

Comprehensive Annual Financial Report

A Component Unit of the City of Fort Pierce, Florida

For the Fiscal Year Ended September 30, 2001



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

FORT PIERCE UTILITIES AUTHORITY

Mission Statement

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

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

American Heart Association

American Legion

American Red Cross

Amvets

Area Agency On Aging

Big Brothers/Big Sisters

Central Florida Blood Bank

Crime Stoppers

DATA

Downtown Business Association

Earth Day Activities

Ellis Park

Exchange Club

Florida Army National Guard

Ft. Pierce Neighborhood

Housing Services

Ft. Pierce State Housing

Initiative Partnership

Habitat for Humanity

Heathcote Botanical Gardens

Hibiscus Children’s Center

Horses for the Handicapped

Hospice of the Treasure Coast

HOSTS (Helping One Student

To Succeed)

Indian River Community College

Junior Chamber of Commerce

KIDS

Kids Crossing

Kiwanis Club

Lawnwood Regional Medical Center

Leadership Saint Lucie

Main Street Ft. Pierce

Manatee Observation and Education Center

Muscular Dystrophy Association

Mustard Seed Ministries

NAACP

New Horizons

Rotary Club

St. Lucie Conservation Alliance

St. Lucie County Agriculture Advisory Board

St. Lucie County Chamber of Commerce

St. Lucie County Fair Association

St. Lucie County 4-H

St. Lucie County Human Resources Association

St. Lucie County Sheriff’s Department

St. Lucie County United Way

St. Lucie Mural Society

Salvation Army Christmas Angels

Special Olympics

Sunrise Theatre Restoration

Treasure Coast Safety Council

Treasure Coast Regional Science Fair

Victory Children’s Home

Workforce Development Board

YMCA

Various:

Boy/Girl Scouts & Cub/Brownie Troops

Little Leagues

Babe Ruth Leagues

School Mentoring Programs & Partnerships

Religious Groups & Organizations

Food Bank Programs

TeamUA - 2,000+ Years of Dedicated Service

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

FURNESS, DEREK R.
FURST, JAMES P., JR.
GATINS, STEVEN F.
GIEL, DOUGLAS W.
GIFT, MICHAEL R.
GILBERT, A. EARL
GILLESPIE, PATRICK E.
GILLETTE, GARY J.
GILLILAND, LEWIS E.
GILSINAN, PATRICIA L.
GILSON, JOSEPH T.
GLANCY, GARY K.
GODSIL, C. PAUL
GOMEZ, SONIA V.
GOODSON, RALPH L.
GORDON, MICHAEL
GRIMYSER, GLORIA
GRONBORG, NEAL H.
GROSSHANTEN, JULIE E.
HALL, GEORGE R.
HAMILTON, MURRAY M.
HARGETT, BOBBY P.
HARRIS, DIANE
HARRIS, RICHARD
HAYES, KENNA B.
HAYMAN, GORDON E.
HAYNES, LOUIS I., III
HELMICH, PETER C.
HEMPHILL, PAUL
HEPBURN, EDITH M.
HILTZER, DEBORAH A.
HITE, NELL D.
HODGE, GARY A., JR.
HODGE, NATHANIEL, JR.
HODGE, CALVIN D.
HOLMAN, ESTELA Q. A.
HUMMEL, LESTER C.
HURTUBISE, M. NINA
IRBY, STEPHEN
JASA, KIM KESTEL
JERGER, SIDNEY L.
JOHNS, DONALD B.
JOHNSON, ANGELA MARIE
JOHNSON, DEVOSHAY
JOHNSON, JEREMIAH K.
JOHNSON, PATRICIA
JOHNSON, RUBIN
JOHNSON, TERRY
JOLLY, MELANIE S.
JONES, LATRAVIA S.
JONES, LAWRENCE E.
KAEFF, WILLIAM R.
KASCH, RICHARD J.
KATZ, MILES
KEANE, EDWARD T., JR.
KECK, JAY A.
KECK, JUDY S.
KECK, TERRY L
KEENAN, LORENIA
KELLER, PATRICK J.
KELLEY, PETER G.
KING, WANDA DAVIS
KITZI, STEVEN C., JR.
KNIGHT, EUGENE D.
KOBBE, MARK
KOBLEGARD, RUPERT N.,
III
KRAMER, C. RUSSELL
KRUSE, ERNIE C.
LADOMIRAK, ALICE M.

LAGUERRE, PAUL
LAMB, ROBERT J.
LAMPE, JOHN W.
LANDIN, DONALD T. E.
LAWSON, PATRICIA ANN
LAWSON, SHAWN O.
LENARTIENE, KLAUS P.
LEONGOMEZ, EDWARD S.
LEWIS, NICKI DALE
LOGAN, CHRISTA
LONG, WILLIE, JR.
LONG, DOROTHY E.
LUCKMAN, CARL
LYONS, KEITH B.
MADSEN, PAUL L.
MALIN, TAMMY R.
MANCHESTER, GLEN P.
MANIS, DEBORAH
MAREVELLE, CLARENCE
DARROW
MARSHALL, CLAUDE L.
MARTIN, DAVID
MARTIN, KEVIN P.
MASSIMINO, JOSEPH
MATHIS, MARK D.
McCARTHY, TOMMIE M..
McCAUSLAND, LARRY JOE
McCONKEY, NANCY L
McCRAEY, ALBERTHA
McFOLLEY, JOHNNIE C., JR.
McMASTER, THOMAS S.
McMILLON, TERRANCE
MELLERT, DAVID A.
MELLERT, DIANE M.
MIDDLETON, CLEON M.
MILLER, GEORGE E.
MOBERLY, E. GLYNDON, JR.
MORRIS, CURTIS
MORRIS, REGINA D.
MOSELY, STEVEN
MYRICK, CHRISTELLE
NEAL, RANDY G.
NESSELRODE, DINO G.
NICHOLSON, GREGORY D.
NOBLE, STACY L.
NORTON, WILLIAM D.
NOYES, VINCENT P.
NYE, JENNIFER L.
OTEEN, DEWEY, F.
PARMELEE, ARTHUR O., III
PEARSON, CAROL ANN
PENICK, RALPH A.
PETERS, STEVEN M.
PHILLIPS, JAMES, JR.
PIERO, RITA N.
PLATT, SHIRLEY F.
PODRAZA, REBECCA L
PRINCE, ANTHONY L.
PRINCE, GENERETT
RAMOS, VIOLET
RENFRO, ROXANNE M.
RETFERFORD, DANIEL P.
RHODEN, J. KEVIN
RICHARDS, THOMAS W.
RICHARDS, TIMOTHY W.
RITTEN, JOHN T.
RIVERA, JUDI P.
ROARK, RONALD E.
ROBINSON, KENNY R.
ROCKSWOLD, ERIK L.
ROGOLINO, MARC
ROHAN, DEBRA E.
RUSS, JOHN L.

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

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

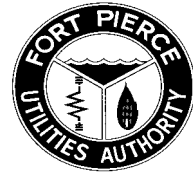
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Introductory Section

Fort Pierce Utilities Authority

"Committed to Quality"



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March 15, 2002

Board Members Fort Pierce Utilities Authority

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

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

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

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

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

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

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

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

THE REPORTING UNIT

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

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

SYSTEM PROFILE

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

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

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

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

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

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

The **Gas System** serves the City of Fort Pierce and the immediate surrounding area, encompassing approximately 27 square miles, with an average of 4,736 customers during the fiscal year ended September 30, 2001. The Gas System purchases firm gas for resale through the Florida Gas Utility. Florida Gas Utility has a contract with Florida Gas Transmission for the transportation of gas to our system. The contract with Florida Gas Utility will expire in the year 2007. The Authority contracted with FGU as an ARP Participant on January 15, 2002. The Gas Operations Department is responsible for the installation and maintenance of all gas mains and service lines. The department also employs a staff of qualified gas service technicians to maintain and repair customers' natural gas appliances.

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

LOCAL ECONOMY

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

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

The major factors in the economy of Fort Pierce and surrounding St. Lucie County are agribusiness, construction, retail and wholesale trade, light manufacturing, tourism and sport and commercial fishing. The labor force in our service territory depends on agribusiness resulting in above average unemployment in comparison to the State's averages. The Authority's service area encompasses many educational and research endeavors – Indian River Community College, Harbor Branch Oceanographic Institution, Smithsonian Fort Pierce Marine Station, U.S. Department of Agriculture Laboratory, University of Florida Research and Education Center, and the Manatee Observation and Education Center. The Smithsonian Marine Ecosystem Exhibit houses a living coral reef ecosystem, which has been on display in Washington, D.C., for the last 20 years.

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

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

NEW BUSINESS

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

STRATEGIC MANAGEMENT PLANNING

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

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

Priority No. 1 - Customer Retention and Expansion:

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

Priority No. 2 - Corporate Culture:

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

Priority No. 3 - Corporate Planning:

Facilities Master Planning and Long-Range Planning.

Priority No. 4 - Economic Decision Making:

Spending (Capital, Operations and Maintenance).

Priority No. 5 - Financial Performance :

Cost of Service

LONG TERM CAPITAL PLANNING

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

Major projects include:

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

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

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

BUDGETS

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

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

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

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

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

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

PENSION AND OTHER POST EMPLOYMENT BENEFITS

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

In addition to providing pension benefits, the Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for those benefits if they reach normal retirement age while working for the Authority. Section 112.0801, Florida Statutes, as amended by Sections 1 and 2 of Chapter 87-373, Laws of Florida, requires all public employers to allow their retirees to participate in the same health group plan or self-insurance plan offered to their active employees. See Note K for details.

DEBT MANAGEMENT

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

CITY TRANSFER

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

AWARDS

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

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fort Pierce Utilities
Authority, Florida

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

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



Thomas A. Crave
President

Jeffrey L. Esler
Executive Director

DIRECTORY

Board Members

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

Management Team

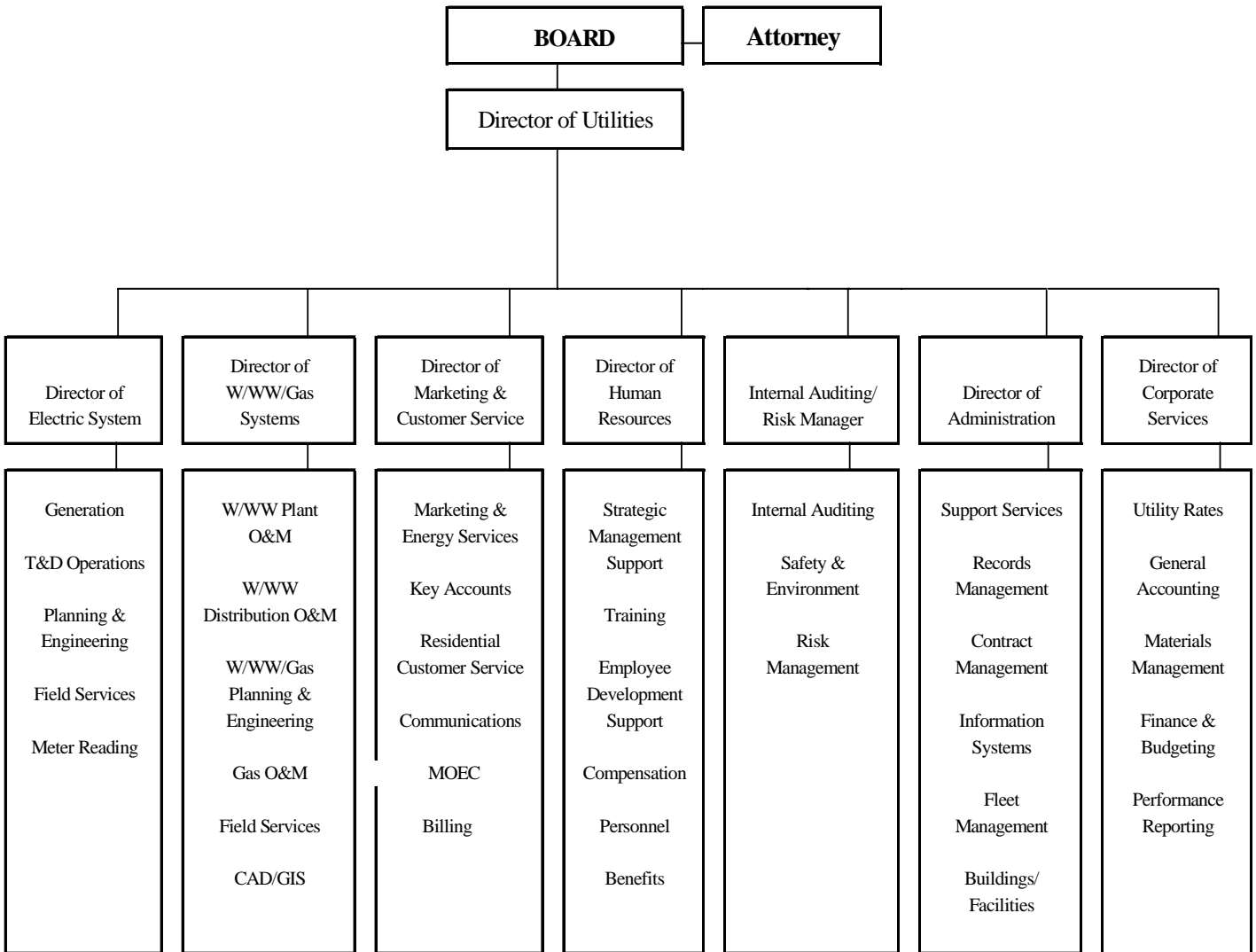
Elie J. Boudreaux, III, P.E., Director of Utilities
Frank J. Varella, CMA, CPFO, CGFO, Director of Corporate Services
Thomas W. Richards, P.E., Director of Electric System
Vaughan C. Weaver, P.E., Director of Water/Wastewater/Gas Systems
Murray M. Hamilton, Director of Marketing & Customer Service
Shirley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

Counsel

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

Independent Certified Public Accountants

Berger, Toombs, Elam and Frank
Fort Pierce, Florida



Financial Section



**Berger, Toombs, Elam
& Frank**

Certified Public Accountants Chartered

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Report of Independent Certified Public Accountants

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

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

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

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

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

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



Honorable Chairman and Members
Fort Pierce Utilities Authority

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

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

Berger, Toombs, Elam & Frank

Fort Pierce, Florida
November 30, 2001

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

REQUIRED FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

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

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

Table 1
Net Assets

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

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

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

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

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

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

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

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

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

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

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

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

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

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

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

This year's major additions include:

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

WATER

R.O. Plant	\$ 3,740,000
S A1A Water Main	327,000
Meter Changeout/Replacements	261,000
Main/Service/Valve Replacement	241,000

GAS

System Expansion	\$ 116,000
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WASTEWATER

Intrusion and Infiltration Program - Lining Wastewater Mains	\$ 721,000
Intergovernmental/Oversizing	377,000
WW Reclamation Facility	584,000

Since many of the projects rehabilitate deteriorating lines in the older sections of town, the impact on operating and maintenance expenses is expected to be favorable. However, new revenue resulting from growth is slight.

The Authority's FY 2002 capital budget plans for investing another \$28.6 million in capital projects, including the following:

R.O. Plant	\$ 7,000,000
Power Plant Improvements and Upgrades	3,943,000
Government mandated projects	3,990,200
Site Development South of ESC	1,375,000
Vehicles (23)	1,003,000
Intrusion, Infiltration, and Lining of Wastewater Mains	1,000,000
New Revenue (Electric)	975,000
SCADA and Computer Systems	587,200
Lift Station Renovations	400,000
69kV Transmission Lines - H.D. King Plant to Vero Tie-Line	330,000
Master Plans	300,000
Replace NCC (Legacy) Applications	200,000
MSBU's	175,000
TOTAL	\$ <u>21,278,400</u>

The Authority plans on using existing cash to fund part of the capital budget for the upcoming year, assuming the O&M Budget materializes and no disasters or emergencies occur. The Authority at this time is expecting to issue \$9 to 10 million in bonds in the next 60 days to fund its ongoing capital program.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the close of FY 2001, due to a deficit cash balance in the Wastewater System, stagnant or negative growth coupled with inflation and regulatory pressures, it was necessary to decrease the capital budget for FY 2002 to \$2 million in the Wastewater System. Staff also recommended to the Board that rates be increased 8% per year for the next three years. The Board approved the three-year rate increases on October 2, 2001. The first 8% increase was effective the first billing cycle in November, 2001, and subsequent 8% increases are effective October 1, 2002 and 2003.

Electric sales for FY 2001 grew at less than 1%. We are expecting that trend to continue in the current fiscal year. This will provide adequate cash to complete the capital program necessary to maintain service levels where they are today.

In the Water System, we've been experiencing a no-growth situation. With the increased capital needs of the Water System, rates have increased 15% per year over the past two years. The elasticity effect on the rate increases resulted in lower per capita use by the Authority's customers reducing revenue unit sales for the Water System. This has also had a negative effect on the Wastewater System in that Wastewater charges are based on water consumption. Due to the City of Fort Pierce's annexation policy requiring the Authority to receive an annexation agreement from any future customers where service is provided, the Authority's growth potential outside of the existing service area is almost non-existent.

Wastewater revenues for FY 2001 are lower than FY 2000. This puts pressure on operating cash reserves to complete the capital program which is driven by the redevelopment efforts of the City of Fort Pierce and the reconstruction of many of the roadways by the County and State Department of Transportation. We do not foresee this situation changing in the next couple of years. This situation also holds true for the Gas System.

The Authority's new R.O. Plant, which has been under construction since March 2001, utilizes the resources of the Floridan aquifer. Water treated at the new plant will be blended with the water treated at the existing plant. This new plant will reduce the dependence the Authority has on the Surficial aquifer resources. This R.O. Plant should be online by the end of calendar year 2002.

No other rate changes are expected for the next couple of years, only adjustments in power costs and purchase gas costs will change the customer's bill.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's rate payers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Director of Corporate Services at Fort Pierce Utilities Authority, P.O. Box 3191, Fort Pierce, FL 34948-3191.

FORT PIERCE UTILITIES AUTHORITY
BALANCE SHEET

(with comparative totals for September 30, 2000)

(Dollars in Thousands)

	2001	2000 as adjusted (Note R)
ASSETS		
CURRENT ASSETS		
Equity in Pooled Cash and Investments	\$ 17,858	\$ 18,065
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$58,000 in 2001 and \$53,000 in 2000	6,211	5,077
Unbilled Service Receivables	4,240	3,693
Inventories and Other Current Assets	4,063	4,102
Total Current Assets	32,372	30,937
RESTRICTED ASSETS		
Equity in Pooled Cash and Investments	12,615	18,800
Cash with Fiscal Agent	229	230
Accrued Interest Receivable	-	75
Total Restricted Assets	12,844	19,105
DEFERRED EXPENSES		
Unamortized Finance Charges	890	968
Other	460	460
Total Deferred Expenses	1,350	1,428
UTILITY PLANT		
Utility Plant in Service	264,105	254,299
Less Accumulated Depreciation	115,070	107,846
	149,035	146,453
Construction Work in Progress	12,099	8,579
Net Utility Plant	161,134	155,032
Total Noncurrent Assets	175,328	175,565
TOTAL ASSETS	\$ 207,700	\$ 206,502

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

FORT PIERCE UTILITIES AUTHORITY
BALANCE SHEET

September 30, 2001

(with comparative totals for September 30, 2000)

(Dollars in Thousands)

	2001	2000 as adjusted (Note R)
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 5,280	\$ 4,517
Deferred Revenues	609	1,388
Due to City of Fort Pierce	759	879
Total Current Liabilities	6,648	6,784
 LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Revenue Bonds Payable - Current	3,940	3,675
Accrued Interest Payable Revenue Bonds	1,991	2,101
Customer Deposits	3,691	3,701
Total Liabilities Payable from Restricted Assets	9,622	9,477
 LONG-TERM LIABILITIES		
Loans and Revenue Bonds Payable, Net of Current Amounts Payable from Restricted Assets and Unamortized Discounts	90,125	92,681
Accrued Compensated Absences	1,614	1,586
Total Long-Term Liabilities	91,739	94,267
Total Noncurrent Liabilities	101,361	103,744
Total Liabilities	108,009	110,528
 NET ASSETS		
Invested in Capital Assets, net of related debt	67,069	58,676
Restricted for Debt Service	3,222	9,057
Unrestricted	29,400	28,241
Total Net Assets	99,691	95,974
 TOTAL LIABILITIES AND NET ASSETS	\$ 207,700	\$ 206,502

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

FORT PIERCE UTILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended September 30, 2001

(with comparative totals for year ended September 30, 2000)

(Dollars in Thousands)

	2001	2000 as adjusted (Note R)
OPERATING REVENUES		
Sales and charges for services	\$ 72,940	\$ 64,867
Other	1,579	1,300
Total Operating Revenues	74,519	66,167
 OPERATING EXPENSES		
Generation	2,722	3,224
Purchases for resale	32,264	26,164
Plant operations	3,969	3,572
Field operations	5,932	5,279
General and administrative	9,979	9,585
Depreciation	9,297	8,863
Total Operating Expenses	64,163	56,687
 OPERATING INCOME	10,356	9,480
 NONOPERATING REVENUES (EXPENSES)		
Investment and other income	1,969	2,462
Interest expense	(5,086)	(5,292)
Amortization of financing expenses and revenue bond discounts	(238)	(242)
Transfer to General Fund - City of Fort Pierce	(4,285)	(4,063)
Total Nonoperating Revenues (Expenses)	(7,640)	(7,135)
 INCOME BEFORE CAPITAL CONTRIBUTIONS	2,716	2,345
Capital contributions	1,495	2,529
 INCOME BEFORE EXTRAORDINARY ITEMS	4,211	4,874
Extraordinary Income (Expense)	(494)	1,838
 CHANGE IN NET ASSETS	3,717	6,712
 Net Assets - Beginning of Year	95,974	89,262
 Net Assets - End of Year	\$ 99,691	\$ 95,974

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

FORT PIERCE UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended September 30, 2001

(with comparative totals for year ended September 30, 2000)

(Dollars in Thousands)

	2001	2000 as adjusted (Note R)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 70,470	\$ 62,655
Receipts from other sources	1,579	1,300
Receipts from rental property	148	148
Receipts from administration fees and other	107	230
Receipts for extraordinary items	442	1,838
Payments to suppliers for goods and services	(41,385)	(34,510)
Payments to employees for services	(9,829)	(9,188)
Payments for benefits on behalf of employees	(3,036)	(2,605)
Payments for extraordinary items	(936)	-
Net cash provided by operating activities	17,560	19,868
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Reduction in payable to City of Fort Pierce	(120)	(235)
Transfer to City of Fort Pierce	(4,285)	(4,063)
Net cash used by noncapital financing activities	(4,405)	(4,298)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of fixed assets	(15,279)	(13,778)
Proceeds from sale of depreciable assets	34	17
Capital contributions	1,374	1,252
Bond and loan principal payments	(3,675)	(3,150)
Bond and loan interest payments	(3,974)	(3,795)
Bond issue costs	-	(1)
Net cash used by capital and related financing activities	(21,520)	(19,455)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of pooled cash and investments	11,513	15,510
Interest on pooled cash and investments	1,883	1,350
Purchase of pooled investments	-	(16,116)
Net cash provided by investing activities	13,396	744
Net Increase in Cash and Cash Equivalents	\$ 5,031	\$ (3,141)

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

FORT PIERCE UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS

Year ended September 30, 2001

(with comparative totals for year ended September 30, 2000)

(Dollars in Thousands)

	2001	2000 as adjusted (Note R)
Net Increase in Cash and Cash Equivalents	\$ 5,031	\$ (3,141)
Cash and Cash Equivalents at Beginning of Year	25,633	28,774
Cash and Cash Equivalents at End of Year	\$ 30,664	\$ 25,633
Current equity in pooled cash and investments	\$ 17,858	\$ 18,065
Restricted equity in pooled cash and investments	12,615	18,800
Cash with fiscal agent	229	230
Total Pooled Cash and Investments	30,702	37,095
Less: Investments	(38)	(11,462)
Total Cash and Cash Equivalents	\$ 30,664	\$ 25,633

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 10,356	\$ 9,480
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	9,297	8,863
Extraordinary income (expense)	(494)	1,838
Rental income	148	148
Administration fees and other income	107	230
(Increase) decrease in accounts receivable	(1,134)	(447)
(Increase) decrease in unbilled revenue	(547)	(281)
(Increase) decrease in inventories and other current assets	(176)	204
(Increase) decrease in deferred expenses	-	214
Increase (decrease) in liabilities payable from restricted assets other than revenue bonds	(10)	(69)
Increase (decrease) in accounts payable	764	1,063
Increase (decrease) in compensated absences	28	39
Increase (decrease) in deferred revenues	(779)	(1,414)
	\$ 17,560	\$ 19,868

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets	\$ 121	\$ 1,278
Increase in fair value of investments	\$ 88	\$ 529

(Continued from previous page)

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

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements
September 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The accounts at September 30, 2001, and for the year then ended of the various utility systems of the Authority are included as a discretely presented component unit of the City of Fort Pierce, Florida, financial statements. The Authority has no component units.

Basis of Presentation

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

GASB Statement No. 34 - The Authority adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, during the year ended September 30, 2001. Statement 34 establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section, a Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Assets and a Statement of Cash Flows. It requires the classification of Net Assets into three components - Invested in Capital Assets, net of related debt; Restricted for Debt Service; and Unrestricted.

The adoption of Statement 34 had little effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets, presentation of the Statement of Cash Flows using the direct method, and the inclusion of a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority is charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Liabilities and Net Assets

Pooled Cash and Investments - The Authority, for accounting and investment purposes, pools certain cash and investments. Income earned as a result of pooling is distributed to the appropriate system based on the equity each system has in the income-producing item. Cash and cash equivalents are considered to be cash on hand, certificates of deposit, State Treasurer's Investment Pool, Overnight Repurchase Agreements, and short-term investments with original maturities of three months or less from date of acquisition. Investments are stated at fair value based on quoted market prices, except for the investment in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (the LGSF Pool). The LGSF Pool is a "2a -7 like" pool, and therefore, amortized cost has been used as fair value for financial reporting, consistent with the requirements of GASB Statement 31. (Also see Note B.)

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements (continued)
September 30, 2001

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

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

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

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

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

Utility Plant - Utility plant is stated at historical cost for items constructed or acquired by purchase and at estimated fair market value on the date received for contributed capital. Utility plant assets are defined by the Authority as assets with an initial, individual cost of \$750 or more and an estimated useful life of one year or more, as set forth in Florida Statute Chapter 274.02. (See Note C for interest capitalization.)

Depreciation of all exhaustible utility plant assets, including those acquired through intergovernmental grants externally restricted to capital acquisitions, is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation is calculated using the straight line method over the following estimated useful lives:

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

Purchased Power and Gas Adjustments - The rate schedules of the Electric and Gas Systems provide that fuel cost increases, decreases, and credits, as computed under formulas adopted by the Authority, will be passed on to the

customers. These charges or credits are recorded as a deferred charge or deferred revenue.

Long-Term Liabilities – Bonds payable are reported net of any applicable bond premium or discount. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Net Assets – Equity is classified as net assets and displayed in three components:

- Invested in Capital Assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted for Debt Service – Consists of net assets with constraints placed on their use by revenue bond resolution. (Also see Note M.)
- Unrestricted – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Comparative data/reclassifications – Comparative total data for the prior year have been presented in order to provide an understanding of the changes in the financial position and operations of the Authority. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

Budget Process

The Authority is required to prepare, adopt, and provide to the City Commission of the City of Fort Pierce an annual budget no later than 45 days prior to the beginning of its fiscal year. The annual budget and any amendments thereto shall be in effect when approved by the Authority, and when any line item expense has not been disapproved by four-fifths (4/5) vote of the City Commission within 30 days of submission. Expenses may not exceed the adopted budget as presented to the City Commission, except adoption of necessary and reasonable procedures for providing emergency repairs and/or restoration or maintenance of services. The budget is prepared on the accrual basis. The budget and amendments thereto for the year ended September 30, 2001, have been approved according to the above procedures. Subsequent to the date of the auditor’s report, the final budget amendment for the fiscal year ended September 30, 2001, was adopted by the Authority Board and was approved by the City Commission.

NOTE B - CASH AND INVESTMENTS

Deposits - Florida statutes require state and local governmental units to deposit monies with a financial institution classified as a "Qualified Public Depository," which is a multiple financial institution pool whereby groups of

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements (continued)
September 30, 2001

securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. The Authority had deposits only with qualifying institutions as of September 30, 2001, or with banks in which depository insurance was sufficient to cover the deposit balance.

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

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

The Authority's investments are categorized as follows to provide an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments, with securities held by the

counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments, with securities held by the counterparty or by its trust department or agent, but not in the Authority's name. Overnight repurchase agreements are collateralized by U.S. Treasury Notes and FHLMC Discount Notes.

Restricted Investments (in thousands):

	C A T E G O R Y			Reported Amount
	<u>1</u>	<u>2</u>	<u>3</u>	
Overnight Repurchase Agreement			\$ 3,436	\$ 3,436
FNMA Notes			1,044	1,044
Federal, state, and local government securities			<u>15</u>	<u>15</u>
			<u>\$ 4,495</u>	4,495
Investment in State Treasurer's Investment Pool				<u>5,265</u>
Total Restricted Pooled Investments				<u>\$ 9,760</u>

Current Investments (in thousands):

	C A T E G O R Y			Reported Amount
	<u>1</u>	<u>2</u>	<u>3</u>	
Overnight Repurchase Agreement			\$ 4,773	\$ 4,773
FNMA Notes			1,449	1,449
Federal, state, and local government securities			<u>22</u>	<u>22</u>
			<u>\$ 6,244</u>	6,244
Investment in State Treasurer's Investment Pool				<u>7,311</u>
Total Current Pooled Investments				<u>\$13,555</u>

The Authority's investments held throughout the year are principally the same as the investments held as of September 30, 2001. As indicated on page 39, certain investments are considered cash equivalents for purposes of the Statement of Cash Flows. Because of significantly higher or lower cash flows at certain times during the year, the Authority's investment in overnight repurchase agreements changed significantly, from a low of \$1,599,000 to a high of \$15,952,000.

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements (continued)
September 30, 2001

NOTE C - UTILITY PLANT

Utility plant activity for the year ended September 30, 2001 was as follows:

	Beginning		Ending	Balance
	Increases	Decreases	Balance	
Utility Plant, not being depreciated:				
Land	\$ 5,330	\$ -	\$ -	\$ 5,330
Construction Work				
In Progress	<u>8,579</u>	<u>16,129</u>	<u>(12,609)</u>	<u>12,099</u>
Total Utility Plant, not being depreciated	<u>13,909</u>	<u>16,129</u>	<u>(12,609)</u>	<u>17,429</u>
Utility Plant, being depreciated:				
Transmission, distribution and collection systems	147,141	8,790	(199)	155,732
Buildings and equipment	<u>101,828</u>	<u>3,090</u>	<u>(1,875)</u>	<u>103,043</u>
Total Utility Plant being depreciated	<u>248,969</u>	<u>11,880</u>	<u>(2,074)</u>	<u>258,775</u>
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(51,901)	(4,474)	998	(55,377)
Buildings and equipment	<u>(55,945)</u>	<u>(4,823)</u>	<u>1,075</u>	<u>(59,693)</u>
Total accumulated depreciation	<u>(107,846)</u>	<u>(9,297)</u>	<u>2,073</u>	<u>(115,070)</u>
Total Utility Plant, being depreciated, net	<u>141,123</u>	<u>2,583</u>	<u>(1)</u>	<u>143,705</u>
Total Utility Plant, net	<u>\$155,032</u>	<u>\$18,712</u>	<u>\$(12,610)</u>	<u>\$161,134</u>

Depreciation expense was charged to the utility systems as follows (in thousands):

Electric	\$5,018
Water	2,141
Wastewater	1,824
Gas	298
Manatee Observation and Education Center	<u>16</u>
	<u>\$9,297</u>

Construction work in progress at September 30, 2001, consists principally of expansions and upgrades to the electric generation and transmission system, water supply and distribution system, wastewater collection system, and gas distribution system.

The Authority capitalizes interest costs on funds borrowed to finance the construction of fixed assets in conformity with Statements of Financial Accounting Standards 34, 42, and 62 as applicable. Total interest costs for the year ended September 30, 2001, were \$5,363,000, of which \$277,000 was capitalized as utility plant construction costs.

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

	Upgrades and	Project	Expended	Remaining	Required
	Expansion	Authorization	To Date	Commitment	Further
					Financing
Electric		\$ 668	\$ 310	\$ 358	None
Water		8,745	2,556	6,189	Yes
Gas		7	-	7	None
Wastewater		<u>1,048</u>	<u>834</u>	<u>214</u>	None
		<u>\$10,468</u>	<u>\$3,700</u>	<u>\$6,768</u>	

The commitments for water facilities are being financed by revenue bonds which are secured by utility revenues.

In addition, the Authority has entered into unit price contracts for the construction or renovation of system assets. These contracts are not firm commitments, and the contractors are utilized as needed. As of September 30, 2001, expenditures up to \$1,795,000 were authorized under these contracts, \$1,273,000 had been spent, and authorized amounts of \$522,000 remained.

NOTE D - RESTRICTED ASSETS

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

The Authority's restricted assets consist of equity in pooled cash and investments and cash with fiscal agent in the following accounts (in thousands):

Principal and interest accounts	\$ 5,931
Customer security deposits	3,691
Emergency reserve	2,000
Renewal and replacement reserve	<u>1,222</u>
Total Restricted Assets	<u>\$12,844</u>

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

As provided in the Charter of the City of Fort Pierce, Florida, a percentage of the Authority's utility systems revenue is transferred to the City's General Fund on an annual basis. The transfer calculation is based on the preceding fiscal year audited financial statements. Following is the computation of the

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements (continued)
September 30, 2001

amounts transferable to the General Fund during the year ending September 30, 2002, based on the transfer formula for the year ended September 30, 2001 (in thousands):

Gross Revenue	\$78,425
Plus:	
Fuel adjustment charges	(2,698)
Power quality service costs	12
Gas piping and appliance costs	59
Loss on property disposition	<u>1</u>
	75,799
Less:	
Contributed capital	1,495
Extraordinary income	442
Manatee Observation and Education Center	288
Revenue for City billing	<u>70</u>
Adjusted gross revenue	<u>\$73,504</u>
Amount transferable to General Fund, City of Fort Pierce, at 6% of gross revenues, as defined	<u>\$ 4,410</u>

NOTE F - REVENUE BONDS PAYABLE

Defeasance of Revenue Bonds Payable

In prior years, the Authority defeased certain outstanding utilities revenue bonds issued for the systems payable out of revenues derived from the operation of the utility systems. These defeasances were achieved by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities (including bond discounts and financing costs) for the defeased bonds are not included in the Authority's financial statements.

At September 30, 2001, the following bonds are considered defeased (in thousands):

Electric and Water Systems Revenue Certificates	
Utilities Revenue Certificates	
Series 1973A	\$ 1,635
Utilities Revenue Bonds	
Series 1978	525
Series 1981	6,725
Series 1991	38,805

Bonds Payable at September 30, 2001, consist of (in thousands):

\$40,355,000 Utilities Refunding Revenue Bonds, Series 1989, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 7.30% on the one remaining principal amount of \$635,000 on October 1, 2001. \$ 635

\$45,050,000 Utilities Refunding Revenue Bonds, Series 1991, collateralized by pledge of and first lien on the net revenues of the combined systems, approximate yield of 6.85% on the remaining Capital Appreciation Bonds. The accreted value of the Capital Appreciation Bonds at September 30, 2001 is \$5,580,000. The bonds mature October 1, 2009 and 2010, with principal amounts of \$5,445,000 due in each of those years. 5,580

\$56,195,000 Utilities Refunding Revenue Bonds, Series 1993, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 4.625% to 5.30% on the remaining annual principal amounts ranging from \$300,000 to \$7,460,000 through October 1, 2016. 49,875

\$6,580,000 Utilities Refunding Revenue Bonds, Series 1994, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 5.10% to 5.40% on the remaining annual principal amounts ranging from \$60,000 to \$3,295,000 through October 1, 2005. 6,270

\$22,445,000 Utilities Refunding Revenue Bonds, Series 1999A, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 4.53% to 5.375% on the remaining annual principal amounts ranging from \$190,000 to \$4,005,000 through October 1, 2015. 22,115

\$10,223,000 Utilities Revenue Capital Appreciation Bonds, Series 1999B, collateralized by pledge of and first lien on the net revenues of the combined systems, yield varying from 5.70% to 5.90%. The accreted value at September 30, 2001, is \$11,476,000. The bonds mature October 1, 2016, through October 1, 2024, with principal amounts totaling \$34,970,000 due in those years in annual amounts ranging from \$275,000 to \$4,340,000. 11,476

	95,951
Less:	
Unamortized portion of revenue bond discounts	1,291
Unamortized deferred bond loss	595
Current portion of revenue bonds payable from restricted assets	<u>3,940</u>
	<u>\$90,125</u>

Requirements to amortize all revenue bond debt outstanding as of September 30, 2001, are as follows (in thousands):

Year Ending	Principal	Interest	Total
<u>September 30,</u>			
2002	\$ 3,940	\$ 3,794	\$ 7,734
2003	4,125	3,614	7,739
2004	4,305	3,424	7,729
2005	4,495	3,192	7,687
2006	4,730	2,943	7,673
2007-2011	27,480	11,656	39,136
2012-2016	33,250	5,629	38,879
2017-2021	25,085	-	25,085
2022-2026	<u>17,345</u>	<u>-</u>	<u>17,345</u>
	124,755	34,252	159,007
Future accretion on capital appreciation bonds	<u>(28,804)</u>	<u>28,804</u>	<u>-</u>
	<u>\$95,951</u>	<u>\$63,056</u>	<u>\$159,007</u>

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements (continued)
September 30, 2001

Significant Bond Covenants for Utilities Revenue Bonds

The Series 1989, 1991, 1993, 1994, and 1999A bond issues provide that the Authority accumulate monthly 1/6 of the amount of all interest becoming due on the next semi-annual interest payment date, and 1/12 of the amount of principal which will become due and payable on the next principal maturity or sinking fund installment date. A maximum maturities reserve must be maintained at an amount equal to the maximum amount of principal of and interest on all bonds becoming due in any ensuing bond year, and has been provided for by purchasing a surety bond. This maximum amount is \$8,128,000 and occurs in the bond year October 1, 2013. Additionally, the issues require renewal and replacement and emergency reserve funds with minimum requirements of \$1,000,000 and \$1,750,000, respectively. These reserves are funded in the amounts of \$1,222,000 and \$2,000,000, respectively, at September 30, 2001.

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

NOTE G – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2001, was as follows:

	<u>Revenue bonds payable</u>	<u>Deferred amounts</u>	<u>Compensated Absences</u>	<u>Long-term liabilities</u>
Beginning balance	\$98,516	\$ (2,160)	\$ 1,586	\$97,942
Additions	1,110	-	1,001	2,111
Reductions	<u>(3,675)</u>	<u>274</u>	<u>(973)</u>	<u>(4,374)</u>
Ending balance	<u>\$95,951</u>	<u>\$(1,886)</u>	<u>\$ 1,614</u>	<u>\$95,679</u>
Due within one year	<u>\$ 3,940</u>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ 4,175</u>

The long-term portion of these liabilities are classified on the Balance Sheet as Other Liabilities, and the current portion of Revenue bonds payable is classified as Liabilities payable from restricted assets.

NOTE H - COMPENSATED ABSENCES

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

Accrued liabilities, based on hourly salary rates at September 30, 2001, have been reflected in the accounts of the Authority for vested (not contingent on employee future service) vacation and sick leave benefits at September 30, 2001, as follows (in thousands):

Vacation leave	\$ 513
Sick leave	<u>1,101</u>
	<u>\$1,614</u>

Annually, the Authority offers the opportunity to convert unused sick leave to cash. Providing certain established criteria are met, an employee may elect to convert up to six days of unused sick leave to cash calculated at their current hourly salary rate. During the year ended September 30, 2001, approximately \$86,000 was paid to employees electing this option.

The Authority has established a policy which allows employees to convert a portion of their accumulated sick leave to cash. Provided that certain criteria are met, an employee may elect to convert up to a maximum of 90 days and thereby reduce the amount payable upon termination. During the year ended September 30, 2001, approximately \$58,000 was paid to employees electing this option.

NOTE I - PENSION PLANS

General Employees Retirement and Benefit System

Plan Description

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

Benefits vest 100% after 5 years of service. Upon retirement, members are entitled to an annual retirement benefit, payable for life, of total service

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements (continued)
September 30, 2001

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

Funding Status and Progress

Per the City of Fort Pierce Code of Ordinances, Ch. 13, Art. II, Div. 1, Sec. 13-40, Authority employees are required to contribute 6.16% of their annual salary to the System. The employer is required to contribute actuarially determined amounts which, together with member contributions, are sufficient to fund the System. Administrative costs are financed through investment earnings.

For the three years ended 1999, 2000, and 2001, employer contributions to the Plan, based on the annual covered payroll, all made in accordance with actuarially determined requirements, were \$1,275,000 (4.02%), \$982,000 (2.95%), and \$1,195,000 (3.36%), respectively.

NOTE J - RISK MANAGEMENT

Employee and Retiree Health Insurance

The Authority became a self-insurer for health and accident claims of their employees and retirees, effective January 1, 2000. Payments of claims under the plan are administered by Anchor Benefit Consulting, Inc. Contributions are made to the Authority's health and accident insurance account biweekly by its employees. Any deficits of the account, up to the stop loss amounts, are absorbed by the Authority. Amounts in excess of the stop loss amounts are underwritten by Employer's Re-insurance Corporation. The individual stop loss amount is \$100,000 and approximately \$2,925,000 in the aggregate for the calendar year ending December 31, 2001.

As of September 30, 2001, the Authority had accrued claims of approximately \$349,000. Changes in the Authority's claim liability (receivable) balance during the past two fiscal years is as follows (in thousands):

		Current-Year		
	Beginning-of- Fiscal-Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2000	\$ -	\$ 1,416	\$ 1,956	\$ (540)
2001	(540)	2,641	2,026	75

Other Risks of Loss

The Authority is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to

employees; and natural disasters. As a result, the Authority purchases insurance coverage as described in more detail on Page 42. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

NOTE K - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for those benefits if they reach normal retirement age while working for the Authority. Retiree health care benefit costs are recognized on an accrual basis (22 participating retirees). The amount of the contributions made by retirees during the year ended September 30, 2001, totaled approximately \$187,000, and no expenses were recognized.

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

NOTE L - OPERATING LEASE

The Authority is the lessor of the Federal building property under an operating lease which expired on September 30, 2001. Effective September 30, 1998, this lease is on a month-to-month basis and may be terminated by the lessee by giving the Authority at least 60 days' written notice. This lease has been extended for six months, and will expire on March 31, 2002. Following is the property being leased at September 30, 2001 (in thousands):

Land	\$ 183
Building and improvements	191
Less: Accumulated depreciation	<u>(43)</u>
	<u>\$ 331</u>

NOTE M - RESTRICTED FOR DEBT SERVICE

Use of these funds is limited to the following:

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

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

Unexpended Construction Funds - restricted for capital projects and improvements.

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements (continued)
September 30, 2001

Amounts restricted for debt service are comprised of (in thousands):

Emergency reserve	\$ 2,000
Renewal and replacement reserve	<u>1,222</u>
	<u>\$3,222</u>

NOTE N - TRANSACTIONS WITH THE CITY OF FORT PIERCE

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

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

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

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

Charges to City residents for sanitation and utility taxes are included on the Authority's monthly billing statements to customers as a service to the City. The Authority acts only as an agent with all cash collections relating to these charges forwarded directly to the City. The City is charged \$70,000 annually by the Authority to perform these services. As of September 30, 2001, customer deposits held by the Authority for sanitation services provided by the City were \$156,000.

Total charges to the City for the year ended September 30, 2001, were \$1,167,000. Total accounts receivable from the City at September 30, 2001, were \$109,000. Total disbursements made to the City by the Authority, including payments of utility tax and sanitation charges collected the year ended September 30, 2001, were \$6,799,000. In addition, the Authority transferred the September 30, 2000, General Fund transfer to the City in the amount of \$4,285,000. (See Note E.) Amounts payable to the City at September 30, 2001, were \$759,000.

NOTE O - CONTRACT COMMITMENTS

FMPA All-Requirements Power Supply Project

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

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

FMPA St. Lucie Project

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

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

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

Purchases under these contracts are accounted for as operating expenses by the Authority. Total cost included in operating expenses for the year ended September 30, 2001, was \$5,971,000. The Authority is committed under the agreements to payments of \$5,714,000 for the year ending September 30, 2002.

FORT PIERCE UTILITIES AUTHORITY
Notes to Financial Statements (continued)
September 30, 2001

Florida Gas Transmission

The Authority has entered into a contract with Florida Gas Transmission for the purchases of firm capacity natural gas in an amount ranging from 868 to 1,500 MMBtu's per day in any given month. At September 30, 2001, \$2,061,000 was included in operating expenses by the Authority in regard to this contract. As of January 1, 1998, the Authority's commitment to Florida Gas Transmission for the purchase of firm capacity natural gas used to fuel the Authority's power generation facility was assigned to the ARP. Therefore, the Authority's remaining commitment under this contract, for the year ended September 30, 2002, is \$163,000.

NOTE P - LITIGATION

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

NOTE Q – EXTRAORDINARY INCOME (EXPENSE)

During the year ended September 30, 2001, the Authority received \$99,000 as a result of the FP&L/FMPA settlement that occurred late last year. This was a portion of the Authority's portion of the total settlement. It is termed a "black box" settlement because the money was received under the terms that it was not for any particular reason, but was just in settlement of the case.

Also during the year ended September 30, 2001, the Authority received \$705,000 from the Fort Pierce Repowering Project (FPRP). Of this amount, \$362,000 has been recorded as contributed capital, since this amount represents reimbursement for improvements made to a fuel tank at the power plant. The balance, \$343,000, has been recorded as extraordinary income, and was intended to offset the Authority's costs associated with the FPRP, in the amount of \$936,000.

NOTE R – CHANGE IN ACCOUNTING PRINCIPLE

As a result of implementing GASB Statement No. 34, comparative amounts for the year ended September 30, 2000 have been restated.

Net Income, as previously reported	\$4,318
Adjustment for effect of a change in accounting principle that is applied retroactively	<u>2,394</u>
Change in Net Assets, as adjusted	<u>\$6,712</u>

This change represents cash and non-cash contributed capital received during the year ended September 30, 2000, which is now recorded as income, in accordance with GASB Statement No. 34.



**Berger, Toombs, Elam
& Frank**

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

We have audited the financial statements of the Fort Pierce Utilities Authority as of and for the year ended September 30, 2001, and have issued our report thereon dated November 30, 2001. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

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

Berger, Toombs, Elam & Frank

Fort Pierce, Florida
November 30, 2001

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Private Companies Practice Section

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FORT PIERCE UTILITIES AUTHORITY
BUDGETARY COMPARISON SCHEDULE

Year ended September 30, 2001

(Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
Sales and charges for services	\$ 64,929	\$ 72,940	\$ 72,940
Other operating revenues	1,132	1,579	1,579
Investment and other income	1,862	1,969	1,969
Capital contributions	<u>-</u>	<u>1,495</u>	<u>1,495</u>
 Total Revenues	 <u>\$ 67,923</u>	 <u>\$ 77,983</u>	 <u>\$ 77,983</u>
EXPENSES			
Generation	\$ 3,719	\$ 2,722	\$ 2,722
Purchases for resale	25,972	32,264	32,264
Plant operations	4,947	3,969	3,969
Field operations	5,591	5,932	5,932
General and administrative	8,691	9,979	9,979
Depreciation	8,816	9,297	9,297
Interest expense	5,047	5,086	5,086
Amortization of financing expenses and revenue bond discounts	293	238	238
Transfer to General Fund - City of Fort Pierce	4,123	4,285	4,285
Extraordinary expense	<u>-</u>	<u>494</u>	<u>494</u>
 Total Expenses	 <u>\$ 67,199</u>	 <u>\$ 74,266</u>	 <u>\$ 74,266</u>

FORT PIERCE UTILITIES AUTHORITY
SCHEDULE OF INVESTMENTS

September 30, 2001

(Dollars in Thousands)

Description of Investments	Reported Amount
State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (LGSF Pool) with interest rate of 2.59% maturing at no set date	\$ 12,576 *
Repurchase Agreement - overnight with interest at 2.59% maturing at no set date	8,209 *
Federal National Mortgage Association discount notes due 10/25/2001	2,493 *
Federal, state, and local government securities with interest rates from 10.30% to 10.39% maturing between 10/1/2001 and 10/1/2003	<u>37</u>
Total Investments	<u><u>\$ 23,315</u></u>

Interest income generated on the above investments for the year ended September 30, 2001, was \$1,018.

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

FORT PIERCE UTILITIES AUTHORITY

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year ended September 30, 2001

<u>Grantor Department/Agency and Program Assistance</u>	<u>Contract Period</u>	<u>Contract or Award Amount</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued or (Deferred) Revenue at September 30, 2001</u>
<u>South Florida Water Management District</u>					
Construction of Floridan Aquifer Production Wells SFWMD Contract No. C-10275	5/3/1999- 5/2/2000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Florida Fish and Wildlife Conservation Commission FWC Grant No. 00106	12/11/2000- 12/3/2001	33,660	25,968	30,295	4,327
		<u>\$ 233,660</u>	<u>\$ 225,968</u>	<u>\$ 230,295</u>	<u>\$ 4,327</u>

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

FORT PIERCE UTILITIES AUTHORITY
SCHEDULE OF INSURANCE COVERAGE

September 30, 2001

(Dollars in Thousands)

Description	Amount of Coverage
Property (\$100,000 deductible)	
Electric System	\$ 93,727
Water Treatment, Operations and Storage	21,228
Wastewater Treatment and Operations	10,538
Wastewater Lift Stations	7,501
Administration Offices	4,009
Other Buildings	1,016
Gas Operations	358
Manatee Observation and Education Center	61
Other Property	
Computer Equipment (various deductibles)	3,251
Contractors Equipment (\$1,000 deductible)	644
Boiler and Machinery (various deductibles)	75,000
Flood (various deductibles)	3,310
Workers' Compensation (\$25,000 deductible)	Statutory
General Liability and Automobile Liability	
General Liability (\$25,000 deductible)	1,000
Automobile Liability (\$25,000 deductible)	1,000
Personal Injury Protection	10
Other Policies	
Public Officials and Employees Liability (\$25,000 deductible)	3,000
Pollution and Remediation Legal Liability (\$10,000 self-insured retention)	1,000
Storage Tank Liability (\$25,000 deductible)	1,000
Surety Bond - Director of Corporate Services	250
Commercial Crime - Employee Dishonesty (\$5,000 deductible)*	250

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

STATISTICAL SECTION

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

	ELECTRIC	WATER	NATURAL GAS	WASTEWATER
FY 2001	24,975	15,561	4,736	12,395
FY 2000	24,642	15,399	4,724	12,308
FY 1999	24,457	15,159	4,771	12,235
FY 1998	24,256	15,044	4,800	12,213
FY 1997	24,183	14,574	4,763	12,019
FY 1996	24,068	14,232	4,698	11,860
FY 1995	24,031	14,014	4,651	11,810
FY 1994	23,677	13,804	4,620	11,729
FY 1993	23,637	13,866	4,449	11,767
FY 1992	23,457	13,726	4,416	11,717

FORT PIERCE UTILITIES AUTHORITY
SYSTEM DETAILED REVENUES - LAST TEN YEARS

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
ELECTRIC					
Residential					
Inside the City	\$ 16,259,000	\$ 14,402,000	\$ 13,660,000	\$ 14,649,000	\$ 13,919,000
Outside the City	5,580,000	5,010,000	4,769,000	5,192,000	5,085,000
General Service					
Inside the City	22,043,000	19,110,000	18,193,000	18,698,000	19,002,000
Outside the City	6,034,000	5,622,000	5,008,000	5,544,000	5,702,000
Other Retail	1,172,000	1,095,000	1,026,000	1,031,000	1,009,000
Sales for Resale	-	-	-	7,000	1,355,000
Other Operating Revenues	867,000	757,000	639,000	709,000	677,000
Total Electric Operating Revenues	\$ 51,955,000	\$ 45,996,000	\$ 43,295,000	\$ 45,830,000	\$ 46,749,000
WATER					
Residential					
Inside the City	\$ 3,194,000	\$ 2,820,000	\$ 2,434,000	\$ 2,379,000	\$ 2,102,000
Outside the City	986,000	855,000	726,000	685,000	622,000
General Service					
Inside the City	4,156,000	3,510,000	3,042,000	2,758,000	2,800,000
Outside the City	2,040,000	1,841,000	1,566,000	1,531,000	1,386,000
Sales for Resale	490,000	592,000	587,000	517,000	402,000
Other Operating Revenues	11,000	12,000	11,000	7,000	41,000
Total Water Operating Revenues	\$ 10,877,000	\$ 9,630,000	\$ 8,366,000	\$ 7,877,000	\$ 7,353,000
NATURAL GAS					
Sales Revenue					
Residential	\$ 1,228,000	\$ 1,003,000	\$ 879,000	\$ 996,000	\$ 940,000
Heat Only	27,000	22,000	23,000	35,000	36,000
General Service	2,495,000	1,871,000	1,440,000	1,693,000	2,063,000
Interruptible and Other	13,000	-	14,000	7,000	-
Contract Gas	-	-	187,000	195,000	4,221,000
Other Operating Revenues, including Transportation	311,000	290,000	-	286,000	125,000
Total Natural Gas Operating Revenues	\$ 4,074,000	\$ 3,186,000	\$ 2,543,000	\$ 3,212,000	\$ 7,385,000
WASTEWATER					
Residential					
Inside the City	\$ 2,948,000	\$ 2,938,000	\$ 2,915,000	\$ 3,012,000	\$ 2,754,000
Outside the City	367,000	365,000	362,000	362,000	331,000
General Service					
Inside the City	3,121,000	3,031,000	3,073,000	2,889,000	2,990,000
Outside the City	780,000	780,000	716,000	670,000	680,000
Other Service	-	-	-	-	-
Total Retail Service Revenue	7,216,000	7,114,000	7,066,000	6,933,000	6,756,000
Other Operating Revenues	92,000	9,000	10,000	4,000	3,000
Total Wastewater Operating Revenues	\$ 7,308,000	\$ 7,123,000	\$ 7,076,000	\$ 6,937,000	\$ 6,759,000
MANATEE OBSERVATION AND EDUCATION CENTER					
Total MOEC Operating Revenues	\$ 284,000	\$ 232,000	\$ 188,000	\$ 203,000	\$ 147,000
COMMUNICATION SERVICES	\$ 21,000				
TOTAL OPERATING REVENUES	\$ 74,519,000	\$ 66,167,000	\$ 61,468,000	\$ 64,059,000	\$ 68,393,000

FORT PIERCE UTILITIES AUTHORITY

SYSTEM DETAILED REVENUES - LAST TEN YEARS (continued from previous page)

	FY 1996	FY 1995	FY 1994	FY 1993	FY 1992
ELECTRIC					
Residential					
Inside the City	\$ 13,663,000	\$ 12,326,000	\$ 12,290,000	\$ 13,008,000	\$ 11,754,000
Outside the City	5,144,000	4,566,000	4,647,000	4,945,000	4,470,000
General Service					
Inside the City	18,029,000	16,851,000	16,301,000	15,821,000	15,642,000
Outside the City	5,413,000	4,933,000	5,652,000	6,355,000	4,984,000
Other Retail	870,000	722,000	1,039,000	1,301,000	876,000
Sales for Resale	141,000	618,000	734,000	534,000	2,297,000
Other Operating Revenues	293,000	100,000	487,000	541,000	258,000
Total Electric Operating Revenues	\$ 43,553,000	\$ 40,116,000	\$ 41,150,000	\$ 42,505,000	\$ 40,281,000
WATER					
Residential					
Inside the City	\$ 1,986,000	\$ 1,995,000	\$ 1,956,000	\$ 1,897,000	\$ 1,913,000
Outside the City	604,000	521,000	509,000	492,000	478,000
General Service					
Inside the City	2,836,000	2,633,000	2,055,000	2,057,000	2,096,000
Outside the City	1,211,000	1,009,000	1,134,000	1,082,000	998,000
Sales for Resale	435,000	382,000	429,000	328,000	305,000
Other Operating Revenues	13,000	39,000	381,000	349,000	481,000
Total Water Operating Revenues	\$ 7,085,000	\$ 6,579,000	\$ 6,464,000	\$ 6,205,000	\$ 6,271,000
NATURAL GAS					
Sales Revenue					
Residential	\$ 814,000	\$ 880,000	\$ 997,000	\$ 960,000	\$ 947,000
Heat Only	35,000	44,000	40,000	36,000	39,000
General Service	1,530,000	1,302,000	1,378,000	953,000	730,000
Interruptible and Other	-	25,000	745,000	997,000	1,202,000
Contract Gas	3,144,000	2,741,000	2,217,000	2,920,000	1,129,000
Other Operating Revenues, including Transportation	118,000	87,000	112,000	139,000	380,000
Total Natural Gas Operating Revenues	\$ 5,641,000	\$ 5,079,000	\$ 5,489,000	\$ 6,005,000	\$ 4,427,000
WASTEWATER					
Residential					
Inside the City	\$ 2,430,000	\$ 2,467,000	\$ 2,361,000	\$ 2,122,000	\$ 2,134,000
Outside the City	299,000	278,000	262,000	229,000	226,000
General Service					
Inside the City	2,867,000	2,492,000	2,307,000	2,062,000	2,206,000
Outside the City	608,000	497,000	566,000	464,000	438,000
Other Service	-	55,000	114,000	105,000	(14,000)
Total Retail Service Revenue	6,204,000	5,789,000	5,611,000	4,981,000	4,990,000
Other Operating Revenues	8,000	18,000	13,000	17,000	(68,000)
Total Wastewater Operating Revenues	\$ 6,212,000	\$ 5,807,000	\$ 5,624,000	\$ 4,998,000	\$ 4,922,000
MANATEE OBSERVATION AND EDUCATION CENTER					
Total MOEC Operating Revenues	\$ 9,000	-	-	-	-
COMMUNICATION SERVICES					
	-	-	-	-	-
TOTAL OPERATING REVENUES	\$ 62,500,000	\$ 57,581,000	\$ 58,727,000	\$ 59,713,000	\$ 55,901,000

FORT PIERCE UTILITIES AUTHORITY
SYSTEM DETAILED EXPENSES - LAST TEN YEARS

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
ELECTRIC					
Generation and					
Purchases for Resale	\$ 32,700,000	\$ 28,067,000	\$ 26,519,000	\$ 28,744,000	\$ 29,976,000
Transmission and Distribution	2,633,000	2,522,000	2,259,000	2,188,000	2,262,000
Administrative and General	3,928,000	5,060,000	4,593,000	4,588,000	4,667,000
Depreciation	4,729,000	4,689,000	4,827,000	5,084,000	4,296,000
Total Electric Operating Expenses	\$ 43,990,000	\$ 40,338,000	\$ 38,198,000	\$ 40,604,000	\$ 41,201,000
WATER					
Plant Operations	\$ 2,238,000	\$ 2,025,000	\$ 1,978,000	\$ 1,999,000	\$ 1,913,000
Transmission and Distribution	1,034,000	881,000	917,000	859,000	808,000
Administrative and General	1,944,000	2,392,000	1,963,000	1,930,000	1,688,000
Depreciation	2,081,000	2,152,000	2,023,000	1,911,000	1,512,000
Total Water Operating Expenses	\$ 7,297,000	\$ 7,450,000	\$ 6,881,000	\$ 6,699,000	\$ 5,921,000
NATURAL GAS					
Supply and Distribution	\$ 2,852,000	\$ 1,849,000	\$ 1,551,000	\$ 1,881,000	\$ 5,431,000
Administrative and General	568,000	355,000	624,000	676,000	648,000
Depreciation	275,000	299,000	268,000	262,000	204,000
Total Natural Gas Operating Expenses	\$ 3,695,000	\$ 2,503,000	\$ 2,443,000	\$ 2,819,000	\$ 6,283,000
WASTEWATER					
Plant Operations	\$ 1,546,000	\$ 1,385,000	\$ 1,148,000	\$ 1,131,000	\$ 1,141,000
Pumping and Collection	1,616,000	1,301,000	1,249,000	1,153,000	1,140,000
Administrative and General	1,258,000	1,769,000	1,538,000	1,440,000	1,185,000
Depreciation	1,785,000	1,707,000	1,638,000	1,603,000	1,430,000
Total Wastewater Operating Expenses	\$ 6,205,000	\$ 6,162,000	\$ 5,573,000	\$ 5,327,000	\$ 4,896,000
MARKETING & CUSTOMER SERVICES					
Administrative and General	\$ 2,655,000				
Depreciation	51,000				
Total M&CS Operating Expenses	\$ 2,706,000				
MANATEE OBSERVATION AND EDUCATION CENTER					
Total MOEC Operating Expenses	\$ 270,000	\$ 234,000	\$ 188,000	\$ 180,000	\$ 147,000
TOTAL OPERATING EXPENSES	\$ 64,163,000	\$ 56,687,000	\$ 53,283,000	\$ 55,629,000	\$ 58,448,000
OTHER REVENUE (EXPENSES) *	\$ (3,355,000)	\$ (3,072,000)	\$ (3,893,000)	\$ (3,773,000)	\$ (3,884,000)

* Excludes Transfer to the City of Fort Pierce.

FORT PIERCE UTILITY AUTHORITY
SYSTEM DETAILED EXPENSES - LAST TEN YEARS (continued from previous page)

	FY 1996	FY 1995	FY 1994	FY 1993	FY 1992
ELECTRIC					
Generation and					
Purchases for Resale	\$ 26,631,000	\$ 24,071,000	\$ 24,604,000	\$ 26,074,000	\$ 25,246,000
Transmission and Distribution	1,869,000	1,723,000	1,704,000	1,816,000	1,583,000
Administrative and General	4,693,000	4,355,000	4,249,000	5,143,000	5,675,000
Depreciation	4,246,000	4,286,000	3,955,000	3,782,000	3,379,000
Total Electric Operating Expenses	\$ 37,439,000	\$ 34,435,000	\$ 34,512,000	\$ 36,815,000	\$ 35,883,000
WATER					
Plant Operations	\$ 1,693,000	\$ 1,784,000	\$ 1,854,000	\$ 1,752,000	\$ 1,791,000
Transmission and Distribution	766,000	764,000	624,000	555,000	548,000
Administrative and General	1,663,000	1,517,000	1,607,000	1,492,000	1,376,000
Depreciation	1,394,000	1,346,000	1,298,000	1,263,000	1,207,000
Total Water Operating Expenses	\$ 5,516,000	\$ 5,411,000	\$ 5,383,000	\$ 5,062,000	\$ 4,922,000
NATURAL GAS					
Supply and Distribution	\$ 4,353,000	\$ 3,775,000	\$ 4,496,000	\$ 4,682,000	\$ 3,111,000
Administrative and General	656,000	608,000	706,000	991,000	840,000
Depreciation	201,000	205,000	194,000	167,000	142,000
Total Natural Gas Operating Expenses	\$ 5,210,000	\$ 4,588,000	\$ 5,396,000	\$ 5,840,000	\$ 4,093,000
WASTEWATER					
Plant Operations	\$ 1,064,000	\$ 1,162,000	\$ 1,211,000	\$ 1,229,000	\$ 1,240,000
Pumping and Collection	940,000	1,029,000	812,000	987,000	990,000
Administrative and General	1,119,000	1,064,000	1,305,000	1,325,000	1,288,000
Depreciation	1,413,000	1,225,000	1,155,000	1,086,000	989,000
Total Wastewater Operating Expenses	\$ 4,536,000	\$ 4,480,000	\$ 4,483,000	\$ 4,627,000	\$ 4,507,000
MARKETING & CUSTOMER SERVICES					
Administrative and General					
Depreciation					
Total M&CS Operating Expenses	-	-	-	-	-
MANATEE OBSERVATION AND EDUCATION CENTER					
Total MOEC Operating Expenses	<u>\$ 37,000</u>	-	-	-	-
TOTAL OPERATING EXPENSES	\$ 7,291,000	\$ 7,062,000	\$ 6,602,000	\$ 6,298,000	\$ 5,717,000
OTHER REVENUE (EXPENSES) *	<u>\$ (3,479,000)</u>	<u>\$ (3,144,000)</u>	<u>\$ (3,474,000)</u>	<u>\$ (3,630,000)</u>	<u>\$ (2,577,000)</u>

* Excludes Transfer to the City of Fort Pierce.

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

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
ELECTRIC					
ENERGY SALES (kWh)					
Residential					
Inside the City	172,553,000	169,126,000	167,419,000	165,952,000	153,928,000
Outside the City	56,871,000	56,431,000	56,158,000	56,622,000	53,014,000
Total Residential	229,424,000	225,557,000	223,577,000	222,574,000	206,942,000
General Service					
Inside the City	263,887,000	260,790,000	261,739,000	241,091,000	223,215,000
Outside the City	69,004,000	72,653,000	67,445,000	70,317,000	71,048,000
Total General Service	332,891,000	333,443,000	329,184,000	311,408,000	294,263,000
Other Retail	10,153,000	9,676,000	9,310,000	9,181,000	9,499,000
Total Retail Energy Sales	572,468,000	568,676,000	562,071,000	543,163,000	510,704,000
WATER SALES - 1,000 GALLONS					
Residential					
Inside the City	776,608	793,954	797,083	786,795	780,701
Outside the City	183,429	183,594	184,908	172,136	168,794
Total Residential	960,037	977,548	981,991	958,931	949,495
General Service					
Inside the City	1,103,203	1,093,971	1,103,392	1,021,115	1,094,136
Outside the City	555,960	592,185	583,639	577,158	544,633
Total General Service	1,659,163	1,686,156	1,687,031	1,598,273	1,638,769
Sales for Resale	197,272	200,175	202,879	196,191	165,006
Total Sales	2,816,472	2,863,879	2,871,901	2,753,395	2,753,270
NATURAL GAS					
ENERGY SALES (ccf)					
Residential	786,920	770,318	741,430	849,548	800,017
Heat Only	12,122	9,555	8,437	16,292	12,431
General Service	2,409,372	2,511,133	2,402,643	2,603,348	2,471,084
Interruptible and Other	-	-	-	-	-
Contract Sales	-	-	-	477,750	11,119,640
Total Energy Sales	3,208,414	3,291,006	3,152,510	3,946,938	14,403,172

FORT PIERCE UTILITIES AUTHORITY
SYSTEM DETAILED UNIT SALES - LAST TEN YEARS
(continued from previous page)

	FY 1996	FY 1995	FY 1994	FY 1993	FY 1992
ELECTRIC					
ENERGY SALES (kWh)					
Residential					
Inside the City	166,245,000	157,333,000	154,652,000	149,009,000	148,866,000
Outside the City	58,979,000	55,557,000	56,273,000	54,413,000	54,489,000
Total Residential	225,224,000	212,890,000	210,925,000	203,422,000	203,355,000
General Service					
Inside the City	231,344,000	225,542,000	217,633,000	209,220,000	207,967,000
Outside the City	66,559,000	68,639,000	69,471,000	72,407,000	60,798,000
Total General Service	297,903,000	294,181,000	287,104,000	281,627,000	268,765,000
Other Retail	9,432,000	9,243,000	9,080,000	8,855,000	8,384,000
Total Retail Energy Sales	532,559,000	516,314,000	507,109,000	493,904,000	480,504,000
WATER SALES - 1,000 GALLONS					
Residential					
Inside the City	774,878	763,884	773,261	804,221	796,054
Outside the City	169,241	160,617	160,346	162,835	160,755
Total Residential	944,119	924,501	933,607	967,056	956,809
General Service					
Inside the City	1,166,291	1,162,481	1,106,813	1,206,305	1,267,253
Outside the City	486,323	446,008	507,399	497,694	462,776
Total General Service	1,652,614	1,608,489	1,614,212	1,703,999	1,730,029
Sales for Resale	175,135	174,644	204,731	155,356	148,083
Total Sales	2,771,868	2,707,634	2,752,550	2,826,411	2,834,921
NATURAL GAS					
ENERGY SALES (ccf)					
Residential	937,137	860,557	853,850	889,205	925,888
Heat Only	25,511	20,899	22,041	22,271	28,097
General Service	2,506,281	2,728,736	2,503,378	1,939,770	1,611,454
Interruptible and Other	-	28,290	2,289,891	2,725,302	3,652,956
Contract Sales	8,595,100	9,824,191	7,385,260	9,035,660	3,133,743
Total Energy Sales	12,064,029	13,462,673	13,054,420	14,612,208	9,352,138

FORT PIERCE UTILITIES AUTHORITY
ELECTRIC ENERGY SOURCES AND WATER STATISTICS - LAST TEN YEARS

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
SOURCES OF ENERGY (kWh)					
Total Net Energy Generated	-	-	-	37,140,000	173,560,000
Total Energy Purchased	603,251,000	600,068,000	582,973,000	539,437,000	417,615,000
TOTAL SOURCES OF ENERGY	603,251,000	600,068,000	582,973,000	576,577,000	591,175,000
Less: System Losses and Inadvertent Energy (kWh)	-	-	-	114,000	104,000
Net Available for Sale (kWh)	603,251,000	600,068,000	582,973,000	576,463,000	591,071,000
SALES FOR RESALE (kWh)	-	-	-	259,000	48,431,000
NET ENERGY FOR LOAD	603,251,000	600,068,000	582,973,000	576,204,000	542,640,000
WATER STATISTICS					
Water Production - 1,000 Gallons					
Raw Water Treated	3,198,897	3,232,018	3,269,113	3,247,379	3,163,134
Water Used in Plant	949	(51,346)	(41,282)	(65,700)	(136,254)
Water Pumped to City	3,199,846	3,180,672	3,227,831	3,181,679	3,026,880
Water Used in System	65,510	(50,226)	(48,848)	(54,729)	(92,083)
Water Sales	2,816,472	2,863,879	2,871,901	2,753,395	2,753,270
Losses and Unaccounted for Gallonage	317,864	266,567	307,082	373,555	181,527
Unaccounted For	0.099	0.084	0.095	0.117	0.06
Average Daily Consumption	8,771	8,692	8,845	8,714	8,292
Highest Daily Consumption Date	10,628 4/24/01	11,215 5/1/00	11,853 4/5/99	11,323 5/22/98	10,597 4/1/97
Peak Maximum Demand Date Duration	13,900 5/18/01 60 Minutes	13,300 6/22/00 60 Minutes	16,200 3/24/99 75 Minutes	13,700 4/13/98 75 Minutes	15,600 11/18/96 15 Minutes
Rainfall for FY (inches)	53.81	50.61	53.87	57.00	63.30

FORT PIERCE UTILITIES AUTHORITY
ELECTRIC ENERGY SOURCES AND WATER STATISTICS - LAST TEN YEARS

(continued from previous page)

	FY 1996	FY 1995	FY 1994	FY 1993	FY 1992
SOURCES OF ENERGY (kWh)					
Total Net Energy Generated	182,654,000	288,114,000	214,190,000	197,592,000	328,308,000
Total Energy Purchased	374,466,000	282,620,000	336,067,000	341,308,000	255,263,000
TOTAL SOURCES OF ENERGY	557,120,000	570,734,000	550,257,000	538,900,000	583,571,000
Less: System Losses and Inadvertent Energy (kWh)	290,000	76,000	361,000	980,000	1,183,000
Net Available for Sale (kWh)	556,830,000	570,658,000	549,896,000	537,920,000	582,388,000
SALES FOR RESALE (kWh)	2,848,000	19,464,000	17,713,000	20,004,000	78,438,000
NET ENERGY FOR LOAD	553,982,000	551,194,000	532,183,000	517,916,000	503,950,000

WATER STATISTICS

Water Production - 1,000 Gallons

Raw Water Treated	3,527,885	3,283,539	3,171,298	3,307,171	3,396,285
Water Used in Plant	(159,644)	(158,826)	(133,400)	(102,226)	(89,271)

Water Pumped to City	3,368,241	3,124,713	3,037,898	3,204,945	3,307,014
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Water Used in System	(56,906)	(78,687)	(9,742)	(9,701)	(1,294)
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Water Sales	2,771,868	2,707,634	2,752,550	2,826,411	2,834,921
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Losses and Unaccounted for Gallonage	539,467	338,392	275,606	368,833	470,799
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Unaccounted For	0.16	0.11	0.09	0.12	0.14
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Average Daily Consumption	9,204	8,599	8,314	8,775	9,060
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Highest Daily Consumption Date	11,714 8/30/96	11,596 5/30/95	10,866 7/19/94	11,968 5/18/93	13,118 7/18/92
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Peak Maximum Demand Date Duration	17,100 1/3/96 40 Minutes	14,900 10/28/94 30 Minutes	15,300 9/29/94 10 Minutes	15,800 7/22/93 50 Minutes	15,360 12/16/91 30 Minutes
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Rainfall for FY (inches)	59.37	84.31	76.82	62.90	49.49
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FORT PIERCE UTILITIES AUTHORITY
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS - LAST TEN YEARS

	COMMERCIAL CONSTRUCTION*	RESIDENTIAL CONSTRUCTION*	ASSESSED VALUE FOR OPERATIONS*	BANK DEPOSITS**
FY 2001	\$ 9,918,943	\$ 5,898,674	\$ 1,083,335,432	\$ 2,100,692,000
FY 2000	5,778,377	25,020,545	966,079,031	1,908,177,000 ***
FY 1999	15,483,493	3,217,024	966,089,744	1,759,734,000 ***
FY 1998	11,648,665	15,090,757	954,526,579	1,267,490,000 ***
FY 1997	13,879,947	1,551,150	907,203,728	1,245,079,000
FY 1996	3,921,119	1,892,309	914,473,737	1,222,428,000
FY 1995	6,316,684	1,471,305	898,678,435	1,214,338,000
FY 1994	4,449,217	1,800,000	854,107,623	1,622,939,000
FY 1993	6,915,950	5,285,654	902,919,693	1,111,687,000
FY 1992	1,776,963	1,913,300	909,929,129	1,048,641,000

Sources:

- * City of Fort Pierce Annual Budget.
- ** Florida Bankers' Association. Includes S&L's.
- *** Amount estimated; actual not available.

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

	TRANSFER TO THE CITY (3)	RATE INCREASES	DEBT SERVICE COVERAGE (4)
FY 2001	\$4,410,000	15% Water	2.67x
FY 2000	\$4,285,000	15% Water	2.77x
FY 1999	\$4,063,000	-	2.42x
FY 1998	\$4,024,000	Water 5%	2.26x
FY 1997	\$3,859,000	Water 6% Wastewater 10%	2.20x
FY 1996	\$3,894,000	Electric .89% Water 6% Wastewater 10% Natural Gas 15.9%	2.21x
FY 1995	\$3,796,000	(5) Water (5) Wastewater	2.29x
FY 1994	(2) \$4,368,000	Water 12.75% Wastewater 17.80% Natural Gas 4.97%	2.23x
FY 1993	(1) \$3,679,000	None	1.77x
FY 1992	\$2,760,000	Electric 1.36% Water 9.22% Wastewater 9.37%	1.72x

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

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

(3) Paid in subsequent fiscal year.

(4) FY's 1992 - 1995 are as published in FPUA's Official Statements.

See Page 54 for calculation of last 6 years. Minimum required by bond covenant is 1.25 times.

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

FORT PIERCE UTILITIES AUTHORITY
COMPUTATION OF DEBT SERVICE COVERAGE - LAST SIX YEARS

(Dollars in Thousands)

	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997	FY 1996
OPERATING INCOME	\$ 10,343	\$ 9,480	\$ 8,187	\$ 8,362	\$ 9,947	\$ 9,763
ADD:						
Depreciation Expense	8,922	8,863	8,778	8,874	7,452	7,253
Investment & Other Income	1,965	2,462	1,654	1,730	1,913	2,486
Extraordinary Gain	99	1,838	-	-	-	-
LESS:						
Interest on Construction Funds	149	542	7	-	-	-
NET AVAILABLE INCOME	<u>\$ 21,180</u>	<u>\$ 22,101</u>	<u>\$ 18,612</u>	<u>\$ 18,966</u>	<u>\$ 19,312</u>	<u>\$ 19,502</u>
DEBT SERVICE:						
Revenue Bonds Payable Current	3,940	3,675	3,150	3,410	3,215	3,040
Total Interest Expense	3,981	5,157	4,719	5,043	5,543	5,705
Capitalized Interest	-	401	330	149	108	139
Customer Deposit Interest	-	(146)	(155)	(134)	(107)	(125)
Other Interest	-	-	(8)	-	-	-
Accretion	-	(1,051)	(417)	(394)	(373)	(353)
Bond Loss Amortization	-	(200)	(68)	(68)	(68)	(68)
Capital Improvement Charges	-	135	137	375	469	474
NET CASH DEBT SERVICE	<u>\$ 7,921</u>	<u>\$ 7,971</u>	<u>\$ 7,688</u>	<u>\$ 8,381</u>	<u>\$ 8,787</u>	<u>\$ 8,812</u>
DEBT SERVICE COVERAGE (TIMES)	<u>2.67</u>	<u>2.77</u>	<u>2.42</u>	<u>2.26</u>	<u>2.20</u>	<u>2.21</u>

FORT PIERCE UTILITIES AUTHORITY
TEN LARGEST CUSTOMERS - FY 2001

	Utility Service	Unit Sales	Revenues	Total
St. Lucie County School Board	Electric (kWh)	26,745,077	\$ 2,204,283	
	Water (kgal.)	41,829	179,047	
	Wastewater	30,400	134,688	
	Natural Gas (ccf)	55,567	75,775	
				\$ 2,593,793
Fort Pierce Utilities Authority	Electric (kWh)	19,892,310	1,493,350	
	Water (kgal.)	51,997	249,490	
	Wastewater	14,317	65,200	
	Natural Gas (ccf)	35,627	43,962	
				1,852,002
Indian River Community College	Electric (kWh)	16,255,818	1,225,661	
	Water (kgal.)	17,049	51,132	
	Wastewater	13,477	49,628	
	Natural Gas (ccf)	106,113	119,312	
				1,445,733
Lawnwood Regional Medical Center	Electric (kWh)	12,912,512	850,786	
	Water (kgal.)	27,670	72,875	
	Wastewater	27,656	92,911	
	Natural Gas (ccf)	312,203	343,436	
				1,360,008
Board of County Commissioners	Electric (kWh)	12,608,078	1,037,458	
	Water (kgal.)	45,135	195,686	
	Wastewater	28,699	122,484	
	Natural Gas (ccf)	-	-	
				1,355,628
City of Fort Pierce	Electric (kWh)	9,522,120	803,987	
	Water (kgal.)	70,306	308,031	
	Wastewater	11,145	54,954	
	Natural Gas (ccf)	-	-	
				1,166,972
Cargill Citro Pure, LP	Electric (kWh)	18,377,395	1,023,069	
	Water (kgal.)	34,643	110,116	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				1,133,185
Ocean Village POA Inc.	Electric (kWh)	2,346,834	199,317	
	Water (kgal.)	95,954	433,425	
	Wastewater	36,263	154,838	
	Natural Gas (ccf)	-	-	
				787,580
Harbor Branch Oceanographic Institute	Electric (kWh)	9,634,360	772,377	
	Water (kgal.)	-	-	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				772,377
St. Lucie County Utilities	Electric (kWh)	-	-	
	Water (kgal.)	201,805	565,639	
	Wastewater	-	-	
	Natural Gas (ccf)	-	-	
				565,639
TOTAL REVENUES BY UTILITY	Electric		\$ 9,610,288	
	Water		2,165,441	
	Wastewater		674,703	
	Natural Gas		582,485	
TOTAL REVENUES			\$ 13,032,917	

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

	City of Fort Pierce Population*	St. Lucie County Population*	School Enrollment**	St. Lucie County Labor Force***
FY 85	37,500	119,150	15,540	49,975
FY 2001	38,013	198,253	29,248	84,322
FY 2000	37,516	192,695	29,285	81,882
FY 1999	38,401	186,905	29,030	76,045
FY 1998	38,071	183,222	28,463	79,003
FY 1997	39,484	171,160	27,997	78,021
FY 1996	37,273	175,458	27,456	74,210
FY 1995	37,027	171,160	26,881	75,270
FY 1994	36,945	166,803	26,006	78,121
FY 1993	36,909	163,192	25,030	67,112
FY 1992	36,722	158,937	23,806	67,957

Sources:

- * University of Florida, Bureau of Business & Economic Research.
- ** St. Lucie County School Board.
- *** Florida Department of Labor & Employment Security, Bureau of Labor and Market Security.
- **** Data unavailable.

FORT PIERCE UTILITIES AUTHORITY
DEMOGRAPHICS STATISTICS - LAST TEN YEARS
 (continued from previous page)

	Unemployment***	Percentage Rate of Unemployment***	Per Capita Income*
FY 2001	8,924	10.6	****
FY 2000	9,305	11.4	****
FY 1999	7,364	9.7	22,189
FY 1998	11,768	14.9	21,486
FY 1997	11,727	15	20,485
FY 1996	9,648	13	19,499
FY 1995	12,069	16	18,658
FY 1994	13,675	17.5	17,420
FY 1993	10,673	15.9	16,771
FY 1992	14,117	20.8	16,248

Sources:

- * University of Florida, Bureau of Business & Economic Research.
- ** St. Lucie County School Board.
- *** Florida Department of Labor & Employment Security, Bureau of Labor and Market Security.
- **** Data unavailable.