

Crystal River Nuclear Plant Docket No. 50-302 Operating License No. DPR-72

Ref: 10 CFR 50.71(b)

August 11, 2005 3F0805-07

U.S. Nuclear Regulatory Commission Attn: Document Control Desk Washington, DC 20555-0001

Subject:

Crystal River Unit 3 - 2004 Annual Financial Reports

Reference:

PEF to NRC letter, 3F0405-10, dated April 21, 2005

Dear Sir:

Pursuant to 10 CFR 50.71(b), Florida Power Corporation, doing business as Progress Energy Florida, Inc. (PEF), hereby submits the 2004 annual financial reports for three (3) of the participating co-owners of the Crystal River Unit 3 (CR-3) Nuclear Station.

PEF submitted its annual financial report (Progress Energy 2004 Annual Report) and the annual financial reports for six (6) of the nine (9) participating co-owners of CR-3 in the above referenced letter. Due to delays in printing production, annual financial reports for the City of Alachua, the City of Bushnell and the City of Ocala were received by PEF after the referenced letter was submitted to the Nuclear Regulatory Commission.

If you have any questions regarding this submittal, please contact Mr. Sid Powell, Supervisor, Licensing and Regulatory Programs at (352) 563-4883.

Sincerely,

S. C. Powell Supervisor

Licensing & Regulatory Programs

SCP/ff

Attachments

xc:

NRR Project Manager (w/o att.)

Regional Administrator, Region II (w/o att.)

Senior Resident Inspector (w/o att.)

MOG

# PROGRESS ENERGY FLORIDA, INC. CRYSTAL RIVER UNIT 3 DOCKET NUMBER 50-302/LICENSE NUMBER DPR-72

#### 2004 ANNUAL FINANCIAL REPORTS

- City of Alachua
- City of Bushnell
- City of Ocala



IX Certified Priodic Accountants and Consultants

### ANNUAL FINANCIAL REPORT OF THE CITY OF ALACHUA, FLORIDA

For the Fiscal Year Ended September 30, 2004

#### CITY OF ALACHUA, FLORIDA ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

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#### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commissioners, and City Manager City of Alachua, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alachua, Florida, as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Alachua's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alachua, Florida, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2004 on our consideration of the City of Alachua's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 17 and on page 59 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor, City Commissioners, and City Manager City of Alachua, Florida

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alachua, Florida's basic financial statements. The combining financial statements, listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information 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.

Bradenton, Florida December 22, 2004

CPA associates

#### CITY OF ALACHUA, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2004

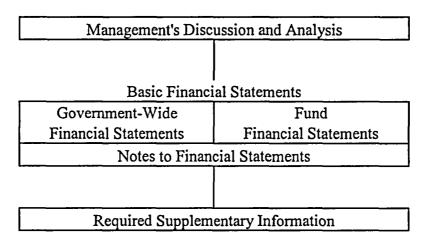
The City of Alachua's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the City's financial statements (beginning on page 19). Please note the City provides prior year comparative financial formation as required by GASB 34.

#### Financial Highlights

The following graph is provided to assist in understanding the component parts of the financial statements:

#### Required components of City's Annual Financial Report



#### **Government-Wide Statements**

- The City of Alachua's assets exceeded its liabilities at September 30, 2004 by \$11.3 million (net assets). Of this amount, \$7.7 million may be used to meet the government's ongoing obligations to citizens and creditors.
- As of September 30, 2004, the City of Alachua's governmental funds reported combined ending fund balances of \$1,493,457, an increase of \$197,699 in comparison with the prior year which was the result of a decrease in General Government expenditures.

Approximately 81% of this total amount, \$1,210,629, is available for spending at the City's discretion (unreserved, undesignated fund balance).

- The City of Alachua's total long-term debt decreased by \$633,765 (-4.0%) during the current fiscal year. The key factor in this decrease was the scheduled principal retirements of its debt.
- Total net assets (\$11.3 million) are comprised of the following:
  - 1) \$2.7 million of capital assets, net of related debt, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of those capital assets,
  - 2) \$.97 million of net assets are restricted by constraints imposed from outside of the City such as debt covenants, grantors, laws, or regulations,
  - 3) \$.99 million of unrestricted governmental net assets, and
  - 4) \$6.7 million of unrestricted business net assets represent the portion available to maintain the City's continuing obligations to citizens and creditors.

#### **Fund Statements**

- At September 30, 2004, the City's governmental funds reported combined ending fund balances of \$1.49 million, an increase of \$197,699, in comparison with the prior fiscal year. This increase is due primarily to a decrease in General Government expenditures.
- At September 30, 2004, unreserved fund balance for the General Fund was \$1.2 million or 22% of General Fund operating revenue. This is within the Government Finance Officers Association Best Practices guidelines for fund balance levels.
- Governmental funds revenues stayed about the same compared to previous fiscal year at \$5.6 million.
- The City's outstanding notes payable and bonded debt decreased by \$633,454. The key factors in this decrease were scheduled principal retirements of its current outstanding notes payable and bonded debt.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business, and consist of the following two statements:

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is strengthening or weakening.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include administration, police, parks and recreation, fire, transportation (streets and roads), physical environment (solid waste), and planning and development. The business-type activities of the City include physical environment (electric, water, and wastewater utilities).

The government-wide financial statements include not only the City itself (known as the primary government), but also the following legally separate component unit: the City of Alachua Public Finance Authority for Affordable Housing. There have been no financial transactions for the Authority; therefore no amounts related to its operations are reported in the accompanying financial statements. The City has a Community Redevelopment Agency, but it has been determined that the Agency is not a separate legal entity. The Agency is presented in the basic financial statements of the City as a nonmajor governmental fund (page 62-65).

The government-wide financial statements can be found on pages 21-23 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Fund Financial Statements**

	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Includes the City's basic	Services provided by the	Funds for which the
	services such as police,	City that are operated	City is the trustee or
	cultural activities, traffic	similar to private	agent for someone
	control, and parks	businesses and for which	else's resources
		the City charges a fee	
Examples	Police, street maintenance,	Electric, water, sewer,	City's retirement funds -
	parks, recreational activities	solid waste, stormwater	pension, 401(k), 457
Required financial	Balance sheet; Statement of	Statement of net assets;	Statement of fiduciary
statements	revenues, expenditures, and	Statement of revenues,	net assets; Statement of
	changes in fund balances	expenses and changes in	changes in fiduciary net
		net assets; Statement of cash flows	assets
Accounting basis and	Modified accrual accounting	Accrual accounting and	Accrual accounting and
measurement focus	and current financial	economic resources focus	economic resources
	resources focus		focus
Type of asset/liability	Only assets expected to be	All assets and liabilities,	All assets and
information	used up and liabilities that	both financial and capital,	liabilities, both short
	come due during the year or	and short and long-term	and long-term;capital
	soon thereafter, no capital		assets, if any, are
	assets included		included .
	Revenues for which cash is	All revenues and expenses	
information	received during or soon after	during the year, regardless	
	the end of the year;	of when cash is received	year, regardless of
	expenditures when goods or	or paid	when cash is received
	services have been received		or paid
	and payment is due during the		
	year or soon thereafter		

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of *spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Because of the different measurement focus (current financial resources versus total economic resources) a reconciliation of both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances is provided (see pages 24-27) to facilitate the

comparison between governmental funds and governmental activities. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the government-wide statements).

The City maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. Data from the other four (4) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

The City adopts an annual budget for its general, special revenue, debt service, and capital projects funds. A budgetary comparison statement has been provided for the General Fund to demonstrate budgetary compliance.

The basic governmental fund statements can be found on pages 24 and 26 of this report.

#### Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Public Utilities System (Electric, Water, Wastewater, and Mosquito Control). Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Utility Billing and postage services. These services have been included within the government-wide financial statements as business-type activities.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Public Utility System. The internal service fund is also presented in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 28-33.

#### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-56 of this report.

#### Other Information

Combining statements referred to earlier present a more detailed view of the nonmajor governmental funds. Also included are statements for the pension trust funds. Combining statements can be found on pages 62-67 of this report.

#### Infrastructure Assets

Fiscal Year ended September 30, 2004 has been the second full year that the City implemented all portions of GASB Statement No. 34. Historically, a government's largest group of assets (infrastructure, roads, bridges, traffic signals, underground pipes not associated with a utility) have not been reported nor depreciated in the governmental financial statements. The new standard requires that these assets be valued and reported within the governmental column of the government-wide statements.

The City is now depreciating its infrastructure assets in conformity with the GASB Statement No. 34.

#### Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$11.3 million at the close of the fiscal year ended September 30, 2004.

At the end of fiscal year 2004, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$969,490, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net assets, \$7,707,980, may be used to meet the government's ongoing obligation to citizens and creditors.

The second largest portion of the City's net assets (\$2,668,135 or 24%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### As of September 30, 2004 and 2003

	Governmental Activities		Business-type Activities		Tot	al	Total % Change
	2004	2003	2004	2003	2004	2003	2003-2004
Current and other assets	\$1,803,618	\$1,842,080	\$9,419,546	\$9,339,057	\$11,223,164	\$11,181,137	0.4%
Capital Assets Total Assets	4,158,076 \$5,961,694	4,517,152 \$6,359,232	12,853,141 \$22,272,687	13,175,127 \$22,514,184	17,011,217 \$28,234,381	17,692,279 \$28,873,416	-3.8% -2.2%
	V0,001,001					<u> </u>	
Long-term liabilities outstanding	\$3,522,180	\$3,616,883	\$11,295,208	\$11,991,999	\$14,817,388	\$15,608,882	-5.1%
Other liabilities	310,161	546,322	1,761,227	1,646,929	2,071,388	2,193,251	-5.6%
Total Liabilities	\$3,832,341	\$4,163,205	\$13,056,435	\$13,638,928	\$16,888,776	\$17,802,133	-5.1%
Net Assets							
Invested in capital assets, net of related debt	\$1,026,647	\$900,269	\$1,641,488	\$1,518,611	\$2,668,135	\$2,418,880	10.3%
Restricted	51,490	49,901	918,000	400.808	969,490	450,709	115.1%
Unrestricted	1,051,216	1,245,857	6,656,764	6,955,837	7,707,980	8,201,694	-6.0%
Total Net Assets	\$2,129,353	\$2,196,027	\$9,216,252	\$8,875,256	\$11,345,605	\$11,071,283	2.5%

For more detailed information see the Statement of Net Assets (page 21).

#### **Normal Impacts**

There are six (6) basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

- Net Results of Activities: which will impact (increase/decrease) current assets and unrestricted net assets.
- Borrowing of Capital: which will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital: which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets, and an increase in related net debt will not change the invested in capital assets, net of debt.
- Spending of Nonborrowed Current Assets on New Capital: which will reduce current assets, increase capital assets, reduce unrestricted net assets, and increase invested in capital assets, net of debt.
- Principal Payment on Debt: which will reduce current assets and reduce long-term debt, reduce unrestricted net assets, and increase invested in capital assets, net of debt.

• Reduction of Capital Assets through Depreciation: which will reduce capital assets and invested in capital assets, net of debt.

City of Alachua Changes in Net Assets

	Governm		Business-type				Totals %
	Activit		Activ	Activities		bals	change
	2004	2003	2004	2003	2004	2003	2003-2004
D							
Revenues:							
Program Revenues:							
Charges for Services	\$1,000,349	\$862,597	\$10,475,296	\$10,062,382	\$11,475,645	\$10,924,979	5.04%
Operating Grants and Contributions	58,699	93,772			58,699	93,772	-37.40%
Capital grants and Contributions	887,298	1,333,925		300,000	887,298	1,633,925	-45.70%
General Revenues:							
Property Tax	2,172,994	1,960,196			2,172,994	1,960,196	10.86%
Other Tax	348,775	298,829			348,775	298,829	16.71%
Franchise Tax	173,241	131,107			173,241	131,107	32.14%
Utility Tax	543,939	541,404			543,939	541,404	0.47%
Intergovernmental	632,298	529,130			632,298	529,130	19.50%
Other	79,821	158,349	70,531	<del></del> :	150,352	253,046	-40.58%
Total Revenues	\$5,897,414	\$5,909,309	\$10,545,827	\$10,362,382	\$16,443,241	\$16,366,388	0.47%
_							
Expenses:							
General Government	\$1,977,611	\$3,252,482			\$1,977,611	\$3,252,482	-39.20%
Public Safety	2,227,148	2,062,896			2,227,148	2,062,896	7.96%
Parks and Recreation	494,500				494,500		
Transportation	644,394	566,466			644,394	566,466	13.76%
Physical Environment	629,191	419,834			629,191	419,834	49.87%
Economic Environment	699,843				699,843		
Electric, Water, and Sever			9,249,502	8,395,054	9,249,502	8,395,054	10.18%
Interest on long-term debt	246,730	306,206			246,730	306,206	-19.42%
Total Expenses	\$6,919,417	\$6,607,884	\$9,249,502	\$8,395,054	\$16,168,919	\$ 15,002,938	7.77%
Increase (decrease) in net assets							
before transfers	(\$1,022,003)	(\$698,575)	\$1,296,325	\$2,062,025	\$274,322	\$1,363,450	-79.88%
Transfers	955,329	911,799	(955,329)	(911,799)			
Increase in net assets	(\$86,674)	\$213,224	\$340,996	\$1,150,226	\$274,322	\$1,363,450	-79.88%
Net assets 10/01/03	\$2,196,027	\$1,982,803	\$8,875,256	\$7,630,382	\$11,071,283	\$9,613,185	15.17%
Net assets 09/30/04	\$2,129,353	\$2,196,027	\$9,216,252	\$8,780,608	\$11,345,605	\$10,976,635	3.36%

#### **Governmental Activities**

The City's total net assets increased \$274,322 over the previous year with an increase of \$340,996 resulting from business activities and a decrease of \$(66,674) resulting from governmental activities.

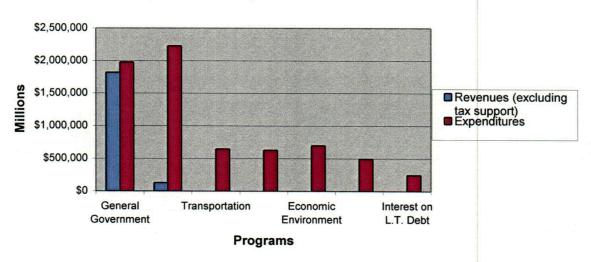
Major changes in revenues were caused by the following:

 Capital Grants and Contributions decreased by 33%. In fiscal year ended September 30, 2003 considerably more grants and private contributions had been awarded to renovate City parks, renovate substandard housing, and to finance infrastructure for economic development activities.

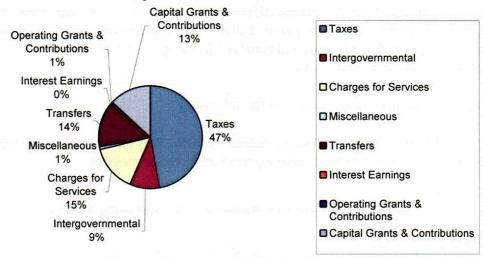
Major changes in expenses were caused by the following:

• Physical Environment expenses increased by 50%. This increase is due to higher rates charged by the new vendor providing residential waste pick-up.

#### **Expenses and Program Revenues - Governmental Activities**



#### **Revenue by Source - Governmental Activities**

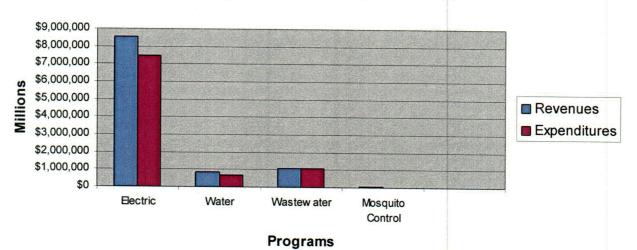


#### **Business-Type Activities**

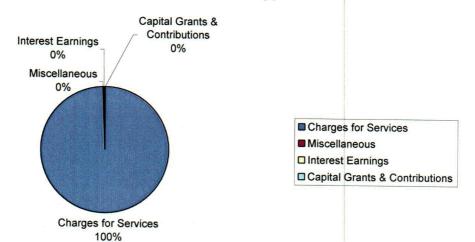
Business-type activities increased the City's net assets by \$340,996. A key element for this increase is an increase in the Charges for Services revenue collected through the Electric, Water, Wastewater, and Mosquito Control utilities due to a growing customer base.

- The Electric Utility of the City operates at 7.2/12.47kV. The City purchases power from Gainesville Regional Utilities (GRU) at two different locations. The majority of the customers are supplied from the Alachua No.1 Substation which is connected to GRU's 138 kV transmission system. The second point of services, identified as the Hague Point of Service, exists as a distribution source supplied by GRU.
- The Water Utility obtains its water supply from the upper portion of the Florida Aquifer. Three wells with depths of approximately 365 feet withdraw water from the Ocala limestone and discharge it into the City's distribution system. The quality of the City's water supply is such that chlorination and fluoridation are the only treatments, which the water requires prior to distribution. The system's wells range in age from 14 to 37 years old.
- Wastewater generated through the utility is collected through a gravity sewer system and pumped to the City's wastewater treatment plant. The collected wastewater is treated in an activated sludge treatment facility, which has a current capacity of 600,000 gallons per day. The effluent from the treatment facility is chlorinated and disposed of by spray irrigation.

#### Expenses and Program Revenues - Business-Type Activities



#### Revenue by Source - Business-Type Activities



#### Fund Financial Analysis

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The primary purpose of the City's *governmental funds is* to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources, available for spending, at the end of the fiscal year.

CITY OF ALACHUA
RESERVED AND UNRESERVED FUND BALANCE

			Total %
	9/30/2003	9/30/2004	Change
Total fund balance	\$1,295,758	\$1,493,457	15.30%
Less reserved fund balance:			
Debt Service	\$46,948	\$48,039	2.30%
Other Purposes	\$2,953	\$3,451	16.90%
Unreserved fund balance	\$1,245,857	\$1,441,967	15.70%

As of the end of fiscal year 2004, the City's governmental funds reported combined ending fund balances of \$1.49 million, an increase of \$197,699 in comparison with the prior year. Of the approximately \$1.49 million total fund balance, *unreserved fund balance* is \$1.44 million and is available for spending (depending on fund restrictions) at the City's discretion.

#### **Major Funds**

The General Fund is the only major governmental fund.

The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of \$4,326. The total fund balance was \$1,214,080 of which \$1,210,629 was unreserved. The cash balance at the end of the year was \$1,072,513. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund revenues. Unreserved fund balance represents 22% of total General Fund operating revenue, while total fund balance also represents 22% of that same amount. The Government Finance Officers Association Best Practices guidelines calls for an unreserved fund balance level of 5%-15% of General Fund operating revenues.

#### **Proprietary Funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The Electric, Water, and Wastewater Funds, are reported as major funds.

The various utility system funds are used to account for the operations of the City's electric, water, wastewater, and mosquito control utilities. Each utility operates like a business, where the rates established by the City generally generate sufficient funds to pay the costs of current operations and provide for long-term asset acquisitions. Total assets as of September 30 were \$22.3 million, total liabilities were \$13.1 million, and net assets were \$9.2 million.

#### General Fund Budgetary Highlights

The differences between the General Fund's original budget balances and final amended budget balances was an increase of \$120,937 and was caused by the below listed amendments:

#### Revenues:

- \$5,000 Increase in Intergovernmental Revenue due to receipt of School Based Partnership grant.
- \$83,329 Increase in Charges for Services due to receipt of additional planning and zoning fees due to increased development in the City, receipt of traffic signal maintenance revenue, receipt of additional solid waste revenue due to an increase in residents, and receipt of revenues related to City special events (i.e., July 4th celebration).
- \$32,608 Increase in Miscellaneous Revenues due to receipts of insurance claim proceeds, private donations, COBRA reimbursements, and various refunds.

#### Expenditures:

- \$21,419 Increase in Public Safety activities for expenditures related to law enforcement services for vehicle maintenance and additional training.
- \$97,538 Increase in General Government activities for expenditures related to the July 4th celebration, legal advertising for the Planning division, and legal service charges.
- \$1,980 Increase in Culture and Recreation activities related to capital equipment purchase of a golf cart.

#### **Capital Asset and Debt Administration**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2004 totals \$17.0 million (net of accumulated depreciation) and includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress.

Major capital asset events during the current fiscal year include the purchase of machinery and equipment (vehicles, PCs, transformers, etc.) and construction planning expenses (wastewater treatment expansion).

Additional information on the City's capital assets can be found in Note F on page 45 of this report.

#### Long-Term Debt

At the end of fiscal year 2004, the City had total long-term debt outstanding of \$15.5 million. The City's debt represents bonds or notes secured by specific revenue sources (i.e., revenue bonds/notes).

### CITY OF ALACHUA OUTSTANDING DEBT GENERAL OBLIGATION AND REVENUE BONDS/NOTES

	2004	2003	Total % Change
General Obligation	\$0	\$0	0%
Revenue Bonds	\$15,041,657	\$15,615,692	-3.70%
Revenue Notes	\$475,775	\$535,505	-11.20%
TOTAL	\$15,517,432	<b>\$</b> 16,151,197	-3.90%

The City's outstanding debt decreased by \$633,765 during fiscal year 2004. This decrease was due to scheduled principal and interest payments. Additional information on the City's debt can be found in Note G on pages 46-51 of this report.

#### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Gainesville MSA that includes the City of Alachua at September 30, 2004 was 2.7%, same as previous fiscal year.
- The citywide taxable value of property increased to \$435 million, representing a growth of 10%.
- Population increased approximately 4% from the prior year to an estimate of 6,700 at September 30, 2004.

During the current fiscal year, unreserved fund balance in the General Fund slightly decreased to \$993,416 from \$1.2 million. The ad valorem tax rate for the General Fund was not increased for the 2005 fiscal year budget and is 5.700 Mills.

#### **Requests for Information**

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Finance Department, P.O. Box 9, Alachua, Florida 32615.



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BASIC FINANCIAL STATEMENTS



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#### CITY OF ALACHUA, FLORIDA STATEMENT OF NET ASSETS September 30, 2004

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Pooled cash and cash equivalents	\$ 1,548,105	5,025,469	6,573,574	
Accounts receivable, net of allowance	149,332	1,434,741	1,584,073	
Internal balances	( 48,556)	48,556		
Due from other governments	97,552		97,552	
Restricted assets:				
Pooled cash and cash equivalents	3,451	2,198,612	2,202,063	
Investments	<del></del>	319,704	319,704	
Inventories		233,688	233,688	
Prepaid Expenses	53,733	1,695	55,428	
Bond issue cost		157,082	157,082	
Capital assets:	214 000	0.000.500	0.440.500	
Land	214,980	2,233,523	2,448,503	
Buildings	1,426,154	6,700,566	8,126,720	
Improvements other than buildings	1,193,470	2,233,519	3,426,989	
Machinery and equipment	1,339,199	11,167,610	12,506,809	
Construction in progress	4.054.046	62,064	62,064	
Infrastructure	4,954,246		4,954,246	
Accumulated depreciation  Total assets	(4,969,973)	( 9,544,141)	(14,514,114)	
Total assets	\$ 5,961,693	22,272,688	28,234,381	
LIABILITIES				
Current liabilities:				
Account payable and other current liabilities	\$ 247,092	766,911	1,014,003	
Accrued interest payable	41,536		41,536	
Current liabilities payable from restricted assets:				
Customer deposits		401,064	401,064	
Accrued interest payable		273,549	273,549	
Noncurrent liabilities payable from restricted assets:				
Deferred credit - CR-3 decommissioning costs	21,532	319,704	341,236	
Other noncurrent liabilities:		***		
Due within one year	178,970	605,999	784,969	
Due in more than one year	3,343,210	10,689,209	14,032,419	
Total liabilities	3,832,340	13,056,436	16,888,776	
NET ASSETS				
Invested in capital assets, net of				
related debt	1,026,647	1,641,488	2,668,135	
Restricted for:				
Debt service	48,039	918,000	966,039	
Other purposes	3,451		3,451	
Unrestricted	1,051,216	6,656,764	7,707,980	
Total net assets	2,129,353	9,216,252	11,345,605	
Total liabilities and net assets	\$ 5,961,693	22,272,688	28,234,381	

#### CITY OF ALACHUA, FLORIDA STATEMENT OF ACTIVITIES For the Year Ended September 30, 2004

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government \$	1,977,611	872,927	58,699	887,298
Public safety	2,227,148	127,422		
Physical environment	629,191			
Transportation	644,394			
Economic environment	699,843			
Parks and recreation	494,500			
Interest on long-term debt	246,730		••	
Total governmental activities	6,919,417	1,000,349	58,699	887,298
Business-type activities:				
Electric	7,499,525	8,570,033		
Water and sewer	1,749,977	1,905,263		
Total business-type activities	9,249,502	10,475,296		
Total \$	16,168,919	11,475,645	58,699	887,298

General revenues:

Property taxes

Communications services taxes

Franchise taxes

Utility taxes

Local option gas tax

Intergovernmental revenue

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

#### Net (Expense) Revenue and Changes in Net Assets

	Primary Government							
	overnmental Activities	Business-Type Activities		Total				
( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( (	158,687) 2,099,726) 629,191) 644,394) 699,843) 494,500) 246,730) 4,973,071)	    		158,687) 2,099,726) 629,191) 644,394) 699,843) 494,500) 246,730) 4,973,071)				
<u>_</u>	4,973,071)	1,070,508 155,286 1,225,794 1,225,794	<u>_</u>	1,070,508 155,286 1,225,794 3,747,277)				
	2,172,994 214,259 173,241 543,939 134,516 632,298 27,886 51,935 955,329	    29,534 40,997 ( 955,329)		2,172,994 214,259 173,241 543,939 134,516 632,298 57,420 92,932				
	4,906,397	( 955,329) ( 884,798)	_	4,021,599				
(	66,674)	340,996		274,322				
\$	2,196,027 2,129,353	8,875,256 9,216,252	\$	11,071,283				

#### CITY OF ALACHUA, FLORIDA BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2004

		General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		General		
Cash and cash equivalents	\$	1,072,513	475,592	1,548,105
Accounts receivable		149,332		149,332
Due from other funds		304,661	33,767	338,428
Due from other governments		97,552	••	97,552
Prepaids		53,338	395	53,733
Restricted assets - Cash and cash equivalents		3,451	·	3,451
TOTAL ASSETS	\$	1,680,847	509,754	2,190,601
LIABILITIES AND FUND BALANCES				
Liabilities:				
Account payable	S	225,140	2,566	227,706
Interest payable		••	41,536	41,536
Other accrued expenses		19,386		19,386
Deferred revenue		21,532		21,532
Due to other funds		200,709	186,275	386,984
Total liabilities		466,767	230,377	697,144
Fund balances:				
Reserved for:				
Debt service			48,039	48,039
Other purposes		3,451		3,451
Unreserved reported in special revenue funds		••	232,448	232,448
Unreserved reported in capital projects funds			( 1,110)	
Unreserved, undesignated		1,210,629		1,210,629
Total fund balances		1,214,080	279,377	1,493,457
TOTAL LIABILITIES				
AND FUND BALANCES	<u>\$</u>	1,680,847	509,754	2,190,601

## CITY OF ALACHUA, FLORIDA RECONCILIATION OF TOTAL GOVERNMENT FUND BALANCE SHEET TO NET ASSETS OF GOVERNMENTAL ACTIVITIES September 30, 2004

Total fund balance per this statement	s	1,493,457
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,158,076
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		3,522,180)
Net assets of governmental activities	<u>\$</u>	2,129,353

#### CITY OF ALACHUA, FLORIDA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For The Year Ended September 30, 2004

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues		-	
Taxes Licenses and permits Fines and forfeitures Intergovernmental revenues Charges for services Interest	\$ 3,238,949 195,072 127,422 1,271,852 677,855 26,513	  306,443  1,373	3,238,949 195,072 127,422 1,578,295 677,855 27,886
Miscellaneous	51,935		51,935
Total revenues	5,589,598	307,816	5,897,414
Expenditures			
General government Public safety Physical environment Transportation Economic environment Parks and recreation Debt service  Total expenditures	1,947,913 2,101,750 616,769 469,639 623,283 452,751	73,450  369,489 442,939	1,947,913 2,101,750 616,769 469,639 696,733 452,751 369,489
Deficiency of revenues under expenditures	( 622,507)	( 135,123)	( 757,630)
Other financing sources (uses)			
Transfers in Transfers out	923,817 ( 296,984)	328,496	1,252,313 ( 296,984)
Total other financing sources (uses)	626,833	328,496	955,329
Net change in fund balances	4,326	193,373	197,699
Fund balances - beginning of the year	1,209,754	86,004	1,295,758
Fund balances - end of the year	\$ 1,214,080	279,377	1,493,457

# CITY OF ALACHUA, FLORIDA RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For The Year Ended September 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds \$ 197,699

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

(359,076)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

This amount is the net effect of these differences in the treatment of long-term debt and related items.

94,703

Change in net assets of governmental activities

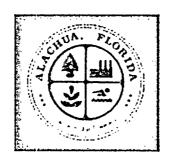
(66,674)

#### CITY OF ALACHUA, FLORIDA STATEMENT OF NET ASSETS PROPRIETARY FUNDS September 30, 2004

	Business-Type Activities-Enterprise Funds					
				Nonmajor		Business-Type
		Major Funds		Fund	Total	Activities
ASSETS			Waste	Mosquito	Enterprise	Internal
	Electric	Water	Water	Control	Funds	Service Fund
Current assets:						
Cash and cash equivalents	\$ 3,730,707	545,447	628,155	48,922	4,953,231	72,238
Receivables	1,253,310	63,000	116,179	2,252	1,434,741	
Prepaids	1,695	••			1,695	
Due from other funds		16,912	166,942	15,051	198,905	
Inventories	214,431	19,257			233,688	
Total current assets	5,200,143	644,616	911,276	66,225	6,822,260	72,238
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	1,399,897	173,997	624,718		2,198,612	
Investments	319,704				319,704	
Total restricted assets	1,719,601	173,997	624,718		2,518,316	
Capital assets:						
Property, plant and equipment	8,049,950	5,103,006	9,134,005	7,200	22,294,161	41,058
Construction in progress	0,017,750	5,705,000	62,064	7,200	62,064	41,056
Less accumulated depreciation	( 3,919,829)	( 2,467,474)	( 3,133,518)	( 2,376)	( 9,523,197)	( 20,945)
Net capital assets	4,130,121	2,635,532	6,062,551	4,824	12,833,028	20,113
Other assets:						
Bond issue costs	108,023	7,825	41,234		157,082	
TOTAL ASSETS	\$ 11,157,888	3,461,970	7,639,779	71,049	22,330,686	92,351

#### CITY OF ALACHUA, FLORIDA STATEMENT OF NET ASSETS PROPRIETARY FUNDS September 30, 2004

	Business-Type Activities-Enterprise Funds					
			Nonmajor		Business-Type	
		Major Funds		Fund	Total	Activities
LIABILITIES AND NET ASSETS			Waste	Mosquito	Enterprise	Internal
	Electric	Water	Water	Control	Funds	Service Fund
Current liabilities:						
Accounts payable	\$ 564,812	62,690	58,130		685,632	8,507
Accrued expenses	63,083	2,637	2,635		68,355	4,417
Due to other funds	31,638	30,770	72,890		135,298	15,051
Accrued compensated absences	38,403	12,009	15,624		66,036	16,115
Total current liabilities	697,936	108,106	149,279		955,321	44,090
Current liabilities payable from						
restricted assets:						
Accrued interest	147,987	36,530	89,032		273,549	
Current portion of long-term debt	307,187	46,732	252,080		605,999	•-
Customer deposits	313,429	45,006	42,629		401,064	
Total current restricted liabilities	768,603	128,268	383,741		1,280,612	
Noncurrent liabilities payable from:						
restricted assets:						
Deferred credit - CR-3 decommissioning costs	319,704			-	319,704	••
Other noncurrent liabilities:						
Deferred power costs	1,404				1,404	
Bonds payable	6,267,575	1,221,817	3,116,262		10,605,654	
Total noncurrent liabilities	6,588,683	1,221,817	3,116,262		10,926,762	
TOTAL LIABILITIES	8,055,222	1,458,191	3,649,282		13,162,695	44,090
Net assets:						
Investment in capital assets, net of						
related debt	( 2,444,641)	1,366,983	2,694,209	4,824	1,621,375	20,113
Restricted for:						
Debt service	631,294	45,729	240,977		918,000	
Unrestricted	4,916,013	591,067	1,055,311	66,225	6,628,616	28,148
Total net assets	3,102,666	2,003,779	3,990,497	71,049	9,167,991	48,261
TOTAL LIABILITIES AND NET ASSETS	\$ 11,157,888	3,461,970	7,639,779	71,049	22,330,686	92,351



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## CITY OF ALACHUA, FLORIDA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

Year Ended September 30, 2004

			Busine	ss-t	ype Activities	Enterprise Fund	is		_	
						Nonmajor		m-4-1	В	usiness-type
	•		Major Fund	<u> </u>	Waste	Fund Mosquito	-	Total Enterprise		Activities Internal
	Electi	ic	Water		Waster	Control		Funds	S	ervice Fund
Operating revenues:										
Charges for services	\$ 8,57	0,033	826,212		1,103,248	39,182		10,538,675		
Interfund charges		<u></u>								301,773
Total operating revenues	8,57	0,033	826,212		1,103,248	39,182		10,538,675		301,773
Operating expenses:										
Electric power expenses:										
Nuclear power generation and transmission	12.	5,311	••		••	••		125,311		••
Purchased power and other		3,782	••		••			5,658,782		••
Personal services		3,951	210,239		223,520			977,710		273,218
Contractual services		1,585	51,060		79,663			135,308		4,540
Supplies		9,679	33,369		58,114	9,744		140,906		45,058
Repairs and maintenance		1,728	27,102		50,943	100		112,873		2,026
Billing and administration		1,383	45,397		12,071			341,851		
Depreciation		1,947	153,090		274,020	720		669,777		4,105
Other expense		2,849	82,236		117,495	331		392,911		36,205
Total operating expenses	7,12	5,215	602,493		815,826	10,895		8,555,429		365,152
Operating income	1,44	3,818	223,719		287,422	28,287		1,983,246	(	63,379
Nonoperating revenues (expenses):										
Interest income	2	9,236	298		••			29,534		••
Interest and fiscal charges		3,298)	( 73,939	(	210,881)	••	(	618,118)		
Amortization of bond issue costs	•	),012)	•		28,751)	••	(	75,955)		
Miscellaneous	-	5,306	1,314	· - <del>-</del>	3,377		· _	40,997		
Total nonoperating revenues										
(expenses)	( 30	7,768)	79,519	7	236,255)			623,542)		
Income before transfers	1,130	5,050	144,200		51,167	28,287		1,359,704	(	63,379)
Transfers (out)		3,631)	•••	۷.	66,698)			955,329)		
Net income	24	7,419	144,200	(	15,531)	28,287		404,375	(	63,379
Total net assets - beginning										
of year	2,85	5,247	1,859,579		4,006,028	42,762		8,763,616		111,640
Total net assets - end of year	\$ 3,102		2,003,779		3,990,497	71,049		9,167,991		48,261

### CITY OF ALACHUA, FLORIDA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For The Year Ended September 30, 2004

	Business-Type Activities-Enterprise Funds						
					Nonmajor		Business-Type
		Majo	or Funds	<u></u>	Fund	Total	Activities
	m	•	••	Waste	Mosquito	Enterprise	Internal
	Electric	<u> </u>	Vater	Water	Control	Funds	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 8,510,6	47	834,981	1,107,397	38,703	10,491,728	301,773
Payments to suppliers for goods and services	( 6,685,0	27) (	210,316) (	282,554)	( 10,175)	( 7,188,072)	( 88,997)
Payments to employees for services	( 530,9	22) ( :	206,597) (	221,526)	(	959,045)	( 270,624)
Net cash (used) provided by operating activities	1,294,6	98 -	418,068	603,317	28,528	2,344,611	( 57,848)
CASH FLOWS FROM NONCAPITAL							
FINANCING ACTIVITIES							
Operating transfers out	( 888,6	31)	<del>-</del> (	66,698)	(	955,329)	
Net cash used by noncapital financing activities	( 888,6	31)	(	66,698)		955,329)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of fixed assets	( 219,4	38) (	103,124) (	29,334)	(	( 351,896)	
Miscellaneous	36,3	06	1,314	3,377		40,997	••
Bond and loan principal payments	( 248,9	00)	(	223,604)	- (	( 472,504)	••
Bond and loan interest payments	( 219,9	35) (	106,549) (	157,273)	(	(483,757)	••
Net cash used by capital and related financing	<del> </del>						
activities	( 651,9	67) ( 2	208,359) (	406,834)		1,267,160)	
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of pooled investments	( 23,20	65)			(	23,265)	-
Interest on pooled cash and investments	29,2	36	298	•••		29,534	
Net cash provided by investing activities	5,9	71				5,971	
Net increase (decrease) in cash and cash equivalents	( 239,92	29) 2	210,007	129,785	28,528	128,391	( 57,848)
Cash and cash equivalents at beginning of year	5,370,5	33	509,437	1,123,088	20,394	7,023,452	130,086
Cash and cash equivalents at end of year	\$ 5,130,60	04	719,444	1,252,873	48,922	7,151,843	72,238

### CITY OF ALACHUA, FLORIDA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (CONTINUED) For The Year Ended September 30, 2004

### RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	S	1,443,818		223,719		287,422		28,287		1,983,246	(	63,379)
Adjustments to reconcile operating income to net cash												
provided by operating activities:												
Depreciation expense		241,947		153,090		274,020		720		669,777		4,105
(Increase) decrease in accounts receivable	(	70,923)		2,924	(	381)	(	479)	(	68,859)		
(Increase) decrease in due from other funds		•	(	463)		162			(	301)		
Decrease in due from other governments		35,418				***				35,418		
Decrease in inventories and other current assets		33,286		3,955		**				37,241		-
Increase (decrease) in accounts payable and												
accrued liabilities	(	413,414)		25,356		35,570			(	352,488)	(	1,168)
Increase in deferred revenue	(	14,375)							(	14,375)		
Increase in customer deposits		25,912		5,845		4,530				36,287		
Increase in accrued compensated absences	_	13,029		3,642		1,994	_		_	18,665		2,594
	<u>\$</u>	1,294,698	-	418,068		603,317	_	28,528	_	2,344,611	<u></u>	57,848)
Detail of cash at end of year:												
Cash and cash equivalents - current	s	3,730,707		545,447		628,155		48,922		4,953,231		72,238
Cash and cash equivalents - restricted		1,399,897		173,997		624,718				2,198,612		••
	S	5,130,604	_	719,444		1,252,873		48,922	_	7,151,843		72,238

### CITY OF ALACHUA, FLORIDA STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

September 30, 2004

ASSETS	Pension Trust Funds
Investments	\$ 1,272,976
LIABILITIES	
Other liabilities	800_
NET ASSETS	
Net assets held in trust for pension benefits	<u>\$ 1,272,176</u>

### CITY OF ALACHUA, FLORIDA STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

September 30, 2004

Additions:	Pension Trust Funds
Contributions:	
Employer	\$ 212,608
Plan members	5,028
State of Florida	51,784
State of Piorida	
Total contributions	269,420
Investment earnings:	73,002
Total additions	342,422
Deductions:	
Benefits	34,656
Administrative fees	1,618
Total deductions	36,274
Change in net assets	306,148
Net assets held in trust for pension benefits:	
Net assets - beginning of the year	966,028
Net assets - end of the year	\$ 1,272,176



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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Alachua, Florida (City) have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

### 1. The Financial Reporting Entity

The City is a political subdivision of the State of Florida, established in 1908 under the legal authority of Chapter 165, F.S. and is located in Alachua County. The legislative branch of the City is composed of a five-member elected commission. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission appointed City Manager.

The City's major operations include various utility services — electric, water, and wastewater as well as police protection, road and street maintenance, parks, recreation, and other general government services. The City contracts with Alachua County for the provision of fire service at a fixed cost to the City which is renegotiated annually. The City leases the fire station and equipment to Alachua County at no cost. Sanitation services are provided by a private company, but billed by the City to its customers. The City retains an administrative fee on sanitation services.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the accompanying financial statements include all funds for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Other considerations are whether the organization is legally separate, whether the City holds the corporate powers of the organization, and whether there is fiscal dependency by the organization on the City. Based on these criteria, there are no other organizations or agencies that should be included in these basic financial statements.

### Community Redevelopment Agency

The Community Redevelopment Agency (the Agency) was created by the City Commission in 1982. In evaluating this potential component unit, it was determined that the Agency is not a separate legal entity as it generally cannot transact business in its own name and, therefore, should be included as part of the primary government for reporting purposes. The Agency is blended in the basic financial statements of the City as a nonmajor governmental fund.

### Public Finance Authority For Affordable Housing

The Public Finance Authority For Affordable Housing (the Authority) was created by the City Commission in 1992. The Authority is a separate legal entity capable of suing and being sued, and able to purchase property in its own name. By charter, the Authority's Board is composed of the City Commission and the City Commission has oversight over all financial activities. Accordingly, the Authority is a component unit of the City. However, there

have been no financial transactions by the Authority during 2004, or since its creation; therefore, no amounts related to the Authority are reported in the accompanying basic financial statements.

### 2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues and all other governmental fund revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, such as in grants and similar items, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable

until actually received. Utility services, investment earnings, franchise fees and utility taxes are recorded as earned, since they are measurable and available.

Property taxes are recognized as revenue at the time an enforceable legal claim is established. This is determined to occur November 1 of each year. The assessment roll is validated July 1 and the millage resolution is approved by September 30. The City's property tax becomes a lien on October 1 and the tax is levied by Alachua County each November 1 for real and personal property located in the City. Property taxes are due before April 1 with the maximum discount available if payment is made on or before November 30. If payment remains delinquent, a tax certificate for the full amount of any unpaid taxes is sold no later than June 1. Under this arrangement, there are no property tax receivables at the end of the fiscal year on September 30.

The government reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The electric fund accounts for the activities associated with the City's electric utility service.

The water fund accounts for the activities associated with the City's water distribution system.

The wastewater fund accounts for the activities associated with the City's wastewater treatment plant, wastewater pumping stations, and collection system.

Additionally, the government reports the following fund types:

Two pension trust funds – one that accounts for the activities of the City's police pension plan and one that accounts for the general employees' plan. These funds accumulate resources for pension benefit payments to qualified pension employees.

Private-sector standards and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City's enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

### 4. Assets, Liabilities, and Net Assets or Equity

### a) Deposits and investments

The City maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is presented on the statement of net assets as "Pooled Cash and Cash Equivalents." Interest income earned as a result of pooling is distributed monthly to the appropriate funds based on average daily balances. In addition, cash and cash equivalents and investments are separately held by several of the City's funds.

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid instruments with original maturities of three months or less from the date of acquisition. Investments are held only in the proprietary funds and pension trust fund and consist of marketable securities reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales quote at current exchange rates. Investments that do not have an established market are reported at estimated fair value based on market indicators regarded as measures of equity or fixed income performance results. The City does not have a significant amount of investments valued at other than quoted market prices.

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions providing full insurance for public deposits. The City had deposits only with qualifying institutions as of September 30, 2004, or with banks in which depository insurance was sufficient to cover the deposit balance.

All monies collected by the City are required to be deposited in accordance with the laws of the State of Florida. Florida Statutes authorize the City to invest in the following:

- Direct obligations of, or obligations guaranteed by, the U.S. Government;
- Interest-bearing time deposits or savings accounts in qualified institutions;
- Obligations of the Federal Farm Credit Banks;
- Obligations of the Federal National Mortgage Association;
- The Local Government Surplus Funds Trust Fund.

#### b) Receivable and payables

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for uncollectibles.

### c) Inventory

Inventories relating to governmental activities are recorded as expenditures when purchased. For business-type activities, utility supplies and plant inventory are valued at cost as determined by the average unit cost method. The City's portion of nuclear fuel inventory at the CR-3 nuclear generating facility is recorded at amortized cost.

#### d) Restricted assets

Certain resources are set aside for debt repayment, customer deposits, power plant decommissioning costs, and other purposes. These resources are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants, ordinances, or regulations.

### e) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	<u>Years</u>
Buildings	15-40
Nuclear plant and equipment	28-37
Electric distribution plant	25-50
Water plant	10-33
Public domain infrastructure	15-50
Improvements	10-15
Equipment	5-10

### f) Compensated absences

Accumulated unpaid vacation time, compensatory time, and sick time amounts, including the related direct and incremental salary related payments, are accrued in the enterprise funds and appear as increases in salary expenses in the proprietary financial statements. In the governmental funds, these costs are recognized when payments are made to employees or when the costs mature as a result of employee resignation or retirement. All vacation, compensatory, and sick pay is accrued when incurred in the government-wide financial statements.

### g) Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### h) Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### 5. Accounting Estimates

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

### NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### 1. Budgetary Information

The City's procedures in preparing and adopting the annual budget are as follows:

- The City Manager is responsible for preparing a proposed operating budget for the upcoming year prior to September 30 that includes estimated revenues, proposed expenditures, and other financing sources and uses.
- Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution, which sets spending limits by department.
- The City Manager is authorized to transfer budgeted amounts within any department in any fund, but may not revise total departmental expenditures without the approval of the City Commission.
- Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at the end of the year. Encumbrances are not recorded.

### 2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2004, expenditures did not exceed appropriation in any department (the legal level of budgetary control) of the general fund, special revenue funds, or capital projects fund.

### 3. Deficit Fund Equity

At September 30, 2004, the following funds had a deficit balance.

Fund	Type	Deficit
Hitchcock Grant	Nonmajor Governmental	(1,110)

#### NOTE C – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### 1. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$3,522,180 difference are as follows:

Notes payable	\$	3,367,740
Compensated absences		154,440
Net adjustment to reduce fund balance – total		
governmental funds to arrive at net assets -		
governmental activities	<u>\$</u>	3,522,180

### 2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The detail of this \$359,076 difference is as follows:

Capital outlay	\$	197,604
Disposal of capital assets		(11,326)
Depreciation expense		(545,354)
Net adjustment to decrease net changes in fund balances -		
total governmental funds to arrive at changes in net assets		
of governmental activities	<u>\$</u>	(359,076)

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The detail of this \$94,703 difference is as follows:

Co			

Principal repayments:		
Payments on long-term debt	\$	170,941
Proceeds from the issuance of long-term debt		(48,182)
Increase in liability for compensated absences		(28,056)
Net adjustment to increase net changes in fund balances -		
total governmental funds to arrive at changes in net assets		
of governmental activities	<u>\$</u>	94,703

### **NOTE D - INVESTMENTS**

The carrying amount and market value of investments owned by the City at September 30, 2004, was as follows:

Type of Investment		Balance 9/30/04				
Florida Municipal Power Agency (FMPA) CR-3 Pooled Investment Account	\$	1,272,976				
Florida Municipal Pension Trust Fund	•	319,704				
Total	\$	1,592,680				

The FMPA account represents a 2.087% interest in an investment pool which invests primarily in mid- and long-term U.S. Government obligations. The securities in the pool are registered in the name of SunTrust, N.A., as trustee for the FMPA CR-3 participants. The Florida Municipal Pension Trust Fund is an investment pool managed by the Florida League of Cities.

### NOTE E - INVENTORY

Inventory related to the City's business-type activities at September 30, 2004, consists of the following:

Business-Type Activities	 Balance 9/30/04
Electric utility supplies	\$ 111,180
Water/Wastewater supplies	19,257
Nuclear fuel	79,755
Nuclear plant materials inventory	 23,496
Total	\$ 233,688

### NOTE F - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2004:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 214,980			214,980
Total capital assets not being depreciated	214,980			214,980
Capital assets, being depreciated:	1 421 071	£ 0.02		1 426 154
Building	1,421,071	5,083 71,734		1,426,154
Improvements other than buildings Infrastructure	1,121,736	/1,/34		1,193,470
Machinery and equipment	4,954,246 1,229,738	120,787	(11 226)	4,954,246
Total capital assets being depreciated	8,726,791		(11,326)	1,339,199
Total capital assets being depreciated	0,720,791	197,604	(11,326)	8,913,069
Less accumulated depreciation for:				
Building	(702,317)	(35,654)		(737,971)
Improvements other than buildings	(808,772)	(119,347)		(928,119)
Infrastructure	(2,114,867)	(122,513)		(2,237,380)
Machinery and equipment	(798,663)	(267,840)		(1,066,503)
Total accumulated depreciation	(4,424,619)	(545,354)		(4,969,973)
Total capital assets, being depreciated, net	4,302,172	(347,750)	(11,326)	3,943,096
Governmental activities capital assets, net	\$ 4,517,152	(347,750)	(11,326)	4,158,076
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,194,550	38,973		2,233,523
Construction in progress	99,897	93,527	(131,360)	62,064
Total capital assets not being depreciated	2,294,447	132,500	(131,360)	2,295,587
Capital assets, being depreciated:			<del></del>	
Building	6,583,647	116,919		6,700,566
Improvements other than buildings	2,194,546	38,973		2,233,519
Machinery and equipment	10,972,747	194,863		11,167,610
Total capital assets being depreciated	19,750,940	350,755		20,101,695
Less accumulated depreciation for:	(0.661.033)	(000 000)		(0.0(0.107)
Building	(2,661,077)	(202,030)		(2,863,107)
Improvements other than buildings	(948,648)	(134,687)	*-	(1,083,335)
Machinery and equipment	(5,260,535)	(337,164)		(5,597,699)
Total accumulated depreciation	(8,870,260)	<u>(673,881)</u>		(9,544,141)
Total capital assets, being depreciated, net	10,880,680	(323,126)	<b>**</b>	10,557,554
Proprietary activities capital assets, net	\$ 13,175,127	(190,626)	(131,360)	12,853,141

### NOTE G – LONG-TERM LIABILITIES

Listed below is a summary of the City's long-term debt at September 30, 2004:

	Interest		Principal	Final
Description	Rate		Balance	Maturity
1993 City of Arcadia Revenue Bonds	5.375%	\$	775,000	2015
1995 First National Bank Note	6.43%		192,070	2010
1993 Utility Acquisition Bonds	7.0%		1,015,000	2019
2003 Utility Refunding Bonds	2.0% - 4.55%		9,150,000	2020
2002A Utility Refunding Bonds	6.35%		1,420,000	2008
1979 Utilities Revenue Bond	5.0%		514,000	2019
1998 State Revolving Fund Loan	2.70%		50,692	2021
2000 Sales Tax Revenue Note	6.00%		53,677	2010
2000 Tax Increment Road Improvement Note	6.50%		230,028	2010
2001A Section 108 Loan	3.66% to 6.67%		2,075,000	2021
2004 Caterpillar Loan	3.17%		41,965	2007
Total		<u>\$</u>	15,517,432	
Total long-term debt by activity:				
•	Governmental activities	\$	3,367,740	
	Business-type activities:			
	Electric		7,064,079	
	Water		1,375,792	
	Wastewater		3,709,821	
	Total	\$	15,517,432	

### Governmental Activities

The following schedule summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2004:

•	Balance 10/1/03	New Debt	Principal Paid	Balance 9/30/04
City of Arcadia, Florida, Dedicated Pool Local				
Government Revenue Bonds, Series 1993	\$ 820,000		45,000	775,000
Sales Tax Revenue Note, Series 1995 -				
First National Bank of Alachua	218,708		26,638	192,070
Sales Tax Revenue Note, Series 2000				
First National Bank of Alachua	61,503		7,826	53,677
Tax Increment Road Improvement				
Revenue Note, Series 2000	255,288		25,260	230,028
Section 108 Government Guaranteed				
Certificates, Series HUD 2001A	2,135,000		60,000	2,075,000
Caterpillar Loan, 2004		48,182	6,217	41,965
Compensated Absences	126,384	28,056		154,440
Totals	\$ 3,616,883	76,238	170,941	3,522,180

### NOTE G-LONG-TERM LIABILITIES (CONTINUED)

City of Arcadia, Florida – Dedicated Pool Local Government Revenue Bonds, Series 1993 – On July 1, 1993, the City executed a loan agreement with the City of Arcadia, Florida (the Sponsor), and NationsBank of Florida, N.A. (the Trustee), to borrow \$1,200,000 from the Sponsor's \$45,455,000 Local Government Revenue Bonds, Series 1993, Dedicated Pool. The Sponsor issued the bonds on August 10, 1993, and deposited the proceeds with the Trustee to fund the pool, available to governmental entities for financing and refinancing certain qualified projects. During 1996, the Trustee was changed to Bank of New York.

The City used the proceeds to refinance the balance due on a loan from the City of Gulf Breeze, originally issued to finance street and drainage improvements. The City of Arcadia loan is evidenced by a Governmental Unit Note, which is payable solely from the City's local option gas tax revenues and guaranteed entitlement revenues.

Sales Tax Revenue Note, Series 1995 – On May 24, 1995, the City adopted Resolution R-95-9, authorizing the issuance of a \$400,000 Sales Tax Revenue Note, Series 1995. The note was issued at the par amount of \$393,000, and used to refinance the City's outstanding FLGFA loan, plus pay note issuance and loan redemption costs.

The note is secured by a lien upon the pledge of the City's local government half-cent sales tax. Principal and interest are payable on the first of each month in level monthly installments for fifteen years. Interest accrues at a fixed rate of 5.20% (based on a 360-day year) for the first five years of the note, and is reset on June 1, 2000 and June 1, 2005, to the five-year U.S. Treasury index on those dates. The City may prepay the note in whole or in part, at any time, without penalty.

Sales Tax Revenue Note, Series 2000 - On April 4, 2000, the City issued a \$85,000 Sales Tax Revenue Note, Series 2000, to finance a capital project.

The note is secured by a lien upon the pledge of the City's local government half-cent sales tax, which is junior and subordinate to the lien and pledge in favor of the City's outstanding Sales Tax Revenue Note, Series 1995. Principal and interest are payable on the first of each month for the ten-year term of the note. Interest accrues at a fixed rate of 6.00%.

Tax Increment Road Improvement Revenue Note, Series 2000 – On January 8, 2001, the City issued a \$300,000 Tax Increment Road Improvement Revenue Note, Series 2000, to finance improvements and renovations to Main Street within the City's Community Redevelopment District.

The note is secured by the tax increment revenues of the Community Redevelopment District. Principal and interest are payable annually on the first day of February for ten years. Interest accrues at a fixed rate of 6.50% until February 2, 2006, at which time it is reset to the five-year U.S. Treasury index at that date. The City may prepay the note in whole or in part, at any time, without penalty.

Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A – On August 2, 2001, the City executed a loan agreement with the U.S. Department of Housing and Urban Development (the Sponsor) to borrow \$2,250,000 from the Sponsor's \$313,756,000 Section 108 Government Guaranteed Participation Certificates, Series HUD 2001A. The Sponsor guarantees timely payment of the notes issued by local governmental agencies. The City used the proceeds of the note to repay the outstanding balances on its Taxable Sales Tax Revenue Note, Series 1999A, and Sales Tax Revenue Note, Series 1999B and finance other costs related to economic development.

The note is secured by the City's local government half-cent sales tax (subordinate to the City's Sales Tax Revenue Note, Series 1995), utility franchise fees and state revenue sharing. Principal is payable annually and interest semiannually for twenty years. Interest accrues at the certificates rates which vary from 3.66% to 6.67% over the life of the note.

The following schedule summarizes the principal retirement of governmental long-term debt by fiscal year (excluding compensated absences):

Cotal Cotal
Cotal
Otal
ncipal
84,558
199,578
214,434
224,577
227,268
317,325
367,740
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### **Business-Type Activities**

The following schedule summarizes the changes in the City's business-type long-term liabilities during the year ended September 30, 2004 (excluding deferred power costs):

	Balance 10/1/03	New Debt	Principal Paid	Balance 9/30/04
Utility Acquisition Bonds, Series 1993	\$ 1,055,00	00	40,000	1,015,000
Utility Revenue Bond of 1979	535,00	00	21,000	514,000
State Revolving Fund Loan - State of				
Florida Department of Environmental Protection	50,69			50,692
Utilities Refunding Revenue Note, Series 2002A	1,840,00	00	420,000	1,420,000
Utility Refunding Revenue Bonds, Series 2003	9,180,00	00	30,000	9,150,000
Totals	\$ 1	2,	511,000	12,149,692
Less deferred amount on refunding, net				
of accumulated amortization				938,039
Current portion payable from restricted assets				605,999
				10,605,654

Utility Acquisition Bonds, Series 1993 – On October 18, 1993, the City adopted Resolution R-93-24 authorizing the issuance of \$1,300,000 Utility Acquisition Bonds, Series 1993 (the 1994 bonds) to provide the necessary funds for the acquisition of the private water and wastewater systems in the Turkey Creek recreational residential community in the City. The bonds are secured by the gross revenues of the combined electric, water, and wastewater utility systems of the City, but are subordinate to the secured interests of the bondholders in the other outstanding revenue bonds of the City.

The bonds were issued without premium or discount and are payable at 7% interest, with interest payable semiannually beginning April 1, 1994, and principal payable annually beginning October 1, 1994.

Utilities Revenue Bond of 1979 – On August 6, 1979, the City adopted a resolution to issue the Utilities Revenue Bond of 1979. The bond was issued on December 17, 1979, to partially finance the cost of the construction of additions to the utility system.

Net utility revenues and utilities service taxes are pledged as collateral for the revenue bond which has a coupon rate of 5%. The lien on revenues by the 1979 bond is equal to the Utilities Refunding Revenue Bonds of 1986 and 1993.

State Revolving Fund Loan – State of Florida Department of Environmental Protection – This loan is to finance preconstruction wastewater control facility costs. The total loan available is \$125,732, of which \$50,692 had been drawn as of September 30, 2004. Repayment commences in June 2007, and is over a term of twenty years bearing a 2.70% interest rate.

Utilities Refunding Revenue Note, Series 2002A - On April 2, 2002, the City issued the \$2,235,000 Utilites Refunding Refunding Note, Taxable Series 2002A with an interest rate of 6.35% to refund \$2,220,000 of outstanding Utility Revenue Refunding Bonds, Series 1986 with an average interest rate of 7%.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$60,076. This difference, reported in the accompanying financial statements as a deduction from long-term debt, is being amortized over the life of the note. The City completed the refunding to reduce its total debt service payments over the next six years by \$150,004 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$84,080.

Utility Refunding Revenue Bonds, Series 2003 – On August 18, 2003, the City adopted Resolution R-03-31, authorizing the issuance of \$9,180,000 Utility Refunding Revenue Bonds, Series 2003. The bonds were issued at a par amount of \$9,180,000 to provide the funds required to refund the City's outstanding Utility Revenue Bonds, Series 1993 and to pay certain expenses related to the issuance of the Series 2003 bonds.

Gross revenues of the system, plus utilities service taxes are pledged as collateral for the revenue bonds which will rank on a parity with the City's outstanding Utility Revenue Bonds, Series 1979, and Utilities Taxable Refunding Revenue Note, Series 2002A (the "Parity Bonds"), as to lien upon and pledge of the pledged funds.

The Series 2003 Bonds are issued in the aggregate principal amount of \$9,180,000 and dated September 1, 2003. The bonds bear interest rates from 2% to 4.55% and mature on April 1 of the years 2004 through 2020. Interest is payable semi-annually on April 1 and October 1 of each year.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$862,312. This difference, reported in the accompanying financial statements as a deduction from long-term debt, is being amortized over the life of the bonds. The City completed the refunding to reduce its total debt service payments over the next seventeen years by \$1,181,990 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$755,917.

The following schedule summarizes the principal retirement of the business-type debt by fiscal year:

				Utility		
				Refunding		
				Revenue		
				Note		
				Series 2002A	Utilities	
	Utility	Utility	State	State	Refunding	
Fiscal	Revenue	Acquisition	Revolving	Revolving	Revenue	
Year Ending	Bond	Bonds,	Fund	Fund	Bonds	
September 30,	of 1979	Series 1993	<u>Loan</u>	Loan	Series 2003	Totals
2005	\$ 26,000	40,000		445,000	95,000	606,000
2006	25,000	45,000		475,000	95,000	640,000
2007	26,000	45,000		140,000	460,000	671,000
2008	27,000	50,000		360,000	270,000	707,000
2009	29,000	55,000			555,000	639,000
Thereafter	381,000	<u>780,000</u>	50,692		7,675,000	8,886,692
Totals	\$ 514,000	1,015,000	50,692	1,420,000	9,150,000	12,149,69

The following schedule summarizes the requirements to pay principal and interest on the obligations of both the City's governmental activities and business-type activities as of September 30, 2004:

	Gove	rnmental Activ	ities	Business-Type Activities		ties
Fiscal Year Ending September 30,	Principal	Interest	Total	Principal	Interest	Total
	<u> </u>					
2005	\$ 184,558	197,230	381,788	606,000	544,647	1,150,647
2006	199,578	187,925	387,503	640,000	510,215	1,150,215
2007	214,434	176,805	391,239	671,000	473,752	1,144,752
2008	224,577	164,878	389,455	707,000	446,437	1,153,437
2009	227,268	152,149	379,417	639,000	409,778	1,048,778
2010-2014	997,325	533,706	1,531,031	3,602,692	1,656,228	5,258,920
2015-2019	935,000	288,034	1,223,034	4,394,000	816,163	5,210,163
2020	385,000	38,927	423,927	890,000	40,495	930,495
	\$3,367,740	1,739,654	5,107,394	12,149,692	4,897,715	17,047,407

Defeased Bonds – At September 30, 2004, the City has outstanding bonds that have been defeased by the purchase of qualifying securities in irrevocable trusts. The scheduled maturities and the interest earnings on the escrowed securities are sufficient to redeem these defeased bonds without further debt service costs to the City. Both defeased bonds and the escrowed securities are, as required by accounting principles generally accepted in the United States of America, omitted from the financial statements of the City.

The following bonds have been defeased by the City and no longer are included in the accompanying financial statements:

		Estimated Balance September 30, 2004	
Utility Revenue and Refunding Bonds, Series 1978 Utility Revenue and Refunding Bonds, Series 1981 Utility Revenue and Refunding Bonds, Series 1981A	\$	1,260,000 2,440,000 270,000	
Total	\$	3,970,000	

Conduit Debt – The City may assist nongovernmental entities in the obtainment of financing for capital facilities by issuing debt on behalf of the nongovernmental entity. This debt, known as conduit debt, allows the nongovernmental entity to borrow at tax-exempt rates. The nongovernmental entity, not the City, is responsible for repayment of the conduit debt obligation. At September 30, 2004, the following conduit debt is outstanding in the City's name:

	Estimated	
		Balance
	Se	eptember 30, 2004
Industrial Development Revenue Bonds Series 1995	\$	1,300,000

#### **NOTE H-RESTRICTED ASSETS**

Restricted cash and investments at September 30, 2004, are as follows:

	Governmental Activities		Business-Type Activities
Cash			
Debt Service Reserve	\$		918,000
Cash with Fiscal Agent			879,548
Customer Deposits			401,064
Police Forfeiture	·	3,451	
Total	\$	3,451	2,198,612
Investments			
CR-3 Decommissioning	\$		319,704

The CR-3 Decommissioning Account is required by state law to accumulate funds for the City's share of the decommissioning costs of the CR-3 nuclear power plant. The City's contribution to this account was \$14,800 including interest during 2003. The required cash balance in the decommissioning account is offset by a deferred credit on the balance sheet.

### NOTE I – INTERFUND RECEIVABLES AND PAYABLES, AND TRANSFERS

The following is a summary of interfund receivables and payables at September 30, 2004:

Receivable Fund	Payable Fund		Amount	
General Fund	Nonmajor Governmental Funds	\$	169,525	
	Electric Fund		31,638	
	Water Fund		30,770	
	Wastewater Fund		72,728	
Water Fund	Nonmajor Governmental Funds		16,750	
	Wastewater Fund		162	
Wastewater Fund	General Fund		166,942	
Nonmajor Governmental Fund	General Fund		33,767	
Nonmajor Proprietary Fund	Internal Service Fund		15,051	
Total		\$	537,333	

Interfund transfers:

			Transfers In:	
		General	Debt Service	Total
Transfers out:				
General	S		261,798	261,798
Electric		888,631		888,631
Wastewater			66,698	66,698
Total Transfers out	S	888,631	328,496	1,217,127

### NOTE J - NET ASSETS - RESERVED

Net assets are reserved within governmental activities and business-type activities as follows:

	 ernmental tivities	Business- Type Activities	
Debt service Police forfeiture	\$ 48,039 3,451	918,000	
Total	\$ 51,490	918,000	

### NOTE K - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintains enterprise funds to account for the activities of its electric, water, wastewater, and mosquito control.

Segment information for the year ended September 30, 2004 is as follows:

	Mosquito		
	Control Fund		
Operating Revenues	\$	39,182	
Depreciation		720	
Operating Income (Loss)		28,287	
Nonoperating Revenues (Expenses)			
Operating Transfers (Out)			
Net Income (Loss)		28,287	
Property, Plant, and			
Equipment Additions			
Net Working Capital		71,049	
Total Assets		42,762	
Bonds Payable -			
Long-Term Portion			
Total Net Assets		71,049	

#### NOTE L - ELECTRIC POWER AGREEMENTS

### City of Gainesville

The City entered into a wholesale electric service contract with the City of Gainesville, Florida, on January 21, 1987, for the purchase of the majority of the City's electric power requirements beginning January 6, 1988. The City constructed a 138 x 69 - 12.47Y/7.2kV substation to receive the power, which was placed into operation on that date. The substation is located in such a manner that the City has reasonable access to the transmission lines of both the City of Gainesville and Florida Power Corporation. A portion of the substation is owned by the City of Gainesville. The initial term of the contract was five years, with options for additional annual extensions. The contract was renegotiated on October 2, 1992, and extended for an additional fifteen years, beginning on December 31, 1992. Provisions in the contract allow for price adjustments for increases and decreases in the City of Gainesville's fuel and operating costs. Total payments to the City of Gainesville for 2004 were \$5,512,354.

### Crystal River Unit #3 Participation Agreement

The City is a participant in an agreement with Florida Power Corporation which was entered into on July 31, 1975. Under terms of the agreement, the City acquired an 0.0779% ownership interest and generation entitlement share in the nuclear steam electric generating unit. Participants are entitled to energy output of the unit based upon their respective generation entitlement share.

Florida Power Corporation has been appointed by the participants to act as their agent and has sole authority to manage, control, maintain, and operate the unit. Operating costs of the unit, in general, are shared in proportion to each generation entitlement share on a monthly basis. Common and external facilities of the generating unit are solely owned by Florida Power Corporation and participants share in the operating and maintenance expenses of such facilities. Nuclear fuel payments and capital acquisition costs are required of participants in advance. Total payments for 2004 were \$125,311.

The City's share of plant decommissioning costs to be paid during the years 2015 through 2022 is being accumulated in an account administered by the FMPA. FMPA has determined the appropriate account balance to be \$319,704 at September 30, 2004. The cash account is offset by a deferred credit on the balance sheet of \$319,704 at September 30, 2004.

### St. Lucie No. 2 Power Purchase Agreement

The City has negotiated a long-term agreement with Florida Power and Light Corporation through FMPA to purchase .3044 megawatts of generating capacity and a corresponding amount of energy monthly from the St. Lucie No. 2 nuclear generating plant. The plant became operational in 1984. Total payments for 2004 were \$155,789.

The City has signed certain documents with FMPA relating to the St. Lucie Project that provide that if the agency defaults on certain bond payments, the City would be required to satisfy payment on their share (.431%) of the bonds. The par amount of the outstanding bonds at September 30, 2004, was approximately \$291 million.

### NOTE M – PENSION PLANS

All full time employees of the City hired prior to January 1, 1996, participate in the Florida State Retirement System, a multiple-employer defined benefit public retirement system. Full-time employees hired on January 1, 1996, or later, participate in a retirement system administered by the Florida League of Cities, Inc. Effective October 1, 2004, the City reinstated its membership in the Florida Retirement System. All participants in the Florida League of Cities, Inc. retirement plan will now participate in the Florida Retirement System. Additionally, all full-time employees hired on October 1, 2004, or later, participate in the Florida State Retirement System.

### Florida Retirement System

The Florida State Retirement System (the System) was created by the Florida Legislature and is administered by the State of Florida, Department of Administration, Division of Retirement and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the state of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Florida Retirement System, Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706. At September 30, 2004, the City had 21 active participants in the System.

The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) after thirty years of service, regardless of age (twenty-five years if special risk), or (2) age 62 and ten years of service (age 55 and ten years if special risk).

Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest years of earnings. The System also provides death and disability benefits. Benefits are estimated by Florida Statutes and include cost of living adjustments.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City, be required to contribute 7.39% of the compensation for regular members, 9.37% for senior management and 18.53% for special risk as of September 30, 2004. The City's contributions to the System for the years ended September 30, 2004, 2003, and 2002, were \$99,524, \$102,548, and \$121,352, respectively.

(Continued)

### Florida League of Cities Plans

There are two retirement plans for employees hired on or after January 1, 1996: a defined contribution plan for general employees, and a Police Officers' Pension Plan, a local-law plan that follows Chapter 185 of the Florida State Statutes. Both plans are administered by the Florida League of Cities. At September 30, 2004, the City had 48 general employees and 11 police officers participating in these plans.

The Retirement Plan and Trust for the General Employees of the City of Alachua is a defined contribution plan with a vesting schedule between five and ten years of service. The amount contributed to the plan by the City is at the City Commission's discretion, 11 % for fiscal year 2004. The vesting schedules are as follows:

Years	Percent
of Service	Vested
0-4 Years	0 %
5 Years	50%
6 Years	60%
7 Years	70%
8 Years	80%
9 Years	90%
10 or More Years	100%

The normal retirement date from this plan is the first day of the month coincident with or next following attainment of age 62. Distributions may be made at the participant's election on or after the anniversary date following termination of employment and a one-year break in service. The administrator and the investment manager of this plan is the Florida League of Cities' Florida Municipal Pension Trust Fund (FMPTF). The City's contributions to this plan for the years ended September 30, 2004, 2003, and 2002, were \$151,081, \$119,011, and \$108,558, respectively.

The Retirement Plan and Trust for the Police Officers of the City of Alachua is a defined benefit plan established under Chapter 185 of the Florida Statutes. Benefits are determined by the number of years of credited service multiplied by 2% and multiplied by final monthly compensation. Final monthly compensation is one-twelfth of the highest average earnings during the five best years out of the last ten years of creditable service prior to separation, or the career average, whichever is greater.

The normal retirement date is the first day of the month coincident with, or next following, attainment of age 55 and ten years of service or earlier attainment of age 52 and 25 years of service. The amount of accrued benefits will be reduced a maximum of 3 % for each year before the normal retirement age. This plan requires a 1% contribution by all participants. If a member terminates before completing ten years of credited service, all employee contributions are returned to the member, with no other benefits. Employees are 100% vested after ten years. The City's contributions are based on an actuarial study, 12.17 % for fiscal year 2001. The administrator and investment manager is the Florida League of Cities' FMPTF. Claims procedures and plan administration is supervised by the City of Alachua Police Officers' Pension Trust Fund Board of Trustees. The Florida League of Cities, Inc. issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, Florida 32302-1757, or by calling (850) 222-9684. Membership in this Board is established by the City Commission in compliance with Chapter 185, Florida Statutes. The City's contributions to this plan for the years ended September 30, 2004, 2003, and 2002, were \$61,527, \$54,497, and \$32,311, respectively.

#### NOTE N - RISK MANAGEMENT

The City is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. Insurance against losses is provided for the following types of risk with the following carriers:

### Florida Municipal Insurance Trust

Workers' Compensation and Employer's Liability

### St. Paul Fire and Marine Insurance Company

- General liability and Automobile Liability
- Real and Personal Property Damage
- Automobile Physical Damage
- Public Employees' Blanket Bond
- Boiler Officials' Liability
- Law Enforcement Officers' Professional Liability and Other Mandated Coverage
- Accidental Death and Dismemberment
- Auxiliary Reserve Policy
- Law Enforcement Officers' Professional Liability

The City's coverage for workers' compensation is under a retrospectively related policy. Premiums are accrued based on the ultimate cost to date of the City's experience.

REQUIRED SUPPLEMENTARY INFORMATION  In accordance with Governmental Accounting Standards Board Statement No. 34, the following information is presented as a required part of the basic financial statements.
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## CITY OF ALACHUA, FLORIDA SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND

For The Year Ended September 30, 2004

	Budgeted Amounts			Variance		
		Original	Final	Actual		variance Positive Negative)
Revenues						<u>.</u>
Taxes	\$	3,238,475	3,238,475	3,238,949		474
Licenses and permits		175,000	175,000	195,072	,	20,072
Fines and forfeitures		130,000	130,000	127,422	(	2,578)
Intergovernmental revenues		533,660	538,660	1,271,852		733,192
Charges for services		482,700	566,029	677,855		111,826
Interest		42,500	42,500	26,513	(	15,987)
Miscellaneous		44,500	77,108_	51,935	(	25,173)
Total revenues		4,646,835	4,767,772	5,589,598		821,826
Expenditures						
General government		1,909,605	1,999,143	1,947,913		51,230
Public safety		2,057,996	2,079,415	2,101,750	(	22,335)
Physical environment		418,600	418,600	616,769	Ì	198,169)
Transportation		532,373	532,373	469,639	`	62,734
Economic environment		620,569	628,569	623,283		5,286
Parks and recreation		514,298	516,278	452,751		63,527
Total expenditures		6,053,441	6,174,378	6,212,105	(	37,727)
Other financing sources (uses)						
Transfers in		888,631	888,631	923,817		35,186
Transfers (out)	(	262,984)	( 262,984)	( 296,984)		34,000
Total other financing sources (uses)		625,647	625,647	626,833		69,186
Net change in fund balances		780,959)	( 780,959)	4,326		785,285
Fund balances - beginning of year		1,209,754	1,209,754	1,209,754		
Fund balances - end of year	\$	428,795	428,795	1,214,080		785,285



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### **COMBINING STATEMENTS**

These combining statements provide more detailed information than can be found in the basic financial statements, including information on the individual nonmajor governmental funds as well as the pension trust funds.

### CITY OF ALACHUA, FLORIDA NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET September 30, 2004

ASSETS	Red	ommunity levelopment Agency	Special Revenue Fund - SHIP Program	
Cash and cash equivalents	\$	200,852	125,000	
Due from other funds		33,767		
Prepaids		395		
Total assets	\$	235,014	125,000	
LIABILITIES AND FUND BALANCES				
Liabilities:				
Account payable	\$	2,566		
Interest payable				
Due to other funds			125,000	
Total liabilities		2,566	125,000	
Fund balances				
Reserved for debt service				
Unreserved, undesignated		232,448		
TOTAL LIABILITIES AND FUND BALANCES	\$	235,014	125,000	

	Capital Projects	
	Fund -	Total
Debt	Hitchcock	Nonmajor
Service	Grant	Governmental Funds
89,876	59,864	475,592
••		33,767
		395
89,876	59,864	509,754
		2,566
41,536	••	41,536
301	60,974	186,275
41,837	60,974	230,377
48,039		48,039
	( 1,110)	231,338
89,876	59,864	509,754

# CITY OF ALACHUA, FLORIDA NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For The Year Ended September 30, 2004

	Community Redevelopment Agency	Special Revenue Fund - SHIP Program	Debt Service	
Revenues				
Intergovernmental revenues Interest	\$ 181,443 1,373	125,000		
Total revenues	182,816	125,000		
Expenditures				
Economic environment Debt service	73,450 42,084	<del></del>	327,405	
Total expenditures	115,534		327,405	
Other financing sources (uses)				
Transfers in			328,496	
Net change in fund balances	67,282	125,000	1,091	
Fund balances - October 1	165,166	( 125,000)	46,948	
Fund balances - September 30	\$ 232,448		48,039	

Capital Projects Fund - Hitchcock Grant	Total Nonmajor Governmental Funds			
	306,443			
	1,373			
	307,816			
	73,450			
	369,489			
	442,939			
	328,496			
	193,373			
( 1,110)	86,004			
( 1,110)	279,377			

### CITY OF ALACHUA, FLORIDA COMBINING STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

September 30, 2004

ASSETS	Eı	General nployees' nsion Trust	Police Officers' Pension Trust	Totals
Investments	\$	567,793	705,183	1,272,976
LIABILITIES				
Other liabilities		200	600	800
NET ASSETS				
Net assets held in trust for pension benefits	<u>\$</u>	567,593	704,583	1,272,176

# CITY OF ALACHUA, FLORIDA COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS September 30, 2004

	E	General mployees' nsion Trust	Police Officers' Pension Trust	Totals
Additions:				
Contributions:				
Employer	\$	151,081	61,527	212,608
Plan members			5,028	5,028
State of Florida			51,784	51,784
Total contributions		151,081	118,339	269,420
Investment earnings:		31,749	41,253	73,002
Total additions		182,830	159,592	342,422
Deductions:				
Benefits		32,869	1,787	34,656
Administrative fees		720	898	1,618
Total deductions		33,589	2,685	36,274
Change in net assets		149,241	156,907	306,148
Net assets held in trust for pension benefits:				
Net assets - beginning of the year		418,352	547,676	966,028
Net assets - end of the year	<u>\$</u>	567,593	704,583	1,272,176



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SINGLE AUDIT AND GRANT COMPLIANCE This page intentionally left blank.



# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and City Council City of Alachua, Florida

We have audited the financial statements of the City of Alachua, Florida as of and for the year ended September 30, 2004, and have issued our report thereon dated December 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

# **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Alachua, Florida's internal control over financial reporting 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 over financial reporting and its operation that we consider to be material weaknesses.

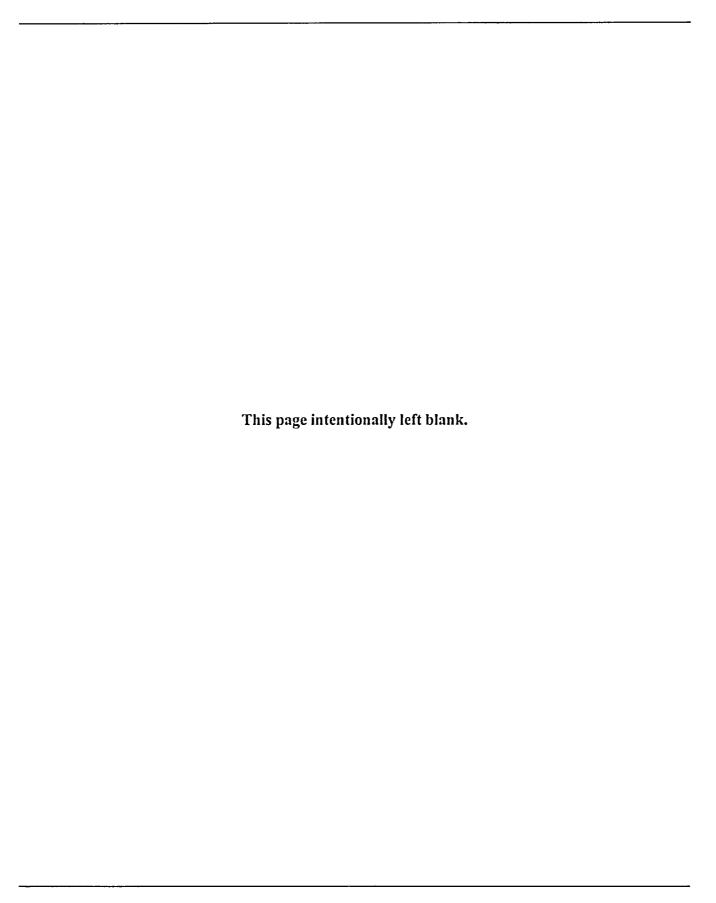
# **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Alachua, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor and Members of the Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

CPA associates

Bradenton, Florida December 22, 2004





# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and Members of the Council of the City of Alachua, Florida

# Compliance

We have audited the compliance of the City of Alachua, Florida, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, that are applicable to each of its major federal programs for the year ended September 30, 2004. The City of Alachua's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Alachua's management. Our responsibility is to express an opinion on the City of Alachua's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Alachua's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Alachua's compliance with those requirements.

In our opinion, the City of Alachua complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

## **Internal Control Over Compliance**

The management of the City of Alachua is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Alachua's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purposes of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program 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 over compliance and its operation that we consider to be material weaknesses.

# Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alachua, Florida, as of and for the year ended September 30, 2004, and have issued our report thereon dated December 22, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Alachua, Florida's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

This report is intended solely for the information of the Mayor and Members of the Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified users.

Bradenton, Florida

CPA associates

# CITY OF ALACHUA, FLORIDA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	CFDA Number	Pass-through Grantor's Number	Expenditures
Federal Awards	<del>-</del>		
U.S. Department of Housing and Urban Development			
Passed through Department of Community Affairs:			
Section 108 Loan Guarantee - Dollar General	14.248	010D-SE99-99-15-X01	\$ 2,075,000
Community development block grant program:			
Housing Grant	14.228	02DB-89-03-11-02-HO1	102,971
WACO Project	14.228	02DB-89-11-43-02-E51	218,336
Total U.S. Department of Housing and Urban Redevelopment			2,396,307
U.S. Department of Justice			
Law enforcement block grant program	16.592	02-LB-BX-0235	7,679
Law enforcement block grant program	16.592	2003-LB-BX-1823	11,861
Total Federal Awards			\$ 2,415,847

See independent auditor's report and notes to this schedule.

# CITY OF ALACHUA, FLORIDA NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## NOTE A - GENERAL

The accompanying schedules of expenditures of federal awards present the activity of all federal financial assistance programs of the City of Alachua, Florida. The City of Alachua reporting entity is defined in Note A of the City's basic financial statements. All federal financial assistance received directly from federal agencies as well as federal assistance passed through other government agencies is included in these schedules.

#### NOTE B - BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards are presented using the modified accrual basis of accounting, which is described in Note A of the City's basic financial statements.

# NOTE C - LOANS OUTSTANDING

The City of Alachua, Florida had the following loan balances outstanding at September 30, 2004. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Federal Program Name	CFDA Number	Amount Outstanding
Section 108 Loan Guarantee	14.248	\$2,075,000

# CITY OF ALACHUA, FLORIDA SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2004

# Part I – Summary of Auditor's Results

<b>Basic Financial Statement Section</b>					
Type of auditor's report issued:		Unqualified Opinion			
Internal control over financial reporting:					
Material weakness (es) identified?			yes	x	no
Reportable condition(s) identified not considered to be material weaknesses?			yes	x	no
Noncompliance material to basic financial statements noted?			yes	x	no
Federal Awards Section					
Dollar threshold used to determine Type A programs:		\$300,000			
Auditee qualified as low-risk auditee?		x	yes		no
Type of auditor's report on compliance for major programs:		Unqualified Opinion			
Internal Control over compliance:					
Material weakness(es) identified?			yes	<u>x</u>	no
Were reportable condition(s) identified not considered to be material weakness(es)?			yes	<u>x</u>	no
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))?			yes	<u>x</u>	no
Identification of major programs					
CFDA Number(s)	Name of I	Federal Prog	gram_or_	Cluster	

14.248

U.S. Department of Housing and Urban Development – Section 108 Loan Guarantee – Dollar General

# CITY OF ALACHUA, FLORIDA SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued) For the Year Ended September 30, 2004

# Part II - Schedule of Basic Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 through 5.20 of Government Auditing Standards.

No reportable conditions, material weaknesses and instances of noncompliance, including questioned costs, related to the basic financial statements were noted.

Part III - Schedule of Federal Award Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including known fraud and questioned costs, related to the audit of federal programs, as required to be reported by Circular A-133 Section .510 (a).

No reportable conditions, material weaknesses, and instances of noncompliance, including known fraud and questioned costs, related to the audit of federal projects were identified.

Part IV – Summary Schedule of Prior Audit Findings

There were no prior audit findings for federal programs.



#### AUDITOR'S MANAGEMENT LETTER

Honorable Mayor, City Commissioners And City Manager City of Alachua, Florida

We have audited the basic financial statements of the City of Alachua, Florida as of and for the fiscal year ended September 30, 2004, and have issued our report thereon dated December 22, 2004, which was unqualified.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 22, 2004, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(h)) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no such manners disclosed in the preceding annual financial audit report.

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been corrected, except for those reported below under the heading *Prior Year Findings and Recommendations*.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Alachua, Florida complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)3. and 4.), require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Matters required to be disclosed and other recommendations are reported under the heading Current Year Findings and Recommendations.

Honorable Mayor, City Commissioners And City Manager City of Alachua, Florida

The Rules of the Auditor General (Section 10.554(1)(h)5.), also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City has disclosed this information in the notes to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the City of Alachua, Florida is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b.), we determined that the annual financial report for the City of Alachua for the fiscal year ended September 30, 2004, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2004.

As required by the Rules of the Auditor General (Sections 10.554(h)6.c. and 10.556(8)), we applied financial condition assessment procedures as of the fiscal year end. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. No findings were noted in this regard.

This management letter is intended solely for the information of the Mayor, City Commissioners, City Manager, and management, and the State of Florida Office of the Auditor General, and is not intended and should not be used by anyone other than these specified parties.

Bradenton, Florida

CPA associates

December 22, 2004

#### PRIOR YEAR FINDINGS AND RECOMMENDATIONS

## 01-6 Pooled Cash Reconciliation

During prior audits, we noted that the City's pooled cash and investment fund reconciliation was not being accurately or timely prepared and that the pooled cash fund did not reconcile to the cash accounts in the individual funds.

During the current audit, we noted the same issues. We assisted management in reconciling pooled cash and discussed ways to facilitate reconciling the pooled cash fund to the cash accounts in the individual funds. We recommend management continues reconciling pooled cash on a monthly basis.

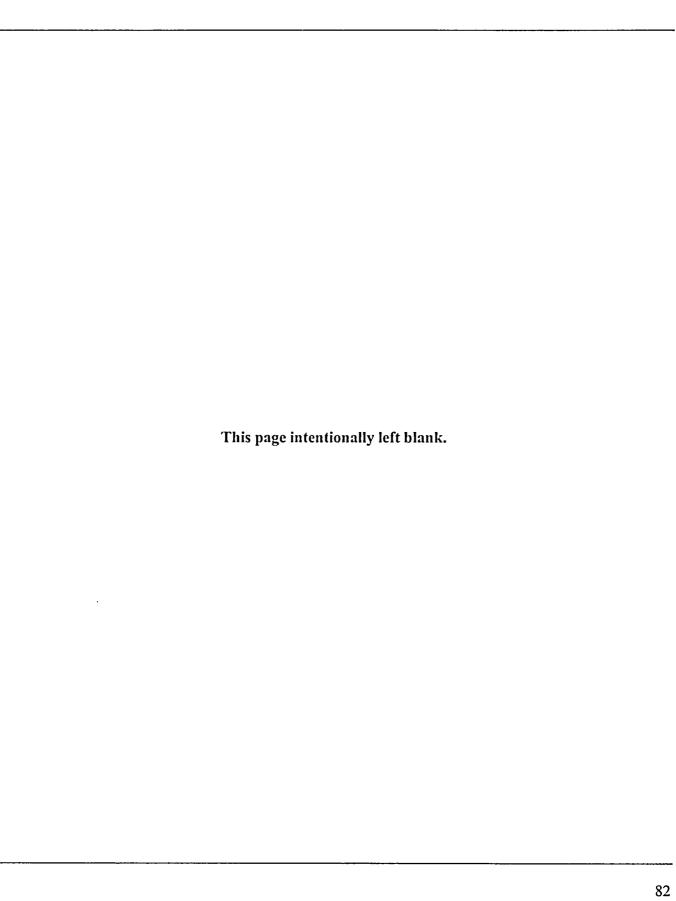
# 03-02 Fixed Asset Software

The fixed asset module of the City's accounting system is currently unable to accurately calculate depreciation expense. Calculating and recording depreciation expense on fixed assets is a requirement of the new financial reporting model under GASB No. 34. We recommend the City review the fixed asset records within the module to ensure that they are complete as to historical cost, date in service, and estimated useful life. Then, with the assistance of the software vendor, set up the module to begin calculating depreciation expense.

Our recommendation is still in the process of being implemented.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.





# City of Alachua

The Good Life Community
Celebrating a Century
1905-2005

Clovis Watson, Jr., MPA
City Manager

Jean Calderwood Mayor

Bonnie Burgess Vice-Mayor

James Lewis Commissioner

Orien Hills

Commissioner

Gib Coerper
Commissioner

January 30, 2005

The Honorable William O. Monroe State of Florida Auditor General P.O. Box 1735 Tallahassee, FL 32302-1735

RE: Management Letter Responses for 9/30/04 Audit

Dear Mr. Monroe:

After reviewing the Independent Auditor's Management Letter, the City Commission and Staff have implemented the following recommendations in response to the Independent Auditor's comments pertaining to prior years.

We are very pleased that there are no current year audit findings and recommendations.

If any further assistance is needed please contact me at (386) 462-1231 between the hours of 8:00 AM until 5:00 PM Monday - Friday.

Sincerely,

Clovis Watson Jr., MPA City Manager

15001 NW 140th St. Alachua, Florida 32615

P.O. Box 9 32616 The City of Alachua has taken action to implement prior and current recommendations as follows:

# 01-6 Pooled Cash Reconciliation:

Audit Response: Administration has reconciled the Pooled Cash Fund monthly since the FY 01 audit findings. The remaining few minor issues are in the process of being addressed. Administration will complete the necessary adjustments provided by the auditor's and implement the additional controls to prevent future occurrences of this nature.

## 03-02 Fixed Asset Software:

Audit Response: Administration has reviewed the records of all the assets entered into the fixed asset module to insure their accuracy, and has attended training sessions on the operation of the fixed asset module. Through training, the Administration has discovered that numerous fields within the module, which currently contain no information, will have to be inputted before the module will function properly. Also, various depreciation schedules will have to be consolidated or removed. It is anticipated that this process will take approximately 1-2 months. The Administration believes that the module will be functioning properly for the upcoming fiscal year.

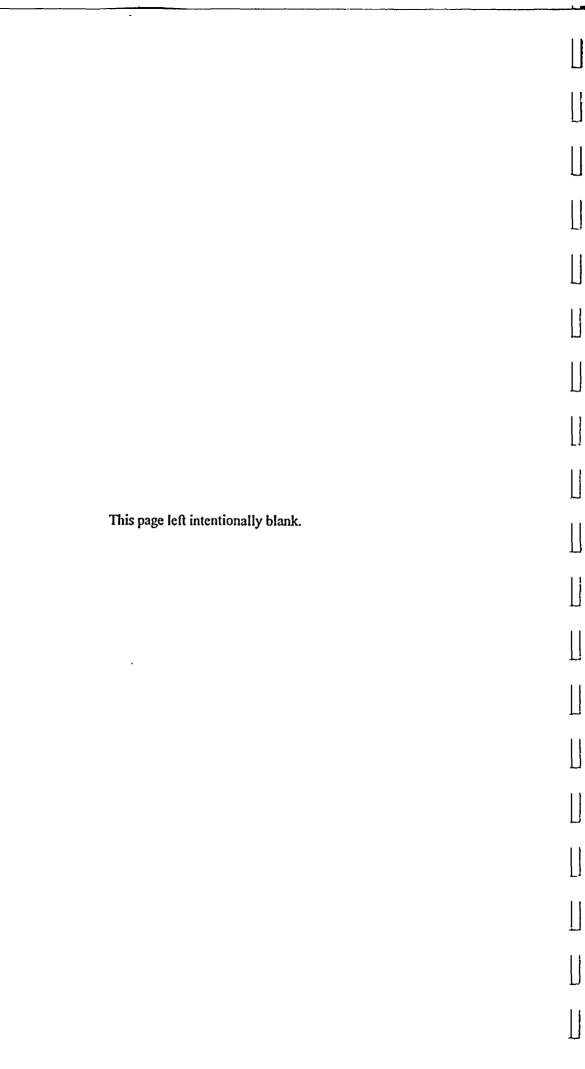
# Comprehensive Annual Financial Report Fiscal Year Ending September 30, 2004

# Comprehensive Annual Financial Report of the City of Bushnell, Florida for the Fiscal Year Ended September 30, 2004

# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004 CITY OF BUSHNELL, FLORIDA

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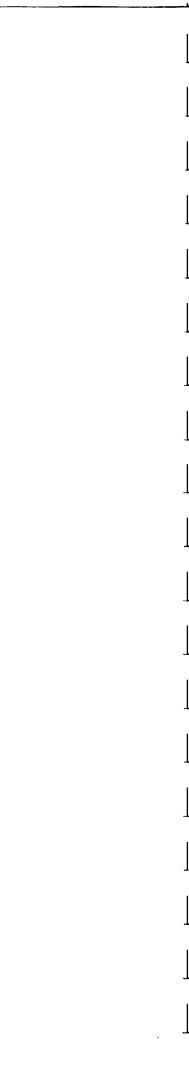


# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004 CITY OF BUSHNELL, FLORIDA

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# INTRODUCTORY SECTION

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

# City of Bushnell, Florida

For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2003

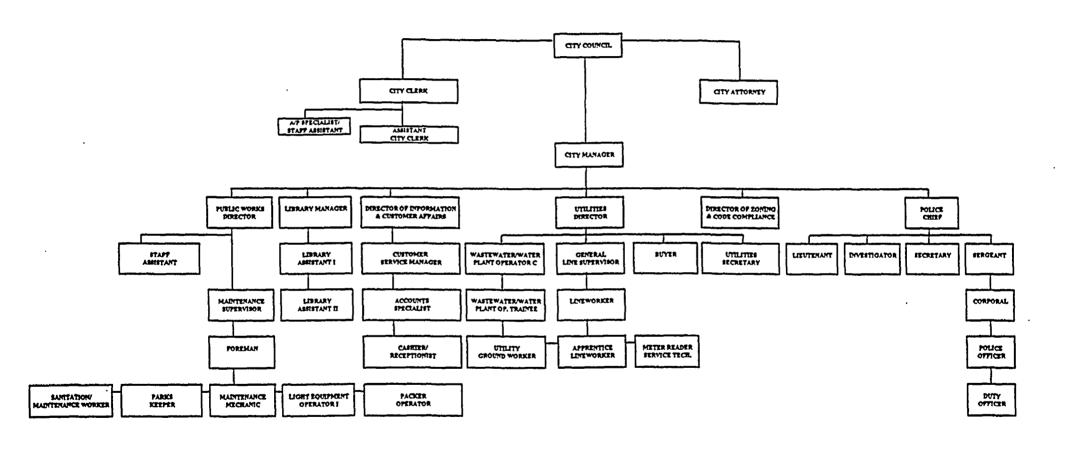
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

Many L. Zielle President

**Executive Director** 

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## CITY OF BUSHNELL ORGANIZATIONAL CHART



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# CITY OF BUSHNELL

219 N. Market Street P.O. Box 115



Bushnell, Florida 33513 (352) 793-2591 Fax (352) 793-2711

March 4, 2005 March 4, 2005

# TO THE CITIZENS OF THE CITY OF BUSHNELL:

The comprehensive annual financial report of the City of Bushnell for the fiscal year ended September 30, 2004, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included. Additionally, the Managements Discussion and Analysis section that follows will provide highlights and review the financial performance during the reporting period.

#### FINANCIAL STATEMENT PRESENTATION

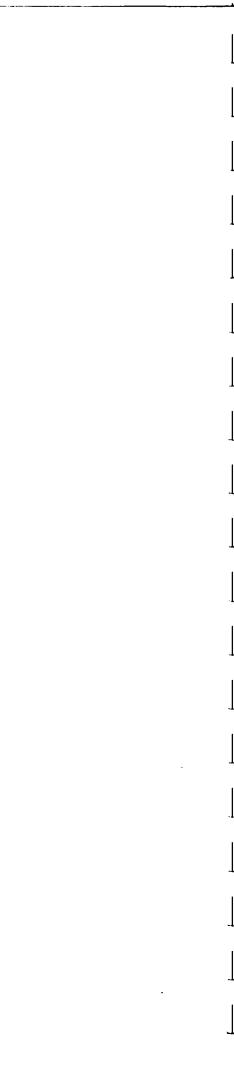
The comprehensive annual financial report is presented in three sections, Introductory, Financial, and Statistical. The *Introductory Section* includes this transmittal letter, the City's organizational chart and a list of principle officials. The *Financial Section* includes the basic financial statements and the auditors report. The *Statistical Section* includes selected financial & demographic information.

## BACKGROUND INFORMATION

The City is a political subdivision of the State of Florida located in Sumter County. The city was established under the legal authority of the Laws of Florida, chapter 57-105. The City operates under a council-manager form of government. The legislative branch of the City is composed of a four-member elected City Council, and an elected mayor.

#### REPORTING ENTITY AND ITS SERVICES

This report includes all funds of the City. The City of Bushnell provides a full range of general governmental services and activities. These services include police and code enforcement; administrative and financial services; planning, zoning and development review; maintenance of highways, streets & drainage; library, recreation and special events. In addition to general government activities, the governing body also operates an Electric, Water, Wastewater and Sanitation utility operation.



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## LOCAL ECONOMY

The City of Bushnell is the County Seat of Sumter County. It also contains, within its boundaries, Bushnell Elementary and South Sumter High School. The County Courthouse, as well as the schools, brings a diverse group of consumers into the Bushnell area. While Bushnell's municipal limits are 2.5 square miles our consumer service area is much greater.

The City of Bushnell is one of the smallest Electric utility providers in the State of Florida. The City also provides Water; Sanitation and Wastewater services to consumers within the municipal limits are well as select areas outside our municipal boundaries. The Wastewater Utility has encouraged newfound commercial growth, which has created employment opportunities within the area.

Major industries located within the government's boundaries or in close proximity include manufacturers of air conditioning vents and metal components; go cart-racing motors; prosthetics for humans and horses; and cabinetry.

Due to its central location, within the state, Bushnell has access to all major cities via Interstate 75, Highway 301, and the Florida Turnpike. Thus, making it easy to commute to Tampa, Orlando, Ocala and Gainesville.

# **CURRENT YEAR PROJECTS**

During the fiscal year '04, the City of Bushnell completed some major construction projects to improve on the service delivery for our citizens. The following will highlight some of these major initiatives taken by the City during the fiscal year '04:

#### West Noble Avenue Water Main Extension

During fiscal year 2004, a 10° water main was constructed along easements acquired by the City for the purpose of looping portions of the City's most westerly portions of its water system. This main interconnects from the Southwest corner of the Kenny Dixon Sports Complex to a location near the intersection of CR 608 & CR 609.

This looping provides added reliability to area customers by having the ability to isolate portions of a failed main and continue service means of a loop feed. This project was partially funded by the Withlacoochee Regional Water Supply Authority.

## East Belt Avenue Southwest System Expansion

A low-pressure sewer system was constructed along the Eastern portion of East Belt Ave during fiscal year 2004; this low-pressure system will serve approximately ten new customers, three of which are county or city facilities.

The low pressure system utilizes individual grinding pump lift stations which pump into a force main that interconnects with the City's new sewer transmission system at Pine Street & Dade Ave.

This project was funded by assessments on a prorata share of the anticipated use of the main by those customers being benefited. It also will provide accessibility in the future to other customers in the immediate area.

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# MAJOR INITIATIVES/FUTURE PROJECT

The City government is considering a number of major initiatives for the City. This section will highlight briefly, one such future major initiative:

# Sewer System Expansion to the South West portions of the City

The City of Bushnell will be expanding its wastewater collection and transmission system to the southwest portion of the City of Bushnell along with certain segments of SR 48 (West Belt Ave). The expansion of the sewer system will consist of a combination of a gravity and low-pressure system.

The project is anticipated to cost approximately \$950,000 with funding coming from the Florida Department of Environmental Protection in the form of a small disadvantaged community grant. Engineering design is currently under way and being provided by H & B Engineering.

The required permits should be filed by early summer with construction starting on and about the beginning of calendar year 2006. The expansion of this sewer collection and transmission system will add approximately 100 residential units and approximately 20 commercial establishments to the system.

## Bushnell to provide sewer treatment services to the City of Webster

The City of Bushnell & the City of Webster entered into an interlocal agreement whereby the City of Bushnell will be providing wastewater treatment services to the City of Webster's soon to be new sewer collection and transmission system.

The City of Webster has been successful at acquiring a number of state grants that will help fund their new waste water system. Through Webster's Wastewater Facility Study, it was determined that the treatment of Webster's wastewater by the City of Bushnell is advantageous and desirable for both municipalities.

The Cities negotiated a contract that will reserve 175,000 gallons of capacity for the City of Webster at Bushnell's David Hanson Treatment Facility for a period of 20 years. In return, the City of Webster, through its grants, will fund certain improvements to that facility that will prepare it to accommodate the additional flow.

Currently, the City of Bushnell has engaged the services of Barnes Ferland & Associates to design these capacity improvements to the plant and it is anticipated that the capacity improvements should be complete by late 2006. Cost for construction of these capacity additions is anticipated to be approximately \$ 1.8 million.

## **Department Focus:**

Management of the City of Bushnell has selected to focus on the Public Works
Department to report accomplishments and undertakings in the recent past. The City of
Bushnell Public Works Department is responsible for the collection and disposal of all solid
waste within the city limits. Routine garbage and trash services are provided on a twice per
week basis to all residential and commercial customers.



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The Public Works Department is also responsible for street maintenance and upgrades, responsible for the maintenance of all city parks and recreations facilities and is responsible for the maintenance of all buildings and grounds of the City of Bushnell.

The department operates under the direction of the Public Works Director, who works directly with the maintenance supervisor and staff assistant. Six other employees compose the staff for the Public Works Department and these nine individuals plan, prepare budgets, operate and maintain the facilities of the City designated to them.

Recently, the department initiated a data-gathering project that will help the City ascertain its right of way infrastructures. Data will be gathered for pavement, curbing, sidewalks, signage and storm water facilities. This data will become part of the city's geographical information system, which will allow for better management of these infrastructure assets.

The Public Works Department is also responsible for landscaping throughout the City. The City has recently completed a major highway beautification project and its maintenance is the responsibility of the Public Works Department. The Beautification project was completed with funding assistance from the Florida Department of Transportation.

During fiscal year 2005, the City of Bushnell will change the way it provides sanitation services to its residential customers. An auto lift vehicle has been budgeted that will pick up city issued residential containers automatically. This new service delivery system should eliminate a lot of the previous problems experienced with bag collection and individual small trash containers.

#### OTHER INFORMATION

# Independent Audit:

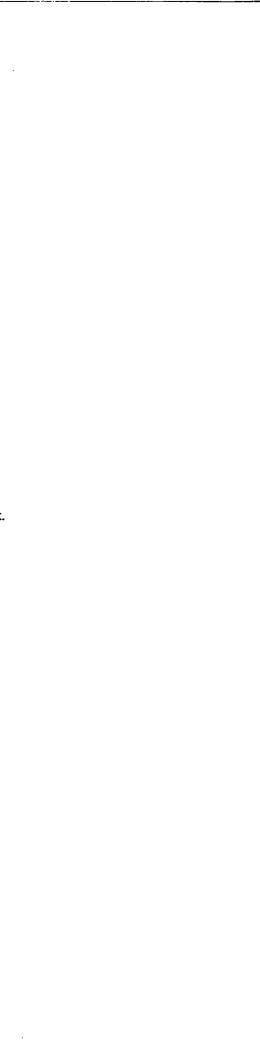
State statutes require an annual audit by independent certified public accountants. The accounting firm of Purvis, Gray, and Company was selected by the City of Bushnell's to complete this year's audit. The auditor's report on the basic financial statements are included in the financial section of the report.

#### Awards:

<u>Safety Award:</u> The City has received numerous electric safety awards. The first safety award was presented to the City by the Florida Municipal Electric Agency to the Utility Department for recognition of a perfect safety record without reports of accidents. The City has received this award for 17 consecutive years.

<u>Tree City USA</u>: The Tree City USA award was first presented to the City in 1994. The City has continued to receive this award to the present. This award requires an annual Arbor Day Celebration, the planting of trees, and the implementation of a tree preservation policy as well as an annual application documenting levels of expenditure for maintenance of the program.

Outstanding Rural Community: The State of Florida issued its first annual Outstanding Rural Community Award of the Year to the City of Bushnell. This award highlights one rural community with population under 8,000 for a project that significantly



impacts the community's quality of life. In 1992, the City of Bushnell submitted the Kenny Dixon Sports Complex as the project for this award.

<u>Certificate of Excellence in Financial Reporting</u>: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bushnell for its comprehensive annual financial report for the fiscal year ended September 30, 2003. This was to second consecutive year that the government has achieved this prestigious award In order to be awarded a Certificate of Achievement; a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### Acknowledgments:

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Administrative Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We should also like to thank the Mayor and the Council Members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

Joy Coleman,

City Clerk/Finance Director

Vince Ruano

Vince Ruano, City Manager



## City of Bushnell

#### ELECTED OFFICIALS

Mayor Joseph P. Strickland Jr.

Vice Mayor Warren Maddox Councilman Billy K. Williams

Councilman Dale Swain Councilman Dale Barnes City Clerk

N. Joy Coleman

#### APPOINTED OFFICIALS

City Manager Vince Ruano Police Chief Joyce Wells **Utilities Director** Bruce Hickle Public Works Director Ronnie Pitts

## FINANCIAL SECTION



#### INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Council Members City of Bushnell Bushnell, Florida

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bushnell, Florida (the City) as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated March 4, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

#### **Certified Public Accountants**

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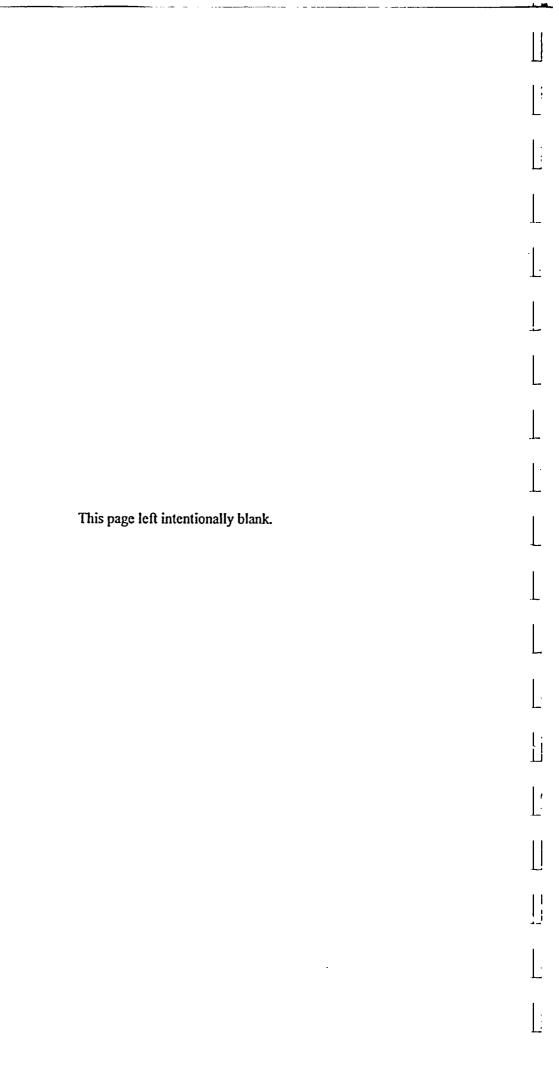
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS



Honorable Mayor and Council Members City of Bushnell Bushnell, Florida

### INDEPENDENT AUDITORS' REPORT (Concluded)

As discussed in note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statement's—and Management's Discussion and Analysis—for States and Local Governments; GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of October 1, 2003. This results in a change in the format and content of the financial statements.

The management's discussion and analysis, the major fund budgetary comparison information, and certain pension information listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by GASB. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively form the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules and statistical tables listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements and in our opinion this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Queis, Dray and Company

March 4, 2005 Ocala, Florida

#### Management's Discussion and Analysis

As management of the City of Bushnell, we offer readers of Bushnell's financial statement this narrative overview and analysis as of September 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii-vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

#### Financial Highlights

The assets of the City of Bushnell exceeded its liabilities at the close of the most recent fiscal year by \$9,788,940. Of this amount, \$1,262,075 may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City of Bushnell's governmental funds reported combined ending fund balances of \$948,351, an increase of \$135,510 in comparison with the prior year. Approximately 48% of this total amount \$462,658 is available for spending at the government's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$462,658 or approximately 23% of total general fund expenditures.

#### Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the City of Bushnell's basic financial statements. The City of Bushnell's basic financial statement comprises three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

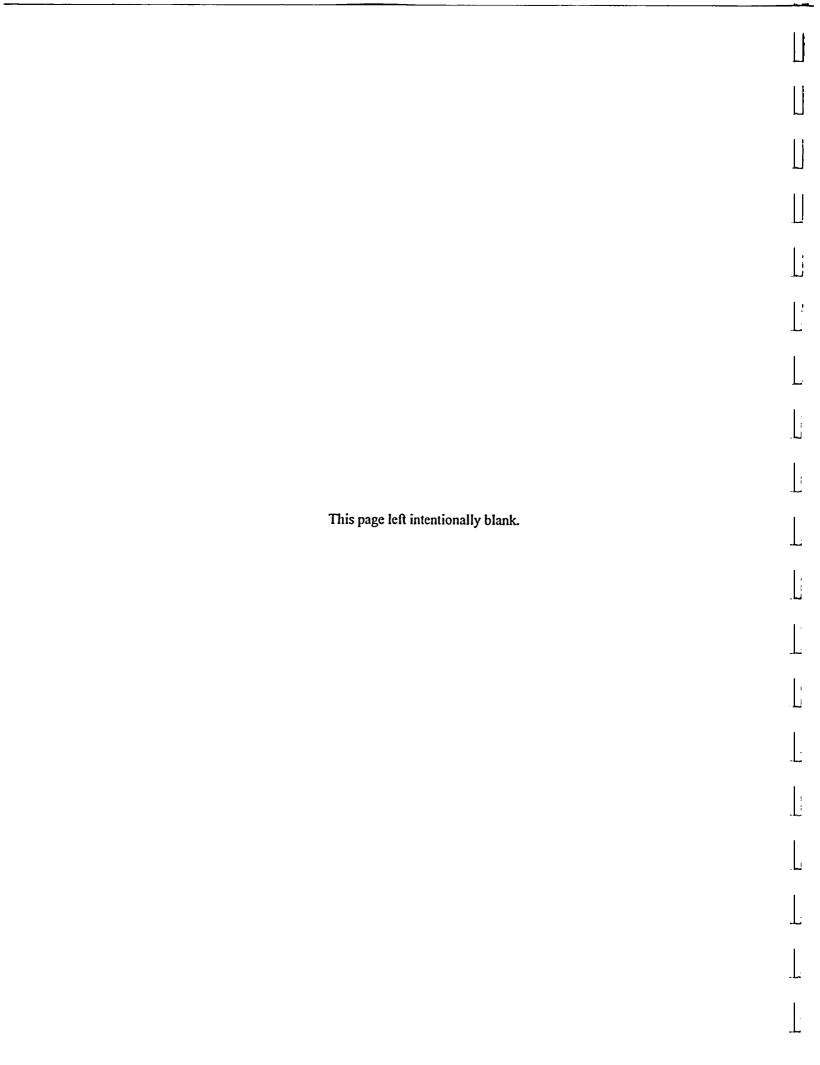
#### 1) Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Bushnell's finances, in a manner similar to a private-sector business.

The statement of new assets presents information on all of the City of Bushnell's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Bushnell is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 10-12.



#### 2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bushnell, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bushnell can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bushnell maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. Data from the other governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Bushnell adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16.

**Proprietary Fun** - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Bushnell uses enterprise funds to account for its electric distribution operation, water services, wastewater services, and sanitation services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, wastewater and sanitation services, of which all are considered to be major funds of the City of Bushnell.

The basic proprietary fund financial statements can be found on pages 17-21.

Fiduciary Fund - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Bushnell's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found of pages 22-23 of this report.



#### 3) Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-46 of this report.

#### 4) Other Information

In additional to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bushnell's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 47-51 of this report.

#### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bushnell, assets exceeded liabilities by \$9,788,940 at the close of the most recent fiscal year.

By far the largest portion of the City of Bushnell's net assets, 81% reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Bushnell uses these capital assets to provide services to citizens consequently; these assets are not available for future spending. Although the City of Bushnell's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Bushnell's net assets 5% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$1,262,075 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Bushnell is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net assets decreased by \$151,075 during the current fiscal year.

The Wastewater utility was operated at a full year within the current fiscal year. While expenditures reflect a full year, the anticipated customer bases for revenues do not. The City of Bushnell projected a larger customer base at the start up of the system than what is reflected within the financial report. Therefore, the City of Bushnell's cash position was decreased resulting in a decrease of net assets.

Governmental Activities - Governmental activities increased the City of Bushnell's net assets by \$178,985 thereby accounting for 31% of the total in the net assets of the City of Bushnell.

#### CITY OF BUSHNELL'S NET ASSETS

	Governmental	Business-Type Activities	2004 Total
Current and other assets Capital assets Total assets Long-term liabilities outstanding Other liabilities Total liabilities Net assets:	\$ 1,084,373	\$ 2,040,361	\$ 3,124,734
	2,848,334	<u>8,877,356</u>	11,725,690
	3,932,707	10,917,717	14,850,424
	785,182	3,090,975	3,876,157
	136,022	1,049,305	1,185,327
	921,204	4,140,280	5,061,484
Invested in capital assets, net of related debt Restricted Unrestricted Total net assets	2,146,813	5,865,343	8,012,156
	485,693	29,016	514,709
	378,997	883,078	1,262,075
	3,011,503	6,777,437	9,788,940

#### CITY OF BUSHNELL'S CHANGES IN NET ASSETS

	Governmental	Business-Type Activities	2004 <u>Total</u>
Revenues			
Program revenues:			
Charges for Services	130,105	3,697,327	3,827,432
Operating grants and contributions	126,089	64,737	190,826
Capital grants and contributions	54,395	109,084	163,479
General revenues:			
Property taxes	283,977	-	283,977
Other taxes	642,433	-	642,433
Other revenues	<u>393,197</u>	12,152	405,289
Total revenues	1,630,136	3,883,300	<u>5,513,436</u>
Expenses:			
General government	389,674	•	389,674
Public safety	696,291	•	696,291
Physical Environment	12,066	•	12,066
Transportation	371,970	-	371,970
Culture and recreation	358,638	-	358,638
Interest on Long-term debt	36,512	-	36,512
Electric Utility	-	2,269,014	2,269,014
Water Utility	•	435,197	435,197
Sanitation	-	393,609	393,609
Wastewater Utility		<u>701,540</u>	<u>701,540</u>
Total expenses	1,865,151	<u>3,799,360</u>	<u>5,664,511</u>
Increase in net assets before transfer	(235,015)	83,940	(151,075)
Transfers	414,000	(414,000)	0
Increase in net assets	178,985	(330,060)	(151,075)
Net assets beginning	2,832,518	<u>7,107,497</u>	<u>9,788,941</u>
Net assets ending	\$ 3,011,503	<u>\$ 6,777,437</u>	<u>\$ 9,788,940</u>

• Property taxes increased by \$103,632, or 61% during the year. Most of this increase is attributed to the growth and development within the municipal limits as well as the approved increase in the millage rate.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, was the City of Bushnell streets department. In that instance, the growth in expenses reflects the cost of additional debris removal and repairs as necessitated by an unusually harsh hurricane season.

Business-type Activities - Business-type activities decreased the City of Bushnell's net assets by \$330,060 of the total in the government's net assets. A key element of this decrease was the new utility being added to the City's services provided. This utility was the Wastewater utility. With this being a new utility, many customers were not on the system for a complete year, therefore projected revenues were not met for the fiscal year. The City expects this utility to grow in the upcoming year to full capacity, contributing to a growth in business type assets. Other factors for the net assets are as follows:

- Charges for services for business-type activities increased by 25%. This can be attributed to the increase in sales due to the municipal limit and commercial growth.
- Revenues also increased as a result of a modest increase in sales. The increase in sales and rates account for the \$633,253 increase in charge for services for Electric, Water, Wastewater and Sanitation services.
- With the continued growth within the Wastewater customer base the anticipated increase in charges for services should be reflective within the next fiscal year.
- Growth within the City's municipal limits also contributed to additional customers within the service area for the City of Bushnell. These annexations generated an increase in the customer base, therefore increasing charges for services revenue.

#### Financial Analysis of the Government's Funds

As noted earlier, the City of Bushnell uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund - The focus of the City of Bushnell's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Bushnell's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Bushnell's governmental funds reported combined ending fund balances of \$948,351, an increase of \$140,565 in comparison with the prior year. Approximately 48% of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay perpetual care for the cemetery.

The general fund is the chief operating fund of the City of Bushnell. At the end of the current fiscal year, unreserved fund balance of the general fund was \$462,658 while the total fund balance reached \$948.351. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23% of total general fund expenditures, while total fund balance represents 48% of that same amount.

The fund balance of the City of Bushnell's general fund increased by \$131,690 during the current fiscal year. Key factors in this growth are as follows:

- The City Council took a proactive choice to increase ad valorem taxes in an effort to diminish the ongoing decline in fund balance. The current millage levy is 3.50.
- The departments such as administration, police, street, parks and recreation have reduced expenditures in an attempt to assist with the increase in fund balance for the general fund.

**Proprietary funds** - The City of Bushnell's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Electric, Water, Wastewater and Sanitation fund at the end of the year amount to \$883,078. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Bushnell's business-type activities.

#### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

- Decrease in Grant revenue, due to lack of project completion as projected.
- Increase in all departments for additional expenses related to Hurricanes.

During the year, however, revenues exceeded budgetary estimates in a greater amount than expenditures exceeded budgetary estimates, thus eliminating the need to draw upon existing fund balance.

#### Capital Asset and Debt Administration

Capital assets. The City of Bushnell's investment in capital assets for its governmental and business type activities as of September 30, 2004, amounts to \$11,725,690 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment.

Capital asset events during the current fiscal year included the following:

- Small amounts of utility plant additions made to each of the utilities within the year.
- Minor improvements, building and equipment purchases made within the governmental fund.

Additional information on capital assets can be located on page 34, within the notes to the financial statement.

Long-term debt. The City of Bushnell's total debt increased by \$43,770 during the current fiscal year. The key factor in this increase was the lease of two police cruisers.

#### Economic Factors and Next Year's Budgets and Rates

Economic Factors. Bushnell is the County Seat of Sumter County, reported Economic and Business research as "The fastest growing County in the State of Florida in annual population change from 1998 to 2002". Situated just 50 miles north of Tampa and 50 miles west of Orlando, Bushnell is strategically located between Interstate 75 and the Florida Turnpike. Our location provides easy transportation access to both of these metropolitan areas.

Easily accessible from many areas and being the County Seat in rural Sumter County makes Bushnell's market area much larger than its corporate limits. Independent market studies suggest that the population within the market area affected by the City of Bushnell could exceed 50,000 people. In addition to this significant number, traffic studies conducted by the Sumter County Road & Bridge Department indicate average daily traffic counts of 17,000 cars on West Belt Avenue. These statistics are mentioned only to illustrate the much larger market and social forces affecting this small community on a daily basis. Within the utility service area, which comprises mostly the incorporated City limits and some small areas in the unincorporated Sumter County, the City of Bushnell services a total of 1120-metered customers, 330 of which are commercial customers. Bushnell exhibits steady growth in its commercial sector. Continued community growth and development is expected along Main St. north, and SR 48 west corridor to the I-75 interchange. The SR 48 and I - 75 interchange still has a number of commercial undeveloped parcels of varying size; currently, the City serves potable water, wastewater and sanitation services to this area.

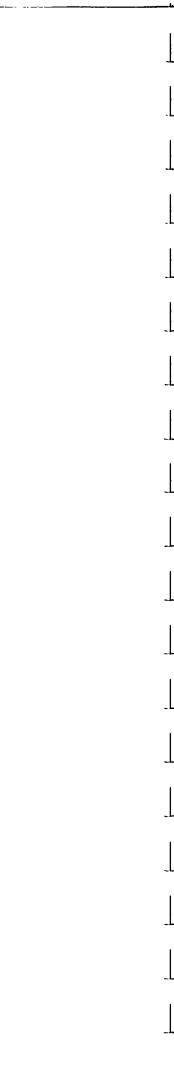
Based on current trends and projections, it is anticipated that the interchange area will have the most impact on the commercial sector of the City of Bushnell. As such, it will present the City with significant challenges in order to preserve adopted level of service of its infrastructure while allowing quality develops in the area.

Next Fiscal Year Budget and Rates. The utility rates to be utilized in the forecast of revenues for the next fiscal year budget would be Electric Utility a 3% increase, Water Utility a 6% increase, and no increase in Wastewater Utility and Sanitation Utility over existing rates. All departments will continue to minimize capital expenditures in an attempt to regain reserves.

#### Requests for Information

This financial report is designed to provide a general overview of the City of Bushnell's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Clerk/Finance Director, P. O. Box 115, Bushnell, Fl 33513

BASIC FINANCIAL STATEMENTS



#### CITY OF BUSHNELL, FLORIDA STATEMENT OF NET ASSETS SEPTEMBER 30, 2004

Assets	Governme Activiti		Business- Type Activities	Total
Cash and Cash Equivalents	\$ 842	,910	\$ 1,189,700	\$ 2,032,610
Receivables, Net		,789	467,235	515,024
Due from Other Governments		,674	145,562	339,236
Inventory and Prepaids		0	234,435	234,435
Capital Assets Not Being Depreciated:				
Land	486	,370	541,936	1,028,306
Capital Assets - Depreciated:			•	•
Utility Plant in Service		0	8,796,278	8,796,278
Buildings	1,554	,518	367,084	1,921,602
Improvements Other Than Buildings		,805	0	706,805
Machinery, Equipment and Furniture	1,643		2,293,464	3,937,224
Less Accumulated Depreciation	(1,543	,119)	(3,121,406)	(4,664,525)
Unamortized Bond Issue Costs	•	0	3,429	3,429
Total Assets	3,932	,707	10,917,717	 14,850,424
Liabilities				
Accounts and Retainage Payable	93	,174	333,709	426,883
Customer Deposits		0	131,505	131,505
Accrued Liabilities	34	496	27,925	62,421
Unearned Revenue:				
Licenses	8,	352	0	8,352
Power Cost Recoveries		0	54,316	54,316
Developer's Agreement		0	320,155	320,155
Decommissioning Liability		0	170,776	170,776
Accrued Interest Payable		0	10,919	10,919
Noncurrent liabilities:				
Due Within One Year	123,	169	89,298	212,467
Due in More Than One Year	662,	013	3,001,677	3,663,690
Total Liabilities	921,	204	4,140,280	 5,061,484
Net Assets				
Invested in Capital Assets, Net of Related Debt	2,146,	813	5,865,343	8,012,156
Restricted for:				
Perpetual Care (Expendable)	485,	693	0	485,693
Debt Service		0	29,016	29,016
Unrestricted	378,	997	883,078	 1,262,075
Total Net Assets	\$ 3,011,			\$ 9,788,940

#### CITY OF BUSHNELL, FLORIDA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2004

			Program Revenues						
Functions/Programs	i	Expenses		Charges for Services		Operating Grants and Contributions		Capital ants and tributions	
Governmental Activities						•			
General Government	\$	389,674	S	19,875	\$	0	S	52,889	
Public Safety		696,291		56,931		23,396		1,506	
Physical Environment		12,066		3,682		0		0	
Transportation		371,970		0		102,693		0	
Culture and Recreation		358,638		49,617		0		0	
Interest on Long-term debt		36,512		0		0		0	
Total Governmental Activities		1,865,151		130,105		126,089		54,395	
Business-type Activities									
Electric Utility		2,269,014		2,457,451		60,101		0	
Water Utility		435,197		464,557		2,930		67,000	
Sanitation		393,609		432,064		1,706		0	
Wastewater Utility		701,540		343,255		0		42,084	
Total Business-type Activities	S	3,799,360	\$	3,697,327	5	64,737	S	109,084	

#### General Revenues, Special Items and Transfers

Taxes:

Property Taxes

Franchise Taxes

**Public Service Taxes** 

Other Taxes

State-shared Revenues

Investment Income

Miscellaneous

Transfers

Total General Revenues, Special Items and Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

Net (Expense) Revenue and Change in Net Assets
Primary Government

		Prim:	ary Government				
G	overnmental	В	usiness-Type	-			
_	Activities		Activities	Total			
s	(316,910)	S	0	S	(316,910)		
	(614,458)		0		(614,458)		
	(8,384)		0		(8,384)		
	(269,277)		0		(269,277)		
	(309,021)		0		(309,021)		
	(36,512)		0		(36,512)		
	(1,554,562)		0		(1,554,562)		
	0		248,538		248,538		
	0		99,290		99,290		
	0		40,161		40,161		
	0		(316,201)		(316,201)		
	0		71,788	71,788			
	283,977		0		283,977		
	214,398		0		214,398		
	228,892		0		228,892		
	199,143		0		199,143		
	301,788		0		301,788		
	2,939		12,152		15,091		
	88,410		0		88,410		
	414,000		(414,000)		0		
	1,733,547		(401,848)		1,331,699		
	178,985		(330,060)		(151,075)		
	2,832,518		7,107,497		9,940,015		
S	3.011.503	S	6,777,437	S	9.788.940		

#### CITY OF BUSHNELL, FLORIDA BALANCE SHEET ALL GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

		General Fund			Total Governmental Funds		
Assets			_				
Cash and Cash Equivalents	\$	351,303	\$	491,607	\$	842,910	
Other Receivables		47,789		0		47,789	
Due from Other Funds		820		0		820	
Due from Other Governments		192,844		830		193,674	
Total Assets	<del></del>	592,756		492,437	=	1,085,193	
Liabilities and Fund Balances							
Liabilities							
Accounts Payable		92,977		197		93,174	
Other Accrued Liabilities		34,496		0		34,496	
Deposits		2,625		4,500		7,125	
Due to Other Funds		0		820		820	
Unearned Revenue		0		1,227		1,227	
Total Liabilities		130,098		6,744		136,842	
Fund Balances							
Reserved for:							
Perpetual Care		0		485,693		485,693	
Unreserved Reported in:							
General Fund	4	162,658		0		462,658	
Total Fund Balances		162,658		485,693		948,351	
Total Liabilities and Fund							
Balances	\$ 5	92,756	\$	492,437	\$	1,085,193	

## CITY OF BUSHNELL, FLORIDA RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS AS OF SEPTEMBER 30, 2004

#### Total Fund Balances of Governmental Funds

\$ 948,351

### Amounts Reported for Governmental Activities in the Statement of Assets are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,391,453 and the accumulated depreciation is \$1,543,119.

2,848,334

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets. Long-term liabilities at year-end consist of:

Notes Payable and Certificates of Obligation	(661,089)
Capital Lease Obligations	(40,432)
Compensated Absences	(83,661)

**Total Net Assets of Governmental Activities** 

\$ 3,011,503

# CITY OF BUSHNELL, FLORIDA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 1,042,770	\$ 0	\$ 1,042,770
Licenses and Permits	12,150	0	12,150
Intergovernmental Revenues	267,535	0	267,535
Grant Revenue	153,682	0	153,682
Charges for Service	32,615	0	32,615
Fines and Forfeitures	56,931	0	56,931
Miscellaneous Revenues	41,473	22,980	64,453
Total Revenues	1,607,156	22,980	1,630,136
Expenditures			
Current:			
General Government	371,766	19,160	390,926
Public Safety	633,303	0	633,303
Physical Environment	12,066	0	12,066
Transportation	345,183	0	345,183
Culture and Recreation	292,833	0	292,833
Capital Outlay	109,767	0	109,767
Debt Service:			
Principal	131,806	0	131,806
Interest	36,512	0	36,512
Total Expenditures	(1,933,236)	(19,160)	(1,952,396)
(Deficiency) Excess of Revenues			
(Under) Over Expenditures	(326,080)	3,820	(322,260)
Other Financing Sources (Uses)			
Transfers in	414,000	0	414,000
Capital Lease	43,770	0	43,770
Total Other Financing Sources	457,770	0	457,770
Net Change in Fund Balances	131,690	3,820	135,510
Fund Balance, Beginning of Year	330,968	481,873	812,841
Fund Balances, End of Year	\$ 462,658	\$ 485,693	\$ 948,351

# CITY OF BUSHNELL, FLORIDA RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2004

Net Change in Fund Balances - Total Governmental Funds	\$ 135,510
Amounts Reported for Governmental Activities in the Statement of Activities are	
Different Because:	
Governmental funds report capital purchases as expenditures. However, in the	
statement of activities, the cost of those assets is depreciated over their	
estimated useful lives and reported as depreciation expense. This reconciling	
item is the amount by which depreciation expense of \$164,121 exceeded	
capital purchases of \$109,767.	(54,354)
The issuance of bonds and similar long-term debt provides current financial	
resources to governmental funds and thus contribute to the change in fund	
balance. In the statement of net assets, however, issuing debt increases long-term	
liabilities and does not affect the statement of activities. Similarly, repayment	
of principal is an expenditure in the governmental funds, but reduces the	
liability in the statement of net assets. Also governmental funds report	
the effect of issuance costs, premium, discounts, and similar items when debt	
is first issued, whereas these amounts are deferred and amortized in the statement	
of activities. The amounts of the items that make up these differences in treatment	
of long-term debt and related items are:	
Debt Issued or Incurred:	
Capital Leases	(43,770)
Principal Repayments:	
Notes Payable and Certificates of Obligation	128,468
Capital Leases	3,338
Some expenses reported in the statement of activities such as compensated absences	
do not require the use of current financial resources and are not reported as	
expenditures in governmental funds:	
Net Increase in Compensated Absences	 9,793

Change in Net Assets of Governmental Activities

178,985

#### CITY OF BUSHNELL, FLORIDA STATEMENT OF NET ASSETS PROPRIETARY FUNDS SEPTEMBER 30, 2004

	Business-Type Activities							
	Electric	Water		Wastewater				
	Utility	Utility	Sanitation	Utility	T-4-1			
Assets	<u>Fund</u>	Fund	Fund	Fund	Total			
Assets								
Current Assets								
Cash and Cash Equivalents	\$ 482,098	\$ 130,283	\$ 235,319	\$ 0	\$ 847,700			
Restricted Cash and Investments:								
Customer Deposits	131,416	0	0	0	131,416			
Revenue Bonds	0	0	0	39,808	39,808			
Receivables:								
Customers (Net of Allowance for								
Uncollectible Accounts)	339,626	46,832	47,741	33,036	467,235			
Due from Other Governments	39,418	67,000	0	39,144	145,562			
Due from Other Funds	0	11,805	0	0	11,805			
Interfund Receivable	144,923	0	0	0	144,923			
Inventories, at Cost	169,597	57,655	0	7,183	234,435			
Total Current Assets	1,307,078	313,575	283,060	119,171	2,022,884			
Noncurrent Assets								
Restricted Assets								
Cash and Investments - CR-3								
Nuclear Decommissioning	170,776	0	0	0	170,776			
Capital Assets:								
Land	2,300	43,340	0	496,296	541,936			
Utility Plant in Service	1,722,190	1,884,920	0	5,189,168	8,796,278			
Buildings	230,544	136,540	0	0	367,084			
Machinery and Equipment	959,982	832,931	344,689	155,862	2,293,464			
(Accumulated Depreciation	,5,,,02	052,751	541,005	133,002	2,275,104			
and Amortization)	(1,570,230)	(1,064,307)	(278,074)	(208,795)	(3,121,406)			
Total Capital Assets -	(1,570,250)	(1,004,507)	(270,074)	(200,775)	(5,121,400)			
Cost Less Depreciation	1,344,786_	1,833,424	66,615	5,632,531	8,877,356			
Other Assets	1,544,700	1,055,424	00,015	3,032,331	0,077,550			
Bond Issue Costs, Net	0	3,429	0	0	3,429			
Advances to Other Funds	850,100	0,429	0	0	850,100			
Total Other Assets	850,100	3,429	0		853,529			
Total Noncurrent Assets	2,365,662	1,836,853	66,615	5,632,531	9,901,661			
2000 1 1000 400 400 1 200 600	2,303,002				2,201,001			
Total Assets	\$3,672,740	\$2,150,428	\$ 349,675	\$ 5,751,702	\$11,924,545			

See accompanying notes.

#### CITY OF BUSHNELL, FLORIDA STATEMENT OF NET ASSETS PROPRIETARY FUNDS SEPTEMBER 30, 2004 (Concluded)

Rucin	acc_Twna	Activities
MANUSIN	ess- i voe	Activities

	Business-Type Activities									
	Electric Water							/astewater		
	Utility		Utility		Sanitation		Utility			
		Fund		Fund	Fund			Fund		Total
Liabilities and Net Assets										
Current Liabilities										
Accounts Payable	\$	207,628	\$	63,083	\$	19,565	\$	43,433	\$	333,709
Accrued Expenses		14,271		4,347		3,930		5,377		27,925
Compensated Absences		6,058		4,228		4,718		788		15,792
Due to Other Funds		0		0		0		11,805		11,805
Interfund Payable		0		0		0		144,923		144,923
Unearned Revenue:										
Developer's Agreement		0		0		0		320,155		320,155
Power Cost Recovers		54,316		0		0		0		54,316
Total Current Liabilities		282,273		71,658		28,213		526,481		908,625
Current Liabilities										
(Payable from Restricted Assets)										
Current Portion of Revenue Bonds										
and Notes Payable		25,506		20,000		0		28,000		73,506
Interest Payable		127		0		0		10,792		10,919
Customer Deposits		131,505		0		0		0		131,505
Total Current Liabilities										
(Payable from Restricted Assets)		157,138		20,000		0		38,792		215,930
Noncurrent Liabilities				<u> </u>	_					
Revenue Bond		0		0		0	2	,772,000		2,772,000
Compensated Absences		24,230		16,914		18,874		3,152		63,170
Notes Payable		25,507		141,000		0		0		166,507
Deferred Credit -		•		·						
CR-3 Decommissioning		170,776		0		0		0		170,776
Advances from Other Funds		0		220,100		0		630,000		850,100
Total Noncurrent Liabilities		220,513		378,014		18,874	3	,405,152		4,022,553
Total Liabilities		659,924		469,672		47,087		,970,425		5,147,108
Net Assets					-					
Invested in Capital Assets,										
Net of Related Debt	1	,293,773	1	,672,424		66,615	2	2,832,531		5,865,343
Restricted for Debt Services	•,	0	•	,012,424		00,015	•	29,016		29,016
Unrestricted	1	,719,043		8,332		235,973	(1	,080,270)		883,078
Total Net Assets		,012,816	\$ 1	,680,756	\$	302,588		,781,277	\$	6,777,437
	===	,,		, ,	Ė	=,	===	, , , , , , ,	<u> </u>	

# CITY OF BUSHNELL, FLORIDA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Business-Type Activities				
	Electric Water		Wastewater		-
	Utility	Utility	Sanitation	Utility	
	Fund	Fund	Fund	Fund	Total
Operating Revenues					-
Charges for Services	\$ 2,457,451	\$ 464,557	\$ 432,064	\$ 343,255	\$ 3,697,327
Operating Expenses					
Demand and Energy Charge	1,628,969	0	0	0	1,628,969
CR-3 Operations and Maintenance	59,475	0	0	0	59,475
Landfill Charges	0	0	182,094	0	182,094
Salaries and Benefits	252,389	199,264	135,786	149,503	736,942
Other Costs of Sales and Services	203,618	156,386	57,394	253,233	670,631
Depreciation and Amortization	121,342	77,047	18,161	169,304	385,854
(Total Operating Expenses)	(2,265,793)	(432,697)	(393,435)	(572,040)	(3,663,965)
Operating Income (Loss)	191,658	31,860	38,629	(228,785)	33,362
Nonoperating Revenues (Expenses)					
Interest Income	7,955	1,389	1,628	1,180	12,152
Interest Expense	(3,221)	(2,500)	(174)	(129,500)	(135,395)
Grant Revenues	39,418	0	0	42,084	81,502
Other Income	20,683	2,930	1,706	0	25,319
Total Nonoperating Revenues					
(Expenses)	64,835	1,819	3,160	(86,236)	(16,422)
Income (Expense) Before Contributions					
and Transfers	256,493	33,679	41 790	(215.021)	16.040
and Itansicis	230,493		41,789	(315,021)	16,940
Capital Contributions - Grants	0	67,000	0	0	67,000
Transfers (out)	(352,000)	(20,000)	(42,000)	0	(414,000)
Total Capital Contributions and					
Transfers	(352,000)	47,000	(42,000)	0	(347,000)
Change in Net Assets	(95,507)	80,679	(211)	(315,021)	(330,060)
Net Assets, Beginning of Year	3,108,323	1,600,077	302,799	2,096,298	7,107,497
Net Assets, End of Year	\$ 3,012,816	\$ 1,680,756	\$ 302,588	\$ 1,781,277	\$ 6,777,437

## CITY OF BUSHNELL, FLORIDA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Business-Type Activities							
	Electric Utility Fund	Water Utility Fund	Sanitation Fund	Wastewater Utility Fund	Total			
Cash Flows from Operating Activities Cash Received from Customers,			<u> </u>					
Including Cash Deposits	\$ 2,390,622	\$ 451,577	\$ 428,037	\$ 324,383	\$ 3,594,619			
Cash Paid to Suppliers	(1,790,872)	(196,252)	(131,849)	(250,068)	(2,369,041)			
Cash Paid to Employees for Services	(249,677)	(100,975)	(235,750)	(149,503)	(735,905)			
Net Cash Provided by (Used in)								
Operating Activities	350,073	154,350	60,438	(75,188)	489,673			
Cash Flows from Noncapital								
Financing Activities								
Interfund Receivable and Payable	(144,923)	0	0	144,923	0			
Grant Funds	0	0	0	62,440	62,440			
Transfers out	(352,000)	(20,000)	(42,000)	0	(414,000)			
Net Cash Provided by (Used in)								
Noncapital and Related Financing								
Activities	(496,923)	(20,000)	(42,000)	207,363	(351,560)			
Cash Flows from Capital								
and Related Financing Activities								
Acquisition and Construction								
of Capital Assets	(68,327)	(137,842)	(7,974)	(89,930)	(304,073)			
Principal Paid on Capital Debt	(24,534)	(20,000)	(22,500)	0	(67,034)			
Interest Paid	(3,221)	(2,500)	(1,070)	(129,500)	(136,291)			
Other Nonoperating Income	20,683	2,930	1,706	0_	25,319			
Net Cash Provided by (Used in) Capital								
and Related Financing Activities	(75,399)	(157,412)	(29,838)	(219,430)	(482,079)			
Cash Flows from Investing Activities								
Interest Income	7,955	1,389	1,628	1,180	12,152			
Net Increase (Decrease) in Cash								
and Cash Equivalents	(214,294)	(21,673)	(9,772)	(86,075)	(331,814)			
Cash, Beginning of Year	827,808	151,956	245,091	125,883	1,350,738			
Cash, End of Year	\$ 613,514	\$ 130,283	\$ 235,319	\$ 39,808	\$ 1,018,924			

#### CITY OF BUSHNELL, FLORIDA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

#### FOR THE YEAR ENDED SEPTEMBER 30, 2004

(Concluded)

	Business-Type Activities									
	]	Electric Utility	Water Utility		Sanitation		W	astewater Utility		
		Fund		Fund		Fund		Fund		Total
Shown in the Financial Statements As										
Cash and Cash Equivalents	\$	482,098	\$	130,283	\$	235,319	\$	0	\$	847,700
Restricted Cash		131,416		0		0_		39,808		171,224
Total	<u>\$</u>	613,514	<u>\$</u>	130,283	<u>\$</u>	235,319	<u> </u>	39,808	<u>\$</u>	,018,924
Reconciliation of Operating Income to										
Net Cash Provided by (Used in) Activities										
Operating Income (Loss)	\$	191,658	\$	31,860	\$	38,629	\$	(228,785)	\$	33,362
Adjustments to Reconcile Operating										
Income (Loss) to Net										
Cash Provided by (Used in)										
Operating Activities:										
Depreciation and Amortization		127,941		77,047		18,161		169,304		392,453
Changes in Assets Decrease										
(Increase) and Liabilities										
Increase (Decrease):										
Accounts Receivable, Net		(54,857)		(12,980)		(4,027)		(18,872)		(90,736)
Inventory		28,081		2,151		3,738		(5,857)		28,113
Accounts Payable		66,510		53,260		3,937		2,997		126,704
Accrued Expenses		2,712		3,012		. 0		6,025		11,749
Customer Deposits		(11,972)		0		0		0		(11,972)
Total Adjustments		158,415		122,490		21,809		153,597	_	456,311
Net Cash Provided by (Used in)				,					_	
Operating Activities	\$	350,073	\$	154,350	\$	60,438	\$	(75,188)	\$	489,673

Noncash Investing, Capital and Financing Activities Capital - None

#### CITY OF BUSHNELL, FLORIDA STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS SEPTEMBER 30, 2004

	Pension Trust Funds
Assets	
Cash and Cash Equivalents	\$ 44,975
Contributions Receivable	16,931
Stock and Bond Mutual Funds	482,571
Due from Other Funds	135_
Total Assets	544,612
Liabilities	
Due to Other Funds	135
Net Assets	
Held in Trust for Pension Benefits	<u>\$ 544,477</u>

## CITY OF BUSHNELL, FLORIDA STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2004
---------------------------------------

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 110,373
State	32,668
Employee	2,715
Total Contributions	145,756
Investment Earnings	54,240
Less: Investment Management Fees	(3,918)
Net Investment Income	50,322
Total Additions	196,078
Deductions	
Pension Benefit Payments and Refunds	1,233
General and Administrative	6,190
(Total Deductions)	(7,423)
Net Increase	188,655
Net Assets Held in Trust for	
Pension Benefits	
Beginning of Year	355,822
End of Year	\$ 544,477

#### Note 1 - Description of Funds and Summary of Significant Accounting Policies

The financial statements of the City of Bushnell, Florida (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. For the reporting year ended September 30, 2004, the City has implemented GASB Statement No. 34, Basic Financial Statement's—and Management's Discussion and Analysis—for State and Local Governments. Significant City accounting policies are described below.

#### Reporting Entity

The City is a political subdivision of the State of Florida located in Sumter County. The City was established under the legal authority of the Laws of Florida, Chapter 57-105. The City operates under a council-manager form of government. The legislative branch of the City is composed of a four-member elected City Council, and an elected mayor. The Mayor and City Council are governed by the City Charter by state and local laws and regulations. The Mayor and City Council are responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Manager. The City provides services to its residents in many areas, including public safety (police), highways and streets, utilities, sanitation, culture and recreation, public improvements, and general administrative services.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Management has determined that there are no component units that the City is required to report on.

#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

#### Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

#### Government-wide and Fund Financial Statements (Concluded)

Indirect expenses are allocated automatically and certain indirect costs are included in program expenses reported for individual function and activities. Program revenues include:

1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

#### Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide activities.

#### **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period; except for the hurricane-related expense reimbursement grants which are considered available if they are collected within one year of the end of the current fiscal period. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

#### Fund Financial Statements (Concluded)

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City operates the following major governmental fund:

#### ■ Governmental Funds

Governmental funds are used to account for all or most of a government's general activities. The City operates the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all
financial resources of the general government, except those required to be accounted for
in another fund.

#### ■ Proprietary Funds

Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

The City reports the following major proprietary funds:

- The Electric Utility Fund accounts for the fiscal activity of providing electric services to residential and commercial customers.
- The Water Utility Fund accounts for the fiscal activity of providing water services to residential and commercial customers.
- The Wastewater Fund accounts for the fiscal activity of providing wastewater services to residential and commercial customers.
- The Sanitation Fund accounts for the operations and maintenance of the City's refuse collection system.

Additionally, the City reports the following nonmajor and fiduciary fund types:

#### Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

#### ■ Nonmajor Funds

- Evergreen Cemetery Fund accounts for the proceeds and expenditures generated to maintain the City's cemetery.
- Community Development Block Grant (CDBG) Fund to account for the receipts awarded and expenditures made in compliance with grant requirements to develop the City's downtown area.

#### Fiduciary Funds

Pension Trust Funds - account for the activities of the City's General Employees' and
Police Officers' Retirement funds, which accumulate resources for pension benefit
payments for qualified retiring employees. They are excluded from the governmentwide financial statements because they are fiduciary in nature and do not represent
resources available to the government for operations.

#### **Summary of Significant Accounting Policies**

The City conforms to all significant accounting policies to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant principles and practices used in the preparation of these financial statements.

#### **Proprietary Funds**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the City has opted out to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB) on or for November 30, 1989, for business-type activities and enterprise funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

#### Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

#### Summary of Significant Accounting Policies (Concluded)

#### Proprietary Funds (Concluded)

When both restricted and unrestricted resources are available for use, it is the City's policy to generally use restricted resources first, and then unrestricted resources, as they are needed for their intended purposes, however, this decision is frequently made on a case-by-case basis based upon facts and circumstances. Revenues of the enterprise funds are recognized on the basis of services rendered. Billing cycles of the enterprise funds that overlap September 30, are prorated based upon meter reading dates.

#### **Budgets and Budgetary Accounting**

The City's procedures in preparing and adopting the annual budget, which is adopted on a basis consistent with generally accepted accounting principles, are as follows:

- The City Manager is responsible for preparing a proposed operating budget for all governmental funds and proprietary funds for the upcoming year prior to September 30, that includes estimated revenues, proposed expenditures, and other financing sources and uses.
- Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution.
- The City Manager is authorized to transfer budgeted amounts within any fund, but may not revise total fund expenditures without the approval of the City Council. The budget data presented is in agreement with the originally adopted budget as amended by the City Council.
- Formal budgetary integration is employed as a management control device during the year for substantially all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the provision for depreciation expense is not included in the budget of the proprietary funds. Total budgetary appropriations within a governmental fund type may not be exceeded legally. Appropriations lapse at the end of the year. Budget data, when presented in the basic financial statements is prepared on the same basis of accounting as that prescribed for the fund. An annual operating budget was prepared for all funds.

During the year, the City made supplemental budget appropriations which increased or decreased the budgets as necessary.

#### Pooled Cash and Cash Equivalents

Cash includes cash on hand, demand deposits with banks, deposits in cash management pools that have the general characteristics of demand deposit accounts, as well as short-term investments with a maturity date within three months of the date acquired. The City's pooled cash account is considered to be cash equivalent since each fund can effectively deposit or withdraw funds at any time without prior notice or penalty.

(Continued)

#### Note 1 -Description of Funds and Summary of Significant Accounting Policies (Continued)

#### Pooled Cash and Cash Equivalents (Concluded)

The City utilizes pooled cash and investment accounts in which each fund participates on a dollar equivalent basis (except the pension trust funds). Interest is distributed monthly based on average balances. The nature of the pooled accounts permits temporary negative cash balances upon overdrawing of cash available in individual funds, which is presented as interfund receivables and payables. The deposits and investments of the pension trust funds are held separately from those of other City funds.

#### **Transfers**

Transfers are recognized in the accounting period in which the interfund receivable and payable arise. Transfers are made from the utility funds to finance operations of the general fund.

#### **Capital Grants**

Accounts receivable from other governments include amounts due from grantors. Program and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable costs are incurred. Revenues received in advance of costs being incurred are deferred. Capital grants for capital asset additions to the proprietary funds are recorded as nonoperating revenues.

#### Investments

Investments including pension funds are stated at fair value-quoted market price or the best available estimate thereof.

#### Receivables

Utility operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered after the last billing date and up to September 30 is estimated and accrued at year end.

#### **Inventories and Prepaid Items**

Inventories held by the utility funds are priced by the weighted-average costs method at the lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### **Cost Reimbursements**

Certain personal services and operating expenses/expenditures recorded in various funds and departments are a results of services performed and expenses/expenditures incurred for the benefit of other funds and departments. In order to better reflect various funds and departments' actual costs, a cost reimbursement is recorded as a reduction in expenditures or expenses. The funds and departments that benefit from the services and expenses/expenditures record a cost reimbursement as an increase in expenditures or expenses.

(Continued)

#### Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

#### **Capital Assets**

Capital assets, which include land, utility plant-in-service buildings, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Utility plant-in-service and equipment with initial, individual costs that equal or exceed \$300 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost if purchased or constructed.

Capital asset purchases are recorded as capital outlay expenditures in the fund level governmental funds in the year of acquisition.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	32-50 Years
Improvements Other Than Buildings	10-50 Years
Machinery, Equipment and Furniture	3-15 Years
Investment in Crystal River No. 3 Nuclear Plant	28 Years

#### **Bond Discounts and Issuance Costs**

Bond discounts and insurance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line amortization method which produces a result not significantly different from the interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

#### **Compensated Absences**

In governmental fund financial statements, the amount of compensated absences associated with employee vacations and sick leave that are recorded as expenditures represent the amounts paid during the year, plus the amount accrued at year end that would normally be liquidated with available spendable resources. Only the amount of the compensated absence liability that would normally be liquidated with current expendable available resources in the next fiscal year is recorded in the fund financial statements of governmental funds. In the government-wide financial statements, all governmental fund compensated absences are recorded and split between the current and noncurrent portions.

In proprietary funds, the amount of compensated absences associated with employee vacations that are recorded as expenses represent the amounts paid during the year and accrued at year end. The entire liability for compensated absences of these funds is reflected in the respective financial statements split between the current and noncurrent portions.

#### Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

#### Compensated Absences (Concluded)

The policy for payment of sick leave is upon voluntary termination of the employee, 50% of the accumulated hours would be paid (75% for long-term employees with twenty or more years of full-time service) not to exceed 1,040 hours. The City accrues and records 100% of unpaid vacation pay and 50% or 75%, as applicable, of unpaid sick pay at the employee's current pay rate.

#### **Encumbrances**

Encumbrances accounting, under which purchase orders, contracts, and other commitments are recorded as expenditures in order to reserve that portion of the applicable appropriation, is not employed by the City for budgetary purposes.

#### **Unearned Revenues**

Unearned revenues include amounts collected before the revenue recognition criteria are met and receivables which, under the modified accrual basis of accounting, are measurable but not yet available.

#### **Governmental Fund Types**

Reservations of fund balance are used to indicated the portion not currently available for expenditure or segregated for a specific future use.

#### Water Line Extension Charges

Water line extension charges are made to customers to cover the full cost of the addition. Costs of the extension are reported as property and equipment and depreciation over the estimated useful life of the assets.

#### **Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2004, was 3.50%.

The tax levy of the City is established by the City Council prior to October 1 of each year and the Sumter County Property Appraiser incorporates the City millages into the total tax levy, which includes the County and the County School Board tax requirements.

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

#### Note 1 - Description of Funds and Summary of Significant Accounting Policies (Concluded)

#### **Property Taxes** (Concluded)

Taxes are assessed on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. Unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

The City does not accrue its portion of the County held tax sales certificates or personal property tax warrants because such amounts are not measurable and available as of the balance sheet date.

#### Note 2 - Deposits and Investments

#### **Denosits**

All cash deposits were held in qualified public depositories and were covered by federal depository insurance or by the Florida Security for Public Deposits Act (the Act); Chapter 280 of the Florida Statutes. The Act established a multiple-financial institution collateral pool with the ability to assess member institutions to satisfy the claims of governmental entities if any member financial institution fails. This ability to assess provides protection which is similar to depository insurance.

#### Investments

Florida Statutes authorize the investments of funds in certificates of deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the United States Government, instruments guaranteed by the United States Government, and money market funds registered with the Securities Exchange Commission. Investments may also include repurchase agreements collateralized by U.S. Treasury Securities and Market-to-Market, and deposits with the State Board of Administration pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act. The City is further authorized to invest in securities of, or other interests in, any open-ended or close-ended management type investment company or investment trust registered under the Investment Company Act of 1940, 15 United States Code. Revenue bond covenants also restrict the type and maturities of investments on bond related funds.

Governmental investments are generally required to be categorized as either: (1) insured or registered for which the securities are held by the City or its agent in the City's name; (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name; or (3) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent, but not in the City's name.

#### Note 2 - Deposits and Investments (Concluded)

#### **Investments** (Concluded)

Certain City investments, such as investment pools managed by other governments, cannot be categorized because the City's investments are not evidenced by specific, identifiable investment securities. The Local Government Surplus Funds Trust Fund is an investment pool administered by the Florida State Board of Administration. Investments held in the Fund consist of short-term federal agency obligations, treasury bills, repurchase agreements, and commercial paper. Investment income is recognized as earned and is allocated to participants of the fund based on their equity participation. In accordance with GASB Statement No. 31, the SBA has reported that the Local Government Investment Trust, which it operates, is a "2A-like" pool and, thus, these investments are valued using the pooled share price.

Assets of the general employees' pension trust fund and police officers' pension trust fund may be invested in accordance with Florida Statutes as previously described. Currently, the assets consist of stock and bond mutual funds which are not required to be categorized since the investments are not evidenced by securities that exist in physical or book entry form.

Throughout the fiscal year, the City invested only in types of investments as listed below:

	Car	tegory	Cat	egory	C	Category		Fair
Investment Description		1		2	_	3		Value
U.S. Government Bonds	\$	0	\$	0	\$	234,184	\$	234,184
Common Stock		0		0		311,486		311,486
Repurchase Agreement		0		0		8,718		8,718
Commercial Paper		0		0		98,959	_	98,959
Total Investments	\$	0	<u>\$</u>	0	\$_	<u>653,347</u>		653,347
Local Government Surplus Funds Trust Fund								522,450
Cash Deposits								919,359
Certificates of Deposit							_	465,000
Total Cash and Cash Equivalents							_	1,906,80 <u>9</u>
Total Investments and Cash and Cash								
Equivalents							\$	2 <u>,560,156</u>
Shown in the accompanying financial state	ement	s as foll	ows:					
Entity-wide Statement of Net Assets:								
Cash and Cash Equivalents							\$ :	2,032,610
Statement of Fiduciary Net Assets:								
Cash and Cash Equivalents								44,975
Investments								482,571
Total Investments and Cash and Cash								
Equivalents							<u>\$</u>	2 <u>,560,156</u>

(Continued)

#### Note 3 - Restricted Assets

#### **Nuclear Decommissioning**

The Florida Public Service Commission requires utilities to set aside monies to pay the estimated future cost of dismantling or decommissioning nuclear power plants. The City has set aside such monies in the custody account with a third party trustee.

#### **Customer Deposits**

Customer deposits have been restricted to indicate that the amount is not available for the financing of current utility operations.

#### Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2004, was as follows:

		Begioning Balance	_1:	icreases_	_	ecreases/ ransfers		Ending Balance
Governmental Activities								
Capital Assets Not Being Depreciated:								
Land	\$	486,370	\$	0	\$	0	\$	486,370
Construction in Progress		10,217		.0		(10,217)		0
Total Capital Assets Not Being Depreciated		496,587		0		(10,217)	_	486,370
Capital Assets Being Depreciated:								
Buildings		1,577,844		31,831		(55,157)		1,554,518
Improvements Other Than Buildings		633,906		6,892		66,007		706,805
Equipment and Furniture		1,709,785		71,044		(137,069)		1,643,760
Total Capital Assets Being Depreciated		3,921,535		109,767		(126,219)		3,905,083
Less Accumulated Depreciation:								
Buildings		(201,923)		(31,660)		0		(233,583)
Improvements Other Than Buildings		(251,706)		(27,345)		0		(279,051)
Equipment and Furniture		(1,057,299)		(105,116)		131,930		(1,030,485)
Total Accumulated Depreciation		(1,510,928)		(164,121)		131,930		(1,543,119)
Total Capital Assets Being Depreciated, Net		2,410,607		(54,354)		5,711		2,361,964
Governmental Activities Capital Depreciated, Net	<u>s_</u>	2,907,194	<u>s_</u>	<u>(54,354</u> )	<u>\$</u>	(4,506)	<u>\$</u>	2,848,334
Business-type Activities								
Capital Assets Not Being Depreciated:								
Land	\$	509,101	<u>\$</u>	32,835	<u>\$</u>	0	<u>\$</u>	541,936
Capital Asset Being Depreciated:								
Utility Plant in Service		8,578,247		220,980		(2,949)		8,796,278
Buildings		366,718		366		0		367,084
Machinery and Equipment		2,246,025		47,439		0		2,293,464
Total Capital Assets Being Depreciated		11,190,990		268,785		(2,949)		11.456,826
Less Accumulated Depreciation:								
Utility Plant in Service		(1,395,023)		(259,636)		335		(1,654,324)
Buildings		(129,989)		(10,240)		0		(140,229)
Machinery and Equipment		(1,219,295)		(107,558)		0		(1,326,853)
Total Accumulated Depreciation		(2,744,307)		(377.434)		335		(3.121.406)
Total Capital Assets Being Depreciated, Net		8.446.683		(108.649)		(2,614)	_	8,335,420
Total Business-type Activities Capital Assets, Net	<u>\$</u>	<u>8,955,784</u>	<u>\$</u>	(75.814)	<u>\$</u>	(2,614)	<u>\$</u>	<u>8,877,356</u>

#### Note 4 - Capital Assets (Concluded)

Depreciation Expense - Governmental Activities	
General Government	\$ 9,647
Public Safety	62,479
Transportation	26,787
Culture and Recreation	65,208
Total Depreciation Expense - Governmental Activities	<u>\$164,121</u>
Depreciation Expense - Business-type Activities	
Water Utility	\$ 76,761
Electric Utility	121,342
Sanitation Utility	18,161
Wastewater Utility	161.171
Total Depreciation Expense - Business-type Activities	<u>\$ 377,435</u>

#### Note 5 - Long-term Liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows:

	В	egianing					Ending		Amounts Due Within
		Balance	<u>Increases</u>	_	Decreases	_	Balance	_	One Year
Governmental Activities									
Notes Payable and Certificates of									
Obligation:									
Note Payable-Suntrust Bank	\$	300,000	S	0	\$ (33,333)	\$	266,667	\$	33,333
Certificate of Obligation -									
Suntrust Bank		156,493		0	(28,571)		127,922		28,571
Note Payable- Community									
National Bank		159,500		0	(29,000)		130,500		29,000
Note Payable - Community									
National Bank		13,564		0	(13,564)		0		0
Certificate of Obligation -									
Suntrust Bank	_	160,000		0	(24,000)		136,000	_	8.000
Total Notes Payable and									
Certificates of Obligation		789,557		Q	(128,468)	_	661,089		98,904
Other Liabilities:									
Capital Lease Obligation		0	43,77	0	(3,338)		40,432		7,533
Compensated Absences		93,454	69,64	4	(79,437)		83,661		16,732
Total Other Liabilities		93,454	113,41	<u>4</u>	(82,775)		124,093	_	24,265
Total Governmental Activities	<u>s_</u>	883,011	<u>\$113,41</u>	4	<u>\$(211,243</u> )	<u>\$</u>	785,182	<u>s_</u>	123,169

#### Note 5 - Long-term Liabilities (Continued)

		Beginning Balance	 ncreases	_Decreases_	_	Ending Balauce	_	Amounts Due Within One Year
Business-type Activities								
Revenue Bond and Notes Payable:								
Water and Sewer Fund								
Revenue Bond, Series 2002	2	2,800,000	\$ 0	\$ 0	\$	2,800,000	\$	28,000
Electric Utility Fund Note								
Payable		75,547	0	(24,534)		51,013		25,506
Sanitation Fund Note								
Payable - Suntrust Bank		22,500	0	(22,500)		0		0
Florida Municipal Power				• • •				
Agency - Pooled Loan Note		181,000	 0	(20,000)		161,000	_	20,000
Total Revenue Bond and								
Notes Payable		3,079,047	0	(67,034)		3,012,013		73,506
Other Liabilities:								
Compensated Absences		67,518	 54,529	(43,085)		78.962		15,792
Total Business-type Activities	\$_	3,146,565	\$ 54,529	\$(110,119)	\$_	3,090,975	<b>S</b> _	89,298

#### Notes Payable - Governmental Activities

On August 7, 2001, the City borrowed \$600,000 from the SunTrust Bank of Brooksville, Florida, with quarterly interest only payments at 4.98% until June 30, 2003, at which time a \$300,000 principal plus accrued interest payment is due. Thereafter, beginning December 30, 2003, seventeen semiannual principal payments of \$16,667 plus accrued interest are due with the final payment due on or before June 30, 2012.

On August 25, 1998, the City borrowed \$290,000 from the Community National Bank of Pasco County, for the purpose of financing the construction of the City's new public works building. The loan is collateralized by a first lien on 50% of the annual local option gas tax revenue, with a minimum annual collateral of \$90,000. The loan is payable in semiannual payments of \$14,500, including interest at 4.88%, beginning June 1, 1999, and is due December 1, 2008.

On July 15, 1994, the City borrowed \$150,000 from the Community National Bank of Pasco County, payable in monthly payments of \$1,597, including interest at 5%, beginning August 15, 1994. The loan was paid in full July 15, 2004.

#### Certificates of Obligation - Governmental Activities

On November 7, 2001, the City borrowed \$200,000 through the issuances of a Certificate of Obligation Note from SunTrust Bank for the purpose of purchasing a fire truck. The terms of the note include thirteen semiannual payments of principal in the amount of \$14,286 each plus accrued interest at 4.40% per annum, beginning May 7, 2002. The loan is due November 7, 2008.

(Continued)

#### Note 5 - Long-term Liabilities (Concluded)

#### Certificates of Obligation - Governmental Activities (Concluded)

On April 7, 2003, the City borrowed \$160,000 through the issuance of a Certificate of Obligation Note from SunTrust Bank, for the purpose of purchasing a bucket truck. The terms of the note include twenty semi-annual payments of principal in the amount of \$8,000 beginning on October 15, 2003, and monthly interest payments beginning on May 15, 2003. The loan matures on April 15, 2013.

#### Revenue Bond and Notes Payable - Business-type Activities

During the 2003 fiscal year, the City obtained financing for the Wastewater Treatment Facility from the U.S. Department of Agriculture, Rural Utility Services (RUS). RUS issued a \$2,800,000 bond to the City for the refunding of the interim financing and completion of construction costs for the Facility. The bond is payable over 40 years with interest only payments until 2005 at 4.625% and annual principal payments. There are no federal arbitrage regulations applicable to this revenue bond.

During 2003, the City borrowed \$100,000 from SunTrust Bank to finance the purchase of a bucket truck. The loan is payable in semiannual installments of principal and interest at the rate of 3.95% per annum. The loan matures on July 20, 2005.

During 2000, the City borrowed \$90,000 from SunTrust Bank to finance the purchase of a sanitation truck. The loan is payable in semiannual installments of principal in the amount of \$11,500 plus interest at 5.97% per annum, and was paid in full on June 1, 2004.

The City entered into a financing agreement with the Florida Municipal Power Agency (FMPA). Interest is payable at a variable rate (currently .85% plus a 0.60% administration fee). Final maturity is July 1, 2011.

Debt service to maturity on the City's bonded indebtedness, notes payable and certificates of obligation are as follows:

Year	Governmen	tal Activities	Business-Type Activities				
Ending	Principal_	Interest	Principal	Interest			
2005	\$ 98,904	\$ 29,483	\$ 73,506	\$ 134,025			
2006	106,904	24,492	75,507	131,370			
2007	106,904	19,500	51,000	128,891			
2008	106,904	12,937	57,000	127,114			
2009	77,469	9,201	59,000	125,206			
2010-2014	164,004	13,166	247,000	595,680			
2015-2019	0	0	245,000	544,596			
2020-2024	0	0	306,000	482,667			
2025-2029	0	0	384,000	405,013			
2030-2034	0	0	482,000	307,519			
2035-2039	0	0	604,000	185,325			
2040-2042	0	0	428,000	39,961			
Total	\$ 661,089	\$ 108,779	\$ 3,012,013	\$_3,207,367			

#### **Defeased Debt**

There are no outstanding defeased bonds.

#### Note 6 - Capital Lease Obligation

The City has entered into a lease agreement for financing the acquisition of two police vehicles and related equipment.

The assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Asset:	
Two Police Vehicles	\$ 33,076
Related Equipment	12,886
Less: Accumulated Depreciation	(3,073)
Total	\$ 42,889

Future minimum lease payments under terms of the lease are as follows:

Year	Governmental					
_Ending_	Principal	Interest				
2005	\$ 7,533	\$ 1,293				
2006	8,522	1,106				
2007	8,853	778				
2008	9,196	432				
2009	6,328	91				
Total	\$ 40,432	\$ 3,700				

#### Note 7 - Other Liabilities

#### **Crystal River 3 Decommissioning Trust Fund**

Federal law requires that an external trust fund be created to accumulate amounts to pay the future plant decommissioning. The City contributes to a common trust fund, maintained by FMPA, for all its members that own a portion of the Crystal River 3 Nuclear Generating Unit. As of September 30, 2004, the City has a balance in the trust fund of \$170,776.

#### Crystal River 3 Nuclear Decommission Cost Payable

The City is responsible for its share of the future costs to decommission the Crystal River 3 Nuclear Generating Unit. The City is accruing this cost over the expected useful life of the plant.

A summary of the activity in the liability account is as follows:

Balance, September 30, 2003	\$ 158,598
2004 Accrual	12,178
Balance, September 30, 2004	<u>\$ 170,776</u>

#### Note 8 - Electric Power Agreements

Crystal River Power Unit 3 Participation Agreement

The City is a participant in an agreement with Florida Power Corporation, which was entered into on July 31, 1975. Under terms of the agreement, the City acquired a 0.0388% ownership interest and generation entitlement share in the nuclear steam electric generating unit. Participants are entitled to energy output of the unit based upon their respective generation entitlement share.

Florida Power Corporation has been appointed by the participants to act as their agent and has sole authority to manage, control, maintain and operate the unit. Operating costs of the unit, in general, are shared in proportion to each generation entitlement share on a monthly basis. Common and external facilities of the generating unit are solely owned by Florida Power Corporation, and participants share in the operating and maintenance expenses of such facilities in proportion to their generation entitlement share.

The participation agreement provides for reversion of the ownership interest of the unit to Florida Power Corporation on August 1, 2050, or upon retirement from service, whichever occurs first.

#### Florida Municipal Power Agency (FMPA)

The City is a member of the FMPA, which is a joint action agency formed by a number of Florida municipalities for the purpose of providing electric power alternatives for its members.

FMPA is a nonprofit, joint action agency formed pursuant to Florida Statutes. FMPA has the authority to undertake joint power supply projects and to issue tax-exempt bonds or other obligations to finance or refinance the costs of such projects.

Due to the diverse needs of Florida's municipal electric systems, FMPA was established as a project-oriented agency. Under this structure, each member has the option whether or not to participate in a project. Members may choose to participate in more than one project; however, each of the FMPA's five projects is independent from the other and no revenues or funds available from one project can be used to pay the costs of any other project.

The City has elected to participate in the "All Requirements Project," which supplies all of the City's power requirements. The agreement will remain in effect until October 1, 2035, with optional successive five-year renewal periods. The contract provides for optional withdrawal by the City, but would require the City to make all remaining project members whole. The cost to the City withdrawing from the contract has not been calculated.

Power rates charged to the City by FMPA are subject to a majority vote of the Board of Directors of FMPA. In addition, the City has elected participation in the "Pooled Loan Project" in which FMPA issues debt, then loans the money to individual systems to finance utility-related projects.

#### Note 9 - Employee Retirement Systems

#### Florida State Retirement System

All full-time employees of the City hired prior to January 1, 1996, participate in the Florida State Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the state of Florida. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

All full-time employees of the City hired prior to January 1, 1996, are eligible to participate in the System. Special risk employees who retire at or after age 55, with six years of creditable service; and all other employees who retire at or after age 55, with six years of creditable service; are entitled to a retirement benefit, payable monthly for life, equal to the product of: 1) average monthly compensation in the highest five years of creditable service; 2) creditable service during the appropriate period; and 3) the appropriate benefit percentage. Benefits fully vest on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and annual cost-of-living adjustments. Benefits are established by Florida Statute.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City, are required to contribute 7.39% of the compensation for regular members, 18.53% for special risk, 9.37% senior management and 15.37% for elected officials through June 30, 2004. Beginning July 1, 2004, the required contribution rate is changed to 7.39%, 18.53%, 9.37% and 15.23% of the member's gross compensation for regular members, special risk, senior management and elected officials, respectively. The City's contributions to the System for the years ended September 30, 2004, 2003, 2002, were as follows:

Year	_A	Amount		
2004	\$	42,345		
2003		35,809		
2002		49,504		

#### Florida State Retirement System Opt-Out

In December 1995, the City Council approved opting out of the Florida State Retirement System effective with all new employees hired after January 1, 1996. City employees covered under the System at December 31, 1995, will continue to participate in the state System and the City will continue to make contributions on their behalf. Administrative costs for each plan are financed through investment earnings.

#### Note 9 - Employee Retirement Systems (Continued)

#### **Pension Trust Funds**

#### ■ Plan Description

In January 1996, the City adopted two separate single-employer pension plans, one for police officers and a general employees' retirement plan that covers substantially all full-time City employees employed after January 1, 1996, pursuant to the City's opt out of the Florida Retirement System. These plans are maintained as pension trust funds and included as part of the City's reporting entity. City ordinance and state law requires contributions to be determined by actuarial studies every three years. Stand-alone financial reports are not issued.

The general employees' retirement plan covers all full-time employees, except for police officers. The plan is noncontributory, and the City provides the full contribution to fund the plan. The annual pension cost related to the plan includes amortization, over a thirty-year period, of a prior service cost established October 13, 1995.

The police officers' retirement plan covers all full-time police officers. The plan is contributory and requires participants to contribute 1% of their salary to the plan. The City provides the balance of contributions required after the participants' contributions. In addition, state funds collected under Florida Statutes Chapter 185 are contributed to the plan.

Substantially all full-time City employees hired on or after January 1, 1996, are eligible to participate in their respective plans. Benefits vest after six years of credited service for all employees.

#### ■ Membership

Membership of each plan consisted of the following as of September 30, 2004:

	General Employees	Police Pension Officers
Active Plan Members	18	8
Retirees and Beneficiaries Receiving Benefits	0	0
Terminated Plan Members, Entitled but Not Yet	0	0
Receiving Benefits	0	0
Total	18	8

#### ■ Annual Pension Costs

The Board of Trustees of each plan establishes, and may amend, the contribution requirements of plan members and the City. The City's contribution rates for current year and annual pension cost and related information per most recent actuarial report for each plan is shown below:

#### Note 9 - Employee Retirement Systems (Continued)

#### Pension Trust Funds (Continued)

■ Annual Pension Costs (Concluded)

	General Employees			Police Officers
Contribution Rates				
Employer		13.8%		17.0%
Employee		0.00%		1.00%
Annual Required Contribution (ARC)	\$	43,056	\$	48,261
Interest on Net Pension Obligation (Asset)		(1,212)		0
Annual Pension Costs		41,844		48,261
Contributions Made		49,387		52,442
(Increase) in Net Pension Obligation		(7,543)		(4,181)
Net Pension Obligation (Asset), Beginning of Year		(15,154)		4,181
Net Pension Obligation (Asset), End of Year	\$	(22,697)	<u>\$</u>	0
		General E	mpl	loyees

and Police Officers
October 1, 2003
Aggregate
N/A
N/A
Market Value
8.0%
6.0%
3.0%
3.0%

Both the general employees' and police officers' plans use the aggregate actuarial cost method, which does not identify or separately amortize unfunded actuarial liabilities.

#### **■** Three-year Trend Information

Three-year trend information for the plan follows:

Plan	Fiscal Annual Year Pension Ending Cost (APC)		ension	Percentage of APC Contributed	0	Net Pension bligation (Asset)
General Employees	9/30/2003	\$	41,677	118%	\$	(22,697)
	9/30/2002		30,146	111%		(15,154)
	9/30/2001		20,494	121%		(11,847)
Police Officers	9/30/2003		19,552	119%		0
	9/30/2002		4,508	363%		0
·	9/30/2001		4,725	100%		0
	9/30/2002 9/30/2001 9/30/2003 9/30/2002	\$	30,146 20,494 19,552 4,508	111% 121% 119% 363%	\$	(15

#### Note 9 - Employee Retirement Systems (Continued)

#### Pension Trust Funds (Continued)

#### Schedule of Pension Plan Net Assets as of September 30, 2004

	Em	General Employees' Fund		Police Officers' Pension Fund		Total	
Assets							
Cash and Cash Equivalents	\$	18,254	\$	26,721	\$	44,975	
Investments		208,600		273,971		482,571	
Contributions Receivable		11,039		5,892		16,931	
Due from Other Funds		0		135		135	
Total Assets		237,893		306,719		544,612	
Liabilities							
Due to Other Funds		(135)		0		(135)	
Net Assets							
Reserved for:							
Employees' Pension Benefits	<u>\$</u>	237,758	<u>r</u>	306,719	<u>\$</u>	<u>544,477</u>	

#### Schedule of the Change in Pension Plan Net Assets as of September 30, 2004

	Em Ret	General Employees' Retirement <u>Fund</u>		Police Officers' Retirement Fund		Total	
Additions							
Contributions:							
Employer	\$	84,963	\$	25,410	\$	110,373	
State		0		32,668		32,668	
Employee		0		2,715		2,715	
Total Contributions		84,963		60,793		145,756	
Investment Income				-			
Gain		20,905		33,335		54,240	
Less: Investment							
Management Fees	<u></u>	(1,633)		(2,285)		(3,918)	
Net Investment Income		19,272		31,050		50,332	
Total Additions		104,235		91,843		196,078	

#### Note 9 - Employee Retirement Systems (Concluded)

Pension Trust Funds (Concluded)

## Schedule of the Change in Pension Plan Net Assets as of September 30, 2004 (Concluded)

Deductions	General Employees' Retirement Fund	Police Officers' Retirement Fund	Total	
Pension Benefit Payments and Refunds General and Administrative (Total Deductions)	\$ 0 3,220 (3,220)	\$ 1,233 2,970 (4,203)	\$ 1,233 6,190 (7,423)	
Net Increase	101,015	87,640	188,655	
Net Assets Reserved for Employees' Pension Benefits:				
Beginning of Year	136,743	219,079	355,822	
End of Year	\$237,758	\$ 306,719	<u>\$ 544,477</u>	

#### Note 10 - Post Retirement Benefits

The City allows retired employees to participate in the City's health insurance plan. These retirees are responsible for 50% of their premium payments. The City records an expense or expenditure at the time of payment of the retirement benefits. There were two retirees participating in the City's health insurance plan as of September 30, 2004.

#### Note 11 - Interfund Receivables, Payables and Transfers

#### Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2004, are as follows:

		iterfund <u>eceivable</u>	Interfund Payables	
Major Funds	-			
General Fund	\$	820	\$	0
Electric Fund		144,923		0
Wastewater Utility Fund		0		156,728
Water Utility Fund		11,805		0
Nonmajor Funds		135		955
Total Interfund Receivables and Payables	\$	157,683	\$	157,683

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made.

#### Note 11 - Interfund Receivables, Payables and Transfers (Continued)

#### **Interfund Transfers**

Interfund transfers at September 30, 2004, are as follows:

	 nterfund Transfers in	Interfund Transfers out		
Major Funds				
General Fund	\$ 414,000	\$	0	
Electric Utility Fund	0		352,000	
Water Utility Fund	0		20,000	
Sanitation Fund	 0		42,000	
Total Interfund Transfers	\$ 414,000	\$	414,000	

Transfers are made, in accordance with the budget, to supplement the revenues needed to cover the expenditures of providing general governmental services.

#### Advances

Advances to and from other funds at September 30, 2004, are as follows:

	Adv to C Fu	Advances from Other Funds		
Major Funds	<del> </del>			
Water Utility Fund	\$	0	\$	220,100
Wastewater Utility Fund		0		630,000
Electric Utility Fund		850,100		0
Total Advances	\$:	850,100	\$	850,100

Advances to other funds were made to supplement capital costs for their respective utility distribution systems. None of the balances are scheduled to be collected in the subsequent year.

#### Note 12 - Other Disclosures

Deficiency of General Fund Expenditures Over Budgeted Expenditures

			Expenditures
			(in Excess)
	Final		Budgeted
	Budget	Actual	Expenditures
General Fund	\$ 1.882,553	\$ 1,933,236	\$ (50,683)

#### Note 12 - Other Disclosures (Concluded)

#### **Allowances for Doubtful Accounts**

Allowances for doubtful accounts at September 30, 2004, are as follows:

Electric Utility Fund	\$ 3,000
Water Utility Fund	500
Sanitation Fund	500
Total Allowances for Doubtful Accounts	\$ 4.000

#### Note 13 - State Financial Assistance and Federal Single Audit

During the fiscal year, the City expended less than \$500,000 in state financial assistance and federal awards therefore, no audit was required pursuant to the Florida Single Audit Act or A-133 Federal Single Audit.

#### Note 14 - Governmental Accounting Standards Board (GASB) Statement No. 34

The general provisions of GASB Statement No. 34 were implemented by the City during the current fiscal year; the City plans on implementing the retroactive reporting of infrastructure by the year ending September 30, 2008.

#### Note 15 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City transfers risk of loss through the purchase of commercial insurance from the Florida League of Cities, Inc. and independent agencies. Insurance against losses are provided for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Real and Personal Property Damage
- Public Officials' Liability
- Accidental Death and Disability

The City's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the City's experience for this type of risk. There have been no significant reductions in insurance coverage during fiscal year 2004. Settled claims have not exceeded the commercial excess coverage in any of the past three years.

#### Note 16 - Contingencies

#### **Grants**

Amounts received or receivable from grantor agencies are subject to audits and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, any such adjustments would not be significant.

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#### REQUIRED SUPPLEMENTARY INFORMATION

The following supplementary schedules present trend information regarding the retirement plans for the City's general employees, police officers, and major fund budgetary comparison schedules. This information is necessary for a fair presentation in conformity with generally accepted accounting principles.

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# REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER GENERAL EMPLOYEES' RETIREMENT FUND AND POLICE OFFICERS' RETIREMENT FUND CITY OF BUSHNELL, FLORIDA

Because the plans use the Aggregate Actuarial Cost Method for funding, the schedule of funding progress is not required per the Governmental Accounting Standards Board (GASB) Statement No. 25.

A schedule of contributions from the employer and other contributing entities follows:

#### General Employees' Retirement Plan

	Ar	nual			
Year Ended	Reg	uired	•	City's	Percentage
September 30,	Conti			tribution	Contributed
2003	\$	41,667	\$	49,522	119.00%
2002		30,146		33,583	111.40%
2001		20,494		24,737	121.00%
2000		20,211		21,963	109.00%
1999		9,719		15,721	161.75%
1998		7,743		7,743	100.00%
1997		3,303		3,303	100.00%
1996		879		879	100.00%

#### Police Officers' Retirement Plan

Year Ended September 30,	Re	annual equired tribution	City's tribution	_	tate's tribution	Percentage Contributed
2003	\$	48,261	\$ 23,316	\$	26,773	104.00%
2002		29,561	16,368		25,053	140.12%
2001		26,036	4,725		21,311	100.00%
2000		22,014	14,635		7,379	100.00%
1999		14,940	0		20,190	135.14%
1998		8,965	8,965		26,773	398.64%
1997		5,577	5,577		8,421	251.00%
1996		2,315	2,315		0	100.00%

Note: Both plans were established during the fiscal year ended September 30, 1996.

#### CITY OF BUSHNELL, FLORIDA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

#### MAJOR FUND - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget		Final Budget	Actual	Fin: I	ance With al Budget Positive Tegative)
Revenues			R	 		<u> </u>
Taxes						
Ad Valorem	\$ 292,079	\$	292,079	\$ 283,977	\$	(8,102)
Local Government Infrastructure Surtax	119,265		172,068	175,114		3,046
Local Option Gas Tax	132,445		132,445	140,389		7,944
Franchise Tax:						
Electric	70,821		92,938	103,763		10,825
Utility Tax:						
Communication	106,604		106,604	99,511		(7,093)
Gas	15,332		16,000	15,205		(795)
Electric	71,404		102,267	114,176		11,909
City Utility Tax	115,038		115,038	110,635		_(4,403)
Total Taxes	 922,988		1,029,439	 1,042,770		13,331
Licenses and Permits						
City Building Permits	12,351		12,351	3,832		(8,519)
City Occupational License	5,448		9,000	8,318		(682)
Total Licenses and Permits	17,799		21,351	 12,150		(9,201)
Intergovernmental Revenue						
State Revenue Sharing	73,708		73,708	76,578		2,870
Alcohol Beverage License Distribution	1,500		1,500	1,099		(401)
Mobile Home Licenses	7,603		7,603	7,975		372
County Occupational License	1,500		1,500	1,720		220
Sumter County Gas Tax	23,820		23,820	24,030		210
County Reimbursement - Fire Truck	36,418		36,418	35,152		(1,266)
County Library Funding	20,152		20,152	20,152		(1,200)
Half-cent Sales Tax	71,385		90,537	100,829		10,292
Total Intergovernmental Revenue	 236,086		255,238	 267,535		12,297
Grant Revenue	 	_				- <del>-</del>
SWFMD Grant	243,500		0	0		0
Land and Water Conservation Grant	166,100		0	0		0
FEMA/DCA Hurricane	100,100		Ū	V		U
Reimbursement Grant	0		0	99,287		99,287
Library Grant	30,000		30,000	30,000		0
FRDAP Grant	0		0	16,494		16,494
FDOT Landscaping Grant	0		0	6,395		6,395
Law Enforcement Grant	 0		0	 1,506		1,506_
Total Grant Revenue	439,600		30,000	 153,682		123,682

### CITY OF BUSHNELL, FLORIDA

#### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL MAJOR FUND - GENERAL FUND

#### FOR THE YEAR ENDED SEPTEMBER 30, 2004

(Continued)

		Original Budget		Final Budget		Actual	Fin	iance With al Budget Positive Vegative)
Revenues (Concluded)		<b>P</b>	-	<b>_</b>				
Charges for Services								
Mowing Fees	\$	3,000	\$	3,000	\$	3,150	\$	150
Fall Festival		12,445		12,445		10,427		(2,018)
Summer Youth Program		17,372		14,038		19,038		5,000
Total Charges for Services		32,817		29,483		32,615		3,132
Fines and Forfeitures								
Fines and Forfeitures		26,284		47,000		54,655		7,655
Police Education		714		2,054		2,276		222
Total Fines and Forfeitures		26,998	_	49,054	-	56,931		7,877
Miscellaneous Revenue								
Interest Earned		3,658		3,658		2,939		(719)
Rent - Community Building		7,000		7,000		5,000		(2,000)
Rent - Tower Space		6,000		8,038		7,238		(800)
Disposition of Fixed Assets		0		0		0		0
Miscellaneous		16,940		25,626		26,296		670
Total Miscellaneous Revenue		33,598		44,322		41,473		(2,849)
Total Revenues	_\$	1,709,886	<u>\$</u>	1,458,887	<u>\$</u>	1,607,156	\$	148,269
Expenditures								
General Government								
Legislative:								
Personal Services	\$	18,000	\$	18,000	\$	18,000	\$	0
Operating Expenses		8,439		13,344		13,344		0
Grants and Aid		6,000		2,850		2,850		0
Total Legislative		32,439		34,194		34,194		0
Finance and Administrative:								
Personal Services		234,362		240,214		240,950		(736)
Operating Expenses		59,885		60,335		73,642		(13,307)
Capital Outlay		0		2,116		2,116		0
Total Finance and Administrative		294,247		302,665		316,708		(14,043)
Legal Counsel:								
Operating Expenses		24,844		24,844		22,980		1,864
Total General Government		351,530		361,703		373,882		(12,179)

#### CITY OF BUSHNELL, FLORIDA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

#### MAJOR FUND - GENERAL FUND

#### FOR THE YEAR ENDED SEPTEMBER 30, 2004

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued)				
Public Safety				
Law Enforcement:				
Personal Services	\$ 452,465	\$ 485,291	\$ 476,095	\$ 9,196
Operating Expenses	104,047	120,976	107,271	13,705
Capital Outlay	700	59,316	59,316	
Total Law Enforcement	557,212	665,583	642,682	22,901
Fire Department:				
Operating Expenses	0		1,689	(1,689)
Code Compliance Department:				
Personal Services	43,563	43,563	43,525	38
Operating Expenses	13,303	5,142	4,723	419
Total Code Compliance Department	56,866	48,705	48,248	457
Total Public Safety	614,078	714,288	692,619	21,669
Physical Environment Cemetery:				
Operating Expenses	400	400	0	400
Industrial Development Department:				
Grants and Aids	12,000	12,000	12,000	0
Arrianal Cantach				
Animal Control:	200	200		224
Operating Expenses Total Physical Environment	300	300	12.066	634
Total Physical Environment	12,700	12,700	12,066	034
Transportation				
Roads and Streets:	1.00 1.0			(0.505)
Personal Services	150,115	156,907	166,412	(9,505)
Operating Expenses	362,674	133,494	178,771	(45,277)
Capital Outlay	177,000	2,000	1,356	644
Total Transportation	689,789	292,401	346,539	(54,138)
Culture and Recreation				
Libraries:	***			
Personal Services	82,664	82,664	79,440	3,224
Operating Expenses	27,300	26,368	31,116	(4,748)
Capital Outlay	4,000	11,377	11,377	(1.524)
Total Libraries	113,964	120,409	121,933	(1,524)

#### CITY OF BUSHNELL, FLORIDA SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

### s, expenditures, and changes in fund balance BUDGET AND ACTUAL

#### MAJOR FUND - GENERAL FUND

#### FOR THE YEAR ENDED SEPTEMBER 30, 2004

(Concluded)

Expenditures <i>(Concluded)</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Culture and Recreation (Concluded)				
Parks and Recreation:				
Personal Services	\$ 85,207	\$ 75,343	\$ 69,926	\$ 5,417
Operating Expenses	5 83,207 59,472	•	73,075	1,982
		75,057 42,789		·
Capital Outlay Total Parks and Recreation	338,700		35,602	7,187
Total Parks and Recreation	483,379	193,189	178,603	14,586
Special Events:				
Operating Expenses	22,101	22,101	20,610	1,491
Summer Youth Program:				
Personal Services	8,650	8,650	5,241	3,409
Operating Expenses	9,300	10,242	13,425	(3,183)
Total Summer Youth Program	17,950	18,892	18,666	226
Total Culture and Recreation	637,394	354,591	339,812	14,779
Debt Service				
Principal Retirement	120,236	112,469	131,806	(19,337)
Interest and Fiscal Charges	39,754	34,401	36,512	(2,111)
Total Debt Service	159,990	146,870	168,318	(21,448)
(Total Expenditures)	(2,465,481)	(1,882,553)	(1,933,236)	(50,683)
(Deficiency) of Revenue (Under)				
Expenditures	(755,595)	(423,666)	(326,080)	97,586
Other Financing Sources (Uses) Transfers in:				
Electric	352,495	352,495	352,000	(495)
Water	20,000	20,000	20,000	` o´
Sanitation	42,000	42,000	42,000	0
Debt Proceeds	341,100	43,778	43,770	(8)
Total Other Financing Sources	755,595	458,273	457,770	(503)
Excess of Revenues and Other Financing Sources Over Expenditures and				
Other Financing Uses	0	34,607	131,690	97,083
Fund Balance, Beginning of Year	330,968	330,968	330,968	0
Fund Balance, End of Year	\$ 330,968	\$ 365,575	\$ 462,658	\$ 97,083
-	<del></del>			

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SUPPLEMENTAL INFORMATION

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## CITY OF BUSHNELL, FLORIDA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

	Special Revenue Funds						
	Cemetery Fund	CDBG Fund	Total				
Assets			<del></del>				
Cash and Cash Equivalents	\$ 490,390	\$ 1,217	\$ 491,607				
Due from Other Governments	0	830	830				
Total Assets	490,390	2,047	492,437				
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	197	0	197				
Deposits	4,500	0	4,500				
Due to General Fund	0	820	820				
Deferred Revenue	0	1,227	1,227				
Total Liabilities	4,697	2,047	6,744				
Fund Balance							
Reserved for Perpetual Care	485,693	0	485,693				
Total Liabilities and Fund							
Balances	\$ 490,390	\$ 2,047	\$ 492,437				

## CITY OF BUSHNELL, FLORIDA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

		Special Reven	ue Fund	s	
	Cemetery	CDBC	3		
	Fund	Fund	<u> </u>		Total
Revenues					
Contributions	\$ 6,60	00 \$	0	\$	6,600
Sale of Cemetery Lots	7,72	25	0		7,725
Interest	8,53	30	0		8,530
Memorials and Gifts	12	25	0		125
Total Revenues	22,98	30	0		22,980
Expenditures					
General Government	19,16	50	0		19,160
Excess of Revenues Over					
Expenditures	3,82	20	0		3,820
Fund Balances, Beginning of Year	481,87	73	0		481,873
Fund Balances, End of Year	\$ 485,69	3 \$	0	\$	485,693

# CITY OF BUSHNELL, FLORIDA BUDGET TO ACTUAL COMPARISON - NONMAJOR FUND CEMETERY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

		Final Budget	Actual	Fin:	iance With al Budget Positive legative)
Revenues					
Contributions	\$	8,500	\$ 6,600	\$	(1,900)
Sale of Cemetery Lots		6,000	7,725		1,725
Interest		20,000	8,530		(11,470)
Memorials and Gifts		500	125		(375)
Total Revenues		35,000	 22,980		(12,020)
(Expenditures)		(35,000)	 (19,160)		15,840
Excess of Revenues Over Expenditures		0	3,820		3,820
Fund Balance, Beginning of Year		481,873	 481,873		0
Fund Balance, End of Year	<u>\$</u>	481,873	\$ 485,693	\$	3,820

## CITY OF BUSHNELL, FLORIDA BUDGET TO ACTUAL COMPARISON - NONMAJOR FUND CDBG

## FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Fii Bud	nal Iget	Ac	tual	Final I Posi	ce With Budget itive ative)
Revenues	\$	0	\$	0	\$	0
(Expenditures)	•	0		0		0
Excess of Revenues Over Expenditures		0		0		0
Fund Balance, Beginning of Year		0		0		0
Fund Balance, End of Year	\$	0	\$	0	\$	0

## STATISTICAL SECTION

## GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) (2) LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

The first two times that the first to the first times

							Culture		
Fiscal	General	Public	Physical		Human	Economic	and	Debt	
<u>Year</u>	Government	Safety	Environment	Transportation	Services	Environment	Recreation	Service	Total
1995	\$ 280,284	\$425,897	\$ 20,534	\$ 214,868	\$ 0	\$ 12,000	\$ 134,779	\$ 0	\$1,088,362
1996	317,049	439,703	62,017	208,376	0	12,250	225,620	0	1,265,015
1997	279,604	469,726	258,109	201,520	0	13,000	289,541	0	1,511,500
1998	269,378	437,443	30,522	785,847	0	9,000	148,863	97,102	1,778,155
1999	306,366	440,907	33,001	431,133	0	12,000	264,934	43,069	1,531,410
2000	391,477	505,189	0	325,582	0	15,000	329,453	63,078	1,629,779
2001	335,139	562,608	69,426	280,747	0	2,000	417,086	64,502	1,731,508
2002	347,502	671,046	**	**	289,738	**	249,285	107,088	1,664,659
2003	368,574	570,454	0	0	568,038	0	446,017	419,515	2,372,598
2004	393,042	692,619	12,066	346,539	(a)	0	339,812	168,318	1,952,396

<sup>(1)</sup> Includes general and special revenue funds.

### **Information Source:**

**Audited Financial Reports** 

<sup>(2)</sup> Includes capital outlay expenditures by function.

During 2002, physical environment, transportation and economic environment functions were combined into the Human Services function.

<sup>(</sup>a) During 2004, expenditures for the physical environment and transportation function were reclassed from the Human Services function.

## GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

Fiscal Year	Taxes	License and Permits	Interg	* overnmental	harges for ervices	Fines and rfeitures	nterest and cellaneous_	Total
1995	\$ 504,851	\$18,748	\$	381,085	\$ 1,787	\$ 19,134	\$ 79,900	\$ 1,005,505
1996	536,217	21,940		506,840	750	37,014	150,006	1,252,767
1997	577,880	14,891		619,647	3,074	34,834	112,377	1,362,703
1998	708,234	25,446		507,413	5,388	23,348	113,954	1,383,783
1999	741,281	5,093		271,282	19,398	39,109	104,625	1,180,788
2000	752,375	10,120		329,337	15,675	28,262	118,663	1,254,432
2001	845,671	8,836		538,473	21,699	22,494	73,599	1,510,772
2002	759,625	21,021		532,377	20,008	26,319	73,019	1,432,369
2003	838,785	14,433		327,643	35,077	17,243	85,717	1,318,898
2004	1,042,770	12,150		421,217	32,615	56,931	64,453	1,630,136

<sup>(1)</sup> Includes general and special revenue funds.

### Information Source:

Audited Financial Reports

<sup>\*</sup> Intergovernmental revenues includes grant revenues.

TABLE 3

## GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1) LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

In the forth to the first to the first to the first to the

						S	ales Use	
Fiscal	P	roperty	F	ranchise	Utility		and	Total
Year		Taxes		Fees	Taxes	G	as Taxes	 Taxes
1995	\$	92,993	\$	55,796	\$ 224,986	\$	131,076	\$ 504,851
1996		94,340		58,618	233,307		149,952	536,217
1997		96,703		70,562	263,724		146,891	577,880
1998		93,779		71,762	243,798		298,895	708,234
1999		95,341		67,172	254,215		324,553	741,281
2000		94,776		74,443	265,383		317,773	752,375
2001		103,989		87,545	306,902		347,235	845,671
2002		124,441		61,345	306,879		266,960	759,625
2003		180,345		79,443	311,320		267,677	838,785
2004		283,977		103,763	339,527		315,503	1,042,770

<sup>(1)</sup> Includes general and special revenue funds.

Information Source:
Audited Financial Reports

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

Fiscal Year	Total Tax Levy	Current Ollections	Percent of Levy Collected	•	nquent Fax ections	Total Tax llections	Percent of Total Tax Collections to Tax Levy
1995	\$ 97,083	\$ 92,993	96%		*	\$ 92,993	96%
1996	97,598	94,340	97%		*	94,340	97%
1997	99,741	96,703	97%		*	96,703	97%
1998	98,259	93,526	95%	\$	253	93,779	95%
1999	97,660	94,744	97%		597	95,341	98%
2000	93,261	94,566	101%		210	94,776	102%
2001	105,771	103,783	98%		206	103,989	98%
2002	129,973	124,309	96%		132	124,441	96%
2003	187,689	180,074	96%		271	180,345	96%
2004	401,341	283,977	71%		562	284,539	71%

<sup>\*</sup> Information not available.

### Information Source:

Sumter County Tax Collector and City Clerk's Office

## ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

the total time the time the time to the time to the time to the time time

	Real P	roperty	Personal	Property	To	tal	
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value
1995	*	*	*	*	\$40,876,122	\$48,089,555	85%
1996	*	*	*	*	42,016,283	49,430,921	85%
1997	*	*	*	*	44,689,547	52,575,937	85%
1998	\$34,612,123	\$44,538,727	\$11,153,561	\$11,160,563	45,765,684	55,699,290	82%
1999	37,489,724	53,308,291	11,621,364	12,911,203	49,111,088	66,219,494	75%
2000	42,971,688	53,748,501	13,039,744	13,046,244	56,011,432	66,794,745	85%
2001	49,955,255	61,049,808	14,793,127	14,799,627	64,748,382	75,849,435	85%
2002	55,848,388	67,919,372	18,975,340	19,370,643	74,823,728	87,290,015	86%
2003	66,137,442	79,041,600	17,905,037	17,912,138	84,042,479	96,953,738	87%
2004	71,762,910	94,846,097	18,958,581	24,403,456	90,721,491	119,249,553	76%

<sup>\*</sup> Information not available.

### Information Source:

Sumter County Property Appraiser

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

	Total	Total	
Fiscal	City	State and	
Year	Millage	County Millage	<u>Total</u>
1995	2.49	20.09	22.58
1996	2.38	20.09	22.47
1997	2.35	20.14	22.49
1998	2.18	20.08	22.26
1999	2.147	20.02	22.167
2000	1.997	21.073	23.07
2001	1.889	21.073	22.962
2002	2.5	21.273	23.773
2003	3.5	21.273	24.773
2004	4.5	24.339	28.839

### Information Source:

City Millage Records

Sumter County Property Appraiser

## COMPUTATION OF OVERLAPPING BOND DEBT FOR THE YEAR ENDED SEPTEMBER 30, 2004 CITY OF BUSHNELL, FLORIDA

Overlapping Debt	Debt Outstanding		Percent Applicable	Amount Applicable		
Sumter County	\$	12,975,000	3.82%	\$	495,645	
Sumter County School Board		4,426,000	3.82%		169,073	
Total Overlapping Debt				\$	664,718	

Note:

The City has no general bonded debt.

**Information Source:** 

Sumter County Finance Department Sumter County School Board

## PRINCIPAL TAXPAYERS SEPTEMBER 30, 2004 CITY OF BUSHNELL, FLORIDA

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
Wal-Mart	\$ 8,086,712	7.8%
Metal Industries	4,299,541	4.1%
Bellotto Properties, Inc.	4,201,286	4.0%
Osprey of North Florida	1,966,877	1.9%
MC Suites, Inc.	1,469,140	1.4%
Sundance-Oaks, LLC	1,378,740	1.3%
420 N. Main, LLC	1,261,279	1.2%
American Television	1,047,152	1.0%
Yusef Gosla	951,467	0.9%
Bushnell Elderly Housing	914,561	0.9%
Total Assessed Value	\$ 25,576,755	24.5%

**Information Source:** 

Sumter County Property Appraiser

### RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL DEBT TO TOTAL GENERAL EXPENDITURES LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

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Fiscal Year	P	rincipal	I	nterest	 Total Debt Service	Total General enditures (1)	Ratio of Debt Service to Total General Expenditures
1995	\$	23,723	\$	14,640	\$ 38,363	\$ 1,088,362	3.52%
1996		23,527		13,172	36,699	1,265,015	2.90%
1997		25,813		12,483	38,296	1,511,500	2.53%
1998		86,526		10,576	97,102	1,778,155	5.46%
1999		27,923		15,146	43,069	1,531,410	2.81%
2000		45,663		17,415	63,078	1,629,779	3.87%
2001		45,255		19,247	64,502	1,731,508	3.73%
2002		60,341		46,747	107,088	2,464,711	4.35%
2003		376,208		43,307	419,515	2,367,432	17.72%
2004		131,806		36,512	168,318	1,952,393	8.62%

<sup>(1)</sup> Includes general and special revenue funds.

Information Source:

Audited Financial Reports

## SCHEDULE OF ELECTRIC UTILITY REVENUE DEBT SERVICE LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

Net Operating

Fiscal	Operating	Operating	Revenue Available for	Deb	t Servi	ce Requiren	nents		Debt Coverage
Year	Revenues	Expenses	Debt Service	 Principal	I	nterest		Total	Ratio
1995	\$ 1,494,100	\$ 1,249,954	\$ 244,146	*		*	\$	73,419	3.33%
1996	1,652,681	1,341,876	310,805	*		*		71,363	4.36%
1997	1,784,613	1,368,548	416,065	*		*		76,228	5.46%
1998	1,863,515	1,398,763	464,752	\$ 107,905	\$	4,402		112,307	4.14%
1999	1,824,130	1,375,163	448,967	26,205		2,375		28,580	15.71%
2000	1,982,195	1,547,436	434,759	30,572		1,417		31,989	13.59%
2001	2,380,486	1,932,692	447,794	30,573		133		30,706	14.58%
2002	2,160,507	1,819,916	340,591	0		0		0	0.00%
2003	2,237,324	2,010,249	227,075	24,441		2,819		27,260	8.33%
2004	2,457,451	2,265,793	191,658	24,534		3,221		27,755	6.91%

<sup>\*</sup> Information not available.

### Information Source:

Audited Financial Reports General Ledger

### SCHEDULE OF WATER REVENUE DEBT SERVICE LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

to the ten ten to the to the to the ten to the ten to the

**Net Operating** 

Fiscal	o	perating	0	perating		evenue ilable for		. Debi	l Servi	ce Requiren	nents		Debt Coverage
Year	F	Revenues		Expenses	Deb	t Service	P	rincipal	I	nterest		Total	Ratio
1995	\$	285,767	\$	220,368	\$	65,399		*		*	\$	38,828	1.68%
1996		366,672		236,155		130,517		*		*		56,762	2.30%
1997		333,100		233,147		99,953		*		*		56,962	1.75%
1998		371,517		278,354		93,163	\$	28,222	\$	15,000		43,222	2.16%
1999		424,921		274,350		150,571		37,877		10,499		48,376	3.11%
2000		434,564		315,926		118,638		19,428		12,435		31,863	3.72%
2001		401,838		376,660		25,178		31,397		10,359		41,756	0.60%
2002		417,566		438,338		(20,772)		15,000		4,493		19,493	-1.07%
2003		534,521		411,942		122,579		15,000		3,089		18,089	6.78%
2004		464,557		432,697		31,860		20,000		2,500		22,500	1.42%

<sup>\*</sup> Information not available.

Information Source:
Audited Financial Reports
General Ledger

## SCHEDULE OF SANITATION REVENUE DEBT SERVICE LAST THREE FISCAL YEARS (1) CITY OF BUSHNELL, FLORIDA

**Net Operating** 

					R	evenue							Debt
Fiscal	O	perating	0	perating	Ava	ilable for		Deb	t Servi	e Requirer	nents		Coverage
Year	R	evenues	F	Expenses	Deb	t Service	Pı	rincipal		nterest		Total	Ratio
2001	\$	338,861	\$	286,084	<u>-</u> \$	52,777	\$	22,500	\$	3,565	\$	26,065	2.02%
2002		370,732		298,701		72,031		22,500		3,315		25,815	2.79%
2003		380,763		355,715		25,048		22,500		2,379		24,879	1.01%
2004		432,064		393,435		38,629		22,500		1,070		23,570	1.64%

(1) The sanitation fund has no debt service requirements from 1992 through 1999.

### Information Source:

Audited Financial Reports General Ledger

## SCHEDULE OF WASTEWATER REVENUE DEBT SERVICE CURRENT FISCAL YEAR (1) CITY OF BUSHNELL, FLORIDA

And the fact that the till the the ten to the ten the

**Net Operating** Revenue Debt Fiscal **Operating Operating** Available for **Debt Service Requirements** Coverage Interest Year Revenues Expenses **Debt Service** Principal Total Ratio \$ \$ 2002 27,416 64,483 \$ (37,067)\$ 0 30,800 30,800 -1.20% 0 101,264 2003 81,827 201,492 (119,665)101,264 -1.18% 129,500 572,040 (228,785)0 129,500 -1.77% 2004 343,255

(1) The wastewater fund has no debt service requirements from 1992 through 2001.

Information Source:
Audited Financial Reports
General Ledger

TABLE 14

## DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

Fiscal Year	Population	r Capita ncome	Median Age	School Enrollment	Unemployment Rate/Percent
1995	2,273	\$ 14,473	40.6	1,447	5.90%
1996	2,358	14,967	41.0	1,551	5.60%
1997	2,384	15,364	40.0	1,702	3.30%
1998	2,423	15,640	41.5	1,627	2.50%
1999	2,547	15,847	41.6	1,710	2.70%
2000	2,547	15,144	41.8	1,686	4.30%
2001	2,016	17,312	42.0	1,804	2.70%
2002	2,052	17,312	51.0	1,734	2.66%
2003	2,119	17,420	54.5	1,811	4.30%
2004	2,195	17,750	55.0	1,811	3.50%

**Information Source:** 

Sumter County Economic Development Council

## PROPERTY VALUES AND NEW CONSTRUCTION LAST TEN FISCAL YEARS CITY OF BUSHNELL, FLORIDA

Fiscal Year	New Construction Units	New onstruction imated Value	Total Estimated operty Value
1995	24	\$ 1,024,398	\$ 48,089,555
1996	25	806,752	49,430,921
1997	13	528,244	52,575,937
1998	13	421,900	55,699,290
1999	11	1,177,184	55,698,064
2000	14	1,683,880	56,283,743
2001	15	1,278,616	64,824,136
2002	17	9,479,510	78,461,118
2003	13	1,598,538	84,450,878
2004	5	2,814,947	88,152,208

Information Source:

City Building Department

## MISCELLANEOUS STATISTICS SEPTEMBER 30, 2004 CITY OF BUSHNELL, FLORIDA

Date of Incorporation	1911
Form of Government	Council-Manager
Area/Miles	2.5
Miles of Streets	18.1
Fire Protection	Volunteer
Number of Stations	1
Number of Firefighters and Officers	18
Police Protection	
Number of Stations	1
Number of Policeman and Officers	10
Education	1 High School
	1 Elementary School
	I Alternative School
Municipal Water Department	1
Number of Consumers	1,095
Average Daily Consumption (Gallons)	294,000
Miles of Water Mains	21
Municipal Wastewater Department	1
Number of Consumers	297
Average Daily Consumption (kwh Usage)	48,000
Miles of Sewer Main	18
Municipal Electric Department	1
Number of Consumers	1,122
Average Daily Consumption (kwh Usage)	61
Miles of Electric Lines	18
Sanitation Department	
Average Number of Consumers	1,072
Building Permits Issued	16
Recreation and Culture	
Number of Parks	30 Acre Sports Recreation Complex
	5 Acre Recreation Complex
	4 Acre Recreation Complex
Public Library	1
Community Center	1
Employees	40
Information Source: City Records	

## SCHEDULE OF INSURANCE COVERAGE SEPTEMBER 30, 2004 CITY OF BUSHNELL, FLORIDA

Carrier	Type of Coverage	Limits of Coverage
Coregis Insurance Company	General Liability	Bodily Injury and Property Damage
	Deductible - \$2,500	\$100,000 Per Person
•	Law Enforcement Operations	\$200,000 Per Occurrence
	Premises/Operations	Excess Injury and Property Damage
	Products and Operations	\$900,000 Per Person
	"Insured" Contracts	\$900,000 Per Occurance
	Host Liquor Law Liability	
	Broad Form Property Damage	
	Watercraft Liability (Under 26')	
	Limited Worldwide Coverage	
	Additional Persons Insured	
	Extended Bodily Injury	
	Incidental Medical Malpractice	
	Employees' Benefits Liability	
Program Management Services, Inc.	Workers' Compensation	Statutory - State of Florida
Preferred Governmental Insurance Trust Policy #001000000144100		
1143(10110) #00100000144100		
Hartford Life Insurance Company	Accidental Death/Dismemberment	Principal Sum
		Accidental Medical Expense Benefit
		Maximum Benefit Amount - \$100
		Deductible Amount - None
	Disability	Weekly Benefit Amount - \$100
		Maximum Payment Period - 104
		Weeks
	Accidental Partial Disability	See Benefits
		Maximum Benefit Amount - \$5,000
Hartford Life Insurance Company	Volunteer Fire Department	Accidental Death and Dismemberment
The state of the s	· o	Catastrophic Loss Benefit - \$100,000
	Assident Tetal Disability Descript	Weekly Benefit Amount - \$250
	Accident Total Disability Benefit	Maximum Payment Period - 104
		Weeks
On the Landson On	A. (4. ) . (4. 11. 11. 11. 11. 11. 11. 11. 11. 11. 1	D. III. I day of the second
Coregis Insurance Company	Automobile Liability and Physical	Bodily Injury/Property Damage
	Damage	\$100,000 Per Person
		\$200,000 Per Occurence
	Number of City Vehicles (32)	
	ramoer of City venicles (32)	

## SCHEDULE OF INSURANCE COVERAGE SEPTEMBER 30, 2004 CITY OF BUSHNELL, FLORIDA

(Concluded)

Carrier	Type of Coverage	Limits of Coverage
Coregis Insurance Company	Automobile Liability and Physical	Excess Bodily Injury/Property Damage
	Damage (Concluded)	\$900,000 Per Person
		\$900,000 Per Occurrence
		Personal Injury Protection - \$10,000
		Medical Payments - \$5,000
		Uninsured Motorists - \$30,000
		Liability Deductible - \$1,000
		Physical Damage Coverage - Actual Value
		Comprehensive Deductible - \$1,000
Coregis Insurance Company		Collision Deductible - \$1,000
	Public Officials' Liability	\$1,000,000 Each Loss
Coregis Insurance Company	Property - Building and Contents	\$1,000,000 Aggregate
	Deductible - \$250 All Perils	Retention - \$2,500
	Coverage Extensions:	Building - \$3,750,467
	Extra Expense Accounts Receivable EDP	Contents - \$1,034,200
	Building Ord.	\$25,000 Per Occurrence
	<b>3</b>	\$25,000 Per Occurrence
	Inland Marine Coverage	\$10,000 Per Occurrence
	Deductible - \$250	\$250,000 Per Occurrence
	All-risk Excluding Flood, Quake	•=••
	• , ,	Contractor's Equipment - \$67,963
		EDP Equipment - \$40,000
		Miscellaneous Property Floater -
		\$138,840

## COMPUTATION OF LEGAL DEBT MARGIN SEPTEMBER 30, 2004 CITY OF BUSHNELL, FLORIDA

The Constitution of the State of Florida, Florida Statute 200.181, Sets No Legal Debt Margin.

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COMPREHENSIVE AD RUME FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

## CITY OF OCALA, FLORIDA

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**September 30, 2004** 

Prepared by:
Department of Finance and
Administrative Services

#### CITY OF OCALA, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2004

#### CITY COUNCIL

Gerald K. Ergle, Mayor Mary S. Rich, President Kyle A. Kay, President Pro Tem Michael S. Amsden R. Kent Guinn Daniel Owen

#### CITY OFFICIALS

City Manager **Assistant City Manager** Acting Airport Director Building, Zoning and Licensing Director City Attorney City Clerk City Engineer **Community Programs Director Electric Utility Director** Finance and Administrative Services Director Fire Chief Fleet Management Director **Human Resources Director** Internal Auditor M.I.S. Director Planning Director Police Chief **Public Works Director Purchasing Director** Recreation and Parks Director Risk Manager Water and Sewer Director

Paul K. Nugent Bill J. Looney Bruce H. Phillips Jacques Skutt Patrick G. Gilligan Valerie J. Forster Bruce H. Phillips William L. Patten Rebecca M. Mattey Donald A. Corley Danny L. Gentry Glenn A. Stephens Sandra R. Wilson Eric J. Lewerenz Lynne M. Zonca Tye L. Chighizola Samuel Williams John Zobler W. Darryl Muse David J. Pritchard James A. Dalke Henry K. Hicks

## CITY OF OCALA, FLORIDA COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2004

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### CITY OF OCALA, FLORIDA, COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2004

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por all of P.O. BOX 1270, OCALA, FLORIDA 34478-1270 (352) 629-8373 FAX: (352) 690-2025

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April 26, 2005

Citizens, Honorable Mayor, & Members of City Council City Hall Ocala, Florida 34478

#### Ladies and Gentlemen:

It is a pleasure to submit this Comprehensive Annual Financial Report (CAFR) for the City of Ocala, Florida for the fiscal year ended September 30, 2004. The report fulfills the requirements set forth in the Florida Statutes, Chapter 166.241(4) and the Rules of the Florida Auditor General, Chapter 10.550.

This CAFR is controlled by and is the responsibility of City management. We believe that the

report accurately and fairly presents the financial position, results of operations of all fund types, and cash flows of proprietary fund types of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The report is structured to be of interest to the public, local government officials, state agencies and the banking and financial community, in general.

In developing, maintaining and evaluating the City's accounting system, management has established a comprehensive internal control framework that is designed both to ensure that the City's assets are protected from loss, theft or misuse and to ensure that sufficient reliable accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). This 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 judgments by management. The City's chart of accounts, substantially complies with the Uniform Accounting System as prescribed by Chapter 3A-61 of the Florida Administrative Code, it is belief at a serveelmen a box aband begin our lie to reilivite it basen all

The Florida Statutes require an independent audit of the books, financial records and transactions of all administrative departments of the City by a Certified Public Accountant selected by the City Council. The goal of the independent audit is to provide reasonable

assurance that the financial statements of the City are free of material misstatement. The audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has concluded, based upon the audit, that there is a reasonable basis for rendering an unqualified opinion that the financial statements presented herein are in conformity with GAAP. The auditors' report on the City's general-purpose financial statements, the combining and individual fund statements and the schedules is included in the Financial Section of this report.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section contains the table of contents, this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting for the 2003 CAFR and the City's organization chart.

The Financial Section includes the Independent Certified Public Accountant's Report on the City's Basic Financial Statements, Management's Discussion and Analysis, the Basic Financial Statements, Notes to Financial Statements, Required Supplementary Information, and the Combining and Individual Fund Financial Statements and Schedules.

The Statistical Section includes selected unaudited financial and demographic information designed to enhance the reader's understanding of the City's past and its future potential.

The Management's Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis that accompanies the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The Notes to Financial Statements in the financial section are necessary to understand the statements. The notes include a summary of significant accounting policies and other necessary disclosures relating to the financial position of the City.

All City funds are included in this report. The City of Ocala provides a full range of general services; including police and fire protection; general government; culture and recreation; the construction and maintenance of highways, streets and infrastructure; and other public works related activities.

The City has nine enterprises that provide financial support and a high quality of service to its citizens. The enterprise funds include two championship golf courses with a total of 45 holes and clubhouse facilities, garbage and trash pick-up service (both back door and curb side), water and sanitary sewer services, electric utility service, an airport (Ocala International Airport/Jim Taylor Field), an adult athletic complex, a broadband communications network, a municipal trailer park and a regional mass transit system.

The financial activities of all municipal boards and commissions are included in the City's financial statements. Only the Ocala Housing Authority does not meet the established criteria for reporting and is excluded from this report. The Community Redevelopment Agency is

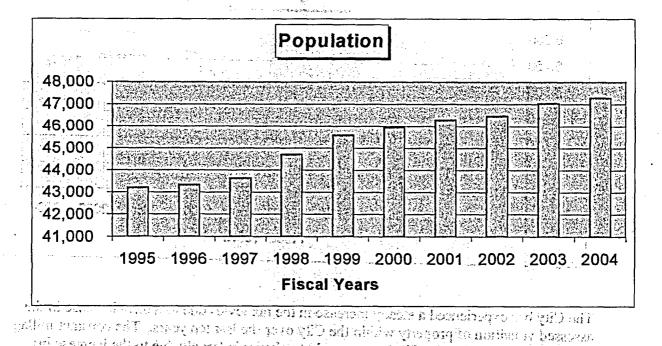
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included to meet State statutory requirements and because of the City Council's fiduciary responsibility.

Budgetary control is maintained on an annual allotment basis, based upon prior working capital and on revenue projections for the current year. Expenditures and encumbrances are recorded against budgeted appropriations. At mid-year, City department heads are required to reassess their appropriations for the remainder of the year and, if necessary, a budget revision is prepared and submitted for City Council approval. The Finance and Administrative Services Director coordinates the budget process. Unliquidated purchase order balances, as of September 30, are reappropriated in the form of a supplemental appropriation resolution, which is presented for adoption by City Council. This resolution also includes a provision to carry-forward major projects not completed in the previous year that are not covered by purchase orders. All items in this resolution are subject to a working capital availability test. Monthly reports are distributed to the various departments to keep them informed of their year to date expenditures, encumbrances and funds available.

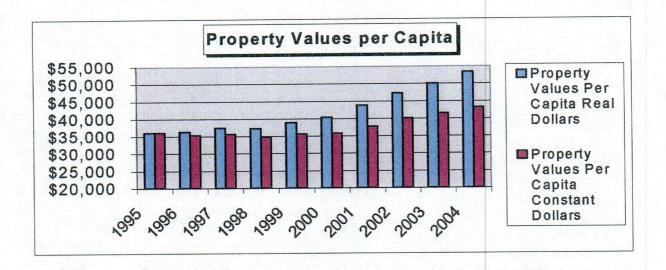
### enteralistation de la companya de la confessione de la companya de la companya de la companya de la companya d Local Demographic Statistics de la companya del companya del companya de la companya del companya del companya de la companya de la companya de la companya del companya della compa

Population growth has averaged less than one percent per year for the last ten years. The growth has resulted from new residents relocating to the City from other areas of the country, annexation and new births in the community. Over the past several years, the City has had a more aggressive posture toward annexation. Long term, this will enhance the City's financial viability.

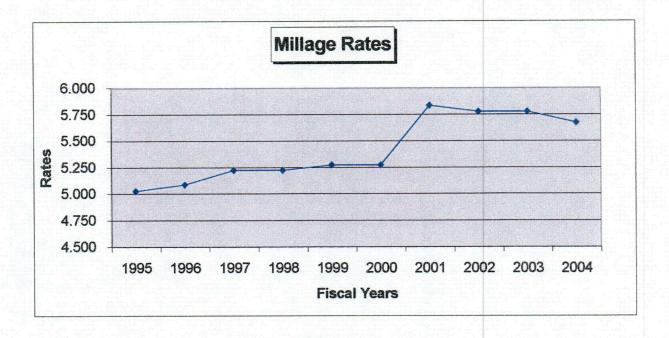


The increasing property values are due to a combination of new construction, annexation and reassessments of existing property in the area. Ad Valorem taxes based on property values are a major revenue source to the City's General Fund for providing public safety and other essential City services.

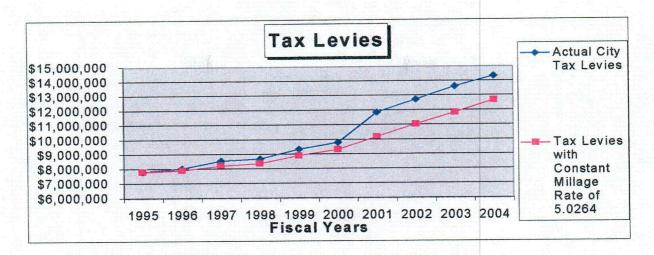
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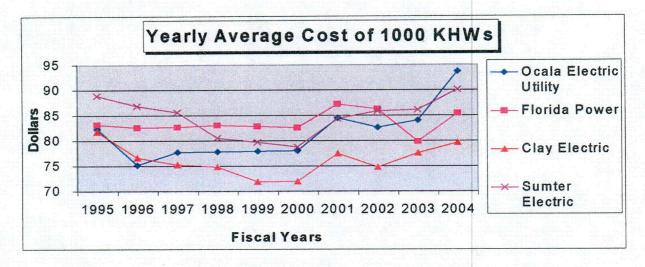
After many years of a relatively constant millage rate, the rate was increased by approximately 10.6% in 2001 in order to increase the general fund balance to a more appropriate level and to provide necessary public safety capital and operating resources in excess of baseline budgets. The City Council strives to keep the millage rate at the lowest level possible while continuing to provide quality service to the citizens of Ocala. For 2004 the rate was reduced by nearly 1.8% over the prior year level.



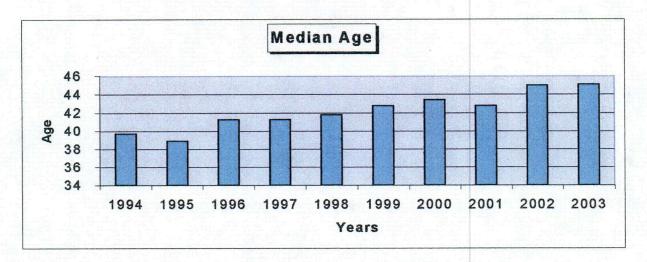
The City has experienced a steady increase in the tax levies due to a 62% increase in the assessed valuation of property within the City over the last ten years. The constant millage rate (1995) shows that the City's increase in tax levies is largely due to the increase in assessed valuation rather than an increase in the millage rate.



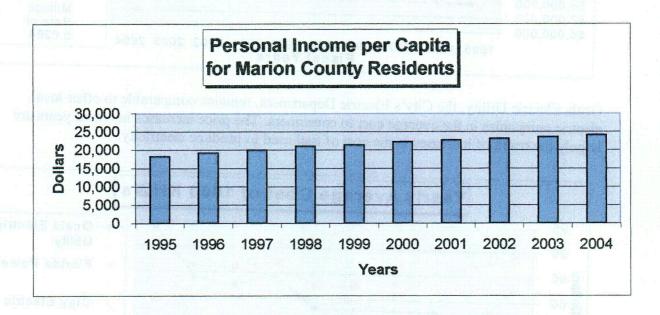
Ocala Electric Utility, the City's Electric Department, remains comparable to other local electric companies in the average cost to consumers. The price increases in recent years are largely the result of increases in the cost of fuel used to produce electricity.



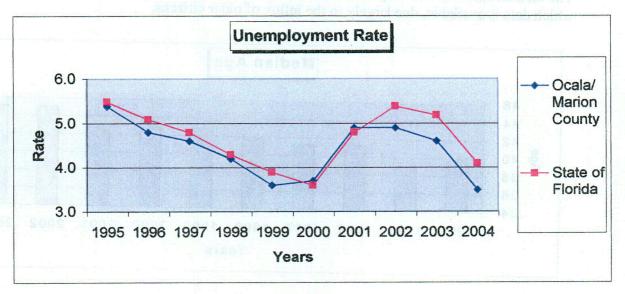
The median age of the County increased slightly to 45.1 years in 2003, the latest year for which data is available, due largely to the influx of older citizens.



Personal income per capita measures the ability to pay taxes and other costs for City services. It demonstrates to credit rating agencies the ability of a local government to repay debts without creating a hardship for its citizenry. In the community, the economy supports some expendable income. Most of the dollars are allocated by individuals to pay for necessities, e.g. food, clothing, etc. Additionally, some percentage of income supports the cost of government. To the extent personal income levels do not keep pace with inflation, there is a commensurate reduction in an individual's ability to pay for governmental services. The chart below shows the growth of personal income per capita in Marion County through 2004.



Historically, Marion County has experienced an unemployment rate similar to the unemployment rate of the State of Florida but for the past three years Marion County has experienced a significantly lower rate. This is attributable to the City's efforts pursuant to economic development. The City's Electric Utility allocates dollars annually for leveraging against other community resources, which has resulted in a much stronger employment base.



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Major Industries affecting the Local Economy

Horse breeding, dominated by Thoroughbreds and Arabians, is a major industry in the Ocala area. The towist industry also have a local area. area. The tourist industry also has a significant impact on the economy, with Silver Springs Attraction and the Ocala National Forest nearby. Some other local industries making Ocala the place for their operations are Emergency One, Inc., Clairson International Corp. (Closet Maid), K-Mart Corporation (K-Mart Distribution Center), Merillat Industries, Inc., Class I, CarQuest, Lockheed Martin, Cingular Wireless Call Center and Signature Brands, LLC. matic e de la relatera de la completa del completa della completa

### Future economic outlook

Ocala/Marion County population growth rate ranks 15th among Florida's 67 counties. Net migration to Marion County is expected to outpace job growth for the intermediate and longterm future, ensuring a sufficient workforce to meet the needs of the expanding local economy. The City's Economic Improvement Fund (EIF) is used to help new industries set up their operations in Ocala.

The improvement in economic conditions begun last year has continued through fiscal year 2004. However, concerns over domestic terrorism, international tensions and the ongoing war in Iraq have combined to slow the recovery. Continuing shortfalls in the State budget, partially due to a decline in tourism post-911 and the passing of several very costly constitutional amendments in recent years threaten future Revenue Sharing dollars for the City and other local governments. These conditions could continue to impose difficult economic times and tight budgets for the City over the next few years. Company of the second of the s

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### For the Year

The City's major goals for 2004 as directed by the City Council, were to maintain the high quality of life for the citizens of the City of Ocala, provide greater fiscal responsibility to the citizens, improve services to the Ocala community, and continue economic development activities. The for the managers has moving an langua may out head of the anniques

Infrastructure improvement projects are still underway in the electric and water and sewer systems. During fiscal year 2004, the City began a comprehensive underground water and sewer piping and infrastructure evaluation to determine the condition of the water and sewer infrastructure. In addition, the replacement of a major sewer line along SE 17<sup>th</sup> Street was accomplished. The City also continues to renovate existing City buildings, including the refurbishing of the old OEU Customer Service Office building to house the City's Building Department during fiscal year 2004. For a number of years, the City and Marion County have shared the costs of improvements of some major arterial streets. In 2004 the City initiated major improvements to SE. Ft. King Street.

The City sponsored weeklong celebration of racial harmony and cultural awareness called "One America....One Ocala Week" was somewhat abbreviated this year due to Florida's unusually severe hurricane season. The week's events brought together diverse citizens to promote racial harmony, encourage appreciation and respect for cultural differences and to spotlight racial and cultural issues that need to be addressed in our community.

The City's 5-year interlocal agreement with the City's two hospitals and Marion County to provide ambulance service throughout Marion County began in fiscal year 2004. In its initial year of operations the Emergency Medical Services Alliance, Inc. (EMSA) fared somewhat better financially than originally projected. The City's financial commitment, as per the agreement, does not begin until Fiscal Year 2005. The annual cost to the City is projected at \$804,000.

In addition, the following programs and projects are underway to foster growth and development in the community as a whole:

- Congruent with the Council's policy objective of providing services to low income individuals in the community, "Operations Infrastructure" provides grants to qualified property owners to pay utility connection fees and related expenses. The program also provides for the installation of underground utilities and the paving of streets. This funding is coupled with the CDBG allocation to provide ample funding to meet the needs of the southwest quadrant of the community. The southwest quadrant is the first phase of the project. All quadrants of the community are scheduled for improvements to be implemented over a six-year time frame.
- The City has also embarked on key activities related to downtown redevelopment. These activities have included creating selected site-specific redevelopment plans, an overall strategic development schedule and a comprehensive marketing analysis. The activities will lead to planned physical development that complements and enhances the downtown Community Redevelopment Area (CRA). In Fiscal Year 2004, a Downtown Master Plan was adopted by City Council and a Request for Proposal was issued for three of the six identified sites.
- During fiscal year 2001, staff in the Electric Department conducted a workshop with Council related to long-term planning for the electric system. There were several projects identified that are geared toward making the system more reliable and efficient. The magnitude of the total five-year capital improvement program is \$69 million.

### For the Future

The City will continue to upgrade infrastructure, and programs are already underway to improve and expand the electric system, the water and sewer system and the City's streets.

The City has developed a capital improvement program consisting of nearly \$70 million in water and sewer projects. The program includes the new water reclamation plant and several replacement and renewal projects. A portion of the capital improvements was financed through the issuance of the Water and Sewer Revenue Bonds, Series 2001 and Series 2001A.

The City's Electric Utility purchases power for its customers by way of the City's relationship with the Florida Municipal Power Agency (FMPA). FMPA has a commitment under an All Requirements Power Supply Project Contract agreement (ARP) with member municipalities to provide and deliver all power required by the municipalities. In an effort to keep its commitment to the members of the ARP, FMPA contemplates building or jointly participating in the building of three power plants over the next three to fifteen years. Although FMPA is yet to quantify the fiscal impact, the City's share of associated debt service for these projects would be approximately 19% of FMPA's portion. This could have a significant impact on the City's ability to borrow for other projects. The City will be working with FMPA to explore other alternatives for addressing the demand, such as long-term power purchase contracts.

The City's Downtown Development Program, initiated in fiscal year 2004, will continue in future years. The selection of a development proposal, the creation of site-specific plans and the negotiation of a development agreement and incentive package are expected to occur in the coming year.

The City of Ocala has committed to taking the leading role in the revitalization efforts of the West Ocala Historic District, which was listed on the National Register of Historic Places in June 2002. The City has developed new housing programs that include facade grants for existing housing and plans for new affordable infill housing. Public-private partnerships with Habitat for Humanity, financial institutions, developers, contractors and building supply companies are being pursued to facilitate the revitalization efforts. It is anticipated that private owners will follow the City's lead by either participating in the facade program or by working with banks and private developers. The City is also working on infrastructure improvements to the water and sewer systems, drainage, streets and sidewalks, as well as improvements to the water and some any security variations and the security material street signage and stop signs, who was a first and the security and the security and the security security and the security security security and the security se

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The City sponsors separate contributory defined benefit pension plans for its Police Officers and its Firefighters and a non-contributory defined benefit pension plan for all other full-time employees. The assets of each plan are managed by multiple investment managers and the board of each plan retains an advisor who prepares quarterly reports evaluating the results achieved by the plan's investment managers. Each year independent actuaries engaged by the various pension plans calculate the amount of the annual contribution that the City must make to the pension plans to ensure that they will be able to fully meet their obligations to the City's retirees. 17 Mic. 1 to Hair a gravied educar d. Et no reducar agazare educity gravien

Due to continuing strong equity market conditions, the combined Pension Trust Funds experienced a \$9.9 million increase in plan net assets during 2004. Combined net investment gains for the three funds totaled \$10.3 million for the year ending September 30, 2004 compared to a combined net investment gain of \$11.9 million for the previous year. For

FY 2004 the City contributed 12.5% of payroll to all employee pension plans. With the exception of the Firefighter's Retirement Plan, the City's contribution at this rate, coupled with the good investment results, appears to be adequate to fund the plans. City staff are continuing to work with the Firefighter's Retirement Plan Board to deal with shortfalls in that plan.

### Debt Administration

At September 30, 2004, the City had \$142,035,000 in outstanding serial and term bonds and certificates. Of this amount, \$92,295,000 is associated with enterprise funds and \$49,740,000 is associated with governmental funds. All of the City's issues carry high ratings. Debt coverage ratios for the City's bond issues are included in the statistical section of this report. Although the City may issue general obligation debt in an amount up to 20% of the assessed valuation of the taxable real and personal property in the City according to article IX, section 9.02, of the City Charter, there is no general obligation debt outstanding.

### Cash Management

The City is authorized by Florida Statutes to invest in obligations of U.S. agencies, interest-bearing time deposits, and savings accounts in banks and in savings and loan associations. In addition the City has an investment policy, which broadens the instruments in which the City can invest. The primary objectives of the City's investment policy are the safety and preservation of principal, liquidity and yield while minimizing risk.

Cash temporarily idle during the year was invested in the State Board of Administration Local government Surplus Trust Fund, which is an investment pool administered by the State of Florida. At September 30, 2004 our investments with the State Board of Administration were earning 1.70%.

During fiscal 1998, the City hired Sawgrass Asset Management, L.L.C. as its investment manager to maximize investment earnings. In fiscal 2003, due to the size of the City's portfolio, the Investment Committee made the decision to divide the funds between multiple investment managers. Consequently, PFM Asset Management, LLC. and Trusco Capital Management were hired in July 2003. Investments of approximately \$30 million were transferred to each of the new managers from Sawgrass Asset Management.

The three managers, within the confines of the City investment policy, invest the City reserve funds in broadly diversified U.S. Government, U.S. Agency and corporate debt obligations. Compliance to the terms of the City investment policy restrictions with regard to credit and market risk is strictly monitored. Portfolio investments range from 30 days to 6.4 years to maturity with the average maturity of 33.6 months deriving a yield of 1.52%. The City's investment portfolio of \$110,966,790 at September 30, 2004 consisted of U.S. Government and federal agency securities (61%), corporate bonds (36%) and cash equivalents (3%). Total earnings on those investments during fiscal year 2004 were \$1,677,220.

#### Risk Management

The Intergovernmental Risk Management Department was established through an Interlocal Agreement between the City of Ocala and Marion County in 1987. The Department is charged with minimizing the adverse impact of risk on the organizations' resources. To achieve this goal, the following programs have been established within the department.

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Employee Insurance - Health Benefits, Dependent Coverage, Life Insurance, Short-term and Long-term Disability Insurance Plans.

Employer Insurance - Workers Compensation, Property, Auto, General and Professional Liability Insurance. Claims Management

and Safety Activities.

Environmental - Compliance with Federal, State and Local

Environmental Regulations. Environmental Site
Assessments of City properties and properties the

City is considering acquiring.

Information on the City's insurance coverage can be found in the Statistical Section of this report.

### **AWARDS AND ACKNOWLEDGEMENTS**

#### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ocala, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2003. This was the twenty-second consecutive year that the City of Ocala has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City was also awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association of the United States and Canada for its annual budgets for the fiscal years beginning October 1, 1987 through 2003. In order to receive this award, which is

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valid for a period of one year only, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

### Acknowledgements has a more seen as a second of the property of the second of the seco

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance and Administrative Services Department. Sincere appreciation is extended to specific individuals who worked diligently throughout the audit: Diane M. McDonald, Controller; Cheryl A. Knight, Chief Accountant; Myron Taylor, Revenue Officer and Chuck Backhus, Revenue Analyst. Appreciation is also extended to Eric Lewerenz, the City's Internal Auditor for his assistance in this effort.

In closing, without the leadership and support of the City Council, whose continued interest in maintaining a financially sound government as an invaluable asset to our community, the preparation of this report would not have been possible.

Respectfully submitted,

Donald A. Corley

Director of Finance and

Administrative Services

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Paul K. Nugent City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

### City of Ocala,

### Florida

For its Comprehensive Annual

Financial Report for the Fiscal Year Ended September 30, 2003

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.

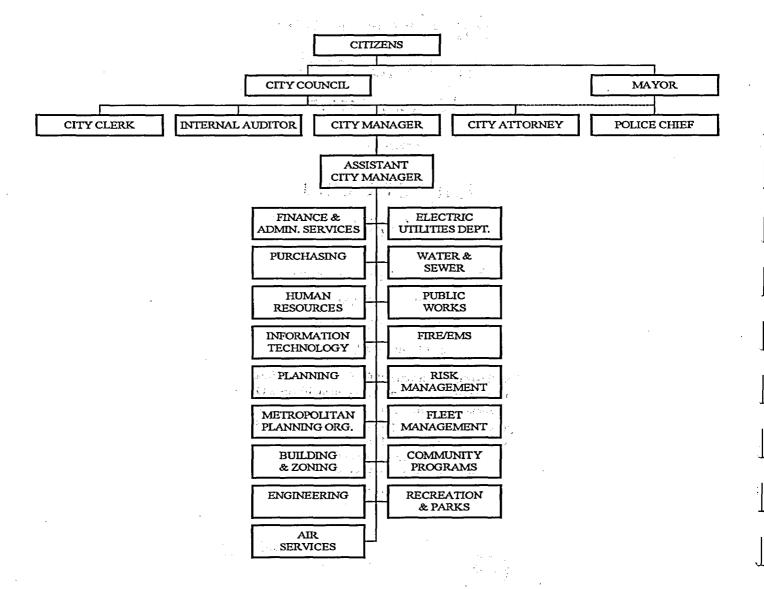


President

Jeffry R. Ener

**Executive Director** 

### CITY OF OCALA ORGANIZATIONAL CHART





Hara Surger, Copy

### INDEPENDENT AUDITORS' REPORT

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We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Ocala, Florida, (the City) as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on ming of the contraction of the contraction of the property of the contraction of the cont our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2004, and the respective changes in financial position and the cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated April 26, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

### Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505 Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542 443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762 1727 2nd Street • Sarasota, Florida 34236 • (941) 365-3774 • FAX (941) 365-0238 MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Members of the City Council City of Ocala Ocala, Florida

### INDEPENDENT AUDITORS' REPORT (Concluded)

The Management's Discussion and Analysis, the major fund budgetary comparison and certain pension trend information as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by the GASB. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section combining and individual nonmajor fund financial statements, schedules and statistical tables listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

April 26, 2005 Ocala, Florida

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The City's management discussion and analysis presents an overview of the City's financial activities for the fiscal year ended September 30, 2004. Please read it in conjunction with the Letter of Transmittal, beginning on page i, and the City's financial statements beginning on page प्रतिकृति क्षात्री तक केट केटर भी प्रतिकृति पर केवलको कर्षकार के एक अधित करित करित है। तिक केटर समामकार के र

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2004 by \$431,629,815 (net assets). Of this amount, \$74,425,809 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At September 30, 2004, the City's governmental funds reported combined ending fund balances of \$47,314,332, a decrease of \$551,914 in comparison with the prior year. A factor of the decrease in fund balance is the 29% increase in debt service expenditures from the previous year. is is in the manager of the contraction of the cont
- At September 30, 2004, unreserved and undesignated fund balance for the General Fund was \$6,184,000, 13.0% of total general fund expenditures. This is a reduction of \$654,317 or 10% under the prior fiscal year.
- The City's outstanding long-term debt decreased by \$5,342,609 during fiscal year 2004. Overview of the Financial Statements Appearance of the Property of the Company of

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) governmentwide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial This report also contains other supplementary information in statements themselves.

Statements themselves.

Government-wide financial statements

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. एक व्यवस्था प्राथम के किलाई के रूट किल्किंड एक किलाई एक एक

The statement of activities presents information showing how the government's net assets changed during fiscal year 2004. All changes in net assets are reported as soon as the underlying event, giving use to the change, occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected and earned, but unused vacation leave).

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, and housing rehabilitation. The business-type photosocial and first transfer and the contraction of the contraction

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salpha garar म मारा म वार्यव्यक्ति है। इस्तानिक का स्थानिक कि स्थानिक क्षेत्र के स्थानिक का उपनिकार के

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were the at the authorization of the activities of the City include its electric utility, solid waste disposal, water and sewer utilities, golf courses, airport and public transportation.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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#### Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on nearterm inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities: 110 minutes of the comparison between governmental funds and governmental activities: 110 minutes of the comparison between governmental funds and governmental activities: 110 minutes of the comparison between governmental funds and governmental activities: 110 minutes of the comparison between governmental funds and governmental activities: 110 minutes of the comparison between governmental funds and governmental activities: 110 minutes of the comparison between governmental funds and governmental activities: 110 minutes of the comparison between governmental funds and governmental activities: 110 minutes of the comparison of the comparison

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplemental information section of this report.

The City adopts an annual appropriated budget for its general, special revenue and certain capital projects funds. Budgetary comparison, schedules have been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 16 through 19 of this A THE PROPERTY OF THE PROPERTY report.

### Proprietary funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities (electric utility, water and sewer, sanitation, etc.) in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service fund to account for its internal service, fleet management, and self-insurance and risk management programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the City's proprietary funds.

The basic proprietary fund financial statements can be found on pages 20 through 29 of this

### Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The fiduciary funds of the City ing a fire Bight term Nordina Design are pension trust funds. म् अधिकार सम्बन्धाः

The basic fiduciary fund financial statements can be found on pages 30 and 31 of this report.

#### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial provided in the government-wide and rung unangan out.
statements can be found on pages 32 through 56 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents budgetary comparison schedules for the City's general fund as well as historical trend information for pension trust funds. Required supplementary information can be found on pages 57 through 61 of this report.

The combining statements and budgetary comparison schedules referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented in the other supplemental information section of this report. Combining and individual fund schedules for the nonmajor governmental funds as well as for the internal service funds can be found on pages 62 through 94 of this report.

### Government-wide Financial Analysis

transis in all the second transis in the second transit in the sec As noted earlier, net assets may serve over time as a useful indicator of a government's financial position, In the case of the City, assets exceeded liabilities by \$431,629,815 at the close of the fiscal year ended September 30, 2004. 

The largest portion of the City's net assets, approximately 80%, reflects its investment in capital assets (e.g. land, buildings, improvements other than building including utility plants and extensions, machinery and equipment, infrastructure and construction in progress), less any the most related debt used to acquire those assets which is still outstanding. The City of Ocala uses these capital assets to provide services to citizens and customers; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the related capital asset debt must be provided from current resources.

An additional portion of the City of Ocala's net assets, approximately 10%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$74,425,809) may be used to meet the City's ongoing obligations to its citizens, customers and creditors, as well as to provide the funding for various projects.

At the end of fiscal year 2004, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its total governmental and total business-type activities. The same situation held true for the prior fiscal year. 50,645 22104 20103 Bunkalan.

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	Governmental	Business-Type	**************************************
	Activities	Activities	ACAL TOTAL
attalor a	2003 2004	<u>2003</u> <u>2004</u>	<u>2003</u> <u>2004</u>
Current and other assets	\$ 70,367,603 \$ 69,898,027	\$ 125,990,227 \$ 120,352,653 f	\$ 196,357,830 \$ 190,250,680
Capital assets (net)	169,275,789 165,344,986	252,337,006 252,753,778	421,612,795 424,098,764
Total Assets	239,643,392 235,243,013	378,327,233 379,106,431-	617,970,625 614,349,444
₩ <sup>®</sup> ++ ·	1. 1950年1月1日 - 图图科学期间共享	. The Company of the contract	Bharman Marannen
Current and other liabilities	8,555,212 9,304,023	17,849,336 18,163,980	26,404,548 27,468,003
Long-term liabilities	58,984,098 58,033,859	100,822,181 97,217,767	159,806,279 155,251,626
Total Liabilities	67,540,310 67,337,882	118,671,517 115,381,747	186,211,827 182,719,629
Net Assets:		30 <b>48</b> 42 90 38, 35	* A M + L.M. 19
Invested in capital assets,	117,361,235 115,459,984		
net of related debt	117,361,235 115,459,984	173,278,919 (230,012,247) 11 (23,935,720) (14,0396,405)	
Restricted	00,001,223 00,217,701	20,000,120,884,884,10,000,700	
Unrestricted	21,654,548 19,230,746	62,441,077 23,316,032	84,095,625 42,546,778
Total Net Assets	\$ 172,103,082 \$ 167,905,131	<b>\$</b> 259,655,716 <b>\$</b> 263,724,684	<u>\$431,758,798</u> \$431,629,815

### CITY OF OCALA, FLORIDA CHANGES IN NET ASSETS

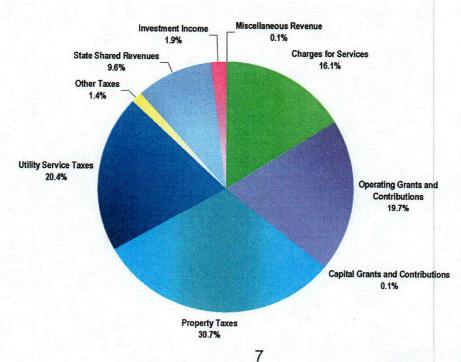
REVENUES: Program revenues: Charges for services Operating grants and contributions Capital grants and contributions General revenues: Property taxes Other Total Revenues	\$ 6,098,943 3,925,625 142,214 13,237,448 12,801,895 6,577,912 42,784,037	8,972,211 29,045 14,009,302 9,961,213 5,305,250	\$ 136,881,961 895,435 5,115,107	2004 \$ 153,072,655 4,345,717 3,173,740	\$ 142,980,904 4,821,060 5,257,321	2004
Program revenues: Charges for services Operating grants and contributions Capital grants and contributions General revenues: Property taxes Other taxes Other Total Revenues	\$ 6,098,943 3,925,625 142,214 13,237,448 12,801,895 6,577,912	\$ 7,348,630 8,972,211 29,045 14,009,302 9,961,213 5,305,250	\$ 136,881,961, 895,435 5,115,107	\$ 153,072,655 4,345,717 3,173,740	\$ 142,980,904 4,821,060 5,257,321	\$ 160,421,285 13,317,928 3,202,785
Program revenues: Charges for services Operating grants and contributions Capital grants and contributions General revenues: Property taxes Other taxes Other Total Revenues	3,925,625 142,214 13,237,448 12,801,895 6,577,912	8,972,211 29,045 14,009,302 9,961,213 5,305,250	895,435 5,115,107	4,345,717 3,173,740	4,821,060 5,257,321 13,237,448	13,317,928 3,202,785
Charges for services Operating grants and contributions Capital grants and contributions General revenues: Property taxes Other taxes Other Total Revenues	3,925,625 142,214 13,237,448 12,801,895 6,577,912	8,972,211 29,045 14,009,302 9,961,213 5,305,250	895,435 5,115,107	4,345,717 3,173,740	4,821,060 5,257,321 13,237,448	13,317,928 3,202,785
Operating grants and contributions Capital grants and contributions General revenues: Property taxes Other taxes Other Total Revenues	3,925,625 142,214 13,237,448 12,801,895 6,577,912	8,972,211 29,045 14,009,302 9,961,213 5,305,250	895,435 5,115,107	4,345,717 3,173,740	4,821,060 5,257,321 13,237,448	13,317,928 3,202,785
Capital grants and contributions General revenues: Property taxes Other taxes Other Total Revenues	142,214 13,237,448 12,801,895 6,577,912	29,045 14,009,302 9,961,213 5,305,250	5,115,107	3,173,740	5,257,321 13,237,448	3,202,785
General revenues: Property taxes Other taxes Other Total Revenues	13,237,448 12,801,895 6,577,912	14,009,302 9,961,213 5,305,250	र जिल्लामा अस्ति । इ.स.च्या	r de ser en	13,237,448	15 to 18 1
Other taxes Other Total Revenues	12,801,895 6,577,912	14,009,302 9,961,213 5,305,250	2 400 204	*		14,009,302
Other Total Revenues	6,577,912	5,305,250	3 400 204	- IAN LAS Leder	42 004 005	
Total Revenues		5,305,250	2 400 204		12,801,895	9,961,213
	42,784,037	AE COE CEA	3,499,201	1,297,764	10,077,113	6,603,014
telon () 元	a salatan a ka	45,625,651	146,391,704	161,889,876	189,175,741	207,515,527
		STATES AND	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	. st 74 - 24 a -	19 1	1.1942.0%
EXPENSES:	THE COLUMN	lettian Levi e.,	8 m 1 m	1 2		• •
General Government	6,535,061	6,970,877	and the second of the second o	a 1966 July J	6,535,061	6,970,877
Public Safety	27,115,122	28,723,206			27,115,122	28,723,206
Public Works	16,410,274	15,846,226	LATE COLLEGE	100	16,410,274	15,846,226
Culture and Recreation	4,804,900	4,667,252	Markey Company	100 C 100 S 1073	4,804,900	4,667,252
Housing Rehabilitation	272,948	304,668			272,948	304,668
Non-departmental	220,218	401,875		"一一点更通知"。 對於	220,218	401,875
Other and the second se	1,219,184	2,634,403	ي الماسيوة يعطر		1,219,184	2,634,403
Interest On Long Term Debt	2,044,103	1,941,182	ing saka diperangan sanggi. Ta	그는 생물 바다	2,044,103	1,941,182
Electric	a rot i iz		98,558,024	112,445,791	98,558,024	112,445,791
Water and Sewer		三种特 作为的 威力	15,794,442	(iii) 17,609,196	15,794,442	17,609,196
Sanitation	18 18 18 18 TO	and Soft Millian	8,257,920	9,080,734	8,257,920	9,080,734
Municpal Golf Courses	-		2,580,330	2,665,999	2,580,330	2,665,999
Municipal Trailer Park	. 19 gg • 1	11 - 31 - 1	111,198	96,477	111,198	96,477
International Airport	net fact of *	Lisk delik	1,491,629	1,491,874	1,491,629	1,491,874
Emergency Training Facility					병수의 보고를 가냈다.	anti Hem 🕒
Adult Athletic Complex	Pila Wi	Sala Salas	166,947	171,140	166,947	as (55) 171,140
Communications	•		799,468	854,242	799,468	854,242
Suntran	•		1,521,482	1,639,368	1,521,482	1,639,368
Total expenses	58,621,810	61,489,689	129,281,440	146,054,821	187,903,250	207,544,510
Change in Net Assets Before Transfers	(15,837,773)	(15,864,038)	17,110,264	15,835,055	1,272,491	(28,983)
Transfers	11,461,890	11,766,087	(11,461,890)			
Change in Net Assets	(4,375,883)	(4,097,951)	5,648,374	4,068,968	1,272,491	(28,983)
Net Assets - Beginning	176,478,965	172,003,082	254,007,342	259,655,716	430,486,307	431,658,798
	\$ 172,103,082		\$ 259,655,716	\$ 263,724,684	\$ 431,758,798	\$ 431,629,815
<del>-</del>			6			

There was a net increase of \$4,068,968 in net assets reported in connection with the City's business-type activities, while governmental activities decreased the City's net assets by \$4,097,951. The overall affect is a net decrease to the City's total net assets of \$28,983.

#### **EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES**

Functions/Programs	<u>Expenses</u>	% of <u>Total</u>	Program <u>Revenues</u>	% of <u>Total</u>	Net (Expense) <u>Revenue</u>
General Government	\$ 6,970,877	11.3%	\$ 4,048,606	24.8%	\$ (2,922,271)
Public Safety	28,723,206	46.7%	1,851,515	11.3%	(26,871,691)
Public Works	15,846,226	25.8%	7,083,235	43.3%	(8,762,991)
Culture and Recreation	4,667,252	7.6%	817,216	5.0%	(3,850,036)
Housing Rehabilitation	304,668	0.5%	304,668	1.9%	
Non-departmental	401,875	0.7%		0.0%	(401,875)
Other	2,634,403	4.3%	2,244,646	13.7%	(389,757)
Interest On Long Term Debt	1,941,182	3.1%		0.0%	(1,941,182)
	\$61,489,689	100.0%	\$16,349,886	100.0%	\$ (45,139,803)

### **Revenues by Source-Governmental Activities**



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### **EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES**

		% of	Program	% of	Net (Expense)
Functions/Programs	<u>Expenses</u>	<u>Total</u>	Revenues	<u>Total</u>	<u>Revenue</u>
	[20] [1] [1] [1] [1] [1] [1] [1] [1] [1] [1		。这一位,特别的工作。	. E. 7. E	
Electric	\$ 112,445,791	77.0%	\$121,881,074	75.9%	\$ 9,435,283
Water and Sewer	17,609,196	12.1%	22,272,107	13.9%	4,662,911
Sanitation	9,080,734 部計	6.5%	9,721,205	6.1%	640,471
Municipal Golf Courses	2,665,999	1.8%	2,345,534	1.5%	(320,465)
Municipal Trailer Park	96,477	0.1%	106,001	0.1%	9,524
International Airport	1,491,874	1.0%	1,518,109	0.9%	26,235
Emergency Training Facility	CAROLANDO E LA CAROLA	0.0%ೆ	A. 1784, [] ( )	0.0%	of a strong a
Adult Athletic Complex	171,140	0.1% 🐍	103,295	∕⊳ 0.1%⊧	(67,845)
Communications	854,242	0.6%	1,445,890	0.9%	591,648 <b>5591,648</b>
Suntran	1,639,368	1.1%	1,198,897	0.7%	19 116 oh (440,471)
- 14 : 1 : 1 : 1 : 1 : 1 : 1 : 1 : 1 : 1	All the state of t	2.1	1.4.14.15		14년()
	\$146,054,821	100.0%	\$ 160,592,112	100.0%	\$ 14,537,291

It should be noted that all of the expenditure numbers are inclusive of depreciation expense, which contributes to the net position. Management, in concert with Council, continues to monitor the progress of policies aimed at moving funds towards a net revenue position. For example, the Sanitation Fund increased residential rates by one dollar (\$1) per month. As you can see, by assessing and increasing rates commensurate with expenses, this fund now shows a net profit for this year.

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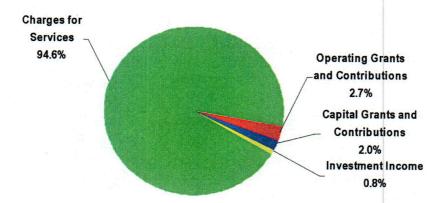
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The Municipal Golf Course Fund continues to make progress towards self-sufficiency. Steps taken have reduced the operating position by \$206,767 or 39% for FY2004, and we anticipate FY2005 will continue to show success.

The Adult Athletic Complex has committed to raise rates annually pursuant to full recovery of costs within three (3) years.

While the net operating position of the Suntran Fund reflects a deficit, this is not problematic due to federal, state, and county support.

### **REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES**



### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2004, the City's governmental funds reported combined ending fund balances of \$47,314,332. *Unreserved fund balance* of the governmental funds is \$13,162,755 of which \$4,551,291 is designated for specific projects. The unreserved and undesignated fund balance of \$8,611,464 is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed.

The General Fund is the primary operating fund of the City. At the end of fiscal year 2004, the fund balance of the General Fund was \$10,735,291, all of which was unreserved. Of the total unreserved fund balance, \$4,551,291 is designated for specific projects and \$6,184,000 is unreserved and undesignated. As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. In this case, they are one in the same and represent a healthy 22.6% of the total general fund expenditures.

The fund balance of the City's General Fund decreased by only \$494,529 during the current fiscal year, as compared to a decrease of \$2,697,103 for FY2003. Key factors for this decrease are as follows:

- An increase in overall revenues of 7.7%.
- Expenditures increased by only \$650,717 over last year, a conservative 1.4% increase.
- Less than 100% of the appropriated budget was expended.

### **Proprietary funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All proprietary funds are reported as major funds.

Unrestricted net assets of proprietary funds at the end of the year amounted to:

1.1		U	nrestricted
Fund	2 + 3 + 4 2 + 3 + 4 + 1		Vet Assets
Electric System Reve	nue	\$	39,067,070
Water and Sewer			15,723,359
Sanitation			751,656
Municipal Golf Cours	9 "		(794,837)
Municipal Trailer Parl	(		130,231
Ocala International A	irport		(714,994)
Adult Athletic Comple	X		(312,640)
Communications			1,338,660
SunTran		_	6,558
Total		<u>\$</u>	55,195,063

Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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The following is a brief review of the budgeting changes from the original to final budget (please see budget to actual comparison on page 57). The respective second on the property of the second of

The increases in revenue were largely attributable to a \$2,637,888 increase in other intergovernmental revenues such as community programs and Florida Department of Transportation grants, and a \$402,802 increase in other revenues. Additionally, the general fund is expected to receive \$646,000 in revenue from FEMA due to costs incurred during the hurricanes experienced by the State of Florida in September 2004. The corresponding increases in appropriations are primarily due to a \$1,430,598 increase in public safety and a \$2,365,661

increase in other expenditures, and a \$1,374,554 decrease in nondepartmental appropriations.

The budget anticipated \$2,231,682 to be expended from available Fund Balance: During the year, however, expenditures were 9.5% less than budgeted, resulting in a decreased need for Fund Balance. The year's actual operations resulted in a \$494,529 reduction to existing fund balance.

The budgetary variance between the original and final revenue and other financing sources budget was \$3,236,058, or 8.6%. The majority of this amount was the increase in other intergovernmental revenues as mentioned above.

The budgetary variance between the original and final expenditure and other financing uses budget was 3,505,899, or 7.1%. This was contributable to increases in public safety and other expenditures.

### Capital Asset and Debt Administration with the analysis of the control of the con

#### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2004 amounts to \$424,098,764 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, leasehold improvements, equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets was less than historical for the current year. The net decrease in governmental capital assets was offset by the increase in business-type capital assets. A war to a well to a looking off from the content of assets of a cash of the content of assets of the capital assets.

72% of the increase in capital assets attributable to business-type activities occurred in the Water and Sewer Fund. Additional projects were done in connection with Water Reclamation Facility #3, and replacement of the SW 17<sup>th</sup> Street Lift Station forcemain. Additionally, several improvements and upgrades were made to the overall system. The province of the

To a lesser extent, the increase in capital assets attributable to business-type activities occurred in the Electric System Revenue Fund with the additional costs this year of the Ocala Palms क्रमाङ्क्षायकेल गर्ने स्टिम्स कर्जी transmission line.

### ALCOHOL SERVICE AND A SERVICE OF CITY OF OCALA, FLORIDA COMPANION AND A SERVICE AND A CAPITAL ASSETS TO THE PROPERTY OF THE PROPERTY

	official and order	CAPITAL	ASSETS TO THE PROPERTY OF THE	of the live of the tracks
	Govern Activ	mental	AND STORE OF BUTCH	And Beautine of Co. September 1980 English and Co. Total
	2003	2004	2003 2004	2003 2004
Land	\$ 9,721,176	\$ 10,046,901	\$ 17,814,669 \$ 17,904,966	\$ 27,535,845 \$ 27,951,867
Buildings	30,017,642	31,079,011	11,062,845 15,390,098	41,080,487 46,469,109
Improvements Other Than Buildings	•	-	281,528,478 320,817,011	281,528,478 320,817,011
Crystal River Unit #3	-		16,168,423 16,168,423	16,168,423 16,168,423
Equipment	33,205,922	35,036,338	10,799,653 10,089,850	44,005,575 45,126,188
Infrastructure	250,762,743	250,762,743	•	250,762,743 250,762,743
Construction in Progress	9,145,206	9,718,873	38,757,107 11,930,600	47,902,313 21,649,473
	332,852,689	336,643,866	376,131,175 392,300,948	708,983,864 728,944,814
Less: Accumulated Depreciation	(163,576,900)	(171,298,880)	(123,794,169) (133,547,170)	(287,371,069) (304,846,050)
Capital Assets, Net	\$ 169,275,789	\$ 165,344,986	\$ 252,337,006 \$ 258,753,778	\$ 421,612,795 \$ 424,098,764

Additional information on the City's capital assets can be found in Note 4 on pages 44 and 45 of this report.

### Long-term debt

At the end of fiscal year 2004, the City had total long-term debt outstanding of \$155,251,626. Of this amount, \$142,035,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). \$49,740,000 of the revenue bonds are applicable to governmental activities, and \$92,295,000 are for the business-type activities. Other items included in long-term debt include self-insurance claims payable and compensated absences.

The City's bonded debt had a net decrease of \$7,000,000 or 5.0% during fiscal year 2004.

Additional information on the City's debt can be found in Note 6 on pages 51 to 54 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City at September 30, 2004 was 4.4 percent. This represents a .2 percent decrease from the prior year.
- The taxable value of commercial and residential property increased 7.26 percent in the 2004 fiscal year, increasing from \$2,351,269,279 to \$2,521,911,481.
- Building permit activity increased 7.3 percent during the 2004 fiscal year.
- Population increased only .5 percent from the prior fiscal year to 47,271 at September 30, 2004.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$10,735,291, of which \$4,551,291 is designated for special projects. Of the remaining \$6,184,000 unreserved and undesignated fund balance, the City has appropriated \$1,920,514 of this amount for spending in the adopted budget for fiscal year 2005. The ad valorem tax rate for the General Fund has been increased to 5.926 mills for the 2005 fiscal year budget.

### **Requests for Information**

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, please contact the City's Finance and Administrative Services Department at 151 SE Osceola Avenue, Ocala, Florida 34471, or call (352) 629-8373.

### CITY OF OCALA, FLORIDA STATEMENT OF NET ASSETS **SEPTEMBER 30, 2004**

brook was	5.16				
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		• •	• •		of Businesses
					s de Dollar de la Co
nents		4,007,705	3,589,912	7,597,617	មួនជា និង ១៩២ ។
		ا موجودي <del>ه</del> و	2,622,790		
y santana. Santana		991,659	931,276		
umulated	19.37			jalam koga a	
					TO THE STREET PROPERTY.
v	,	10,046,901	17,904,966	27,951,867	
	en e	20,862,368	11,229,225	32,091,593	
than Buildings		48.7	213,594,246	213,594,246	Add Advisor
oment		14,162,776	4,094,741	18,257,517	2.88400000000000000000000000000000000000
		111,596,486	··· · · · · · · · · · · · · · · · · ·	111,596,486	
ress		8,676,455	11,930,600	20,607,055	· e the Single of a single
<b>.</b>		235,243,013	379,106,431	614,349,444	renderad general en
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	الأرائدين والماري	6,268,611	12,358,355	18,626,966	
* 1		937,176			
	er er e	2,098,236	•		and the way
7 1 1 4 E		• -	3,396,750	3,396,750	signed and a
		F1.	•	HARANA MERKETA	
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ne Year	and the Library to				· San Artista (San
and the second s		67,337,882	115,381,747		1536H
				And the second	
, Net Of Related De	ebt	115,459,984	183,076,286	298,536,270	
			Street Street	4.3	
			<u>-</u> 5- €	• •	
S					
	-				
	- 3	167,805,131	→ Ψ · ∠05,1∠4,084	<b>₽</b> 401,0∠9,815	
	nents umulated than Buildings oment ress	ress ress ., Net Of Related Debt	Governmental Activities \$ 25,652,954 38,459,397 721,995 64,317 4,007,705 991,659 furnulated  10,046,901 20,862,368 than Buildings oment 14,162,776 111,596,486 8,676,455 235,243,013  6,268,611 937,176 2,098,236  r ne Year 3,453,510 54,580,349 67,337,882  6, Net Of Related Debt 115,459,984 8,282,400 541,222 21,585,780 2,804,999 19,230,746	Sovernmental   Activities   Type   Activities   S   25,652,954   \$   17,961,697   74,899,272   721,995   20,412,023   64,317   (64,317)   (64	Business   Type   Activities   Activities   Activities   Activities   Activities   Total

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

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### CITY OF OCALA, FLORIDA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2004

			Program Revenues			
			Operating	Capital		
	of the state of th	Charges For	Grants and	Grants and		
Functions/Programs	Expenses	Services	Contributions	Contributions		
		7 P		** ***		
Governmental Activities:	1.54 (1) 2.54 (1)	* 4.*	•			
General Government	\$ 6,970,877	\$ 3,580,601	\$ 468,005	\$		
Public Safety	28,723,206	621,434	1,230,081	e Karaman jakan		
Public Works	15,846,226	2,359,217	4,694,973	29.045		
Culture and Recreation	4,667,252	634,608	182,608			
Housing Rehabilitation	304,668	-	304,668	. * * * * * * * * * * * * * * * * * * *		
Non-departmental	401,875		-	*************************************		
Other	2,634,403	152,770	2,091,876	#/ + \$. ( + <b>=</b>		
Interest On Long Term Debt	1,941,182	-		(1) 化二甲二胺酰胺		
<b>Total Governmental Activities</b>	61,489,689	7,348,630	8,972,211	29,045		
Business Type Activities:			the second	The American		
Electric	112,445,791	119,620,424	1,745,648	515,002		
Water and Sewer	17,609,196	19,794,329	122,873	2,354,905		
Sanitation	9,080,734	8,822,329	898,876	_,001,000		
Municipal Golf Courses	2,665,999	2,330,548	14,986	4 4 - <b>4</b> - 4		
Municipal Trailer Park	96,477	106,001		<u>.</u>		
International Airport	1,491,874	675,459	580,959	261,691		
Adult Athletic Complex	171,140	103,295	-			
Communications	854,242	1,445,890				
Suntran	1,639,368	174,380	982,375	42,142		
Total Business Type Activities	\$ 146,054,821	\$ 153,072,655	\$ 4,345,717	\$ 3,173,740		
	<del></del>					

### **General Revenues:**

Taxes:

Property Taxes
Utility Service Taxes
Other Taxes
Unrestricted Revenues

Investment Income

Miscellaneous

**Transfers** 

Total General Revenues, Special Items and Transfers

Change In Net Assets Net Assets-Beginning

**Net Assets-Ending** 

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

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<u>.</u>	Sovernmental .		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
	1.50			to the state of t
				The state of the s
\$	(2,922,271)	\$ -	\$ (2,922,271)	
Ψ	(26,871,691)	Ψ	(26,871,691)	The second of th
	(8,762,991)	4 * ¥ T	(8,762,991)	
	(3,850,036)	44 <u>1</u> .,	(3,850,036)	松子 建物制 人名英格兰 克克克
	(3,030,030)		(0,000,000)	
	(401,875)	y grant T	(401,875)	ger growth
	(389,757)	The section of the se	(389,757)	
	(1,941,182)		(1,941,182)	
	(45,139,803)		(45,139,803)	
	14 N		(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	
	5.	9,435,283	9,435,283	the state of the s
	est, E	4,662,911	4,662,911	e je en die en jegen
		640,471	640,471	Section 1
		(320,465)	(320,465)	ta milija ing J
	_	9,524	9,524	
	_	26,235	26,235	programme of the progra
	-	(67,845)	(67,845)	
	· · · · · · · · · · · · · · · · · · ·	591,648	591,648	a 25 1 2
		(440,471)	(440,471)	10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
\$		\$ 14,537,291	\$ 14,537,291	n skright in still Styrift Motor
				益にも、物理員
		Section 1.2	garante de la companya del companya del companya de la companya de	
\$	14,009,302	\$	\$ 14,009,302	and the first firs
	9,329,469	<b></b>	9,329,469	
	631,744		631,744	हैदार क्षांके हो। भगती पात क्षांते सिंहा अवस्थात
	4,392,031	-	4,392,031	
	864,869	1,297,764	2,162,633	
	48,350	25-35A	(Monal of 6,48,350点 language a	<b>新新森物/PRANCE TO CONTRACT A SERVICE</b>
	11,766,087	(11,766,087)		
	41,041,852	(10,468,323)	30,573,529	
	(4,097,951)	4,068,968	(28,983)	
_	172,003,082	259,655,716	431,658,798	
\$	167,905,131	\$ 263,724,684	\$ 431,629,815	

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### CITY OF OCALA, FLORIDA BALANCE SHEET ALL GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Investments	\$ 95,868	\$ 25,555,986	25,651,854
Equity In Pooled Cash Fund	14,285,396	11,621,564	25,906,960
Receivables (net)	439,446	108,573	548,019
Due From Other Funds	1,225,499	111,676	1,337,175
Due From Other Governments	2,824,235	1,157,286	3,981,521
Other Assets	13,198	1,800	14,998
Total Assets	\$ 18,883,642	\$ 38,556,885	\$ 57,440,527
Liabilities and Fund Balances			
Liabilities:			The second
Accounts Payable	\$ 4,876,162	\$ 610,133	\$ 5,486,295
Accrued Liabilities	1,241,779	43,711	1,285,490
Deferred Revenue	1,214,603	883,633	2,098,236
Advances To Other Funds	815,807	440,367	1,256,174
Total Liabilities	8,148,351	1,977,844	10,126,195
Fund Balances:			
Reserved For:	ı	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Debt Service	•	3,742,175	3,742,175
Transportation	<b>æ</b> , * .	8,282,400	8,282,400
District Improvements	·. •	541,222	541,222
Capital Projects		21,585,780	21,585,780
Unreserved:			
Designated For Specific Projects	4,551,291	•	4,551,291
Unreserved and Undesignated	6,184,000	2,427,464	8,611,464
Total Fund Balances	10,735,291	36,579,041	47,314,332
Total Liabilities and Fund Balances	\$ 18,883,642	\$ 38,556,885	\$ 57,440,527

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

# CITY OF OCALA, FLORIDA RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS AS OF SEPTEMBER 30, 2004

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\$ 47.314.332

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Amounts reported for governmental activities in the statement of assets are different because;

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$ 298,632,278, and the accumulated depreciation is \$151,006,187

\*147,626,091

Court of the same

The internal service fund is used by management to charge the costs of fleet management, risk management, information technology and other services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

24,665,090

The second second

Long term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long term are reported in the Statement of Net Assets. Long term liabilities at year end consist of:

Revenue bonds and certificates	(49,740,000)
Less: Deferred charge on refunding (to I	be amortized as
interest expense).	517,120
Deferred charge for issuance cost	s (to be
amortized over life of debt)	(wears) - 2, 691,926 (
Bond (premium) discount (to be a	mortized teachers
over life of debt)	(1,354,048)
Accrued interest payable	[1374] annuel gelo. (937,176)
Compensated absences	(878,204)
	(កិត្តក <b>្</b> ងក្នុងក្នុងក្នុងក្នុងក្នុងក្នុងក្នុងក្នុ
& manufacture and the state of	6 167 OOF 121

Total net assets of governmental activities

Early Comment

\$ 167,905,131

The notes to the financial statements are an integral part of the financial statements

# CITY OF OCALA, FLORIDA STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

		1	
		Other	Total
·	General	Governmental	Governmental
Revenues	Fund	Funds	Funds
Property Taxes	\$ 13,865,851	143,451	\$ 14,009,302
Utility Service Taxes	9,329,469		9,329,469
Other Taxes	709,786	-	709,786
State Revenue Sharing	1,443,396		1,443,396
Other Intergovernmental Revenues	6,837,915	4,372,171	11,210,086
Parking Meters and Facilities		66,572	66,572
Licenses and Permits	1,483,910		1,483,910
Fines and Forfeitures	483,088	6,055	489,143
Charges For Services	2,325,377	2,327,115	4,652,492
Investment Income	222,005	487,555	709,560
Gifts	343,306 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	251,611	594,917
Other	664,682	107,027	771,709
Total Revenues	37,708,785	7,761,557	45,470,342
			\$1.50
Expenditures	A Company of the Comp	Bujer i je je je	1
Current	The second of the second	Share Kanaday Care	1
General Government	6,254,224	503,040	6,757,264
Public Safety	27,269,177	•	27,269,177
Public Works	5,241,787	3,087,461	8,329,248
Culture and Recreation	4,226,419	-	4,226,419
Housing Rehabilitiation	304,668	<b>-</b>	304,668
Nondepartmental	197,618		197,618
Other	2,519,372	52,108	2,571,480
Capital Outlay	1,586,311	2,698,894	4,285,205
Debt Service:		and the second	
Principal Payments	-	2,145,000	2,145,000
Interest and Fees	9,515	1,699,046	1,708,561
Total Expenditures	47,609,091	10,185,549	57,794,640
Excess (Deficiency) Of Revenues Over	SHALL NO BEEN		
Expenditures	(9,900,306)	(2,423,992)	(12,324,298)
Other Financing Sources (Uses)			
Transfers In	11,613,155	- A + 4,794,252	16,407,407
Transfers Out	(2,207,378)	(2,427,645)	(4,635,023)
Total Other Financing Sources (Uses)	9,405,777	2,366,607	11,772,384
Net Change In Fund Balances	(494,529)	(57,385)	(551,914)
Fund Balances-Beginning	11,229,820	36,636,426	47,866,246
Fund Balances-Ending	\$ 10,735,291	\$ 36,579,041	\$ 47,314,332
and the second of the second o			Tall the second

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

# CITY OF OCALA, FLORIDA RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Amounts reported for governmental addivides in the	Statement of	I dolly files are	
different because:	TO MAKE PARTY OF THE PROPERTY	10.4 ( 20.4 )	Marine St.
			tititi i i i i i i i i i i i i i i i i
Net change in fund balances - total governmental	funds		311 BASE # 12\$ 151 <b>(551,9</b>
CONTROL CONTRO	و مارو به در این اعام	Santa and Santa and	and the control of the second
Governmental funds report capital purchases a			
statement of activities, the cost of those asse	ets is depreciat	ed over their es	timated
useful lives and reported as depreciation exp	ense. This rec	onciling item is	the amount
by which capital purchases of \$4,285,205 ex			
loss on asset disposal of \$8,529,532		୍ରୀ ମ୍ୟୁକ୍ତ୍ର	14 P 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
1000 off doods diopoods of \$6,020,002	被机构数字		Standing to the standing of th
The issuance of bonds and similar long term de	sht provides au	mont financial re	alday one pergentian in in
to governmental funds and thus contribute to	_		
statement of net assets, however, issuing de			
not affect the statement of activities. Similar			
in the governmental funds, but reduces the li	ability in the st	atement of net a	
governmental funds report the effect of issua	nce costs, pre	mium, discounts	s, and similar
items when debt is first issued, whereas thes			mortized in
the statement of activities. The amounts of the			Manager 1
treatment of long term debt and related items		iare ab nicco ai	Waster Control of the
treatment or long term dept and related items	રાઇસ્ટર્સ જારામાર્થિક		e til er de see løre frig same skull. Stille skrivt i men flyrer flyrefy
	, set taker a		e tradición de la desta de la desta de la desta de la dela del
Principal repayments:			Annual Control of the
Bonds and Certificates	45 U\$14.21	•	2,145,00
			S. K. Walt Carton J. Sept.
Amortization of bond discount, premium,	issuance costs	and	engin Marin pra
deferred amounts on refunding	50000	22.75	45 04 45 9 Pro-50 (15,44
			ল <i>মন্ত্ৰীৰ জীৱ</i> , এই চাৰ্ট
Some expenses reported in the statement of ac	tivities such as	compensated s	hsences (Mark to Marke All
and accrued interest, do not require the use of			
reported as expenditures in governmental fur		ciai resources a	e i fi i was si i e i fit i i fit sa i
		•	List of therefore in the multiple (
Compensated absences	731.61	generally or Superior	s of (118,92
Accrued interest on long term debt	The second of the second	5.2.53	present air part radio entermon (177,10
The section and materials is a first many confidence of the continuous above. The making property continuous is a section of the continuous and th	And the second s	ADMINISTRAÇÃO	caes de décrat à est
The internal service fund is used by manageme	ent to charge th	e costs of activi	ties that
benefit the entire government. The net incom	re (expense) of	the internal ser	vice fund
is reported with governmental activities.	esanier	1017550	(1,135,22
GP TRECTE CTS	Section 1	its Est.	2000 E.S. T.
Change in net assets of governmental activities	173,777,003	187.010.85	ಪ್ರಕಟ್ಟ್ ಸಿಬಿರಿಸಿಕಿಯ ೧೯೫೧ <b>\$</b> ೧ <b>4,097,9</b> 5
Change in flet assets of governmental activities	\$50.5°	151.731.2	6.44097,95
	Y40,500,6	1943435	RESIDENCE TO THE CONTROL OF THE
(b) Any state of the state o	in within the property of the second of the	and the second s	

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

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### CITY OF OCALA, FLORIDA CITY OF OCALA, FLORIDA STATEMENT OF NET ASSETS PROPRIETARY FUNDS SEPTEMBER 30, 2004

ļ.	en e			BUSINESS-TYPE ACTIVITIES	•
	Electric			Municipal Municipal	•
	System	Water		Golf Trailer	
	Revenue	and Sewer	Sanitation	Course Park	1.16
Assets			-		<del>-</del>
Current Assets:					
Cash and investments	\$ 3,300	\$ 250	\$ 1 ax ax = 1	\$ 4,128 \$ 100	) in the second control of
Equity in pooled cash and					
investment fund	26,616,299	12,819,868	1,125,092	- 133,858	1,
Restricted assets available for	in de la regerija de Zwest i ja L		to Europe		
current liabilities	2,220,659	6,600,930		479 × 480	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Accrued interest receivable	270,532	126,035	10,129	- 1,311	* * * * * * * * * * * * * * * * * * *
Accounts and notes receivable	10,509,527	85,091	600	1,033 90	)
Accrued unbilled revenues	9,086,560	•	•:	å	
Due from other funds		1,068,156	410,642	•	
Interfund loans receivable	7,905				
Inventories	2,240,047	44,685	ាស់ ស្រាស់ប្រឹស្ត	75,416 -	
Due from other governments	1,745,648	122,873	898.876	14,986	1875 The 1885 St. 1885
Other current assets	185,682	4,160		16,533	i filik di kaca
Total current assets	52,886,159	20,872,048	2,445,339	· · · · · · · · · · · · · · · · · · ·	<b></b> 
	·				<b></b> et la
Noncurrent Assets:					
Restricted Assets:		•	į.	Maria Maria de Caracteria de C	*
Cash and investments:			• • • •	Grand Control	10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Crystal River Decomissioning Trust	6,723,329	atti a 🔒 🚅	·		TENTO OF T
Construction accounts	_	3,987,196	f 1	11 and 12 and 14	.1 (43)
Debt service accounts	2,220,659	5,022,635	_		
Equity in pooled cash and	,,	<b>-,,-</b>			
investment fund:				•	177.
Construction accounts	_	12,472,779	•	_	
Debt service accounts		-	•		
Impact fee accounts		10,321,165			
Renewal and replacement	6,519,293	3,508,802	-		
Accrued interest receivable:	.,,	-,,	•		
Construction accounts	<del>-</del>	112,242			
Impact fee accounts		96,933			
Renewal and replacement	61,961	33,349			1. 1. 1. 1.
Due from other governments			4		· 1
(155) Other	•	44,197			
(2) Less: Portion classified as current	(2,220,659)	(6,600,930)	4.1 ■ . § 1.	g stræft er i 🕶 gen i i i i i i i i i i i i i i i i i i i	al Artico
Total restricted assets	13,304,583	28,998,368	· <del> </del>		•
Issuance Costs on Long-Term Debt	. 34,256	645,990			e este
interfund Loans Receivable, long-term	3,945,100	-	*	•	■ file i kmijje na liji
Capital Assets, Net:	5 0 1 41 0	1 T	1 1 E 10 - 13		
(ESS, CS) Land	5,227,791	7,129,886	±,	394,284 33,907	the transfer of
Buildings	4,423,711	1,754,249	810	1,510,337 640	
ുള്ള ൂട്ട് j Improvements other than buildings	69,249,581	126,777,053	1,808	2,032,464 1,665	A STATE OF THE STATE OF
Machinery and equipment	2,163,971	845,506	220,066	38,175 604	and the second of the second of
Construction in process	2,887,697	8,035,257			
Total capital assets (net)	83,952,751	144,541,951	222,684	3,975,260 36,816	•
Total Noncurrent Assets	101,236,690	174,186,309	is 3 197 <b>222,684</b> 13		ATE SHOULD BE
					•
Total Assets	\$ 154,122,849	\$ 195,058,357	\$ 2,668,023	\$ 4,087,356 \$ 172,633	-
					•

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

	NTERPRISE F	UNDS	य ताक्}्र	4487 T					G	OVERNMENTAL	
	Ocala	. Adı	iit 💮					· ·	-	<b>ACTIVITIES</b>	
In	nternational	Athl	etic	Communi-		* 9 p 2	e.h			Internal	
	Airport	Com	plex	cations		SunTran		Total		Service Funds	•
	gabout the second second					· • • · ·	1.2.5.		¥7		Twin to Bruse Accept
\$	100	\$	_	<b>s</b> -	\$	-	\$	7,878	\$	1,100	ម÷ឃឹស់ឆ្នាំង
•		•		•	Ť		•	•	•	•	Strate Control of the American
	268,986	54.75	-	1,113,130	-	e s <del>é</del> .		42,077,233	43	12,552,437	
	34,088							8,855,677		_	e <del>Status</del> e e e e e e e e e e e e e e e e e e e
	5,214	25 to	-	10,371				423,592		119,312	Service of the company of the control of the contro
	3,214		180	865		-		10,597,386		54,664	化二氢基式 医自动性原始性 医乳
	•	1.75	180	665		•		9,086,560	7	54,004	15. 异族 (資本) 自由于
	•		-	•				1,478,798		-	古职士人名 鐵水管集
	-	., e.,		-		•				•	and the control
			4 407			· · · ·	. a - legg	7,905		244204	restrença i nou compresed Alico
			1,137	261,505		-		2,622,790		214,304	
			7			520,617		3,303,000		26,184	
	<del></del>		-	-	_		_	206,833		70,431	•
	308,388		1,317	1,385,871	_	520,617		78,667,652		13,038,432	et eyrilingt out on
						1. 机图像)		-			rash to gitte in
						1		\$5. − •			And the second of the second
											word address I
					- '						
	-		-	-		•		6,723,329		-	POT CONTRACTOR SERVICE
			-		•		- × 1	3,987,196			FETT ( #1)
	-		-	-		-		7,243,294		_ *	H
								2911			e di la salah di
											and the second second
			-	-		•	-	12,472,779		•	
	-		-	-		•				-	in the Control of State of the Control
	-		-	<b>-</b>		<b>.</b> ,		10,321,165		-	
	-	•	-	_		· • •		10,028,095		3, *** ·	and the second of the second o
								\$24. B.			entropy in the state of the sta
								112,242	•	_	and the second of the second s
	-		-	•		_		96,933		-	and the second area of the second
	_					1.8200	1	95,310	<u>_</u> ;:-		%% - <b>60</b> %√4
	286,912			1 4 2		10 KIN 8	reberger, a	286,912	***	sy mans rui	and the state of t
		ورد در مدید د. چود راحد و		مسحدادات الله المادات أقوالات		and the second		44,197			<b>新</b> 特別的 新军
	(34,088)	e redime		V 100 100 100 100 100 100 100 100 100 10		as Are a selection of	عاوا م <del>وسود</del> الواد	(8,855,677)	7.6	and the same of	Full Tarrent Line Care
	252,824				_			42,555,775			•
	202,024		<u> </u>		·			680,246		<del></del>	• Cally Tive s
	<del></del>		<del></del> -		<u> </u>						🕡 ें के अस्तर अधिकाल है कि निर्माणक को केल्पान कर
			<u></u>					3,945,100		<u>-</u>	· Sign figure.
	£ 407 007		404			222,0,25		17,904,966	1 4	667,770	ল ইন্যাৰণ গাঁচকা বাংগী ছবাটো এক দ
	5,107,997		1,101	-		22,030			S pa		নাম কৃষ্ণ ট্রাগড়ের মন্ট্র ইউটোলা 🗆
	3,350,403		7,045	4050 405		22,030 (\$0,000)		11,229,225	en ere En ere	6,860,501	- Mother - distantiants) for distantials
	10,146,085		2,190	4,353,400	·4			213,594,246		40.400.00	- Transcer Commissions, manager and
	44,450	n national designation of the second	,549	63,007	nai!	717,413		4,094,741	7. 63 S	10,190,624	6. 可要进程 考生的 ASSA 6.
	616,635	<u> </u>		391,011		<del></del>		11,930,600			•
	19,265,570		,885	4,807,418		739,443		258,753,778		17,718,895	
	19,518,394	1,21	1,885	4,807,418		739,443	رة فيلكم	305,934,899	1	17,718,895	र श्रीतालका एक के प्रकेशका है <mark>जो का</mark> करना एक
\$	19,826,782	\$ 1,213	3.202	\$ 6,193,289	· \$	1,260,060	\$	384,602,551	\$	30,757,327	
~	10,020,102	<u> </u>	,	÷ 0,100,200	<u> </u>	.,=-0,000	<u>*</u>	,,	· <u>*</u>	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	

AT POST A SUBSTITUTE OF SUBSTI

(Continued)

# CITY OF OCALA, FLORIDA STATEMENT OF NET ASSETS (Continued) PROPRIETARY FUNDS SEPTEMBER 30, 2004

, · · , i		1			BUSINESS-TYPE ACTIVITIES					
X	in gyi	Electric System		Water		11 13°		Municipal Golf	Municipal Trailer	
Liabilities and Fund Equity		Revenue		and Sewer	<u>s</u>	anitation		Course	Park	
Current Liabilities:										
Payable from unrestricted assets:										
Accounts payable	· \$	9,640,089	\$	302,940	\$	525,810	\$	83,924 \$	2,047	
Claims payable		-		-		-		-	-	
Compensated absences payable		354,425		136,089		145,439		34,591	1,149	
Accrued interest payable	1	1,250		-		•		•		
Due to other funds	•	2,000,734		-		•		296,381	-	
Customer deposits		3,396,750		-		-		-	-	
Deferred revenue		•		_ <del>.</del> .				31,966		
Total current liabilities payable	-,					1 4.7.1				
from unrestricted assets		15,393,248		439,029		671,249		446,862	3,196	
		1.3								
Payable from restricted assets:	2			1. 2	•					
Accounts payable		•		1,400,930		-		•	-	
Accrued interest payable		115,659		2,082,635		•		-	-	
Deferred revenue		-		177,365		-		-	-	
Revenue bonds payable within										
one year		2,105,000		2,940,000		-		-	-	
Total current liabilities payable		#4 1.2								
from restricted assets		2,220,659		6,600,930		-		•	-	
Total current liabilities	_	17,613,907	_	7,039,959		671,249		446,862	3,196	
Noncurrent Liabilities:										
Interfund Loans Payable After One Year		-		101,871		898,876		436,316		
Decommissioning costs		6,723,329		-		-		-	•	
Compensated absences payable		265,941		89,494		123,558		23,755	2,390	
Revenue Bonds and Notes Payable						•				
After One Year		4,233,019		80,018,624		. •			· -	
Total noncurrent liabilities		11,222,289		80,209,989		1,022,434		460,071	2,390	
Total liabilities		28,836,196		87,249,948		1,693,683		906,933	5,586	
									7.5 C S 1	
Net Assets:		1.								
Invested in capital assets, net of	•	. "	,	*		4				
related debt		77,533,329		75,317,969		222,684		3,975,260	36,816	
Restricted for debt service	3	2,105,000		2,940,000		-		-	•	
Restricted for capital projects		6,581,254		13,827,081		-		erikan 👼		
Unrestricted (accumulated deficit)	•	39,087,070		15,723,359		751,656		(794,837)	130,231	
Total net assets	\$	125,286,653	, \$	107,808,409	\$	974,340	\$	3,180,423 \$	167,047	
	====				===		*****			

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

	OVERNMENTAL	— GC			<b>₽</b> ₹	UNDS	ENTERPRISE I
	ACTIVITIES Internal Service Funds		trêteriê Total vêre s	SunTran	Communi- cations	Adult Athletic Complex	Ocala International Airport
			**************************************	াল-চান্ত্ৰতি হৈছে :	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
2 + 14	•						
areas of the set.	782,316	<u>,</u>	\$ 10,923,337	\$ 299,390	\$ 39,022	\$ 4,597	25,518
****	4,993,302			V 200,000	00,022		20,0.0
	170,699	~.	685,336		6,097	1,884	5,662
	-		1,250	-	-		-
	-		- 2,815,973	214,669	-	304,189	-
and the second s	_		3,396,750	, Age 10 10 <del>-</del>	•	-	_
	- ,		31,966	•	-	· . · · · •	
And the state of t	16.50			10001		<del></del>	
r e r	5,946,317	_	17,854,612	514,059	45,119	310,670	31,180
*							<del></del>
B 10 1 1 1 1				1.44	100		
14 T 4 Mg 2 1 1 1 1	-		1,435,018	•	• • •	•	34,088
	•		2,198,294	-	-	-	•
	-		177,365			* , <del>*</del> ,	3
4 34	4.78 g = 4		e santa de la composition della composition dell	THE PERSON		**************************************	
	-		5,045,000	* * * * * * * * * * * * * * * * * * * *	-		
in the second section of							***
	<u> </u>	:	8,855,677			_	34,088
	5,946,317		26,710,289	514,059	45,119	310,670	65,268
47-83-4 <u>-</u>			. %	· · · · · · · · · · · · · · · · · · ·		1	
the state of the state of	16,684		2,680,147				1,243,084
	10,004		6,723,329	_	<del>-</del>	_	1,240,004
	129,236		512,459	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	2,092	3,287	1,942
	125,255		4.0 let 1.5 s	* = **	2,002	٦٫٢٥٠	.,0 .2
			84,251,643	A Committee of the committee of the	• • •		• •
	145,920		94,167,578		2,092	3,287	1,245,026
	6,092,237		120,877,867	514,059	47,211	313,957	1,310,294
<ul> <li>x²</li> </ul>			<b>研究的14</b>	Historia Santa	\$25 S.		
server t	e, est	taine alle			e de la companya de l	en e	4
	٠		grige mas Se	ST 2019 &	5. 5. 65.)		c
Roberts Dominion (1986)	17,718,895		183,076,286	739,443	4,807,418	1,211,885	19,231,482
	<b>-</b>		5,045,000	-		· -	-
<b>खर</b> ाक समा अंद्र त	-		20,408,335	Service the	Section 1	ag + (2.08)8. =	158.25
	6,946,195		55,195,063	6,558	1,338,660	(312,640)	(714,994)
3558-	24,665,090	\$	\$ 263,724,684	\$ 746,001	\$ 72 6,146,078	\$50\ 899,245	18,516,488

- 1000 - 1

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একীজন্মন্ত্ৰিক লৈ কছাৰ কৰি নিৰ্দেশ ক্ষিত্ৰ । কৰি জাৰ কৰা কৰে তেওঁ মিলে এটি । একেলে চিত্ৰ লোক তেওঁ

# CITY OF OCALA, FLORIDA STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

4				BUSINESS-TYPE A	CTIVITIES -
	Electric System Revenue	Water and Sewer	Sanitation	Municipal Golf Course	Municipal Trailer Park
Operating Revenues:	-				
Charges for services	\$ 114,899,200	\$ 18,708,787	\$ 8,812,729	\$ 1,909,864 \$	104,674
Other	6,466,872	1,208,415	908,476	435,670	1,327
Total operating revenues	121,366,072	19,917,202	9,721,205	2,345,534	106,001
Operating Expenses:					
Purchase of electricity	83,607,585		-	-	
Distribution	11,784,907	1,531,461	-	-	-
Operation and maintenance	2,955,892	<u> -</u>	7,533,349	2,321,973	94,318
Water and sewer treatment	•	3,670,634	-	•	· <u>-</u>
Sewer collection		1,886,136		•	_
Internal service	-			_	-
Administration	5,840,728	1,915,646	487,685	51,954	-
Depreciation and amortization	4,654,491	4,859,564	68,985	230,379	2,159
Economic improvement incentives	322,404	-	-	-	-
Other	2,927,837	112,094	990,715	27,754	-
Total operating expenses	112,093,844	13,975,535	9,080,734	2,632,060	96,477
Operating Income (Loss)	9,272,228	5,941,667	640,471	(286,526)	9,524
Non-Operating Revenues (Expenses):	2.5			·	
Investment income	630,468	631,225	14,615		1,692
Interest expense	(351,947)	(3,633,661)	,0.0	(33,939)	-,002
Other non-operating revenue	515,002	2,354,905	-	(00,000)	_
Total non-operating revenues				<del></del>	
(expenses)	793,523	(647,531)	14,615	(33,939)	1,692
Income (Loss) Before Operating Transfers	10,065,751	5,294,136	655,086	(320,465)	11,216
Transfers:	***	•		• .	* 4.4
From other funds	553	• Section of the sec	203	50,000	
To other funds	(11,251,789)	(732,853)	(127,000)		
Total operating transfers	(11,251,236)	(732,853)	(126,797)	50,000	*
Change in net assets	(1,185,485)	4,561,283	528,289	(270,465)	11,216
Net assets:	÷		•		
Beginning of year	126,472,138	103,247,128	446,051	3,450,888	155,831
End of year	\$ 125,286,653	\$ 107,808,409	\$ 974,340	\$ 3,180,423 \$	167,047

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

	FUNDS				GOVERNMENTAL
And largers	um katan	**		^\*6 .	ACTIVITIES
Ocala			a, ditta /		Internal
nternational			A CONTRACTOR OF THE PROPERTY O	an and the state	Service
Airport	Complex	cations	SunTran	Total	Funds are a property and year
MAS.	7 7 17 ATE!	+: * * * *	18.81.34.94 P	<b>6</b> 8 1 90 AB	ាក្សិត នៅ នៅ ស្វាស់ នេះ ប្រើក្រុម ម៉ែង។ នៅ ម៉ែង។ ស្វាស់ ស្វាស់ ស្វាស
667,480	\$ 102,710	\$ 1,406,639	\$ ts158,252 \$	146,770,335	\$ 21,273,611
7,979	· · · · · · · · · · · · · · · · · · ·	39,251		9,068,575	701,956
675,459	103,295	1,445,890	158,252	155,838,910	21,975,567
1000	es, the second	and the second second	The second secon	er something	1 × 2 × 2 × 2 × 2 × 2 × 2 × 2 × 2 × 2 ×
					লেখন বিভাগ <del>ল</del> ৈ ভ
-	-	•	•	83,607,585	<ul> <li>Applications</li> </ul>
-	34824 <u>*</u>	-		13,316,368	and the second of the second o
683,351	91,810	632,920	1,335,232	15,648,845	మైగా కారుడుతోని కార్లు జాగ్రామంలో
-	•	-	, -	3,670,634	• 25 m 2 m 2 m 2 m 2 m 2 m 2 m 2 m 2 m 2
-	<i>&gt;</i> .;•	e de € 2	- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	1,886,136	al de 🚅 tras et al vice de
_	-	-	•	•	20,216,964
-	-	38,520	•	8,334,533	ide Rade v. 31 € 20 St George (10 Set)
745,202	75,385	182,802	304,136	11,124,103	3,042,843
•	-	-	-	322,404	រួម ដែលម្នាក់ ក្រុង មាន ក្រុង
167				4,058,567	girth to the
1,429,720	167,195	854,242	1,639,368	141,969,175	02.000.007
			1,000,000		23,259,807 (Ad \$ 15 back of the
(754,261)	(63,900)	591,648	(1,481,116)	13,869,735	(1,284,240) of Lagran in 1982 in
					sorte i la visit let
					from the second of the first second of
7,529	• •	12,235	(4.4.1.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.	1,297,764	155,309
(62,154)	(3,945)	•	•	(4,085,646)	ag in the gard is to the size can
842,650			1,040,645	4,753,202	# State of Marke
			. * * : 4 * 4		के नाम है। है। ते के का
788,025	(3,945)	. 12,235	1,040,645	1,965,320	155,309
00.704	(07.0.45)	200 000	(140.474)	45.005.055	received being the first
33,764	(67,845)	603,883	(440,471)	15,835,055	(1,128,931)
		The property	Familian Malden. Apply or a view or a comparable of agency or angel from a		·····································
116,739	•	35,231	142,829	(:345,555	্যালয় প্ৰতিষ্ঠান কৰি সূত্ৰ কৰি বিভাগ কৰি । তেওঁলোকীয়ে স্বাস্থ্য কৰি উচ্চিত্ৰ যেই
,		00,201		(12,111,642)	(6,297) the solid trail to the
116,739		35,231	142.829	(11,766,087)	(C 007)
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150,503	(67,845)	639,114	(297,642)	4,068,968	(1,135,228)
	and the second second second second	and the second s	a normal land by the Salaman and a	والميسافيشية كالمائب وهجي والمنهسيون	• • • •
		·	2		ক্ষা ই ৰাইডেলে লাইন শালনকার 25,800,318 জোন ই প্রায়েই কার্যকার
18,365,985 · ·	967,090	5,506,964	1,043,643	259,655,716	25,800,318
			2 2042		programme and the second
18,516,488	\$ 899,245	\$ 6,146,078	\$ 746,001 🖘 \$	263,724,684	\$ 24,665,090
				· · · · · ·	I may be a started by the fit of

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#### CITY OF OCALA, FLORIDA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

**BUSINESS-TYPE ACTIVITIES Electric** Municipal Municipal System Water Golf Trailer Revenue and Sewer Sanitation Course Park Cash Flows from Operating Activities: Cash received from customers 114,890,088 19,622,820 105,911 8,777,962 2,373,102 Cash paid to suppliers for goods and services (96,261,818) (5,470,735)(5,518,605) (1,445,600) (49, 296)Cash paid to employees for services (9,461,275)(3,620,022)(3,319,023)(1,089,794)(45,697)Net cash provided by (used in) operating activities 9,166,995 10,532,063 (59,666)(162, 292)10,918 Cash Flows from Non-Capital Financing Activities: Transfers in 553 203 50.000 Transfers out (11,251,789)(732,853)(127,000)Operating grants Loans to other funds (2,168,696)Proceeds of loans from other funds 101,871 898.876 6.470 Principal received on loans to other funds 18,038 Interest received on loans to other funds 100,847 Interest paid on loans from other funds (30,089)Net cash provided by (used in) (13,301,047) 772,079 26,381 non-capital financing activities (630, 982)Cash Flows from Capital and Related Financing Activities: (2,035,000) (2,820,000) Principal paid on bonds and notes Interest paid on bonds and notes (264,388)(4,221,045) Proceeds from sale of capital assets 136,708 Acquisition and construction of capital assets (10,825,826) (5,196,826)(10,114)(797)Contributions received from other governments and developers 2,354,905 515,002 Net cash provided by (used in) capital and related financing activities (6,981,212)(15,511,966) (10,114)135,911 Cash Flows from Investing Activities: Purchase of investments (806,890)(5,362,520)Proceeds from sales and maturities of investments 6,671,160 Investment income 624,834 687,824 10,256 1,529 Net cash provided by (182,056) investing activities 10,256 1,996,464 1,529 Net Increase (Decrease) in Cash and Cash Equivalents (11,297,320)(3,614,421)712,555 12,447 Cash and Cash Equivalents, 121,511 beginning of year 46,656,871 47,759,920 412,537 4,128 Cash and Cash Equivalents, end of year 35,359,551 44,145,499 1,125,092 4,128 133,958

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

Int	Ocala Cernational Airport	Adult Athletic Complex	Communi- cations	esta ori SunTran <sup>® das</sup> tr	interest of the second of the	GOVERNMENTAL ACTIVITIES Internal Service Funds	in the second se
\$	675,459	\$ 103,295	\$ 1,445,331 \$	157,594	\$ 148,151,562	\$ 21,428,344	इ.स्ट्री स्थानकार ।
	(833,289) (277,314)	(38,481) (64,814)	(231,393) (346,799)	(1,484,254) (53,588)	(111,333,471) (18,278,326)	(14,517,010) (4,723,357)	্ৰেষ্ট প্ৰথমিক
	(435,144)	<u>•</u>	867,139	(1,380,248)	18,539,765	2,187,977	o the tribulation for the com- order sector of the
	127			of the tipes	1 - <b>4%</b> (1 - 1 1 1	ant in their	र के प्रत्यक्ष के स्त्री विद्वस्था के स्त्रीति के किस्सी
	116,739		35,231	142,829	345,555	en e	. At the with a single
		i de la compania del compania del compania de la compania del compania de la compania de la compania del compania de la compania de la compania de la compania del compania		1,199,078	(12,111,642) 1,199,078 (2,168,696)	(6,297)	Marine State Comment
		-	-	•	1,007,217	16,684 7 1	The section of the se
	•	•	-	-	18,038	•	가 유명하는 것 같습니다. 영국() 
		· • • • •	·	es ing/ • ,	100,847	•	· Participation of the second
	(62,154)		-		(92,243)	1 to 1/2	i jago en el especial desigle el los soltos el especial de el los el el el especial de el
	54,585	:1 <u>* </u>	35,231	1,341,907	(11,701,846)	10,387	tigi d <del>a</del> raten⊈
			÷.:	ં કરો જમ્મ જ કર્યું	114 d 124 114	ing spirit and spirit	Lalesta (1997) Turtis (1998), Green Lalesta (1998)
-	389,850	•		ः <b>ा ।</b> - : : व्यक्ति	(4,855,000) (4,485,433) 526,558	495,887	,
	(638,631)	- 	(244,881)		(16,917,075)	(3,428,490)	करामा नक्षेत्रकी मुक्तिक स्वीकराष्ट्री
	676,614	1.83 .2	Side Line	19,216	3,565,737		aligni della e dili <sup>88</sup> Cientereggi i linggi estre
i	427,833	4. T	(244,881)	19,216	(22,165,213)	(2,932,603)	e o grafijako ordek e organia, merakali mara marakala a bil
	-	144 in -		********** <b>*</b>	(6,169,410)	•	The section of the se
	4,286	, , ign - per managering harterhol	4,905	ur aus aug ur ur ann branch	6,671,160 1,333,634	151,269	o sastinga patawan da i
	4,286	er patriagner grants.	4,905		1,835,384	151,269	্তি ক্রিক্তার ক্রিক্তার ক্রিক্তার ক্রিক্তার ক্রিক্তার
	51,560	-	662,394	(19,125)	(13,491,910)	(582,970) <sub>5.553</sub> ;	কৈছে। বিভাগ ভিত্তী ভাগ ক্ষান্ত্ৰসমূহত হৈছে ।
	- چېسمانده د ۱۰۰	The second secon			E RECO	ing Gal Maring Raymon	अंदर्भी कार्या होते समि
	217,526	-	450,736	19,125	95,642,354	13,136,507 \$ 12,553,537	- वर्षात्रहरूके कुर्णिक तम् । संतिक

(Continued) একজ্বুমুখীনুক্ত সংস্কৃতি ল'ত তেওকুই কৰিছে প্ৰস্কৃতি সংস্কৃতি আৰ্থিত এই উপ্ৰাৰ্থিত কৰিছে এই এই স্কৃতি এই

#### CITY OF OCALA, FLORIDA STATEMENT OF CASH FLOWS (Continued) PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

			 			BUS	SINESS-TYPI	ACT	TIVITIES -
	\$ 	Electric System Revenue	 Water and Sewer		Sanitation		Municipal Golf Course		lunicipal Trailer Park
Reconciliation of Cash and Cash Equivalents to Balance Sheet:			, <del>1</del> , 1, 1		. *				
Total current cash and invest- ments per the balance sheet Total noncurrent cash and invest- ments per the balance sheet	<b>\$</b>	28,840,258 13,242,622	\$ 17,842,753 30,289,942	\$	1,125,092	<b>\$</b>	4,128	\$ <sup>2</sup>	133,958
Total cash and investments Less: Investments not meeting the definition of cash equivalents		42,082,880 (6,723,329)	 48,132,695 (3,987,196)		1,125,092		4,128 -	۸,	133,958
Cash and Cash Equivalents, end of year	\$	35,359,551	\$ 44,145,499	\$	1,125,092	<u>\$</u>	4,128	\$	133,958
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		•						-	
Operating income (loss) Adjustments to reconcile operating income (loss) to cash provided	\$	9,272,228	\$ 5,941,667	\$	640,471	\$	(286,526)	\$	9,524
by operating activities:		A CAO AOA	4 700 030	٠	69.005				0.450
Depreciation Amortization Loss(gain) on capital asset disposal		4,648,184 6,307 127,435	4,788,932 70,632 (8,965)	•	68,985 3,002		230,379 - (123,852)		2,159 -
(Increase) decrease in assets:  Accounts and notes receivable			• • •						(00)
Accounts and notes receivable Accrued unbilled revenue Due from other funds		(2,952,698) (1,802,978)	16,543 - (221,175)		(600) (43,767)		2,105 - -		(90)
Inventories  Due from other governments  Other current assets		156,965 (1,745,648) (20,246)	(9,843) (122,873) 8,538		(898,876)		(14,986) (5,692)	٠	- (458)
Increase (decrease) in liabilities: Accounts payable Compensated absences payable Due to other funds		173,842 55,451 415,923	(2,464) 28,983		152,672 18,447		(4,932) 763 41,608		(748) 531
Customer deposits Deferred revenue Decommissioning costs		25,340 806,890	 42,088	•	-		(1,159)		-
Net Cash Provided by (Used in) Operating Activities	\$	9,166,995	\$ 10,532,063	\$	(59,666)	\$	(162,292)	\$	10,918
Noncash Capital and Related Financing Activities:		**************************************			21 ° 2				
Plant and equipment contributed from (to) other funds	\$	(23,010)	\$ 10,301	\$	(3,002)	\$	(12,891)	\$	<u>-</u>
Noncash Investing Activities: Change in fair value of investments	\$	26,478	\$ (3,505)	\$		\$	-	\$	

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

EN	ITERPRISE F	UND	s							GOVERNMENTAL
in	Ocala International Airport		Adult Communi- Complex cations			-	SunTran		Total	ACTIVITIES Internal Service Funds
										e totale elektronica
\$	269,086	\$	~	\$	1,113,130	\$	-	\$		\$ 12,553,537
				_	4 440 400				43,532,564	
	269,086				1,113,130		-			ต่อ จากย <b>12,553,537</b> ซี <i>ยโล</i> นี เกาะห์ออก เลย (ก็
	<u> </u>	_	•		<u> </u>		· <del>-</del>		(10,710,525)	
\$	269,086	\$		\$	1,113,130	\$		\$	82,150,444	\$ 12,553,537
			<del></del>			_		=		i <del>di mana andri di di p</del> ulitata. Parta di dipenya 15,440 fidi
	•									anga dalah masali
\$	(754,261)	\$	(63,900)	<b>.</b> \$	591,648	\$	(1,481,116)	\$	13,869,735	\$ (1,284,240)
	• • •				•				7.76	্ৰন্থ কৰিছিল কৰিছিল
									٠, ٠	region of Mary and the second of the second
	746,202		75,385		182,802		304,136		11,047,164	3,042,843
	(389,336)		-		(22,438)		-		76,939 (414,154)	- (423,764)
	(,,				• *					ere and elean is
	•		-		21,879		-		(2,912,861) (1,802,978)	(11,005)
	-						-		(264,942)	ស្រាស្ត្រីស្រាស្ត្រី
	-		(760)		85,299		-		231,661	್ರಾರ್ಡ್ <sup>ಇದ್ದಾಗಿ</sup> ಡಿ.(3,525)
	-		-		-		-		(1,883,507)	(26,184)
	225		_		1,739		•		(914,770)	১% প্ৰতিষ্ঠ ( <b>12,652)</b> কুচাৰ কুমাৰ্চ
	(34,577)		612		10,299		105,984		400,688	සම්බම සිට ප්රේෂ්ණ ජී <b>874,805</b>
	(3,397)		843		(4,089)		100,504	-	97,532	35,199
	-		(12,180)		( ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		(308,594)		136,757	-
	-		-		•				25,340	<u>-</u>
	-			100	la ไม่ใชก±±ใใ -	£ (14-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	a 1824 ( <b>658</b> ) :	i ha	ണ്ട <i>ു</i> 40,271 <u>ല</u> 806,890	o ference për e <b>(3,500)</b> propried tili i i i
			<del></del>	_			<del></del>		000,030	
_	(405.4.4.0)				007.400		// 000 0 /D\		40 500 705	0.407.077
\$	(435,144)	\$		\$	867,139	<u>\$</u>	(1,380,248)	\$	18,539,765	\$ 2,187,977
•			•							
					•			٠.	•	
\$	(2,550)	\$		\$	22,439	\$	·	\$	(8,713)	\$
	-									
\$		\$	·	\$		\$		\$.	22,973	<u>-</u>

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#### CITY OF OCALA, FLORIDA STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS SEPTEMBER 30, 2004

Assets	a et	李 · · · · · · · · · · · · · · · · · · ·		PENSION TRUST FUNDS
Cash and Cash Equivalents			\$	3,302,471
Receivables:				
Interest and dividends receivable	•		:	154,161
Accounts receivable				311,833
Due from other governments				43,764
Total receivables				509,758
A A CONTRACTOR OF THE CONTRACT			-	
Investments, at fair value:	:			
Mutual funds: equities	* **	•		6,871,768
Mutual funds: bonds				25,231,217
Common stock				47,821,414
Government obligations				6,858,193
International stock				10,644,352
Non-government obligations				5,673,100
Total investments				103,100,044
Total Assets				106,912,273
Liabilities				
Flabline2				
Accounts Payable				2,348,298
Total liabilities				2,348,298
rour implified	:			_,0 10,200
Net Assets Reserved for Employees' Pension Benefits		. :	\$	104,563,975

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

# CITY OF OCALA, FLORIDA STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

·		PENSION TRUST FUNDS
Additions:		
Contributions:		
Employer	\$	5,353,085
State		867,118
Employee	_	1,036,573
Total contributions		7,256,776
Investment income: Investment income (loss) Dividend income		8,614,021 1,052,422
Total income on investments	-	9,666,443
Less: Investment management fees		(618,287)
Net investment income (loss)		9,048,156
Total additions (reductions)	_	16,304,932
Deductions:		
Pension payments		6,970,711
Refunds to employees		45,020
Administration		164,400
Total deductions		7,180,131
Net Increase (Decrease)		9,124,801
Net Assets Reserved for Employees' Pension Benefits:		
Beginning of year		95,439,174
End of year	\$	104,563,975

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



1.	Summary of Significant Accounting Policies	33-40
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2.	Cash and Investments and Equity in Pooled Cash and Investment	40-41
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3.	Interfund Transactions	42-43
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11.	Hurricanes	56
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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City Of Ocala (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below.

#### Reporting Entity

The City of Ocala, Florida (the "City") operates under a council-manager form of government, including a six-member City Council comprised of a Mayor (elected at large) and five district Councilmen and provides the following services as authorized by its charter: public safety, public works, public utilities, culture, recreation and community development. The City of Ocala, Florida was created pursuant to the Laws of Florida, Chapter 67-1782.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Management determined that the Community Redevelopment Agency is the only organization that should be included in the City's financial statements as a component unit.

#### **Blended Component Unit:**

<u>Community Redevelopment Agency (CRA)</u> - The Community Redevelopment Agency was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 2009 and City Resolutions 88-37, 88-52 and 89-44. The City Council serves as the CRA Board. Although legally separate, the CRA is appropriately blended as a governmental fund type component unit into the primary government. Separate financial statements for the CRA are not presently developed.

The City includes advisory boards and commissions within the City in its financial statements in circumstances where the City selects the governing authority, designates management, has the ability to influence operations, and has accountability for fiscal matters of the advisory boards and commissions.

#### Related Organization:

The City is responsible for appointing the Ocala Housing Authority's board. However, the City's accountability for this organization does not extend beyond making these appointments.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

#### **Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

#### **Fund Financial Statements**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they generally are collected within 90 days of the end of the current fiscal period, except for FEMA disaster relief for hurricane damage which has a one year window. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

- The Electric System Revenue Fund accounts for the construction, operation and maintenance of the City-owned portion of CR-3 and the City-owned electric system as well as sales of electricity and other services to the general public. Electricity rates charged to customers are set by the City Council within the rate structure established by the Florida Public Service Commission.
- The Water and Sewer System accounts for the fiscal activity of providing water and wastewater services to residential and commercial customers.
- The Sanitation Fund accounts for the operations and maintenance of the City's refuse collection system.
- The Municipal Golf Course Fund accounts for the construction, operations and maintenance of the City's two
  golf courses.
- The Municipal Trailer Park Fund accounts for the operations and maintenance of the City-owner trailer park.
- The Ocala International Airport Fund accounts for the construction, operations and maintenance of the City's airport and the Foreign Trade Zone #217.
- The Adult Athletic Complex Fund accounts for the construction, operations and maintenance of the Ocala Regional Sportsplex.
- The Communication Fund accounts for the construction, operations and maintenance of the City's broadband communications (fiber optics) network.
- The SunTran Fund accounts for the operations and maintenance of the regional mass transit system that began operations during 1999.

Additionally, the City reports the following fund types:

- Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- Internal Service Funds account for the activities of the City's risk management, fleet management and internal
  service funds. The City's risk management program includes amounts collected and the claims paid for the
  County's workers' compensation, property, general liability, and prescription medicine self-insurance. The
  Fleet management fund is charged with acquiring and maintaining of approximately 930 units of gas-driven
  vehicles and equipment. The Internal Services fund operates the City's MIS system, facilities maintenance,
  purchasing and warehousing functions.
- Pension Trust Funds account for the activities of the City's General Employees', Firefighters' and Police
  Officers' Retirement System, which accumulate resources for pension benefit payments to qualified retiring
  employees. They are excluded from the government-wide financial statements because they are fiduciary in
  nature and do not represent resources available to the government for operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the City has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989 for business-type activities and enterprise funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the County's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first, and then restricted resources, as they are needed for their intended purposes.

#### **Annual Budgets**

An annual budget is prepared for all governmental and proprietary funds. The budget amounts presented in the accompanying financial statements for the governmental funds are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2004.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any budget amendments that alter the total expenditures of any fund must be approved by the City Council. During 2004, the City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgetary comparisons reflect only those activities for which legally adopted budgets are prepared. For the year ended September 30, 2004, no expenditures exceeded the budget at the fund level.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Equity in Pooled Cash and Investments**

The City maintains a pooled cash and investment fund which allows the various funds of the City to pool monies for investment purposes. The City maintains records to identify the equity of each fund investing in the pool as well as amounts borrowed from the pool. Investment earnings of the pool are recorded as earned and are allocated to the participating funds based on the respective fund's equity in the pool at the end of each month.

#### **Cash Flows**

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand (including equity pooled cash), demand deposit accounts and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

#### **Investments**

All investments are stated at fair value based on quoted market prices at the end of the fiscal year. Income from other investments owned by the individual funds is recorded in the respective funds as earned.

#### **Inventories**

inventories held by the proprietary funds consist of golf retail merchandise, equipment and supplies held for maintenance use or for capital improvements and are stated at the lower of average cost or market. Obsolete and unusable items have been reduced to estimated salvage values.

#### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, and equipment with initial, individual costs that equal or exceed \$750 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs equal or exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Buildings 30 Years
Electric and Water/Sewer Plant 10-30 Years
Machinery, Equipment and Vehicles 5 Years
Infrastructure 15-50 Years

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Capitalization of Interest</u> - In accordance with FASB Statement No. 62, the Water and Sewer System enterprise fund capitalizes net interest costs on funds borrowed to finance the construction of capital assets. For the year ended September 30, 2004, capitalization of net interest costs was as follows:

	Water and Sewer System
Interest expense Amortization of bond issuance costs Interest income	\$ 745,206 6,134 (22,355)
Increase in construction in progress	\$ 728,985

<u>Capital Leases and Installment Purchase Contracts</u> - The acquisition or construction of general capital assets under a capital lease agreement or installment purchase contract is recognized as an expenditure and other financing source and principal and interest expenditures in the governmental funds.

Property and equipment and liabilities associated with capital leases and installment purchase contracts of proprietary funds are accounted for and reported in the financial statements of the respective proprietary fund.

#### **Accrued Revenue**

Revenues of enterprise funds are accrued based on estimated unbilled services provided to customers at the end of the fiscal year.

#### **Property Taxes**

Property taxes levied by the City are billed and collected by Marion County and normally attach as an enforceable lien on property as of January 1. Generally taxes are levied on November 1 and are payable on or before June 1. Substantially all property tax billings are collected during the fiscal period billed.

The City is permitted under its charter to levy taxes up to \$10 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on general long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. Additional taxes assessed for the payment of general long-term debt issues of the City must be approved by the public. The tax rate assessed by the City for the year ended September 30, 2004 was \$5.6760 per \$1,000 of assessed property value.

#### **Interfund Payables and Receivables**

Interfund payables and receivables are non-interest bearing and generally are liquidated monthly (Note 3). Interfund advances are liquidated in accordance with the City Council's resolution and may bear interest (Note 3).

#### **Compensated Absences**

In governmental fund financial statements, the amount of compensated absences associated with employee vacations that are recorded as expenditures represent the amounts accrued during the year that would normally be liquidated with available spendable resources. The amount of compensated absences associated with employee sick leave is based on the historical annual trend of adjusted sick leave payments made at retirement. Accordingly, only the amount of the compensated absence liability that would normally be liquidated with expendable available resources in the next fiscal year is reflected in the fund financial statements of governmental funds. In the government-wide financial statements, all governmental fund compensated absences are recorded and split between the current and noncurrent portions.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In proprietary funds, the amount of compensated absences associated with employee vacations that are recorded as expenses represent the amounts accrued during the year and the amount of compensated absences associated with employee sick leave is based on the historical annual trend of adjusted sick leave payments made at retirement. The entire liability for compensated absences of these funds is reflected in the respective financial statements split between the current and noncurrent portions.

#### Self-Insurance Claims

Liabilities for reported claims and incurred but not reported claims are estimated based on an actuarial review of claims pending and historical experience.

#### **Pension Costs**

Pension plan contributions include provision for normal cost plus an amount sufficient to amortize the past service liability over a thirty-year period.

#### Reserves of Fund Balances

Fund balances of governmental funds are reserved for assets which have been legally segregated for specific future uses or which are not available for expenditure. Encumbrances lapse at year end.

#### **Grants and Contributions**

Program and capital grants received by governmental funds are recorded in the applicable governmental fund as receivables and revenues at the time reimbursable costs are incurred and all significant grant restrictions are satisfied. Grant revenues received in advance of meeting all major grant restrictions are deferred.

Capital grants received by proprietary funds are also recorded as revenues and receivables when reimbursable project costs are incurred or as deferred credits if the grant money is received in advance of project expenditures.

Contributed assets are recorded at fair market value at the time received.

#### **Bond Premiums, Discounts and Issuance Costs**

Bond premiums, discounts and issuance costs are deferred and amortized over the term of the bonds using the effective interest method.

Bond discounts are presented as a reduction of the face amount of the related bonds payable and bond premiums are presented as an addition to the face amount of the related bonds payable. Issuance costs are recorded as other assets.

#### **Deferred Loss on Defeasance of Debt**

The difference between the reacquisition price (new debt) and the net carrying value of the old debt in a debt refinancing is deferred and amortized as a component of interest expense over the shorter remaining life of the old or new debt. The deferred loss on defeasance of debt is presented as a reduction of the face amount of the new bonds payable.

#### **Cost Allocations**

Certain expenses are incurred by the City's Electric System Revenue Fund on behalf of the Water and Sewer and Sanitation funds. The Electric System Revenue Fund charges for these services based on the receiving fund's original budgeted appropriations. The reimbursement for these services is recorded as an operating expense of the Water and Sewer and Sanitation funds and as an operating revenue of the Electric Revenue Fund.

The City's General Fund also incurs certain expenditures on behalf of other funds of the City. The General Fund is reimbursed for these expenditures based on actual cost allocations. The amounts reimbursed are recorded as

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

revenue of the General Fund. The related reimbursements are recorded as either an operating expense of the proprietary funds or as an expenditure of the governmental funds.

#### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable budget appropriation, is utilized by the governmental funds of the City. Encumbrances lapse at year end.

#### NOTE 2 - CASH AND INVESTMENTS AND EQUITY IN POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except the pension trust funds and certain other funds required to have separate bank accounts. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and investment fund". In addition, investments are held separately by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other City funds.

#### Cash

At September 30, 2004, the carrying amount of the City's deposits was \$14,100,619. These deposits, consisting of interest bearing and non-interest bearing demand accounts and certificates of deposit, were entirely insured by federal depository insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the State of Florida. This Act requires that the City maintain deposits only in "qualified public depositories". All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default or insolvency occur, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City.

Funds not prohibited by bond covenants have pooled their cash balances in order to maximize investment earnings. The City's banking arrangement provides that the City will pay monthly direct service charges and will earn interest on collected balances at the effective federal funds rate less 50 basis points and adjusted for reserve requirement.

#### <u>Investments</u>

Florida Statutes authorize the City to invest in the Local Government Surplus Funds Trust Fund, obligations of the U.S. Government, U.S. Government Instrumentalities, interest-bearing time deposits and savings accounts in banks and savings and loans provided such deposits are collateralized as described above, mutual funds investing in U.S. Government securities and repurchase agreements fully collateralized by U.S. Government obligations. In addition to the above, the City's investment policy also authorizes the City to invest in corporate bonds, bankers acceptances, prime commercial paper, repurchase agreements, collateralized mortgage obligations, yankee securities and eurodollar securities. Assets of the Ocala Firefighters' Retirement Plan and the Ocala Police Officers' Retirement System may also be invested, under state statute, in corporate bonds, corporate stocks, commercial paper and life insurance contracts.

Cash Management Funds are mutual funds administered by the SunTrust Bank and by The Bank of New York. Investments held in these funds consist of U.S. Government and other short-term obligations. Investment income is recognized as earned and is allocated to participants of the funds based on their equity participation.

#### NOTE 2 - CASH AND INVESTMENTS AND EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

The Local Government Surplus Funds Trust Fund is an investment pool administered by the Florida State Board of Administration. Investments held in the Fund consist of short-term federal agency obligations, treasury bills, repurchase agreements, and commercial paper. Investment income is recognized as earned and is allocated to participants of the fund based on their equity participation. In accordance with GASB Statement 31, the SBA has reported that the Local Government Investment Trust, which it operates, is a "2A-7 like" pool and, thus, these investments are valued using the pooled share price.

Collateralized mortgage obligations (CMO's) are investments used by the City to maximize yields. The City's CMO's, consisting of planned amortization classes (PAC's) and adjustable rate mortgage pools (ARM's), are based on cash flows from principal and interest payments on underlying mortgages. The PAC's have fixed interest rates; therefore, as interest rates rise, they will decline in value. The ARM's have an adjustable interest rate based on an underlying index; therefore, they will normally retain their value as interest rates change. Although there is market risk in connection with fluctuating interest rates, the City feels that the risk for these types of CMO's is minimal.

The City's investments are categorized by type to give an indication of the level of credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The pension trust funds hold approximately 35% of the investments in Category 1. The types of investments and their levels of risk exposure as of September 30, 2004 were typical of those items held during the fiscal year then ended.

		Category 1	Category 2	Ca	tegory 3	Fair Value
U.S. Government securities	\$	72,416,872	\$ -	\$	-	\$ 72,416,872
Non-government obligations		53,554,323	-		•	53,554,323
Common stock		47,821,414	-		•	47,821,414
	\$	173,792,609	\$ -	\$	-	 173,792,609
Cash Management Funds					<del></del>	5,020,553
Mutual funds; bonds						25,231,217
Mutual funds: domestic equities						6,871,768
Mutual funds: foreign equities						10,644,352
Local Government Surplus Fund	s Tru	st Fund				27,714,716
Total Investments						249,275,215
Carrying amount of cash deposit	8					14,100,619
Total cash and investments						\$ 263,375,834
Per Government-wide Statement	of Ne	et Assets:				
Cash and investments						43,614,651
Equity in pooled cash fund						113,358,668
Per Statement of Fiduciary Net A	ssets	:				
Cash and cash equivalents						3,302,471
Investments, at fair value						103,100,044
Total cash and investments per s	taten	ents				\$ 263,375,834

#### **NOTE 3 - INTERFUND TRANSACTIONS**

The composition of interfund balances as of September 30, 2004 is as follows:

	R	interfund eceivables/ Payables	Ad	erfund Ivances turrent	Adv	erfund /ances g-Term		fund inces ital	Int	Total erfund lances
Due to General Fund from: Electric System Revenue Fund Municipal Golf Course Fund Adult Athletic Complex Fund SunTran Fund Total due to General Fund from other funds	\$	410,260 296,381 304,189 214,669 1,225,499	\$	-	\$	-	\$	-		410,260 296,381 304189 214669 225,499
Due to nonmajor governmental funds from: Electric System Revenue Fund	\$	111,676	\$	-	\$	-	\$	-	\$	111,676
Due to Electric System Revenue Fund from: General Fund Water and Sewer Fund Sanitation Fund Municipal Golf Course Fund Ocala International Airport Fund Internal Service Fund Fleet Management Fund Nonmajor governmental funds Total due to Electric System Revenue Fund from other funds	\$	- - - - - -	\$	7,905 - - - - - - - - - - - - - - - - -	1,2	807,902 01,871 898,876 836,316 243,084 9,728 6,956 840,367	10 89 43 1,24	5,807 1,871 8,876 6,316 3,084 9,728 6,956 0,367	1,2	815,807 101,871 898,876 436,316 243,084 9,728 6,956 440,367
Due to Water and Sewer Fund from: Electric System Revenue Fund	\$	1,068,156	\$		\$	-	\$	_	\$ 1,0	068,156
Due to Sanitation Fund from: Electric System Revenue Fund	\$	410,642	\$	_	\$	_	\$	_	\$ 4	410,642
Totals at the fund level	<u>\$</u>	2,815,973	\$	7,905	\$ 3,9	45,100	\$3,95	3,005	\$6,7	768,978

Interfund receivables and payables are the result of normal recurring interfund transactions. Interfund advances, which are approved by City Council and usually bear interest, are for the funding of various projects which are too small for bond issuance and for the City's grant matches on some grants. At September 30, 2004, the interfund advances also include the funding in the applicable funds of the estimated amounts due from FEMA for hurricane disaster relief which will be liquidated when the reimbursements are received, in accordance with City Council's direction.

#### NOTE 3 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund transfers for the year ended September 30, 2004, consisted of the following:

Transfers to General Fund from:	
Nonmajor governmental funds	\$ 222,832
Electric System Revenue Fund	10,890,323
Water and Sewer Fund	500,000
Total transfers to General Fund	\$11,613,155
, , , , , , , , , ,	
Transfers to nonmajor governmental funds from:	
General Fund	\$ 2,120,307
Nonmajor governmental funds	2,061,985
Electric System Revenue Fund	305,310
Water and Sewer Fund	173,353
Sanitation Fund	127,000
Internal Service Fund	6,297
Total transfers to nonmajor governmental funds	\$ 4,794,252
your danselos to home ago go rommontan amag	
Transfers to SunTran Fund from:	
Nonmajor governmental funds	\$ 142,829
Total transfers to SunTran Fund	\$ 142,829
Transfers to Ocala International Airport Fund from:	
General Fund	\$ 86,314
Electric System Revenue Fund	20,925
Water and Sewer Fund	9,500
Total transfers to Ocala International Airport Fund	\$ 116,739
Total Randololo to Godia International / Import 1 and	
Transfers to Communications Fund from:	
Electric System Revenue Fund	\$ 35,231
Total transfers to Communications Fund	\$ 35,231
Transfers to Municipal Golf Course Fund from:	
Water and Sewer Fund	\$ 50,000
Total transfers to Municipal Golf Course Fund	\$ 50,000
All other transfers	\$ 756
Total transfers at the fund level	\$ 16,752,962
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Interfund transfers are normally recurring and are approved by City Council during the budget process or by separate resolutions. The transfers from the Electric System Revenue Fund and the Water and Sewer Fund to the General Fund are in support of general government operations. Other transfers are for debt service requirements and for City grant matches.

### **NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated;				
Land and Improvements	\$ 9,721,176	\$ 356,225	\$ (30,500)	\$ 10,046,901
Construction In Progress	9,145,206	2,576,176	(2,002,509)	9,718,873
Total capital assets not being depreciated	18,866,382	2,932,401	(2,033,009)	19,765,774
Capital assets being depreciated:				
Buildings and Improvements	30,017,642	1,126,420	(65,051)	31,079,011
Equipment	33,205,923	8,263,083	(6,432,668)	35,036,338
Infrastructure (Roads and Streets)	250,762,743			250,762,743
Total capital assets being depreciated	313,986,308	9,389,503	(6,497,719)	316,878,092
Less Accumulated Depreciation:				
Buildings and Improvements	(9,422,497)	(846,186)	52,041	(10,216,642)
Equipment	(20,248,293)	(3,407,472)	2,782,202	(20,873,563)
Infrastructure (Roads and Streets)	(133,906,110)	(6,302,565)		(140,208,675)
Total Acumulated Depreciation	(163,576,900)	(10,556,223)	2,834,243	(171,298,880)
Total capital assets being depreciated-net	150,409,408	(1,166,720)	(3,663,476)	145,579,212
Governmental activities capital assets-net	\$ 169,275,790	\$ 1,765,681	\$ (5,696,485)	\$ 165,344,986
Business Type Activities:				
Capital assets not being depreciated:				
Land and Improvements	\$ 17,814,669	\$ 90,692	\$ (395)	\$ 17,904,966
Construction In Progress	38,757,107	16,681,499	(43,508,006)	11,930,600
Total capital assets not being depreciated	56,571,776	16,772,191	(43,508,401)	29,835,566
Capital assets being depreciated:				
Buildings and Improvements	11,062,845	4,327,253	-	15,390,098
Improvements and Extensions	281,528,478	39,694,078	(405,545)	320,817,011
Equipment	10,799,653	559,424	(1,269,227)	10,089,850
Crystal River Unit No.3	16,168,423			16,168,423
Total capital assets being depreciated	319,559,399	44,580,755	(1,674,772)	362,465,382
Less Accumulated Depreciation:	•			
Buildings	(3,741,397)	(419,476)	•	(4,160,873)
Improvements and Extensions	(102,518,294)	(9,162,201)	296,800	(111,383,695)
Equipment	(5,787,043)	(1,205,429)	997,363	(5,995,109)
Crystal River Unit No.3	(11,747,435)	(260,058)	-	(12,007,493)
Total Acumulated Depreciation	(123,794,169)	(11,047,164)	1,294,163	(133,547,170)
Total capital assets being depreciated-net	195,765,230	33,533,591	(380,609)	228,918,212
Business-Type activities capital assets-net	\$ 252,337,006	\$ 50,305,782	\$ (43,889,010)	\$ 258,753,778

### **NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions /programs of the government as follows:

Governmental Activities: General Government and Administration Public Safety Public Works Infrastructure Culture and Recreation Nondepartmental Other Capital assets held by the City's internal service funds	\$	91,780 823,922 143,328 6,302,565 125,074 47,955 101,311
are charged to the various functions based on their usage of the assets		2,920,288
Total Depreciation Expense - Governmental Activities		10,556,223
Business Type Activities:		
Electric	\$	4,648,184
Water and Sewer		4,788,932
Sanitation		68,985
Golf Courses		230,379
Trailer Park		2,159
Airport		746,202
Athletic Complex		75,385
Communications		182,802
SunTran	<del></del>	304,136
Total Depreciation Expense - Business Type Activities	\$	11,047,164

#### **NOTE 5 - PENSION PLANS**

The City maintains a single-employer, defined benefit pension plan which covers substantially all of the City's full-time employees excluding certified law enforcement officers and certified firefighters (General Employees' Retirement System), a single-employer defined benefit pension plan which covers all of its full-time certified law enforcement officers (Police Officers' Retirement System) and a single-employer defined benefit pension plan which covers all of its full-time certified firefighters (Firefighters' Retirement Plan). The provisions of each of the Plans are established by City Ordinance. All benefit provisions, including changes in contribution requirements, can be amended only by City Ordinance. Administrative costs are financed through investment earnings. Benefits and Refunds are recognized when due and payable in accordance with the terms of the plan. During fiscal year 2000 the City's pension plans were restructured, which addressed the changes in the requirements of the Florida Statutes, Chapters 175 and 185.

#### Plan Descriptions and Provisions

<u>General Employees' Retirement System</u> - The General Employees' Retirement System is a noncontributory defined benefit pension plan covering substantially all full-time employees of the City excluding certified law enforcement officers and certified firefighters.

Employees are eligible to retire at age sixty-five (65) with five (5) years of credited service or at any age with thirty (30) years of credited service; or may elect early retirement at age fifty-five (55) with five (5) years of credited service or at any age with twenty-five (25) years of credited service. Employees become vested after five (5) years of credited service.

<u>Police Officers' Retirement System</u> - The Police Officers' Retirement System is a contributory defined benefit pension plan covering any person employed full-time in the Ocala Police Department who is certified as a law enforcement officer in compliance with the provisions of Chapter 943.14 of the Florida Statutes. Florida Statutes Chapter 185 allows contributions to the Plan by the State of Florida.

A law enforcement officer is eligible to retire on the first day of any month coincident with, or next following the earlier of the attainment of age fifty-two (52) and the completion of ten (10) years of credited service or the completion of twenty-five (25) years of credited service or may elect to take early retirement on the first day of any month coincident with or next following the attainment of age fifty (50) and the completion of ten (10) years of credited service. Those electing early retirement have the option of receiving either a deferred or an immediate monthly retirement benefit. Law enforcement officers become vested in the plan after ten (10) years of credited service.

Pursuant to Florida Statutes Section 185.08, an excise tax amounting to 0.85% of the gross amount of receipts of premiums from policyholders on all premiums collected on casualty insurance policies covering property within the corporate limits of the City is collected by the Insurance Commissioner. Such amounts collected by the Insurance Commissioner, less expenses, are contributed annually to the Plan. For the 2004 fiscal year the amount of these contributions totaled \$526,766, however, the amount available to the plan for the provision of benefits is frozen, in accordance with Chapter 185, <u>Florida Statutes</u> at \$430,493. The City contributes 12.5% and the law enforcement officers contribute 8.5% of their salaries or wages to the Police Officers' Retirement System.

<u>Firefighters' Retirement Plan</u> - The Firefighters' Retirement Plan is a contributory defined benefit pension plan covering any person employed full-time in the Ocala Fire Department who is certified as a firefighter as a condition of employment in accordance with the provisions of Section 633.35 of the Florida Statutes. Florida Statutes Chapter 175 allows contributions to the Plan by the State of Florida.

Firefighters are eligible for normal service retirement on the first day of the month coincident with or next following the earlier of the sum of age and years of service equal to seventy (70), the attainment of age fifty-five (55) and the completion of ten (10) years of credited service, or the completion of twenty-five (25) years of credited service. There shall be no mandatory retirement age. Early retirement is available to firefighter members on the first day of the month coincident with or next following the attainment of age fifty (50) and the completion of ten (10) years of

#### NOTE 5 - PENSION PLANS (CONTINUED)

credited service. Those electing early retirement may receive either a deferred or an immediate monthly retirement benefit. Firefighters become vested in the Plan after ten (10) years of credited service.

Pursuant to Florida Statutes Section 175.101, an excise tax amounting to 1.85% of the gross amount of receipts of premiums from policyholders on all premiums collected on casualty insurance policies covering property within the corporate limits of the City is collected by the Insurance Commissioner. Such amounts collected by the Insurance Commissioner, less expenses, are contributed annually to the plan. For the 2004 fiscal year the amount of these contributions totaled \$340,352, however, the amount available to the plan for the provision of benefits is frozen, in accordance with Chapter 175, Florida Statutes at \$259,377. The City contributes 12.5% and the firefighters contribute 8.42% of their salaries or wages to the Firefighters' Retirement Plan.

Participation - At September 30, 2004, participation in the plans consisted of the following:

	General	Police	Fire
Retirees and beneficiaries currently			
receiving benefits	317	39	44
DROP retirees	9	8	5
Terminated employees entitled to			
benefits not yet receiving them	165	10	5
	491	57	54
Current employees:			
Vested	472	68	52
Nonvested	290	78	60
Total	<u>762</u>	<u>146</u>	112

#### **Investments**

Investments of the three plans, consisting of domestic and international common stocks, government and non-government obligations and mutual funds, are stated at fair value based on quoted market prices at the end of the fiscal year.

#### **Contributions Required and Contribution Made**

The contribution requirement for the General Employees' Retirement System for the 2004 fiscal year, determined through an actuarial valuation performed as of October 1, 2002, was \$3,402,463 (12.5% of current covered payroll). Actual employer contributions to the General Employees' Retirement System amounted to \$3,522,203 (12.5% of current covered payroll). Excess contributions were added to the contribution surplus account and are available to assist in funding the City's contribution requirements in future years.

The contribution requirement for the Police Officers' Retirement System for the 2004 fiscal year, determined through an actuarial valuation performed as of October 1, 2002, was \$1,925,919 (26.0% of current covered payroll). Actual employee contributions to the Police Officers' Retirement System totaled \$591,880 (8.0% of current covered payroll), actual City contributions were \$906,865 (12.5% of current covered payroll) and actual state contributions deposited directly to the plan amounted to \$526,766 (7.25% of current covered payroll). Excess contributions were added to the contribution surplus account and are available to assist in funding the City's contribution requirements in future years.

#### **NOTE 5 - PENSION PLANS (CONTINUED)**

The contribution requirement for the Firefighters' Retirement Plan for the 2004 fiscal year, determined through an actuarial valuation performed as of October 1, 2003, was \$1,510,928 (33.25% of current covered payroll). Actual employee contributions totaled \$444,693 (8.42% of current covered payroll), actual City contributions were \$653,813 (12.5% of current covered payroll) plus an additional \$270,204 for a total of \$924,017, and actual state contributions deposited directly to the plan amounted to \$340,352 (7.49% of current covered payroll). No accumulated excess contributions were available in the contribution surplus account to assist in funding the City's contribution requirement for the year.

There is no net pension obligation or asset for each of these Plans.

#### **Three-Year Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
			(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
General Plan:			
9/30/02	2,456,998	100.00%	
9/30/03	2,604,418	100.00%	-
9/30/04	3,402,463	103.52%	-
Police Officers' Plan:			
9/30/02	683,102	100.00%	_
9/30/03	576,290	100.00%	_
9/30/04	906,865	100.34%	_
Firefighters' Plan:			•
9/30/02	590,123	100.00%	_
9/30/03	1,009,732	100.00%	_
9/30/04	924,017	100.00%	-

#### **NOTE 5 - PENSION PLANS (CONTINUED)**

Since the City does not issue separate financial reports for all of the pension plans, the combining statement of fiduciary net assets and the combining statement of changes in fiduciary net assets for the pension trust funds are being included in the notes to the financial statements as information for the users.

The following is the combining statement of plan net assets for the pension trust funds at September 30, 2004:

	General Employees' Retirement System	Employees' Firefighters' Retirement Retirement		Total
Assets				
Cash and Cash Equivalents	\$ 1,621,532	\$ 206,480	\$ 1,474,459	\$ 3,302,471
Receivables:				
Interest and dividends receivable	20,348	6,809	127,004	154,161
Accounts receivable	38,212	270,204	3,417	311,833
Due from other governments		43,764	-	43,764
Total receivables	58,560	320,777	130,421	509,758
Lavorete at fair value				
Investments, at fair value:  Mutual funds: equities		6,871,768	_	6,871,768
Mutual funds: equities  Mutual funds: bonds	17,938,319	7,292,898	-	25,231,217
Common stock	27,735,503	4,723,877	15,362,034	47,821,414
Government obligations	27,700,000	-1,120,011	6,858,193	6,858,193
International stock	6,024,785	1,709,823	2,909,744	10,644,352
Non-government obligations	5,02.,1.50	-	5,673,100	5,673,100
Total investments	51,698,607	20,598,366	30,803,071	103,100,044
Total Assets	53,378,699	21,125,623	32,407,951	106,912,273
Liabilities				
Accounts Payable	1,183,199	70,722	1,094,377	2,348,298
Total liabilities	1,183,199	70,722	1,094,377	2,348,298
Net Assets				
Net Assets Reserved for Employees' Pension Benefits	\$ 52,195,500	\$ 21,054,901	\$ 31,313,574	\$ 104,563,975

#### NOTE 5 - PENSION PLANS (CONTINUED)

The following is the combining statement of changes in plan net assets for the pension trust funds for the fiscal year ended September 30, 2004:

	General Employees' Retirement System		Firefighters' Retirement Plan			Police Officers' Retirement System		Total
A APROXIMA		-						
Additions: Contributions:								
Employer	\$	3,522,203	\$	924,017	\$	906,865	\$	5,353,085
State	Φ	3,022,203	Ψ	340,352	Ψ	526,766	Ψ	867,118
Employee		-		340,332 444,693		591,880		1,036,573
Total contributions		3,522,203	_	1,709,062		2,025,511		7,256,776
rotal contributions		3,322,203		1,709,002		2,020,011		1,230,110
Investment income:								
Investment income		5,107,476		1,071,101		2,435,444		8,614,021
Dividend income		487,363		303,910		261,149		1,052,422
Total income on investments		5,594,839		1,375,011		2,696,593		9,666,443
Less: Investment management fees		(331,224)		(134,022)		(153,041)		(618,287)
Net investment income (loss)		5,263,615		1,240,989		2,543,552		9,048,156
Total additions (reductions)		8,785,818	_	2,950,051	_	4,569,063	_	16,304,932
Deductions:								
Pension payments		3,794,173		1,446,574		1,729,964		6,970,711
Refunds to employees		-		29,990		15,030		45,020
Administration		68,199		65,840		30,361		164,400
Total deductions		3,862,372		1,542,404		1,775,355		7,180,131
Net Increase (Decrease)		4,923,446		1,407,647		2,793,708		9,124,801
Net Assets Reserved for Employees' Pension Benefits:								
Beginning of year		47,272,054	_	19,647,254		28,519,866		95,439,174
End of year	\$	52,195,500	\$	21,054,901	\$	31,313,574	\$	104,563,975

#### **NOTE 6 - LONG-TERM LIABILITIES**

The City's outstanding long-term debt includes bonds payable, notes payable, claims payable and compensated absences payable. The following is a schedule of changes in the City's long-term debt for the fiscal year ended September 30, 2004:

	Beginning Balance		Increases		Decreases		Ending Balance		ב	Amounts Oue Within One Year
Governmental Activities:										
Revenue Bonds and Certificates										
2002 Optional Gas Tax Bonds	\$	17,565,000	\$	-	\$	(1,525,000)	\$	16,040,000	\$	1,415,000
1995 Capital Improvement Certificates		4,670,000		-		(90,000)		4,580,000		95,000
2002 Capital improvement Certificates		14,340,000		•		(530,000)		13,810,000		550,000
2003 Capital improvement Certificates		15,310,000						15,310,000		590,000
Subtotal		51,885,000		-		(2,145,000)		49,740,000		2,650,000
Less deferred refundings and discounts		880,190				(43,262)		836,928		-
Total Revenue Bonds and Certificates		52,765,190		-		(2,188,262)		50,576,928		2,650,000
Other liabilities										
Compensated Absences		2,114,100		2,147,968		(1,798,439)		2,463,629		1,456,190
Claims and Judgements		4,204,808		3,324,709		(2,536,215)		4,993,302		998,660
Total other liabilities		6,318,908		5,472,677		(4,334,654)		7,456,931		2,454,850
Total Governmental Activities	<u>\$</u>	59,084,098	<u>\$</u>	5,472,677	\$	(6,522,916)	_\$_	58,033,859	<u>\$</u>	3,453,510
Business-type Activities: Revenue Bonds					-					
1995 Water and Sewer Bonds	\$	4,945,000	\$	-	\$	(10,000)	\$	4,935,000	\$	10,000
1996 Water and Sewer Bonds		9,615,000		-		(510,000)		9,105,000		540,000
2001 Water and Sewer Bonds		36,205,000		-		-		36,205,000		-
2001 A Water and Sewer Bonds		37,805,000		-		(2,300,000)		35,505,000		2,390,000
2001 Electric System Bonds		8,580,000				(2,035,000)		6,545,000		2,105,000
Subtotal		97,150,000		•		(4,855,000)		92,295,000		5,045,000
Less deferred refundings and discounts		(3,344,521)		346,164		-		(2,998,357)		-
CR#3 decommissioning costs payable		5,916,439		806,890		-		6,723,329		-
Compensated Absences		1,100,263		923,593		(826,061)		1,197,795		685,336
Total Business-type Activities	\$	100,822,181	\$	2,076,647	\$	(5,681,061)	\$	97,217,767	\$	5,730,336

The compensated absences payable from the governmental funds are typically liquidated in the General Fund.

#### **Bonds Payable Collateral**

The City has gas tax revenue bonds, capital improvement certificates, water and sewer revenue bonds and electric system revenue bonds outstanding at year-end. Gas tax revenue bonds are collateralized by a pledge of the City's sixth cent optional gas tax; the capital improvement certificates are collateralized by a pledge of certain non-ad valorem revenues of the City; and the enterprise revenue bonds are collateralized by a pledge of the net revenues generated by the issuing fund.

#### NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule of bonds outstanding at September 30, 2004:

Description Of Bonds	Purpose Of Issue	Amount Issued	Amount Outstanding	Interest Rates	
Governmental Activities:					
2002 Optional Gas Tax Bonds	Road Projects	\$17,565,000	\$ 16,040,000	2.25%-3.55%	
1995 Capital Improvement Certificates	Capital Projects	5,000,000	4,580,000	4.40%-5.375%	
2002 Capital Improvement Certificates	Capital Projects	14,340,000	13,810,000	2.00%-4.50%	
2003 Capital Improvement Certificates	Refunding	15,310,000	15,310,000	2.00%-5.375%	
Total Governmental Activities			\$ 49,740,000		
Business-Type Activities:					
1995 Water and Sewer Bonds	Capital Projects	5,000,000	\$ 4,935,000	4.40%-5.50%	
1996 Water and Sewer Bonds	Refunding	12,170,000	9,105,000	5.50%-6.00%	
2001 Water and Sewer Bonds	Capital Projects	36,205,000	36,205,000	5.00%-5.75%	
2001-A Water and Sewer Bonds	Refunding	39,885,000	35,505,000	3.25%-4.50%	
2001 Electric System Bonds	Refunding	10,520,000	6,545,000	3.25%-4.00%	
Total Business-Type Activities	·		\$ 92,295,000		

The following schedules show debt service requirement to maturity for the City's bonded indebtedness for the City's governmental activities and for the City's business-type activities:

	Governmental Activities								
Fiscal	•	mprovement tificates	Optional Gas Tax Bonds						
Year	Principal	Interest	Principal	Interest					
2005	\$ 1,235,000	\$ 1,388,006	\$ 1,415,000	\$ 460,575					
2006	1,265,000	1,360,422	1,450,000	426,575					
2007	1,290,000	1,331,339	1,480,000	391,762					
2008	1,325,000	1,299,949	1,520,000	354,262					
2009	1,355,000	1,265,566	1,555,000	313,493					
2010-2014	8,235,000	5,592,890	8,620,000	749,482					
2015-2019	11,575,000	3,299,913	-	-					
2020-2024	7,420,000	751,831	-	-					
2025-2029	-	-	-	-					
2030-2032									
Total	\$ 33,700,000	\$ 16,289,916	\$ 16,040,000	\$ 2,696,149					

#### NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

	Business-Type Activities									
		Electric	Syst	em	Water a	nd Sewer				
Fiscal		Revenue	e Boı	nds	Revent	ie Bonds				
<u>Year</u>		Principal	Interest		Principal	Interest				
2005	\$	2,105,000	\$	189,219	\$ 2,940,000	\$ 4,101,039				
2006		2,185,000		111,613	3,070,000	3,978,875				
2007		2,255,000		38,053	3,180,000	3,859,200				
2008		-		-	3,305,000	3,721,553				
2009		-		-	3,450,000	3,573,188				
2010-2014		-		-	19,665,000	15,404,770				
2015-2019		-		-	14,505,000	11,005,962				
2020-2024		-		-	10,975,000	8,220,025				
2025-2029		-		-	14,195,000	5,015,887				
2030-2032		-			10,465,000	923,307				
Total	\$	6,545,000	\$	338,885	\$85,750,000	\$ 59,803,806				

The City's charter limits the aggregate amount of general obligation bonds outstanding to twenty percent (20%) of the assessed valuation of the taxable real and personal property in the City. At September 30, 2004, there was no general obligation debt outstanding.

During the fiscal year ended September 30, 2004, there was no new bond activity.

#### Conduit Issue

In January, 1994, \$3,500,000 Student Housing Revenue Bonds were issued. The proceeds of the bonds are being used by the Central Florida Community College Foundation to acquire real property and to construct student housing facilities. The bonds, which mature in 2014, do not represent debt or an obligation of the City and are collateralized solely from the gross revenues of the completed project. The completed project and all revenues derived therefrom, subsequent to the payment of all debt service requirements, belong exclusively to the Foundation. The outstanding balance at September 30, 2004 is \$2,235,000.

#### NOTE 7 - PRIOR YEAR DEFEASANCE OF DEBT

The City has defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2004, \$1,730,000 of bonds outstanding are considered defeased, as follows:

Governmental Activities \$ 
Business-Type Activities:
Electric System Revenue:
Power Supply Revenue Bonds, Series 1977 \$ 1,730,000

Total \$ 1,730,000

#### NOTE 8 - FUND DEFICITS

At September 30, 2004 the Self-Insurance Internal Service Fund had a \$1,938,532 deficit in total net assets. This was caused primarily by increased claims and changes in the actuarial estimate for claims liability. The changes in the claim liability are contained in Note 9 — Risk Management. The City plans to eliminate the deficit over the next five years by increasing the user fees to the other funds.

#### **NOTE 9 - RISK MANAGEMENT**

The City has established a self-insurance fund (an internal service fund) to account for the City's self-insured programs. This fund is used to account for the City's workers' compensation, general liability, automobile liability, disability income replacement, medical and dental programs. The City uses a combination of self-insurance and private insurance to protect itself against risks which cannot be eliminated.

The City has general liability insurance with a \$100,000 retention per claimant and \$200,000 retention per occurrence with limits of \$1,000,000. The City has workers' compensation insurance with a \$250,000 deductible per occurrence with limits of \$5,000,000. The disability income replacement, dental programs and auto liability programs are fully self-insured. The City's employee health insurance program was fully self-insured through February, 1994, after which it is fully insured except for the prescription program which was fully self-insured through December, 1997. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2004.

All departments of the City participate in the program. Payments are made by various funds to the Self Insurance Fund based on past experience of the amounts needed to pay current year claims. For the year ended September 30, 2004, the City obtained actuarially determined estimates of the total claims loss reserves for all self-insurance risks. The claims liability of \$4,993,302 reported in the Fund at September 30, 2004 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued when

#### NOTE 9 - RISK MANAGEMENT (CONTINUED)

insured events occur. In addition, there have been no settlements which exceeded the City's insurance coverage in any of the past three fiscal years. Changes in the Fund's claim liability amount during the past three fiscal years are as follows:

Beginning-of- Fiscal-Year-Liability			(	current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End	
2001-2002 2002-2003 2003-2004	\$	3,067,719 3,266,247 4,204,808	\$	1,946,718 3,081,645 3,324,709	\$ 1,748,190 2,143,084 2,536,215	\$ 3,266,247 4,204,808 4,993,302	

#### NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES

<u>Economic Improvement Incentives</u> - The City has designated a portion of the savings resulting from the decision to purchase power through the Florida Municipal Power Agency to be set aside for economic improvement incentives. The funds are utilized to encourage local businesses to remain in Ocala and to attract existing businesses to relocate to Ocala to create new employment opportunities and, thereby, increasing City revenues through electric utility usage and an expanded tax base. Economic incentive payments amounted to \$322,404 for the year ended September 30, 2004.

<u>Grants</u> - The City receives significant financial assistance from federal agencies primarily in the form of capital grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Disallowed claims, if any, resulting from such audits may become liabilities of the City. However, in the opinion of management, disallowed claims, if any, will not have a material effect on the City's financial statements.

<u>Litigation</u> - Various suits and claims arising in the ordinary course of City operations are pending against the City of Ocala. While the ultimate effect of such litigation cannot be ascertained at this time, the City does not expect any of these routine items to have a material impact on the financial condition of the City.

<u>Other Commitments</u> – The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2004, in the respective funds are as follows:

General Fund	\$ 400,064
Electric System Revenue Fund	772,444
Water and Sewer Fund	1,089,399
Sanitation Fund	29,609
Municipal Golf Course Fund	12,703
Ocala International Airport Fund	28,590
Communications Fund	73,005
SunTran Fund	18,969
Municipal Trailer Park Fund	120
Adult Athletic Complex Fund	780
Nonmajor Governmental Funds	766,810
Internal Service Funds	259,566
Total	\$ 3,452,059

#### NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

<u>Purchased Power Contract</u> - The City presently purchases power exclusively from Florida Municipal Power Agency (FMPA) through the 230 kv State-wide bulk power system. Additionally, since 1977, the City has become the owner of an undivided 1.333% or 11 MW share of the 825 MW Crystal River Nuclear Plant No. 3 (CR-3).

The City has an All Requirements Power Supply Project Contract ("Requirements Contract") with FMPA which requires FMPA to sell and deliver to the City and the City to purchase from FMPA all electric power that the City requires in excess of the amount the City receives from its percentage ownership interest in CR-3. The Requirements Contract expires in 2025, but automatically extends for additional five-year terms unless either party notifies the other of its decision not to extend the Requirements Contract. The City pays for electric power under the Requirements Contract at the rates set forth in the applicable rate schedule of FMPA, which FMPA may revise from time to time. The power supply contract provides the option for the City to leave the Agency after notice and making the remaining project participants whole. This is generally understood to mean paying off its portion of the project's long-term debt.

#### **NOTE 11 - HURRICANES**

The City of Ocala was impacted by Hurricanes Charley, Frances and Jeanne in August and September of 2004. Although these events occurred during fiscal year 2004, the recovery and restoration is continuing months after year-end. The two largest areas of hurricane related recovery for the City were debris cleanup and the restoration of the electric system. The entity-wide expenses related to hurricanes in fiscal year 2004 are \$4.2 million, although the total expenses incurred have exceeded \$9 million well into fiscal year 2005. The majority of these costs will be reimbursed by FEMA, and the financial statements include estimated revenues and receivables of \$3.8 million.

#### **NOTE 12 – SUBSEQUENT EVENTS**

In January, 2005, the City defeased the \$4,440,000 outstanding Electric System Refunding Revenue Bonds, Series 2001, by depositing the \$777,373.33 available in the related sinking fund and \$3,729,512.29 in other available funds with an escrow agent.

In January, 2005, the City issued \$24,625,000 Utility Systems Refunding Revenue Bonds, Series 2005A, for the purpose of defeasing all of the \$4,925,000 outstanding balance of the Water and Sewer Revenue Bonds, Series 1995, and \$18,230,000 of the \$36,205,000 outstanding balance of the Water and Sewer Revenue Bonds, Series 2001. The funds were deposited with an escrow agent. The interest rates on the series 2005A bonds range from 2.10% to 4.60%. In January, 2005, the City also issued \$33,355,000 of Utility Systems Revenue Bonds, Series 2005B, for improvements to the City's Water and Sewer system and to the City's Electric system. The interest rates on the series 2005B bonds range from 2.10% to 5.25% The coverage for the utility systems bonds is 110% of the combined net revenues of both the Electric and Water and Sewer systems.



# CITY OF OCALA, FLORIDA GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2004

		geted Amounts GAAP Basis)		Actual	Variance with Final Budget - Positive
	Original		al	Amounts	(Negative)
Revenues:					<del></del>
Property taxes	\$ 14,156,8	969 \$ 14,1	56,969 \$	13,865,851	\$ (291,118)
Utility service tax	9,640,0	9,6	40,000	9,329,469	(310,531)
Other taxes	456,0	000 4	56,000	709,786	253,786
State revenue sharing	1,372,6	503 1,3	72,603	1,443,396	70,793
Other intergovernmental revenues	5,397,9	971 8,0	35,859	6,837,915	(1,197,944)
Licenses and permits	1,561,0	070 1,5	61,070	1,483,910	(77,160)
Fines and forfeitures	414,6	500 4	31,232	483,088	51,856
Charges for services	1,561,5	500 1,6	92,901	2,325,377	632,476
Investment income	714,2	239 7	14,239	222,005	(492,234)
Gifts	160,5	500 2	07,835	343,306	135,471
Other	2,108,2		11,050	664,682	(1,846,368)
Total revenues	37,543,7	700 40,7	79,758	37,708,785	(3,070,973)
Expenditures:					
Current:					
General government and administration	6,694,9	925 6,9	41,359	6,254,224	687,135
Public safety	26,667,3	305 28,0	97,903	27,269,177	828,726
Public works	5,680,3	347 5,8	65,575	5,241,787	623,788
Culture and recreation	4,379,0	023 4,5	64,712	4,226,419	338,293
Housing rehabilitation	406,1	111 4	22,661	304,668	117,993
Nondepartmental appropriations	1,767,1	169 3	92,615	197,618	194,997
Other	1,478,2	285 3,8	43,946	2,519,372	1,324,574
Capital outlay	2,026,4	118 2,4	76,711	1,586,311	890,400
Debt service:					
Interest and paying agents' fees	9,5	516	9,516	9,515	1
Total expenditures	49,109,0	99 52,6	14,998	47,609,091	5,005,907
Excess (Deficiency) of Revenues Over Expenditures	(11,565,3	399) (11,8	35,240)	(9,900,306)	1,934,934
Other Financing Sources (Uses):					
Transfers in	11,944,8	327 11,9	44,827	11,613,155	(331,672)
Transfers out	(2,268,3	345) (2,3	41,269)	(2,207,378)	133,891
Total other financing sources (uses)	9,676,4	182 9,6	03,558	9,405,777	(197,781)
Net change in fund balance	(1,888,9	917) (2,2	31,682)	(494,529)	1,737,153
Fund Balance, beginning of year	11,229,8	320 11,2	29,820	11,229,820	•
Fund Balance, end of year	\$ 9,340,9	03 \$ 8,9	98,138 \$	10,735,291	\$ 1,737,153

## CITY OF OCALA, FLORIDA REQUIRED SUPPLEMENTARY INFORMATION HISTORICAL TREND INFORMATION FOR PENSION TRUST FUNDS

#### **SCHEDULE OF FUNDING PROGRESS (1)**

Ger	nera	I Plan:

		[b]				([b]-[a])/[c] UAAL as a
Fiscal	[a]	Actuarial	[b] - [a]			Percentage
Year	Actuarial	Accrued	Unfunded	[a] / [b]	[c]	of
Ended	Value of	Liability	AAL	Funded	Covered	Covered
9/30	Assets	(AAL)*	(UAAL)	Ratio	Payroll Payroll	Payroll
2004	\$ 53,517,767	\$76,208,308	\$22,690,541	70.23%	\$27,782,381	81.67%
2003	52,181,215	62,420,895	10,239,680	83.60%	26,845,342	38.14%
2002	51,050,337	60,715,570	9,665,233	84.08%	25,712,036	37.59%
2001	49,715,165	58,555,697	8,840,532	84.90%	24,305,928	36.37%
2000	49,300,452	57,844,296	8,543,844	85.23%	21,757,209	39.27%
1999	66,142,950	71,753,284	5,610,334	92.18%	31,891,235	17.59%
1998	62,105,361	67,670,920	5,565,559	91.78%	30,016,764	18.54%

#### Police Officers' Plan:

Fiso Ye: End 9/3	ar Actu ed Valu	·	[b] Actuarial Accrued Liability (AAL)*	[b] - [a] Unfunded AAL (UAAL)	[a] / [b] Funded Ratio	[c] Covered Payroll	([b]-[a])/[c] UAAL as a Percentage of Covered Payroll
200	34,3	13,287 \$3	39,794,643 \$	5,481,357	86.23% \$	7,337,563	74.70%
200	32,8	38,390 3	32,838,390	-	100.00%	7,298,837	-
200	2 31,9	39,047 3	31,939,047	-	100.00%	6,993,805	-
200	1 31,1	52,402 3	1,152,402	-	100.00%	6,625,498	_
200	00 28,6	32,326	0,103,745	1,471,419	95.11%	6,434,809	22.87%
199	9 27,1	30,310 2	8,611,663	1,481,353	91.74%	5,783,939	25.61%
199	8 13,08	84,660 1	3,084,660	-	100.00%	5,316,552	-

<sup>\*</sup> For the 2004 fiscal year the actuarial cost method was changed from Frozen Entry Age to Entry Age Normal in order to produce more stable and predictable contribution amounts. Neither actuaril cost method has a defined AAL after the initial year. The AAL was created by adding the UAAL (which is defined under both methods) to the actuarial value of assets.

(Continued)

### CITY OF OCALA, FLORIDA REQUIRED SUPPLEMENTARY INFORMATION HISTORICAL TREND INFORMATION FOR PENSION TRUST FUNDS

#### SCHEDULE OF FUNDING PROGRESS - CONTINUED (1)

#### Firefighters' Plan:

Fiscal Year Ended 9/30	[a] Actuarial Value of Assets	[b] Actuarial Accrued Liability (AAL) Entry Age *	[b] - [a] Unfunded AAL (UAAL)	[a] / [b] Funded Ratio	[c] Covered Payroll	([b]-[a])/[c] UAAL as a Percentage of Covered Payroll
2004	\$20,590,179	\$29,212,483	\$ 8,622,304	70.00%	\$ 4,981,506	166.00%
2003	19,325,113	27,459,330	8,134,217	70.00%	4,981,506	163.00%
2002	17,122,893	24,825,695	7,702,802	69.00%	4,632,402	166.00%
2001	18,331,226	23,293,986	4,962,760	79.00%	4,287,493	116.00%

#### (1) Actuarial information as of the latest actuarial valuation is as follows:

	<u>General</u>	Police Officers	<u>Firefighters</u>
Valuation Date	October 1, 2004	October 1, 2004	October 1, 2004
Actuarial Cost Method	Entry Age-Normal	Entry Age-Normal	Entry Age-Normal
Amortization Method	Level Percent of	Level Percent of	Level Percent of
	Pay - Closed	Pay - Closed	Pay - Closed
Remaining Amortization Period	30 Years	30 Years	22 Years
Asset Valuation Method	5-Year Smoothing	5-Year Smoothing	Expected Value
Actual Assumptions (All Plans):			
Net Investment Rate of Return	8.5%	8.5%	7.75%
Projected Salary Increases*	6.0%	6.0%	3.25% <i>-</i> 7.25%
*Includes Inflation at	3.0%	3.0%	3.25%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

Prior to the 2001 fiscal year the Firefighters' Retirement Plan used the Aggregate Actuarial Cost method. Consequently, for this period, no Schedule of Funding Progress is required or possible, since this method does not identify or separately amortize unfunded actuarial liabilities.

### CITY OF OCALA, FLORIDA REQUIRED SUPPLEMENTARY INFORMATION HISTORICAL TREND INFORMATION FOR PENSION TRUST FUNDS

### SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTING ENTITIES

#### General Plan:

	Annual								
Required									
Fiscal	Contribution	Percentage							
Year	(City)	Contributed							
2004	\$ 3,402,463	104.00%							
2003	2,604,418	100.00%							
2002	2,456,998	100.00%							
2001	1,790,087	100.00%							
2000	1,471,544	100.00%							
1999	1,413,903	100.00%							
1998	1,350,660	100.00%							

#### Firefighters' Plan:

Fiscal Year	Annual Required Contribution	Annual Required Contribution (City) (1)	Annual Required Contribution (State) (2)	Percentage Contributed
2004	\$ 1,183,394	\$ 924,017	\$ 259,377	100.00%
2003	1,063,378	804,001	259,377	100.00%
2002	911,985	652,608	259,377	100.00%
2001	815,204	555,827	259,377	100.00%
2000	562,416	308,354	254,062	100.00%
1999	219,086	-	219,086	100.00%
1998	215,356	8,632	206,724	100.00%

- (1) These City contributions include funds that were drawn from the contributions surplus account.
- (2) Excess state annual required contributions are accumulated in the contributions surplus account which is drawn upon if actual state contributions fall below the annual required contribution.

(Continued)

### CITY OF OCALA, FLORIDA REQUIRED SUPPLEMENTARY INFORMATION HISTORICAL TREND INFORMATION FOR PENSION TRUST FUNDS

### SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTING ENTITIES - CONTINUED

#### Police Officers' Plan:

Fiscal Year	Annual Required Contribution	Annual Required Contribution (City) (1)	Annual Required Contribution (State) (2)	Percentage Contributed
2004	\$ 1,337,358	\$ 906,865	\$ 430,493	100.34%
2003	1,006,783	576,290	430,493	100.00%
2002	1,125,549	683,102	442,447	100.00%
2001	1,020,584	617,506	403,078	100.00%
2000	714,755	416,374	382,863	100.00%
1999	471,671	100,829	370,842	100.00%
1998	402,319	31,477	370,842	100.00%

- (1) These City contributions include funds that were drawn from the contributions surplus account.
- (2) Excess state annual required contributions are accumulated in the contributions surplus account which is drawn upon if actual state contributions fall below the annual required contribution.



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#### CITY OF OCALA, FLORIDA NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

#### **SPECIAL REVENUE FUNDS:**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditure for specific purposes. Special revenue funds used by the City are:

<u>Parking/Parks Enforcement Fund</u> - This fund accounts for the proceeds from the City's parking system and for the enforcement of the City's parks ordinance for the implementation of fines.

<u>Downtown Development Fund</u> - This fund accounts for property taxes levied against downtown property owners.

<u>Local Gasoline Tax Fund</u> - This fund accounts for street related maintenance and improvement projects financed by the City's share of local gasoline taxes. These taxes are required by law to be used to maintain streets.

<u>Stormwater Utility Fund</u> - This fund accounts for resources collected that are to be used for additions to, improvements to and maintenance of the storm drainage system.

SHIP Local Housing Assistance Fund - This fund accounts for the receipt and uses of funds received from the Florida "local housing assistance trust fund" for the State Housing Initiative Partnership (low income housing).

<u>Community Redevelopment Trust Fund</u> - The Community Redevelopment Trust Fund is used to account for receipts and transfers of the tax increment fees collected for improving and redeveloping the downtown area.

#### **DEBT SERVICE FUNDS:**

Debt service funds are used to account for the accumulation of resources for the payment of principal, interest and related costs of the City's general long-term debt. Debt service funds used by the City are:

1995 Improvement Certificates Fund - This fund is used for the payment of principal, interest and related costs of the Capital Improvement Revenue Certificates, Series 1995.

<u>2002 Improvement Certificates Fund</u> - This fund is used for the payment of principal, interest and related costs of the Capital Improvement Revenue Certificates, Series 2002.

<u>2003 Improvement Certificates Fund</u> - This fund is used for the payment of principal, interest and related costs of the Capital Improvement Refunding Revenue Certificates, Series 2003.

<u>2002 Optional Gas Tax Bonds Fund</u> - This fund is used for the payment of principal, interest and related costs of the Optional Gas Tax Refunding and Improvement Revenue Bonds, Series 2002.



### CITY OF OCALA, FLORIDA NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) SEPTEMBER 30, 2004

#### **CAPITAL PROJECTS FUNDS:**

The Capital Projects Funds are used to account for resources earmarked for the acquisition and construction of major capital facilities and other project oriented activities other than those financed by proprietary funds. Capital project funds used by the City are:

<u>2002 Optional Gas Tax Construction Fund</u> - This fund is used to account for resources earmarked for construction of and improvements to several roadways funded by the new money portion of the Optional Gas Tax Refunding and Improvement Revenue Bonds, Series 2002.

**2002 Capital Improvement Fund** - This fund is used to account for the resources earmarked for the acquisition and construction of certain capital improvements funded by the Capital Improvement Revenue Certificates, Series 2002.

#### CITY OF OCALA, FLORIDA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

	Special Revenue Funds		Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets					
Cash and Investments	\$ -	\$	3,742,175	\$ 21,813,811	\$ 25,555,986
Equity In Pooled Cash Fund	11,621,564		-	<b>→</b>	11,621,564
Receivables (net)	108,573		-	-	108,573
Due From Other Funds	111,676		-	-	111,676
Due From Other Governments	1,157,286		-	-	1,157,286
Other Assets	1,800				1,800
Total Assets	13,000,899		3,742,175	21,813,811	38,556,885
Liabilities and Fund Balances Liabilities: Accounts Payable	382,102			228,031	610,133
Accrued Liabilities	43,711		-	220,031	43,711
Deferred Revenue	883,633		_		883,633
Advances To Other Funds	440,367		-	-	440,367
Total Liabilities	1,749,813			228,031	1,977,844
Fund Balances: Reserved For:	1,140,010				1,577,044
Debt Service	_		3,742,175	_	3,742,175
Transportation	8,282,400		-,,-,-	-	8,282,400
District Improvements	541,222		-	_	541,222
Capital Projects	, <u>-</u>		-	21,585,780	21,585,780
Total Reserved Fund Balances	8,823,622		3,742,175	21,585,780	34,151,577
Unreserved	2,427,464		-	-	2,427,464
Total Fund Balances	11,251,086		3,742,175	21,585,780	36,579,041
Total Liabilities and Fund Balances	\$ 13,000,899	\$	3,742,175	\$ 21,813,811	\$ 38,556,885

# CITY OF OCALA, FLORIDA COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

Revenues	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	C 440.454	œ.	<b>c</b>	e 440.454
Property Taxes	\$ 143,451	\$ -	\$ -	\$ 143,451
Other Intergovernmental Revenues	4,372,171	-	-	4,372,171
- Parking Meters and Facilities	66,572	-		66,572
Fines and Forfeitures	6,055	•	-	6,055
Charges For Services	2,327,115	40.500		2,327,115
Investment Income	146,142	43,902	297,511	487,555
Gifts	222,566	-	29,045	251,611
Other	74,926	-	32,101	107,027
Total Revenues	7,358,998	43,902	358,657	7,761,557
Expenditures				
Current:				
General Government	503,040	-	-	503,040
Public Works	2,631,226	-	456,235	3,087,461
Other	52,108	-	· <b>-</b>	52,108
Capital Outlay	1,555,430	_	1,143,464	2,698,894
- Debt Service:	• •			
Principal Payments	-	2,145,000	-	2,145,000
Interest and Fees	350	1,698,696	-	1,699,046
Total Expenditures	4,742,154	3,843,696	1,599,699	10,185,549
Excess (Deficiency) Of Revenues Over				
Expenditures	2,616,844	(3,799,794)	(1,241,042)	(2,423,992)
Other Financing Sources (Uses):				
Transfers In	114,901	4,679,351	-	4,794,252
Transfers Out	(2,385,193)	(42,452)	-	(2,427,645)
Total Other Financing Sources (Uses)	(2,270,292)	4,636,899	-	2,366,607
Net Change In Fund Balance	346,552	837,105	(1,241,042)	(57,385)
Fund Balances-Beginning	10,904,534	2,905,070	22,826,822	36,636,426
Fund Balances-Ending	\$11,251,086	\$ 3,742,175	\$ 21,585,780	\$ 36,579,041

### CITY OF OCALA, FLORIDA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS SEPTEMBER 30, 2004

· ·	F Ent	Downtown Development		
Assets				
Equity in pooled cash and investment fund	\$	57,158	\$	40,231
Accrued interest receivable		574		447
Accounts and notes receivable		42		-
Due from other funds		-		
Due from other governments		-		<b>-</b>
Other current assets		50		1,750
Total Assets	\$	57,824	\$	42,428
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$	5,337	\$	669
Compensated absences payable		-		-
Deferred revenue		-		-
Interfund loans payable after one year	-			<del>-</del>
Total liabilities ,		5,337		669
Fund Balance:				
Reserved for transportation		-		-
Reserved for district improvements		-		41,759
Total reserved fund balance		_		41,759
Unreserved fund balance		52,487		<u>-</u>
Total fund balance		52,487		41,759
Total Liabilities and Fund Balances	\$	57,824	\$	42,428

	Local Gasoline Tax		Stormwater Utility		SHIP Local Housing Assistance		ommunity evelopment Trust		Total
		·	<u> </u>	· <u> </u>	<del>word and a</del>		11401	_	Total
\$	7,686,367	\$	2,613,199	\$	729,898	\$	494,711	\$	11,621,564
	72,639		23,217		6,207		4,752		107,836
	-		695		•		-		737
	-		111,676		-		-		111,676
	716,919		440,367		-		-		1,157,286
					<u> </u>				1,800
\$	8,475,925	\$	3,189,154	\$	736,105	\$	499,463	\$	13,000,899
					<del></del>	<u></u>			
									•
\$	34,734	\$	339,248	\$	2,114	\$	-	\$	382,102
	9,149		34,562		-		-		43,711
	149,642		-		733,991		-		883,633
			440,367				<u> </u>		440,367
	193,525		814,177		736,105				1,749,813
	8,282,400		-		-		-		8,282,400
	· -		-		-		499,463		541,222
	8,282,400				_		499,463		8,823,622
	<u> </u>		2,374,977		-				2,427,464
_	8,282,400		2,374,977				499,463		11,251,086
\$	8,475,925	\$	3,189,154	\$	736,105	\$	499,463	\$_	13,000,899

### CITY OF OCALA, FLORIDA COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Parking/ Parks Enforcement	Downtown Development		
Revenues:				
Property taxes	\$ -	\$ 51,416		
Other intergovernmental revenues	-	-		
Parking meters and facilities	66,572	-		
Fines and forfeitures	6,055	-		
Charges for services	-	-		
Investment income	719	631		
Gifts	-			
Other				
Total revenues	73,346	52,047		
		•		
Expenditures:				
Current:		00.045		
General government and administration	-	20,815		
Public works	- 	-		
Other	52,108	-		
Capital outlay	1,025	-		
Debt service:	350			
Interest and paying agents' fees	<u> </u>	20,815		
Total expenditures	53,483	20,615		
Excess (Deficiency) of Revenues Over Expenditures	19,863	31,232		
Other Financing Sources (Uses):				
Transfers from other funds	_	-		
Transfers to other funds	-	(21,730)		
Total other financing sources (uses)		(21,730)		
Net change in Fund Balances	19,863	9,502		
Fund Balances at Beginning of Year	32,624	32,257		
Fund Balances at End of Year	\$ 52,487	\$ 41,759		

	Local Gasoline Tax			Stormwater Utility		SHIP Local Housing Assistance		ommunity development Trust	Total		
	_										
	\$	-	\$	<b></b>	\$	_	\$	92,035	\$	143,451	
-		3,442,949		471,489		457,733		· ~		4,372,171	
		-		_		-		-		66,572	
		-		-		-		-		6,055	
		-		2,327,115		-		-		2,327,115	
		96,386		31,144		9,220		8,042		146,142	
		222,566		-		-		-		222,566	
		32,552		32,102		10,272		-		74,926	
		3,794,453		2,861,850		477,225		100,077		7,358,998	
		_		_		477,225		5,000		503,040	
		420,748		2,210,478		411,220		0,000		2,631,226	
		720,140		2,210,410		_		_		52,108	
		429,113		1,007,828		_		117,464		1,555,430	
		120,110		1,001,020				, , , , , , , ,		1,000,100	
		•		-		~		-		350	
		849,861		3,218,306		477,225		122,464		4,742,154	
		2,944,592		(356,456)				(22,387)		2,616,844	
		•									
		19,225						95,676		114,901	
		(2,338,463)		(25,000)				95,070		(2,385,193)	
-		(2,319,238)	_	(25,000)				95,676		(2,270,292)	
-		(2,010,200)		(20,000)		<del></del>		00,010		(2,210,202)	
		625,354		(381,456)		-		73,289		346,552	
_		7,657,046		2,756,433				426,174		10,904,534	
5	<u> </u>	8,282,400	\$	2,374,977	\$		\$	499,463	\$	11,251,086	

### CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL PARKING/PARKS ENFORCEMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

		Actual		Final Budget	Fin F	iance with al Budget Positive legative)
Revenues:						
Parking meters and facilities	\$	66,572	\$	57,100	\$	9,472
Fines and forfeitures		6,055		7,120		(1,065)
Investment income		719		1,685		(966)
Total revenues		73,346		65,905		7,441
Expenditures:						
Current - other		52,108		53,600		1,492
Capital outlay		1,025		1,248		223
Debt service:				•		
Principal payments		-		10,685		10,685
Interest and paying agents' fees		350_		351		1
Total expenditures		53,483		65,884		12,401
Excess (Deficiency) of Revenues Over Expenditures	<del></del>	19,863	<del></del>	21		19,842
Net Change in Fund Balance		19,863		21		19,842
Fund Balance:						
Beginning of year		32,624		(21)		32,645
End of year	\$	52,487	\$	-	\$	52,487

# CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL DOWNTOWN DEVELOPMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

		Actual		Final Budget	Fín F	iance with al Budget Positive legative)
Revenues:						
Property taxes	\$	51,416	\$	52,694	\$	(1,278)
Investment income	•	631	•	1,600	Ψ,	(969)
Total revenues		52,047		54,294		(2,247)
Expenditures:	÷					
Current - General government and administration		20,815		28,278		7,463
Total expenditures		20,815		28,278		7,463
Excess of Revenues Over Expenditures		31,232		26,016		5,216
Other Financing Sources (Uses):						
Transfers to other funds		(21,730)		(21,730)		-
Total other financing sources (uses)		(21,730)		(21,730)		
Net Change in Fund Balance		9,502		4,286		5,216
Fund Balance:						
Beginning of year	·	32,257		(4,286)		36,543
End of year	\$	41,759	\$	•	\$	41,759

#### CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL LOCAL GASOLINE TAX FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Actual		Final Budget		Varlance with Final Budget Positive (Negative)	
Revenues:						
Other intergovernmental revenues	\$	3,442,949	\$	3,048,000	\$	394,949
Investment income		96,386		315,000		(218,614)
Gifts		222,566		703,400		(480,834)
Other		32,552		6,102		26,450
Total revenues		3,794,453		4,072,502		(278,049)
Expenditures:					•	
Current - Public works		420,748		2,004,234		1,583,486
Capital outlay		429,113		5,520,319		5,091,206
Total expenditures		849,861		7,524,553		6,674,692
Excess (Deficiency) of Revenues Over Expenditures		2,944,592	<del></del>	(3,452,051)		6,396,643
Other Financing Sources (Uses):						
Transfers from other funds		19,225		32,760		(13,535)
Transfers to other funds		(2,338,463)		(2,413,587)		75,124
Total other financing sources (uses)		(2,319,238)		(2,380,827)		61,589
Net Change in Fund Balance		625,354		(5,832,878)		6,458,232
Fund Balance at Beginning of Year		7,657,046		5,832,878		1,824,168
Fund Balance at End of Year	\$	8,282,400	\$	-	\$	8,282,400

### CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL STORMWATER UTILITY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	 Actual		Final Budget	F	ariance with inal Budget Positive (Negative)
Revenues: Other intergovernmental revenues Charges for services Investment income Gifts Other Total revenues	\$ 471,489 2,327,115 31,144 - 32,102 2,861,850	\$	912,716 2,314,000 120,000 31,563 6,102 3,384,381	<b>\$</b>	(441,227) 13,115 (88,856) (31,563) 26,000 (522,531)
Expenditures: Current - Public works Capital outlay Total expenditures	 2,210,478 1,007,828 3,218,306		2,755,159 2,495,161 5,250,320		544,681 1,487,333 2,032,014
Excess (Deficiency) of Revenues Over Expenditures  Other Financing (Uses):  Transfers to other funds  Total other financing sources (uses)	 (356,456) (25,000) (25,000)		(1,865,939) (25,000) (25,000)		1,509,483
Net Change in Fund Balance Fund Balance at Beginning of Year	(381,456) 2,756,433		(1,890,939) 1,890,939		1,509,483 865,494
Fund Balance at End of Year	\$ 2,374,977	<u>\$</u>	-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	\$	2,374,977

## CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL SHIP LOCAL HOUSING ASSISTANCE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Actual		Final	Variance with Final Budget Positive		
	 Actual		Budget		(Negative)	
Revenues:						
Other intergovernmental revenues	\$ 457,733	\$	1,600,923	\$	(1,143,190)	
Investment income	9,220		-		9,220	
Other	 10,272		-		10,272	
Total revenues	477,225		1,600,923		(1,123,698)	
Expenditures: Current - General government and administration Total expenditures	 477,225 477,225		1,600,923 1,600,923		1,123,698 1,123,698	
Net Change in Fund Balance	-		-		-	
Fund Balance at Beginning of Year	 		_		-	
Fund Balance at End of Year	\$ -	<u>\$</u>		\$	<del>-</del>	

### CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL COMMUNITY REDEVELOPMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

•	Actual	Final Actual Budget	
Revenues:			
Property taxes	\$ 92,035	\$ 102,161	\$ (10,126)
Investment income	8,042	9,000	(958)
Total revenues	100,077	111,161	(11,084)
Expenditures:			
Current:			
General government and administrative	5,000	5,000	-
Capital outlay	117,464	142,812	25,348
Total expenditures	122,464	147,812	
Excess of Revenues Over Expenditures	(22,387)	(36,651)	(11,084)
Other Financing Sources :			
Transfers from other funds	95,676	101,431	(5,755)
Net Change in Fund Balance	73,289	64,780	(16,839)
Fund Balance at Beginning of Year	426,174	(64,780)	490,954
Fund Balance at End of Year Excess (Deficiency) of Revenues Over Expenditures	\$ 499,463	\$	\$ 474,115

# CITY OF OCALA, FLORIDA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS SEPTEMBER 30, 2004

Assets	1995 Improvement Certificates	2002 Improvement Certificates
Restricted cash and investments	\$ 216,267	\$ 798,221
Total Restricted Assets	\$ 216,267	\$ 798,221
Fund Balances		
Fund Balances: Reserved for debt service	216,267	\$ 798,221
Total Fund Balances	\$ 216,267	\$ 798,221

		002 Optional Gas Tax Bonds		Total	
\$	921,307	\$	1,806,380	\$	3,742,175
\$	921,307	\$	1,806,380	\$	3,742,175
			`.		
\$_	921,307	\$_	1,806,380	\$_	3,742,175
\$ `	921,307	\$	1,806,380	\$	3,742,175

### CITY OF OCALA, FLORIDA COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	1995 Improvement Certificates	2002 Improvement Certificates	
Revenues: Investment income	\$ 3,006	\$ 9,687	
Expenditures:  Debt Service:  Principal payments  Interest and paying agents' fees  Total expenditures	90,000 245,059 335,059	530,000 502,217 1,032,217	
Deficiency of Revenues Over Expenditures	(332,053)	(1,022,530)	
Other Financing Sources (Uses): Transfers from other funds Transfers to other funds  Total other financing sources (uses)	337,534 (2,506) 335,028	1,046,442 (9,212) 1,037,230	
Net Change in Fund Balances	2,975	14,700	
Fund Balances at Beginning of Year	213,292	783,521	
Fund Balances at End of Year	\$ 216,267	\$ 798,221	

2003 nprovement Certificates	20	2002 Optional Gas Tax Bonds		Total
\$ 11,509	\$	19,700	\$_	43,902
_		1,525,000		2,145,000
458,309		493,111		1,698,696
 458,309		2,018,111		3,843,696
 (446,800)		(1,998,411)	<u> </u>	(3,799,794)
1,252,615		2,042,760		4,679,351
(11,509)		(19,225)		(42,452)
 (11,000)		(10,220)		(-32,-102)
 1,241,106		2,023,535		4,636,899
794,306		25,124		837,105
 127,001		1,781,256		2,905,070
\$ 921,307	\$	1,806,380	\$	3,742,175

### CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL 1995 IMPROVEMENT CERTIFICATES FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

		Actual		Final Budget		riance with nal Budget Positive Negative)
Revenues:						
Investment income	\$	3,006	\$	3,825	\$	(819)
Total revenues		3,006		3,825	<u></u>	(819)
Expenditures: Debt Service:						
Principal payments		90,000		90,000		
Interest and paying agents' fees		245,059		245,159		100
Total expenditures		335,059		335,159		100
Excess (Deficiency) of Revenues Over Expenditures	<u>.,</u>	(332,053)		(331,334)	<del></del>	(719)
Other Financing Sources (Uses):						
Transfers from other funds		337,534		337,534		-
Transfers to other funds		(2,506)		(3,225)		719
Total other financing sources (uses)		335,028		334,309		719
Net Change in Fund Balance		2,975		2,975		-
Fund Balance at Beginning of Year		213,292		(2,975)		216,267
Fund Balance at End of Year	\$	216,267	\$	_	\$	216,267

# CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL 2002 IMPROVEMENT CERTIFICATES FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 9,687	\$ 14,440	\$ (4,753)
Total revenues	9,687	14,440	(4,753)
Expenditures:			
Debt Service:	***		
Principal payments	530,000	530,000	
Interest and paying agents' fees	502,217	502,243	26
Total expenditures	1,032,217	1,032,243	26
Excess (Deficiency) of Revenues Over Expenditures	(1,022,530)	(1,017,803)	(4,727)
Other Financing Sources (Uses):			
Transfers from other funds	1,046,442	1,046,442	•
Transfers to other funds	(9,212)	(13,940)	4,728
Total other financing sources (uses)	1,037,230	1,032,502	4,728
Net Change in Fund Balance	14,700	14,699	1
Fund Balance at Beginning of Year	783,521	(14,699)	798,220
Fund Balance at End of Year	\$ 798,221	\$	\$ 798,221

### CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL 2003 IMPROVEMENT CERTIFICATES FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 11,509	\$ 16,595	\$ (5,086)
Total revenues	11,509	16,595	(5,086)
Expenditures:			
Debt Service:			
Interest and paying agents' fees	458,309	458,809	500
Total expenditures	458,309	458,809	500
Excess (Deficiency) of Revenues Over Expenditures	(446,800)	(442,214)	(4,586)
Other Financing Sources (Uses):	•		
Transfers from other funds	1,252,615	1,252,615	-
Transfers to other funds	(11,509)	(16,095)	4,586
Total other financing sources (uses)	1,241,106	1,236,520	4,586
Net Change in Fund Balance	794,306	794,306	-
Fund Balance at Beginning of Year	127,001	(794,306)	921,307
Fund Balance at End of Year	\$ 921,307	\$	\$ 921,307

### CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL 2002 OPTIONAL GAS TAX BONDS FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 19,700	\$ 33,260	\$ (13,560)
Total revenues	19,700	33,260	(13,560)
Expenditures:			
Debt Service:			
Principal payments	1,525,000	1,525,000	-
Interest and paying agents' fees	493,111	495,888	2,777
Total expenditures	2,018,111	2,020,888	2,777
Excess (Deficiency) of Revenues Over Expenditures	(1,998,411)	(1,987,628)	(10,783)
Other Financing Sources (Uses):			
Transfers from other funds	2,042,760	2,048,262	(5,502)
Transfers to other funds	(19,225)	(32,760)	13,535
Total other financing sources (uses)	2,023,535	2,015,502	8,033
Net Change in Fund Balance	25,124	27,874	(2,750)
Fund Balance at Beginning of Year	1,781,256	(27,874)	1,809,130
Fund Balance at End of Year	\$ 1,806,380	\$ -	\$ 1,806,380

### CITY OF OCALA, FLORIDA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS SEPTEMBER 30, 2004

Assets	2002 Optional 2002 Gas Tax Capital Construction Improvement	Total
Cash and investments	\$ 10,590,444 \$ 11,223,367 \$ 2	1,813,811
Total Assets	<u>\$ 10,590,444</u> <u>\$ 11,223,367</u> <u>\$ 2</u>	1,813,811
Liabilities and Fund Balances		
Current Liabilities:  Accounts payable	\$ 87,310 \$ 140,721 <b>\$</b>	228,031
Total liabilities	87,310 140,721	228,031
Fund Balances:	•	•
Reserved for capital projects	10,503,134 11,082,646 21	,585,780
Total fund balance	10,503,134 11,082,646 21	,585,780
Total Liabilities and Fund Balances	<u>\$ 10,590,444</u> <u>\$ 11,223,367</u> <u>\$ 21</u>	,813,811

### CITY OF OCALA, FLORIDA COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	2002 Optional Gas Tax Construction		2002 Capital Improvement			Total	
Revenues:							
Investment income	\$	143,645	\$	153,866	\$	297,511	
Gifts		-		29,045		29,045	
Other :				32,101	_	32,101	
Total revenues		143,645	<u></u>	215,012		358,657	
Expenditures: Current:							
Public works		273,544		182,691		456,235	
Capital outlay		270,891		872,573		1,143,464	
Total expenditures		544,435		1,055,264		1,599,699	
					-	•	
(Deficiency) of Revenues Over Expenditures	<del></del> -	(400,790)		(840,252)		(1,241,042)	
Net Change in Fund Balances		(400,790)		(840,252)		(1,241,042)	
Fund Balances at Beginning of Year		10,903,924		11,922,898		22,826,822	
Fund Balances at End of Year	\$	10,503,134	\$	11,082,646	\$	21,585,780	

### CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL 2002 OPTIONAL GAS TAX CONSTRUCTION FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	 Actual		Final Budget	Variance with Final Budget Positive (Negative)		
Revenues:						
Investment income	\$ 143,645	\$	-	\$	143,645	
Total revenues	143,645			_	143,645	
Expenditures:						
Current - Public works	273,544		2,296,328		2,022,784	
Capital outlay	270,891		7,617,049		7,346,158	
Total expenditures	 544,435	_	9,913,377		9,368,942	
Excess (Deficiency) of Revenues Over Expenditures	(400,790)		(9,913,377)		9,512,587	
Net Change in Fund Balance	(400,790)		(9,913,377)		9,512,587	
Fund Balance at Beginning of Year	 10,903,924		9,913,377		990,547	
Fund Balance at End of Year	\$ 10,503,134	\$	<del>-</del>	\$	10,503,134	

## CITY OF OCALA, FLORIDA SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL 2002 CAPITAL IMPROVEMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Actual			Final Budget	Variance with Final Budget Positive (Negative)		
Revenues:							
Investment income	\$	153,866	\$	200,000	\$	(46,134)	
Gifts		29,045		33,000		(3,955)	
Other		32,101		6,101		26,000	
Total revenues		215,012	_	239,101		(24,089)	
Expenditures: Current:							
Public works		182,691		1,834,398		1,651,707	
Capital outlay		872,573		4,704,933		3,832,360	
Total expenditures	_	1,055,264	_	6,539,331		5,484,067	
Excess (Deficiency) of Revenues Over Expenditures	_	(840,252)		(6,300,230)		5,459,978	
Net Change in Fund Balance		(840,252)		(6,300,230)		5,459,978	
Fund Balance at Beginning of Year		11,922,898	-	6,300,230		5,622,668	
Fund Balance at End of Year	\$	11,082,646	\$	<del>.</del>	\$	11,082,646	



#### CITY OF OCALA, FLORIDA INTERNAL SERVICE FUNDS SEPTEMBER 30, 2004

#### **INTERNAL SERVICE FUNDS:**

The Internal Service Funds account for the operation of departments which exist solely to provide services to other City departments. The revenues of the Internal Service Funds are derived from user fees and self-insurance premiums charged to other City funds. The Internal Service Funds used by the City are:

<u>Internal Service Fund</u> - This fund accounts for the operation of the management information system, central services, facilities maintenance, clinic and purchasing and warehousing departments.

<u>Fleet Management Fund</u> - This fund accounts for the operation of the fleet management department, which is responsible for replacing, specifying, acquiring, maintaining and disposing of approximately 930 units of gas driven equipment.

<u>Self-Insurance Fund</u> - This fund accounts for the operation of the risk management department and for the costs of the City's insurance and self-insurance plans.

#### CITY OF OCALA, FLORIDA COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS SEPTEMBER 30, 2004

Assets	 Internal Service	. <u> </u>	Fleet Management		Self- Insurance		Total
Current Assets:							
Cash and investments	\$ 150	\$	800	\$	150	\$	1,100
Equity in pooled cash and investment fund	1,418,998		7,899,628	•	3,233,811		12,552,437
Accrued interest receivable	13,686		70,765		34,861		119,312
Accounts receivable	1,068		15,215		38,381		54,664
Inventories	33,914		180,390				214,304
Due from other governments	9,728		6,956		9,500		26,184
Other current assets	225		225	. \	69,981		70,431
Total current assets	 1,477,769		8,173,979		3,386,684		13,038,432
Capital Assets, Net	 8,014,665		9,694,221		10,009	_	17,718,895
Total Assets	\$ 9,492,434	\$	17,868,200	\$	3,396,693	\$	30,757,327
Liabilities							
Current Liabilities:							
Accounts payable	\$ 197,243	\$	243,150	\$	341,923	\$	782,316
Claims payable	_				4,993,302		4,993,302
Compensated absences payable	110,819		59,880		_		170,699
Total current liabilities	 308,062		303,030		5,335,225	*****	5,946,317
Noncurrent Liabilities:							
Interfund loans payable after one year	9,728		6,956		_		16,684
Compensated absences payable	88,149		41,087				129,236
Total noncurrent liabilities	 97,877		48,043		-		145,920
Total Liabilities	405,939		351,073		5,335,225		6,092,237
Net Assets							
Invested in capital assets	8,014,665		9,694,221		10,009		17,718,895
Unrestricted	 1,071,830		7,822,906	_	(1,948,541)		6,946,195
Total Net Assets	\$ 9,086,495	\$	17,517,127	\$	(1,938,532)	\$	24,665,090

# CITY OF OCALA, FLORIDA COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Internal Service	Fleet Management	Self- Insurance	Total
Operating Revenues:				
Fees and rentals	\$ 5,316,808	\$ 5,095,050	\$ 1,278,775	\$ 11,690,633
City insurance contributions		-	7,441,446	7,441,446
Employee insurance contributions	-	-	2,141,532	2,141,532
Other	218,236	483,720		701,956
Total operating revenues	5,535,044	5,578,770	10,861,753	21,975,567
Operating Expenses:				
Fleet management	-	3,157,762	_	3,157,762
Purchasing and warehousing	794,076		-	794,076
Information technology and	•			•
central services	2,480,869	-	-	2,480,869
Facilities maintenance	1,894,209		-	1,894,209
Insurance, administration and other	· · -	-	11,730,856	11,730,856
Depreciation	808,396	2,231,633	2,814	3,042,843
Other	148,227	• •		159,192
Total operating expenses	6,125,777		11,733,670	23,259,807
Operating Income (Loss)	(590,733	) 178,410	(871,917)	(1,284,240)
Non-Operating Revenues				
Investment income	18,441	104,807	32,061	155,309
Total non-operating revenues	18,441	104,807	32,061	155,309
Income (Loss) Before Operating Transfers	(572,292)	283,217	(839,856)	(1,128,931)
Transfers:				
To other funds	(6,297)	-	•	(6,297)
Total operating transfers	(6,297)			(6,297)
Change in Net Assets	(578,589)	283,217	(839,856)	(1,135,228)
Total Net Assets, beginning of year	9,665,084	17,233,910	(1,098,676)	25,800,318
Total Net Assets, end of year	\$ 9,086,495	\$ 17,517,127	\$ (1,938,532)	\$ 24,665,090

#### CITY OF OCALA, FLORIDA COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

		Internal Service	 Fleet Management		Self- Insurance		Total
Cash Flows from Operating Activities: Cash received from employees Cash paid to suppliers for goods and	\$	-	\$ -	\$	2,142,615	\$	2,142,615
services Cash paid to employees for services Cash received from other funds Cash paid for insurance claims		(2,375,658) (2,807,264) 5,317,548	 (1,725,419) (1,419,977) 5,258,006		(7,879,718) (496,116) 8,710,175 (2,536,215)		(11,980,795) (4,723,357) 19,285,729 (2,536,215)
Net cash provided by (used in) operating activities	<u></u>	134,626	 2,112,610		(59,259)	_	2,187,977
Cash Flows from Non-Capital Financing Activities:							
Transfers in Transfers out Proceeds of loans from other funds		- (6,297) 9,728	- 6,956		- - -		(6,297) 16,684
Net cash used in non-capital financing activities		3,431	 6,956	_	-		10,387
Cash Flows from Capital and Related Financing Activities:							
Principal paid on capital lease and notes payable Interest paid on capital lease and		-	- -		-		-
notes payable  Proceeds from sale of capital assets  Acquisition and construction of		19,699	- 476,188		-		495,887
capital assets  Net cash used in capital and		(111,989)	 (3,312,081)	****	(4,420)		(3,428,490)
related financing activities		(92,290)	 (2,835,893)		(4,420)		(2,932,603)
Cash Flows from Investing Activities: Investment income Net cash provided by investing	<del></del>	18,442	 107,605		25,222		151,269
activities		18,442	 107,605		25,222		151,269
Net Increase in Cash and Cash Equivalents		64,209	(608,722)		(38,457)		(582,970)
Cash and Cash Equivalents, beginning of year		1,354,939_	 8,509,150		3,272,418		13,136,507
Cash and Cash Equivalents, end of year	\$	1,419,148	\$ 7,900,428	\$	3,233,961	\$	12,553,537

(Continued)

### CITY OF OCALA, FLORIDA COMBINING STATEMENT OF CASH FLOWS (Continued) INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Internal Service		Fleet Management		Self- Insurance		Total	
Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities:								
Operating income (loss)  Adjustment to reconcile operating income to cash flows provided by operating activities:	\$	(590,733)	\$	178,410	\$	(871,917)	\$	(1,284,240)
Depreciation		808,396		2,231,633		2,814		3,042,843
Loss (gain) on capital asset disposal		(124,471)		(298,781)		(512)		(423,764)
(Increase) decrease in assets:								
Accounts and notes receivable		(561)		(15,027)		4,583		(11,005)
Inventories		5,645		(9,170)		-		(3,525)
Due from other governments		(9,728)		(6,956)		(9,500)		(26,184)
Other current assets		598		(225)		(13,025)		(12,652)
Increase (decrease) in liabilities:		•						
Accounts payable		21,916		21,091		43,304		86,311
Compensated absences payable		23,564		11,635		-		35,199
Claims payable						788,494		788,494
Deferred revenue		-		-		(3,500)		(3,500)
Net Cash Provided by Operating Activities	\$	134,626	\$	2,112,610	\$	(59,259)	\$	2,187,977



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#### CITY OF OCALA, FLORIDA STATISTICAL SECTION Description of Schedules

General Governmental Revenues and Other Financing Sources by Source

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Capital Improvement Revenue and Refunding Revenue Bonds and Capital
Improvement Revenue, Revenue Refunding and Refunding Revenue Certificates
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Water and Sewer Revenue Bonds, Series 2001
Water and Sewer Refunding Revenue Bonds, Series 2001A

Analysis of Sewerage System Capital Improvement Fund Established for Florida Department of Environmental Regulation Grant #621080

Electric System Refunding Revenue Bonds, Series 2001

## CITY OF OCALA, FLORIDA GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES BY SOURCE (1) LAST TEN FISCAL YEARS

	1995	1996	1997	 1998
Property taxes	\$ 7,638,214	\$ 7,819,975	\$ 8,368,548	\$ 8,480,580
Utility service tax	-	4,791,403	4,722,401	5,040,944
Other taxes	1,508,766	1,673,396	1,777,951	1,825,810
Intergovernmental revenues	9,122,383	10,495,025	11,657,539	12,034,615
Licenses and permits	772,036	800,587	957,288	960,467
Fines and forfeitures	1,052,858	580,973	642,935	594,544
Charges for services and off-street parking	2,380,049	2,463,001	2,526,920	2,747,158
Operating transfers from other funds	17,000,557	15,256,416	14,637,135	14,082,216
Bond and note proceeds	-	-	-	-
Investment income	1,467,264	1,632,089	1,733,101	2,161,010
Miscellaneous	154,506	297,975	314,017	 436,978
TOTAL	\$ 41,096,633	\$ 45,810,840	\$ 47,337,835	\$ 48,364,322

<sup>(1)</sup> This schedule includes revenues and other financing sources of the General Fund, Special Revenue Funds and Debt Service Funds. Interfund expenditures have not been eliminated between these funds.

 1999 .		2000		2001	2002		2003		 2004	
\$ 9,102,961	\$	9,511,892	\$	11,548,574	\$	12,436,199	\$	13,237,448	\$ 14,009,302	
5,102,382		5,306,148		7,551,057		9,826,251		8,972,010	9,329,469	
1,812,423		2,054,924		979,605		395,596		629,497	709,786	
13,454,031		12,272,487		11,036,370		13,365,718		10,952,739	12,653,482	
1,054,871		1,096,018		1,589,534		1,055,928		1,418,871	1,483,910	
464,268		381,070		391,965.		403,763		396,124	489,143	
3,262,969		3,822,275		4,115,134		4,094,558		4,225,866	4,719,064	
13,231,408		13,939,858		14,488,147		14,274,470		16,039,513	16,407,407	
-		-				6,544,120		16,829,140	-	
1,039,143		1,847,372		2,849,560		1,770,818		995,020	412,049	
 3,134,366		1,093,781		553,724		835,729		1,135,027	 1,305,480	
\$ 51,658,822	\$	51,325,825	\$	55,103,670	\$	65,003,150	\$	74,831,255	\$ 61,519,092	

### CITY OF OCALA, FLORIDA GENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION (1) LAST TEN FISCAL YEARS

		1995	1996	1997	 1998
General government and administration	\$	3,750,855	\$ 4,141,798	\$ 4,472,247	\$ 4,759,554
Public safety		14,812,271	15,621,375	16,672,853	17,476,228
Public works		4,531,891	4,732,747	5,253,535	5,646,503
Culture and recreation		3,939,075	4,259,453	5,184,240	4,572,977
Nondepartmental		87,932	143,264	191,039	210,752
Debt service		3,501,935	3,627,857	3,760,178	3,758,570
Capital outlay		3,160,173	3,497,923	5,175,529	4,993,327
Operating transfers to other funds		4,777,853	6,455,475	3,990,763	4,017,101
Payment to Refunding Bonds Escrow Age	nt	-	-	-	
Miscellaneous		995,400	1,025,824	 1,057,508	 2,361,933
Total	\$	39,557,385	\$ 43,505,716	\$ 45,757,892	\$ 47,796,945

<sup>(1)</sup> This schedule includes expenditures and other financing uses of the General Fund, Special Revenue Funds and Debt Service Funds. Interfund expenditures have not been eliminated between these funds.

	1999	 2000	_	2001		2002	 2003	 2004
\$	5,353,842	\$ 5,556,404	\$	5,207,855	\$	5,722,144	\$ 6,244,743	\$ 6,757,264
	18,844,027	19,588,382		21,686,577		23,546,305	25,564,889	27,269,177
	6,265,545	5,813,068		5,931,960		8,722,518	8,463,819	7,873,013
	4,911,858	3,341,906		3,650,228		3,922,136	4,477,221	4,226,419
	195,447	730,425		316,333	•	330,237	381,999	197,618
	2,469,619	2,982,635		2,979,339		5,164,672	2,790,966	3,853,561
	6,417,164	9,521,370		7,120,700		8,462,353	6,480,089	3,141,741
	5,097,944	5,187,048		4,552,992		4,218,807	4,567,326	4,635,023
	-	-		-		6,422,315	16,599,223	-
_	1,729,854	 1,454,750		1,153,583		1,477,483	 1,398,900	 2,876,148
\$	51,285,300	\$ 54,175,988	\$	52,599,567	\$	67,988,970	\$ 76,969,175	\$ 60,829,964

### CITY OF OCALA, FLORIDA PROPERTY TAX LEVIES, TAX COLLECTIONS AND ASSESSED VALUATIONS (1) LAST TEN FISCAL YEARS

					••		
	Assessed			Current	Total (3)	of Total	
Fiscal	Valuation	Tax Rate in	Total Tax	Tax	Tax	Collections	Uncollected
Year	(100% at Market)	Mills (1)	Levy (2)	Collections	Collections	to Tax Levy	Taxes
1995	\$ 1,556,395,804	5.03	\$7,836,849	\$7,289,707	\$ 7,595,038	96.9	\$547,142
1996	1,574,831,300	5.09	8,041,653	7,474,513	7,781,671	96.8	567,140
1997	1,634,063,072	5.22	8,567,696	7,925,026	8,328,857	97.2	642,670
1998	1,662,531,988	5.22	8,725,865	8,131,668	8,441,660	96.8	594,197
1999	1,771,686,458	5.27	9,385,714	8,755,381	9,061,156	96.5	630,333
2000	1,853,082,830	5.27	9,821,569	9,172,117	9,468,965	96.4	649,452
2001	2,026,300,739	5.84	11,884,723	11,133,462	11,504,383	96.8	751,261
2002	2,194,839,566	5.78	12,761,905	11,927,359	12,273,927	96.2	834,546
2003	2,351,269,279	5.78	13,674,384	12,665,942	13,093,274	95.8	1,008,442
2004	2,521,911,481	5.68	14,369,729	13,444,999	13,865,851	96.5	924,730

Source: Marion County Tax Collector and City of Ocala Finance & Administrative Services Department

- (1) Excludes property tax levies of the Downtown Development Commission.
- (2) Includes penalties under §193.072, Florida Statutes.
- (3) Tax collections include current and delinquent taxes, and tax certificates and payments to local governments for homestead exemptions.

#### CITY OF OCALA, FLORIDA PROPERTY TAX RATES AND LEVIES -DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

#### Millage Rates

Year	City	County	School	Districts	Total
1995	5.03	5.74	9.88	0.48	21.13
1996	5.09	5.40	9.75	0.48	20.72
1997	5.22	5.71	9.99	0.48	21.40
1998	5.22	6.22	10.59	0.48	22.51
1999	5.27	6.15	10.62	0.48	22.52
2000	5.27	6.15	9.83	0.48	21.73
2001	5.84	6.18	9.66	0.47	22.15
2002	5.78	6.06	9.50	0.46	21.80
2003	5.78	6.04	9.44	0.46	21.72
2004	5.68	5.64	9.06	0.46	20.84

#### Tax Levies

<b></b>				Water	
Fiscal				Mgmt	
Year	City (1)	County (2)	School (2)	Districts (2)	Total
1995	7,823,068	8,933,712	15,377,191	747,070	32,881,041
1996	8,027,264	8,504,089	15,354,605	755,919	32,641,877
1997	8,551,764	9,330,500	16,324,290	784,350	34,990,904
1998	8,705,206	10,340,949	17,606,214	798,015	37,450,384
1999	9,365,048	10,895,872	18,815,310	850,409	39,926,639
2000	9,797,630	11,396,459	18,215,804	889,480	40,299,373
2001	11,855,904	12,522,539	19,574,065	952,361	44,904,869
2002	12,722,270	13,300,726	20,850,973	1,009,626	47,883,595
2003	13,630,465	14,201,666	22,186,577	1,086,286	51,104,994
2004	14,342,032	14,223,581	22,861,128	1,165,123	52,591,864

<sup>(1)</sup> Does not include penalties under §193.072 of the Florida Statutes.

<sup>(2)</sup> The tax levies for overlapping governments reflect each government's millage applied to the total assessed valuation within the City's corporate boundaries.

#### CITY OF OCALA, FLORIDA SPECIAL ASSESSMENT COLLECTIONS LAST TEN FISCAL YEARS

Fiscal	New Liens	Collections and	Total Outstanding
<u>Year</u>	Assessed	<u>Adjustments</u>	Assessments (1)
1995	-	\$ 16,916	\$115,703
1996	-	7,336	108,367
1997	-	21,112	87,255
1998	-	4,106	83,149
1999	-	11,595	71,554
2000	-	22,770	48,784
2001	, <del>-</del>	25,044	23,740
2002	-	2,735	21,005
2003	-	-	21,005
2004	-	-	21,005

<sup>(1)</sup> Does not reflect reserves for uncollectible special assessment levies.

#### CITY OF OCALA, FLORIDA COMPUTATION OF LEGAL DEBT MARGIN SEPTEMBER 30, 2004

Assessed Value (100% at market as of January 1, 2004)	\$ 2,521,911,481		
Debt Limit: 20% of Assessed Value	\$ 504,382,296		
Amount of General Obligation Debt Outstanding			
Legal Debt Margin	\$ 504,382,296		

In accordance with Article IX, §9.02, of the City of Ocala Charter, the "aggregate amount of general obligation bonds of the City outstanding at any one time shall not be greater than twenty percent (20%) of the assessed valuation of the taxable real and personal property in the City according to the latest assessment of such real and personal property."

#### CITY OF OCALA, FLORIDA SCHEDULE OF ELECTRIC SYSTEM REVENUE AND REFUNDING REVENUE BONDS COVERAGE LAST TEN FISCAL YEARS

	Net Revenue Available for Debt	Debt Service	e Requirement	ts (2) (3) (4)	
<u>Year</u>	Service (1)	Principal	Interest	Total	Coverage
1995	\$22,733,287	\$ 1,435,000	\$494,065	\$ 1,929,065	11.78
1996	19,025,573	1,530,000	398,038	1,928,038	9.87
1997	18,935,425	1,630,000	293,325	1,923,325	9.85
1998	22,891,440	1,745,000	179,390	1,924,390	11.90
1999	21,531,368	1,740,000	60,030	1,800,030	11.96
2000	20,413,962	-	-		-
2001	18,548,045	-	-	-	-
2002	22,528,190	-	243,571	243,571	92.33
2003	16,043,273	1,940,000	331,406	2,271,406	7.06
2004	14,557,187	2,035,000	264,388	2,299,388	6.33

- (1) Represents gross operating revenues and interest income (including interest income capitalized) less gross operating expenses, excluding amortization and depreciation, of the electric system.
- (2) In October, 1989, the City issued Electric System Revenue Bonds, Series 1989A in the amount of \$28,425,000 and Electric System Revenue Refunding Bonds, Series 1989B in the amount of \$13,000,000. The 1989B Bonds were issued for the purpose of advance refunding the City's outstanding Power Supply Revenue Bonds, Series 1977 and the City's outstanding Power Supply Revenue Refunding Bonds, Series 1988. The refunding bonds are no longer considered outstanding debt of the City because an escrow account was created for them; and, therefore, all debt service requirements subsequent to October, 1989 for the refunded bonds have been excluded from the determination of debt service coverage. The proceeds of the 1989A Bonds are being used to fund the cost of the acquisition system and certain infrastructure improvements related thereto. The first interest payments on the Series 1989A and 1989B Bonds occurred in April, 1990; the first principal payments were made October 1, 1990. The final principal and interest payments on the Series 1989B Bonds were made on October 1, 1998.
- (3) In March, 1992, the City issued the \$28,435,000 Utility Systems Subordinate Refunding Revenue Bonds, Series 1992B, for the purpose of refunding the outstanding Electric System Revenue Bonds, Series 1989A. The refunded bonds are no longer considered outstanding debt of the City since an escrow account was created for them; and, therefore, all debt service requirements subsequent to 1992 will be excluded from the determination of debt service coverage. Since the Series 1992B Bonds, as well as the Utility Systems Subordinate Refunding Revenue Bonds, Series 1992A, are payable from a lien upon the surplus revenues of the City's Water and Sewer System and the City's Electric System, the debt service coverage for those two issues is shown in a separate schedule for 1993 and subsequent years.
- (4) In August 2001, the City issued the \$10,520,000 Electric System Refunding Revenue Bonds, Series 2001, for the purpose of the current refunding of the Utility Systems Subordinate Refunding Revenue Bonds, Series 1992B. The refunded bonds are no longer considered outstanding debt of the City since an escrow account was created for them. The first interest payment on the Series 2001 bonds occurred in April 2002; the first principal payment was made on October 1, 2002.

#### CITY OF OCALA, FLORIDA SCHEDULE OF WATER AND SEWER REVENUE AND REFUNDING REVENUE BONDS COVERAGE LAST TEN FISCAL YEARS

Net Revenue
Available

	for Debt		Debt Service Requirements (2) (3) (4)						
Year	Service (1)	F	Principal			Interest		Total	Coverage
1995	\$ 8,596,135	\$	245,000		\$	937,825	\$	1,182,825	7.26
1996	9,041,538		260,000			1,051,660		1,311,660	6.89
1997	9,355,166		.=			786,254		786,254	11.90
1998	10,048,277		385,000			953,281		1,338,281	7.51
1999	9,167,898		405,000			934,771		1,339,771	6.84
2000	10,960,270		420,000			914,745		1,334,745	8.21
2001	12,826,558		445,000			893,613		1,338,613	9.58
2002	11,135,857		460,000			3,708,504		4,168,504	2.67
2003	9,499,706		2,575,000			4,333,189		4,168,504	2.28
2004	11,319,476		2,820,000			4,221,045		7,041,045	1.61

- (1) Represents gross operating revenues less gross operating expenses, excluding amortization and depreciation, of the water and sewer system. Additional pledge revenues are the unlevied public service tax (all issues), interest earnings on investments and any income realized from such investments of the sinking, sinking reserve, and renewal and replacement funds.
- (2) In March, 1992, the City issued the \$51,880,000 Utility Systems Subordinate Refunding Revenue Bonds, Series 1992A, primarily for the purpose of refunding the outstanding Water and Sewer Revenue Bonds, Series 1985A and Water and Sewer Refunding Revenue Bonds, Series 1986. The refunded bonds are no longer considered outstanding debt of the City since an escrow account was created for them; and, therefore, all debt service requirements subsequent to 1992 will be excluded from the determination of debt service coverage. Since the Series 1992A Bonds, as well as the Utility Systems Subordinate Refunding Revenue Bonds, Series 1992B, are payable from a lien upon the surplus revenues of the City's Water and Sewer System and the City's Electric System, the debt service coverage for these two issues is shown in a separate schedule for 1993 and subsequent years.
- (3) In October, 1995, the City issued the \$5,000,000 Water and Sewer Revenue Bonds, Series 1995, primarily for the purpose of financing the cost of acquisition and construction of additions, improvements and extensions to the City's water and sewer system. The first interest payment on the Series 1995 Bonds occurred in April, 1996 and the first principal payment occurred in October, 1997.
- (4) In July, 1996, the City issued the \$12,170,000 Water and Sewer Refunding Revenue Bonds, Series 1996, primarily for the purpose of forward refunding the outstanding Water and Sewer Refunding Revenue Bonds, Series 1988. The refunded bonds are no longer considered outstanding debt of the City since an escrow account was created for them; and, therefore, all debt service requirements subsequent to 1996 will be excluded from the determination of debt service charge. The first interest payment on the Series 1996 Bonds occurred in October, 1996 and the first principal payment occurred in October, 1997.

(Continued)

# CITY OF OCALA, FLORIDA SCHEDULE OF WATER AND SEWER REVENUE AND REFUNDING REVENUE BONDS COVERAGE LAST TEN FISCAL YEARS (Concluded)

- (5) In April 2001, the City issued the \$36,205,000 Water and Sewer Revenue Bonds, Series 2001, primarily for the purpose of financing the cost of acquisition and construction of additions, improvements and extensions to the City's water and sewer system. The first interest payment on the Series 2001 Bonds occurred on October 1, 2001, and the first principal payment will occur on October 1, 2016.
- (6) In August 2001, the City issued the \$39,885,000 Water and Sewer Refunding Revenue Bonds, Series 2001A, for the purpose of the current refunding of the Utility Systems Subordinate Refunding Revenue Bonds, Series 1992A. The refunded bonds are no longer considered outstanding debt of the City since an escrow account was created for them. The first interest payment on the Series 2001 bonds occurred in April 2002; the first principal payment was made on October 1, 2002.

#### CITY OF OCALA, FLORIDA SCHEDULE OF UTILITY SYSTEMS SUBORDINATE REFUNDING REVENUE BONDS, SERIES 1992A AND 1992B, COVERAGE LAST TEN FISCAL YEARS

Available	Dobt	Sanciaa Baquirama	nte	
		Coverage		
\$28,213,532	\$3,255,000	\$4,107,890	\$7,362,890	3.83
24,827,413	3,415,000	3,953,546	7,368,546	3.37
25,581,012	3,575,000	3,783,065	7,358,065	3.48
29,677,046	3,760,000	3,595,930	7,355,930	4.03
27,559,440	2,805,000	3,422,435	6,227,435	4.43
30,039,487	1,525,000	3,304,000	4,829,000	6.22
30,035,990	1,610,000	3,214,610	4,824,610	6.23
-	-	-	-	-
	-	-	-	-
-	-	-	-	-
	Available for Debt Service (1) \$28,213,532 24,827,413 25,581,012 29,677,046 27,559,440 30,039,487	Available for Debt Service (1)  \$28,213,532 24,827,413 25,581,012 29,677,046 27,559,440 30,039,487  Principal  \$3,255,000 3,415,000 3,575,000 2,575,000 2,805,000 30,039,487  Debt Debt Principal 3,760,000 2,805,000 1,525,000	Available for Debt Service Requirement           Service (1)         Principal Principal Interest           \$28,213,532         \$3,255,000         \$4,107,890           24,827,413         3,415,000         3,953,546           25,581,012         3,575,000         3,783,065           29,677,046         3,760,000         3,595,930           27,559,440         2,805,000         3,422,435           30,039,487         1,525,000         3,304,000	Available for Debt           Service (1)         Principal         Interest         Total           \$28,213,532         \$3,255,000         \$4,107,890         \$7,362,890           24,827,413         3,415,000         3,953,546         7,368,546           25,581,012         3,575,000         3,783,065         7,358,065           29,677,046         3,760,000         3,595,930         7,355,930           27,559,440         2,805,000         3,422,435         6,227,435           30,039,487         1,525,000         3,304,000         4,829,000

Not Rayanua

- (1) Represents the surplus revenues of the City's Electric System and of the City's Water and Sewer System available after the payment of the debt service requirements on the senior lien bonds.
- (2) In August 2001, the City issued the \$39,885,000 Water and Sewer Refunding Revenue Bonds, Series 2001A, and the \$10,520,000 Electric System Refunding Revenue Bonds, Series 2001, primarily for the purpose of the current refunding of the outstanding Utility Systems Subordinate Refunding Revenue Bonds, Series 1992A and 1992B. The refunded bonds are no longer considered outstanding debt of the City since an escrow account was created for them; therefore all debt service coverage subsequent to 2001 will be excluded from the determination of debt service coverage.

# CITY OF OCALA, FLORIDA SCHEDULE OF CAPITAL IMPROVEMENT REVENUE AND REFUNDING REVENUE BONDS AND CAPITAL IMPROVEMENT REVENUE, REVENUE REFUNDING AND REFUNDING REVENUE CERTIFICATES COVERAGE LAST TEN FISCAL YEARS

			Ple	dged Revenues			
	Local						
	Government	Communication		Occupational		Mobile	′ Court
	Half-Cent	Services	Franchise	License	Guaranteed	Home	Fines and
Year	Sales Tax	Tax	Fees	Tax	Entitlement (1)	Licenses	Forfeitures
1995	\$2,106,763	-	\$497,871	\$378,545	\$643,622	\$16,913	\$660,082
1996	2,196,321	-	573,247	436,646	643,622	21,030	507,069
1997	2,245,440	-	627,813	439,902	643,622	25,700	468,236
1998	2,443,377	-	594,940	452,402	643,622	26,486	532,189
1999	2,632,262	-	564,533	463,809	643,622	29,113	431,951
2000	2,530,619	-	807,441	488,485	643,622	43,358	337,801
2001	2,804,438	-	911,727	490,247	643,622	43,124	360,264
2002	2,919,423	3,944,616	321,825	487,485	643,622	37,504	384,681
2003	3,043,521	3,671,699	529,707	514,246	643,622	32,872	336,930
2004	3,308,143	3,392,966	585,678	511,916	643,622	36,277	422,516

- (1) The minimum amount of state revenue sharing funds to be received by the City in accordance with the provisions of the State of Florida Revenue Sharing Act.
- (2) The Capital Improvement Refunding Revenue Bonds, Series 1986 were sold in August, 1986. The first interest payment for this issue was on October 1, 1986, and the first principal payment was on October 1, 1987. This issue places a senior lien on the pledged revenues. The outstanding portion of this issue was refunded in December, 1993 by the Capital Improvement Refunding Revenue Certificates, Series 1993. Since an escrow account was established for the redemption of this issue, the 1986 bonds will not be included in the debt service requirements for 1994 and subsequent years.
- (3) The Capital Improvement Revenue Refunding Certificates, Series 1988 were sold in August, 1988. The first principal and interest payments were made on April 1, 1989. This issue constituted a junior or subordinate lien on the pledged revenues until the senior debt, the Capital Improvement Refunding Revenue Bonds, Series 1986, was refunded in December 1993. The final principal and interest payments for this issue were made on April 1, 1998.
- (4) The Capital Improvement Refunding Revenue Certificates, Series 1993 were sold in December 1993. The first interest payment was made on April 1, 1994, and the first principal payment was made on October 1, 1999. This issue is on a parity with the Capital Improvement Revenue Refunding Certificates, Series 1988 and with the Capital Improvement Revenue Certificates, Series 1995 and Series 2002.

Total Revenue Available

Debt Service Re	(5) (6) (7)		
Principal	Interest	Total	Coverage
\$980,000	\$1,201,352	\$2,181,352	1.97
1,050,000	1,258,467	2,308,467	1.90
1,120,000	1,322,799	2,442,799	1.82
1,200,000	1,244,399	2,444,399	1.92
-	1,158,599	1,158,599	4.11
520,000	1,148,418	1,668,418	2.91
540,000	1,127,339	1,667,339	3.15
560,000	1,104,895	1,664,895	5.25
585,000	1,341,542	1,926,542	4.55
620,000	1,243,263	1,863,263	4.78
	Principal \$980,000 1,050,000 1,120,000 1,200,000 520,000 540,000 560,000 585,000	Principal         Interest           \$980,000         \$1,201,352           1,050,000         1,258,467           1,120,000         1,322,799           1,200,000         1,244,399           -         1,158,599           520,000         1,148,418           540,000         1,127,339           560,000         1,104,895           585,000         1,341,542	\$980,000 \$1,201,352 \$2,181,352 1,050,000 1,258,467 2,308,467 1,120,000 1,322,799 2,442,799 1,200,000 1,244,399 2,444,399 - 1,158,599 1,158,599 520,000 1,148,418 1,668,418 540,000 1,127,339 1,667,339 560,000 1,104,895 1,664,895 585,000 1,341,542 1,926,542

- (5) The Capital Improvement Revenue Certificates, Series 1995 were sold in October 1995. The first interest payment was made on April 1, 1996, and the first principal payment was made on October 1, 1999. This issue is on a parity with the Capital Improvement Revenue Certificates, Series 2002 and with the Capital Improvement Refunding Revenue Certificates, Series 2003.
- (6) The Capital Improvement Revenue Certificates, Series 2002 were sold in September 2002. The first interest payment occurred on April 1, 2003, and the first principal payment will occur on October 1, 2003. This issue is on a parity with the Capital Improvement Revenue Certificates, Series 1995 and with the Capital Improvement Refunding Revenue Certificates, Series 2003.
- (7) The Capital Improvement Refunding Revenue Certificates, Series 2003 were sold in July 2003. The first interest payment will occur on October 1, 2003, and the first principal payment will occur on October 1, 2004. This issue is on a parity with the Capital Improvement Revenue Certificates, Series 1995 and with the Capital Improvement Revenue Certificates, Series 2002.

### CITY OF OCALA, FLORIDA SCHEDULE OF OPTIONAL GAS TAX REVENUE BONDS AND OPTIONAL GAS TAX REFUNDING REVENUE BONDS COVERAGE LAST TEN FISCAL YEARS

Pledged Revenue -Six-Cent Optional

Debt Service Requirements (1) (2) (3)

	•				
Year	Gas Tax	Principal	Interest	Total	Coverage
1995	\$2,077,200	\$595,000	\$715,763	\$1,310,763	1.58
1996	2,156,374	615,000	694,578	1,309,578	1.65
1997	2,304,362	635,000	670,490	1,305,490	. 1.77
1998	2,282,798	660,000	642,953	1,302,953	1.75
1999	2,416,976	690,000	612,476	1,302,476	1.86
2000	2,440,994	725,000	578,395	1,303,395	1.87
2001	2,515,737	755,000	541,018	1,296,018	1.94
2002	2,625,636	800,000	200,565	1,000,565	2.02
2003	2,725,114	-	263,374	263,374	10.35
2004	2,840,647	1,370,000	492,636	1,862,636	1.53

- (1) The Optional Gas Tax Revenue Bonds, Series 1989 were sold in February, 1989. The first interest payment occurred in June, 1989, and the first principal payment occurred in December, 1990. The outstanding portion of this issue was advance refunded in December, 1992 by the Optional Gas Tax Refunding Revenue Bonds, Series 1992. Since an escrow account was established for the redemption of this issue, the 1989 bonds will not be included in the debt service requirements after 1993.
- (2) The Optional Gas Tax Refunding Revenue Bonds, Series 1992 were sold in December, 1992. The first interest payment occurred in June, 1993, and the first principal payment occurred in December, 1993. The outstanding portion of this issue was refunded in September, 2002 by the Optional Gas Tax Refunding and Improvement Revenue Bonds, Series 2002 by the Optional Gas Tax Refunding and Improvement Revenue Bonds, Series 2002. Since an escrow account was established for the current refunding of this issue, the 1992 bonds will not be included in the debt service requirements after 2002.
- (3) The Optional Gas Tax Refunding and Improvement Revenue Bonds, Series 2002 were sold in September, 2002. The first interest payment occurred in April, 2003, and the first principal payment occurred in October, 2003.

#### CITY OF OCALA, FLORIDA COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT (1) SEPTEMBER 30, 2004

	Bonds	Applicable to City of Ocala			
Governmental Unit	Outstanding	Percent (2)	Amount		
Marion County Limited Ad Valorem Refunding Tax Bonds, Series 1998 Limited Ad Valorem Refunding Tax Bonds, Series 2003	\$ 7,980,000 5,140,000 13,120,000	25.87%	\$ 3,394,144		
Total Overlapping Debt	ந்தி \$ 13,120,000		\$ 3,394,144		

- (1) The City of Ocala did not have any general obligation debt outstanding during the fiscal year ended September 30, 2004.
- (2) Represents the fraction of assessed valuation of taxable property in the City of Ocala over the assessed valuation of taxable property in the governmental unit.

#### CITY OF OCALA, FLORIDA MISCELLANEOUS STATISTICAL DATA SEPTEMBER 30, 2004

Date of Incorporation	February 4, 1869
City Charter Adopted	January 28, 1885
Form of Government	Council/Manager
Area of City	40.83 square miles
Miles of Streets, Sidewalks and Bikepaths Streets - Paved Streets - Unpaved Sidewalks <sup>(1)</sup> Bikepaths	288.96 miles 7.64 miles 61.71 miles 25.47 miles
Miles of Sewers Storm Sanitary Force Main Number of Lift Stations	74 miles 305.69 miles 78.10miles 98
Building Permits (October 2003 - September 2004) (2) (3) Permits Issued Permit Value	5,708 \$167,586,874
Fire Protection: Stations Employees - Sworn Employees - Civilian Fire and rescue response time (minutes)	5 116 11 4
Police Protection: Stations Employees - Sworn Employees - Civilian Vehicular Patrol Units - Marked Vehicles Vehicular Patrol Units - Motorcycles Vehicular Patrol Units - Other Vehicles	5 157 88 109 5 65
Recreation:  Land area (acres)  Activity centers  Pools  Playgrounds	731 9 2 18

- (1) Includes 11.66 miles of sidewalks installed by the Florida Department of Transportation located inside the City limits.
- (2) Excludes 204 permits valued at \$492,623 that are hurricane related permits.
- (3) Includes plumbing, gas, electrical, water, heating, air conditioning, refrigeration, ventilation and building permits. Does not include moving and sign permits.

#### CITY OF OCALA, FLORIDA DEMOGRAPHIC STATISTICS SEPTEMBER 30, 2004

#### **POPULATION - LAST TEN YEARS**

Year	City of Ocala	Marion County
1995	43,207	224,612
1996	43,332	229,260
1997	43,630	237,204
1998	44,718	242,357
1999	45,585	249,433
2000	45,943	258,900
2001	46,288	264,277
2002	46,543	271,096
2003	47,028	278,805
2004	47,271	289,901

Source:

The City of Ocala Comprehensive Plan - Planning Department.

#### **POPULATION PROJECTIONS (1)**

Year	Marion County	State of Florida
2010	317,900	18,978,400
2015	346,700	20,386,900
2020	375,900	21,807,100
2025	404,200	23,177,700
2030	430,100	24,428,300

Source:

2003 Florida Statistical Abstract, Bureau of Business and Economic Research - University of Florida, Gainesville. Figures for years prior to year 2010 and subsequent to year 2030 are unavailable.

#### % POPULATION BY AGE GROUP (1)

Year	<b>Marion County</b>	State of Florida
0-14	16.9%	18.7%
15-24	10.8%	12.7%
25-44	22.1%	27.0%
45-64	26.2%	24.4%
65 +	24.0%	17.2%

Source:

Demographic Estimating Conference, September, 2004, Office of Economic & Demographic Research, The Florida Legislature

(1) Figures are not maintained for individual cities within Marion County.

#### CITY OF OCALA, FLORIDA LIST OF TEN LARGEST TAXPAYERS 2004 TAX ROLL

Taxpayer	Type of Business		Assessed Valuation	Percent of Total Assessed Valuation	 City Tax Bill (1)(2)
1. Sprint-Florida, Inc.	Telephone Communications	\$	124,898,013	4.95%	\$ 708,921
2. K-Mart Corporation	Department Store/ Distribution Center		56,624,558	2.25%	321,401
3. Marion Community Hospital	General Hospital Care		46,295,270	1.84%	262,772
4. Wal-Mart	Department Store		37,237,944	1.48%	211,363
5. Paddock Mall Associates	Local Shopping Center		26,965,500	1.07%	153,056
6. Clairson International	Manufacturer		23,583,567	0.93%	133,860
7. Carlton Arms of Ocala	Apartment Complex		15,866,367	0.63%	90,058
Gray Lumber Company     (Tuscany Apts)	Apartment Complex		12,634,035	0.50%	71,711
9. Rolling Greens MHP LP	Mobile Home Park		12,404,525	0.49%	70,408
10. C.C. Ocala Joint Venture (Gaitway Plaza)	Local Shopping Center		10,564,520	0.42%	 59,964
Total Adjusted Value Other Taxpayers			367,074,299 2,154,837,182	14.56% 85.44%	 2,083,514 12,230,856
Total Assessed Value	e	\$ 2	2,521,911,481	100.00%	\$ 14,314,370

<sup>(1)</sup> City of Ocala taxpayers pay City, County, School Board and certain water district levies. Only the City levy is shown here.

<sup>(2)</sup> Excludes property tax levies of the Downtown Development Districts.

#### CITY OF OCALA, FLORIDA SCHEDULE OF INSURANCE IN FORCE SEPTEMBER 30, 2004

Company	Policy #	Type of Coverage	Deductible Self Retention	Limit of Coverage
City of Ocala	Self-Insured	Workers' Compensation	-	Statutory
Midwest Employers Insurance Company	3667-SO-FL	Workers' Compensation excess	\$750,000	Statutory
Hartford Life Insurance Company	ETB-110402	Police and Firefighters accidental death and dismemberment	-	\$ 50,000 Statutory
Hartford Life Insurance Company	ETB-110402	Fresh Pursuit/Emergency Response	-	\$ 50,000 Statutory
Hartford Life Insurance Company	ETB-110402	Police and Firefighters intentional death and dismemberment	-	\$ 150,000 Statutory
Unum-Provident Life Insurance Company	125543	Employee Life, AD and D	-	Various as specified in policy
City of Ocala	Self-Insured	Disability Income Replacement	-	60% of income
Preferred Government Insurance Trust (PGIT)	PKFL1042290003-02	All risk property	\$100,000 Bldg & Contents	Replacement cost
Ace Property & Casualty Insurance Company	AAPN00972617	Airport Liability	-	\$5,000,000 per occurrence
РСП	PKFL1042290003-02	General Liability, including Fire Legal and EMT Liability	\$100,000 per person \$200,000 per occurrence	\$1,000,000 per occurrence
PGIT	PKFL1042290003-02	Public Officials Liability Employer Practices Liability	\$25,000 \$25,000	\$1,000,000 per occurrence
Fidelity & Deposit Company of Maryland	CCP005813101	Crime Policy including Employee Dishonesty	\$10,000 per occurrence	\$1,000,000 per occurrence
PGIT	PKFL1042290003-02	Boiler and Machinery	\$50,000	\$20,000,000 limit
Indian Harbor/ XL Environmental	PEC 000604801	Pollution Liability	\$50,000	\$1,000,000 per occurrence
City of Ocala	Self-Insured	Auto Liability	-	-
				(Continued)

#### CITY OF OCALA, FLORIDA SCHEDULE OF INSURANCE IN FORCE (CONTINUED) SEPTEMBER 30, 2004

Company	Policy #	Type of Coverage	Self Retention	Limit of Coverage
City of Ocala	Self-Insured	Auto Physical Damage	-	Actual cash value
PGIT	PKFL1042290003-02	Auto Physical Damage, High Cost Vehicles	\$100,000	Actual cash value
PGIT	PKFL1042290003-02	Out of state auto liability	\$100,000	\$1,000,000 per occurrence
Blue Cross/Blue Shield of Florida	15920	Employee Health Coverage	Fully insured	Various as specified in policy
City of Ocala	Self-Insured	Dental .	Fully self- insured	\$1,000 per person per year
Travelers insurance Company	104145896	Fiduciary Liability	\$1,000	\$1,000,000 per claim
Travelers insurance Company	206800307	Bond, Over-weight charge (landfill)	-	\$ 10,000

Surety Bonds Requi	red by Ordinance	Amount
City Manager:	<del></del>	
Travelers Insurance Co	206894635	\$ 95,000
Finance and Administrative	Services Director:	
Travelers Insurance Co	206500910	\$95,000

### CITY OF OCALA, FLORIDA PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS LAST TEN FISCAL YEARS

	Commercial (1)  Construction (1)				ential etion <sup>(1)</sup>		nk Deposits thousands) Savings & Loan		
Year	Number		Number Number		Bank <sup>(2) (4)</sup>	Savings & Loan Association (3) (4)			
1995	72 \$	32,579,580	119	\$	8,439,036 \$	2,134,528	\$ 119,237		
1996	51	14,222,885	122		9,314,269	2,332,913	-		
1997	55	32,731,058	118		10,547,982	2,391,266	-		
1998	61	21,826,358	208		30,564,248	2,520,364	-		
1999	79	39,962,937	212		19,190,387	2,541,736	409		
2000	76	44,932,744	207		22,497,308	2,533,202	-		
2001	73	83,284,180	200		24,970,219	2,732,180	-		
2002	101	33,542,912	131	<i>.</i>	15,819,218	2,928,964	-		
2003	142	35,568,925	196:	• :	23,630,008	3,200,380	-		
2004	121	41,566,248	376		50,712,584	3,548,000	-		

- (1) Obtained from records maintained by the City of Ocala Building, Zoning and Licensing Department.
- (2) Obtained by the Florida Bankers Association for 1997 and 1998; Barnett Bank for 1993 through 1996; FDIC web site for 1999 through 2004. Figures shown are for Marion County and represent total bank deposits at September 30 for the years 1994 through 1998; June 30 for 1999 through 2004.
- (3) Obtained by Barnett Bank for 1994 through 1996, the Florida Bankers Association for 1997 and 1998, and the FDIC web site for 1999 through 2004. Figures shown are for Marion County and represent total savings and loan association deposits at June 30 for 1999 through 2004, and at September 30 for 1993 through 1998.
- (4) The swing in deposits from savings and loan associations to banks represents the purchase/merger of Mid-State Federal Savings and Loan Association by AmSouth Bank and of California Federal Savings and Loan Association by NationsBank during fiscal year 1994, and purchase/merger of Citizens Savings and Loan Association by NationsBank during fiscal year 1996.

#### CITY OF OCALA, FLORIDA SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY ALL BONDED DEBT 2005-2032

FISCAL	CAPITAL IMPROVEMENT REVENUE AND REFUNDING REVENUE	OPTIONAL GAS TAX REFUNDING AND IMPROVEMENT REVENUE	ELECTRIC SYSTEM REFUNDING REVENUE	WATER & SEWER REVENUE AND REFUNDING REVENUE	TOTAL PRINCIPAL AND
YEAR	CERTIFICATES	BONDS	BONDS	BONDS	INTEREST
2005	\$ 2,623,006	\$ 1,875,575	\$ 2,294,219	\$ 7,041,039	\$ 13,833,839
2006	2,625,422	1,876,575	2,296,613	7,048,875	13,847,485
2007	2,621,339	1,871,762	2,293,053	7,039,200	13,825,354
2008	2,624,949	1,874,262	-	7,026,553	11,525,764
2009	2,620,566	1,868,493	-	7,023,188	11,512,247
2010	2,622,301	1,867,722	-	7,021,428	11,511,451
2011	2,619,366	1,866,910	-	7,019,132	11,505,408
2012	2,616,724	1,861,622	-	7,014,887	11,493,233
2013	2,987,668	3,773,228	-	7,011,839	13,772,735
2014	2,981,831	<b>-</b> ·	-	7,002,484	9,984,315
2015	2,979,965	· -	•	6,991,236	9,971,201
2016	2,976,563	-	-	6,987,139	9,963,702
2017	2,976,625	-	-	3,847,187	6,823,812
2018	2,970,033	-	-	3,845,775	6,815,808
2019	2,971,727	-		3,839,625	6,811,352
2020	2,046,664	_	•	3,838,475	5,885,139
2021	2,040,986	•	-	3,836,937	5,877,923
2022	2,045,075	-	-	3,837,538	5,882,613
2023	2,039,106	•	-	3,840,162	5,879,268
2024		•	-	3,841,913	3,841,913
2025	_	-		3,847,412	3,847,412
2026	=	-	-	3,847,925	3,847,925
2027	-	-	-	3,843,025	3,843,025
2028	-	_	-	3,840,513	3,840,513
2029	_	-	-	3,832,012	3,832,012
2030	-		-	3,816,575	3,816,575
2031	-		_	3,796,219	3,796,219
2032	-	-	<b></b>	3,775,513	3,775,513
Total	\$ 49,989,916	\$ 18,736,149	\$ 6,883,885	\$ 145,553,806	\$ 221,163,756

### CITY OF OCALA, FLORIDA STATEMENT OF BONDED DEBT AND INTEREST CAPITAL IMPROVEMENT REVENUE CERTIFICATES, SERIES 1995 SEPTEMBER 30, 2004

In October, 1995, the \$5,000,000 Capital Improvement Revenue Certificates, Series 1995 were sold. This issue consisted of \$1,335,000 in serial certificates maturing on October 1, 1999 through 2011 and of \$3,665,000 in term certificates maturing on October 1, 2022. As of September 30, 2004, \$420,000 of these certificates have been retired. The schedule below shows the actual maturities for the serial certificates and the debt service requirements for the term certificates. The certificates are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof. The paying agent and registrar is The Bank of New York

The Series 1995 Certificates and the interest thereon are payable solely from and secured by a lien upon and pledge of sales tax revenues, franchise fees, occupational license taxes, the guaranteed entitlement portion of state revenue sharing funds, mobile home licenses and court fines and forfeitures. The Series 1995 Certificates are payable on a parity with the City's outstanding Capital Improvement Revenue Certificates, Series 2002, and Capital Improvement Refunding Revenue Certificates, Series 2003.

Proceeds received from the sale of the Series 1995 Certificates were used primarily to finance the costs of acquisition and construction of certain capital improvements in the City.

		Principal		Interest		Interest		
Fiscai	Interest	Due		Due		Due		
_Year_	Rate	Oct 1		Oct 1		Apr 1		Totals
2005	4.600%	\$ 95,000	\$	121,267	•	\$ 119,082	-	\$ 335,349
2006	4.700%	100,000		119,082		116,732		335,814
2007	4.800%	105,000		116,732		114,212		335,944
2008	4.900%	110,000		114,212		111,517		335,729
2009	5.000%	115,000		111,517		108,642		335,159
2010	5.100%	125,000		108,642		105,454		339,096
2011	5.200%	130,000		105,454		102,074		337,528
2012	5.300%	135,000		102,074		98,497		335,571
2013	<del>-</del>	. <del>-</del>		98,497		98,497	•	196,994
2014	-	-		98,497		98,497		196,994
2015	<del>-</del> .	. <del>-</del>		98,497		98,497		196,994
2016	-	-		98,497		98,497		196,994
2017	-	-		98,497		98,497		196,994
2018.	-	-		98,497		98,497		196,994
2019	-	-		98,497		98,497		196,994
2020	5.375%	845,000		98,497		75,787		1,019,284
2021	5.375%	890,000		75,787		51,869		1,017,656
2022	5.375%	940,000		51,869		26,606		1,018,475
2023	5.375%	990,000	_	26,606		_		1,016,606
T	otal	\$ 4,580,000	\$	1,841,218		\$ 1,719,951	•	\$ 8,141,169

## CITY OF OCALA STATEMENT OF BONDED DEBT AND INTEREST CAPITAL IMPROVEMENT REVENUE CERTIFICATES, SERIES 2002 SEPTEMBER 30, 2004

The Capital Improvement Revenue Certificates, Series 2002, dated September 1, 2002, bear interest at 2.00-4.50%, payable semi-annually on April 1 and October 1. As of September 30, 2004, \$530,000 of these bonds have been retired. The certificates, which are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof, consist of \$14,340,000 of serial certificates. The paying agent and registrar is The Bank of New York.

The Series 2002 Certificates and the interest thereon are payable solely from and secured by a lien upon and pledge of half-cent sales tax revenues, franchise fees, local communication services tax, occupational license taxes, the guaranteed entitlement portion of state revenue sharing funds, mobile home licenses and court fines and forfeitures. The Series 2002 Certificates are payable on a parity with the City's outstanding Capital Improvement Revenue Certificates, Series 1995, and Capital Improvement Refunding Revenue Certificates, Series 2003.

		Principal	Interest	Interest	
Fiscal	Interest	Due	Due	Due	
_Year	Rate	Oct 1	Oct 1	Apr 1	Totals
2005	2.000%	\$ 550,000	\$ 248,221	\$ 242,721	\$ 1,040,942
2006	2.000%	560,000	242,721	237,122	1,039,843
2007	2.250%	. 570,000	237,121	230,709	1,037,830
2008	2.500%	585,000	230,709	223,396	1,039,105
2009	2.850%	600,000	223,396	214,996	1,038,392
2010	3.000%	615,000	214,996	205,772	1,035,768
2011	3.250%	635,000	205,771	195,453	1,036,224
2012	3.350%	655,000	195,453	184,481	1,034,934
2013	3.400%	675,000	184,481	173,006	1,032,487
2014	3.550%	700,000	173,006	160,581	1,033,587
2015	3.650%	725,000	160,581	147,350	1,032,931
2016	3.800%	750,000	147,350	133,100	1,030,450
2017	4.000%	780,000	133,100	117,500	1,030,600
2018	4.100%	810,000	117,500	100,895	1,028,395
2019	4.200%	845,000	100,895	83,150	1,029,045
2020	4.300%	880,000	83,150	64,230	1,027,380
2021	4.400%	915,000	64,230	44,100	1,023,330
2022	4.500%	960,000	44,100	22,500	1,026,600
2023	4.500%	1,000,000	22,500	-	1,022,500
	Totals	\$ 13,810,000	\$ 3,029,281	\$ 2,781,062	\$ 19,620,343

Proceeds received from the sale of the Series 2002 Certificates are being used primarily to finance the costs of acquisition and construction of certain capital improvements in the City.

### CITY OF OCALA, FLORIDA STATEMENT OF BONDED DEBT AND INTEREST CAPITAL IMPROVEMENT REFUNDING REVENUE CERTIFICATES, SERIES 2003 SEPTEMBER 30, 2004

The Capital Improvement Refunding Revenue Certificates, Series 2003, dated July 1, 2003, bear interest at 2.00-5.375%, payable semi-annually on April 1 and October 1. The certificates, which are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof, consist of \$15,310,000 of serial certificates maturing on October 1, 2005 through 2019. As of September 30, 2004, none of these certificates have been retired. The paying agent and registrar is The Bank of New York.

The Series 2003 Certificates and the interest thereon are payable solely from and secured by a lien upon and pledge of sales tax revenues, franchise fees, communications service tax revenues, occupational license taxes, the guaranteed entitlement portion of state revenue sharing funds, mobile home licenses fees and court fines and forfeitures. The Series 2003 Certificates are payable on a parity with the City's outstanding Capital Improvement Revenue Certificates, Series 1995 and the Capital Improvement Revenue Certificates, Series 2002.

Proceeds received from the sale of the Series 2003 Certificates were used primarily to refund the City's Capital Improvement Refunding Revenue Certificates, Series 1993.

Fiscal	Interest	Principal Due	Interest Due	Interest Due	Totalo
Year	Rate	Oct 1	Oct 1	Apr 1	Totals
2005	2.000%	\$ 590,000	\$ 331,308	\$ 325,407	\$ 1,246,715
2006	2.000%	605,000	325,408	319,357	1,249,765
2007	2.000%	615,000	319,358	313,207	1,247,565
2008	2.000%	630,000	313,208	306,907	1,250,115
2009	2.125%	640,000	306,908	300,107	1,247,015
2010	2.375%	655,000	300,108	292,329	1,247,437
2011	2.700%	670,000	292,329	283,285	1,245,614
2012	3.000%	690,000	283,284	272,935	1,246,219
2013	5.250%	1,245,000	272,934	240,253	1,758,187
2014	5.250%	1,305,000	240,253	205,997	1,751,250
2015	5.375%	1,375,000	205,997	169,043	1,750,040
2016	5.375%	1,450,000	169,044	130,075	1,749,119
2017	5.375%	1,530,000	130,075	88,956	1,749,031
2018	5.375%	1,610,000	88,956	45,688	1,744,644
2019	5.375%	1,700,000	45,688		1,745,688
Τ	otals	\$ 15,310,000	\$ 3,624,858	\$ 3,293,546	\$ 22,228,404

# CITY OF OCALA, FLORIDA STATEMENT OF BONDED DEBT AND INTEREST OPTIONAL GAS TAX REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2002 SEPTEMBER 30, 2004

The Optional Gas Tax Refunding and Improvement Revenue Bonds, Series 2002, dated September 1, 2002, bear interest at 2.25-3.55%, payable semi-annually on April 1 and October 1. As of September 30, 2004, \$1,525,000 of these bonds has been retired. The bonds, which are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof, consisted of \$15,500,000 of serial bonds and \$2,065,000 of term bonds. The paying agent and registrar is The Bank of New York.

The Series 2002 Bonds and the interest thereon are payable solely from and secured by a lien and pledge of the proceeds of the six-cent local option fuel tax received by the City.

Proceeds received from the sale of the Series 2002 Bonds were used primarily to refund the City's Optional Gas Tax Refunding Revenue Bonds, Series 1992, and to finance the cost of acquisition and construction of certain roads and road improvements within the City.

		Pi	rincipal		Interest		Interest	
Fiscal	Interest		Due		Due		Due	
Year	Rate		Oct 1		Oct 1		Apr 1	 Total
2005	2.500%	\$ 1	,415,000	\$	239,131	\$	221,444	\$ 1,875,575
2006	2.250%	1	,450,000		221,444		205,131	1,876,575
2007	2.500%	1	,480,000		205,131		186,631	1,871,762
2008	2.500%	1	,520,000	•	186,631		167,631	1,874,262
2009	2.800%	1	,555,000		167,631		145,862	1,868,493
2010	3.000%	1	,600,000		145,861		121,861	1,867,722
2011	3.250%	· 1	650,000		121,861		95,049	1,866,910
2012	3.350%	1.	,700,000		95,049		66,573	1,861,622
2013	3.400%	1,	760,000		66,574	•	36,654	3,773,228
2013	3.550%	* 1,	910,000		-		-	-
	Totals	\$ 16.	040,000	\$	1,449,313	\$	1,246,836	\$ 18,736,149

<sup>\*</sup>Term Bond due April 1, 2013

#### CITY OF OCALA, FL STATEMENT OF BONDED DEBT AND INTEREST WATER AND SEWER REVENUE BONDS, SERIES 1995 SEPTEMBER 30, 2004

In October 1995, the \$5,000,000 Water and Sewer Revenue Bonds, Series 1995 were sold. This issue consisted of \$155,000 in serial bonds maturing on October 1, 1997 through 2011 and of \$4,845,000 in term bonds maturing on October 1, 2020. As of September 30, 2004, \$65,000 of these bonds have been retired. The schedule below shows the actual maturities for the serial bonds and the debt service requirements for the term bonds. The bonds are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof. The paying agent and registrar is The Bank of New York.

The Series 1995 Bonds and the interest thereon are payable solely from and secured by a lien upon the net revenues derived from the operation of the water and sewer system on a parity with the Water and Sewer Refunding Revenue Bonds, Series 1996, the Water and Sewer Revenue Bonds, Series 2001, and the Water and Sewer Refunding Revenue Bonds, Series 2001A.

The proceeds of this issue were used primarily to finance the cost of acquisition and construction of additions, improvements and extensions to the City's water and sewer system.

Figer	Interest	Principal	Interest	Interest	
Fiscal	Interest	Due	- Due	Due	
Year	Rate	Oct 1 .	Oct 1	Apr 1	Total
2005	4.60%	\$ 10,000	\$ 135,480	\$ 135,250	\$ 280,730
2006	4.70%	10,000	135,250	135,015	280,265
2007	4.80%	10,000	135,015	134,775	279,790
2008	4.90%	10,000	134,775	134,530	279,305
2009	5.00%	10,000	134,530	134,280	278,810
2010	5.10%	10,000	134,280	134,025	278,305
2011	5.20%	15,000	134,025	133,635	282,660
2012	5.30%	15,000	133,635	133,238	281,873
2013	5.50%	15,000	133,237	132,825	281,062
2014	5.50%	15,000	132,825	132,413	280,238
2015	5.50%	15,000	132,412	132,000	279,412
2016	5.50%	15,000	132,000	131,588	278,588
2017	5.50%	860,000	131,587	107,938	1,099,525
2018	5.50%	905,000	107,937	83,050	1,095,987
2019	5.50%	955,000	83,050	56,788	1,094,838
2020	5.50%	1,005,000	56,787	29,150	1,090,937
2021	5.50%	1,060,000	29,150	-	1,089,150
To	otal	\$ 4,935,000	\$ 2,015,975	\$ 1,880,500	\$ 8,831,475

#### CITY OF OCALA, FL STATEMENT OF BONDED DEBT AND INTEREST WATER AND SEWER REVENUE BONDS, SERIES 1996 SEPTEMBER 30, 2004

In July 1996, the \$12,170,000 Water and Sewer Refunding Revenue Bonds, Series 1996 were sold. This issue consisted of \$1,620,000 in serial bonds maturing on October 1, 1997 through 2000 and of \$10,550,000 in term bonds maturing on October 1, 2005, 2010 and 2015. As of September 30, 2004, \$3,065,000 of these bonds have been retired. The schedule below shows the actual maturities for the serial bonds and the debt service requirements for the term bonds. The bonds are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof. The paying agent and registrar is The Bank of New York.

The Series 1996 Bonds and the interest thereon are payable solely from and secured by a lien upon the net revenues derived from the operation of the water and sewer system on a parity with the Water and Sewer Revenue Bonds, Series 1995, the Water and Sewer Revenue Bonds, Series 2001, and the Water and Sewer Refunding Revenue Bonds, Series 2001A.

The proceeds of this issue were used primarily for the forward refunding of the City's outstanding Water and Sewer Refunding Revenue Bonds, Series 1988.

Fiscal Year	Interest Rate	Principal Due Oct 1	Interest Due Oct 1	Interest Due Apr 1	Totals
2005	6.00%	\$ 540,000	\$ 261,775	\$ 245,575	\$ 1,047,350
2006	6.00%	580,000	245,575	228,175	1,053,750
2007	6.00%	610,000	228,175	209,875	1,048,050
2008	6.00%	645,000	209,875	190,525	1,045,400
2009	6.00%	685,000	190,525	169,975	1,045,500
2010	6.00%	725,000	169,975	148,225	1,043,200
2011	6.00%	770,000	148,225	125,125	1,043,350
2012	5.50%	815,000	125,125	102,713	1,042,838
2013	5.50%	860,000	102,712	79,063	1,041,775
2014	5.50%	910,000	79,062	54,038	1,043,100
2015	5.50%	955,000	54,037	27,775	1,036,812
2016	5.50%	1,010,000	27,775	_	1,037,775
	Totals	\$ 9,105,000	\$ 1,842,836	\$ 1,581,064	\$12,528,900

#### CITY OF OCALA, FLORIDA STATEMENT OF BONDED DEBT AND INTEREST WATER AND SEWER REVENUE BONDS, SERIES 2001 SEPTEMBER 30, 2004

In May 2001, the \$36,205,000 Water and Sewer Revenue Bonds, Series 2001, were sold. This issue consists of \$9,120,000 in serial bonds maturing on October 1, 2016 through 2022 and of \$27,085,000 in term bonds maturing on October 1, 2024, 2027 and 2031. The schedule below shows the actual maturities for the serial bonds and the debt service requirements for the term bonds. The paying agent and registrar is The Bank of New York.

The Series 2001 Bonds and the interest thereon are payable solely from and secured by a lien on the net revenues derived from the operation of the City's Water and Sewer System on a parity with the Water and Sewer Revenue Bonds, Series 1995, the Water and Sewer Refunding Revenue Bonds, Series 1996 and the Water and Sewer Refunding Revenue Bonds, Series 2001A.

The proceeds received from the sale of the Series 2001 Bonds were used primarily to finance the cost of acquisition and construction of additions, improvements and extensions to the City's water and sewer system.

		Principal	Interest	Interest	
Fiscal	Interest	Due	Due	Due	
<u>Year</u>	_Rate	Oct 1	Oct 1	Apr 1	Totals
2005	-		\$ 966,769	\$ 966,768	\$ 1,933,537
2006	-	-	966,769	966,769	1,933,538
2007	-	-	966,768	966,769	1,933,537
2008	-	-	966,769	966,769	1,933,538
2009	-	-	966,769	966,768	1,933,537
2010`	-	<u>.</u>	966,769	966,769	1,933,538
2011	-	-	966,768	966,769	1,933,537
2012	-	-	966,769	966,769	1,933,538
2013	-	· -	966,769	966,768	1,933,537
2014	-	-	966,769	966,769	1,933,538
2015	-	-	966,768	966,769	1,933,537
2016	-	-	966,769	966,769	1,933,538
2017	5.00%	\$ 835,000	966,769	945,893	2,747,662
2018	5.00%	880,000	945,894	923,894	2,749,788
2019	5.00%	920,000	923,893	900,894	2,744,787
2020-	5.00%	970,000	900,894	876,644	2,747,538
2021	5.00%	1,020,000	876,643	851,144	2,747,787
2022	5.00%	2,190,000	851,144	796,394	3,837,538
2023	5.00%	2,305,000	796,394	738,768	3,840,162
2024	5.00%	2,425,000	738,769	678,144	3,841,913
2025	5.00%	2,555,000	678,144	614,268	3,847,412
2026	5.25%	2,690,000	614,269	543,656	3,847,925
2027	5.25%	2,830,000	543,656	469,369	3,843,025
2028	5.25%	2,980,000	469,369	391,144	3,840,513
2029	5.75%	3,140,000	391,143	300,869	3,832,012
2030	5.75%	3,310,000	300,869	205,706	3,816,575
2031	5.75%	3,485,000	205,706	105,513	3,796,219
2032	5.75%	3,670,000	105,513	-	3,775,513
	Totals	\$ 36,205,000	\$ 21,910,294	\$ 20,943,525	\$ 79,058,819

### CITY OF OCALA, FLORIDA STATEMENT OF BONDED DEBT AND INTEREST WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 2001A SEPTEMBER 30, 2004

In August 2001, the \$39,885,000 Water and Sewer Refunding Revenue Bonds, Series 2001A, were sold. This issue consists of \$39,885,000 in serial bonds maturing on October 1, 2002 through 2015. At September 30, 2004, \$4,380,000 of these bonds have been retired. The schedule below shows the actual maturities for the serial bonds. The bonds are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof. The paying agent and registrar is The Bank of New York.

The Series 2001A Bonds and the interest are payable solely from and secured by a lien on the net revenues derived from the operation of the City's Water and Sewer System on a parity with the Water and Sewer Revenue Bonds, Series 1995, the Water and Sewer Refunding Revenue Bonds, Series 1996 and the Water and Sewer Revenue Bonds, Series 2001.

Proceeds received from the sale of the Series 2001A Bonds were used primarily for the current refunding of the City's Utility Systems Subordinate Refunding Revenue Bonds, Series 1992A.

Fiscal Year	Interest Rate	Principal Due Oct 1	Interest Due Oct 1	Interest Due Apr 1	Total
2005	4.000%	\$ 2,390,000	\$ 718,611	\$ 670,811	\$ 3,779,422
2006	3.250%	2,480,000	670,811	630,511	3,781,322
2007	3.375%	2,560,000	630,512	587,311	3,777,823
2008	4.250%	2,650,000	587,311	530,999	3,768,310
2009	3.750%	2,755,000	530,999	479,342	3,765,341
2010	4.000%	2,865,000	479,343	422,042	3,766,385
2011	4.000%	2,975,000	422,042	362,543	3,759,585
2012	4.100%	3,095,000	362,543	299,095	3,756,638
2013	4.200%	3,225,000	299,095	231,370	3,755,465
2014	4.300%	3,355,000	231,370	159,238	3,745,608
2015	4.400%	3,500,000	159,237	82,238	3,741,475
2016	5.500%	3,655,000	82,238		3,737,238
	Totals	\$ 35,505,000	\$ 5,174,112	\$ 4,455,500	\$ 45,134,612

### CITY OF OCALA, FLORIDA STATEMENT OF BONDED DEBT AND INTEREST ELECTRIC SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 SEPTEMBER 30, 2004

In August 2001, the \$10,520,000 Electric System Refunding Revenue Bonds, Series 2001 were sold. This issue consisted of \$10,520,000 in serial bonds maturing on October 1, 2002 through 2006. As of September 30, 2004, \$3,975,000 of these bonds have been retired. The schedule below shows the actual maturities for the serial bonds. The bonds are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof. The paying agent and registrar is The Bank of New York.

The Series 2001 Bonds and the interest thereon are payable solely from and secured by a lien upon the net revenues derived from the operation of the City's electric system.

The proceeds of this issue were used primarily for the current refunding of the City's outstanding Utility Systems Subordinate Refunding Revenue Bonds, Series 1992B.

Fiscal Year	Interest Rate	Principal Due Oct 1	nterest Due Oct 1	1	nterest Due Apr 1	Totals
2005	4.000%	\$ 2,105,000	\$ 115,659	\$	73,560	\$ 2,294,219
2006	3.250%	2,185,000	73,560		38,053	2,296,613
2007	3.375%	2,255,000	38,053		-	2,293,053
	Totals	\$ 6,545,000	\$ 227,272	\$	111,613	\$ 6,883,885

### CITY OF OCALA, FLORIDA ANALYSIS OF SEWERAGE SYSTEM CAPITAL IMPROVEMENT FUND ESTABLISHED FOR FLORIDA DEPARTMENT OF ENVIRONMENTAL REGULATION GRANT #621080

The City received grant number 621080 from the State of Florida Department of Environmental Regulation for a portion of the construction of Sewer Treatment Plant #1. One of the requirements of this grant is that the City provide for a sewerage system capital improvement account to accumulate the equivalent future value of the grant amount adjusted for inflationary cost increases upon completion of the grant-related project. In December 1985, the City adopted ordinance #1810, which addresses this subject in section 5. The amount to be accumulated by the City is \$6,020,462.40. Grant condition number 23 requires annual certification that the sewerage system capital improvement account is maintained in accordance with Section 17-501.610 of the Florida Administrative Code.

The construction of the grant-related project, Sewer Treatment Plant #1, was completed during fiscal year 1988. Since prepayments to the capital improvement fund are allowed, the City started making deposits in fiscal year 1986. During fiscal year 2000, \$1,500,000 was withdrawn from this fund for the Water Reclamation Facility #3 project, which is an expansion of the system. During fiscal year 2003, \$2,622,798 was withdrawn from this fund for repairs at Water Reclamation Facility #2 and for the sewer portion of various road construction projects.

The following schedule shows all activity in the sewerage system capital improvement fund since its inception:

Fiscal	Deposits	Investment	Balance		
<u>Year</u>	(Withdrawals)	- Income	September 30		
1988	\$ 301,023.12	\$ 50,909.96	\$ 972,693.32		
1989	301,023.12	91,647.90	1,365,364.34		
1990	301,023.12	125,170.01	. 1,791,557.47		
1991	301,023.12	142,728.85	2,235,309.44		
1992	301,023.12	111,185.27	2,647,517.83		
1993	301,023.00	116,575.01	3,065,115.84		
1994	301,023.00	133,077.65	3,499,216.49		
1995	301,023.00	178,917.78	3,979,157.27		
1996	301,023.00	232,147.37	4,512,327.64		
1997	301,023.00	278,526.52	5,091,877.16		
1998	301,023.00	412,080.84	5,804,981.00		
1999	301,023.00	191,600.02	6,297,604.02		
2000	(1,500,000.00)	350,778.24	5,148,382.26		
2001	-	507,048.67	5,655,430.93		
2002	-	272,019.10	5,927,450.03		
2003	(2,622,798.00)	164,134.56	3,468,786.59		
2004	-	45,532.41	3,514,319.00		