILITIES AUTHORITY**  
**PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS - LAST TEN YEARS**

	<b>COMMERCIAL CONSTRUCTION*</b>	<b>RESIDENTIAL CONSTRUCTION*</b>	<b>ASSESSED VALUE FOR OPERATIONS*</b>	<b>BANK DEPOSITS**</b>
FY 2001	\$ 9,918,943	\$ 5,898,674	\$ 1,083,335,432	\$ 2,100,692,000
FY 2000	5,778,377	25,020,545	966,079,031	1,908,177,000 ***
FY 1999	15,483,493	3,217,024	966,089,744	1,759,734,000 ***
FY 1998	11,648,665	15,090,757	954,526,579	1,267,490,000 ***
FY 1997	13,879,947	1,551,150	907,203,728	1,245,079,000
FY 1996	3,921,119	1,892,309	914,473,737	1,222,428,000
FY 1995	6,316,684	1,471,305	898,678,435	1,214,338,000
FY 1994	4,449,217	1,800,000	854,107,623	1,622,939,000
FY 1993	6,915,950	5,285,654	902,919,693	1,111,687,000
FY 1992	1,776,963	1,913,300	909,929,129	1,048,641,000

Sources:  
\* City of Fort Pierce Annual Budget.  
\*\* Florida Bankers Association. Includes S&L's  
\*\*\* Amount estimated; actual not available.

**FORT PIERCE UTILITIES AUTHORITY**  
**HISTORY OF TRANSFERS TO THE CITY OF FORT PIERCE, SYSTEM RATE INCREASES,**  
**AND DEBT SERVICE COVERAGE - LAST TEN YEARS**

	TRANSFER TO THE CITY (3)	RATE INCREASES	DEBT SERVICE COVERAGE (4)
FY 2001	\$4,410,000	15% Water	2.67x
FY 2000	\$4,285,000	15% Water	2.77x
FY 1999	\$4,063,000	-	2.42x
FY 1998	\$4,024,000	Water 5%	2.26x
FY 1997	\$3,859,000	Water 6% Wastewater 10%	2.20x
FY 1996	\$3,894,000	Electric .89% Water 6% Wastewater 10% Natural Gas 15.9%	2.21x
FY 1995	\$3,796,000	(5) Water (5) Wastewater	2.29x
FY 1994 (2)	\$4,368,000	Water 12.75% Wastewater 17.80% Natural Gas 4.97%	2.23x
FY 1993 (1)	\$3,679,000	None	1.77x
FY 1992	\$2,760,000	Electric 1.36% Water 9.22% Wastewater 9.37%	1.72x

(1) Adjusted from \$2,306,000 by special Board action.

(2) Includes the City's 40% share of \$1,612,000 Renewal & Replacement funds.

(3) Paid in subsequent fiscal year.

(4) FY's 1992 - 1995 are as published in FPUA's Official Statements.

See Page 54 for calculation of last 6 years. Minimum required by bond covenant is 1.25 times.

(5) Increased the outside City surcharge from 20% to 25%.

**FORT PIERCE UTILITIES AUTHORITY**  
**COMPUTATION OF DEBT SERVICE COVERAGE - LAST SIX YEARS**

(Dollars in Thousands)

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
<b>OPERATING INCOME</b>	\$ 10,343	\$ 9,480	\$ 8,187	\$ 8,362	\$ 9,947	\$ 9,763
<b>ADD:</b>						
Depreciation Expense	8,922	8,863	8,778	8,874	7,452	7,253
Investment & Other Income	1,965	2,462	1,654	1,730	1,913	2,486
Extraordinary Gain	99	1,838	-	-	-	-
<b>LESS:</b>						
Interest on Construction Funds	149	542	7	-	-	-
<b>NET AVAILABLE INCOME</b>	<u>\$ 21,180</u>	<u>\$ 22,101</u>	<u>\$ 18,612</u>	<u>\$ 18,966</u>	<u>\$ 19,312</u>	<u>\$ 19,502</u>
<b>DEBT SERVICE:</b>						
Revenue Bonds Payable Current	3,940	3,675	3,150	3,410	3,215	3,040
Total Interest Expense	3,981	5,157	4,719	5,043	5,543	5,705
Capitalized Interest	-	401	330	149	108	139
Customer Deposit Interest	-	(146)	(155)	(134)	(107)	(125)
Other Interest	-	-	(8)	-	-	-
Accretion	-	(1,051)	(417)	(394)	(373)	(353)
Bond Loss Amortization	-	(200)	(68)	(68)	(68)	(68)
Capital Improvement Charges	-	135	137	375	469	474
<b>NET CASH DEBT SERVICE</b>	<u>\$ 7,921</u>	<u>\$ 7,971</u>	<u>\$ 7,688</u>	<u>\$ 8,381</u>	<u>\$ 8,787</u>	<u>\$ 8,812</u>
<b>DEBT SERVICE COVERAGE (TIMES)</b>	<u>2.67</u>	<u>2.77</u>	<u>2.42</u>	<u>2.26</u>	<u>2.20</u>	<u>2.21</u>

**FORT PIERCE UTILITIES AUTHORITY  
TEN LARGEST CUSTOMERS - FY 2001**

	Utility Service	Unit Sales	Revenues	Total
<b>St. Lucie County School Board</b>	Electric (kWh)	26,745,077	\$ 2,204,283	
	Water (kgal.)	41,829	179,047	
	Wastewater	30,400	134,688	
	Natural Gas (ccf)	55,567	75,775	
				\$ 2,593,793
<b>Fort Pierce Utilities Authority</b>	Electric (kWh)	19,892,310	1,493,350	
	Water (kgal.)	51,997	249,490	
	Wastewater	14,317	65,200	
	Natural Gas (ccf)	35,627	43,962	
				1,852,002
<b>Indian River Community College</b>	Electric (kWh)	16,255,818	1,225,661	
	Water (kgal.)	17,049	51,132	
	Wastewater	13,477	49,628	
	Natural Gas (ccf)	106,113	119,312	
				1,445,733
<b>Lawnwood Regional Medical Center</b>	Electric (kWh)	12,912,512	850,786	
	Water (kgal.)	27,670	72,875	
	Wastewater	27,656	92,911	
	Natural Gas (ccf)	312,203	343,436	
				1,360,008
<b>Board of County Commissioners</b>	Electric (kWh)	12,608,078	1,037,458	
	Water (kgal.)	45,135	195,686	
	Wastewater	28,699	122,484	
	Natural Gas (ccf)	-	-	
				1,355,628
<b>City of Fort Pierce</b>	Electric (kWh)	9,522,120	803,987	
	Water (kgal.)	70,306	308,031	
	Wastewater	11,145	54,954	
	Natural Gas (ccf)	-	-	
				1,166,972
<b>Cargill Citro Pure, LP</b>	Electric (kWh)	18,377,395	1,023,069	
	Water (kgal.)	34,643	110,116	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				1,133,185
<b>Ocean Village POA Inc.</b>	Electric (kWh)	2,346,834	199,317	
	Water (kgal.)	95,954	433,425	
	Wastewater	36,263	154,838	
	Natural Gas (ccf)	-	-	
				787,580
<b>Harbor Branch Oceanographic Institute</b>	Electric (kWh)	9,634,360	772,377	
	Water (kgal.)	-	-	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				772,377
<b>St. Lucie County Utilities</b>	Electric (kWh)	-	-	
	Water (kgal.)	201,805	565,639	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				565,639
<b>TOTAL REVENUES BY UTILITY</b>	Electric		\$ 9,610,288	
	Water		2,165,441	
	Wastewater		674,703	
	Natural Gas		582,485	
<b>TOTAL REVENUES</b>			\$ 13,032,917	

**FORT PIERCE UTILITIES AUTHORITY  
DEMOGRAPHIC STATISTICS - LAST TEN YEARS**

	City of Fort Pierce Population*	St. Lucie County Population*	School Enrollment**
FY 2001	38,013	198,253	29,248
FY 2000	37,516	192,695	29,285
FY 1999	38,401	186,905	29,030
FY 1998	38,071	183,222	28,463
FY 1997	39,484	171,160	27,997
FY 1996	37,273	175,458	27,456
FY 1995	37,027	171,160	26,881
FY 1994	36,945	166,803	26,006
FY 1993	36,909	163,192	25,030
FY 1992	36,722	158,937	23,806

Sources:

\* University of Florida, Bureau of Business & Economic Research.

\*\* St. Lucie County School Board.

\*\*\* Florida Department of Labor & Employment Security,  
Bureau of Labor and Market Security.

\*\*\*\* Data unavailable.

**FORT PIERCE UTILITIES AUTHORITY  
DEMOGRAPHIC STATISTICS - LAST TEN YEARS**

<b>St. Lucie County Labor Force***</b>	<b>Unemployment***</b>	<b>Percentage Rate of Unemployment***</b>	<b>Per Capita Income*</b>
84,322	8,924	10.6	****
81,882	9,305	11.4	****
76,045	7,364	9.7	22,189
79,003	11,768	14.9	21,486
78,021	11,727	15	20,485
74,210	9,648	13	19,499
75,270	12,069	16	18,658
78,121	13,675	17.5	17,420
67,112	10,673	15.9	16,771
67,957	14,117	20.8	16,248



