

CELEBRATING OUR PARTNERSHIP WITH THE ENVIRONMENT

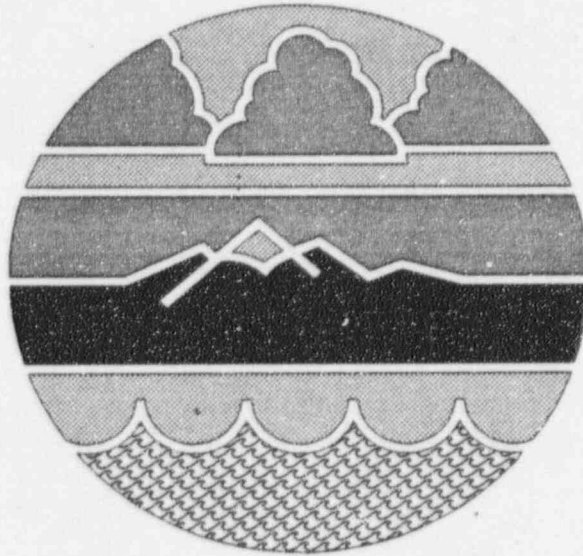
Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 1995



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Kissimmee Utility Authority
Kissimmee, Florida



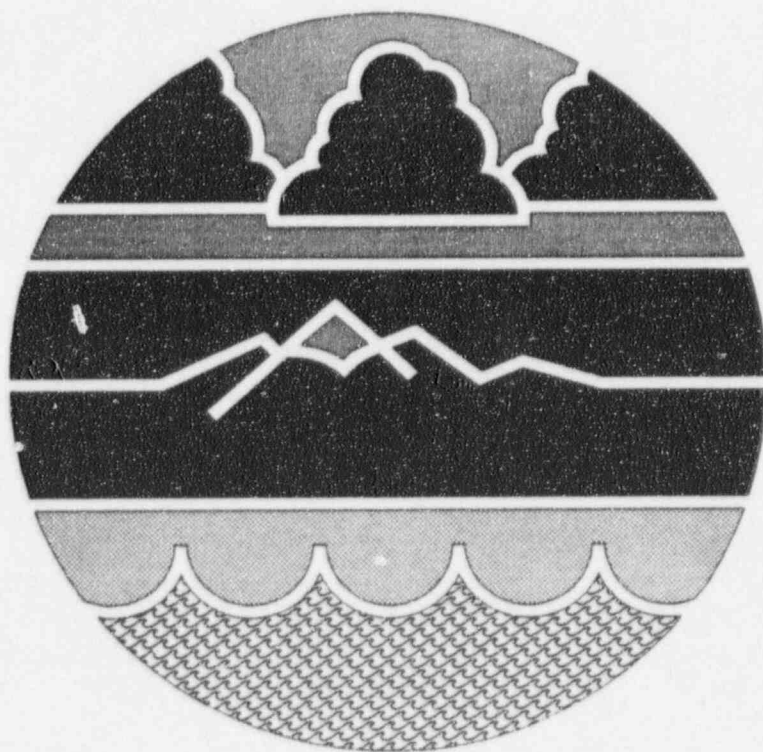
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED
SEPTEMBER 30, 1995

Joseph Hostetler
Director of Finance

Ann Johnston
Manager of Accounting

Introductory Section



Listing of Officials
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Letter of Transmittal
Organizational Chart

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE KISSIMMEE UTILITY AUTHORITY
LISTING OF OFFICIALS
AS OF SEPTEMBER 30, 1995

BOARD OF DIRECTORS

George A. Gant, Chairman
Larry W. Walter, Vice-Chairman
Harry Lowenstein, Secretary
Kenneth B. Guthrie, Asst. Secretary
Ron Dorsett, Acting Mayor (Ex-Officio)
Edward Brinson, Attorney

PRESIDENT & GENERAL MANAGER

James C. Welsh

ATTORNEY

Brinson, Smith, Smith, Lewis & Starr P.A.

DEPARTMENT DIRECTORS

Christine Beck, Director of Customer Service
Kenneth L. Davis, Director of Engineering
Joseph Hostetler, Director of Finance
Kenneth Lackey, Director of Transmission & Distribution
A.K. Sharma, Director of Power Supply
James Tillman, Director of Materials Management
Neville Turner, Director of Personnel & Risk Management
Dennis Wick, Director of Information Systems

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December 9, 1995

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, 1995, 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. This CAFR was prepared by the staff of the Finance Department of the KUA. 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 three sections: introductory, financial and statistical.

- 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 financial statements of the KUA which present fairly the financial position, results of operations and cash flows for the fiscal year.
- Section III: *Statistical Section*** - This section presents selected financial and demographic information which 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 by 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 through the end of the century. Customer growth is expected to increase from approximately 43,000 in 1996 to approximately 57,000 by the year 2005. Sales are expected to increase from approximately 858,400 MWh in 1996 to approximately 1,133,700 MWh by the year 2005.

MAJOR INITIATIVES

For the year. During Fiscal Year 1995, the KUA completed several major projects that improved our system. These included a new gas turbine and combined cycle facility at Cane Island in joint-ownership with Florida Municipal Power Agency (FMPA); construction of a new substation and related transmission lines; upgrade of our Feeder Distribution systems; and the continued expansion of a Load Management Program. KUA also entered into transfer agreements with two Cities for the transfer of entitlement shares in the Stanton Energy Center Coal Plant located 20 miles northeast of the City of Kissimmee. This action will result in a cheaper fuel source in the future and will help keep KUA's rates competitive.

For the Future. During the next ten years, the KUA has identified major projects that will help meet the need of projected customer growth. The key projects during the ten year planning period deal with construction and expansion of the KUA's transmission and distribution system and completion of modifications to the KUA Administration facility and the transfer of all administrative departments to this location.

FINANCIAL INFORMATION

Management of the KUA is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the KUA are protected from loss, theft or misuse and to ensure that adequate accounting data are 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 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 expenditures 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 KUA is required by charter to adopt an annual budget.

Budgetary control is provided by monthly revenue, expense and financial analysis reports. These interim reports are provided to the Board of Directors for review in advance of 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 in excess of a compensating balance 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 1995, the KUA purchased investments for certain 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 return 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. In Fiscal Year 1992, an overall 15% rate decrease was implemented along with a new fiscal policy which includes the following:

1. Bond proceeds should be spent on all generation (capacity) and transmission projects;
2. Current earnings (cash provided from operations) should be adequate to fund principal payments and year to year capital needs generally less than \$100,000;
3. The Reserve for Future Capital Outlay funds (accumulated funds from prior years) should be used for all other projects;
4. Maintain a minimum of three months of Operating & Maintenance expenses (excluding Depreciation and Cost To Be Recovered From Future Revenue) in unrestricted operating cash;
5. Maintain a minimum of \$5,000,000 in the Reserve for Future Capital Outlay; and
6. Maintain a minimum of 1.5 debt service coverage.

The KUA projects the need to issue approximately \$10,000,000 additional debt in Fiscal Year 1999 to fund the construction of a substation. In 1987 a major refunding bond issue was accomplished. In 1991 and 1993 major improvement and refunding bond issues were accomplished which reduced our overall debt costs on existing debt and provided construction funds for major generation and transmission projects.

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 will be adjusted semi-annually to reflect changes in conservation costs. The ECCR and COPA rates have been combined and are presented on the customer's bill as COPCA (Cost of Power and Conservation Adjustment).

In addition to the COPA, the City 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 1985, the KUA implemented a program of rate stabilization in an effort to prevent uneven increases in total electric charges to the customers. The Base Rate did not change in 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.

The KUA, additionally, maintains a computerized cost of service study which is updated bi-annually with:

- a. past years' audited figures 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.

Financial Condition

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

	<u>1995</u>	<u>1994</u>	<u>1993</u>
Utility Plant - Net	\$165,909,770	\$151,164,291	\$102,481,131
Current Assets - Cash & Cash Equivalents, Investments and Interest Receivable	12,573,913	13,250,414	8,928,789
Designated Assets-Cash & Cash Equivalents, Investments and Interest Receivable	44,261,388	38,535,595	33,989,252
Current Ratio	3.86 to 1	4.32 to 1	2.88 to 1
Operating Income	11,634,804	9,912,701	7,343,230
Reinvested Earnings	9,575,615	6,014,207	1,180,878
Income available for debt service	28,350,807	24,218,492	20,823,098
Debt Service Requirement	8,812,408	9,186,280	10,482,367
Debt Service Coverage	3.22x	2.64x	1.99x

Continued expansion of the generation, transmission and distribution system has caused significant growth in the values of the utility plant from FY 1993 to FY 1995. Designated Cash and Cash Equivalents, Investments and Interest Receivable have increased since FY 1993 due to positive reinvested earnings during FY 1994 and 1995. Reinvested Earnings have increased due to an approximate 6% increase per year in MWh sales, higher interest revenue and lower interest expense due to the recapitalization of excess construction bond funds to capitalized interest expense that occurred during FY 1995. Income available for debt service increased 17% while the debt service requirements decreased 4% from FY 1994 to FY 1995 resulting in a 22% increase in the debt service coverage. Our current customer growth rate and projected increase in metered sales should result in similar operating results in FY 1996 as we experienced in FY 1995.

Risk Management

During the current Fiscal Year the KUA has continued to accumulate resources in the Co-Insurance Fund. The amount in the Fund at September 30, 1995 was \$2,297,605.

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 significantly 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 developed in FY 1992 and complete the 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.

OTHER INFORMATION

Independent Audit

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Coopers & Lybrand L.L.P. was selected by the KUA's auditor selection committee. The auditor's report on the general purpose 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, 1994. 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 eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

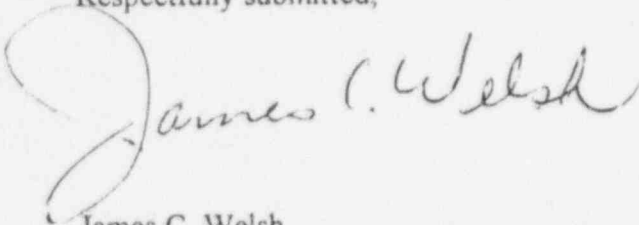
In addition, the KUA also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the Fiscal Year beginning October 1, 1994. To qualify for the Distinguished Budget Presentation Award, the KUA's budget document was judged to be proficient in several categories including 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
Director of Finance

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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, 1994

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.



President

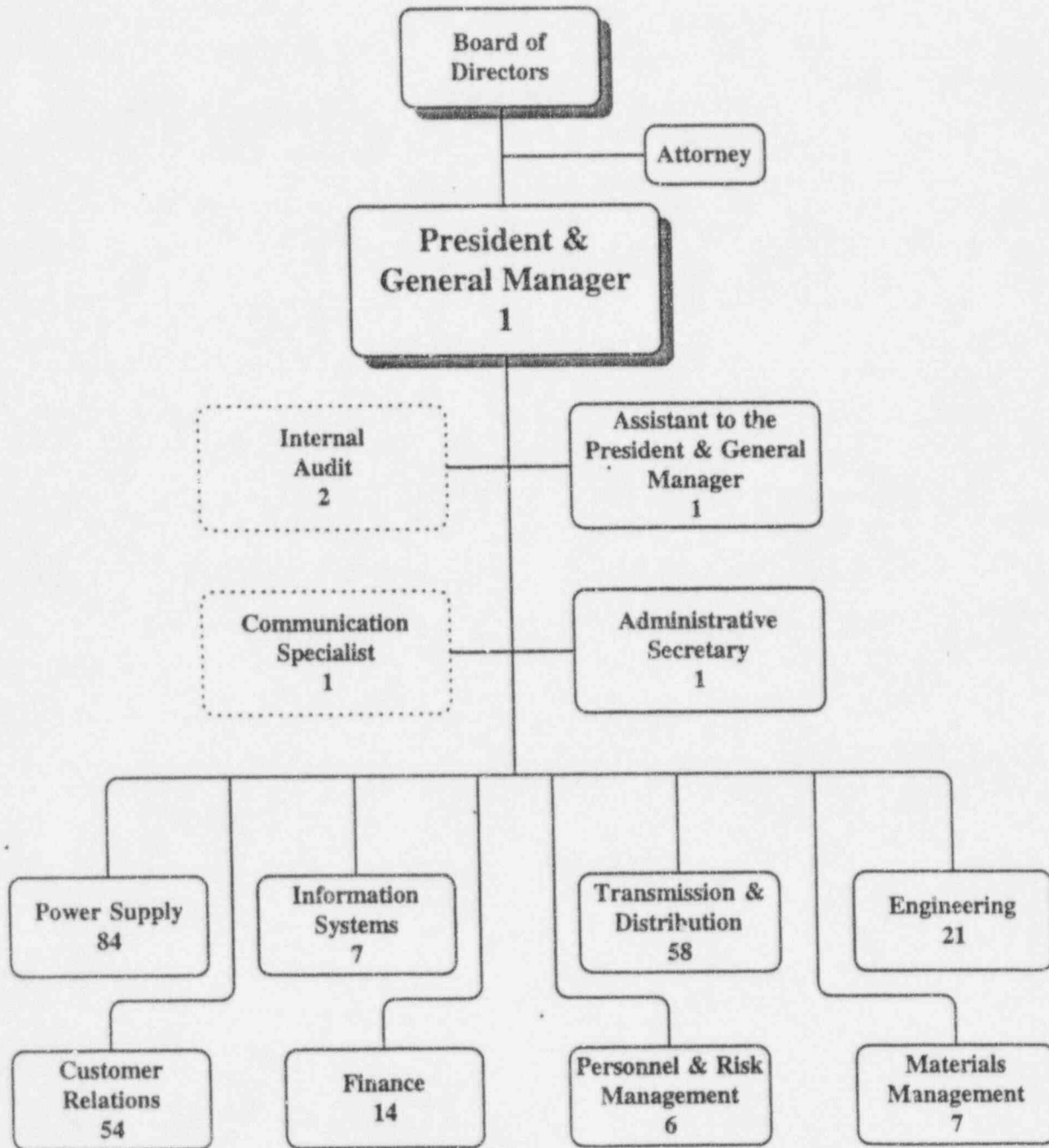
Executive Director

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KISSIMMEE UTILITY AUTHORITY

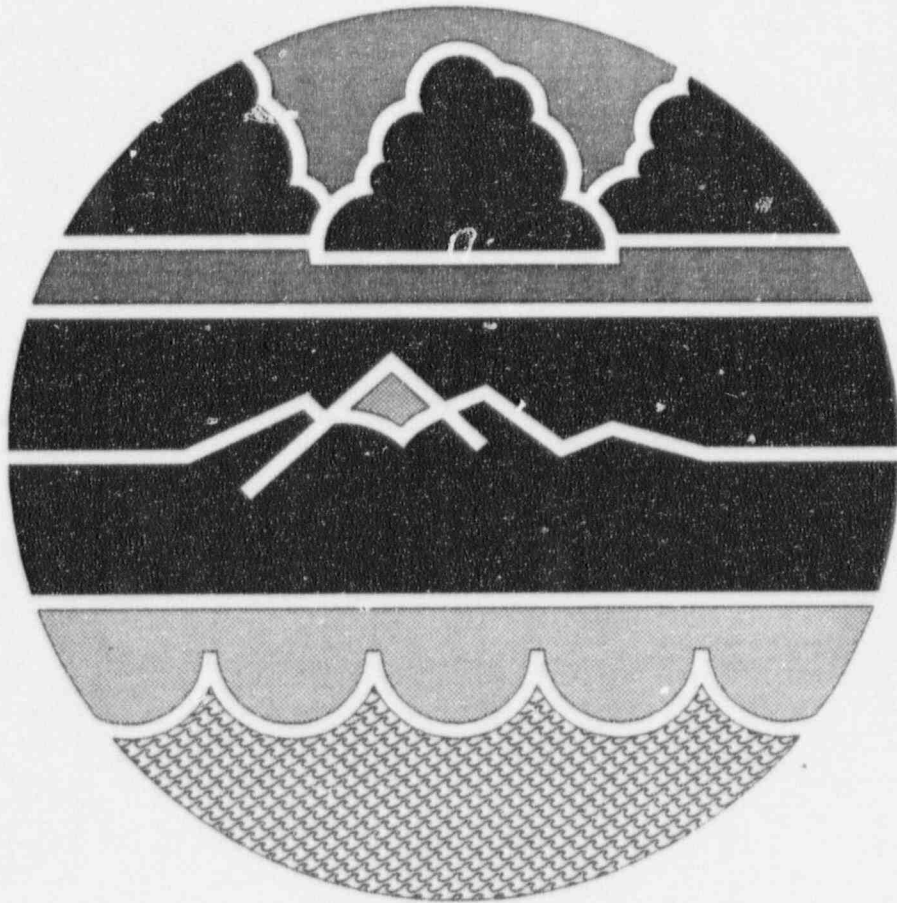
Organization Chart

FY 1995



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Financial Section



Auditor's Report
General Purpose Financial Statements
Notes to Financial Statements

Report of Independent Accountants

Board of Directors
Kissimmee Utility Authority

We have audited the accompanying balance sheets of the Kissimmee Utility Authority as of September 30, 1995 and 1994, and the related statements of revenue, expenses and changes in accumulated reinvested earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kissimmee Utility Authority as of September 30, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 1995 on our consideration of the Kissimmee Utility Authority's internal control structure and a report dated November 22, 1995 on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Coopers & Lybrand L.L.P.

Tampa, Florida
November 22, 1995

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KISSIMMEE UTILITY AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 1995 AND 1994

ASSETS	<u>1995</u>	<u>1994</u>
UTILITY PLANT		
Property, plant and equipment	\$ 208,209,448	\$ 142,438,287
less: accumulated depreciation	<u>(65,068,681)</u>	<u>(56,639,189)</u>
	143,140,767	85,799,098
Construction in progress	22,485,468	64,912,140
Inventory - nuclear fuel	<u>283,535</u>	<u>453,053</u>
TOTAL UTILITY PLANT	<u>175,909,770</u>	<u>151,164,291</u>
RESTRICTED ASSETS		
Cash and cash equivalents	38,588,902	31,455,861
Investments	40,354,666	64,164,164
Interest receivable	<u>575,442</u>	<u>852,270</u>
TOTAL RESTRICTED ASSETS	<u>79,519,010</u>	<u>96,472,295</u>
DESIGNATED ASSETS		
Cash and cash equivalents	10,163,598	4,969,941
Investments	33,749,635	33,247,448
Interest receivable	348,155	318,206
Deferred compensation plan assets	<u>1,760,257</u>	<u>1,325,350</u>
TOTAL DESIGNATED ASSETS	<u>46,021,645</u>	<u>39,860,945</u>
CURRENT ASSETS		
Cash and cash equivalents	7,753,018	12,744,314
Investments	4,750,000	500,000
Interest receivable	70,895	6,100
Accounts receivable	8,331,145	8,014,024
less: allowance for doubtful accounts	<u>(178,285)</u>	<u>(137,838)</u>
Inventory	5,095,742	4,595,779
Employee advances	114,077	82,596
Prepaid expenses	34,572	19,422
Due from other governments	<u>54,012</u>	<u>48,161</u>
TOTAL CURRENT ASSETS	<u>26,025,576</u>	<u>25,872,558</u>
OTHER ASSETS		
Unamortized bond costs	2,655,070	2,787,368
Unamortized loss on reacquired debt	23,443,064	24,492,071
Costs to be recovered from future revenue	31,054,988	27,571,394
Other	<u>138,627</u>	<u>139,624</u>
TOTAL OTHER ASSETS	<u>57,291,749</u>	<u>54,990,457</u>
TOTAL ASSETS	<u>\$ 374,767,750</u>	<u>\$ 368,360,546</u>

See accompanying notes.

CAPITALIZATION AND LIABILITIES	<u>1995</u>	<u>1994</u>
CAPITALIZATION		
Accumulated reinvested earnings - Reserved for debt service	\$ 20,271,150	\$ 20,271,150
- Unreserved	<u>91,410,744</u>	<u>81,835,129</u>
TOTAL ACCUMULATED REINVESTED EARNINGS	<u>111,681,894</u>	<u>102,106,279</u>
LIABILITIES		
LONG-TERM DEBT		
Revenue bonds payable	239,545,000	242,410,000
less: unamortized bond discount	<u>(4,932,880)</u>	<u>(5,165,004)</u>
TOTAL LONG-TERM DEBT	<u>234,612,120</u>	<u>237,244,996</u>
OTHER LONG-TERM LIABILITIES	<u>127,848</u>	<u>128,338</u>
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Current portion of revenue bonds	2,865,000	2,630,000
Accrued interest payable - revenue bonds	6,813,758	6,881,178
Advances for construction	997,446	580,012
Customer deposits	2,889,471	2,831,815
Accounts payable	1,180,842	4,077,213
Other	<u>1,500,000</u>	<u>1,500,000</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	<u>16,246,517</u>	<u>18,500,218</u>
DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)		
Due to employees under deferred compensation plan	1,760,257	1,325,350
Other	<u>3,598,755</u>	<u>3,062,501</u>
TOTAL DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)	<u>5,359,012</u>	<u>4,387,851</u>
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts payable	3,878,374	3,096,691
Due to other governments	1,078,941	1,073,309
Accrued compensated absences	739,247	588,595
Deferred cost of power adjustment	477,704	370,123
Energy conservation cost recovery	148,123	2,084
Other accrued liabilities	<u>417,970</u>	<u>862,062</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	<u>6,740,359</u>	<u>5,992,864</u>
TOTAL LIABILITIES	<u>263,085,856</u>	<u>266,254,267</u>
COMMITMENTS AND CONTINGENT LIABILITIES (NOTES 10 & 11)		
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 374,767,750</u>	<u>\$ 368,360,546</u>

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN
ACCUMULATED REINVESTED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
OPERATING REVENUES		
Metered sales	\$ 64,173,826	\$ 64,331,724
Other operating revenues	<u>2,674,021</u>	<u>1,366,280</u>
TOTAL OPERATING REVENUES	<u>66,847,847</u>	<u>65,698,004</u>
OPERATING EXPENSES		
Power generation	16,093,962	15,055,711
Purchased power	18,775,811	22,287,889
Transmission/Distribution	2,905,367	3,061,714
Administrative and general	6,144,049	5,241,368
Intergovernmental transfers	6,094,693	5,787,944
Depreciation and amortization	8,682,955	7,508,905
Cost to be recovered from future revenue	<u>(3,483,594)</u>	<u>(3,158,228)</u>
TOTAL OPERATING EXPENSES	<u>55,213,043</u>	<u>55,785,303</u>
OPERATING INCOME	<u>11,634,804</u>	<u>9,912,701</u>
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	5,421,949	4,167,170
Interest expense	(6,061,061)	(6,643,140)
Other	<u>(1,420,077)</u>	<u>(1,422,524)</u>
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(2,059,189)</u>	<u>(3,898,494)</u>
REINVESTED EARNINGS	9,575,615	6,014,207
ACCUMULATED REINVESTED EARNINGS AT BEGINNING OF YEAR	<u>102,106,279</u>	<u>96,092,072</u>
ACCUMULATED REINVESTED EARNINGS AT END OF YEAR	<u>\$ 111,681,894</u>	<u>\$ 102,106,279</u>

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income	\$ 11,634,804	\$ 9,912,701
ADJUSTMENTS TO RECONCILE REINVESTED EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and amortization	8,682,955	7,508,905
Interest on customer and City of Kissimmee deposits	(113,652)	(86,858)
Cost to be recovered from future revenue	(3,483,594)	(3,158,228)
CHANGES IN CURRENT ASSETS AND LIABILITIES:		
Accounts receivable, net	(276,674)	118,464
Inventory	(499,963)	(96,601)
Employee advances	(31,481)	(26,058)
Other assets	(15,043)	126,834
Due from other governments	(5,851)	(3,312)
Deferred cost of power adjustment	107,581	969,133
Energy conservation cost recovery	146,039	2,084
Accounts payable	844,337	400,169
Due to other governments	5,632	(1,634,672)
Customer deposits	57,656	355,645
Other accrued liabilities	(1,192,309)	131,302
Other designated liabilities	536,254	97,523
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>16,396,691</u>	<u>14,617,031</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets and nuclear fuel	(28,232,521)	(89,758,063)
Advances for construction & advances from co-owners	8,868,649	35,417,673
Principal paid on revenue bonds	(2,630,000)	(2,045,000)
Interest paid on revenue bonds	(13,694,938)	(12,031,247)
Debt issuance costs	-	(64,532)
Other debt costs	(6,646)	(9,093)
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	<u>(35,695,456)</u>	<u>(68,490,262)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(20,255,000)	(41,500,000)
Proceeds from maturities of investment securities	38,482,400	51,811,400
Interest on investments	8,406,767	8,012,164
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>26,634,167</u>	<u>18,323,564</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,335,402	(35,549,667)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>49,170,116</u>	<u>84,719,783</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 56,505,518</u>	<u>\$ 49,170,116</u>

See accompanying notes.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity Definition: The accompanying 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.

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.

The KUA was created effective October 1, 1985 by the City of Kissimmee Ordinance #1285 adopted on February 19, 1985 and ratified by the voters on March 26, 1985. 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.

Regulation: According to existing laws of the State of Florida, the six 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.

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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 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.

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 expenditures 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 expense 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 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. 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.

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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	13 1/3 to 33 1/3
Transmission	29 2/3 to 50
Distribution	12 1/3 to 33 1/3
General	6 2/3 to 33 1/10

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.

Other Assets: 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 gains or losses on refunded debt are amortized to income over the remaining 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 and 2. 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

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paid to the City of Kissimmee was approximately \$5,192,100 and \$5,021,400 for the years ended September 30, 1995 and 1994, respectively. The amount owed to the City of Kissimmee was approximately \$921,400 and \$869,600 at September 30, 1995 and 1994, respectively.

The KUA collects revenues from ratepayers who live outside the City of Kissimmee which corresponds to the City of Kissimmee Utility Tax. The KUA has agreed to transfer twenty-five percent of these revenues collected to the City of Kissimmee for Parks and Recreation use. The total amount paid to the City of Kissimmee was approximately \$420,700 and \$397,800 for the years ended September 30, 1995 and 1994, respectively. The amount owed to the City of Kissimmee was approximately \$43,400 and \$38,600 at September 30, 1995 and 1994, 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 City of Kissimmee also performs printing services for the KUA. The amount paid to the City of Kissimmee by the KUA for utility service revenues collected, printing services and other miscellaneous fees was approximately \$21,700,900 and \$21,372,300 for the years ended September 30, 1995 and 1994, respectively. The amount owed to the City of Kissimmee was approximately \$114,200 and \$165,000 at September 30, 1995 and 1994, respectively.

The KUA performs certain customer related services for the City of Kissimmee for which the City of Kissimmee paid the KUA approximately \$620,600 and \$567,600 for the years ended September 30, 1995 and 1994, respectively. The amount owed by the City of Kissimmee to the KUA was approximately \$54,000 and \$48,200 at September 30, 1995 and 1994, 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.

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 with the Current Liabilities (Payable from Current Assets).

Non Cash Activities: Acquisitions of capital assets of approximately \$899,000 and \$2,959,000 were included in accounts payable as of September 30, 1995 and 1994, respectively. Accordingly, these non cash transactions have been excluded from the accompanying Statements of Cash Flows.

Reclassifications: For comparability purposes certain reclassifications have been made to the 1994 financial statements to conform with the 1995 financial statements.

2. CASH, CASH EQUIVALENTS, INVESTMENTS AND INTEREST RECEIVABLE

Florida Statutes, the KUA Charter and Investment Policies authorize the investment of excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the

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United States Government and certain instruments guaranteed by the U.S. Government. Revenue Bond Covenants also restrict the type and maturities of investments in the required trust funds (see Note 10).

Investments (excluding deferred compensation plan assets) are recorded at cost. Deferred compensation plan assets are stated at market value (see Note 9). Adjustments are made to cost for any premiums or discounts. Premiums and discounts are amortized over the life of the investments using the straight-line method.

Investments must be in the KUA's name and placed in a safety-deposit box in a bank or institution carrying adequate safety-deposit insurance or represented by bank trust receipts which enumerate the various securities held.

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, 1995 and 1994 are as follows:

	<u>Restricted</u>	<u>Designated</u>	<u>Unrestricted</u>	<u>Total</u>
1995				
Cash & Cash Equivalents	\$ 38,588,902	\$10,163,598	\$ 7,753,018	\$ 56,505,518
Investments	40,354,666	33,749,635	4,750,000	78,854,301
Interest Receivable	<u>575,442</u>	<u>348,155</u>	<u>70,895</u>	<u>994,492</u>
TOTALS	<u>\$ 79,519,010</u>	<u>\$44,261,388</u>	<u>\$12,573,913</u>	<u>\$136,354,311</u>
1994				
Cash & Cash Equivalents	\$ 31,455,861	\$ 4,969,941	\$12,744,314	\$ 49,170,116
Investments	64,164,164	33,247,448	500,000	97,911,612
Interest Receivable	<u>852,270</u>	<u>318,206</u>	<u>6,100</u>	<u>1,176,576</u>
TOTALS	<u>\$ 96,472,295</u>	<u>\$38,535,595</u>	<u>\$13,250,414</u>	<u>\$148,258,304</u>

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.

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	CATEGORY OF RISK (000's)			Total	Market Value
	1	2	3		
1995					
U.S. Government Securities	-	368	-	368	368
U.S. Instrumental Securities	<u>77,654</u>	<u>-</u>	<u>832</u>	<u>78,486</u>	<u>77,524</u>
Total Investments	<u>\$77,654</u>	<u>\$368</u>	<u>\$832</u>	<u>\$78,854</u>	<u>\$77,892</u>
1994					
U.S. Government Securities	-	387	-	387	387
U.S. Instrumental Securities	<u>96,750</u>	<u>-</u>	<u>775</u>	<u>97,525</u>	<u>98,826</u>
Total Investments	<u>\$96,750</u>	<u>\$387</u>	<u>\$775</u>	<u>\$97,912</u>	<u>\$99,213</u>

The balance in the State Board of Administration Pool (SBA) was approximately \$56,476,000 and \$25,777,000 at September 30, 1995 and 1994, 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.

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 \$430,000 and \$23,761,000 at September 30, 1995 and 1994, respectively. Repurchase agreements are held in the name of the KUA's depository bank. The maximum repurchase agreement was \$27,119,000 and \$23,761,000 for 1995 and 1994, respectively.

At September 30, 1995 and 1994 the carrying amount of the KUA's deposits with financial institutions was approximately (\$447,000) and (\$358,400), respectively, and the bank balance was approximately \$347,500 and \$386,000, 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 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, 1995 and 1994 included the following:

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	<u>1995</u>	<u>1994</u>
Debt Service Reserve	\$20,271,150	\$ 20,271,150
Sinking Fund	9,678,758	9,511,178
Construction Fund	27,998,351	56,215,333
Capitalized Interest	15,296,842	4,484,168
Renewal, Replacement & Improvement	1,500,000	1,500,000
Advances for Construction	997,446	580,012
Customer Deposits	2,889,471	2,831,815
Line Extension Fund	-	295,658
Crystal River Unit #3 Decommissioning	<u>886,992</u>	<u>782,981</u>
TOTAL	<u>\$ 79,519,010</u>	<u>\$ 96,472,295</u>

Effective October 1, 1994, the Board of Directors approved a redesignation of a portion of the 1993 bond proceeds. In accordance with SFAS No. 71, as a result of this redesignation, the KUA capitalized additional interest of approximately \$3,345,000 in 1995 and will capitalize interest of approximately \$7,680,100 and \$7,616,700 for the years ended September 30, 1996 and 1997, respectively. This redesignation was in lieu of increasing customer rates to recover interest costs associated with the Cane Island project.

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, 1995 and 1994 included the following:

	<u>1995</u>	<u>1994</u>
Capital Improvements	\$40,633,916	\$34,509,749
Co-Insurance	2,297,605	2,029,142
Decommissioning	350,412	331,799
Combined Cycle Maintenance	979,455	1,664,905
Deferred Compensation	<u>1,760,257</u>	<u>1,325,350</u>
Total	<u>\$46,021,645</u>	<u>\$39,860,945</u>

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5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	<u>1995</u>	<u>1994</u>
Nuclear Production	\$ 5,011,592	\$ 4,900,357
Steam Production	54,023,126	19,981,421
Other Production	60,663,359	41,037,182
Transmission Plant	29,726,833	21,571,541
Distribution Plant	40,872,741	39,469,467
General	<u>17,911,797</u>	<u>15,478,319</u>
SUBTOTAL	208,209,448	142,438,287
Less: Accumulated Depreciation	<u>(65,068,681)</u>	<u>(56,639,189)</u>
TOTAL	<u>\$ 143,140,767</u>	<u>\$ 85,799,098</u>

6. CONSTRUCTION PROJECT INTEREST COST

On January 27, 1993, the Board of Directors elected to restructure the project funds to fund capitalized interest on the Kissimmee Utility Authority Electric System Improvement and Refunding Revenue Bonds, Series 1991. This election was effective beginning with the issuance of the bonds and will be effective during the construction period for the gas turbine at Cane Island. On June 17, 1993, the KUA issued the Electric System Improvement and Refunding Revenue Bonds, Series 1993. The portion of the respective bonds relating to the funding of system improvements is approximately 77% and 54% for each series, respectively. Accordingly, the KUA capitalized approximately \$7,680,100 and \$7,209,100 for the years ended September 30, 1995 and 1994, respectively. KUA will capitalize interest expense after Cane Island is in service in the amounts of approximately \$7,680,100 and \$7,616,700 for the years ended September 30, 1996 and 1997, respectively (see Note 3).

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 \$1,972,800 and \$2,759,100 in 1995 and 1994, respectively.

7. PARTICIPATION AND POWER SUPPLY AGREEMENTS

The KUA is party to the following participation and power supply agreements at September 30, 1995:

A. **Cane Island Project (the Project):** During 1992, the KUA entered into a Participation Agreement with Florida Municipal Power Agency (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.

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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.

B. Stanton Energy Center Unit No. 1 (SEC 1): 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 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 three 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 Orlando Utilities Commission (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.

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. Costs associated with this agreement are included in purchased power expenses.

In 1991, the KUA entered into a second Power Supply Acquisition Agreement with the FMPA. The KUA is to receive 16.4887% power entitlement, approximately 15.2 MW, in Stanton Energy Center Unit No. 2 (SEC 2) which is scheduled to be brought on line in the latter part of Fiscal Year 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. KUA acquired the City of Lake Worth's 8.2443%

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power entitlement share in SEC 2, approximately 7.6 MW. Additionally, in 1995 the KUA entered into a Transfer Agreement with the City of Homestead for the transfer of approximately 50% of the City of Homestead's Power Entitlement Share of the FMPA SEC 1 and the FMPA SEC 2 Projects. KUA acquired 12.195% power entitlement share in SEC 1, approximately 50.6 MW and 8.24435% power entitlement share in SEC 2, approximately 7.6 MW. The participation costs will be included in purchased power expenses after the unit is brought on line. The KUA does not exercise significant influence or control over the operating or financial policies of FMPA. In conjunction with the power supply agreements, the KUA acquired its share of the SEC common facilities related to its ownership of SEC 1.

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 the 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
1995			
Utility Plant in Service	\$20,424,596	\$5,011,592	\$2,731,082
Less: Accum. Deprec.	<u>(4,757,253)</u>	<u>(2,897,354)</u>	<u>(567,981)</u>
Net Plant in Service	<u>\$15,667,343</u>	<u>\$2,114,238</u>	<u>\$2,163,101</u>
1994			
Utility Plant in Service	\$19,981,421	\$4,900,358	\$2,729,153
Less: Accum. Deprec.	<u>(4,120,858)</u>	<u>(2,378,501)</u>	<u>(486,049)</u>
Net Plant in Service	<u>\$15,860,563</u>	<u>\$2,521,857</u>	<u>\$2,243,104</u>

8. PENSIONS

The KUA employees participate in a multiple-employer cost sharing Retirement Plan for both employees of the City of Kissimmee and the KUA (Plan). The Plan was established in 1968 and amended and restated in 1975 to cover substantially all full-time employees, except City of Kissimmee police officers and firefighters. Annual costs of the plan are actuarially computed and include amortization of past service costs over a 30 to 40 year period beginning January 1, 1974. An actuarial study was conducted as of January 1, 1995 and 1994.

The table below shows relevant data for the Plan as a whole and for the KUA's portion where this was

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available:

<u>TOTAL PLAN</u>	<u>1995</u>	<u>1994</u>
Unfunded Accrued Liab.	\$ 5,603,083	\$ 1,545,778
Value of Assets	\$22,871,934	\$20,983,415
Vested Benefits	\$13,623,660	\$10,860,850
Nonvested Benefits	\$ 1,621,082	\$ 1,056,069
Normal Costs	\$ 1,932,802	\$ 1,343,591

<u>KUA'S PORTION</u>	<u>1995</u>	<u>% OF TOTAL PLAN</u>	<u>1994</u>	<u>% OF TOTAL PLAN</u>
Vested Benefits	\$5,968,839	43.8%	\$4,914,596	45.3%
Nonvested Benefits	\$791,156	48.8%	\$545,931	51.7%
Normal Costs	\$872,692	45.2%	\$617,891	46.0%
		<u>% OF COVERED PAYROLL</u>		<u>% OF COVERED PAYROLL</u>
Covered Payroll	\$7,146,860		\$6,428,090	
Normal Costs	\$872,692	12.2%	\$617,891	9.6%
Employer Contributions	\$872,692	12.2%	\$732,950	11.4%

The Entry-Age Normal-Level Percentage of Pay actuarial cost method was utilized in the January 1, 1994 valuation. The significant assumptions for the 1994 Plan are:

1. Life expectancy is calculated using the GA-1951 Male Mortality projected to 1965 by Scale C with a five-year set-back for females.
2. An interest return of 7.5% compounded annually.
3. A salary increase of 6% per year.

The Aggregate Actuarial Cost Method was utilized in the January 1, 1995 valuation. The significant assumptions for the 1995 Plan are:

1. Life expectancy is calculated using the 1983 Group Annuity Mortality Table.
2. An interest return of 8.0% compounded annually.
3. A salary increase of 6% per year.

As of January 1, 1995, the plan included 642 employees at a total annual basic compensation of approximately \$15,797,100. Of these numbers, the KUA employees were 253 at a total annual basic compensation of approximately \$ 7,146,900. The current year payroll for all of the KUA employees was

KISSIMMEE UTILITY AUTHORITY
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approximately \$9,336,900.

Membership in the Plan is comprised of the following:

Retirees receiving benefits	46
Beneficiaries receiving benefits	36
Vested terminated employees	27
Disabled employees receiving benefits	6
Active employees:	
Fully vested	151
Partially vested	210
Nonvested	<u>166</u>
	<u>642</u>

Normal retirement eligibility is defined as attainment of age 62 and completion of 10 years of credited service. Eligibility for early retirement is attained at age 55 and completion of 10 years of credited service. The Plan also provides for disability retirement and a death benefit. The KUA's contribution is calculated by the actuary based on membership. There are no employee contributions made to the Plan. The administrative cost of the Plan is allocated proportionately between the City of Kissimmee and the KUA and paid separately. As of January 1, 1995 the pension benefit obligation was calculated as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 5,008,423
Accumulated employee contributions including allocated investment income	847,353
Employer Financed - vested	11,225,425
Employer Financed - nonvested	<u>2,435,870</u>
Total Pension Benefit Obligation	19,517,071
Less: Actuarial value of assets	<u>22,196,843</u>
Assets in excess of pension benefit obligation	\$ <u>(2,679,772)</u>

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Public Employees Retirement Systems (PERS) and employers.

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On October 4, 1994 the City of Kissimmee Commission adopted Ordinance No. 2003 which amended the pension plan to reduce the normal retirement age from 65 and 10 years of credited service to age 62 and 10 years of credited service. Other changes included providing an additional \$100 per month to age 65 and \$25 per month thereafter, and reducing the early retirement penalty from 5% per year to 3% per year. The table below shows the effect of these changes for the plan as a whole. The KUA's portion was not available.

<u>TOTAL PLAN</u>	<u>Plan at September 30, 1994</u>	<u>Revised Plan at October 4, 1994</u>
Unfunded Accrued Liability	\$1,545,778	\$4,820,817
Value of Assets	\$20,983,415	\$20,983,415
Vested Benefits	\$10,860,850	\$12,621,864
Nonvested Benefits	\$1,056,069	\$1,325,857
Normal Costs	\$1,343,591	\$1,511,734
Amortization of Unfunded Liability	\$139,076	\$397,031
Interest Adjustment	\$111,200	\$143,157
Actuarial Funding Requirement	\$1,593,867	\$2,051,922

Historical trend information presenting the Retirement Plan's progress in accumulating sufficient assets to pay benefits when due is presented in Table 4 of the Statistical Section of this report.

9. DEFERRED COMPENSATION PLAN

The KUA offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by the International City Managers Association (ICMA) and the United States Conference of Mayors (USCM). The plans, available to all of the KUA employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination or unforeseeable emergency (including death, retirement and disability).

Internal Revenue Code Section 457 requires that all amounts of compensation deferred, all property and rights purchased, and all income earned are (until paid or made available to employees or their beneficiaries) solely the property and rights of the KUA, subject only to the claims of the KUA's general creditors. Participants' rights under the plans are equal to those of general creditors of the KUA in an amount equal to the fair market value of the deferred account for each participant. Deferred compensation accounts are stated at market value.

The ICMA and USCM are responsible for investment of funds, distribution of benefits and reporting to participants. The KUA believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

KISSIMMEE UTILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1995 AND 1994

10. 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:

- (i) 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

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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.

Refunding and revenue bonds outstanding at September 30, 1995 and 1994 consist of the following serial and term bonds:

<u>DESCRIPTION</u>	<u>FINAL MATURITY</u>	<u>ORIGINAL AMOUNT</u>	<u>1995</u>	<u>1994</u>
Electric Revenue Bonds, Series 1987 4.40% - 6.80% - 4/1; 10/1	10/01/12	\$ 66,020,000	\$ 59,610,000	\$ 61,600,000
Improvements & Refunding Revenue Bonds, Series 1991 4.30% 6.60%- 4/1; 10/1	10/01/17	\$ 75,550,000	15,835,000	16,475,000
Improvements & Refunding Revenue Bonds, Series 1993 3.90% - 5.50% -4/1; 10/1	10/01/18	\$145,800,000	145,800,000	145,800,000
Refunding Revenue Bonds, Series 1993A 3.20% - 5.30% 4/1; 10/1	10/01/17	\$ 21,165,000	<u>21,165,000</u>	<u>21,165,000</u>
Total Amount Outstanding			242,410,000	245,040,000
Less: Current Portion Long Term Debt			<u>(2,865,000)</u>	<u>(2,630,000)</u>
			<u>\$239,545,000</u>	<u>\$242,410,000</u>

KISSIMMEE UTILITY AUTHORITY
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The annual long-term debt service requirements (net of capitalized interest) at September 30, 1995 are as follows:

1996	\$ 10,435,708
1997	10,484,964
1998	18,101,228
1999	18,069,537
2000	18,071,576
2001-2005	91,846,499
2006-2010	95,406,224
2011-2015	100,568,477
2016-2018	<u>60,498,059</u>
Total	423,482,272
Less: Amount Representing Interest	<u>(183,937,272)</u>
Long Term Debt	<u>\$239,545,000</u>

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 and September 30, 1993 follow:

Electric & Water Bond Issues *	<u>1995</u>	<u>1994</u>
1967	\$ 100,000	455,000
1971	850,000	850,000
1971-A	165,000	215,000
1973	2,720,000	2,785,000
1975	2,620,000	2,735,000

KISSIMMEE UTILITY AUTHORITY
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YEARS ENDED SEPTEMBER 30, 1995 AND 1994

Electric Revenue Bonds

1977 Series A	14,515,000	15,125,000
1979-A	2,090,000	2,155,000
1982	43,725,000	44,465,000
1982-A	62,880,000	64,450,000
1984	26,725,000	27,025,000
1985	33,905,000	34,420,000
1991	<u>58,780,000</u>	<u>58,780,000</u>
	<u>\$249,075,000</u>	<u>\$253,460,000</u>

* 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.

11. 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 ongoing business during 1996 will be approximately \$8,130,000 and \$34,534,000 for years 1997 through 2000.

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 company.

The KUA entered into a Power Supply Acquisition Agreement with the Florida Municipal Power Agency (FMPA) in 1981. The KUA contracted to receive approximately 7 MW of power from the St. Lucie nuclear power plant for the life of the plant. The amount of the KUA's participation costs for 1995 and 1994 were approximately \$3,543,300 and \$3,324,500, respectively. The participation costs for 1996 are expected to be approximately \$4,027,900. Future participation costs are not known at this time (see Note 7).

The KUA entered into a Power Supply Acquisition Agreement with the FMPA, a Transfer Agreement with the City of Lake Worth and the City of Homestead to receive a total of approximately 30.4 MW from SEC 2 and approximately 50.6 MW from SEC 1. SEC 2 is still under construction and future participation costs are not known (see Note 7).

KISSIMMEE UTILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1995 AND 1994

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 charges to be paid are as follows:

	<u>Expiration Date</u>	<u>Minimum Annual Commitment</u>
Orlando Utilities Commission (OUC)	2004	\$ 1,149,456
Florida Power Corporation (FPC)	2000	2,716,303
Florida Gas Transmission (FGT)	NONE	<u>3,524,511</u>
TOTAL		<u>\$ 7,390,270</u>

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 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 \$861,000 in decommissioning costs in 1989 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 Florida Municipal Power Agency (FMPA) entered into an agreement whereby the FMPA would act as agent for the KUA and certain other Crystal River Unit 3 (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, 1995 and 1994 including interest earnings was approximately \$887,000 and \$783,000, 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 their ownership interest in CR3 and St. Lucie purchase power agreement 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 \$252 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 \$40 million per incident. The KUA's share of these assessments would be approximately \$1,702,000 and \$270,000, respectively for CR3 and \$1,925,000 and \$305,000, respectively for St. Lucie.

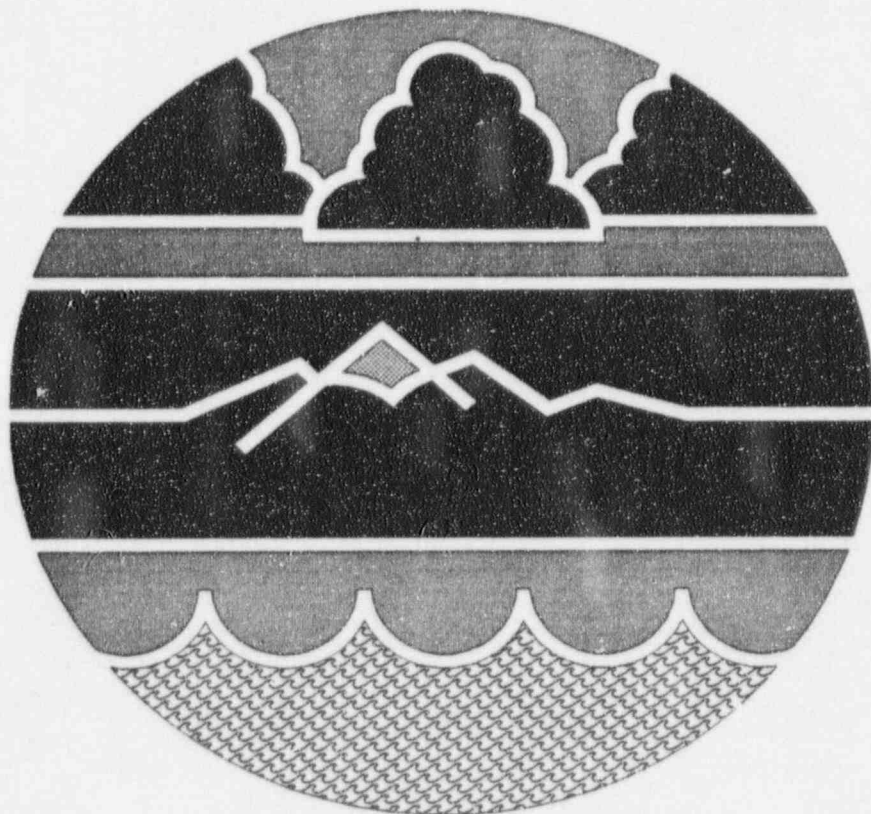
The KUA has recorded a liability at September 30, 1995 and 1994 of approximately \$138,600 and \$139,600, respectively, of which approximately \$127,800 and \$128,300, respectively, is long-term and a related deferred charge for its estimated portion of the costs for the decommissioning and decontamination

KISSIMMEE UTILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1995 AND 1994

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 #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 cost through the Costs 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. The KUA has been named as a defendant in several lawsuits. In the opinion of management, the resolution of these lawsuits will not have a material effect on the financial position of the KUA.

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
Operating Revenues By Source/Operating Expenses By Department
Last Ten Fiscal Years

	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
<i>Operating Revenues:</i>										
<i>Sources</i>										
Metered Sales	\$63,373,453	\$63,467,877	\$59,320,423	\$57,381,814	\$59,591,743	\$59,200,205	\$49,647,743	\$42,094,838	\$41,805,328	\$34,794,795
Public Street & Highway Lighting	800,373	742,127	669,534	590,572	561,884	94,135	87,536	87,169	82,042	76,281
Sales to Other Utilities	199,849	-	5,370	354,884	-	-	5,371	-	-	1,887
Interdepartmental Sales	-	121,720	124,341	96,804	93,082	73,849	55,330	19,434	725,063	788,838
Other Operating Revenues	2,474,172	1,366,280	1,143,854	1,274,263	1,334,193	989,151	766,856	770,138	647,019	580,517
Total Operating Revenues	\$66,847,847	\$65,698,004	\$61,263,522	\$59,698,337	\$61,580,902	\$60,357,340	\$50,562,836	\$42,971,579	\$43,259,452	\$36,242,318
<i>Operating Expenses:</i>										
<i>Departments</i>										
Nuclear Power Generation	\$1,087,206	\$1,248,097	\$1,165,620	\$1,323,156	\$1,063,250	\$1,138,120	\$884,553	\$1,027,636	\$879,544	\$785,795
Other Power Generation	15,006,756	13,807,614	13,521,919	14,186,062	10,678,524	9,392,800	8,850,109	6,784,651	4,839,234	4,389,997
Purchased Power	18,775,611	22,287,889	20,533,442	17,171,119	18,000,904	17,483,408	12,916,048	10,232,845	12,231,779	10,722,351
Transmission (1)	-	-	-	-	1,092,957	876,468	818,905	656,736	688,632	579,865
Distribution	1,768,767	2,026,431	1,946,742	1,810,395	1,359,428	1,149,311	1,223,593	914,551	1,100,826	925,953
Engineering	1,136,601	1,035,283	959,076	1,049,497	718,053	668,927	543,568	429,805	437,272	317,139
Information Systems (2)	474,641	414,361	468,993	-	-	-	-	-	-	450,234
Customer Relations	2,649,730	2,484,171	2,354,275	2,059,411	2,341,973	1,704,500	1,159,144	977,081	597,353	-
Finance (3)	790,765	616,889	736,461	1,223,286	996,428	800,194	545,257	841,912	188,066	-
Materials Management (4)	321,556	313,509	303,701	309,151	273,712	237,894	245,570	-	-	-
Personnel & Risk Management (3)	565,334	383,054	370,892	267,193	175,719	524,370	464,460	407,841	251,063	-
Executive	453,059	416,611	379,125	226,485	206,697	180,822	166,770	128,414	160,916	212,014
Administrative & General	888,963	612,773	764,560	716,801	619,486	1,087,299	930,262	884,633	1,506,908	1,698,993
Intergovernmental Transfers (5)	6,094,693	5,787,944	5,796,928	5,053,436	4,980,213	4,029,930	3,594,489	3,194,276	3,330,166	2,321,885
Depreciation	8,682,955	7,508,905	6,875,183	5,562,968	6,435,691	6,550,030	3,715,073	3,475,030	2,483,376	2,370,378
Cost to be recovered from future revenue	(3,483,594)	(3,158,228)	(2,256,625)	(1,945,783)	-	-	-	-	-	-
Total Operating Expenses	\$55,213,043	\$55,785,303	\$53,920,292	\$50,013,177	\$36,700,948	\$33,975,992	\$27,651,207	\$22,273,058	\$21,213,769	\$18,171,334

- (1) This department was combined with other departments in 1992.
(2) This department was segregated from the Finance Department during 1993.
(3) These departments were created during 1987.
(4) This department was created during 1989.
(5) Payment to City of Kissimmee prior to 1986 was considered a non-operating expense.

KISSIMMEE UTILITY AUTHORITY
TABLE 2
TEN HIGHEST METER LOCATIONS - ELECTRIC

	<u>Annual Consumption (MWH)</u>	<u>Percent of Total System</u>
1. Custom Plastics Development, Inc.	6,091	1.16%
2. Adventist Health Systems	6,093	0.78%
3. Osceola Regional Hospital	4,666	0.60%
4. Martin Brower	4,384	0.56%
5. Publix Super Market #351	4,365	0.56%
6. Resort World of Orlando	4,090	0.52%
7. Philip Hotels, Inc.	3,574	0.46%
8. Albertson's Store #4410	3,450	0.44%
9. Osceola County Criminal Justice	3,302	0.42%
10. City of Kissimmee - Water & Sewer	3,232	0.41%

SOURCE: Kissimmee Utility Authority, Customer Relations Department

**KISSIMMEE UTILITY AUTHORITY
TABLE 3
INSURANCE**

<u>COMPANY</u>	<u>TYPE OF COVERAGE</u>	<u>DED./AGG. MAXIMUM</u>
Florida League of Cities	General Liability	\$20,000/1 Mil.
Aegis Insurance Service, Inc.	Excess Liability	\$500,000
Florida League of Cities	Workers Compensation	\$10,000/Fl. Stat.
Hartford Steam Boiler	Primary Property	\$50,000/Scheduled
Hartford Steam Boiler	Boiler & Maintenance	Scheduled/Scheduled
Mt. Airy Insurance Company	Public Officials Liab.	\$25,000/1 Mil.
Aetna Insurance Company	Fiduciary Liability	\$250,000 Max
The Hartford	Public Official Bond	\$250,000 Max
The Hartford	Miscellaneous & Bond	\$250,000
Hartford Steam Boiler	Data Processing	Scheduled
Humana	PPO	\$200 - 80/20
Humana	HMO	\$5/25 - CO Pay
Royal Life Insurance Company	Life & AD&D	Scheduled by Salary

SOURCE: Kissimmee Utility Authority, Personnel & Risk Management Department

**KISSIMMEE UTILITY AUTHORITY
CITY OF KISSIMMEE
TABLE 4
General Employee Retirement Plan**

(000's)						
Plan Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1) \ (2)	(4) Overfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Overfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) \ (5)
1994	\$22,872	\$19,517	117.2%	(\$3,356)	\$15,797	(21.2%)
1993	\$20,983	\$16,504	127.1%	(\$4,480)	\$14,243	(31.5%)
1992	\$18,276	\$14,773	123.7%	(\$3,503)	\$13,102	(26.7%)
1991	\$16,390	\$12,999	126.1%	(\$3,391)	\$11,318	(30.0%)
1990	\$13,149	\$11,343	115.9%	(\$1,806)	\$9,140	(19.8%)
1989	\$12,173	\$9,593	126.9%	(\$2,580)	\$7,505	(34.4%)
1988	\$9,575	\$8,369	114.4%	(\$1,206)	\$6,589	(18.3%)
1987	\$8,322	\$7,347	113.3%	(\$975)	\$5,779	(16.9%)

NOTE: Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effect of inflation and aids analysis of the Plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

* For Plan Years 1980-1986 the Pension Benefit Obligation was not calculated by the Actuary. Government Accounting Standards Board Statement #5, which was issued in November 1986, required this disclosure for subsequent years.

SOURCE: City of Kissimmee / Kissimmee Utility Authority Actuarial Valuation dated January 1, 1995.

KISSIMMEE UTILITY AUTHORITY
TABLE 5
Revenue Bond Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Income Available for Debt Service</u>	<u>Debt Service Requirement</u>	<u>Debt Service Coverage</u>
1995	\$28,350,804	\$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
1988	\$22,770,270	\$8,570,081	2.66
1987	\$22,466,832	\$7,435,601	3.02
1986	\$19,222,388	\$7,514,756	2.56
1985	\$17,247,198	\$7,286,426	2.37
1984	\$10,371,803	\$5,901,623	1.76
1983	\$8,558,790	\$6,032,412	1.42

KISSIMMEE UTILITY AUTHORITY
TABLE 6
Residential Electric Meters

	LAKE	ORANGE	OSCEOLA
1995 *	85,584	306,731	56,704
1994	85,422	304,565	57,957
1990	73,790	267,794	46,372
1985	58,911	207,604	31,593
1980	48,298	170,843	20,552
1975	39,911	143,038	15,667
1970	28,633	110,950	10,206

NOTE: The active residential meter figures above reflect the overall growth and seasonal changes in housing occupancy.

*SOURCE: East Central Florida Regional Planning Council,
The Council Quarterly
* Second Quarter, 1995*

KISSIMMEE UTILITY AUTHORITY
TABLE 7
POPULATION

	<u>LAKE</u>	<u>ORANGE</u>	<u>OSCEOLA</u>
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	757,897	136,045
2000 *	200,000	842,500	166,900
2005 *	222,200	928,400	194,800
2010 *	243,800	1,012,200	222,200
2015 *	265,600	1,096,800	250,100
2020 *	287,300	1,181,000	278,200

SOURCE: East Central Florida Regional Planning Council; The Council Quarterly, Second Quarter, 1995

** Projections*

**KISSIMMEE UTILITY AUTHORITY
TABLE 8
CLIMATE**

**Average Monthly Rainfall & Temperature
Kissimmee, Florida**

FISCAL YEAR 95	RAIN (Inches)	TEMPERATURE (Degree F)
October	4.57	82
November	1.56	76
December	1.90	72
January	2.20	70
February	2.28	72
March	3.46	76
April	2.72	82
May	2.94	87
June	7.11	89
July	8.29	90
August	6.73	90
September	7.50	88
MONTHLY AVERAGE	4.80	83

SOURCE: Kissimmee/Osceola County Chamber of Commerce

KISSIMMEE UTILITY AUTHORITY
TABLE 9
PUBLIC & PRIVATE SCHOOL ENROLLMENT

<u>School Year</u>	<u>LAKE</u>	<u>ORANGE</u>	<u>OSCEOLA</u>
1994/95	25,186	133,371	25,144
1993/94	24,362	127,060	23,604
1992/93	23,358	122,938	22,296
1991/92	22,917	118,437	20,976
1990/91	22,390	114,000	19,692
1989/90	21,492	108,979	18,205

NOTE: Public school enrollment includes exceptional children, kindergarten and grades 1 - 12. School year comprises the third and fourth quarters of one year and the first and second quarters of the following year. Yearly total is derived by averaging the four quarters. Private school enrollment does not include pre-kindergarten.

SOURCES: *County school boards and Florida Department of Education*

**KISSIMMEE UTILITY AUTHORITY
TABLE 10
HOUSING**

NEW DWELLING UNITS AUTHORIZED BY BUILDING PERMITS

<u>Jurisdiction</u>	II/95			<u>Total</u>
	<u>Single Family</u>	<u>Multi- Family</u>	<u>Mobile Homes</u>	
Osceola	423	69	0	492
Kissimmee	137	0	0	137
St. Cloud	22	0	0	22
Unincorporated	264	69	0	333

<u>Jurisdiction</u>	II/94			<u>Total</u>
	<u>Single Family</u>	<u>Multi- Family</u>	<u>Mobile Homes</u>	
Osceola	467	4	94	565
Kissimmee	100	0	0	100
St. Cloud	38	0	0	38
Unincorporated	329	4	94	427

SOURCE: East Central Florida Regional Planning Council, The Council Quarterly, Second Quarter 1995