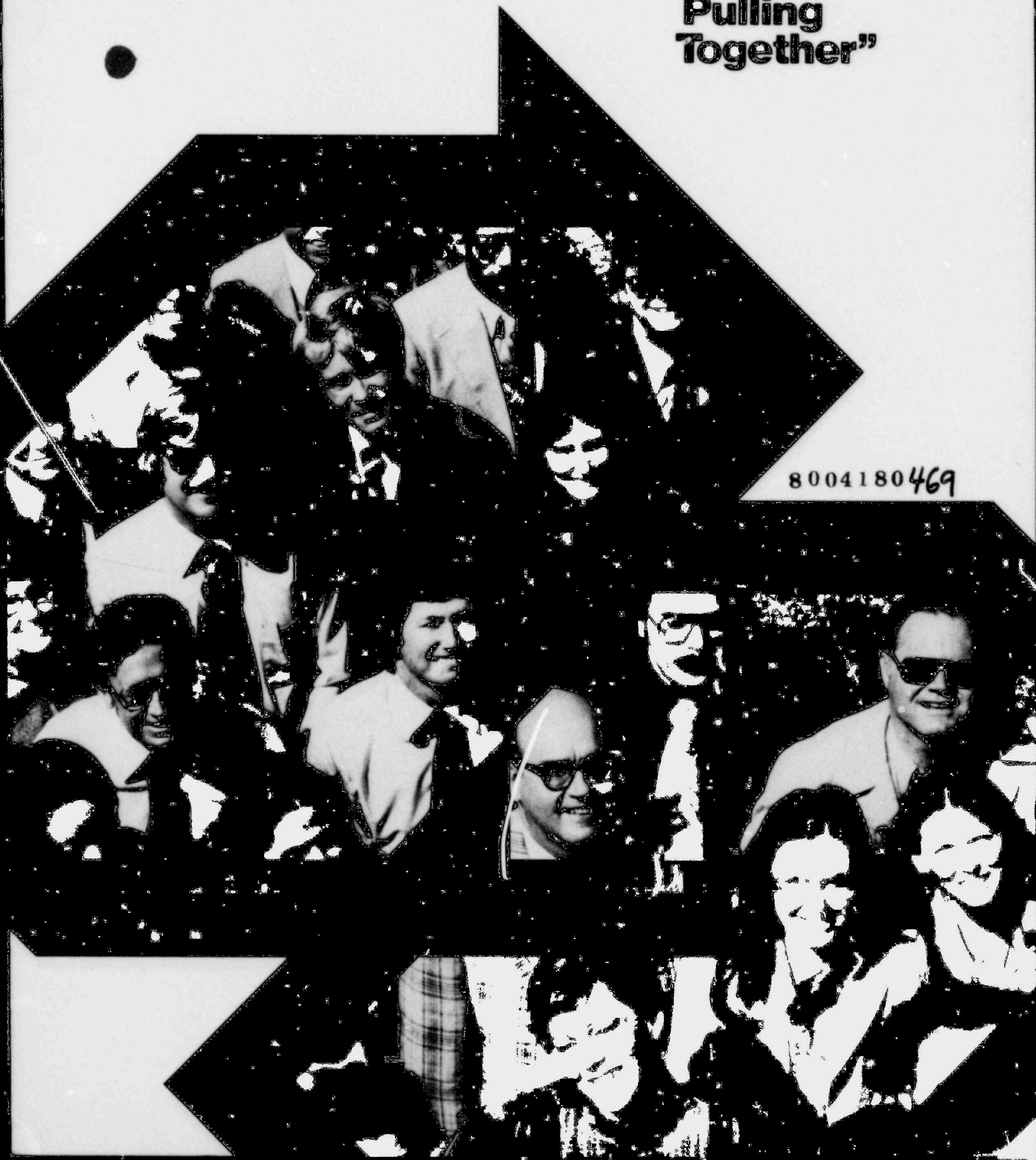




1978 Annual Report

**"People  
Pulling  
Together"**

8004180469



## ON THE INSIDE



**A Cooperative Effort Brings Results** says President Vern Eveland in his letter on Page 1.



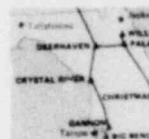
**1978 Progress Improves Our Prospects** according to Executive Vice President Harry W. Wright in the interview on Page 2.



**Project Construction Set To Start** this year on Seminole Unit 1 as described on Page 5



**The Board of Trustees** elected at the Annual Meeting are listed on Page 6.



**Seminole Registers Another Year of Progress** as detailed in this summary review of 1978. Page 7.



**A Profile in Cooperation** presents a brief description of Seminole, its member-owners, its history and purpose on Page 10.



**Around the System** provides a quick glimpse of member system activities last year. Page 12.



**Financial Statements and Notes** for 1978 begin on Page 13.

**Information of General Interest** appears on the inside back cover.

### On the Cover

"People pulling together" is the message illustrated by this group of Seminole employees in a photograph outlined by the Cooperative's new logo. The Seminole staff has been growing to meet increasing demands of operations and a massive power plant project.



### To The Members:

The Annual Report this year highlights the theme of "people pulling together." This phrase expresses in simple terms the underlying principle of the cooperative program and the Seminole organization. All of us are united in the belief that people can band together to promote their collective welfare.

Each of our member's systems demonstrate in their own right the success of the cooperative idea in Florida. Since the founding of the first cooperative in 1937, they have provided ever-increasing numbers of people with economical and reliable electric service. About one million people around the State now depend on cooperative electric power. During the past four decades, rural Florida has been almost totally electrified.

But, with the recent energy crunch, we face new problems and challenges. Concerns about our future electric supply, skyrocketing energy costs, and rapid system growth have become immediate and severe. We know that our almost total

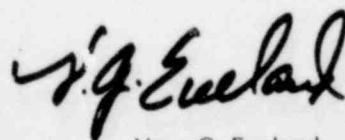
dependence on wholesale power from outside suppliers cannot continue. We also realize that every effort must be made to bring spiraling costs of service under tighter control. Finally, we recognize that by providing our own generation we are helping not only our own members, but all Floridians. It is obvious that all State utilities — private, municipal and cooperative — must contribute to energy solutions as much as possible. The burden of financing cannot be handled by one segment alone.

When rural Florida had only scattered and inadequate electric service, we met the challenge of bringing ample and reliable power to almost everyone. In this tradition, we have regrouped. The activation of Seminole represents our determination to control our energy destiny. We now can demonstrate the compelling power of a coordinated effort by people helping themselves.

I said in the Annual Report last year that Seminole's objective is "to provide our member-owners with adequate, reliable electric energy at the lowest

possible cost." A major step toward achieving that objective will be construction of the two 600-megawatt generating units by 1985. We made great strides again in 1978. We are maintaining the tight schedule aimed at breaking ground for the first unit by the end of this year. Such success does not occur by accident. In these difficult times, power plant projects face innumerable obstacles, any one of which can — and often does — bring delays and even postponements. Regulatory complications, legal entanglements, intervention and shifting energy policies pose serious threats to the best plans and most diligent efforts. Our progress so far is a tribute to the quality and performance of the Seminole management and staff and the support they received from the member cooperatives. It also can be attributed to our having established responsible positions on social, environmental and public issues. But, there remains another factor which seems most predominant. Every trustee on our Board has recognized the absolute necessity of beginning to provide our own source of electricity. We know this venture is crucial to our existence. The project will test our determination, ability and persistence in attempting to assure the energy supplies of all who depend on us.

We must continue to move resolutely and rapidly in our mutual pursuit of building self-reliance. We can look back on a year of great success. But it is more in the Seminole spirit to look ahead. The coming year will take measure of our organization and Board. The strength of the cooperative concept can again be demonstrated by making this project a reality. We should never forget that people pulling together can create a powerful force.



Vern G. Eveland  
President



POOR ORIGINAL

In this interview, Executive Vice President and General Manager Harry W. Wright expresses satisfaction with Seminole's overall success the past year. He also cautions that we are entering the most critical period for organizational development and project progress.

**How would you assess progress on the Seminole project to date?**

Regulatory and licensing approval for a major power plant has to be considered an uncertain prospect at best. But, by any reasonable measure, our prospects have improved with each passing month. We have successfully met State zoning and land use requirements, receiving the final and unanimous approval from the Governor and his Cabinet this past March. We are continuing to fulfill regulatory demands related to the Site Certification Hearings scheduled for June. We are working closely with Federal, State and local government agencies to assure compliance with every procedural, environmental and documentary rule. We try to anticipate potential problems and take

preventive action. If problems occur, we act immediately to settle them. We are keeping our schedule for contracts on equipment, fuel supplies and services. These considerations encourage optimism, but these are complex and unpredictable times. I am cautiously confident. But, our progress has mainly bolstered my determination to intensify our efforts and press even harder toward the goal of starting construction by the end of the year.

**What do you consider the major accomplishment of the past year?**

In addition to those already mentioned, I believe that continued backing of our efforts and objectives by the Board and the public have been the most gratifying. This support ultimately will determine the project's success or failure. I like to think that our organizational and operating approach has been responsible for gaining and maintaining this support. I certainly believe that if you do things right you establish your own credibility and respect. If we continue to show concern for broad public,

environmental and social values we will stay on course with this vitally needed power plant to serve our member cooperatives.

**What other efforts stand out as particularly significant?**

In a complex project of this magnitude, of course, every success — even small ones — is important. In that respect, I consider progress on the many plant-related contracts encouraging. But, our signings of contracts for turbine generators, steam boilers, project labor, and coal supplies are particularly significant.

**Are you satisfied about the current state of the Seminole organization?**

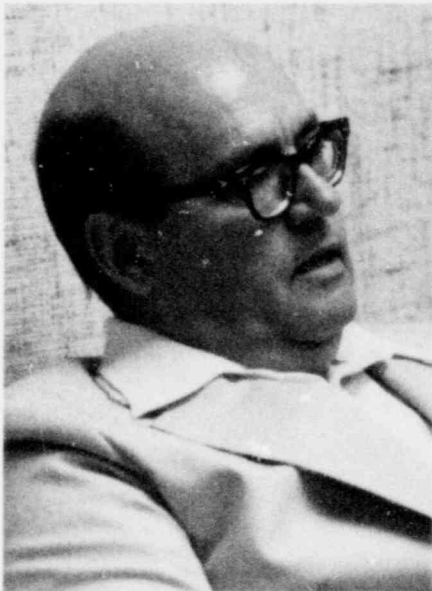
I have been very pleased about Seminole's overall development. We have continued to build a productive staff with a commitment to getting results. We still operate under a management by objectives approach: setting precise objectives and deadlines, then regularly measuring success or failure. This system, I believe, accounts for the activist nature of our organization and the achievement orientation of our employees. We have been adding employees with similar qualities in a carefully planned manner as necessary to meet operating and project needs.

VIEWS FROM THE GENERAL MANAGER

# 1978 Progress Improves Our Prospects







### **Have our dealings with regulatory agencies been satisfactory?**

Regulatory relationships always are difficult. For one thing, the regulations in general are extremely complex, numerous and fluctuating. In addition, the number of agencies involved is great — literally dozens in our case alone. The process at times appears almost overwhelming. Nevertheless, we have established good rapport with the regulatory bodies affecting the project. I think they have come to believe that Seminole intends to meet both the letter and the spirit of the rules. Where disagreements have arisen, we have settled them as much as possible in the best interests of all parties. Without question, the regulatory process is over-complicated, often contradictory. Even the agencies themselves recognize the problems and normally make good-faith efforts to be fair and reasonable.

### **What were some notable regulatory events last year?**

I already discussed the situation with land use and site certification. We also submitted in May a permit application for air quality and pollution control systems with the EPA (Environmental Protection Agency). We also filed the final environmental assessment with the DER (Department of Environmental Regulation) and the REA (Rural Electrification Administration) in

August — one month ahead of schedule. Then, in November, we submitted another application with the EPA for a permit covering discharge of plant waste water. By the way, our staff has been commended several times by these agencies for the quality and thoroughness of our applications. Another important achievement was the agreement we obtained from EPA and REA to hold public hearings simultaneously with the DER on June 4.

### **Did the past year bring any new problems?**

Perhaps the shutdown of Crystal River 3, and resulting cost increases for our members, was the leading problem. This breakdown interfered with efforts to hold down member wholesale power costs. On the other hand, we settled two rate cases for a total of \$5.6 million less than the utilities requested. Member refunds of over \$1.5 million already have been made from the first case and refunds are still due for the second.

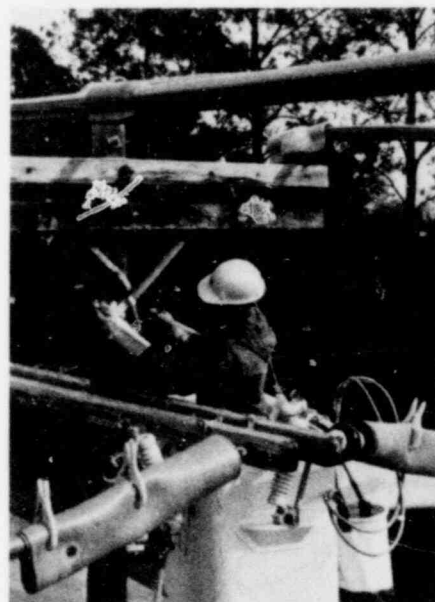
### **What future matters are uppermost in your mind?**

We have three extremely critical and inter-related tasks ahead of us in the next few months. We must get the Seminole project certified. We must have our financing approved and arranged. And we have to start plant construction. And, that requires continued and methodical building of a high quality staff to meet the demanding tasks ahead. We have kept the project on track until now. If we remain alert and mutually supportive, we will be successful.

## **People Pulling Together**

Thousands and thousands of Florida people are pulling together to assure themselves of reliable and economical power supplies. This mutual effort led to the formation of a jointly owned generation and transmission cooperative called Seminole Electric.

And at Seminole, the staff also must pull together to make these power supplies available. The belief that people can get things done if they work together explains the basic cooperative concept. It also provides a theme for this report on Seminole's recent past and current prospects.



POOR ORIGINAL

### Construction Work Increases

During 1978, Seminole began making significant expenditures for environmental analyses of the alternative sites for its proposed generating plants. In addition, several transmission line projects were initiated to meet future power requirements of our members. These expenditures accounted for the significant increase in construction work in progress during the year.

Despite the serious mechanical failure at the Crystal River 3 plant, causing the unit to be off-line in 1978 for nearly six months, Seminole ended last year with net operating margins of \$53,270. Total equities increased to \$157,768 as of December 31.

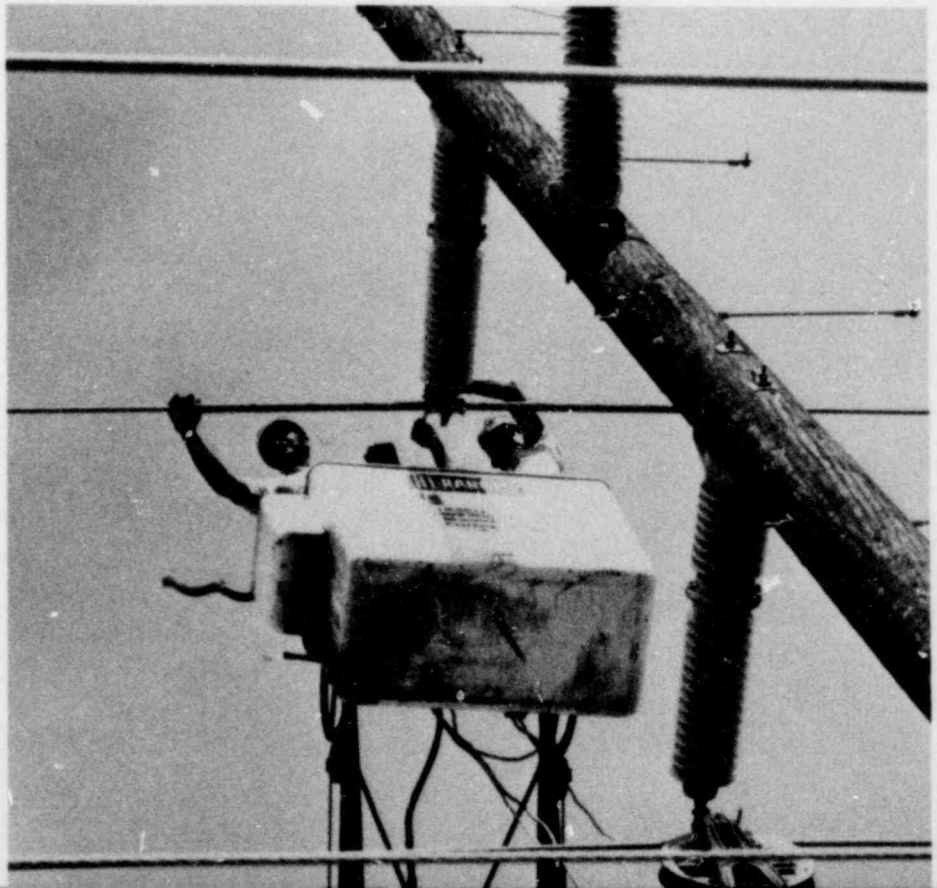
#### Summary of Financial Highlights

	1978	1977
Operating Revenues	\$ 6,003,560	\$ 3,125,169
Operating Expenses	5,201,513	2,416,234
Interest Expense	748,777	650,979
Net Operating Margins	53,270	57,956
Net Plant	13,514,968	9,188,570
Construction Work in Progress	5,161,799	854,538
Total Assets	14,994,071	11,591,570
Total Equities	157,368	89,378

## Financial Review

Seminole transmission line projects contributed to the rise in "Construction Work in Progress" totals for 1978.

POOR ORIGINAL



The planned Seminole Electric generating station includes two 600-megawatt units. Exhaustive studies of potential plant locations narrowed the choices to four — with one being eliminated later on environmental grounds. The final selection of a site in Putnam County was based on further research into all-around suitability of the remaining alternatives. It is situated along the St. John's River about six miles north of Palatka near Bostwick. Two other locations remain as alternates: one in Putnam County near Satsuma and another in Sumter County near Sumterville.

Of the total estimated costs for the entire project total about one-fourth will be invested in the most advanced pollution control technology available. The equipment includes electrostatic precipitators to remove 99.6% of the

smoke particles, flue gas "scrubbers" to remove sulphur oxides, a tall 675-foot stack to disperse emissions into the upper atmosphere and cooling towers to eliminate warm water discharges. Construction on Unit 1 is scheduled to begin in November of 1979 and to be completed in 1983. The second unit will follow the first by two years, with commercial operation set for 1985. At that time, the combined output of 1.2 million kilowatts would meet about one-half of the projected needs for the 11 member cooperatives to be served.

The plant will burn coal delivered from mines in western Kentucky and southern Illinois. Contracts for the plant's turbine generators, steam generators and some other equipment already have been signed. Before construction begins, Seminole must have the necessary approvals and permits from the Governor and his Cabinet, the State Department of

Environmental Regulation, the U.S. Environmental Protection Agency, the Rural Electrification Administration, the U.S. Army Corps of Engineers and several other Federal and State agencies. The plant will meet all of the latest and most stringent environmental regulations at the Federal and State levels.

## Project Construction Set to Start in 1979



POOR ORIGINAL

## OFFICERS

Vern G. Eveland, President; Star Rt., Box 280, Eustis, FL 32726  
Julian L. Folsom, Vice-President; P.O. Box 8, Chiefland, FL 32626  
Leon E. Weaver, Sec./Treas; P.O. Box 901, Quincy, FL 32351

## TRUSTEES

### **Central Florida Electric Cooperative, Inc.**

Julian L. Folsom; Chiefland, FL  
Joseph Sabel; Yankeetown, FL  
(Alternate) H. E. Mills; Chiefland, FL

### **Clay Electric Cooperative, Inc.**

E. T. Martin; Keystone Heights, FL  
Zedra W. Hamilton; Brooker, FL  
(Alternate) Dick Surrency; Hawthorne, FL

### **Glades Electric Cooperative, Inc.**

A. C. Houston; Moore Haven, FL  
O.N. Sykes; Moore Haven, FL  
(Alternate) Rodney Durrance; Lake Placid, FL.\*

### **Lee County Electric Cooperative, Inc.**

James D. Sherfey; N. Ft. Myers, FL  
Fred H. Smith; Marco Island, FL  
(Alternate) Jeannette C. Hayford; Captiva, FL

### **Okefenoke Rural Electric Membership Corporation**

Pete J. Gibson; Waynesville, GA  
J. D. Burnsed; Glen St. Mary, FL  
(Alternate) Frank E. Kearns; Callahan, FL

### **Peace River Electric Cooperative, Inc.**

Richard L. Maenpaa; Wauchula, FL  
A. L. Carman; Indian Lake Estates, FL  
(Alternate) Robert Harrison; Arcadia, FL

### **Sumter Electric Cooperative, Inc.**

John J. Sisler; Leesburg, FL  
V. G. Eveland; Eustis, FL  
(Alternate) Rufus Pace; Tavares, FL

### **Suwannee Valley Electric Cooperative, Inc.**

Arnold E. Smith; Live Oak, FL  
C. F. Hart; Mayo, FL  
(Alternate) A. L. Ward; McAlpin, FL

### **Talquin Electric Cooperative, Inc.**

Leon E. Weaver; Quincy, FL  
P. W. Shaffer; Havana, FL  
(Alternate) Adrian C. Fletcher; Greensboro, FL

### **Tri-County Electric Cooperative, Inc.**

M. C. Burnett; Greenville, FL  
Ralph Williams; Madison, FL  
(Alternate) Mack D. Sessions; Perry, FL

### **Withlacoochee River Electric Cooperative, Inc.**

Billy E. Brown; Dade City, FL  
Don Porter; Zephyrhills, FL  
(Alternate) Richard Strickland; Inverness, FL

\* replaces D. D. Cunningham of Lake Placid who died this March (1979) after more than two years of Board Service

SEMINOLE ELECTRIC COOPERATIVE, INC.

# Board of Trustees

President Vern Eveland addresses trustees at a 1978 regular board meeting in Tampa.





### The Organization Develops

At the beginning of 1978, Seminole employees totaled 11. By the end of December, the number had grown to 26. During the year organizational adjustments grouped the staff into departments under five directors reporting to the General Manager. Directors for Accounting and Finance, Engineering, Procurement and the Project already had been established. A Director of Public Affairs joined the Cooperative in August. A short time later a replacement was appointed for the Director of Procurement after his death. (See inside back cover for details on Bill Rapp.)

Seminole organizational expansion has been aimed at developing a staff to handle the rapidly growing demands of the plant project, accounting and financing, engineering, environmental regulation, transmission lines, purchasing and public affairs. It has continued in 1979 with the creation of a Personnel and Administrative Services Department under a new supervisor.

### Plant Project Shows Progress

Significant project developments during 1978 involved staffing, engineering and plant associated contracts. The nucleus of a project team was formed under the Director with the addition of five engineers. Engineering work for Seminole Units 1 also continued with the architect-engineering firm of Burns & Roe, which also was selected to provide these services for Unit 2. Major equipment contracts were signed with three firms: the turbine generators for both units are being purchased from Brown Boveri Corporation at a cost exceeding \$60 million. Foster Wheeler Energy Corporation won the contract for the two steam generator boilers at a base cost of \$58 million, with additional supply and erection options totaling almost \$50 million. The supplier of the boiler feed pump turbines will be DeLaval Turbines, Inc.

Seminole also signed two other important contracts last year. One covers about 80 percent of the coal required to fuel both units until the year

2010. This pact with MAPCO, Inc., calls for delivery of 67 million tons of coal beginning in 1982. The mines are located in Kentucky and Illinois. At present prices, the contract is valued at \$1.8 billion. A project labor agreement also was concluded in December. It covers all major trades required for construction of both generating units. Most of the 15 unions involved are members of the Northeast Florida Building and Construction Trades Council in Jacksonville.

### Licensing Efforts Gain Results

All Government regulatory requirements must be met before any plant construction can begin. Many of Seminole's 1978 activities were directed at fulfilling those requirements. As a first step, permit applications of several types must be submitted with appropriate agencies for review, hearings and approvals. In May Seminole filed application for the Prevention of Significant Deterioration permit covering air quality and

## 1978 in Review



**Mary Ann Fast, Secretary to the Executive Vice President, was one of the new Seminole employees in 1978.**

**Harry Wright, second from left, toured a plant facility of Foster Wheeler, the contracted supplier for the two Plant boilers.**

POOR ORIGINAL

pollution control systems as required by the U.S. Environmental Protection Agency (EPA). In August, a month ahead of schedule, the Cooperative submitted its formal Environmental Analysis for site certification to the Florida Department of Environmental Regulation (DER) and the Rural Electrification Administration (REA). This report represented a year-long effort to assess all ecological, hydrological, geological, environmental, demographic and socio-economic aspects of the plant. The results, contained in four large volumes, will be the focus of the Site Certification Hearing scheduled to begin on June 4. This hearing essentially will be the final State regulatory step before the site can be approved for plant construction by the Governor and his Cabinet. The REA must prepare a final environmental impact statement for approvals from the various Federal agencies. Both the REA and EPA have agreed to hold public hearings simultaneously with the DER on June 4.

Another major regulatory event began last October with the State Hearings on land use and zoning. The purpose was to determine if the location of the Seminole plant and all associated transmission line corridors complied with local land use and zoning ordinances for each county and city involved. An agency's procedural error caused this hearing to be continued until some outstanding issues were resolved. The hearings were finally closed in December without reconvening. Finally, this March, the Governor and his Cabinet unanimously approved the findings of the Hearings Officer that these facilities were in compliance.

The last major application, the one concerning discharge of plant water effluents (for the National Pollution Discharge Elimination System Permit), was filed with the EPA in November.

#### **Rate Cases Bring Member Refund**

Refunds to member cooperatives resulted from two rate cases pursued by Seminole. The latest settlement involved rate increases imposed by Florida Power and Light (FP&L) in March of 1978. After extensive

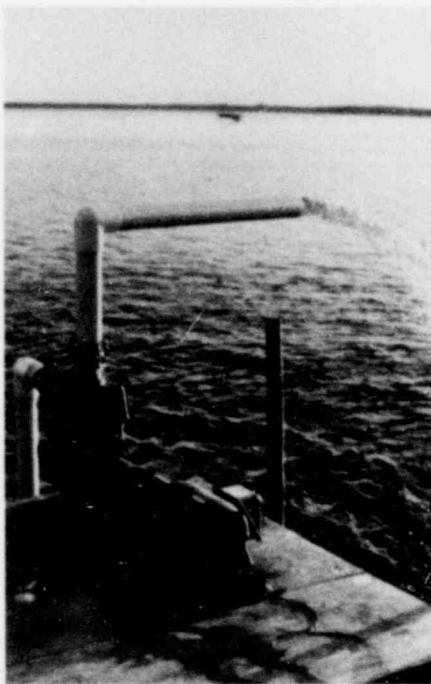
negotiations, the increase was trimmed from the initial request of over \$6.1 million, or over 13 percent to less than \$3 million, or 6.8 percent (based on the 1978 test year). The refunds are pending until the settlement receives Federal Energy Regulatory Commission approval. In the previous case, Florida Power Corporation (FPC) settled for an increase of \$2.5 million below its original request, as calculated on an annual basis. Refunds of over \$1.5 million were shared by members on a pro-rated basis.

#### **Transmission Work**

Approval by REA of nearly \$4 million in loans covering nine projects allowed Seminole to proceed with important new transmission line construction in member territory. The projects, which are in various stages of planning or construction, will continue until mid-year. Seminole also has applied to the Department of Energy for a grant to assist in renovation of a hydro-electric plant at Talquin Dam. A feasibility study by the Cooperative's staff and consultant proved favorable for this project. The



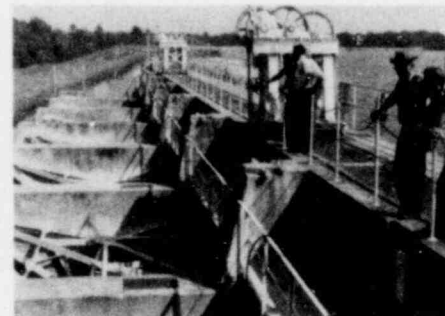
**Seminole President Vern Eveland and Building Trades Council President John Bowden signed the Project Labor Agreement as Harry Wright and Central Florida Trustee Joe Sabel watched.**



**Extensive environmental research continues into this year with a screen test facility installed on the St. John's River near the Plant's proposed water intake.**



**REA's John Stephen discusses the Plant site area with Project Director Tom Crumlish.**



**Seminole applied for funds to renovate this Dam at Jackson Bluffs.**

facility, located at Jackson Bluffs, had been turned over to the State by Florida Power Corporation several years ago.

### Crystal River Plant Shutdown

A six-month shutdown of the CR-3 plant caused a temporary jump in member power costs during 1978. The 825-megawatt nuclear unit returned to commercial service in late September. It had been down since March, about a year after its initial start-up in 1977, for repairs of damage caused by a malfunction. This plant was again taken out of service in April of 1979 for routine refueling requiring about six weeks.

Negotiations for part ownership of another nuclear facility continued in 1978 and early this year. Seminole has been trying to reach an agreement with FP&L for a six percent share of the St. Lucie II Plant now under construction. The Cooperative also has been negotiating with FPC on generation support services to back up the Seminole units. A similar agreement already exists for CR-3 and would be needed for St. Lucie II.

### Joint Action Marks Other 1978 Efforts

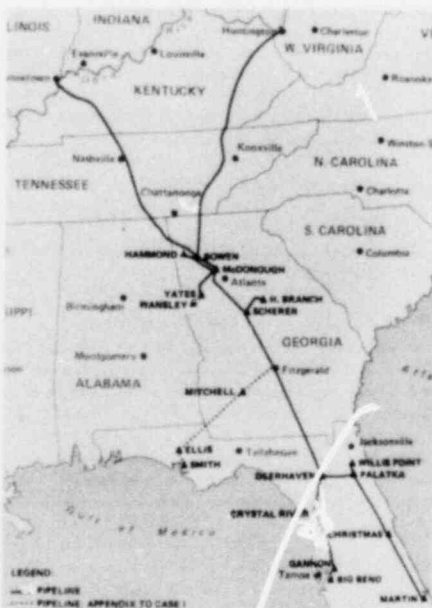
Seminole joined with five other utilities in a feasibility study for a coal-slurry pipeline. The study proved favorable to a proposal by Florida Gas Company and Bechtel Engineering to bring coal from Illinois and Kentucky into Florida. Seminole has contracts for coal from MAPCO mines in these areas. Another consortium led by Fluor Pioneer and Dames & Moore also has undertaken a study for a similar pipeline project. The Board approved a resolution early this year expressing interest in being a user and, possibly, an equity owner in these projects.

Seminole also has extensive involvement with other utilities through a unique and nationally recognized organization — the Florida Electric Power Coordinating Group (FCG). This association promotes coordinated, central, statewide action and information exchanges among all Florida utilities — investor-owned,

municipal and cooperative. It also introduced in 1978 a power brokerage system, which allows more economical power sales and purchases among utilities. It already has saved Florida consumers millions of dollars in energy costs. Seminole was involved in numerous FCG activities, programs and committees throughout 1978. One major effort was development of an Energy Conservation Plan. It was submitted to the Governor as the first in the nation to be completed under new Federal requirements.



One Seminole Transmission Project brought a 69 kV line to this substation at Duette in Peace River's service area.



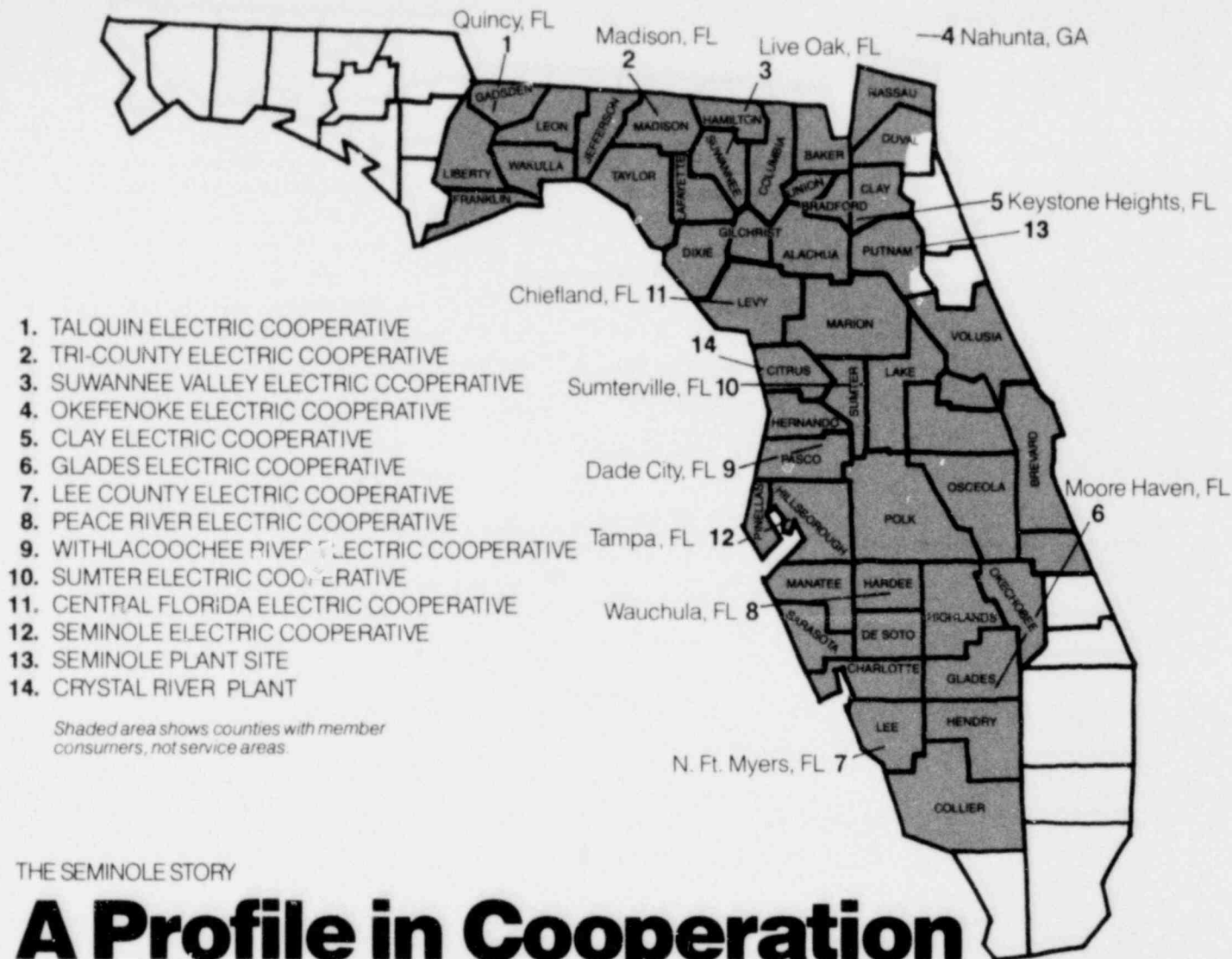
The proposed Coa' Slurry Pipeline would connect Florida with mines in Illinois and Kentucky.



FCG's AWARE Committee sponsored an Energy Retreat for a select group of women leaders from throughout Florida.

POOR ORIGINAL





## THE SEMINOLE STORY

# A Profile in Cooperation

Seminole Electric Cooperative and its 11 member-owners provide concrete testimony to the power of cooperation. Each cooperative that created Seminole in 1948 consists of members who are not just energy consumers. They are people joined together to provide themselves with essential electric service. They also are the ultimate owner and governing body of the Cooperative. They annually elect their Board of Trustees to carry out the Cooperative's policy administration. The Board, in turn, elects officers and appoints a manager to run the operation.

In similar fashion, these cooperatives own and govern Seminole. They formed Seminole initially to handle rate negotiations for power purchased by members from other utility companies. Collective

negotiation helped them achieve more reasonable rates.

By late 1973, however, rapidly rising energy costs and uncertainties about future supply caused the cooperatives to reconsider Seminole's purpose. They then established contracts designating Seminole as their power supplier. At present, Seminole has almost no self generation. It owns about 14 megawatts of the output from a plant operated by a private utility. It also is negotiating for about a 50-megawatt ownership in another plant. And, the Cooperative has applied with the U.S. Department of Energy for renovating a hydroelectric plant at Jackson Bluffs.

Currently, Seminole buys about 99% of its power through wholesale purchases. For this reason, the Cooperative performed a comprehensive study into the feasibility of supplying a larger part of

the member's electrical needs. This study demonstrated both feasibility and considerable cost savings for members. After additional research into all practical alternatives, the decision was made to construct two 600-megawatt, coal-fired units at a site near Palatka.

When both units are operating in 1985, Seminole will be providing its members with about half of their projected requirements. By that time, efforts will be underway to meet additional energy needs of the system.

Seminole's member cooperatives represent a combined total of nearly 300,000 member households. Almost one million people in 47 counties throughout Florida depend on cooperative power. They recognize that strength lies in their cooperation and their Seminole connection.



# Seminole Member Cooperatives and Managers

## Talquin Electric Cooperative, Inc.

Quincy, Florida  
Leon F. Weaver

## Tri-County Electric Cooperative, Inc.

Madison, Florida  
M. C. Burnett

## Suwannee Valley Electric Cooperative, Inc.

Live Oak, Florida  
Arnold E. Smith

## Okefenoke Rural Electric Membership Corporation

Nahunta, Georgia  
Pete J. Gibson

## Clay Electric Cooperative, Inc.

Keystone Heights, Florida  
E. T. Martin

## Glades Electric Cooperative, Inc.

Moore Haven, Florida  
A. C. Houston

## Lee County Electric Cooperative, Inc.

North Fort Myers, Florida  
James D. Sherfey

## Peace River Electric Cooperative, Inc.

Wauchula, Florida  
Richard L. Maenpaa

## Withlacoochee River Electric Cooperative, Inc.

Dade City, Florida  
Billy E. Brown

## Sumter Electric Cooperative, Inc.

Sumterville, Florida  
John J. Sisler

## Central Florida Electric Cooperative, Inc.

Chiefland, Florida  
Julian L. Folsom

## Member Systems Register Growth

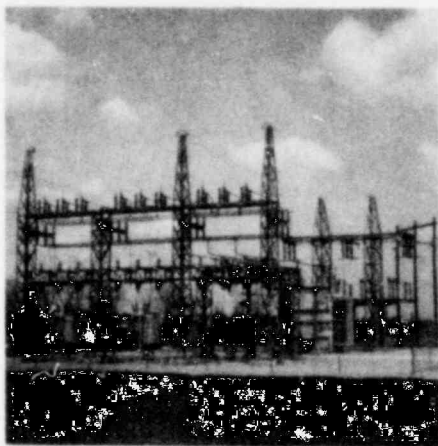
Every cooperative in the Seminole system registered significant growth in the number of consumers and the miles of lines added to serve their members. The combined increase in the members amounted to almost 20,000, or over seven percent, and about 400 miles in additional distribution lines. Almost 300,000 member families now depend on these cooperatives for their electric service.

### Selected Statistics of Member Systems (As of December 31)

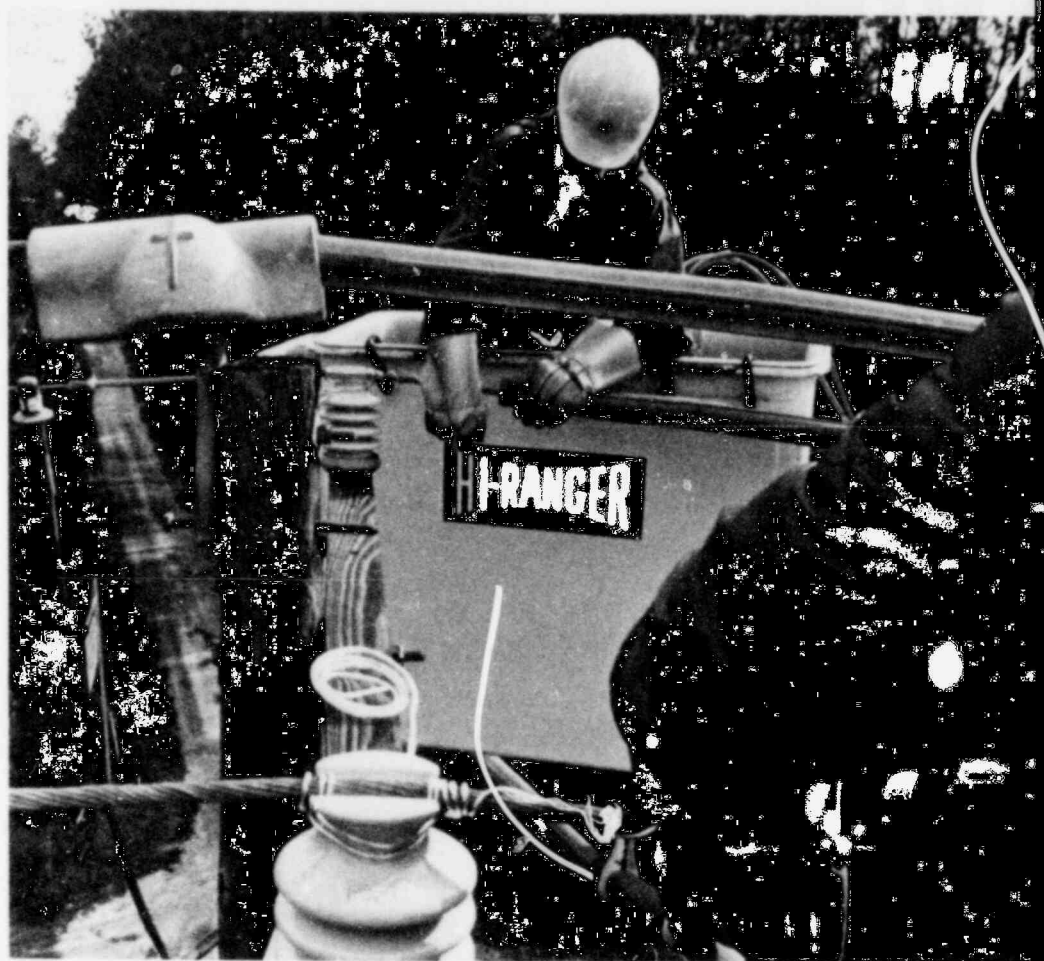
	1978	Central	Clay	Glades	Lee	Okefenoke	Peace River	Sumter	Suwannee	Talquin	Tri-County	Withlacoochee	Total
Full-Time Employees		78	327	55	277	70	72	145	50	135	75	293	1,577
Number of Consumers		12,084	60,590	7,542	55,082	12,703	11,006	34,562	9,260	23,337	8,844	53,745	288,755
Increase in Customers		622	2,263	415	5,750	607	575	1,929	378	1,007	285	5,703	19,534
Total Miles Energized		2,351	7,704	1,689	2,818	2,095	1,855	4,126	2,544	2,777	2,089	3,455	33,503
Number of Consumers Per Mile of Line		5	8	4	20	6	6	8	4	8	4	16	9
Miles of Line Added		83	155	40	148	70	31	126	50	(473)	42	121	393
Average Monthly Residential Revenue		37.94	44.17	35.27	42.40	40.83	40.87	42.89	44.17	44.40	40.04	42.11	42.47(1)
Average Monthly Residential KWH		624	889	714	958	928	743	772	845	874	644	748	833(1)
Total Equity as a % of Assets		25.9%	27.5%	31.5%	35.8%	24.7%	18.7%	18.7%	16.4%	37.1%	19.0%	15.1%	25.2%(1)
	1977												
Full-Time Employees		79	319	51	281	69	69	154	49	122	65	273	1,531
Number of Consumers		11,462	58,327	7,127	49,732	12,096	10,431	32,633	8,882	22,330	8,559	48,042	269,221
Increase in Customers		402	2,848	33	4,443	514	306	1,311	297	901	190	4,105	15,350
Total Miles Energized		2,268	7,549	1,649	2,670	2,025	1,824	4,000	2,494	3,250	2,047	3,334	33,110
Number of Consumers Per Mile of Line		5	8	4	18	6	6	8	4	7	4	14	8
Miles of Line Added		58	154	49	134	58	25	98	44	63	34	104	821
Average Monthly Residential Revenue		35.39	40.13	34.13	38.79	39.15	36.54	39.50	41.62	39.58	34.64	38.88	38.91(1)
Average Monthly Residential KWH		617	858	749	917	924	706	749	846	869	634	735	811(1)
Total Equity as a % of Assets		23.5%	27.1%	36.2%	31.9%	23.4%	17.5%	17.0%	17.5%	37.2%	18.1%	13.1%	23.8%(1)

Source: Annual Financial & Statistical Report (REA Form 7 and 7a)

(1) Weighted Average



Tri-County Electric Cooperative in Madison east of Tallahassee energized this large substation just south of Lee during 1978.



Converting these 7,200 volt lines to 14,400 voltage was a major activity last year for Clay Electric Cooperative, which is headquartered in Keystone Heights northeast of Gainesville.

## A Quick Look Around the System

Seminole's 11 member cooperatives serve diverse areas throughout the State from Glades Electric and Lee County in the south to Clay Electric, Talquin, and Okefenoke in the north. Their member consumers number from under 8,000 to over 60,000. They operate under individual circumstances with different demands. They are united, however, in their cooperative philosophy and the ownership of Seminole.

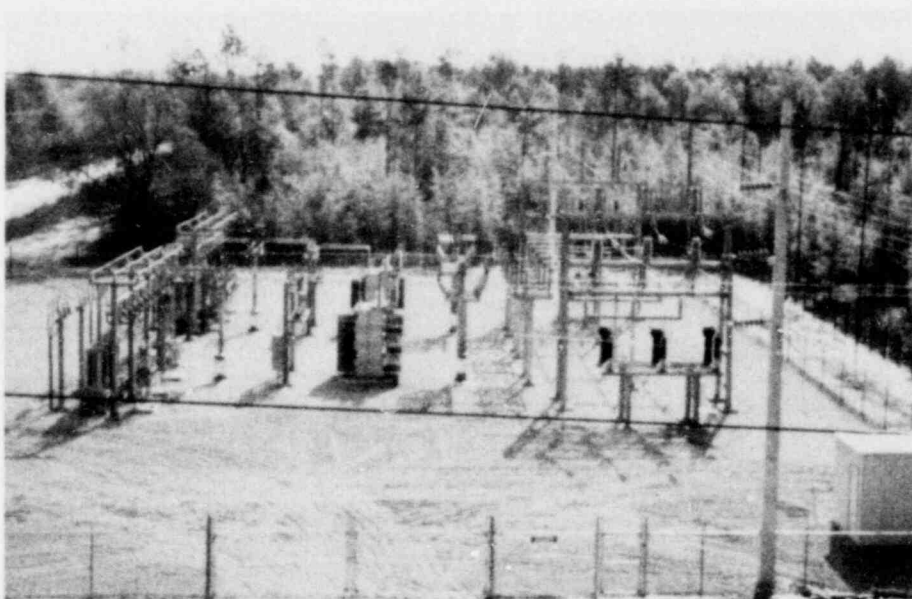


The largest customer of Sumter Electric Cooperative during the past year was the Dixie Lime and Stone Company in Sumterville.

POOR ORIGINAL

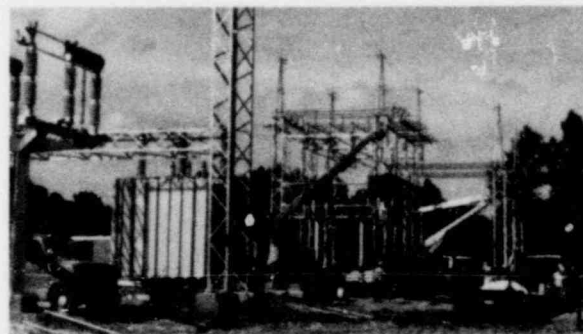


After Suwannee Valley Electric Cooperative's 1978 annual meeting, General Manager Arnold Smith (left) and President C. F. Hart (right) posed for a photograph with Seminole's Harry Wright, who attended this event in Live Oak.



Talquin Electric Cooperative at Quincy built this substation in 1978 to help meet growing member needs in the Lake Jackson area north of Tallahassee.

Some 2,750 members of Lee County Electric Cooperative in North Fort Myers depend on this new substation for their electric service.



Manager Pete Gibson visited with members during the 1978 annual meeting of Okefenoke Rural Electric Membership Corporation, headquartered in Nahunta, Georgia.

POOR ORIGINAL

**Balance Sheets, December 31, 1978 and 1977**

	ASSETS	1978	1977
Utility plant (Notes 2, 3 and 6):			
At original cost		\$ 8,944,098	\$ 8,615,875
Construction work in progress		5,161,799	854,538
		<u>14,105,897</u>	<u>9,470,413</u>
Less accumulated depreciation		(606,410)	(298,253)
Acquisition adjustment, less amortization		15,481	16,410
Net plant		<u>13,514,968</u>	<u>9,188,570</u>
Nuclear fuel, less amortization		328,166	440,834
Nuclear fuel in process of refinement and enrichment		388,114	104,822
Utility plant, net		<u>14,231,248</u>	<u>9,734,226</u>
Investments in associated organizations, at cost		<u>57,997</u>	<u>29,628</u>
Current assets:			
Cash		42,028	72,688
Refund receivable (Note 4)		—	1,191,602
Accounts receivable		131,507	162,775
Accounts receivable, other		23,438	—
Accrued unbilled revenues		262,344	303,712
Prepayments		6,696	10,634
Total current assets		<u>466,013</u>	<u>1,741,411</u>
Deferred charges (Note 10)		<u>238,813</u>	<u>86,305</u>
		<u>\$14,994,071</u>	<u>\$11,591,570</u>
	EQUITY AND LIABILITIES	1978	1977
Equity (Note 5):			
Memberships		\$ 1,200	\$ 1,200
Patronage capital		218,131	164,861
Other margins and equities (deficits) (Note 13)		(79,882)	(94,602)
Donated capital		17,919	17,919
Total equities		<u>157,368</u>	<u>89,378</u>
Long-term debt (Note 6):			
Federal Financing Bank notes		8,931,000	8,931,000
Advances from members		248,800	248,800
REA note payable (including in 1978, \$10,077 due within one year)		278,985	278,985
Total long-term debt		<u>9,458,785</u>	<u>9,458,785</u>
Current liabilities:			
Short-term borrowings from associated organization (Note 7)		3,915,000	1,455,198
Accounts payable		1,169,481	500,165
Retained percentages payable		198,594	—
Taxes and interest accrued		79,856	48,164
Other current and accrued liabilities		14,987	39,880
Total current liabilities		<u>5,377,918</u>	<u>2,043,407</u>
Commitments and contingencies (Note 12)			
See accompanying notes.		<u>\$14,994,071</u>	<u>\$11,591,570</u>



## Statements of Operations

for the years ended December 31, 1978 and 1977

	1978	1977
Operating revenues and patronage capital (Note 2)	<b>\$6,003,560</b>	\$3,125,169
Operating expenses:		
Operation:		
Fuel	<b>113,287</b>	187,654
Other production expenses (Note 8)	<b>337,708</b>	190,936
Purchased power	<b>3,671,760</b>	1,081,234
Transmission	<b>369,536</b>	284,571
Administrative and general	<b>238,014</b>	214,876
Maintenance	<b>8,313</b>	4,199
Depreciation and amortization (Note 2)	<b>309,161</b>	247,516
Taxes (Note 9)	<b>150,730</b>	99,385
Other (Note 10)	<b>3,004</b>	105,863
	<b>5,201,513</b>	2,416,234
Operating margins before interest charges	<b>802,047</b>	708,935
Interest charges:		
Interest on long-term debt	<b>743,631</b>	746,072
Interest on debt to associated organization	<b>198,458</b>	41,012
Other	<b>733</b>	3,058
Less interest charged to construction (Note 2)	<b>(194,045)</b>	(139,163)
	<b>748,777</b>	650,979
Net operating margins	<b>53,270</b>	57,956
Nonoperating margins:		
Interest income	<b>14,720</b>	37,878
Net margins	<b>\$ 67,990</b>	\$ 95,834

See accompanying notes.

## Statements of Changes of Patronage Capital and Other Margins and Equities (Deficits)

for the years ended December 31, 1978 and 1977

	Patronage Capital	Other Margins and Equities (Deficits)	Total
Balance, December 31, 1976	\$106,905	\$( 132,480)	\$(25,575)
Net margins, 1977	57,956	37,878	95,834
Balance, December 31, 1977	<u>\$164,861</u>	<u>\$( 94,602)</u>	<u>\$ 70,259</u>
Balance, December 31, 1977, as previously reported	\$107,889	\$( 97,514)	\$ 10,375
Adjustment (Note 13)	56,972	2,912	59,884
As restated, December 31, 1977	164,861	( 94,602)	70,259
Net margins, 1978	53,270	14,720	67,990
Balance, December 31, 1978	<u>\$218,131</u>	<u>\$( 79,882)</u>	<u>\$138,249</u>

See accompanying notes.

# **Statements of Changes in Financial Position** for the years ended December 31, 1978 and 1977

	<u>1978</u>	<u>1977</u>
Funds provided by:		
Operations:		
Net margins	\$ 67,990	\$ 95,834
Add (deduct) items not affecting working capital:		
Depreciation and amortization of plant	309,161	247,516
Amortization of nuclear fuel (Note 2)	112,668	187,654
Interest charged to construction	(194,045)	(139,163)
Total funds provided by operations	295,774	391,841
Advances from Federal Financing Bank	—	205,000
	<u>\$ 295,774</u>	<u>\$ 596,841</u>
Funds used for:		
Property additions, net of interest charged to construction	4,568,544	923,464
Payments on long-term debt	—	7,749
Increase in investments	28,369	13,872
Increase in deferred charges	308,770	—
Increase (decrease) in working capital	(4,609,909)	(348,244)
	<u>\$ 295,774</u>	<u>\$ 596,841</u>
Other changes in working capital consist of:		
Increase (decrease) in current assets:		
Cash	\$ (30,660)	\$ (37,445)
Refund receivable	(1,191,602)	1,191,455
Accounts receivable	(7,830)	144,252
Accrued unbilled revenues	(41,368)	239,722
Prepayments	(3,938)	3,938
	<u>(1,275,398)</u>	<u>1,541,922</u>
Decrease (increase) in current liabilities:		
Short-term borrowings from associated organization	(2,459,802)	(1,390,042)
Accounts payable	(867,910)	(425,089)
Taxes and interest accrued	(31,692)	(45,553)
Other current and accrued liabilities	24,893	(29,482)
	<u>(3,334,511)</u>	<u>(1,890,166)</u>
Decrease in working capital	<u>\$ (4,609,909)</u>	<u>\$ (348,244)</u>

See accompanying notes.

## Notes to Financial Statements

### 1. The Cooperative:

Seminole Electric Cooperative, Inc. (Seminole) is a generation and transmission cooperative. It is responsible for meeting the electric power and energy needs of its eleven (11) distribution cooperative members operating within the State of Florida.

At the present time, the only Seminole-owned resource for supplying its members' electric power and energy requirements is its 1.6994% undivided ownership interest in the Crystal River Unit #3 (CR3) nuclear power plant operated by Florida Power Corporation. The balance of its members' needs are supplied by wholesale purchases of electricity from other power suppliers.

In order to supply a larger share of its members' projected needs, Seminole is planning to construct two (2) new generating facilities (Seminole Unit 1 and Unit 2) with approximately 600 megawatts output per unit. As prescribed by Federal and state power plant licensing requirements, Seminole has completed an environmental assessment and filed for certification of a plant site near Palatka, Florida as a prerequisite to beginning construction on the project.

### 2. Summary of Significant Accounting Policies:

Seminole maintains its accounts in accordance with policies prescribed or permitted by the Rural Electrification Administration (REA), which conform with generally accepted accounting principles in all material respects. The more significant of these policies are as follows:

**A) Utility Plant** – Utility plant is stated at original cost. Such cost includes applicable supervisory and overhead cost, plus interest charged during construction (See Note 2-E).

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

**B) Operating Revenues and Patronage Capital** – Seminole has wholesale power contracts with each of its members whereby the members must purchase all electric power and energy which the member shall require for its system within the State of Florida to the extent that Seminole shall have such power and energy and facilities available; provided, however, that the member shall have the right to continue to purchase power under any existing contract with a supplier other than Seminole during the remainder of the terms of these existing contracts or until such time as Seminole requests these contracts be terminated. Payments received and disbursed by Seminole on behalf of its members under these existing contracts are not recognized either as a revenue or as a cost.

Operating revenues and patronage capital consist of billings for sales of electric power by Seminole to its members together with a member adjustment factor. Revenues and patronage capital are accrued monthly, to match costs incurred in generation at CR3 or billings received for purchased power.

**C) Depreciation** – Seminole provides for depreciation using the straightline method at annual rates which will amortize the original cost of depreciable property over its estimated useful service life. The rates for 1978 and 1977 were as follows:

	1978	1977
Nuclear production plant	3.6 %	3.6%
Transmission plant	2.75%	2.6%
General plant	12.2 %	12.3%

The nuclear production plant rates include an estimated negative salvage value of 12% representing estimated cost of removal and disposal.

**D) Amortization of Nuclear Fuel** – The cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced for generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core.

Although there is no facility presently in operation to process spent nuclear fuel and it may be necessary to store spent nuclear fuel for an indefinite period, no provision has been made in these statements for these costs.

**E) Capitalization of Interest** – In accordance with procedures permitted under the Uniform System of Accounts prescribed by the REA, a portion of interest on borrowed funds, at rates of approximately 9.8% and 8.17% for 1978 and 1977, respectively, is capitalized as a component of the cost of construction work in process, and is reflected as a reduction of interest expense.

**3. Utility Plant:**

The original cost of Utility Plant at December 31, 1978 and 1977, was as follows:

	1978	1977
Ownership (1.6994%) in nuclear plant	\$ 8,139,751	\$8,190,179
Transmission plant	752,334	396,327
General plant	52,013	29,369
	<u>8,944,098</u>	<u>8,615,875</u>
Construction work in progress	<u>5,161,799</u>	<u>854,538</u>
	<u>\$14,105,897</u>	<u>\$9,470,413</u>

Construction work in progress at December 31, 1978 consists mainly of engineering and site selection costs relevant to Seminole Unit 1 and engineering and construction costs on several transmission line projects. The amount at December 31, 1977 consisted mainly of engineering costs relevant to Seminole Unit 1. Substantially all of the Utility Plant assets are pledged as collateral for the REA mortgage notes and CFC loans.

**4. Refund Receivable:**

At December 31, 1977, this amount consists of a receivable from Florida Power Corporation representing a refund of certain amounts paid by Seminole during 1977. The refund is primarily a result of a Federal Energy Regulatory Commission Order approving a wholesale rate agreement negotiated and agreed to by Florida Power Corporation and its wholesale power customers in June of 1977. The refund, including interest at 9% per annum, was paid to Seminole during 1978.

**5. Return of Equity Restrictions:**

Under provisions of the agreements relating to the REA mortgage notes, until the total of equities and margins equals or exceeds forty percent of total assets, the return by Seminole to members of capital contributed is limited generally to twenty-five percent of the patronage capital or margins received by Seminole in the next preceding year.

**6. Long-Term Debt:**

Federal Financing Bank notes payable are guaranteed by the REA and bear interest at rates ranging from 7.442% to 8.215%. The notes are for a thirty-five year period, with the first principal payment due in 1983. Interest on the mortgage notes is payable quarterly and will approximate \$734,000 for 1979 based upon debt outstanding at December 31, 1978.

Advances from members represent amounts advanced, unsecured, with no definite due date and without interest. The REA note payable is due in 2008 and is payable in quarterly installments of approximately \$4,400 including interest at 5%. These installments were not made by Seminole during 1978 due to delays in REA approvals. When these approvals are received, both the 1978 and 1979 installments will be due. This two-year amount is reflected in the 1978 payments due within one year. Interest has been accrued.

In December 1978, Seminole received approval from the National Rural Utilities Cooperative Finance Corporation of their application for a 60-million dollar Intermediate-Term Loan. This loan is for a period of five years and is to be used for initial expenditures on Seminole Units 1 and 2. As of February 28, 1979, the loan had not been executed.



## **7. Short-Term Borrowings From Associated Organization:**

The amount shown on the balance sheet at December 31, 1978 represents amounts owed to the National Rural Utilities Cooperative Finance Corporation (CFC) under a total line of credit of \$12,000,000. The interest rate is the prime rate, as defined, plus ½% (11.75% at December 31, 1978). The line of credit expires March 8, 1979. On January 19, 1979, prior to the expiration of this line of credit, Seminole secured a new line with the CFC for the same amount for an additional year commencing January, 1979. The interest rate will be the prime rate, as defined, plus ¼%.

## **8. Other Production Expenses:**

Other production expenses consist of CR3 operating costs which represent Seminole's portion of all expenses incurred by Florida Power Corporation attributable to the operation of CR3 and properly recordable in accordance with the operating expense instructions and in appropriate accounts as set forth in the Uniform System of Accounts. These payments are made to Florida Power Corporation in accordance with the Crystal River Unit #3 Participation Agreement.

## **9. Taxes:**

Seminole files income tax returns with the Internal Revenue Service as an organization exempt from Federal income taxes under applicable provisions of the Internal Revenue Code. Tax expense represents property, gross receipts and payroll taxes.

## **10. Write-Off of Deferred Charges:**

During 1977, Seminole wrote off approximately \$104,500, which represented an investment in an intervention proceeding entered into to secure participation in a proposed Florida Power & Light Company nuclear power plant to be located in South Dade County, Florida. Florida Power & Light cancelled the proposed plant. Of the \$104,500 written off, approximately \$86,000 was incurred and deferred prior to 1977.

At December 31, 1978, deferred charges consist primarily of costs associated with securing a supply of coal for the planned Seminole generating units. Additional amounts consist of the costs incurred in negotiating possible joint ownership participation in a Florida Power & Light Company nuclear unit presently under construction.

## **11. Retirement Plan:**

Substantially all employees are covered by a pension plan which is funded through participation in a National Rural Electric Cooperative Association (NRECA) group plan. Pension costs were approximately \$34,950 and \$11,450 for the years ended December 31, 1978 and 1977, respectively.

## **12. Commitments and Contingencies:**

**A) Construction** – Seminole anticipates making expenditures of approximately \$23.5 million for Seminole Unit 1 and 2 project related activities during 1979. The largest portion of these anticipated expenditures will not occur until the final authorization to begin construction has been received by Seminole from the appropriate authorities. (See Note 2.)

In addition, Seminole anticipates the expenditure of approximately \$1.7 million during 1979 for transmission facilities to meet the needs of its member systems and serve to connect the proposed generating units to the Florida bulk power supply grid.

**B) Capital Term Certificates** – Seminole is obligated to purchase, in October 1979, Capital Term Certificates (CTC) of the National Rural Utilities Cooperative Finance Corporation in the amount of approximately \$48,000. Further, it is obligated to purchase, based on anticipated revenues, CTC's during the years 1980 through 1984, as follows:

1980 – \$60,000	1983 – \$ 80,000
1981 – \$69,000	1984 – \$974,000
1982 – \$74,000	

It is anticipated that Seminole Unit 1, will be in operation for at least six months during 1983.

### 13. Restatement of Prior Year's Financial Statements:

The financial statements at December 31, 1977 and for the year then ended have been restated from amounts previously reported to reflect a correction of errors in billings from Florida Power Corporation regarding CR3 power and operating expenses for that year.

The effect of these changes are as follows:

	As Previously Reported	Adjustment	As Restated
Balance sheet:			
Refund receivable	<u>\$1,131,718</u>	<u>\$59,884</u>	<u>\$1,191,602</u>
Patronage capital and other margins and equities (deficit)	<u>\$ 10,375</u>	<u>\$59,884</u>	<u>\$ 70,259</u>
Statement of operations:			
Operating revenues and patronage capital	<u>\$3,077,504</u>	<u>\$47,665</u>	<u>\$3,125,169</u>
Operating expenses	<u>\$2,425,541</u>	<u>\$(9,307)</u>	<u>\$2,416,234</u>
Net operating margin	<u>\$ 984</u>	<u>\$56,972</u>	<u>\$ 57,956</u>
Interest income	<u>\$ 34,966</u>	<u>\$ 2,912</u>	<u>\$ 37,878</u>
Net margins	<u>\$ 35,950</u>	<u>\$59,884</u>	<u>\$ 95,834</u>

## Report of Independent Certified Public Accountants

### Board of Trustees

#### Seminole Electric Cooperative, Inc.:

We have examined the balance sheets of Seminole Electric Cooperative, Inc. as of December 31, 1978 and 1977, and the related statements of operations, changes of patronage capital and other margins and equities (deficits), and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Seminole Electric Cooperative, Inc. as of December 31, 1978 and 1977 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis. The financial statements for 1977 have been restated as described in Note 13.

COOPERS & LYBRAND  
Certified Public Accountants

Tampa, Florida  
February 28, 1979

## Seminole's Staff Directors

**Director of Procurement** — Joe Casey began with the Cooperative in 1978. He gained his experience with the U.S. Air Force, the State of Connecticut, and Bechtel Power Corporation.



**Director of Engineering** — Bob Claussen started with Seminole in 1976. His 15-year career in electric power engineering includes experience in utility consulting and with another Florida utility.



**Project Director** — Tom Crumlish joined Seminole in 1977. He has a 16-year background in construction management including eight years in utility and power plant projects.



## Director of Accounting and Finance

— Paul Curry has been with Seminole since 1976. He holds a B.A. degree from the University of Florida and a B.S. degree from the University of South Florida.



**Director of Public Affairs** — Larry Newell came with Seminole last year. His 17 years of experience in public information, communications and corporate relations include 13 years in the utility industry.




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In late August, Seminole lost a valuable staff member with the death of Bill Rapp, Director of Procurement. He joined Seminole in January of 1978. He was responsible for a number of important contributions to Seminole and its purchasing operations including help with negotiation of contract terms beneficial to all system members. He is survived by his wife Delores, two sons and a daughter.

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## Seminole Board of Trustees Meetings

Seminole Board Meetings are normally scheduled on the second Wednesday of the month. The following schedule is tentative and subject to Board vote.

May 3, 1979	Tallahassee
June 20, 1979	Jacksonville
July 11, 1979	Tampa
August 8, 1979	Tampa
September 12, 1979	Tampa
October 10, 1979	Tampa
November 14, 1979	Tampa
December 12, 1979	Fort Myers
January 9, 1980	Tampa
February 13, 1980	Tampa
March 12, 1980	Tampa
April 9, 1980	Tallahassee

## Seminole Annual Meeting

The election of trustees and officers takes place at the Annual Meeting to be held in conjunction with the regular Board Meeting on February 13, 1980.

## Corporate Counsel

L. Robert Frank, attorney at law,  
Allen Dell Frank & Trinkle,  
P.O. Box 2011, Tampa, Florida 33601

## Consulting Engineers

Burns & Roe, Inc.,  
5520 Los Santos Way,  
Jacksonville, Florida 32211  
(Project Architect-Engineer),

Southern Engineering Company,  
1000 Crescent Avenue, NE,  
Atlanta, Georgia 30309

## Environmental Consultants

Dames & Moore, Suite 200,  
455 E. Paces Ferry Road,  
Atlanta, Georgia 30305

## Headquarters Offices

Seminole Electric Cooperative, Inc.,  
2410 E. Busch Boulevard, Tampa,  
Florida 33612 (813) 933-7406



2410 East Busch Boulevard  
Tampa, Florida 33612

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TELEPHONE 376-2461 AREA CODE 904  
GAINESVILLE, FLORIDA 32602

MEMBERS OF  
AMERICAN AND FLORIDA  
INSTITUTES OF  
CERTIFIED PUBLIC ACCOUNTANTS

AUDITORS' REPORT

Honorable City Commission  
City of Gainesville  
Gainesville, Florida

We have examined the general purpose financial statements of the City of Gainesville, Florida, for the fiscal year ended September 30, 1979, as listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the various funds and account groups of the City of Gainesville, Florida, as of September 30, 1979, and the results of operations of such funds and, where applicable, changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, with which we concur, in the method of accounting for reserves and certain capital and operating grants as described in Note 2 to the financial statements.

The accompanying supplemental information as identified in the foregoing table of contents and the columns on the accompanying combined financial statements captioned "Total (Memorandum Only)" are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

January 2, 1980

*Purvis, Gray and Company*

## CITY OF GAINESVILLE, FLORIDA

### UTILITY FUNDS

Utility funds are known as proprietary funds and are established to account for the financing of self-supporting activities of governmental units which render electric, water and sewer services on a user charge basis to the general public.

Budget comparisons are not shown in the following financial statements, because the principal exceptions to the use of budgetary accounting sanctioned by generally accepted accounting principles include enterprise or utility funds where demands for service and management flexibility outweigh the advantages of traditional budget control.

COMBINING BALANCE SHEET  
UTILITY FUNDS  
SEPTEMBER 30, 1979  
CITY OF GAINESVILLE, FLORIDA

ASSETS

	<u>ELECTRIC FUND</u>
<u>CURRENT ASSETS</u>	\$ 308,112
Cash	
Accounts Receivable (Net of Allowance For Uncollectible Accounts; \$988,520 in 1979 and \$562,179 in 1978) (See Note Below)	5,893,679
Other Receivables	0
Due From Other Funds (See Note Below)	49,474
Prepaid Expenses	14,031
Fuel and Supplies Inventories	2,717,037
Settlements With Fuel Suppliers	1,219,931
TOTAL CURRENT ASSETS	<u>10,202,264</u>
<u>RESTRICTED ASSETS</u>	0
Capital Facilities - Cash and Investments	136,247
Utility Deposits - Cash and Investments	18,854,799
Sinking Funds - Cash and Investments	
Construction Trust Funds:	39,909,689
Cash and Investments	
Utility Plant Improvement Fund:	
Cash, Investments and Receivables (Including \$48,302 Due From Other Funds)	85,157
Materials Inventories	950,649
TOTAL RESTRICTED ASSETS	<u>59,936,541</u>
<u>UTILITY PLANT</u>	115,086,952
Utility Plant In Service	3,742,755
Completed Plant Not Classified	118,829,707
Accumulated Provision For Depreciation and Amortization	(30,091,526)
Construction Work in Progress	88,738,181
TOTAL UTILITY PLANT - Cost Less Depreciation and Amortization	<u>68,931,623</u> <u>157,669,804</u>
<u>OTHER ASSETS</u>	86,119
Miscellaneous Deferred Debits	708,319
Unamortized Bond Discount	1,408,500
Settlements With Fuel Suppliers	2,202,938
TOTAL OTHER ASSETS	<u>2,202,938</u>
 TOTAL ASSETS	 <u>\$230,011,547</u>

NOTE - All customer receivables for electric, water and sewer charges are recorded in the Electric Utility Fund. Amounts billed for water and sewer charges are recorded as due from the Electric Fund in those respective funds. Allowances for uncollectible water and sewer charges are reflected above as credit balances in accounts receivable.

1979

(AS RESTATED)  
1978

WATER FUND	SEWER FUND	TOTAL ALL FUNDS	TOTAL ALL FUNDS
\$ 78,591	\$ 88,400	\$ 475,103	\$ 353,516
( 109,704)	( 70,846)	5,713,129	6,385,873
0	0	0	14,854
413,731	555,021	1,018,226	887,408
1,320	1,240	16,591	49,512
0	0	2,717,037	2,356,467
0	0	1,219,931	0
<u>383,938</u>	<u>573,815</u>	<u>11,160,017</u>	<u>10,047,630</u>
1,700	422,547	424,247	325,840
0	0	136,247	1,236,721
1,928,405	1,068,708	21,851,912	18,644,015
0	0	39,909,689	41,368,138
24,338	13,013	122,508	39,649
1,163,394	60,300	2,174,343	1,945,542
<u>3,117,837</u>	<u>1,564,568</u>	<u>64,618,946</u>	<u>63,559,905</u>
39,346,006	34,104,725	188,537,683	179,262,201
6,859	17,193,488	20,943,102	20,824,340
39,352,865	51,298,213	209,480,785	200,086,541
(10,017,742)	(9,236,060)	(49,345,328)	(44,015,616)
29,335,123	42,062,153	160,135,457	156,070,925
903,265	1,101,436	70,936,324	36,508,490
<u>30,238,388</u>	<u>43,163,589</u>	<u>231,071,781</u>	<u>192,579,415</u>
33,301	190,542	309,962	591,122
0	0	708,319	384,377
0	0	1,408,500	2,817,000
<u>33,301</u>	<u>190,542</u>	<u>2,426,781</u>	<u>3,792,499</u>
<u>\$ 33,773,464</u>	<u>\$45,492,514</u>	<u>\$309,277,525</u>	<u>\$269,979,449</u>

(Continued)



COMBINING BALANCE SHEET  
UTILITY FUNDS  
SEPTEMBER 30, 1979  
CITY OF GAINESVILLE, FLORIDA  
(Concluded)

LIABILITIES, DEFERRED CREDITS, CONTRIBUTIONS AND RETAINED EARNINGS

	<u>ELECTRIC FUND</u>
<u>CURRENT LIABILITIES</u>	
Payable From Current Assets:	\$ 2,986,805
Accounts Payable	286,362
Accrued Liabilities	1,743,425
Due To Other Funds (See Note Below)	<u>5,016,592</u>
Payable From Restricted Assets:	1,254,904
Utility Deposits	3,484,049
Accrued Interest Payable	0
Current Portion of Long-Term Debt	
Construction Trust Funds - Accounts, Contracts and Retainages Payable	3,384,699
Utility Plant Improvement Fund - Accounts Payable (Including \$12,990 Due To Other Funds)	<u>183,138</u>
	<u>8,306,790</u>
	<u>13,323,382</u>
<u>TOTAL CURRENT LIABILITIES</u>	
<u>LONG-TERM LIABILITIES</u>	120,425,170
Utilities System Revenue Bonds Payable	50,000,000
Bond Anticipation Notes Payable	0
Electric and Water Revenue Certificates Payable	0
Sewer Revenue Certificates Payable	0
Electric, Water and Sewer Revenue Bonds Payable	0
Deferred Contracts Payable To Developers	0
Subordinated Revenue Certificates Payable	<u>170,425,170</u>
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>2,628,421</u>
<u>DEFERRED CREDITS</u>	<u>186,376,983</u>
<u>TOTAL LIABILITIES AND DEFERRED CREDITS</u>	
<u>CONTRIBUTIONS IN AID OF CONSTRUCTION</u>	0
Utility Plant Contributed By Municipality	0
Federal Grants in Aid of Construction	
Contributions From Customers and Developers:	0
Plant Contributed By Developers	0
Front Footage, Meter Installation and Other Connections Charges	0
Capital Facilities Charges	<u>0</u>
<u>TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION</u>	
<u>RETAINED EARNINGS</u>	15,370,750
Reserved For Debt Service	28,263,814
Unappropriated (Deficit)	<u>43,634,564</u>
<u>TOTAL RETAINED EARNINGS (DEFICIT)</u>	
<u>TOTAL LIABILITIES, DEFERRED CREDITS, CONTRIBUTIONS AND RETAINED EARNINGS</u>	<u>\$230,011,547</u>

NOTE - All customer receivables for electric, water and sewer charges are recorded in the Electric Fund. Amounts billed for water and sewer charges are shown as due to those respective funds from the Electric Fund above.

1979			(AS RESTAT 1978
WATER FUND	SEWER FUND	TOTAL ALL FUNDS	TOTAL ALL FUNDS
\$ 85,116	\$ 72,725	\$ 3,144,646	\$ 1,385,71
17,426	20,313	324,101	419,91
5,509	6,231	1,755,165	1,652,00
<u>108,051</u>	<u>99,269</u>	<u>5,223,912</u>	<u>3,457,71</u>
0	0	1,254,904	1,236,71
326,269	299,148	4,109,466	2,306,71
0	0	0	3,023,00
0	0	3,384,699	1,664,31
194,150	18,058	395,346	225,11
<u>520,419</u>	<u>317,206</u>	<u>9,144,415</u>	<u>8,456,00</u>
<u>628,470</u>	<u>416,475</u>	<u>14,368,327</u>	<u>11,913,71</u>
15,429,305	14,145,525	150,000,000	
0	0	50,000,000	
0	0	0	8,267,00
0	0	0	1,310,00
0	0	0	168,765,00
0	0	0	1,211,00
0	0	0	178,61
<u>15,429,305</u>	<u>14,145,525</u>	<u>200,000,000</u>	<u>178,521,81</u>
0	0	2,628,431	2,939,81
<u>16,057,775</u>	<u>14,562,000</u>	<u>216,996,758</u>	<u>193,375,41</u>
0	3,974,496	3,974,496	3,974,41
0	12,131,631	12,131,631	12,131,61
526,038	11,910,219	12,436,257	7,942,31
7,339,095	2,802,346	10,141,441	9,437,31
1,062,123	1,575,348	2,637,471	1,866,21
<u>8,927,256</u>	<u>32,394,040</u>	<u>41,321,296</u>	<u>35,352,11</u>
1,602,136	769,560	17,742,446	13,314,21
7,186,297	(2,233,086)	33,217,025	27,937,51
<u>8,788,433</u>	<u>(1,463,526)</u>	<u>50,959,471</u>	<u>41,251,81</u>
<u>\$33,773,464</u>	<u>\$45,492,514</u>	<u>\$309,277,525</u>	<u>\$269,979,41</u>

COMBINING STATEMENT OF REVENUE AND EXPENSE AND RETAINED EARNINGS  
UTILITY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1979  
CITY OF GAINESVILLE, FLORIDA

	<u>ELECTRIC FUND</u>
<u>OPERATING REVENUES</u>	
Sales and Service Charges	\$ 34,318,322
Other Operating Revenue	<u>1,104,021</u>
TOTAL OPERATING REVENUES	<u>35,422,343</u>
<u>OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</u>	
Operations and Maintenance	17,134,128
Administrative and General	<u>3,599,122</u>
(TOTAL OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION)	<u>(20,733,250)</u>
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	14,689,093
<u>(DEPRECIATION AND AMORTIZATION)</u>	<u>( 3,364,254)</u>
OPERATING INCOME	11,324,839
<u>NONOPERATING REVENUE</u>	
Interest	4,773,736
<u>NONOPERATING EXPENSE</u>	
(Interest)	<u>( 7,081,264)</u>
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM AND OPERATING TRANSFER	9,017,311
EXTRAORDINARY ITEM - GAIN ON ADVANCE REFUNDING OF LONG-TERM DEBT	<u>2,893,900</u>
INCOME (LOSS) BEFORE OPERATING TRANSFER	11,911,211
(OPERATING TRANSFER TO GENERAL FUND)	<u>( 3,950,004)</u>
NET INCOME (LOSS) RETAINED	7,961,207
RETAINED EARNINGS (DEFICIT), BEGINNING:	
As Previously Reported	28,471,982
Accounting Adjustments	<u>8,244,873</u>
As Restated	<u>36,716,855</u>
Nonoperating Contributions	<u>( 1,043,498)</u>
RETAINED EARNINGS (DEFICIT), ENDING	<u><u>\$ 43,634,564</u></u>

1979			(AS RESTATED) 1978
WATER FUND	SEWER FUND	TOTAL ALL FUNDS	TOTAL ALL FUNDS
\$ 4,151,344	\$ 4,233,476	\$ 42,703,142	\$ 41,770,824
80,409	7,426	1,191,856	1,005,524
<u>4,231,753</u>	<u>4,240,902</u>	<u>43,894,998</u>	<u>42,776,348</u>
1,416,268	1,423,068	19,973,464	18,760,810
1,228,987	1,039,537	5,867,646	5,834,559
<u>(2,645,255)</u>	<u>(2,462,605)</u>	<u>(25,841,110)</u>	<u>(24,595,369)</u>
1,586,498	1,778,297	18,053,888	18,180,979
<u>( 962,906)</u>	<u>(1,116,566)</u>	<u>( 5,443,726)</u>	<u>( 5,333,815)</u>
623,592	661,731	12,610,162	12,847,164
232,288	176,244	5,182,268	2,270,221
<u>( 979,869)</u>	<u>( 961,759)</u>	<u>( 9,022,892)</u>	<u>( 7,411,807)</u>
( 123,989)	( 123,784)	8,769,538	7,705,578
<u>1,942,448</u>	<u>51,753</u>	<u>4,888,101</u>	<u>0</u>
1,818,459	( 72,031)	13,657,639	7,705,578
<u>0</u>	<u>0</u>	<u>( 3,950,004)</u>	<u>( 3,087,449)</u>
1,818,459	( 72,031)	9,707,635	4,618,129
4,786,287	(3,077,235)	30,181,034	29,456,635
1,668,436	1,157,493	11,070,802	7,177,073
<u>6,454,723</u>	<u>(1,919,742)</u>	<u>41,251,836</u>	<u>36,633,708</u>
515,251	528,247	0	0
<u>\$ 8,788,433</u>	<u>\$(1,463,526)</u>	<u>\$ 50,959,471</u>	<u>\$ 41,251,837</u>



COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION  
UTILITY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1979  
CITY OF GAINESVILLE, FLORIDA

	<u>ELECTRIC FUND</u>
<u>SOURCE OF WORKING CAPITAL</u>	
Income (Loss) Before Extraordinary Item	\$ 5,067,307
Items Not Requiring Outlay of Working Capital:	
Depreciation and Amortization	3,599,631
Working Capital Provided From Operations Before Extraordinary Item	8,666,938
Extraordinary Item	2,893,900
Working Capital Provided From Operations	11,560,838
Contributions From Customers and Developers	0
Federal Grants in Aid of Construction	0
Nonoperating Contributions	( 1,043,498)
Increase (Decrease) in Current Liabilities Payable From Restricted Assets	1,582,944
Decrease (Increase) in Miscellaneous Deferred Debits	258,071
Decrease in Settlements With Fuel Suppliers (Long-Term)	1,408,500
Proceeds of Long-Term Liabilities	120,425,170
Materials Salvaged	107,561
<b>TOTAL SOURCE OF WORKING CAPITAL</b>	<u>134,299,586</u>
<u>USE OF WORKING CAPITAL</u>	
Property, Plant and Equipment Additions:	
Utility Plant in Service	2,690,061
Construction Work in Progress	34,518,613
Plant Removal Costs	132,721
Increase in Restricted Assets	2,469,846
Long-Term Debt Refunded	94,409,984
Payment on Long-Term Liabilities	178,659
Decrease in Deferred Credits	224,226
Increase in Unamortized Bond Discount	341,792
Refund of Contribution By Developer	0
<b>(TOTAL USE OF WORKING CAPITAL)</b>	<u>(134,965,902)</u>
<b>(DECREASE) INCREASE IN WORKING CAPITAL (BELOW)</b>	<u>( 666,316)</u>
<u>CHANGES IN WORKING CAPITAL BY COMPONENT</u>	
Current Assets - Increase (Decrease):	
Cash	118,771
Receivables (All)	( 579,756)
Due From Other Funds	49,278
Prepaid Expenses	( 28,012)
Inventories	360,570
Short-Term Investments	0
Settlements With Fuel Suppliers	1,219,931
Current Liabilities - Decrease (Increase):	
Accounts Payable	( 1,776,975)
Accrued Liabilities	73,438
Due to Other Funds	( 103,561)
<b>(DECREASE) INCREASE IN WORKING CAPITAL (ABOVE)</b>	<u>\$( 666,316)</u>

1979			1978
WATER FUND	SEWER FUND	TOTAL ALL FUNDS	TOTAL ALL FUNDS
\$ ( 123,989)	\$ ( 123,784)	\$ 4,819,534	\$ 4,619,119
1,005,102	1,186,845	5,791,578	5,543,504
881,113	1,063,061	10,611,112	10,161,633
1,942,448	51,753	4,888,101	0
2,823,561	1,114,814	15,499,213	10,161,633
1,378,945	4,590,179	5,969,124	1,425,421
0	0	0	499,067
515,251	528,247	0	0
( 512,521)	( 382,051)	688,372	( 2,515,166)
( 1,721)	( 995)	255,355	( 505,233)
0	0	1,408,500	0
15,429,305	14,145,525	150,000,000	50,000,000
1,102	0	108,663	235,112
19,633,922	19,995,719	173,929,227	59,300,834
2,309,594	3,987,626	8,987,281	4,611,733
( 391,748)	1,101,436	35,228,301	12,075,442
650	0	133,371	216,640
( 691,529)	( 719,276)	1,059,041	38,103,251
18,615,938	15,316,078	128,342,000	0
0	1,200	179,859	3,111,252
87,146	0	311,372	360,756
0	0	341,792	0
0	0	0	62,500
(19,930,051)	(19,687,064)	(174,583,017)	(58,541,574)
( 296,129)	308,655	( 653,790)	759,260
3,526	( 710)	121,587	179,054
( 70,173)	( 37,669)	( 687,598)	1,449,083
( 209,144)	290,684	130,818	18,740
( 3,739)	( 1,170)	( 32,921)	7,879
0	0	360,570	177,145
0	0	0	( 180,000)
0	0	1,219,931	( 582,892)
( 24,969)	43,034	( 1,758,910)	400,043
6,059	16,333	95,830	( 97,217)
2,311	( 1,847)	( 103,097)	( 612,575)
\$ ( 296,129)	\$ 308,655	\$ ( 653,790)	\$ 759,620

STATEMENTS OF NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES  
COMBINED UTILITY FUNDS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1979 AND 1978  
CITY OF GAINESVILLE, FLORIDA

	<u>1979</u>	<u>1978</u>
<u>GROSS REVENUES</u>		
Sales of Electricity	\$34,318,322	\$33,386,372
Other Electric Operating Revenue	1,104,021	985,028
Interest Income - Electric Fund (Note 2)	1,377,676	917,608
Gross Electric Revenues	<u>36,800,019</u>	<u>35,289,008</u>
 Sales of Water	 4,151,344	 4,236,227
Other Water Operating Revenue (Note 1)	933,316	1,017,303
Interest Income - Water Fund (Note 2)	234,025	135,544
Gross Water Revenues	<u>5,318,685</u>	<u>5,389,074</u>
Sewer Service Charges	4,233,476	4,056,051
Other Sewer Operating Revenue (Note 1)	629,771	520,789
Interest Income - Sewer Fund (Note 2)	177,730	145,197
Gross Sewer Revenues	<u>5,040,977</u>	<u>4,722,037</u>
TOTAL GROSS REVENUES	<u>47,159,681</u>	<u>45,400,119</u>
<u>OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</u>		
Electric Fund:		
Operations and Maintenance	17,134,128	16,173,510
Administrative and General (Note 3)	3,599,122	3,596,485
Electric Fund Expenses	<u>20,733,250</u>	<u>19,769,995</u>
Water Fund:		
Operations and Maintenance	1,416,268	1,296,614
Administrative and General (Note 3)	1,229,997	1,240,303
Water Fund Expenses	<u>2,646,265</u>	<u>2,536,917</u>
Sewer Fund:		
Operations and Maintenance	1,423,068	1,290,687
Administrative and General (Note 3)	1,040,079	1,039,431
Sewer Fund Expenses	<u>2,463,147</u>	<u>2,330,118</u>
(TOTAL OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION)	<u>(25,842,662)</u>	<u>(24,637,030)</u>
<u>NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES</u>		
Electric	16,066,769	15,519,013
Water	2,672,420	2,852,157
Sewer	2,577,830	2,391,919
TOTAL NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES	<u>\$21,317,019</u>	<u>\$20,763,089</u>

NOTE 1 - Other water and sewer operating revenues include certain connections charges as revenues in accordance with bond ordinances, which is not in accordance with generally accepted accounting principles.

NOTE 2 - Interest income does not include \$3,392,837 in 1979, and \$1,071,871 in 1978, for interest earned on investments in the construction trust funds which can only be used for capital improvements or transferred to the additional reserve in the electric, water and sewer sinking fund.

NOTE 3 - Charges for an inventory of utility plant properties are expensed in full above in the period incurred in accordance with an interpretation of bond ordinances by the City's legal counsel. These charges are reflected on the financial statements which are in accordance with generally accepted accounting principles as deferred debits and are being amortized over ten years.

STATEMENTS OF NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES  
ELECTRIC UTILITY FUND  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1979 AND 1978  
CITY OF GAINESVILLE, FLORIDA

	<u>1979</u>	<u>1978</u>
<u>OPERATING REVENUES</u>		
<u>Sales of Electricity</u>		
Residential Sales	\$ 11,073,097	\$ 10,801,439
Commercial and General Power	11,566,870	11,150,316
Fuel Adjustment	9,936,917	10,602,048
Street and Traffic Lighting	444,204	395,467
Bulk Power Sales	1,297,234	437,102
Total Sales of Electricity	<u>34,318,322</u>	<u>33,386,372</u>
<u>Other Operating Revenues</u>		
Maintenance of Traffic and Street Lighting	57,701	51,673
Service Charges	323,742	176,588
Utility Surcharges	564,640	613,198
Pole Rentals	67,045	43,303
Miscellaneous	90,893	100,266
Total Other Operating Revenues	<u>1,104,021</u>	<u>985,028</u>
TOTAL OPERATING REVENUES	<u>35,422,343</u>	<u>34,371,400</u>
 <u>OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</u>		
<u>Operations and Maintenance</u>		
Power Production	15,718,562	14,763,410
Transmission	251,228	247,693
Distribution	1,164,338	1,162,407
Total Operations and Maintenance	<u>17,134,128</u>	<u>16,173,510</u>
<u>Administrative and General</u>		
Customers' Accounts	703,267	801,303
Administrative and General	2,895,855	2,795,182
Total Administrative and General	<u>3,599,122</u>	<u>3,596,485</u>
(TOTAL OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION)	<u>(20,733,250)</u>	<u>(19,769,995)</u>
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	14,689,093	14,601,405
INTEREST INCOME	1,377,676	917,608
NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES	<u>\$ 16,066,769</u>	<u>\$ 15,519,013</u>

NOTE 1 - Charges for an inventory of utility plant properties are expensed in full above in the period incurred in accordance with an interpretation of bond ordinances by the City's legal counsel. These charges are reflected on the financial statements which are in accordance with generally accepted accounting principles as deferred debits and are being amortized over ten years.



STATEMENTS OF NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES  
WATER UTILITY FUND  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1979 AND 1978  
CITY OF GAINESVILLE, FLORIDA

	<u>1979</u>	<u>1978</u>
<u>OPERATING REVENUES</u>		
<u>Sales of Water</u>		
General Customers	\$ 3,202,304	\$ 3,302,061
University of Florida	513,093	517,446
Fire Protection	329,926	285,345
Electric Plant	106,021	131,375
Total Sales of Water	<u>4,151,344</u>	<u>4,236,227</u>
<u>Other Operating Revenues</u>		
Utility Surcharges	75,166	92,175
Miscellaneous	5,243	9,413
Capital Facilities Charges (Notes 1 and 2 Below)	298,050	265,300
Front Footage, Meter Installation, and Other		
Connection Charges (Note 2 Below)	<u>554,857</u>	<u>650,415</u>
Total Other Operating Revenues	<u>933,316</u>	<u>1,017,303</u>
TOTAL OPERATING REVENUES	<u>5,084,660</u>	<u>5,253,530</u>
 <u>OPERATING EXPENSES BEFORE DEPRECIATION</u>		
<u>AND AMORTIZATION</u>		
<u>Operations and Maintenance</u>		
Source of Supply Expense	8,884	9,036
Pumping Expense	489,485	430,600
Water Treatment Expense	596,697	540,950
Transmission and Distribution Expense	321,202	316,028
Total Operations and Maintenance	<u>1,416,268</u>	<u>1,296,614</u>
<u>Administrative and General</u>		
Customers' Accounts	376,542	363,605
Administrative and General	852,445	849,620
Inventory of Plant Assets By Consulting		
Engineers (Note 3)	<u>1,010</u>	<u>27,078</u>
Total Administrative and General	<u>1,229,997</u>	<u>1,240,303</u>
(TOTAL OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION)	<u>(2,646,265)</u>	<u>(2,536,917)</u>
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	2,438,395	2,716,613
INTEREST INCOME	234,025	135,544
NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES	<u>\$ 2,672,420</u>	<u>\$ 2,852,157</u>

NOTE 1 - Funds received by the City as water capital facilities charges may be used only for capital improvement pertaining to the water system or for debt service requirements in connection with such capital improvements.

NOTE 2 - Capital facilities, front footage, meter installation, and other connections charges are revenues in accordance with bond ordinances, but not in accordance with generally accepted accounting principles.

NOTE 3 - Charges for an inventory of utility plant properties are expensed in full above in the period incurred in accordance with an interpretation of bond ordinances by the City's legal counsel. These charges are reflected on the financial statements which are in accordance with generally accepted accounting principles as deferred debits and are being amortized over ten years.

STATEMENTS OF NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES  
SEWER UTILITY FUND  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1979 AND 1978  
CITY OF GAINESVILLE, FLORIDA

	<u>1979</u>	<u>1978</u>
<u>OPERATING REVENUES</u>		
<u>Sewer Service Charges</u>		
Sanitary Sewer Billings	\$ 4,233,476	\$ 4,056,051
<u>Other Operating Revenues</u>		
Miscellaneous	7,426	11,083
Capital Facilities Charges (Notes 1 and 2 Below)	473,134	386,490
Front Footage and Other Connection Charges (Note 2 Below)	149,211	123,216
Total Other Operating Revenues	629,771	520,789
<b>TOTAL OPERATING REVENUES</b>	<u>4,863,247</u>	<u>4,576,840</u>
<u>OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</u>		
<u>Operations and Maintenance</u>		
Collection Expense	329,939	274,070
Pumping Expense	242,328	197,376
Treatment and Disposal Expense	850,801	819,241
Total Operations and Maintenance	1,423,068	1,290,687
<u>Administrative and General</u>		
Customers' Accounts	241,985	255,404
Administrative and General	797,553	769,446
Inventory of Plant Assets By Consulting Engineers (Note 3)	541	14,581
Total Administrative and General	1,040,079	1,039,431
<b>(TOTAL OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION)</b>	<u>(2,463,147)</u>	<u>(2,330,118)</u>
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	2,400,100	2,246,722
<b>INTEREST INCOME</b>	177,730	145,197
<b>NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES</b>	<u>\$ 2,577,830</u>	<u>\$ 2,391,919</u>

NOTE 1 - Funds received by the City as sewer capital facilities charges may be used only for capital improvements pertaining to the sewer system or for debt service requirements in connection with such capital improvements.

NOTE 2 - Capital facilities, front footage, and other connections charges are revenues in accordance with bond ordinances, but not in accordance with generally accepted accounting principles.

NOTE 3 - Charges for an inventory of utility plant properties are expensed in full above in the period incurred in accordance with an interpretation of bond ordinances by the City's legal counsel. These charges are reflected on the financial statements which are in accordance with generally accepted accounting principles as deferred debits and are being amortized over ten years.

SCHEDULE OF UTILITY PLANT PROPERTIES  
COMBINED UTILITY FUNDS  
SEPTEMBER 30, 1979  
CITY OF GAINESVILLE, FLORIDA

	<u>BALANCE</u> <u>9-30-78 AS</u> <u>PREVIOUSLY</u> <u>REPORTED</u>
<u>ELECTRIC UTILITY FUND</u>	
Production Plant	\$ 61,370,124
Nuclear Fuel	617,645
Transmission and Distribution Plant	49,129,058
General and Common Plant	6,064,763
Unclassified Plant In Service	1,723,003
Construction Work In Progress	37,113
Plant Acquisition Adjustment	0
TOTAL ELECTRIC UTILITY FUND	<u>118,941,706</u>
<u>WATER UTILITY FUND</u>	
Supply, Pumping and Treatment Plant	11,922,389
Transmission and Distribution Plant	24,068,813
General Plant	916,763
Unclassified Plant In Service	272,758
TOTAL WATER UTILITY FUND	<u>37,180,723</u>
<u>SEWER UTILITY FUND</u>	
Pumping and Treatment Plant	5,800,180
Collection Plant	22,356,533
General Plant	1,288,555
Unclassified Electric Plant In Service	17,213,728
Construction Work In Progress	763,354
TOTAL SEWER UTILITY FUND	<u>47,422,350</u>
<u>CONSTRUCTION TRUST FUNDS</u>	
Construction Work In Progress For:	
Electric Utility Fund	<u>33,268,457</u>
<u>UTILITY PLANT IMPROVEMENT FUND</u>	
Construction Work In Progress For:	
Electric Utility Fund	1,144,553
Water Utility Fund	1,295,013
Sewer Utility Fund	0
TOTAL UTILITY PLANT IMPROVEMENT FUND	<u>2,439,566</u>
 TOTALS	 <u>\$239,252,802</u>

# UTILITY PLANT PROPERTIES

ACCOUNTING ADJUSTMENT	BALANCE 9-30-78 AS PREVIOUSLY RESTATE	ADDITIONS	SALES AND RETIREMENTS	BALANCE 9-30-79
\$ (7,164,815)	\$ 54,205,309	\$ 9,739		\$ 54,215,048
	617,645	253,598		871,243
3,001,242	52,130,300	1,878,679	\$321,242	53,687,737
( 109,050)	5,955,713	369,982	27,984	6,297,711
1,819,790	3,542,793	199,963		3,742,756
	37,113	( 37,113)		0
	0	15,213		15,213
<u>(2,452,833)</u>	<u>116,488,873</u>	<u>2,690,061</u>	<u>349,226</u>	<u>118,829,708</u>
	11,922,389	1,032		11,923,421
	24,068,813	2,395,771	4,765	26,459,819
	916,763	46,003		962,766
( 132,687)	140,071	(133,212)		6,859
<u>( 132,687)</u>	<u>37,048,036</u>	<u>2,309,594</u>	<u>4,765</u>	<u>39,352,865</u>
	5,800,180	125,202	17,000	5,908,382
	22,356,533	4,470,679	22,512	26,804,700
	1,288,555	103,088		1,391,643
( 72,252)	17,141,476	52,011		17,193,487
	763,354	(763,354)		0
<u>( 72,252)</u>	<u>47,350,098</u>	<u>3,987,626</u>	<u>39,512</u>	<u>51,298,212</u>
	33,268,457	33,969,738		67,238,195
	1,144,553	548,875		1,693,428
	1,295,013	(391,748)		903,265
	0	1,101,436		1,101,436
	<u>2,439,566</u>	<u>1,258,563</u>		<u>3,698,129</u>
<u>\$ (2,657,772)</u>	<u>\$236,595,030</u>	<u>\$44,215,582</u>	<u>\$393,503</u>	<u>\$280,417,109</u>

SCHEDULE OF ACCUMULATED DEPRECIATION AND AMORTIZATION  
COMBINED UTILITY FUNDS  
SEPTEMBER 30, 1979  
CITY OF GAINESVILLE, FLORIDA

	<u>BALANCE</u> <u>9-30-78 AS</u> <u>PREVIOUSLY</u> <u>REPORTED</u>
<u>ELECTRIC UTILITY FUND</u>	
Production Plant	\$15,838,997
Nuclear Fuel	169,103
Transmission and Distribution Plant	9,236,146
General and Common Plant	2,064,409
Unclassified Plant In Service	0
Construction Work In Progress	0
Plant Acquisition Adjustment	0
TOTAL ELECTRIC UTILITY FUND	<u>27,308,655</u>
<u>WATER UTILITY FUND</u>	
Supply, Pumping and Treatment Plant	2,153,384
Transmission and Distribution Plant	6,351,926
General Plant	510,427
Unclassified Plant In Service	5,455
TOTAL WATER UTILITY FUND	<u>9,021,192</u>
<u>SEWER UTILITY FUND</u>	
Pumping and Treatment Plant	1,820,474
Collection Plant	5,343,526
General Plant	603,085
Unclassified Electric Plant In Service	333,006
Construction Work In Progress	0
TOTAL SEWER UTILITY FUND	<u>8,100,091</u>
 TOTALS	 <u>\$44,429,938</u>



ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION

<u>ACCOUNTING ADJUSTMENT</u>	<u>BALANCE 9-30-78 AS RESTATE</u>	<u>DEPRECIATION AND AMORTIZATION</u>	<u>SALES AND RETIREMENTS</u>	<u>BALANCE 9-30-79</u>
\$ (907,993)	\$14,931,004	\$1,697,441		\$16,628,445
	169,103	135,752		304,855
470,153	9,706,299	1,414,869	\$349,427	10,771,741
23,517	2,087,926	323,517	24,958	2,386,485
	0			0
	0			0
	0			0
<u>(414,323)</u>	<u>26,894,332</u>	<u>3,571,579</u>	<u>374,385</u>	<u>30,091,526</u>
	2,153,384	335,186		2,488,570
	6,351,926	581,396	4,312	6,929,010
	510,427	80,567		590,994
	5,455	3,713		9,168
	<u>9,021,192</u>	<u>1,000,862</u>	<u>4,312</u>	<u>10,017,742</u>
	1,820,474	193,613	17,000	1,997,087
	5,343,526	505,586	22,512	5,826,600
	603,085	130,587		733,672
	333,006	345,695		678,701
	0			0
	<u>8,100,091</u>	<u>1,175,481</u>	<u>39,512</u>	<u>9,236,060</u>
<u>\$ (414,323)</u>	<u>\$44,015,615</u>	<u>\$5,747,922</u>	<u>\$415,209</u>	<u>\$49,345,328</u>

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kissimmee maintains its accounting in accordance with the principles and policies set forth by the National Committee/Council on Governmental Accounting as well as generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants and Financial Accounting Standards Board. The annual operating budget serves as the legal authorization for expenditures.

FUND ACCOUNTING

A governmental accounting system should make it possible (1) to show that all applicable legal provisions have been complied with and (2) to determine fairly and with full disclosure, the financial position and results of financial operations of the various funds of the City. In order to accomplish these goals, and in response to specific legal provisions, the City's accounting records are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity, with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities, residual equities, or balances and changes therein, which are segregated for the purpose of carrying on the specific activities, or attaining certain objectives in accordance with special regulations, restrictions or limitations. Amounts receivable from or payable to other funds, are shown in the accounts of each fund and separately presented in the financial statements until liquidated by payment or interfund transfer.

The following types of funds are used in accounting for the financial operations of the City of Kissimmee:

Governmental Funds

1. General Fund to account for all financial resources not properly accounted for in another fund;
2. Special Revenue Funds to account for the proceeds of specific revenue sources (other than Special Assessments, Expendable Trusts or for major capital projects) that are legally restricted to expenditure for specified purpose.
3. Capital Projects Fund to account for the financial resources to be used for acquisition or construction of major capital facilities, (other than those financed by Proprietary Funds, Special Assessments Fund and Trust Funds).
4. Debt Service Fund to account for the accumulation of resources and the payment of principal and interest for general long term debt.
5. Special Assessment Funds to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Con't.)

Proprietary Funds

6. Enterprise Funds--to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds

7. Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) Expendable Trust Funds, (b) Non-expendable Trust Funds, (c) Pension Trust Funds and (d) Agency Funds.

Account Groups

The Account Groups are used to establish accounting control and accountability for the government's general fixed assets and the unmatured principal of its general long-term debt (General Fixed Assets and General Long-Term Debt Account Groups). These are not considered funds as they do not reflect available financial resources and related liabilities.

BASIS OF ACCOUNTING

The Governmental Funds are maintained on the modified accrual basis of accounting. Under this method of accounting, revenues are generally recognized when they become measurable and available. Revenues which are susceptible to accrual are as follows:

Property Taxes  
Garbage and Trash Fees  
Interest

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Con't.)

Other revenues are not susceptible to accrual since they do not meet the criteria of measurable and available. Expenditures are generally recorded as the liabilities are incurred, if measurable, except for accrued annual and other leave, which is considered an expenditure when due. An encumbrance system is employed to account for any commitments resulting from approved purchase orders and contracts. Encumbrances are not treated as expenditures nor as liabilities when initially recorded. Under this method, outstanding encumbrances at year end are reported as reservations of fund balance for subsequent year expenditure based on the encumbered appropriation carried over.

The Proprietary Funds are maintained on the accrual basis of accounting. This method of accounting relates cost and expenditures to the time period in which benefits of the outlays are received. It is intended to provide an accurate matching of these benefits with associated revenues. Revenues are recognized when they have been earned and are measurable; expenses are recognized when they are incurred, if measurable.

Accounting for the Electric Fund is in conformity with the requirements prescribed by the Florida Public Service Commission and Federal Energy Regulatory Commission.

The Fiduciary Funds are maintained on the accounting basis consistent with fund accounting measurement objectives. Non-expendable Trust and Pension Trust Funds should be accounted for on the accrual basis; Expendable Trust Funds should be accounted for on the modified accrual basis. Agency Fund assets and liabilities should be accounted for on the modified accrual basis.

Budgets, when presented, have been prepared on the same basis of accounting as that reflected above for each fund, except for encumbrances. Encumbrances are part of the overall budgetary process and thus, are shown along side of the actual expenditures when a comparison with budget is necessary.

All fixed assets of the City, (other than those recorded in the Proprietary Funds or Trust Funds) are General Fixed Assets. These assets belong to the City, as a whole, rather than to any one of the City's individual funds and are accounted for by placing them in a single, self-balancing group of accounts called the General Fixed Assets Group of Accounts. The acquisition of these assets by the City is accounted for as an expenditure in the fund in which it is made and also, as an increase in the General Fixed Assets Group of Accounts.

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Con't.)

All long-term liabilities (other than those recorded in the Proprietary Funds and Trust Funds) are General Long-Term Debts. These liabilities belong to the City, as a whole, and are accounted for by placing them in a single self-balancing group of accounts called General Long-Term Debt.

REVENUE RECOGNITION

Utility (Electric, Water, Sewer and Utility Taxes) operating revenues are generally recognized on the basis of cycle billings rendered monthly. The cycle with the meter reading date closest to September 30, is selected as the cutoff for accrual purposes. The City does not accrue revenues for services delivered during the next fiscal year that have not been read or billed by September 30.

INVESTMENTS

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

INVENTORIES

Supplies and fossil fuel inventories are stated at the lower of cost (determined on the first-in, first-out method) or market. Inventories in the Governmental Funds are accounted for by the consumption method, wherein inventories are charged as expenditures when used.

FIXED ASSETS, DEPRECIATION AND AMORTIZATION

Fixed assets owned by the City, except those recorded in the Proprietary Funds and Trust Funds, are reflected at cost in the General Fixed Assets Group of Accounts. Certain improvements such as streets, bridges, sidewalks, curbs, drainage systems and lighting systems are not recorded in the accounting records in conformance with the recommendation of the American Institute of Certified Public Accountant's Audit Guide - Audits of State and Local Governmental Units. No provision for depreciation is made for the general fixed assets.

Fixed assets in the Proprietary Funds and Trust Funds are recorded at cost, including any applicable, significant labor charges. Costs of depreciable property retired or replaced, are removed from the fixed assets and are charged to accumulated depreciation. All expenditures for maintenance and repairs of property and the cost of replacement



City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS, DEPRECIATION AND AMORTIZATION (Con't.)

items determined to be less than units of property, are charged to operating expenses. Depreciation has been computed using the straight line method over the useful lives of the assets.

The issuance costs on the Proprietary Fund's long-term debt are amortized, using the straight line method, over the terms of the related issues.

NUCLEAR FUEL

Amortization of nuclear fuel is based on the cost, which is prorated by fuel assembly batch in accordance with the thermal energy that each assembly produces. Due to the uncertain future of the nuclear fuel reprocessing industry and government approvals for reprocessing and plutonium recycling, the City is estimating no value for residual credits or costs for future reprocessing.

PENSION PLANS

The City has three pension plans covering substantially all the full time employees. General employees are covered by a plan established during 1968, that was amended and restated in 1975. Employees of the Police and Fire Departments were enrolled in separate retirement plans adopted by the City effective January 1, 1976, superceding the previous State established plans. Annual costs of the pension plans are actuarially computed and include amortization of past service costs over a period of 30 years for the general employee's plan and 40 years for the Police and Fire plans. General employees contribute 4% of their annual salary to their plan. The City's policy is to fund the annual pension costs in the annual budget. (See Note C to Financial Statements.)

CONTRIBUTED CAPITAL FROM PRIVATE SOURCES

Developers advance monies to the City to cover estimated costs of constructing utility distribution facilities to and within their development. Upon receipt, these monies are credited to a liability account. Depending on the number of residential customers added to these distribution facilities, some, all or none of their advance is returned during a three-year period. Repayment of monies are deducted from the original amount advanced. Any advance monies remaining, after the three-year period has expired, are credited to Contributed Capital.

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RESERVES

Governmental Funds and Certain Fiduciary Funds

Reserves are used to indicate that a portion of the fund balance is not appropriable for expenditure or is legally segregated for a specific future use. Usage of reserves has been limited to the following items:

1. Reserve for Encumbrances - indicates portion of the fund balance that has been segregated for expenditure upon vendor performance. This reflects items that have been ordered or committed for at year end which have not been received nor paid for. (See BASIS OF ACCOUNTING for description of encumbrances.)
2. Reserve for Advances (Specific Fund) - indicates portion of the fund balance that has been segregated for a long-term (more than one year) advance to another fund. Amount is unavailable for appropriation for at least one year.

Proprietary Funds and Certain Fiduciary Funds

Reserves are used to indicate a segregation of a portion of retained earnings equal to the current assets that are restricted for meeting various covenants as may be specified and defined in the revenue bond indenture. Usage of reserves has been limited to the following items:

1. Reserve for Bond Debt Service - restricted for Current servicing of the revenue bonds.
2. Reserve for Bond Retirement - restricted for future servicing of the revenue bonds (maximum amount of debt service due in any ensuing year).
3. Reserve for Bond Contingency - restricted for meeting of various contingencies as may be so specified and defined in the indenture. (Frequently referred to as renewal, replacement and improvement).

Reserves are also shown to segregate the fund balance of the Pension Trust Funds as being legally available only for payment of retirement benefits.

NOTE B - FULL CASH DEFEASANCE ADVANCE REFUNDING BOND ISSUE

In January, 1978, the City issued \$38,925,000 of bond issues for purposes of advance refunding all of its Electric, Water and Sewer Revenue Bonds and providing additional construction funds. An escrow agreement was entered into with Exchange Bank of Tampa and \$30,408,600 was deposited in book-entry U.S. Treasury Obligations - State and Local

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE B - FULL CASH DEFEASANCE ADVANCE REFUNDING BOND ISSUE (Continued)

Government Series which will mature at such times and in such amounts to pay all principal and interest on the refunded bonds. Additional construction funds were also obtained from the new issues for the following purposes:

Electric Fund

Installation of second main transformer in power plant substation and construction of a 230 KV tie line with the Orlando Utilities Commission \$ 4,407,778

Water and Sewer Fund

Construction of four primary water feeders, two main sewer collector lines, purchase of land for effluent disposal site for projected regional sewer plant 1,982,000

Total Construction Funds \$ 6,389,778

Under the terms of the refunding bond resolution, the Water System will now be combined with the Sewer System.

Refunded Revenue Certificates, as of January 4, 1978:

Electric and Water Fund:

<u>Issue Year</u>	<u>Principal</u>	<u>Interest</u>
1963	\$ 2,950,000	\$ 1,022,375
1967	1,520,000	904,710
1970	932,900	-0-
1971	850,000	1,202,500
1971-A	685,000	498,315
1973	3,445,000	3,526,325
1975	3,900,000	4,711,605
	<u>14,282,900</u>	<u>11,865,830</u>

Sewer Fund:

<u>Issue Year</u>		
1954	\$ 210,000	\$ 30,265
1965	610,000	306,205
1977 State Bond, Series F	1,490,000	1,613,320
	<u>2,310,000</u>	<u>1,949,790</u>

Total \$16,592,900 \$13,815,620

Total Principal and Interest \$30,408,520

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE B - FULL CASH DEFEASANCE ADVANCE REFUNDING BOND ISSUE (Continued)

Refunding Revenue Bonds, as of January 4, 1978:

Electric Revenue Bonds, Series A	\$18,400,000
Water and Sewer Bonds, Series A	5,525,000
Special Obligation Bonds, Series 1977	<u>15,000,000</u>
Total	<u>\$38,925,000</u>

Savings realized to the City through the refunding program were as follows:

	<u>Aggregate</u>	<u>Discounted at 5.99% (Present Value)</u>
Electric Fund	\$ 2,099,602	\$ 1,006,683
Water & Sewer Fund	<u>650,414</u>	<u>264,426</u>
Total	<u>\$ 2,750,016</u>	<u>\$ 1,271,109</u>

Additional savings will be realized over the term of the bond issue through release of certain restrictive covenants, such as accumulation of funds, investment policies, etc.

American Institute of Certified Public Accountants in its Statement of Position 78-5, issued June 30, 1978, sets forth criteria for determining defeasance (legal satisfaction of debt under terms of a defeasance provision). It is the opinion of management that all the criteria have been met and therefore, in accordance with the Statement, we have not included any of the old debt (refunded bonds) in the financial statements.

This Statement of Position also requires a calculation of the gain/loss on the refunding program based on the net increase/decrease of principal. This calculation is as follows:

	<u>Electric</u>	<u>Water and Sewer</u>
Net New Bonds Issued	\$16,146,428	\$2,972,286
Net Old Bonds Refunded	15,570,666	3,116,287
Loss (Gain)	<u>\$ 575,762</u>	<u>\$ (144,001)</u>

The above calculation is simply a "bookkeeping type entry" to remove the old bonds and replace with the new bonds. It is management's opinion, however, that this calculation does not fairly present the gain/loss transaction. Management feels instead that the change in total aggregate debt service provides a more accurate determination of the gain (savings) involved. Consequently, the savings figure presented above in this footnote of \$2,750,016 (or \$1,271,109 as discounted)



City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE B - FULL CASH DEFEASANCE ADVANCE REFUNDING BOND ISSUE (Continued)

reflect the true gain (savings) of the refunding transaction. However, in order to be in compliance with applicable authoritative literature, the gain/loss as calculated above under Statement of Position 78-5 has been made, recorded in the accounting records and is reflected as an extraordinary item on the Statements of Revenue and Expense of both the Electric Fund and Water and Sewer Fund.

NOTE C - LITIGATION SETTLEMENT - FLORIDA GAS TRANSMISSION COMPANY AND AMOCO PRODUCTION COMPANY

In 1968, eight cities of which Kissimmee was one, filed a petition to intervene in Federal Power Commission (FPC) proceedings opposing Florida Gas Transmission Company's (FGT) request to convert a 882 mile natural gas pipeline to a pipeline providing petroleum products. An agreement was reached in 1972, wherein the cities were to receive natural gas under preferred interruptable contracts, as available. Subsequently, the cities complained that FGT violated the contracts by failing to use their best efforts in obtaining sufficient amounts of gas to prevent curtailment of gas deliveries to the cities. In December, 1975, the U.S. District Court in Miami gave the cities a favorable ruling, forcing FGT to abide by the 1972 Agreement. Shortly thereafter, the cities complained that FGT violated the contracts by giving a higher priority to one of their affiliate companies and that they did not use their best efforts to obtain gas for the pipeline. Additionally, FGT and Amoco had joined together and implemented a series of agreements over a number of years which deprived FGT's customers of significant gas reserves.

On July 12, 1977, concurrent Settlement Agreements were reached with both Florida Gas Transmission Company and Amoco Production Company providing for a cash settlement of \$3 million and \$15 million worth of gas, over four years, for the eight cities. The \$15 million worth of gas is calculated based on FGT providing at least 20.6 million mmbtus of Amoco gas at the rate of at least 72.82¢ per mmbtu less than the equivalent cost of oil for that month. Should this differential not be maintained, or at least 20.6 million mmbtus of gas not be delivered, then a cash settlement will be made. Kissimmee received \$163,178 on November 21, 1977, as its share of the \$3 million cash settlement, less legal costs. The receipt of the \$163,178 has been reflected as an Extraordinary Income item in the Statement of Revenue, Expenses and Changes in the Fund Balance for the Electric Fund. Estimated gas benefits are expected to be \$1.5 - \$1.75 million over the four-year period which will be reflected in lower operating costs and operating revenues.



City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September, 30, 1978

NOTE D - LITIGATION SETTLEMENT - COLT INDUSTRIES AND SMITH & GILLESPIE

On March 16, 1978, the City accepted the Settlement Agreements offered by Colt Industries and Smith & Gillespie engineers as an out of court settlement for a lawsuit filed by the City on February 22, 1977. Terms of the Agreements provide that Colt Industries will re-manufacture the two diesel engines (electrical generating capacity 5,500 kilowatts) in question, to its current performance standards for a cost of \$274,925, towards which Colt will contribute \$125,000, leaving a net cost to the City of \$149,925. Colt has agreed to perform additional work, as requested by the City, for \$37,775. The City will also incur an approximate \$102,000 in engineering costs and expenses for removal and re-installation. The total cost to the City will be \$289,700. Smith & Gillespie have contributed \$63,000 in cash as their share of the settlement, leaving the net total cost to the City as approximately \$226,700. Value of the re-manufactured engines will be approximately \$1.25 million.

Receipt of the \$63,000 has been reflected as an Extraordinary Income item in the Statement of Revenue, Expenses and Changes in Fund Balance for the Electric Fund.

The two diesel engines (Numbers 12 and 13) were installed by Colt on January, 1969 after being recommended by Smith & Gillespie to the City. Since 1970, the City experienced significant problems with the operation and performance of the engines, including excessive vibration, failure to operate continuously, excessive repairs and downtime and fires. During this subsequent time, assurances were received from both Colt and Smith & Gillespie that these problems would be corrected. On November 5, 1975, electrical consulting engineers, Reynolds, Smith & Hills, were engaged to perform a preliminary investigation of these two engines. From their report of June 1, 1976, the following conclusions were made:

- (a) Colt had negligently designed, manufactured, assembled, constructed, tested and installed the engines and they were not fit for the intended purpose;
- (b) Colt and Smith & Gillespie had breached their duties to the City;
- (c) Colt and Smith & Gillespie conspired to have Colt awarded the engine bid and have the bid accepted, even though its proposal and engines furnished were not in compliance with the specifications;
- (d) Colt and Smith & Gillespie had fraudulently concealed these facts from the City.

As a result of this report, a lawsuit was filed in the Circuit Court on February 22, 1977, alleging eleven counts of wrongful acts against both Colt and Smith & Gillespie with claims totaling in excess of one million dollars.

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE E - PENSION FUNDS

GENERAL EMPLOYEE'S PENSION FUND

An actuarial study done as of January 1, 1978, reflected a net actuarial deficiency of \$1,477,889, which is being funded over 30 years. Present value of the actuarially computed vested benefits exceeded the pension fund assets by \$312,517 at January 1, 1978. Total pension expenditure for the year was \$252,459, which includes both normal cost and amortization of the actuarial deficiency.

MUNICIPAL POLICE OFFICER'S RETIREMENT FUND

An actuarial study done as of January 1, 1978, reflected a net actuarial deficiency of \$220,183, which is being funded over 40 years. Pension fund assets exceeded the present value of the actuarially computed vested benefits by \$196,390 at January 1, 1978. Total pension expenditure for the year was \$63,229, which includes both normal cost and amortization of the actuarial deficiency.

MUNICIPAL FIREMEN'S PENSION TRUST FUND

An actuarial study done as of January 1, 1978, reflected a net actuarial deficiency of \$138,359, which is being funded over 40 years. Pension fund assets exceeded the present value of the actuarially computed vested benefits by \$72,401 at January 1, 1978. Total pension expenditure for the year was \$37,316, which includes both normal cost and amortization of the actuarial deficiency.

NOTE F - CONTINGENT LIABILITIES

The City is contingently liable for accumulated and unpaid vacation leave and sick leave. Current policy allows each employee to accumulate up to 20 days of vacation leave. Time accrued beyond that is forfeited. Majority of employees utilize their annual accrual of vacation leave during the year accrued. Employees are allowed to accumulate up to 60 days of sick leave. Time accrued beyond that is paid to the employees every year at the rate of one-half pay. Approximately 14% of employees are currently at the accumulated 60 day limit. It is the opinion of management that the accumulated leaves at September 30, 1978, are not material and have not been reflected as an expenditure during the year.

NOTE G - SUBSEQUENT EVENTS

On December 18, 1978, the City issued \$171,000 of limited obligation bonds for a special tax district for purposes of improvement in the downtown area. These bonds are secured by the pledge of the 5 mill tax from the district. Interest rates range from 5.25 to 6.0 over the 15 year maturity.

City of Kissimmee, Florida  
NOTES TO FINANCIAL STATEMENTS

September 30, 1978

NOTE H - BOND SERVICE REQUIREMENTS TO BE PAID BY ENTERPRISE FUNDS

Payable in FY	Electric Revenue Bonds 1977	Water and Sewer Revenues Bonds 1977	Airport Revenue Bonds 1971
1978/79	\$ 1,168,708.88	\$ 356,094.37	\$ 29,047.50
1979/80	1,166,071.38	360,571.26	28,397.50
1980/81	1,166,299.50	354,391.26	27,772.50
1981/82	1,156,734.13	362,324.63	27,185.00
1982/83	1,150,212.50	364,725.13	31,466.25
1983/84	1,147,950.01	362,253.75	30,603.75
1984/85	1,149,125.00	359,591.25	29,741.25
1985/86	1,148,203.13	361,319.38	28,878.75
1986/87	1,145,565.63	362,285.00	28,016.25
1987/88	1,152,368.76	358,023.13	32,010.00
1988/89	1,160,643.76	361,222.50	30,860.00
1989/90	1,168,581.26	359,397.50	29,695.00
1990/91	1,164,698.76	357,057.50	28,515.00
1991/92	1,164,321.26	359,317.50	32,187.50
1992/93	1,167,018.76	356,037.50	30,700.00
1993/94	1,162,817.51	357,263.75	29,200.00
1994/95	1,167,016.26	357,877.50	32,550.00
1995/96	1,164,055.01	357,868.75	30,825.00
1996/97	1,164,033.76	357,227.50	
1997/98	1,161,921.26	355,943.75	
1998/99	1,162,408.76	358,870.00	
1999/2000	1,164,458.76	360,732.50	
2000/01	1,163,431.26	356,625.00	
2001/02	1,164,838.76	361,805.00	
2002/03	1,094,393.76	336,272.50	
2003/04	1,089,233.76	340,882.50	
2004/05	1,091,223.76	334,495.30	
2005/06	1,090,221.26	337,395.00	
2006/07	1,090,941.26	339,155.00	
2007/08	544,671.88	169,881.25	
Totals	<u>\$33,852,169.74</u>	<u>\$10,476,906.96</u>	<u>\$ 537,651.25</u>

## ENTERPRISE FUNDS

Enterprise Funds are to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

City of Kissimmee, Florida

COMBINING BALANCE SHEET - ENTERPRISE FUNDS

September 30, 1978

<u>ASSETS</u>	<u>Electric Utilities Fund</u>	<u>Water And Sewer Fund</u>	<u>Airport Fund</u>	<u>Total Enterprise Funds</u>
<b>CURRENT ASSETS</b>				
Cash	\$ 41,004	\$ 30,221	\$ (24,168)	\$ 47,057
Cash with Fiscal Agent	60,690	-	-	60,690
Investments (Note A)	326,325	-	-	326,325
Accrued Interest Receivable	26,250	5,810	-	32,060
Accounts Receivable	1,251,476	17,961	4,986	1,274,423
Less Allowance for Doubtful Accounts	(32,691)	-	-	(32,691)
Due from Other Governments	-	111,671	3,150	114,821
Inventory (Note A)	534,811	39,993	-	574,804
Prepaid Expenses	34,269	5,911	2,296	42,476
<b>Total Current Assets</b>	<b>2,242,134</b>	<b>211,567</b>	<b>(13,736)</b>	<b>2,439,965</b>
<b>RESTRICTED ASSETS</b>				
Revenue Bond Debt Service				
Cash	2,165	2,913	-	5,078
Revenue Bond Amortization				
Investments (Note A)	605,426	158,799	-	764,225
Interest Receivable	68,965	1,525	-	70,490
Revenue Bond Reserve				
Cash	1,513	3,102	582	5,197
Investments (Note A)	1,180,079	369,346	35,759	1,585,184
Interest Receivable	-	-	670	670
Revenue Bond Contingency				
Cash	6,779	5,000	-	11,779
Investments (Note A)	693,221	370,000	-	1,063,221
Revenue Bond Construction				
Cash	69,519	129,522	-	199,041
Investment (Note A)	4,339,625	1,223,994	100,493	5,664,112
Interest Receivable	38,137	8,895	365	47,397
Customer Deposits				
Cash	14,184	-	-	14,184
Investments (Note A)	576,698	-	-	576,698
Interest Receivable	3,513	-	-	3,513
<b>Total Restricted Assets</b>	<b>7,599,824</b>	<b>2,273,096</b>	<b>137,869</b>	<b>10,010,789</b>
<b>UTILITY PLANT IN SERVICE</b>				
Property, Plant, Equipment (Note A)	21,194,796	6,691,172	803,623	28,689,591
Less Accumulated Depreciation	(6,573,791)	(1,264,316)	(349,698)	(8,187,805)
Construction in Progress	997,893	12,239	1,675	1,011,807
Inventory-Nuclear Fuel (Net) (Note A)	168,462	-	-	168,462
<b>Total Utility Plant In Service</b>	<b>15,787,360</b>	<b>5,439,095</b>	<b>455,600</b>	<b>21,682,055</b>
<b>OTHER ASSETS</b>				
Bond Issue-Costs(Net) (Note A)	647,762	189,728	8,691	846,181
Master Plan Costs (Net)	-	-	47,802	47,802
<b>Total Other Assets</b>	<b>647,762</b>	<b>189,728</b>	<b>56,493</b>	<b>893,983</b>
<b>TOTAL ASSETS</b>	<b>\$26,277,080</b>	<b>\$ 8,113,486</b>	<b>\$ 636,226</b>	<b>\$35,026,792</b>

The accompanying notes are an integral part of this statement.



<u>LIABILITIES</u>	<u>Electric Utilities Fund</u>	<u>Water And Sewer Fund</u>	<u>Airport Fund</u>	<u>Total Enterprise Funds</u>
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 496,769	\$ 16,360	\$ 5,087	\$ 518,216
Taxes Payable	67,678	1,997	897	70,572
Accrued Salaries	32,044	11,260	849	44,153
Extension Deposits Payable (Note A)	89,975	1,270	-	91,245
Total Current Liabilities	<u>686,466</u>	<u>30,887</u>	<u>6,833</u>	<u>724,186</u>
<b>CURRENT RESTRICTED LIABILITIES</b>				
Accrued Interest on Deposits	37,797	-	-	37,797
Retainage Payable	60,299	-	-	60,299
Customer Deposits	552,130	-	-	552,130
Revenue Bonds Payable	-	-	10,000	10,000
Accrued Interest on Bonds	-	-	6,458	6,458
Total Current Restricted Liabilities	<u>650,226</u>	<u>-</u>	<u>16,458</u>	<u>666,684</u>
<b>REVENUE BONDS PAYABLE</b>				
Revenue Bonds Payable	18,400,000	5,525,000	320,000	24,245,000
Less Unamortized Bond Discount (Note A)	(355,733)	(106,817)	(2,577)	(465,127)
Total Revenue Bonds Payable	<u>18,044,267</u>	<u>5,418,183</u>	<u>317,423</u>	<u>23,779,873</u>
<b>TOTAL LIABILITIES</b>	<u>19,380,959</u>	<u>5,449,070</u>	<u>340,714</u>	<u>25,170,743</u>
<b>MUNICIPAL EQUITY</b>				
Contributed Capital:				
Contributed by Governments	-	327,000	450,616	777,616
Contributed by Private Sources	-	375,753	-	375,753
Contributed by Other Funds	-	626,245	114,356	740,601
Total Contributed Capital	<u>-</u>	<u>1,328,998</u>	<u>564,972</u>	<u>1,893,970</u>
Retained Earnings:				
Reserved for:				
Bond Debt Service	2,165	2,913	-	5,078
Bond Retirement	1,181,592	372,448	37,011	1,591,051
Bond Contingency	700,000	375,000	-	1,075,000
Total Reserved	<u>1,883,757</u>	<u>750,361</u>	<u>37,011</u>	<u>2,671,129</u>
Unreserved (Deficit)	<u>5,012,364</u>	<u>585,057</u>	<u>(306,471)</u>	<u>5,290,950</u>
Total Retained Earnings (Deficit)	<u>6,896,121</u>	<u>1,335,418</u>	<u>(269,460)</u>	<u>7,962,079</u>
<b>TOTAL MUNICIPAL EQUITY</b>	<u>6,896,121</u>	<u>2,664,416</u>	<u>295,512</u>	<u>9,856,049</u>
<b>TOTAL LIABILITIES AND MUNICIPAL EQUITY</b>	<u>\$26,277,080</u>	<u>\$ 8,113,486</u>	<u>\$ 636,226</u>	<u>\$35,026,792</u>

City of Kissimmee, Florida

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN RETAINED EARNINGS  
ENTERPRISE FUNDS

For the Fiscal Year Ended September 30, 1978

	Electric Utilities Fund	Water And Sewer Fund	Airport Fund	Total
OPERATING REVENUES:				
Charges for services	\$9,055,288	\$1,434,179	\$ 57,896	\$10,547,363
OPERATING EXPENSES:				
Operation and maintenance	6,828,890	806,693	65,668	7,701,251
Depreciation	687,140	100,118	68,459	855,717
Total Operating Expenses	7,516,030	906,811	134,127	8,556,968
Operating Income (Loss)	1,539,258	527,368	(76,231)	1,990,395
NON-OPERATING REVENUES (EXPENSES):				
Interest revenue	711,441	143,981	8,901	864,323
Interest/amortization expense	(961,448)	(266,445)	(20,119)	(1,248,012)
Extraordinary income (Notes B, C, D)	226,178	144,001	-	370,179
Extraordinary expense (Note B)	(575,762)	-	-	(575,762)
Total Non-Operating Revenues (Expenses)	(599,591)	21,537	(11,218)	(589,272)
Income (Loss) Before Operating Transfers	939,667	548,905	(87,449)	1,401,123
OPERATING TRANSFERS:				
Operating transfers in	-	39,882	29,697	69,579
Operating transfers out	(800,000)	-	-	(800,000)
Total Operating Transfers	(800,000)	39,882	29,697	(730,421)
Net Income	139,667	588,787	(57,752)	670,702
RETAINED EARNINGS - OCTOBER 1, 1977	7,430,700	72,385	(211,708)	7,291,377
Adjustments to Retained Earnings:				
Transfer of equity - result of reorganization of fund structure-In (out) (Note B)	(674,246)	674,246	-	-0-
RETAINED EARNINGS - SEPTEMBER 30, 1978	\$6,896,121	\$1,335,418	\$ (269,460)	\$ 7,962,079

The accompanying notes are an integral part of this statement.

City of Kissimmee, Florida

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS

For the Fiscal Year Ended September 30, 1978

	Electric Utilities Fund	Water And Sewer Fund	Airport Fund	Total
SOURCES OF WORKING CAPITAL:				
Operations:				
Net income (loss) before extraordinary items	\$ 139,667	\$ 588,787	\$ (57,752)	\$ 670,702
Items not (providing) requiring working capital:				
Depreciation/amortization	764,871	110,591	69,096	944,558
Loss (gain) on bond refunding	575,762	(144,001)	-	431,761
Working capital provided by operations	1,480,300	555,377	11,344	2,047,021
Proceeds from sale of bonds	18,032,000	5,414,500	-	23,446,500
Contributions	-	1,521	10,800	12,321
Reorganization of Water and Sewer Utilities Fund (Net)	-	492,531	-	492,531
Total Sources of Working Capital	19,512,300	6,463,929	22,144	25,998,373
USES OF WORKING CAPITAL:				
Acquisition of fixed assets	1,336,758	772,955	30,060	2,139,773
Retirement of long term debt	15,907,750	3,132,250	10,000	19,050,000
Payment of bond costs	670,099	196,271	-	866,370
Reorganization of Water and Sewer Utilities Fund	550,765	-	-	550,765
Total Uses of Working Capital	18,465,372	4,101,476	40,060	22,606,908
Net Increase (Decrease) in Working Capital	<u>\$ 1,046,928</u>	<u>\$2,362,453</u>	<u>\$ (17,916)</u>	<u>\$ 3,391,465</u>
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL				
Cash	\$ (76,476)	\$ 101,186	\$ (12,166)	\$ 12,544
Investments	402,387	1,972,704	(4,765)	2,370,326
Accounts receivable	354,620	123,847	922	479,389
Inventory	36,792	33,732	-	70,524
Prepaid expenses	10,364	1,289	749	12,402
Interest receivable	73,523	16,230	1,035	90,788
Accounts payable	(177,600)	(15,466)	(3,425)	(196,491)
Tax liabilities	(11,779)	(712)	(494)	(12,985)
Salaries payable	2,078	(4,237)	12	(2,147)
Deposits payable	(85,658)	(1,270)	-	(86,928)
Revenue bonds payable	205,000	47,000	-	252,000
Interest payable	313,677	30,955	216	344,848
Due to other funds	-	57,195	-	57,195
Net Increase (Decrease) in Working Capital	<u>\$ 1,046,928</u>	<u>\$2,362,453</u>	<u>\$ (17,916)</u>	<u>\$ 3,391,465</u>

The accompanying notes are an integral part of this statement.

City of Kissimmee, Florida

ELECTRIC UTILITY FUND  
STATEMENT OF REVENUE AND EXPENSE - BUDGETED AND ACTUAL

For the Fiscal Year Ended September 30, 1978

	Budget (Revised)	Actual	Actual Over (Under) Budget
OPERATING REVENUES:			
Metered electric sales	\$9,034,000	\$8,583,985	\$ (450,015)
Public street and highway lighting	46,000	48,402	2,402
Inter-departmental sales	192,600	201,021	8,421
Sales to other cities	125,000	91,117	(33,883)
Other electric revenues	54,500	130,763	76,263
Total Operating Revenues	<u>9,452,100</u>	<u>9,055,288</u>	<u>(396,812)</u>
OPERATING EXPENSES:			
Operations	5,956,056	6,828,890	872,834
Depreciation (Note A)	600,000	687,140	87,140
Total Operating Expenses	<u>6,556,056</u>	<u>7,516,030</u>	<u>959,974</u>
Operating Income	<u>2,896,044</u>	<u>1,539,258</u>	<u>(1,356,786)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	100,000	711,441	611,441
Interest/amortization expense	(1,498,270)	(961,448)	536,822
Extraordinary income (Note C,D)	5,700	226,178	220,478
Extraordinary expense (Note B)	-0-	(575,762)	(575,762)
Total Non-Operating Revenues (Expenses)	<u>(1,392,570)</u>	<u>(599,591)</u>	<u>792,979</u>
Income Before Operating Transfers	<u>1,503,474</u>	<u>939,667</u>	<u>(563,807)</u>
OPERATING TRANSFERS:			
Operating transfer to General Fund	<u>(800,000)</u>	<u>(800,000)</u>	<u>-0-</u>
NET INCOME	<u>\$ 703,474</u>	<u>\$ 139,667</u>	<u>\$ (563,807)</u>

The accompanying notes are an integral part of this statement.

City of Kissimmee, Florida

ELECTRIC UTILITY FUND  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL

For the Fiscal Year Ended September 30, 1978

<u>Electric Operating Expenses</u>	<u>Budget (Revised)</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
NUCLEAR POWER GENERATION			
Operation			
Supervision and engineering	\$ 7,500	\$ 12,658	\$ 5,158
Nuclear fuel	85,500	40,979	(44,521)
Coolants and water	3,000	669	(2,331)
Steam	9,000	12,319	3,319
Steam from other sources	-	578	578
Electric	5,000	3,948	(1,052)
Miscellaneous nuclear power	17,000	25,342	8,342
Rents	7,200	7,274	74
Maintenance			
Supervision and engineering	5,800	7,978	2,178
Structures	1,000	4,106	3,106
Reactor plant equipment	3,000	16,943	13,943
Electric plant	3,500	13,507	10,007
Miscellaneous nuclear plant	1,000	5,411	4,411
Total Nuclear Generation	<u>148,500</u>	<u>151,712</u>	<u>3,212</u>
OTHER POWER GENERATION			
Operation			
Supervision and engineering	11,605	12,653	1,048
Fuel - diesel	1,080,000	529,504	(550,496)
Fuel - natural gas	80,000	964,216	884,216
Generation	151,392	322,165	170,773
Miscellaneous other power generation	20,232	19,510	(722)
Maintenance			
Supervision and engineering	20,839	17,478	(3,361)
Structures	65,167	41,499	(23,668)
Generating and electric plant	256,107	347,908	91,801
Total Other Power Generation	<u>1,685,342</u>	<u>2,254,933</u>	<u>569,591</u>
OTHER POWER SUPPLY			
Purchased power	2,402,100	2,907,283	505,183
System control and load dispatching	1,500	1,453	(47)
Total Other Power Supply	<u>2,403,600</u>	<u>2,908,736</u>	<u>505,136</u>



City of Kissimmee, Florida

ELECTRIC UTILITY FUND  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL (Continued)

For the Fiscal Year Ended September 30, 1978

<u>Electric Operating Expenses</u>	<u>Budget (Revised)</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
TRANSMISSION			
Operation			
Transmission of electricity by others	\$ -0-	\$ 51,482	\$ 51,482
Rents	700	198	(502)
Maintenance			
Station equipment	20,543	49,423	28,880
Total Transmission	<u>21,243</u>	<u>101,103</u>	<u>79,860</u>
DISTRIBUTION			
Operation			
Supervision and engineering	5,693	8,453	2,760
Overhead line	17,639	13,437	(4,202)
Underground line	9,611	8,485	(1,126)
Street lighting	99,006	57,896	(41,110)
Meter	49,472	48,017	(1,455)
Customer installation	4,765	4,765	-0-
Miscellaneous distribution	26,212	23,967	(2,245)
Rent	700	-0-	(700)
Maintenance			
Supervision and engineering	7,260	8,262	1,002
Overhead line	217,129	167,279	(49,850)
Underground line	42,558	13,668	(28,890)
Total Distribution	<u>480,045</u>	<u>354,229</u>	<u>(125,816)</u>
CUSTOMER ACCOUNTS			
Operation			
Supervision	16,000	14,330	(1,670)
Meter reading	41,196	39,794	(1,402)
Customer records and collections	81,283	63,612	(17,671)
Uncollectible accounts	-0-	31,071	31,071
Total Customer Accounts	<u>138,479</u>	<u>148,807</u>	<u>10,328</u>
SALES			
Advertising	1,750	433	(1,317)
Total Sales	<u>1,750</u>	<u>433</u>	<u>(1,317)</u>

City of Kissimmee, Florida

ELECTRIC UTILITY FUND  
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL (Continued)

For the Fiscal Year Ended September 30, 1978

<u>Electric Operating Expenses</u>	<u>Budget (Revised)</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
ADMINISTRATIVE AND GENERAL			
Administrative and general salaries	\$ 51,497	\$ 51,688	\$ 191
Office supplies and expenses	13,350	13,358	8
Outside services employees	306,469	315,040	8,571
Property insurance	50,766	48,819	(1,947)
Injuries and damages	26,460	27,318	858
Employee pensions and benefits	200,083	158,479	(41,604)
Regulatory commission	2,400	1,371	(1,029)
Miscellaneous general	2,000	2,494	494
Rents	1,000	484	(516)
Adjustments and contingencies	66,372	94,758	28,386
Taxes other than income	184,200	174,345	(9,855)
Interest on customer service deposits	50,000	15,516	(34,484)
Non-recurring expenditures	122,500	5,267	(117,233)
Total Administrative and General	<u>1,077,097</u>	<u>908,937</u>	<u>(168,160)</u>
TOTAL ELECTRIC OPERATING EXPENSES	<u>\$5,956,056</u>	<u>\$6,828,890</u>	<u>\$ 872,834</u>

City of Kissimmee, Florida

ELECTRIC UTILITY FUND  
SCHEDULE OF FIXED ASSETS AND DEPRECIATION

For the Fiscal Year Ended September 30, 1978

	ASSETS			
	Balance October 1, 1977	Adjustments & Reclassi- fications	Additions And Deletions	Balance September 30, 1978
ELECTRIC PROPERTIES:				
Nuclear Production	\$ 2,963,322	\$ (24,004)	\$ -	\$ 2,939,318
Other Production	7,047,579	-	-	7,047,579
Transmission Plant	1,083,978	-	-	1,083,978
Distribution Plant	8,457,360	-	449,184	8,906,544
General	590,038	-	17,599	607,637
Plant Held For Future Use	609,740	-	-	609,740
	<u>\$20,752,017</u>	<u>\$ (24,004)</u>	<u>\$466,783</u>	<u>\$21,194,796</u>

ACCUMULATED DEPRECIATION					
Balance October 1, 1978	Adjustments & Reclassi- fications	Depreciation	Rate	Balance September 30, 1978	Net Asset Value
\$ -0-	\$ (720)	\$ 88,895	3%	\$ 88,175	\$ 2,851,143
2,312,789	-	208,937	3%	2,521,726	4,525,853
160,627	-	26,769	2-2.9%	187,396	896,582
3,161,059	-	328,432	2.5-4%	3,489,491	5,417,053
217,799	-	29,564	3-10%	247,363	360,274
<u>34,377</u>	<u>-</u>	<u>5,263</u>	<u>2%</u>	<u>39,640</u>	<u>570,100</u>
<u>\$5,886,651</u>	<u>\$ (720)</u>	<u>\$687,860</u>		<u>\$6,573,791</u>	<u>\$14,621,005</u>

City of Kissimmee, Florida

COMBINED SCHEDULE OF BONDS PAYABLE - ALL SERIES  
September 30, 1978

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance Sept. 30, 1977</u>
ELECTRIC AND WATER REVENUE CERTIFICATES:		
1963 Electric and Water Refunding Improvement Revenue Certificates, 3.5% - 3.8% interest rates, payable in annual installments of \$110,000 To \$240,000 maturing in 1993	\$ 4,475,000	\$ 3,085,000
1967 Electric and Water Improvement Revenue Certificates, 4% - 5% interest rates, payable in annual installments of \$30,000 to \$355,000 maturing in 1995	1,770,000	1,560,000
1970 Electric and Water Improvement Revenue Certificates, 6% - 6.6% interest rates, payable in annual installments of \$10,000 to \$535,000 maturing in 2001	3,500,000	3,410,000
1971 Electric and Water Improvement Revenue Certificates, 5.6% - 5.65% interest rates, payable in annual installments of \$90,000 to \$600,000 maturing in 2003	850,000	850,000
1971-A Electric and Water Improvement Revenue Certificates, 5.5% - 6.5% interest rates, payable in annual installments of \$10,000 to \$60,000 maturing in 1997	750,000	700,000
1973 Electric and Water Improvement Revenue Refunding Certificates 5.5% interest rates, payable in annual installments of \$50,000 to \$550,000 maturing in 2000	3,445,000	3,445,000
1975 Electric and Water Improvement Revenue Certificates, 6.0% - 6.75% interest rates, payable in annual installments of \$50,000 to \$770,000 maturing in 2003	3,900,000	<u>3,900,000</u>
TOTAL ELECTRIC AND WATER REVENUE CERTIFICATES		<u>16,950,000</u>
ELECTRIC REVENUE BONDS:		
1977 Electric Revenue Bonds, Series A 4.8% - 5.5% interest rates, payable in annual Installments of \$215 - \$370,000 maturing in 1998	18,400,000	<u>-0-</u>
TOTAL ELECTRIC REVENUE BONDS		<u>\$ -0-</u>



<u>Issued</u> <u>During</u> <u>FY 77/ 8</u>	<u>Refunded/</u> <u>Retired</u> <u>During</u> <u>FY 77/78</u>	<u>Balance</u> <u>Sept. 30,</u> <u>1978</u>	<u>Due Within</u> <u>One Year</u>	<u>Due After</u> <u>One Year</u>
\$ -	\$ 3,085,000	\$ -0-	\$ -	\$ -
-	1,560,000	-0-	-	-
-	3,410,000	-0-	-	-
-	850,000	-0-	-	-
-	700,000	-0-	-	-
-	3,445,000	-0-	-	-
<u>-</u>	<u>3,900,000</u>	<u>-0-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>16,950,000</u>	<u>-0-</u>	<u>-</u>	<u>-</u>
<u>18,400,000</u>	<u>-0-</u>	<u>18,400,000</u>	<u>-0-</u>	<u>18,400,000</u>
<u>\$18,400,000</u>	<u>\$ -0-</u>	<u>\$18,400,000</u>	<u>\$ -0-</u>	<u>\$18,400,000</u>

City of Kissimmee, Florida

COMBINED SCHEDULE OF BONDS PAYABLE - ALL SERIES (Continued)  
September 30, 1978

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance Sept. 30, 1977</u>
<u>SEWER REVENUE CERTIFICATES AND BOND LOAN PAYABLE:</u>		
1954 Sewer Utility Revenue Certificates 3.0% - 3.1% interest rates, payable in annual installments of \$22,000 to \$29,000 maturing in 1985	\$ 525,000	\$ 232,000
1965 Sewer Utility Revenue Certificates 3.8% - 4.0% interest rates, payable in annual installments of \$10,000 to \$55,000 maturing in 1996	700,000	620,000
1977 State of Florida, Pollution Control Bonds, Series F, \$60,000,000 5.4% - 5.6% interest rates, payable in annual installments maturing in 2009 - City of Kissimmee bond loan payable for partial share at same rates \$15,000 to \$105,000 in annual installments	1,490,000	<u>1,490,000</u>
TOTAL SEWER REVENUE CERTIFICATES		<u>2,342,000</u>
<u>WATER AND SEWER REVENUE BONDS:</u>		
1977 Water and Sewer Revenue Bonds, Series A 4.8% - 5.5% interest rates, payable in annual installments of \$65 - \$115,000 maturing in 1998	5,525,000	<u>-0-</u>
TOTAL WATER AND SEWER REVENUE BONDS		<u>-0-</u>
<u>AIRPORT REVENUE BONDS:</u>		
1971 Airport Revenue Bonds, 5.5% - 6.5% interest rates, Payable in annual installments of \$10,000 to \$30,000 maturing in 1995	350,000	<u>340,000</u>
TOTAL AIRPORT REVENUE BONDS		<u>340,000</u>
COMBINED TOTALS		<u>19,632,000</u>

<u>Issued During FY 77/78</u>	<u>Refunded/ Retired During FY 77/78</u>	<u>Balance Sept. 30, 1978</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
\$ -	\$ 232,000	\$ -0-	\$ -	\$ -
-	620,000	-0-	-	-
<u>-</u>	<u>1,490,000</u>	<u>-0-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>2,342,000</u>	<u>-0-</u>	<u>-</u>	<u>-</u>
<u>5,525,000</u>	<u>-0-</u>	<u>5,525,000</u>	<u>-0-</u>	<u>5,525,000</u>
<u>5,525,000</u>	<u>-0-</u>	<u>5,525,000</u>	<u>-0-</u>	<u>5,525,000</u>
<u>-</u>	<u>10,000</u>	<u>330,000</u>	<u>10,000</u>	<u>320,000</u>
<u>-</u>	<u>10,000</u>	<u>330,000</u>	<u>10,000</u>	<u>320,000</u>
<u>23,925,000</u>	<u>19,302,000</u>	<u>24,255,000</u>	<u>10,000</u>	<u>24,245,000</u>