

**Utilities Commission,
City of New Smyrna Beach, Florida**



Comprehensive Annual Financial Report

(A Component Unit of the City of New Smyrna Beach, Florida)

September 30, 2000 and 1999

**Utilities Commission,
City of New Smyrna Beach, Florida**

(A Component Unit of the City of New Smyrna Beach, Florida)

Comprehensive Annual Financial Report

For the Fiscal Years Ended September 30, 2000 and 1999

UTILITIES COMMISSIONERS

Robert S. Thurlow, Chairman

Carolyn F. Bosiger, Vice Chairman

Robert G. Westhrin, Secretary-Treasurer

Theresa M. Perry, Assistant Secretary-Treasurer

Peter E. Mallory, Commissioner

UTILITIES DIRECTOR

Ronald L. Vaden

CHIEF FINANCIAL OFFICER

Roberto O. Montalvo, CPA

LEGAL COUNSEL

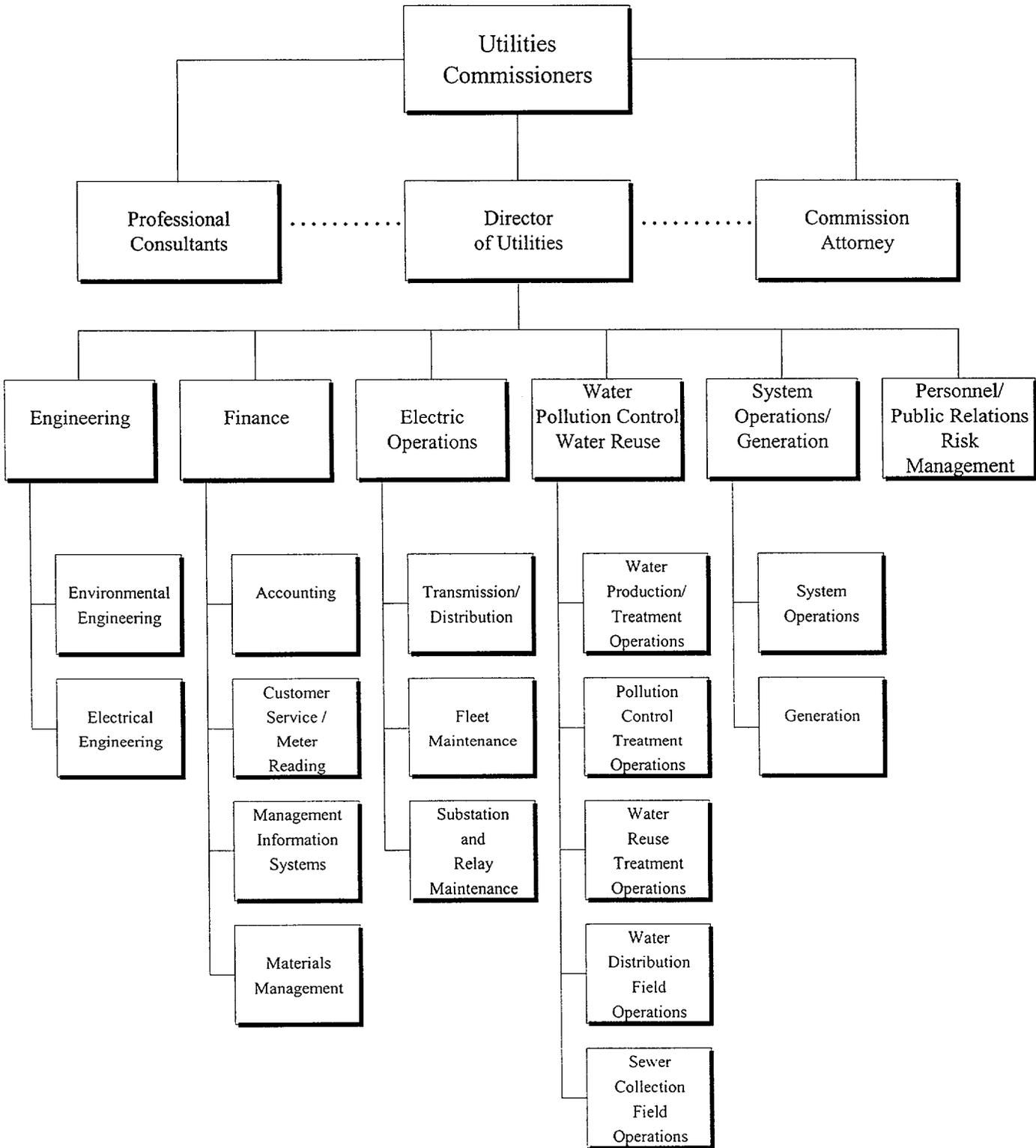
Hal Spence, P.A.

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September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

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ORGANIZATION CHART

ORGANIZATION CHART
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA



CERTIFICATE OF ACHIEVEMENT

For the year ended September 30, 1999

*The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the Utilities Commission, City of New Smyrna Beach, Florida, for its Component Unit Financial Report for the fiscal year ended September 30, 1999.*

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. Management believes that this report continues to conform to Certificate of Achievement Program standards.

CERTIFICATE OF ACHIEVEMENT

For the Year Ended September 30, 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

NEW SMYRNA BEACH, FLORIDA

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Utilities Commission,
City of New Smyrna Beach,
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. Essler
Executive Director

LETTER OF TRANSMITTAL

UTILITIES COMMISSION

CITY OF NEW SMYRNA BEACH, FLORIDA
ELECTRIC, WATER, POLLUTION CONTROL
Post Office Box 100 - 200 Canal St.
New Smyrna Beach, Florida 32170-0100
(904) 427-1361



November 10, 2000

To the Chairman and Members
of the Utilities Commission
City of New Smyrna Beach, Florida

The Comprehensive Annual Financial Report of the Utilities Commission, City of New Smyrna Beach, Florida, for the fiscal years ended September 30, 2000 and 1999, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Utilities Commission. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the Utilities Commission. All disclosures necessary to enable the reader to gain the maximum understanding of the Utilities Commission's financial affairs have been included.

This financial report is presented in four sections: introductory, financial, statistical, and compliance (Auditor General of the State of Florida). The introductory section includes this transmittal letter, the Utilities Commission's organization chart, a list of principal officials, the table of contents and a reproduction of the Certificate of Achievement for Excellence in Financial Reporting for 1999. The financial section includes the basic financial statements and the independent auditors' report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, and selected ten-year historical financial information.

The Utilities Commission is required to be audited in accordance with Chapter 10-500, Rules of the Auditor General of the State of Florida. Information related to this audit, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the compliance section of this report.

REPORTING ENTITY AND SERVICES PROVIDED

The Utilities Commission, City of New Smyrna Beach, Florida, provides a full range of electric, water, pollution control and water reuse services to its customers both inside and outside the city limits. These activities are fully accounted for in this financial report.

The funds and entities related to the operation of the Utilities Commission which are included in these financial statements are a component unit of the City of New Smyrna Beach, Florida, and an integral part of the City's reporting entity. The Comprehensive Annual Financial Report of the Utilities Commission is issued separately to provide a comprehensive financial reporting summary and presentation to the Utilities Commission and its revenue certificate holders. Audited financial statements of the primary government (City of New Smyrna Beach, Florida), are available upon request from the City of New Smyrna Beach, 210 Sams Avenue, New Smyrna Beach, Florida, 32168.

ECONOMIC CONDITION AND OUTLOOK

The economic condition and outlook of the Utilities Commission have continually improved during the past several years due in large part to the controlled development of residential and commercial properties which in turn has increased the Commission's quality customer base. In addition, substantial increases in the local tourism, light manufacturing, and service related business industries have had a positive effect on the area's employment statistics.

To the Chairman and Members
of the Utilities Commission
City of New Smyrna Beach, Florida
November 10, 2000
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MAJOR INITIATIVES

The Commission has established a Capital Improvements Plan (Plan) through 2005. The capital expenditures of this Plan are scheduled to be funded through a combination of connection fees, Renewal and Replacement Fund proceeds, and other funding. These capital improvement plans are in addition to the annual capital requirements for routine extensions of existing utility facilities to serve new customers.

Significant system improvements contemplated in the Plan consist of the following:

- New power plant and substation modifications to accommodate 500 MW power plant
- New 115kV electric transmission line, double circuiting of approximately 13 miles of line
- New 30 MVA distribution substation, including site acquisition
- Sugar Mill Water and Wastewater System Acquisition
- Replacing existing wastewater force mains crossing under the Intracoastal Indian River
- Planned expansion of the water reuse system and extension of the transmission system to provide irrigation service to prospective customers.

On December 10, 1997, the Commission approved entering into a Joint Participation Agreement with Duke Energy Corporation for constructing a 500 MW natural gas fired electric utility plant. Under this agreement, the Commission will receive an entitlement to 30 MW of electric capacity at a significant savings in cost to produce this power. The anticipated savings would be passed on by the Commission by lowering customer rates by up to 15%. The Agreement, which must be approved by the Florida Public Service Commission, is expected to be a "landmark project" since its outcome will undoubtedly have a significant effect on the electric utility industry in the State of Florida. In February 2000 the Florida Supreme court heard legal challenges from other utilities in the state and ruled against the Commission proceeding with the joint project merchant plant. However, in response to the State of Florida's growing energy needs, the Governor has appointed a commission, "Energy 2020 Study Commission," and assigned them the task to review the merits of merchant plants and to report to the Florida Legislature their recommendations. It is expected that the Energy 2020 Study Commission will report to the Florida Legislature in early 2001. As of September 30, 2000 it is uncertain whether the Commission will be allowed to proceed with this project.

Commission forecasts for the electric, water, pollution control, and water reuse systems indicate that the existing and planned major facilities will be adequate to accommodate the expected growth during the five year period of the Plan.

FINANCIAL INFORMATION

Management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission 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. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

To the Chairman and Members
of the Utilities Commission
City of New Smyrna Beach, Florida
November 10, 2000
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Budgeting Controls

The Utilities Commission maintains an integrated system of budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the approved annual budget. The operating activities of the electric, water, pollution control and water reuse systems are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within each individual operating system. The Commission also maintains a separate encumbrance accounting system as one technique of accomplishing budgetary control. This system is used exclusively to maintain budgetary control and is not utilized for purposes of presenting financial statements prepared in accordance with generally accepted accounting principles.

As is demonstrated by the financial statements and schedules in the financial section of this report, the Utilities Commission continues to meet its responsibility for sound financial management.

Utility Operations

In compliance with Resolution No. 16-75, the electric, water and pollution control systems are accounted for as a single enterprise fund. As of September 30, 2000, the Utilities Commission served 21,134 electric customers, 17,937 water customers, 14,940 pollution control customers, and 306 reclaimed water customers. Service totals for the last five years are summarized below:

<u>Fiscal Year</u>	<u>Electric Accounts</u>	<u>Water Accounts</u>	<u>Pollution Control Accounts</u>	<u>Reclaimed Water Accounts</u>
1996	20,139	16,275	14,017	165
1997	20,501	16,727	14,356	188
1998	20,644	16,988	14,355	248
1999	20,920	17,516	14,600	286
2000	21,134	17,937	14,940	306

The current year's operating revenue from the combined utilities systems totaled \$41.42 million, an increase of 27.2% over last year's \$32.55 million. This increase is primarily the result of an increase in the amount of billings for under-recovered fuel costs while providing more costly electric service this past year. The Commission had reduced electric utility rates, implemented in conjunction with the Commission's planned expense reduction program, in an effort to become more competitive in providing electric services; however, with the renewal of several power supply contracts during the year and with changes in the manner in which electric supply is now provided, the cost of providing electrical services rose considerably, which is recovered through a cost adjustment clause billed to the customers. The amount of revenue from various sources and the increases and decreases over/under last year are shown in the following tabulation:

<u>Source of Operating Revenue</u>	<u>2000 Amount (000's)</u>	<u>Percent of Total</u>	<u>Over (Under) 1999 (000's)</u>
Electric system	\$ 31,968	77.18%	\$ 7,902
Water system	4,576	11.05%	23
Pollution control system	4,382	10.58%	909
Water reuse system	494	1.19%	34
Totals	\$ <u>41,420</u>	<u>100.00%</u>	\$ <u>8,868</u>

To the Chairman and Members
of the Utilities Commission
City of New Smyrna Beach, Florida
November 10, 2000
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The current year's operating expenses from the combined utilities system totaled \$36.25 million, an increase of 27.9% over last year's amount of \$28.34 million. As explained above, this increase is primarily attributed to an increase in the cost of purchased power. Also, as a result of the increase in gross revenue, the required 6% payment to the City of New Smyrna Beach, Florida increased. Depreciation expense has increased from the continued capital investment in utility plant in service. Increases and (decreases) in the levels of expenses for the individual systems over the preceding year are shown in the following tabulation:

<u>Operating Expense by Function</u>	2000 Amount (000's)	Percent of Total	Over (Under) 1999 (000's)
Electric system	\$ 29,142	80.40%	\$ 7,302
Water system	3,466	9.56%	201
Pollution control system	3,394	9.36%	353
Water reuse system	<u>246</u>	<u>0.68%</u>	<u>53</u>
Totals	\$ <u>36,248</u>	<u>100.00%</u>	\$ <u>7,909</u>

Debt Administration

The revenue certificate debt coverage ratio is a useful indicator of the Utilities Commission's debt position. The revenue certificate coverage has continued to remain strong over the past three years even in years of debt issuance as is summarized in the following three year tabulation:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Operating revenues	\$ 41,419,907	32,552,181	32,913,781
Interest and other income	1,471,189	1,292,757	1,436,271
Capacity and other fees	773,198	1,774,292	1,755,040
Assessment collections	<u>0</u>	<u>3,408</u>	<u>40,878</u>
Revenues per certificate resolution	43,664,294	35,622,638	36,145,970
Cost of Operation and Maintenance, net of depreciation and required payments to City ...	<u>30,376,437</u>	<u>22,820,083</u>	<u>23,578,729</u>
Net revenues per certificate resolution	<u>13,287,857</u>	<u>12,802,555</u>	<u>12,567,241</u>
Annual debt service requirement	<u>5,317,214</u>	<u>5,298,209</u>	<u>5,309,404</u>
Coverage ratio	<u>2.50 Times</u>	<u>2.42 Times</u>	<u>2.37 Times</u>

As of September 30, 2000 the Utilities Commission had outstanding \$54.65 million of revenue certificates payable. All of these obligations are secured by a first lien on and a pledge of the net revenues of the system.

To the Chairman and Members
of the Utilities Commission
City of New Smyrna Beach, Florida
November 10, 2000
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The Commission's outstanding revenue certificates ratings from Moody's, Standard & Poor's, and Fitch's as follows:

	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch's</u>
Utilities System Revenue Certificates, Series 1992	Aaa	AAA (FGIC Insured)	-
Utilities System Refunding Revenue Certificates, Series 1993	Aaa	AAA (FGIC Insured)	-
Utilities System Refunding Revenue Certificates, Series 1996	-	AAA (AMBAC Insured)	AAA

The debt service requirements on these obligations are detailed in the notes to the financial statements and in Schedule 11 of the supplementary section of the financial statements.

In addition to the revenue certificates payable the Commission had outstanding a note payable to the Florida Department of Environmental Protection, State Revolving Fund Loan in the amount of \$18.14 million, which is secured by a lien and pledge on the net revenues of the system, but subordinate to the first lien and pledge securing the revenue certificates payable. The Commission also had outstanding notes payable to the Florida Municipal Power Agency (FMPA) Pooled Loans amounting to \$14.64 million, which are secured by a lien and pledge on the net revenues of the system, but subordinate to the first lien and pledge securing the revenue certificates payable and on a parity with the State Revolving Fund Loan. The debt service requirements on these obligations are detailed in the notes to the financial statements. The future debt service requirements for the the Florida Department of Environmental Protection, State Revolving Fund Loan are in Schedule 12 of the supplementary section of the financial statements. Since the interest rates vary on the FMPA Pooled Loans no schedule is provided in the supplementary section of the financial statements.

Cash Management

Cash temporarily idle during the year was invested through the use of a competitive bid procedure in short-term time deposits and medium short-term investments. Shorter investment periods were utilized by the Utilities Commission due to the rapid changes and uncertainties of interest rates experienced during the fiscal year. The amount of interest earned during the year was \$1,114,573 none of which was credited to reduce capitalized interest expense for the year.

The Commission's cash and investments on hand at September 30, 2000 and 1999, totaled \$21.0 million and \$21.9 million, respectively. The individual components are as follows:

	<u>2000</u>	<u>1999</u>
Current assets:		
Operating cash and cash equivalents	\$ <u>1,242,680</u>	<u>1,599,515</u>
Restricted assets:		
Debt service funds	3,853,299	3,835,436
Renewal and replacement funds	10,450,957	11,401,185
Construction funds	0	142,918
Customer deposits	1,167,294	1,145,899
CR-3 decommissioning fund	2,039,917	1,821,035
Rate stabilization fund	<u>2,254,984</u>	<u>2,032,439</u>
	<u>19,766,451</u>	<u>20,378,912</u>
 Total cash and investments	 \$ <u>21,009,131</u>	 <u>21,978,427</u>

To the Chairman and Members
of the Utilities Commission
City of New Smyrna Beach, Florida
November 10, 2000
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The Commission's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized in accordance with the Florida Security for Public Deposits Act (the "Act"). All collateral on deposits was held either by the Commission, or by the State of Florida in accordance with the applicable provisions of the Act. All of the Commission's investments held at year-end are classified in the category of lowest credit risk (backed exclusively by the full faith and credit of the U. S. government) as defined by the Governmental Accounting Standards Board.

Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

OTHER INFORMATION

Independent Audit

Resolution Number 28-78 and other local and state statutes require an annual audit of the books of account, financial records and transactions of all administrative departments of the Utilities Commission by an independent certified public accountant selected by the Utilities Commission. The certified public accounting firm of Brent Millikan & Company, P.A. was selected by the Commission to satisfy this requirement. Their independent auditors' report on the financial statements and schedules of the Commission has been included in the financial section of this report.

Awards - Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Utilities Commission, City of New Smyrna Beach, Florida, for its component unit financial report for the fiscal year ended September 30, 1999. We are also quite proud of the fact that we have been awarded with this Certificate for the twentieth consecutive year.

In order to be awarded a Certificate of Achievement, the Commission must publish an easily readable and efficiently organized component unit 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 Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

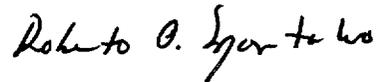
To the Chairman and Members
of the Utilities Commission
City of New Smyrna Beach, Florida
November 10, 2000
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We would also like to thank the individual members of the Utilities Commission for their interest, support, and leadership in planning and conducting the financial operations of the Utilities Commission in a most responsible and progressive manner.

Respectfully submitted,



Ronald L. Vaden
Director of Utilities



Roberto O. Montalvo, CPA
Chief Financial Officer

FINANCIAL SECTION

This section is composed of the following:

Independent Auditors' Report

Financial Statements

Supplemental Financial Information

INDEPENDENT AUDITORS' REPORT

BRENT MILLIKAN & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Commissioners
Utilities Commission, City of New Smyrna Beach, Florida
New Smyrna Beach, Florida

We have audited the accompanying balance sheets of the Utilities Commission, City of New Smyrna Beach, Florida, as of September 30, 2000 and 1999, and the related statements of revenues, expenses and changes in retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Utilities Commission, City of New Smyrna Beach, Florida's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 that our audits provide 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 Utilities Commission, City of New Smyrna Beach, Florida, as of September 30, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2000, on our consideration of the Utilities Commission, City of New Smyrna Beach, Florida's internal control structure and a report dated November 10, 2000 on its compliance with laws and regulations.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Utilities Commission, City of New Smyrna Beach, Florida. Such information, except for the statistical data, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In connection with our audit, nothing came to our attention that caused us to believe that the Utilities Commission, City of New Smyrna Beach, Florida, was not in compliance with any of the terms, covenants, provisions, or conditions of section 16 of Resolution No. 28-78, dated June 30, 1978, as amended. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Brent Millikan & Co., P.A.

New Smyrna Beach, Florida
November 10, 2000

FINANCIAL STATEMENTS

COMPARATIVE BALANCE SHEETS

September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

ASSETS

	2000	1999
Utility Plant:		
Electric plant	\$ 63,184,907	61,482,589
Water plant	32,515,105	30,794,757
Pollution control plant	41,969,900	25,926,735
Water reuse plant	7,085,354	5,250,179
General plant	7,202,981	6,590,780
	151,958,247	130,045,040
Less: accumulated depreciation and amortization	(52,815,841)	(53,777,333)
	99,142,406	76,267,707
Construction work in progress	18,906,201	29,202,131
	118,048,607	105,469,838
Utility plant, net of accumulated depreciation and amortization		
Restricted Assets:		
Cash and cash equivalents	19,585,451	20,145,112
Investments, at cost	181,000	233,800
	19,766,451	20,378,912
Total restricted assets		
Current Assets:		
Cash and cash equivalents	1,242,680	1,599,515
Accrued interest receivable	0	121,036
Accounts receivable (net)	2,551,959	2,227,496
Unbilled accounts receivable	5,991,266	1,347,996
Inventories	1,608,385	1,500,634
Prepaid expenses and other assets	98,716	78,916
	11,493,006	6,875,593
Total current assets		
Deferred Charges and Other Assets:		
Unamortized debt expense	1,108,796	1,091,319
	1,108,796	1,091,319
Total assets	\$ 150,416,860	133,815,662

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND UTILITY EQUITY

	<u>2000</u>	<u>1999</u>
Utility Equity:		
Contributed capital	\$ 40,081,065	39,307,866
Retained Earnings:		
Unreserved.....	<u>11,717,655</u>	<u>12,511,507</u>
Total utility equity	<u>51,798,720</u>	<u>51,819,373</u>
Long-Term Debt:		
Revenue certificates payable (net).....	50,578,892	52,840,319
Note Payable-State Revolving Fund Loan (net).....	17,435,927	17,517,270
Notes Payable-FMPA Pooled Loans (net).....	<u>14,260,747</u>	<u>0</u>
Total long-term debt	<u>82,275,566</u>	<u>70,357,589</u>
Restricted Fund Liabilities:		
Revenue certificates payable (current portion)	2,490,000	2,385,000
Note Payable-State Revolving Fund Loan (current portion).....	708,939	687,338
Notes Payable-FMPA Pooled Loans (current portion).....	375,000	0
Accrued interest payable	1,492,178	2,056,584
Accounts payable	721,969	117,991
Construction retainage payable	0	147,544
Customers' deposits	1,167,294	1,145,899
Deferred allowance for decommissioning costs	<u>2,039,917</u>	<u>1,821,035</u>
Total restricted fund liabilities	<u>8,995,297</u>	<u>8,361,391</u>
Current Liabilities:		
Accounts payable	5,157,975	1,644,433
Accrued liabilities	582,259	516,651
Due to other governments	<u>1,135,349</u>	<u>624,463</u>
Total current liabilities	<u>6,875,583</u>	<u>2,785,547</u>
Other Noncurrent Liabilities:		
Deferred compensated absences	367,027	386,244
Deferred credits - other	<u>104,667</u>	<u>105,518</u>
Total other noncurrent liabilities	<u>471,694</u>	<u>491,762</u>
Total liabilities	<u>98,618,140</u>	<u>81,996,289</u>
Total liabilities and utility equity	<u>\$ 150,416,860</u>	<u>133,815,662</u>

**STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

Statement 2

For the Fiscal Years Ended September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

	<u>2000</u>	<u>1999</u>
Operating Revenue:		
Sales	\$ 40,960,150	32,143,555
Other revenue	459,757	408,626
	<u>41,419,907</u>	<u>32,552,181</u>
Total operating revenue		
Operating Expenses:		
Production expenses	22,970,923	16,005,319
Transmission, distribution, and sewage collection and treatment	3,140,325	2,731,438
Customer accounting	818,320	721,860
Administrative and general	3,227,988	3,169,521
Required payments to the City of New Smyrna Beach	2,214,486	2,016,471
Depreciation and decommissioning	3,875,830	3,694,652
	<u>36,247,872</u>	<u>28,339,261</u>
Total operating expenses		
Operating income	<u>5,172,035</u>	<u>4,212,920</u>
Nonoperating Revenue (Expense):		
Interest earnings	1,114,573	1,006,728
Other income	356,616	286,029
Interest and debt expense	(3,877,542)	(3,353,913)
Other expenses	(61,620)	(11,328)
Loss on disposal of assets	(45,269)	(87,446)
Loss on abandonment of wastewater treatment plant	(3,452,645)	0
	<u>(5,965,887)</u>	<u>(2,159,930)</u>
Total nonoperating (expense).....		
Net income (loss)	(793,852)	2,052,990
Retained earnings, beginning of year	<u>12,511,507</u>	<u>10,458,517</u>
Retained earnings, end of year	<u>\$ 11,717,655</u>	<u>12,511,507</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Statement 3

	2000	1999
Cash Flows From Operating Activities:		
Cash received from customers	\$ 36,672,992	32,347,118
Cash paid to suppliers	(20,202,605)	(17,563,527)
Cash paid to employees (net of amount capitalized)	(4,739,094)	(4,925,231)
Other receipts (payments)	(2,865,664)	(3,502,172)
Net cash provided by operating activities	<u>8,865,629</u>	<u>6,356,188</u>
Cash Flows From Capital and Related Financing Activities:		
Debt reduction outlays	(3,076,541)	(2,285,000)
Contributed capital	701,264	2,872,855
Proceeds from issuance of debt	14,635,747	9,073,027
Proceeds from sale of property and equipment	12,856	59,580
Acquisition and construction of capital assets	(16,703,968)	(13,646,708)
Interest paid	(3,599,054)	(3,056,102)
Net cash provided by (used in) capital and related financing activities	<u>(8,029,696)</u>	<u>(6,982,348)</u>
Cash Flows From Investing Activities:		
Proceeds from sale and maturities of investment securities	52,800	50,500
Interest received	1,114,771	1,006,565
Net cash provided by (used in) investing activities	<u>1,167,571</u>	<u>1,057,065</u>
Net increase (decrease) in cash and cash equivalents	2,003,504	430,905
Cash and cash equivalents, beginning of year	21,744,627	21,313,722
Cash and cash equivalents, end of year	<u>\$ 23,748,131</u>	<u>21,744,627</u>
Reconciliation of operating income to net cash flows provided by operating activities:		
Operating income	\$ 5,172,035	4,212,920
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation, decommissioning, and nuclear fuel amortization	3,977,105	3,838,300
Provision for losses on receivables	157,632	69,275
Decrease (increase) in operating assets:		
Accounts receivable	(482,095)	(498,695)
Unbilled accounts receivable	(4,643,270)	(19,332)
Inventories	(107,751)	77,943
Prepaid expenses	(50,644)	46,044
Increase (decrease) in operating liabilities:		
Accounts payable	3,969,977	(1,514,302)
Due to other governments	510,886	60,031
Customer deposits	21,395	23,527
Accrued liabilities	65,608	(147,983)
Deferred liabilities	(20,068)	(66,241)
Other income	356,616	286,029
Other expense	(61,797)	(11,328)
Net cash provided by operating activities	<u>\$ 8,865,629</u>	<u>6,356,188</u>
Supplemental data:		
Non-cash capital and related financing activities:		
Donated property from developers reported in contributed capital	\$ 71,935	0
Disposal of wastewater treatment plant	<u>\$ 3,452,645</u>	<u>0</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

**Note 1:
Summary
of
Significant
Accounting
Policies**

General

The accounting policies of the Utilities Commission, City of New Smyrna Beach, Florida, (the "Utilities Commission") conform to the generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, the Governmental Accounting Standards Board, and the Federal Energy Regulatory Commission.

Reporting Entity

The Utilities Commission, was created in 1967 through the passage of Chapter 67-1754, Laws of Florida, Special Acts of 1967 (House Bill 1669) which amended the Charter of the City of New Smyrna Beach, Florida, to create the Utilities Commission. The Utilities Commission is governed by a five member board appointed by the City Commission. In a referendum held in October, 1984, voters approved amendments to the City Charter which (1) require City Commission approval for extensions of utility services outside the City limits; (2) give the City Commission the right to review and approve the Utilities Commission's operating budget; and (3) require City Commission approval before issuing or refunding revenue certificates and entering into contracts which exceed four years.

This is the criteria requiring the funds and entities related to the operation of the Utilities Commission be included as a component unit of the City of New Smyrna Beach, Florida, and an integral part of the City's reporting entity. The basic financial statements of the Utilities Commission are incorporated in the City's Comprehensive Annual Financial Report as an enterprise fund activity.

Complete financial statements of the City of New Smyrna Beach, Florida, the primary government of the Utilities Commission, can be obtained directly from the City's administrative offices, which is as follows:

Administrative Office:

City of New Smyrna Beach, Florida
210 Sams Avenue
New Smyrna Beach, Florida 32168

In 1983, the Utilities Commission entered into a participation agreement with Florida Municipal Power Agency (FMPA) for an entitlement share of electric capacity and electric energy from FMPA's undivided ownership interest in Florida Power and Light Company's St. Lucie Unit No. 2, a nuclear generating unit. The Utilities Commission's role in the agreement is limited to that of a participant contractually obligated to purchase electric capacity and electric energy. The agreement between the Utilities Commission and FMPA does not meet the criteria for inclusion within the reporting entity of the Utilities Commission. The agreement specifically provides that the arrangement is not a joint venture and neither FMPA nor the other utilities which entered into participation agreements with FMPA for entitlement shares from FMPA's undivided ownership interest in St. Lucie Unit No. 2 are accounting for the agreement as a joint venture. Accordingly, the Utilities Commission is not accounting for the agreement as a joint venture.

On March 17, 1998 the Commission entered into an Interlocal Agreement creating the Florida Electric Power Alliance (FEPA) by and among the City of Homestead, City of Lake Worth, and the Utilities Commission, City of New Smyrna Beach, Florida, for the purpose coordinating certain joint electric power supply projects. On April 28, 1999 FEPA entered into a contract with Florida Power and Light for the purpose of marketing and trading excess capacity and energy. The initial term of the agreement was for the period from May 1, 1999 to October 31, 1999 and will be automatically extended in additional six month increments. The agreement specifically provides that the arrangement is not a joint venture, but rather is an "agency" created under the authority of Chapter 163, Part I, Florida Statutes, as amended. Neither FEPA nor the underlying utilities which entered into the agreement are accounting for the agreement as a joint venture. Accordingly, the Utilities Commission is not accounting for the agreement as a joint venture.

**Note 1:
Summary
of
Significant
Accounting
Policies
(Continued)**

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The Utilities Commission utilizes the accrual basis of accounting. By utilizing this method, revenues are recognized when they are earned, and expenses are recognized as they are incurred. Unbilled utility service receivables are recorded so as to provide a better matching of service revenues and the costs of providing the service. Based on the accounting and reporting standards set forth in Government Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the Utilities Commission has opted to apply only those accounting and reporting pronouncements issued by the GASB subsequent to November 30, 1989.

Budget and Budgetary Accounting

An annual budget was adopted for the electric, water, pollution control and water reuse utility systems. The budget was adopted on a basis consistent with generally accepted accounting principles (GAAP) except that certain other cash receipts and payments are treated as budgetary items to maintain effective fiscal and budgetary control over the collection and disposition of all commission resources. Specific budgetary control is exercised over internal operating transfers to restricted funds, payments of principal on long-term debt obligations, and collections of contributed capital which are recognized in the budget as additions and/or deductions to reconcile budgeted net cash receipts to reported net income (loss) for each system. Budget appropriations are prepared by the administrative staff and approved as provided by law by the Utilities Commission. Budgetary control is exercised at the departmental level. Budget amendments, if any, can be requested by the Director of Utilities. However, all budget amendments must be approved by the Utilities Commission. Unexpended appropriations for operations lapse at year end. No supplemental appropriations were required for the current year.

Cash and Cash Equivalents

The Utilities Commission invests all cash balances in interest bearing accounts. Earnings from these investments are appropriately allocated to the investing fund accounts based upon the investment equity and are used, where applicable, to finance general Utilities Commission operations. For purposes of the statement of cash flows, the Utilities Commission considers all highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents.

Investments

Investments are recorded at cost or amortized cost, which approximates market. Adjustments are made to cost, for any premium or discount, which is amortized over the maturity of the investment. Investments in U.S. Treasury and agency obligations with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost. All other investments are reported at fair value.

Receivables

Accounts receivable have been reported net of an allowance for uncollectible accounts which has been provided based upon management's analysis of historical trends. Utility operating revenues are recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued at September 30th, to recognize the sales revenues earned between the last meter reading date made through the end of the year.

Inventories

Inventories are priced at cost by the use of the "first-in, first-out" method of accounting. The effect of this method is to flow the costs of the materials and supplies in the order in which they are purchased and to assign a balance sheet inventory valuation more nearly at current replacement value. Electric line transformers, electric meters, and replacement units for the generating plants are classified as utility plant in accordance with accepted industry practices set forth by the National Association of Regulatory Utilities Commissioners (NARUC).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

**Note 1:
 Summary
 of
 Significant
 Accounting
 Policies
 (Continued)**

Unamortized Debt Discount, Issuance Expenses, and Deferred Amount from Refunding

Original issue discounts, issuance expenses, and deferred amounts from refundings of utilities certificates are appropriately deferred and amortized over the remaining terms of the applicable revenue certificate issues (or life of the old debt, whichever is shorter, for deferred amounts from refundings) using the bonds outstanding method which approximates the interest method. Unamortized revenue certificate discounts are presented in aggregate in the financial statements as a reduction of the carrying cost of the related long-term debt. Unamortized debt issuance costs and deferred amounts from refundings are presented as other assets.

Restricted Assets

Proceeds from debt, funds required to be set aside for the payment of revenue bonds debt service and contingencies, and other specific assets set aside for restricted purposes which cannot be used for routine operations are classified as restricted assets since their exclusive use is limited by applicable bond covenants and other legal indentures.

Utility Plant

Utility plant is stated at historical or estimated historical cost. The costs of additions, replacements, and renewals of units of property are added to utility plant. The cost (estimated, if not known) of units of property retired, less net salvage, is charged to accumulated depreciation and the appropriate asset account. Donated utility plant is stated at its estimated fair market value on the date donated.

Maintenance and repairs of property and replacements and renewals of items determined to be less than units of property, are charged to operating expense as incurred. Construction period interest is capitalized net of interest earned on unexpended construction funds in accordance with the applicable provisions of Financial Accounting Standard Number 62 and, therefore, depreciated over the remaining useful lives of the related assets.

Depreciation is provided for by utilization of the straight line method (half-year convention in year of acquisition) calculated on a service life basis to amortize the cost of the assets over their economic estimated useful lives which are as follows:

	<u>Years</u>
Electric System:	
Production plant:	
Nuclear production	27
Diesel production	20-40
Transmission plant	30-55
Distribution plant	28-45
General plant:	
Structures and improvements	40
Other general plant	5-20
Water System:	
Source of supply plant	25-50
Pumping plant	35
Water treatment plant	40-50
Transmission and distribution plant	25-50
General plant:	
Structures and improvements	35
Other general plant	10-35
Pollution Control System:	
Collection plant	35-50
Pumping plant:	
Structures and improvements	50
Pumping equipment	25

NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Note 1: Summary of Significant Accounting Policies (Continued)	Treatment and disposal plant	25-40
	General plant	10-50
	Common Plant:	
	Structures and improvements	35
	Other general plant	5-15
	Water Reuse System:	
	Structures and improvements	50
	Transmission and distribution plant	50

Compensated Absences

The portion of employee payroll costs paid subsequent to year-end attributable to services performed prior to year-end is recorded and recognized as a current liability. Effective October 1, 1998 the Commission revised its personnel plan to consolidate vacation and sick leave into Personal Leave Time. Employees earn annual personal leave time at the rate of 160 hours to 240 hours per fiscal year, depending of the number of years of service, measured on the anniversary date, which is October 1 for all employees. Employees are required to use 50% of the time accrued each year and may retain the balance for use in succeeding years. The maximum amount of hours that can be accumulated at the end of each year fiscal year is 480 hours. Employees with accrued personal leave time over this amount at year end will be paid for all hours in excess of 480 hours. Payments for any excess hours will be made in December of each year based on the employee's regular straight time pay-rate as of preceding September 30th.

Deferred Credits and Operating Reserves (for Nuclear Re-Fueling and Decommissioning Costs)

The reserve for nuclear re-fueling and maintenance outage is an operating reserve established to account for the estimated charges to be incurred for the removal and installation of nuclear fuel assemblies. Charges are made against the reserve at the time the actual re-fueling takes place. The reserve for nuclear plant decommissioning costs was established to account for the estimated costs of nuclear plant decommissioning. Amounts charged to expense annually (and appropriately credited to deferred allowance for decommissioning costs) are based on estimated future decommissioning costs in accordance with Federal Energy Regulatory Commission requirements. Charges against the reserve will be made at the actual time of decommissioning.

Contributed Capital

Contributions of capital to a proprietary fund from any source received are recorded in an appropriately captioned contributed capital account.

Equity Reserves

Funded reserves are used to record a portion of retained earnings which must be segregated for some future use and which are, therefore, not available for further appropriation or expenditure.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

Rates, Revenues and Fuel Expense

Revenues are recognized based on monthly cycle billings to customers. The rate schedules are approved by the Utilities Commission. The electric rate schedule contains an energy cost adjustment clause which reflects the cost of fuel as well as the energy and fuel components of purchased power. Generally, the effect of the increases and/or decreases in the cost of energy is recovered over a twelve month period and is determined as the difference between actual applicable fuel costs and the costs actually billed during the same period. The cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced for generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

**Note 2:
Cash
Deposits and
Investments**

Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* ("the Act"), the State of Florida, Department of Insurance, Bureau of Collateral Securities, and the Department of Treasury have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Treasurer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State Treasurer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Treasurer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by the Department of Insurance.

Deposits

At September 30, 2000 and 1999, the carrying amounts of the Utilities Commission's deposits, including certificates of deposit, were \$18,605,751 and \$15,718,272, respectively. The September 30, 2000, bank balances totaled \$18,499,910 of which \$100,000 was covered by federal depository insurance and \$18,399,910 was secured in accordance with the statutory provisions of the Act. Included in the carrying amount of Commission deposits is \$10,696 in petty cash and change funds.

Investments

The Utilities Commission's investment policies are governed by state statutes and local resolution. Allowable investment instruments include: bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits. At September 30, 1999, the Commission's investments included United States Treasury State and Local Government (SLGS) Bonds and overnight investments in money market funds which were secured by U. S. Treasury obligations. The investments are categorized to give an indication of the level of risk assumed by the Commission at year-end. Category 1 includes investments that are insured, registered, or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the banks' trust departments or agents in the Commission's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the banks, or by their trust departments or agents but not in the Commission's name. The First Union National Bank's Trust Department is the counterparty for the Category 3 repurchase agreements listed below.

At September 30, 1999, the Commission's cash and investments are categorized as follows:

<u>Type of Investment</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
U.S. Treasury State and Local Government Series (SLGS) Bonds	\$ 181,000	-	-	181,000	181,000
Repurchase agreements	-	-	3,100,258	3,100,258	3,100,258
Totals	<u>\$ 181,000</u>	<u>-</u>	<u>3,100,258</u>	<u>3,281,258</u>	<u>3,281,258</u>

**Note 3:
Accounts
Receivable**

A summary of net accounts receivable at September 30, is as follows:

	<u>2000</u>	<u>1999</u>
Billed customer accounts receivable	\$ 2,658,619	2,284,534
Less: allowance for doubtful accounts	(106,660)	(57,038)
Totals	<u>\$ 2,551,959</u>	<u>2,227,496</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Note 4: A summary of restricted assets at September 30, is as follows:

Restricted Assets

	<u>Cash</u>	<u>Deposits/ Investment</u>	<u>Accrued Interest</u>	<u>2000 Totals</u>	<u>1999 Total</u>
Debt service funds:					
1992 Sinking Fund	\$ -	637,194	-	637,194	637,764
1993 Sinking Fund	-	1,161,422	-	1,161,422	1,139,752
1996 Sinking Fund	-	1,301,643	-	1,301,643	1,299,372
SRF Loan Sinking Fund	213,201	-	-	213,201	214,760
SRF Loan Reserve Fund	<u>539,839</u>	<u>-</u>	<u>-</u>	<u>539,839</u>	<u>543,788</u>
	<u>753,040</u>	<u>3,100,259</u>	<u>-</u>	<u>3,853,299</u>	<u>3,835,436</u>
Renewal and replacement funds:					
Res. No. 28-78	6,853,345	-	-	6,853,345	3,329,126
Contingency Reserve funds ...	-	181,000	-	181,000	3,882,316
Capacity fee fund	<u>3,416,612</u>	<u>-</u>	<u>-</u>	<u>3,416,612</u>	<u>4,189,743</u>
	<u>10,269,957</u>	<u>181,000</u>	<u>-</u>	<u>10,450,957</u>	<u>11,401,185</u>
Construction funds:					
Wastewater Treatment Plant ..	-	-	-	-	142,918
Customer deposits	1,167,294	-	-	1,167,294	1,145,899
CR-3 decommissioning fund	2,039,917	-	-	2,039,917	1,821,035
Rate stabilization fund	<u>2,254,984</u>	<u>-</u>	<u>-</u>	<u>2,254,984</u>	<u>2,032,439</u>
Totals	<u>\$ 16,485,192</u>	<u>3,281,259</u>	<u>-</u>	<u>19,766,451</u>	<u>20,378,912</u>

Note 5: A summary of utility plant at September 30, is as follows:

Utility Plant

	<u>Electric</u>	<u>Water</u>	<u>Pollution Control</u>	<u>Water Reuse</u>	<u>Common</u>	<u>2000</u>	<u>1999</u>
Land and land rights	\$ 1,672,728	487,146	381,642	-	743,588	3,285,104	2,943,437
Structures and improvements .	2,579,200	5,110,830	7,561,048	2,236,037	2,377,003	19,864,118	16,613,981
Production plant, nuclear fuel and treatment plant	12,196,515	6,379,344	13,742,924	-	-	32,318,783	22,401,280
Transmission, distribution, and collection and treatment plant	45,300,184	19,723,316	19,053,098	4,804,793	-	88,881,391	80,986,409
Other general plant and equipment	<u>1,436,280</u>	<u>814,469</u>	<u>1,231,188</u>	<u>44,524</u>	<u>4,082,390</u>	<u>7,608,851</u>	<u>7,099,933</u>
	63,184,907	32,515,105	41,969,900	7,085,354	7,202,981	151,958,247	130,045,040
Accumulated depreciation	<u>(31,286,480)</u>	<u>(9,989,024)</u>	<u>(7,358,867)</u>	<u>(705,517)</u>	<u>(3,475,953)</u>	<u>(52,815,841)</u>	<u>(53,777,333)</u>
	31,898,427	22,526,081	34,611,033	6,379,837	3,727,028	99,142,406	76,267,707
Construction in progress	<u>14,559,740</u>	<u>3,681,269</u>	<u>456,486</u>	<u>28,461</u>	<u>180,245</u>	<u>18,906,201</u>	<u>29,202,131</u>
Utility plant, net	<u>\$ 46,458,167</u>	<u>26,207,350</u>	<u>35,067,519</u>	<u>6,408,298</u>	<u>3,907,273</u>	<u>118,048,607</u>	<u>105,469,838</u>

Depreciation expense totaled \$3,656,949 and \$3,502,707 for 2000 and 1999, respectively. Capitalized interest on outstanding tax-exempt borrowings charged (credited) to projects during construction was \$ - and \$468,080, for 2000 and 1999, respectively. There was no interest earned on unexpended loan proceeds relating to the State Revolving Fund Loan.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Note 6: Long-Term Debt	A summary of long-term debt outstanding at September 30, is as follows:	<u>2000</u>	<u>1999</u>
	Utilities System Revenue Certificates, Series 1992--4.10% to 5.60% due serially to 2004, with \$515,000 (5.35%), \$1,020,000 (5.80%) \$1,230,000 (6.00%) and \$10,160,000 (6.00%) term bonds due in 2002, 2007, 2010, and 2013, respectively	\$ 13,740,000	13,965,000
	Utilities System Refunding Revenue Certificates, Series 1993--3.20% to 5.25% due serially to 2011, with \$3,685,000 (5.00%) and \$6,245,000 (5.00%) term bonds due in 2014 and 2019, respectively	20,180,000	20,800,000
	Utilities System Refunding Revenue Certificates, Series 1996--4.10% to 5.30% due serially to 2011	<u>20,845,000</u>	<u>22,385,000</u>
	Total utilities certificates outstanding	<u>54,765,000</u>	<u>57,150,000</u>
	Less: current maturities:		
	Series 1992 Certificates	(230,000)	(225,000)
	Series 1993 Certificates	(655,000)	(620,000)
	Series 1996 Certificates	<u>(1,605,000)</u>	<u>(1,540,000)</u>
		<u>2,490,000</u>	<u>2,385,000</u>
	Long-term certificate debt	52,275,000	54,765,000
	Less: deferred amount on advance refunding	(852,359)	(998,320)
	unamortized debt discount	<u>(843,749)</u>	<u>(926,361)</u>
	Net long-term certificate debt	<u>50,578,892</u>	<u>52,840,319</u>
	Note Payable-State Revolving Loan Fund--construction loans consisting of \$9,201,573 at an interest rate of 3.22% per annum, \$1,921,111 at an interest rate of 3.18% per annum, \$7,713,723 at an interest rate of 3.11% per annum; payable in 40 semi-annual payments of \$639,359, and maturing in August 2019	18,144,866	18,204,608
	Less: current maturities	<u>(708,939)</u>	<u>(687,338)</u>
	Long-term portion of note payable	<u>17,435,927</u>	<u>17,517,270</u>
	Note Payable-FMPA Pooled Loans:		
	\$12,200,000 payable to Florida Municipal Power Agency, as agent for Initial Pooled Loan Project, at a variable interest rate; interest payable monthly with annual principal payments over a 20 year term; repayment commencing on April 1, 2001 and maturing in April 2020	11,635,747	-
	\$3,000,000 payable to Florida Municipal Power Agency, as agent for Initial Pooled Loan Project, at a variable interest rate; interest payable monthly with annual principal payments over a 20 year term; repayment commencing on October 1, 2001 and maturing in October 2020	3,000,000	-
	Less: current maturities	<u>(375,000)</u>	-
	Long-term portion of note payable	<u>14,260,747</u>	-
	Total long-term debt, net	\$ <u>82,275,566</u>	<u>70,357,589</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Note 6: The authorization for the above described revenue certificates outstanding (collectively referred to as the "Certificates") provides that the Commission will not issue additional obligations except for the construction and acquisition of additions, extensions and improvements to the system or for refunding purposes and except upon the parity conditions provided in the authorizing resolution. The Certificates are payable from and secured by a first lien upon and pledge of the net revenues derived from the operation of the system. The Certificates do not constitute general indebtedness of the Commission or the City of New Smyrna Beach, Florida (City), and the City is not obligated to levy any taxes for the payment thereof.

**Long-Term
Debt
(Continued)**

Under the terms of its long-term debt agreements, the Commission has agreed to maintain certain restricted funds and to comply with the covenants contained in such agreements which require specific actions to be taken by the Commission. Certain of these agreements contain the following provision relating to the right of the obligation holder:

"Any holder of certificates or any coupons appertaining thereto issued under the provision hereof or any trustee acting for the holders of such certificates may by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained herein, and may enforce and compel the performance of all duties herein required or by any applicable statutes to be performed by the Commission or by any officer thereof. Nothing herein, however, shall be construed to grant to any holder of the certificates any lien on any real property of the Commission or the City."

On November 17, 1997 the Commission executed a construction loan agreement with the State of Florida, Department of Environmental Protection, through the State Revolving Fund Loan program, for the purpose of constructing the 6.0 MGD Advanced Wastewater Treatment Plant. Funds disbursed from this loan amounted to \$17,994,608. The amount borrowed under this agreement amounted to \$18,836,407, with the project having officially closed in April 2000. The total loan has been arranged as follows: \$9,201,573 at the rate of 3.22%, \$1,921,111 at the rate of 3.18%, and \$7,713,723 at the rate of 3.11%. Repayment of the loan consists of 40 semi-annual payments of principal and interest of \$639,359. The maturity date of this project loan is August 15, 2019.

The State of Florida Department of Environmental Protection State Revolving Fund Loan is secured by pledged revenues of the Commission; however, the lien on the pledged revenues is subordinate to the right of payment and security to the Revenue Certificates Payable - Series 1992, 1993, and 1996.

On March 8, 2000 the Commission executed a loan agreement with the Florida Municipal Power Agency (FMPA), as agent for the Initial Pooled Loan Project, for purposes of financing the purchase and installation of gas turbine generators for affordable economical power supply. The amount of loan was approved for \$12.2 million. The promissory note executed for this loan is secured by a pledge and lien upon the Commission's utility system revenues and is subordinate to the right of payment and security to the Revenue Certificates Payable - Series 1992, 1993, and 1996 and on a parity with the State of Florida, Department of Environmental Protection State Revolving Fund Loan. The actual amount borrowed through September 30, 2000 amounted to \$11,635,747 and the Commission is expected to draw the balance of the loan in the next year. Principal is to be repaid annually over a 20 year term, with interest payable monthly at a rate to be determined by FMPA.

On September 13, 2000 the Commission executed a loan agreement with the Florida Municipal Power Agency (FMPA), as agent for the Initial Pooled Loan Project, for purposes of financing the purchase of a water and wastewater system. The amount of loan was approved for \$3.0 million. The promissory note executed for this loan is secured by a pledge and lien upon the Commission's utility system revenues and is subordinate to the right of payment and security to the Revenue Certificates Payable - Series 1992, 1993, and 1996 and on a parity with the State of Florida, Department of Environmental Protection State Revolving Fund Loan. The actual amount borrowed through September 30, 2000 amounted to \$3,000,000. Principal is to be repaid annually over a 20 year term, with interest payable monthly at a rate to be determined by FMPA.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

**Note 6:
Long-Term
Debt
(Continued)**

Aggregate annual long-term debt service requirements in each of the next five years is as follows:

<u>Fiscal Year Ending</u>	<u>Revenue Certificates</u>	<u>Note Payable SRF Loan</u>	<u>Notes Payable FMPA</u>	<u>Totals</u>
September 30, 2001	\$ 5,292,750	1,278,718	1,239,969	7,811,437
September 30, 2002	\$ 5,283,986	1,278,718	1,262,078	7,824,782
September 30, 2003	\$ 5,296,647	1,278,718	1,255,814	7,831,179
September 30, 2004	\$ 5,286,462	1,278,718	1,226,810	7,791,990
September 30, 2005	\$ 5,290,998	1,278,718	1,221,110	7,790,826
Thereafter	\$ 54,833,181	17,902,056	14,236,647	86,971,884

**Note 7:
Prior
Years'
Defeasance
of Debt**

In prior years, the Utilities Commission defeased certain of its outstanding utilities revenue certificates (and certain general obligation bonds of the City of New Smyrna Beach, Florida), originally issued for the System and payable from revenues derived from the operation of the utilities systems by placing the proceeds of new certificates in irrevocable trusts to provide for all future debt service payments on the defeased certificates/bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the accompanying financial statements. They include the following at September 30, 2000:

1978 Refunding:

Series 1965--4.2% to 4.25% due through 2004	\$ 1,220,000
Series S-1963--3.9% due through 2002	50,000
Series T-1963--4.0% due through 2003	193,000
Series B-1965--3.7% to 4.1% due through 2003	135,000
Series 1975--3.75% to 6.2% due through 2004	880,000
Series 1975A--5.0% to 6.6% due through 2005	1,520,000
Series 1976--4.5% to 6.2% due through 2001	375,000

**Note 8:
Contributed
Capital**

The following is a summary of changes in contributed capital:

	<u>Customer Contributions</u>	<u>Federal Grants</u>	<u>Customer Assessments</u>	<u>Totals</u>
Balances, September 30, 1998	\$ 27,410,371	7,306,904	1,717,736	36,435,011
Additions	<u>2,872,855</u>	-	-	<u>2,872,855</u>
Balances, September 30, 1999	30,283,226	7,306,904	1,717,736	39,307,866
Additions	<u>773,199</u>	-	-	<u>773,199</u>
Balances, September 30, 2000	\$ <u>31,056,425</u>	<u>7,306,904</u>	<u>1,717,736</u>	<u>40,081,065</u>

**Note 9:
Required
Payment
To City**

The legislation that created the Utilities Commission requires it to pay to the general fund of the City of New Smyrna Beach a sum equal to six percent (6%) of the gross revenues from utilities under Commission control. This payment is subordinate to the debt service requirement of all utilities revenue certificates and is recorded as a quasi-external transaction for financial reporting purposes. Amounts paid to the City for the years ended September 30, 2000 and 1999 totaled \$2,214,486 and \$2,071,746, respectively. These payments are charged to operations as an expense, except in the prior year where \$55,275 of the payments were attributed to contributed capital collections from the Mandate Pollution Control Plant cost surcharge, and were therefore appropriately recognized as reductions of contributed capital by the Commission. The balances due to the City at September 30, 2000 and 1999, totaled \$464,740 and \$200,286, respectively.

Note 10: *Defined Benefit Pension Plan*
Employee Pension Plans *Plan Description.* The Commission contributes to the Florida (public employee) Retirement System of the State of Florida, a cost-sharing, multiple-employer defined benefit pension plan created in December, 1970, that acts as a common investment and administrative agent for municipalities and other qualifying political subdivisions in the State of Florida. The pension plan, which is administered by the State of Florida, Department of Administration, Division of Retirement, provides retirement and disability benefits and death benefits to plan members and beneficiaries. All retirement legislation must comply with Article X, Section 14 of the State Constitution and with Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis. The Florida Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to Florida Retirement System, Department of Administration, Division of Retirement, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, FL 32399-1560.

Funding Policy. The funding methods and determination of benefits payable are provided in the various acts of the Florida Legislature, which created the fund, including subsequent amendments thereto. In previous years, these acts provided, in general, that funds were to be accumulated from employee contributions, employer contributions, State appropriations and income from investments of accumulated funds. The act also provides that, should the accumulated funds in the fund at any time be insufficient to meet and pay the benefits due, the employer shall supplement the funds by an appropriation from current funds, or from any revenues which may lawfully be used for said purposes, in an amount sufficient to make up the deficiency.

The Commission made the required contributions to the plan for the fiscal years ended September 30, 2000, 1999, and 1998, as follows: \$429,348, \$684,579 and \$759,808, respectively. The contribution percentages for qualifying compensation were 9.15%, 10.15% and 16.45% for the 2000, 1999, and 1998 calendar years, respectively. There were no employee contributions made during these years.

Defined Contribution Plan
The Commission contributes to the Utilities Commission of New Smyrna Beach Retirement Plan, a defined contribution plan which is administered by the Principal Mutual Life Insurance Company, P. O. Box 9396, Des Moines, IA 50306-9396. Under Resolution No. 54-95, the Commission established this plan for all regular full time and regular part time employees hired on or after January 1, 1996 by revoking its participation in the Florida Retirement System pursuant to Chapter 95-338, Laws of Florida with respect to such employees. All qualifying employees at least 18 years of age participate in the plan on the date of employment. Normal retirement and disability benefits are available after 5 years of service and attaining age 62. Early retirement and disability benefits are available after 5 years of service and attaining age 55. Employer contributions to the plan are 8% of the gross employee wages. Employees may make supplemental contributions to the extent permitted by law. Employer contributions to the plan were \$26,985, \$17,311, and \$8,923, respectively, for the years ended September 30, 2000, 1999, and 1998, respectively. There were no employee contributions made during these years.

Note 11: **Deferred Employee Benefits** Effective October 1, 1997 the Commission has offered its Director participation in a Prototype 401(k) Plan, created in accordance with Sections 401(a) and 401(k) of the Internal Revenue Code. The assets of the prototype deferred compensation plan are administered by the International City Managers Association Retirement Corporation. Upon separation from service for reasons of death, disability or attainment of age 55 (normal retirement age) the participant may elect to commence receiving benefits which equal accumulated employer's and employee's contributions plus earnings thereon. All benefits vest with the employee at the date of contribution. For the years ended September 30, 2000 and 1999, the Commission's covered payroll was \$97,743 and \$127,769, respectively. For the years ended September 30, 2000 and 1999, employer contributions were \$13,627 and \$17,483, respectively. For the years ended September 30, 2000 and 1999, employee contributions amounted to \$16,913 and \$18,478, respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Note 11: Deferred Employee Benefits (Continued) The Commission also provides its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of this plan are administered by the International Commission Managers Association Retirement Corporation. Annual contributions, determined by the participant, may not exceed the lesser of \$8,000 or 25% of gross annual compensation (33 1/3% of the participants includible compensation). Deferred compensation withheld from a participating employee's pay is not taxable as current income until withdrawn from the plan. Such compensation is not available to the employees until employment termination, retirement, or death. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

Note 12: Segment Information The following is a summary of the segment information for the Commission's individual utility systems:

	Electric <u>System</u>	Water <u>System</u>	Pollution <u>Control System</u>	Water <u>Reuse System</u>	<u>Total</u>
Operating revenue	\$ 31,967,742	4,576,099	4,381,628	494,438	41,419,907
Depreciation/decommissioning	2,152,056	756,493	841,301	125,980	3,875,830
Operating income	2,825,991	1,110,009	987,445	248,590	5,172,035
Required payments to City	1,646,439	286,807	274,725	6,515	2,214,486
Net income (loss)	2,064,771	509,565	(3,331,831)	(36,357)	(793,852)
Contributed capital	2,412,769	13,186,598	23,693,499	15,000	39,307,866
Utility plant acquisitions	2,258,241	1,912,923	24,137,178	1,835,175	30,143,517
Utility plant retirements	188,602	39,524	8,002,182	0	8,230,308
Revenue certificates payable	27,937,926	15,952,308	5,126,995	5,747,771	54,765,000
State Revolving Loan payable	0	0	18,144,866	0	18,144,866
FMPA Pooled Loans	11,635,747	1,500,000	1,500,000	0	14,635,747
Utility equity	17,826,474	16,557,586	18,259,298	(844,639)	51,798,719
Total assets	70,702,835	33,008,351	39,920,518	6,785,156	150,416,860

Note 13: Legal Matters The Commission is engaged in routine litigation incidental to the conduct of its utilities affairs. In the opinion of legal counsel to the Commission, no legal proceedings are pending or threatened against the Commission which are not covered by applicable insurance which would inhibit the Commission's ability to perform its operations or materially affect its financial condition.

Note 14: Commitments The Commission, acting through the Florida Municipal Power Agency (FMPA), the Utilities Commission is a participant in a portion of Florida Power and Light Company's (FPL) St. Lucie Unit No. 2, a nuclear generating unit. FMPA originally acquired an 8.806% undivided ownership interest of St. Lucie No. 2 together with rights to receive electric capacity and electric energy under a reliability exchange agreement. The Commission's participation provides for a 9.884% entitlement share of FMPA's ownership interest.

A reliability exchange agreement provides for FMPA's exchanging 50% of its share of the output from St. Lucie No. 2 for a like amount from FPL's exclusively owned St. Lucie No. 1 to mitigate the potential for economic loss resulting from the extended or permanent outage or early retirement of St. Lucie No. 2. The Commission, as a participant, has also entered into a power sales contract which requires payment on a "take-and-pay" basis for the Commission's entitlement share of the project capability for the St. Lucie Project for each month during any portion of which electric capacity and electric energy are available to the Commission from the St. Lucie Project, including electric capacity and electric energy under the reliability exchange agreement with FPL. In the event payment is not required for any month under the Commission's power sales contract, it is required to make payment for such month under its project support contract on a

NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

**Note 14:
Commitments
(Continued)** "take-or-pay" basis. The payment under the project support contract would be the amount the Utilities Commission would have been required to pay under its power sales contract for such month if any electric capacity and electric energy from the St. Lucie Project had been made available to them. As a result of these agreements, the Commission is obligated to provide payments of approximately \$3.7 million annually.

The Commission's anticipated share of decommissioning costs applicable to its participation in Florida Power Corporation's (FPC) Crystal River Unit No. 3, a nuclear generating unit, is expected to be approximately \$10.9 million at its expected date of decommissioning in 2016. An operating reserve was established to provide advanced funding for these estimated future costs. Funding of the reserve began in 1985. The balance in the fund, plus the interest earned thereon, are expected to be sufficient to meet the Commission's portion of the estimated future decommissioning costs. The provision for decommissioning expense recognized during the years ended September 30, 2000 and 1999, totaled \$218,881 and \$191,945, respectively.

As of September 30, 2000, the Commission had additional unrecognized construction contract commitments of approximately \$4.7 million for utility plant expansion and upgrading.

The Commission is involved in a tri-party agreement by and between the Utilities Commission, City of New Smyrna Beach, Florida, The City of New Smyrna Beach, Florida, and Micro Products, Incorporated to provide Internet services to customers of the Commission. Pursuant to the agreement the Commission is obligated to pay to The City of New Smyrna Beach, Florida 6% of the Internet service gross revenue and is required to pay to Micro Products, Incorporated for technical support, training, and for use of provided equipment, including all hardware, lines, maintenance, licenses, etc. During the fiscal years ended September 30, 2000 and 1999 the Commission paid \$214,280 and \$128,990, respectively, to Micro Products, Incorporated for the ability to provide this service. The balance due Micro Products, Incorporated as of September 30, 2000 and 1999 amounted to \$36,199 and \$21,745, respectively. The 6% paid to the City is included in the required payment amount reported in Note 9 above.

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Note 15:
Infrequent
Item** In the prior year the Commission completed the construction and brought online the new Wastewater Treatment Plant near U.S. Interstate 95. As a result the Commission dismantled and abandoned the old wastewater treatment plant located on the North Causeway. The loss recognized on the disposal of the obsolete plant amounted to \$3,452,645 and due to its infrequent nature is separately reported in the income statement apart from the routine asset dispositions.

**Note 16:
Subsequent
Events** On October 4, 2000, the Commission agreed to a negotiated settlement offer to purchase approximately 1,168 acres of real property, a portion of which (approximately 86.5 acres) was acquired previously through "quick take" procedures to provide the sites for the recently constructed wastewater treatment plant and the anticipated Duke Energy merchant power plant near U.S. Interstate 95. This matter was settled and the land acquired for \$9,050,000. The Commission secured financing through the Florida Municipal Power Agency at an interest rate of approximately 5.35% to provide the funds to acquire this property. On November 8, 2000 the Commission approved the execution of a contract to sell this property to a real estate development and land management firm for the sum of \$9,050,000. The sale of the property is contingent upon annexation, rezoning and land use changes being approved to allow development of the property.

SUPPLEMENTAL INFORMATION

This section is composed of the following:

*Supplemental Detail Financial Information
of the Electric System, Water System,
Pollution Control System and Water
Reuse System*

Statistical Section

These schedules provide a more detailed view of the "Basic Financial Statements" presented in the preceding subsection.

Resolution Numbers 16-75 and 28-78, as amended, established the electric, water, pollution control, and water reuse systems as a single enterprise fund. These schedules are presented to provide detailed information on the individual utility systems and to present the budgetary comparisons that are not necessary for a fair presentation in conformity with generally accepted accounting principles.

**SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

Schedule 1

For the Fiscal Year Ended September 30, 2000

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

NEW SMYRNA BEACH, FLORIDA

	Electric	Water	Pollution Control	Water Reuse	Totals	
					2000	1999
Operating Revenue:						
Sales	\$ 31,733,864	4,416,112	4,315,736	494,438	40,960,150	32,143,555
Other revenues	233,878	159,987	65,892	0	459,757	408,626
Total operating revenue	31,967,742	4,576,099	4,381,628	494,438	41,419,907	32,552,181
Operating Expenses:						
Production expenses	21,979,607	991,316	0	0	22,970,923	16,005,319
Transmission, distribution, and sewage collection and treatment	1,230,798	450,456	1,346,373	112,698	3,140,325	2,731,438
Customer accounting	449,764	190,922	177,634	0	818,320	721,860
Administrative and general	1,683,087	790,096	754,150	655	3,227,988	3,169,521
Required payments to the City of New Smyrna Beach	1,646,439	286,807	274,725	6,515	2,214,486	2,016,471
Depreciation and decommissioning	2,152,056	756,493	841,301	125,980	3,875,830	3,694,652
Total operating expenses	29,141,751	3,466,090	3,394,183	245,848	36,247,872	28,339,261
Operating income.....	2,825,991	1,110,009	987,445	248,590	5,172,035	4,212,920
Nonoperating Revenue (Expenses):						
Interest earnings	598,254	299,736	204,308	12,275	1,114,573	1,006,728
Other income	302,070	25,130	29,416	0	356,616	286,029
Interest and debt expense	(1,568,968)	(915,014)	(1,096,338)	(297,222)	(3,877,542)	(3,353,913)
Other expenses	(43,413)	(10,360)	(7,847)	0	(61,620)	(11,328)
Gain (Loss) on disposal of assets	(49,163)	64	3,830	0	(45,269)	(87,446)
Loss on abandonment of wastewater treatment plant	0	0	(3,452,645)	0	(3,452,645)	0
Total nonoperating revenue	(761,220)	(600,444)	(4,319,276)	(284,947)	(5,965,887)	(2,159,930)
Net income (loss)	2,064,771	509,565	(3,331,831)	(36,357)	(793,852)	2,052,990
Retained earnings, beginning of year	13,328,877	2,284,088	(2,277,876)	(823,582)	12,511,507	10,458,517
Retained earnings, end of year	\$ <u>15,393,648</u>	<u>2,793,653</u>	<u>(5,609,707)</u>	<u>(859,939)</u>	<u>11,717,655</u>	<u>12,511,507</u>

**SCHEDULE OF REVENUE, RECEIPTS, EXPENSES AND DISBURSEMENTS -
 BUDGET AND ACTUAL - ELECTRIC SYSTEM (NON-GAAP BUDGETARY BASIS)**
 For the Fiscal Year Ended September 30, 2000
 UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

Schedule 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue and Receipts:			
Direct Sales:			
Electric sales	\$ 25,625,642	31,459,168	5,833,526
Other revenues	173,000	233,878	60,878
Nonoperating revenue:			
Interest earnings	400,000	598,254	198,254
Meter deposit interest expense.....	0	(39,575)	(39,575)
Other revenues (expenses)	271,965	298,232	26,267
Total revenue and receipts.....	<u>26,470,607</u>	<u>32,549,957</u>	<u>6,079,350</u>
Operating Expenses:			
Power production and fuel	16,531,227	21,979,607	(5,448,380)
Transmission and distribution	1,137,718	1,230,798	(93,080)
Customer accounting	365,647	449,764	(84,117)
Administrative and general	1,735,189	1,683,087	52,102
Required payments to the City of New Smyrna Beach	1,550,016	1,646,439	(96,423)
Decommissioning expense.....	115,493	218,881	(103,388)
Total operating expenses.....	<u>21,435,290</u>	<u>27,208,576</u>	<u>(5,773,286)</u>
Net revenue and receipts	<u>5,035,317</u>	<u>5,341,381</u>	<u>306,064</u>
Operating Transfers In (Out):			
Sinking Funds:			
1992 Certificates	(487,907)	(487,907)	0
1993 Certificates	(888,793)	(888,793)	0
1996 Certificates	(1,234,534)	(1,234,534)	0
	<u>(2,611,234)</u>	<u>(2,611,234)</u>	<u>0</u>
Renewal and Replacement Funds:			
Required contribution	(1,744,588)	(1,744,588)	0
Restricted fund contribution	0	0	0
	<u>(1,744,588)</u>	<u>(1,744,588)</u>	<u>0</u>
Restricted fund contribution to Rate Stabilization Fund	<u>(679,495)</u>	<u>(987,242)</u>	<u>(307,747)</u>
Total operating transfers (out).....	<u>(5,035,317)</u>	<u>(5,343,064)</u>	<u>(307,747)</u>
Budgeted net cash receipts	<u>\$ 0</u>	<u>(1,683)</u>	<u>(1,683)</u>
Additions (Deductions) Required to Reconcile Net Cash			
Receipts to Net Income (GAAP Basis):			
Unbilled revenue.....		274,696	
Principal portion of required Sinking Fund transfers		1,202,898	
Net transfers to Renewal and Replacement Fund		1,744,588	
Net transfers to Rate Stabilization Fund.....		987,242	
Gain (loss) on disposal of property and equipment		(49,163)	
Depreciation		(1,933,175)	
Amortization of debt expense and loss on refunding.....		(160,632)	
		<u>2,066,454</u>	
Net income (loss)		<u>\$ 2,064,771</u>	

**SCHEDULE OF REVENUE, RECEIPTS, EXPENSES AND DISBURSEMENTS -
BUDGET AND ACTUAL - WATER SYSTEM (NON-GAAP BUDGETARY BASIS)**
For the Fiscal Year Ended September 30, 2000
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Schedule 3

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue and Receipts:			
Direct Sales:			
Water sales	\$ 4,496,572	4,417,323	(79,249)
Other revenues	173,208	159,987	(13,221)
Nonoperating revenue:			
Interest earnings	250,000	299,736	49,736
Meter deposit Interest expense.....	0	(7,418)	(7,418)
Other revenues (expenses)	15,000	22,188	7,188
Capacity and other fees	392,585	387,279	(5,306)
Total revenue and receipts	<u>5,327,365</u>	<u>5,279,095</u>	<u>(48,270)</u>
Operating Expenses:			
Water production	893,674	991,316	(97,642)
Transmission and distribution	350,708	450,456	(99,748)
Customer accounting	185,388	190,922	(5,534)
Administrative and general	809,166	790,096	19,070
Required payments to the City of New Smyrna Beach	277,487	286,807	(9,320)
Total operating expenses	<u>2,516,423</u>	<u>2,709,597</u>	<u>(193,174)</u>
Net revenue and receipts	<u>2,810,942</u>	<u>2,569,498</u>	<u>(241,444)</u>
Operating Transfers In (Out):			
Sinking Funds:			
1992 Certificates	(165,003)	(165,003)	0
1993 Certificates	(574,738)	(574,738)	0
1996 Certificates	(844,817)	(844,817)	0
	<u>(1,584,558)</u>	<u>(1,584,558)</u>	<u>0</u>
Renewal and Replacement Funds:			
Required contribution	(403,555)	(403,555)	0
Restricted fund contribution	(392,585)	(387,279)	5,306
	<u>(796,140)</u>	<u>(790,834)</u>	<u>5,306</u>
Restricted fund contribution to Rate Stabilization Fund....	(210,364)	(160,093)	50,271
Reuse Subsidy Surcharge.....	(219,880)	(198,368)	21,512
Total operating transfers (out).....	<u>(2,810,942)</u>	<u>(2,733,853)</u>	<u>77,089</u>
Budgeted net cash receipts	\$ <u>0</u>	(164,355)	<u>(164,355)</u>
Additions (Deductions) Required to Reconcile Net Cash Receipts to Net Income (GAAP Basis):			
Unbilled revenue and reuse subsidy surcharge.....		(1,212)	
Capacity and other fees		(387,279)	
Principal portion of required Sinking Fund transfers		772,825	
Net transfers to Renewal and Replacement Fund		790,834	
Net transfers from Rate Stabilization Fund		160,093	
Net transfers of Reuse Subsidy Surcharge		198,368	
Gain (loss) on disposal of property and equipment		64	
Depreciation		(756,493)	
Amortization of debt expense and loss on refunding		(103,280)	
		<u>673,920</u>	
Net income (loss)		\$ <u>509,565</u>	

SCHEDULE OF REVENUE, RECEIPTS, EXPENSES AND DISBURSEMENTS - Schedule 4
BUDGET AND ACTUAL - POLLUTION CONTROL SYSTEM (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended September 30, 2000
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue and Receipts:			
Direct Sales:			
Pollution control charges	\$ 4,678,051	4,319,274	(358,777)
Other revenues	51,856	65,892	14,036
Nonoperating revenue:			
Interest earnings	125,000	204,308	79,308
Meter deposit interest expense.....	0	(2,476)	(2,476)
Other revenues (expenses)	5,000	24,045	19,045
Capacity and other fees	239,674	158,957	(80,717)
Total revenue and receipts	<u>5,099,581</u>	<u>4,770,000</u>	<u>(329,581)</u>
Operating Expenses:			
Collection and treatment system	1,108,265	1,346,373	(238,108)
Customer accounting	163,998	177,634	(13,636)
Administrative and general	817,985	754,150	63,835
Required payments to the City of New Smyrna Beach	281,994	274,725	7,269
Total operating expenses	<u>2,372,242</u>	<u>2,552,882</u>	<u>(180,640)</u>
Net revenue and receipts	<u>2,727,339</u>	<u>2,217,118</u>	<u>(510,221)</u>
Operating Transfers In (Out):			
Sinking Funds:			
1992 Certificates	(146,414)	(146,414)	0
1993 Certificates	(53,705)	(53,705)	0
1996 Certificates	(525,699)	(525,699)	0
State Revolving Fund Loan	(1,344,150)	(1,278,962)	65,188
	<u>(2,069,968)</u>	<u>(2,004,780)</u>	<u>65,188</u>
Renewal and Replacement Funds:			
Required contribution	(222,357)	(222,357)	0
Restricted fund contribution	(239,674)	(158,957)	80,717
	<u>(462,031)</u>	<u>(381,314)</u>	<u>80,717</u>
Water Reuse System	(45,033)	(24,396)	20,637
Reuse Subsidy Surcharge	(196,794)	(186,600)	10,194
Rate Stabilization Fund	46,487	225,329	178,842
Total operating transfers (out).....	<u>(2,727,339)</u>	<u>(2,371,761)</u>	<u>355,578</u>
Budgeted net cash receipts	<u>\$ 0</u>	<u>(154,643)</u>	<u>(154,643)</u>
Additions (Deductions) Required to Reconcile Net Cash Receipts to Net Income (GAAP Basis):			
Unbilled revenue		(3,538)	
Capacity and other fees		(158,957)	
Principal portion of required Sinking Fund transfers		990,793	
Net transfers to Renewal and Replacement Fund		381,314	
Net transfers to Rate Stabilization Fund		(225,329)	
Net transfers to Water Reuse System		24,396	
Net transfers of Reuse Subsidy Surcharge		186,600	
Gain (loss) on disposal of property and equipment		(3,448,815)	
Depreciation		(841,301)	
Amortization of debt expense		(82,351)	
		<u>(3,177,188)</u>	
Net income (loss)		<u>\$ (3,331,831)</u>	

**SCHEDULE OF REVENUE, RECEIPTS, EXPENSES AND DISBURSEMENTS -
 BUDGET AND ACTUAL - WATER REUSE SYSTEM (NON-GAAP BUDGETARY BASIS)**
 For the Fiscal Year Ended September 30, 2000
 UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

Schedule 5

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue and Receipts:			
Direct Sales:			
Reuse water sales	\$ 69,900	109,471	39,571
Reuse subsidy surcharge	416,674	384,968	(31,706)
Nonoperating revenue:			
Interest earnings	5,000	12,275	7,275
Other Revenues (expenses)	0	0	0
Total revenue and receipts	<u>491,574</u>	<u>506,714</u>	<u>15,140</u>
Operating Expenses:			
Transmission and distribution system	116,954	112,698	4,256
Administrative and general	3,355	655	2,700
Required payments to the City of New Smyrna Beach	4,194	6,515	(2,321)
Total operating expenses	<u>124,503</u>	<u>119,868</u>	<u>4,635</u>
Net revenue and receipts	<u>367,071</u>	<u>386,846</u>	<u>19,775</u>
Operating Transfers In (Out):			
Sinking Funds:			
1992 Certificates	(244,998)	(244,998)	0
1993 Certificates	(150,606)	(150,606)	0
Total Sinking Funds	<u>(395,604)</u>	<u>(395,604)</u>	<u>0</u>
Renewal and Replacement Funds:			
Required Contribution	(16,500)	(16,500)	0
Proceeds of transfer from Rate Stabilization Fund	0	0	0
Proceeds of transfer from Pollution Control System	45,033	24,396	(20,637)
Total operating transfers (out)	<u>(367,071)</u>	<u>(387,708)</u>	<u>(20,637)</u>
Budgeted net cash receipts	<u>\$ 0</u>	<u>(862)</u>	<u>(862)</u>
Additions (Deductions) Required to Reconcile Net Cash			
Receipts to Net Income (GAAP Basis):			
Principal portion of required Sinking Fund transfers		113,104	
Net transfers to Renewal and Replacement Fund		16,500	
Proceeds of transfer from Rate Stabilization Fund		0	
Proceeds of transfer from Pollution Control System		(24,396)	
Depreciation		(125,980)	
Amortization of debt expense		(14,723)	
Total Additions (Deductions)		<u>(35,495)</u>	
Net income (loss)		<u>\$ (36,357)</u>	

**SCHEDULE OF OPERATING EXPENSES-
ELECTRIC SYSTEM**

Schedule 6

For the Fiscal Years Ended September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

	<u>2000</u>	<u>1999</u>
Power Production and Fuel:		
Nuclear Power Generation:		
Fuel	\$ 938,401	694,913
Operation	3,466,593	3,814,482
Maintenance	321,957	354,700
Diesel Power Generation:		
Fuel	251,421	87,540
Operation	228,073	164,091
Maintenance	24,597	28,450
Other Power Supply:		
Purchased power	16,335,246	9,600,539
System control and load dispatching	413,319	365,054
	<u>21,979,607</u>	<u>15,109,769</u>
Transmission and Distribution:		
Operation	910,050	799,468
Maintenance	320,748	337,413
	<u>1,230,798</u>	<u>1,136,881</u>
Customer Accounting:		
Operation	449,764	373,494
Administrative and General:		
Operation	1,672,874	1,611,232
Transportation	10,213	23,357
	<u>1,683,087</u>	<u>1,634,589</u>
Required Payments to the City of New Smyrna Beach	<u>1,646,439</u>	<u>1,507,252</u>
Depreciation and decommissioning	<u>2,152,057</u>	<u>2,078,377</u>
Total operating expenses	<u>\$ 29,141,752</u>	<u>21,840,362</u>

**SCHEDULE OF OPERATING EXPENSES-
WATER SYSTEM**

Schedule 7

For the Fiscal Years Ended September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

	<u>2000</u>	<u>1999</u>
Water Production:		
Source of Supply:		
Operation	\$ 69,299	64,689
Maintenance	11,612	7,482
Pumping:		
Operation	187,015	155,094
Maintenance	8,371	10,900
Water Treatment:		
Operation	689,873	638,355
Maintenance	25,146	19,030
	<u>991,316</u>	<u>895,550</u>
Transmission and Distribution:		
Operation	332,336	299,336
Maintenance	118,120	111,916
	<u>450,456</u>	<u>411,252</u>
Customer Accounting:		
Operation	190,922	180,766
Administrative and General:		
Operation	787,141	742,712
Transportation	2,953	9,338
	<u>790,094</u>	<u>752,050</u>
Required Payments to the City of New Smyrna Beach	<u>286,807</u>	<u>287,382</u>
Depreciation	<u>756,493</u>	<u>737,964</u>
Total operating expenses	\$ <u><u>3,466,088</u></u>	<u><u>3,264,964</u></u>

**SCHEDULE OF OPERATING EXPENSES-
POLLUTION CONTROL SYSTEM**

Schedule 8

For the Fiscal Years Ended September 30, 2000 and 1999
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

	<u>2000</u>	<u>1999</u>
Collection and Treatment System:		
Collection and Pumping:		
Operation	\$ 147,363	135,430
Maintenance	66,209	60,770
Treatment and Disposal:		
Operation	1,081,809	870,334
Maintenance	50,992	36,405
	<u>1,346,373</u>	<u>1,102,939</u>
Customer Accounting:		
Operation	<u>177,634</u>	<u>167,600</u>
Administrative and General:		
Operation	751,431	773,933
Transportation	2,719	8,261
	<u>754,150</u>	<u>782,194</u>
Required Payments to the City of New Smyrna Beach	<u>274,725</u>	<u>217,659</u>
Depreciation	<u>841,301</u>	<u>770,830</u>
Total operating expenses	<u>\$ 3,394,183</u>	<u>3,041,222</u>

**SCHEDULE OF OPERATING EXPENSES-
WATER REUSE SYSTEM**

Schedule 9

For the Fiscal Years Ended September 30, 2000 and 1999
 UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

	<u>2000</u>	<u>1999</u>
Transmission and Distribution System:		
Operation	\$ 107,483	72,556
Maintenance	5,215	7,810
	<u>112,698</u>	<u>80,366</u>
Administrative and General:		
Operation	655	688
Transportation	0	0
	<u>655</u>	<u>688</u>
Required Payments to the City of New Smyrna Beach	<u>6,515</u>	<u>4,178</u>
Depreciation	<u>125,980</u>	<u>107,481</u>
Total operating expenses	<u>\$ 245,848</u>	<u>192,713</u>

SCHEDULE OF INTEREST EARNINGS

Schedule 10

For the Fiscal Years Ended September 30, 2000 and 1999

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

	<u>2000</u>	<u>1999</u>
Interest Earnings By Source:		
From Investments:		
Sinking funds	\$ 241,030	294,559
Renewal and replacement funds	429,264	388,343
Customers' deposits	62,015	56,269
Other	373,331	242,204
	<u>1,105,640</u>	<u>981,375</u>
From Assessments	<u>8,933</u>	<u>25,353</u>
Total interest earnings	<u>1,114,573</u>	<u>1,006,728</u>
Interest Earnings By System:		
Electric system	598,254	547,331
Water system	299,736	271,478
Pollution control system	204,308	180,401
Water reuse system	<u>12,275</u>	<u>7,518</u>
Total interest earnings	<u>\$ 1,114,573</u>	<u>1,006,728</u>

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
Revenue Certificates Payable
 For the Fiscal Year Ended September 30, 2000
 UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

Payment Date	Utilities System Revenue Certificates Series 1992				Utilities System Refunding Revenue Certificates Series 1993				Utilities System Refunding Revenue Certificates Series 1996				Total Debt Service Requirements to Maturity -- All Certificates --		
	Principal Amount	Coupon Rate	Interest	Total Requirements	Principal Amount	Coupon Rate	Interest	Total Requirements	Principal Amount	Coupon Rate	Interest	Total Requirements	Principal Amount	Interest	Total Requirements
10/01/2000	230,000	5.100%	407,161	637,161	655,000	4.500%	506,421	1,161,421	795,000	4.300%	506,640	1,301,640	1,680,000	1,420,223	3,100,223
04/01/2001	-	-	401,296	401,296	-	-	491,684	491,684	810,000	4.400%	489,548	1,299,548	810,000	1,382,528	2,192,528
10/01/2001	245,000	5.350%	401,296	646,296	680,000	4.625%	491,684	1,171,684	825,000	4.400%	471,728	1,296,728	1,750,000	1,364,708	3,114,708
04/01/2002	-	-	394,743	394,743	-	-	475,959	475,959	845,000	4.500%	453,578	1,298,578	845,000	1,324,279	2,169,279
10/01/2002	270,000	5.350%	394,743	664,743	710,000	4.750%	475,959	1,185,959	880,000	4.500%	434,565	1,314,565	1,860,000	1,305,266	3,165,266
04/01/2003	-	-	387,520	387,520	-	-	459,096	459,096	870,000	4.600%	414,765	1,284,765	870,000	1,261,381	2,131,381
10/01/2003	280,000	5.500%	387,520	667,520	745,000	4.800%	459,096	1,204,096	900,000	4.600%	394,755	1,294,755	1,925,000	1,241,371	3,166,371
04/01/2004	-	-	379,820	379,820	-	-	441,216	441,216	925,000	4.700%	374,055	1,299,055	925,000	1,195,091	2,120,091
10/01/2004	305,000	5.600%	379,820	684,820	775,000	5.000%	441,216	1,216,216	970,000	4.700%	352,318	1,322,318	2,050,000	1,173,354	3,223,354
04/01/2005	-	-	371,280	371,280	-	-	421,841	421,841	945,000	4.800%	329,523	1,274,523	945,000	1,122,644	2,067,644
10/01/2005	320,000	5.800%	371,280	691,280	815,000	5.000%	421,841	1,236,841	990,000	4.800%	306,843	1,296,843	2,125,000	1,099,964	3,224,964
04/01/2006	-	-	362,000	362,000	-	-	401,466	401,466	1,015,000	4.900%	283,083	1,298,083	1,015,000	1,046,549	2,061,549
10/01/2006	340,000	5.800%	362,000	702,000	860,000	5.100%	401,466	1,261,466	1,040,000	4.900%	258,215	1,298,215	2,240,000	1,021,681	3,261,681
04/01/2007	-	-	352,140	352,140	-	-	379,536	379,536	1,065,000	5.000%	232,735	1,297,735	1,065,000	964,411	2,029,411
10/01/2007	360,000	5.800%	352,140	712,140	905,000	5.200%	379,536	1,284,536	1,090,000	5.000%	206,110	1,296,110	2,355,000	937,786	3,292,786
04/01/2008	-	-	341,700	341,700	-	-	356,006	356,006	1,120,000	5.100%	178,860	1,298,860	1,120,000	876,566	1,996,566
10/01/2008	385,000	6.000%	341,700	726,700	950,000	5.250%	356,006	1,306,006	1,150,000	5.100%	150,300	1,300,300	2,485,000	848,006	3,333,006
04/01/2009	-	-	330,150	330,150	-	-	331,069	331,069	1,175,000	5.200%	120,975	1,295,975	1,175,000	782,194	1,957,194
10/01/2009	405,000	6.000%	330,150	735,150	1,000,000	5.250%	331,069	1,331,069	1,205,000	5.200%	90,425	1,295,425	2,610,000	751,644	3,361,644
04/01/2010	-	-	318,000	318,000	-	-	304,819	304,819	1,240,000	5.300%	59,095	1,299,095	1,240,000	681,914	1,921,914
10/01/2010	440,000	6.000%	318,000	758,000	1,050,000	5.250%	304,819	1,354,819	490,000	5.300%	26,235	516,235	1,980,000	649,054	2,629,054
04/01/2011	-	-	304,800	304,800	-	-	277,256	277,256	500,000	5.300%	13,250	513,250	500,000	595,306	1,095,306
10/01/2011	3,060,000	6.000%	304,800	3,364,800	1,105,000	5.250%	277,256	1,382,256	-	-	-	-	4,165,000	582,056	4,747,056
04/01/2012	-	-	213,000	213,000	-	-	248,250	248,250	-	-	-	-	-	461,250	461,250
10/01/2012	3,445,000	6.000%	213,000	3,658,000	1,170,000	5.000%	248,250	1,418,250	-	-	-	-	4,615,000	461,250	5,076,250
04/01/2013	-	-	109,650	109,650	-	-	219,000	219,000	-	-	-	-	-	328,650	328,650
10/01/2013	3,655,000	6.000%	109,650	3,764,650	1,225,000	5.000%	219,000	1,444,000	-	-	-	-	4,880,000	328,650	5,208,650
04/01/2014	-	-	-	-	-	-	188,375	188,375	-	-	-	-	-	188,375	188,375
10/01/2014	-	-	-	-	1,290,000	5.000%	188,375	1,478,375	-	-	-	-	1,290,000	188,375	1,478,375
04/01/2015	-	-	-	-	-	-	156,125	156,125	-	-	-	-	-	156,125	156,125
10/01/2015	-	-	-	-	1,350,000	5.000%	156,125	1,506,125	-	-	-	-	1,350,000	156,125	1,506,125
04/01/2016	-	-	-	-	-	-	122,375	122,375	-	-	-	-	-	122,375	122,375
10/01/2016	-	-	-	-	1,160,000	5.000%	122,375	1,282,375	-	-	-	-	1,160,000	122,375	1,282,375
04/01/2017	-	-	-	-	-	-	93,375	93,375	-	-	-	-	-	93,375	93,375
10/01/2017	-	-	-	-	1,205,000	5.000%	93,375	1,298,375	-	-	-	-	1,205,000	93,375	1,298,375
04/01/2018	-	-	-	-	-	-	63,250	63,250	-	-	-	-	-	63,250	63,250
10/01/2018	-	-	-	-	1,245,000	5.000%	63,250	1,308,250	-	-	-	-	1,245,000	63,250	1,308,250
04/01/2019	-	-	-	-	-	-	32,125	32,125	-	-	-	-	-	32,125	32,125
10/01/2019	-	-	-	-	1,285,000	5.000%	32,125	1,317,125	-	-	-	-	1,285,000	32,125	1,317,125
	<u>\$13,740,000</u>		<u>\$8,939,359</u>	<u>\$22,679,359</u>	<u>\$20,180,000</u>		<u>\$11,432,069</u>	<u>\$31,612,069</u>	<u>\$20,845,000</u>		<u>\$6,147,598</u>	<u>\$26,992,598</u>	<u>\$54,765,000</u>	<u>\$26,519,025</u>	<u>\$81,284,025</u>

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
Florida Department of Environmental Protection State Revolving Fund Loan
For the Fiscal Year Ended September 30, 2000
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Schedule 12

Wastewater Treatment Plan Project CS 120 4260060 State Revolving Fund Loan Original Loan				Wastewater Treatment Plan Project CS 120 4260060 State Revolving Fund Loan Amendment 1				Wastewater Treatment Plan Project CS 120 4260060 State Revolving Fund Loan Amendment 2				Total Debt Service Requirements to Maturity -- Combined --			
Payment Date	Principal Amount	Interest Rate	Interest	Total Requirements	Principal Amount	Interest Rate	Interest	Total Requirements	Principal Amount	Interest Rate	Interest	Total Requirements	Principal Amount	Interest	Total Requirements
02/15/2001	171,000	3.220%	142,749	313,749	35,835	3.180%	29,425	65,260	144,846	3.110%	115,504	260,350	351,681	287,678	639,359
08/15/2001	173,754	3.220%	139,995	313,749	36,405	3.180%	28,855	65,260	147,099	3.110%	113,251	260,350	357,258	282,101	639,359
02/15/2002	176,551	3.220%	137,198	313,749	36,984	3.220%	28,276	65,260	149,386	3.110%	110,964	260,350	362,921	276,438	639,359
08/15/2002	179,393	3.220%	134,356	313,749	37,572	3.180%	27,688	65,260	151,709	3.110%	108,641	260,350	368,674	270,685	639,359
02/15/2003	182,282	3.220%	131,467	313,749	38,169	3.180%	27,091	65,260	154,068	3.110%	106,282	260,350	374,519	264,840	639,359
08/15/2003	185,216	3.220%	128,533	313,749	38,776	3.180%	26,484	65,260	156,464	3.110%	103,886	260,350	380,456	258,903	639,359
02/15/2004	188,198	3.220%	125,551	313,749	39,393	3.180%	25,867	65,260	158,897	3.110%	101,453	260,350	386,488	252,871	639,359
08/15/2004	191,228	3.220%	122,521	313,749	40,019	3.180%	25,241	65,260	161,368	3.110%	98,982	260,350	392,615	246,744	639,359
02/15/2005	194,307	3.220%	119,442	313,749	40,656	3.180%	24,604	65,260	163,877	3.110%	96,473	260,350	398,840	240,519	639,359
08/15/2005	197,436	3.220%	116,314	313,750	41,302	3.180%	23,958	65,260	166,425	3.110%	93,925	260,350	405,163	234,197	639,360
02/15/2006	200,614	3.220%	113,135	313,749	41,959	3.180%	23,301	65,260	169,013	3.110%	91,337	260,350	411,586	227,773	639,359
08/15/2006	203,844	3.220%	109,905	313,749	42,626	3.180%	22,634	65,260	171,641	3.110%	88,709	260,350	418,111	221,248	639,359
02/15/2007	207,126	3.220%	106,623	313,749	43,304	3.180%	21,956	65,260	174,310	3.110%	86,040	260,350	424,740	214,619	639,359
08/15/2007	210,461	3.220%	103,288	313,749	43,992	3.180%	21,268	65,260	177,021	3.110%	83,329	260,350	431,474	207,885	639,359
02/15/2008	213,849	3.220%	99,900	313,749	44,692	3.180%	20,568	65,260	179,774	3.110%	80,576	260,350	438,315	201,044	639,359
08/15/2008	217,292	3.220%	96,457	313,749	45,402	3.180%	19,858	65,260	182,569	3.110%	77,781	260,350	445,263	194,096	639,359
02/15/2009	220,791	3.220%	92,959	313,750	46,124	3.180%	19,136	65,260	185,408	3.110%	74,942	260,350	452,323	187,037	639,360
08/15/2009	224,345	3.220%	89,404	313,749	46,857	3.180%	18,403	65,260	188,291	3.110%	72,059	260,350	459,493	179,866	639,359
02/15/2010	227,957	3.220%	85,792	313,749	47,602	3.180%	17,658	65,260	191,219	3.110%	69,131	260,350	466,778	172,581	639,359
08/15/2010	231,627	3.220%	82,122	313,749	48,359	3.180%	16,901	65,260	194,192	3.110%	66,158	260,350	474,178	165,181	639,359
02/15/2011	235,357	3.220%	78,392	313,749	49,128	3.180%	16,132	65,260	197,212	3.110%	63,138	260,350	481,697	157,662	639,359
08/15/2011	239,146	3.220%	74,603	313,749	49,909	3.180%	15,351	65,260	200,279	3.110%	60,071	260,350	489,334	150,025	639,359
02/15/2012	242,996	3.220%	70,753	313,749	50,703	3.180%	14,557	65,260	203,393	3.110%	56,957	260,350	497,092	142,267	639,359
08/15/2012	246,908	3.220%	66,841	313,749	51,509	3.180%	13,751	65,260	206,556	3.110%	53,794	260,350	504,973	134,386	639,359
02/15/2013	250,884	3.220%	62,866	313,750	52,328	3.180%	12,932	65,260	209,768	3.110%	50,582	260,350	512,980	126,380	639,360
08/15/2013	254,923	3.220%	58,826	313,749	53,160	3.180%	12,100	65,260	213,030	3.110%	47,320	260,350	521,113	118,246	639,359
02/15/2014	259,027	3.220%	54,722	313,749	54,005	3.180%	11,255	65,260	216,342	3.110%	44,008	260,350	529,374	109,985	639,359
08/15/2014	263,197	3.220%	50,552	313,749	54,864	3.180%	10,396	65,260	219,706	3.110%	40,644	260,350	537,767	101,592	639,359
02/15/2015	267,435	3.220%	46,314	313,749	55,736	3.180%	9,524	65,260	223,123	3.110%	37,227	260,350	546,294	93,065	639,359
08/15/2015	271,741	3.220%	42,009	313,750	56,623	3.180%	8,637	65,260	226,592	3.110%	33,758	260,350	554,956	84,404	639,360
02/15/2016	276,116	3.220%	37,634	313,750	57,523	3.180%	7,737	65,260	230,116	3.110%	30,234	260,350	563,755	75,605	639,360
08/15/2016	280,561	3.220%	33,188	313,749	58,438	3.180%	6,822	65,260	233,694	3.110%	26,656	260,350	572,693	66,666	639,359
02/15/2017	285,078	3.220%	28,671	313,749	59,367	3.180%	5,893	65,260	237,328	3.110%	23,022	260,350	581,773	57,586	639,359
08/15/2017	289,668	3.220%	24,081	313,749	60,311	3.180%	4,949	65,260	241,019	3.110%	19,331	260,350	590,998	48,361	639,359
02/15/2018	294,331	3.220%	19,418	313,749	61,270	3.180%	3,990	65,260	244,767	3.110%	15,583	260,350	600,368	38,991	639,359
08/15/2018	299,070	3.220%	14,679	313,749	62,244	3.180%	3,016	65,260	248,573	3.110%	11,777	260,350	609,887	29,472	639,359
02/15/2019	303,885	3.220%	9,864	313,749	63,233	3.180%	2,027	65,260	252,438	3.110%	7,912	260,350	619,556	19,803	639,359
08/15/2019	308,778	3.220%	4,971	313,749	64,239	3.180%	1,021	65,260	256,363	3.110%	3,987	260,350	629,380	9,979	639,359
	<u>\$8,866,372</u>		<u>\$3,056,095</u>	<u>\$11,922,467</u>	<u>\$1,850,618</u>		<u>\$629,262</u>	<u>\$2,479,880</u>	<u>\$7,427,876</u>		<u>\$2,465,424</u>	<u>\$9,893,300</u>	<u>\$18,144,866</u>	<u>\$6,150,781</u>	<u>\$24,295,647</u>

STATISTICAL SECTION

Statistical tables differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These tables reflect social and economic data and financial trends of the Utilities Commission, City of New Smyrna Beach, Florida.



SCHEDULE OF EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
September 30,
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Fiscal Year	Total Expenses	Production Expenses	Transmission, Distribution and Collection	Customer Accounting	Administrative and General	Operating Required Payments to City of New Smyrna Beach
1991	\$ 30,733,196	15,718,072	2,989,885	753,860	3,856,593	1,785,889
1992	\$ 30,934,164	15,831,890	2,750,121	790,405	3,967,885	1,818,257
1993	\$ 32,101,787	16,033,390	2,930,222	811,560	4,088,053	1,878,058
1994	\$ 32,069,031	15,514,926	2,937,195	811,963	4,015,134	1,922,423
1995	\$ 33,667,749	15,736,225	3,433,468	808,391	4,300,729	1,945,294
1996	\$ 33,106,991	16,004,020	3,053,810	819,986	3,778,385	2,076,104
1997	\$ 32,319,028	16,469,270	2,624,394	726,214	3,312,462	1,949,594
1998	\$ 32,709,554	16,652,829	2,657,672	660,678	3,406,001	2,018,552
1999	\$ 31,791,948	16,005,319	2,731,438	721,860	3,169,521	2,016,471
2000	\$ 43,684,948	22,970,923	3,140,325	818,320	3,227,988	2,214,486

Table I

Expenses		Nonoperating Expenses			
Depreciation and Decommissioning	Total Operating Expense	Interest and Debt Expense	Other Nonoperating Expense	Loss on disposal of assets	Total Nonoperating Expenses
2,616,987	27,721,286	2,840,798	88,175	82,937	3,011,910
2,788,649	27,947,207	2,876,926	60,761	49,270	2,986,957
2,988,477	28,729,760	3,250,343	66,861	54,823	3,372,027
3,210,370	28,412,011	3,458,792	117,691	80,537	3,657,020
3,540,923	29,765,030	3,791,166	78,565	32,988	3,902,719
3,583,478	29,315,783	3,731,690	20,647	38,871	3,791,208
3,632,710	28,714,644	3,462,756	39,840	101,788	3,604,384
3,692,111	29,087,843	3,422,072	40,092	159,547	3,621,711
3,694,652	28,339,261	3,353,913	11,328	87,446	3,452,687
3,875,830	36,247,872	3,877,542	61,620	3,497,914	7,437,076

SCHEDULE OF REVENUES BY SOURCE
LAST TEN FISCAL YEARS
September 30,
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Operating Revenues						
Fiscal Year	Total Revenues	Electric System	Water System	Pollution Control System	Water Reuse System	Total Operating Revenue
1991	\$ 30,989,578	24,261,715	3,414,240	2,437,303	-	30,113,258
1992	\$ 31,115,463	24,116,658	3,618,061	2,575,895	-	30,310,614
1993	\$ 32,292,107	24,880,055	3,938,507	2,826,245	6,405	31,651,212
1994	\$ 32,222,023	24,352,192	3,923,279	3,165,162	7,650	31,448,283
1995	\$ 34,253,351	25,612,207	3,972,005	3,168,544	382,696	33,135,452
1996	\$ 34,839,856	25,872,665	4,145,975	3,332,543	411,907	33,763,090
1997	\$ 33,945,059	24,901,225	4,187,748	3,326,421	432,078	32,847,472
1998	\$ 34,350,052	24,699,025	4,365,734	3,402,639	446,383	32,913,781
1999	\$ 33,844,938	24,066,446	4,552,710	3,473,396	459,629	32,552,181
2000	\$ 42,891,096	31,967,742	4,576,099	4,381,628	494,438	41,419,907

Table II

Nonoperating Revenues

Interest Earnings	Other Income	Total Nonoperating Revenue
696,413	179,907	876,320
595,302	209,547	804,849
370,830	270,065	640,895
495,971	277,769	773,740
762,206	355,693	1,117,899
824,645	252,121	1,076,766
898,260	199,327	1,097,587
1,082,325	353,946	1,436,271
1,006,728	286,029	1,292,757
1,114,573	356,616	1,471,189

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Table III

September 30,
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Fiscal Year	New Smyrna Beach's Estimated Population (1)	County Per Capita Income (2)	County Unemployment Rate (3)	School Enrollment (4)	School Percent Attendance (4)
1991	16,543	\$15,925	7.3%	4,663	95.0%
1992	17,084	\$16,386	8.3%	4,852	96.0%
1993	17,231	\$17,227	6.6%	5,009	96.0%
1994	17,989	\$17,842	6.4%	5,053	96.0%
1995	17,853	\$18,951	4.9%	5,348	96.0%
1996	18,239	N/A	4.5%	4,978	96.0%
1997	18,327	N/A	3.9%	5,008	95.9%
1998	18,503	N/A	3.3%	6,767	95.4%
1999	18,603	N/A	2.9%	6,810	95.2%
2000	18,977 (5)	N/A	4.0%	6,478	95.0%

(1) Obtained from University of Florida, Bureau of Economics and Business Research.

(2) Obtained from Volusia County Business Development Corporation.

(3) Obtained from State of Florida, Department of Labor and Employment Security.

(4) Obtained from Volusia County School Board - includes grades K-12.

(5) Obtained from City of New Smyrna Beach Development Services Division

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS (4)
LAST TEN FISCAL YEARS
 September 30,
 UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

Table IV

Fiscal Year	Number of Permits (1)	Dollar Value of Construction (\$000's)	FDIC Insured Institutional Deposits (2) (\$000's)		Property Assessed Value (3) (\$000's)
1991	2,333	\$22,310	\$680,070		\$1,030,656
1992	2,391	\$18,909	\$744,842		\$1,094,024
1993	2,421	\$28,848	\$862,672		\$1,117,205
1994	2,266	\$18,103	\$532,340	(5)	\$1,149,931
1995	2,177	\$33,581	\$539,119	(6)	\$1,199,523
1996	2,561	\$23,785	\$548,762	(6)	\$1,231,515
1997	2,301	\$28,975	\$543,313	(6)	\$1,275,232
1998	3,779	\$39,327	\$562,509	(6)	\$1,336,740
1999	5,777	\$41,166	\$576,008	(6)	\$1,380,855
2000	2,257	\$41,296	N/A	(6)	\$1,541,902

- (1) Obtained from City of New Smyrna Beach Building Department.
- (2) Obtained from inquiry of officials of banks and savings and loan associations.
- (3) Obtained from Volusia County Finance Department.
- (4) The above data is related exclusively to area within the municipal limits of the City of New Smyrna Beach.
- (5) Deposit information after 1993 does not include deposits from bank and savings and loan branches which are located outside the municipal boundaries of the City of New Smyrna Beach. Prior to 1994, branch deposits were based on regional banking/savings and loan center totals which included branches located outside of the City. Prior year data cannot be easily segregated due to the large number of banking changes/mergers that have occurred during the last ten years.
- (6) Deposit information obtained from Florida Bankers Association and FDIC June Market Share Report

SCHEDULE OF INSURANCE IN FORCE

September 30, 2000

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

Table V

Coverage and Insuring Company	Policy Number	Policy Period	Details of Coverage	Liability Limits
Comprehensive General Liability:				
Coregis	651-8113-2	01/01/2000 12/31/2001	Combined bodily injury and property damage	\$5,000,000 with \$ -0- deductible (statutory limits)
Business Auto:				
Coregis	651-8113-2	01/01/2000 12/31/2001	Liability Comprehensive Collision No fault	\$1,000,000 bodily injury and property combined Actual cash value less \$250 deductible Actual cash value less \$500 deductible Statutory
Business Property:				
Coregis	651-8113-2	10/01/2000 09/30/2001	Buildings and contents Valuable papers/records Contractors equipment Computer equipment	\$18,850,122 with \$10,000 deductible (agreed value) \$100,000 with \$250 deductible \$952,793 with \$1,000 deductible \$155,000 with \$1,000 deductible
Crime:				
Coregis	651-8113-2	12/01/2000 12/01/2001	Forgery or Alteration Theft, Destruction (inside) Theft, Destruction (outside) Employee Dishonesty	\$100,000 aggregate, \$1,000 deductible \$70,000 with \$1,000 deductible \$70,000 with \$1,000 deductible \$100,000 with \$1,000 deductible
Boiler and Machinery:				
Travelers Property Casualty	M5J-BMG-444D7680-TIL-00	01/01/2000 01/01/2001	Breakdown due to accident	\$50,000,000 with \$10,000 deductible
Flood Insurance:				
Harleysville Mutual Insurance Co.	141 6013387	09/02/2000 09/02/2001	Building Contents Deductible	\$500,000 \$500,000 \$5,000
Nuclear Energy Damage:				
American Nuclear Insurance and Nuclear Electric Insurance, Ltd.	P00-081	10/09/2000 10/09/2001	Primary property	\$500 million
Insurance Ltd.	X00-015	10/01/2000 10/01/2001	Excess property (Excess of \$500 million)	\$1.100 billion
(These amounts represent the total insurance coverage for Florida Power Corporation's Crystal River nuclear plant, of which the Commission owns a 0.05608% undivided ownership interest)	NF195	01/01/2000 01/01/2001	Primary liability	\$200 million
	NS347	01/01/2000 01/01/2001	Suppliers and transporters liability	\$200 million
	N35	01/01/2000 01/01/2001	Secondary financial protection	\$9.514 billion with \$200 million deductible
	NW579	01/01/2000 01/01/2001	Master Workers Torts	\$200 million aggregate
Public Official/Employee Liability:				
Coregis Insurance Organizations	P00-002405-1	07/28/2000 07/28/2001	Liability	\$1,000,000 Retentions-\$10,000 per loss
Workers' Compensation:				
Preferred Governmental Insurance Trust	001000000024099	10/01/2000 10/01/2001	Statutory coverage Employer's liability	Statutory \$100,000
Pollution Liability:				
United National Insurance Company	UNI 000 0014	01/01/2000 01/01/2001	Liability - fuel spillage	\$1,000,000 aggregate \$25,000 deductible
Commerce & Industry Insurance Co.	FPL 7511035	07/10/2000 07/10/2001	Liability - fuel spillage	\$1,000,000 / \$2,000,000 aggregate \$10,000 deductible

TEN LARGEST ELECTRIC CUSTOMERS

Table VI

September 30, 2000

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

	Kilowatt Hour Sales		Revenues Billed	
	(kWh) (000's)	Percent of Total	Amount	Percent of Total
1. Utilities Commission (all properties and plant)	9,898	2.91%	\$747,710	2.76%
2. Board of Public Instruction	8,170	2.40%	643,610	2.37%
3. Bert Fish Medical Center.....	8,270	2.43%	577,445	2.13%
4. Winn Dixie (#2304).....	3,133	0.92%	218,057	0.80%
5. Publix Food Store (#2019100).....	2,937	0.86%	203,933	0.75%
6. Publix Food Store (#2033500).....	2,848	0.84%	200,042	0.74%
7. Reddy Ice.....	2,472	0.73%	180,397	0.67%
8. Wal-Mart Stores.....	2,348	0.69%	163,225	0.60%
9. K-Mart (#7447).....	2,297	0.67%	162,801	0.60%
10. Food Lion Corp (#829)	2,247	0.66%	155,133	0.57%
Totals.....	<u>44,620</u>	<u>13.11%</u>	<u>\$3,252,353</u>	<u>11.99%</u>

TEN LARGEST WATER CUSTOMERS

September 30, 2000

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

Table VII

	Consumption		Revenues Billed	
	Gallons (000's)	Percent of Total	Amount	Percent of Total
1. Board of Public Instruction.....	36,667	2.32%	\$69,496	1.51%
2. Sea Woods Homeowners Association.....	22,208	1.40%	40,494	0.88%
3. Federal Housing Authority.....	14,387	0.91%	36,331	0.79%
4. Bert Fish Medical Center.....	16,230	1.03%	29,782	0.65%
5. Errol by the Sea Condominium Association.....	15,266	0.96%	25,926	0.56%
6. Oceanview Nursing Home.....	12,535	0.79%	21,957	0.48%
7. Reddy Ice	12,321	0.78%	21,296	0.46%
8. The Inlet Condominium Associaiton.....	12,102	0.76%	17,896	0.39%
9. Islander Beach Lodge.....	11,874	0.75%	16,390	0.36%
10. Pelican Association	11,149	0.70%	14,681	0.32%
Totals.....	<u>164,739</u>	<u>10.40%</u>	<u>\$294,249</u>	<u>6.40%</u>

SCHEDULE OF REVENUE CERTIFICATE COVERAGE
LAST TEN FISCAL YEARS
September 30,
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Table VIII

	2000	1999	1998	1997	1996
Gross Revenue Per Certificate Resolution:					
Operating revenues	\$ 41,419,907	32,552,181	32,913,781	32,847,472	33,763,090
Interest and other income (excluding construction fund interest earnings)	1,471,189	1,292,757	1,436,271	1,097,587	1,076,766
Capacity and other fees	773,198	1,774,292	1,755,040	1,785,424	1,383,945
Assessment collections	0	3,408	40,878	559	1,331
Gross revenue per certificate resolution	<u>43,664,294</u>	<u>35,622,638</u>	<u>36,145,970</u>	<u>35,731,042</u>	<u>36,225,132</u>
Expenses Per Certificate Resolution:					
Operating expenses	36,247,872	28,339,261	29,087,843	28,714,644	29,315,783
Less: Depreciation expense	(3,656,949)	(3,502,707)	(3,490,562)	(3,450,710)	(3,386,306)
Required payments to the City	(2,214,486)	(2,016,471)	(2,018,552)	(1,949,594)	(2,076,104)
Expenses per certificate resolution	<u>30,376,437</u>	<u>22,820,083</u>	<u>23,578,729</u>	<u>23,314,340</u>	<u>23,853,373</u>
Income available for debt service	<u>\$ 13,287,857</u>	<u>12,802,555</u>	<u>12,567,241</u>	<u>12,416,702</u>	<u>12,371,759</u>
Annual Debt Service Requirements:					
Principal	\$ 2,460,000	2,350,000	2,255,000	1,945,000	1,855,000
Interest (less accrued interest) (1)	2,857,214	2,948,209	3,054,404	3,138,448	3,687,574
Annual debt service requirements	<u>\$ 5,317,214</u>	<u>5,298,209</u>	<u>5,309,404</u>	<u>5,083,448</u>	<u>5,542,574</u>
Coverage ratio (Times)	<u>2.50</u>	<u>2.42</u>	<u>2.37</u>	<u>2.44</u>	<u>2.23</u>
	1995	1994	1993	1992	1991
Gross Revenue Per Certificate Resolution:					
Operating revenues	\$ 33,135,452	31,448,283	31,651,212	30,310,614	30,113,258
Interest and other income (excluding construction fund interest earnings)	1,117,899	773,740	640,895	804,849	876,320
Capacity and other fees	798,090	727,054	1,521,443	761,039	756,866
Assessment collections	3,106	(301)	5,576	13,152	36,239
Gross revenue per certificate resolution	<u>35,054,547</u>	<u>32,948,776</u>	<u>33,819,126</u>	<u>31,889,654</u>	<u>31,782,683</u>
Expenses Per Certificate Resolution:					
Operating expenses	29,765,030	28,412,011	28,729,760	27,947,207	27,721,286
Less: Depreciation expense	(3,337,966)	(3,179,382)	(2,889,647)	(2,675,521)	(2,495,369)
Required payments to the City	(1,945,294)	(1,922,423)	(1,878,058)	(1,818,257)	(1,785,889)
Expenses per certificate resolution	<u>24,481,770</u>	<u>23,310,206</u>	<u>23,962,055</u>	<u>23,453,429</u>	<u>23,440,028</u>
Income available for debt service	<u>\$ 10,572,777</u>	<u>9,638,570</u>	<u>9,857,071</u>	<u>8,436,225</u>	<u>8,342,655</u>
Annual Debt Service Requirements:					
Principal	\$ 1,680,000	1,595,000	1,015,000	1,080,000	1,020,000
Interest (less accrued interest) (1)	3,841,252	3,923,144	3,780,962	3,266,873	3,550,972
Annual debt service requirements	<u>\$ 5,521,252</u>	<u>5,518,144</u>	<u>4,795,962</u>	<u>4,346,873</u>	<u>4,570,972</u>
Coverage ratio (Times)	<u>1.91</u>	<u>1.75</u>	<u>2.06</u>	<u>1.94</u>	<u>1.83</u>

(1) Interest expense for the fiscal years ended September 30, 1993 and 1992 is stated net of \$613,763 and \$222,792 respectively, in interest expense which was funded from the proceeds of the issuance of revenue certificates.

**HISTORICAL PEAK DEMAND AND ELECTRIC SYSTEM NET ENERGY REQUIREMENTS,
WATER DEMAND, AND SEWAGE FLOWS
LAST TEN FISCAL YEARS**

Table IX

September 30,
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Fiscal Year	ELECTRIC SYSTEM				WATER SYSTEM				POLLUTION CONTROL (WASTEWATER) SYSTEM			
	Net Energy Requirements (kWh)	Annual Increase %	Annual Peak Demand (kW)	Annual Increase (Decrease) %	Maximum Daily Flow (MGD)	Average Daily Flow (MGD)	Minimum Daily Flow (MGD)	Total Annual Production (MGY)	Maximum Daily Flow (MGD)	Average Daily Flow (MGD)	Minimum Daily Flow (MGD)	Total Annual Production (MGY)
1991	286,118,000	1.4	75,300	(3.7)	5.13	3.75	2.36	1,366	3.23	2.65	2.29	968
1992	287,167,000	0.4	70,600	(6.2)	6.06	3.75	2.30	1,373	2.91	2.44	2.13	896
1993	292,485,000	1.9	72,100	2.1	5.89	4.02	2.55	1,470	2.98	2.53	2.18	925
1994	301,883,000	3.2	69,900	(3.1)	5.83	3.84	2.12	1,400	3.16	2.68	1.72	979
1995	318,962,000	5.7	88,300	26.3	6.14	4.19	2.62	1,457	3.59	2.88	1.65	1,053
1996	331,282,000	3.9	89,200	1.0	6.18	4.30	2.85	1,572	4.43	2.77	2.07	1,016
1997	325,239,000	(1.8)	82,500	(7.5)	5.85	4.28	2.73	1,562	4.50	2.46	1.88	898
1998	352,623,000	8.4	80,200	(2.8)	6.62	4.54	2.88	1,659	4.23	2.49	1.94	909
1999	335,599,000	0.8	85,700	6.9	6.13	4.57	2.56	1,667	7.55	2.97	1.25	1,096
2000	360,760,000	0.8	87,300	1.9	7.06	4.82	2.77	1,763	5.72	3.30	2.25	1,203

(1) The above information is provided pursuant to the requirements of Section 2(B) of the Commission's Continuing Disclosure Certificate issued on August 15, 1996.

**UTILITY RATE SCHEDULE -
ELECTRIC SERVICE**

Table X

September 30, 2000
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

Electric System Rate Schedule:

Residential Service - Monthly Rate		
Customer Charge:	Single Phase Service	\$5.65
	Three Phase Service	\$7.85
Energy Charge:	All kWh per month at: (plus fuel and purchased power cost adjustment)	\$0.06917 per kWh
General Service - Non-Demand - Monthly Rate		
Customer Charge:	Single Phase Service	\$6.05
	Three Phase Service	\$8.85
Energy Charge:	All kWh per month at: (plus fuel and purchased power cost adjustment)	\$0.07067 per kWh
General Service - Demand - Monthly Rate		
Customer Charge:		\$33.50
Demand Charge:	All kW of billing demand	\$5.50 per kW
Energy Charge:	All kWh per month at: (plus fuel and purchased power cost adjustment)	\$0.05393 per kWh
General Service - Demand Time of Use - Monthly Rate		
Customer Charge:		\$33.50
Demand Charge:	per kW of excess demand	\$22.00 per kW
Energy Charge:	All kWh per month at: (plus fuel and purchased power cost adjustment)	\$0.05393 per kWh
Customer Charge:		\$235.00
Demand Charge:	All kW of billing demand	\$5.50 per kW
Energy Charge:	All kWh per month at: (plus fuel and purchased power cost adjustment)	\$0.05393 per kWh
Green Pricing Rate		
Green Pricing Level 1		\$5.00
Green Pricing Level 2		\$10.00

Fuel and Purchased Power Cost Adjustment Clause:

The Fuel and Purchased Power Cost Adjustment Clause (FPPCAC) is an integral component of the monthly charges, and is designed to allow for accurate billing of fluctuating applicable fuel and purchased power costs. In order to minimize changes in customer billings, the FPPCAC is developed on a twelve month projected basis, with provision to "true-up" any over or under recovery of any applicable fuel and purchased power cost in each subsequent twelve month period. A provision is provided in the clause for the FPPCAC to be modified if significant circumstances arise during the twelve month billing cycle. The adjustment for the twelve month period ending September 30, 2000 is \$13.91 per 1,000 kWh. Beginning October 1, 2000 the adjustment amounts to a \$13.91 debit to the customers' accounts.

- (1) The above information is provided pursuant to the requirements of Section 2(B) of the Commission's Continuing Disclosure Certificate which was issued on August 15, 1996 in conjunction with the sale of \$26,210,000 Utilities Refunding Revenue Certificates, Series 1996.

**UTILITY RATE SCHEDULE -
WATER SERVICE**

Table XI

September 30, 2000
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
NEW SMYRNA BEACH, FLORIDA

	Meter Size (Inches)	Base Facility Charge	Reuse Subsidy Charge	Billing Charge Monthly	Total Monthly Billing
Residential Service:	5/8"	\$ 8.85	\$ 0.90	\$ 1.90	\$ 11.65 + Gallonage Charge
Single Family	1"	22.15	2.25	1.90	\$ 26.30 + Gallonage Charge
	1 1/2"	44.25	4.50	1.90	\$ 50.65 + Gallonage Charge
	2"	70.80	7.20	1.90	\$ 79.90 + Gallonage Charge
	3"	141.60	14.40	1.90	\$ 157.90 + Gallonage Charge
	4"	221.25	22.50	1.90	\$ 245.65 + Gallonage Charge
	6"	442.50	45.00	1.90	\$ 489.40 + Gallonage Charge
	8"	708.00	72.00	1.90	\$ 781.90 + Gallonage Charge

Gallonage Charge/1,000 Gallons

Block 1	Block 2	Block 3
\$1.05	\$1.25	\$1.70

Monthly Rate Blocks (Gallons)

Block 1	Block 2	Block 3
0-7000	7001-14000	14001 and over

All Meter Sizes

	Billing Account	Base Facility Charge	Reuse Subsidy Charge	Billing Charge Monthly	Total Monthly Billing
Mult-Family	Each Unit	\$ 8.85	\$ 0.90	\$ 0.00	\$ 9.75
	Master Meter	0.00	0.00	1.90	\$ 1.90 + Gallonage Charge @ \$1.05 per KG - all usage

Irrigation and Non-Residential:

** (Same Minimum and Gallonage Charges as Residential) **

Meter

Size	Block 1	Block 2	Block 3
5/8"	0 - 7,000	7,001 - 14,000	14,001 and above
1"	0 - 15,000	15,001 - 40,000	40,001 and above
1 1/2"	0 - 30,000	30,001 - 75,000	75,001 and above
2"	0 - 50,000	50,001 - 100,000	100,001 and above
3"	0 -100,000	100,001 - 200,000	200,001 and above
4"	0 -200,000	200,001 - 400,000	400,001 and above
6"	0 -300,000	300,001 - 600,000	600,001 and above
8"	0 -600,000	600,001 - 1,000,000	1,000,001 and above

(1) The above information is provided pursuant to the requirements of Section 2(B) of the Commission's Continuing Disclosure Certificate which was issued on August 15, 1996 in conjunction with the sale of \$26,210,000 Utilities Refunding Revenue Certificates, Series 1996.

**UTILITY RATE SCHEDULE -
 POLLUTION CONTROL AND WATER REUSE SERVICE**
 September 30, 2000
 UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
 NEW SMYRNA BEACH, FLORIDA

Table XII

Pollution Control Rate Schedule

Residential, (Single-Family) and Non-Residential:

Meter Size (Inches)	Base Facility Charge	Reuse Subsidy Charge	Billing Charge Monthly	Gallage Charge Per KG	Total Monthly Billing
5/8"	\$ 14.07	\$ 1.05	\$ 1.50	\$ 1.55	\$ 16.62 + Gallage Charge
1"	35.20	2.65	1.50	1.55	\$ 39.35 + Gallage Charge
1 1/2"	70.35	5.25	1.50	1.55	\$ 77.10 + Gallage Charge
2"	112.56	8.40	1.50	1.55	\$ 122.46 + Gallage Charge
3"	225.12	16.80	1.50	1.55	\$ 243.42 + Gallage Charge
4"	351.75	26.25	1.50	1.55	\$ 379.50 + Gallage Charge
6"	703.50	52.50	1.50	1.55	\$ 757.50 + Gallage Charge
8"	1,125.60	84.00	1.50	1.55	\$ 1,211.10 + Gallage Charge

Multi-Family:

Each Unit	\$ 14.07	1.05	0.00	0.00	\$ 15.12
Master Meter	0.00	0.00	1.50	1.55	\$ 1.50 + Gallage Charge

Reclaimed Water Rate Schedule:

Primary Tier Rate: Service:	Meter Size (Inches)	Minimum Monthly Charge	Flow Charge per KG
	5/8" X 3/4"	\$ 10.00	N/A
	1"	25.00	N/A
	1 1/2"	50.00	N/A
Metered:	2"	0.00	\$ 0.10
	3"	0.00	0.10
	4"	0.00	0.10
	6"	0.00	0.10

Secondary Tier Rate: \$10.80/acre/month for metered users whose anticipated capacity exceeds 100,000 gallons per day and which must provide a minimum of three (3) days of wet weather storage for the minimum flow rate of 1,900 gallons/acre/day on an annual average

(1) The above information is provided pursuant to the requirements of Section 2(B) of the Commission's Continuing Disclosure Certificate which was issued on August 15, 1996 in conjunction with the sale of \$26,210,000 Utilities Refunding Revenue Certificates, Series 1996.

SUPPLEMENTAL AUDIT REPORTS

BRENT MILLIKAN & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Chairman and Commissioners
Utilities Commission, City of New Smyrna Beach, Florida
New Smyrna Beach, Florida

We have audited the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, as of and for the year ended September 30, 2000, and have issued our report thereon dated November 10, 2000.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Utilities Commission, City of New Smyrna Beach, Florida, is the responsibility of the Utilities Commission, City of New Smyrna Beach, Florida's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Commission's compliance with such provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the Utilities Commission, management, and applicable federal and state regulatory bodies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Brent Millikan & Co., P.A.

New Smyrna Beach, Florida
November 10, 2000

BRENT MILLIKAN & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Chairman and Commissioners
Utilities Commission, City of New Smyrna Beach, Florida
New Smyrna Beach, Florida

We have audited the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, as of and for the year ended September 30, 2000, and have issued our report thereon dated November 10, 2000.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Utilities Commission, City of New Smyrna Beach, Florida, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, for the year ended September 30, 2000, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be a material weakness as defined above.

To the Honorable Chairman and Commissioners
Utilities Commission, City of New Smyrna Beach, Florida
Page 2 of 2

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the Utilities Commission, City of New Smyrna Beach, Florida, in a separate letter dated November 10, 2000.

This report is intended for the information of the Utilities Commission, management, and applicable federal and state regulatory bodies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Brent Milliken & Co. P.A.

New Smyrna Beach, Florida
November 10, 2000

BRENT MILLIKAN & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT COMMENTS

To the Honorable Chairman and Commissioners
Utilities Commission, City of New Smyrna Beach, Florida
New Smyrna Beach, Florida

We have audited the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, as of and for the year ended September 30, 2000, and have issued our report thereon dated November 10, 2000.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, for the year ended September 30, 2000, we considered the Commission's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. As a result, no weaknesses in procedures and controls came to our attention which are required to be reported.

In addition to testing your financial operations for compliance with applicable laws, we are required to comment on those items required to be included in this report by reason of the Rules of the Auditor General of the State of Florida. Those items are included in Exhibit A attached.

This report is intended for the information of the Utilities Commission, management, and applicable federal and state regulatory bodies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Brent Millikan & Co. P.A.

New Smyrna Beach, Florida
November 10, 2000

Exhibit A
Management Comments
Page 1 of 1

Prior Year Findings and Recommendations

All findings and resultant recommendations made in the preceding year were appropriately implemented and/or resolved to our satisfaction. No irregularities were reported in the preceding year.

Prior Year Findings and Recommendations

(99-1) *Allowance for Uncollectible Accounts Receivable*

During our audit we observed that the Commission had implemented our prior year recommendations concerning the method in which bad debts are reported by adjusting the valuation allowance for net realizable receivables and accrued losses for uncollectible accounts in conformity with generally accepted accounting principles. However, based on the level of actual accounts "charged-off" over the past two years it appears the valuation allowance amount is understated at year end.

Accordingly, we recommend that the Commission review the financial information pertaining to the accounts referred for collection, along with the amount of accounts approved by the Commission to be written-off and to increase the annual accrual for the losses for uncollectible accounts. This will provide a better representation of the valuation of the net realizable receivables in reporting the Commission's financial position.

Current Year Findings and Recommendations

(00-1) *Required Implementation of GASB Statement No. 34 Financial Statement Changes*

In June, 1999, the Governmental Accounting Standards Board (the "GASB") issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* which establishes new financial reporting requirements for all state and local governments throughout the United States, the first phase of which must be implemented by the Commission by October 1, 2001. In addition to the significant financial reporting requirements, management will be required to share their insights in your financial operations by providing a management's discussion and analysis (referred to as MD&A) by giving financial statements readers what is expected to be an objective and easily readable analysis of the Commission's financial performance for the year. This analysis should provide your customers and financial statement users with the information they need to help them assess whether the Commission's financial position has improved or deteriorated as a result of the year's operations.

Effective for the fiscal year beginning October 1, 2001 the components of the Commission's Comprehensive Annual Financial Report will be amended to conform to the provisions of GASB 34, which includes a governmental version of the MD&A. The MD&A will be required supplementary information and will require more information than is presently reported in the *Letter of Transmittal* submitted as part of the Comprehensive Annual Financial Report under the Government Finance Officers Association (GFOA) "Certificate of Excellence in Financial Reporting" program.

As mentioned above the MD&A will be considered required supplementary information, which is significant, because it ensures auditor association with the MD&A. Accordingly, the independent auditors will be required to apply limited procedures to the MD&A and will be reporting deficiencies in , or the omission of, certain information. Clearly, auditors should not prepare the MD&A because it requires management's interpretation and analysis of events and circumstances. This means more input on behalf of management and department heads in reporting the financial impact on the Commission's financial position.

In addition, the MD&A will present financial comparisons of the original budget to the final budget and comparison of the final budget to actual results. The purpose of the budgetary comparisons in the MD&A is

to provide a narrative discussion of why certain changes occurred and how they affect future services and liquidity of the Commission.

The MD&A also provides an opportunity to summarize comparisons with the prior year. GASB 34 includes minimum requirements for the contents of these summaries and should therefore be reviewed in advance to determine what information should be gathered a year in advance of implementing the reporting requirements for these comparisons.

The final requirements for the MD&A are outlined in Paragraph 11 of GASB Statement No. 34. The requirements are general in nature and there are no specific wording requirements or boilerplate language that must be included in the narrative.

These required changes will necessitate a coordination with the information that will be presented in the GFOA *Letter of Transmittal* since GASB 34 does not require a letter of transmittal, but the GFOA does. Management should be responsible for avoiding duplication between the two documents. Nonfinancial topics may be more appropriate for the letter of transmittal. The transmittal letter should actually become more of a cover letter from the Director, leaving the MD&A for the financial management discussion.

In light of these pending changes we recommend that the management review the importance of the "required" status the MD&A and the responsibilities assumed in preparing this narrative document.

Oversight Unit

The Utilities Commission, was created in 1967 through the passage of Chapter 67-1754, Laws of Florida, Special Acts of 1967 (House Bill 1669) which amended the Charter of the City of New Smyrna Beach, Florida, to create the Utilities Commission. In a referendum held October 2, 1984, City voters approved amendments to the City Charter establishing criteria requiring the funds and entities related to the operation of the Utilities Commission be included as a component unit of the City of New Smyrna Beach, Florida, and an integral part of the City's reporting entity. The Commission's basic financial statements are incorporated in the City's Comprehensive Annual Financial Report as an enterprise fund activity.

Florida Department of Banking and Finance Annual Financial Report

The Annual Financial Report for the fiscal year ended September 30, 2000, required to be filed with the Florida Department of Banking and Finance pursuant to Section 218.32 (1)(b), Florida Statutes, has not yet been completed by the Commission's oversight unit (City of New Smyrna Beach, Florida, Unit ID#251) at the time of submitting this report. Upon completion of the Annual Financial Report, we will compare the reported data with that data contained in their audited financial statements to confirm that both are in agreement. Should it be determined that the data reported in the Annual Financial Report is not in agreement with the Commission's audited financial statements, we will report and state our findings to you in an amended or supplemental management letter.

Determination of Financial Emergency - Section 218.503(1), F.S.

Nothing came to our attention which indicated that the Utilities Commission, City of New Smyrna Beach, Florida, is, or during the year ended September 30, 2000, was in a state of financial emergency as a consequence of conditions described in Section 218.503(1), F.S.