

CITY OF OCALA, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 1978

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CITY OF OCALA, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 1978

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June 15, 1979

Honorable City Council
City of Ocala, Florida

We have examined the financial statements of the various funds and account groups of the City of Ocala, Florida for the year ended September 30, 1978, listed in the foregoing table of contents. Except as described in the following paragraph, our examination was 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.

The City has not maintained detail records for a majority of the property and equipment of the Electric Revenue Fund. Since the amounts recorded in this fund as property and equipment, accumulated depreciation and depreciation expense enter materially into the determination of financial position, results of operations and changes in financial position, we do not express an opinion on the financial statements of the Electric Revenue Fund (or consolidated amounts) included in the accompanying financial statements.

As described in Note 4, the market value of investments of the Consolidated Retirement Fund is significantly less than cost. The carrying value of these investments has not been adjusted since City officials believe the decline in market value is of a temporary nature and therefore is not a permanent impairment of the value of such securities.

In our opinion, subject to the effects on the financial statements of the Consolidated Retirement Fund of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the third paragraph of this report been known, the financial statements listed in the foregoing table of contents, except for the financial statements of the Electric Revenue Fund referred to in the second paragraph of this report, present fairly the financial position of the various funds and account groups of the City of Ocala, Florida at September 30, 1978, and the results of operations of such funds and the changes in financial position of the proprietary funds (including consolidated retirement trust fund) for the year then ended, in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the method of accounting for capital grants as described in Note 3 to the financial statements, have been applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

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CITY OF OCALA, FLORIDA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1978

	Governmental Fund Types				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Assessment</u>
<u>Assets</u>					
Cash		\$141,011	\$ 95,694	\$ 115,482	\$ 277,202
Investments	\$3,300,000		739,909	1,050,000	967,000
Accounts receivable	73,560				
Accrued unbilled revenues					
Due from other governments		31,699	190,000	514,508	
Inventories					
Special assessments receivable					829,296
Accrued interest and dividends receivable	18,192		16,186	8,946	37,029
Due from other funds	784,014		40,915	164,879	247,056
Other assets	3,768		32,977		1,820
Prepaid expenses					
Deposit with State of Florida			81,236		
Restricted assets					
Property, plant and equipment					
Issuance expenses on long-term debt					
Amount available and to be provided for payment of general long-term debt					
Total assets	<u>\$4,179,534</u>	<u>\$172,710</u>	<u>\$1,196,917</u>	<u>\$1,853,815</u>	<u>\$2,359,403</u>
<u>Liabilities, Encumbrances and Fund Balance</u>					
Bank overdraft	\$2,833,391	\$ 15,114		\$ 6,477	
Accounts payable	100,461	11,072		6,882	
Contracts payable				400,176	
Retainage payable				186,706	
Deferred revenue		83,895		5,073	
Current liabilities payable from restricted assets					
Customer deposits					
Due to other funds	75,656	46,684	\$ 47,385	673,569	\$ 94,153
Notes and bonds payable					690,000
Total liabilities	<u>3,009,508</u>	<u>156,765</u>	<u>47,385</u>	<u>1,278,883</u>	<u>784,153</u>
Encumbrances outstanding	<u>184,776</u>	<u>2,470</u>			
Fund equity:					
Investment in general fixed assets					
Contributed capital					
Retained earnings:					
Reserved					
Unreserved					
Total retained earnings					
Fund balance (deficit):					
Reserved	692,960	36,066			
Unreserved	292,290	(22,591)	1,149,532	574,932	1,575,250
Total fund balance	<u>985,250</u>	<u>13,475</u>	<u>1,149,532</u>	<u>574,932</u>	<u>1,575,250</u>
Total fund equity	<u>985,250</u>	<u>13,475</u>	<u>1,149,532</u>	<u>574,932</u>	<u>1,575,250</u>
Total liabilities, encum- brances and fund equity	<u>\$4,179,534</u>	<u>\$172,710</u>	<u>\$1,196,917</u>	<u>\$1,853,815</u>	<u>\$2,359,403</u>

See accompanying notes to financial statements.

Proprietary Fund Types			Fiduciary Fund Type	Account Groups		Total (Memorandum only)
Enterprise Funds			Consolidated Retirement and Expend- able Trusts	General Fixed Assets	General Long-Term Debt	
Electric and Bulk Power Supply	Water and Sewer	Internal Service				
\$ 2,838,637	\$ 503,190	\$ 94,138	\$ 289,469			\$ 4,354,823
2,381,660			5,002,761			11,059,670
1,605,873						2,455,220
						1,605,873
1,011,834	56,829					736,207
						1,063,663
						829,296
			68,680			149,033
88,695		890,870	50,515			2,266,944
	10,171	668				49,404
61,714	14,107	1,904				77,725
						81,236
7,052,946	1,063,218					8,116,164
21,930,862	16,255,263	322,275		\$23,166,394		61,674,794
293,627						293,627
					\$6,498,500	6,498,500
<u>\$37,265,848</u>	<u>\$17,902,778</u>	<u>\$1,309,855</u>	<u>\$5,411,425</u>	<u>\$23,166,394</u>	<u>\$6,498,500</u>	<u>\$101,317,179</u>
\$ 1,774,138						\$ 4,629,120
1,945,631	\$ 55,439	\$ 12,759	\$ 1,104			2,133,348
						400,176
						186,706
						88,968
2,308,386	833,239					3,141,625
852,260						852,260
370	17,208	44				955,069
18,128,475	2,930,000				\$6,498,500	28,246,975
25,009,260	3,835,886	12,803	1,104		6,498,500	40,634,247
			39,347			226,593
				\$23,166,394		23,166,394
	2,182,460	1,110,000	1,106,405			4,398,865
8,504,411	790,658	133,500				9,428,569
3,752,177	11,093,774	53,552				14,899,503
12,256,588	11,884,432	187,052				24,328,072
			1,117,607			4,846,633
			146,962			3,716,375
			4,264,569			8,563,008
12,256,588	14,066,892	1,297,052	5,370,974	23,166,394		60,456,339
<u>\$37,265,848</u>	<u>\$17,902,778</u>	<u>\$1,309,855</u>	<u>\$5,411,425</u>	<u>\$23,166,394</u>	<u>\$6,498,500</u>	<u>\$101,317,179</u>

CITY OF OCALA, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES
 AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1978

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Sources of financial resources:-				
Revenues:				
Property taxes	\$ 1,919,802	\$ 41,426		
Intergovernmental revenues	1,526,204	238,650		\$1,852,008
Licenses and permits	97,814	173,690		
Charges for services	1,685,029	18,968		
Special assessments levied				
Use of City property and investment income	212,759		\$ 73,059	99,068
Fines and forfeitures	205,843	7,379		
Other income	127,932	16,965	1,275	
Total revenue	5,775,383	497,078	74,334	1,951,076
Other sources:				
Transfers from other funds	4,267,840	189,643	766,686	144,153
Proceeds from long-term debt	88,500			
Total sources of financial resources	10,131,723	686,721	841,020	2,095,229
Uses of financial resources:-				
Expenditures:-				
General government	920,341			
Public safety	2,647,639			
Public works	1,660,146			
Culture and recreation	601,847	446,563		
Cost of services provided	1,333,108			
Nondepartmental appropriations	242,176			
Other expenditures	53,239	2,208		
Capital outlay	883,743	40,202		3,065,690
Debt service:				
Principal retirement	35,000		421,000	
Interest and fiscal fees	1,755		349,886	
Total expenditures	8,378,994	488,973	770,886	3,065,690
Other uses:				
Transfers to other funds	923,334	222,325		50,000
Total uses of financial resources	9,302,328	711,298	770,886	3,115,690
Increase (decrease) in fund balance during the year	829,395	(24,577)	70,134	(1,020,461)
Fund balance at October 1, 1977	165,379	36,236	1,079,398	2,020,869
Transfer of fund deficit from local public works municipal improvement fund	(9,524)			9,524
Contribution to internal service fund				(435,000)
Increase in reserve for restricted time deposit		1,816		
Fund balance at September 30, 1978	\$ 985,250	\$ 13,475	\$1,149,532	\$ 574,932

See accompanying notes to financial statements.

<u>Special Assessment</u>	<u>Fiduciary Fund Type Expendable Trusts</u>	<u>Total (Memorandum only)</u>
	\$345,194	\$ 1,961,228
		3,962,056
		271,504
		1,703,997
\$ 221,548		221,548
110,253		495,139
1,063	4,630	213,222
<u>332,864</u>	<u>349,824</u>	<u>151,865</u>
		8,980,559
		5,368,322
		<u>88,500</u>
<u>332,864</u>	<u>349,824</u>	<u>14,437,381</u>
		920,341
		2,647,639
		1,660,146
		1,048,410
		1,333,108
		242,176
10,518		65,965
		3,989,635
		456,000
<u>31,818</u>		<u>383,459</u>
42,336		12,746,879
<u>172,994</u>	<u>305,874</u>	<u>1,674,527</u>
<u>215,330</u>	<u>305,874</u>	<u>14,421,406</u>
117,534	43,950	15,975
1,457,716	158,412	4,918,010
		(435,000)
		1,816
<u>\$1,575,250</u>	<u>\$202,362</u>	<u>\$ 4,500,801</u>

CITY OF OCALA, FLORIDA
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN
UNRESERVED RETAINED EARNINGS OR RESERVED FUND BALANCE
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	Proprietary Fund Types			Nonexpendable Trust Fund	Total (Memorandum only)
	Enterprise Funds				
	Electric and Bulk Power Supply	Water and Sewer	Internal Service		
Revenues:					
Sale of electricity	\$22,597,473				\$22,597,473
Sale of water		\$ 1,160,678			1,160,678
Operating fees			\$ 912,516		912,516
Sewer service charges		768,282			768,282
Other service charges and other income	277,648	157,300	642	\$ 56,369	491,959
City contributions				341,367	341,367
State contributions				111,829	111,829
Total revenues	22,875,121	2,086,260	913,158	509,565	26,384,104
Expenses:					
Purchase of electricity	12,572,366				12,572,366
Distribution and transmission	1,466,790				1,466,790
Back-up	1,733,896				1,733,896
Operation and maintenance	266,608				266,608
Water treatment and distribution		462,270			462,270
Sewer treatment and distribution		553,999			553,999
Municipal garage			640,666		640,666
Data processing and central reproduction			260,617		260,617
Building maintenance			94,959		94,959
Pension payments				124,013	124,013
Custodial and invest- ment fees				22,114	22,114
Loss on sale of investments				22,917	22,917
Administration	531,534	49,077			580,611
Depreciation and amortization	1,050,564	420,131	8,292		1,478,987
Other	317,538	105,038	5,383	90	422,049
Total expenses	17,933,296	1,590,515	1,009,917	169,134	20,702,862
Operating income (loss) before interest (income) expense and other sources and (uses)	4,941,825	495,745	(96,759)	340,431	5,681,242
Interest (income) expense:					
Revenue bonds and other	978,107	216,190		5,001	1,199,298
Investments	(393,221)	(106,257)		(251,097)	(750,575)
	584,886	109,933		(246,096)	448,723
Other (sources) and uses:					
Transfers to other funds	3,490,227	353,941			3,844,168
Transfers from other funds	(42,487)		(107,886)		(150,373)
	3,447,740	353,941	(107,886)		3,693,795
Net income	909,199	31,871	11,127	586,527	1,538,724
Disposition of net income:					
Depreciation on contributed assets		10,888			10,888
Net increase in fund equity	909,199	42,759	11,127	586,527	1,549,612
Unreserved retained earnings at October 1, 1977	3,205,020	10,905,992	175,925		14,286,937
Reserved fund balance at October 1, 1977				3,475,680	3,475,680
(Increase) decrease in reserves of restricted assets	(61,942)	340,023			278,081
(Increase) in reserves of unrestricted assets	(300,100)	(195,000)	(133,500)		(628,600)
Unreserved retained earnings/ reserved fund balance at September 30, 1978	\$ 3,752,177	\$11,093,774	\$ 53,552	\$4,062,207	\$18,961,710

See accompanying notes to financial statements.

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CITY OF OCALA, FLORIDA

GENERAL FUND

BALANCE SHEET

SEPTEMBER 30, 1978

Assets

7.65-8.65% certificates of deposit, maturing through December 1978	\$3,300,000
Accrued interest receivable	18,192
Accounts receivable	73,560
Due from other funds	784,014
Other assets	3,768
Total assets	<u>\$4,179,534</u>

Liabilities, Encumbrances
and Fund Balance

Bank overdraft	\$2,833,391
Accounts payable	100,461
Due to other funds	75,656
Total liabilities	<u>3,009,508</u>
Encumbrances outstanding	<u>184,776</u>
Fund balance:-	
Reserved fund balance:	
Reserved for accounts receivable	73,560
Reserved for 1978-79 budget	619,400
	<u>692,960</u>
Unreserved fund balance	<u>292,290</u>
Total fund balance	<u>985,250</u>
Total liabilities, encumbrances, and fund balance	<u>\$4,179,534</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
GENERAL FUND
STATEMENT OF CHANGES IN UNRESERVED AND
RESERVED FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	<u>Unreserved Fund Balance</u>	<u>Reserved Fund Balance</u>	<u>Total Fund Balance</u>
Fund balance at October 1, 1977	\$ 165,379		\$ 165,379
Sources of financial resources	10,131,723		10,131,723
Uses of financial resources	(9,302,328)		(9,302,328)
Transfer of fund deficit from local public works municipal improvement fund	(9,524)		(9,524)
Reserve of fund balance for 1978-79 budget appropriation	(619,400)	\$619,400	
Increase in reserve for changes in assets not avail- able for appropriation	<u>(73,560)</u>	<u>73,560</u>	<u> </u>
Fund balance at September 30, 1978	<u>\$ 292,290</u>	<u>\$692,960</u>	<u>\$ 985,250</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES - ACTUAL AND BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
Sources of financial resources:-			
Revenues:			
Property taxes	\$ 1,919,802	\$ 1,940,300	(\$ 20,498)
Charges for services	1,685,029	1,607,600	77,429
State revenue sharing	983,306	998,600	(15,294)
Fines and forfeitures	205,843	211,000	(5,157)
Licenses and permits	97,814	73,000	24,814
Federal and state inter- governmental revenue	427,000	512,966	(85,966)
Local intergovernmental revenue	115,898	48,000	67,898
Use of City property	212,759	45,000	167,759
Other income	127,932	76,786	51,146
Total revenues	5,775,383	5,513,252	262,131
Other sources:-			
Transfers from other funds:			
Electric revenue fund	3,490,227	3,490,227	
Federal revenue sharing fund	279,496	427,925	(148,429)
Water and sewer fund	312,441	312,441	
Occupational license fund	160,000	160,000	
Off-street parking fund	10,000	10,000	
Antirecession fiscal assistance fund	15,676	39,115	(23,439)
Proceeds from long-term debt	88,500	118,500	(30,000)
Fund balance allocation		136,200	(136,200)
Total sources of financial resources	<u>\$10,131,723</u>	<u>\$10,207,660</u>	<u>(\$ 75,937)</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
GENERAL FUND
STATEMENT OF EXPENDITURES AND ENCUMBRANCES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
Uses of financial resources:-			
Expenditures:-			
Current:			
Mayor and city council	\$ 25,468	\$ 17,695	\$ 7,773
City manager	131,488	138,207	(6,719)
City attorney	48,514	15,663	32,851
City clerk/internal auditor	62,601	69,345	(6,744)
Administration and accounting	246,126	273,866	(27,740)
City hall	53,244	60,023	(6,779)
Purchasing	57,135	60,823	(3,688)
Personnel	98,342	103,805	(5,463)
Planning	78,420	85,448	(7,028)
Building inspection	119,003	125,413	(6,410)
Public safety			
Police	1,673,781	1,749,767	(75,986)
Fire	973,858	1,031,320	(57,462)
Public works			
Engineering	669,146	653,397	15,749
Highways and streets	991,000	1,073,226	(82,226)
Culture and recreation	601,847	612,323	(10,476)
Cost of services provided	1,333,108	1,355,380	(22,272)
Other expenditures	53,239	41,154	12,085
Nondepartmental appropriations	242,176	301,125	(58,949)
Capital outlay	883,743	1,497,596	(613,853)
Debt service	36,755	18,750	18,005
Total expenditures	8,378,994	9,284,326	(905,332)
Other uses:-			
Transfers to other funds:			
Debt service funds	646,930	646,930	
Central Florida regional library	172,449	172,449	
Internal service fund	98,955	98,955	
Downtown development fund	5,000	5,000	
Total uses of financial resources	<u>\$9,302,328</u>	<u>\$10,207,660</u>	<u>(\$905,332)</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1978

	<u>Occupational License</u>	<u>Central Florida Regional Library</u>
<u>Assets</u>		
Cash	\$95,340	
Restricted time deposit		\$ 1,816
Accounts receivable from other local governments		31,699
Total assets	<u>\$95,340</u>	<u>\$33,515</u>
<u>Liabilities, Encumbrances and Fund Balance</u>		
Bank overdraft		\$15,114
Accounts payable		9,356
Deferred revenue	\$78,895	5,000
Due to other funds		
Total liabilities	<u>78,895</u>	<u>29,470</u>
Encumbrances outstanding		<u>2,470</u>
Fund balance (deficit):		
Reserved	7,500	24,016
Unreserved	<u>8,945</u>	<u>(22,441)</u>
Total fund balance (deficit)	<u>16,445</u>	<u>1,575</u>
Total liabilities, encumbrances and fund balance	<u>\$95,340</u>	<u>\$33,515</u>

See accompanying notes to financial statements.

<u>Off-Street Parking</u>	<u>Downtown Development</u>	<u>Combined</u>
\$ 26	\$43,829	\$139,195 1,816
		31,699
<u>\$ 26</u>	<u>\$43,829</u>	<u>\$172,710</u>
 \$103	 \$ 1,613	 \$ 15,114 11,072 83,895
<u> </u>	<u>46,684</u>	<u>46,684</u>
<u>103</u>	<u>48,297</u>	<u>156,765</u>
<u> </u>	<u> </u>	<u>2,470</u>
(150)	4,700	36,066
<u>73</u>	<u>(9,168)</u>	<u>(22,591)</u>
<u>(77)</u>	<u>(4,468)</u>	<u>13,475</u>
<u>\$ 26</u>	<u>\$43,829</u>	<u>\$172,710</u>

CITY OF OCALA, FLORIDA
LOCAL REVENUE FUNDS
 COMBINING STATEMENT OF CHANGES IN UNRESERVED AND
RESERVED FUND BALANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 1978

	Occupational License			Central Florida Regional Library		
	Unreserved Fund Balance	Reserved Fund Balance	Total Fund Balance	Unreserved Fund Balance	Reserved Fund Balance	Total Fund Balance
Fund balance at October 1, 1977	\$ 2,740		\$ 2,740	\$28,544		\$28,544
Net increase (decrease) in fund balance during the year	13,705		13,705	(28,785)		(28,785)
Reserve of fund balance for 1978-79 budget appropriation	(7,500)	\$7,500		(22,200)	\$22,200	
Reserve of fund balance for restricted time deposit					1,816	1,816
Fund balance (deficit) at September 30, 1978	<u>\$ 8,945</u>	<u>\$7,500</u>	<u>\$16,445</u>	<u>(\$22,441)</u>	<u>\$24,016</u>	<u>\$ 1,575</u>

See accompanying notes to financial statements.

Off-Street Parking			Downtown Development			Combined		
Unreserved Fund Balance	Reserved Fund Balance	Total Fund Balance	Unreserved Fund Balance	Reserved Fund Balance	Total Fund Balance	Unreserved Fund Balance	Reserved Fund Balance	Fund Balance
\$2,313		\$2,313	\$2,639		\$2,639	\$36,236		\$36,236
(2,390)		(2,390)	(7,107)		(7,107)	(24,577)		(24,577)
150	(\$150)		(4,700)	\$4,700		(34,250)	\$34,250	
—	—	—	—	—	—	—	1,816	1,816
<u>\$ 73</u>	<u>(\$150)</u>	<u>(\$ 77)</u>	<u>(\$9,168)</u>	<u>\$4,700</u>	<u>(\$4,468)</u>	<u>(\$22,591)</u>	<u>\$36,066</u>	<u>\$13,475</u>

CITY OF OCALA, FLORIDA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
ENCUMBRANCES - ACTUAL AND BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	Actual				
	Occupational License	Central Florida Regional Library	Off-Street Parking	Downtown Development	Combined
Sources of financial resources:-					
Revenues:					
County grants		\$196,709			\$196,709
State grants		41,941			41,941
Total intergovernmental revenues		238,650			238,650
Licenses and permits	\$173,690				173,690
Real property taxes				\$41,426	41,426
Parking meters			\$18,968		18,968
Fines and forfeitures		7,379			7,379
Other	45	15,387	1,509	24	16,965
Total revenues	173,735	261,416	20,477	41,450	497,078
Other sources:					
Transfer from general fund		172,449		5,000	177,449
Transfer from off-street parking fund				11,410	11,410
Transfer from antirecession fiscal assistance fund		784			784
Total sources of financial resources	173,735	434,649	20,477	57,860	686,721
Uses of financial resources:-					
Expenditures:-					
Current:					
Regional services		180,275			180,275
Ocala services		161,381			161,381
Regional administration		88,521			88,521
Library grants		16,386			16,386
Equipment rentals			878		878
Other	30	302	579	419	1,330
Capital outlay		16,569		23,633	40,202
Total expenditures	30	463,434	1,457	24,052	488,973
Other uses:					
Transfer to improvement bonds debt service fund				40,915	40,915
Transfer to general fund	160,000		10,000		170,000
Transfer to downtown development fund			11,410		11,410
Total uses of financial resources	160,030	463,434	22,867	64,967	711,298
Net increase (decrease) in fund balance during the year before fund balance allocation	13,705	(28,785)	(2,390)	(7,107)	(24,577)
Fund balance allocation					
Net increase (decrease) in fund balance during the year	\$ 13,705	(\$ 28,785)	(\$ 2,390)	(\$ 7,107)	(\$ 24,577)

See accompanying notes to financial statements.

Budget					Actual Over (Under) Budget
Occupational License	Central Florida Regional Library	Off-Street Parking	Downtown Development	Combined	
	\$207,027			\$207,027	(\$10,318)
	27,959			27,959	13,982
	234,986			234,986	3,664
\$162,700				162,700	10,990
			\$41,000	41,000	426
		\$18,400		18,400	568
	8,500			8,500	(1,121)
100	16,710	1,510	11,200	29,520	(12,555)
162,800	260,196	19,910	52,200	495,106	1,972
	172,449		5,000	177,449	
			11,410	11,410	
	1,300			1,300	(516)
162,800	433,945	19,910	68,610	685,265	1,456
	170,077			170,077	10,198
	166,686			166,686	(5,305)
	89,775			89,775	(1,254)
	17,500			17,500	(1,114)
		1,200		1,200	(322)
2,500			9,895	12,395	(11,065)
	17,907	500	22,400	40,807	(605)
2,500	461,945	1,700	32,295	498,440	(9,467)
			40,915	40,915	
160,000		10,000		170,000	
		11,410		11,410	
162,500	461,945	23,110	73,210	720,765	(9,467)
300	(28,000)	(3,200)	(4,600)	(35,500)	10,923
(\$ 300)	\$ 28,000	\$ 3,200	\$ 4,600	\$ 35,500	(35,500)
					(\$24,577)

CITY OF OCALA, FLORIDA

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 1978

	<u>General Obligation Bonds</u>	<u>Excise Tax Bonds</u>
<u>Assets</u>		
Cash	\$ 23,565	\$ 70,579
Cash and United States government security held in escrow		
7.25-7.875% certificates of deposit, maturing through December 1978	110,600	136,783
United States government securities		326,595
Accrued interest receivable	3,308	11,682
Deposit with State of Florida		
Due from State of Florida		
Due from other funds		
Other assets		32,977
Total assets	<u>\$137,473</u>	<u>\$578,616</u>
<u>Liabilities and Fund Balance</u>		
Due to other funds		\$ 47,385
Total liabilities		47,385
Fund balance	<u>\$137,473</u>	<u>531,231</u>
Total liabilities and fund balance	<u>\$137,473</u>	<u>\$578,616</u>

See accompanying notes to financial statements.

<u>Improvement Bonds</u>	<u>Pollution Control Bonds</u>	<u>Combined</u>
\$ 1,550		\$ 95,694
	\$ 88,683	88,683
29,717		277,100
47,531		374,126
1,137	59	16,186
	81,236	81,236
	190,000	190,000
40,915		40,915
		32,977
<u>\$120,850</u>	<u>\$359,978</u>	<u>\$1,196,917</u>
<u> </u>	<u> </u>	<u>\$ 47,385</u>
<u> </u>	<u> </u>	<u>47,385</u>
<u>\$120,850</u>	<u>\$359,978</u>	<u>1,149,532</u>
<u>\$120,850</u>	<u>\$359,978</u>	<u>\$1,196,917</u>

CITY OF OCALA, FLORIDA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	<u>General Obligation Bonds</u>	<u>Excise Tax Bonds</u>
Sources of financial resources:-		
Revenues:		
Income from investments held by State of Florida		
Interest income	\$ 6,439	\$ 38,931
Income from investments held in escrow		
Other income		
Total revenues	<u>6,439</u>	<u>38,931</u>
Other sources:		
Transfer from general fund	160,587	381,343
Transfer from downtown development fund		
Transfer from special assessment fund		
Total sources of financial resources	<u>167,026</u>	<u>420,274</u>
Uses of financial resources:-		
Expenditures:		
Bond principal payments	150,000	185,000
Bond interest and paying agent fees	<u>10,776</u>	<u>199,661</u>
Total expenditures	<u>160,776</u>	<u>384,661</u>
Net increase in fund balance during the year	6,250	35,613
Fund balance at October 1, 1977	<u>131,223</u>	<u>495,618</u>
Fund balance at September 30, 1978	<u>\$137,473</u>	<u>\$531,231</u>

See accompanying notes to financial statements.

<u>Improvement Bonds</u>	<u>Pollution Control Bonds</u>	<u>Combined</u>
\$ 6,119	\$ 17,338	\$ 17,338
		51,489
	4,232	4,232
	<u>1,275</u>	<u>1,275</u>
<u>6,119</u>	22,845	74,334
	105,000	646,930
40,915		40,915
	<u>78,841</u>	<u>78,841</u>
<u>47,034</u>	<u>206,686</u>	<u>841,020</u>
31,000	55,000	421,000
<u>9,995</u>	<u>129,454</u>	<u>349,886</u>
<u>40,995</u>	<u>184,454</u>	<u>770,886</u>
6,039	22,232	70,134
<u>114,811</u>	<u>337,746</u>	<u>1,079,398</u>
<u>\$120,850</u>	<u>\$359,978</u>	<u>\$1,149,532</u>

CITY OF OCALA, FLORIDA
CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1978

	1972 Municipal Improvement Construction	1974 Pollution Control Construction
<u>Assets</u>		
Cash	\$ 36,680	\$ 12,794
7.77-8.75% certificates of deposit, maturing through March 1979	1,050,000	
Accrued interest receivable	8,946	
Due from federal government		
Due from State of Florida		210,614
Due from other funds	17,252	8,379
Total assets	<u>\$1,112,878</u>	<u>\$231,787</u>
<u>Liabilities and Fund Balance</u>		
Bank overdraft		
Accounts payable	\$ 482	
Contracts payable	117,628	\$ 2,305
Retainage payable	60,588	8,379
Deferred grant revenue		
Due to other funds	506,235	37,690
Total liabilities	684,933	48,374
Fund balance (deficit)	427,945	183,413
Total liabilities and fund balance	<u>\$1,112,878</u>	<u>\$231,787</u>

See accompanying notes to financial statements.

Local Public
Works
Municipal
Improvement
Construction

Airport
Improvement
Construction

Combined

\$ 66,008

\$ 115,482

1,050,000

15,596

\$272,847

8,946

15,451

288,443

114,107

25,141

226,065

\$195,711

\$313,439

164,879

\$1,853,815

\$ 6,400

\$ 6,477

\$ 6,477

11,351

268,892

6,882

45,565

72,174

400,176

129,644

5,073

186,706

192,960

352,616

5,073

2,751

(39,177)

673,569

1,278,883

574,932

\$195,711

\$313,439

\$1,853,815

CITY OF OCALA, FLORIDA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	1972 Municipal Improvement Construction	1974 Pollution Control Construction	Local Public Works Municipal Improvement Construction	Airport Improvement Construction	Combined
Sources of financial resources:-					
Revenues:-					
Federal grants:					
Street and storm drainage improvements			\$ 500,000		\$ 500,000
Recreation improvements			239,837		239,837
City hall addition			367,803		367,803
Airport improvements				\$705,191	705,191
State of Florida grant				39,177	39,177
Income from investments held by State of Florida		\$ 20,102			20,102
Interest income	\$ 78,966				78,966
Total revenues	78,966	20,102	1,107,640	744,368	1,951,076
Other sources:					
Transfer from 1972 municipal improvement construction fund			50,000		50,000
Transfer from special assessment fund			94,153		94,153
Total sources of financial resources	78,966	20,102	1,251,793	744,368	2,095,229
Uses of financial resources:-					
Expenditures:-					
Capital outlay:					
Street and storm drainage improvements	768,861		594,153		1,363,014
Recreation improvements			249,361		249,361
City hall addition			415,052		415,052
Airport improvements				783,545	783,545
Water and sewer improvements	85,269	169,449			254,718
Total expenditures	854,130	169,449	1,258,566	783,545	3,065,690
Other uses:					
Transfer to local public works municipal improvement construction fund	50,000				50,000
Total uses of financial resources	904,130	169,449	1,258,566	783,545	3,115,690
Net (decrease) in fund balance during the year	(825,164)	(149,347)	(6,773)	(39,177)	(1,020,461)
Fund balance at October 1, 1977	1,688,109	332,760			2,020,869
Transfer of fund deficit of completed project to general fund			9,524		9,524
Contribution to internal service fund	(435,000)				(435,000)
Fund balance (deficit) at September 30, 1978	\$ 427,945	\$183,413	\$ 2,751	(\$ 39,177)	\$ 574,932

See accompanying notes to financial statements.

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CITY OF OCALA, FLORIDA
SPECIAL ASSESSMENT FUND

BALANCE SHEET

SEPTEMBER 30, 1978

Assets

Cash	\$ 277,202
6.9-7.9% certificates of deposit, maturing through February 1979	905,000
United States government securities	62,000
Accrued interest receivable on investments	37,029
Street and sewer assessments receivable:	
Current	75,283
Delinquent	30,376
Deferred	723,637
Due from other funds	247,056
Other	1,820
Total assets	<u>\$2,359,403</u>

Liabilities and
Fund Balance

Due to other funds	\$ 94,153
6% street improvement bonds, \$50,000 due in 1983 and \$10,000 in 1989	60,000
5.5% unsecured note payable to bank due January 1980	280,000
6.5% street improvement bonds, \$150,000 due in 1981 and \$200,000 in 1987	350,000
Total liabilities	784,153
Fund balance	<u>1,575,250</u>
Total liabilities and fund balance	<u>\$2,359,403</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
SPECIAL ASSESSMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1978

Sources of financial resources:-

Revenues:

Special assessments levied	\$ 221,548
Interest income on investments	60,886
Interest and penalties on special assessments	49,367
Other income	<u>1,063</u>
Total sources of financial resources	<u>332,864</u>

Uses of financial resources:-

Expenditures:

Interest expense	31,818
Professional fees	3,307
Other	<u>7,211</u>
Total expenditures	42,336

Other uses:

Transfer to LPW municipal improvement construction fund	94,153
Transfer to pollution control bonds debt service fund	<u>78,841</u>
Total uses of financial resources	<u>215,330</u>

Net increase in fund balance during
the year

117,534

Fund balance at October 1, 1977

1,457,716

Fund balance at September 30, 1978

\$1,575,250

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
ELECTRIC AND BULK POWER SUPPLY REVENUE FUNDS
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 1978

	Electric Revenue Fund	Bulk Power Supply Revenue Fund	Eliminations	Consolidated
<u>Assets</u>				
Current assets:				
Cash		\$ 2,838,637		\$ 2,838,637
Accounts receivable, less allow- ance for doubtful accounts of \$83,000	\$ 2,381,660			2,381,660
Accrued unbilled revenues	1,605,873			1,605,873
Inventories	1,011,834			1,011,834
Due from other funds	251,350	47,385	(\$210,040)	88,695
Prepaid expenses	18,424	43,290		61,714
Total current assets	5,269,141	2,929,312	(210,040)	7,988,413
Restricted assets:				
Cash	1,860,131	433,584		2,293,715
6.00% .75% certificates of deposit, maturing through April 1986	3,394,966	917,750		4,312,716
United States government securities	375,158			375,158
Accrued interest receivable	57,100	14,257		71,357
Due from other funds	409,229	26,668	(435,897)	
Total restricted assets	6,096,584	1,392,259	(435,897)	7,052,946
Property and equipment, net	13,390,880	8,539,982		21,930,862
Issuance expenses on long-term debt	110,748	182,879		293,627
Total assets	\$24,867,353	\$13,044,432	(\$645,937)	\$37,265,848
<u>Liabilities and Retained Earnings</u>				
Current liabilities:				
Bank overdraft	\$ 1,774,138			\$ 1,774,138
Accounts payable	191,409	\$ 1,754,222		1,945,631
Due to other funds	370	210,040	\$210,040	370
Customer deposits	852,260			852,260
	2,818,177	1,964,262	210,040	4,572,399
Current liabilities payable from restricted assets:				
Revenue bonds payable within one year	620,000			620,000
Accounts payable	11,947	115,466		127,413
Accrued interest payable	168,379	304,764		473,143
Due to other funds	1,116,686	407,041	435,897	1,087,830
	1,917,012	827,271	435,897	2,308,386
Total current liabilities	4,735,189	2,791,533	645,937	6,880,785
Revenue bonds payable after one year	7,123,815	11,004,660		18,128,475
Retained earnings (deficit):				
Reserved for debt service reserve	626,065	1,072,429		1,698,494
Reserved for debt service	972,294	459,660		1,431,954
Reserved for capital projects	4,822,835	(78,530)		4,744,305
Reserved for renewal and replacement	143,458	186,100		329,558
Reserved for 1978-79 budget	213,200	86,900		300,100
Total reserved retained earnings	6,777,852	1,726,559		8,504,411
Unreserved retained earnings (deficit)	6,230,497	(2,478,320)		3,752,177
Total retained earnings (deficit)	13,008,349	(751,761)		12,256,588
Total liabilities and retained earnings	\$24,867,353	\$13,044,432	\$645,937	\$37,265,848

See accompanying notes to financial statements.

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CITY OF OCALA, FLORIDA
ELECTRIC AND BULK POWER SUPPLY REVENUE FUNDS
CONSOLIDATING STATEMENT OF CHANGES IN RESERVED RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1978

Electric Revenue Fund

Balance at October 1, 1977
Increase (decrease) in reserves of restricted assets affecting unreserved retained earnings:
 Transfers from operating fund
 Transfers of capital improvements to operating fund
 Interest income
 Interest payments
 Other
Net increase affecting unreserved retained earnings
(Decrease) in reserves of restricted assets not affecting unreserved retained earnings:
 Transfer to bulk power supply construction fund
 Contribution to internal service fund
Net (decrease) not affecting unreserved retained earnings
Net increase (decrease) in reserves of restricted assets
Increase in reserves of unrestricted assets:
 Reserve for 1978-79 retained earnings budget appropriation
Net increase in reserves of unrestricted assets
Balance at September 30, 1978

Bulk Power Supply Revenue Fund

Balance at October 1, 1977
Increase (decrease) in reserves of restricted assets affecting unreserved retained earnings:
 Transfers from operating fund
 Transfers of capital improvements to operating fund
 Interest income
 Interest payments
Net increase (decrease) affecting unreserved retained earnings
Increase in reserves of restricted assets not affecting unreserved retained earnings:
 Transfer from electric construction fund
Net increase not affecting unreserved retained earnings
Net increase (decrease) in reserves of restricted assets
Increase in reserves of unrestricted assets:
 Reserve for 1978-79 retained earnings budget appropriation
Net increase in reserves of unrestricted assets
Balance (deficit) at September 30, 1978

Consolidated

Balance at October 1, 1977
Increase (decrease) in reserves of restricted assets affecting unreserved retained earnings:
 Transfers from operating fund
 Transfers of capital improvements to operating fund
 Interest income
 Interest payments
 Other
Net increase (decrease) affecting unreserved retained earnings
(Decrease) in reserves of restricted assets not affecting unreserved retained earnings:
 Contribution to internal service fund
Net (decrease) not affecting unreserved retained earnings
Net increase (decrease) in reserves of restricted assets
Increase in reserves of unrestricted assets:
 Reserve for 1978-79 retained earnings budget appropriation
Net increase in reserves of unrestricted assets
Balance at September 30, 1978

See accompanying notes to financial statements.

Reserved for				Total Reserves of Restricted Assets	Reserves of Unrestricted Assets	Total Reserves
Construction	Renewal and Replacement	Debt Service	Debt Service Reserve			
<u>\$5,483,652</u>	<u>\$ 22,736</u>	<u>\$ 139,900</u>	<u>\$ 589,727</u>	<u>\$6,236,015</u>		<u>\$6,236,015</u>
(31,788)	630,400	1,012,900		1,643,300		1,643,300
204,092	(509,678)			(541,466)		(541,466)
		41,383	36,338	281,813		281,813
		(221,699)		(221,699)		(221,699)
66,879		(190)		66,689		66,689
<u>239,183</u>	<u>120,722</u>	<u>832,394</u>	<u>36,338</u>	<u>1,228,637</u>		<u>1,228,637</u>
(225,000)				(225,000)		(225,000)
(675,000)				(675,000)		(675,000)
(900,000)				(900,000)		(900,000)
(660,817)	120,722	832,394	36,338	328,637		328,637
					\$213,200	213,200
					213,200	213,200
<u>\$4,822,835</u>	<u>\$143,458</u>	<u>\$ 972,294</u>	<u>\$ 626,065</u>	<u>\$6,564,652</u>	<u>\$213,200</u>	<u>\$6,777,852</u>
<u>\$1,424,641</u>		<u>\$ 146,232</u>	<u>\$1,010,481</u>	<u>\$2,581,354</u>		<u>\$2,581,354</u>
(1,776,396)	\$186,100	714,700		900,800		900,800
48,225			61,948	(1,776,396)		(1,776,396)
		(401,272)		110,173		110,173
(1,728,171)	186,100	313,428	61,948	(401,272)		(401,272)
				(1,166,695)		(1,166,695)
225,000				225,000		225,000
225,000				225,000		225,000
(1,503,171)	186,100	313,428	61,948	(941,695)		(941,695)
					\$ 86,900	86,900
					86,900	86,900
<u>(\$ 78,530)</u>	<u>\$186,100</u>	<u>\$ 459,660</u>	<u>\$1,072,429</u>	<u>\$1,639,659</u>	<u>\$ 86,900</u>	<u>\$1,726,559</u>
<u>\$6,908,293</u>	<u>\$ 22,736</u>	<u>\$ 286,132</u>	<u>\$1,600,208</u>	<u>\$8,817,369</u>		<u>\$8,817,369</u>
(1,808,184)	816,500	1,727,600		2,544,100		2,544,100
252,317	(509,678)			(2,317,862)		(2,317,862)
		41,383	98,286	391,986		391,986
		(622,971)		(622,971)		(622,971)
66,879		(190)		66,689		66,689
<u>(1,488,988)</u>	<u>306,822</u>	<u>1,145,822</u>	<u>98,286</u>	<u>61,942</u>		<u>61,942</u>
(675,000)				(675,000)		(675,000)
(675,000)				(675,000)		(675,000)
(2,163,988)	306,822	1,145,822	98,286	(613,058)		(613,058)
					\$300,100	300,100
					300,100	300,100
<u>\$4,744,305</u>	<u>\$329,558</u>	<u>\$1,431,954</u>	<u>\$1,698,494</u>	<u>\$8,204,311</u>	<u>\$300,100</u>	<u>\$8,504,411</u>

CITY OF OCALA, FLORIDA
ELECTRIC AND BULK POWER SUPPLY REVENUE FUNDS
CONSOLIDATING STATEMENT OF OPERATIONS AND
CHANGES IN UNRESERVED RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	Electric Revenue Fund	Bulk Power Supply Revenue Fund	Eliminations	Consolidated
Operating revenues:				
Sale of electricity	\$22,597,473	\$15,711,782	\$15,711,782	\$22,597,473
Service charges and other income	277,648			277,648
Total operating revenues	<u>22,875,121</u>	<u>15,711,782</u>	<u>15,711,782</u>	<u>22,875,121</u>
Operating expenses:-				
Operations:				
Purchase of electricity	15,721,141	12,563,007	(15,711,782)	12,572,366
Distribution	1,222,183			1,222,183
Operation and maintenance		266,608		266,608
Back-up		1,733,896		1,733,896
Transmission		244,607		244,607
Administration	531,534			531,534
Depreciation and amortization	719,156	331,408		1,050,564
Other	311,538			311,538
Total operating expenses	<u>18,505,552</u>	<u>15,139,526</u>	<u>(\$15,711,782)</u>	<u>17,933,296</u>
Operating income before interest income and expense and other (sources) and use-	<u>4,369,569</u>	<u>572,256</u>		<u>4,941,825</u>
Interest (income) expense:				
Revenue bonds	359,867	618,240		978,107
Investments	(283,048)	(110,173)		(393,221)
	<u>76,819</u>	<u>508,067</u>		<u>584,886</u>
Other (sources) uses:				
Transfer to general fund	3,490,227			3,490,227
Transfer from water and sewer fund	(41,500)			(41,500)
Transfer from bulk power supply revenue fund	(380,000)	380,000		
Transfer from antirecession fiscal assistance fund	(987)			(987)
	<u>3,067,740</u>	<u>380,000</u>		<u>3,447,740</u>
Net income (loss)	<u>1,225,010</u>	<u>(315,811)</u>		<u>909,199</u>
Unreserved retained earnings (deficit) at October 1, 1977	6,447,324	(3,242,304)		3,205,020
(Increase) decrease in reserves of restricted assets	(1,228,637)	1,166,695		(61,942)
(Increase) in reserves of unrestricted assets	(213,200)	(86,900)		(300,100)
Unreserved retained earnings (deficit) at September 30, 1978	<u>\$ 6,230,497</u>	<u>(\$ 2,478,320)</u>		<u>\$ 3,752,177</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
ELECTRIC AND BULK POWER SUPPLY REVENUE FUNDS
CONSOLIDATING STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	Electric Revenue Fund	Bulk Power Supply Revenue Fund	Eliminations	Consolidated
Financial resources were provided by (used for):				
Operations:				
Net income (loss)	\$1,225,010	(\$ 315,811)		\$ 909,199
Add - charges not affecting working capital				
Depreciation and amortization of property and equipment and issuance expenses on long- term debt	719,156	331,408		1,050,564
Amortization of issuance discount on long-term debt	23,340	9,131		32,471
Loss on disposal of property and equipment	8,279			8,279
Working capital provided by operations	1,975,785	24,728		2,000,513
Reduction in investment in CR-3 Contribution to bulk power supply revenue fund	(225,000)	36,095		36,095
(Increase) decrease in restricted assets	(852,844)	225,000		
Total financial resources provided	897,941	1,159,015	(\$435,897)	742,068
Financial resources were used for:				
Additions to property and equipment	531,511	1,871,633		2,403,144
Reduction of revenue bonds payable	620,000			620,000
Contribution to internal service fund	675,000			675,000
Total financial resources used	1,826,511	1,871,633		3,698,144
Decrease in working capital	\$ 928,570	\$ 426,795	(\$435,897)	\$ 919,468

Analysis of Changes in Components of Working Capital

Increase (decrease) in current assets:				
Cash		\$2,558,441		\$2,558,441
Certificates of deposit	(\$ 20,000)			(20,000)
Accounts receivable	525,676	(156,499)		369,177
Accrued unbilled revenue	(21,051)			(21,051)
Inventories	319,950			319,950
Due from other funds	249,640	(1,435,852)	(\$210,040)	(1,396,252)
Prepaid expenses	18,424	43,290		61,714
Increase in current assets	1,072,639	1,009,380	(210,040)	1,871,979
(Increase) decrease in current liabilities:				
Bank overdraft	(1,594,127)			(1,594,127)
Accounts payable	(88,622)	(500,870)		(589,492)
Due to other funds	1,563,419	(210,040)	(210,040)	1,563,419
Current liabilities payable from restricted assets	(1,774,530)	(725,265)	(435,897)	(2,063,898)
Customer deposits	(107,349)			(107,349)
Increase in current liabilities	(2,001,209)	(1,436,175)	(645,937)	(2,791,447)
Decrease in working capital	\$ 928,570	\$ 426,795	\$435,897	\$ 919,468

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA

WATER AND SEWER FUND

BALANCE SHEET

SEPTEMBER 30, 1978

Assets

Current assets:	
Cash	\$ 503,190
Inventories	56,829
Prepaid expense	14,107
Other current assets	10,171
Total current assets	<u>584,297</u>
Restricted assets:	
Cash	236,258
7.25-7.875% certificates of deposit, maturing through July 1979	696,698
United States government securities	102,473
Accrued interest receivable	27,789
Total restricted assets	<u>1,063,218</u>
Property and equipment, net	<u>16,255,263</u>
Total assets	<u>\$17,902,778</u>

Liabilities, Contributions and
Retained Earnings

Current liabilities:	
Accounts payable	\$ 55,439
Due to other funds	17,208
	<u>72,647</u>
Current liabilities payable from restricted assets:	
Revenue bonds payable within one year	400,000
Accounts payable	76,525
Deferred revenue	82,897
Accrued interest payable	49,772
Due to other funds	224,045
	<u>833,239</u>
Total current liabilities	<u>905,886</u>
Revenue bonds payable after one year	<u>2,930,000</u>
Contributions	<u>2,182,460</u>
Retained earnings (deficit):-	
Reserved:	
Reserved for renewal and replacement	38,461
Reserved for debt service	(85,947)
Reserved for debt service reserve	643,144
Reserved for 1978-79 budget	195,000
Total reserved retained earnings	<u>790,658</u>
Unreserved retained earnings	<u>11,093,774</u>
Total retained earnings	<u>11,884,432</u>
Total liabilities, contributions and retained earnings	<u>\$17,902,778</u>

See accompanying notes to financial statements.

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CITY OF OCALA, FLORIDA
WATER AND SEWER FUND
STATEMENT OF CHANGES IN RESERVED RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	Reserved for		
	<u>Renewal and Replacement</u>	<u>Debt Service</u>	<u>Debt Service Reserve</u>
Balance (deficit) at October 1, 1977	(\$27,418)	\$257,243	\$705,856
Increase (decrease) in reserves of restricted assets:			
Transfers from operating fund	100,200	140,000	
Transfer of capital improve- ments to operating fund	(34,321)		
Interest income		26,197	79,788
Transfer from water and sewer debt service reserve		142,500	(142,500)
Principal and interest payments		(651,663)	
Other		(224)	
Net increase (decrease) in reserves of restricted assets	<u>65,879</u>	<u>(343,190)</u>	<u>(62,712)</u>
Increase in reserves of unrestricted assets:			
Reserve for 1978-79 retained earnings budget appropriation			
Net increase in reserves of unrestricted assets			
Balance (deficit) at September 30, 1978	<u>\$38,461</u>	<u>(\$ 85,947)</u>	<u>\$643,144</u>

See accompanying notes to financial statements.

<u>Total Reserves of Restricted Assets</u>	<u>Reserves of Unrestricted Assets</u>	<u>Total Reserves</u>
<u>\$935,681</u>	_____	<u>\$935,681</u>
240,200		240,200
(34,321)		(34,321)
105,985		105,985
(651,663)		(651,663)
<u>(224)</u>	_____	<u>(224)</u>
<u>(340,023)</u>	_____	<u>(340,023)</u>
_____	<u>\$195,000</u>	<u>195,000</u>
_____	<u>195,000</u>	<u>195,000</u>
<u>\$595,658</u>	<u>\$195,000</u>	<u>\$790,658</u>

CITY OF OCALA, FLORIDA
WATER AND SEWER FUND
STATEMENT OF OPERATIONS AND CHANGES
IN UNRESERVED RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1978

Operating revenues:	
Sale of water	\$ 1,160,678
Sewer service charges	768,282
Other income	157,300
Total operating revenues	<u>2,086,260</u>
Operating expenses:-	
Operations:	
Water treatment	313,021
Water distribution	149,249
Sewer treatment	350,587
Sewer collection	203,412
Administration	49,077
Other expenses	105,038
Depreciation	420,131
Total operating expenses	<u>1,590,515</u>
Operating income before interest	
income and expense and	
other uses	<u>495,745</u>
Interest (income) expense:	
Revenue bonds	216,190
Investments	(106,257)
	<u>109,933</u>
Other uses:	
Transfer to general fund	312,441
Transfer to electric revenue fund	41,500
	<u>353,941</u>
Net income	31,871
Disposition of net income:	
Decrease in contributed capital -	
depreciation of contributed assets	<u>10,888</u>
Increase in unreserved retained	
earnings	42,759
Unreserved retained earnings at	
October 1, 1977	10,905,992
Decrease in reserves of	
restricted assets	340,023
(Increase) in reserves of	
unrestricted assets	<u>(195,000)</u>
Unreserved retained earnings at	
September 30, 1978	<u>\$11,093,774</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
WATER AND SEWER FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 1978

Financial resources were provided by:-

Operations:

Net income	\$ 31,871
Add - charges not affecting working capital	
Depreciation	420,131
Loss of disposal of property and equipment	<u>13,055</u>
Working capital provided by operations	465,057
Federal grant contributions	1,676,748
Contributions from developers	261,882
Contribution from 1972 municipal improvement construction fund	85,269
Contribution from 1974 pollution control construction fund	169,449
Decrease in restricted assets	<u>146,666</u>
Total financial resources provided	<u>2,805,071</u>

Financial resources were used for:

Additions to property and equipment	2,272,486
Reduction of bonds payable	<u>400,000</u>
Total financial resources used	<u>2,672,486</u>
Increase in working capital	<u>\$ 132,585</u>

Analysis of Changes in Components
of Working Capital

Increase (decrease) in current assets:

Cash	\$ 429,169
Inventories	(6,416)
Prepaid expense	14,107
Other current assets	1,015
Due from other funds	<u>(115,888)</u>
	<u>321,987</u>

(Increase) decrease in current liabilities:

Accounts payable	(19,019)
Due to other funds	3,833
Current liabilities payable from restricted assets	<u>(174,216)</u>
	<u>(189,402)</u>

Increase in working capital	<u>\$ 132,585</u>
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See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA

INTERNAL SERVICE FUND

BALANCE SHEET

SEPTEMBER 30, 1978

Assets

Current assets:

Cash	\$ 94,138
Prepaid expense	1,904
Other assets	668
Due from other funds	<u>890,870</u>
Total current assets	987,580

Property and equipment, net

322,275

Total assets

\$1,309,855

Liabilities, Contributions
and Retained Earnings

Current liabilities:

Accounts payable	\$ 12,759
Due to other funds	<u>44</u>

Total current liabilities

12,803

Contributions

1,110,000

Retained earnings:

Reserved for 1978-79 budget	133,500
Unreserved	<u>53,552</u>

Total retained earnings

187,052

Total liabilities, contributions
and retained earnings

\$1,309,855

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
INTERNAL SERVICE FUND
STATEMENT OF CHANGES IN UNRESERVED AND
RESERVED RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	<u>Unreserved Retained Earnings</u>	<u>Reserved Retained Earnings</u>	<u>Total Retainted Earnings</u>
Retained earnings at October 1, 1977	\$175,925		\$175,925
Net income	11,127		11,127
Reserve of fund balance for 1978-79 budget appropriation	<u>(133,500)</u>	<u>\$133,500</u>	<u> </u>
Retained earnings at September 30, 1978	<u>\$ 53,552</u>	<u>\$133,500</u>	<u>\$187,052</u>

See accompanying notes to financial statement.

CITY OF OCALA, FLORIDA

INTERNAL SERVICE FUND

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 1978

Operating revenues:	
Billings to other funds	\$ 912,516
Other income	642
Total operating revenues	<u>913,158</u>
Operating expenses:	
Municipal garage	640,666
Building maintenance	94,959
Data processing	214,167
Central reproduction	46,450
Depreciation	8,292
Other	5,383
Total operating expenses	<u>1,009,917</u>
Operating loss before other sources	<u>(96,759)</u>
Other sources:	
Transfer from general fund	98,955
Transfer from antirecession fiscal assistance fund	8,931
	<u>107,886</u>
Net income	<u>\$ 11,127</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
INTERNAL SERVICE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 1978

Financial resources were provided by:-

Operations:

Net income	\$ 11,127
Add - charges not affecting working capital	
Depreciation	8,292
Loss on disposal of property and equipment	<u>401</u>
Working capital provided by operations	19,820
Contribution from electric revenue fund	675,000
Contribution from 1972 municipal improvement fund	<u>435,000</u>
Total financial resources provided	<u>1,129,820</u>

Financial resources were used for:

Additions to property and equipment	<u>228,618</u>
Total financial resources used	<u>228,618</u>
Increase in working capital	<u>\$ 901,202</u>

Analysis of Changes in
Components of Working Capital

Increase (decrease) in current assets:

Cash	\$ 1,621
Miscellaneous accounts receivable	(559)
Prepaid expense	1,904
Other assets	168
Due from other funds	<u>890,870</u>
	<u>894,004</u>

(Increase) decrease in current
liabilities:

Accounts payable	<u>7,198</u>
	<u>7,198</u>

Increase in working capital	<u>\$ 901,202</u>
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See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
TRUST FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1978

	<u>Expendable</u>		<u>Nonex-</u> <u>pendable</u>	
	<u>Federal</u> <u>Revenue</u> <u>Sharing</u> <u>Fund</u>	<u>Antireces-</u> <u>sion Fiscal</u> <u>Assistance</u> <u>Fund</u>	<u>Consol-</u> <u>idated</u> <u>Retirement</u> <u>Fund</u>	<u>Combined</u>
<u>Assets</u>				
Cash	\$175,100	\$17,198	\$ 97,171	\$ 289,469
Interest receivable			61,684	61,684
Dividends receivable			6,996	6,996
Corporate and other bonds, at cost (market value - \$3,237,528)			3,339,332	3,339,332
Common stocks, at cost (market value - \$1,504,892)			1,663,429	1,663,429
Due from other funds	38,015	12,500		50,515
Total assets	<u>\$213,115</u>	<u>\$29,698</u>	<u>\$5,168,612</u>	<u>\$5,411,425</u>
<u>Liabilities, Encumbrances, Contributions and Fund Balance</u>				
Accounts payable	\$ 1,027	\$ 77		\$ 1,104
Total liabilities	1,027	77		1,104
Encumbrances outstanding	37,520	1,827		39,347
Employee pension contributions			\$1,106,405	1,106,405
Fund balance:-				
Reserved fund balance:				
Reserved for retirement benefits			4,062,207	4,062,207
Reserved for 1978-79 budget	55,400			55,400
	55,400		4,062,207	4,117,607
Unreserved fund balance	119,168	27,794		146,962
Total fund balance	174,568	27,794	4,062,207	4,264,569
Total liabilities, encumbrances, contributions and fund balance	<u>\$213,115</u>	<u>\$29,698</u>	<u>\$5,168,612</u>	<u>\$5,411,425</u>

See accompanying notes to financial statements.

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CITY OF OCALA, FLORIDA
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN
UNRESERVED AND RESERVED FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	Federal Revenue Sharing Fund		
	<u>Unreserved Fund Balance</u>	<u>Reserved Fund Balance</u>	<u>Total Fund Balance</u>
Fund balance at October 1, 1977	\$117,779		\$117,779
Net increase (decrease) in fund balance during the year	56,789		56,789
Reserve of fund balance for 1978-79 budget appropriation	(55,400)	\$55,400	
Fund balance at September 30, 1978	<u>\$119,168</u>	<u>\$55,400</u>	<u>\$174,568</u>

See accompanying notes to financial statements.

Antirecession Fiscal
Assistance Fund

Combined

<u>Unreserved Fund Balance</u>	<u>Unreserved Fund Balance</u>	<u>Reserved Fund Balance</u>	<u>Fund Balance</u>
\$40,633	\$158,412		\$158,412
(12,839)	43,950		43,950
	(55,400)	\$55,400	
<u>\$27,794</u>	<u>\$146,962</u>	<u>\$55,400</u>	<u>\$202,362</u>

CITY OF OCALA, FLORIDA
NONEXPENDABLE CONSOLIDATED RETIREMENT FUND
STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1978

Revenues:	
Interest from investments	\$ 251,097
Dividend income	56,369
City contributions	341,367
State contributions	<u>111,829</u>
Total revenue	<u>760,662</u>
Expenses:	
Pension payments	124,013
Custodial and investment fees	22,114
Loss on sale of investments	22,917
Interest expense on employee contributions refunded	5,001
Other	<u>90</u>
Total expenses	<u>174,135</u>
Net income	586,527
Fund balance at October 1, 1977	<u>3,475,680</u>
Fund balance at September 30, 1978	<u>\$4,062,207</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND ENCUMBRANCES
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	<u>Federal Revenue Sharing Fund</u>	<u>Antirecession Fiscal Assistance Fund</u>	<u>Combined</u>
Sources of financial resources:-			
Revenues:			
Federal revenue sharing entitlements	\$331,655		\$331,655
Antirecession fiscal assistance entitlements		\$13,539	13,539
Other revenue	<u>4,630</u>	<u> </u>	<u>4,630</u>
Total sources of financial resources	<u>336,285</u>	<u>13,539</u>	<u>349,824</u>
Uses of financial resources:			
Transfer to general fund	279,496	15,676	295,172
Transfer to internal service fund		8,931	8,931
Transfer to electric revenue fund		987	987
Transfer to Central Florida regional library fund	<u> </u>	<u>784</u>	<u>784</u>
Total uses of financial resources	<u>279,496</u>	<u>26,378</u>	<u>305,874</u>
Net increase (decrease) in fund balance during the year	<u>\$ 56,789</u>	<u>(\$12,839)</u>	<u>\$ 43,950</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA
NONEXPENDABLE CONSOLIDATED RETIREMENT FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 1978

Financial resources were
provided by:-

Operations:

Net income	\$586,527
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Working capital provided by operations	586,527
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Employee pension contributions	186,202
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Total financial resources provided	772,729
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Financial resources were used for:

Refunded employee contributions	73,544
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Total financial resources used	73,544
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Increase in working capital	\$699,185
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Analysis of Changes in
Components of Working Capital

Increase (decrease) in current
assets:

Cash	(\$ 24,582)
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Investments	829,334
-------------	---------

Interest receivable	577
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Dividends receivable	6,996
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Accounts receivable	(93,690)
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Due from other funds	(19,450)
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Increase in working capital	\$699,185
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See accompanying notes to financial statements.

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CITY OF OCALA, FLORIDA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 1978

	<u>October 1, 1977</u>	<u>Additions</u>
Cost:		
Land	\$ 3,455,248	\$ 110,494
Buildings	2,842,848	10,202
Improvements other than buildings	10,269,021	2,267,141
Equipment and furniture	2,745,285	485,249
Construction in progress	147,365	1,157,838
	<u>\$19,459,767</u>	<u>\$4,030,924</u>
Net investment in general fixed assets:-		
Investment in property acquired prior to September 30, 1975	\$17,447,579	
Investment in property acquired after September 30, 1975:		
Capital project funds - bonds	197,994	\$ 816,109
General fund	1,206,319	467,674
Special revenue funds	337,538	40,202
Trust funds - federal entitlements	227,837	268,110
Special assessment fund	42,500	94,153
Federal and state grants		1,854,282
Contributions		490,394
	<u>\$19,459,767</u>	<u>\$4,030,924</u>

See accompanying notes to financial statements.

<u>Retirements</u>	<u>Transfers</u>	<u>September 30, 1978</u>
	\$19,826	\$ 3,585,568
		2,853,050
	45,533	12,581,695
(\$324,297)		2,906,237
	(\$65,359)	1,239,844
<u>(\$324,297)</u>	<u> </u>	<u>\$23,166,394</u>
(\$324,297)		\$17,123,282
		1,014,103
	(\$44,619)	1,629,374
		377,740
		495,947
		136,653
	\$44,619	1,898,901
		490,394
<u>(\$324,297)</u>	<u> </u>	<u>\$23,166,394</u>

CITY OF OCALA, FLORIDA
STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 1978

	<u>October 1, 1977</u>	<u>General Long-Term Debt Issued</u>
Serial bonds:		
Amount available in debt service funds	\$1,079,398	
Amount to be provided	<u>5,751,602</u>	
	6,831,000	
Other notes payable:		
Amount to be provided	<u>35,000</u>	<u>\$88,500</u>
Total available and amount to be provided	<u>\$6,866,000</u>	<u>\$88,500</u>
General obligation debt payable:		
Serial bonds	\$6,831,000	
Other notes payable	<u>35,000</u>	<u>\$88,500</u>
Total general obligation debt payable	<u>\$6,866,000</u>	<u>\$88,500</u>

See accompanying notes to financial statements.

<u>General Long-Term Debt Retired</u>	<u>Debt Service Funds Operations</u>	<u>September 30, 1978</u>
	\$70,134	\$1,149,532
(\$421,000)	<u>(70,134)</u>	<u>5,260,468</u>
(421,000)		6,410,000
<u>(35,000)</u>	<u> </u>	<u>88,500</u>
(\$456,000)	<u>\$ </u>	<u>\$6,498,500</u>
(\$421,000)	\$	\$6,410,000
<u>(35,000)</u>	<u> </u>	<u>88,500</u>
(\$456,000)	<u>\$ </u>	<u>\$6,498,500</u>

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 1978

NOTE 1 - DESCRIPTION OF FUNDS:

The City of Ocala (the "City") operates under a council-manager form of government and provides the following services as authorized by its charter: public safety, public works, public utilities, culture, recreation and community development. Public housing services are provided by the Ocala Housing Authority. This Authority is a separate governmental entity, and its financial statements are not included in this report.

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equities, revenues, and expenditures or expenses. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the City:

GOVERNMENTAL FUNDS

General Fund

The general fund is the general operating fund of the City. General tax revenues (e.g., property and franchise) and other receipts not specifically restricted by law or administrative action to be accounted for in a separate fund are recorded in the general fund. Also recorded in this fund are the general operating expenditures, the fixed charges, and the capital improvement costs that are not legally or administratively required to be paid through other funds.

Special Revenue Funds

Special revenue funds are used to account for revenues legally or administratively restricted to finance specific activities other than special assessments, expendable trusts, or major improvements. Special revenue funds used by the City are:

Occupational License

In this fund are recorded business license and permit revenues which are pledged as security for the Refunding and Improvement Excise Tax Bonds dated July 1, 1965 and January 1, 1972. Revenues collected are transferred to the general fund for debt service on the Refunding and Improvement Excise Tax Bonds.

Central Florida Regional Library

Used to account for federal, state and county grants, library operating revenues, and general fund subsidy which are restricted for the operation of the Regional Library.

Off-Street Parking

This fund accounts for the proceeds from the City's parking system. Off-street parking revenues are pledged as security for the Improvement Bonds dated July 1, 1966.

Downtown Development

Used to account for property taxes levied against downtown property owners. These property tax revenues are used for debt service on the Improvement Bonds, dated July 1, 1966.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for the payment of principal and interest requirements on general obligation and other improvement revenue bonds not expected to be paid from proprietary or special assessment funds.

Capital Project Funds

Capital project funds are used to account for resources earmarked for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Special Assessment Funds

Special assessment funds are used to account for financial resources obtained and used for the financing and construction of improvements that are to be fully or partially paid for by assessments against benefited properties.

PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds are used to account for operations that provide a service to citizens. Enterprise operations are financed principally by user charges for the provision of that service where the periodic measurement of net income is considered appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds used by the City are:

Bulk Power Supply Revenue Fund

Used to account for the construction, operation and maintenance of the City-owned portion of Crystal River Nuclear Plant No. 3(CR-3). Purchases of electricity (principally from Florida Power Corporation), in addition to the City's share of electricity generated by CR-3, are recorded in this fund and sold to the City-owned Electric Revenue System for sale to the general public.

Electric Revenue Fund

This fund accounts for the construction, operation and maintenance of the City-owned electric system. Electricity, which is sold to the general public, is purchased from the City-owned Bulk Power Supply System.

Water and Sewer Fund

This fund accounts for the construction, operation and maintenance of the City-owned water and sewer system.

Internal Service Fund

The internal service fund accounts for the operation of the municipal garage, data processing, central reproduction and building maintenance departments which are financed by user fees charged to other City departments.

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the City as Trustee. Expendable trust funds use the modified accrual basis of accounting; the nonexpendable trust fund uses the full-accrual method.

Expendable trust funds used by the City are:

Federal Revenue Sharing Fund

This fund accounts for revenues and related expenditures under the State and Local Fiscal Assistance Act of 1972 (as amended).

Antirecession Fiscal Assistance Fund

This fund accounts for revenues and related expenditures received under the Antirecession Fiscal Aid Program which was authorized by the Public Works Employment Act of 1976.

The nonexpendable trust fund used by the City is:

Consolidated Retirement Fund

This fund accounts for the activities of the City administered pension plan for all eligible City employees, including policemen and firemen.

ACCOUNT GROUPS

General Fixed Asset Account Group

This account group is established to account for all fixed assets of the City, other than those accounted for in the enterprise and internal service funds.

General Long-Term Debt Account Group

This account group is established to account for the long-term debt that is backed by the City's full faith and credit or for debt not expected to be paid from proprietary or special assessment funds.

NOTE 2 - SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES:

The accounting policies of the City of Ocala conform to generally accepted accounting principles applicable to governmental units except for the electric revenue fund. Depreciation expense and accumulated depreciation for the electric revenue fund are recorded based on estimates since detail records are not presently maintained for the majority of the property and equipment. The following is a summary of the more significant principles and practices used in the preparation of the accompanying financial statements.

Basis of Accounting

The financial statements of the general, special revenue, expendable trust funds and debt service funds are presented on a modified accrual basis of accounting. Under this method of accounting, revenues are generally recorded when cash is received, except for material amounts whose normal time of receipt is delayed, and interest income and certain fees, which are recorded when earned. Expenditures are generally recorded on an accrual basis except:

- a. Encumbrances, such as purchase orders, are recorded as an expenditure at the date funds are committed.
- . Inventory is recorded as an expenditure when purchased.

- c. Interest expense on long-term debt is recorded as an expenditure in the debt service funds when paid or on the due date.
- d. Expenditures are not divided between years by the recording of prepaid expenses.
- e. Vacation and sick pay are not accrued (See Note 9).

The financial statements of other funds are presented on an accrual basis of accounting, except that interest income for special assessments receivable and related interest expense for long-term debt is not accrued.

Homogeneous funds are consolidated for purposes of financial statement presentation. Interfund transactions and balances are eliminated in the consolidation of homogeneous funds. Other funds which are similar by type but not homogeneous are combined. Interfund transactions and balances are not eliminated on funds which are combined rather than consolidated.

Interfund payables and receivables are noninterest bearing and generally are liquidated monthly.

Investments

Investments in United States government securities and certificates of deposit are stated at cost, which together with the accrued interest receivable approximates market. It is generally the policy of the City to hold investments until maturity. Investments in stocks and bonds of the consolidated retirement fund are likewise stated at cost (See Note 4, however).

The City, to maximize investment yields, pools monies from various funds for investment purposes. The interest income resulting from pooling is allocated to the respective funds based on the sources of funds invested.

Accounts Receivable from Grantors

Accounts receivable from grantors represent grants for specific programs or capital projects. Program grants and capital grants for general fixed assets are recorded in the applicable governmental fund as receivables and revenues at the time reimbursable project costs are incurred (all significant grant restrictions are satisfied). Grant revenues, if any, received in advance of meeting all major grant restrictions are deferred. Capital grants for general fixed asset additions prior to October 1, 1977 are recorded in the general fixed asset account group as investments by the governmental fund which expended the grant monies. Capital grants for general fixed asset additions subsequent to September 30, 1977 are recorded in the general fixed asset account group as contributions (See Note 3).

Capital grants for fixed asset additions to the enterprise funds are also recorded as receivables when reimbursable project

costs are incurred. Capital grants for fixed asset additions to the enterprise funds prior to October 1, 1977 are recorded as additions to retained earnings. Capital grants for fixed asset additions to the enterprise funds subsequent to September 30, 1977 are recorded as additions to contributions in aid of construction (See Note 3).

Federal and state grants are generally made available to the City under lines of credit and/or are reimbursed to the City as project costs are incurred. The following summarizes the significant federal and state grants awarded to the City as of September 30, 1978 but not collected or accrued.

<u>Grant</u>	<u>Amount</u>
Community Development Block Grants	\$437,000
Local Public Works Grants	177,000
FAA Airport Improvement Grants, including State of Florida participation	<u>192,000</u>
	<u>\$806,000</u>

Inventories

Inventories on enterprise funds consist primarily of equipment and supplies held for capital improvements and are stated at average cost. Obsolete and unusable items have been reduced to estimated salvage values.

Property and Equipment

Proprietary Funds

Units of property and equipment on proprietary funds were recorded in fiscal 1976 at cost, if known, or estimated cost (except for extensions and improvements other than buildings on the electric revenue fund). The use of estimated cost was necessary since the City had not fully maintained detail property records. The City used appraisals and other estimation techniques (indices) to estimate, where necessary, the original cost of the units of property and equipment.

Since 1976, all additions to fixed assets on proprietary funds have been recorded at cost with retirements recorded using the cost (net of depreciation) established in 1976. Management of the City is of the opinion that use of estimated cost to establish the units of property and equipment does not result in a material misstatement of asset values or depreciation expense on the proprietary funds.

Additions, improvements and expenditures that significantly extend the useful life of proprietary fund assets are capitalized. Other expenditures for repairs and maintenance are charged to operations as incurred. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings	30 years
Extensions and improvements other than buildings (water and sewer and internal service funds)	30-60 years
Fixtures, vehicles and equipment	5-15 years

The City has not maintained detail property records for extensions and improvements other than buildings of the electric revenue fund. Notwithstanding, accumulated depreciation for these assets of the electric revenue fund was estimated at 25% of the recorded cost of the depreciable property at September 30, 1976. Depreciation expense for extensions and improvements other than buildings of the electric revenue fund has been provided at approximately 3% of the recorded cost of depreciable property for fiscal years subsequent to September 30, 1976.

An annual depreciation rate of 3.6% is applied to the recorded cost of the Crystal River Unit No. 3. This annual depreciation rate was approved by the Florida Public Service Commission for use by Florida Power Corporation, the majority owner of the project. The City's share of nuclear fuel, which is included in the CR-3 investment account, is amortized to operations on a unit-of-production method at a rate based on actual BTU's of energy produced.

Governmental Funds

General fixed assets, including streets, storm drains and similar immovable assets, are acquired for general governmental purposes. General fixed assets are recorded as capital outlay in a governmental fund and are simultaneously capitalized at cost in the general fixed asset account group. Units of general fixed asset property and equipment were initially established in fiscal 1976 at cost, if known, or estimated cost in a manner similar to proprietary fund fixed assets. As with the proprietary funds, management of the City is of the opinion that use of estimates to record the detail of the general fixed asset account group does not result in a material misstatement of fixed asset cost.

Gifts or contributions to the City are recorded in the general fixed asset account group at their fair market value at the date received.

No depreciation is provided on general fixed assets.

Bond Discounts and Issuance Costs

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method (which approximates the interest method).

Bond discounts are presented as a reduction of the face amount of the related bonds payable.

Annual Budgets

An annual budget is prepared for all funds except the special assessment fund, capital project funds, debt service funds and the consolidated retirement fund. The budgets presented in the accompanying financial statements have been adjusted for all revisions of the annual budget approved during the year by the City Council. The budgets for the governmental funds presented in the accompanying financial statements are prepared on the modified accrual basis which is the same basis of accounting used to report the actual results of operations. Appropriations lapse at the end of each fiscal year.

Utility Revenues

All customer receivables for electric, water, sewer, and sanitation charges are recorded in the electric revenue fund with related revenues recorded in the respective funds. Cash in the amount of the water, sewer and sanitation receivables is reimbursed monthly to the respective funds by the electric revenue fund. Unbilled utility revenues are accrued based on the estimated usage between the last meter reading dates and year end.

Reserves of Fund Balance and Retained Earnings

Reserves of retained earnings on the enterprise funds are created by increases in assets restricted for debt service, renewal and replacement and new construction. These increases result from earnings on restricted assets and interfund transfers to restricted accounts. Earnings on restricted assets are included in consolidated net income of the enterprise funds. These increases in restricted assets decrease unreserved retained earnings and increase reserved retained earnings. The use of the restricted assets generates a restoration of unreserved retained earnings as debt payments are made and as newly constructed or replaced assets are placed into operation.

Prior to 1978, retained earnings on enterprise funds and fund balances on governmental funds were not reserved for the subsequent year's budget appropriations. In 1978, however, to more clearly indicate the amount of undesignated retained earnings or fund balance available for appropriation, reserves of retained earnings or fund balance, as applicable, have been provided. The appropriation for the 1978-1979 fiscal year is authorized by the adoption of the budget in September for the ensuing fiscal year. The beginning or October 1, 1977 retained earnings or fund balance amounts have not been reclassified to reflect the reserve for the 1977-1978 budget appropriation.

Reserves on the general, special revenue, capital project and trust funds represent portions of fund balance which have been segregated for specific future uses.

Accounting Principle Restatement

In March 1979, the National Council on Governmental Accounting issued "Governmental Accounting and Financial Reporting Principles -Statement 1" which is a restatement of authoritative governmental accounting principles. This restatement of principles is effective for fiscal years ending after June 30, 1980. The most significant accounting principle change required to conform the City's accounting policies with those set forth in the revised statement is that encumbrances, such as purchase orders and construction contracts, may no longer be recorded for financial reporting purposes as expenditures until a liability has been incurred. Other changes relate principally to the method of financial statement presentation.

The City anticipates implementing the restatement in the year ended September 30, 1979. The implementation of Statement 1 is not expected to have a material affect on retained earnings (fund balance) or net income (excess of sources over uses of financial resources).

NOTE 3 - ACCOUNTING CHANGE:

In fiscal 1978, the City changed its method of accounting for capital grants received from federal, state or other sources. In years previous to 1978, the City recorded capital grants on proprietary funds as revenue and recorded a corresponding depreciation expense in the operating statement for the assets constructed or purchased with the grant monies. The City, to conform to the accounting method described in Statement 2 of the National Council on Governmental Accounting (NCGA) entitled "Grant, Entitlement, and Shared Revenue Accounting and Reporting by State and Local Governments" (issued in March 1979), has recorded in the year ended September 30, 1978 capital grants on proprietary funds as contributions to equity and the related depreciation on assets acquired or constructed with grant monies as a reduction of contribution equity.

The method of reporting capital grants on governmental funds has also been changed to conform with the NCGA Statement No. 2. A capital grant designated for acquisition or purchase of general fixed assets is, in the current fiscal year, recorded in the general fixed asset account group as a contribution rather than as an investment by the governmental fund which expended the grant monies.

The effect on the financial statements of the change for the year ended September 30, 1978 is to decrease net income for the water and sewer fund by \$1,677,000 and to record grant contributions to the general fixed asset account group of \$1,899,000

It was not feasible to determine the cumulative effect on retained earnings of proprietary funds of retroactively adopting this accounting change. Accordingly, capital grants on proprietary funds received prior to October 1, 1977 are grouped with retained earnings. Likewise, capital grants for purchase or construction of general fixed assets received prior to October 1, 1977 are recorded as an investment by the governmental fund which expended the grant monies.

NOTE 4 - PENSION PLAN:

The City maintains a contributory pension plan covering full-time firemen, police officers and all other general employees. The City accounts for the pension plan in a separate trust fund. The City's contribution to the pension trust fund for the year ended September 30, 1978 is as follows:

Contributory Fund

General	\$231,200
Central Florida	
Regional Library	9,500
Water and Sewer	25,600
Electric Revenue	59,200
Internal Service	15,900
Total pension cost	<u>\$341,400</u>

Each of the above funds contribute to the pension trust based on the respective fund's percentage of payroll to total payroll cost.

Pension costs in the accompanying financial statements are determined based on a biennial actuarial valuation performed as of October 1, 1976. Commencing October 1, 1978 the City will have the valuation performed annually as of October 1. The actuarial valuation determines the pension funding required. Pension costs include normal costs and amortization of prior service cost over a 40-year period.

Employee contributions to the pension trust fund are refundable if the employee elects to terminate his vesting rights or is not vested at the date of employment termination. Pension benefits vest after ten years of service.

The unfunded past service liability at September 30, 1978, based on the October 1, 1978 actuarial valuation, was approximately \$471,000. The value of the assets in the consolidated retirement fund exceeded the present value of vested benefits at September 30, 1978 by approximately \$2,207,000.

For the October 1, 1978 actuarial valuation, substantially all actuarial assumptions were changed to more fairly reflect past experience and expected future liabilities. The most significant actuarial changes made were: (a) the investment return

assumption was increased from 4% to 6%; and (b) the salary increase and employee turnover assumptions were increased from approximately 3% to approximately 6%. These actuarial changes, it is estimated, will reduce normal costs for the next fiscal year by approximately \$71,000. Under the new actuarial assumptions the total contributions required from the City in the subsequent year (including amortization) will decrease by approximately \$78,000. In addition, the actuarial changes result in past service cost reductions of approximately \$97,000.

Effective October 1, 1979, the pension benefits for those participants terminating or retiring subsequent to October 1, 1979 will be increased. The increase in the pension plan benefits will increase normal costs for the year ended September 30, 1979 by approximately \$64,000. The impact this change will have on past service cost and vested benefits is not currently determinable.

The market value of pension investments at September 30, 1978 is approximately \$260,000 less than the cost recorded in the accompanying financial statements (market value was approximately \$400,000 less than cost at March 31, 1979). City officials believe the decline in market value is of a temporary nature. Should this decline represent a permanent impairment of the value of pension fund assets, adjustment of the carrying value of these investments would be required and additional pension plan contributions by other funds may be required.

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment at September 30, 1978 is summarized as follows:

	Electric Revenue Fund	Bulk Power Supply Revenue Fund	Water and Sewer Fund	Internal Service Fund
Land	\$ 162,652		\$ 374,729	\$285,304
Buildings	226,100		51,048	41,000
Extensions and improvements other than buildings	19,093,883		18,567,858	
Crystal River Plant Unit No. 3		\$7,299,957		
Fixtures, vehicles and equipment	638,770		255,023	83,026
	20,121,405	7,299,957	19,248,658	409,330
Less - accumulated depreciation	6,730,525	536,371	4,749,432	87,055
	13,390,880	6,763,586	14,499,226	322,275
Construction in progress		1,776,396	1,756,037	
	<u>\$13,390,880</u>	<u>\$8,539,982</u>	<u>\$16,255,263</u>	<u>\$322,275</u>

The cost of Crystal River Unit No. 3 (CR-3) represents the City's 1.333% share of the ownership of a nuclear power generating plant (bulk power supply system) acquired through a participation agreement with Florida Power Corporation (FPC). Under the participation agreement, FPC is acting as agent for the City in the maintenance and operation of the plant. The City is committed to pay its ownership share of the operational costs of the plant including, among others, capital improvements, nuclear fuel procurements, operating and maintenance costs. For its investment, the City receives the ratio of its percentage ownership in the net energy output of the CR-3 plant. The annual commitment of the City for the operation and maintenance of the plant is estimated to be \$1,341,000 for the year ended September 30, 1979. Estimates of operational costs for the subsequent year are provided to the City by FPC annually.

As a result of the March 1979 Three-Mile Island accident in Pennsylvania, the Nuclear Regulatory Commission (NRC) is investigating various aspects of nuclear power generating plants within the United States, particularly those of the company which designed the Three-Mile Island Plant (includes CR-3). The outcome of the NRC investigation and potential administrative or judicial proceedings, as well as future legislative or regulatory changes, in the area of nuclear power generating plants will be significant factors in determining the amount of the City's commitment for the operation and maintenance of CR-3. At this time, however, it is not possible to determine what financial impact, if any, future NRC actions will have on the City's investment in or amount of operational commitments to CR-3.

Detail property records supporting the cost of extensions and improvements other than buildings for the electric revenue fund are not presently maintained.

In 1976, the City Council adopted resolution 76-44 which approved the establishment of a Utility Public Works Complex Fund. This fund was financed by contributions from the Electric Construction and 1972 Municipal Improvement Funds of \$550,000 and \$435,000, respectively. During fiscal 1978, the City Council adopted resolution 78-22 providing an additional contribution from the Electric Construction Fund to the Utility Public Works Complex Fund of \$125,000. These contributions have been recorded during the year ended September 30, 1978 in the Utility Public Works Complex Fund in accordance with City Council resolutions. The Utility Public Works Complex Fund will construct a Utility/Public Works Complex which will house the operations of the Electric, Water and Sewer and Public Works activities of the City. The Public Works Complex is consolidated with the Internal Service Fund since operations of the complex will be funded by user charges to the respective funds utilizing the complex. At September 30, 1978, construction of the complex had not commenced; however, the Utility Public Works Complex Fund has purchased the land (\$241,000) for the site of the complex.

The internal service fund leases numerous data processing equipment under cancellable operating leases expiring during the next two years. On September 5, 1978, the City Council adopted Resolution 78-106, authorizing a \$168,150 unsecured bank loan for the purchase of data processing equipment. The note payable dated October 4, 1978 was recorded on the internal service fund, bears interest at 5.75% and is due in equal monthly instalments through fiscal 1982.

Rental expense for the year ended September 30, 1978 for the internal service fund was approximately \$122,000.

NOTE 6 - PROPRIETARY FUNDS
LONG-TERM DEBT:

Electric and Bulk Power
Supply Revenue Bonds

In August 1977, the City entered into an advance refunding transaction under the full cash defeasance method. Power Supply Revenue bonds, Series 1977, and Electric Revenue bonds, Series 1977, in the principal amounts of \$11,180,000 and \$7,850,000, respectively, and Special Obligation bonds, Series 1977A for \$10,990,000 (collectively called the Refunding bonds) were issued to retire all the Electric Revenue certificates of the City dated June 1, 1959 and December 1, 1962, 1967 and 1972 and the Power Supply Revenue bonds dated April 1, 1976 (collectively called the Refunded bonds). The proceeds (less bond discounts) of the Refunding bonds of approximately \$30,000,000 and a portion of the cash and investments in the debt service funds of the refunded issues totaling approximately \$1,365,000 were placed in an irrevocable escrow account and invested in U.S. Treasury obligations. The escrow account, together with interest earned thereon, will provide amounts sufficient for future payment of all interest and principal on the Refunded bonds and the newly issued Special Obligation bonds, Series 1977A. Accordingly, the refunded Electric Revenue certificates, the refunded Power Supply Revenue bonds dated April 1, 1976 and the Special Obligation bonds, Series 1977A, are not included in the City's outstanding long-term debt, since the City legally satisfied its obligation with respect thereto through consummation of the advance refunding transaction.

Pursuant to the refunding transaction, the City transferred the remaining assets in the debt service funds of the Refunded bonds to the debt service funds of the Refunding bonds. Further, the remaining assets in the renewal and replacement fund of the Refunded bonds were transferred to the construction fund of the Refunded bonds. Construction and operating revenue funds of the Refunded bonds also remained in existence. As a result of these transactions, retained earnings in the Electric and the Bulk Power Supply Revenue funds are restricted in excess of that required under the Refunding bond indentures. The existence of these excess retained earnings reserves, as well as the loss on refunding of \$1,450,693, has contributed to the unreserved retained earnings

deficit on the Bulk Power Supply Revenue Fund and has reduced the unreserved retained earnings of the Electric Revenue Fund. The unreserved retained earnings (deficit) will be restored in future years as debt service payments are made and as newly constructed assets are placed in service.

The refunding electric and bulk power supply revenue bonds mature as follows:

Fiscal Year Ended September 30,	Electric Revenue Bonds Series 1977 Dated August 1, 1977	Bulk Power Supply Revenue Bonds Series 1977 Dated August 1, 1977	Total Principal Due
1979	\$ 620,000		\$ 620,000
1980	665,000		665,000
1981	745,000		745,000
1982	850,000		850,000
1983	885,000		885,000
1984	925,000		925,000
1985	965,000		965,000
1986	1,010,000		1,010,000
1987	690,000	\$ 355,000	1,045,000
1988	495,000	360,000	855,000
1989 - 2006		10,465,000	10,465,000
	7,850,000	11,180,000	19,030,000
Less - current portion	620,000		620,000
Less - unamortized discount	106,185	175,340	281,525
Total long-term debt	<u>\$7,123,815</u>	<u>\$11,004,660</u>	<u>\$18,128,475</u>
Interest rate	<u>3.3 - 4.9%</u>	<u>4.6 - 5.75%</u>	

The electric and bulk power supply revenue bonds are secured by the net revenues of the City's electric distribution and bulk power supply systems, respectively. The City is required to establish rates which will provide revenues each year which will be sufficient to pay 100% of all costs of operation and maintenance of the electric and bulk power systems, 125% of the bond debt service requirements becoming due during the fiscal year and 100% of all reserve, renewal and replacement requirements.

The bond indentures provide, among other things, that funds derived from the operation of the systems must be deposited in restricted accounts before earnings may be used for other lawful purposes. At September 30, 1978, the electric and bulk power supply revenue funds had assets restricted, in compliance with the indentures, for the following uses:

	<u>Electric Revenue Fund</u>	<u>Bulk Power Supply Revenue Fund</u>	<u>Eliminations</u>	<u>Consoli- dated</u>
Construction	\$3,280,049	\$ 64,553		\$3,344,602
Renewal and replacement	586,176	186,100		772,276
Debt service	1,606,294	131,125	(\$435,897)	1,301,522
Debt service reserve	624,065	1,010,481		1,634,546
	<u>\$6,096,584</u>	<u>\$1,392,259</u>	<u>(\$435,897)</u>	<u>\$7,052,946</u>

Indenture provisions of the revenue bonds require monthly sinking fund contributions for current debt service of 1/12 and 1/6 of maturing principal and interest, respectively. In addition, certain reserves for future debt service requirements (50% and 100% of the largest principal and interest payments due in any succeeding year on electric and bulk power supply revenue bonds, respectively) must be maintained. In addition, renewal and replacement reserves are required to be established and maintained. The renewal and replacement reserves are generally funded by monthly transfers calculated based on a percentage of the prior year's gross revenues.

During the year ended September 30, 1978, the bulk power supply operating fund did not make the required monthly cash contributions (\$714,700 for the fiscal year) to the sinking fund. The October 1, 1978 interest payment on the bulk power supply revenue bonds was made, however, using other resources of the general and electric revenue funds. In addition, the bulk power supply operating fund contributed to the renewal and replacement fund approximately \$35,000 in excess of that allowed under the bond covenants.

The power supply revenue bonds maturing on or after October 1, 1988 are subject to early redemption at the option of the City on October 1, 1987 or on any interest payment date thereafter in inverse order of maturity. The premium for early redemption is 1/4 of 1% of the par value for each year from date of redemption to the date of maturity; such premium, however, cannot exceed 3% of the par value.

Water and Sewer Fund

Water and sewer revenue bonds, which were issued to finance the construction of plants and extensions of the City's water and sewer system, mature as follows:

<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>Revenue Bonds Dated</u> <u>July 1, 1968</u>
1979	\$ 400,000
1980	240,000
1981	250,000
1982	260,000
1983	270,000
1984	280,000
1985	290,000
1986	305,000
1987	325,000
1988	345,000
1989	365,000
	<u>3,330,000</u>
<u>Less</u> - current portion	<u>400,000</u>
Long-term portion	<u>\$2,930,000</u>
Interest rate	<u>5.9 - 6%</u>

The water and sewer revenue bonds are secured by the earnings of the water and sewer fund and the Series 11,000 special assessment levy. The bonds maturing in 1980 through 1989 may be redeemed in inverse order prior to maturity, at the option of the City, on January 1, 1980 or on any interest payment date thereafter. The redemption premium ranges from 1% to 4% depending on date of early redemption. The City is required to establish water and sewer rates which will be sufficient to pay all cost of operation and maintenance of the system and, together with the proceeds of the special assessment levy, 125% of the greatest amount of debt service becoming due in any succeeding fiscal year plus 100% of the annual required amounts for the reserve and renewal and replacement accounts.

Bond indentures provide that funds derived from the operation of the water and sewer system must be deposited in restricted accounts before earnings may be used for other lawful purposes. Specifically, the indenture provisions requires monthly sinking fund contributions for current debt service of 1/12 and 1/6 of maturing principal and interest, respectively. In addition, reserves for future debt service must be established as well as renewal and replacement reserves. The renewal and replacement reserves are generally funded by monthly transfers calculated based on a percentage of the prior year's gross revenues. At September 30, 1978, assets had been restricted, in compliance with the indenture and for federal grants, to be used for the following:

Renewal and replacement	\$ 72,782
Debt service	187,376
Debt service reserve	<u>643,144</u>
Indenture restrictions	903,302
Construction (federal grant)	<u>159,916</u>
Total restricted assets	<u>\$1,063,218</u>

During the year ended September 30, 1978, contributions from the water and sewer operating fund to the renewal and replacement fund were approximately \$11,000 less than the bond covenant requirement; in addition, the sinking fund contribution from the special assessment fund was approximately \$76,000 less than that required under the bond covenant.

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NOTE 7 - GENERAL LONG-TERM DEBT:

General long-term debt matures as follows:

<u>Fiscal Year Ended September 30,</u>	<u>General Obligation Bonds Dated February 1, 1955</u>	<u>Refunding and Improvement Excise Tax Bonds</u>	
		<u>Dated July 1, 1965</u>	<u>Dated January 1, 1972</u>
1979	\$150,000	\$ 160,000	\$ 35,000
1980	160,000	165,000	35,000
1981		175,000	35,000
1982		180,000	40,000
1983		185,000	45,000
1984		195,000	45,000
1985		200,000	50,000
1986		210,000	55,000
1987			275,000
1988			285,000
1989			300,000
1990			315,000
1991			325,000
1992			330,000
1993			190,000
1994			
1995			
1996			
1997			
1998			
	<u>\$310,000</u>	<u>\$1,470,000</u>	<u>\$2,360,000</u>
Interest rate	<u>2.75%</u>	<u>4.25 - 4.45%</u>	<u>4 - 6.5%</u>

Improvement Bonds Dated July 1, 1966	Unsecured Bank Note Dated October 4, 1977	Unsecured Bank Note Dated June 29, 1978	Pollution Control Bonds Series C, Dated January 1, 1974	Total Principal Due
\$ 33,000	\$ 6,500	\$11,200	\$ 55,000	\$ 450,700
34,000	6,500	11,200	60,000	471,700
35,000	6,500	11,200	65,000	327,700
36,000	6,500	11,200	70,000	343,700
37,000	6,500	11,200	70,000	354,700
			75,000	315,000
			80,000	330,000
			85,000	350,000
			90,000	365,000
			95,000	380,000
			100,000	400,000
			110,000	425,000
			115,000	440,000
			120,000	450,000
			130,000	320,000
			135,000	135,000
			145,000	145,000
			155,000	155,000
			165,000	165,000
			175,000	175,000
<u>\$175,000</u>	<u>\$32,500</u>	<u>\$56,000</u>	<u>\$2,095,000</u>	<u>\$6,498,500</u>
4.7 - <u>4.875%</u>	<u>5.75%</u>	<u>5.5%</u>	<u>5.75 - 6%</u>	

General Obligation Bonds

The full faith and credit of the City is pledged to secure the general obligation bonds and the City agrees to levy property taxes in amounts which are sufficient to pay debt service on these bonds. The City has established a debt service fund to accumulate resources to finance this issue.

Refunding and Improvement Excise Tax Bonds

The refunding and improvement excise tax bonds dated July 1, 1965 were issued to finance various municipal improvements including a police administration building, a new City Hall, fire stations, and land. The bonds maturing in 1979 through 1986 are subject to early redemption at the option of the City, on any interest payment date at a redemption premium of 1% to 3%, depending on the date of early redemption. Occupational license taxes and cigarette taxes are pledged to secure this issue.

The refunding and improvement excise bonds dated January 1, 1972 were issued to finance various municipal improvements including a public works compound, arterial street improvements, city building renovations, electric operations and warehousing facility and a downtown parking garage. The bonds maturing in 1984 through 1993 are subject to early redemption, at the option of the City, in inverse numerical order, on July 1, 1983 or any interest payment date thereafter, at a redemption premium of 1% to 4%, depending on the date of early redemption. Occupational license taxes and cigarette taxes are pledged to secure this issue.

Provisions of the refunding and improvement excise tax bonds require monthly sinking fund contributions for current debt service of 1/12 and 1/6 of maturing principal and interest, respectively. In addition, certain reserves for future debt service requirements must be maintained. The City has established debt service and reserve funds which are consolidated in the accompanying financial statements.

Future bond issues, if any, which are secured by occupational license and cigarette taxes shall be subordinate to the 1965 and 1972 issues.

Improvement Bonds

The improvement bonds dated July 1, 1966 were issued to finance the acquisition of land and construction of off-street parking facilities. The bonds maturing in 1979 through 1983 are subject to early redemption in inverse numerical order, at the option of the City, on any interest payment date at a redemption premium of 1% to 3%, depending on date of redemption. Off-street parking and cigarette tax revenues are pledged to secure this

issue and, therefore, these bonds are subordinate to the refunding and improvement excise tax bonds described above.

Indenture provisions of the improvement bonds require monthly sinking fund contributions to a debt service fund for current debt service of 1/12 and 1/6 of maturing principal and interest, respectively. During the year ended September 30, 1978, the required sinking fund cash contributions of approximately \$41,000 were not made. The revenues of the off-street parking system must be sufficient to pay all operating expenses of the facility and, together with the proceeds of the cigarette taxes, to pay debt service and reserve requirements. The debt service and debt service reserve funds are consolidated in the accompanying financial statements. Any other bonds issued which are secured by off-street parking revenues are subordinate to this issue.

Unsecured Bank Loans

On October 4, 1977, the City Council adopted Resolution 78-03 approving a \$32,500 unsecured bank loan for the purchase of land by the general fund. The note payable is dated October 4, 1977, bears interest annually at 5.75% and is due in annual instalments of \$6,500 through fiscal year 1983. There is no debt service fund established for this loan.

On May 23, 1978, the City Council adopted Resolution 78-74, approving a \$56,000 unsecured bank loan for the purchase of land by the general fund. The note payable is dated June 29, 1978, bears interest annually at 5.5% and is due in annual instalments of \$11,200 through fiscal year 1983. There is no debt service fund established for this loan.

Pollution Control Bonds, Series C

All proceeds from the sale of the Pollution Control Bonds, Series C, dated January 1, 1974 are being held by the State of Florida. Supporting documents for capital expenditures must be submitted to the State before funds may be released. The State of Florida also maintains the debt service reserve account for this issue of \$181,000. Certain special assessments, sewer availability charges and State revenue sharing entitlements are pledged to secure the bonds. The bond indenture requires that all pledged revenues be placed in a surplus pledged revenue account and 1/12 of the next annual loan payment be transferred monthly into an escrow account. If at any time, the monies on deposit in these accounts exceed the next annual loan payment, the excess may be withdrawn from the accounts with the consent of the State Board of Administration of Florida. The City does not maintain the surplus pledged revenue account since the City's normal policy is to maintain the monthly escrow account at all times during the fiscal year in amounts sufficient to make the next annual loan payment. However, at September 30, 1978, the balance in the monthly escrow account was \$88,683 as compared to the next annual loan payment of \$180,266.

NOTE 8 - SPECIAL ASSESSMENT DEBT:

On June 28, 1977, the City Council adopted Resolution 77-57, authorizing the issuance of \$110,000 Negotiable Street Improvement Bonds, Series 24,000. During the year ended September 30, 1978, the City sold to third parties \$60,000 of this issue. As of September 30, 1978, the remaining \$50,000 of this issue have not been sold. The issue is dated July 1, 1977, bears interest at 6% and is due in amounts of \$50,000 in 1983 and \$60,000 in 1989. The funds are secured and payable solely from Special Assessment Series 24,000 which has been levied.

On May 23, 1978, the City Council adopted Resolution 78-76, authorizing the issuance of \$280,000 Negotiable Street Improvement Bonds, Series 26,000 and 27,000. The bonds are dated July 1, 1978, bear interest at 6.75%, and are due in amounts of \$100,000 in 1984 and \$180,000 in 1990. The bonds are secured and payable solely from Special Assessments Series 26,000 and 27,000, which have or will be levied. As of September 30, 1978 no bonds of this issue had been sold. All street improvement bonds issued by the City and recorded in the special assessment fund are subject to early redemption at the option of the City at par plus accrued interest.

On July 18, 1978, the City Council adopted Resolution 78-88, approving a \$280,000 unsecured bank loan for the construction of street improvements. The note payable is dated July 21, 1978, bears interest at 5.5% and is due on January 21, 1980.

NOTE 9 - COMMITMENTS:

City employees are entitled to accrue a maximum of 90 days sick leave and 12 days vacation. If the individual leaves the employ of the City, he is entitled to be paid for unused vacation, but not for unused sick leave. Unused sick leave (not to exceed 90 days) is paid only at normal retirement based on a percentage ranging from 25% to 50% depending on years of service. Expenditures for vacation and sick leave are recorded at the time the benefits are paid. At September 30, 1978 accumulated sick leave (all funds) totaled approximately \$1,023,000 and accumulated vacation pay (all funds) totaled approximately \$223,000.

At September 30, 1978, the City had entered into construction contracts for the completion of various capital projects and purchase of property and equipment. The approximate amount of construction commitments at September 30, 1978 is as follows:

<u>Fund</u>	
1972 Municipal Improvement	\$ 26,500
Bulk Power Supply Revenue	151,300
LPW Municipal Improvement	90,400
Airport Improvement	<u>6,900</u>
Total construction commitments	<u>\$275,100</u>

NOTE 10 - CONTINGENCIES:

As a result of compliance audits, approximately \$400,000 of expenditures of certain Local Public Works (LPW) grant monies have been questioned as to compliance with the specific terms of the grant agreements. Resolution as to whether such grant expenditures are ultimately accepted by the Economic Development Administration (administrator of the LPW grant program) is not currently determinable. Further, at September 30, 1978 various HUD, FAA and certain LPW and other federal entitlements have not been subjected to compliance audits.

In March 1978, the City initiated a self-insurance program for vehicle damage insurance. The City supervises and administers the program. At September 30, 1978, the City has not appropriated any financial resources to cover expenditures, if any, relating to this program. Also, the City is self-insured for general liability above any \$100,000 loss (increased to \$500,000 in March 1979). At September 30, 1978, the City has not appropriated monies to fund expenditures, if any, relating to liability claims in excess of insurance coverage.

SEMINOLE ELECTRIC COOPERATIVE, INC.

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
for the years ended December 31, 1979 and 1978

COOPERS & LYBRAND
CERTIFIED PUBLIC ACCOUNTANTS

POOR ORIGINAL

C O N T E N T S

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COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

A MEMBER FIRM OF
COOPERS & LYBRAND (INTERNATIONAL)

Board of Trustees
Seminole Electric Cooperative, Inc.:

We have examined the balance sheets of Seminole Electric Cooperative, Inc. as of December 31, 1979 and 1978, 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, 1979 and 1978 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.

Coopers & Lybrand

Tampa, Florida
February 22, 1980

SEMINOLE ELECTRIC COOPER
BALANCE SHEETS, December 31,

ASSETS	<u>1979</u>	<u>1978</u>
Utility plant (Notes 2, 3 and 6):		
At original cost	\$ 9,902,458	\$ 8,944,098
Construction work in progress	15,873,071	5,161,799
	<u>25,775,529</u>	<u>14,105,897</u>
Less accumulated depreciation	(946,900)	(606,410)
Acquisition adjustment, less amortization	<u>14,552</u>	<u>15,481</u>
Net plant	24,843,181	13,514,968
Nuclear fuel, less amortization	380,226	328,166
Nuclear fuel in process of refinement and enrichment	<u>513,891</u>	<u>388,114</u>
Utility plant, net	<u>25,737,298</u>	<u>14,231,248</u>
Investments in associated organizations, at cost (Note 4)	<u>125,267</u>	<u>57,997</u>
Current assets:		
Cash	118,396	42,028
Accounts receivable from members	206,934	131,507
Other receivables	5,346	23,438
Accrued unbilled revenues	754,192	262,344
Materials and supplies, at cost	360,751	-
Prepayments and other	<u>192,418</u>	<u>6,696</u>
Total current assets	<u>1,638,037</u>	<u>466,013</u>
Deferred charges (Note 10)	<u>744,502</u>	<u>238,813</u>
	<u>\$28,245,104</u>	<u>\$14,994,071</u>

See accompanying

IVE, INC.
1979 and 1978

EQUITY AND LIABILITIES	<u>1979</u>	<u>1978</u>
ty (Note 5):		
memberships	\$ 1,200	\$ 1,200
atronage capital	377,925	218,131
ther margins and equities (deficit)	(77,242)	(79,882)
onated capital	<u>17,919</u>	<u>17,919</u>
 Total equities	 <u>319,802</u>	 <u>157,368</u>
 -term debt (Note 6)	 <u>14,878,023</u>	 <u>9,458,785</u>
 ruction contracts retention payable	 <u>772,278</u>	 <u>198,594</u>
 ent liabilities:		
te payable (Note 7)	9,688,000	3,915,000
ade and construction accounts payable	1,998,128	1,169,481
xes and interest accrued	560,524	79,856
her current and accrued liabilities	<u>28,349</u>	<u>14,987</u>
 Total current liabilities	 <u>12,275,001</u>	 <u>5,179,324</u>
 itments and contingencies (Notes 4 and 12)		
	<u>\$28,245,104</u>	<u>\$14,994,071</u>

tes.

STATEMENTS OF OPERATIONS
for the years ended December 31, 1979 and 1978

	<u>1979</u>	<u>1978</u>
Operating revenues and patronage capital (Note 2)	<u>\$7,269,951</u>	<u>\$6,003,560</u>
Operating expenses:		
Operation:		
Fuel	185,691	113,287
Other production expenses (Note 8)	507,047	337,708
Purchased power	4,315,759	3,671,760
Transmission	399,066	369,536
Administrative and general	321,639	238,014
Maintenance	4,296	8,313
Depreciation and amortization (Note 2)	340,678	309,161
Taxes (Note 9)	137,712	150,730
Other (Note 10)	35,796	3,004
	<u>6,247,684</u>	<u>5,201,513</u>
Operating margins before interest charges	<u>1,022,267</u>	<u>802,047</u>
Interest charges:		
Long-term obligations	911,730	743,631
Current obligations	939,285	198,458
Other	2,314	733
Less interest charged to construction (Note 2)	<u>(990,856)</u>	<u>(194,045)</u>
	<u>862,473</u>	<u>748,777</u>
Net operating margins	159,794	53,270
Non-operating margins:		
Interest and other income	<u>2,640</u>	<u>14,720</u>
Net margins	<u>\$ 162,434</u>	<u>\$ 67,990</u>

See accompanying notes.

STATEMENTS OF CHANGES OF PATRONAGE CAPITAL
AND OTHER MARGINS AND EQUITIES (DEFICITS)
for the years ended December 31, 1979 and 1978

	<u>Patronage Capital</u>	<u>Other Margins and Equities (Deficits)</u>	<u>Total</u>
Balance, December 31, 1977	\$164,861	\$(94,602)	\$ 70,259
Net margins, 1978	<u>53,270</u>	<u>14,720</u>	<u>67,990</u>
Balance, December 31, 1978	218,131	(79,882)	138,249
Net margins, 1979	<u>159,794</u>	<u>2,640</u>	<u>162,434</u>
Balance, December 31, 1979	<u>\$377,925</u>	<u>\$(77,242)</u>	<u>\$300,683</u>

See accompanying notes.

STATEMENTS OF CHANGES IN FINANCIAL POSITION
for the years ended December 31, 1979 and 1978

	<u>1979</u>	<u>1978</u>
Funds provided by:		
Operations:		
Net margins	\$ 162,434	\$ 67,990
Add (deduct) items not affecting working capital:		
Depreciation and amortization of plant	340,678	309,161
Amortization of nuclear fuel (Note 2)	<u>184,255</u>	<u>112,668</u>
Total funds provided by operations	687,367	489,819
Increase in long-term debt	5,429,000	-
Increase in construction contracts retention payable	573,684	198,594
Decrease in working capital	<u>5,923,653</u>	<u>4,411,315</u>
	<u>\$ 12,613,704</u>	<u>\$ 5,099,728</u>
Funds used for:		
Property additions, including interest charged to construction	\$ 12,030,983	\$ 4,762,589
Payments on long-term debt	9,762	-
Increase in investments	67,270	28,369
Increase in deferred charges	<u>505,689</u>	<u>308,770</u>
	<u>\$ 12,613,704</u>	<u>\$ 5,099,728</u>
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash	\$ 76,368	\$ (30,660)
Refund receivable	-	(1,191,602)
Accounts receivable from members	57,335	(7,830)
Accrued unbilled revenues	491,848	(41,368)
Materials and supplies	360,751	-
Prepayments and other	<u>185,722</u>	<u>(3,938)</u>
	<u>1,172,024</u>	<u>(1,275,398)</u>
Increase (decrease) in current liabilities:		
Note payable	5,773,000	2,459,802
Trade and construction accounts payable	828,647	669,316
Taxes and interest accrued	480,668	31,692
Other current and accrued liabilities	<u>13,362</u>	<u>(24,893)</u>
	<u>7,095,677</u>	<u>3,135,917</u>
Decrease in working capital	<u>\$ (5, 23,653)</u>	<u>\$ (4,411,315)</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 distribution cooperative members operating within the State of Florida.

At the present time, the only Seminole-owned resources 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 and various transmission lines connecting individual members to other power suppliers. 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 constructing two new generating facilities (Seminole Unit 1 and Unit 2) near Palatka, Florida, with approximately 600 megawatts output per unit. Site certification was received on September 18, 1979 and construction commenced October 1, 1979. It is anticipated that Seminole Unit 1 will be in operation for at least six months during 1983.

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

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

2. Summary of Significant Accounting Policies, continued:

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, a member adjustment factor, and a facilities use charge for Seminole's transmission lines servicing a single member cooperative. Revenues and patronage capital are accrued monthly to match costs incurred in generation at CR3 and transmission line ownership or billings received for purchased power.

- (C) Depreciation - Seminole provides for depreciation using the straight-line method at annual rates which will amortize the original cost of depreciable property over its estimated useful service life. The rates for 1979 and 1978 were as follows:

	<u>1979</u>	<u>1978</u>
Nuclear production plant	3.6%	3.6%
Transmission plant	2.75%	2.75%
General plant	13.6%	14.3%

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 12.6% and 9.8% for 1979 and 1978, respectively, is capitalized as a component of the cost of construction work in progress, and is reflected as a reduction of interest expense.

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

2. Summary of Significant Accounting Policies, continued:

(F) Reclassifications - Certain reclassifications have been made to the 1978 statements to conform to current classifications.

3. Utility Plant:

The original cost of Utility Plant at December 31, 1979 and 1978, was as follows:

	<u>1979</u>	<u>1978</u>
Ownership (1.6994%) in nuclear plant	\$ 8,214,073	\$ 8,139,751
Transmission plant	1,578,786	752,334
General plant	109,599	52,013
	<u>9,902,458</u>	<u>8,944,098</u>
Construction work in progress	15,873,071	5,161,799
	<u>\$25,775,529</u>	<u>\$14,105,897</u>

Construction work in progress at December 31, 1979 and 1978, consists mainly of engineering and site selection costs relevant to Seminole Unit 1 and engineering and construction costs on several transmission line projects. Substantially all of the Utility Plant assets are pledged as collateral for the REA and CFC mortgage notes.

4. Investment in Associated Organizations:

Investments in associated organizations consist of the following:

	<u>December 31,</u> <u>1979</u>	<u>1978</u>
Florida Rural Electric Cooperative Association	\$ 10,786	\$ 10,786
National Rural Utilities Cooperative Finance Corporation (CFC)		
Membership	1,500	1,000
Capital Term Certificates (CTC)	63,000	22,247
Patronage Capital Certificates	50,174	23,964
	<u>\$ 125,267</u>	<u>\$ 57,997</u>

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

4. Investments in Associated Organization, continued:

Seminole is obligated to purchase CTC's issued by CFC. Based on anticipated revenues, Seminole's future obligation for purchase of CTC's is as follows:

1980	-	\$ 50,000
1981	-	\$ 69,000
1982	-	\$ 74,000
1983	-	\$ 80,000
1984	-	\$974,000

These certificates mature beginning in 2025 and bear interest at the rate of 3% annually.

5. Return of Equity Restrictions:

Under provision 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:

Long-term debt consists of the following at December 31, 1979 and 1978:

	<u>1979</u>	<u>1978</u>
First mortgage note payable to Federal Financing Bank, guaranteed by REA, due 2011, interest payable quarterly at 7.442% to 8.215%, first principal payment due in 1983.	\$ 8,931,000	\$8,931,000
First mortgage note payable to REA, due 2008, payable in quarterly installments of approximately \$4,400 including interest at 5%. \$4,375 of principal is due in 1980.	269,223	278,985
First mortgage note payable to REA, due 2014, under agreement for total borrowings of \$3.7 million. Interest payable quarterly at 5%, first principal payment due in 1982.	1,252,000	-
First mortgage note payable to CFC, under an intermediate term loan agreement for \$60 million, with a specific subordination of mortgage lien granted by REA. Interest payable quarterly at prime, as defined, plus 1/2% (15.75% at December 31, 1979) due 1984, guaranteed by members.	4,177,000	-
Advances from members, unsecured, with no interest or due date.	248,800	248,800
	<u>\$14,878,023</u>	<u>\$9,458,785</u>

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

6. Long-Term Debt, continued:

In September 1979, Seminole received a commitment of FFB and REA for a loan by FFB to Seminole, in the amount of \$1,104,388,000 to be used for long-term financing of the Seminole Unit 1, Unit 2, and related transmission facilities project and a guarantee thereof by REA. On January 18, 1980, Seminole received the first advance against this loan, the proceeds of which were used to satisfy the CFC mortgage note.

7. Note Payable - CFC Line of Credit:

The amount shown on the balance sheet at December 31, 1979 represents amounts owed to CFC under a total line of credit of \$12 million. The interest rate is the prime rate, as defined, plus 1/4% (15.5% at December 31, 1979). On January 18, 1980, prior to the expiration of this line of credit, Seminole secured a new line with the CFC for the same amount and interest rate for an additional year commencing January, 1980.

Seminole has a line of credit with CFC for an additional \$25 million for construction expenditures. There were no borrowings related to this agreement at December 31, 1979.

8. Other Production Expenses:

Other production expenses consist of CR3 operating and maintenance 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 Section 501(c)(12) of the Internal Revenue Code. Tax expense represents property, gross receipt and payroll taxes.

10. Write-Off of Deferred Charges:

During 1979, Seminole wrote off approximately \$34,000 which represented costs related to an application to the Federal Energy Regulatory Commission for a preliminary permit to activate the Talquin Dam project.

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

10. Write-Off of Deferred Charges, continued:

A similar application was submitted by a municipal power system. Both proposed renovation plans were considered equal, and, therefore, due to a preference clause in the Federal Power Act favoring municipal systems, the preliminary permit was not issued to Seminole.

At December 31, 1979, deferred charges consist 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, unamortized debt expense, and other miscellaneous deferrals.

11. Retirement Plan:

Substantially all employees are covered by a pension plan which is funded through participation in a National Rural Electric Cooperative Association group plan. Pension costs were approximately \$71,750 and \$34,950 for the years ended December 31, 1979 and 1978, respectively.

12. Commitments and Contingencies:

Seminole anticipates making expenditures of approximately \$76 million for Seminole Unit 1 and 2 project-related activities during 1980 (See Note 1).

In addition, Seminole anticipates the expenditure of approximately \$8 million during 1980 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.

At December 31, 1979, total executed project-related commitments approximated \$450,000,000.

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

CITY OF ALACHUA

ALACHUA, FLORIDA

SEPTEMBER 30, 1979

POOR ORIGINAL

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

CITY OF ALACHUA
ALACHUA, FLORIDA
SEPTEMBER 30, 1979

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MEMBERS OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

AUDITORS' REPORT

The Honorable City Commission
City of Alachua
Alachua, Florida

We have examined the financial statements of the various funds and account group of the City of Alachua, Florida, for the years ended September 30, 1979 and 1978, listed in the foregoing table of contents. 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 the various funds and account group of the City of Alachua, Florida, as of September 30, 1979 and 1978, and the results of operations of such funds and changes in financial position where applicable for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

The column on the accompanying combined balance sheet captioned "Total (Memorandum Only)" is not necessary for a fair presentation of the financial statements, but is presented as additional analytical data.

January 14, 1980

Purvis, Gray and Company

COMBINED BALANCE SHEET
SEPTEMBER 30, 1979
CITY OF ALACHUA, FLORIDA

<u>ASSETS</u>	GENERAL FUND	CONSOLIDATED UTILITY FUNDS	GENERAL FIXED ASSETS GROUP	TOTAL (MEMORANDUM ONLY)	
				1979	1978
Cash and Savings Investments	\$57,135	\$ 997,376		\$1,054,511	\$ 184,926
Accounts Receivable - Net After Estimated Uncollectible					
Accounts	4,266	156,917		161,183	131,832
Accrued Revenue Sharing	9,050			9,050	6,317
Accrued Interest Receivable	113			113	1,089
Materials and Supplies - At Cost	332	43,535		43,867	79,201
Prepaid Expenses		14,484		14,484	12,053
Nuclear Fuel		32,184		32,184	25,299
Fixed Assets - Utility, At Cost Less Depreciation;					
General At Cost		4,540,921	\$693,762	5,234,683	4,631,781
Due From Other Funds	24,406			24,406	33,869
Restricted Assets		868,695		868,695	1,005,200
Unamortized Discount on Bonds		145,135		145,135	138,084
TOTAL ASSETS	<u>95,302</u>	<u>6,799,247</u>	<u>693,762</u>	<u>7,588,311</u>	<u>6,249,651</u>
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES</u>					
Accounts Payable	27,568	280,848		308,416	200,841
Accrued Salaries and Expenses	1,207	12,427		13,634	10,267
Customers' Deposits		63,378		63,378	54,764
Retirement Contributions Payable	1,373			1,373	1,121
Due to Other Funds		24,406		24,406	33,870
Interest Payable - Bonds and Notes		108,247		108,247	94,191
Notes and Bonds Payable		4,220,800		4,220,800	2,990,000
TOTAL LIABILITIES	<u>30,148</u>	<u>4,710,106</u>		<u>4,740,254</u>	<u>3,385,054</u>
<u>FUND EQUITY</u>					
Contributions		1,049,275		1,049,275	1,050,304
Reserves		242,672		242,672	341,529
Investment in General Fixed Assets			693,762	693,762	615,129
Retained Earnings/Fund Balance	65,154	797,194		862,348	857,635
TOTAL FUND EQUITY	<u>65,154</u>	<u>2,089,141</u>	<u>693,762</u>	<u>2,848,057</u>	<u>2,864,597</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 95,302</u>	<u>\$6,799,247</u>	<u>\$693,762</u>	<u>\$7,588,311</u>	<u>\$6,249,651</u>

The accompanying "Notes to Financial Statements" form an integral part of this statement.

GENERAL FUND
BALANCE SHEETS
SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA

<u>ASSETS</u>	<u>1979</u>	<u>1978</u>
Cash in Bank	\$ 31,822	\$ 17,091
Investment in Certificates of Deposit	25,313	50,297
Gasoline and Oil Inventory - At Cost	332	387
Accrued Interest Receivable	113	1,089
Accounts Receivable - Sanitation Fees - Net After Estimated Uncollectible Accounts (\$0)	46	84
Accounts Receivable - Utility Taxes	4,220	2,513
Other Receivables - Court Fees	0	928
Accrued Federal Revenue Sharing	8,051	4,563
Accrued State Revenue Sharing	999	1,754
Due From Utility Fund	<u>24,406</u>	<u>33,869</u>
TOTAL ASSETS	<u>95,302</u>	<u>112,575</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	27,568	16,998
Accrued Salaries Payable	1,207	823
Retirement Contributions Payable	<u>1,373</u>	<u>1,121</u>
TOTAL LIABILITIES	<u>30,148</u>	<u>18,942</u>
<u>FUND BALANCE</u>	<u>65,154</u>	<u>93,633</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 95,302</u>	<u>\$112,575</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

GENERAL FUND
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA

	<u>1979</u>	<u>1978</u>
FUND BALANCE, OCTOBER 1	\$ 93,633	\$ 54,779
Revenues and Transfers	470,414	451,404
(Expenditures and Transfers)	<u>(498,893)</u>	<u>(412,550)</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 65,154</u>	<u>\$ 93,633</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

GENERAL FUND
STATEMENTS OF REVENUES AND TRANSFERS - BUDGET AND ACTUAL
FOR THE YEARS ENDED SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA

	1979 BUDGET	1979 ACTUAL	1979 VARIANCE FAVORABLE (UNFAVORABLE)	1978 ACTUAL
<u>TAXES</u>				
Property Taxes	\$ 62,876	\$ 68,336	\$ 5,460	\$ 45,463
Utility Taxes (Note 4)	115,440	106,668	(8,772)	123,357
Franchise Fees	2,225	3,296	1,071	2,435
TOTAL TAXES	<u>180,541</u>	<u>178,300</u>	<u>(2,241)</u>	<u>171,255</u>
<u>LICENSES AND PERMITS</u>				
Business and Occupational Licenses	2,400	3,118	718	4,618
Building Permits	14,406	17,817	3,411	13,580
Other	3,600	2,923	(677)	0
TOTAL LICENSES AND PERMITS	<u>20,406</u>	<u>23,858</u>	<u>3,452</u>	<u>18,198</u>
<u>INTERGOVERNMENTAL REVENUE</u>				
State Revenue Sharing	131,456	138,137	6,681	150,556
Federal Revenue Sharing	32,195	32,196	0	18,252
Mobile Home License Tax	0	2,992	2,992	1,698
Community Development Block Grant	225,000	42,000	(183,000)	0
State Grant	0	4,651	4,651	57,934
TOTAL INTERGOVERNMENTAL REVENUE	<u>388,651</u>	<u>219,976</u>	<u>(168,675)</u>	<u>228,440</u>
<u>CHARGES FOR CURRENT SERVICES</u>				
Sanitation Fees	1,051	1,005	(46)	1,044
Public Safety	10,000	10,000	0	10,000
TOTAL CHARGES FOR CURRENT SERVICES	<u>11,051</u>	<u>11,005</u>	<u>(46)</u>	<u>11,044</u>
<u>FINES AND FORFEITURES</u>				
Court Fines	13,500	14,921	1,421	12,320
<u>MISCELLANEOUS</u>				
Interest	3,355	3,746	391	5,098
Other	18,500	18,608	108	5,049
TOTAL MISCELLANEOUS	<u>21,855</u>	<u>22,354</u>	<u>499</u>	<u>10,147</u>
TOTAL REVENUES	<u>636,004</u>	<u>470,414</u>	<u>(165,590)</u>	<u>451,404</u>
<u>TRANSFERS</u>				
Tranfers From Utility Fund	10,325	0	(10,325)	0
TOTAL REVENUES AND TRANSFERS	<u>\$646,329</u>	<u>\$470,414</u>	<u>\$(175,915)</u>	<u>\$451,404</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

GENERAL FUND
STATEMENTS OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
FOR THE YEARS ENDED SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA

	1979 BUDGET	1979 ACTUAL	1979 VARIANCE FAVORABLE (UNFAVORABLE)	1978 ACTUAL
<u>EXECUTIVE</u>				
Personal Services	\$ 9,948	\$ 10,089	\$ (141)	\$ 7,877
Supplies and Operating Costs	0	0	0	1,899
TOTAL EXECUTIVE	9,948	10,089	(141)	9,776
<u>FINANCE</u>				
Personal Services	22,894	9,279	13,615	10,250
Supplies and Operating Costs	9,075	13,455	(4,380)	12,448
Capital Outlay	0	191	(191)	857
TOTAL FINANCE	31,969	22,925	9,044	23,555
<u>LEGAL</u>				
Supplies and Operating Costs	2,750	6,529	(3,779)	3,215
<u>COMMUNITY DEVELOPMENT PLANNING</u>				
Supplies and Operating Costs	22,000	8,827	13,173	6,174
<u>GENERAL GOVERNMENT BUILDINGS</u>				
Supplies and Operating Costs	6,000	4,705	1,295	0
<u>LAW ENFORCEMENT</u>				
Personal Services	115,755	115,993	(238)	75,947
Supplies and Operating Costs	19,608	14,217	5,391	33,778
Capital Outlay	6,200	2,045	4,155	4,478
TOTAL LAW ENFORCEMENT	141,563	132,255	9,308	114,203
<u>FIRE CONTROL</u>				
Supplies and Operating Costs	15,072	15,957	(885)	13,172
Capital Outlay	4,500	4,565	(65)	6,448
TOTAL FIRE CONTROL	19,572	20,522	(950)	19,620
<u>PROTECTIVE INSPECTION</u>				
Supplies and Operating Costs	3,100	2,000	1,100	2,000
<u>RESCUE SERVICES</u>				
Supplies and Operating Costs	1,900	1,619	281	1,506
<u>SANITATION AND WASTE CONTROL</u>				
Personal Services	44,264	51,798	(7,534)	33,664
Supplies and Operating Costs	15,894	23,981	(8,087)	25,621
Capital Outlay	0	0	0	16,000
TOTAL SANITATION AND WASTE CONTROL	60,158	75,779	(15,621)	75,285
<u>STREETS AND HIGHWAYS</u>				
Personal Services	15,340	18,935	(3,595)	6,100
Supplies and Operating Costs	5,687	25,852	(20,165)	11,773
Capital Outlay	51,000	50,304	696	4,331
TOTAL STREETS AND HIGHWAYS	72,027	95,091	(23,064)	22,204
<u>HOUSING AND COMMUNITY DEVELOPMENT</u>				
Supplies and Operating Costs	6,389	12,662	(6,273)	0
HUD Block Grant	225,000	45,742	179,258	0
TOTAL HOUSING AND COMMUNITY DEVELOPMENT	231,389	58,404	172,985	0
<u>RECREATION</u>				
Personal Services	2,350	81	2,269	84
Supplies and Operating Costs	13,000	5,665	7,335	6,268
TOTAL RECREATION	15,350	5,746	9,604	6,352

(Continued)

The accompanying "Notes to Financial Statements" form an integral part of these statements.

GENERAL FUND
STATEMENTS OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
FOR THE YEARS ENDED SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA
(Concluded)

	1979 BUDGET	1979 ACTUAL	1979 VARIANCE FAVORABLE (UNFAVORABLE)	1978 ACTUAL
<u>MISCELLANEOUS</u>				
Insurance	\$ 21,633	\$ 15,252	\$ 6,381	\$ 7,952
Mosquito Control	4,000	2,404	1,596	5,823
Elections	0	0	0	1
Miscellaneous Other	2,970	5,620	(2,650)	6,110
TOTAL MISCELLANEOUS	<u>28,603</u>	<u>23,276</u>	<u>5,327</u>	<u>19,886</u>
 TOTAL EXPENDITURES	 <u>646,329</u>	 <u>467,767</u>	 <u>178,562</u>	 <u>303,776</u>
 <u>TRANSFERS</u>				
Transfers To Utility Fund	<u>0</u>	<u>31,126</u>	<u>(31,126)</u>	<u>108,774</u>
 TOTAL EXPENDITURES AND TRANSFERS	 <u>\$646,329</u>	 <u>\$498,893</u>	 <u>\$ 147,436</u>	 <u>\$412,550</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

UTILITY FUNDS
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA

ASSETS

	<u>1979</u>	<u>1978</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 11,293	\$ 66,473
Savings and Certificates of Deposit	986,083	51,055
Accounts Receivable (Net of Estimated Uncollectible Accounts; \$27,282 in 1979 and \$21,816 in 1978)	156,917	128,307
Inventory of Materials and Supplies - At Cost (Note 1)	43,535	78,814
Nuclear Fuel (Note 6)	32,184	25,299
Prepaid Expenses (Note 7)	14,484	12,053
TOTAL CURRENT ASSETS	<u>1,244,496</u>	<u>362,001</u>
<u>RESTRICTED ASSETS</u>		
Customer Deposits - Savings	<u>63,378</u>	<u>54,764</u>
Sewer Assessments:		
Cash - Savings and Certificates of Deposit	12,911	83,415
Sewer Assessments Receivable	398,740	492,997
Accrued Interest Receivable	42,747	42,747
	<u>454,398</u>	<u>619,159</u>
Bond Interest and Sinking Fund: (Note 9)		
Savings and Certificates of Deposit	115,002	104,433
Certificates of Deposit - Reserve Account	223,517	223,190
Accrued Interest Receivable	12,400	3,664
	<u>350,919</u>	<u>331,287</u>
TOTAL RESTRICTED ASSETS	<u>868,695</u>	<u>1,005,210</u>
<u>UTILITY PLANT - Cost Less Depreciation</u> (Note 10)	<u>4,540,921</u>	<u>4,016,652</u>
<u>OTHER ASSETS</u>		
Unamortized Bond Discount and Issue Costs	140,284	138,084
Miscellaneous Deferred Debits	4,851	0
TOTAL OTHER ASSETS	<u>145,135</u>	<u>138,084</u>
TOTAL ASSETS	<u>\$6,799,247</u>	<u>\$5,521,947</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

LIABILITIES AND FUND EQUITY

	<u>1979</u>	<u>1978</u>
<u>CURRENT LIABILITIES</u>		
Payable From Current Assets:		
Accounts Payable	\$ 280,848	\$ 183,843
Other Accrued Payables	12,427	9,444
Revenue Bond Anticipation Notes (Note 2)	730,800	0
Due to General Fund	24,406	33,870
	<u>1,048,481</u>	<u>227,157</u>
Payable From Restricted Assets:		
Customers' Deposits	63,378	54,764
Accrued Interest Payable - Revenue Bonds and Anticipation Notes	108,247	94,191
	<u>171,625</u>	<u>148,955</u>
TOTAL CURRENT LIABILITIES	<u>1,220,106</u>	<u>376,112</u>
<u>LONG-TERM LIABILITIES</u>		
Revenue and Improvement Bond Anticipation Notes (Note 2)	500,000	0
Revenue Bonds Payable (Note 2)	2,990,000	2,990,000
TOTAL LONG-TERM LIABILITIES	<u>3,490,000</u>	<u>2,990,000</u>
TOTAL LIABILITIES	<u>4,710,106</u>	<u>3,366,112</u>
<u>FUND EQUITY</u>		
Contributions (Note 11)	1,049,275	1,050,304
Reserve For Debt Service	242,672	341,529
Retained Earnings	797,194	764,002
TOTAL FUND EQUITY	<u>2,089,141</u>	<u>2,155,835</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$6,799,247</u>	<u>\$5,521,947</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

UTILITY FUNDS
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA

	<u>1979</u>	<u>1978</u>
<u>NET SALES AND SERVICES</u>		
Energy	\$1,059,703	\$1,129,594
Water	96,563	85,057
Sewer Service	127,228	113,819
Other Service Revenues	29,994	46,393
(Discounts)	(66,497)	(78,445)
TOTAL NET SALES AND SERVICES	<u>1,246,991</u>	<u>1,296,418</u>
<u>OPERATING EXPENSES</u>		
Power Production Expenses:		
Nuclear Power Generation:		
Operation	124,701	112,498
Maintenance	8,034	5,457
Other Power Supply Expenses:		
Purchased Power and Other	732,309	773,024
Power Transmission Expenses	21,218	19,572
Distribution Expenses:		
Operation	24,744	17,603
Maintenance	47,302	52,446
Customer Accounts Expenses	35,309	33,503
Administrative and General Expenses:		
Operation	96,797	96,203
Maintenance	167	794
Taxes	2,082	2,242
Depreciation	126,825	122,853
(TOTAL OPERATING EXPENSES)	<u>(1,219,488)</u>	<u>(1,236,195)</u>
OPERATING INCOME	27,503	60,223
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	82,330	74,980
Miscellaneous Other	3,260	1,406
Interest on Long-Term Debt	(202,438)	(177,758)
Amortization of Bond Discount	(7,445)	(4,354)
Loss on Refunding Bond Issue (Note 2)	0	(63,496)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(124,293)</u>	<u>(169,222)</u>
(LOSS) BEFORE OPERATING TRANSFERS	(96,790)	(108,999)
OPERATING TRANSFERS FROM OTHER FUNDS	<u>31,125</u>	<u>137,672</u>
NET (LOSS) INCOME	(65,665)	28,673
RETAINED EARNINGS, BEGINNING OF YEAR	764,002	769,572
DECREASE (INCREASE) IN RESERVES	<u>98,857</u>	<u>(34,243)</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 797,194</u>	<u>\$ 764,002</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

UTILITY FUNDS
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA

	<u>1979</u>	<u>1978</u>
<u>SOURCE OF WORKING CAPITAL</u>		
Net Income Before Extraordinary Item	\$(65,665)	\$ 92,169
Expenses Not Requiring Outlay of Working Capital:		
Depreciation	126,825	122,853
Amortization of Bond Discount	<u>7,445</u>	<u>4,354</u>
Working Capital Provided From Operations Before Extraordinary Item	68,605	219,376
Extraordinary Item (Note 2)	<u>0</u>	(63,496)
Working Capital Provided From Operations	68,605	155,880
Decrease in Restricted Assets	136,515	206,320
Decrease in Due From Ice Plant Fund	0	42,001
Proceeds From Revenue Bonds, Series 1978	0	2,990,000
Unamortized Bond Costs of Retired Bonds	0	85,496
Proceeds From Revenue and Improvement Bond Anticipation Notes	500,000	0
Increase in Accounts Payable From Restricted Assets	<u>22,670</u>	<u>0</u>
TOTAL SOURCE OF WORKING CAPITAL	<u>727,790</u>	<u>3,479,697</u>
<u>USE OF WORKING CAPITAL</u>		
Fixed Asset Additions:		
Utility Plant in Service	651,094	202,163
Increase in Miscellaneous Deferred Debits	4,851	0
Decrease in Accounts Payable From Restricted Assets	0	29,047
Decrease in Contributions	1,029	9,482
Retirement of 1976 Revenue Bonds and 1974 Revenue Bonds Series A and Series B	0	3,010,000
Unamortized Costs of Note Issue	9,645	140,175
(TOTAL USE OF WORKING CAPITAL)	<u>(666,619)</u>	<u>(3,390,867)</u>
INCREASE IN WORKING CAPITAL (BELOW)	<u>61,171</u>	<u>88,830</u>
<u>CHANGES IN WORKING CAPITAL BY COMPONENT</u>		
Current Assets - Increase (Decrease):		
Cash	(55,180)	54,454
Savings and Certificates of Deposit	935,028	80,150
Accounts Receivable	28,610	(12,934)
Inventory of Materials and Supplies	(35,279)	21,709
Nuclear Fuel	6,885	895
Prepaid Expenses	2,431	1,539
Current Liabilities - Decrease (Increase):		
Accounts Payable	(97,005)	(24,596)
Other Accrued Payables	(2,983)	(1,523)
Customers' Deposits	0	(9,036)
Due to General Fund	9,464	(21,828)
Current Portion of Notes Payable	<u>(730,800)</u>	<u>0</u>
INCREASE IN WORKING CAPITAL (ABOVE)	<u>\$ 61,171</u>	<u>\$ 88,830</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

GENERAL FIXED ASSETS GROUP
STATEMENTS OF GENERAL FIXED ASSETS
SEPTEMBER 30, 1979 AND 1978
CITY OF ALACHUA, FLORIDA

	<u>1979</u>	<u>1978</u>
<u>GENERAL FIXED ASSETS</u>		
City Park - Structures and Improvements	\$ 982	\$ 982
Old Jail	3,068	3,068
Office Equipment - City Hall	23,492	23,301
City Hall	138,852	138,852
Christmas Decorations	3,597	3,597
New Fire Station	69,960	69,960
Sanitation Equipment	37,292	37,292
New Parking Lot - Land	14,939	14,939
Mosquito Spraying Equipment	2,425	2,425
Street Pavings and Sidewalks	274,159	223,855
Streets and Roads - Equipment	9,065	9,065
Fire Trucks and Other Equipment	82,215	54,077
Police Department - Cars and Equipment	17,403	17,403
Land	<u>16,313</u>	<u>16,313</u>
TOTAL GENERAL FIXED ASSETS	<u>693,762</u>	<u>615,129</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>		
From General Fund Revenues	535,104	456,471
From HUD Grant Revenues	44,066	44,066
From Federal Revenue Sharing Revenues	<u>114,592</u>	<u>114,592</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$693,762</u>	<u>\$615,129</u>

The accompanying "Notes to Financial Statements" form an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1979
CITY OF ALACHUA, FLORIDA

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Bases of Accounting

The accrual basis of accounting is followed by the Consolidated Utility Funds. The General Fund uses the modified accrual basis of accounting. Modifications in such method from the accrual basis follow:

Revenues are recorded as received in cash except for revenues susceptible to accrual and revenues of a material amount that have not been received at the normal time of receipt.

Expenditures are not divided between years by the recording of prepaid expenses.

General fixed assets are recorded as expenditures in the General Fund at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Group of Account.

No depreciation has been provided on general fixed assets.

Bond Discount and Issue Costs

The bond discount and issue costs on Utility Revenue Bonds is being amortized over the life of the bond issues.

Inventories - Consolidated Utility Funds

Prior to September 30, 1977, inventory was priced substantially at cost using the first-in, first-out (FIFO) method. Inventories after September 30, 1977, are priced using the average unit cost method.

Depreciation

Provision has been made for depreciation of Consolidated Utility Funds' fixed assets using the straight-line method. Buildings, water system, electric system and sewer system are depreciated over estimated useful lives of 25 to 40 years. Machinery, vehicles and equipment are depreciated over estimated useful lives of 4 to 10 years.

NOTE 2 - LONG-TERM DEBT

On April 15, 1978, the City adopted a resolution to issue the Utilities Refunding and Revenue Bonds of 1978. These bonds were issued to finance the cost of refunding the City's Utilities Revenue Bonds dated April 1, 1976, and the Utilities Revenue Bonds, Series A and B, dated April 1, 1974.

Net revenues, utilities service taxes and certain special assessments are pledged as collateral for the revenue bonds which have a coupon rate ranging from 5.85% to 6.40%. The bond ordinances required the establishment of a sinking fund to meet debt service requirements, a reserve account to pay only interest and principal if sinking fund monies are insufficient and an operation and maintenance fund to pay operating expenses. Operating revenues from the utility facilities must be disbursed in the following order:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1979
CITY OF ALACHUA, FLORIDA
(Continued)

NOTE 2 - LONG-TERM DEBT (Continued)

- A. To meet operating and maintenance expenses before depreciation.
- B. To satisfy debt service requirements.
- C. Any remaining funds are to be transferred to the reserve account.
- D. If balance of reserve account equals or exceeds \$212,036, any surplus funds may be used for the purchase or redemption of bonds or any other lawful municipal purpose.

The \$2,990,000 issue of 1978 consist of \$975,000 of Term Bonds and \$2,015,000 of Serial Bonds which mature as follows:

FISCAL YEAR ENDED SEPTEMBER 30,	AMOUNT	PERCENTAGE COUPON RATE
1991	\$ 80,000	5.85
1992	85,000	5.95
1993	90,000	6.00
1994	95,000	6.05
1995	105,000	6.10
1996	110,000	6.20
1997	115,000	6.20
1998	130,000	6.25
1999	135,000	6.25
2000	145,000	6.30
2001	150,000	6.35
2002	160,000	6.35
2003	160,000	6.40
2004	170,000	6.40
2005	175,000	6.40
2006	110,000	6.40
TOTAL SERIAL BONDS	2,015,000	
2007 - TOTAL TERM BONDS	975,000	6.40
TOTAL LONG-TERM DEBT	<u>\$2,990,000</u>	

On May 30, 1979, the City adopted a resolution to issue \$730,800 Utilities Revenue Bonds, Series 1979, anticipation notes. The purpose of these notes was to provide immediate funds for the commencement of the project of acquiring and constructing extensions and improvements to the water distribution facilities as prescribed in the bond resolution adopted by the City on December 4, 1978.

The proceeds derived from the sale of the bonds are pledged as collateral for payment of principal and interest on the notes.

Notes were issued on June 5, 1979, in the principal amount of \$730,800 to mature on December 17, 1979, with a 6.0 percent rate of interest.

On September 5, 1979, the City adopted a resolution to issue \$500,000 revenue and improvement bond anticipation notes. The purpose of these notes was to provide immediate funds for the commencement of the project of acquisition and construction of additions, extensions and improvements to the combined electric, water and sewer system of the city as prescribed in the bond resolution adopted by the City on July 2, 1979.

(Continued)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1979
CITY OF ALACHUA, FLORIDA
(Continued)

NOTE 2 - LONG-TERM DEBT (Concluded)

The payment of the principal of and interest on the notes shall be secured, equally and ratably, by a prior lien upon and a pledge of the proceeds derived from the sale of the bonds and, if necessary, by a prior lien upon and pledge of the proceeds of the Revenue Sharing Funds.

Notes were issued on September 29, 1979, in the principal amount of \$500,000 to mature on April 1, 1982, with a 6.5 percent per annum rate of interest. Interest is payable on April 1, 1980, and semiannually thereafter on April 1, and October 1.

NOTE 3 - INSURANCE COVERAGE

<u>POLICY</u>	<u>COVERAGE</u>	<u>POLICY PERIOD</u>
USF&G LCCC 62913	General Liability - \$300,000 Bodily Injury \$100,000 Property Damage	07/16/79 - 80
USF&G BAP 164757	Automobile Liability - \$250/\$500,000 Bodily Injury \$100,000 Property Damage Fire, Theft & \$250 Ded. Collision On Designated Vehicles	07/16/79 - 80
USF&G CEP 107176	\$1,000,000 Excess Liability	07/16/79 - 80
USF&G 1-33-3900-651810	Workmen's Compensation - Statutory	07/16/79 - 80
USF&G MSP 135870	Money & Securities - \$5,000 In- side/Outside on City Hall	08/19/79 - 80
USF&G SP 417067	Radio Equipment	09/01/79 - 80
USF&G VF 52187	Volunteer Fire Department Members, Accident and Disability	06/01/79 - 80
Zurich 72-45-771	Multi-peril	05/16/79 - 80
Bond No. FLA 303059	Each Employee \$2,500, City Manager, Accounts Receivable Clerk, and Office Manager \$7,500	06/30/80
Bond No. FLA 309481	Office Manager - Bookkeeper \$50,000	12/31/80

NOTE 4 - UTILITY EXCISE TAXES

Utility excise taxes are pledged and are transferred to the Utility Fund in accordance with bond ordinances. The funds are used to meet debt service requirements.

NOTE 5 - UTILITY FUND INVESTMENTS - RESTRICTED

<u>TYPE</u>	<u>LOCATION</u>	<u>% RATE</u>	<u>1979 AMOUNT</u>	<u>1978 AMOUNT</u>
Investment - Restricted:				
Passbook Savings	First National Bank of Alachua, Florida	5	\$ 20,810	\$185,250
Certificate of Deposit	Central Plaza Bank and Trust Company	6.75	190,425	190,425

(Continued)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1979
CITY OF ALACHUA, FLORIDA
(Continued)

NOTE 5 - UTILITY FUND INVESTMENTS - RESTRICTED (Concluded)

<u>TYPE</u>	<u>LOCATION</u>	<u>% RATE</u>	<u>1979 AMOUNT</u>	<u>1978 AMOUNT</u>
Investments - Restricted:				
Passbook Savings	First Federal Savings and Loan Alachua, Florida	5.5	\$ 33,092	\$ 32,765
TOTAL SEWER INTEREST AND SINKING FUND			<u>\$244,327</u>	<u>\$408,440</u>

NOTE 6 - CRYSTAL RIVER UNIT 3

The City acquired a .0779% undivided interest in the Florida Power Corporation Crystal River Unit Number 3 "CR-3" on July 31, 1975. "CR-3" is a nuclear generating plant which began generating and transmitting electricity during April, 1977. The City's share of nuclear fuel on hand at "CR-3" was \$32,184 and \$25,299 as of September 30, 1979 and 1978, respectively.

NOTE 7 - PREPAID EXPENSES

Prepaid expenses as of September 30, are as follows:

	<u>1979</u>	<u>1978</u>
Prepaid Insurance	\$11,015	\$ 9,026
Prepaid "CR-3" Expenses	<u>3,469</u>	<u>3,027</u>
TOTAL	<u>\$14,484</u>	<u>\$12,053</u>

NOTE 8 - PENSION PLAN

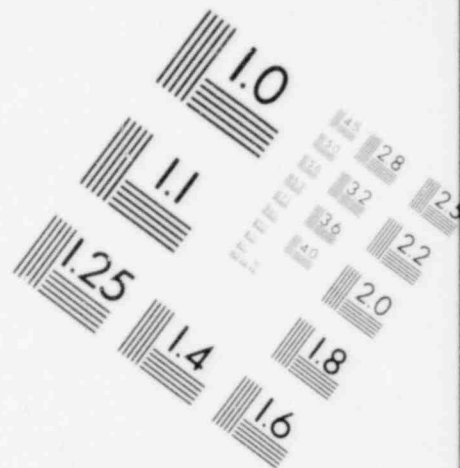
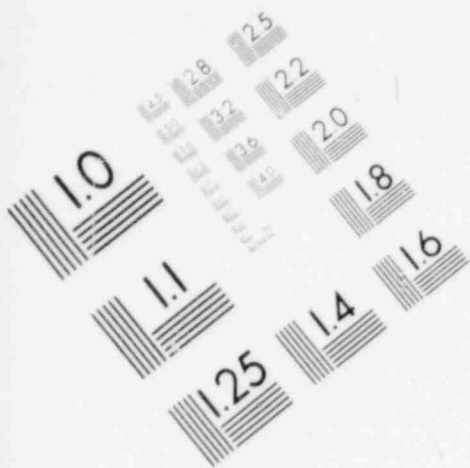
The City of Alachua participates in the Florida Retirement System, a defined contribution pension plan covering all employees. Employee contributions were made prior to October 1, 1975, and these contributions are refundable if employment terminates prior to retirement. Pension benefits generally vest after 10 years of service but can not be drawn until normal retirement at age 62 or 58 if 35 years of service has been rendered. Total pension expense was \$ 30,203 and \$26,041 for the years ended September 30, 1979 and 1978, respectively. Contributions are made by the City of Alachua for the Florida Retirement System based on 13% of Police Department earnings and 9% of all other employee's earnings. The City's policy is to fund pension costs accrued. The amount of unfunded vested benefits, if any, has not been actuarially calculated.

NOTE 9 - DEBT SERVICE ACCOUNTS

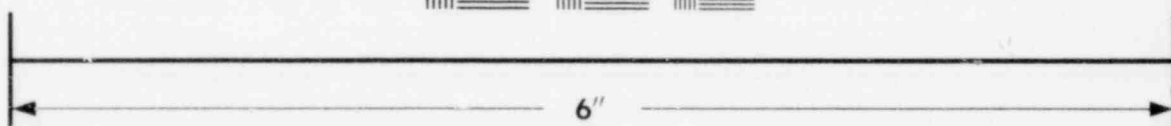
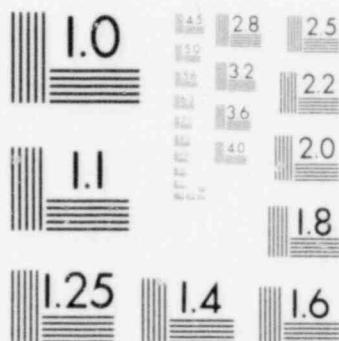
The actuarial requirements at September 30, of the debt service accounts are as follows:

	<u>1979</u>	<u>1978</u>
Actuarial Debt Service Accounts	\$ 94,191	\$ 94,191
Actuarial Debt Service Reserve Accounts	<u>212,036</u>	<u>212,036</u>
TOTALS	<u>\$306,227</u>	<u>\$306,227</u>
Actual Debt Service and Reserve Accounts	<u>\$350,919</u>	<u>\$331,287</u>

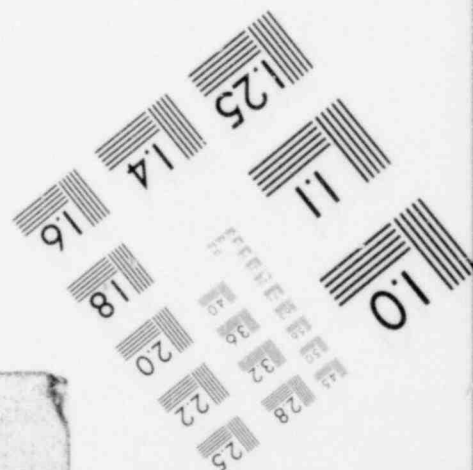
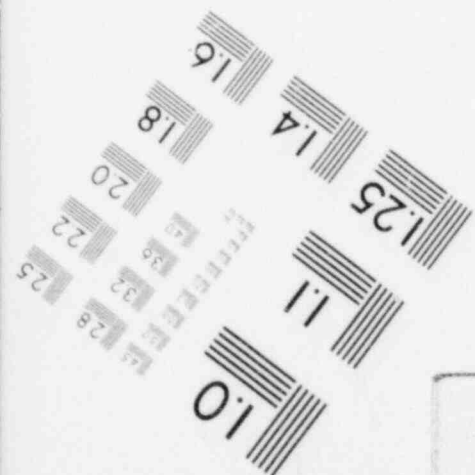
(Continued)



**IMAGE EVALUATION
TEST TARGET (MT-3)**



MICROCOPY RESOLUTION TEST CHART



NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1979
CITY OF ALACHUA, FLORIDA
 (Concluded)

NOTE 10 - UTILITY PLANT

A summary of utility plant in service as of September 30, 1979 and 1978, follows:

	1979	1978
Electric Plant	\$1,570,898	\$1,533,201
Water Plant	785,701	554,141
Sewer Plant	2,587,018	2,573,275
Construction Work in Progress - "CR-3"	4,670	2,450
Construction Work in Progress - Utility Plant	365,875	0
	5,314,162	4,663,067
(Accumulated Depreciation)	(773,241)	(646,415)
UTILITY PLANT - Cost Less Depreciation	<u>\$4,540,921</u>	<u>\$4,016,652</u>

NOTE 11 - CONTRIBUTIONS

Contributions as of September 30, consist of:

	1979	1978
Contribution From Customers	\$ 856,875	\$ 857,904
Contribution From Farmers Home Administration	180,400	180,400
Contribution From EDA	12,000	12,000
TOTAL	<u>\$1,049,275</u>	<u>\$1,050,304</u>

CITY OF BUSHNELL

REPORT OF AUDIT

SEPTEMBER 30, 1978

Bella, Hermida, Oliver & Gillman
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BUSHNELL, FLORIDA

ELECTRIC UTILITY FUND
BALANCE SHEET
SEPTEMBER 30, 1978 AND 1977

	<u>1978</u>	<u>1977</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 33,377	\$ 38,189
Utility Accounts Receivable	58,255	51,185
Less, Allowance for Uncollectible Receivables	(1,064)	(1,594)
Inventory	9,315	
Interest Receivable	905	235
Prepaid Costs (Note C-2)	7,942	1,020
Due From General Fund	300	
Total Current Assets	<u>119,030</u>	<u>89,035</u>
RESTRICTED ASSETS:		
Debt Service:		
Cash	1,095	18,138
Time Deposits	76,353	53,650 ✓
Renewal and Replacement:		
Time Deposit	5,000	5,000
Capital Improvement:		
Cash	11,928	11,377
Time Deposits	10,000	
Construction:		
Cash	7,102	6,601
Time Deposits	81,000	81,000
Interest Receivable	2,117	
Customers' Deposits:		
Cash	10,594	8,899
Time Deposit	10,000	10,000
Total Restricted Assets	<u>215,189</u>	<u>194,665</u>
UTILITY PLANT IN SERVICE (NOTE C-1):		
Utility Plant in Service	479,884	468,195
Less, Accumulated Depreciation	(131,728)	(114,506)
Total Utility Plant in Service - Net	<u>348,156</u>	<u>353,689</u>
OTHER ASSETS:		
Bond Discount - Net of Amortization	20,497	21,522
Prepaid Costs (Note C-2)	9,172	4,078
Total Other Assets	<u>29,669</u>	<u>25,600</u>
TOTAL ASSETS	<u>\$712,044</u>	<u>\$662,989</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

LIABILITIES, RESERVES, CONTRIBUTIONS AND RETAINED EARNINGS

	<u>1978</u>	<u>1977</u>
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS):		
Vouchers Payable	\$ 40,287	\$ 38,284
Payroll Deductions Payable	592	516
Sales Tax Payable	1,503	1,203
Due to General Fund	2,246	2,224
Due to Utility Tax Fund	2,370	1,606
Due to Water Utility Fund	3,300	2,679
Due to Retirement Fund	182	142
Due to Restricted Assets		
Bond Payable - Current Portion	<u>10,000</u>	
Total Current Liabilities (Payable From Current Assets)	<u>60,480</u>	<u>46,654</u>
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS):		
Customers' Deposits Payable	20,594	18,899
Matured Bond Interest Payable	1,095	730
Accrued Interest Payable	<u>17,408</u>	<u>17,408</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>39,097</u>	<u>37,037</u>
LONG-TERM LIABILITIES:		
Bonds Payable (Note C-3) - Schedule 1-E	<u>490,000</u>	<u>500,000</u>
Total Liabilities	<u>589,577</u>	<u>583,691</u>
RESERVES FOR:		
Bond Retirement (Note C-4)	58,945	53,650
Renewal and Replacement (Note C-5)	5,000	5,000
Capital Improvement	<u>21,928</u>	<u>11,377</u>
Total Reserves	<u>85,873</u>	<u>70,027</u>
CONTRIBUTIONS	<u>146,921</u>	<u>146,921</u>
RETAINED EARNINGS (DEFICIT) - EXHIBIT E-3	<u>(110,327)</u>	<u>(137,650)</u>
TOTAL LIABILITIES, RESERVES, CONTRIBUTIONS AND RETAINED EARNINGS	<u>\$712,044</u>	<u>\$662,989</u>

CITY OF BUSHNELL, FLORIDAELECTRIC UTILITY FUND
SCHEDULE OF BONDS PAYABLE
UNTIL MATURITY

<u>YEAR ENDING SEPTEMBER 30</u>	<u>1976 ISSUE</u>		
	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
1979	\$ 44,815	\$ 10,000	\$ 34,815
1980	44,265	10,000	34,265
1981	43,700	10,000	33,700
1982	43,120	10,000	33,120
1983	47,530	15,000	32,530
1984	46,615	15,000	31,615
1985	45,685	15,000	30,685
1986	44,740	15,000	29,740
1987	48,780	20,000	28,780
1988	47,480	20,000	27,480
1989	46,160	20,000	26,160
1990	49,820	25,000	24,820
1991	47,995	25,000	22,995
1992	46,170	25,000	21,170
1993	49,345	30,000	19,345
1994	47,155	30,000	17,155
1995	49,965	35,000	14,965
1996	47,410	35,000	12,410
1997	49,855	40,000	9,855
1998	51,935	45,000	6,935
1999	<u>53,650</u>	<u>50,000</u>	<u>3,650</u>
 TOTAL - EXHIBIT E	 <u>\$996,190</u>	 <u>\$500,000</u>	 <u>\$496,190</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF BUSHNELL, FLORIDA

ELECTRIC UTILITY FUND
 STATEMENT OF CHANGES IN RETAINED EARNINGS (DEFICIT)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1978 AND 1977

	<u>1978</u>	<u>*1977</u>
BALANCE (DEFICIT), BEGINNING OF YEAR	\$(137,650)	\$(141,392)
PRIOR PERIOD ADJUSTMENT	<u>6,687</u>	<u> </u>
ADJUSTED BALANCE (DEFICIT), BEGINNING OF YEAR	(130,963)	(141,392)
ADDITIONS:		
Net Income (Loss) - Exhibit E-2	36,483	(37,258)
Decrease in Reserve for Bond Retirement	<u> </u>	<u>52,377</u>
Total Balance (Deficit) and Additions	<u>(94,480)</u>	<u>(126,273)</u>
DEDUCTIONS:		
Transfers to Water Utility Fund		
Increase in Reserve for Bond Retirement	5,296	
Increase in Reserve for Capital Improvement	<u>10,551</u>	<u>11,377</u>
Total Deductions	<u>15,847</u>	<u>11,377</u>
BALANCE (DEFICIT), END OF YEAR	<u>\$(110,327)</u>	<u>\$(137,650)</u>

*Restated for Comparative Purposes

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF BUSHNELL, FLORIDA

ELECTRIC UTILITY FUND
STATEMENT OF REVENUE AND EXPENSE - BUDGETED AND ACTUAL
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1978 AND 1977

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>	<u>*ACTUAL PRIOR YEAR</u>
OPERATING REVENUE:				
Electric Sales and Fuel				
Adjustment	\$465,394	\$524,469	\$ 59,075	\$417,558
Miscellaneous	<u>1,000</u>	<u>8,005</u>	<u>7,005</u>	<u>2,321</u>
Total Operating Revenue	466,394	532,474	66,080	419,879
LESS, OPERATING EXPENSES - SCHEDULE 1-E-2	<u>409,607</u>	<u>422,209</u>	<u>12,602</u>	<u>358,909</u>
NET OPERATING INCOME BEFORE DEPRECIATION EXPENSE	56,787	110,265	53,478	60,970
LESS, DEPRECIATION EXPENSE	<u> </u>	<u>17,222</u>	<u>17,222</u>	<u>17,209</u>
NET OPERATING INCOME	56,787	93,043	36,256	43,761
ADD, NON-OPERATING INCOME:				
Interest Earnings	<u>4,000</u>	<u>11,595</u>	<u>7,595</u>	<u>8,039</u>
TOTAL INCOME	<u>60,787</u>	<u>104,638</u>	<u>43,851</u>	<u>51,800</u>
LESS, NON-OPERATING EXPENSES:				
Bond Interest	40,335	30,834	(9,501)	40,908
Paying Agent Fees		300	300	450
Amortization Bond Discount		1,025	1,025	978
Transfer to General Fund	42,000	35,996	(6,004)	39,715
Transfer to Water Utility Fund	<u> </u>	<u> </u>	<u> </u>	<u>7,007</u>
Total Non-Operating Expenses	<u>82,335</u>	<u>68,155</u>	<u>(14,180)</u>	<u>89,058</u>
NET INCOME (LOSS) - EXHIBIT E-2	<u>\$(21,548)</u>	<u>\$ 36,483</u>	<u>\$ 58,031</u>	<u>\$(37,258)</u>

*Restated for Comparative Purposes

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF BUSHNELL, FLORIDA

ELECTRIC UTILITY FUND
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1978 AND 1977

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>	<u>ACTUAL PRIOR YEAR</u>
Salaries	\$ 25,737	\$ 22,851	\$ (2,886)	\$ 20,429
Power Purchased	339,935	372,056	32,121	303,710
Supplies		41	41	1,727
Utility Tax	1,500	2,076	576	1,361
Vehicle Expense	1,500	1,374	(126)	4,113
Renewal and Replacement	2,500		(2,500)	164
Equipment Repairs	1,000	238	(762)	166
Miscellaneous	1,500	525	(975)	560
Dues and Subscriptions	2,500	5,398	2,898	2,579
Travel	600	227	(373)	262
Payroll Taxes	4,620	1,377	(3,243)	1,330
Engineering Fees	11,000	9,338	(1,662)	4,008
Retirement		2,056	2,056	1,581
Bad Debts	400		(400)	730
Transmission Wheeling	7,730	5,241	(2,489)	10,927
Personal Service	700		(700)	37
Hospitalization Insurance		1,479	1,479	1,138
Retirement - Past Service	300	300		
Insurance	3,385	3,385		3,023
Materials	3,000	3,576	576	1,275
Warehouse Expense	1,700	1,357	(343)	784
Nuclear Plant Share Contribution				2,448
Office Supplies				558
Totals	\$409,607	432,895	23,288	362,810
Capitalized Expense Charges		<u>(10,686)</u>	<u>(10,686)</u>	<u>(3,901)</u>
TOTAL OPERATING EXPENSES - EXHIBIT E-2	<u>\$409,607</u>	<u>\$422,209</u>	<u>\$ 12,602</u>	<u>\$358,909</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF BUSHNELL, FLORIDA

ELECTRIC UTILITY FUND
 STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1978 AND 1977

SOURCES AND APPLICATIONS OF FUNDS

	<u>1978</u>	<u>*1977</u>
FUNDS WERE PROVIDED BY:		
Net Income (Loss) - Exhibit E-2	\$36,483	\$(37,258)
Add, Expenses not Requiring Working Capital:		
Depreciation	17,222	17,209
Amortization of Bond Discount	<u>1,025</u>	<u>978</u>
Total Funds Provided by Operations	54,730	(19,071)
Prior Period Adjustment	6,687	
Net Decrease in Restricted Assets	<u> </u>	<u>59,053</u>
Total Funds Provided	<u>61,417</u>	<u>39,982</u>
 FUNDS WERE APPLIED TO:		
Transfer to Water Utility Fund		
Prepaid Costs - Net	5,094	4,078
Net Increase in Utility Plant in Service	11,690	18,036
Increase in Restricted Assets - Net	18,464	
Decrease in Long-Term Debts	10,000	
Prior Period Adjustment	<u> </u>	<u> </u>
Total Funds Applied	<u>45,248</u>	<u>22,114</u>
 NET INCREASE IN WORKING CAPITAL	 <u>\$16,169</u>	 <u>\$17,868</u>

*Restated for Comparative Purposes

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF BUSHNELL, FLORIDA

ELECTRIC UTILITY FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1978 AND 1977

ANALYSIS OF CHANGES IN COMPONENTS OF WORKING CAPITAL

	<u>1978</u>	<u>1977</u>
INCREASE (DECREASE) IN CURRENT ASSETS:		
Cash	\$(4,812)	\$15,143
Utility Accounts Receivable - Net	17,600	13,537
Inventory	9,315	
Interest Receivable	670	235
Prepaid Costs	6,922	1,020
Due From General Fund	<u>300</u>	<u> </u>
Total Increase in Current Assets	<u>29,995</u>	<u>29,935</u>
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Vouchers Payable	2,003	11,800
Payroll Deductions Payable	76	68
Sales Tax Payable	300	134
Due to Other Funds	1,447	77
Due to Restricted Assets		(12)
Bond Payable - Current Portion	<u>10,000</u>	<u> </u>
Total Increase (Decrease) in Current Liabilities	<u>13,826</u>	<u>12,067</u>
NET INCREASE IN WORKING CAPITAL	<u>\$16,169</u>	<u>\$17,868[^]</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CITY OF BUSHNELL, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 1978

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Bases of Accounting

The General Fund and Special Revenue Funds (with minor exceptions) record revenues and expenses on the modified accrual basis. Under the modified accrual method, revenues are recorded only when received while expenses are recorded when incurred. The Utility Funds record revenues and expenses on the full accrual basis. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

3. Inventories

Inventory for the utility funds are stated at cost.

4. General Fixed Assets

General Fixed Assets purchased are recorded as expenditures in the General Fund and Special Revenue Funds at time of purchase. Such assets are capitalized in the General Fixed Assets Group of Accounts.

NOTE B: GENERAL FUND - APPROPRIATED FUND BALANCE

The appropriation is the amount segregated in the next year's budget for the City's operations. This amount changes every year depending on the budget approved for the subsequent year.

NOTE C: ELECTRIC UTILITY FUND

1. Utility Plant in Service and Accumulated Depreciation

Fixed assets are stated at cost or appraised value at the time that the inventory of fixed assets were made.

The following is a schedule of fixed assets and accumulated depreciation as per classification:

	<u>USEFUL LIFE</u>	<u>BASIS</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
Distribution Plant	25 to 40 Years	\$418,006	\$ 96,593	\$321,413
Land		2,300		2,300
Structures and Improvements	32 Years	9,187	3,732	5,455

CITY OF BUSHNELL, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 1978

NOTE C: ELECTRIC UTILITY FUND (CONTINUED)

1. Utility Plant in Service and Accumulated Depreciation
(Continued)

	<u>USEFUL LIFE</u>	<u>BASIS</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
Transportation Equipment	6 Years	\$ 4,298	\$ 4,060	\$ 238
Tools, Shop and Garage Equipment	12 Years	2,246	909	1,337
Power Operated Equipment	10 Years	41,772	24,877	16,895
Communication Equipment	12 Years	<u>2,075</u>	<u>1,557</u>	<u>518</u>
TOTALS		<u>\$479,884</u>	<u>\$131,728</u>	<u>\$348,156</u>

2. Prepaid Costs

The amount of prepaid costs consists of payments made as of the end of the year to the engineers in connection with the electric rate study and electric plant appraisal project. The cost of the electric rate study will be amortized over two years and the cost of the plant appraisal project will be amortized over five years.

3. Bonds Payable

The bonds were issued in 1976 and are payable solely from, and secured by, a first lien upon, and pledge of, the gross revenues of the combined electric and water utility systems. No bonds have matured since issuance. The bonds consist of \$160,000 serial bonds at 5.5% to 6.7% interest rates, due April 1, 1979-89, and \$340,000 of term bonds at 7.3% interest rate, due April 1, 1999.

CITY OF BUSHNELL, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 1978

NOTE C: ELECTRIC UTILITY FUND (CONTINUED)

4. Reserve for Bond Retirement

The following is a comparison of reserve requirements to actual assets at September 30, 1978.

Actual Assets:

Cash	\$ 1,095
Time Deposits	<u>76,353</u>

Total Actual Assets	\$77,448
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Required

Matured Interest Payable	1,095
Interest Due October 1, 1978	17,408
Reserve Account (Maximum due in 1999)	<u>53,650</u>

Total Required	<u>72,153</u>
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ACTUAL OVER REQUIRED	<u>\$ 5,295</u>
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5. Reserve for Renewal and Replacement

The reserve was established by bond resolution and the moneys can only be used for the purpose of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the systems and emergency repairs thereto, or unusual costs of operation and maintenance. However, the balance of moneys on hand in said fund shall not be reduced below an amount equal to one-and-one-half percent of the gross revenues of the utilities systems for the previous fiscal year except for payment of the cost of emergency repairs or unusual costs of operation and maintenance.

As of September 30, 1978, the City has excess moneys over requirement.

CITY OF BUSHNELL, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 1978

NOTE D: LONG-TERM DEBT

The following is the long-term debt as of September 30, 1978:

	<u>COLLATERAL</u>	<u>INTEREST RATE</u>	<u>AMOUNT</u>
Florida Bank	Revenues	5%	\$ 37,871
Florida Bank	Revenues	5½%	56,401
Florida Bank	1976 GMC Truck	5%	8,493
Florida Retirement System	Unsecured	6½%	<u>8,733</u>
TOTAL			<u>\$111,498</u>

NOTE E:

The City is under the State of Florida retirement system. All contributions to the system are paid by the City for the employees' benefit. For all employees, other than police personnel, the City contributes 9% of the total gross salary and for the police it contributes 13% of their gross salary.