



# Utilities Commission, City of New Smyrna Beach, Florida



## *Comprehensive Annual Financial Report*

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

*September 30, 1995 and 1994*

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

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

***Comprehensive Annual Financial Report***

***For the Fiscal Year Ended September 30, 1995 and 1994***

**UTILITIES COMMISSIONERS**

James U. Martin, Chairman

Carolyn F. Bosiger, Vice Chairman

Raymond E. Custer, Secretary-Treasurer

Peter E. Mallory, Assistant Secretary-Treasurer

James A. Pence, Commissioner

**ACTING DIRECTOR OF UTILITIES**

Walter C. Davis

**CONTROLLER**

Charles S. Mitchell, CPA

**LEGAL COUNSEL**

Bolt, Spence & Hall, P.A.

**INDEPENDENT AUDITORS**

Brent Millikan & Company, P.A.

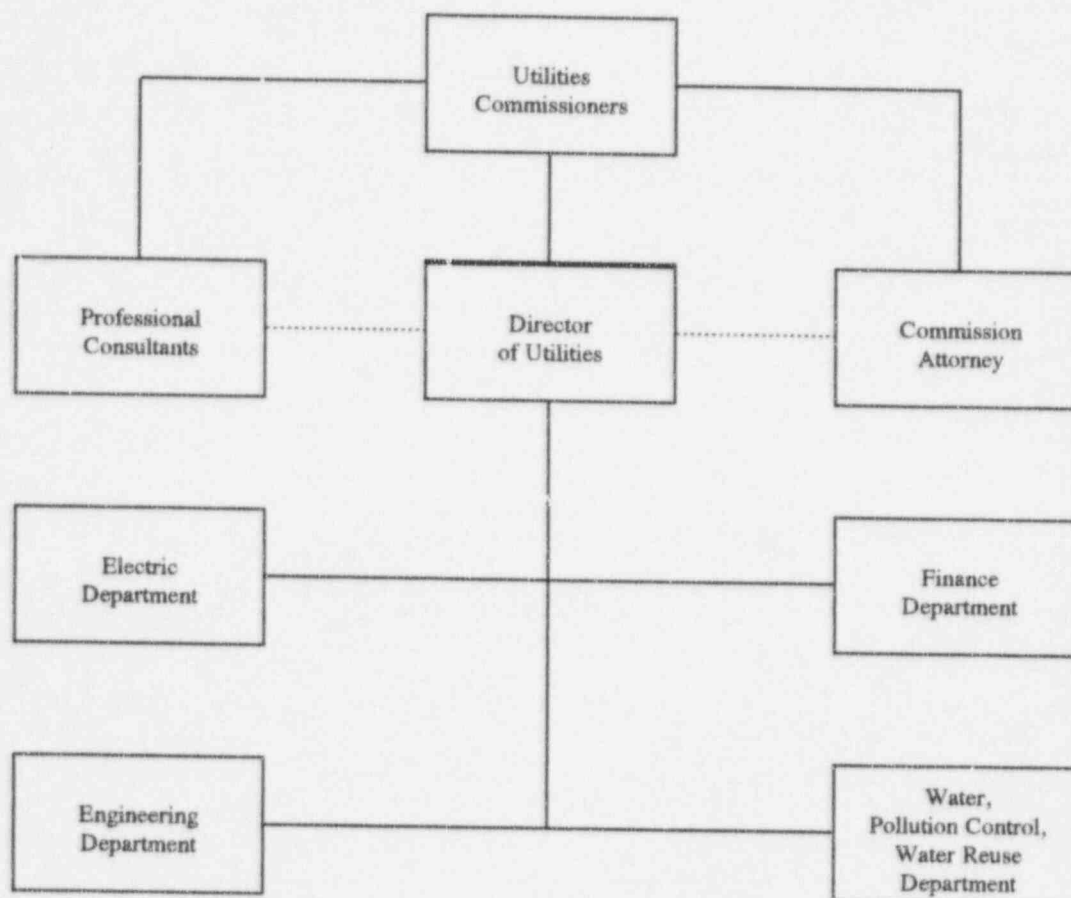
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September 30, 1995 and 1994  
**UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NEW SMYRNA BEACH, FLORIDA**

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## ***ORGANIZATION CHART***



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



.... Denotes appointment authority

## **CERTIFICATE OF ACHIEVEMENT**

For the year ended September 30, 1994

*The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Utilities Commission, City of New Smyrna Beach, Florida, for its Component Unit Financial Report for the fiscal year ended September 30, 1994.*

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

*A Certificate of Achievement is valid for a period of one year only. Management believes that this report continues to conform to Certificate of Achievement Program standards.*

**CERTIFICATE OF ACHIEVEMENT**

For the Year Ended September 30, 1994

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Utilities Commission,  
City of New Smyrna Beach,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1994

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



President

Executive Director

***LETTER OF TRANSMITTAL***

# UTILITIES COMMISSION

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



November 10, 1995

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

The Comprehensive Annual Financial Report of the Utilities Commission, City of New Smyrna Beach, Florida, for the fiscal years ended September 30, 1995 and 1994, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Utilities Commission. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the Utilities Commission. All disclosures necessary to enable the reader to gain the maximum understanding of the Utilities Commission's financial affairs have been included.

This financial report is presented in four sections: introductory, financial, statistical, and compliance (Auditor General of the State of Florida). The introductory section includes this transmittal letter, the Utilities Commission's organization chart, a list of principal officials, the table of contents and a reproduction of the Certificate of Achievement for Excellence in Financial Reporting for 1994. The financial section includes the basic financial statements and the independent auditors' report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, and selected ten-year historical financial information.

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

## REPORTING ENTITY AND SERVICES PROVIDED

The funds and entities related to the operation of the Utilities Commission which are included in these financial statements are a component unit of the City of New Smyrna Beach, Florida, and an integral part of the City's reporting entity. The Comprehensive Annual Financial Report of the Utilities Commission is issued separately to provide a comprehensive financial reporting summary and presentation to the Utilities Commission and its revenue certificate holders.

Audited financial statements of the Commission's oversight unit (City of New Smyrna Beach, Florida), are available upon request from the City of New Smyrna Beach, 210 Sams Avenue, New Smyrna Beach, Florida, 32168.

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

## ECONOMIC CONDITION AND OUTLOOK

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

## MAJOR INITIATIVES

The Commission has established a Capital Improvements Plan (Plan) through 1999. The capital expenditures of this Plan are scheduled to be funded through a combination of connection fees, Renewal and Replacement Fund proceeds, a portion of the proceeds of revenue certificates issued in August, 1992, and other funding. These capital improvement plans are in addition to the annual capital requirements for routine extensions of existing utility facilities to serve new customers.

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

- Voltage conversion from 4 kV to 23 kV of the Commission's 4 kV electric system in the mainland downtown area;
- Western area expansion of the water system plant in the Interstate 95-State Road 44 area;
- Construction of a western 6 MGD pollution control facility;
- Expansion of force mains and lift stations to link with the western pollution control facility;
- Development and construction of additions to the water reuse system which consists of high service pumping facilities, extension of the transmission system to connect to the western pollution control facility, and transmission lines to provide irrigation service to prospective customers; and
- Major storage facilities for the water reuse system are under investigation for storage of reclaimed water in a joint project between the Commission and the St. Johns River Water Management District.

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

## FINANCIAL INFORMATION

Management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

### *Budgeting Controls*

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

To the Chairman and Members  
of the Utilities Commission  
City of New Smyrna Beach, Florida  
November 10, 1995  
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As is demonstrated by the financial statements and schedules in the financial section of this report, the Utilities Commission continues to meet its responsibility for sound financial management.

#### Utility Operations

In compliance with Resolution No. 16-75, the electric, water and pollution control systems are accounted for as a single enterprise fund. As of September 30, 1995, the Utilities Commission served 20,055 electric customers, 16,148 water customers and 13,762 pollution control customers. Service totals for the last five years are summarized below:

<u>Fiscal Year</u>	<u>Electric Accounts</u>	<u>Water Accounts</u>	<u>Pollution Control Accounts</u>
1991 .....	18,835	9,865	7,754
1992 .....	19,264	10,100	7,875
1993 .....	19,596	10,378	8,051
1994 .....	19,907	10,618	8,188
1995 .....	20,055	16,148	13,762

The increase in customers for 1995 was the result of a change in the method of billing water and pollution control services for multi-family customers, which were previously billed as a single utility customer.

The current year's operating revenues from the combined utilities systems totaled \$33.14 million, an increase of 5.4% over last year's \$31.45 million. This increase was the combined result of overall, but steady, consumption increases and from a change in the method of billing for multi-family customers previously billed as single utility customers. The amount of revenue from various sources and the increases (decreases) over last year are shown in the following tabulation:

<u>Source of Operating Revenue</u>	<u>1995 Amount (000's)</u>	<u>Percent of Total</u>	<u>Increase Over 1994 (000's)</u>
Electric system .....	\$ 25,612	77.30%	1,259
Water system .....	3,972	11.99%	49
Pollution control system .....	3,168	9.56%	5
Water reuse system .....	<u>383</u>	<u>1.15%</u>	<u>374</u>
Totals .....	\$ <u>33,135</u>	<u>100.00%</u>	<u>1,687</u>

The current year's operating expenses from the combined utilities system totaled \$29.8 million, an increase of 4.9% over last year's amount of \$28.4 million. Increases in the levels of expenses for the individual systems over the preceding year are shown in the following tabulation:



To the Chairman and Members  
of the Utilities Commission  
City of New Smyrna Beach, Florida  
November 10, 1995  
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<u>Operating Expense by Function</u>	<u>1995</u> <u>Amount</u> <u>(000's)</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>Over 1994</u> <u>(000's)</u>
Electric system . . . . .	\$ 23,186	77.90%	867
Water system . . . . .	3,383	11.37%	185
Pollution control system . . . . .	3,064	10.29%	285
Water reuse system . . . . .	<u>132</u>	<u>0.44%</u>	<u>16</u>
Totals . . . . .	\$ <u>29,765</u>	<u>100.00%</u>	<u>1,353</u>

*Debt Administration*

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

	<u>1995</u>	<u>1994</u>	<u>1993</u>
Operating revenues . . . . .	\$ 33,135,452	31,448,283	31,651,212
Interest and other income . . . . .	1,117,899	773,740	640,895
Connection fees . . . . .	798,090	727,054	1,521,443
Assessment collections . . . . .	<u>3,106</u>	<u>(301)</u>	<u>5,576</u>
Revenues per certificate resolution . . . . .	35,054,547	32,948,776	33,819,126
Cost of Operation and Maintenance, net of depreciation and required payments to City . . .	<u>24,481,770</u>	<u>23,310,206</u>	<u>23,962,055</u>
Net revenues per certificate resolution . . .	<u>10,572,777</u>	<u>9,638,570</u>	<u>9,857,071</u>
Annual debt service requirement . . . . .	<u>5,521,252</u>	<u>5,518,144</u>	<u>4,795,962</u>
Coverage ratio . . . . .	<u>1.91 Times</u>	<u>1.75 Times</u>	<u>2.06 Times</u>

The Commission's revenue certificate coverage ratio for each of the last ten fiscal years is presented in Table VIII of the accompanying financial report.

As of September 30, 1995, the Utilities Commission had outstanding \$64,010,000 of revenue certificates payable. All of these obligations are secured by a first lien on and a pledge of the net revenues of the system.

To the Chairman and Members  
of the Utilities Commission  
City of New Smyrna Beach, Florida  
November 10, 1995  
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The Commission's outstanding revenue certificates ratings from Moody's, and Standard & Poor's as follows:

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
Utilities System Revenue Refunding and Improvement Certificates, Series 1978	A	A-
Utilities System Refunding Revenue Certificates, Series 1987	Aaa	AAA (AMBAC Insured)
Utilities System Revenue Certificates, Series 1992	Aaa	AAA (FGIC Insured)
Utilities System Refunding Revenue Certificates, Series 1993	Aaa	AAA (FGIC Insured)

The debt service requirements on these obligations are detailed in the notes to the financial statements.

#### *Cash Management*

Cash temporarily idle during the year was invested through the use of a competitive bid procedure in short-term time deposits and medium short-term investments. Shorter investment periods were utilized by the Utilities Commission due to the rapid changes and uncertainties of interest rates experienced during the fiscal year. The amount of interest earned during the year was \$962,466, of which \$200,260 was credited to reduce capitalized interest expense for the year.

The Commission's cash and investments on hand at September 30, 1995 and 1994, totaled \$17.6 million and \$17.9 million, respectively. The individual components are as follows:

	<u>1995</u>	<u>1994</u>
Current assets:		
Operating cash and cash equivalents	\$ 1,250,833	1,284,959
Restricted assets:		
Debt service funds	8,642,831	8,626,984
Renewal and replacement funds	3,426,167	3,209,265
Construction funds	1,967,953	2,554,940
Customer deposits	1,008,581	970,565
CR-3 decommissioning fund	898,370	845,412
Contingency fund	420,949	395,863
	<u>16,364,851</u>	<u>16,603,029</u>
Total cash and investments	\$ <u>17,615,684</u>	<u>17,887,988</u>

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

To the Chairman and Members  
of the Utilities Commission  
City of New Smyrna Beach, Florida  
November 10, 1995  
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## OTHER INFORMATION

### *Independent Audit*

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

### *Awards - Certificate of Achievement*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Utilities Commission, City of New Smyrna Beach, Florida, for its component unit financial report for the fiscal year ended September 30, 1994. We are also quite proud of the fact that we have been awarded with this Certificate for the seventeenth consecutive year.

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

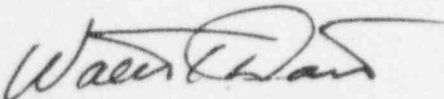
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

### *Acknowledgments*

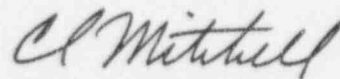
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We would also like to thank the individual members of the Utilities Commission for their interest, support, and leadership in planning and conducting the financial operations of the Utilities Commission in a most responsible and progressive manner.

Respectfully submitted,



Walter C. Davis  
Acting Director of Utilities



Charles S. Mitchell, CPA  
Controller

## ***FINANCIAL SECTION***

*This section is composed of the following:*

*Independent Auditors' Report*

*Financial Statements*

*Supplemental Financial Information*

***INDEPENDENT AUDITORS' REPORT***

# BM&C

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

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Utilities Commission, City of New Smyrna Beach, Florida, as of September 30, 1995 and 1994, and the related statements of revenues, expenses and changes in retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of Utilities Commission, City of New Smyrna Beach, Florida's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

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

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

*Brent Millikan & Co., P.A.*

New Smyrna Beach, Florida  
November 10, 1995

## ***FINANCIAL STATEMENTS***



**COMPARATIVE BALANCE SHEETS**

September 30, 1995 and 1994

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

	1995	1994
Utility Plant:		
Electric plant .....	\$ 55,677,614	54,395,142
Water plant .....	27,198,249	24,035,322
Pollution control plant .....	23,337,222	18,882,285
Water reuse plant .....	3,816,822	3,103,065
General plant .....	9,104,315	8,947,042
	<u>119,134,222</u>	<u>109,362,856</u>
Less: accumulated depreciation and amortization .....	(40,877,320)	(37,590,277)
	<u>78,256,902</u>	<u>71,772,579</u>
Construction work in progress .....	4,246,511	6,184,167
	<u>82,503,413</u>	<u>77,956,746</u>
Utility plant, net of accumulated depreciation and amortization .....		
Restricted Assets:		
Cash and cash equivalents .....	8,993,651	11,640,529
Investments, at cost .....	7,371,200	4,962,500
	<u>16,364,851</u>	<u>16,603,029</u>
Total restricted assets .....		
Current Assets:		
Cash and cash equivalents .....	1,250,833	1,284,959
Accrued interest receivable .....	124,395	117,400
Accounts receivable (net) .....	1,558,037	1,081,586
Unbilled accounts receivable .....	2,778,747	2,063,574
Inventories .....	1,627,476	891,568
Prepaid expenses and other assets .....	139,104	167,822
Assessments receivable .....	76,442	78,654
	<u>7,555,034</u>	<u>5,685,563</u>
Total current assets .....		
Deferred Charges and Other Assets:		
Unamortized debt expense .....	642,657	696,579
	<u>642,657</u>	<u>696,579</u>
Total assets .....	\$ <u>107,065,955</u>	<u>100,941,917</u>

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

**LIABILITIES AND UTILITY EQUITY**

	1995	1994
Utility Equity:		
Contributed capital .....	\$ 31,204,791	24,249,253
Retained Earnings:		
Reserved for restricted debt service funds.....	5,011,924	5,044,426
Unreserved (deficit) .....	447,199	(203,893)
	<u>5,459,123</u>	<u>4,840,533</u>
Total utility equity .....	<u>36,663,914</u>	<u>29,089,786</u>
Long-Term Debt:		
Revenue certificates payable (net of current portion) .....	62,290,000	64,010,000
Less: unamortized discount on revenue certificates and note payable .....	(1,434,192)	(1,547,164)
Total long-term debt .....	<u>60,855,808</u>	<u>62,462,836</u>
Restricted Fund Liabilities:		
Revenue certificates payable (current portion) .....	1,720,000	1,630,000
Accrued interest payable .....	1,910,907	1,952,558
Accounts payable .....	63,127	391,689
Customers' deposits .....	1,008,581	970,565
Deferred credits:		
Allowance for decommissioning costs .....	1,048,370	845,413
Allowance for arbitrage rebate .....	0	101,591
Total restricted fund liabilities .....	<u>5,750,985</u>	<u>5,891,816</u>
Current Liabilities:		
Accounts payable .....	1,481,643	1,459,558
Accrued liabilities .....	893,333	785,221
Due to other governments .....	644,133	610,382
Total current liabilities .....	<u>3,019,109</u>	<u>2,855,161</u>
Other Noncurrent Liabilities:		
Deferred compensated absences .....	653,249	560,211
Deferred credits - other .....	122,890	82,107
Total other noncurrent liabilities .....	<u>776,139</u>	<u>642,318</u>
Total liabilities .....	<u>70,402,041</u>	<u>71,852,131</u>
Total liabilities and utility equity .....	<u>\$ 107,065,955</u>	<u>100,941,917</u>

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

**Statement 2**

For the Fiscal Years Ended September 30, 1995 and 1994

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

	1995	1994
Operating Revenue:		
Sales .....	\$ 32,844,658	31,149,242
Other revenue .....	290,794	299,041
Total operating revenue .....	33,135,452	31,448,283
Operating Expenses:		
Production expenses .....	15,736,225	15,514,926
Transmission, distribution, and sewage collection and treatment .....	3,433,468	2,937,195
Customer accounting .....	808,391	811,963
Administrative and general .....	4,300,729	4,015,134
Required payments to the City of New Smyrna Beach .....	1,945,294	1,922,423
Depreciation and decommissioning .....	3,540,923	3,210,370
Total operating expenses .....	29,765,030	28,412,011
Operating income .....	3,370,422	3,036,272
Nonoperating Revenue (Expense):		
Interest earnings .....	762,206	495,971
Other income .....	355,693	277,769
Interest and debt expense .....	(3,791,166)	(3,458,792)
Other expenses .....	(45,577)	(37,154)
Loss on disposal of assets .....	(32,988)	(80,537)
Total nonoperating (expense).....	(2,751,832)	(2,802,743)
Net income (loss) .....	618,590	233,529
Retained earnings, beginning of year .....	4,840,533	4,607,004
Retained earnings, end of year .....	\$ 5,459,123	4,840,533

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

**STATEMENTS OF CASH FLOWS**

For the Fiscal Years Ended September 30, 1995 and 1994

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

Statement 3

	1995	1994
<b>Cash Flows From Operating Activities:</b>		
Operating income .....	\$ 3,370,422	3,036,272
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation, amortization and decommissioning .....	3,628,669	3,269,129
Provision for losses on receivables .....	66,000	61,000
Nonoperating revenue (expense).....	310,118	240,615
Decrease (increase) in operating assets:		
Accounts receivable .....	(1,257,624)	817,612
Assessments receivable .....	2,212	(302)
Inventories .....	(735,908)	(39,242)
Prepaid expenses .....	28,718	36,415
Increase (decrease) in operating liabilities:		
Accounts payable .....	(306,477)	83,067
Due to other governments .....	33,751	(60,517)
Customer deposits .....	38,016	37,954
Other liabilities .....	241,933	(18,200)
Net cash provided by (used in) operating activities .....	5,419,830	7,463,803
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Debt reduction outlays .....	(1,630,000)	(1,050,000)
Contributed capital .....	1,003,745	1,042,287
Proceeds from sale of property and equipment .....	4,065	63,287
Acquisition and construction of capital assets .....	(2,159,435)	(4,528,334)
Interest paid .....	(3,921,965)	(3,795,147)
Net cash provided by (used in) capital and related financing activities.....	(6,703,590)	(8,267,907)
<b>Cash Flows From Investing Activities:</b>		
Purchase of investment securities .....	(5,950,000)	(4,500,000)
Proceeds from sale and maturities of investment securities .....	3,541,300	1,038,800
Interest received .....	1,011,456	677,100
Net cash provided by (used in) investing activities .....	(1,397,244)	(2,784,100)
Net increase (decrease) in cash and cash equivalents .....	(2,681,004)	(3,588,204)
Cash and cash equivalents, beginning of year .....	12,925,488	16,513,692
Cash and cash equivalents, end of year .....	\$ 10,244,484	12,925,488
<b>Noncash Capital and Related Financing Activities:</b>		
Acquisition of capital assets .....	\$ (5,951,792)	0
Contributed capital .....	\$ 5,951,792	0

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

***NOTES TO THE FINANCIAL STATEMENTS***

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 1995 and 1994

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

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

**General**

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

**Reporting Entity**

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

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

**Basis of Accounting**

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

**Budget and Budgetary Accounting**

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



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

***Cash and Cash Equivalents***

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

***Investments***

Investments are recorded at cost or amortized cost, which approximates market. Adjustments are made to cost, for any premium or discount, which is amortized over the maturity of the investment.

***Receivables***

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

***Inventories***

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

***Unamortized Debt Discount and Expenses***

Revenue certificate discounts and issuance costs are deferred and amortized over the term of the bonds using the bond outstanding method which approximates the interest method. Unamortized revenue certificate discounts are presented in aggregate in the financial statements as a reduction of the carrying cost of the related long-term debt. Unamortized debt issuance costs are presented as other assets.

***Restricted Assets***

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

***Utility Plant***

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 1995 and 1994

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

Note 1: Summary of Significant Accounting Policies (Continued)			Years
	Electric System:		
	Production plant:		
	Nuclear production		27
	Diesel production		20-40
	Transmission plant		30-55
	Distribution plant		28-45
	General plant:		
	Structures and improvements		40
	Other general plant		5-20
	Water System:		
	Source of supply plant		25-50
	Pumping plant		35
	Water treatment plant		40-50
	Transmission and distribution plant		25-50
	General plant:		
	Structures and improvements		35
	Other general plant		10-35
	Pollution Control System:		
	Collection plant		35-50
	Pumping plant:		
	Structures and improvements		50
	Pumping equipment		25
	Treatment and disposal plant		25-40
	General plant		10-50
	Common Plant:		
	Structures and improvements		35
	Other general plant		5-15
	Water Reuse System:		
	Structures and improvements		50
	Transmission and distribution plant		50

*Compensated Absences*

The portion of employee payroll costs paid subsequent to year-end attributable to services performed prior to year-end is recorded and recognized as a current liability. Employees earn annual vacation leave at the rate of 80 hours per year for one through five years of service and 80 hours plus eight hours for each two years service over the first five years to a maximum of 160 hours per year. All outstanding vacation leave is payable upon termination. Employees accumulate ten hours (eight hours prior to July 1, 1986) of sick leave credit for each month on regular pay status. Employees make an irrevocable election regarding the accumulation of credits and the amounts of credits which can be received upon termination. One option provides for the payment of all unused sick leave at 75 percent of the existing pay rate at termination. The second option requires the "banking" of at least 240 accumulated hours. Hours accumulated in excess of 240 hours will be paid annually at 75 percent of the preceding July 1st pay rate.

*Deferred Credits and Operating Reserves*

The reserve for nuclear re-fueling and maintenance outage is an operating reserve established to account for the estimated charges to be incurred for the removal and installation of nuclear fuel assemblies. Charges are made against the reserve at the time the actual re-fueling takes place. The reserve for nuclear plant decommissioning costs was established to account for the estimated costs of nuclear plant decommissioning. Charges against the reserve will be made at the actual time of decommissioning.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 1995 and 1994

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

NEW SMYRNA BEACH, FLORIDA

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<b>Note 1:</b>	<b>Contributed Capital</b>
<b>Summary</b>	Contributions of capital to a proprietary fund from any source received are recorded in an appropriately captioned contributed capital account.
<b>of</b>	
<b>Significant</b>	
<b>Accounting</b>	<b>Reserves</b>
<b>Policies</b>	Funded reserves are used to record a portion of retained earnings which must be segregated for some future use and which are, therefore, not available for further appropriation or expenditure.
<b>(Continued)</b>	

### *Rates, Revenues and Fuel Expense*

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

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<b>Note 2:</b>	Pursuant to the applicable provisions of Chapter 280, Florida Statutes, <i>The Florida Security for Public Deposits Act</i> ("the Act"), the State of Florida, Department of Insurance, Bureau of Collateral Securities, and the Department of Treasury have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Treasurer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State Treasurer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Treasurer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by the Department of Insurance.
<b>Cash</b>	
<b>Deposits</b>	
<b>and</b>	
<b>Investments</b>	

### *Deposits*

At September 30, 1995 and 1994, the carrying amounts of the Utilities Commission's deposits, including certificates of deposit, were \$13,412,950 and \$12,205,499, respectively. The September 30, 1995, bank balance was \$14,135,171 of which \$200,000 was covered by federal depository insurance and \$13,935,171 was secured in accordance with the statutory provisions of the Act. Included in the carrying amount of Commission deposits is \$5,850 in petty cash and change funds.

### *Investments*

The Utilities Commission's investment policies are governed by state statutes and local resolution. Allowable investment instruments include: bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits. At September 30, 1995, the Commission's investments included United States Treasury State and Local Government (SLGS) Bonds and overnight investments in money market funds which were secured by U. S. Treasury obligations. The investments are categorized to give an indication of the level of risk assumed by the Commission at year-end. Category 1 includes investments that are insured, registered, or collateralized under the applicable sections of the Act, or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the banks' trust departments or agents in the Commission's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the banks, or by their trust departments or agents but not in the Commission's name.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

September 30, 1995 and 1994

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

**Note 2:** At September 30, 1995, the Commission's cash and investments are categorized as follows:

Cash Deposits and Investments (Continued)	Type of Investment	Category 1	Category 2	Category 3	Carrying Value	Market Value
	U.S. Treasury State and Local Government					
	Series (SLGS) Bonds .....	\$ 421,200	0	0	421,200	421,200
	Repurchase agreements .....	0	0	3,781,533	3,781,533	3,746,112
	Totals .....	\$ 421,200	0	3,781,533	4,202,733	4,167,312

**Note 3:** A summary of net accounts receivable at September 30, is as follows:

	1995	1994
Billed customer accounts receivable .....	\$ 1,560,020	1,127,078
Notes receivable .....	0	915
Due from other governments .....	54,951	0
	1,614,971	1,127,993
Less: allowance for doubtful accounts .....	(56,934)	(46,407)
Totals .....	\$ 1,558,037	1,081,586

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

	Cash	Deposits/ Investment	Accrued Interest	1995 Totals	1994 Total
Debt Service Funds:					
1978 Sinking Fund .....	\$ 0	1,041,622	0	1,041,622	1,040,249
1978 Reserve Fund .....	0	2,047,395	0	2,047,395	2,047,395
1987 Sinking Fund .....	0	367,529	0	367,529	367,424
1987 Reserve Fund .....	0	740,200	0	740,200	740,200
1992 Sinking Fund .....	0	615,529	0	615,529	608,810
1992 Reserve Fund .....	0	1,074,200	0	1,074,200	1,074,200
1993 Sinking Fund .....	0	1,101,227	0	1,101,227	1,093,577
1993 Reserve Fund .....	0	1,655,129	0	1,655,129	1,655,129
	0	8,642,831	0	8,642,831	8,626,984
Renewal and Replacement Funds:					
Res. No. 28-78 .....	1,056,523	1,000,000	10,251	2,066,774	1,462,269
Connection Fee Fund .....	859,393	500,000	0	1,359,393	1,746,996
	1,915,916	1,500,000	10,251	3,426,167	3,209,265
Construction Funds:					
1992 Certificates .....	957,144	1,000,000	10,809	1,967,953	2,554,940
Customer deposits .....	754,730	250,000	3,851	1,008,581	970,565
CR-3 decommissioning Fund ..	196,372	700,000	1,998	898,370	845,412
Contingency Fund .....	419,278	0	1,671	420,949	395,863
Totals .....	\$ 4,243,440	12,092,831	28,580	16,364,851	16,603,029

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
September 30, 1995 and 1994  
**UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NEW SMYRNA BEACH, FLORIDA**

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

Utility Plant	Electric	Water	Pollution Control	Water Reuse	Common	1995	1994
Land and land rights . . . . .	\$ 1,672,728	477,145	220,433	0	591,906	2,962,212	2,937,870
Structures and improvements . . .	2,600,142	5,081,353	4,129,765	1,614,522	2,763,925	16,189,707	16,110,054
Production plant, nuclear fuel and treatment plant . . . . .	11,006,827	5,758,749	4,280,732	0	0	21,046,307	20,908,332
Transmission, distribution, and collection and treatment plant	39,990,281	15,881,002	14,706,292	2,202,300	0	72,779,876	63,393,764
Other general plant and equipment	<u>407,636</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,748,484</u>	<u>6,156,120</u>	<u>6,012,836</u>
	55,677,614	27,198,249	23,337,222	3,816,822	9,104,315	119,134,222	109,362,856
Accumulated depreciation . . . .	<u>(22,700,931)</u>	<u>(6,372,724)</u>	<u>(7,604,623)</u>	<u>(180,047)</u>	<u>(4,018,995)</u>	<u>(40,877,320)</u>	<u>(37,620,277)</u>
	32,976,683	20,825,525	15,732,599	3,636,775	5,085,320	78,256,902	71,742,579
Construction in progress . . . . .	<u>1,121,231</u>	<u>1,218,135</u>	<u>162,400</u>	<u>551,779</u>	<u>1,192,966</u>	<u>4,246,511</u>	<u>6,184,167</u>
Utility plant, net . . . . .	\$ <u>34,097,914</u>	<u>22,043,660</u>	<u>15,894,999</u>	<u>4,188,554</u>	<u>6,278,286</u>	<u>82,503,413</u>	<u>77,926,746</u>

Capitalized interest on outstanding tax-exempt revenue certificates charged (credited) to projects during construction was \$55,782 and \$500,127, for 1995 and 1994, respectively (net of interest earned on unexpended long-term debt proceeds totaling \$200,260 and \$165,961, respectively).

**Note 6:** A summary of long-term debt outstanding at September 30, is as follows:  
**Long-Term Debt**

	1995	1994
Utilities System Revenue Refunding and Improvement Certificates, Series 1978—with \$8,080,000 (7.00%) and \$11,335,000 (7.125%) term certificates due in 2003 and 2010, respectively . . . . .	\$ 19,415,000	20,090,000
Utilities System Refunding Revenue Certificates, Series 1987—6.00% to 6.70% due serially to 2001, with \$2,790,000 (7.00%) and \$2,080,000 (7.10%) bonds due in 2007 and 2011, respectively . . . .	6,770,000	7,025,000
Utilities System Revenue Certificates, Series 1992—4.10% to 5.60% due serially to 2004, with \$515,000 (5.35%), \$1,020,000 (5.80%) \$1,230,000 (6.00%) and \$10,160,000 (6.00%) term bonds due in 2002, 2007, 2010, and 2013, respectively . . . . .	14,760,000	14,935,000
Utilities System Refunding Revenue Certificates, Series 1993—3.20% to 5.25% due serially to 2011, with \$3,685,000 (5.00%) and \$6,245,000 (5.00%) term bonds due in 2014 and 2019, respectively . . . . .	<u>23,065,000</u>	<u>23,590,000</u>
	64,010,000	65,640,000
Less: unamortized debt discount . . . . .	<u>(1,434,192)</u>	<u>(1,547,164)</u>
	<u>62,575,808</u>	<u>64,092,836</u>
Less: current maturities:		
Series 1978 Certificates . . . . .	725,000	675,000
Series 1987 Certificates . . . . .	270,000	255,000
Series 1992 Certificates . . . . .	185,000	175,000
Series 1993 Certificates . . . . .	<u>540,000</u>	<u>525,000</u>
	<u>1,720,000</u>	<u>1,630,000</u>
Total long-term debt, net . . . . .	\$ <u>60,855,808</u>	<u>62,462,836</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 1995 and 1994

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

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

The authorization for the outstanding 1978 Certificates and all subsequent issues (collectively referred to as the "Certificates") provides that the Commission will not issue additional obligations except for the construction and acquisition of additions, extensions and improvements to the system or for refunding purposes and except upon the parity conditions provided in the authorizing resolution. The Certificates are payable from and secured by a first lien upon and pledge of the net revenues derived from the operation of the system. The Certificates do not constitute general indebtedness of the Commission or the City of New Smyrna Beach, Florida (City), and the City is not obligated to levy any taxes for the payment thereof.

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

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

The aggregate annual debt service requirements in each of the next five years are as follows: \$5,521,015 - 1996; \$5,517,799 - 1997; \$5,520,854 - 1998; \$5,524,458 - 1999; \$5,518,912 - 2000; and \$80,695,633 - thereafter.

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

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

	<u>1995</u>	<u>1994</u>
1978 Refunding:		
Series 1962 refunding--3.5% due through 1999 . . . . .	\$ 35,000	35,000
Series 1962--3.9% to 4.2% due through 2000 . . . . .	1,010,000	1,230,000
Series 1965--4.2% to 4.25% due through 2004 . . . . .	1,650,000	1,690,000
Series S-1963--3.9% due through 2002 . . . . .	170,000	195,000
Series T-1963--4.0% due through 2003 . . . . .	493,000	543,000
Series B-1965--3.7% to 4.1% due through 2003 . . . . .	290,000	315,000
Series 1975--3.75% to 6.2% due through 2004 . . . . .	1,580,000	1,680,000
Series 1975A--5.0% to 6.6% due through 2005 . . . . .	2,275,000	2,405,000
Series 1976--4.5% to 6.2% due through 2001 . . . . .	2,675,000	3,080,000
1993 Refunding:		
Series 1986--6.00% to 7.25% due through 1996 call date . . . . .	5,770,000	5,890,000
Series 1990--6.10% to 7.10% due through 1998 call date . . . . .	14,275,000	14,475,000



NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 1995 and 1994

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

NEW SMYRNA BEACH, FLORIDA

**Note 8:**  
**Contributed Capital**      The following is a summary of changes in contributed capital:

	Customer Contributions	Federal Grants	Customer Assessments	Totals
Balances, September 30, 1993 .....	\$ 14,182,326	7,306,904	1,717,736	23,206,966
Additions .....	<u>1,042,287</u>	<u>0</u>	<u>0</u>	<u>1,042,287</u>
Balances, September 30, 1994 .....	15,224,613	7,306,904	1,717,736	24,249,253
Additions .....	<u>6,775,538</u>	<u>0</u>	<u>0</u>	<u>6,775,538</u>
Balances, September 30, 1995 .....	\$ <u>22,000,151</u>	<u>7,306,904</u>	<u>1,717,736</u>	<u>31,024,791</u>

**Note 9:**  
**Required Payment To City**      The legislation that created the Utilities Commission requires it to pay to the general fund of the City of New Smyrna Beach a sum equal to six percent (6%) of the gross revenues from utilities under Commission control. This payment is subordinate to the debt service requirement of all utilities revenue certificates and is recorded as a quasi-external transaction for financial reporting purposes. The amount paid to the City totaled \$1,945,294 and \$1,922,423 for the years ended September 30, 1995 and 1994, respectively. The balances due to the City at September 30, 1995 and 1994, totaled \$367,911 and \$338,209, respectively.

**Note 10:**  
**Employee Pension Plan**      The Commission contributes to the Florida Retirement System of the State of Florida, a cost-sharing, multiple-employer public employee retirement system created in December, 1970, that acts as a common investment and administrative agent for municipalities and other qualifying political subdivisions in the State of Florida. The Commission's payroll for employees covered by the System for the year ended September 30, 1995, was \$5,593,503. Total payroll for the year was \$5,698,691.

All full-time employees are eligible to participate in the system, which also provides for death and disability benefits. Benefits fully vest on reaching 10 years of creditable service and are computed on the basis of age, average final compensation, and service credit. Average Final Compensation (AFC) is the average of the five highest fiscal years of earnings. Each year of service is expressed as a percentage of AFC. The total percentage value received is determined by calculating the total value of all service, which is based on the retirement plan to which the member belonged when the service was earned as follows:

*Regular Class*

Retirement up to age 62 or 30 years service . . .	1.60%
Retirement at age 63 or 31 years service . . . . .	1.63%
Retirement at age 64 or 32 years service . . . . .	1.65%
Retirement at age 65 or 33 years service . . . . .	1.68%

*Special Risk Class*

Service from 12/1/70 through 9/30/74 . . . . .	2.00%
Service from 10/1/74 through 9/30/78 . . . . .	3.00%
Service from 10/1/78 through 12/31/88 . . . . .	2.00%
Service from 1/1/89 through 12/31/89 . . . . .	2.20%
Service from 1/1/90 through 12/31/90 . . . . .	2.40%
Service from 1/1/91 through 12/31/91 . . . . .	2.60%
Service from 1/1/92 through 12/31/92 . . . . .	2.80%
Service on or after 1/1/93 . . . . .	3.00%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 1995 and 1994

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

**Note 10:  
Employee  
Pension  
Plan  
(Continued)**

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

The Commission's contribution to the plan during the year ended September 30, 1995, totaled \$984,130, which was 17.10% (regular class) of the qualifying compensation for the period from October 1, 1994 through December 31, 1994, and 16.91% for the period from January 1, 1995 through September 30, 1995. The representative amount of the Commission's contribution to the plan was not provided by the plan administrator, however, it was not significant in relation to the total contributions required of all participating entities (approximately \$2.93 billion). There were no employee contributions made during the year.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users (1) assess the Florida Retirement System's funding status on a going-concern basis, (2) assess progress made in accumulating sufficient assets to pay benefits when due, and (3) make comparisons among Public Employee Retirement Systems and employers. The measure is independent of and should not be confused with the actuarial funding method used to determine contributions to the system.

The plan does not make separate measurements of assets and pension benefit obligations for individual employers. The estimated pension benefit obligation at July 1, 1995, was computed based upon assumptions determined through an independent actuarial valuation performed as of July 1, 1995, in accordance with Governmental Accounting Standards Board Statement No. 5. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually; (b) projected annual salary increases of 7.5 percent per year compounded annually, (c) payroll growth of 7.0 percent per year, and (d) post-retirement benefit increases of 3 percent per year.

The total unfunded pension benefit obligation (estimated) applicable to the Commission's employees is not separately determined by the actuary. At July 1, 1995, the unfunded pension benefit obligation of the Florida Retirement System was \$5.728 billion, which is computed as follows:

	Amount (000,000 Omitted)
<u>Pension Benefit Obligation</u>	
Annuitants and vested terminated employees .....	\$ 15,479
Current Employees:	
Accumulated member contributions .....	400
Employer-financed Vested Benefits .....	27,114
Employer-financed Non-vested Benefits .....	<u>4,311</u>
Total Pension Benefit Obligation .....	47,304
Net Assets available for benefits at actuarial value (amortized cost is \$37,524; market value is \$45,223) .....	<u>41,576</u>
Unfunded Pension Benefit Obligation .....	<u>\$ 5,728</u>

Ten-year historical trend information showing the Florida Retirement System's progress in accumulating sufficient assets to pay benefits when due is not presently available from the State of Florida, Department of Administration, Division of Retirement.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 1995 and 1994

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

**Note 10:** The following data is provided as part of the biennial actuarial valuation to meet the requirements of GASB Statement No. 5, and includes data for valuation years only, beginning with fiscal year 1986-1987, the first year for which it was available:

**Employee Pension Plan**  
(Continued)

**Analysis of Funding Progress**  
(000's Omitted)

Fiscal Year	Net Assets Available For Benefits	Pension Benefit Obligation	Percent Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Obligations As Percent of Covered Payroll
1986-1987	\$13,977,000	\$20,819,000	67.1%	\$6,842,000	\$9,353,674	73.2%
1988-1989	17,558,662	27,369,885	64.2%	9,811,223	10,846,531	90.5%
1990-1991	23,365,936	33,818,867	69.1%	10,452,931	13,061,619	80.0%
1992-1993	31,693,000	39,685,000	79.9%	7,992,000	14,562,000	54.9%
1994-1995	41,576,000	47,304,000	87.9%	5,728,000	16,281,000	35.2%

**Note 11:** The following is a summary of the segment information for the Commission's individual utility systems:

**Segment Information**

	Electric System	Water System	Pollution Control System	Water Reuse System	Total
Operating revenue . . . . .	\$ 25,612,207	3,972,005	3,168,544	382,696	33,135,452
Depreciation/decommissioning .	2,088,556	686,909	696,258	69,200	3,540,923
Operating income (loss) . . . . .	2,426,648	588,488	104,686	250,600	3,370,422
Required payments to City . . . .	1,499,615	246,124	198,430	1,125	1,945,294
Net income (loss) . . . . .	1,163,897	(287,157)	(268,478)	10,328	618,590
Contributed capital . . . . .	1,124,877	10,949,277	19,130,637	0	31,204,791
Utility plant acquisitions . . . . .	899,568	2,238,830	4,563,447	465,165	8,167,010
Utility plant retirements . . . . .	218,067	109,414	5,819	0	333,300
Revenue certificates payable . .	32,282,429	18,437,502	7,830,212	5,459,857	64,010,000
Utility equity . . . . .	8,995,328	12,240,007	16,116,218	(687,639)	36,663,914
Total assets . . . . .	52,059,991	29,542,544	20,111,980	5,351,440	107,065,955

**Note 12:** The Commission is engaged in routine litigation incidental to the conduct of its utilities affairs. In the opinion of legal counsel to the Commission, no legal proceedings are pending or threatened against the Commission which are not covered by applicable insurance which would inhibit the Commission's ability to perform its operations or materially affect its financial condition.

**Legal Matters**

**Note 13:** The Commission, acting through the Florida Municipal Power Agency (FMPPA), the Utilities Commission is a participant in a portion of Florida Power and Light Company's (FPL) St. Lucie Unit No. 2, a nuclear generating unit. FMPPA originally acquired an 8.806% undivided ownership interest of St. Lucie No. 2 together with rights to receive electric capacity and electric energy under a reliability exchange agreement. The Commission's participation provides for a 9.884% entitlement share of FMPPA's ownership interest. A reliability exchange agreement provides for FMPPA's exchanging 50% of its share of the output from St. Lucie No. 2 for a like amount from FPL's exclusively owned St. Lucie No. 1 to mitigate the potential for economic loss resulting from the extended or permanent outage or early retirement of St. Lucie No. 2.

**Commitments**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 1995 and 1994

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

**Note 13:**  
**Commitments**  
**(Continued)**

The Commission, as a participant, has also entered into a power sales contract which requires payment on a "take-and pay" basis for the Commission's entitlement share of the project capability for the St. Lucie Project for each month during any portion of which electric capacity and electric energy are available to the Commission from the St. Lucie Project, including electric capacity and electric energy under the reliability exchange agreement with FPL. In the event payment is not required for any month under the Commission's power sales contract, it is required to make payment for such month under its project support contract on a "take-or-pay" basis. The payment under the project support contract would be the amount the Utilities Commission would have been required to pay under its power sales contract for such month if any electric capacity and electric energy from the St. Lucie Project had been made available to them. As a result of these agreements, the Commission is obligated to provide payments of approximately \$3.7 million annually.

Based on an updated engineering report dated February 20, 1995, the Commission's anticipated share of decommissioning costs applicable to its participation in Florida Power Corporation's (FPC) Crystal River Unit No. 3, a nuclear generating unit, is expected to be approximately \$10.9 million at its expected date of decommissioning in 2016. An operating reserve was established to provide advanced funding for these estimated future costs. Funding of the reserve began in 1985. The balance in the fund, plus the interest earned thereon, are expected to be sufficient to meet the Commission's portion of the estimated future decommissioning costs. The provision for decommissioning expense recognized during the years ended September 30, 1995 and 1994, totaled \$202,957 and \$30,988, respectively.

During 1995, the Commission had additional unrecognized construction contract commitments of approximately \$2.5 million for utility plant expansion and upgrading.

On July 12, 1995, the Commission authorized the validation and issuance of revenue certificates in an amount not to exceed \$65 million, for the purpose of financing anticipated sewage treatment plant improvements of \$35 million and for the purpose of refunding the Series 1978 Revenue Certificates and the Series 1987 Refunding Certificates, including issuance costs thereof in an amount not to exceed \$30 million. Since that date, steps have been taken to secure appraisals and cost analyses on the proposed improvements.

## **SUPPLEMENTAL INFORMATION**

This section is composed of the following:

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

*Statistical Section*

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

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

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

Schedule 1

For the Fiscal Year Ended September 30, 1995

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 1994

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

	Electric	Water	Pollution Control	Water Reuse	Totals	
					1995	1994
Operating Revenue:						
Sales .....	\$ 25,437,942	3,868,771	3,155,249	382,696	32,844,658	31,149,242
Other revenues .....	174,265	103,234	13,295	0	290,794	299,041
Total operating revenue .....	25,612,207	3,972,005	3,168,544	382,696	33,135,452	31,448,283
Operating Expenses:						
Production expenses .....	14,828,640	907,585	0	0	15,736,225	15,514,926
Transmission, distribution, and sewage collection and treatment .....	1,770,137	394,865	1,207,350	61,116	3,433,468	2,937,195
Customer accounting .....	499,242	191,918	117,231	0	808,391	811,963
Administrative and general .....	2,499,369	956,116	844,589	655	4,300,729	4,015,134
Required payments to the City of New Smyrna Beach .....	1,499,615	246,124	198,430	1,125	1,945,294	1,922,423
Depreciation and decommissioning .....	2,088,556	686,909	696,258	69,200	3,540,923	3,210,370
Total operating expenses .....	23,185,559	3,383,517	3,063,858	132,096	29,765,030	28,412,011
Operating income (loss) .....	2,426,648	588,488	104,686	250,600	3,370,422	3,036,272
Nonoperating Revenue (Expenses):						
Interest earnings .....	384,652	228,964	136,080	12,510	762,206	495,971
Other income .....	301,416	52,179	2,098	0	355,693	277,769
Interest and debt expense .....	(1,905,793)	(1,126,257)	(506,334)	(252,782)	(3,791,166)	(3,458,792)
Other expenses .....	(10,073)	(30,878)	(4,626)	0	(45,577)	(37,154)
Gain(Loss) on disposal of assets .....	(32,953)	347	(382)	0	(32,988)	(80,537)
Total nonoperating revenue .....	(1,262,751)	(875,645)	(373,164)	(240,272)	(2,751,832)	(2,802,743)
Net income (loss) .....	1,163,897	(287,157)	(268,478)	10,328	618,590	233,529
Retained earnings, beginning of year .....	6,706,553	1,577,887	(2,745,941)	(697,966)	4,840,533	4,607,004
Retained earnings, end of year .....	\$ 7,870,450	1,290,730	(3,014,419)	(687,638)	5,459,123	4,840,533

**SCHEDULE OF REVENUE, RECEIPTS, EXPENSES AND DISBURSEMENTS -  
BUDGET AND ACTUAL - ELECTRIC SYSTEM (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended September 30, 1995  
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA  
NEW SMYRNA BEACH, FLORIDA

Schedule 2

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue and Receipts:			
Direct Sales:			
Electric sales .....	\$ 24,950,970	24,877,234	(73,736)
Other revenues .....	197,500	174,265	(23,235)
Nonoperating revenue:			
Interest earnings .....	220,275	384,652	164,377
Meter deposit interest expense .....	0	(31,250)	(31,250)
Other revenues (expenses) .....	165,000	291,343	126,343
Total revenue and receipts .....	25,533,745	25,696,244	162,499
Operating Expenses:			
Power production and fuel .....	15,324,256	14,828,640	495,616
Transmission and distribution .....	1,450,049	1,770,137	(320,088)
Customer accounting .....	498,376	499,242	(866)
Administrative and general .....	2,565,302	2,499,369	65,933
Required payments to the City of New Smyrna Beach .....	1,506,958	1,499,615	7,343
Decommissioning expense .....	0	202,957	(202,957)
Total operating expenses .....	21,344,941	21,299,960	44,981
Net revenue and receipts .....	4,188,804	4,396,284	207,480
Operating Transfers In (Out):			
Sinking Funds:			
1978 Certificates .....	(1,005,737)	(1,005,737)	0
1987 Certificates .....	(330,728)	(330,728)	0
1992 Certificates .....	(537,254)	(537,254)	0
1993 Certificates .....	(885,921)	(885,921)	0
.....	(2,759,640)	(2,759,640)	0
Renewal and Replacement Funds:			
Required contribution .....	(1,429,164)	(1,429,164)	0
Total operating transfers (out) .....	(4,188,804)	(4,188,804)	0
Budgeted net cash receipts .....	\$ 0	207,480	207,480
Additions (Deductions) Required to Reconcile Net Cash Receipts to Net Income (GAAP Basis):			
Unbilled revenue .....		687,321	
Capitalized nuclear plant improvements recovery charges .....		(126,673)	
Principal portion of required Sinking Fund transfers .....		838,117	
Excess Sinking Fund transfers .....		131,504	
Net transfers to Renewal and Replacement Fund .....		1,429,164	
Gain (loss) on disposal of property and equipment .....		(32,953)	
Depreciation and decommissioning .....		(1,885,599)	
Amortization of debt expense .....		(84,924)	
.....		956,417	
Net income .....		\$ 1,163,897	

**SCHEDULE OF REVENUE, RECEIPTS, EXPENSES AND DISBURSEMENTS -  
BUDGET AND ACTUAL - WATER SYSTEM (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended September 30, 1995  
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA  
NEW SMYRNA BEACH, FLORIDA

Schedule 3

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue and Receipts:			
Direct Sales:			
Water sales .....	\$ 3,678,851	3,855,735	176,884
Other revenues .....	105,000	103,234	(1,766)
Nonoperating revenue:			
Interest earnings .....	164,000	228,964	64,964
Meter deposit Interest expense .....	0	(5,859)	(5,859)
Other revenues (expenses) .....	17,500	21,301	3,801
Connection fees .....	295,959	361,477	65,518
Meter setting installation charges .....	85,000	138,845	53,845
Total revenue and receipts .....	<u>4,346,310</u>	<u>4,703,697</u>	<u>357,387</u>
Operating Expenses:			
Water production .....	929,552	907,585	21,967
Transmission and distribution .....	374,404	394,865	(20,461)
Customer accounting .....	196,899	191,918	4,981
Administrative and general .....	995,705	956,116	39,589
Required payments to the City of New Smyrna Beach .....	236,066	246,124	(10,058)
Total operating expenses .....	<u>2,732,626</u>	<u>2,696,608</u>	<u>36,018</u>
Net revenue and receipts .....	<u>1,613,684</u>	<u>2,007,089</u>	<u>393,405</u>
Operating Transfers In (Out):			
Sinking Funds:			
1978 Certificates .....	(561,987)	(561,987)	0
1987 Certificates .....	(352,776)	(352,776)	0
1992 Certificates .....	(142,263)	(142,263)	0
1993 Certificates .....	(572,881)	(572,881)	0
.....	<u>(1,629,907)</u>	<u>(1,629,907)</u>	<u>0</u>
Renewal and Replacement Funds:			
Required contribution .....	(310,143)	(310,143)	0
Restricted fund contribution .....	(295,959)	(361,477)	(65,518)
.....	<u>(606,102)</u>	<u>(671,620)</u>	<u>(65,518)</u>
Restricted fund contribution for operations .....	622,325	622,325	0
Total operating transfers (out) .....	<u>(1,613,684)</u>	<u>(1,679,202)</u>	<u>(65,518)</u>
Budgeted net cash receipts .....	<u>\$ 0</u>	<u>327,887</u>	<u>327,887</u>
Additions (Deductions) Required to Reconcile Net Cash Receipts to Net Income (GAAP Basis):			
Unbilled revenue .....		13,036	
Connection fees .....		(361,477)	
Meter setting installation charges .....		(138,845)	
Principal portion of required Sinking Fund transfers .....		525,894	
Excess Sinking Fund transfers .....		34,821	
Net transfers to Renewal and Replacement Fund .....		49,295	
Gain (loss) on disposal of property and equipment .....		347	
Depreciation .....		(686,909)	
Amortization of debt expense .....		(51,206)	
.....		<u>(615,044)</u>	
Net (loss) .....		<u>\$ (287,157)</u>	



**SCHEDULE OF REVENUE, RECEIPTS, EXPENSES AND DISBURSEMENTS - Schedule 4**  
**BUDGET AND ACTUAL - POLLUTION CONTROL SYSTEM (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended September 30, 1995  
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA  
NEW SMYRNA BEACH, FLORIDA

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue and Receipts:			
Direct Sales:			
Pollution control charges .....	\$ 2,991,086	3,140,975	149,889
Other revenues .....	10,000	13,295	3,295
Nonoperating revenue:			
Interest earnings .....	92,813	136,080	43,267
Meter deposit interest expense .....	0	(1,953)	(1,953)
Other revenues (expenses) .....	6,000	(2,528)	(8,528)
Connection fees .....	264,578	297,768	33,190
Total revenue and receipts .....	3,364,477	3,583,637	219,160
Operating Expenses:			
Collection and treatment system .....	1,172,486	1,207,350	(34,864)
Customer accounting .....	120,219	117,231	2,988
Administrative and general .....	770,217	844,589	(74,372)
Required payments to the City of New Smyrna Beach .....	189,846	198,430	(8,584)
Total operating expenses .....	2,252,768	2,367,600	(114,832)
Net revenue and receipts .....	1,111,709	1,216,037	104,328
Operating Transfers In (Out):			
Sinking Funds:			
1978 Certificates .....	(517,570)	(517,570)	0
1987 Certificates .....	(51,446)	(51,446)	0
1992 Certificates .....	(127,201)	(127,201)	0
1993 Certificates .....	(53,531)	(53,531)	0
.....	(749,748)	(749,748)	0
Renewal and Replacement Funds:			
Required contribution .....	(302,519)	(302,519)	0
Restricted fund contribution .....	(264,578)	(297,768)	(33,190)
.....	(567,097)	(600,287)	(33,190)
Restricted Fund contribution for operations .....	260,311	260,311	0
Water Reuse System contribution .....	(55,175)	(55,175)	0
Total operating transfers (out) .....	(1,111,709)	(1,144,899)	(33,190)
Budgeted net cash receipts .....	\$ 0	71,138	71,138
Additions (Deductions) Required to Reconcile Net Cash			
Receipts to Net Income (GAAP Basis):			
Unbilled revenue .....		14,274	
Connection fees .....		(297,768)	
Principal portion of required Sinking Fund transfers .....		231,999	
Excess Sinking Fund transfers .....		31,135	
Net transfers to Renewal and Replacement Fund .....		339,976	
Transfer to Water Reuse System .....		55,175	
Gain (loss) on disposal of property and equipment .....		(382)	
Depreciation .....		(696,258)	
Amortization of debt expense .....		(17,767)	
.....		(339,616)	
Net (loss) .....		\$ (268,478)	



**SCHEDULE OF REVENUE, RECEIPTS, EXPENSES AND DISBURSEMENTS -  
BUDGET AND ACTUAL - WATER REUSE SYSTEM (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended September 30, 1995  
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA  
NEW SMYRNA BEACH, FLORIDA

Schedule 5

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue and Receipts:			
Direct Sales:			
Reuse water sales .....	\$ 32,969	18,746	(14,223)
Reuse subsidy surcharge .....	353,597	363,407	9,810
Nonoperating revenue:			
Interest earnings .....	17,912	12,510	(5,402)
Other revenues (expenses) .....	0	0	0
Total revenue and receipts .....	404,478	394,663	(9,815)
Operating Expenses:			
Transmission and distribution system .....	63,906	61,116	2,790
Customer accounting .....	0	0	0
Administrative and general .....	3,800	655	3,145
Required payments to the City of New Smyrna Beach .....	1,978	1,125	853
Total operating expenses .....	69,684	62,896	6,788
Net revenue and receipts .....	334,794	331,767	(3,027)
Operating Transfers In (Out):			
Sinking Funds:			
1992 Certificates .....	(239,337)	(239,337)	0
1993 Certificates .....	(150,120)	(150,120)	0
.....	(389,457)	(389,457)	0
Renewal and Replacement Funds:			
Required Contribution.....	(512)	(512)	0
Pollution Control System contribution for operations.....	55,175	55,175	0
Total operating transfers (out).....	(334,794)	(334,794)	0
Budgeted net cash receipts .....	\$ 0	(3,027)	(3,027)
Additions (Deductions) Required to Reconcile Net Cash Receipts to Net Income (GAAP Basis):			
Unbilled revenue.....		543	
Principal portion of required Sinking Fund transfers .....		91,090	
Excess Sinking Fund transfers .....		58,582	
Depreciation .....		(69,200)	
Amortization of debt expense .....		(12,997)	
Net Transfers.....		(54,663)	
		13,355	
Net (loss) .....		\$ 10,328	

**SCHEDULE OF OPERATING EXPENSES-  
ELECTRIC SYSTEM**

**Schedule 6**

For the Fiscal Years Ended September 30, 1995 and 1994

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

	1995	1994
Power Production and Fuel:		
Nuclear Power Generation:		
Fuel .....	\$ 140,703	89,747
Operation .....	467,886	402,988
Maintenance .....	280,859	337,568
Diesel Power Generation:		
Fuel .....	177,643	14,574
Operation .....	191,429	362,795
Maintenance .....	54,025	19,913
Other Power Supply:		
Purchased power .....	13,160,082	13,047,054
System control and load dispatching .....	356,013	368,524
	<u>14,828,640</u>	<u>14,643,163</u>
Transmission and Distribution:		
Operation .....	1,285,032	1,092,097
Maintenance .....	485,105	296,276
	<u>1,770,137</u>	<u>1,388,373</u>
Customer Accounting:		
Operation .....	499,242	499,414
Administrative and General:		
Operation .....	2,313,512	2,263,570
Maintenance .....	185,857	164,018
	<u>2,499,369</u>	<u>2,427,588</u>
Required Payments to the City of New Smyrna Beach .....	1,499,615	1,498,049
Depreciation and decommissioning .....	2,088,556	1,862,874
Total operating expenses .....	<u>\$ 23,185,559</u>	<u>22,319,461</u>

**SCHEDULE OF OPERATING EXPENSES-  
WATER SYSTEM**

**Schedule 7**

For the Fiscal Years Ended September 30, 1995 and 1994  
UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA  
NEW SMYRNA BEACH, FLORIDA

	1995	1994
Water Production:		
Source of Supply:		
Operation .....	\$ 64,250	55,206
Maintenance .....	17,864	21,045
Pumping:		
Operation .....	149,890	148,718
Maintenance .....	6,609	3,102
Water Treatment:		
Operation .....	661,490	636,048
Maintenance .....	7,482	7,644
	<u>907,585</u>	<u>871,763</u>
Transmission and Distribution:		
Operation .....	361,174	352,154
Maintenance .....	33,691	20,720
	<u>394,865</u>	<u>372,874</u>
Customer Accounting:		
Operation .....	191,918	193,703
Administrative and General:		
Operation .....	874,575	821,945
Maintenance .....	81,541	51,781
	<u>956,116</u>	<u>873,726</u>
Required Payments to the City of New Smyrna Beach .....	246,124	234,256
Depreciation .....	686,909	651,195
Total operating expenses .....	<u>\$ 3,383,517</u>	<u>3,197,517</u>

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

**Schedule 8**

For the Fiscal Years Ended September 30, 1995 and 1994

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

	<u>1995</u>	<u>1994</u>
Collection and Treatment System:		
Collection and Pumping:		
Operation .....	\$ 133,056	351,234
Maintenance .....	308,744	48,685
Treatment and Disposal:		
Operation .....	738,401	694,031
Maintenance .....	27,149	24,312
	<u>1,207,350</u>	<u>1,118,262</u>
Customer Accounting:		
Operation .....	<u>117,231</u>	<u>118,846</u>
Administrative and General:		
Operation .....	807,317	685,368
Maintenance .....	37,272	26,347
	<u>844,589</u>	<u>711,715</u>
Required Payments to the City of New Smyrna Beach .....	<u>198,430</u>	<u>189,707</u>
Depreciation .....	<u>696,258</u>	<u>640,802</u>
Total operating expenses .....	<u>\$ 3,063,858</u>	<u>2,779,332</u>

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

**Schedule 9**

For the Fiscal Years Ended September 30, 1995 and 1994

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

	1995	1994
Transmission and Distribution System:		
Operation .....	\$ 59,831	57,415
Maintenance .....	1,285	271
	<u>61,116</u>	<u>57,686</u>
Administrative and General:		
Operation .....	655	2,105
Maintenance .....	0	0
	<u>655</u>	<u>2,105</u>
Required Payments to the City of New Smyrna Beach .....	1,125	411
Depreciation .....	69,200	55,499
Total operating expenses .....	<u>\$ 132,096</u>	<u>115,701</u>

**SCHEDULE OF INTEREST EARNINGS****Schedule 10**

For the Fiscal Years Ended September 30, 1995 and 1994

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

	<u>1995</u>	<u>1994</u>
Interest Earnings By Source:		
From Investments:		
Sinking funds .....	\$ 349,255	231,404
Renewal and replacement funds .....	186,683	134,943
Customers' deposits .....	63,059	39,383
Other .....	140,382	70,242
	<u>739,379</u>	<u>475,972</u>
From Assessments .....	<u>22,827</u>	<u>19,999</u>
Total interest earnings .....	<u>762,206</u>	<u>495,971</u>
Interest Earnings By System:		
Electric system .....	384,652	236,089
Water system .....	228,964	152,955
Pollution control system .....	136,080	100,089
Water reuse system .....	<u>12,510</u>	<u>6,838</u>
Total interest earnings .....	<u>\$ 762,206</u>	<u>495,971</u>

**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
For the Fiscal Year Ended September 30, 1995  
**UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NEW SMYRNA BEACH, FLORIDA**

Schedule 11  
Page 1 of 3

Payment Date	Utilities System Revenue Refunding and Improvement Certificates Series 1978			Utilities System Refunding Revenue Certificates Series 1987		
	Principal	Interest	Total Requirements	Principal Amount	Interest	Total Requirements
10/01/95 \$	355,000	686,609	1,041,609	0	232,528	232,528
04/01/96	370,000	674,184	1,044,184	270,000	232,528	502,528
10/01/96	380,000	661,234	1,041,234	0	224,428	224,428
04/01/97	395,000	647,934	1,042,934	285,000	224,428	509,428
10/01/97	410,000	634,109	1,044,109	0	215,593	215,593
04/01/98	425,000	619,759	1,044,759	305,000	215,593	520,593
10/01/98	435,000	604,884	1,039,884	0	205,833	205,833
04/01/99	455,000	589,659	1,044,659	325,000	205,833	530,833
10/01/99	470,000	573,734	1,043,734	0	195,270	195,270
04/01/2000	485,000	557,284	1,042,284	345,000	195,270	540,270
10/01/2000	500,000	540,309	1,040,309	0	183,885	183,885
04/01/2001	520,000	522,809	1,042,809	370,000	183,885	553,885
10/01/2001	540,000	504,609	1,044,609	0	171,490	171,490
04/01/2002	555,000	485,709	1,040,709	390,000	171,490	561,490
10/01/2002	575,000	466,284	1,041,284	0	157,840	157,840
04/01/2003	595,000	446,159	1,041,159	420,000	157,840	577,840
10/01/2003	615,000	425,334	1,040,334	0	143,140	143,140
04/01/2004	640,000	403,809	1,043,809	445,000	143,140	588,140
10/01/2004	660,000	381,009	1,041,009	0	127,565	127,565
04/01/2005	685,000	357,497	1,042,497	480,000	127,565	607,565
10/01/2005	710,000	333,094	1,043,094	0	110,765	110,765
04/01/2006	735,000	307,800	1,042,800	510,000	110,765	620,765
10/01/2006	760,000	281,616	1,041,616	0	92,915	92,915
04/01/2007	790,000	254,541	1,044,541	545,000	92,915	637,915
10/01/2007	815,000	226,397	1,041,397	0	73,840	73,840
04/01/2008	845,000	197,363	1,042,363	585,000	73,840	658,840
10/01/2008	875,000	167,259	1,042,259	0	53,073	53,073
04/01/2009	905,000	136,088	1,041,088	630,000	53,073	683,073
10/01/2009	940,000	103,847	1,043,847	0	30,708	30,708
04/01/2010	970,000	70,359	1,040,359	670,000	30,708	700,708
10/01/2010	1,005,000	35,803	1,040,803	0	6,923	6,923
04/01/2011	0	0	0	195,000	6,923	201,923
10/01/2011	0	0	0	0	0	0
04/01/2012	0	0	0	0	0	0
10/01/2012	0	0	0	0	0	0
04/01/2013	0	0	0	0	0	0
10/01/2013	0	0	0	0	0	0
04/01/2014	0	0	0	0	0	0
10/01/2014	0	0	0	0	0	0
04/01/2015	0	0	0	0	0	0
10/01/2015	0	0	0	0	0	0
04/01/2016	0	0	0	0	0	0
10/01/2016	0	0	0	0	0	0
04/01/2017	0	0	0	0	0	0
10/01/2017	0	0	0	0	0	0
04/01/2018	0	0	0	0	0	0
10/01/2018	0	0	0	0	0	0
04/01/2019	0	0	0	0	0	0
10/01/2019	0	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 19,415,000</b>	<b>12,897,085</b>	<b>32,312,085</b>	<b>6,770,000</b>	<b>4,451,592</b>	<b>11,221,592</b>



**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
For the Fiscal Year Ended September 30, 1995  
**UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NEW SMYRNA BEACH, FLORIDA**

Schedule 11  
Page 2 of 3

Payment Date	Utilities System Revenue Certificates Series 1992			Utilities System Refunding Revenue Certificates Series 1993		
	Principal Amount	Interest	Total Requirements	Principal Amount	Interest	Total Requirements
10/01/95 \$	185,000	430,528	615,528	540,000	561,226	1,101,226
04/01/96	0	426,735	426,735	0	552,586	552,586
10/01/96	195,000	426,735	621,735	555,000	552,586	1,107,586
04/01/97	0	422,494	422,494	0	542,874	542,874
10/01/97	200,000	422,494	622,494	575,000	542,874	1,117,874
04/01/98	0	417,944	417,944	0	531,949	531,949
10/01/98	215,000	417,944	632,944	595,000	531,949	1,126,949
04/01/99	0	412,730	412,730	0	519,751	519,751
10/01/99	225,000	412,730	637,730	620,000	519,751	1,139,751
04/01/2000	0	407,161	407,161	0	506,421	506,421
10/01/2000	230,000	407,161	637,161	655,000	506,421	1,161,421
04/01/2001	0	401,296	401,296	0	491,684	491,684
10/01/2001	245,000	401,296	646,296	680,000	491,684	1,171,684
04/01/2002	0	394,743	394,743	0	475,959	475,959
10/01/2002	270,000	394,743	664,743	710,000	475,959	1,185,959
04/01/2003	0	387,520	387,520	0	459,096	459,096
10/01/2003	280,000	387,520	667,520	745,000	459,096	1,204,096
04/01/2004	0	379,820	379,820	0	441,216	441,216
10/01/2004	305,000	379,820	684,820	775,000	441,216	1,216,216
04/01/2005	0	371,280	371,280	0	421,841	421,841
10/01/2005	320,000	371,280	691,280	815,000	421,841	1,236,841
04/01/2006	0	362,000	362,000	0	401,466	401,466
10/01/2006	340,000	362,000	702,000	860,000	401,466	1,261,466
04/01/2007	0	352,140	352,140	0	379,536	379,536
10/01/2007	360,000	352,140	712,140	905,000	379,536	1,284,536
04/01/2008	0	341,700	341,700	0	356,006	356,006
10/01/2008	385,000	341,700	726,700	950,000	356,006	1,306,006
04/01/2009	0	330,150	330,150	0	331,069	331,069
10/01/2009	405,000	330,150	735,150	1,000,000	331,069	1,331,069
04/01/2010	0	318,000	318,000	0	304,819	304,819
10/01/2010	440,000	318,000	758,000	1,050,000	304,819	1,354,819
04/01/2011	0	304,800	304,800	0	277,256	277,256
10/01/2011	3,060,000	304,800	3,364,800	1,105,000	277,256	1,382,256
04/01/2012	0	213,000	213,000	0	248,250	248,250
10/01/2012	3,445,000	213,000	3,658,000	1,170,000	248,250	1,418,250
04/01/2013	0	109,650	109,650	0	219,000	219,000
10/01/2013	3,655,000	109,650	3,764,650	1,225,000	219,000	1,444,000
04/01/2014	0	0	0	0	188,375	188,375
10/01/2014	0	0	0	1,290,000	188,375	1,478,375
04/01/2015	0	0	0	0	156,125	156,125
10/01/2015	0	0	0	1,350,000	156,125	1,506,125
04/01/2016	0	0	0	0	122,375	122,375
10/01/2016	0	0	0	1,160,000	122,375	1,282,375
04/01/2017	0	0	0	0	93,375	93,375
10/01/2017	0	0	0	1,205,000	93,375	1,298,375
04/01/2018	0	0	0	0	63,250	63,250
10/01/2018	0	0	0	1,245,000	63,250	1,308,250
04/01/2019	0	0	0	0	32,125	32,125
10/01/2019	0	0	0	1,285,000	32,125	1,317,125
<b>TOTAL</b>	<b>\$ 14,760,000</b>	<b>13,136,854</b>	<b>27,896,854</b>	<b>23,065,000</b>	<b>16,794,034</b>	<b>39,859,034</b>

**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
For the Fiscal For the Fiscal Year Ended September 30, 1995  
**UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NEW SMYRNA BEACH, FLORIDA**

Schedule 11  
Page 3 of 3

Total Debt Service Requirements  
to Maturity  
-- All Certificates --

Payment Date	Principal Amount	Interest	Total Requirements
10/01/95 \$	1,080,000	1,910,891	2,990,891
04/01/96	640,000	1,886,033	2,526,033
10/01/96	1,130,000	1,864,983	2,994,983
04/01/97	680,000	1,837,730	2,517,730
10/01/97	1,185,000	1,815,070	3,000,070
04/01/98	730,000	1,785,245	2,515,245
10/01/98	1,245,000	1,760,610	3,005,610
04/01/99	780,000	1,727,973	2,507,973
10/01/99	1,315,000	1,701,485	3,016,485
04/01/2000	830,000	1,666,136	2,496,136
10/01/2000	1,385,000	1,637,776	3,022,776
04/01/2001	890,000	1,599,674	2,489,674
10/01/2001	1,465,000	1,569,079	3,034,079
04/01/2002	945,000	1,527,901	2,472,901
10/01/2002	1,555,000	1,494,826	3,049,826
04/01/2003	1,015,000	1,450,615	2,465,615
10/01/2003	1,640,000	1,415,090	3,055,090
04/01/2004	1,085,000	1,367,985	2,452,985
10/01/2004	1,740,000	1,329,610	3,069,610
04/01/2005	1,165,000	1,278,183	2,443,183
10/01/2005	1,845,000	1,236,980	3,081,980
04/01/2006	1,245,000	1,182,031	2,427,031
10/01/2006	1,960,000	1,137,997	3,097,997
04/01/2007	1,335,000	1,079,132	2,414,132
10/01/2007	2,080,000	1,031,913	3,111,913
04/01/2008	1,430,000	968,909	2,398,909
10/01/2008	2,210,000	918,038	3,128,038
04/01/2009	1,535,000	850,380	2,385,380
10/01/2009	2,345,000	795,774	3,140,774
04/01/2010	1,640,000	723,886	2,363,886
10/01/2010	2,495,000	665,545	3,160,545
04/01/2011	195,000	588,979	783,979
10/01/2011	4,165,000	582,056	4,747,056
04/01/2012	0	461,250	461,250
10/01/2012	4,615,000	461,250	5,076,250
04/01/2013	0	328,650	328,650
10/01/2013	4,880,000	328,650	5,208,650
04/01/2014	0	188,375	188,375
10/01/2014	1,290,000	188,375	1,478,375
04/01/2015	0	156,125	156,125
10/01/2015	1,350,000	156,125	1,506,125
04/01/2016	0	122,375	122,375
10/01/2016	1,160,000	122,375	1,282,375
04/01/2017	0	93,375	93,375
10/01/2017	1,205,000	93,375	1,298,375
04/01/2018	0	63,250	63,250
10/01/2018	1,245,000	63,250	1,308,250
04/01/2019	0	32,125	32,125
10/01/2019	1,285,000	32,125	1,317,125
<b>TOTAL</b>	<b>\$ 64,010,000</b>	<b>47,279,565</b>	<b>111,289,565</b>

## **STATISTICAL SECTION**

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

**SCHEDULE OF EXPENSES BY FUNCTION****LAST TEN FISCAL YEARS**

September 30,

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

NEW SMYRNA BEACH, FLORIDA

Fiscal Year	Total Expenses	Production Expenses	Transmission, Distribution and Collection	Customer Accounting	Administrative and General	Operating Required Payments to City of New Smyrna Beach
1986	\$ 21,451,417	10,599,170	2,044,229	565,057	2,581,264	1,209,499
1987	\$ 24,012,890	11,918,184	2,430,767	614,138	2,856,752	1,301,571
1988	\$ 25,687,082	12,681,390	2,657,153	647,001	2,888,994	1,481,102
1989	\$ 27,368,501	13,793,020	2,795,429	660,210	3,025,338	1,589,082
1990	\$ 29,666,505	14,971,670	2,856,957	721,935	3,541,852	1,781,241
1991	\$ 30,650,259	15,718,072	2,989,885	753,860	3,856,593	1,785,889
1992	\$ 30,884,894	15,831,890	2,750,121	790,405	3,967,885	1,818,257
1993	\$ 32,046,964	16,033,390	2,930,222	811,560	4,088,053	1,878,058
1994	\$ 31,988,494	15,514,926	2,937,195	811,963	4,015,134	1,922,423
1995	\$ 33,634,761	15,736,225	3,433,468	808,391	4,300,729	1,945,294

Table I

Expenses			Nonoperating Expenses		
State Utilities Tax	Depreciation and Decommissioning	Total Operating Expense	Interest and Debt Expense	Other Nonoperating Expense	Total Nonoperating Expenses
241,059	1,706,287	18,946,565	2,421,468	83,384	2,504,852
243,184	1,929,252	21,293,848	2,583,191	135,851	2,719,042
291,187	2,218,323	22,865,150	2,775,470	46,462	2,821,932
308,843	2,322,753	24,494,675	2,737,217	136,609	2,873,826
321,159	2,447,565	26,642,379	2,781,553	242,573	3,024,126
0	2,616,987	27,721,286	2,840,798	88,175	2,928,973
0	2,788,649	27,947,207	2,876,926	60,761	2,937,687
0	2,988,477	28,729,760	3,250,343	66,861	3,317,204
0	3,210,370	28,412,011	3,458,792	117,691	3,576,483
0	3,540,923	29,765,030	3,791,166	78,565	3,869,731

**SCHEDULE OF REVENUES BY SOURCE**

**LAST TEN FISCAL YEARS**

September 30,

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

NEW SMYRNA BEACH, FLORIDA

**Operating Revenues**

Fiscal Year	Total Revenues	Electric System	Water System	Pollution Control System	Water Reuse System	Total Operating Revenue
1986	\$ 21,204,306	15,743,029	2,735,021	1,754,963	0	20,233,013
1987	\$ 23,575,256	17,714,974	2,925,916	1,831,044	0	22,471,934
1988	\$ 25,269,603	19,467,476	3,050,904	1,924,385	0	24,442,765
1989	\$ 27,431,708	20,841,500	3,184,987	2,390,120	0	26,416,607
1990	\$ 29,103,071	22,362,293	3,305,107	2,444,813	0	28,112,213
1991	\$ 30,989,578	24,261,715	3,414,240	2,437,303	0	30,113,258
1992	\$ 31,115,463	24,116,658	3,618,061	2,575,895	0	30,310,614
1993	\$ 32,292,107	24,880,055	3,938,507	2,826,245	6,405	31,651,212
1994	\$ 32,222,023	24,352,192	3,923,279	3,165,162	7,650	31,448,283
1995	\$ 34,253,351	25,612,207	3,972,005	3,168,544	382,696	33,135,452



Table II

Nonoperating Revenues		
Interest Earnings	Other Income	Total Nonoperating Revenue
818,337	152,956	971,293
665,119	438,203	1,103,322
668,355	158,483	826,838
818,148	196,953	1,015,101
801,086	189,772	990,858
696,413	179,907	876,320
595,302	209,547	804,849
370,830	270,065	640,895
495,971	277,769	773,740
762,206	355,693	1,117,899



DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

September 30,

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

NEW SMYRNA BEACH, FLORIDA

Table III

Fiscal Year	New Smyrna Beach's Estimated Population (1)	County Per Capita Income (3)	County Unemployment Rate (4)	School Enrollment (5)	School Percent Attendance (5)
1986	15,000 (2)	11,719	5.0%	4,123	96.0%
1987	15,344	13,895	4.9%	4,219	96.0%
1988	15,647	14,494	4.4%	4,240	94.0%
1989	17,266	15,266	4.5%	4,445	95.0%
1990	18,600 (6)	15,648	5.6%	4,488	96.0%
1991	16,543 (3)	16,122	7.3%	4,663	95.0%
1992	17,084 (3)	16,635	8.3%	4,852	96.0%
1993	17,231	16,706	6.6%	5,009	96.0%
1994	17,989	N/A	6.4%	5,053	96.0%
1995	17,853	N/A	4.9%	5,348	96.0%

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

(2) Estimated, actual amounts not available

(3) Obtained from U.S. Department of Commerce, Bureau of Economic Analysis.

(4) Obtained from State of Florida, Department of Labor and Employment Security (Post 1993 data not available)

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

(6) Obtained from City of New Smyrna Beach 1990 Comprehensive Land Use Plan.

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS (4)**  
**LAST TEN FISCAL YEARS**

Table IV

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

Fiscal Year	Number of Permits (1)	Dollar Value of Construction (\$000's)	Bank Deposits (2) (\$000's)	Savings and Loan Deposits (2) (\$000's)	Property Assessed Value (3) (\$000's)
1986	2,286	26,096	192,712	251,404	711,561
1987	2,501	26,927	185,428	306,928	763,718
1988	2,246	30,640	190,477	284,244	834,038
1989	2,502	23,382	244,312	228,568	894,694
1990	2,416	27,492	310,746	285,541	975,234
1991	2,333	22,310	379,110	300,960	1,030,656
1992	2,391	18,909	426,878	317,964	1,094,024
1993	2,421	28,848	531,036	331,636	1,117,205
1994	2,266	18,103	397,165 (5)	303,670 (5)	1,149,931
1995	2,177	33,581	309,509	234,524 (6)	1,199,523

(1) Obtained from City of New Smyrna Beach Building Department.

(2) Obtained from inquiry of officials of banks and savings and loan associations.

(3) Obtained from Volusia County Finance Department.

(4) The above data is related exclusively to area within the municipal limits of the City of New Smyrna Beach.

(5) Deposit information after 1993 does not include deposits from bank and savings and loan branches which are located outside the municipal boundaries of the City of New Smyrna Beach. Prior to 1994, branch deposits were based on regional banking/savings and loan center totals which included branches located outside of the City. Prior year data cannot be easily segregated due to the large number of banking changes/mergers that have occurred during the last ten years.

(6) Deposit information after 1994 reflects a partial shifting of deposits to a new branch office located outside the municipal limits of the City of New Smyrna Beach.

# SCHEDULE OF INSURANCE IN FORCE

September 30, 1995

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

Table V

Coverage and Insuring Company	Policy Number	Policy Period	Details of Coverage	Liability Limits
Comprehensive General Liability: Penco/ITT Hartford	21CESQC1261	12/01/94 12/01/95	Combined bodily injury and property damage	\$2,000,000 with \$5,000 deductible
Business Auto: Penco/ITT Hartford	21UESQC1262	12/01/94 12/01/95	Liability Comprehensive Collision Uninsured Motorist No fault	\$1,000,000 bodily injury and property combined Actual cash value less \$250 deductible Actual cash value less \$500 deductible \$100,000 Statutory
Business Property: American Guarantee and Liability Insurance Co.	CPP330867009	12/01/94 12/01/95	Buildings and contents Valuable papers/records Contractors equipment Computer equipment	\$16,623,428 with \$10,000 deductible (agreed value) \$100,000 with \$500 deductible \$588,711 with \$2,500 deductible \$160,000 with \$500 deductible
Crime: Aetna Casualty and Surety Co.	35BY100725570 BCA	12/01/94 12/01/95	Employee crime Money and securities Counterfeit currency Depositors' forgery	\$100,000 aggregate, \$1,000 deductible \$60,000 \$5,000 \$100,000
Boiler and Machinery: Great Northern Insurance Co.	7827-44-32	09/30/95 09/30/96	Breakdown due to accident	\$5,000,000 with \$10,000 deductible
Flood Insurance: Capital Assurance Company, Inc.	366-2016745	09/02/95 09/02/96	Building Contents Deductible	\$771,000 \$1,000,000 \$10,000
Nuclear Energy Damage: American Nuclear Insurance and Mutual Atomic Energy Liability Underwriters and Nuclear Insurance Ltd. (These amounts represent the total insurance coverage for Florida Power Corporation's Crystal River nuclear plant, of which the Commission owns a 0.05608% undivided ownership interest)	94P147 UX94-015&X94015 NF195&MF91 NS347&MS65 N35&M35 NW103&MW62	10/09/94 10/09/95 11/15/94 11/15/95 01/01/95 01/01/96 12/31/94 12/31/95 01/01/95 01/01/96 01/01/95 01/01/96	Primary property Excess property (Excess of \$500 million) Primary liability Suppliers and transporters liability Secondary financial protection Master Workers Torts	\$500 million \$1.400 billion \$200 million \$200 million \$30 million per occurrence \$200 million aggregate
Public Official/Employee Liability: Corregis Insurance Organizations	524-202131-7	07/28/95 07/28/96	Liability	\$1,000,000 Retentions-\$10,000 per loss
Workers' Compensation: Florida Municipal Self-Insurers' Fund	109	10/01/94 10/01/95	Statutory coverage Employer's liability	Statutory \$100,000
Pollution Liability: Florida Petroleum Liability Insurance	FPL - 5899089	07/10/95 07/10/96	Liability - fuel spillage	\$2,000,000 aggregate \$500 deductible

# TEN LARGEST ELECTRIC CUSTOMERS

September 30, 1995

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

Table VI

	Kilowatt Hour Sales		Revenues Billed	
	(kWh) (000's)	Percent of Total	Amount	Percent of Total
1. Bert Fish Medical Center.....	5,018	1.68%	\$374,502	1.51%
2. Publix Food Store (#2019100).....	2,862	0.96%	214,650	0.86%
3. Publix Food Store (#2033500).....	2,709	0.91%	200,508	0.81%
4. Utilities Commission (Pollution plant).....	2,643	0.88%	199,231	0.80%
5. Board of Public Instruction (New Smyrna Beach High School).....	2,444	0.82%	197,602	0.79%
6. Wal-Mart (#01-1079).....	2,121	0.71%	162,471	0.65%
7. Food Lion (#829).....	2,070	0.69%	154,920	0.62%
8. Winn Dixie Store (#2302).....	2,033	0.68%	150,204	0.60%
9. Board of Public Instruction (New Smyrna Beach Middle School).....	2,017	0.67%	180,878	0.73%
10. K-Mart.....	2,012	0.67%	153,024	0.62%
Totals.....	<u>25,929</u>	<u>8.67%</u>	<u>\$1,987,990</u>	<u>7.99%</u>

# TEN LARGEST WATER CUSTOMERS

September 30, 1995

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

Table VII

	Consumption		Revenues Billed	
	Gallons (000's)	Percent of Total	Amount	Percent of Total
1. Sea Woods Homeowners' Association.....	20,877	1.61%	\$33,516	0.83%
2. Board of Public Instruction.....	20,456	1.58%	41,912	1.04%
3. Federal Housing Authority.....	17,597	1.36%	31,890	0.79%
4. Bert Fish Medical Center.....	16,683	1.28%	27,127	0.67%
5. The Inlet Condominium.....	11,142	0.86%	16,027	0.40%
6. Oceanview Nursing Home.....	11,035	0.85%	17,303	0.43%
7. Islander Beach Lodge.....	10,651	0.82%	20,180	0.50%
8. Errol By The Sea Condominium.....	10,137	0.78%	21,048	0.52%
9. Pelican Condominium Association.....	9,273	0.71%	15,038	0.37%
10. Cedar Dunes Homeowners' Association.....	8,991	0.69%	15,412	0.38%
Totals.....	<u>136,842</u>	<u>10.54%</u>	<u>\$239,453</u>	<u>5.93%</u>

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

**Table VIII**

	1995	1994	1993	1992	1991
<b>Gross Revenue Per Certificate Resolution:</b>					
Operating revenues .....	\$ 33,135,452	31,448,283	31,651,212	30,310,614	30,113,258
Interest and other income (excluding construction fund interest earnings) .....	1,117,899	773,740	640,895	804,849	876,320
Connection fees .....	798,090	727,054	1,521,443	761,039	756,866
Assessment collections .....	3,106	(301)	5,576	13,152	36,239
Gross revenue per certificate resolution .....	35,054,547	32,948,776	33,819,126	31,889,654	31,782,683
<b>Expenses Per Certificate Resolution:</b>					
Operating expenses .....	29,765,030	28,412,011	28,729,760	27,947,207	27,721,286
Less: Depreciation expense .....	(3,337,966)	(3,179,382)	(2,889,647)	(2,675,521)	(2,495,369)
Required payments to the City .....	(1,945,294)	(1,922,423)	(1,878,058)	(1,818,257)	(1,785,889)
Expenses per certificate resolution .....	24,481,770	23,310,206	23,962,055	23,453,429	23,440,028
Income available for debt service .....	\$ 10,572,777	9,638,570	9,857,071	8,436,225	8,342,655
<b>Annual Debt Service Requirements:</b>					
Principal .....	\$ 1,680,000	1,595,000	1,015,000	1,080,000	1,020,000
Interest (less accrued interest) (1) .....	3,841,252	3,923,144	3,780,962	3,266,873	3,500,972
Annual debt service requirements .....	\$ 5,521,252	5,518,144	4,795,962	4,346,873	4,570,972
Coverage ratio (Times) .....	1.91	1.75	2.06	1.94	1.83
	1990	1989	1988	1987	1986
<b>Gross Revenue Per Certificate Resolution:</b>					
Operating revenues .....	\$ 28,112,213	26,416,607	24,442,765	22,471,934	20,233,013
Interest and other income (excluding construction fund interest earnings) .....	990,858	1,008,728	820,417	813,360	876,820
Connection fees .....	1,001,968	806,571	756,976	1,180,590	958,390
Assessment collections .....	45,828	69,750	71,284	101,891	190,943
Gross revenue per certificate resolution .....	30,150,867	28,301,656	26,091,442	24,567,775	22,259,166
<b>Expenses Per Certificate Resolution:</b>					
Operating expenses .....	26,642,379	24,494,675	22,865,150	21,293,848	18,946,565
Less: Depreciation expense .....	(2,328,833)	(2,212,241)	(2,119,675)	(1,885,382)	(1,674,114)
Required payments to the City .....	(1,781,241)	(1,589,082)	(1,481,102)	(1,301,571)	(1,209,499)
Expenses per certificate resolution .....	22,532,305	20,693,352	19,264,373	18,106,895	16,062,952
Income available for debt service .....	\$ 7,618,562	7,608,304	6,827,069	6,460,880	6,196,214
<b>Annual Debt Service Requirements:</b>					
Principal .....	\$ 805,000	765,000	725,000	515,000	495,000
Interest (less accrued interest) (1) .....	2,553,281	2,597,110	2,637,382	2,660,317	2,362,465
Annual debt service requirements .....	\$ 3,358,281	3,362,110	3,362,382	3,175,317	2,857,465
Coverage ratio (Times) .....	2.27	2.26	2.03	2.03	2.17

(1) Interest expense for the fiscal years ended September 30, 1993, 1992, and 1990, is stated net of \$613,763, \$222,792 and \$783,778 respectively, in interest expense which was funded from the proceeds of the issuance of revenue certificates.



***SUPPLEMENTAL AUDIT REPORTS***

# BM&C

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

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

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

We have audited the financial statements of Utilities Commission, City of New Smyrna Beach, Florida, as of and for the year ended September 30, 1995, and have issued our report thereon dated November 10, 1995.

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

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

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

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

*Brent Millikan & Co., P.A.*

New Smyrna Beach, Florida  
November 10, 1995



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

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

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

We have audited the financial statements of Utilities Commission, City of New Smyrna Beach, Florida, as of and for the year ended September 30, 1995, and have issued our report thereon dated November 10, 1995.

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

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

In planning and performing our audit of the financial statements of Utilities Commission, City of New Smyrna Beach, Florida, for the year ended September 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have

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

been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of Utilities Commission, City of New Smyrna Beach, Florida, in a separate letter dated November 10, 1995.

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

*Brent Miller & Co., P.A.*

New Smyrna Beach, Florida  
November 10, 1995

# BM&C

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

## MANAGEMENT COMMENTS

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

We have audited the financial statements of Utilities Commission, City of New Smyrna Beach, Florida, as of and for the year ended September 30, 1995, and have issued our report thereon dated November 10, 1995.

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

In planning and performing our audit of the financial statements of Utilities Commission, City of New Smyrna Beach, Florida, for the year ended September 30, 1995, we considered the Commission's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. As a result, no weaknesses in procedures and controls came to our attention which are required to be reported.

We are submitting for your consideration the accompanying recommendations designed to help Utilities Commission, City of New Smyrna Beach, Florida, improve the internal control structure and achieve operational efficiencies (in Exhibit A attached). We have also tested your operations for compliance with applicable laws and are providing additional comments required to be included by reason of the Rules of the Auditor General of the State of Florida. After you have received our comments, we will be pleased to discuss further any questions you may have.

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

*Brent Millikan & Co., P.A.*

New Smyrna Beach, Florida  
December 15, 1995

**Exhibit A**  
**Management Comments**  
**Page 1 of 3**

**Prior Year Findings and Recommendations**

The recommendations made in the preceding year were appropriately implemented and/or resolved to our satisfaction.

**Current Year Findings and Recommendations**

The following items are present for your consideration.

***Nuclear Plant Decommissioning***

During 1995, officials of Florida Power Corporation conducted a study to more precisely estimate the anticipated future costs to decommission its Crystal River Unit #3 Nuclear Generating Facility (of which the Utilities Commission owns a 0.5608% undivided working interest). Pursuant to their report dated February 20, 1995, it was determined that their previous decommissioning cost estimates were substantially below the revised cost estimates it now believes will be incurred to fully decommission the facility. Subsequent to the release of that report, officials of the Florida Public Service Commission met, considered the findings of the report, and ordered that procedures be implemented to require the funding of an operating reserve sufficient to finance the anticipated decommissioning costs. As a result of the FPSC's formal actions, the Utilities Commission (via their ownership of a working interest in the FPC generating plant) is required to provide for the advance funding of their share of these future costs.

In prior years, the Commission voluntarily provided for the advance funding of a portion of their pro-rata share of CR-3's estimated decommissioning costs even when actual funding of the costs was not required. Since the revised cost estimates have indicated that the Commission's future annual funding requirements will be substantially greater than amounts anticipated in prior years, and since steps have been formalized by the FPSC to make these annual funding requirements mandatory for all participants, it is apparent that procedures will need to be implemented to provide for the estimated prior years' funding shortfalls along with the 1996 mandatory funding requirement.

In order to properly plan for and budget future funding requirements for this estimated liability, we strongly recommend that the Commission obtain the results of the Standard Order, scheduled to be issued by the Florida Public Service Commission on May 7, 1996 [Dockets No. 941350-EI and 941352-EI], to determine if there will be any revisions in the estimates known at this time and that the Commission continue to monitor Florida Power Corporation's actions in submitting rate case cost studies in the future.



**Exhibit A**  
**Management Comments (Continued)**  
**Page 2 of 3**

*Contributions in Aid of Construction*

During the current year, the estimated cumulative costs associated with the nonreciprocal transfers of utility property (originally constructed by community developers under development agreements which require the Commission to take over the utility facilities subsequent to their construction) were capitalized as contributed components of utility plant. These costs were identified since procedures were implemented to formally track these types of contributions subsequent to the adoption of Financial Accounting Standards Board Statement No. 116, *Accounting For Contributions Received and Contributions Made*, (which does not become effective until the FY1996 fiscal year). As a result of the early implementation of these procedures, the capitalization value of utility plant will continue to be greater than its original cost, which increases future depreciation expense and the amounts which must be recovered from utility rates to offset the increased "non-cash" expenditures created from the nonreciprocal transfers.

In prior years, similar contributions of utility plant property conveyed to the Commission were not significant in relation to the organization as a whole and were, therefore, not capitalized. However, due to the significance of the current year utility plant additions, all costs associated with assets constructed under developer agreements were appropriately capitalized by the Commission.

We believe that formal steps should be considered to monitor all outstanding development agreements and external development project status reports for the purpose of identifying the effective service dates of all completed construction projects with utility plant assets which are expected to be transferred to the Commission upon completion. Such a system could help identify all potential projects, the value of the donated utility plant, and the effective date of the nonreciprocal transfer of the asset to the Commission (the effective date the assets are placed in service for capitalization purposes).

**Florida Department of Banking and Finance Financial Report**

The financial report required to be filed with the Florida Department of Banking and Finance pursuant to Section 218.32 (1)(b), Florida Statutes, has not yet been completed by the Commission's oversight unit (City of New Smyrna Beach, Florida, Unit ID#251) at the time of submitting this report. Upon completion of the financial report, we will compare the report with the financial audit report and state our findings, if any, in an amended or supplemental management letter.

**Exhibit A**  
**Management Comments (Continued)**  
**Page 3 of 3**

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

Nothing came to our attention which indicated that the Utilities Commission, City of New Smyrna Beach, Florida, is, or during the year ended September 30, 1995, was in a state of financial emergency as a consequence of conditions described in Section 218.503(1), F.S.

**The Reporting Entity**

The Utilities Commission, City of New Smyrna Beach, Florida, was created, established and incorporated under Chapter 67-1754, Laws of Florida, Special Acts of 1967 (H.B. 1669) which amended the Charter of the City of New Smyrna Beach, Florida, to create the Utilities Commission, and is further governed by state and local laws and regulations. The reporting entity includes all those separately administered organizations/departments that are under the control of or dependent on the Commission. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board in accordance with Government Accounting Standards Board Statement Number 14, *The Financial Reporting Entity*. Based upon the application of the above mentioned criteria, there are no potential component units of the Commission.