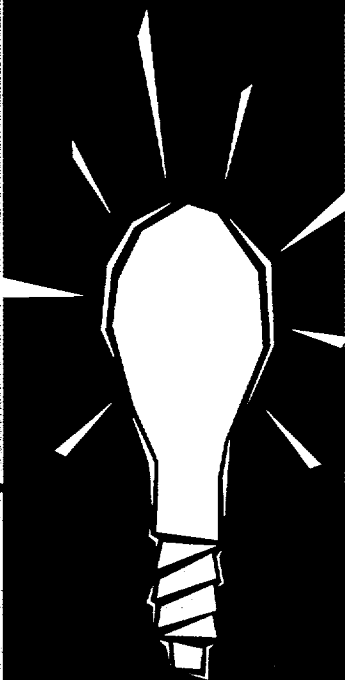
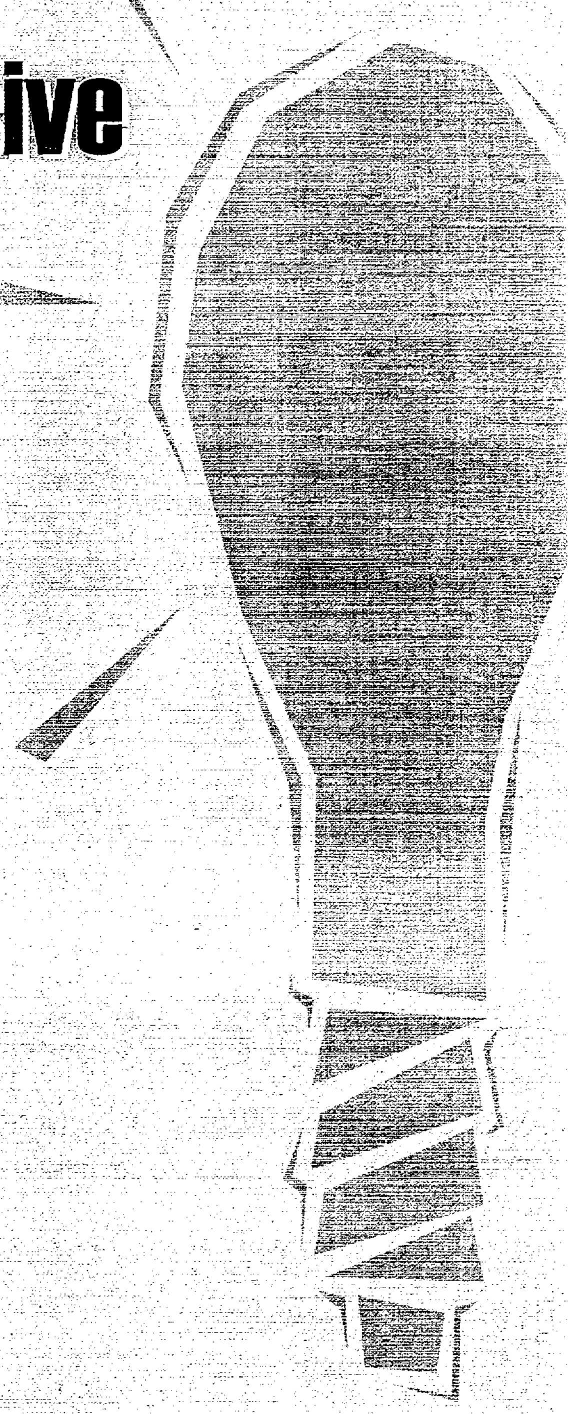


Kissimmee Utility Authority

Kissimmee, FL

Comprehensive Annual Financial Report

Fiscal Year 2001



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2001

Joseph Hostetler, Vice President, Finance & Risk Management
Susan Raines, Manager of Accounting

INTRODUCTORY SECTION

Listing of Officials
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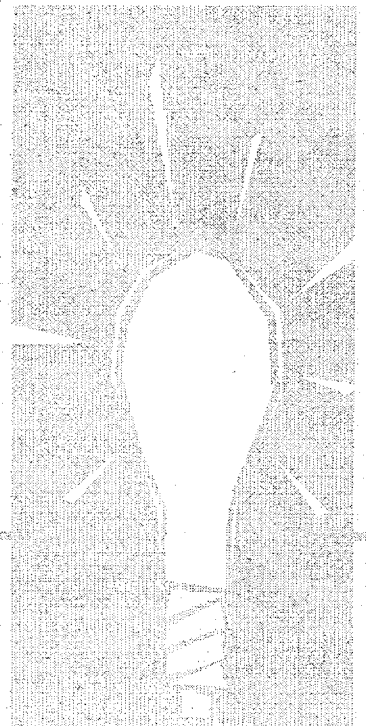

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Board of Directors

Larry W. Walter, *Chairman*
Don Shearer, *Vice-Chairman*
Domingo Toro, *Secretary*
Nancy Gemskie, *Assistant Secretary*
William Hart, *Director*
George Gant, *Mayor/Ex-Officio*

Attorney

Edward Brinson
Brinson, Smith & Smith, P.A.

President & General Manager

James C. Welsh

Vice Presidents

Abani K. Sharma, *Power Supply*
Jef Gray, *Information Technology*
Kenneth L. Davis, *Engineering & Operations*
Christine A. Beck, *Customer Service & Marketing*
Joseph Hostetler, *Finance & Risk Management*
Neville C. Turner, *Human Resources*

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KUA
KISSIMMEE
UTILITY
AUTHORITY

James C. Welsh, P.E.
PRESIDENT & GENERAL MANAGER, CEO

P.O. BOX 423219 • KISSIMMEE, FLORIDA 34742-3219
407/933-7777 • FAX 933-2655

December 19, 2001

Board of Directors
Kissimmee Utility Authority

The Comprehensive Annual Financial Report (CAFR) of the Kissimmee Utility Authority (KUA), for the Fiscal Year ended September 30, 2001, is submitted herewith pursuant to Section 10 of the KUA Charter, Florida Statutes Chapter 166.241(1) and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the KUA. The staff of the Finance Department of the KUA prepared this CAFR. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the KUA; and that all disclosures necessary to enable the readers to gain the maximum understanding of the KUA's financial activity have been included.

The CAFR is presented in the following sections:

Section I:	***Introductory Section*** - Contains the Letter of Transmittal and other such material as may be useful in understanding the reporting entity.
Section II:	***Financial Section*** - This section of the report contains the auditors' report and combined financial statements of the KUA which present fairly the financial position, results of operations and cash flows for the fiscal year.
Section III:	***Other Supplemental Data*** - This section contains combining financial statements for the two Enterprise Funds including the electric utility and the Internet Service Provider (ISP).
Section IV:	***Statistical Section*** - This section presents selected financial and demographic information that will be beneficial to the reader in understanding the KUA's historic growth and its future growth prospects.

In 1983, the City Commission of the City of Kissimmee established a Utility Study Committee. The report of this committee recommended establishing a separate authority. In February 1985, the City Commission adopted Ordinance #1285 establishing the KUA, subject to approval by a majority of qualified voters. In March 1985, the voters of Kissimmee did approve establishing the KUA effective October 1, 1985. The KUA Charter (Ordinance #1285) states that the KUA shall be responsible for the development, production, purchase and distribution of all electricity and such other utility services as may be designated by resolution of the City Commission. The KUA currently provides electric services in an 85 square mile service territory in the Kissimmee area. All of the service territory is within Osceola County. This report includes all funds of the KUA. This report does not include the financial activities of the City of Kissimmee. Reference should be made to their report published separately.

ECONOMIC CONDITION AND OUTLOOK

The KUA service territory is located approximately 18 miles south of Orlando and 7 miles east of Walt Disney World. This area is one of the fastest growing areas in the State of Florida. The area's rapid population growth has continued this past year, but at a somewhat lower level than in recent years. This trend is expected to continue. Customer growth is expected to increase from approximately 50,600 in 2001 to approximately 65,000 by the year 2010. Sales are expected to increase from approximately 1,097,500 MWh in 2001 to approximately 1,515,000 MWh by the year 2010.

As we look to the future, it seems certain that some form of increased competition will become a reality in spite of the problems experienced in the California market this year. We believe that competition will first occur in the states with the highest utility rates. Since Florida has low to moderate utility rates, we believe KUA is largely insulated from the effects of competition, at least in the near future.

During Fiscal Year 1998 KUA analyzed the market and financial feasibility of becoming an Internet Service Provider (ISP). Effective October 1, 1998 KUA began providing dial-up and commercial internet services. Services include personal and business connections including e-mail and web hosting. We believe this service to our utility customers and customers outside our service territory will enhance our ability to compete in a deregulated market place. Our efforts to brand KUA as the energy service provider of choice will continue as we explore other business opportunities.

The effects of the September 11, 2001 terrorist attacks on our service territory are not yet known. We are closely monitoring our sales and will take appropriate actions in the event of a downturn in the local economy.

MAJOR INITIATIVES

The KUA's energy demand continues to be satisfied through a well conceived power supply program. We have added to our diverse mix of power resources with the Cane Island Power Park as well as entitlement purchases in Stanton Energy Center Unit #1 (SEC 1) and Stanton Energy Center Unit #2 (SEC 2) and the participation in the Florida Municipal Power Pool (FMPP). The FMPP is a group of utilities that have "pooled" their electric generating resources together to satisfy their combined power needs at the lowest cost. The FMPP is able to take advantage of some economies of scale, thereby reducing KUA's overall cost of power.

As part of our continual efforts to keep our rates low, the KUA develops a Ten Year Site Plan. This plan evaluates supply side alternatives while considering demand side management, and provides the mechanism by which future power purchase bids, capacity bids and special projects will be evaluated. In a continued effort to maintain flexibility as a utility, the Ten Year Site Plan is updated on an annual basis.

To ensure that our utility can continue to compete in an ever changing industry, we continue to look at new areas to develop, such as telecommunications. The KUA continues to expand its internal fiber-optic cable system to accommodate the growing needs of telecommunications providers. We are developing a shared-cable concept that allows any communication utility interested in providing voice, video, data or other telecommunications services to license space on the KUA's cable in a way that enhances our existing distribution system. The KUA has installed 1,326 fiber miles of fiber-optic cable on its electric transmission system and is working to install more circuits throughout the service area.

For the Future. During the next ten years, the KUA has identified major projects that will help meet the needs of projected customer and energy sales growth. The key project during the ten-year planning period is the development of the Stanton Energy Center A. The KUA Board of Directors approved a future power supply concept under which KUA and Florida Municipal Power Agency (FMPA), working with Orlando Utilities Commission (OUC) as Participants, would each own 3.5% (approximately 22 MW) of, and buy back 6.5% (approximately 41 MW) from, a nominal 632 MW combined cycle unit to be constructed by Southern Company Services, Inc., at OUC's Stanton Energy Center Site. The unit is currently scheduled for commercial operation in October of 2003.

FINANCIAL INFORMATION

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

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

The concept of reasonable assurance recognizes that:

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

All internal control evaluations occur within the above framework. We believe that the KUA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Annual Budgets

The KUA is required by Charter to adopt an annual budget. The KUA follows these procedures in establishing the annual budget:

1. The President & General Manager submits to the Board of Directors a proposed operating and capital budget for the ensuing fiscal year. The operating budget includes proposed uses and the sources of funds to finance them.
2. During several workshops, which are open to the public, the staff and Board of Directors discuss and revise the submitted budget. A public hearing is conducted to obtain ratepayer comments.
3. The budget is approved by the Board of Directors and becomes the basis for operations for the ensuing fiscal year.

Budgetary control is provided by monthly revenue, expense and financial analysis reports. These interim reports are provided to the Board of Directors for review before a formal verbal presentation of financial activity at each monthly Board meeting.

Cash Management

The KUA has a banking service agreement with a local depository bank that provides that all funds will earn interest through overnight repurchase agreements. The KUA also participates in the State of Florida State

Board of Administration's program for pooled investment of local government surplus funds. During FY 2001, the KUA maintained investments for certain restricted and designated funds in accordance with established policies and procedures. The cash management program involves a theory of keeping principal and earnings free from unreasonable risk, maintaining reasonable liquidity to meet maturing obligations and maximizing returns through the use of competitive rate comparisons from various investment sources.

Debt Management

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

1. Bond proceeds should fund all generation (capacity) and transmission projects;
2. Current earnings (cash provided from operations) should be adequate to fund operating and maintenance expenses, debt service related costs (excluding capitalized interest) and year to year capital needs generally less than $100,000;
3. The Reserve for Future Capital Outlay funds should be used for all other purposes as approved by the Board of Directors;
4. Maintain a minimum level of $5,000,000 in Reserve for Future Capital Outlay, indexed each year by the increase in KWh sales beginning in FY 1997 (current minimum level is $6,100,000);
5. Maintain a minimum of two months of fixed Operating & Maintenance Expenses (excluding Depreciation, Costs Recoverable from Future Revenues and debt service related costs) in unrestricted operating cash and cash equivalents and longer-term invested working capital funds;
6. Maintain a minimum of 1.5 debt service coverage as defined in the bond resolution; and
7. Build an insurance fund adequate to fund reconstruction expenditures for our transmission and distribution system in the event of the most likely level of storm that would occur in the Central Florida area.

In 1987 a major refunding bond issue was issued. In 1991 and 1993 major improvement and refunding bond issues were issued which reduced our overall debt costs on existing debt and provided construction funds for major generation and transmission projects. On August 27, 1997 KUA issued a $56,180,000 refunding bond issue to refund the majority of the outstanding 1987 bond issue for a net present value savings of $4,602,048. In October, 1999 KUA participated in the FMPA Pooled Loan Program for $35,000,000 in variable rate debt to begin funding the construction of the Cane Island Unit 3. In October, 2000 KUA began its own commercial paper program by issuing $70,000,000 of which $35,000,000 was used to refund our participation in the FMPA Pooled Loan Program and the remaining $35,000,000 to be used to complete the Cane Island Unit 3. Subsequent to the fiscal year end, on October 25, 2001, the KUA issued $31,020,000 in Kissimmee Utility Authority Electric System Refunding Revenue Bonds, Series 2001A and $44,500,000 in Kissimmee Utility Authority Electric System Refunding Revenue Bonds, Series 2001 B. The bonds were issued to refund all of the Series 1991 and 1993A bonds and a portion of its Series 1993 bonds. The result of the refunding was a net present value savings of $3,099,342 or approximately 4.17% of the refunded bonds.

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

Rates

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

In addition to the COPCA, the KUA has from time to time changed base rates as necessary to assure proper operation of the System. Base rate increases of 7%, 6.2% and 2% were approved in Fiscal Years 1983, 1984, and 1985, respectively. In Fiscal Year 1985, the KUA implemented a program of rate stabilization in an effort to prevent uneven increases in total electric charges to its customers. The base rate did not change in Fiscal Year 1986. In Fiscal Year 1987 an effective decrease in the overall base rates of 1% was implemented, while in Fiscal Year 1988 a 4.1% decrease was approved by the KUA's Board of Directors affecting the commercial classes only. The base rate did not change in Fiscal Year 1989. In Fiscal Year 1990 the Florida Gross Receipts Tax of 1.5% was removed from the base rate and shown separately on customer bills as required by the State of Florida. This effectively reduced the base rate. The base rate did not change in Fiscal Year 1991. An approximate 15% rate decrease was implemented in Fiscal Year 1992 to become more competitive with neighboring utilities and promote growth within our service territory. There were no changes in the base rate for Fiscal Years 1993 through 1997. Effective October 1, 1997 a 2.5% rate decrease was put into effect. Effective October 1, 1999, 2000 and 2001 a 1.45% rate increase was approved by the Board of Directors in order to ensure the long-term financial stability of KUA.

The KUA additionally maintains a computerized cost of service study which is updated biannually with:

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

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

During FY 1997, a Deregulation/Rate Stabilization Fund was created, allowing KUA the flexibility to implement sustainable competitive rate decreases in the event the electric utility industry becomes deregulated in Florida. This fund has been built-up using excess net reinvested earnings resulting in balances of $12,902,026, $15,872,085, and $18,990,827 for FY 1999, FY 2000, and FY 2001, respectively. The balance in this fund will vary over time, depending on fluctuations in expenses and/or revenues. Electric sales tend to vary with customer growth and weather conditions.

Financial Condition

Comparative data for the last three fiscal years is presented in the following tables:

	2001	2000	1999
Utility Plant – Net	$236,339,707	$200,634,184	$171,676,524
Current Assets – Cash & Cash Equivalents, Investments and Interest Receivable	13,846,444	9,404,791	6,194,107
Designated Assets-Cash & Cash Equivalents, Investments and Interest Receivable	73,202,271	72,785,872	73,269,709
Current Ratio	3.16 to 1	1.37 to 1	2.12 to 1
Operating Income	9,083,950	7,152,022	6,954,949
Reinvested Earnings	3,076,430	2,533,202	1,957,469
Income available for debt service	33,148,216	31,289,533	31,996,166
Debt Service Requirement	17,863,738	17,668,916	17,669,225
Debt Service Coverage	1.86x	1.77x	1.81x

Expansion of the generation, transmission and distribution system (net of accumulated depreciation) increased substantially during FY 2001 due to the construction of Cane Island 3 at the Cane Island Power Park. The level of Current Assets - Cash and Cash Equivalents, Investments and Interest Receivables is defined as two months of operating expenses (excluding depreciation and amortization, intergovernmental transfers and Costs to be Recovered). Operating Expenses have increased in FY 2001 versus FY 2000 due to expenses associated with increased sales, and general price level increases in fuel and insurance costs. Designated Cash and Cash Equivalents, Investments and Interest Receivable have remained stable in FY 2001. Operating Income and Net Reinvested Earnings increased slightly in FY 2001 due to increased metered sales and other operating revenues net of associated expenses. Our net reinvested earnings is projected to be approximately $2,848,000 for FY 2002.

Risk Management

During the current Fiscal Year the KUA has continued to accumulate resources in the Co-Insurance Fund. The amount transferred into this fund was approximately $2,500,000, $2,000,000, and $3,000,000 in Fiscal Year 1999, FY 2000, and FY 2001, respectively. The accumulated fund was approximately $6,490,000, $8,231,000, and $11,629.000 at September 30, 1999, 2000, and 2001, respectively.

Management is continuing to review the Insurance Program to determine the appropriate amount of risk in terms of higher deductibles that can be assumed by the KUA. In addition, various risk control techniques including employee accident prevention training have been continued during the year to minimize accident related losses.

Future Prospects

Demand for electric power from the system has steadily increased in recent years and is projected to continue to increase as the Kissimmee area grows. In response to this growth, the KUA will continue its fiscal policy and complete the generation and transmission improvements needed throughout the system. The KUA is carefully watching the growth of the surrounding community and is methodically building its system resources to a level adequate to serve the area for many years to come. The KUA also is carefully watching the developments of increased competition currently being discussed in the electric utility industry to take advantage of opportunities that might develop in the future.

The KUA Board of Directors directed staff to retain independent consultants to evaluate the potential benefits and detriments to KUA's becoming a participant in the FMPA's All Requirements Project (ARP). The ARP is a group of municipal electric utilities who are FMPA members and who have agreed both (1) to lease all of their individual electric generating resources to the ARP and in return receive certain capacity credits, and (2) to purchase their entire energy requirements from the ARP. Becoming a member of ARP effectively involves transferring control of power production scheduling to the FMPP dispatcher through the FMPA staff. The hiring of the independent consultant occurred in August 2001. The scope of services to the independent consultants indicates that KUA expects to have their report no later than January 16, 2002.

KUA's internet service, KUA.net, features high-speed internet access, e-mail, personal web pages, 24-hour help desk, free Internet classes, and convenient billing options. The member base at September 30, 2001 was 3,137 customers. By offering Internet services, KUA continues to expand its involvement in the community.

KUA is involved in numerous community-based enrichment programs, and the spirit of volunteerism is strongly felt by our employees. As the electric utility industry becomes more competitive, we realize that continued success depends on delivering service that exceeds customer expectations at competitive prices. At the same time, it means that we must continue our active involvement in the community. We are proud of Kissimmee's growth and vitality, and will use our energy to help keep our community and utility strong in the years ahead.

OTHER INFORMATION

Independent Audit

State Statutes and revenue bond covenants require an annual audit by independent certified public accountants. The KUA's auditor selection committee selected the accounting firm of Ernst & Young, LLP. The auditor's report on the combined financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the KUA for its CAFR for the fiscal year ended September 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded this Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The KUA has received a Certificate of Achievement for the last fourteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the KUA also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the Fiscal Year beginning October 1, 2000. To qualify for the Distinguished Budget Presentation Award, the KUA's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgments

The preparation of the CAFR on a timely basis was made possible by the dedicated service 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.

In closing, without the leadership and support of the Board of Directors of the KUA, preparation of this report would not have been possible.

Respectfully submitted,

James C. Welsh
President & General Manager

Joseph Hostetler
Vice President
Finance & Risk Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kissimmee Utility Authority, Florida

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

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

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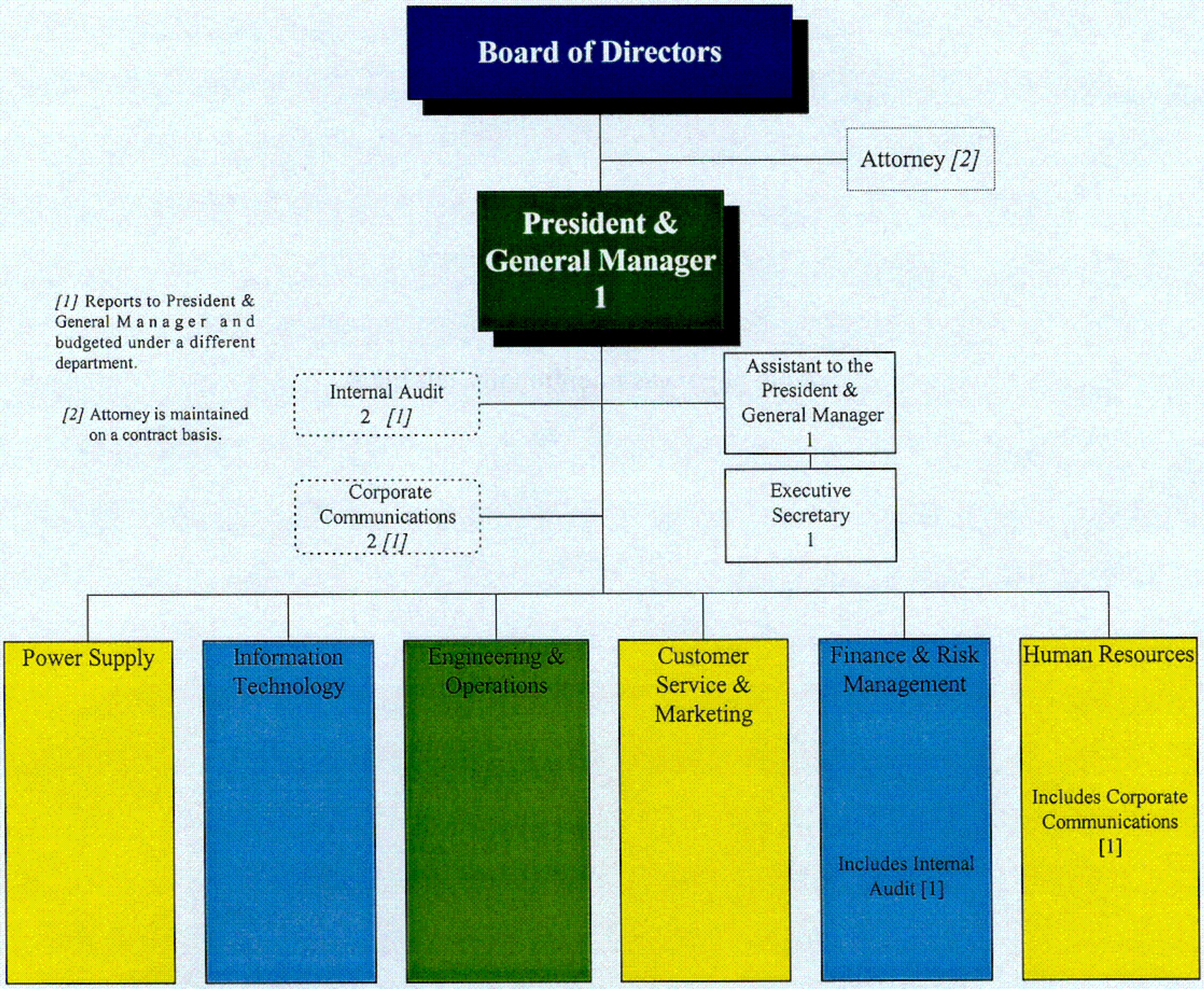
Kissimmee Utility Authority
Organizational Chart
FY 2001



[1] Reports to President & General Manager and budgeted under a different department.

[2] Attorney is maintained on a contract basis.

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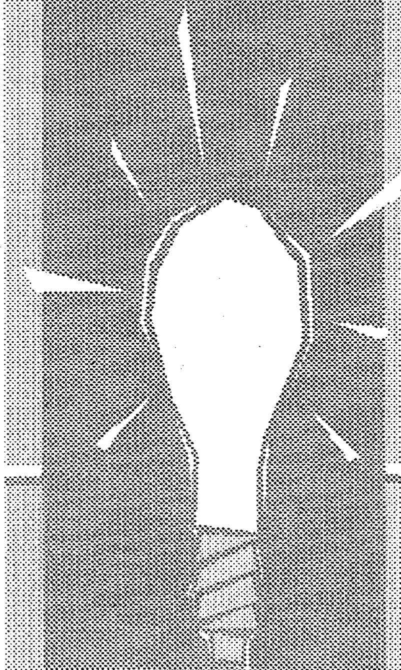

FINANCIAL SECTION

Report of Independent Certified Public Accountants

Combined Financial Statements

Notes to Combined Financial Statements

Required Supplementary Information

ERNST & YOUNG

Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, Florida 32801-1671

Phone: (407) 872-6600
www.ey.com

Report of Independent Certified Public Accountants

Board of Directors
Kissimmee Utility Authority

We have audited the accompanying combined balance sheet of Kissimmee Utility Authority (the Authority) as of September 30, 2001 and the related combined statements of revenue, expenses and changes in accumulated reinvested earnings and cash flows for the year then ended. These combined financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The combined financial statements of the Authority for the year ended September 30, 2000, were audited by other auditors whose report dated November 22, 2000, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audit provides a reasonable basis for our opinion.

The schedule of funding progress on page B-33 is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of measurement and presentation of the supplementary information. However, we did not audit and do not express an opinion on such information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2001 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Ernst + Young LLP

November 30, 2001

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KISSIMMEE UTILITY AUTHORITY
COMBINED BALANCE SHEETS
SEPTEMBER 30,

ASSETS	2001	2000
UTILITY PLANT		
Property, plant and equipment	$314,248,999	$266,020,831
Less: accumulated depreciation	(124,538,792)	(113,674,132)
	189,710,207	152,346,699
Construction in progress	46,200,753	48,243,755
Inventory - nuclear fuel	428,747	43,730
TOTAL UTILITY PLANT	236,339,707	200,634,184
RESTRICTED ASSETS		
Cash and cash equivalents	35,201,688	13,145,417
Investments	10,951,428	39,470,574
Interest receivable	101,575	568,759
TOTAL RESTRICTED ASSETS	46,254,691	53,184,750
DESIGNATED ASSETS		
Cash and cash equivalents	36,508,244	6,476,507
Investments	36,450,760	65,148,824
Interest receivable	243,267	1,160,541
TOTAL DESIGNATED ASSETS	73,202,271	72,785,872
CURRENT ASSETS		
Cash and cash equivalents	12,835,053	1,388,837
Investments	1,004,600	7,853,800
Interest receivable	6,791	162,154
Accounts receivable	14,155,655	11,642,641
Less: allowance for doubtful accounts	(243,298)	(248,622)
Inventory	5,007,530	5,650,624
Other Current Assets	1,090,691	1,461,354
TOTAL CURRENT ASSETS	33,857,022	27,910,788
OTHER ASSETS		
Unamortized bond costs	2,618,591	3,013,241
Costs to be recovered from future revenue	45,076,887	46,375,791
Unamortized loss on reacquired debt	18,441,844	19,608,381
Deferred cost of power adjustment	0	986,452
Other	737,689	777,500
TOTAL OTHER ASSETS	66,875,011	70,761,365
TOTAL ASSETS	$456,528,702	$425,276,959

The accompanying notes are an integral part of these combined financial statements

CAPITALIZATION AND LIABILITIES	2001	2000
CAPITALIZATION		
Accumulated reinvested earnings - Reserved for debt service	$20,271,150	$20,271,150
- Unreserved	117,428,023	114,351,593
TOTAL ACCUMULATED REINVESTED EARNINGS	137,699,173	134,622,743
LIABILITIES		
LONG-TERM DEBT		
Revenue bonds payable	209,005,000	246,614,601
Commercial paper notes	70,000,000	0
Less: unamortized bond discount	(3,405,822)	(3,625,735)
TOTAL LONG-TERM DEBT	275,599,178	242,988,866
OTHER LONG-TERM LIABILITIES	34,464	46,634
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Current portion of revenue bonds	6,595,000	6,120,000
Accrued interest payable - revenue bonds	5,935,728	5,774,458
Advances for construction	2,161,322	1,033,727
Customer deposits	3,290,108	3,227,291
Accounts payable from construction funds	175,640	420,399
Other	1,500,000	1,500,000
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	19,657,798	18,075,875
DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)		
Other	12,823,521	9,159,055
TOTAL DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)	12,823,521	9,159,055
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts payable	6,504,323	16,935,336
Due to other governments	918,415	1,226,174
Accrued compensated absences	1,369,648	1,144,000
Deferred cost of power adjustment	1,007,823	0
Energy conservation cost recovery	199,562	136,348
Other accrued liabilities	714,797	941,928
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	10,714,568	20,383,786
TOTAL LIABILITIES	318,829,529	290,654,216
COMMITMENTS AND CONTINGENT LIABILITIES (NOTES 10, 11 & 13)		
TOTAL CAPITALIZATION AND LIABILITIES	$456,528,702	$425,276,959

The accompanying notes are an integral part of these combined financial statements

KISSIMMEE UTILITY AUTHORITY
COMBINED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN ACCUMULATED REINVESTED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30,

	2001	2000
OPERATING REVENUES		
Metered sales	$95,298,374	$82,231,640
Other operating revenues	9,972,335	7,991,595
TOTAL OPERATING REVENUES	105,270,709	90,223,235
OPERATING EXPENSES		
Power generation	29,001,610	27,981,888
Purchased power	32,261,266	23,180,441
Transmission/Distribution	4,688,754	4,028,666
Administrative and general	11,818,965	10,379,226
Intergovernmental transfers	6,804,053	6,539,647
Depreciation and amortization	11,612,111	10,961,345
TOTAL OPERATING EXPENSES	96,186,759	83,071,213
OPERATING INCOME	9,083,950	7,152,022
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	8,782,983	6,590,803
Interest expense	(11,435,440)	(11,763,039)
Other	(2,056,159)	(1,591,813)
Costs to be recovered from future revenue	(1,298,904)	2,145,229
TOTAL NONOPERATING REVENUE (EXPENSES)	(6,007,520)	(4,618,820)
REINVESTED EARNINGS	3,076,430	2,533,202
ACCUMULATED REINVESTED EARNINGS AT BEGINNING OF YEAR	134,622,743	132,089,541
ACCUMULATED REINVESTED EARNINGS AT END OF YEAR	$137,699,173	$134,622,743

The accompanying notes are an integral part of these combined financial statements

KISSIMMEE UTILITY AUTHORITY
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income	$9,083,950	$7,152,022
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	11,850,469	11,306,478
Net amortization	(238,358)	(345,133)
CHANGES IN CURRENT ASSETS (INCREASE)/DECREASE AND LIABILITIES INCREASE/(DECREASE):		
Accounts receivable, net	(2,518,338)	(1,022,337)
Inventory	643,094	(130,432)
Other assets	1,571,928	(2,427,651)
Deferred cost of power adjustment	1,994,275	(1,217,788)
Energy conservation cost recovery	63,214	(437)
Accounts payable	(12,562,027)	555,248
Due to other governments	(307,759)	13,279
Customer deposits	(103,852)	56,288
Other accrued liabilities	155,549	167,170
Other designated liabilities	3,664,466	1,701,949
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,296,611	15,808,656
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets and nuclear fuel	(74,878,178)	(62,046,641)
Advances for construction & advances from co-owners	30,914,686	31,946,682
Proceeds from debt issue	73,985,399	31,014,601
Principal paid on long-term debt	(41,120,000)	(5,860,000)
Interest paid on long-term debt	(13,566,597)	(12,373,547)
Other debt costs	(275,097)	(105,291)
NET CASH USED IN CAPITAL & RELATED FINANCING ACTIVITIES	(24,939,787)	(17,424,196)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(23,400,000)	0
Proceeds from maturities of investment securities	90,753,552	4,257,073
Interest on investments	7,823,848	6,560,681
NET CASH PROVIDED BY INVESTING ACTIVITIES	75,177,400	10,817,754
NET INCREASE IN CASH AND CASH EQUIVALENTS	63,534,224	9,202,214
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,010,761	11,808,547
CASH AND CASH EQUIVALENTS AT END OF YEAR	$84,544,985	$21,010,761
SUPPLEMENTAL SCHEDULE OF NONCASH INFORMATION:		
Construction in progress included in accounts payable	$527,959	$10,943,135

The accompanying notes are an integral part of these combined financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity Definition: The accompanying combined financial statements present the financial position, results of operations and cash flows of the Kissimmee Utility Authority (KUA) in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, "The Financial Reporting Entity." The reporting entity for the KUA includes all functions in which the KUA exercises financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. As a result of applying the above reporting entity criteria, no other component units exist in which the KUA has any financial accountability which would require inclusion in the KUA's financial statements.

Description of Business: The KUA is a municipal electric utility authority created effective October 1, 1985 by the City of Kissimmee Ordinance No. 1285 adopted on February 19, 1985 and ratified by the voters on March 26, 1985. The KUA serves customers in Kissimmee and the surrounding area. The KUA Board (Board) has 6 members. The Mayor of the City of Kissimmee is a non-voting Ex-Officio member. The 5 voting members are nominated by the Board and ratified by the City Commission. The KUA has exclusive jurisdiction, control and management of the electric utility. Under the definition of GASB No. 14, the KUA is properly excluded from the City of Kissimmee's financial statements.

KUA also offers Internet access to the residents of Osceola, Orange and Seminole counties. KUA has recently expanded into Volusia and Polk counties. The service, KUA.net, features high-speed internet access, e-mail, personal web pages, 24-hour help desk, free Internet classes, and convenient billing options. The member base at September 30, 2001 was 3,137 customers. By offering Internet services, KUA continues to expand its involvement in the community.

Regulation: According to existing laws of the State of Florida, the five voting members of the KUA act as the regulatory authority for the establishment of electric rates. The Florida Public Service Commission (FPSC) has authority to regulate the electric "rate structures" of municipal utilities in Florida. It is believed that "rate structures" are clearly distinguishable from the total amount of revenues which a particular utility may receive from rates, and that distinction has thus far been carefully made by the FPSC.

As noted above, the FPSC has jurisdiction to regulate electric "rate structures" of municipal utilities. In addition, the Florida Energy Efficiency and Conservation Act has given the FPSC exclusive authority to approve the construction of new power plants under the Florida Electrical Power Plant Siting Act. The FPSC also exercises jurisdiction under the National Energy Act, including electric use conservation programs.

Operations of the KUA are subject to environmental regulations by federal, state and local authorities and to zoning regulations by local authorities. Federal and state standards and procedures that govern control of the environment can change. These changes can arise from continuing legislative, regulatory and judicial action respecting the standards and procedures. Therefore, there is no assurance that the units in operation, under construction, or contemplated will always remain subject to the regulations currently in effect or will always be in compliance with future regulations.

An inability to comply with environmental standards or deadlines could result in reduced operating levels or complete shutdown of individual electric generating units not in compliance. Furthermore, compliance with environmental standards or deadlines may substantially increase capital and operating costs.

Basis of Accounting: The KUA consists of two Enterprise Funds including the electric utility and the Internet Service Provider (ISP). The KUA maintains its accounts on an accrual basis in accordance with generally accepted accounting principles. The accounts are substantially in conformity with accounting principles and methods prescribed by the Federal Energy Regulatory Commission and other regulatory authorities.

The accounting and reporting policies of the KUA conform with the accounting rules prescribed by the GASB. The KUA has elected under GASB No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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

The KUA follows these procedures in establishing the budget:

1. The President and General Manager submits to the Board of Directors a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed uses and the sources of funds to finance them.
2. During several workshops, which are open to the public, the staff and Board of Directors discuss and revise the submitted budget. A public hearing is conducted to obtain ratepayer comments.
3. The budget is approved by the Board of Directors and becomes the basis for operations for the ensuing fiscal year.

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

Costs to be Recovered from Future Revenue: The KUA's electric rates are established based upon debt service and cash operating requirements. Depreciation, unrealized gains or losses on investments, and other non cash items are not considered in the cost of service calculation. This results in timing differences between when costs are included in the ratemaking process versus when costs are incurred. Costs to be recovered from future revenue consist principally of the difference between depreciation and the amortization of the gain and loss on bond refunding and the debt principal requirements included in the determination of rates and changes in the fair value of investments. The recognition in income of outstanding amounts associated with costs to be recovered from future revenue will coincide with the inclusion of these amounts in rates charged to customers. This method was adopted in accordance with Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation" in order to reflect the economics of regulation in the determination of reinvested earnings.

Revenues: The KUA accrues base revenue for services rendered but unbilled to provide a closer matching of revenues and expenses.

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

Production	12 1/3 to 33 1/3
Transmission	29 2/5 to 50
Distribution	22 1/4 to 32 1/4
General	6 2/3 to 33 1/3

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

Nuclear Fuel: Amortization of nuclear fuel is based on cost, which is prorated by fuel assembly batch in accordance with the thermal energy that each assembly produces. The KUA is currently paying 1 mill per KWh for residual future disposal costs in addition to estimated labor and waste burial costs.

Inventory: Inventory is stated at weighted average cost.

Unamortized Bond Costs: Unamortized bond discounts and issuance costs on long-term debt are amortized over the life of the issue on a straight-line basis. The KUA considered the effective interest method of amortizing bond discounts and determined that no material difference results from the continued use of the straight-line method.

Unamortized Loss of Reacquired Debt: Unamortized gains or losses on refunded debt are amortized to income over the life of the new debt consistent with the methods used for setting rates. Unamortized gains and losses on bond refundings have been netted for financial statement purposes.

Reserves: A portion of accumulated reinvested earnings has been reserved for the highest maximum debt service in any year. This maximum occurs in fiscal year 2018.

Advances for Construction: The KUA receives funds from developers for electric line extensions and from co-owners of the Cane Island Units 1, 2, and 3. These funds are recorded as reductions to gross plant costs and amortized over the life of related assets.

Deferred Cost of Power Adjustment: Deferred cost of power adjustment represents the KUA's cost of power adjustment revenues collected, but for which costs have not been incurred or costs that have been incurred, but for which cost of power adjustment revenues have not been collected.

Energy Conservation Cost Recovery: Energy conservation cost recovery represents the KUA's energy conservation cost revenues collected, but for which costs have not been incurred or costs that have been incurred, but for which energy conservation cost recovery revenues have not been collected.

Payments to the City of Kissimmee: By charter the KUA is required to pay to the City of Kissimmee a minimum of $6.24 per 1,000 KWh. This payment is treated as an operating and maintenance expense in the Statements of Revenue, Expenses and Changes in Accumulated Reinvested Earnings. The total amount paid to the City of Kissimmee was approximately $6,792,200 and $6,573,800 for the years ended September 30, 2001 and 2000, respectively. The amount owed to the City of Kissimmee was approximately $835,000 and $1,097,500 for the years ended September 30, 2001 and 2000, respectively.

The KUA collects Osceola County Public Service tax revenues on behalf of Osceola County from customers who live outside the City of Kissimmee. In accordance with an Interlocal Agreement between Osceola County and the KUA, twenty-five percent of these revenues collected are transferred to the City of Kissimmee for Parks and Recreation use. The total amount transferred to the City of Kissimmee was approximately $566,500 and $472,900 for the years ended September 30, 2001 and 2000, respectively. The amount owed to the City of Kissimmee was approximately $50,600 and $55,000 at September 30, 2001 and 2000, respectively.

The KUA collects revenues on behalf of the City of Kissimmee for City of Kissimmee utility services including water, sewer, solid waste and utility taxes. The amount paid to the City of Kissimmee by the KUA for utility service revenues collected was approximately $29,596,300 and $28,553,000 for the years ended September 30, 2001 and 2000, respectively. The amount owed to the City of Kissimmee was approximately $82,400 and $128,700 at September 30, 2001 and 2000, respectively.

The KUA pays the City of Kissimmee for miscellaneous fees that are operating expenses for the KUA. The amount paid to the City of Kissimmee was approximately $161,500 and $114,900 for the years ended September 30, 2001 and 2000, respectively.

The KUA performs certain customer related services for the City of Kissimmee for which the City of Kissimmee paid the KUA approximately $772,600 and $746,200 for the years ended September 30, 2001 and 2000, respectively. The amount owed by the City of Kissimmee to the KUA was approximately $66,400 and $62,500 at September 30, 2001 and 2000, respectively. As of September 30, 2001 and 2000, the City of Kissimmee also owed the KUA $797,700 and $1,084,000, respectively, which represents the remaining balance of funds KUA loaned to the City at 0% interest rate related to a customer overbilling and overpayment in prior years. The amounts paid by the City of Kissimmee to the KUA was approximately $286,500 and $0 for the years ended September 30, 2001 and 2000, respectively.

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

Investments: Investments are recorded at fair value, in accordance with GASB No. 31, "Accounting and Financial Reporting of Certain Investments and External Investment Pools". Fair value is determined based on quoted market prices. The Local Government Investment Pool operated by the Florida State Board of

Administration is a 2a-7-like pool in accordance with GASB No. 31; therefore, it is not presented at fair value but at its actual pooled share price. Because KUA's financial statements are prepared under a regulatory basis of accounting pursuant to the provisions of Statement of Financial Accounting Standards No. 71, whereby certain income and expense amounts are deferred and not included in the determination of net income until such costs are recoverable, the net change to the investments carrying value is included in interest revenue and costs to be recovered from future revenues with no impact on reinvested earnings.

Compensated Absences: In accordance with GASB No. 16, "Accounting for Compensated Absences," the KUA accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The KUA has not normally, nor is it legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for compensated absences is included in Current Liabilities (Payable from Current Assets) in the accompanying balance sheets.

2. CASH, CASH EQUIVALENTS, INVESTMENTS AND INTEREST RECEIVABLE

Florida Statutes, the KUA Charter and the KUA Investment Policy authorize the investment of excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of United States Government agencies, certain instruments guaranteed by the U.S. Government, the State Board of Administration (SBA) Pool, bankers' acceptances, and commercial paper. Revenue Bond Covenants also restrict the type and maturities of investments in the required trust funds (see Note 9).

Investments must be in the KUA's name and represented by bank safekeeping receipts which enumerate the various securities held, except for the Crystal River Unit No. 3 Decommissioning Reserve which is held in trust, and is not in the name of KUA.

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

The components of the KUA's total cash, cash equivalents, investments and interest receivable at their respective carrying amounts at September 30, 2001 and 2000 are as follows:

	Restricted	Designated	Unrestricted	Total
2001				
Cash & Cash Equivalents	$35,201,688	$36,508,244	$12,835,053	$84,544,985
Investments	10,951,428	36,450,760	1,004,600	48,406,788
Interest Receivable	101,575	243,267	6,791	351,633
TOTALS	$46,254,691	$73,202,271	$13,846,444	$133,303,406
2000				
Cash & Cash Equivalents	$ 13,145,417	$ 6,476,507	$ 1,388,837	$ 21,010,761
Investments	39,470,574	65,148,824	7,853,800	112,473,198
Interest Receivable	568,759	1,160,541	162,154	1,891,454
TOTALS	$53,184,750	$72,785,872	$ 9,404,791	$135,375,413

The level of credit risk assigned to investments are defined and summarized as follows:

Category 1 - Insured or registered, with securities held by the KUA or its agent in the KUA's name.
Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the KUA's name.
Category 3 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the KUA's name.

	CATEGORY OF RISK (000's)			Total Fair
	1	2	3	Value
2001				
U.S. Government Securities	-	$1,123	-	$1,123
U.S. Instrumental Securities	45,358	-	1,926	47,284
Total Investments	$45,358	$1,123	$1,926	$48,407
2000				
U.S. Government Securities	-	$1,319	-	$1,319
U.S. Instrumental Securities	109,555	-	1,599	111,154
Total Investments	$109,555	$1,319	$1,599	$112,473

GASB No. 31, "Accounting and Financial Reporting for certain investments and External Investment Pools", requires that investments are recorded at fair value. The effect of adjusting the investments to fair value at September 30, 2001 and 2000 was an increase to the investments carrying value of approximately $2,996,000 and $189,000, respectively.

The balance in the SBA was approximately $84,620,000 and $20,926,000 at September 30, 2001 and 2000 respectively, and is collateralized in accordance with Florida Statutes. All investments are delivered to the SBA's custody bank and held for the SBA's account according to their instructions. The KUA's SBA funds are invested in the SBA's Local Government Surplus Funds Investment Pool Trust Fund.

As of September 30, 2001, the Local Government Surplus Funds Investment Pool Trust Fund contained certain floating and variable rate notes, which could be classified as "derivative" investments under GASB Technical Bulletin No. 94-1. Per GASB Technical Bulletin No. 94-1, derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate or index. Floating and variable rate notes were the only investments traded which could be classified as "derivative" investments.

Floating and variable rate notes are debt instruments with a variable interest rate generally tied to prevailing short-term interest rates. During the reporting period October 1, 2000 through September 30, 2001, all floating and variable rate notes owned by the Local Government Surplus Funds Investment Pool Trust Fund were index based floaters set off the fixed prime rate and/or one and three month LIBOR rates. These notes were purchased to add relative value to the portfolio. Generally, floating and variable rate instruments are priced at par close to reset dates. The investment in floaters represented approximately 1.04% and 3.05% of the total Pool investments for the years ended September 30, 2001 and 2000, respectively. Therefore, KUA's exposure to these floaters are approximately $88,000 and $638,000 for the years ended September 30, 2001 and 2000, respectively.

Repurchase agreements result entirely from a banking services agreement requiring overnight repurchase agreements of securities guaranteed by the United States Government. The value of repurchase agreements held with the KUA's depository bank was approximately $155,000 and $0 at September 30, 2001 and 2000, respectively. Repurchase agreements are held in the name of the KUA's depository bank. The maximum repurchase agreement was $35,114,000 and $11,047,000 during 2001 and 2000, respectively.

At September 30, 2001 and 2000 the carrying amount of the KUA's deposits with financial institutions was $0 for each year respectively, and the bank balance was approximately $333,000 and $(141,000), respectively. All bank balances are fully insured in accordance with Florida Statute 280, which established the multiple financial institution collateral pool.

3. RESTRICTED ASSETS

Restrictions are made in accordance with bond resolutions, contracts with developers and the Florida Municipal Power Agency (FMPA), agreements with customers, and in accordance with Nuclear Regulatory Commission (NRC) rules and regulations. Restricted assets, which consist of cash, cash equivalents, investments and interest receivable at September 30, 2001 and 2000 included the following:

	2001	2000
Debt Service Reserve	$20,271,150	$20,271,150
Sinking Fund	12,530,727	11,894,459
Construction Fund	4,538,041	13,656,639
Renewal, Replacement & Improvement	1,500,000	1,500,000
Advances for Construction	2,161,322	1,033,727
Customer Deposits	3,290,108	3,227,291
Crystal River Unit No. 3 Decommissioning	1,963,343	1,601,484
TOTAL	$46,254,691	$53,184,750

4. DESIGNATED ASSETS

Certain designations are made in the financial records during the fiscal year to identify a portion of cash, cash equivalents, investments and interest receivable intended to be used for specific purposes in a future period. Designated assets at September 30, 2001 and 2000 included the following:

	2001	2000
Capital Improvements	$37,268,591	$44,322,820
Co-Insurance	11,628,836	8,231,416
Decommissioning	499,139	473,286
Combined Cycle Maintenance	4,727,749	3,809,992
EPPIC Excess Liability	81,057	76,273
Good Neighbor Funds	6,072	0
Deregulation/Rate Stabilization	18,990,827	15,872,085
Total	$73,202,271	$72,785,872

Effective September 30, 2001, the Board of Directors voted to designate an additional $3,400,000 for the Co-Insurance Fund. A total of approximately $11,629,000 has been designated for this purpose. Designated Liabilities of approximately $12,824,000 include the Co-Insurance Fund balance and the portion of Combined Cycle Maintenance Reserve related to maintenance expense of approximately $1,195,000.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	2001	2000
Nuclear Production	$6,058,012	$ 6,006,416
Steam Production	80,464,459	73,341,520
Other Production	104,272,549	68,101,588
Transmission Plant	40,797,530	40,333,936
Distribution Plant	60,257,544	58,094,456
General	22,398,905	20,142,915
SUBTOTAL	314,248,999	266,020,831
Less: Accumulated Depreciation	(124,538,792)	(113,674,132)
TOTAL	$189,710,207	$152,346,699

Depreciation expense for Property, Plant and Equipment totaled approximately $11,850,000 and $11,306,000 for years ended September 30, 2001 and 2000, respectively.

6. CONSTRUCTION PROJECT INTEREST COST

On September 30, 1999 the KUA entered into FMPA's variable rate Pooled Loan Program to fund the initial construction of Cane Island Unit 3. During November of 2000, the KUA refunded the Pooled Loan by issuing Series A Commercial Paper. In accordance with SFAS No. 71, the KUA capitalized approximately $2,459,000 and $1,340,000 in interest costs for the year ended September 30, 2001 and 2000, respectively.

The KUA capitalizes, as part of construction costs, interest earnings on monies held in the construction fund. Recognition of this item as a contribution to the utility plant is consistent with the current accounting adopted under SFAS No. 71 (see Note 1). The KUA capitalized interest income of approximately $1,093,000 and $1,310,000 in 2001 and 2000, respectively.

7. PARTICIPATION AND POWER SUPPLY AGREEMENTS

The KUA is party to the following participation and power supply agreements at September 30, 2001:

A. <u>Cane Island Project (the Project):</u> During 1992, the KUA entered into a Participation Agreement with the FMPA for the joint construction, ownership and operation of the KUA's Cane Island Project. The Project is located at Cane Island, 14 miles west of the KUA's existing service territory on 990 acres of land. The Project is owned and operated by the KUA. The agreement resulted in a 50 percent ownership in generating facilities constructed on this site beginning with the first unit, a 40.6 MW combustion turbine which began commercial operation on January 1, 1995. The second unit is approximately 120 MW and is a combined cycle unit which began commercial operation on June 1, 1995. A third unit of approximately 250 MW will be a combined cycle unit. The combustion turbine portion of the unit began commercial operation in July 2001. The steam portion of the unit is planned for commercial operation in January 2002.

B. **Stanton Energy Center Units (SEC 1 & 2):** In 1984, the KUA entered into a Participation Agreement with Orlando Utilities Commission (OUC) to acquire a 4.8193% (20MW) undivided ownership interest in SEC 1 and to participate in the use of related common and external facilities. The KUA acquired its share of the SEC common facilities, related to its ownership of SEC 1. The capacity and energy of the KUA's ownership interest in SEC 1 is transmitted through OUC's transmission facilities to the KUA's transmission facilities. SEC 1 is part of the Stanton Energy Center, which involved the development of an approximately 3,200 acre plant site located approximately 20 miles northeast of the City of Kissimmee. In addition to SEC 1, the Stanton Energy Center is capable of accommodating two more units with a total capacity at the Stanton Energy Center of approximately 2000 MW. Each participant in the project financed their share of the cost independently and no liability exists for the debt service required by the other participants. The KUA's benefit in the Agreement is the added availability of capacity and energy of the facilities through its participation in future energy purchased and it does not otherwise maintain an ongoing financial interest or responsibility for the project. Stanton Energy Center began commercial operations on July 1, 1987. The KUA does not exercise significant influence or control over operating or financial policies of OUC.

C. **Crystal River Unit No. 3 (CR3):** In 1975, the KUA entered into a Participation Agreement with Florida Power Corporation (FPC) to purchase a .6754% undivided interest in their 806 net MW nuclear powered electric generating plant designated Crystal River Unit No.3. The KUA is billed for its share of operating and capital costs. Capital costs are included in Property, Plant and Equipment and operating costs are included as power generation expenses. The KUA's benefit in the Agreement is the added availability of capacity and energy of the facilities through its participation in future energy purchases and it does not otherwise maintain an ongoing financial interest or responsibility for the project. The KUA does not exercise significant influence or control over the operating or financial policies of FPC.

D. **Indian River Combustion Turbine:** In 1988, the KUA entered into a Participation Agreement with OUC to acquire a 12.2% (11.7 MW) undivided ownership interest in the Indian River Combustion Turbine and participate in the use of related common and external facilities. Each participant in the project financed their share of the cost independently and no liability exists for the debt service required by the other participants. The KUA's benefit in the Agreement is the added availability of capacity and energy of the facilities through its participation in future energy purchases and it does not otherwise maintain an ongoing financial interest or responsibility for the project. The KUA does not exercise significant influence or control over the operating or financial policies of OUC.

E. **Florida Municipal Power Agency (FMPA):**

In 1981, the KUA entered into a Power Supply Acquisition Agreement with the FMPA. The KUA is to receive approximately 7 MW of power from the St. Lucie nuclear power plant.

In 1991, the KUA entered into a second Power Supply Acquisition Agreement with the FMPA. The KUA is to receive a 3.8314% power entitlement, approximately 16.7 MW, in Stanton Energy Center Unit No. 2 (SEC 2). SEC 2 began commercial operation on June 1, 1996.

In 1995, the KUA entered into a Transfer Agreement with the City of Lake Worth for the transfer of all of the City of Lake Worth's share of the FMPA SEC 2 Project. The KUA acquired the City of Lake Worth's 1.9157% power entitlement share in SEC 2, approximately 8.3 MW.

Additionally, in 1995 the KUA entered into a Transfer Agreement with the City of Homestead for the transfer of 50% of the City of Homestead's Power Entitlement Share of the FMPA SEC 1 and the SEC 2 Projects. The KUA acquired a 1.8072% power entitlement share in SEC 1, approximately 7.9 MW and 1.9157% power entitlement share in SEC 2, approximately 8.3 MW. As a result of the City of Homestead's Power Entitlement Share Transfer Agreement of the FMPA SEC 1 Project, KUA was required to reimburse the City of Homestead for equity funds previously paid in the amount of approximately $829,300. The equity funds paid are recorded as other assets and are amortized over the remaining life of SEC 1.

In summary, the KUA has a total power entitlement share of 7.66%, approximately 33.33 MW in SEC 2 and a total power entitlement share of 1.9157%, approximately 8.83 MW in SEC 1. Costs associated with these agreements are included in purchased power expenses. The KUA does not exercise significant influence or control over the operating or financial policies of FMPA.

None of the participation agreements to which the KUA is a party meet the criteria of a joint venture as specified under GASB No. 14. The KUA lacks operational control over SEC 1, CR3 and Indian River.

According to the participation agreements, each participant must provide its own financing and each participants' share of expenses for operations of the plants are included in the corresponding operating expenses of its own income statement. The amounts of utility plant in service for CR3 and Indian River do not include the cost of common and external facilities for which participants pay user charges to the operating entity. Accumulated depreciation on utility plant in service is determined by each participant based on their depreciation methods and rates relating to their share of each plant.

Following is a summary of the KUA's proportionate share of the non-operated jointly owned plants at September 30:

		SEC 1	CR3	Indian River
2001	Utility Plant in Service	$21,597,293	$6,058,012	$2,588,005
	Less: Accum. Depreciation	(7,756,714)	(4,998,034)	(1,211,475)
	Net Plant in Service	$13,840,579	$1,059,978	$1,376,530
2000	Utility Plant in Service	$21,498,270	$6,006,416	$2,588,005
	Less: Accum. Depreciation	(7,201,397)	(4,523,194)	(1,119,020)
	Net Plant in Service	$14,296,873	$1,483,222	$1,468,985

8. PENSIONS

Plan Description - The Kissimmee Utility Authority Pension Plan (the "Plan") is a single employer defined benefit pension plan. The Plan provides for pension, death and disability benefits. Participation in the Plan is required as a condition of employment. The Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The Plan is governed by a five member pension board. The Plan issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to our offices at 1701 W. Carroll Street, Kissimmee, FL 34741 or by calling (407) 933-7777, ext. 1125.

Funding Policy – The KUA is obligated to fund all Plan costs based upon actuarial valuations. The KUA is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. The KUA's contribution rate for the year ended September 30, 2001 was 9.2 percent of earnings. The Plan has been a non-contributory Plan since 1986.

Annual Pension Cost – For the years ended September 30, 2001, 2000, and 1999, respectively, the annual pension costs of $884,588, $912,795, and $742,315 were equal to the KUA's required and actual contributions. The annual required contribution was determined as part of the October 1, 2000 actuarial valuation using the Frozen Entry Age Method. The actuarial assumptions included (a) life expectancy was calculated using the 1983 Group Annuity Mortality Table; (b) 8% investment rate of return (net of administrative expenses); and (c) projected salary increases of 6% per year, including an inflation component of 3%. The assumptions included post retirement benefits increases of 0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at October 1, 2000 was 29 years.

9. LONG-TERM DEBT

The Revenue Bond resolutions provide for:

A. Establishment and maintenance of various funds:

(1) Revenue Fund records all operating revenues and expenses of the system;
(2) Sinking Fund records principal and interest requirements;
(3) Bond Amortization Fund records funds held for the retirement of term bonds;
(4) Reserve Fund records funds held for the maximum annual debt service requirement;
(5) Renewal, Replacement & Improvement Fund is to be used only for making improvements, extensions and replacements to the system; and
(6) Construction Fund records the cost of major additions to the System financed by revenue bonds.

B. Restrictions on the use of cash from operations in order of priority:

(1) Deposits are made to the Revenue Fund to meet current operations according to the Budget;
(2) Deposits to the Sinking Fund Account are required on or before the 25th day of each month equal to one-sixth (1/6) of the interest coming due on the next semi-annual interest payment date and one-twelfth (1/12) of the principal coming due on the next principal payment date;

(3) Deposits to the Bond Amortization Fund are required on or before the 25th of each month equal to one-sixth (1/6) of the amortization installment coming due on the next semi-annual payment date;

(4) Deposits to the Reserve Fund are to be made when required to maintain the Fund at the reserve requirements (maximum annual debt service); and

(5) Deposits to the Renewal, Replacement and Improvement Fund are required each month in an amount equal to one-twelfth (1/12) of the adopted budget for that fund. The total annual deposit may not be less than 5% of the gross revenues for the preceding fiscal year after deducting 100% of the fuel expense and the energy component of purchased power expenses incurred in such preceding fiscal year. However, no such monthly deposit shall be required when the amount in such fund shall at least equal $1,500,000.

C. Rate Covenant:

The KUA will at all times establish, fix, prescribe and collect rates and charges for the services and facilities furnished by the Electric System which, together with other income, are reasonably expected to yield annual Net Revenues in each Fiscal Year at least equal to 125% of the bond service requirement in the Bond Year which ends one day after such Fiscal Year.

D. Early redemption:

The bond ordinance provides for early redemption of outstanding bonds, except original issue discount bonds, at call rates varying from 100% to 102% of the instruments' face value, dependent upon the call date. Original issue discount bonds may be redeemed early at call rates of 80% to 100% of the face value, dependent upon the call date.

E. Investment restrictions:

(1) Funds of the Sinking Fund, Bond Amortization Fund, Reserve Fund and Renewal, Replacement & Improvement Fund are required to be continuously secured in the same manner as municipal deposits of funds are required to be secured by the Laws of the State of Florida; and

(2) Monies on deposit in the Sinking Fund and the Bond Amortization Fund shall be invested only in direct obligations of, or obligations on which the principal and interest are guaranteed by the United States of America and which do not permit redemption prior to maturity at the option of the KUA. Monies on deposit in the Revenue Fund, Reserve Fund and Renewal, Replacement & Improvement Fund may be invested as described above as well as in the following: obligations rating an "A" or better from Moody's Investors Service, Inc., bank time deposits represented by certificates of deposit and bankers acceptances, repurchase agreements, commercial paper which has the highest investment grade rating and shares of investment companies which invest principally in United States government securities.

Long-term debt outstanding at September 30, 2001 and 2000 consisted of the following serial and term bonds, and outstanding commercial paper notes:

DESCRIPTION	FINAL MATURITY	ORIGINAL AMOUNT	2001	2000
Improvements & Refunding Revenue Bonds, Series 1991 5.55%-6.60%- 4/1; 10/1	10/01/08	$ 75,550,000	$10,710,000	$ 11,745,000
Improvements & Refunding Revenue Bonds, Series 1993 3.90%-5.50% - 4/1; 10/1	10/01/18	$145,800,000	136,970,000	138,890,000
Refunding Revenue Bonds, Series 1993A 3.70%-5.30% - 4/1; 10/1	10/01/17	$ 21,165,000	20,810,000	20,875,000
Refunding Revenue Bonds, Series 1997 3.85%-5% - 4/1; 10/1	10/01/12	$ 56,180,000	47,110,000	50,210,000
Pooled Loan Program	10/01/18	$ 35,000,000	0	31,014,601
Commercial Paper Series A; Interest at various Market Rates		$35,000,000	35,000,000	-
Commercial Paper Series B; Interest at various Market Rates		$35,000,000	35,000,000	-
Total Amount Outstanding			285,600,000	252,734,601
Less: Current Portion			(6,595,000)	(6,120,000)
Unamortized bond discount			(3,405,822)	(3,625,735)
Long Term Debt			$275,599,178	$242,988,866

The annual long-term debt service requirements at September 30, 2001 are as follows (excludes Series A and B Commercial Paper):

	Interest	Principal	Total
2001	$11,268,736	$6,595,000	$17,863,736
2002	10,956,151	7,035,000	17,991,151
2003	10,614,269	7,385,000	17,999,269
2004	10,247,524	7,745,000	17,992,524
2005	9,856,669	8,140,000	17,996,669
2006	9,439,051	8,555,000	17,994,051
2007-2011	39,770,606	55,355,000	95,125,606
2012-2017	24,754,871	95,530,000	120,284,871
2018	1,011,150	19,260,000	20,271,150
Total	$127,919,027	$215,600,000	$343,519,027

KUA authorized the issuance of the Commercial Paper Notes pursuant to Resolution No. 00-04, adopted by the Board on October 25, 2000. The Notes were issued in two series, 2000A and 2000B, each for $35,000,000 to (i) finance the cost of the Cane Island Project (including repayment of amounts previously borrowed to provide financing therefore) and (ii) pay the costs of issuance of the Commercial Paper Notes. The aggregate principal amount of all Commercial Paper Notes outstanding at any one time shall not exceed the lesser of $100,000,000 or the amount of the Available Commitment under the Purchase Agreement (the initial Available Commitment is $70,000,000). During the year ended September 30, 2001, interest rates on the Commercial Paper ranged from 4.44% to 2.37% and averaged 3.32%.

The Commercial Paper Notes are secured by the Commercial Paper Purchase Agreement between KUA and The Bank of Nova Scotia, New York Agency. In the Purchase Agreement, the Bank has agreed, subject to certain conditions, to purchase Commercial Paper Notes which have not been sold by the Dealers so that moneys will be available in the CP Note Payment Fund to pay the maturing principal of outstanding Notes. The obligation of the Bank under the Purchase Agreement provides only for payment of maturing principal of Commercial Paper Notes; KUA is obligated to make provision for payment of interest on maturing Commercial Paper Notes from Subordinated Revenues.

The amount of the Bank's obligation under the Purchase Agreement is limited to $70 million, reduced by the amount of any outstanding Notes previously purchased by the Bank and subject to adjustment upward upon request of KUA and consent of the Bank or downward upon unilateral request by KUA, in either case in $1 million increments.

The duration of the Bank's obligation under the Commercial Paper Purchase Agreement is for 364 days, beginning on the date of issuance of the Commercial Paper Notes and terminating on the day prior to the first anniversary of the date of issuance subject to extension upon the request of KUA and consent of the Bank, for an additional period of 364 days or such other period agreeable to the Bank. KUA must request such an extension at least 60 days prior to the expiration of the Purchase Agreement (unless the Bank consents to a later request), and the Bank must notify the Issuing and Paying Agent within 30 days of receipt of the request whether the Bank consents to such extension and must deliver a written acknowledgement of the extension within 15 days of its consent to the Issuing and Paying Agent. As of September 30, 2001, all $70,000,000 of the Series A and B were outstanding.

The KUA refunds and defeases debt primarily as a means of reducing debt service, thereby postponing or reducing future electric rate adjustments. Outstanding serial bonds, which were refunded through the full cash defeasance method on January 4, 1978 and through the net cash defeasance method on February 25, 1982, January 25, 1983, December 31, 1985, April 1, 1987, December 18, 1991, June 16, 1993, September 30, 1993, and August 27, 1997 are as follows at September 30, 2001:

Electric & Water Bond Issues *	**2001**
1975	$ 1,345,000
Electric Revenue Bonds	
1977 Series A	10,530,000
1979	1,575,000
1982	37,300,000
1982-A	50,540,000
1984	24,225,000
1985	29,805,000
1987	45,470,000
1991	58,780,000
	$259,570,000

* *Prior to 1977 the KUA, which was a department of the City of Kissimmee until October 1, 1985, combined their Electric & Water Bond Issues.*

Since governmental obligations are held in escrow for the payment of principal and interest on these bonds, they are not liabilities to the KUA.

10. COMMITMENTS AND CONTINGENT LIABILITIES

The KUA has made certain commitments in connection with its continuing capital improvements program. The KUA estimates that capital expenditures for its ongoing business during 2002 will be approximately $13,600,000 and $48,100,000 for years 2003 through 2006.

On August 21, 2000, the KUA Board of Directors approved a future power supply concept under which KUA and FMPA, working with OUC as Participants, would each own 3.5% (approximately 22 MW) of, and buy back 6.5% (approximately 41 MW) from, a nominal 632 MW combined cycle unit to be constructed by Southern Company Services, Inc., at OUC's Stanton Energy Center Site. The unit is currently scheduled for commercial operation in October of 2003. Negotiations are currently underway between the parties for various agreements for the ownership and operation of the plant as well as the purchased power.

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

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

	Date	Commitment
Orlando Utilities Commission (OUC)		
Schedule D	2003	$ 728,504
SEC I	NONE	197,805
Indian River	NONE	113,032
Florida Power Corporation (FPC)	NONE	76,145
FMPA (St. Lucie, SEC 2)	NONE	11,105,368
Florida Gas Transmission (FGT)	2005 *	8,457,969
Florida Gas Utility (FGU) – Gas Project	2008	1,865,242
Fixed Price Natural Gas Supply	2002	2,303,303
TOTAL		$24,847,368

* Extension Rights – Right of First Refusal

Several of the contracts are flexible and allow the KUA to contract more capacity for a short time if demand increases more sharply than anticipated, or if the KUA's generating resources become unavailable. In such an event, the minimum annual commitment would increase in proportion to the increased capacity purchased. The charges paid to OUC and FPC are recorded as purchased power while charges paid to FGT and FGU are recorded as power generation expenses.

The KUA owns a portion of Florida Power Corporation's nuclear power plant at Crystal River, Florida. This plant is scheduled to be decommissioned beginning in the year 2015 and ending 2022. The KUA will be liable for approximately $3,484,000 in decommissioning costs in 2000 dollars. In June 1988, the Nuclear Regulatory Commission (NRC) required utilities to provide financial assurance that decommissioning funds would be sufficient and available when needed for NRC required decommissioning activities. On July 12, 1990 the KUA and the FMPA entered into an agreement whereby the FMPA would act as agent for the KUA and certain other CR3 participants to coordinate the administration of a trust fund. Contributions to this trust fund are not available to the KUA for any other purpose except the decommissioning of CR3. The KUA's carrying balance in this Trust at September 30, 2001 and 2000 including interest earnings was approximately $1,963,000 and $1,601,000, respectively. Future contributions will be made to this trust account as needed based on updated cost estimates and trust fund earnings.

As a result of its ownership interest in CR3 the KUA is subject to the Price Anderson Act which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. The first layer of financial protection was the purchase of $200 million of public liability insurance from pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan, owners are subject to an assessment of $90.74 million per incident with provision for payment of such assessment to be made over time as necessary to limit the payment in any one year to no more than $10 million per incident. The KUA is liable for its ownership interest of any assessment made against CR3 under this plan.

The KUA has recorded a liability at September 30, 2001 and 2000 of approximately $47,000 and $59,000, respectively, of which approximately $34,000 and $47,000, respectively, is long-term and a related deferred charge for its estimated portion of the costs for the decommissioning and decontamination of the United States Department of Energy nuclear fuel enrichment facilities as provided for by the National Energy Policy Act of 1992 (Energy Act) for its .6754% share of Crystal River Unit No.3. The Energy Act states, among other things, that utilities with nuclear reactors will contribute an aggregate total of $150 million annually, based upon an assessment, for a period of fifteen years, up to a total of $2.25 billion (in 1992 dollars), for such decommissioning and decontamination costs. The Energy Act also provides that these costs are a "necessary and reasonable current cost of fuel and shall be fully recoverable in rates in all jurisdictions in the same manner as other fuel costs." The KUA intends to recover these deferred costs through the Cost of Power Adjustment clause.

On November 30, 1993, a gas turbine was in the process of being delivered to the KUA's Cane Island site when it was struck by an Amtrak Train. At the time of the accident, delivery had not been made to the KUA nor had the unit been accepted by the KUA; title to the gas turbine had passed to the KUA, however General Electric retained the risk of loss until the turbine was accepted by the KUA. On May 16, 1995, the National Transportation Safety Board determined that the probable cause of the accident was the failure of the transport company to notify the railroad (CSX) in advance of its intent to cross the railroad track and to ensure through CSX that it was safe to do so. On November 21, 1996 a jury in U.S. Federal Court found that KUA was not responsible for the accident. That same jury found the following entities responsible for causing the accident and assigned the following percentages of fault: Roundtree Transport & Rigging, Inc. – 59%; CSX Transportation, Inc. – 33%; Amtrak – 8%. A U.S. District Judge has ruled that an indemnification provision contained in a Private Road Grade Crossing Agreement between KUA and CSX is enforceable against KUA, with respect to this accident, and consequently KUA could be held responsible for both CSX and Amtrak's losses. In April 1999 KUA settled with substantially all remaining personal injury Plaintiffs for approximately $422,000. On December 1, 1999, KUA entered into an agreement with Amtrak and CSX to extinguish all claims of those entities accrued to date, with the exception of any liability they might have for claims of damage to the turbine, brought by American Home Assurance Company (American Home, the insurer of the turbine). That settlement was for $540,000 and also extinguished any liability KUA might have had for the claims of Roundtree. On December 3, 1999, the U.S. District Judge ruled that the damages of American Home were $4,516,640. On October 4, 2000 a U.S. District Judge ruled that KUA's liability related to the accident and due to the indemnification provision discussed above was approximately $425,911. This ruling is currently under appeal. KUA anticipates future appeals by various parties, including itself, related to rulings which have been rendered by the trial court in this case over the last five years. In management's best estimate of this matter, it will not exceed the amount set aside in the co-insurance reserve fund.

On November 17, 2000 equipment needed for the construction of Cane Island Unit 3 was being delivered to the Cane Island site when it was struck by an Amtrak train. It is management's opinion that KUA has no direct responsibility related to this accident. However, KUA could be held responsible for both CSX and Amtrak's losses due to the indemnification provision discussed in the previous paragraph. Until the appeal of the adverse ruling by the U.S. District Judge is settled, KUA's exposure on this accident cannot be estimated.

The Florida Energy 2020 Commission had been tasked by the Govenor to study Florida's energy policy for the next two decades. Their final report, completed during November 2001, identifies a plan to deregulate Florida's wholesale electric utility industry that would allow out-of-state power companies to enter into the Florida market. In 2004, another energy study commission is expected to be assembled to study potential retail deregulation. In an effort to prepare for this prospect, the KUA has entered into long-term contracts with many of its larger commercial customers.

11. RISK MANAGEMENT

The KUA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The KUA has established a Co-insurance reserve to account for and finance its uninsured risks of loss for the transmission and distribution system as well as other uninsured losses. The reserve balance is approximately $11,629,000 and $8,231,000 for the years ended September 30, 2001 and 2000, respectively. The Co-insurance reserve is the KUA's best estimate based upon available information and is increased by interest earnings each year. This reserve is reflected as a liability under Designated Liabilities – Other on the Balance Sheet.

Following is a schedule showing the change in the reserve balance:

Years Ended September 30	Beginning Balance	Claims/ Payments	Increase In Reserve	Ending Balance
2001	$8,231,416	($102,132)	$3,499,552	$11,628,836
2000	$6,489,994	($857,749)	$2,599,171	$8,231,416
1999	5,124,343	(676,222)	2,041,873	6,489,994
1998	2,526,937	(45,626)	2,643,259	5,124,343
1997	2,394,568	(26,899)	159,268	2,526,937

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

12. SEGMENT INFORMATION

Segment information for KUA's Electric Enterprise Fund for the fiscal year ended September 30, 2001 and 2000 is as follows:

	2001		2000	
	Electric System	ISP	Electric System	ISP
Operating Revenue	$104,295,072	$ 975,637	$ 89,332,967	$ 890,268
Depreciation	11,538,925	73,186	10,862,809	98,536
Operating Income (Loss)	9,126,262	(42,312)	7,588,818	(436,796)
Reinvested Earnings	3,118,743	(42,312)	2,969,998	(436,796)
Current Capital Contributions	30,914,686	0	31,946,682	0
Additions to Plant	74,805,120	73,058	61,945,506	101,135
Total Assets	457,535,127	274,263	406,626,046	243,798
Net Working Capital	24,346,242	(1,203,787)	8,680,308	(1,153,306)
Long-Term Debt	257,157,334	0	223,380,485	0
Total Accumulated Reinvested Earnings	138,776,691	(1,077,518)	135,657,949	(1,035,206)

13. SUBSEQUENT EVENTS

On October 25, 2001, the KUA issued $31,020,000 in Kissimmee Utility Authority Electric System Refunding Revenue Bonds, Series 2001A and $44,500,000 in Kissimmee Utility Authority Electric System Refunding Revenue Bonds, Series 2001 B. The bonds were issued to (1) refund all of the KUA's outstanding Electric System Improvements and Refunding Revenue Bonds, Series 1991, and all of its Electric System Refunding Revenue Bonds, Series 1993A and a portion of its Electric System Improvement and Refunding Revenue Bonds, Series 1993, in the total outstanding amount of $74,405,000 and (ii) pay certain expenses related to the issuance and sale of the Series 2001 Bonds. The result of the refunding was a net present value savings of $3,099,342 or approximately 4.17% of the refunded bonds.

Required Supplementary Information

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Kissimmee Utility Authority Employees' Retirement Plan

The following is a Schedule of Funding Progress for the Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAL Ratio to Covered Payroll
10/01/00	$27,476,780	$28,292,829	$816,049	97.12%	$9,622,892	8.48%
10/01/99	24,543,409	24,543,409	-	100.0%	$9,338,568	-
10/01/98	21,310,000	21,310,000	-	100.0%	9,077,176	-
10/01/97	37,242,142	37,242,142	-	100.0%	19,037,030	-
10/01/96	30,720,860	30,720,860	-	100.0%	18,082,940	-
10/01/95	26,061,527	26,061,527	-	100.0%	17,301,380	-

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OTHER SUPPLEMENTAL DATA

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KISSIMMEE UTILITY AUTHORITY
COMBINING BALANCE SHEETS
SEPTEMBER 30, 2001

ASSETS	Electric System	ISP	Eliminations	Total Enterprise Funds
UTILITY PLANT				
Property, plant and equipment	$313,915,483	$333,516	$0	$314,248,999
Less: accumulated depreciation	(124,331,275)	(207,517)	0	(124,538,792)
	189,584,208	125,999		189,710,207
Construction in progress	46,200,483	270	0	46,200,753
Inventory - nuclear fuel	428,747	0	0	428,747
TOTAL UTILITY PLANT	236,213,438	126,269	0	236,339,707
RESTRICTED ASSETS				
Cash and cash equivalents	35,201,688	0	0	35,201,688
Investments	10,951,428	0	0	10,951,428
Interest receivable	101,575	0	0	101,575
TOTAL RESTRICTED ASSETS	46,254,691	0	0	46,254,691
DESIGNATED ASSETS				
Cash and cash equivalents	36,508,244	0	0	36,508,244
Investments	36,450,760	0	0	36,450,760
Interest receivable	243,267	0	0	243,267
TOTAL DESIGNATED ASSETS	73,202,271	0	0	73,202,271
CURRENT ASSETS				
Cash and cash equivalents	12,835,053	0	0	12,835,053
Investments	1,004,600	0	0	1,004,600
Interest receivable	6,791	0	0	6,791
Accounts receivable	15,289,127	147,216	(1,280,688)	14,155,655
Less: allowance for doubtful accounts	(237,780)	(5,518)	0	(243,298)
Inventory	5,007,530	0	0	5,007,530
Other Current Assets	1,084,395	6,296	0	1,090,691
TOTAL CURRENT ASSETS	34,989,716	147,994	(1,280,688)	33,857,022
OTHER ASSETS				
Unamortized bond costs	2,618,591	0	0	2,618,591
Costs to be recovered from future revenue	45,076,887	0	0	45,076,887
Unamortized loss on reacquired debt	18,441,844	0	0	18,441,844
Deferred cost of power adjustment	0	0	0	0
Other	737,689	0	0	737,689
TOTAL OTHER ASSETS	66,875,011	0	0	66,875,011
TOTAL ASSETS	$457,535,127	$274,263	($1,280,688)	$456,528,702

CAPITALIZATION AND LIABILITIES	Electric System	ISP	Eliminations	Total Enterprise Funds
CAPITALIZATION				
Accumulated reinvested earnings - Reserved for debt service	$20,271,150	$0	$0	$20,271,150
- Unreserved	118,505,541	(1,077,518)	0	117,428,023
TOTAL ACCUMULATED REINVESTED EARNINGS	138,776,691	(1,077,518)	0	137,699,173
LIABILITIES				
LONG-TERM DEBT				
Revenue bonds payable	209,005,000	0	0	209,005,000
Commercial paper notes	70,000,000	0	0	70,000,000
less: unamortized bond discount	(3,405,822)	0	0	(3,405,822)
TOTAL LONG-TERM DEBT	275,599,178	0	0	275,599,178
OTHER LONG-TERM LIABILITIES	34,464	0	0	34,464
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)				
Current portion of revenue bonds	6,595,000	0	0	6,595,000
Accrued interest payable - revenue bonds	5,935,728	0	0	5,935,728
Advances for construction	2,161,322	0	0	2,161,322
Customer deposits	3,290,108	0	0	3,290,108
Accounts payable from construction funds	175,640	0	0	175,640
Other	1,500,000	0	0	1,500,000
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	19,657,798	0	0	19,657,798
DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)				
Other	12,823,521	0	0	12,823,521
TOTAL DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)	12,823,521	0	0	12,823,521
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)				
Accounts payable	6,455,580	1,329,431	(1,280,688)	6,504,323
Due to other governments	915,220	3,195	0	918,415
Accrued compensated absences	1,350,493	19,155	0	1,369,648
Deferred cost of power adjustment	1,007,823	0	0	1,007,823
Energy conservation cost recovery	199,562	0	0	199,562
Other accrued liabilities	714,797	0	0	714,797
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	10,643,475	1,351,781	(1,280,688)	10,714,568
TOTAL LIABILITIES	318,758,436	1,351,781	(1,280,688)	318,829,529
TOTAL CAPITALIZATION AND LIABILITIES	$457,535,127	$274,263	($1,280,688)	$456,528,702

KISSIMMEE UTILITY AUTHORITY
COMBINING SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN ACCUMULATED REINVESTED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Electric System	ISP	Eliminations	Total Enterprise Funds
OPERATING REVENUES				
Metered sales	$95,298,374	$0	$0	$95,298,374
Other operating revenues	8,996,698	975,637	0	9,972,335
TOTAL OPERATING REVENUES	104,295,072	975,637	0	105,270,709
OPERATING EXPENSES				
Power generation	29,001,610	0	0	29,001,610
Purchased power	32,261,266	0	0	32,261,266
Transmission/Distribution	4,688,754	0	0	4,688,754
Administrative and general	10,982,565	836,400	0	11,818,965
Intergovernmental transfers	6,695,690	108,363	0	6,804,053
Depreciation and amortization	11,538,925	73,186	0	11,612,111
TOTAL OPERATING EXPENSES	95,168,810	1,017,949	0	96,186,759
OPERATING INCOME	9,126,262	(42,312)	0	9,083,950
NONOPERATING REVENUE (EXPENSES)				
Interest revenue	8,782,983	0	0	8,782,983
Interest expense	(11,435,440)	0	0	(11,435,440)
Other	(2,056,159)	0	0	(2,056,159)
Costs to be recovered from future revenue	(1,298,904)	0	0	(1,298,904)
TOTAL NONOPERATING REVENUE (EXPENSES)	(6,007,520)	0	0	(6,007,520)
REINVESTED EARNINGS	3,118,742	(42,312)	0	3,076,430
ACCUMULATED REINVESTED EARNINGS AT BEGINNING OF YEAR	135,657,949	(1,035,206)	0	134,622,743
ACCUMULATED REINVESTED EARNINGS AT END OF YEAR	$138,776,691	($1,077,518)	$0	$137,699,173

KISSIMMEE UTILITY AUTHORITY
COMBINING SCHEDULES OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Electric System	ISP	Eliminations	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income	$9,126,262	($42,312)	$0	$9,083,950
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	11,785,580	64,889	0	11,850,469
Net amortization	(238,358)	0	0	(238,358)
CHANGES IN CURRENT ASSETS (INCREASE)/DECREASE AND LIABILITIES INCREASE/(DECREASE):				
Accounts receivable, net	(2,502,339)	(15,999)	0	(2,518,338)
Inventory	643,094	0	0	643,094
Other assets	1,578,224	(6,296)	0	1,571,928
Deferred cost of power adjustment	1,994,275	0	0	1,994,275
Energy conservation cost recovery	63,214	0	0	63,214
Accounts payable	(12,555,923)	(6,104)	0	(12,562,027)
Due to other governments	(386,639)	78,880	0	(307,759)
Customer deposits	(103,852)	0	0	(103,852)
Other accrued liabilities	155,549	0	0	155,549
Other designated liabilities	3,664,466	0	0	3,664,466
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,223,553	73,058	0	13,296,611
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets and nuclear fuel	(74,805,120)	(73,058)	0	(74,878,178)
Advances for construction & advances from co-owners	30,914,686	0	0	30,914,686
Proceeds from debt issue	73,985,399	0	0	73,985,399
Principal paid on long-term debt	(41,120,000)	0	0	(41,120,000)
Interest paid on long-term debt	(13,566,597)	0	0	(13,566,597)
Other debt costs	(275,097)	0	0	(275,097)
NET CASH USED IN CAPITAL & RELATED FINANCING ACTIVITIES	(24,866,729)	(73,058)	0	(24,939,787)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	(23,400,000)	0	0	(23,400,000)
Proceeds from maturities of investment securities	90,753,552	0	0	90,753,552
Interest on investments	7,823,848	0	0	7,823,848
NET CASH PROVIDED BY INVESTING ACTIVITIES	75,177,400	0	0	75,177,400
NET INCREASE IN CASH AND CASH EQUIVALENTS	63,534,224	0	0	63,534,224
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,010,761	0	0	21,010,761
CASH AND CASH EQUIVALENTS AT END OF YEAR	$84,544,985	$0	$0	$84,544,985
SUPPLEMENTAL SCHEDULE OF NONCASH INFORMATION:				
Construction in progress included in accounts payable	$527,959	$0	$0	$527,959

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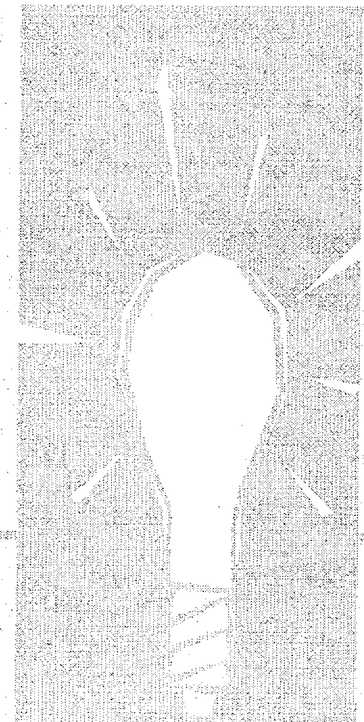

STATISTICAL SECTION

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 economical trends of the Kissimmee Utility Authority and its service territory.

KISSIMMEE UTILITY AUTHORITY
TABLE 1

Last Ten Fiscal Years

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Operating Revenues:										
Sources										
Metered Sales	$93,932,512	$81,025,493	$73,573,885	$71,383,622	$70,685,120	$68,555,036	$63,373,453	$63,467,877	$59,320,423	$57,381,814
Public Street & Highway Lightin	1,365,862	1,206,148	1,045,437	978,668	944,425	871,184	800,373	742,127	669,534	590,572
Sales to Other Utilities	6,482,289	4,984,050	2,601,298	2,854,796	781,822	287,145	199,849	-	5,370	354,884
Interdepartmental Sales	-	-	-	-	-	-	-	121,720	124,341	96,804
Internet Service Provider	975,637	890,268	497,159	-	-	-	-	-	-	-
Other Operating Revenues	2,514,409	2,117,276	2,010,169	2,115,368	2,113,939	2,479,929	2,474,172	1,366,280	1,143,854	1,274,263
Total Operating Revenues	$105,270,709	$90,223,235	$79,727,948	$77,332,454	$74,525,306	$72,193,294	$66,847,847	$65,698,004	$61,263,522	$59,698,337
Operating Expenses:										
Departments										
Nuclear Power Generation	$933,779	$1,215,403	$1,629,866	$1,457,032	$1,274,496	$1,184,984	$1,087,206	$1,248,097	$1,165,620	$1,323,156
Other Power Generation	28,067,832	26,766,485	20,644,592	18,972,293	17,303,698	16,578,259	15,006,756	13,807,614	13,521,919	14,186,062
Purchased Power	32,261,266	23,180,433	19,662,702	20,826,416	21,903,786	20,407,210	18,775,611	22,287,889	20,533,442	17,171,119
Transmission & Distribution (1)	-	-	-	1,682,555	2,431,095	2,216,992	1,768,767	2,026,431	1,946,742	1,810,395
Engineering (1)	4,688,754	4,028,666	3,484,439	1,420,138	1,213,868	1,145,117	1,136,601	1,035,283	959,076	1,049,497
Information Systems	948,423	842,028	783,263	768,195	686,521	538,877	474,641	414,361	468,993	-
Marketing	4,137,582	3,741,754	3,367,234	3,119,753	3,065,487	2,779,255	2,649,730	2,484,171	2,354,275	2,059,411
Finance	1,103,615	1,134,602	718,193	1,017,668	975,918	825,019	790,765	616,889	736,461	1,223,286
Central Services (2)	-	-	-	291,004	(126,426)	315,982	321,556	313,509	303,701	309,151
Personnel & Risk Management	974,753	807,562	712,998	671,502	628,451	702,577	565,334	383,054	370,892	267,193
Executive	291,485	316,712	355,318	345,955	179,180	(51,323)	453,059	416,611	379,125	226,485
Internet Service Provider (3)	833,942	1,125,409	903,837	48,304	-	-	-	-	-	-
Administrative & General	1,055,291	2,851,759	2,614,641	3,408,060	885,928	770,399	888,963	612,773	764,560	716,801
Intergovernmental Transfers (4)	6,804,053	6,539,647	7,815,172	7,072,186	6,570,502	6,497,637	6,094,693	5,787,944	5,796,928	5,053,436
Depreciation	11,612,111	10,961,345	10,644,457	10,380,077	9,894,090	10,702,958	8,682,955	7,508,905	6,875,183	6,562,968
Work Order Credits (5)	(526,126)	(440,592)	(563,713)	(478,992)	-	-	-	-	-	-
Total Operating Expenses	$93,186,760	$83,071,213	$72,772,999	$71,002,146	$66,886,594	$64,613,943	$58,696,637	$58,943,531	$56,176,917	$51,958,960

(1) These two departments were combined in FY 98.

(2) This department was combined with other departments in FY 98.

(3) This function began operations in late FY 98.

(4) Established by KUA at 6.24 mills per KWh of retail sales and 25% of surcharge revenues. In FY 2000 the decrease reflects KUA dropping the Surcharge (and associated transfer to COK) and implementing the Osceola County Tax.

(5) This department is new in FY 98.

KISSIMMEE UTILITY AUTHORITY
TABLE 2
TEN HIGHEST METER LOCATIONS

	Annual Consumption (MWH)	Percent of Total System
1. City of Kissimmee	41,173	3.75%
2. Osceola County Schools	26,485	2.41%
3. Board of County Commission	19,740	1.80%
4. Publix	15,062	1.37%
5. Adventist Health Systems	11,863	1.08%
6. Wal-Mart Super Store	10,595	0.97%
7. First Continental Corp	9,383	0.86%
8. Winn Dixie Stores	8,651	0.79%
9. Sprint	7,732	0.70%
10. Give Kids the World	6,091	0.56%
	156,775	14.29%

SOURCE: Kissimmee Utility Authority

KISSIMMEE UTILITY AUTHORITY
TABLE 3
INSURANCE

COMPANY	TYPE OF COVERAGE	DED./AGG. MAXIMUM
National Union of Pittsburg	General Liability	$25,000/2 Million
Aegis Insurance Service, Inc.	Excess Liability	$500,000
Perferred Government Insuranc	Workers Compensation	$10,000
Hartford Steam Boiler	Primary Property	$100,000/Scheduled
Hartford Steam Boiler	Boiler & Maintenance	Scheduled/Scheduled
Hartford Steam Boiler	Data Processing	Scheduled
Florida Leaque of Cities	Auto	$25,000
Coregis Insurance Company	Errors & Omissions	$25,000/10 Million
Travelers Insurance	Fiduciary Liability	1 Million Maximum
The Hartford	Public Official Fidelity Bond	$250,000 Maximum
The Hartford	Crime	$250,000 Maximum
Aegis Insurance Service, Inc.	Internet E&O Liability	1 Million
Aegis Insurance Service, Inc.	Public Official & Employee Practices	9 Million
United Healthcare Choice	HMO	$10 Co-Pay
United Healthcare Choice Plus	PPO	$15 Co-Pay
Delta Dental	PPO	$50 - 80/20
DeltaCare	HMO	Various Co-Pays
Phoenix Life	Life & AD&D	Scheduled by Salary

SOURCE: Kissimmee Utility Authority

KISSIMMEE UTILITY AUTHORITY
TABLE 4
Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Income Available for Debt Service	Debt Service Requirement	Debt Service Coverage
2001	$33,148,216	$17,863,738	1.86
2000	$31,289,533	$17,668,916	1.77
1999	$31,996,166	$17,669,225	1.81
1998	$28,358,123	$17,941,064	1.58
1997	$29,682,100	$10,484,964	2.83
1996	$29,859,866	$10,435,708	2.86
1995	$28,350,807	$8,812,408	3.22
1994	$24,218,492	$9,186,280	2.64
1993	$20,823,098	$10,482,367	1.99
1992	$22,599,289	$8,673,756	2.61
1991	$27,903,927	$8,564,178	3.26
1990	$29,242,873	$8,576,481	3.41
1989	$25,913,099	$8,673,567	2.99

KISSIMMEE UTILITY AUTHORITY
TABLE 5
POPULATION

	LAKE	ORANGE	OSCEOLA
1970	69,305	344,311	25,267
1975	89,500	421,800	37,100
1980	104,870	470,865	49,287
1985	126,491	556,445	77,412
1990	152,104	677,491	107,728
1995	176,931	758,962	136,627
1998	196,073	824,095	148,712
1999	203,863	846,328	157,376
2000	210,528	896,344	172,800
2005 *	237,400	966,000	189,300
2010 *	256,000	1,044,500	206,300
2015 *	281,200	1,138,100	230,800
2020 *	307,600	1,236,100	256,500

Source: Economic Development Commission of Mid-Florida

** Projections*

KISSIMMEE UTILITY AUTHORITY
TABLE 6
CLIMATE

Average Monthly Rainfall & Temperature
Kissimmee, Florida

FISCAL YEAR 00	RAIN (Inches)	TEMPERATURE (Degree F)
October	1.20	72.3
November	0.90	64.1
December	0.90	59.6
January	0.40	53.3
February	0.10	67
March	3.80	65.2
April	1.50	69.9
May	3.00	75
June	4.10	79.7
July	5.30	81.1
August	9.10	80.9
September	13.40	78.2
MONTHLY AVERAGE	3.64	70.5

SOURCE: National Weather Service

KISSIMMEE UTILITY AUTHORITY
TABLE 7
PUBLIC & PRIVATE SCHOOL ENROLLMENT

	Lake County	Orange County	Osceola County
Total Number of Schools (K-12)	45	144	30
Elementary Schools *	24	101	16
Elementary School Students	13,817	70,265	14,098
Middle/Junior High Schools *	9	26	6
Middle/Junior High School Students	6,880	33,505	7,049
High Schools	8	13	8
High School Students	7,901	40,578	8,165
Tech Schools	1	4	1
Tech School Students	869	50,000	2,410

* Includes special education, technical schools, detention centers, homebound.

SOURCE: Economic Development Commission of Mid-Florida
County School Boards 2000 School Year Statistics

KISSIMMEE UTILITY AUTHORITY
TABLE 8
Median Household Effective Buying Income

	Median Household EBI	$20,000 - 34,999	$35,000 - 49,999	$50,000 - And Over
Orlando	$31,778	26.5	18.5	25.5
Orange County	37,232	24.0	19.6	31.0
Lake County	26,846	29.9	16.8	16.5
Osceola County	31,965	28.3	20.7	21.8
Florida	33,581	24.0	17.8	27.9
United States	37,233	21.9	18.2	33.1

SOURCE: *Sales & Marketing Management, 2000 Survey of Buying Power*

KISSIMMEE UTILITY AUTHORITY
TABLE 9
Metro Orlando Education Profile

Education Level	Orange County	Lake County	Osceola County
Postgraduate	52,600	10,500	6,400
College Graduate	85,500	12,500	8,800
Some College	238,200	48,400	30,100
High School Graduate	183,300	68,400	54,000
Did Not Graduate High School	79,000	23,400	15,900
Total Number of Adults	638,600	163,200	115,200

SOURCE: Economic Development Commission of Mid-Florida
The Scarborough Report

KISSIMMEE UTILITY AUTHORITY
TABLE 10
Property Tax Table

	Millage Rate
Orange County	
Orlando	21.7207
Lake County	
Leesburg	22.3150
Osceola County	
Kissimmee	20.7178
St. Cloud	20.6015

SOURCE: Economic Development Commission of Mid-Florida
Individual County Tax Collectors - 2000 Rates

KISSIMMEE UTILITY AUTHORITY
TABLE 11
Employment Growth & Unemployment Rates

County	1996	1997	1998	1999	2000	2001*
Orange County						
Employment (in thousands)	515.4	539.6	568.4	593.8	608.7	630.1
Growth (in thousands)	25.7	24.2	28.9	25.4	14.9	21.3
Unemployment Rate (%)	3.9	3.4	3.1	3.0	3.7	4.5
Lake County						
Employment (in thousands)	55.3	58.1	60.6	63.3	64.9	67.4
Growth (in thousands)	3.3	2.7	2.5	2.7	1.7	2.5
Unemployment Rate (%)	4.8	4.1	3.4	2.6	3.9	5.9
Osceola County						
Employment (in thousands)	45.3	46.4	47.5	49.6	53.5	55.3
Growth (in thousands)	1.7	1.1	1.1	2.1	3.9	1.8
Unemployment Rate (%)	4.1	3.8	3.3	2.9	3.9	4.5

SOURCE:* *Economic Development Commission of Mid-Florida

Fishkind & Associates, Inc. - 2001 Forecast

*** Projections**

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