

**CITY OF
KISSIMMEE, FLORIDA
ANNUAL FINANCIAL REPORT**

Fiscal Year Ended September 30, 1981

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**ANNUAL FINANCIAL REPORT
OF THE
CITY OF KISSIMMEE, FLORIDA
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 1981**

Prepared
by
FINANCE
DEPARTMENT
DAVID V. ASTON
FINANCE DIRECTOR



CITY OF KISSIMMEE, FLORIDA

COMMISSION—MANAGER FORM OF GOVERNMENT

CITY COMMISSION

GEORGE A. GANT, M.D., MAYOR

C. ALLEN SMITH, Vice-Mayor

KENNETH C. MAHER

NAOMI D. WINBUSH

BRUCE R. VAN METER

CITY MANAGER

O. SAM ACKLEY

FINANCE DEPARTMENT

DAVID V. ASTON
FINANCE DIRECTOR

JOHN E. HEARN
CHIEF ACCOUNTANT

City of Kissimmee, Florida
LISTING OF CITY OFFICIALS
AS OF SEPTEMBER 30, 1981

ELECTED OFFICIALS

Mayor—Commissioner	George A. Gant, M.D.
Commissioner, Vice Mayor	C. Allen Smith
Commissioner	Naomi D. Winbush
Commissioner	Kenneth C. Maher
Commissioner	Bruce R. Van Meter

APPOINTED OFFICIALS

Vice City Manager	Robert L. Berlinsky
City Attorney	Edward Brinson
Assistant City Manager	Robert L. Berlinsky
Director of Finance	David V. Aston
Director of Planning	Lewis L. Dismukes
Central Services Director	Allen L. Rushlow
Director of Public Works & Engineering	George W. Mann, Jr.
Police Chief	Jimmie J. Watford
Fire Chief	Kenneth L. Kemp
Director of Building and Zoning	J. Pat Daugherty
Parks and Recreation Director	William E. Palmer
Electric Utility Director	Jack T. Danforth
Water and Sewer Utilities Director	Paul D. Egleston
Personnel and Labor Relations Director	Kathleen A. Gaylor

CITY OF KISSIMMEE, FLORIDA
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 1981

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LETTER OF TRANSMITTAL

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February 1, 1982

Mr. O. Sam Ackley, City Manager
City of Kissimmee
Kissimmee, Florida

Dear Mr. Ackley:

The Comprehensive Annual Financial Report of the City of Kissimmee, Florida, for the fiscal year ended September 30, 1981, is submitted herewith pursuant to Section 5-1-7 of the City Charter, Florida Statutes Chapter 166.241 (4) and Chapter 10.500 of the Rules of the Auditor General of the State of Florida. This Comprehensive Annual Financial Report was prepared by the staff of the Finance Department and, therefore, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of activity of its various funds; and that all disclosures necessary to enable the readers to gain the maximum understanding of the City's financial activity have been included.

As required by Section 5-1-6 of the City Charter and Florida Statutes Chapter 166.241 (4), the Comprehensive Annual Financial Report has been examined by a firm of independent certified public accountants and their unqualified opinion is included as part of this report.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records for General, Special Revenue, Capital Projects, Debt Service, Special Assessments and certain Trust and Agency Funds are maintained on a modified accrual basis with revenues being recognized when they become measurable and available, while expenditures are recorded at the time liabilities are incurred. Accounting records for the Enterprise and certain Trust and Agency Funds are maintained on a full accrual basis. Enterprise Funds are charged for administrative, accounting and data processing services, which are performed by various departments of the General Fund. This is done within the framework of making these funds self-supporting and to provide a comparable basis with other public utilities that are privately owned.

Mr. O. Sam Ackley, City Manager
February 1, 1982
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In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition; and
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived; and
2. The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the sub-function level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which would result in an overrun of sub-function balances, are not released until additional appropriations are made available or unless authorized by legislative action. Budgetary reports are issued and reviewed monthly as outlined in the City Charter, Sections 5-1-4 and 5-1-7. Open encumbrances are reported as reservations of fund balance at September 30, 1981.

THE REPORTING ENTITY AND ITS SERVICES

The funds and entities related to the City of Kissimmee, included in our Comprehensive Annual Financial Report, are controlled by or dependent on the City. Determination of "controlled by or dependent on" is based on criteria developed by the Federal Bureau of the Census. The criteria deal with existence as an organized entity; governmental character; and substantial autonomy. Based on these criteria, the various funds and account groups shown in the table of contents are included in this report. The report, together with the accounting and budgeting systems, has been designed to conform to the standards set forth by the National Council on Governmental Accounting, American Institute of Certified Public Accountants and the Financial Accounting Standards Board. Fund structure has also been designed to comply with the legal requirements of the various revenue bond resolutions.

This report is arranged in the following sections:

- Section I: Introductory Section

- Section II: Financial Section
 - Part 1: General Purpose Financial Statements
 - Part 2: Combining Statements - By Fund Type
 - Part 3: Supporting Schedules

- Section III: Statistical Section

The Financial Section of the report contains combined, combining and balanced account groups which present fairly the financial position and results of operations for the fiscal year. These statements and schedules are divided into three parts:

1. General Purpose Financial Statements, which display financial data for the City as a whole;
2. Combining Statements - By Fund Type, which present data for homogeneous funds; and
3. Supporting Schedules, which present supplementary data not necessary for fair presentation.

The Statistical Section presents detailed historical information which will be beneficial to the reader in understanding the City's growth and its future potential.

The City of Kissimmee provides the full range of municipal services contemplated by statute or character. This includes police, fire, sanitation, social services, public improvements, planning, zoning, recreational services and general administrative services. In addition, public utilities (electric, water, sewerage and water pollution control) and aviatational activities are provided.

On October 1, 1981, the Municipal Finance Officers Association of the United States and Canada (MFOA) awarded a Certificate of Conformance in Financial Reporting to the City of Kissimmee for its Annual Financial Report for the fiscal year ended September 30, 1980.

In order to be awarded a Certificate of Conformance, a governmental unit must publish an easily readable and efficiently organized comprehensive Annual Financial Report, the contents of which conform to industry standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Mr. O. Sam Ackley, City Manager
 February 1, 1982
 Page Four

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

GENERAL FUND

The General Fund encompasses the general governmental functions of the City and all other functions not accounted for in other separate funds.

Revenues and other financing sources from general governmental functions totaled \$5,199,890 in 1981, a 1.4% decrease from 1980, mainly due to establishing a capital improvement fund for large nonrecurring capital expenditures. Interest previously credited to the General Fund was credited to the Capital Improvement Fund in 1981. This resulted in a decrease of 50.3% in interest earned calculations between 1981 and 1980. In addition, Federal and State Grant revenue decreased 41.8% between 1981 and 1980 due to the loss of CETA programs. These were partially offset by an increase in the Electric Fund transfer of 9% over the previous year. Property taxes accounted for 32% of total revenues in 1981, as compared to 31% in 1980. Property taxes, nationally, account for less than 50% of general revenue sources and the percentage has been declining annually.

License and permit revenues increased 29.6% over 1980. This increase includes an increase in occupational license fee revenues due to a 100% fee increase on all City business licenses. We anticipate that building permit activity will be stronger in the coming years due to an aggressive industrial development bureau and a lessening of sewer treatment problems.

Fines and forfeitures increased by 2% over 1980. Along with the growth in the area mentioned above, there is an increase in traffic activity. This results in an increase in fines.

All other revenue sources show minor changes from the previous years.

Presented below is a comparison of the current fiscal year revenues and other financing sources, as compared to the last fiscal year:

<u>REVENUE AND OTHER FINANCING SOURCES</u>	<u>F/Y 1981</u>	<u>F/Y 1980</u>	<u>INCREASE (DECREASE)</u>	<u>% CHANGE</u>
Property taxes	\$ 1,063,909	\$ 1,038,058	\$ 25,851	2.5 %
Franchise taxes	85,520	68,436	17,084	25.0 %
Licenses and permits	203,506	157,025	46,481	29.6 %
Federal and state grants	82,170	141,276	(59,106)	(41.8)%
State Revenue Sharing	452,145	384,266	67,879	17.7 %
County road and bridge tax	42,048	51,281	(9,233)	(18.0)%
Shared taxes and licenses	161,783	152,455	9,328	6.1 %
Garbage and trash fees	262,920	254,658	8,262	3.2 %
Interdepartmental charges	509,868	639,502	(129,634)	(20.3)%
Fines and forfeitures	68,568	67,228	1,340	2.0 %

REVENUE AND OTHER FINANCING SOURCES - (continued)	<u>F/Y 1981</u>	<u>F/Y 1980</u>	<u>INCREASE (DECREASE)</u>	<u>% CHANGE</u>
County ambulance service	243,479	183,758	59,721	32.5 %
Interest earned	91,444	183,892	(92,448)	(50.3)%
Other revenue	69,513	77,192	(7,679)	(9.9)%
Fund transfers	1,835,004	1,875,681	(40,677)	(2.2)%
Lease proceeds	28,013	-	28,013	100.0 %
TOTALS	<u>\$ 5,199,890</u>	<u>\$ 5,274,708</u>	<u>\$ (74,818)</u>	(1.4)%

Assessed property valuations of \$199,226,059 for F/Y 1981 represent a 37.2% increase over the \$145,188,232 valuations for 1980. This was due to the State of Florida mandating all property assessments be valued at 100%. Previous levels varied between 68% and 79%. Current tax collections were 97.3% of the total tax levy.

All functions show increases this fiscal year due to a change in methods used to charge employee benefits, insurance, salary increases and contingency funds. In previous years, these items were shown in the nondepartmental functions. Fiscal year 1981 saw an effort to allocate these charges to the proper function; hence, a large decrease in nondepartmental charges. Overall expenditures increased only 5.2% in 1981 as compared to 1980.

Expenditures for the fiscal year of the various functions within the General Fund, as compared with those of the previous year, are presented as follows:

<u>FUNCTION</u>	<u>F/Y 1981</u>	<u>F/Y 1980</u>	<u>INCREASE (DECREASE)</u>	<u>% CHANGE</u>
General Government	\$ 1,253,631	\$ 1,007,989	\$ 245,642	24.4 %
Public Safety	2,357,342	1,781,899	575,443	32.3 %
Public Works	1,013,637	812,540	201,097	24.7 %
Parks and Recreation	321,399	262,093	59,306	22.6 %
Nondepartmental	-	703,259	(703,259)	(100.0)%
Fund transfers	1,282,328	212,650	1,069,678	503.0 %
TOTALS	<u>\$ 6,228,337</u>	<u>\$ 4,780,430</u>	<u>\$ 1,447,907</u>	30.3 %

Comparisons between 1978, 1979, 1980 and 1981 figures may be deceiving in respect to 1979 and 1978. These two (2) years reflect transfers to the General Fund from the Enterprise Funds. In 1980 and 1981, these transfers are shown in the revenue section.

The following table shows the entire listing of line items of all departments without the departmental limitation. Information provided will reflect how much was spent for the classifications of salaries, utilities, capital outlay, etc. for the entire General Fund.

<u>CLASSIFICATION</u>	<u>F/Y 1981</u>	<u>F/Y 1980</u>	<u>INCREASE (DECREASE)</u>	<u>% CHANGE</u>
Salaries and wages	\$ 2,954,970	\$ 2,633,939	\$ 321,031	12.2 %
Employee benefits	627,098	567,787	59,311	10.4 %
Other contractual	144,855	266,404	(121,549)	(45.6)%
Maintenance and repairs	253,961	206,850	47,111	22.8 %
Gas, oil and grease	138,817	104,473	34,344	32.9 %
Utilities	199,352	164,857	34,495	20.9 %
Materials and supplies	276,065	188,250	87,815	46.6 %
Training and travel	22,050	21,914	136	.6 %
Insurance	83,266	79,108	4,158	5.3 %
Charges from service organizations	21,671	16,671	5,000	30.0 %
Capital outlay	156,291	270,879	(114,588)	(42.3)%
Debt service	67,613	46,648	20,965	44.9 %
Transfers	82,328	212,650	(130,322)	61.3 %
TOTALS	<u>\$ 5,028,337</u>	<u>\$ 4,780,430</u>	<u>\$ 247,907</u>	5.2 %

% OF TOTAL EXPENDITURES

<u>CLASSIFICATION</u>	<u>F/Y 1981</u>	<u>F/Y 1980</u>	<u>INCREASE (DECREASE)</u>	<u>% CHANGE</u>
Salaries and wages	59 %	55 %	60 %	64 %
Employee benefits	12	12	15	16
Other contractual	3	6	6	7
Maintenance and repairs	5	4	5	6
Gas, oil and grease	3	2	2	2
Utilities	4	3	4	4
Materials and supplies	5	4	4	4
Training and travel	.5	.5	1	1
Insurance	2	2	-	-
Charges from service organizations	.5	.5	-	-
Capital outlay	3	6	10	4
Debt service	1	1	-	-
Other	-	-	8	8
Less: Allocations	-	-	(15)	(16)
Transfers	2	4	-	-
TOTALS	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Mr. O. Sam Ackley, City Manager
February 1, 1982
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Unreserved fund balance decreased 60% because of a large portion of 1980 fund balance was used to establish the Capital Improvement Fund. However, 1981 unreserved fund balance was maintained at an adequate level of 14% of General Fund expenditures.

ELECTRIC UTILITY FUND

Electric Utility Fund operating revenues increased \$4,865,218 or 34.3% over last year. This increase can be attributed to a combination of increased kilowatt hours (KWH) sold of 13.8%, increase Cost of Power Adjustment (COPA) of \$991,595 or 42.7%, a general rate increase of 10% effective November 1, 1980, as well as an increase in resale power of \$266,809 or 33.6% over 1980. It should be mentioned that the investment income increased \$667,694 or 88.9% over the previous year.

Operating expenses, on the other hand, increased 30.4% over 1980. This is mainly attributable to an increase in depreciation of 26% over last year because of system additions completed in 1980 and becoming depreciable during 1981, as well as increased purchased power costs of \$2,352,988 or 40% over 1980. This latter statistic has caused the City to look to other sources for power. In December of 1981, a contract was executed for the purchase and construction of a combined-cycle gas turbine electric plant. A major bond issue of \$47,500,000 is planned for February of 1982 to finance this unit. The tremendous demand on the system has crystalized the concern for conservation measures as evidenced in the recent program of cash rebates for citizens who install energy conservation equipment in their residences.

Comparative data for the last three fiscal years is presented in the following tabulation:

	<u>1981</u>	<u>1980</u>	<u>1979</u>
Total revenue (recurring)	\$20,487,748	\$14,954,836	\$11,201,912
Net income	2,845,585	1,167,851	676,226
Income available for debt service	5,716,286	4,178,675	3,131,119
Maximum debt coverage	1,385,657	1,385,657	1,166,853
Debt coverage (income available for debt service divided by maximum future debt service)	4.13 x	3.02 x	2.7 x
Cash and investments (unrestricted)	2,529,356	1,056,217	629,676
Current ratio	3.6 to 1	2.2 to 1	2.7 to 1

In early fiscal 1981, the City validated \$4,815,000 of Electric Revenue Bond Anticipation Notes for the purpose of substation and other distribution facilities expansion. These notes carry a rating of MIG-2 from Moody's Investor Service. The remaining \$5,800,000 of validated, but unissued 1979 Bonds, will be used to defease these notes in 1983.

AIRPORT FUND

Airport operations experienced an increase in revenues of \$9,470 or 12.6% over 1980. Operating expenses showed a decrease of \$18,109 or 13.8% over last year. While the operations continued to record a net loss, the loss was \$32,251 or 96% less than 1980. The City is actively pursuing a vigorous program of leasing terminal space, industrial sites and hangars through the Airport Advisory Board, Airport Manager and Industrial Development Director. We have begun work on preparation of a master development plan for the airport property that will, hopefully, begin to show results in increased revenues within the next year.

Comparative data for the last three fiscal years is presented in the following tabulation:

	<u>1981</u>	<u>1980</u>	<u>1979</u>
Total operating revenue	\$ 84,569	\$ 75,099	\$ 70,792
Net loss	(1,353)	(33,604)	(58,654)
Income available for debt service	44,821	62,833	33,422
Maximum future debt service	33,450	35,300	35,300
Debt coverage (income available for debt service divided by maximum future debt service)	1.34 x	1.80 x	.9 x
Cash and investments (unrestricted) - (deficit)	\$ 53,206	\$ (23,102)	\$ (34,297)
Current ratio	6.61 to 1	Negative	Negative

WATER AND SEWER FUND

Gross operating revenues decreased \$43,804 or 2.7% over last year due to a reduction of interdepartmental sales of \$169,239 or 82% compared to 1980. During the year, the Electric Plant activated their own well facility which meant that purchases from the treatment plants were no longer necessary. The increase in other customers of 8.7% did not offset this reduction.

Operating expenses, meanwhile, increased \$93,774 or 7.9% over fiscal year 1980 due to utilities cost increases of \$50,840 or 30.3% and increased personnel costs of \$53,297 or 15.9%. Due to federal budgetary reductions, the City's 201 Program has been ignored for the present time. In order to place the City in a more favorable position for future growth, \$2,600,000 in Water and Sewer Revenue Bonds have been issued early in fiscal 1982 for the purpose of constructing an interim sewerage treatment facility. These bonds carry a AAA rating from Standard and Poor's as does the 1977 issue. It is anticipated that the new treatment facility will alleviate problems at our present aging plant as well as provide capacity for future customers.

Comparative data for the last three fiscal years is illustrated in the following table:

	<u>1981</u>	<u>1980</u>	<u>1979</u>
Total revenue (recurring)	\$ 2,244,417	\$ 2,062,970	\$ 1,779,521
Net income	647,144	560,081	495,816
Income available for debt service	914,242	1,004,186	936,733
Maximum future debt service	372,448	372,448	372,448
Debt coverage (income available for debt service divided by maximum future debt service)	2.5 x	2.7 x	2.5 x
Cash and investments (unrestricted)	2,332,909	1,758,136	1,002,167
Current ratio	66.6 to 1	45.2 to 1	59.6 to 1

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenue from specific revenue sources which are legally restricted for specified purposes. Utility taxes are pledged primarily for the various obligations of the water and sewer utility systems. Federal Revenue Sharing funds are obligated to fund those specific items so designated in the City's annual budget. Recreation impact fees are designated for recreational improvements throughout the City and are levied on each new living unit. The Solid Waste Renewal and Replacement Fund was established to provide monies for capital improvements in the Sanitation Department. The Vehicle Replacement Fund was established to provide a system of vehicle fleet replacement.

A comparison of revenues for the last three fiscal years is presented in the following table:

	<u>1981</u>	<u>1980</u>	<u>1979</u>
Utility tax	\$ 596,158	\$ 530,579	\$ 466,775
Federal Revenue Sharing	231,364	230,110	221,478
Recreation impact fees	14,327	6,545	-
Solid waste renewal and replacement	27,955	25,971	3,863
Vehicle replacement	3,382	-	-
Capital improvements	1,381,078	-	-
TOTALS	<u>\$ 2,254,274</u>	<u>\$ 793,205</u>	<u>\$ 692,116</u>

CASH MANAGEMENT

On August 1, 1980, the City entered into a two-year depository contract with a local banking institution after having competitively bid its banking services. This contract guarantees that all funds deposited in the City's account above \$75,000 will earn interest at the same Fed Funds rate that the banking institution receives. The City uses a pooled cash concept for all funds under its control. The cash management program involves a theory of keeping principal and earnings free from risk, maintaining reasonable liquidity to meet obligations and maximizing return through the use of a competitive rate comparison from various investment sources. The City invested in those instruments collateralized as required by the State of Florida.

A summary of interest earned on the City's investment is shown in the following table:

<u>FISCAL YEAR</u>	<u>INTEREST EARNED*</u>	<u>AVERAGE RATE OF RETURN*</u>
1981	\$ 2,362,373	14.8%
1980	1,070,483	8.8%
1979	858,995	9.3%
1978	970,587	8.4%
1977	397,005	5.0%

*Does not include Pension Fund, which is administered by an investment firm.

TRUST AND AGENCY FUNDS

Trust and Agency Funds are nonbudgetary funds established to account for assets held by the City as trustee for individuals, private organizations and other governmental units and/or funds.

A fund has been created for the Section 8 Housing Assistance Payments Program. The City acts as a conduit for the Federal Government in disbursement of the monies. The program has regulations governing the type of disbursements to be made and providing for periodic independent audits.

A fund was also created to account for revenues received from the supplementary care program at the municipal cemetery. This program is designed to accept advance payments from cemetery customers for the maintenance of cemetery plots. During 1981, revenues totaled \$3,140.

DEBT ADMINISTRATION

Overlapping debt is that portion of the total Osceola County general obligation debt allocated to Kissimmee's residents for purposes of ascertaining the total debt each resident is responsible for paying. At September 30, 1981, total overlapping debt allocatable to the City was \$731,000 or \$41.07 per resident. It should be noted that the City has no general obligation indebtedness of its own.

Bond ratings for the four revenue bond issues are as follows:

	<u>MOODY'S</u>	<u>STANDARD & POOR'S</u>
Electric Revenue Bond Anticipation Notes, 1981	MIG-2	-
Electric Revenue Bonds 1979-1	A	AAA
Electric Revenue Bonds 1977	A	AAA
Water and Sewer Revenue Bonds 1977	A	AAA

In June of 1980, the City sold a \$265,000 bond to FmHA for the purpose of constructing a fire station to service the eastern portion of Kissimmee. Principal and interest are payable annually on September 1, 1981 through 2021 at the rate of 5%.

In addition, the City has entered into a loan agreement for City Hall expansion with FmHA, totaling \$500,000, in January of fiscal 1981. The terms are similar to the above-mentioned loan on the fire station.

SPECIAL ASSESSMENTS FUND

The Special Assessments Fund accounts for assessments levied to finance public improvements, specifically benefiting the properties against which the assessments are levied.

There has been little activity in the fund this year, aside from annual repayments from the Forrest and Lavon Projects for 1976, the Nebraska Street Project for 1978 and the Ocean Street Project for 1980.

During the 1981 fiscal year, the City began and completed the paving and installation of storm drainage facilities on Person Avenue and Verona Street. These projects continue the City's orderly program of street paving commenced in the past few years. Payments for these projects will be received during the next year.

CAPITAL PROJECTS FUNDS

The City's various capital projects programs are concentrated on two areas, namely, downtown beautification and the City Hall expansion.

Mr. O. Sam Ackley, City Manager
February 1, 1982
Page Twelve

The beautification of Kissimmee's downtown commenced in 1978 through the creation of a special district governed by a board appointed by the City Commission. Although the Commission appoints the board, the disbursement of funds is controlled by the appointed Downtown Development Board. Revenues from a special tax are used to fund the issuance of bonds which, in turn, fund various beautification projects.

The City Hall expansion program is designed to increase the workable area by approximately 15,000 sq. ft. It will enable all City departments to be located in the same building for the first time in recent history and will eliminate the need for rental of office space. The project will be financed through a FmHA loan of \$500,000 at 5% for 40 years, as well as budgeted funds of \$250,000 in the 1981 budget year.

GENERAL FIXED ASSETS

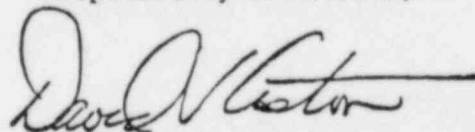
The general fixed assets of the City of Kissimmee are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of the Proprietary Funds. As of September 30, 1981, the general fixed assets of the City totaled \$3,422,537. This amount represents the original cost of the assets and is, therefore, considerably less than their present value. Depreciation of general fixed assets is not recognized in the City's accounting system.

ACKNOWLEDGEMENTS

The preparation of this report, on a timely basis, could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I wish to express my appreciation to all members of the department who assisted and contributed to its preparation. A special note of thanks is due to John Hearn, Chief Accountant, who worked diligently in the preparation of the financial statements.

I would also like to thank you for your interest and support in planning and conducting the financial operations of this City in a progressive and responsible manner.

Respectfully submitted,

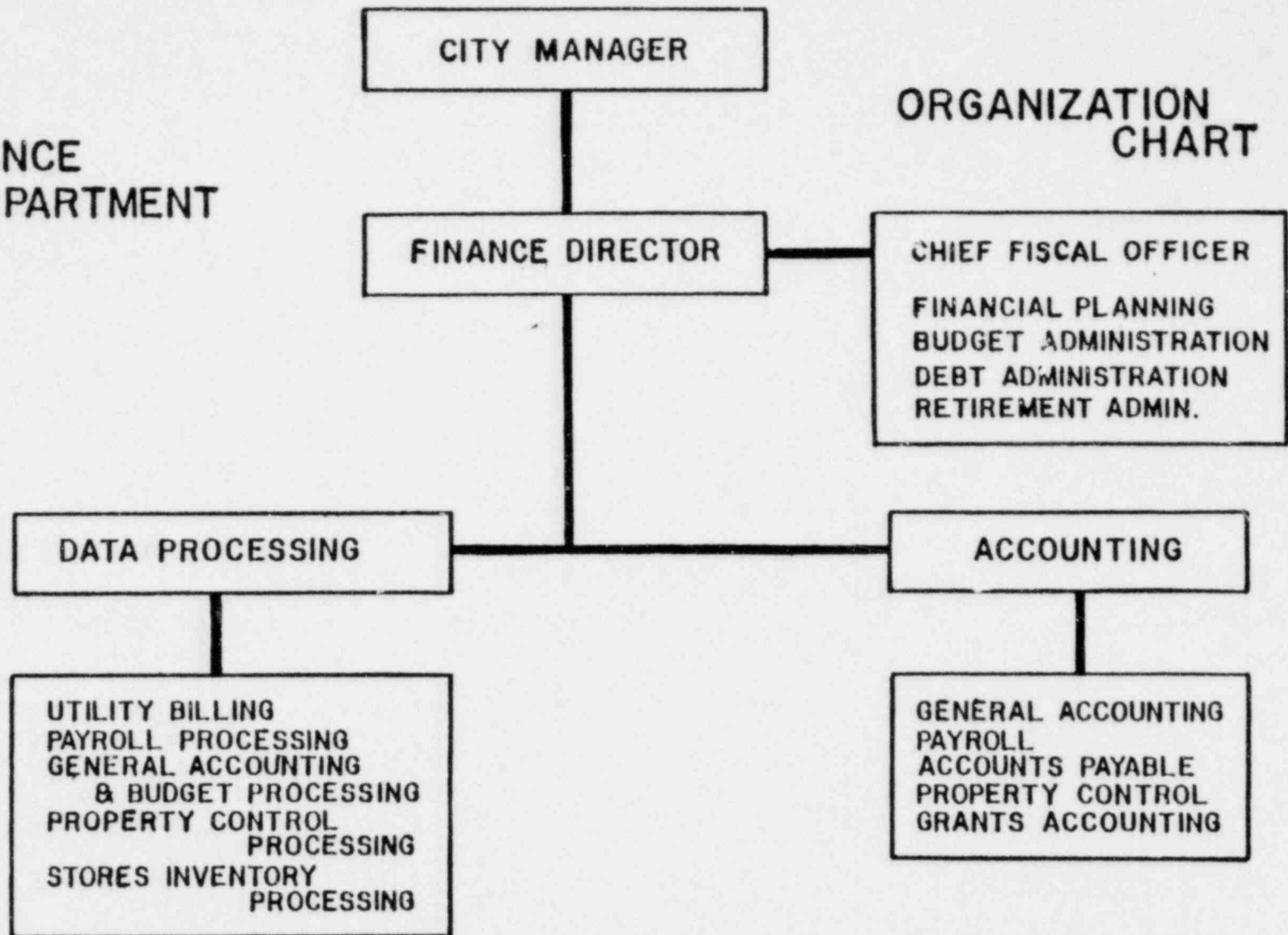


David V. Aston, Finance Director

ORGANIZATION CHARTS

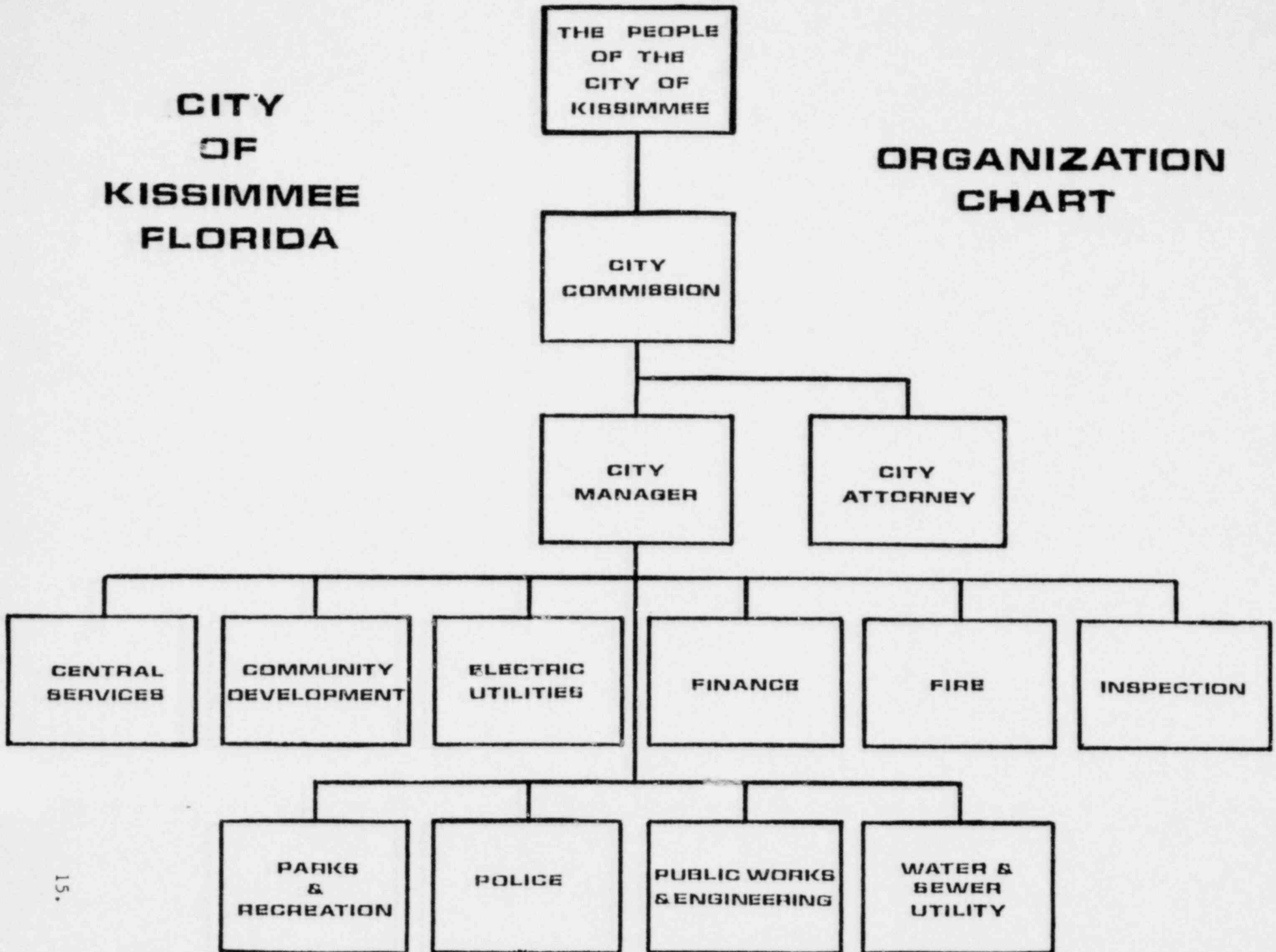
FINANCE
DEPARTMENT

ORGANIZATION
CHART



**CITY
OF
KISSIMMEE
FLORIDA**

**ORGANIZATION
CHART**



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CERTIFICATE OF CONFORMANCE

"The Municipal Finance Officers Association of the United States and Canada (MFOA) awarded a Certificate of Conformance in Financial Reporting to the City of Kissimmee for our Annual Financial Report for the fiscal year ended September 30, 1980.

In order to be awarded a Certificate of Conformance, a governmental unit must publish an easily readable and efficiently organized comprehensive Annual Financial Report, whose contents conform to industry standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Certificate
of
Conformance
in Financial
Reporting

Presented to

City of
Kissimmee, Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1980

A Certificate of Conformance in Financial Reporting is presented by the Municipal Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.



[Signature]
President
[Signature]
Executive Director

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FINANCIAL SECTION

This Section Contains the Following Subsections:

AUDITOR'S REPORT

GENERAL PURPOSE FINANCIAL STATEMENTS

COMBINING AND INDIVIDUAL FUND AND
ACCOUNT GROUP STATEMENTS AND SCHEDULES

SCHEDULES

To the Honorable Mayor, City
Commissioners and City Manager
City of Kissimmee, Florida

AUDITORS' REPORT

We have examined the combined financial statements of the City of Kissimmee, Florida and the combining, individual fund, and account group financial statements of the City as of and for the year ended September 30, 1981, as listed in the table of contents. 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.

In our opinion, the combined financial statements referred to above present fairly the financial position of the City of Kissimmee, Florida at September 30, 1981, and the results of its operations and the changes in financial position of its proprietary fund types 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 special assessment levies, as described in Note 13 of the financial statements, have been applied on a basis consistent with that of the preceding year. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly the financial position of the individual funds and account groups of the City of Kissimmee, Florida, at September 30, 1981, and the results of operations of such funds and the changes in financial position of individual proprietary funds 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 special assessment levies, as described in Note 13 of the financial statements, have been applied on a basis consistent with that of the preceding year.

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Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements of the City of Kissimmee, Florida. The information has been subjected to the auditing procedures applied in the examination of the combined, combining, individual fund, and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

In connection with our examination, we also (1) made a study and evaluation of the City's system of internal accounting control, (2) performed tests of compliance with the Revenue Sharing regulations as required by Sections II.C.3. of the Audit Guide and Standards for Revenue Sharing and Antirecession Fiscal Assistance Fund Recipients (Guide) issued by the Office of Revenue Sharing, U. S. Department of the Treasury, and (3) compared the data on Bureau of Census Form RS-8 to the records of the City of Kissimmee, Florida, for the year ended September 30, 1978, as required by Section II.C.4. of the "Guide."

Based on these procedures, we noted no instance of noncompliance with the regulations and no material differences between census data on Form RS-8 and the records of the City of Kissimmee, Florida.

May Zinner & Co.

Tampa, Florida
November 11, 1981

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GENERAL PURPOSE FINANCIAL STATEMENTS

(Combined Statements—Overview)

These basic financial statements provide a summary overview of the financial position of all funds and account groups as well as the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow in the next Subsection.

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CITY OF KISSIMMEE, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 1981

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>ASSETS</u>				
Equity in pooled cash and investments	\$ 641,470	\$ 1,117,869	\$ 28,725	\$ 201,573
Receivables - (net of allowances for uncollectibles):				
Accrued interest	2,600	-	50	-
Accounts	-	-	-	-
Taxes	2,402	-	-	-
Special assessments	-	-	-	-
Due from other governments	82,293	56,251	-	-
Due from other funds	106,679	-	-	-
Inventories - at cost	63,797	-	-	-
Prepaid expenses	3,500	-	-	-
Advance to other funds	2,000	-	-	-
Restricted assets:				
Sinking funds - cash and investments	-	-	-	-
Construction funds - cash and investments	-	-	-	-
Bond asset replacement funds - cash and investments	-	-	-	-
Customers' deposits - cash and investments	-	-	-	-
Pension funds - cash and investments	-	-	-	-
Land (Note 2)	-	-	-	-
Buildings (Note 2)	-	-	-	-
Equipment (Note 2)	-	-	-	-
Improvements other than buildings (Note 2)	-	-	-	-
Plant and equipment - net (Note 2)	-	-	-	-
Construction in progress (Note 2)	-	-	-	-
Inventory - nuclear fuel - (net)	-	-	-	-
Bond issue costs - (net)	-	-	-	-
Airport Master Plan - (net)	-	-	-	-
Land held for future use	-	-	-	-
Amount available for debt service in the Debt Service Fund	-	-	-	-
Amount to be provided for debt service	-	-	-	-
TOTAL ASSETS	<u>\$ 904,741</u>	<u>\$ 1,174,120</u>	<u>\$ 28,775</u>	<u>\$ 201,573</u>

See accompanying notes to financial statements.

SPECIAL ASSESSMENTS	PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE (Note 9)	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1981	1980
\$ 223,033	\$ 4,915,471	\$ 100,315	\$ -	\$ -	\$ 7,238,456	\$ 4,837,238
6,134	20,922	77,535	-	-	107,241	339,409
-	1,936,722	-	-	-	1,936,722	1,810,355
-	-	-	-	-	2,402	4,089
198,890	-	-	-	-	198,890	146,522
-	-	20,245	-	-	158,789	212,251
-	-	-	-	-	106,679	86,971
-	901,638	-	-	-	1,543,435	937,300
-	38,803	3,062	-	-	45,365	54,609
-	-	-	-	-	2,000	2,000
-	3,983,469	-	-	-	3,983,469	4,231,886
-	6,100,088	-	-	-	6,100,088	1,694,992
-	1,625,000	-	-	-	1,625,000	1,158,887
-	698,589	-	-	-	698,589	660,233
-	-	3,647,027	-	-	3,647,027	2,926,650
-	-	-	359,700	-	359,700	359,700
-	-	-	875,935	-	875,935	861,498
-	-	-	1,810,917	-	1,810,917	1,534,611
-	-	-	320,770	-	320,770	241,978
-	27,842,535	-	-	-	27,842,535	26,857,665
-	1,018,080	-	55,215	-	1,073,295	829,301
-	525,532	-	-	-	525,532	396,587
-	983,153	-	-	-	983,153	923,295
-	40,632	-	-	-	40,632	43,022
-	609,740	-	-	-	609,740	609,740
-	-	-	-	38,775	38,775	26,943
-	-	-	-	554,796	554,796	586,994
<u>\$ 428,057</u>	<u>\$ 51,240,374</u>	<u>\$ 3,848,184</u>	<u>\$ 3,422,537</u>	<u>\$ 593,571</u>	<u>\$ 61,351,932</u>	<u>\$ 52,370,706</u>

CITY OF KISSIMMEE, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1981

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ 31,179	\$ -	\$ -	\$ 50
Accrued liabilities	173,402	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	49,498	-	-
Advance from other funds	-	-	-	-
Contracts payable - retained percentage	-	-	-	-
Restricted asset liabilities:				
Accounts payable	-	-	-	-
Accrued service deposit interest	-	-	-	-
Retainages payable	-	-	-	-
Customer deposits	-	-	-	-
Revenue bonds payable - current	-	-	-	-
Accrued revenue bond interest	-	-	-	-
Revenue bonds payable - (net) (Notes 4, 5 & 8)	-	-	-	-
General obligation bonds payable (Notes 6, 7 & 8)	-	-	-	-
Deferred revenue	2,402	-	-	-
Obligations under capital leases (Note 11G)	-	-	-	-
Due to other governments	7,984	-	-	-
TOTAL LIABILITIES	\$ 214,967	\$ 49,498	\$ -	\$ 50
<u>CONTINGENCIES AND COMMITMENTS (Note 11)</u>				
<u>FUND EQUITY</u>				
Investment in general fixed assets	\$ -	\$ -	\$ -	\$ -
Contributed capital:				
Contribution by governments	-	-	-	-
Contribution by private sources	-	-	-	-
Contribution by other funds	-	-	-	-
Retained earnings:				
Reserved for revenue bond retirement	-	-	-	-
Reserved for bond asset replacement	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved for encumbrances	115,844	-	-	-
Reserved for advances to other funds	2,000	-	-	-
Reserved for employees' retirement systems	-	-	-	-
Unreserved -				
Designated for debt service	-	-	38,775	-
Designated for specific capital projects	-	-	-	201,523
Undesignated	571,930	1,124,622	-	-
TOTAL FUND EQUITY	\$ 689,774	\$ 1,124,622	\$ 38,775	\$ 201,523
TOTAL LIABILITIES AND FUND EQUITY	\$ 904,741	\$ 1,174,120	\$ 38,775	\$ 201,573

See accompanying notes to financial statements.

SPECIAL ASSESSMENTS	PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE (Note 9)	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1981	1980
\$ 60,285	\$ 1,010,462	\$ 1,814	\$ -	\$ -	\$ 1,103,790	\$ 1,545,146
-	222,820	23,148	-	-	419,370	315,417
-	316,304	-	-	-	316,304	206,652
-	-	57,181	-	-	106,679	86,971
-	-	2,000	-	-	2,000	2,000
-	-	-	-	-	-	39,768
-	57,229	-	-	-	57,229	-
-	10,372	-	-	-	10,372	9,635
-	159,065	-	-	-	159,065	45,309
-	708,444	-	-	-	708,444	640,362
-	10,000	-	-	-	10,000	35,000
-	5,824	-	-	-	5,824	763,703
-	31,193,673	-	-	-	31,193,673	26,414,874
-	-	-	-	410,000	410,000	420,000
164,327	2,933	-	-	-	169,662	4,294
-	-	-	-	183,571	183,571	193,937
-	-	-	-	-	7,984	-
<u>\$ 224,612</u>	<u>\$ 33,697,126</u>	<u>\$ 84,143</u>	<u>\$ -</u>	<u>\$ 593,571</u>	<u>\$ 34,863,967</u>	<u>\$ 30,723,268</u>
\$ -	\$ -	\$ -	\$ 3,422,537	\$ -	\$ 3,422,537	\$ 3,013,363
-	854,663	-	-	-	854,663	845,828
-	1,789,062	-	-	-	1,789,062	1,057,401
-	745,002	-	-	-	745,002	745,002
-	1,791,555	-	-	-	1,791,555	1,791,555
-	1,625,000	-	-	-	1,625,000	1,158,887
-	10,737,966	-	-	-	10,737,966	7,712,707
-	-	-	-	-	115,844	17,734
-	-	-	-	-	2,000	2,000
-	-	3,724,562	-	-	3,724,562	2,986,661
-	-	-	-	-	38,775	26,943
-	-	-	-	-	201,523	99,321
203,445	-	39,479	-	-	1,939,476	2,190,040
<u>\$ 203,445</u>	<u>\$ 17,543,248</u>	<u>\$ 3,764,041</u>	<u>\$ 3,422,537</u>	<u>\$ -</u>	<u>\$ 26,987,965</u>	<u>\$ 21,647,438</u>
<u>\$ 428,057</u>	<u>\$ 51,240,374</u>	<u>\$ 1,848,184</u>	<u>\$ 3,422,537</u>	<u>\$ 593,571</u>	<u>\$ 61,851,932</u>	<u>\$ 52,370,706</u>

CITY OF KISSIMMEE, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL AND SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	GENERAL			SPECIAL REVENUE			TOTALS (MEMORANDUM ONLY)		
	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	REVENUES								
Taxes	\$ 1,251,350	\$ 1,149,429	\$ (101,921)	\$ 627,500	\$ 584,255	\$ (43,245)	\$ 1,878,850	\$ 1,733,684	\$ (145,166)
Licenses and permits	139,750	203,506	63,756	-	-	-	139,750	203,506	63,756
Intergovernmental revenues	936,520	981,625	45,105	250,000	224,998	(25,002)	1,186,520	1,206,623	20,103
Charges for services	774,344	811,159	36,815	-	-	-	774,344	811,159	36,815
Fines and forfeitures	53,500	68,568	15,068	-	-	-	53,500	68,568	15,068
Miscellaneous revenue	174,440	122,586	(51,854)	127,429	217,067	89,638	301,869	339,653	37,784
TOTAL REVENUES	\$ 3,329,904	\$ 3,336,873	\$ 6,969	\$ 1,004,929	\$ 1,026,320	\$ 21,391	\$ 4,334,833	\$ 4,363,193	\$ 28,360
EXPENDITURES									
General Government	\$ 1,218,926	\$ 1,253,631	\$ (34,705)	\$ -	\$ 26,070	\$ (26,070)	\$ 1,218,926	\$ 1,279,701	\$ (60,775)
Public Safety	2,422,761	2,357,342	65,419	-	-	-	2,422,761	2,357,342	65,419
Public Works	1,121,133	1,013,637	107,496	-	-	-	1,121,133	1,013,637	107,496
Parks and Recreation	341,333	321,399	19,934	-	-	-	341,333	321,399	19,934
Debt Service	-	-	-	43,500	33,502	9,998	43,500	33,502	9,998
Capital Outlay	-	-	-	816,929	258,111	558,818	816,929	258,111	558,818
TOTAL EXPENDITURES	\$ 5,104,153	\$ 4,946,009	\$ 158,144	\$ 860,429	\$ 317,683	\$ 542,746	\$ 5,964,582	\$ 5,263,692	\$ 700,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,774,249)	\$ (1,609,136)	\$ 165,113	\$ 144,500	\$ 708,637	\$ 564,137	\$ (1,629,749)	\$ (900,499)	\$ 729,250
OTHER FINANCING SOURCES (USES)									
Operating transfers in	\$ 1,835,000	\$ 1,835,004	\$ 4	\$ 1,223,382	\$ 1,227,954	\$ 4,572	\$ 3,058,382	\$ 3,062,958	\$ 4,576
Operating transfers out	(1,278,485)	(1,282,328)	(3,843)	(1,388,382)	(1,085,004)	303,378	(2,666,867)	(2,367,332)	299,535
Proceeds from lease financing	-	28,013	28,013	-	-	-	-	28,013	28,013
TOTAL OTHER FINANCING SOURCES (USES)	\$ 556,515	\$ 580,689	\$ 24,174	\$ (165,000)	\$ 142,950	\$ 307,950	\$ 391,515	\$ 723,639	\$ 332,124
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (1,217,734)	\$ (1,028,447)	\$ 189,287	\$ (20,500)	\$ 851,587	\$ 872,087	\$ (1,238,234)	\$ (176,860)	\$ 1,061,374
FUND BALANCES AT BEGINNING OF YEAR	1,718,221	1,718,221	-	273,035	273,035	-	1,991,256	1,991,256	-
FUND BALANCES AT END OF YEAR	\$ 500,587	\$ 689,774	\$ 189,287	\$ 252,535	\$ 1,124,622	\$ 872,087	\$ 753,022	\$ 1,814,396	\$ 1,061,374

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	GOVERNMENTAL FUND TYPES					FIDUCIARY	TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL ASSESSMENTS	EXPENDABLE TRUSTS	(MEMORANDUM ONLY) 1981	1980
REVENUES								
Taxes	\$ 1,149,429	\$ 584,255	\$ 17,707	\$ -	\$ -	\$ -	\$ 1,751,391	\$ 1,638,360
Licenses and permits	203,506	-	-	-	-	-	203,506	157,025
Intergovernmental revenues	981,625	224,998	-	-	-	316,938	1,523,561	1,380,006
Charges for services	811,159	-	-	-	-	-	811,159	930,812
Fines and forfeitures	68,568	-	-	-	-	-	68,568	67,228
Miscellaneous revenue	122,586	217,067	5,244	5,180	23,167	-	373,264	292,887
Special assessments	-	-	-	-	45,769	-	45,769	112,017
TOTAL REVENUES	\$ 3,336,873	\$ 1,026,320	\$ 22,951	\$ 5,180	\$ 68,956	\$ 316,938	\$ 4,777,218	\$ 4,578,335
EXPENDITURES								
Current:								
General Government	\$ 1,253,631	\$ 26,070	\$ -	\$ -	\$ 9,244	\$ -	\$ 1,288,945	\$ 1,007,989
Public Safety	2,357,342	-	-	-	4,585	-	2,361,927	1,781,899
Public Works	1,013,637	-	-	-	-	-	1,013,637	812,540
Parks and Recreation	321,399	-	-	-	-	-	321,399	262,093
Nondepartmental	-	-	-	-	-	-	-	703,259
Welfare	-	-	-	-	-	307,807	307,807	260,461
Debt Service	-	33,502	33,100	-	-	-	66,602	21,356
Capital Outlay	-	258,111	-	111,419	166,494	-	536,024	538,960
TOTAL EXPENDITURES	\$ 4,946,009	\$ 317,683	\$ 33,100	\$ 111,419	\$ 180,323	\$ 307,807	\$ 5,896,341	\$ 5,388,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,609,136)	\$ 708,637	\$ (10,149)	\$ (106,239)	\$ (111,367)	\$ 9,131	\$ (1,119,123)	\$ (810,222)
OTHER FINANCING SOURCES (USES)								
Proceeds from bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265,000
Operating transfers in	1,815,004	1,227,954	21,981	250,000	205,000	-	3,539,939	2,090,651
Operating transfers out	(1,282,328)	(1,085,004)	-	(5,180)	-	-	(2,372,512)	(1,028,406)
Proceeds from lease financing	28,013	-	-	-	-	-	28,013	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 580,689	\$ 142,950	\$ 21,981	\$ 244,820	\$ 205,000	\$ -	\$ 1,195,440	\$ 1,327,245
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE	\$ (1,028,447)	\$ 851,587	\$ 11,832	\$ 138,581	\$ 93,633	\$ 9,131	\$ 76,317	\$ 517,023
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE (Note 13)	-	-	-	-	(117,877)	-	(117,877)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (1,028,447)	\$ 851,587	\$ 11,832	\$ 138,581	\$ (24,244)	\$ 9,131	\$ (41,560)	\$ 517,023
FUND BALANCES AT BEGINNING OF YEAR	1,718,221	273,035	26,943	62,942	227,689	12,451	2,321,281	1,804,258
FUND BALANCES AT END OF YEAR	\$ 689,774	\$ 1,124,622	\$ 38,775	\$ 201,523	\$ 203,445	\$ 21,582	\$ 2,279,721	\$ 2,321,281

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS/FUND BALANCES
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE (Note 9)	NON- EXPENDABLE TRUST	PENSION TRUST (Note 10)	TOTALS		
				1981	1980	
<u>OPERATING REVENUES</u>						
Charges for services	\$ 20,705,571	\$ 1,115	\$ -	\$ 20,706,686	\$ 15,886,162	
Revenue earned on investments	-	2,025	437,385	439,410	315,147	
Contributions	-	-	455,405	455,405	520,103	
TOTAL OPERATING REVENUES	\$ 20,705,571	\$ 3,140	\$ 892,790	\$ 21,601,501	\$ 16,721,412	
<u>OPERATING EXPENSES</u>						
Operations	\$ 15,318,155	\$ -	\$ -	\$ 15,318,155	\$ 11,890,496	
Depreciation (Note 14)	1,083,287	-	-	1,083,287	933,716	
Benefit payments	-	-	84,485	84,485	98,126	
Refunds of contributions	-	-	17,252	17,252	-	
Miscellaneous costs	-	-	53,152	53,152	39,195	
TOTAL OPERATING EXPENSES	\$ 16,401,442	\$ -	\$ 154,889	\$ 16,556,331	\$ 12,961,533	
OPERATING INCOME	\$ 4,304,129	\$ 3,140	\$ 737,901	\$ 5,045,170	\$ 3,759,879	
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Interest revenue	\$ 2,025,227	\$ -	\$ -	\$ 2,025,227	\$ 1,118,468	
Interest/amortization expense	(1,771,617)	-	-	(1,771,617)	(1,517,650)	
Tap fees	101,065	-	-	101,065	105,280	
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ 354,675	\$ -	\$ -	\$ 354,675	\$ (293,902)	
INCOME BEFORE OPERATING TRANSFERS	\$ 4,658,804	\$ 3,140	\$ 737,901	\$ 5,399,845	\$ 3,465,977	
<u>OPERATING TRANSFERS</u>						
Operating transfers in	\$ 32,572	\$ -	\$ -	\$ 32,572	\$ 37,755	
Operating transfers out	(1,200,000)	-	-	(1,200,000)	(1,100,000)	
TOTAL OPERATING TRANSFERS	\$ (1,167,428)	\$ -	\$ -	\$ (1,167,428)	\$ (1,062,245)	
NET INCOME	\$ 3,491,376	\$ 3,140	\$ 737,901	\$ 4,232,417	\$ 2,403,732	
<u>RETAINED EARNINGS/FUND BALANCES AT BEGINNING OF YEAR</u>	<u>10,663,145</u>	<u>14,757</u>	<u>2,986,661</u>	<u>13,664,563</u>	<u>11,260,831</u>	
<u>RETAINED EARNINGS/FUND BALANCES AT END OF YEAR</u>	<u>\$ 14,154,521</u>	<u>\$ 17,897</u>	<u>\$ 3,724,562</u>	<u>\$ 17,896,980</u>	<u>\$ 13,664,563</u>	

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE (Note 9)	NON- EXPENDABLE TRUST	PENSION TRUST (Note 10)	TOTALS		
				1981	1980	
<u>SOURCES OF WORKING CAPITAL</u>						
Operations:						
Net income	\$ 3,491,376	\$ 3,140	\$ 737,901	\$ 4,032,417	\$ 2,403,732	
Items not requiring working capital - depreciation and amortization (Note 14)	1,139,276	-	-	1,139,276	987,809	
WORKING CAPITAL PROVIDED FROM OPERATIONS	\$ 4,630,652	\$ 3,140	\$ 737,901	\$ 5,371,693	\$ 3,391,541	
Disposal of property and equipment net of accumulated depreciation	193,190	-	-	193,190	-	
Proceeds from sale of bonds	4,770,220	-	-	4,770,220	2,646,000	
Contributions	740,992	-	-	740,992	366,848	
Decrease in restricted assets	188,226	-	-	188,226	27,839	
TOTAL SOURCES OF WORKING CAPITAL	\$ 10,523,280	\$ 3,140	\$ 737,901	\$ 11,264,321	\$ 6,432,228	
<u>APPLICATIONS OF WORKING CAPITAL</u>						
Acquisition of fixed assets	\$ 2,598,647	\$ -	\$ -	\$ 2,598,647	\$ 2,838,008	
Retirement of long-term debt	10,000	-	-	10,000	35,000	
Increase in restricted assets	4,849,375	-	-	4,849,375	1,489,171	
Increase in other assets	94,878	-	-	94,878	140,195	
Decrease in contributions	496	-	-	496	-	
Decrease in liabilities payable from restricted assets	543,274	-	-	543,274	350,464	
TOTAL APPLICATIONS OF WORKING CAPITAL	\$ 8,096,670	\$ -	\$ -	\$ 8,096,670	\$ 4,852,638	
NET INCREASE IN WORKING CAPITAL	\$ 2,426,610	\$ 3,140	\$ 737,901	\$ 3,167,651	\$ 1,579,390	
<u>COMPONENT ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL</u>						
Equity in pooled cash and investments	\$ 2,124,220	\$ 3,140	\$ -	\$ 2,127,360	\$ 1,206,161	
Restricted cash and investments	-	-	720,377	720,377	661,087	
Accounts receivable	132,686	-	-	132,686	430,254	
Accrued interest receivable	4,862	-	17,524	22,386	(35,639)	
Due from other governments	(60,000)	-	-	(60,000)	(51,671)	
Inventory	12,388	-	-	12,388	100,506	
Prepaid expenses	7,222	-	-	7,222	1,429	
Accounts payable	388,964	-	-	388,964	(707,494)	
Accrued liabilities	(71,472)	-	-	(71,472)	(9,019)	
Deposits payable	(121,552)	-	-	(121,552)	(3,999)	
Contracts payable - retained percentage	12,000	-	-	12,000	(12,000)	
Revenues collected in advance	(2,708)	-	-	(2,708)	(225)	
NET INCREASE IN WORKING CAPITAL	\$ 2,426,610	\$ 3,140	\$ 737,901	\$ 3,167,651	\$ 1,579,390	

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1981

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting:

The City of Kissimmee organizes its accounts on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped, in the financial statements in this report, into seven generic fund types and three broad fund categories as follows:

Governmental Fund Types -

- . General Fund - accounts for all unrestricted resources, except those required to be accounted for in another fund.
- . Special Revenue Fund - accounts for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes.
- . Capital Projects Funds - accounts for financial resources segregated for the acquisition of major capital facilities.
- . Debt Service Funds - accounts for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.
- . Special Assessment Funds - accounts for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

Proprietary Fund Types -

- . Enterprise Funds - accounts for operations that are financed and operated in a manner similar to private business enterprises.

Fiduciary Fund Types -

- . Trust and Agency Funds - accounts for the assets held by a governmental unit as a trustee or agent for individuals, private organizations and/or other governmental units.

Account Groups -

- . General Fixed Assets - accounts for all fixed assets of the city, except fixed assets of Proprietary Funds and certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.
- . General Long-Term Debt - accounts for the outstanding principal balances on any general or special obligation bonds of the city.

Measurement Focus:

Governmental Fund Types - General, Special Revenue, Debt Service, Capital Projects and Special Assessment Funds are accounted for on a "spending" or "financial flow" measurement focus. Accordingly, the reported undesignated fund balances provide an indication of available, spendable or appropriable resources.

Proprietary Fund Types - Enterprise Funds are accounted for on an "income determination" measurement focus. Accordingly, all assets and liabilities are included on their balance sheets, and the reported fund equity (total reported assets less total reported liabilities) provides an indication of the net worth of the fund. Operating statements for Proprietary Fund Types (on an income determination measurement focus) report increases (revenues) and decreases (expenses) in total net worth.

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

Fiduciary Fund Types - Agency and Expendable Trust Funds are accounted for like Governmental Fund Types; and Nonexpendable Trust Funds are accounted for like Proprietary Fund Types.

Fixed assets, which are not used in Proprietary or Fiduciary Fund operations, are accounted for in a separate self-balancing General Fixed Assets Account Group. Long-term debts, which are not intended to be financed through Proprietary, Fiduciary or Special Assessment Funds, are accounted for in a separate self-balancing General Long-Term Debt Account Group.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The modified accrual basis of accounting is followed by all Governmental Fund Types and Expendable Trust Funds. Under the modified accrual basis, expenditures other than unmatured interest on general long-term debt are recognized at the time liabilities are incurred, if measurable. Revenues are recognized in the accounting period when they become measurable and available. Revenues which are susceptible to accrual are as follows:

Federal and State Revenue Sharing
Interest Income

Proprietary and Nonexpendable Trust Funds are maintained on an accrual basis with revenues being recognized when earned and expenses recognized when incurred.

Other Fiduciary Funds (Agency and Expendable Trust Funds) are accounted for on the modified accrual basis.

Budgets and Budgetary Accounting:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. The City Manager submits to the City Commission a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the sources of receipts to finance them.

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

- B. Public hearings are conducted to obtain taxpayer comments.
- C. The budget is approved by the Commission and becomes the basis for the millage levied by the Commission.
- D. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission. Appropriations lapse at year-end.
- E. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Special Assessment Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through debt repayment provisions.
- F. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.
- G. Budgeted amounts are as originally adopted, or as amended in accordance with City ordinance.
- H. During the year ended September 30, 1981, the following budget overexpenditures were noted:

<u>GENERAL FUND</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>EXCESS</u>
City Commission	\$ 34,819	\$ 41,719	\$ 6,900
Legal	30,000	45,809	15,809
Personnel	63,229	64,165	936
Federal/State grants	-	54,770	54,770
Transfers	1,278,485	1,282,328	3,843
Airport Fund	119,167	133,623	14,456
Special Assessment Fund	100,000	175,738	75,738

Equity in Pooled Cash and Investments:

The City of Kissimmee, for accounting and investment purposes, maintains a pooled cash and investments account for all City funds. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. The "equity in pooled cash and investments" represents the amount owned by each fund of the City.

Receivables:

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

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1981

Investments:

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

Inventories:

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

The effect of the first-in, first-out method is to flow costs through the statement of revenues and expenses in the order in which they are purchased and assign a balance sheet valuation more nearly at current replacement value.

Taxes Receivable:

Taxes receivable are measurable, but not available as of the end of the fiscal year and thus are shown as deferred revenue. The deferred revenue will be recognized as revenue in the fiscal year that it becomes available.

Fixed Assets:

Fixed assets purchased in the Governmental Fund Types are recorded as expenditures at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Account Group, except for certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Gifts or contributions are recorded in the general fixed assets at fair market value at the time received. No depreciation has been provided on general fixed assets.

The fixed assets purchased in the Proprietary Fund Types are capitalized at cost when purchased. Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable assets are as follows:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	30 - 50
Improvements other than buildings	10 - 100
Equipment	5 - 25

Unamortized Bond Discounts and Issuance Costs:

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

Nuclear Fuel:

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

Pension Plans:

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

Reserves:

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

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

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

- . Reserve for Bond Retirement - restricted for future servicing of the revenue bonds (maximum amount of debt service due in any ensuing year).
- . Reserve for Bond Asset Replacement - restricted for meeting of various contingencies as may be so specified and defined in the indenture (frequently referred to as renewal, replacement and improvement).

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

- . Reserve for Employees' Retirement Systems - restricted for payment of retirement benefits.

Encumbrances:

Encumbrances represent contractual commitments in the form of purchase orders and contracts. Such encumbrances are not recorded as expenditures, but rather as reservations of fund balance for subsequent years' appropriation.

Total Columns on Combined Statements - Overview:

Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to aid in financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. These columns do not represent consolidated amounts because interfund eliminations have not been made.

Reclassifications:

Certain September 30, 1980 account balances have been reclassified in this report to conform with the financial statement presentation used in 1981.

2. FIXED ASSETS

The following is a summary of changes in general fixed assets during the year ended September 30, 1981:

	BALANCE OCTOBER 1, 1980	ADDITIONS	DELETIONS	BALANCE SEPTEMBER 30, 1981
Land	\$ 359,700	\$ -	\$ -	\$ 359,700
Buildings	861,498	14,437	-	875,935
Equipment	1,534,611	333,497	57,191	1,810,917
Improvements other than buildings	241,978	78,792	-	320,770
Construction in progress	15,576	69,437	29,798	55,215
TOTAL	<u>\$ 3,013,363</u>	<u>\$ 496,163</u>	<u>\$ 86,989</u>	<u>\$ 3,422,537</u>

Construction in progress is composed of the following:

	PROJECT AUTHORIZA- TION	EXPENDED TO SEPTEMBER 30, 1981	COMMITTED	REQUIRED FUTURE FINANCING
City Hall Addition	<u>\$ 750,000</u>	<u>\$ 55,215</u>	<u>\$ 194,785</u>	<u>\$ 500,000</u>

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

At September 30, 1981, the Proprietary Fund plant and equipment consisted of:

	<u>PLANT AND EQUIPMENT</u>	<u>LESS: ACCUMULATED DEPRECIATION</u>	<u>NET</u>
Electric	\$ 29,814,574	\$ 8,713,498	\$ 21,101,076
Water and Sewer	8,005,718	1,654,147	6,351,571
Airport	900,518	510,630	389,888
TOTAL	<u>\$ 38,720,810</u>	<u>\$ 10,878,275</u>	<u>\$ 27,842,535</u>

3. INTERFUND BALANCES

Individual fund interfund receivable and payable balances at September 30, 1981 are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 106,679	\$ -
Special Revenue Fund - Federal Revenue Sharing Fund	-	49,498
Expendable Trust Fund - Section 8 H.A.P.P. Fund	-	8,084
Agency Fund - Occupational License Tax Fund	-	49,097
TOTALS	<u>\$ 106,679</u>	<u>\$ 106,679</u>

4. ELECTRIC, WATER AND SEWER REVENUE BOND COVENANTS

The Electric Revenue Bonds, Series A, the Water and Sewer Revenue Bonds, Series A, the Electric Revenue Bonds, Series 1979-1 and the Electric Revenue Bonds, Series 1979-2, Anticipation Notes, resolutions provide for:

- A. Establishment and maintenance of various funds -
- (1) Revenue Fund records all operating revenues and expenses of the system;
 - (2) Sinking Fund records all debt service requirements which includes the Sinking Fund account, bond amortization account and reserve account;
 - (3) Renewal, Replacement and Improvement Fund records all the improvements, extensions and replacements of the system; and
 - (4) Construction Fund records the cost of major additions to the system financed by revenue bonds.

- B. Restrictions on the use of cash from operations in order of priority -
- (1) Deposits are made to the Revenue Fund to meet current operations according to the existing bond ordinance;
 - (2) Deposits to the Sinking Fund account are required on or before the 20th day of each month equal to one-sixth (1/6) of the interest coming due on the next semiannual interest payment date and one-twelfth (1/12) of the principal coming due on the next principal payment date;
 - (3) Deposits to the bond amortization account are required on or before the 20th of each month equal to one-sixth (1/6) of the amortization installment coming due on the next semiannual payment date;
 - (4) Deposits to the reserve account are to be equal to one-sixtieth (1/60) of the reserve requirement (maximum principal and interest) and are to be transferred on or before the 20th day of each month; and
 - (5) Deposits to the Renewal, Replacement and Improvement Fund are required in each month equal to one-twelfth (1/12) of the adopted budget for that fund. The total annual deposit may not be more than 10% nor less than 5% of the gross revenues for the preceding fiscal year, however, that no such monthly deposit shall be required whenever the amount in such fund shall at least equal \$1,000,000 and \$375,000, respectively, for the Electric Utility Fund and the Water and Sewer Fund.
- C. Early redemption -
The bond ordinance provides for early redemption of outstanding bonds at call rates varying from 100% to 103% of the instruments' face value, dependent upon the call date.
- D. Investment restrictions -
- (1) Funds of the sinking fund account, bond amortization account, reserve account and renewal and replacement account are required to be continuously secured in the same manner as state and municipal deposits of funds are required to be secured by the Laws of the State of Florida; and
 - (2) All monies deposited shall be continuously invested in direct obligations of the United States of America, obligations of its several agencies or Time Deposits in banks, trust companies or savings and loan associations represented by Certificates of Deposit.

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

E. The revenue bonds consist of the following serial and term bonds -

<u>DESCRIPTION</u>	<u>INTEREST RATES AND DATES</u>	<u>FINAL MATURITY</u>
Electric Revenue Bonds, Series A	4.80% to 5.50% 4/1;10/1	10/1/07
Water and Sewer Revenue Bonds, Series A	4.80% to 5.50% 4/1;10/1	10/1/07
Electric Revenue Bonds, Series 1979-1	6.60% to 7.20% 4/1;10/1	10/1/10
Electric Revenue Bonds, Series 1979-2 Anticipation Notes	7.90% 4/1;10/1	4/1/83
	<u>ORIGINAL AMOUNT</u>	<u>AMOUNT OUTSTANDING AT SEPTEMBER 30, 1981</u>
Electric Revenue Bonds, Series A	\$ 18,400,000	\$ 18,400,000
Water and Sewer Revenue Bonds, Series A	\$ 5,525,000	\$ 5,525,000
Electric Revenue Bonds, Series 1979-1	\$ 2,700,000	\$ 2,675,000
Electric Revenue Bonds, Series 1979-2 Anticipation Notes	\$ 4,815,000	\$ 4,815,000

F. The City presently has outstanding serial bonds, which were refunded on January 4, 1978, as follows:

<u>ELECTRIC, WATER AND SEWER BOND ISSUES</u>	<u>AMOUNT OUTSTANDING AT SEPTEMBER 30, 1981</u>
1954	\$ 138,000
1963	2,515,000
1965	580,000
1967	1,390,000
1970	3,355,000
1971	850,000
1971-A	630,000
1973	3,445,000
1975	3,750,000
<u>STATE OF FLORIDA POLLUTION CONTROL BONDS, SERIES F</u>	<u>1,415,000</u>
	<u>\$ 18,068,000</u>

Since governmental obligations are held in escrow for the payment of the principal and interest, these bonds are not liabilities to the City.

5. AIRPORT REVENUE BOND COVENANTS

The Airport Revenue Bonds resolution provides for:

- A. Establishment and maintenance of various funds -
 - (1) Airport Revenue Fund records gross revenues from the operation of the Airport facilities;
 - (2) Airport Revenue Bonds, Series 1971 Sinking Fund records all the debt service requirements of the issue which includes the principal, interest, sinking fund and reserve requirements; and
 - (3) Renewal and Replacement Fund records all extensions, enlargements, additions and replacements to the Airport facilities.

- B. Restrictions on the use of cash in order of priority -
 - (1) Deposits to the Sinking Fund are required on or before the fifteenth day of each month equal to one-sixth (1/6) of the interest coming due on the next semiannual interest payment date and one-twelfth (1/12) of the principal coming due on the next principal maturity date;
 - (2) Deposits to the Renewal and Replacement Fund an amount equal to one-twelfth (1/12) of five percentum (5%) of the gross revenues of the facilities for the previous fiscal year, until there shall be on deposit \$50,000; and
 - (3) Balance remaining can be used for any lawful purpose after making all of the above required payments.

- C. Investment restrictions -
 - (1) Funds of the revenue fund, sinking fund, reserve account and the renewal and replacement fund are required to be continuously secured in the manner by which the deposits of public funds are authorized to be secured by the Laws of the State of Florida; and
 - (2) All monies deposited shall be continuously invested or secured by direct obligations of the United States of America or Time Deposits in banks and trust companies represented by Certificates of Deposit.

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

D. The revenue bonds (serial) consist of the following -

<u>DESCRIPTION</u>	<u>INTEREST RATES AND DATES</u>	<u>FINAL MATURITY</u>
Airport Revenue Bonds, Series 1971	5.50% to 6.50% 6/1;12/1	12/1/95
	<u>ORIGINAL AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING AT SEPTEMBER 30, 1981</u>
Airport Revenue Bonds, Series 1971	<u>\$ 350,000</u>	<u>\$ 300,000</u>

6. LIMITED AD VALOREM TAX BOND COVENANTS

The Limited Ad Valorem Tax Bonds resolution provides for the establishment and maintenance of a Sinking Fund to be held and administered by the City for the purpose of paying the principal and interest on the bonds as they become due. In each year, while any such bonds are outstanding, there shall be levied and collected a special limited ad valorem tax not exceeding five (5) mills in each year levied on all taxable property in the special taxing district comprising the municipal development district of the City over and above all other taxes authorized by law.

The Limited Ad Valorem Tax Bonds (serial) consisted of the following:

<u>DESCRIPTION</u>	<u>INTEREST RATES AND DATES</u>	<u>FINAL MATURITY</u>
Limited Ad Valorem Tax Bonds	5.25% to 6.00% 10/1;4/1	10/1/93
	<u>ORIGINAL AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING AT SEPTEMBER 30, 1981</u>
Limited Ad Valorem Tax Bonds	<u>\$ 171,000</u>	<u>\$ 147,000</u>

7. EXCISE TAX REVENUE BOND COVENANTS

The \$265,000 Excise Tax Revenue Bonds resolution provides for:

- A. Establishment and maintenance of various funds -
 (1) Revenue Fund records all pledged excise tax revenues received by the City and required transfers to other funds as stated below;

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

- (2) Bond and Interest Sinking Fund records all debt service requirements of the issue, which includes the principal, interest, sinking fund and reserve requirements; and
 - (3) Construction Fund records the cost of the project financed by excise tax revenue bonds.
- B. Restrictions on the use of cash in order of priority -
- (1) Deposits of excise taxes are made promptly to the Revenue Fund as they are received;
 - (2) Deposits to the Bond and Interest Sinking Fund are required on or before the 15th day of each month equal to one-twelfth (1/12) of the amount of one year's interest on all the bonds then outstanding and one-twelfth (1/12) of the principal of the bonds maturing on the next succeeding anniversary date;
 - (3) Deposits to the reserve account in the Bond and Interest Sinking Fund are required on or before the 15th day of each month equal to \$130 until such time as the funds total \$15,600; and
 - (4) Balance remaining may be used for any lawful purpose after making all of the above required payments.
- C. Early redemption -
 The bond resolution provides for early redemption of outstanding bonds at call rates varying from 100% to 105% of the instrument's face value, dependent upon the call date.
- D. Investment restrictions -
- (1) Funds of the sinking fund account and reserve account are required to be continuously secured in the same manner as municipal deposits of funds are required to be secured by the Laws of the State of Florida; and
 - (2) Monies in the sinking fund and reserve accounts may be invested in direct obligations of, or obligations guaranteed by, the United States of America. Monies on deposit in the Revenue Fund shall not be invested at any time.
- E. The revenue bonds (serial) consist of the following -

<u>DESCRIPTION</u>	<u>INTEREST RATES AND DATES</u>	<u>FINAL MATURITY</u>
Excise Tax Revenue Bonds	5%; 9/1	9/1/2019
	<u>ORIGINAL AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING AT SEPTEMBER 30, 1981</u>
Excise Tax Revenue Bonds	<u>\$ 265,000</u>	<u>\$ 263,000</u>

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

8. CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended September 30, 1981 (in thousands of dollars):

	ELECTRIC UTILITY	WATER AND SEWER	AIRPORT	LIMITED AD VALOREM	EXCISE TAX	TOTAL
Bonds payable at 10/1/80	\$ 21,100	\$ 5,525	\$ 310	\$ 155	\$ 265	\$ 27,355
New bonds issued:						
1979-2 Electric Revenue Bond	4,815	-	-	-	-	4,815
Anticipation Notes	(25)	-	(10)	(8)	(2)	(45)
Bonds retired						
BONDS PAYABLE AT 9/30/81	\$ 25,890	\$ 5,525	\$ 300	\$ 147	\$ 263	\$ 32,125

The annual requirements to amortize all debt outstanding as of September 30, 1981, including interest payments of \$20,968,136, are as follows:

YEAR ENDING SEPTEMBER 30.	ELECTRIC UTILITY	WATER AND SEWER	AIRPORT	LIMITED AD VALOREM	EXCISE TAX	TOTAL
1982	\$ 1,742,485	\$ 263,193	\$ 32,185	\$ 17,485	\$ 15,150	\$ 2,170,498
1983	6,372,028	366,066	31,466	16,993	16,050	6,802,603
1984	1,382,473	358,441	30,604	17,520	15,900	1,784,938
1985	1,364,373	360,551	29,741	18,960	14,750	1,788,375
1986	1,363,001	361,898	28,879	17,400	15,650	1,786,828
1987 - 1991	6,866,546	1,798,849	159,096	87,816	77,600	8,988,107
1992 - 1996	6,901,041	1,785,150	130,483	34,880	78,050	8,929,584
1997 - 2001	6,897,546	1,792,261	-	-	78,000	8,767,807
2002 - 2006	6,910,675	1,699,953	-	-	78,250	8,688,878
2007 - 2011	2,842,380	339,608	-	-	78,400	3,260,388
2012 - 2016	-	-	-	-	77,800	77,800
2017 - 2021	-	-	-	-	47,350	47,350
TOTALS	\$ 42,622,548	\$ 9,225,970	\$ 442,434	\$ 209,034	\$ 593,150	\$ 53,093,136
Less: Amount representing interest	16,732,548	3,709,970	142,434	62,034	330,150	20,968,136
TOTAL AT PRESENT VALUE	\$ 25,890,000	\$ 5,525,000	\$ 300,000	\$ 147,000	\$ 263,000	\$ 32,125,000

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three Enterprise Funds which provide water and sewer, electric utility and airport services. Segment information for the year ended September 30, 1981 are as follows:

	<u>ELECTRIC UTILITY FUND</u>	<u>WATER AND SEWER FUND</u>	<u>AIRPORT FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
Operating revenues	\$ 19,069,330	\$ 1,551,672	\$ 84,569	\$ 20,705,571
Depreciation and amortization expense	963,369	147,655	28,252	1,139,276
Operating income (loss)	4,060,939	271,319	(28,129)	4,304,129
Operating transfers:				
In	-	-	32,572	32,572
Out	1,200,000	-	-	1,200,000
Net income (loss)	2,845,585	647,144	(1,353)	3,491,376
Current capital:				
Contributions	-	740,992	-	740,992
Property, plant and equipment:				
Additions	1,539,718	1,058,929	-	2,598,647
Deletions	(193,237)	-	(9,884)	(203,121)
Net working capital	3,871,261	2,341,695	48,081	6,261,037
Bonds and other long-term liabilities:				
Payable from operating revenues	21,075,000	5,525,000	300,000	26,900,000
Total equity	11,479,134	5,786,522	277,592	17,543,248

10. PENSIONS

A. General Employees' Pension Plan:

The General Employees' Pension Plan was established in 1968 and amended and restated in 1975. Annual costs of the pension plan are actuarially computed and include amortization of past service costs over a 40-year period beginning January 1, 1974. The employees contribute 4% of their annual salary to the plan. An actuarial study was conducted at January 1, 1981 and reflected a net actuarial deficiency of \$1,060,113. The pension fund assets of \$2,140,311 exceeded the present value of the actuarially computed vested benefits of \$1,518,943 by \$621,368 at January 1, 1981. Nonvested benefits totalled \$3,438,963.

The City's contribution to the plan was \$223,494 for fiscal 1981.

- B. **Municipal Police Officers' Retirement Plan:**
The Municipal Police Officers' Retirement Plan was amended and restated in 1976. Annual costs of the pension plan are actuarially computed and include amortization of past service costs over a 40-year period beginning January 1, 1976. An actuarial study was conducted at January 1, 1981 and reflected a net actuarial deficiency of \$12,631. The pension fund assets of \$817,171 exceeded the actuarially computed vested benefits of \$278,495 by \$538,676 at January 1, 1981. Nonvested benefits totalled \$1,170,711.

The City's contribution to the plan was \$61,210 for fiscal 1981.

- C. **Municipal Firemen's Retirement Plan:**
The Municipal Firemen's Retirement Plan was amended and restated in 1976. Annual costs of the Retirement plan are actuarially computed and include amortization of past service costs over a 40-year period beginning January 1, 1976. An actuarial study was conducted at January 1, 1981 and reflected a net actuarial deficiency of \$41,074. The pension fund assets of \$435,402 exceeded the actuarially computed vested benefits of \$158,422 by \$276,980 at January 1, 1981. Nonvested benefits totalled \$828,534.

The City's contribution to the plan was \$29,434 for fiscal 1981.

The Entry-Age Normal-Level Percentage of Pay actuarial cost method was utilized in the January 1, 1981 valuations for all three funds. The significant actuarial assumptions for this plan are: (1) life expectancy is calculated using the 1965 Projected Annuity Mortality Table which was derived from a published table (ISA IV), (2) an interest return of 6% for the general employees' plan and 7% for the police officers' and firemen's plans compounded annually, (3) a salary increase of 4% per year for the general employees and 5% for the police officers and firemen.

11. COMMITMENTS AND CONTINGENCIES

- A. The City is contingently liable for accumulated and unpaid vacation leave and sick leave. Current policy allows each employee to accumulate up to 20 days of vacation leave. Time accrued beyond that is forfeited. The majority of employees utilize their annual accrual of vacation leave during the year accrued. Employees are allowed to accumulate up to 60 days of sick leave. Time accrued beyond that is paid to the employees every year at the rate of one-half pay.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1981

Accrued estimated liabilities not reflected in the accounts of the City, for vacation and sick leave benefits to which the employees are entitled, are as follows at September 30, 1981:

Vacation leave	\$ 159,347
Sick leave	<u>563,030</u>
TOTAL	<u>\$ 722,377</u>

- B. The City has awarded a bid for \$752,000 to a contractor for construction of a new City Hall building. The City plans to finance \$500,000 of the cost with the sale of Excise Tax Revenue Bonds to the Farmers Home Administration, U.S. Department of Agriculture.
- C. The City has a commitment to purchase three package sewage treatment plants and to have them installed at the Martin Street Plant. Total commitments as of September 30, 1981 approximated \$1.4 million dollars. These costs are to be financed through the sale of Water and Sewer Revenue Bonds during fiscal year 1982.
- D. The City has awarded a bid for a gas turbine to generate electricity. The total estimated cost of this project is \$25,000,000 with financing expected to come from the sale of Electric Revenue Bonds in early 1982.
- E. The City is in the process of litigating a civil rights suit which alleges discriminatory practices by the City and seeks Federal Revenue Sharing funds as relief. Management believes that resolution of this matter is months away, but the final outcome will have no adverse financial effect on the City.
- F. On October 31, 1979, several Florida municipal electric systems, including the City of Kissimmee, filed suit against Florida Power & Light Company (FPL) alleging violation of antitrust laws and seeking damages and various forms of equitable relief, including the opportunity to participate in or purchase power from FPL's nuclear units. FPL has subsequently filed counterclaims alleging violations of antitrust laws and alternative claims. On the basis of information and advice from counsel, subject to the risk of litigation, the City believes that FPL is very unlikely to prevail against the City on the counterclaims.

The City is also an intervenor, along with several other Florida electric systems, in proceedings against FPL seeking an opportunity to participate in or purchase power from various FPL nuclear power plants.

CITY OF KISSIMMEE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1981

G. Leases:

- (1) The property under capital leases consist of three sanitation trucks, one street sweeper, one dump truck and a telephone system at the Police Department. All leases have terms of five years. Title to the equipment shall be transferred to the City at the end of the lease terms and upon the vendor's receipt of one dollar. As of September 30, 1981, \$53,323 in principal payments had been made on this equipment.

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of September 30, 1981:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>	
1982	\$ 60,179
1983	60,179
1984	60,179
1985	36,332
1986	<u>5,484</u>
TOTAL MINIMUM LEASE PAYMENTS	\$ 222,353
Less: Interest	<u>38,782</u>
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$ 183,571</u>

- (2) In addition, the City is lessor on various leases at the Airport. The following is a schedule of minimum future rentals on noncancelable operating leases:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>	
1982	\$ 49,323
1983	42,744
1984	42,240
1985	39,848
1986	38,520
After 1987	<u>475,315</u>
TOTAL MINIMUM FUTURE RENTALS	<u>\$ 687,990</u>

Total income on noncancelable operating leases for the year ended September 30, 1981 was \$77,509.

12. CASH IN LIEU OF GAS

During the year ended September 30, 1981, the City, along with several other participating municipalities, received payments in lieu of gas from an agreement with Florida Gas Transmission Company and Amoco Oil Company. The total received in the current year was \$255,485. This amount has been reflected as a reduction of fuel expense on the statement of revenues, expenses and changes in retained earnings.

13. CHANGE IN ACCOUNTING PRINCIPLE

In accordance with a change in the generally accepted accounting principles that account for revenues from special assessments, the City has changed its method of recording such revenues. In prior years, the entire assessment amount was recognized as a financing source in the year of inception. Current generally accepted accounting principles require that these items be recognized when they become measurable and available as net current assets. Therefore, only installment payments due in the current year are recognized as revenues. All future installment payments due are carried as deferred revenues.

The adjustment of \$117,877, which is the cumulative effect of the new method on years prior to fiscal year 1981, is included in 1981 expenditures. The pro forma and cumulative effects on net income of years prior to fiscal year 1981 are not determinable.

14. CHANGE IN ACCOUNTING ESTIMATE

During the year ended September 30, 1981, the City prepared a study of the remaining estimated useful lives of the fixed assets in the Airport Fund. The study disclosed that the estimated lives that had been in use were generally shorter than actual asset lives. The City has, therefore, revised the remaining useful lives of its assets to reflect the results of the study. This resulted in a decrease of \$54,055 (from \$79,304 to \$25,249) in depreciation expense in the Airport Fund for the current year. Future years depreciation expense will be reduced for the remainder of the revised estimated useful lives. This change results in annual depreciation which more nearly approximates actual asset deterioration.

15. BOND COMPLIANCE

As explained in Note 4, the resolution requires that specified monies be placed in various funds. As of September 30, 1981, the City was not in compliance with the resolution regarding the amount of monies transferred into the Sinking Fund Bond Amortization Account. At that time, the account was underfunded by \$21,851. Sufficient funds were reported to the account on December 14, 1981 to correct the deficiency.

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COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES

These financial statements provide a more detailed view of the "General Purpose Financial Statements" presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type. Individual fund and account group statements are presented when there is only one fund of a given type and for the account group. They are also necessary to present budgetary comparisons.

Financial schedules are also presented that provide greater detailed information than reported in the financial statements. Schedules also present information that is spread throughout the statements that can be brought together and shown in greater detail.

GOVERNMENTAL FUND TYPES

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GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF KISSIMMEE, FLORIDA

BALANCE SHEET

GENERAL FUND

SEPTEMBER 30, 1981

<u>ASSETS</u>	<u>1981</u>	<u>1980</u>
Equity in pooled cash and investments	\$ 641,470	\$ 1,460,530
Accrued interest receivable	2,600	258,575
Accounts receivable - (net of \$0 and \$6,783 allowance for doubtful accounts)	-	6,319
Taxes receivable	2,402	4,069
Due from Occupational License Tax Fund	49,097	17,274
Due from Section 8 H.A.P.P. Fund	8,084	34,102
Due from Federal Revenue Sharing Fund	49,498	34,244
Due from other governments	82,293	97,232
Inventory of materials and supplies	63,797	48,050
Prepaid expenses	3,500	3,500
Advance to Payroll Fund	2,000	2,000
TOTAL ASSETS	<u>\$ 904,741</u>	<u>\$ 1,965,895</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 31,179	\$ 85,413
Sales tax payable	200	195
Accrued salaries and payroll taxes payable	173,202	144,746
Deposits payable	-	11,900
Due to Payroll Fund	-	1,351
Deferred revenue	2,402	4,069
Due to other governments	7,984	-
TOTAL LIABILITIES	<u>\$ 214,967</u>	<u>\$ 247,674</u>
<u>CONTINGENCIES AND COMMITMENTS (Note 11)</u>		
<u>FUND EQUITY</u>		
Fund balance:		
Reserved for encumbrances	\$ 115,844	\$ 17,734
Reserved for advance to Payroll Fund	2,000	2,000
Unreserved	571,930	1,698,487
TOTAL FUND EQUITY	<u>\$ 689,774</u>	<u>\$ 1,718,221</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 904,741</u>	<u>\$ 1,965,895</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1981

	<u>1981</u>	<u>1980</u>
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	\$ 1,718,221	\$ 1,223,943
Changes during the current year:		
Revenues	5,199,890	4,635,206
Expenditures	<u>(6,228,337)</u>	<u>(4,140,928)</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 689,774</u>	<u>\$ 1,718,221</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	1981			1980		
	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes:						
General property taxes - current and delinquent	\$ 1,161,500	\$ 1,063,909	\$ (97,591)	\$ 1,016,364	\$ 1,038,058	\$ 21,694
Franchise taxes	89,850	85,520	(4,330)	53,250	68,436	15,186
TOTAL	\$ 1,251,350	\$ 1,149,429	\$ (101,921)	\$ 1,069,614	\$ 1,106,494	\$ 36,880
Licenses and permits:						
Business licenses	\$ 62,000	\$ 135,844	\$ 73,844	\$ 57,100	\$ 53,407	\$ (3,693)
Building permits	77,750	67,662	(10,088)	54,000	103,618	49,618
TOTAL	\$ 139,750	\$ 203,506	\$ 63,756	\$ 111,100	\$ 157,025	\$ 45,925
Intergovernmental revenues:						
Federal and state grants	\$ 33,208	\$ 82,170	\$ 48,962	\$ 186,000	\$ 141,276	\$ (44,724)
State Revenue Sharing	459,156	452,145	(7,011)	390,000	384,266	(5,734)
County road and bridge	50,000	42,048	(7,952)	29,000	51,281	22,281
Shared taxes and licenses	110,000	161,783	51,783	87,700	152,455	64,755
County ambulance service	284,156	243,479	(40,677)	224,671	183,758	(40,913)
TOTAL	\$ 936,520	\$ 981,625	\$ 45,105	\$ 917,371	\$ 913,036	\$ (4,335)
Charges for services:						
Garbage and trash fees	\$ 242,000	\$ 262,920	\$ 20,920	\$ 243,000	\$ 254,658	\$ 11,658
Recreation fees	13,400	2,252	(11,148)	5,500	4,119	(1,381)
General Government charges	503,944	523,222	19,278	633,089	654,770	21,681
Cemetery sales and services	10,000	9,315	(685)	9,000	9,485	485
Cemetery lots	5,000	13,450	8,450	6,000	7,780	1,780
TOTAL	\$ 774,344	\$ 811,159	\$ 36,815	\$ 896,589	\$ 930,812	\$ 34,223

Fines and forfeitures:						
Court fines and costs	\$ 53,500	\$ 68,568	\$ 15,068	\$ 45,000	\$ 67,228	\$ 22,228
Miscellaneous revenue:						
Interest earnings	\$ 153,140	\$ 91,444	\$ (61,696)	\$ 88,000	\$ 183,892	\$ 95,892
Donations from private sources	2,700	2,700	-	-	12,000	12,000
Rents	3,600	3,579	(21)	3,600	4,708	1,108
Sales of surplus materials	5,000	4,974	(26)	7,500	4,742	(2,758)
Other revenue	10,000	19,889	9,889	6,000	19,090	13,090
TOTAL	\$ 174,440	\$ 122,586	\$ (51,854)	\$ 105,100	\$ 224,432	\$ 119,332
TOTAL REVENUES	\$ 3,329,904	\$ 3,336,873	\$ 6,969	\$ 3,144,774	\$ 3,399,027	\$ 254,253
OTHER FINANCING SOURCES						
Transfers from other funds:						
Federal Revenue Sharing Fund	\$ -	\$ -	\$ -	\$ 250,761	\$ 238,096	\$ (12,665)
Electric Utility Fund	1,200,000	1,200,000	-	1,100,000	1,100,000	-
Utility Tax Fund	635,000	635,004	4	536,850	536,850	-
Community Development Block Grant Fund	-	-	-	-	735	735
Proceeds from lease financing	-	28,013	28,013	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ 1,835,000	\$ 1,863,017	\$ 28,017	\$ 1,887,611	\$ 1,875,681	\$ (11,930)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 5,164,904	\$ 5,199,890	\$ 34,986	\$ 5,032,385	\$ 5,274,708	\$ 242,323
APPROPRIATED FUND BALANCE	1,217,734	1,028,447	(189,287)	66,846	-	(66,846)
TOTALS	\$ 6,382,638	\$ 6,228,337	\$ (154,301)	\$ 5,099,231	\$ 5,274,708	\$ 175,477

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA

STATEMENT OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	1981			1980		
	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET (REVISED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT</u>						
City Commission	\$ 34,819	\$ 41,719	\$ (6,900)	\$ 27,230	\$ 29,016	\$ (1,786)
City Manager	342,080	315,486	26,594	220,814	221,944	(1,130)
Community Development	70,995	67,223	3,772	57,268	44,744	12,524
Legal	30,000	45,809	(15,809)	27,975	28,915	(940)
Judicial	7,000	6,074	926	6,667	6,856	(189)
Finance	316,319	315,983	336	276,996	246,660	30,336
Central Services	354,484	342,402	12,082	267,932	266,674	1,258
Personnel	63,229	64,165	(936)	44,124	45,641	(1,517)
Federal/State Grants	-	54,770	(54,770)	193,700	117,539	76,161
TOTAL GENERAL GOVERNMENT	\$ 1,218,926	\$ 1,253,631	\$ (34,705)	\$ 1,122,706	\$ 1,007,989	\$ 114,717
<u>PUBLIC SAFETY</u>						
Police	\$ 1,366,114	\$ 1,361,594	\$ 4,520	\$ 1,032,431	\$ 1,041,040	\$ (8,609)
Fire	948,829	888,773	60,056	720,906	666,537	54,369
Inspection	107,818	106,975	843	73,968	74,322	(354)
TOTAL PUBLIC SAFETY	\$ 2,422,761	\$ 2,357,342	\$ 65,419	\$ 1,827,305	\$ 1,781,899	\$ 45,406
<u>PUBLIC WORKS</u>	\$ 1,121,133	\$ 1,013,637	\$ 107,496	\$ 821,518	\$ 812,540	\$ 8,978
<u>PARKS AND RECREATION</u>	\$ 341,333	\$ 321,399	\$ 19,934	\$ 260,890	\$ 262,093	\$ (1,203)
<u>NONDEPARTMENTAL</u>	\$ -	\$ -	\$ -	\$ 906,837	\$ 703,259	\$ 203,578
TOTAL EXPENDITURES	\$ 5,104,153	\$ 4,946,009	\$ 158,144	\$ 4,939,256	\$ 4,567,780	\$ 371,476

TRANSFERS

Transfer to Capital Improvement Fund	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -
Transfer to Solid Waste Renewal and Replacement Fund	20,000	24,572	(4,572)	-	23,957	(23,957)
Transfer to Capital Projects Fund	-	-	-	-	13,544	(13,544)
Transfer to Community Development Fund	-	-	-	9,500	9,500	-
Transfer to Airport Fund	34,603	32,573	2,030	27,675	37,755	(10,080)
Transfer to Special Assessment Fund	-	-	-	122,800	122,800	-
Transfer to Debt Service Fund	15,500	16,801	(1,301)	-	5,094	(5,094)
Transfer to Vehicle Replacement Fund	3,382	3,382	-	-	-	-
Transfer to Demolition Fund	5,000	5,000	-	-	-	-
TOTAL TRANSFERS	<u>\$ 1,278,485</u>	<u>\$ 1,282,328</u>	<u>\$ (3,843)</u>	<u>\$ 159,975</u>	<u>\$ 212,430</u>	<u>\$ (52,675)</u>
TOTAL EXPENDITURES AND TRANSFERS	\$ 6,382,638	\$ 6,228,337	\$ 154,301	\$ 5,099,231	\$ 4,780,430	\$ 318,801
<u>UNAPPROPRIATED BUDGET SURPLUS</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,278</u>	<u>(494,278)</u>
TOTALS	<u>\$ 6,382,638</u>	<u>\$ 6,228,337</u>	<u>\$ 154,301</u>	<u>\$ 5,099,231</u>	<u>\$ 5,274,708</u>	<u>\$ (175,477)</u>

See accompanying notes to financial statements.

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SPECIAL REVENUE FUNDS

- Utility Tax - To account for the receipt and disbursement of an 8% tax on all purchases of electric, water, gas, telephone and telegraph services. Monies collected from this tax are a secondary pledge on the outstanding Water and Sewer Bonds. Monies are typically used for General Fund purposes.
- Federal Revenue Sharing - To account for the receipt and disbursement of Federal Revenue Sharing Entitlement Funds. A separate accounting is required by Federal law.
- Capital Improvement - To account for the acquisition of various capital items. Money is transferred from this fund to a Capital Projects Fund for major capital projects. These acquisitions are funded by transfers from the General Fund.
- Vehicle Replacement - To account for the systematic replacement of City vehicles. These acquisitions are funded by transfers from the General Fund.
- Solid Waste Renewal and Replacement - To account for the systematic replacement of capital items used in the City sanitation operations. City ordinance requires that 10% of garbage and trash revenues be placed in this fund.
- Recreation Impact - To account for impact fees designated for the various City parks. Impact fees are charged to each new living unit constructed.

CITY OF KISSIMMEE, FLORIDA

COMBINING BALANCE SHEET

ALL SPECIAL REVENUE FUNDS

SEPTEMBER 30, 1981

	UTILITY TAX	FEDERAL REVENUE SHARING	CAPITAL IMPROVEMENT	VEHICLE REPLACEMENT	SOLID WASTE RENEWAL AND REPLACEMENT	RECREATION IMPACT	TOTALS	
							1981	1980
<u>ASSETS</u>								
Equity in pooled cash and Investments	\$ 177,035	\$ -	\$ 892,283	\$ 3,382	\$ 24,287	\$ 20,882	\$ 1,117,869	\$ 252,260
Due from other governments	-	56,251	-	-	-	-	56,251	55,019
TOTAL ASSETS	<u>\$ 177,035</u>	<u>\$ 56,251</u>	<u>\$ 892,283</u>	<u>\$ 3,382</u>	<u>\$ 24,287</u>	<u>\$ 20,882</u>	<u>\$ 1,174,120</u>	<u>\$ 307,279</u>
<u>LIABILITIES AND FUND EQUITY</u>								
<u>LIABILITIES</u>								
Due to General Fund	\$ -	\$ 49,498	\$ -	\$ -	\$ -	\$ -	\$ 49,498	\$ 34,244
<u>CONTINGENCIES AND COMMITMENTS</u> (Note 11)								
<u>FUND EQUITY</u>								
Fund balances - unreserved	177,035	6,753	892,283	3,382	24,287	20,882	1,124,622	273,035
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 177,035</u>	<u>\$ 56,251</u>	<u>\$ 892,283</u>	<u>\$ 3,382</u>	<u>\$ 24,287</u>	<u>\$ 20,882</u>	<u>\$ 1,174,120</u>	<u>\$ 307,279</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	UTILITY TAX	FEDERAL REVENUE SHARING	CAPITAL IMPROVEMENT	VEHICLE REPLACEMENT	SOLID WASTE RENEWAL AND REPLACEMENT	RECREATION IMPACT	TOTALS	
							1981	1980
<u>REVENUES</u>								
Taxes:								
Water revenue tax	\$ 21,062	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,062	\$ 17,177
Electric revenue tax	410,001	-	-	-	-	-	410,001	346,326
Bottled gas revenue tax	31,522	-	-	-	-	-	31,522	34,766
Telephone revenue tax	109,175	-	-	-	-	-	109,175	108,800
Recreation impact fees	-	-	-	-	-	12,495	12,495	6,545
Intergovernmental revenue - revenue sharing entitlement funds	-	224,998	-	-	-	-	224,998	222,797
Interest earnings	24,398	6,366	181,078	-	3,383	1,842	217,067	32,837
TOTAL REVENUES	\$ 596,158	\$ 231,364	\$ 181,078	\$ -	\$ 3,383	\$ 14,337	\$ 1,026,320	\$ 769,248
<u>EXPENDITURES</u>								
General Government	\$ -	\$ -	\$ 26,070	\$ -	\$ -	\$ -	\$ 26,070	\$ -
Capital outlay	-	245,386	12,725	-	-	-	258,111	-
Debt service	-	-	-	-	33,502	-	33,502	-
TOTAL EXPENDITURES	\$ -	\$ 245,386	\$ 38,795	\$ -	\$ 33,502	\$ -	\$ 317,683	\$ -
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 596,158	\$ (14,022)	\$ 142,283	\$ -	\$ (30,119)	\$ 14,337	\$ 708,637	\$ 769,248
<u>OTHER FINANCING SOURCES (USES)</u>								
Operating transfers in	\$ -	\$ -	\$ 1,200,000	\$ 3,382	\$ 24,572	\$ -	\$ 1,227,954	\$ 23,957
Operating transfers out	(635,004)	-	(450,000)	-	-	-	(1,085,004)	(774,946)
TOTAL OTHER FINANCING SOURCES (USES)	(635,004)	\$ -	\$ 750,000	\$ 3,382	\$ 24,572	\$ -	\$ 142,950	\$ (750,989)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (38,846)	\$ (14,022)	\$ 892,283	\$ 3,382	\$ (5,547)	\$ 14,337	\$ 851,587	\$ 18,259
FUND BALANCES AT BEGINNING OF YEAR	215,881	20,775	-	-	29,834	6,545	273,035	254,776
FUND BALANCES AT END OF YEAR	\$ 177,035	\$ 6,753	\$ 892,283	\$ 3,382	\$ 24,287	\$ 20,882	\$ 1,124,622	\$ 273,035

See accompanying notes to financial statements

CITY OF KISSIMMEE, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 UTILITY TAX FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1980 ACTUAL
<u>REVENUES</u>				
Taxes:				
Water revenue tax	\$ 18,500	\$ 21,062	\$ 2,562	\$ 17,177
Electric revenue tax	464,000	410,001	(53,999)	346,326
Bottled gas revenue tax	30,000	31,522	1,522	34,766
Telephone revenue tax	115,000	109,175	(5,825)	108,800
Interest earnings	7,500	24,398	16,898	23,510
TOTAL REVENUES	\$ 635,000	\$ 596,158	\$ (38,842)	\$ 530,579
EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ 635,000	\$ 596,158	\$ (38,842)	\$ 530,579
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	(635,000)	(635,004)	(4)	(536,850)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ (38,846)	\$ (38,846)	\$ (6,271)
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	215,881	215,881	-	222,152
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 215,881</u>	<u>\$ 177,035</u>	<u>\$ (38,846)</u>	<u>\$ 215,881</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL REVENUE SHARING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1981

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1980 ACTUAL
<u>REVENUES</u>				
Intergovernmental revenue - revenue sharing entitlement funds	\$ 250,000	\$ 224,998	\$ (25,002)	\$ 222,797
Interest earnings	-	6,366	6,366	7,313
TOTAL REVENUES	\$ 250,000	\$ 231,364	\$ (18,636)	\$ 230,110
<u>EXPENDITURES</u>				
Capital outlay	250,000	245,386	4,614	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ (14,022)	\$ (14,022)	\$ 230,110
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	-	-	-	(238,096)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ (14,022)	\$ (14,022)	\$ (7,986)
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	20,775	20,775	-	28,761
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 20,775</u>	<u>\$ 6,753</u>	<u>\$ (14,022)</u>	<u>\$ 20,775</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1980 ACTUAL
<u>REVENUES</u>				
Interest earnings	\$ 116,929	\$ 181,078	\$ 64,149	\$ -
<u>EXPENDITURES</u>				
General Government	\$ -	\$ 26,070	\$ (26,070)	\$ -
Capital outlay	566,929	12,725	554,204	-
TOTAL EXPENDITURES	\$ 566,929	\$ 38,795	\$ 528,134	\$ -
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (450,000)	\$ 142,283	\$ 592,283	\$ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -
Operating transfers out	(750,000)	(450,000)	300,000	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 450,000	\$ 750,000	\$ 300,000	\$ -
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	\$ 892,283	\$ 892,283	\$ -
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ -	\$ 892,283	\$ 892,283	\$ -

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VEHICLE REPLACEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1980 ACTUAL
<u>REVENUES</u>	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	3,382	3,382	-	-
Operating transfers out	(3,382)	-	3,382	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ 3,382	\$ 3,382	\$ -
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	\$ 3,382	\$ 3,382	\$ -
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ 3,382</u>	<u>\$ 3,382</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOLID WASTE RENEWAL AND REPLACEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1981

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1980 ACTUAL
<u>REVENUES</u>				
Interest earnings	\$ 3,000	\$ 3,383	\$ 383	\$ 2,014
<u>EXPENDITURES</u>				
Debt service	43,500	33,502	9,998	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (40,500)	\$ (30,119)	\$ 10,381	\$ 2,014
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	20,000	24,572	4,572	23,957
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(20,500)	(5,547)	14,953	25,971
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	29,834	29,834	-	3,863
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 9,334</u>	<u>\$ 24,287</u>	<u>\$ 14,953</u>	<u>\$ 29,834</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECREATION IMPACT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1980 ACTUAL
<u>REVENUES</u>				
Recreation impact fees	\$ -	\$ 12,495	\$ 12,495	\$ 6,545
Interest earnings	-	1,842	1,842	-
TOTAL REVENUES	\$ -	\$ 14,337	\$ 14,337	\$ -
<u>EXPENDITURES</u>				
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ 14,337	\$ 14,337	\$ 6,545
<u>OTHER FINANCING SOURCES (USES)</u>				
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	\$ 14,337	\$ 14,337	\$ 6,545
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	6,545	6,545	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 6,545</u>	<u>\$ 20,882</u>	<u>\$ 14,337</u>	<u>\$ 6,545</u>

See accompanying notes to financial statements.

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DEBT SERVICE FUNDS

Municipal Development
Authority -

To accumulate monies for the payment of the 1978 \$171,000 Limited Ad Valorem Tax Serial Bonds with final maturity in 1993. Property taxes are levied against the Downtown Development District to finance the payment of the principal and interest.

Fire Department
Substation -

To accumulate monies for the payment of the 1980 \$265,000, 5%, 40-year Excise Tax Revenue Bonds. Occupational licenses are pledged for payment of the principal and interest. Monies are transferred from the General Fund.

CITY OF KISSIMMEE, FLORIDA

COMBINING BALANCE SHEET

ALL DEBT SERVICE FUNDS

SEPTEMBER 30, 1981

	MUNICIPAL DEVELOPMENT AUTHORITY		FIRE DEPARTMENT SUBSTATION		TOTALS	
					1981	1980
<u>ASSETS</u>						
Equity in pooled cash and investments	\$ 35,383	\$ 3,342	\$ 38,725	\$ 26,943		
Accrued interest receivable	50	-	50	-		
TOTAL ASSETS	<u>\$ 35,433</u>	<u>\$ 3,342</u>	<u>\$ 38,775</u>	<u>\$ 26,943</u>		
<u>LIABILITIES AND FUND EQUITY</u>						
<u>LIABILITIES</u>	\$ -	\$ -	\$ -	\$ -		
<u>CONTINGENCIES AND COMMITMENTS (Note 11)</u>						
<u>FUND EQUITY</u>						
Fund balances - Designated for debt service	35,433	3,342	38,775	26,943		
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 35,433</u>	<u>\$ 3,342</u>	<u>\$ 38,775</u>	<u>\$ 26,943</u>		

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL DEBT SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	MUNICIPAL DEVELOPMENT AUTHORITY	FIRE DEPARTMENT SUBSTATION	1981	TOTALS 1980
<u>REVENUES</u>				
Taxes - property taxes	\$ 17,707	\$ -	\$ 17,707	\$ 18,252
Interest earnings	5,244	-	5,244	6,558
TOTAL REVENUES	\$ 22,951	\$ -	\$ 22,951	\$ 24,810
<u>EXPENDITURES</u>				
Principal retirement	\$ 8,000	\$ 2,000	\$ 10,000	\$ 8,000
Interest and fiscal costs	9,850	13,250	23,100	13,356
TOTAL EXPENDITURES	\$ 17,850	\$ 15,250	\$ 33,100	\$ 21,356
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 5,101	\$ (15,250)	\$ (10,149)	\$ 3,454
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from General Fund	\$ -	\$ 16,801	\$ 16,801	\$ 5,094
Transfer from Capital Projects Fund	5,180	-	5,180	16,229
TOTAL OTHER FINANCING SOURCES (USES)	\$ 5,180	\$ 16,801	\$ 21,981	\$ 21,323
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 10,281	\$ 1,551	\$ 11,832	\$ 24,777
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	25,152	1,791	26,943	2,166
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 35,433</u>	<u>\$ 3,342</u>	<u>\$ 38,775</u>	<u>\$ 26,943</u>

See accompanying notes to financial statements.

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CAPITAL PROJECTS FUNDS

Municipal Development
Authority -

To account for improvements to the Downtown Development District. Construction began in fiscal year 1979 and will be completed during fiscal 1982. Financing was provided through the sale of \$171,000 of Limited Ad Valorem Tax Bonds.

City Hall Expansion -

To account for the construction of an addition to the current City Hall. Design and construction started during fiscal year 1981 and should be completed in late 1982. Financing is provided by \$250,000 from the Capital Improvement Fund and \$500,000 from FmHA bonds.

CITY OF KISSIMMEE, FLORIDA
 COMBINING BALANCE SHEET
 ALL CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 1981

	MUNICIPAL DEVELOPMENT AUTHORITY	CITY HALL EXPANSION	1981	TOTALS 1980
<u>ASSETS</u>				
Equity in pooled cash and investments	\$ 6,788	\$ 194,785	\$ 201,573	\$ 75,896
TOTAL ASSETS	<u>\$ 6,788</u>	<u>\$ 194,785</u>	<u>\$ 201,573</u>	<u>\$ 75,896</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ 50	\$ -	\$ 50	\$ 32
Contracts payable - retained percentage	-	-	-	13,012
TOTAL LIABILITIES	\$ 50	\$ -	\$ 50	\$ 13,044
<u>CONTINGENCIES AND COMMITMENTS (Note 11)</u>				
<u>FUND EQUITY</u>				
Fund balances - Designated for future expenditures	6,738	194,785	201,523	62,942
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 6,788</u>	<u>\$ 194,785</u>	<u>\$ 201,573</u>	<u>\$ 75,986</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	MUNICIPAL DEVELOPMENT AUTHORITY	CITY HALL EXPANSION	1981	TOTALS 1980
<u>REVENUES</u>				
Interest revenue	\$ 5,180	\$ -	\$ 5,180	\$ 11,736
<u>EXPENDITURES</u>				
Capital outlay	<u>56,204</u>	<u>55,215</u>	<u>111,419</u>	<u>334,697</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (51,024)</u>	<u>\$ (55,215)</u>	<u>\$ (106,239)</u>	<u>\$ (322,961)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bonds	\$ -	\$ -	\$ -	\$ 265,000
Operating transfers in	-	250,000	250,000	13,544
Operating transfers out	<u>(5,180)</u>	<u>-</u>	<u>(5,180)</u>	<u>(16,229)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (5,180)</u>	<u>\$ 250,000</u>	<u>\$ 244,820</u>	<u>\$ 262,315</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (56,204)	\$ 194,785	\$ 138,581	\$ (60,646)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>62,942</u>	<u>-</u>	<u>62,942</u>	<u>123,588</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 6,738</u>	<u>\$ 194,785</u>	<u>\$ 201,523</u>	<u>\$ 62,942</u>

See accompanying notes to financial statements.

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SPECIAL ASSESSMENT FUNDS

Paving Assessments -

To account for the costs of paving and drainage improvements. One-third of the project cost is paid by a transfer from the General Fund and two-thirds is assessed to property owners.

Building Demolition Assessments -

To account for the costs of demolishing condemned structures. Cost of demolishing are assessed to the property owner.

CITY OF KISSIMMEE, FLORIDA
 COMBINING BALANCE SHEET
 ALL SPECIAL ASSESSMENT FUNDS

SEPTEMBER 30, 1981

	PAVING ASSESSMENTS	BUILDING DEMOLITION ASSESSMENTS	TOTALS	
			1981	1980
<u>ASSETS</u>				
Equity in pooled cash and investments	\$ 220,368	\$ 2,665	\$ 223,033	\$ 125,986
Special assessments receivable - (net of \$11,936 and \$2,692 allowance for doubtful assessments)	196,535	2,355	198,890	146,522
Accrued interest on special assessments	<u>6,134</u>	<u>-</u>	<u>6,134</u>	<u>4,763</u>
TOTAL ASSETS	<u>\$ 423,037</u>	<u>\$ 5,020</u>	<u>\$ 428,057</u>	<u>\$ 277,271</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ 58,035	\$ 2,250	\$ 60,285	\$ 34,826
Retainages payable	-	-	-	14,756
Deferred revenue	<u>164,327</u>	<u>-</u>	<u>164,327</u>	<u>-</u>
TOTAL LIABILITIES	\$ 222,362	\$ 2,250	\$ 224,612	\$ 49,582
<u>CONTINGENCIES AND COMMITMENTS (Note 11)</u>				
<u>FUND EQUITY</u>				
Fund balances - unreserved	<u>200,675</u>	<u>2,770</u>	<u>203,445</u>	<u>227,689</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 423,037</u>	<u>\$ 5,020</u>	<u>\$ 428,057</u>	<u>\$ 277,271</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL SPECIAL ASSESSMENT FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	PAVING ASSESSMENTS	BUILDING DEMOLITION ASSESSMENTS	TOTALS	
			1981	1980
<u>REVENUES</u>				
Interest earnings on investments	\$ 16,186	\$ -	\$ 16,186	\$ 9,617
Interest earnings on assessments	7,001	-	7,001	5,659
Special assessments	43,414	2,355	45,769	112,017
TOTAL REVENUES	\$ 66,601	\$ 2,355	\$ 68,956	\$ 127,293
<u>EXPENDITURES</u>				
Street paving	\$ 166,494	\$ -	\$ 166,494	\$ 204,263
Building demolition	-	4,585	4,585	-
Bad debt expense	9,244	-	9,244	-
TOTAL EXPENDITURES	\$ 175,738	\$ 4,585	\$ 180,323	\$ 204,263
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (109,137)	\$ (2,230)	\$ (111,367)	\$ (76,970)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	200,000	5,000	205,000	122,800
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE	\$ 90,863	\$ 2,770	\$ 93,633	\$ 45,830
<u>CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE (Note 13)</u>	<u>(117,877)</u>	<u>-</u>	<u>(117,877)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (27,014)	\$ 2,770	\$ (24,244)	\$ 45,830
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>227,689</u>	<u>-</u>	<u>227,689</u>	<u>181,859</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 200,675</u>	<u>\$ 2,770</u>	<u>\$ 203,445</u>	<u>\$ 227,689</u>

See accompanying notes to financial statements.

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PROPRIETARY FUND TYPES

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ENTERPRISE FUNDS

Electric Utility -

To account for the provision of electric service to the residents of our service area. All activities to provide such service are accounted for in this fund, including, but not limited to, administration, generation, transmission, distribution and customer service.

Water and Sewer -

To account for the provision of water and sewer services to the residents of the City and some county residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to, administration, plants and line maintenance.

Airport -

To account for the operation and maintenance of the municipal airport. All activities related to the airport are accounted for in this fund.

CITY OF KISSIMMEE, FLORIDA

COMBINING BALANCE SHEET

ALL ENTERPRISE FUNDS

SEPTEMBER 30, 1981

	SEPTEMBER 30, 1981			TOTALS	
	ELECTRIC UTILITY	WATER AND SEWER	AIRPORT	1981	1980
<u>ASSETS</u>					
<u>CURRENT ASSETS</u>					
Equity in pooled cash and investments	\$ 2,529,356	\$ 2,332,909	\$ 53,206	\$ 4,915,471	\$ 2,814,353
Accrued interest receivable	17,109	3,813	-	20,922	16,060
Accounts receivable	1,949,011	-	2,519	1,951,530	1,812,100
Less: allowance for doubtful accounts	(14,808)	-	-	(14,808)	(8,064)
Due from other governments	-	-	-	-	60,000
Inventory	868,356	33,282	-	901,638	889,250
Prepaid expenses	30,483	7,400	920	38,803	31,581
TOTAL CURRENT ASSETS	\$ 5,379,507	\$ 2,377,404	\$ 56,645	\$ 7,813,556	\$ 5,615,280
<u>RESTRICTED ASSETS</u>					
Sinking funds - cash and investments	\$ 3,168,418	\$ 769,733	\$ 45,318	\$ 3,983,469	\$ 4,231,886
Construction funds - cash and investments	5,219,485	880,603	-	6,100,088	1,694,992
Bond asset replacement fund - cash and investments	1,200,000	375,000	50,000	1,625,000	1,158,387
Customer deposits - cash and investments	698,589	-	-	698,589	660,233
	<u>\$ 10,286,492</u>	<u>\$ 2,025,336</u>	<u>\$ 95,318</u>	<u>\$ 12,407,146</u>	<u>\$ 7,745,998</u>
<u>FIXED ASSETS</u>					
Property, plant and equipment (Note 2)	\$ 29,814,574	\$ 8,005,718	\$ 900,518	\$ 38,720,810	\$ 36,658,583
Less: accumulated depreciation	(8,713,498)	(1,554,147)	(510,630)	(10,878,275)	(9,804,918)
	\$ 21,101,076	\$ 6,451,571	\$ 389,888	\$ 27,842,535	\$ 26,853,665
Construction in progress	625,585	392,495	-	1,018,080	813,725
Inventory - nuclear fuel	525,532	-	-	525,532	396,587
	<u>\$ 22,252,193</u>	<u>\$ 6,744,066</u>	<u>\$ 389,888</u>	<u>\$ 29,386,147</u>	<u>\$ 28,063,977</u>
<u>OTHER ASSETS</u>					
Unamortized bond costs	\$ 791,693	\$ 184,041	\$ 7,417	\$ 983,153	\$ 923,295
Unamortized master plan	-	-	40,632	40,632	43,022
Land held for future use	609,740	-	-	609,740	609,740
	<u>\$ 1,401,433</u>	<u>\$ 184,041</u>	<u>\$ 48,051</u>	<u>\$ 1,633,525</u>	<u>\$ 1,576,057</u>
TOTAL ASSETS	\$ 29,319,625	\$ 11,310,847	\$ 389,902	\$ 51,240,374	\$ 43,001,312

See accompanying notes to financial statements.

	ELECTRIC UTILITY	WATER AND SEWER	AIRPORT	TOTALS 1981	TOTALS 1980
<u>LIABILITIES AND FUND EQUITY</u>					
<u>CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)</u>					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 23,102
Accounts payable	996,452	12,255	1,755	1,010,462	1,399,426
Accrued taxes payable	137,054	3,115	1,610	141,779	90,150
Accrued salaries	59,536	19,239	2,266	81,041	61,198
Extension deposits payable	315,204	1,100	-	316,304	194,752
Revenues collected in advance	-	-	2,933	2,933	225
Contracts payable - retained percentage	-	-	-	-	12,000
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	\$ 1,508,246	\$ 35,709	\$ 8,564	\$ 1,552,519	\$ 1,780,853
<u>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</u>					
Accrued interest on customer deposits	\$ 10,372	\$ -	\$ -	\$ 10,372	\$ 9,635
Contracts payable - retained percentage	88,617	70,448	-	159,065	45,309
Accounts payable	48,294	8,935	-	57,229	-
Accrued interest payable - revenue bonds	-	-	5,824	5,824	763,703
Customer deposits	708,444	-	-	708,444	640,562
Revenue bonds payable	-	-	10,000	10,000	35,000
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	\$ 855,727	\$ 79,383	\$ 15,824	\$ 950,934	\$ 1,494,209
<u>OTHER LIABILITIES</u>					
Revenue bonds payable (Notes 4, 5 & 8)	\$ 21,075,000	\$ 5,525,000	\$ 290,000	\$ 26,890,000	\$ 26,900,000
Bond anticipation notes payable (Notes 6, 7 & 8)	4,815,000	-	-	4,815,000	-
less: unamortized bond discount	(413,482)	(95,767)	(2,078)	(511,327)	(485,126)
	<u>\$ 25,476,518</u>	<u>\$ 5,429,233</u>	<u>\$ 287,922</u>	<u>\$ 31,193,673</u>	<u>\$ 26,414,874</u>
<u>COMMITMENTS AND CONTINGENCIES</u> (Note 11)					
<u>FUND EQUITY</u>					
Contributed capital:					
Governments	\$ -	\$ 336,331	\$ 518,332	\$ 854,663	\$ 843,828
Private sources	-	1,785,487	3,575	1,789,062	1,057,401
Other funds	-	626,245	118,757	745,002	745,002
	<u>\$ -</u>	<u>\$ 2,748,063</u>	<u>\$ 640,664</u>	<u>\$ 3,388,727</u>	<u>\$ 2,648,231</u>
Retained earnings:					
Reserved for revenue bond retirement	\$ 1,385,657	\$ 372,448	\$ 33,450	\$ 1,791,555	\$ 1,791,555
Reserved for bond asset replacement	1,200,000	375,000	50,000	1,625,000	1,158,887
Unreserved - (deficit)	8,893,477	2,291,011	(446,522)	10,737,966	7,712,703
	<u>\$ 11,479,134</u>	<u>\$ 3,038,459</u>	<u>\$ (363,072)</u>	<u>\$ 14,154,521</u>	<u>\$ 10,663,145</u>
TOTAL FUND EQUITY	\$ 11,479,134	\$ 5,786,522	\$ 277,592	\$ 17,543,248	\$ 13,311,376
TOTAL LIABILITIES AND FUND EQUITY	\$ 39,319,625	\$ 11,320,847	\$ 589,902	\$ 51,240,374	\$ 43,001,212

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 ALL ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	ELECTRIC UTILITY	WATER AND SEWER	AIRPORT	TOTALS	
				1981	1980
<u>OPERATING REVENUES</u>					
Charges for services	\$ 19,069,330	\$ 1,551,672	\$ 84,569	\$ 20,705,571	\$ 15,874,687
<u>OPERATING EXPENSES</u>					
Operations and maintenance	\$ 14,087,782	\$ 1,142,924	\$ 87,449	\$ 15,318,155	\$ 11,890,496
Depreciation (Note 14)	920,609	137,429	25,249	1,083,287	933,716
TOTAL OPERATING EXPENSES	\$ 15,008,391	\$ 1,280,353	\$ 112,698	\$ 16,401,442	\$ 12,824,212
OPERATING INCOME (LOSS)	\$ 4,060,939	\$ 271,319	\$ (28,129)	\$ 4,304,129	\$ 3,050,475
<u>NONOPERATING REVENUE (EXPENSES)</u>					
Interest revenue	\$ 1,418,418	\$ 591,680	\$ 15,129	\$ 2,025,227	\$ 1,185,468
Interest/amortization expense	(1,433,772)	(316,920)	(20,925)	(1,771,617)	(1,537,650)
Tap fees	-	101,065	-	101,065	105,260
TOTAL NONOPERATING REVENUE (EXPENSES)	\$ (15,354)	\$ 375,825	\$ (5,796)	\$ 354,675	\$ (293,902)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ 4,045,585	\$ 647,144	\$ (23,925)	\$ 4,658,804	\$ 2,756,573
<u>OPERATING TRANSFERS</u>					
Operating transfers in	\$ -	\$ -	\$ 32,572	\$ 32,572	\$ 37,755
Operating transfers out	(1,200,000)	-	-	(1,200,000)	(1,100,000)
TOTAL OPERATING TRANSFERS	\$ (1,200,000)	\$ -	\$ 32,572	\$ (1,167,428)	\$ (1,062,245)
NET INCOME (LOSS)	\$ 2,845,585	\$ 647,144	\$ (1,353)	\$ 3,491,376	\$ 1,694,328
<u>RETAINED EARNINGS AT BEGINNING OF YEAR - (deficit)</u>	8,633,549	2,391,315	(361,719)	10,663,145	8,968,817
<u>RETAINED EARNINGS AT END OF YEAR - (deficit)</u>	\$ 11,479,134	\$ 3,038,459	\$ (363,072)	\$ 14,154,521	\$ 10,563,145

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

ALL ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	ELECTRIC UTILITY	WATER AND SEWER	AIRPORT	TOTALS 1981	TOTALS 1980
<u>SOURCES OF WORKING CAPITAL</u>					
Operations:					
Net income (loss)	\$ 2,845,585	\$ 647,144	\$ (1,353)	\$ 3,491,376	\$ 1,694,328
Items not requiring (providing) working capital - depreciation and amortization (Note 14)	963,369	147,655	28,252	1,139,276	987,809
WORKING CAPITAL PROVIDED FROM OPERATIONS	\$ 3,808,954	\$ 794,799	\$ 26,899	\$ 4,630,652	\$ 2,682,137
Disposal of property and equipment net of accumulated depreciation	193,190	-	-	193,190	-
Proceeds from sale of bonds	4,770,220	-	-	4,770,220	2,646,000
Contributions	-	740,992	-	740,992	366,848
Decrease in restricted assets	-	188,226	-	188,226	27,839
TOTAL SOURCES OF WORKING CAPITAL	\$ 8,772,364	\$ 1,724,017	\$ 26,899	\$ 10,523,280	\$ 5,722,824
<u>APPLICATIONS OF WORKING CAPITAL</u>					
Acquisition of fixed assets	\$ 1,539,718	\$ 1,058,929	\$ -	\$ 2,598,647	\$ 2,838,008
Retirement of long-term debt	-	-	10,000	10,000	35,000
Increase in restricted assets	4,846,864	-	2,511	4,849,375	1,489,171
Increase in other assets	80,937	13,941	-	94,878	140,195
Decrease in contributions	-	-	496	496	-
Decrease in liabilities payable from restricted assets	469,415	73,659	200	543,274	350,464
TOTAL APPLICATIONS OF WORKING CAPITAL	\$ 6,936,934	\$ 1,146,529	\$ 13,207	\$ 8,096,670	\$ 4,852,838
NET INCREASE IN WORKING CAPITAL	\$ 1,835,430	\$ 577,488	\$ 13,692	\$ 2,426,610	\$ 869,986
<u>COMPONENT ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL</u>					
Equity in pooled cash and investments	\$ 1,473,139	\$ 574,773	\$ 76,308	\$ 2,124,220	\$ 1,193,705
Accounts receivable	131,128	-	1,558	132,686	430,254
Accrued interest receivable	4,051	811	-	4,862	(71,300)
Due from other governments	-	-	(60,000)	(60,000)	(51,671)
Inventory	14,220	(1,832)	-	12,388	100,506
Prepaid expenses	8,066	(499)	(345)	7,222	1,429
Accounts payable	379,789	8,956	219	388,964	(707,494)
Accrued liabilities	(65,291)	(4,841)	(1,340)	(71,472)	(9,019)
Deposits payable	(121,672)	120	-	(121,552)	(3,999)
Contracts payable - retained percentage	12,000	-	-	12,000	(12,000)
Revenues collected in advance	-	-	(2,708)	(2,708)	(225)
NET INCREASE IN WORKING CAPITAL	\$ 1,835,430	\$ 577,488	\$ 13,692	\$ 2,426,610	\$ 869,986

See accompanying notes to financial statements.

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FIDUCIARY FUND TYPES

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TRUST AND AGENCY FUNDS

Expendable Trust Fund
Section 8 H.A.P.P. -

To account for the receipt of federal monies designated for housing cost assistance and the related expenditures for housing cost assistance and administration of the program.

Nonexpendable Trust Fund
Supplemental Care -

To account for monies provided by people buying supplemental care in the City cemetery. Principal and interest will be maintained in the fund through fiscal year 1984. After this, interest may be transferred to the General Fund to defray the cost of cemetery operation and maintenance.

Pension Trust Funds
General Employees -

To account for the accumulation of resources to be used for the retirement annuities of all employees, except police officers and firemen. Employees pay a flat rate as determined by the pension plan and the City contributes an amount determined by an annual actuarial study.

Police Officers -

To account for the accumulation of resources to be used for the retirement annuities of all police officers. The state contributes money based upon the number of police officers and the City contributes an amount determined by an annual actuarial study.

Firemen -

To account for the accumulation of resources to be used for the retirement annuities of all firemen. The state contributes money based upon the number of firemen and the City contributes an amount determined by an annual actuarial study.

Agency Funds:
Payroll -

To account for the receipt of monies from various funds for gross payroll and the disbursement of net payroll and related employee liabilities.

Occupational License -

To account for the receipt and disbursement to the General Fund of City occupational licenses. Occupational licenses are pledged for payment of debt service on FmHA bonds.

CITY OF KISSIMMEE, FLORIDA
 COMBINING BALANCE SHEET
 ALL TRUST AND AGENCY FUNDS

SEPTEMBER 30, 1981

	TRUST		
	EXPENDABLE	NON- EXPENDABLE	
	SECTION 8 H.A.P.P.	SUPPLEMENTAL CARE	GENERAL EMPLOYEES'
<u>ASSETS</u>			
Equity in pooled cash and investments	\$ 9,421	\$ 17,897	\$ -
Restricted cash and investments	-	-	2,297,726
Accrued interest receivable	-	-	48,018
Due from General Fund	-	-	-
Due from other governments	20,245	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	<u>\$ 29,666</u>	<u>\$ 17,897</u>	<u>\$ 2,345,744</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Taxes to be remitted	-	-	-
Due to General Fund	8,084	-	-
Advance from General Fund	-	-	-
TOTAL LIABILITIES	<u>\$ 8,084</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CONTINGENCIES AND COMMITMENTS (Note 11)</u>			
<u>FUND EQUITY</u>			
Fund balances:			
Reserved for employees' retirement systems	\$ -	\$ -	\$ 2,345,744
Unreserved	21,582	17,897	-
TOTAL FUND EQUITY	<u>\$ 21,582</u>	<u>\$ 17,897</u>	<u>\$ 2,345,744</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 29,666</u>	<u>\$ 17,897</u>	<u>\$ 2,345,744</u>

See accompanying notes to financial statements.

PENSION (Note 10)		AGENCY		TOTALS	
OFFICERS' RETIREMENT	FIREMEN'S RETIREMENT	PAYROLL	OCCUPATIONAL LICENSE	1981	1980
\$ -	\$ -	\$ 23,900	\$ 49,097	\$ 100,315	\$ 81,180
877,659	471,642	-	-	3,647,027	2,926,650
18,619	10,898	-	-	77,535	60,011
-	-	-	-	-	1,351
-	-	-	-	20,245	-
-	-	3,062	-	3,062	19,528
<u>\$ 896,278</u>	<u>\$ 482,540</u>	<u>\$ 26,962</u>	<u>\$ 49,097</u>	<u>\$ 3,848,184</u>	<u>\$ 3,088,720</u>
\$ -	\$ -	\$ 1,814	\$ -	\$ 1,814	\$ 2,347
-	-	23,148	-	23,148	19,128
-	-	-	49,097	57,181	51,376
-	-	2,000	-	2,000	2,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,962</u>	<u>\$ 49,097</u>	<u>\$ 84,143</u>	<u>\$ 74,851</u>
\$ 896,278	\$ 482,540	\$ -	\$ -	\$ 3,724,562	\$ 2,986,661
-	-	-	-	39,479	27,208
<u>\$ 896,278</u>	<u>\$ 482,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,764,041</u>	<u>\$ 3,013,869</u>
<u>\$ 896,278</u>	<u>\$ 482,540</u>	<u>\$ 26,962</u>	<u>\$ 49,097</u>	<u>\$ 3,848,184</u>	<u>\$ 3,088,720</u>

CITY OF KISSIMMEE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE

EXPENDABLE TRUST FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	<u>SECTION 8 H.A.P.P.</u>	<u>1981</u>	<u>1980</u>
<u>REVENUES</u>			
Intergovernmental - federal grants		\$ 316,938	\$ 244,173
Miscellaneous revenue		-	2,048
		<u>316,938</u>	<u>246,221</u>
TOTAL REVENUES		\$ 316,938	\$ 246,221
<u>EXPENDITURES</u>			
Welfare expenditures:			
Administrative salaries and expenses		\$ 32,575	\$ 29,723
Nonexpendable equipment		1,321	4,714
Housing Assistance payments		273,911	208,717
		<u>307,807</u>	<u>243,154</u>
TOTAL EXPENDITURES		\$ 307,807	\$ 243,154
EXCESS OF REVENUES OVER EXPENDITURES		\$ 9,131	\$ 3,067
FUND BALANCE AT BEGINNING OF YEAR		<u>12,451</u>	<u>9,384</u>
FUND BALANCE AT END OF YEAR		<u>\$ 21,582</u>	<u>\$ 12,451</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

ALL NONEXPENDABLE AND PENSION TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	NON-EXPENDABLE		PENSION (Note 10)			TOTALS	
	SUPPLEMENTAL CARE	GENERAL EMPLOYEES'	POLICE OFFICERS' RETIREMENT	FIREMEN'S RETIREMENT	1981	1980	
<u>OPERATING REVENUES</u>							
Interest	\$ 2,025	\$ 265,247	\$ 111,802	\$ 60,336	\$ 439,410	\$ 315,147	
Contribution by employees	-	81,181	-	-	81,181	73,776	
Contribution by City	-	227,494	61,210	29,434	318,138	396,592	
Contribution by state	-	-	34,913	25,173	60,086	49,735	
Supplemental care	1,115	-	-	-	1,115	11,475	
TOTAL OPERATING REVENUES	\$ 3,140	\$ 569,922	\$ 207,925	\$ 114,943	\$ 895,930	\$ 846,725	
<u>OPERATING EXPENSES</u>							
Benefit payments	\$ -	\$ 61,967	\$ 10,367	\$ 12,151	\$ 84,485	\$ 98,126	
Refunds of contributions	-	11,608	2,686	2,558	17,252	-	
Miscellaneous costs	-	30,671	12,558	9,923	53,152	39,195	
TOTAL OPERATING EXPENSES	\$ -	\$ 104,246	\$ 25,611	\$ 25,032	\$ 154,889	\$ 137,321	
<u>NET INCOME</u>	\$ 3,140	\$ 465,676	\$ 182,314	\$ 89,911	\$ 741,041	\$ 709,404	
<u>FUND BALANCES AT BEGINNING OF YEAR</u>							
	14,757	1,880,068	713,964	392,629	3,001,418	2,292,014	
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 17,897</u>	<u>\$ 2,345,744</u>	<u>\$ 896,278</u>	<u>\$ 482,540</u>	<u>\$ 3,742,459</u>	<u>\$ 3,001,418</u>	

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

ALL NONEXPENDABLE AND PENSION TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	NON-EXPENDABLE		PENSION (Note 10)			TOTALS	
	SUPPLEMENTAL CARE	GENERAL EMPLOYEES'	POLICE OFFICERS' RETIREMENT	FIREMEN'S RETIREMENT	1981	1980	
<u>SOURCES OF WORKING CAPITAL</u>							
Operations -							
Net income	\$ 3,140	\$ 465,676	\$ 182,314	\$ 89,911	\$ 741,041	\$ 709,404	
<u>APPLICATIONS OF WORKING CAPITAL</u>							
	-	-	-	-	-	-	
NET INCREASE IN WORKING CAPITAL	<u>\$ 3,140</u>	<u>\$ 465,676</u>	<u>\$ 182,314</u>	<u>\$ 89,911</u>	<u>\$ 741,041</u>	<u>\$ 709,404</u>	
<u>COMPONENT ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL</u>							
Equity in pooled cash and investments	\$ 3,140	\$ -	\$ -	\$ -	\$ 3,140	\$ 12,456	
Restricted cash and investments	-	452,642	179,468	88,267	720,377	661,087	
Interest receivable	-	13,034	2,846	1,644	17,524	35,861	
NET INCREASE IN WORKING CAPITAL	<u>\$ 3,140</u>	<u>\$ 465,676</u>	<u>\$ 182,314</u>	<u>\$ 89,911</u>	<u>\$ 741,041</u>	<u>\$ 709,404</u>	

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	BALANCE OCTOBER 1, 1980	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 1981
<u>PAYROLL FUND</u>				
Assets:				
Equity in pooled cash and investments	\$ 21,867	\$ 4,817,294	\$ 4,815,261	\$ 23,900
Due from General Fund	1,351	-	1,351	-
Prepaid expenses	-	3,062	-	3,062
	<u>\$ 23,218</u>	<u>\$ 4,820,356</u>	<u>\$ 4,816,612</u>	<u>\$ 26,962</u>
Liabilities:				
Accounts payable	\$ 2,090	\$ 542,522	\$ 542,798	\$ 1,814
Taxes to be remitted	19,128	952,959	948,939	23,148
Net salaries payable	-	3,414,236	3,414,236	-
Advance from General Fund	2,000	-	-	2,000
	<u>\$ 23,218</u>	<u>\$ 4,909,717</u>	<u>\$ 4,905,973</u>	<u>\$ 26,962</u>
<u>OCCUPATIONAL LICENSE FUND</u>				
Assets:				
Equity in pooled cash and investments	\$ 17,274	\$ 136,958	\$ 105,135	\$ 49,097
Liabilities:				
Due to General Fund	\$ 17,274	\$ 136,958	\$ 105,135	\$ 49,097
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Equity in pooled cash and investments	\$ 39,141	\$ 4,954,252	\$ 4,920,396	\$ 72,997
Prepaid expenses	-	3,062	-	3,062
Due from other funds	1,351	-	1,351	-
	<u>\$ 40,492</u>	<u>\$ 4,957,314</u>	<u>\$ 4,921,747</u>	<u>\$ 76,059</u>
Liabilities:				
Accounts payable	\$ 2,090	\$ 542,522	\$ 542,798	\$ 1,814
Taxes to be remitted	19,128	952,959	948,939	23,148
Due to General Fund	17,274	136,958	105,135	49,097
Advance from General Fund	2,000	-	-	2,000
Net salaries payable	-	3,414,236	3,414,236	-
	<u>\$ 40,492</u>	<u>\$ 5,046,675</u>	<u>\$ 5,011,108</u>	<u>\$ 76,059</u>

See accompanying notes to financial statements.

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GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations or accounted for in trust funds.

CITY OF KISSIMMEE, FLORIDA
SCHEDULE OF GENERAL FIXED ASSETS

SEPTEMBER 30, 1981

GENERAL FIXED ASSETS (Note 2)

Land	\$ 359,700
Buildings	875,935
Equipment	1,810,917
Improvements other than buildings	320,770
Construction in progress	<u>55,215</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 3,422,537</u>

INVESTMENT IN GENERAL FIXED ASSETS

Amounts invested to October 31, 1971 (1)	\$ 988,269
Amounts invested after November 1, 1971:	
General Fund revenues	1,490,940
State and federal grants	543,713
Gifts and contributions	55,539
Capital projects	<u>344,076</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 3,422,537</u>

(1) Investment records are not readily available for years prior to November 1, 1971.

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 1981

FUNCTION AND ACTIVITY	BALANCE OCTOBER 1, 1980	ADDITIONS	DELETIONS	BALANCE SEPTEMBER 30, 1981
<u>GENERAL GOVERNMENT</u>				
City Manager	\$ 46,877	\$ 1,544	\$ -	\$ 48,421
Community development	17,812	1,321	-	19,133
Finance	61,478	32,073	-	93,551
Central services	196,609	24,415	3,250	217,774
General government buildings	136,873	-	-	136,873
TOTAL GENERAL GOVERNMENT	\$ 459,649	\$ 59,353	\$ 3,250	\$ 515,752
<u>PUBLIC SAFETY</u>				
Police	\$ 770,412	\$ 133,042	\$ 10,446	\$ 893,008
Fire	602,917	95,210	1,500	696,627
Inspection	15,599	4,500	3,000	17,099
TOTAL PUBLIC SAFETY	\$ 1,388,928	\$ 232,752	\$ 14,946	\$ 1,606,734
<u>PUBLIC WORKS</u>	\$ 721,653	\$ 107,938	\$ 36,498	\$ 793,093
<u>PARKS AND RECREATION</u>	\$ 427,557	\$ 26,683	\$ 2,497	\$ 451,743
<u>CONSTRUCTION IN PROGRESS</u>	\$ 15,576	\$ 69,437	\$ 29,798	\$ 55,215
TOTALS	\$ 3,013,363	\$ 496,163	\$ 86,989	\$ 3,422,537

See accompanying notes to financial statements.

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SCHEDULES

Financial schedules are presented to provide greater detailed information than reported in the preceding financial statements. This information in many cases has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation in conformity with Generally Accepted Accounting Principles.

CITY OF KISSIMMEE, FLORIDA
 SCHEDULE OF FIXED ASSETS AND DEPRECIATION
 ELECTRIC UTILITY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	ASSETS			ACCUMULATED DEPRECIATION			NET ASSET VALUE	
	BALANCE OCTOBER 1, 1980	ADDITIONS AND DELETIONS	BALANCE SEPTEMBER 30, 1981	BALANCE OCTOBER 1, 1980	DEPRECIATION RATE	BALANCE SEPTEMBER 30, 1981		
Nuclear production	\$ 2,974,040	\$ 28,485	\$ 3,002,525	\$ 265,088	\$ 89,170	3%	\$ 354,258	\$ 2,648,267
Other production	6,913,909	530,539	7,444,448	2,762,696	204,926	3%	2,967,622	4,476,826
Transmission plant	6,915,137	(169,630)	6,745,507	251,938	166,879	2 - 2.9%	418,817	6,326,690
Distribution plant	10,773,163	902,238	11,675,401	4,201,392	411,622	.5 - 4%	4,613,014	7,062,387
General	882,916	63,777	946,693	311,822	47,965	3 - 10%	359,787	586,906
TOTALS	<u>\$ 28,459,165</u>	<u>\$ 1,355,409</u>	<u>\$ 29,814,574</u>	<u>\$ 7,792,936</u>	<u>\$ 920,562</u>		<u>\$ 8,713,498</u>	<u>\$ 21,101,076</u>

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
SCHEDULE OF FIXED ASSETS AND DEPRECIATION
WATER AND SEWER FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	ASSETS			ACCUMULATED DEPRECIATION			NET ASSET VALUE
	BALANCE OCTOBER 1, 1980	ADDITIONS AND DELETIONS	BALANCE SEPTEMBER 30, 1981	BALANCE OCTOBER 1, 1980	DEPRECIATION RATE	BALANCE SEPTEMBER 30, 1981	
<u>WATER PLANT IN SERVICE</u>							
Property and plant	\$ 45,822	\$ 19,857	\$ 65,679	\$ 9,079	\$ 916	2%	\$ 55,684
Machinery and equipment	57,018	3,588	60,606	24,236	9,446	20%	26,924
Highlands plant - land	6,000	-	6,000	-	-	-	6,000
Highlands plant - machinery and equipment	125,408	-	125,408	10,033	2,508	2%	112,867
Water lines	2,749,494	291,701	3,041,195	592,697	56,538	21%	2,391,960
TOTAL WATER PLANT IN SERVICE	\$ 2,983,742	\$ 315,146	\$ 3,298,888	\$ 636,045	\$ 69,408		\$ 2,593,435
<u>SEWER PLANT IN SERVICE</u>							
Pre-1954 system	\$ 398,098	\$ -	\$ 398,098	\$ 300,067	\$ 5,971	1.5%	\$ 92,060
Land	663,643	-	663,643	-	-	-	663,643
Sewer treatment plants	1,583,667	-	1,583,667	317,856	31,674	2%	1,234,137
Highlands additions	190,051	-	190,051	15,204	3,801	2%	171,046
Sewage lines	1,115,291	341,818	1,457,109	111,152	12,431	1%	1,333,526
Lift stations	243,913	-	243,913	56,965	4,878	2%	182,070
Equipment	110,611	59,738	170,349	79,429	9,266	20%	81,654
TOTAL SEWER PLANT IN SERVICE	\$ 4,305,274	\$ 401,556	\$ 4,706,830	\$ 880,673	\$ 68,021		\$ 3,758,136
TOTALS	\$ 7,289,016	\$ 716,702	\$ 8,005,718	\$ 1,516,718	\$ 137,429		\$ 6,351,571

See accompanying notes to financial statements.

CITY OF KISSIMMEE, FLORIDA
 SCHEDULE OF FIXED ASSETS AND DEPRECIATION
 AIRPORT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1981

	ASSETS			ACCUMULATED DEPRECIATION			NET ASSET VALUE
	BALANCE OCTOBER 1, 1980	RECLASSIFI- CATIONS AND DELETIONS	BALANCE SEPTEMBER 30, 1981	BALANCE OCTOBER 1, 1980	DEPRECIATION AND RECLASSIFI- CATIONS	BALANCE SEPTEMBER 30, 1981	
Land	\$ 7,973	\$ -	\$ 7,973	\$ -	\$ -	\$ -	\$ 7,973
Land improvements	26,372	(23,335)	3,037	16,265	(16,265)	-	3,037
Buildings	241,526	(225)	241,301	111,703	9,114	120,817	120,484
Runway improvements	526,469	(76,417)	450,052	346,743	(33,550)	313,193	136,859
Improvements other than buildings	65,419	95,171	160,590	-	61,207	61,207	99,383
Equipment	42,643	(5,078)	37,565	20,553	(5,140)	15,413	22,152
TOTALS	<u>\$ 910,402</u>	<u>\$ (9,884)</u>	<u>\$ 900,518</u>	<u>\$ 495,264</u>	<u>\$ 15,366</u>	<u>\$ 510,630</u>	<u>\$ 389,888</u>

See accompanying notes to financial statements.

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STATISTICAL SECTION

Statistical tables differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These tables reflect social and economic data, financial trends and the fiscal capacity of the government.

To the Honorable Mayor, City
Commissioners and City Manager
City of Kissimmee, Florida

ACCOUNTANTS' REPORT

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information listed as statistical information in the table of contents is presented for the purposes of additional analysis and is not a required part of the combined financial statements of the City of Kissimmee, Florida. Such information has not been subjected to the auditing procedures applied in the examination of the combined, combining and individual fund financial statements and, accordingly, we express no opinion.

May Zima & Co.

Tampa, Florida
November 11, 1981

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STATISTICAL INFORMATION

CITY OF KISSIMMEE, FLORIDA

TABLE 1

GENERAL FUND - EXPENDITURES BY DEPARTMENT(1)

FISCAL YEAR	LAST TEN FISCAL YEARS					
	TOTAL EXPENDITURES	CITY COMMISSION	CITY MANAGER	FEDERAL STATE GRANTS	PLANNING	LEGAL AND JUDICIAL
1981(2)	\$ 4,946,009	\$ 41,719	\$ 379,651	\$ 54,770	\$ 67,223	\$ 51,883
1980	3,904,432	11,638	97,522	117,539	44,744	12,020
1979	3,499,704	13,294	109,052	142,591	47,967	11,470
1978	3,216,559	8,769	98,288	155,063	40,784	15,028
1977	2,888,949	7,750	84,878	-	50,103	13,143
1976	2,296,916	6,339	80,305	-	-	16,499
1975	2,099,626	7,941	73,635	-	-	20,000
1974	1,839,507	8,820	70,805	-	-	21,414
1973(3)	1,240,495	4,563	23,970	-	-	20,241
1972	1,266,812	7,396	25,059	-	-	11,169

(1) Adjusted for division transfers between departments.

(2) Nondepartmental expenses reclassified and charged to appropriate departments.

(3) Fiscal year - 11 months.

FINANCE	SERVICES	PUBLIC WORKS	POLICE	FIRE	INSPECTION	PARKS/ RECREATION	NONDEPART- MENTAL
\$ 315,983	\$ 342,402	\$ 1,013,637	\$ 1,361,594	\$ 888,773	\$ 106,975	\$ 321,399	\$ -
72,617	68,714	732,387	1,041,040	666,537	74,322	262,093	703,259
90,668	71,381	645,106	882,887	375,944	66,915	237,736	804,693
86,083	117,893	479,143	804,316	346,544	71,746	231,190	761,712
80,722	145,954	492,646	704,027	325,352	61,850	204,669	717,855
69,776	87,517	441,722	647,268	271,794	59,564	147,157	441,575
72,397	80,071	462,162	609,415	194,277	58,518	152,875	368,335
56,549	69,280	452,053	476,902	213,824	57,945	129,470	282,445
37,635	41,719	319,261	292,848	155,058	33,682	64,718	246,800
23,789	34,999	314,301	436,392	138,139	20,958	67,785	183,825

CITY OF KISSIMMEE, FLORIDA

TABLE 2

GENERAL FUND - REVENUES BY SOURCE

LAST TEN FISCAL YEARS

FISCAL YEAR	TOTAL REVENUES	TAXES	LICENSES AND PERMITS	INTER-GOVERNMENTAL*	CHARGES FOR SERVICES	FINES AND FORFEITURES	MISCELLANEOUS	OTHER FUND CONTRIBUTIONS
1981	\$ 5,199,890	\$ 1,149,429	\$ 203,507	\$ 981,625	\$ 287,842	\$ 68,568	\$ 136,035	\$ 2,372,884
1980	4,635,206	1,106,494	157,025	1,151,132	291,310	67,228	224,432	1,637,585
1979	3,733,164	1,000,816	118,872	639,136	186,097	46,275	125,790	1,616,178
1978	3,313,102	995,336	101,339	814,871	152,292	26,864	122,829	1,099,571
1977	3,069,280	920,000	84,650	890,392	144,373	30,728	54,089	945,048
1976	2,529,639	962,699	88,190	622,018	137,865	51,482	37,251	630,134
1975	2,314,870	800,264	62,101	603,325	141,402	63,076	77,147	567,555
1974	2,107,880	680,065	81,488	578,738	242,260	63,006	60,558	401,765
1973**	1,531,448	400,748	143,536	518,190	159,557	92,491	23,121	193,805
1972	1,304,205	330,130	156,127	416,144	95,289	84,966	32,314	189,235

*Includes Federal Revenue Sharing Fund transfers.

**Fiscal year - 11 months.

CITY OF KISSIMMEE, FLORIDA

TABLE 3

PROPERTY TAX LEVIES, TAX COLLECTIONS AND ASSESSED VALUATIONS

LAST TEN FISCAL YEARS

FISCAL YEAR	ASSESSED VALUATION (100% AT MARKET)	TAX RATE IN MILLS	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	RATIO OF TOTAL COLLEC-TION TO TAX LEVY	ACCUMULATED DELINQUENT TAXES
1980/1981	\$199,226,059	5.446	\$ 1,084,985	\$ 1,061,242	97.8	\$ 2,667	\$ 1,063,909	98.1	\$ 2,402
1979/1980	145,188,232	7.292	1,058,713	1,029,613	97.3	8,895	1,038,058	98.1	4,069
1978/1979	139,680,774	7.298	1,019,390	945,914	92.8	14,062	959,976	94.2	15,712
1977/1978	136,644,429	7.305	998,188	952,127	95.4	3,391	955,518	95.7	8,318
1976/1977	129,315,419	7.110	919,433	862,440	93.8	11,226	873,666	95.0	15,343
1975/1976	113,306,000	7.278	824,641	798,139	96.8	140,091	938,230	113.8	36,275
1974/1975	115,688,600	6.763	782,402	773,973	98.9	118,796	892,769	114.1	28,911
1973/1974	95,842,142	7.095	680,000	534,476	78.6	65	534,541	78.6	147,707
1972/1973	50,749,296	8.0	405,994	383,699	94.5	13,142	396,841	97.7	2,183
1971/1972	40,696,457	8.0	325,577	320,788	98.5	6,390	327,178	100.4	3,755

NOTE: State law mandates assessments to be at 100% of market (actual) value.

CITY OF KISSIMMEE, FLORIDA

TABLE 4

SCHEDULE OF PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS							
MILLS (\$1 PER \$1,000 VALUATION)							
FISCAL YEAR	CITY	COUNTRY	SOUTH FLORIDA			SCHOOL BOARD	TOTAL
			WATER MANAGEMENT DISTRICT	OKEECHOBEE BASIN	LIBRARY		
1982	5.061	4.973	.115	.243	.279	7.080	17.751
1981	5.446	4.973	.152	.250	.279	6.332	17.432
1980	7.292	6.265	.160	.262	.351	7.267	21.597
1979	7.298	6.398	.157	.240	-	8.525	22.618
1978	7.305	5.700	.105	.292	-	8.566	21.968
1977	7.410	5.620	.365	-	-	8.607	22.002
1976	7.578	5.750	.375	-	-	8.687	22.390
1975	6.954	5.380	N/A	-	-	8.600	20.934
1974	7.360	5.380	N/A	-	-	9.310	22.050
1973	8.500	5.750	N/A	-	-	8.830	23.080

CITY OF KISSIMMEE, FLORIDA

TABLE 5

SCHEDULE OF SPECIAL ASSESSMENT COLLECTIONS

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>COLLECTIONS</u>
1981	\$ 30,607
1980	7,085
1979	16,318
1978	22,669
1977	25,059
1976	63,264
1975	205
1974	8,004
1973	12,155
1972	6,834

NOTE: Special assessments are not a primary source of financing in Kissimmee.

CITY OF KISSIMMEE, FLORIDA

TABLE 6

COMPUTATION OF LEGAL DEBT MARGIN

SEPTEMBER 30, 1981

Assessed Value	<u>\$129,226,059</u>
Debt Limit: 20% of Assessed Value	\$ 39,845,212
Amount of Debt Outstanding	<u> -</u>
LEGAL DEBT MARGIN	<u>\$ 39,845,212</u>

The above computation pertains only to general obligation bonds. Revenue bonds, as issued by the Enterprise Funds, do not have a debt limit per se: but rather are restricted by the ability to raise revenue to 1.25 times maximum outstanding debt. As long as that figure is maintained, revenue bonds may be issued without further restrictions. Special obligation or limited obligation bonds, as that issued in December, 1978 by the Municipal Development Board, are not considered as general obligation debts.

CITY OF KISSIMMEE, FLORIDA

TABLE 7

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

SEPTEMBER 30, 1981

NAME OF GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY OF KISSIMMEE	AMOUNT APPLICABLE TO CITY OF KISSIMMEE
<u>DIRECT DEBT</u>			
City of Kissimmee	\$ None	- %	\$ -
<u>OVERLAPPING DEBT</u>			
School Board of Osceola County General Obligation Debt	\$ 3,400,000	21.50%	<u>731,000</u>
TOTAL AD VALOREM TAX SUPPORTED DEBT			<u>\$ 731,000</u>

RATIOS

Overall debt to 1981 taxable valuation .3669%
 Overall debt per capita \$41.07

- (1) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in City of Kissimmee.

CITY OF KISSIMMEE, FLORIDA

TABLE 8

RATIO OF GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT	DEBT SERVICE MONIES AVAILABLE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1981	17,800 est.	\$199,226,059	\$ -	\$ -	\$ -	- %	\$ -
1980	15,487	145,188,232	-	-	-	-	-
1979	14,500 est.	139,680,774	-	-	-	-	-
1978	13,600 est.	136,644,429	-	-	-	-	-
1977	12,700 est.	129,315,419	-	-	-	-	-
1976	12,080 est.	113,306,000	29,000	3,196	25,804	.02	2.14
1975	11,817 est.	115,688,600	61,000	(1,142)	62,142	.05	5.26
1974	11,420 est.	95,842,142	81,000	401	81,401	.08	7.13
1973	N/A*	50,749,296	104,000	401	104,401	.21	N/A*
1972	N/A*	40,696,457	132,000	4,812	136,812	.34	N/A*

*N/A represents not available.

CITY OF KISSIMMEE, FLORIDA

TABLE 9

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES

LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL PRINCIPAL	OBLIGATION DEBT INTEREST	TOTAL GENERAL OBLIGATION DEBT SERVICE	GENERAL EXPENDITURES (1)	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
1981	\$ -	\$ -	\$ -	\$ 5,296,792	- %
1980	-	-	-	3,949,634	-
1979	-	-	-	3,465,289	-
1978	-	-	-	3,216,559	-
1977	29,000	1,157	30,157	2,919,106	.10
1976	32,000	2,298	34,298	2,331,214	.15
1975	20,000	2,989	22,989	2,122,615	.11
1974	23,000	3,787	26,787	1,866,294	.14
1973	28,000	5,935	33,935	1,274,430	.27
1972	27,000	5,673	32,673	1,299,485	.24

(1) Includes General, Special Revenue and Debt Service Funds.

CITY OF KISSIMMEE, FLORIDA

TABLE 10

SCHEDULE OF ELECTRIC AND WATER REVENUE CERTIFICATE COVERAGE**

FISCAL YEAR	LAST TEN FISCAL YEARS							COVERAGE
	REVENUES	EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS				
				PRINCIPAL	INTEREST	TOTAL		
1981**	\$ 20,487,748	\$ 14,087,782	\$ 6,399,966	\$ 446,813	\$ 1,391,012	\$ 1,837,825	3.48 %	
1980**	14,954,836	10,776,161	4,178,675	392,038	1,153,300	1,545,338	2.70	
1979**	11,201,911	8,070,792	3,131,119	352,338	1,019,850	1,372,188	2.28	
1978**	9,766,729	6,828,890	2,937,839	691,737	628,180	1,319,917	2.23	
1977	9,236,705	5,948,805	3,287,900	195,000	945,215	1,140,215	2.88	
1976	8,555,726	5,669,043	2,886,683	335,000	864,264	1,199,264	2.41	
1975	6,532,669	4,896,188	1,636,481	280,000	799,153	1,079,153	1.52	
1974	5,995,954	4,010,536	1,985,418	271,000	809,702	1,080,702	1.84	
1973*	3,585,470	2,366,543	1,218,927	247,000	581,689	828,689	1.47	
1972	2,684,073	1,798,168	885,905	239,000	593,242	832,242	1.06	

* Fiscal year - 11 months.

** Prior to 1978, information represents the combined Electric and Water Systems. In 1978, Water System has been combined with the Sewer System.

NOTE: Maximum debt service in any subsequent year is \$1,385,657.

CITY OF KISSIMMEE, FLORIDA

TABLE 11

SCHEDULE OF WATER AND SEWER UTILITY REVENUE CERTIFICATE COVERAGE

FISCAL YEAR	LAST TEN FISCAL YEARS						
	GROSS REVENUES	OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1981	\$ 2,143,352	\$ 1,142,924	\$ 1,000,428	\$ 84,362	\$ 306,085	\$ 390,447	2.82 %
1980	2,062,970	1,058,784	1,004,186	79,400	306,086	385,486	2.60
1979	1,758,694	849,331	909,363	69,476	306,086	375,562	2.42
1978**	1,618,042	806,693	811,349	157,063	84,408	241,471	3.36
1977	559,802	473,997	85,805	32,000	31,611	63,611	1.35
1976	534,187	446,519	87,668	31,000	32,656	63,656	1.38
1975	559,464	391,748	167,716	30,000	33,671	63,671	2.63
1974	372,616	260,641	111,975	29,000	34,656	63,656	1.76
1973*	278,329	130,541	147,788	29,000	35,656	64,656	2.29
1972	183,799	73,415	110,384	23,000	36,481	59,481	1.86

* Fiscal year - 11 months.

** In 1978, the Water System has been combined with the Sewer System.

NOTE: Maximum debt service in any subsequent year is \$372,448.

CITY OF KISSIMMEE, FLORIDA

TABLE 12

SCHEDULE OF AIRPORT REVENUE BOND COVERAGE

FISCAL YEAR	LAST EIGHT FISCAL YEARS							
	GROSS REVENUES	OPERATING EXPENSES	NET REVENUE AVAILABLE FOR		DEBT SERVICE REQUIREMENTS			COVERAGE
			DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL		
1981	\$ 132,270	\$ 87,449	\$ 44,821	\$ 10,000	\$ 17,923	\$ 27,923	1.61 %	
1980	118,384	55,551	62,833	10,000	18,321	28,321	2.22	
1979	109,836	76,414	33,422	10,000	19,049	29,049	1.15	
1978	96,494	65,668	30,826	10,000	19,698	29,698	1.04	
1977	68,891	54,771	14,120	10,000	20,347	30,347	.47	
1976	63,488	39,190	24,298	-	20,679	20,673	1.18	
1975	60,842	32,363	28,479	-	20,673	20,673	1.38	
1974	73,696	22,915	50,781	-	20,673	20,673	2.46	

NOTE: Maximum debt service in any subsequent year is \$33,450.

CITY OF KISSIMMEE, FLORIDA

TABLE 13

TABLE OF DEMOGRAPHIC STATISTICS

YEAR	CITY OF KISSIMMEE		OSCEOLA COUNTY**	
	POPULATION	PERCENT INCREASE	POPULATION	PERCENT INCREASE
	<u>POPULATION</u>			
1950	4,310	-	11,406	-
1960	6,845	58.8	19,029	66.8
1970	7,119	4.0	25,267	32.8
1976	12,080 est.	69.7	37,676 est.	49.1
1977	12,700 est.	5.1	37,944 est.**	.7
1978	13,600 est.	7.1	38,500 est.	1.5
1979	14,500 est.	6.6	42,344 est.	9.9
1980	15,487	7.7	49,287	16.4
1981	17,800 est.	14.9	52,500 est.	6.5
	<u>AS PROJECTED*</u>			
1985	20,000	17.6	54,750	16.5
1990	22,000	10.0	62,500	14.2
1995	23,800	8.2	69,900	11.8
2000	25,500	7.1	77,300	10.6
2005	30,000	17.6	87,850	13.6

*East Central Florida Regional Planning Council.

**Osceola County ranked 35th out of 67 counties in population.

Osceola County has 1,313 square miles which makes it the 6th largest county in Florida.

Osceola County has 32.2 people per square mile which is the 43rd largest county in Florida.

AGE DISTRIBUTION

<u>AGE</u>	<u>OSCEOLA COUNTY % POPULATION</u>	<u>STATE OF FLORIDA % POPULATION</u>
0-14	23.7	21.1
15-44	32.6	39.4
45-64	22.4	22.0
65 +	21.3	17.5

Figures are not maintained for individual cities.
Prepared from "Florida Estimates of Population - 1980."

CITY OF KISSIMMEE, FLORIDA

TABLE 14

TABLES OF PROPERTY VALUES, CONSTRUCTION AND
BANK DEPOSITS - OSCEOLA COUNTY*

<u>FISCAL YEAR</u>	<u>PROPERTY VALUES</u>	<u>CONSTRUCTION</u>
1981	\$1,362,541,674	\$ 37,753,845
1980	988,111,269	27,173,852
1979	686,203,535	18,049,900
1976	618,771,355	13,825,463
1975	571,796,038	13,460,297
1974	568,004,186	N/A**
1973	568,383,016	N/A**

Source: Osceola County Department of Building Inspection.
City of Kissimmee Department of Building Inspection.

<u>FISCAL YEAR</u>	<u>PERSONAL INCOME (MILLIONS)</u>	<u>BANK DEPOSITS</u>		<u>SAVINGS AND LOAN ASSOCIATIONS</u>
		<u>COMMERCIAL BANKS</u>		<u>SAVINGS (MILLIONS)</u>
		<u>DEMAND DEPOSITS (MILLIONS)</u>	<u>TIME DEPOSITS (MILLIONS)</u>	
1981	\$ N/A**	\$ 62.5	\$ 102.7	\$ 72.2
1980	N/A**	53.2	93.8	88.3
1979	N/A**	45.8	81.9	89.1
1977	N/A**	27.3	46.5	89.7
1976	N/A**	29.2	42.1	84.0
1975	161.8	27.9	35.5	76.1
1974	155.8	28.0	29.5	66.4
1973	141.4	26.1	28.0	62.0
1972	107.4	26.7	20.1	53.1
1971	89.4	21.4	17.5	42.2
1970	76.7	17.4	11.1	33.8
1969	66.5	13.4	8.5	30.0
1968	56.5	12.4	7.3	27.3
1967	47.6	11.3	5.9	24.8

* Figures shown are for entire county since City residents only comprise 35% of the entire county's population. To show figures for only the City would be misleading.

**N/A represents not available.

CITY OF KISSIMMEE, FLORIDA

TABLE 15

SCHEDULE OF MAJOR TAXPAYERS

	TAXABLE ASSESSED VALUATION AS OF JANUARY 1, 1981
Florida Telephone Corporation	\$ 17,263,879
Dorado Apartments	7,311,180
Medical Center	6,049,234
K-Mart/Publix Shopping Center	4,134,965
Community Hospital (Humana)	3,992,943
Woodside Apartments (Cain)	3,946,232
Outrigger Apartments	3,464,581
Three Fountains Apartments	3,208,786
Mill Creek Mall	3,100,948
Emerald Green Apartments	2,997,919

Source: Osceola County Property Appraiser's Office.

CITY OF KISSIMMEE, FLORIDA

TABLE 16

MISCELLANEOUS STATISTICAL DATA

FORM OF GOVERNMENT

Commissioner - Manager

DATE OF INCORPORATION

1883

PRESENT CHARTER ADOPTED

1965

TERMS OF OFFICE

Mayor/Commissioner and 4 Commissioners - Two Years
City Manager - Appointed

ANNUAL SALARIES OF OFFICERS

City Manager.\$40,000	Building Director\$30,004
Assistant City Manager.	32,968	Parks & Recreation Director	26,208
Finance Director.	28,532	Electric Utilities Director	35,058
Central Services Director	24,037	Water & Sewer Director.	30,316
Planning Director	26,326	Aviation Director	25,980
Police Chief.	29,484	Public Works Director/ City Engineer	33,592
Fire Chief.	26,260	Personnel/Labor Relations Director.	23,884

AREA OF CITY

10.0 Square Miles - Municipal Boundaries
85 Square Miles - Electric Service Area

AREA OF COUNTY

1,313 Square Miles

BUILDING PERMIT ACTIVITY (CITY)

<u>YEAR</u>	<u>NUMBER</u>	<u>AMOUNT</u>
1981	900	\$ 12,888,719
1980	1,015	21,586,987
1979	840	15,371,899
1978	847	10,900,281
1977	654	10,087,672
1976	656	6,075,542
1975	623	2,248,397
1974	506	5,619,651
1973	1,055	25,223,063
1972	790	36,141,259

CITY OF KISSIMMEE, FLORIDA

TABLE 17

UTILITY ENTERPRISE FUNDS STATISTICAL DATA

<u>ELECTRIC UTILITY FUND</u>				
FISCAL YEAR	NUMBER OF CUSTOMERS(1)	TOTAL OPERATING REVENUE	NET OPERATING INCOME (LOSS) AFTER DEPRECIATION	INCOME (LOSS) BEFORE EXTRA-ORDINARY ITEMS(2)
1980/1981	14,507	\$ 19,069,330	\$ 4,060,939	\$ 2,845,585
1979/1980	13,105	14,204,112	2,697,286	1,167,851
1978/1979	12,065	10,467,296	1,735,800	676,226
1977/1978	11,680	9,055,288	1,539,258	489,251
1976/1977	10,865	8,476,885	2,232,901	1,052,438
1975/1976	10,348	7,791,590	1,917,169	1,184,729
1974/1975	9,883	5,895,456	763,999	333,319
1973/1974	9,977	5,257,095	871,949	475,903
1972/1973	9,803	3,172,384	940,537	261,910
1971/1972	9,480	2,413,151	385,628	223,746

WATER AND SEWER UTILITIES FUND

FISCAL YEAR	WATER	SEWER	WATER	SEWER	WATER	SEWER	WATER	SEWER
1980/1981	5,639	4,896	\$ 1,551,672(3)		\$ 271,319(3)		\$ 647,144(3)	
1979/1980	5,155	4,534	1,700,756(3)		514,177(3)		560,081(3)	
1978/1979	4,779	4,267	1,758,694(3)		669,988(3)		474,988(3)	
1977/1978	4,310	4,012	\$ 779,964	\$ 654,215	\$ 434,866	\$ 92,502	444,786	
1976/1977	4,171	3,187	339,996	413,674	75,807	(111,503)	\$ 13,677	\$ (191,771)
1975/1976	4,021	3,687	356,607	391,706	93,082	(104,814)	54,533	(168,125)
1974/1975	3,623	3,295	326,390	338,407	108,931	(107,527)	86,264	(164,933)
1973/1974	3,595	3,252	340,676	314,980	161,436	18,654	140,591	(5,314)
1972/1973(4)	3,478	3,176	272,738	243,041	138,042	80,259	91,720	53,139
1971/1972	3,562	3,244	213,416	124,489	93,938	17,469	85,419	(11,282)

- (1) Average customer count for fiscal year.
- (2) After transfers to/from other funds and accounting change.
- (3) Combined by consolidation of funds.
- (4) 11 months - changed by Florida Statute to end September 30th.

CITY OF KISSIMMEE, FLORIDA

TABLE 10

SCHEDULE OF INSURANCE IN FORCE

SEPTEMBER 30, 1981

TYPE OF COVERAGE	PERSON	OCCURRENCE	AGGREGATE
<u>COMPREHENSIVE AUTOMOBILE-GENERAL LIABILITY</u>			
Comprehensive General:			
Bodily Injury Liability	\$ -	\$ 1,300,000	\$ 1,300,000
Property Damage Liability	-	1,100,000	1,100,000
Comprehensive Automobile:			
Bodily Injury Liability	1,100,000	1,300,000	-
Property Damage Liability	-	1,050,000	-
Con Liability:			
Bodily Injury Liability	-	1,300,000	-
Property Damage Liability	-	1,100,000	1,100,000
Personal Injury Liability	-	-	1,300,000
Automobile Physical Damage			
Collision - ACV less \$250 deductible			
Fire and theft - ACV			
<u>INSTITUTIONAL - FIRE AND EXTENDED COVERAGES</u>			
Buildings - \$1,000 deductible, 80% co-insurance	-	-	4,783,200
Personal Property:			
\$1,000 deductible, 80% co-insurance	-	-	899,000
Property Floater:			
\$50 deductible	-	-	16,857
Police Equipment:			
\$50 deductible	-	-	65,000
Contractors Equipment Special Endorsement	-	-	145,471
Valuable Papers and Records Endorsement	-	-	10,000
Crime:			
Inside/Outside -			
\$250 deductible	-	-	20,000
<u>BOILER AND MACHINERY - BROAD BLANKET COVERAGE</u>			
\$2,500 to \$10,000 object schedule deductible	-	-	1,000,000
<u>WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY</u>			
	Statutory	Statutory	100,000
<u>LAW ENFORCEMENT OFFICERS' COMPREHENSIVE PROFESSIONAL LIABILITY</u>			
	250,000	500,000	1,000,000
<u>AIRPORT-HANGARKEEPER'S LIABILITY</u>			
Bodily Injury and Property Damage Liability	-	1,000,000	-
Hangarkeepers Liability:			
\$100 deductible	100,000	300,000	-
<u>PUBLIC EMPLOYEES BLANKET BOND</u>			
All employees	-	500,000	-
<u>POSITION SCHEDULE</u>			
City Manager	-	125,000	-
<u>PUBLIC OFFICIAL LIABILITY</u>			
Elected and Appointed	-	1,000,000	1,000,000
<u>GROUP LIFE AND HEALTH - EMPLOYEES</u>			
	-	-	PER SCHEDULE
<u>NUCLEAR PROPERTY DAMAGE AND LIABILITY COVERAGE</u>			
Purchased in cooperation with Florida Power Corporation as a party to the Participation Agreement. Coverages are mandated through Federal regulations and are in addition to those shown above.			

BACKGROUND

Kissimmee began as a tiny trading post and military outpost. After the Civil War, Hamilton Disston acquired 4,000,000 acres of marshland and plains in the Kissimmee area. He built several sugar plantations and lumber camps and connected them with waterways and narrow gage railroads. The location of Kissimmee on Lake Tohopekaliga and the coming of the railroad made the town the natural center of economic activity for this region. By the early 1880's, Kissimmee was a boom town and enjoyed fairly rapid growth through the turn of the century.

Kissimmee had become an important water/rail transfer point for both travelers and commodities. A relatively significant resort business existed in the late 1800's and early 1900's. The community evolved in response to economic opportunity and geographic conditions. Industrial and warehouse uses were located between the railroad and the lakefront. (A wood products industry continues in this area even today.) The downtown was established on the other side of the tracks but still adjacent to the rail center. A few resort hotels were located downtown or near the lake front. Residential development spread out from the downtown, generally to the west and south.

Kissimmee was a well established town by the turn of the century. In fact, most of the major downtown structures that exist today were built during the late 1800's. The great Florida land boom of the early 1900's created another wave of growth. Kissimmee was a city of over 2,700 people by the year 1920. The town became caught up in the land boom and sold municipal bonds to finance new roads and utilities to create new subdivisions. Unfortunately, this was done at the end of the land boom and the growth never came. The vivid memory of municipal debt financing growth that never occurred makes even today's residents reluctant to consider municipal bonding as a method of financing the anticipated growth of the town.

After the collapse of the Florida land boom, Kissimmee entered a period of very slow growth. The City's population increased by only 500, less than 20% over a twenty-year span 1920 to 1940. During World War II, the Kissimmee Airport was built by the U.S. Army Corps. The military activity was a stimulant to growth and the community grew westward toward the airport. During the 1940's, Kissimmee's population increased by 38%. Growth was further stimulated by the establishment of Martin Marietta Company, which marked the beginning of a heavy concentration of jobs in south Orlando.

During the 1950's, the city undertook a major effort to encourage growth through the attraction of retirees to the community. The construction of Orange Gardens was a result of this effort. Residential growth in other areas of the City was occurring slowly by extending the existing grid street pattern. The success of the retiree-stimulated growth resulted in a population growth of almost 60% during the 1950's.

The City's growth came to almost a complete standstill in the late 1950's and continued that way until the opening of Disney World in 1971. During the 1960's, the population of Kissimmee increased by less than 300 people or 4% over a 10-year period.

The opening of Walt Disney World marked the beginning of a period of very rapid growth. The population of Kissimmee increased from 7,100 in 1970 to slightly over 12,000 in 1976, a 70% increase. The City would have grown more, but it was unable to provide sewer and other municipal services needed to support growth. In order to accommodate new growth during this period, a major public sewer plant was constructed on Mill Slough north of U.S. 192. This plant has been a major factor in the growth of the northeast area.

The growth of the Disney period was different from that experienced in the past. Prior to 1970, residential development was almost totally dominated by single family homes. Over 91% of all dwelling units were in structures containing less than four units. Most multi-family housing constructed before 1970 consisted of low income projects built in response to various Federal Programs.

The opening of Disney World and its associated economic impact altered the mix of housing types in Kissimmee. Over 2/3 of all dwelling units built since 1970 were located in multi-family projects. These multi-family projects contain over 1,700 dwelling units, but consumed less than 125 acres of land. This increase in multi-family housing constituted a significant change in housing types and the social character in the community. The people living in the apartments are more transient and the stability of the community was threatened.

The Disney boom created an increase in commercial activity related to tourism. This impact is generally limited to two areas - the Vine Street restaurant, motel, service area and the Florida turnpike motel concentration area.

The long-term impact of Disney World is just beginning to be expressed - the northward direction of growth is now challenged. U.S. 192 (Vine Street) has become the most heavily traveled road in Kissimmee with upwards of 30,000 vehicles a day. The highway is not only a tourist route, but also the access road to a large employment center. Future growth of the City will be oriented to U.S. 192.

The City of Kissimmee has gone through a major transition. In the 1880's, Kissimmee was considered a major community in Central Florida, its predominance based on agriculture and timber. As the City grew and attracted more residents, agriculture remained the economic base of Kissimmee. Cattle were introduced into the area in the 1930's to fill a void created by the decline of field crops, but the economy remained firmly rooted in agriculture. Agriculture, however, ceased to be a dominant industry and therefore the community's role in the region declined during the 1920 to 1970 period.

In 1970, Kissimmee could best be described as a rural town fairly remote from the metropolitan area. The town looked the part of its nickname "Kow-Town." However, the last eleven years and a small mouse have changed Kissimmee even more than most residents realize. It is rapidly becoming a suburban community with a great deal of pride in its "Kow-Town" heritage. We must recognize that Kissimmee is in an entirely different position to capitalize on regional growth trends in 1981 than it was in 1970.

In the early 1970's, Kissimmee's assets were limited - shopping was in Orlando; residents were few; educational facilities were old and unimpressive; and cultural and entertainment opportunities were almost nonexistent. Kissimmee may not be the most sophisticated small town in America, but the combination of Disney entertainment and shopping, the Tupperware Auditorium, the Arts Center, new schools and a restaurant bonanza surely takes the town out of the rural class. In fact, more and more people are expressing a preference of wanting to live in a small town (near a metropolitan area) with which they can identify. Kissimmee's newly acquired assets, combined with the natural outdoor recreational opportunities that have always existed in the area, make the City an attractive place to live.

The construction of Disney's World Showcase/EPCOT, costing over \$700 million, will be the biggest economic influence on the Orlando metropolitan area during the next ten years. You no longer need to be a pioneer to live in Kissimmee; it is a desirable suburban community. The amount of growth that occurs in Kissimmee during the next ten years is completely dependent on the decisions of private developers and on the ability of the City to provide the facilities necessary to support rapid growth.

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CITY OF GAINESVILLE, FLORIDA

COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 1981 AND 1980

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

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Financial statements

Balance sheet
Statement of revenue and expense and retained earnings
Statement of changes in financial position
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ARTHUR YOUNG

ARTHUR YOUNG & COMPANY
1500 INDEPENDENT SQUARE
JACKSONVILLE, FLORIDA 32202

Honorable City Commissioners
City of Gainesville
Gainesville, Florida 32601

We have examined the balance sheet of the combined utility funds of the City of Gainesville, Florida, at September 30, 1981 and the related statements of revenue and expense and retained earnings, and changes in financial position for the year then ended. 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 financial statements of the combined utility funds of the City of Gainesville, Florida, for the year ended September 30, 1980, were examined by other auditors whose report dated December 30, 1980, expressed an unqualified opinion on those statements.

In our opinion, the statements mentioned above present fairly the financial position of the combined utility funds of the City of Gainesville, Florida, at September 30, 1981 and the results of operations and changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination has been made primarily for the purpose of expressing an opinion on the financial statements, taken as a whole. The accompanying statements of net revenues in accordance with bond ordinances for the year ended September 30, 1981 and schedules of utility plant properties and accumulated depreciation and amortization for the year ended September 30, 1981 are presented for analysis purposes and are not necessary for a fair

ARTHUR YOUNG

Honorable City Commissioners
City of Gainesville
Gainesville, Florida 32601
page 2

presentation of the financial information referred to in the preceding paragraph. They have been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, except for the reporting of certain revenues in accordance with the City's Trust Indenture in the statement of net revenues in accordance with bond ordinances, which is a departure from generally accepted accounting principles, are fairly stated in all respects material in relation to the financial statements taken as a whole.

The accompanying statements of net revenues in accordance with bond ordinances for the four years ended September 30, 1980 were examined by other auditors whose report dated December 30, 1980 expressed an unqualified opinion, except for the reporting of certain revenues in accordance with the City's Trust Indenture, which is a departure from generally accepted accounting principles.

Arthur Young & Company

December 11, 1981

<u>LIABILITIES AND FUND EQUITY</u>	<u>1981</u>	<u>1980</u>
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 5,617,099	\$ 4,005,436
Due to Other Funds	<u>2,245,834</u>	<u>703,496</u>
Current Liabilities Excluding Bond Anticipation Notes	<u>7,862,933</u>	<u>4,708,932</u>
Bond Anticipation Notes Expected to be Refinanced (Note 3)	<u>40,000,000</u>	<u>-</u>
Total Current Liabilities	<u>47,862,933</u>	<u>4,708,932</u>
Payable From Restricted Assets:		
Utility Deposits (Note 4)	1,269,709	1,251,019
Accrued Interest Payable	9,769,844	8,461,557
Construction Trust Funds - Accounts, Contracts and Retainages Payable (Note 7)	1,089,598	9,149,009
Utility Plant Improvement Fund - Accounts Payable and Accrued Liabilities	455,880	112,266
Utility Plant Improvement Fund - Due to Other Funds	<u>6,676</u>	<u>5,334</u>
Total Liabilities Payable From Restricted Assets	<u>12,591,707</u>	<u>18,979,185</u>
Other Liabilities:		
Long-term debt - (Note 3)		
Utilities System Revenue Bonds Payable	265,000,000	215,000,000
Bond Anticipation Notes Payable	-	37,000,000
Less Unamortized Bond Discount	<u>(1,755,750)</u>	<u>(1,575,908)</u>
Total Long-Term Liabilities	<u>263,244,250</u>	<u>250,424,092</u>
Deferred Credits (Notes 2 and 8)	<u>4,330,094</u>	<u>2,020,715</u>
Total Liabilities	<u>328,028,984</u>	<u>276,132,924</u>
Fund Equity:		
Contributions in Aid of Construction:		
Utility Plant and Property, Plant and Equipment Contributed by Municipality	3,974,496	3,974,496
Federal and State Grants in Aid of Construction	12,131,631	12,109,667
Contributions from Customers and Developers:		
Plant Contributed by Developers	16,970,698	14,636,160
Front Footage, Meter Installation and Other Connections Charges	11,243,556	10,905,894
Capital Facilities Charges	<u>4,751,940</u>	<u>3,507,548</u>
Total Contributions in Aid of Construction	<u>49,072,321</u>	<u>45,133,765</u>
Retained Earnings:		
Reserved for Debt Service (Note 3)	50,115,931	38,620,615
Unappropriated	<u>29,319,066</u>	<u>22,323,568</u>
Total Retained Earnings	<u>79,434,997</u>	<u>60,944,183</u>
Total Fund Equity	<u>128,507,318</u>	<u>106,077,948</u>
	<u>\$456,536,302</u>	<u>\$382,210,872</u>

CITY OF GAINESVILLE, FLORIDA
 COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES
 STATEMENT OF REVENUE AND EXPENSE AND RETAINED EARNINGS
 Years Ended September 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Operating Revenues:		
Sales and Service Charges	\$ 63,609,667	\$55,424,529
Other Operating Revenue	<u>1,488,551</u>	<u>1,307,091</u>
Total Operating Revenues	<u>65,098,218</u>	<u>56,731,620</u>
Operating Expenses:		
Operations and Maintenance	33,751,723	28,995,183
Administrative and General	7,538,830	6,213,721
Depreciation and Amortization	<u>6,260,147</u>	<u>5,673,738</u>
	47,550,700	40,882,642
Operating Income	17,547,518	15,848,978
Non-Operating Revenue (Expenses):		
Interest Revenue	12,088,756	8,431,632
Interest Expense	(10,012,564)	(9,774,823)
Loss on Sale of Land	<u>-</u>	<u>(71,075)</u>
Total Non-Operating Revenue (Expenses)	<u>2,076,192</u>	<u>(1,414,266)</u>
Income Before Extraordinary Item and Operating Transfers	19,623,710	14,434,712
Extraordinary Item - Settlement of Litigation (Note 8)	<u>3,450,600</u>	<u>-</u>
Income Before Operating Transfers	23,074,310	14,434,712
Operating Transfer to General Fund	<u>(4,583,496)</u>	<u>(4,450,000)</u>
Net Income Retained	18,490,814	9,984,712
Retained Earnings, Beginning	<u>60,944,183</u>	<u>50,959,471</u>
Retained Earnings, Ending	<u>\$79,434,997</u>	<u>\$60,944,183</u>

See Accompanying Notes to Financial Statements.

CITY OF GAINESVILLE, FLORIDA

COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended September 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Source of Working Capital:		
Net Income Before Extraordinary Item	\$ 15,040,214	\$ 9,984,712
Items Not Requiring Outlay of Working Capital -		
Depreciation and Amortization	<u>6,496,923</u>	<u>5,974,420</u>
Working Capital Provided From Operations Before		
Extraordinary Item	21,537,137	15,959,132
Extraordinary Item	<u>3,450,600</u>	<u>-</u>
Working Capital Provided From Operations	24,987,737	15,959,132
Property Disposals	-	149,175
Contributions in Aid of Construction	3,938,556	3,812,469
Increase (Decrease) in Current Liabilities Payable		
From Restricted Assets	(6,387,478)	9,834,770
Increase in Miscellaneous Deferred Debits	(3,027,233)	(92,053)
Decrease in Settlements With Fuel Suppliers	704,250	704,250
Proceeds of Long-Term Liabilities	50,000,000	65,000,000
Other (Net)	<u>(441,252)</u>	<u>136,116</u>
Total Source of Working Capital	<u>69,774,580</u>	<u>95,503,859</u>
Use of Working Capital:		
Property, Plant and Equipment Additions	51,586,346	72,568,128
Increase in Restricted Assets	13,139,262	7,190,998
Payment of Long-Term Liabilities	37,000,000	13,000,000
Decrease (Increase) in Deferred Credits	(2,309,379)	607,716
Increase in Unamortized Bond Discount	<u>343,972</u>	<u>922,318</u>
Total Use of Working Capital	<u>99,760,201</u>	<u>94,289,160</u>
Increase (Decrease) in Working Capital	<u>\$(29,985,621)</u>	<u>\$ 1,214,699</u>
Changes in Working Capital by Component:		
Current Assets - Increase (Decrease):		
Cash	\$ 1,561,292	\$ 1,794,638
Receivables	2,987,385	850,158
Due From Other Funds	(308,316)	73,910
Prepaid Expenses	182,964	(14,348)
Inventories	6,787,236	(486,197)
Settlements with Fuel Suppliers	(43)	(552,447)
Current Liabilities - Decrease (Increase):		
Accounts Payable	(1,460,209)	(368,383)
Accrued Liabilities	(133,566)	(170,751)
Due to Other Funds	397,636	88,059
Bond Anticipation Notes	<u>(40,000,000)</u>	<u>-</u>
Increase (Decrease) in Working Capital	<u>\$(29,985,621)</u>	<u>\$ 1,214,699</u>

See Accompanying Notes to Financial Statements.

CITY OF GAINESVILLE, FLORIDA
 COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES
 NOTES TO FINANCIAL STATEMENTS

September 30, 1981

1. Summary of Significant Accounting Policies

Basis of Accounting - The Gainesville Regional Utilities (GRU) consists of the Combined Utility Funds of the City of Gainesville, Florida, (City). The GRU uses the accrual basis of accounting and has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission. The electric, water and sewer funds are combined along with all restricted asset accounts since Utilities System Revenue Bonds (See Note 3) cross-plodge the revenues of the three funds to the payment of those issues.

Investments - Investments are stated at amortized cost. This method adjusts cost for any premium or discount, which is amortized over the investment's maturity.

Inventories - Inventories are stated at cost. Cost for materials is determined using weighted average unit cost. Cost of fuel is determined using the last-in, first-out (LIFO) method. Obsolete and unusable items are reduced to estimated salvage values.

Utility Plant - Property and equipment are recorded at cost, or estimated original cost where applicable. Maintenance and repairs are charged to operating expense as incurred. The average cost of depreciable plant retired is eliminated from the plant accounts, and such cost plus removal expense less salvage is charged to accumulated depreciation. Depreciation of Utility Plant is charged to operations and is computed using the straight-line method over a period of years considered as the estimated service life of the property. Such depreciation rates are as follows:

<u>Electric Plant:</u>	
Production Plant	2.222 - 4.000%
Transmission and Distribution Plant	1.724 - 4.000%
General and Common Plant	2.000 - 16.667%
<u>Water Plant:</u>	
Supply, Pumping, and Treatment Plant	2.000 - 3.704%
Distribution Plant	2.000 - 3.333%
General Plant	2.000 - 16.667%
<u>Sewer Plant:</u>	
Pumping and Treatment Plant	2.326 - 3.704%
Collection Plant	2.000 - 2.000%
General Plant	2.000 - 16.667%
Completed Plant Not Classified	0.000 - 3.571%

(continued)

CITY OF GAINESVILLE, FLORIDA
COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES
NOTES TO FINANCIAL STATEMENTS

September 30, 1981

1. Summary of Significant Accounting Policies (continued)

Construction in Progress is not depreciated until completed and placed into service.

Vacation and Sick Pay - The City's policy is to allow limited vesting of employees' vacation and sick pay. The limitation on vacation is determined by the period of employment. Accrued unused sick leave may be added to an employee's length of service at time of retirement for the purpose of computing retirement benefits. Vacation and sick pay are expensed as used.

Utility Revenue Recognition - Utility revenues are recorded as earned. Customers are billed monthly for electric consumption on a cycle basis and unbilled utility revenues are accrued based on ~~the estimated usage between the last meter reading dates for each~~ cycle and year end. Fuel adjustment revenues are recognized based on actual fuel costs. Amounts charged based on estimated costs are adjusted monthly for any differences between the actual ~~and estimated costs once actual costs are known.~~ Such differences are recorded as deferred debits or credits until used as adjustments to billings. This method results in fuel ~~adjustment revenue recognition matching actual allowable fuel~~ costs for any particular period.

Interfund Transactions - Interfund transactions and contributions are generally made in accordance with budget ordinances. ~~Interfund transactions and balances, except direct billings for~~ utility services (see Note 5) and transfers to the General Fund of the City of Gainesville, are eliminated for the Combined Utility Funds. Interfund loans, except loans between construction trust funds, do not bear interest.

Allowance for Funds Used During Construction - An allowance for interest on borrowed funds used during construction of \$10,860,000 in 1981 and \$5,960,000 in 1980 is included in Construction in Progress and as a reduction of interest expense. These amounts are computed by applying to the monthly balance of projects under construction the effective interest rate on the funds borrowed to finance the projects. The effective interest rates ranged from approximately 5.5% - 9.3% in 1981 and 5.5% - 9.0% in 1980.

Amortization - Miscellaneous deferred debits with 1981 balances of \$81,085 and \$163,461 are being amortized on a straight-line basis over 10 years and 20 years, respectively. Unamortized bond discounts and issuance costs are being amortized over the life of the bonds using the interest method.

(continued)

CITY OF GAINESVILLE, FLORIDA

COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES

NOTES TO FINANCIAL STATEMENTS

September 30, 1981

2. Settlements with Fuel Suppliers

GRU, along with seven other cities ("cities") has entered into settlement agreements and general mutual releases dated July 12, 1977 with Florida Gas Transmission Company (FGT) and with AMOCO Production Company (AMOCO). The settlement agreements are summarized as follows:

	<u>Total - for Eight Cities</u>	<u>City of Gainesville Share</u>
Initial Cash Payment From FGT and AMOCO	\$ 3,000,000	\$ 582,892
Additional Amounts Payable in Either "Incremental AMOCO Gas" or "Oil Equivalency Payments":		
FGT	7,000,000	1,314,600
AMOCO	8,000,000	1,502,400
Total Settlements with FGT/AMOCO	<u>\$18,000,000</u>	<u>\$3,399,892</u>

The above Settlement agreements provide that FGT and AMOCO will pay the "cities" an amount not exceeding \$15,000,000 to the extent FGT fails to deliver 20.6 million MMBTUS of "Incremental AMOCO Gas" to the "cities", at the minimum guaranteed value of 72.82 cents per MMBTU of any shortfall. Any such payments will be made at scheduled times within a four-year period beginning July 1, 1978. The settlement agreements further provide that FGT and AMOCO will also make "oil equivalency payments" to the "cities" to the extent that the "Incremental AMOCO Gas" delivered to the "cities" in any month is not at least 72.82 cents less expensive per MMBTU than the "cities" average cost of oil deliveries in that month until the 20.6 million MMBTUS of "Incremental AMOCO Gas" are delivered to the "cities", such payments to be made at scheduled times within the four-year period. Incremental gas valued at \$503,040 under the agreement and cash of \$1,646,519 has been received by GRU through September 30, 1981. GRU's remaining share of payments to be received by July 1, 1982, (in either "Incremental AMOCO Gas" or cash) is \$667,441.

(continued)

CITY OF GAINESVILLE, FLORIDA
 COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES
 NOTES TO FINANCIAL STATEMENTS

September 30, 1981

3. Utility System Revenue Bonds (continued)

<u>Account</u>	<u>Purpose</u>
Reserve and Contingency Account	To accumulate funds for contingencies in an amount periodically determined by the consulting engineer of record.
Capitalized Interest Account	To receive deposits from bond proceeds or the Improvement Account amounting to interest payments due on bonds for a specified period during construction of a project not to exceed eighteen months following the date of commercial operation of the project. Transfers are made from this account to the Interest Account as interest payments come due.

Balances in the above described accounts which are included in retained earnings at September 30, are as follows:

	<u>1981</u>	<u>1980</u>
Interest Account	\$ 9,456,448	\$ 7,767,489
Principal Account	-	-
Sinking Fund Account	19,607,495	8,658,796
Reserve Account	21,854,650	17,394,630
Subordinated Bond Account	1,655,904	480,937
Reserve and Contingency Account	686,042	624,265
Capitalized Interest Account	6,625,236	12,156,055
Less Amounts Appropriated For Current Interest Payable	<u>(9,769,844)</u>	<u>(8,461,557)</u>
	<u>\$50,115,931</u>	<u>\$38,620,615</u>

In addition to the above described accounts, the ordinances and indenture required the establishment of a Revenue Fund to collect revenues and pay expenses and an Improvement Account which is to

(continued)

CITY OF GAINESVILLE, FLORIDA
 COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES
 NOTES TO FINANCIAL STATEMENTS

September 30, 1981

2. Settlements with Fuel Suppliers (continued)

In December, 1977, the GRU resolved to pass through to consumers the damages portion of the settlements by reducing fuel adjustment charges subsequent to collections by the GRU from the fuel suppliers; therefore, \$1,172,848 at September 30, 1981, and \$1,637,973 at September 30, 1980, are included in Other Deferred Credits and will be taken into income as fuel adjustment revenues at the times and in the amounts such charges are reduced to the consumers.

3. Utility System Revenue Bonds

~~Operating income before depreciation plus certain interest income~~ is pledged on Utilities System Revenue Bonds. The revenue bond ordinance and trust indenture required the establishment of the following debt service accounts:

<u>Account</u>	<u>Purpose</u>
Interest Account	To accumulate sufficient funds to pay all interest coming due on the bonds outstanding after allowing credit for any amounts to be transferred from the Capitalized Interest account and the Sinking Fund account.
Principal Account	To accumulate sufficient funds to pay principal coming due on serial bonds.
Sinking Fund Account	To accumulate funds for payment of amortization installments coming due on term bonds.
Reserve Account	To accumulate an amount equal to the maximum aggregate bond service requirement coming due on all bonds outstanding during the current or any ensuing fiscal year.
Subordinated Bond Account	To accumulate funds sufficient to pay the debt service requirements on any subordinated bonds.

(continued)

CITY OF GAINESVILLE, FLORIDA
 COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES
 NOTES TO FINANCIAL STATEMENTS

September 30, 1981

3. Utility System Revenue Bonds (continued)

be used to make capital improvements to the Utility System. GRU is in compliance at September 30, 1981, with transfer requirements to the Improvement Account.

The ordinances and indenture provide that the GRU's gross bond service requirement may be reduced by interest income with respect to specified Federal securities that the GRU is unconditionally obligated to acquire at a maximum purchase price under contract, and by amounts of deposits in the Capitalized Interest Account for specified bonds. As of September 30, 1981, future gross and net debt service requirements including interest at 5.5% to 9.3% for Utilities System Revenue Bonds are (000 omitted):

Year Ending September 30,	Principal	Interest	Contributions to Sinking Fund Account (1)	Gross Debt Service	Capitalized Interest and Investment Account Revenues	Net Debt Service
1982	\$ -	\$16,964	\$ 5,210	\$22,174	\$ 6,240	\$15,934
1983	-	19,260	1,959	21,219	2,130	19,089
1984	-	19,260	3,022	22,282	2,322	19,960
1985	-	19,260	3,679	22,939	2,596	20,343
1986	-	19,260	4,973	24,233	2,940	21,293
1987	-	19,260	5,546	24,806	3,383	21,423
1988	-	19,260	6,034	25,294	3,872	21,422
1989	-	19,260	5,915	25,175	4,423	20,752
1990	3,460	19,260	389	23,109	4,786	18,323
1991	3,680	19,034		22,714	4,803	17,911
1992	3,925	18,793		22,718	4,803	17,915
1993	4,180	18,530		22,710	4,803	17,907
1994	4,460	18,249		22,709	4,803	17,906
1995	4,765	17,945		22,710	4,803	17,907
1996	5,080	17,620		22,700	4,803	17,897
1997	5,430	17,270		22,700	4,803	17,897
1998	5,810	16,896		22,706	4,803	17,903
1999	6,215	16,485		22,700	4,803	17,897

(continued)

CITY OF GAINESVILLE, FLORIDA

COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES

NOTES TO FINANCIAL STATEMENTS

September 30, 1981

3. Utility System Revenue Bonds (continued)

Year Ending September 30,	Principal	Interest	Contributions to Sinking Fund Account (1)	Gross Debt Service	Capitalized Interest and Investment Account Revenues	Net Debt Service
2000	\$ 6,655	\$16,044		\$22,699	\$ 4,803	\$17,896
2001	7,125	15,565		22,690	4,803	17,887
2002	7,645	15,043		22,688	4,803	17,885
2003	8,195	14,483		22,678	4,803	17,875
2004	8,795	13,874		22,669	4,803	17,866
2005	9,440	13,220		22,660	4,803	17,857
2006	10,135	12,518		22,653	4,803	17,850
2007	10,880	11,754		22,634	4,803	17,831
2008(2)	66,590	10,922		77,512	59,693	17,819
2009	11,345	6,459		17,804		17,304
2010	12,210	5,575		17,785		17,785
2011	13,145	4,621		17,766		17,766
2012	14,160	3,593		17,753		17,753
2013	15,250	2,486		17,736		17,736
2014	16,425	1,289		17,714		17,714
Total principal	265,000					
Less unamortized discount	1,756					
Net long-term debt	\$263,244					

- (1) Required for the purchase of Federal securities under a forward supply contract with Citibank, N.A., of New York whereby the City agreed to purchase such securities from Citibank using the proceeds of amortization installments paid to the Sinking Fund.
- (2) Assumes partial optional redemption of 2014 term bonds in 2008, and that early call provisions of Federal securities and term bonds are not exercised.

Included in current liabilities is \$40,000,000 of Bond Anticipation Notes which were issued October 1, 1980 and bear interest at a per annum rate of 7%. The Notes mature April 1, 1982 and are not callable prior to that time. Such notes are secured by a lien on net revenues of the utility funds, junior and subordinated to the lien by Utilities Systems Revenue Bonds, and a first lien on proceeds of future sales of bonds. GRU expects to refinance the Notes prior to their maturity.

(continued)

CITY OF GAINESVILLE, FLORIDA

COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES

NOTES TO FINANCIAL STATEMENTS

September 30, 1981

4. Utility Deposits

Normally, assets restricted for payment of utility deposits equal the liability for such deposits. During 1979, however, the GRU used a portion of such assets for construction of utility plant. Therefore, at September 30, 1981 and 1980, the restricted assets for utility deposits do not equal the utility deposits payable.

5. Interfund Direct Utility Billings

Included in revenues are the following interfund direct billings for utility services:

	<u>1981</u>	<u>1980</u>
Revenues		
Sales of Electricity	\$1,405,528	\$1,190,769
Sales of Water	112,151	123,540
Sewer Service Charges	20,231	3,178
	<hr/>	<hr/>
Total Revenues	<u>\$1,537,910</u>	<u>\$1,317,487</u>

Included in expenses are the following interfund direct billings for utility services:

	<u>1981</u>	<u>1980</u>
Expenses:		
Electric Fund	\$ 281,502	\$ 279,200
Water Fund	614,646	471,413
Sewer Fund	641,762	566,874
	<hr/>	<hr/>
Total Expenses	<u>\$1,537,910</u>	<u>\$1,317,487</u>

6. Retirement Plans

The City sponsors and administers two retirement plans that include GRU employees together with other City employees.

The Employees Pension Plan ("Employees Plan"), a defined benefit, primarily non-contributory pension plan, covers all employees of the GRU except certain managerial personnel who participate only in the Deferred Compensation Plan.

(continued)

CITY OF GAINESVILLE, FLORIDA

COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES

NOTES TO FINANCIAL STATEMENTS

September 30, 1981

6. Retirement Plans (continued)

Deferred Compensation Trust Fund - As of January 1, 1979, employees in certain management positions were eligible to participate in a defined contribution deferred compensation plan managed by the International City Management Association Retirement Corporation as fiscal agent for the City. Under this plan, the City contributes 6% of an employee's annual salary and employees may contribute either a specified percentage or dollar amount. Total deferred compensation cost for the fiscal years ended September 30, 1981 and 1980, for the Utility funds was approximately \$20,000 and \$21,000, respectively.

~~The City accounts for and funds the costs of the Employees Plan as they accrue. Such costs are based on contribution rates determined by the most recent actuarial valuation. The total contributions by the City, including amortization of prior service costs, for the year ended September 30, 1981 and 1980 were \$774,260 and \$1,115,000, respectively. Of these totals, approximately \$412,000 and \$416,000 was contributed by Utility Funds in 1981 and 1980, respectively.~~

The following information for the Employees Plan is as of September 30, 1980, the date of the latest actuarial valuation.

Actuarial present value of	
accumulated plan	
benefits - vested	\$9,333,483
- non vested	<u>445,790</u>
	<u>\$9,779,273</u>
Net assets available for	
benefits	<u>\$13,379,968</u>
Weighted average assumed rate of	
return used to determine the	
actuarial present value of	
plan benefits	<u>10%</u>

(continued)

CITY OF GAINESVILLE, FLORIDA
COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
September 30, 1981

7. Commitments and Contingencies

At September 30, 1981, the GRU was committed under various construction contracts with remaining balances approximating \$9,600,000 of which approximately \$1,100,000 is included in liabilities payable from restricted funds in the accompanying combined balance sheet.

Purchase Commitments

As described in Note 3, GRU has contracted to purchase Federal securities of approximately \$36,727,000 from its sinking fund account on a scheduled basis through 1989.

Contingencies

GRU has entered into an agreement with seven other Florida municipalities who operate oil/gas-fired electric generating facilities and who purchase natural gas to operate such facilities from Florida Gas Transmission Company (FGT). The cities are collectively resisting the imposition of a new "end-use" gas curtailment plan proposed by the Federal Energy Regulatory Commission on the FGT pipeline system. As part of the agreement, the cities have adopted a policy of internal compensation between themselves that amounts to a voluntary gas curtailment plan. The proposed "end-use" curtailment plan would not uniformly affect all of the cities since smaller cities would receive a higher priority for allocation of available gas than larger cities. Therefore, to encourage unity in resisting such a curtailment plan, the larger cities agreed to voluntarily compensate the smaller cities when the small cities receive less gas currently than they would have received if they had allowed the "end-use" plan to go into effect. Gas deliveries and any resulting internal compensation are monitored and calculated by an independent consulting engineer. It is anticipated that GRU will make cash payments to smaller cities under the agreement, and such payments would be reflected as a cost of fuel and recovered through fuel adjustment charges. The total amount ultimately to be paid under the terms of the agreement depends on future gas deliveries by FGT and is not determinable.

(continued)

CITY OF GAINESVILLE, FLORIDA
COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES

NOTES TO FINANCIAL STATEMENTS

September 30, 1981

(Concluded)

8. Extraordinary Item - Settlement of Litigation

During 1981, a settlement was reached between GRU and Florida Power and Light Company ("FPL") on two pending antitrust litigation cases filed in prior years. Significant provisions of this final settlement agreement are as follows:

- a) GRU received \$5,000,000 in cash from FPL. GRU agreed to pay approximately \$1,549,400 in legal and other expenses related to settlement of the cases. As a result of these payments, GRU and FPL entered into stipulations dismissing the antitrust cases and agreeing not to litigate certain other matters.
- b) FPL agreed to establish a \$3,000,000 transmission service credit (credit) for GRU. This credit is assignable by GRU and shall be applied against billings from FPL to GRU or its assignee(s) for transmission service. In addition, at its option, FPL may settle the remaining balance of the credit by cash payment or in any other mutually agreed form. Interest on the remaining credit balance will accrue quarterly at the 13 - week U.S. Treasury Bill rate and be added to the remaining credit balance.
- c) GRU and FPL agree to interconnect their respective systems and share the costs of such interconnections equally, unless otherwise agreed to. The credit referred to in b above may also be applied against GRU's share of the interconnection cost.

Included in the statement of revenue and expenses in 1981 is an extraordinary credit of \$3,450,600 which represents the \$5,000,000 cash settlement less \$1,549,400 legal and other expenses paid. The \$3,000,000 credit plus interest accrued through September 30, 1981 has been recorded as a miscellaneous deferred debit with an offsetting deferred credit because GRU intends to use the credit as a reduction of their share of the interconnection costs as provided in c above.

SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA

COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES
STATEMENTS OF NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES

Years Ended September 30, 1981, 1980, 1979, 1978, and 1977

Gross Revenues:	<u>1981</u>	<u>1980</u>
Sales of Electricity	\$54,219,805	\$46,557,849
Other Electric Operating Revenue	1,395,168	1,214,010
Interest Income - Electric Fund (Note 2)	2,830,183	1,426,346
Settlement of Litigation	5,000,000	-
Gross Electric Revenues	<u>63,445,156</u>	<u>49,198,205</u>
Sales of Water	4,698,829	4,290,546
Other Water Operating Revenue (Note 1)	1,004,773	1,048,674
Interest Income - Water Fund (Note 2)	288,538	356,400
Gross Water Revenues	<u>6,022,140</u>	<u>5,695,620</u>
Sewer Service Charges	4,691,033	4,576,134
Other Sewer Operating Revenue (Note 1)	863,346	607,863
Interest Income - Sewer Fund (Note 2)	355,636	212,401
Gross Sewer Revenues	<u>5,910,015</u>	<u>5,396,398</u>
Total Gross Revenues	<u>75,377,311</u>	<u>60,290,223</u>
Operating Expenses Before Depreciation and Amortization:		
Electric Fund:		
Operations and Maintenance	30,376,053	26,009,166
Administrative and General (Note 3)	5,015,152	3,747,490
Settlement of Litigation - Legal Expenses	1,549,400	-
Electric Fund Expenses	<u>36,940,605</u>	<u>29,756,656</u>
Water Fund:		
Operations and Maintenance	1,644,641	1,453,048
Administrative and General (Note 3)	1,141,486	1,241,266
Water Fund Expenses	<u>2,786,127</u>	<u>2,694,314</u>
Sewer Fund:		
Operations and Maintenance	1,731,029	1,532,969
Administrative and General (Note 3)	1,382,192	1,224,965
Sewer Fund Expenses	<u>3,113,221</u>	<u>2,757,934</u>
Total Operating Expenses Before Depreciation and Amortization	<u>(42,839,953)</u>	<u>(35,208,904)</u>
Net Revenues in Accordance with Bond Ordinances:		
Electric	26,504,551	19,441,549
Water	3,236,013	3,001,306
Sewer	2,796,794	2,638,464
Total Net Revenues in Accordance with Bond Ordinances	<u>\$32,537,358</u>	<u>\$25,081,319</u>
Debt Service	\$15,111,590	\$13,014,202
Coverage Ratio	2.15	1.93

See Notes On Following Page.

<u>1979</u>	<u>1978</u>	<u>1977</u>
\$34,318,322	\$33,386,372	\$31,003,244
1,104,021	985,028	1,210,463
1,377,676	917,608	560,478
-	-	-
<u>36,800,019</u>	<u>35,289,008</u>	<u>32,774,185</u>
4,151,344	4,236,227	3,900,255
933,316	1,017,303	1,085,583
234,025	135,544	156,459
<u>5,318,685</u>	<u>5,389,074</u>	<u>5,142,297</u>
4,233,476	4,056,051	3,000,516
629,771	520,789	510,151
177,730	145,197	105,148
<u>5,040,977</u>	<u>4,722,037</u>	<u>3,615,815</u>
<u>47,159,681</u>	<u>45,400,119</u>	<u>41,532,297</u>
17,134,128	16,173,510	16,479,032
3,599,122	3,596,485	2,856,682
-	-	-
<u>20,733,250</u>	<u>19,769,995</u>	<u>19,335,714</u>
1,416,268	1,296,614	1,492,901
1,229,997	1,240,303	1,145,904
<u>2,646,265</u>	<u>2,536,917</u>	<u>2,638,805</u>
1,423,068	1,290,687	1,010,760
1,040,079	1,039,431	955,454
<u>2,463,147</u>	<u>2,330,118</u>	<u>1,966,214</u>
<u>(25,842,662)</u>	<u>(24,637,030)</u>	<u>(23,940,733)</u>
16,066,769	15,519,013	13,438,471
2,672,420	2,852,157	2,503,492
2,577,830	2,391,919	1,649,601
<u>\$21,317,019</u>	<u>\$20,763,089</u>	<u>\$17,591,564</u>
\$11,995,160	\$10,925,411	\$ 9,343,235
1.78	1.90	1.88

CITY OF GAINESVILLE, FLORIDA

COMBINED UTILITY FUNDS - GAINESVILLE REGIONAL UTILITIES

STATEMENTS OF NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES

Fiscal Years Ended September 30, 1981, 1980, 1979, 1978, and 1977

(Concluded)

- ~~(1) Other water and sewer operating revenues include certain connection charges as revenues in accordance with bond ordinances, which is not in accordance with generally accepted accounting principles.~~
- (2) Interest income does not include \$8,614,399 in 1981, \$6,436,485 in 1980, \$3,392,837 in 1979, \$1,071,871 in 1978, and \$557,793 in 1977, for interest earned on investments in the construction trust funds and in certain debt service accounts which can only be used for restricted purposes in accordance with bond ordinances.
- ~~(3) Charges for an inventory of utility plant properties are expensed in full above in the period incurred in accordance with an interpretation of bond ordinances by the City's legal counsel. These charges are reflected on the financial statements which are in accordance with generally accepted accounting principles as deferred debits and are being amortized over 10 years.~~

CITY OF GAINESVILLE, FLORIDA

STATEMENTS OF NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES
ELECTRIC UTILITY FUND

Years Ended September 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Operating Revenues:		
Sales of Electricity:		
Residential Sales	\$13,300,674	\$12,275,966
Commercial and General Power	13,429,265	12,509,950
Fuel Adjustment	22,291,085	18,247,162
Street and Traffic Lighting	655,456	466,048
Bulk Power Sales	<u>4,543,325</u>	<u>3,058,723</u>
Total Sales of Electricity	<u>54,219,805</u>	<u>46,557,849</u>
Other Operating Revenues:		
Maintenance of Traffic and Street Lighting	97,099	92,323
Service Charges	467,874	396,254
Utility Surcharges	734,676	636,724
Pole Rentals	92,956	86,994
Miscellaneous	2,563	1,715
Settlement of Litigation	<u>5,000,000</u>	<u>-</u>
Total Other Operating Revenues	<u>6,395,168</u>	<u>1,214,010</u>
Total Operating Revenues	<u>60,614,973</u>	<u>47,771,859</u>
Operating Expenses Before Depreciation and Amortization:		
Operations and Maintenance:		
Power Production	28,836,210	24,712,931
Transmission	274,526	249,208
Distribution	1,265,317	1,047,027
Settlement of Litigation - Legal Expenses	<u>1,549,400</u>	<u>-</u>
Total Operations and Maintenance	<u>31,925,453</u>	<u>26,009,166</u>
Administrative and General:		
Customers' Accounts	641,410	698,718
Administrative and General	<u>4,373,742</u>	<u>3,048,772</u>
Total Administrative and General	<u>5,015,152</u>	<u>3,747,490</u>
(Total Operating Expenses Before Depreciation and Amortization)	<u>(36,940,605)</u>	<u>(29,756,656)</u>
Operating Income Before Depreciation and Amortization	23,674,368	18,015,203
Interest Income	<u>2,830,183</u>	<u>1,426,346</u>
Net Revenues in Accordance with Bond Ordinances	<u>\$26,504,551</u>	<u>\$19,441,549</u>

CITY OF GAINESVILLE, FLORIDA

STATEMENTS OF NET REVENUES IN ACCORDANCE WITH BOND ORDINANCES
WATER UTILITY FUND

Years Ended September 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Operating Revenues:		
Sales of Water:		
General Customers	\$4,080,587	\$3,862,377
Fire Protection	541,798	356,855
Electric Plant	76,444	71,314
Total Sales of Water	<u>4,698,829</u>	<u>4,290,546</u>
Other Operating Revenues:		
Utility Surcharges	92,963	81,131
Miscellaneous	420	5,610
Capital Facilities Charges (Notes 1 and 2 Below)	533,053	337,600
Front Footage, Meter Installation, and Other Connection Charges (Note 2 Below)	<u>408,337</u>	<u>624,333</u>
Total Other Operating Revenues	<u>1,034,773</u>	<u>1,048,674</u>
Total Operating Revenues	<u>5,733,602</u>	<u>5,339,220</u>
Operating Expenses Before Depreciation and Amortization:		
Operations and Maintenance:		
Source of Supply Expense	5,218	7,213
Pumping Expense	634,884	520,688
Water Treatment Expense	715,177	686,273
Transmission and Distribution Expense	<u>289,362</u>	<u>238,874</u>
Total Operations and Maintenance	<u>1,644,641</u>	<u>1,453,048</u>
Administrative and General:		
Customers' Accounts	232,150	322,175
Administrative and General	<u>909,336</u>	<u>919,091</u>
Total Administrative and General	<u>1,141,486</u>	<u>1,241,266</u>
(Total Operating Expenses Before Depreciation and Amortization)	<u>(2,786,127)</u>	<u>(2,694,314)</u>
Operating Income Before Depreciation and Amortization	2,947,475	2,644,906
Interest Income	<u>288,538</u>	<u>356,400</u>
Net Revenues in Accordance with Bond Ordinances	<u>\$3,236,013</u>	<u>\$3,001,306</u>

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

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

UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FLORIDA
FINANCIAL STATEMENTS

September 30, 1981

OFFICIALS

Dennis D. Higginbotham, Chairman
Richard M. Canfield, Vice-Chairman
Paul D. Roche, Secretary-Treasurer
Barbara L. Bidwell, Assistant Secretary-Treasurer
James A. Pence, Commissioner

DIRECTOR OF UTILITIES

B. W. Wait, III, P.E.

CONTROLLER

R. Ronald Hagen

ATTORNEY

John F. Bolt, Esquire

INDEPENDENT AUDITORS

Firm of Brent Millikan, Certified Public Accountants, P.A.

UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FLORIDA

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NOTE FOR ADDITIONAL INFORMATION

The Utilities Commission, City of New Smyrna Beach, Florida, has prepared a comprehensive annual financial report. This report contains detailed information which is not found in the general purpose financial statements. The comprehensive annual financial report may be obtained by writing the Utilities Commission at Post Office Box 519, 120 Sams Avenue, New Smyrna Beach, Florida 32069.

UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FLORIDA

CERTIFICATE OF CONFORMANCE AWARDED
SEPTEMBER 30, 1980

A Certificate of Conformance is awarded by the Municipal Finance Officers Association of the United States and Canada only to the governmental units whose financial report is judged to conform substantially to the high standards for financial reporting established by the Association. These standards are contained in publications of the National Council on Governmental Accounting. It is management's belief that the financial statements contained herein continue to conform with these standards.

Certificate
of
Conformance
in Financial
Reporting

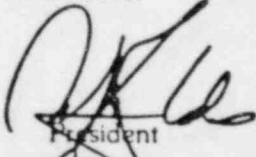

Presented to

Utilities Commission, City of
New Smyrna Beach, Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1980

A Certificate of Conformance in Financial Reporting is presented by the Municipal Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.




President

Executive Director

GLOSSARY OF TERMINOLOGY
FOR STATEMENT 1 THROUGH STATEMENT 3

GENERAL PURPOSE FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position as well as the operating results of the Utilities Commission.

AUDITORS' REPORT

FIRM OF BRENT MILLIKAN

Certified Public Accountants, P.A.

205 MAGNOLIA STREET POST OFFICE BOX 1226 NEW SMYRNA BEACH, FLORIDA 32069 TELEPHONE (904) 427-1333

MEMBERS OF
PRIVATE COMPANIES PRACTICE SECTION
AMERICAN INSTITUTE OF CPAS
FLORIDA INSTITUTE OF CPAS

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

AUDITORS' REPORT

We have examined the balance sheets of the Utilities Commission, City of New Smyrna Beach, Florida as of September 30, 1981, and 1980, and the related statements of revenues, expenses and changes in retained earnings, 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 the Utilities Commission, City of New Smyrna Beach, Florida at September 30, 1981, and 1980, 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 which have been applied on a consistent basis.



New Smyrna Beach, Florida
February 12, 1982

UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FLORIDA

Statement 1

BALANCE SHEETS

September 30, 1981 and 1980

ASSETS	1981	1980
UTILITY PLANT: (Note 1)		
In Service:		
Electric system	\$20,505,788	\$18,881,714
Water system	6,474,029	6,628,459
Pollution control system	4,301,497	4,797,209
	<u>\$31,281,314</u>	<u>\$30,307,382</u>
Less: Allowance for depreciation and amortization	10,481,736	9,694,090
	<u>20,799,578</u>	<u>20,613,292</u>
Construction work in progress	6,848,554	2,761,165
TOTAL UTILITY PLANT	<u>\$27,648,132</u>	<u>\$23,374,457</u>
RESTRICTED ASSETS: (Note 3)		
Debt Service Funds	\$ 2,192,090	\$ 2,167,552
Renewal and Replacement Funds	282,838	176,467
Construction Funds	3,384,921	7,414,024
Customers' Deposits	646,912	365,430
TOTAL RESTRICTED ASSETS	<u>\$ 6,508,761</u>	<u>\$10,123,473</u>
CURRENT ASSETS:		
Cash	\$ 559,037	\$ 450,583
Accounts receivable (net of allowance of \$92,219 and \$39,000 for doubtful accounts)	887,895	1,069,403
Unbilled accounts receivable (Note 1)	655,747	501,024
Due from other governments	538,979	381,821
Notes receivable	3,996	3,057
Inventory of materials and supplies (Note 1)	929,545	871,235
Prepaid expenses and other assets	67,889	74,063
Accrued interest receivable	23,643	-
Assessments receivable	22,171	15,329
TOTAL CURRENT ASSETS	<u>\$ 3,688,902</u>	<u>\$ 3,366,515</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Unamortized debt expense (Note 1)	\$ 333,836	\$ 333,836
Deferred charges and other assets	46,570	82,035
Loan to the City library fund	16,000	20,000
Notes receivable - noncurrent	8,133	-
Assessments receivable - noncurrent	72,965	2,173
TOTAL DEFERRED CHARGES AND OTHER ASSETS	<u>\$ 477,504</u>	<u>\$ 438,044</u>
 TOTAL ASSETS	 <u>\$38,323,299</u>	 <u>\$37,302,489</u>

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

LIABILITIES AND FUND EQUITY	1981	1980
FUND EQUITY:		
Retained Earnings:		
Reserved for net restricted assets (Note 1 & 3)	\$ 4,772,022	\$ 8,713,518
Unreserved	<u>5,617,101</u>	<u>742,102</u>
TOTAL FUND EQUITY	<u>\$10,389,123</u>	<u>\$ 9,455,620</u>
LONG-TERM DEBT:		
Revenue certificates payable (Note 2)	\$25,810,000	\$25,810,000
Less: Unamortized debt discount	<u>554,915</u>	<u>554,915</u>
	<u>\$25,255,085</u>	<u>\$25,255,085</u>
Deferred liabilities	-	<u>35,625</u>
TOTAL LONG-TERM DEBT	<u>\$25,255,085</u>	<u>\$25,290,710</u>
CURRENT LIABILITIES:		
Overnight cash overdrafts	\$ -	\$ 354,605
Accounts payable	641,374	585,857
Accrued liabilities	193,822	90,217
Due to other governments	<u>107,156</u>	<u>115,525</u>
	<u>\$ 942,352</u>	<u>\$ 1,146,204</u>
CURRENT LIABILITIES (Payable from restricted assets):		
Accounts payable	\$ 1,147,324	\$ 844,566
Customers' Deposits	<u>589,415</u>	<u>565,389</u>
	<u>\$ 1,736,739</u>	<u>\$ 1,409,955</u>
TOTAL CURRENT LIABILITIES	<u>\$ 2,679,091</u>	<u>\$ 2,556,159</u>
TOTAL LIABILITIES	<u>\$27,934,176</u>	<u>\$27,846,869</u>
<hr/>		
TOTAL LIABILITIES AND FUND EQUITY	\$38,323,299	\$37,302,489

UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FLORIDA

Statement 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS

For the Years Ended September 30, 1981 and 1980

	1981	1980
<u>OPERATING REVENUES:</u>		
Sales	\$11,894,457	\$10,063,347
Other revenues	<u>91,331</u>	<u>70,711</u>
TOTAL OPERATING REVENUES	<u>\$11,985,788</u>	<u>\$10,134,058</u>
<u>OPERATING EXPENSES:</u>		
Production expenses	\$ 5,744,288	\$ 5,347,656
Transmission, distribution and collection	1,113,301	980,960
Customer accounting	304,241	259,025
Administrative and general	1,612,993	1,213,890
Required payments to the City of New Smyrna Beach, (Note 4)	705,868	598,205
State utilities tax	57,196	55,155
Depreciation	<u>1,008,326</u>	<u>962,197</u>
TOTAL OPERATING EXPENSES	<u>\$10,546,213</u>	<u>\$ 9,417,088</u>
OPERATING INCOME	<u>\$ 1,439,575</u>	<u>\$ 716,970</u>
<u>ADD: NONOPERATING REVENUE:</u>		
Interest earnings	\$ 1,010,548	\$ 1,153,818
Other income	<u>222,106</u>	<u>170,107</u>
TOTAL NONOPERATING REVENUE	<u>\$ 1,232,654</u>	<u>\$ 1,323,925</u>
TOTAL INCOME	<u>\$ 2,672,229</u>	<u>\$ 2,040,895</u>
<u>LESS: NONOPERATING EXPENSE:</u>		
Interest and debt expense	\$ 1,527,731	\$ 1,703,960
Loss on retirement of fixed assets	<u>210,995</u>	<u>-</u>
TOTAL NONOPERATING EXPENSE	<u>\$ 1,738,726</u>	<u>\$ 1,703,960</u>
NET INCOME	\$ 933,503	\$ 336,935
<u>RETAINED EARNINGS</u> - Beginning of year	<u>9,455,620</u>	<u>9,118,685</u>
<u>RETAINED EARNINGS</u> - End of year	<u>\$10,389,123</u>	<u>\$ 9,455,620</u>

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

UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FLORIDA

Statement 3
Page 1 of 2

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended September 30, 1981 and 1980

	1981	1980
<u>SOURCES OF WORKING CAPITAL:</u>		
Operations:		
Net income	\$ 933,503	\$ 336,935
Items not requiring working capital:		
Depreciation	1,008,326	962,197
Amortization of nuclear fuel cost	78,305	72,764
Loss on retirement of fixed assets	210,995	-
TOTAL FROM OPERATIONS	\$ 2,231,129	\$ 1,371,896
Proceeds from retirement of fixed assets	6,406	-
Contributions in aid of constructions	3,931,424	2,691,114
Decrease in restricted assets	3,614,712	1,627,539
Increase in liabilities payable from restricted assets	326,784	858,840
Other	4,000	7,057
TOTAL SOURCES OF WORKING CAPITAL	\$10,114,455	\$ 6,556,446
<u>USES OF WORKING CAPITAL:</u>		
Additions to utility plant	\$ 9,509,131	\$ 5,652,134
Increase in a deferred charge	160	46,410
Increase in noncurrent receivables	78,925	-
TOTAL USES OF WORKING CAPITAL	\$ 9,588,216	\$ 5,698,544
NET INCREASE IN WORKING CAPITAL	\$ 526,239	\$ 857,902

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

UTILITIES COMMISSION
 CITY OF NEW SMYRNA BEACH, FLORIDA
 STATEMENT OF CHANGES IN FINANCIAL POSITION
 For the Years Ended September 30, 1981 and 1980

Statement 3
 Page 2 of 2

	1981	1980
	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
<u>ELEMENTS OF NET INCREASE IN WORKING CAPITAL:</u>		
Cash	\$ 108,454	\$ 324,326
Accounts receivable	(181,508)	456,426
Unbilled accounts receivable	154,723	94,149
Notes receivable	939	(2,183)
Inventory of materials and supplies	58,310	198,113
Prepaid expenses	(6,174)	(12,182)
Accrued interest receivable	23,643	-
Assessments receivable	6,842	(1,506)
Due from Florida Power and Light Company	-	(49,265)
Due from other governments	157,158	381,821
Cash overdrafts	354,605	(354,605)
Accounts payable	(55,517)	(119,932)
Accrued expenses	(103,605)	(22,330)
Due to other governments	8,369	(34,930)
NET INCREASE IN WORKING CAPITAL	<u>\$ 526,239</u>	<u>\$ 857,902</u>

Financing and investing activities not affecting working capital:

1981

Decrease in deferred charges of \$35,625 and a corresponding decrease of \$35,625 in deferred liabilities.

1980

Decrease in deferred charges of \$2,487 and a corresponding decrease of \$2,487 in deferred liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 1981

Page 1 of 12

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Utilities Commission conform to the generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, the Federal Energy Regulatory Commission, and the National Council on Governmental Accounting. The following is a summary of the significant policies:

Reporting Entity

The Utilities Commission, City of New Smyrna Beach, Florida, was created in 1967 through the passage of Chapter 67-1754, Laws of Florida, Special Acts of 1967 (House Bill 1669) which amended the Charter of the City of New Smyrna Beach, Florida, to create the Utilities Commission, City of New Smyrna Beach. The special act was approved by a referendum vote of the people. Pursuant to Chapter 67-1754, the Commission has full and exclusive authority to the extent permitted by law over the management, operation and control of the City's electric, water and pollution control utilities system.

Fund Accounting

On May 28, 1975, the Utilities Commission, City of New Smyrna Beach, Florida, passed Resolution Number 16-75, which established the electric, water and pollution control systems as a single utility fund. This utility fund is accounted for as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Utilities Commission, City of New Smyrna Beach, utilizes the accrual basis of accounting. By utilizing this method, revenues are recognized when they are earned, and expenses are recognized as they are incurred. Unbilled electric, water and pollution control utility service receivables are recorded at year end so as to provide a better matching of service revenues and the costs of providing the service.

Budget and Budgetary Accounting

An annual budget was adopted for the electric, water and pollution control utility systems. The budget was prepared on the accrual basis for the period beginning October 1, and ending September 30. By use of the accrual method of budgeting, revenues and expenses are budgeted for specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipts, or payment of cash. Budget appropriations are prepared by the administrative staff and authorized by resolution by the Utilities Commission. Budgetary control is exercised at the departmental level. During the fiscal year ended September 30, 1981, the Utilities Commission, City of New Smyrna Beach, incurred operating expenses in excess of appropriations in the following departments on the next page:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Budget and Budgetary Accounting (continued)

	Total		(Over)
	Appropriated	Actual	Under
			Budget
Electric	\$ 8,498,500	\$ 8,550,293	\$(51,793)
Water	1,087,600	1,196,096	(108,496)
Pollution Control	841,000	799,824	41,176
 TOTAL	 <u>\$10,427,100</u>	 <u>\$10,546,213</u>	 <u>\$(119,113)</u>

Utility Plant

The cost of additions, replacements, and renewals of units of property is added to utility plant. The cost (estimated, if not known) of units of property retired, less net salvage, is charged to accumulated depreciation and the appropriate asset account. Maintenance and repairs of property and replacements and renewals of items determined to be less than units of property, are charged to operating expenses--maintenance.

Depreciation is provided for by utilization of the straight-line method calculated on a service-life basis to amortize the cost over the assets' economic estimated useful lives which are as follows:

Electric System:

Production plant:

Steam production	20-35	years
Nuclear production	22	years
Diesel production	25-35	years

Transmission plant

24-33 years

Distribution plant:

Underground conduit	60	years
Other distribution plant	19-33	years

General Plant:

Structures and improvements	50	years
Other general plant	10-36	years

Water System:

Source of supply plant 50 years

Pumping plant 25-33 years

Water treatment plant 50 years

Transmission and distribution plant:

Transmission and distribution plant	50-67	years
Meters and meter installations	25	years

General Plant:

Structures and improvements	50	years
Other general plant	6-25	years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Utility Plant (continued)

Pollution control system:

Collection plant	25-50	years
Pumping plant		
Structures and improvements	50	years
Pumping equipment	25	years
Treatment and disposal plant	25	years
General plant	10-12	years

Depreciation expense for the year by function was as follows:

	Year Ended	
	9-30-81	9-30-80
Electric system	\$ 762,319	\$ 719,461
Water system	134,598	133,702
Pollution control system	111,409	109,034
TOTAL	\$1,008,326	\$ 962,197

Capitalized Interest

It is the policy of the Commission to capitalize construction period interest in accordance with Financial Accounting Standards Board Opinion No. 34. During the year, interest expense totaling \$1,836,930 was incurred by the Utilities Commission of which \$309,199 was appropriately capitalized as construction period interest.

Contributions in Aid of Construction

Contributions in aid of electric plant construction have been credited to the electric plant accounts in accordance with accepted industry practice established by the Federal Energy Regulatory Commission (formerly the Federal Power Commission). Water and Pollution Control contributions in aid of construction, including connection fees and tap charges, are also treated as reductions to plant accounts. The following is a summary of the contributions credited to the Fixed Asset Accounts:

	Original Cost	Contributions In Aid of Construction	Net Cost
<u>Utility Plant in Service</u>			
Electric	\$20,753,941	\$ 248,153	\$20,505,788
Water	7,759,279	1,285,250	6,474,029
Pollution Control	4,912,724	611,227	4,301,497
TOTAL	\$33,425,944	\$2,144,630	\$31,281,314
<u>Construction Work in Progress</u>			
Electric	\$ 964,737	\$ -	\$ 964,737
Water	1,900,765	-	1,900,765
Pollution Control	9,802,683	5,819,631	3,983,052
TOTAL	\$12,668,185	\$5,819,631	\$ 6,848,554
GRAND TOTAL	\$46,094,129	\$7,964,261	\$38,129,868

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Rates, Revenues and Fuel Expense

Revenues are recognized based on monthly cycle billings to customers. The rate schedules are approved by the Utilities Commission. The electric rate schedule contains a fuel adjustment clause which reflects the cost of fuel as well as the energy and fuel components of purchased power. Generally, the effects are reflected in customer billings about two months after the changes occur. 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.

Investments

Investments are stated at amortized cost.

Inventory of Materials and Supplies

The inventory is priced at cost by the use of the "first-in, first-out" method of accounting.

Electric line transformers, electric meters, water meters and replacement units for the steam and diesel generating plants, are classified as utility plant in accordance with accepted industry practices set forth by the National Association of Regulatory Utility Commissions.

Deferred Charges - Long-Term Debt

Costs relating to the issuance of Utilities System Revenue Refunding and Improvement Certificates, Series 1978, are being amortized using the bonds outstanding method.

Reserves

Reserves are used to record a portion of retained earnings which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure.

Compensated Employee Absences

Accumulated unpaid vacation and other employee benefit amounts, except for sick pay, are accrued when the expense is incurred. The commitment for accumulated unpaid sick pay is not recorded as incurred since the Commission does not provide for the employees' vesting of accumulated sick pay benefits.

2. LONG-TERM DEBT

Revenue certificates/bonds outstanding at September 30, 1981, and 1980, are as follows:

	Balances Due at	
	9-30-81	9-30-80
	(000 omitted)	
<u>Waterworks and Electric:</u>		
Series 1955 - 3.75% due 1993		
Outstanding Principal	\$1,031	\$1,062
Less amounts to be retired by Trustee	(1,031)	(1,062)
	\$ -0-	\$ -0-

2. LONG-TERM DEBT: (continued)

	Balances Due at			
	9-30-81		9-30-80	
	(000 omitted)			
<u>Waterworks and Electric: (continued)</u>				
Series 1962 Refunding - 3.5%				
due serially to 1987 and \$35,000 in 1999				
Outstanding principal	\$ 428		\$ 493	
Less amounts to be retired by Trustee	<u>(428)</u>	\$ -0-	<u>(493)</u>	\$ -0-
Series 1962 - 3.9% to 4.2% due serially to 2000				
Outstanding principal	\$2,005		\$2,040	
Less amounts to be retired by Trustee	<u>(2,005)</u>	\$ -0-	<u>(2,040)</u>	\$ -0-
Series 1965 - 4.2% and 4.25% due serially to 2004				
Outstanding principal	\$2,085		\$2,110	
Less amounts to be retired by Trustee	<u>(2,085)</u>	\$ -0-	<u>(2,110)</u>	\$ -0-
<u>Sewer:</u>				
Series S - 1963 - 3.9% due serially to 2002				
Outstanding principal	\$ 450		\$ 465	
Less amounts to be retired by Trustee	<u>(450)</u>	\$ -0-	<u>(465)</u>	\$ -0-
Series T - 1963 - 4.0% due 2003				
Outstanding principal	\$1,008		\$1,038	
Less amounts to be retired by Trustee	<u>(1,008)</u>	\$ -0-	<u>(1,038)</u>	\$ -0-
Series B - 1965 - 3.7% to 4.1% due serially to 2003				
Outstanding principal	\$ 560		\$ 575	
Less amounts to be retired by Trustee	<u>(560)</u>	\$ -0-	<u>(575)</u>	\$ -0-
<u>Utilities:</u>				
Series 1975 - 3.75% to 6.2% due serially to 2004				
Outstanding principal	\$2,830		\$2,880	
Less amounts to be retired by Trustee	<u>(2,830)</u>	\$ -0-	<u>(2,880)</u>	\$ -0-
Series 1975A - 5.0% to 6.6% due serially to 2005				
Outstanding principal	\$3,775		\$3,850	
Less amounts to be retired by Trustee	<u>(3,775)</u>	\$ -0-	<u>(3,850)</u>	\$ -0-
Series 1976 - 4.5% to 5.3% due serially to 1986				
Outstanding principal	\$ 340		\$ 420	
Less amounts to be retired by Trustee	<u>(340)</u>	\$ -0-	<u>(420)</u>	\$ -0-

2. LONG-TERM DEBT: (continued)

	Balances Due at			
	9-30-81		9-30-80	
	(ooo omitted)			
<u>Water and Sewer Revenue General</u>				
<u>Obligation Bonds:</u>				
Series 1974 - 7.2% to 7.5% due				
serially to 2004				
Outstanding principal	\$6,090		\$6,200	
Less amounts to be retired by Trustee	<u>(6,090)</u>	\$ -0-	<u>(6,200)</u>	\$ -0-
Series 1976 - 4.5% to 6.2% due				
serially to 2001				
Outstanding principal	\$6,090		\$6,200	
Less amounts to be retired by Trustee	<u>(6,090)</u>	-0-	<u>(6,200)</u>	\$ -0-
<u>Utilities System Revenue Refunding</u>				
<u>and Improvement Certificates:</u>				
Series 1978				
Outstanding principal	<u>\$25,810</u>	<u>\$25,810</u>	<u>\$25,810</u>	<u>\$25,810</u>
TOTAL		<u>\$25,810</u>		<u>\$25,810</u>

On August 29, 1978, the Utilities Commission provided for the advance refunding of the following revenue certificates/bonds which will be referred to thereafter as refunded revenue bonds:

Waterworks and Electric:

- Series 1955 - 3.75% due serially to 1993
- Series 1962 refunding - 3.5% due serially to 1987 and \$35,000 in 1999
- Series 1962 - 3.9% to 4.2% due serially to 2000
- Series 1965 - 4.2% and 4.25% due serially to 2004

Sewer:

- Series S - 1963 - 3.9% due serially to 2002
- Series T - 1963 - 4.0% due in 2003
- Series B - 1965 - 3.7% to 4.1% due serially to 2003

Utilities:

- Series 1975 - 3.75% to 6.2% due serially to 2004
- Series 1975A - 5.0% to 6.6% due serially to 2005
- Series 1976 - 4.5% to 5.3% due serially to 1986

Water and Sewer Revenue General Obligation Bonds:

- Series 1976 - 4.5% to 6.2% due serially to 2001

The refunding of the refunded revenue bonds was provided for by the sale of \$25,810,000 Utilities System Revenue Refunding and Improvement Certificates, Series 1978 and \$22,385,000 Special Obligation Certificates, Series 1978. From the proceeds of the sale of the two issues, sufficient monies were deposited into an irrevocable escrow account to be invested in United States obligations that, together with the interest earned thereon, will provide sufficient funds for the payment of

2. LONG-TERM DEBT: (continued)

maturing principal and interest on the Utilities System Revenue Refunding and Improvement Certificates and the \$22,335,000 Special Obligation Certificates, Series 1978. The proceeds of the bond sale also provided for the funding of the reserve fund, an amount which equaled the maximum annual debt service requirement and provided over six million dollars for the acquisition, construction, additions and improvements to the utility system. The refunded revenue bonds and certificates are treated as extinguished debts in the accompanying financial statements as explained in this note. The debt service requirements of the Utilities System Revenue Refunding and Improvements Certificates, Series 1978 are funded monthly from the Revenue Fund by paying one-sixth of all interest coming due on certificates on the next semi-annual interest payment date and one-sixth or one-twelfth of all principal maturing on the serial certificate on the next semi-annual or annual maturity date. The Utilities System Revenue Refunding and Improvement Certificates, Series 1978 Bond Resolution provides that the certificates shall be secured forthwith equally and ratably by the first lien on and a pledge of the net revenues of the system.

The authorization for the Utilities System Revenue Refunding and Improvement Certificates, Series 1978, provides that the Utilities Commission will not issue additional obligations except for the construction and acquisition of additions, extensions and improvements to the system or for refunding purposes and except upon the conditions provided in the authorizing resolution.

Under the terms of the long-term debt agreement, the Commission has agreed to maintain certain restricted funds (See Note 3) and to comply with the covenants contained in such agreements. Certain of these agreements contain the following provisions relating to the rights of the obligation holder:

"Any Holder of Certificates or any coupons appertaining thereto issued under the provision hereof or any trustee acting for the Holders of such Certificates may by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained herein, and may enforce and compel the performance of all duties herein required or by any applicable statutes to be performed by the Commission or by any officer thereof.

Nothing herein, however, shall be construed to grant to any Holder of the Certificates any lien on any real property of the Commission or the City."

The current maturities of long-term debt at September 30, were as follows:

	September 30, 1981	1980
Utilities System Revenue Refunding and Improvement Certificates, Series 1978	\$160,000	\$ -

2. LONG-TERM DEBT: (continued)

The schedules of debt service requirements to maturity on the \$25,810,000 Utilities System Revenue Refunding and Improvement Certificates is as follows:

Payment Date	Principal	Coupon Rate	Interest	Total Requirements
04-1-82	\$ 160,000	5.350%	\$ 883,033	\$ 1,043,033
10-1-82	165,000	5.350	878,753	1,043,753
04-1-83	170,000	5.450	874,339	1,044,339
10-1-83	175,000	5.450	869,707	1,044,707
04-1-84	175,000	5.550	864,938	1,039,938
10-1-84	180,000	5.550	860,082	1,040,082
04-1-85	185,000	5.650	855,087	1,040,087
10-1-85	195,000	5.650	849,861	1,044,861
04-1-86	200,000	5.750	844,352	1,044,352
10-1-86	205,000	5.750	838,602	1,043,602
04-1-87	210,000	5.900	832,708	1,042,708
10-1-87	215,000	5.900	826,513	1,041,513
04-1-88	220,000	6.000	820,171	1,040,171
10-1-88	230,000	6.000	813,571	1,043,571
04-1-89	235,000	6.100	806,671	1,041,671
10-1-89	245,000	6.100	799,503	1,044,503
04-1-90	250,000	6.200	792,031	1,042,031
10-1-90	260,000	6.200	784,281	1,044,281
04-1-91	265,000	6.300	776,221	1,041,221
10-1-91	275,000	6.300	767,873	1,042,873
04-1-92	285,000	6.350	759,211	1,044,211
10-1-92	290,000	6.350	750,162	1,040,162
04-1-93	300,000	6.400	740,954	1,040,954
10-1-93	310,000	6.400	731,354	1,041,354
04-1-94	320,000	7.000	721,434	1,041,434
10-1-94	330,000	7.000	710,234	1,040,234
04-1-95	345,000	7.000	698,684	1,043,684
10-1-95	355,000	7.000	686,609	1,041,609
04-1-96	370,000	7.000	674,184	1,044,184
10-1-96	380,000	7.000	661,234	1,041,234
04-1-97	395,000	7.000	647,934	1,042,934
10-1-97	410,000	7.000	634,109	1,044,109
04-1-98	425,000	7.000	619,759	1,044,759
10-1-98	435,000	7.000	604,884	1,039,884
04-1-99	455,000	7.000	589,659	1,044,659
10-1-99	470,000	7.000	573,734	1,043,734
04-1-00	485,000	7.000	557,284	1,042,284
10-1-00	500,000	7.000	540,309	1,040,309
04-1-01	520,000	7.000	522,809	1,042,809
10-1-01	540,000	7.000	504,609	1,044,609
04-1-02	555,000	7.000	485,709	1,040,709
10-1-02	575,000	7.000	466,285	1,041,285
04-1-03	595,000	7.000	446,160	1,041,160
10-1-03	615,000	7.000	425,335	1,040,335
04-1-04	640,000	7.125	403,810	1,043,810

2. LONG-TERM DEBT: (continued)

Payment Date	Principal	Coupon Rate	Interest	Total Requirements
10-1-04	\$ 660,000	7.125%	\$ 381,010	\$ 1,041,010
04-1-05	685,000	7.125	357,497	1,042,497
10-1-05	710,000	7.125	333,094	1,043,094
04-1-06	735,000	7.125	307,800	1,042,800
10-1-06	760,000	7.125	281,616	1,041,616
04-1-07	790,000	7.125	254,541	1,044,541
10-1-07	815,000	7.125	226,397	1,041,397
04-1-08	845,000	7.125	197,363	1,042,363
10-1-08	875,000	7.125	167,259	1,042,259
04-1-09	905,000	7.125	136,088	1,041,088
10-1-09	940,000	7.125	103,847	1,043,847
04-1-10	970,000	7.125	70,359	1,040,359
10-1-10	<u>1,005,000</u>		<u>35,803</u>	<u>1,040,803</u>
	<u>\$25,810,000</u>		<u>\$34,647,420</u>	<u>\$60,457,420</u>

In accordance with generally accepted accounting principles the \$22,335,000 Special Obligation Certificates, Series 1978, which were issued as a part of the advance refunding is not a liability of the Utilities Commission because the interest and principal payments will be serviced by the First National Bank of Florida, Tampa, Florida, from the earnings and proceeds of the advance refunding which were placed in irrevocable trust funds.

3. RESTRICTED ASSETS

Restricted assets consist of the following:

	September 30, 1981				September 30, 1980 Total
	Cash	Investments	Accrued Interest Receivable	Total	
Utilities System Revenue Refunding and Improvement Certificates, Series 1978 Fund:					
Sinking Fund	\$ 3,214	\$ 27,603	\$ 219	\$ 31,036	\$ 23,550
Reserve Fund	3,600	2,129,858	27,596	2,161,054	2,144,002
Renewal and Replacement Fund	282,838	-	-	282,838	176,467
Construction Fund	846,870	2,409,883	128,168	3,384,921	7,414,024
	<u>\$1,136,522</u>	<u>\$4,567,344</u>	<u>\$155,983</u>	<u>\$5,859,849</u>	<u>\$ 9,758,043</u>
Customers' Deposits	185,079	439,347	24,486	648,912	365,430
TOTAL	<u>\$1,321,601</u>	<u>\$5,006,691</u>	<u>\$180,469</u>	<u>\$6,508,761</u>	<u>\$10,123,473</u>

The investments consist of United States Treasury obligations and certificates of deposit. The cash includes \$1,250,000 invested overnight in a commercial bank repurchase agreement at September 30, 1981.

4. REQUIRED PAYMENT TO THE CITY OF NEW SMYRNA BEACH, FLORIDA

The legislation that created the Utilities Commission requires the Commission to pay to the general fund of the City of New Smyrna Beach, Florida, a sum equal to six percent (6%) of the gross revenues from utilities under Commission control. This payment is subordinate to the debt service requirement of all utilities revenue certificates.

5. SEGMENT INFORMATION

The Utilities Commission provides electric, water and pollution control services to the public. In accordance with NCGA Interpretation No. 2, the following is a summary of the segment information for the electric, water and pollution control systems.

	Electric System	Water System	Pollution Control System	Total
Operating Revenues	\$ 9,810,442	\$ 1,154,658	\$ 1,020,688	\$11,985,788
Depreciation and Amortization	762,319	134,598	111,409	1,008,326
Operating Income (loss)	1,260,149	(41,438)	220,864	1,439,575
Required payments to City of New Smyrna Beach	576,058	69,156	60,654	705,868
Net income (loss)	912,777	(71,171)	91,897	933,503
Contributions in aid of Construction	24,826	274,129	3,632,469	3,931,424
Utility plant acquisitions	1,345,768	1,805,622	6,357,741	9,509,131
Utility plant retirements	(219,983)	-	(296,403)	(516,386)
Net working capital	1,689,141	284,840	772,569	2,746,550
Total assets	18,842,048	9,371,142	10,110,109	38,323,299
Revenue Certificates Payable	12,448,163	6,955,795	6,406,042	25,810,000
Fund Equity	4,939,104	3,325,904	2,124,115	10,389,123

6. EMPLOYEES' PENSION PLAN

The Utilities Commission, City of New Smyrna Beach, Florida, has provided a pension plan for all its employees which assets are included in the Florida Retirement System of the State of Florida. The funding methods and determination of benefits payable are provided in the various acts of the Florida Legislature, which created the fund, including subsequent amendments thereto. In previous years, these acts provided, in general, that funds were to be accumulated from employee contributions, employer contributions and income from the investment of accumulated funds. Recent amendments require that the plan be non-contributory for the employees. The act also provides that, should the accumulated funds in the fund at any time be insufficient to meet and pay the benefits due, the Commission shall supplement the funds by an appropriation from current funds, or from any revenues which may lawfully be used for said purposes, in an amount sufficient to make up the deficiency.

The actual contributions and contribution rates in effect for the year ended September 30, 1981, were as follows on the next page:

6. EMPLOYEES' PENSION PLAN: (continued)

Employer's Contributions		<u>\$215,697</u>
	<u>Regular</u>	<u>Special Risk</u>
Percent of Employee's Gross Earnings	<u>Employees</u>	<u>Employees</u>
Normal cost	5.12%	10.30%
Past service cost	<u>3.98</u>	<u>3.65</u>
TOTAL	<u><u>9.10%</u></u>	<u><u>13.95%</u></u>

The most recent actuarial information concerning the Florida Retirement System is set forth below:

Most recent valuation date	July 1, 1980
Actuarial cost method used	Entry age-normal cost
Unfunded prior service cost	\$4,323,005,000
Period of amortization	30 years
Interest rate used in determining costs	8½%
Total assets of pension fund	\$3,867,514,000
Valuation basis of assets	Bonds - amortized cost Stocks - market value

7. COMPENSATED EMPLOYEE ABSENCES

It is the Utilities Commission's policy to grant employees annual vacation leave and compensated sick leave. As of September 30, 1981, the Utilities Commission has a potential commitment for accumulated sick pay benefits of \$304,079.

8. LEGAL MATTERS

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

9. COMMITMENTS

Grant Programs: The Utilities Commission has participated in different federally assisted grant programs during the year, principal of which are the Environmental Protection Agency programs and Comprehensive Employment Training Act. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 1981, have not yet been conducted. Accordingly, the Utilities Commission's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Utilities Commission expects such amounts, if any, to be immaterial.

9. COMMITMENTS: (continued)

Construction Work in Progress: As of September 30, 1981, approximately \$3.98 million of construction work in progress consisted primarily of the engineering, planning and construction costs associated with the expansion of the pollution control treatment plant and expansion of the sewer collection system to serve areas presently without service. Approximately \$1.90 million consists primarily of planning, engineering and construction costs associated with the acquisition and drilling of new raw water supply wells and the construction of water main transmission lines necessary to link the new wellfield to the Commission's water treatment facilities. As a result of these ongoing construction activities, the Utilities Commission has unrecognized construction contract commitments of approximately \$470,000 (pollution control) and \$169,000 (water) of which approximately \$352,500 will be funded by grants from the Environmental Protection Agency.

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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, 1981 and 1980, and the related statements of revenue and expenses, changes in 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, 1981 and 1980, 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
March 3, 1982

SEMINOLE ELECTRIC COOPERATIVE, INC.
BALANCE SHEETS, December 31, 1981 and 1980

ASSETS (Note 5)	1981	1980	EQUITY AND LIABILITIES	1981	1980
Utility plant, at original cost (Notes 2, 3 and 5):			Equity (Note 6):		
Plant in service	\$ 12,841,952	\$10,269,024	Memberships	\$ 1,200	\$ 1,200
Construction work in progress	366,569,553	79,791,324	Patronage capital	616,237	597,713
	<u>379,411,505</u>	<u>90,060,348</u>	Other margins and equities (deficit)	(12,293)	(75,215)
Less accumulated depreciation	(1,683,461)	(1,289,256)	Donated capital	<u>17,919</u>	<u>17,919</u>
Acquisition adjustment, less amortization	12,699	13,624			
	377,740,743	88,784,716	Total equity	<u>623,063</u>	<u>541,617</u>
Nuclear fuel, less amortization	827,724	561,712	Long-term liabilities (Note 5):		
Nuclear fuel in process of refinement and enrichment	<u>908,516</u>	<u>570,619</u>	Construction payables	74,060,429	15,928,944
Utility plant, net	<u>379,476,983</u>	<u>89,917,047</u>	Long-term debt	<u>400,381,047</u>	<u>76,369,647</u>
Investments, at cost:				<u>474,441,476</u>	<u>92,298,591</u>
Investments in associated organizations (Note 4)	387,136	256,245	Current liabilities:		
Pollution control funds held by trustee including accrued interest of \$3,575,565 (Note 5)	93,545,180	-	Note payable (Note 7)	2,206,763	-
	<u>93,932,716</u>	<u>256,245</u>	Accounts payable	6,436,443	3,689,046
Current assets:			Taxes, other than income, and interest accrued	1,123,599	467,023
Cash	16,835	169,831	Other current and accrued liabilities	<u>204,958</u>	<u>92,388</u>
Temporary cash investments	-	2,190,000	Total current liabilities	<u>9,971,763</u>	<u>4,248,457</u>
Receivables, principally for sales of electricity	2,904,402	1,440,313	Commitments (Notes 4 and 12)		
Unbilled revenues	2,259,307	1,487,426			
Materials and supplies, at cost	239,184	131,668			
Prepayments and other	<u>914,097</u>	<u>145,023</u>			
Total current assets	<u>6,333,825</u>	<u>5,564,261</u>			
Deferred charges (Note 10)	5,293,178	1,351,112			
	<u>\$485,036,302</u>	<u>\$97,088,665</u>		<u>\$485,036,302</u>	<u>\$97,088,665</u>

See accompanying notes.

STATEMENTS OF REVENUE AND EXPENSES
for the years ended December 31, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Operating revenues (Note 2)	<u>\$35,259,725</u>	<u>\$17,649,900</u>
Operating expenses:		
Operation:		
Fuel	214,892	177,656
Other production expenses (Note 8)	970,816	805,287
Purchased power	31,099,961	13,943,058
Transmission	453,419	452,330
Administrative and general	1,015,543	632,242
Depreciation and amortization (Note 2)	370,322	362,939
Taxes other than income	195,457	176,128
Other	18,846	39,659
	<u>34,339,256</u>	<u>16,589,299</u>
Operating margins before interest charges	<u>920,469</u>	<u>1,060,601</u>
Interest charges:		
Long-term obligations	25,796,529	4,226,660
Current obligations	224,767	412,548
Other	5,706	15,874
Less interest charged to construction (Note 2)	<u>(25,106,631)</u>	<u>(3,731,669)</u>
	<u>920,371</u>	<u>923,413</u>
Operating margins	98	137,188
Patronage capital credits	<u>18,426</u>	<u>82,600</u>
Net operating margins	18,524	219,788
Non-operating margins, net	<u>62,922</u>	<u>2,027</u>
Net margins	<u>\$ 81,446</u>	<u>\$ 221,815</u>

See accompanying notes.

STATEMENTS OF CHANGES IN PATRONAGE CAPITAL
AND OTHER MARGINS AND EQUITIES (DEFICITS)
for the years ended December 31, 1981 and 1980

	<u>Patronage Capital</u>	<u>Other Margins and Equities (Deficits)</u>	<u>Total</u>
Balance, December 31, 1979	\$377,925	\$(77,242)	\$300,683
Net margins, 1980	<u>219,788</u>	<u>2,027</u>	<u>221,815</u>
Balance, December 31, 1980	597,713	(75,215)	522,498
Net margins, 1981	<u>18,524</u>	<u>62,922</u>	<u>81,446</u>
Balance, December 31, 1981	<u>\$616,237</u>	<u>\$(12,293)</u>	<u>\$603,944</u>

See accompanying notes.

STATEMENTS OF CHANGES IN FINANCIAL POSITION
for the years ended December 31, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Funds provided by:		
Operations:		
Net margins	\$ 81,446	\$ 221,815
Add items not affecting working capital:		
Depreciation and amortization of plant	370,322	362,939
Amortization of nuclear fuel (Note 2)	<u>212,836</u>	<u>176,393</u>
Total funds provided by operations	664,604	761,147
Increase in long-term debt	324,016,000	61,496,000
Increase in construction payables	58,131,485	15,156,666
Decrease in working capital	<u>4,953,742</u>	<u>-</u>
	<u>\$387,765,831</u>	<u>\$77,413,813</u>
Funds used for:		
Property additions, including net interest charged to construction	\$290,143,094	\$64,719,081
Payments on long-term debt	4,600	4,376
Increase in investments	93,676,071	130,978
Increase in deferred charges	3,942,066	606,610
Increase in working capital	<u>-</u>	<u>11,952,768</u>
	<u>\$387,765,831</u>	<u>\$77,413,813</u>
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash and temporary cash investments	\$ (2,342,996)	\$ 2,241,435
Receivables, principally for sales of electricity	1,464,089	1,228,033
Unbilled revenues	771,881	733,234
Materials and supplies	107,516	(229,083)
Prepayments and other	<u>769,074</u>	<u>(47,395)</u>
	<u>769,564</u>	<u>3,926,224</u>
Increase (decrease) in current liabilities:		
Note payable	2,206,763	(9,688,000)
Accounts payable	2,747,397	1,690,918
Taxes, other than income, and interest accrued	656,576	(93,501)
Other current and accrued liabilities	<u>112,570</u>	<u>64,039</u>
	<u>5,723,306</u>	<u>(8,026,544)</u>
Increase (decrease) in working capital	<u>\$ (4,953,742)</u>	<u>\$11,952,768</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 Seminole-owned resources for supplying its members' electric power and energy requirements are 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 of output per unit. These units will be connected to the Florida bulk power supply grid through several 230 kv transmission lines and associated facilities, also being constructed by Seminole. Site certification was received on September 18, 1979, and construction commenced on October 1, 1979. It is anticipated that Seminole Unit 1 will become operational in mid-year 1983 and Unit 2 in early 1985.

2. Summary of Significant Accounting Policies:

Seminole maintains its accounts in accordance with policies prescribed or permitted by the Rural Electrification Administration (REA). The more significant accounting policies are as follows:

- (A) Utility Plant - Utility plant is stated at original cost. Such cost includes applicable supervisory and overhead cost, plus net 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. Income taxes related to capitalized income derived from investment of unexpended construction funds have been charged to construction work in progress.
- (B) Operating Revenues - 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

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

2. Summary of Significant Accounting Policies, continued:

continue to purchase power under any existing contract with a supplier other than Seminole during the remainder of the terms of these existing contracts or until such time as Seminole requests these contracts be terminated. Payments received and disbursed by Seminole on behalf of its members under these existing contracts are not recognized either as a revenue or as a cost.

Operating revenues 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 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 1981 and 1980 were as follows:

	<u>1981</u>	<u>1980</u>
Nuclear production plant	3.6%	3.6%
Transmission plant	2.75%	2.75%
General plant	13.1%	13.2%

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 average rates of approximately 11.8% and 11.6% for 1981 and 1980, respectively, is capitalized as a component of the cost of construction work in progress, and is reflected as a reduction of interest expense. Interest earned on unexpended construction funds (net of related income taxes) is credited to construction work in progress.

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

2. Summary of Significant Accounting Policies, continued:

(F) Reclassifications - Certain reclassifications have been made to the 1980 statements to conform to current classifications. There were no changes in net margins as previously reported.

3. Utility Plant:

The original cost of utility plant at December 31, 1981 and 1980, was as follows:

	<u>1981</u>	<u>1980</u>
Ownership (1.6994%) in nuclear plant	\$ 8,200,800	\$ 8,207,535
Transmission plant	4,128,617	1,797,494
General plant	512,535	263,995
	<u>12,841,952</u>	<u>10,269,024</u>
Construction work in progress	366,569,553	79,791,324
	<u>\$379,411,505</u>	<u>\$90,060,348</u>

4. Investments in Associated Organizations:

Investments in associated organizations at December 31, 1981 and 1980, consisted of the following:

	<u>1981</u>	<u>1980</u>
Florida Rural Electric Cooperative Association	\$ 10,786	\$ 10,786
National Rural Utilities Cooperative Finance Corporation (CFC):		
Membership	1,000	1,000
Capital Term Certificates (CTC)	224,150	111,685
Patronage Capital Certificates	145,055	132,751
Other	6,145	23
	<u>\$387,136</u>	<u>\$256,245</u>

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

4. Investments in Associated Organization, continued:

Seminole is obligated to purchase CTC's issued by CFC through 1984. Based on anticipated revenues, Seminole's future obligation for purchase of CTC's will be as follows: 1982, \$74,000; 1983, \$80,000; and 1984, \$974,000.

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

5. Long-Term Liabilities:

(A) Construction Payables - Construction payables consisted of unsecured obligations due vendors and contractors, accrued interest payable on loan advances used in construction, and income taxes payable. Such amounts are generally financed through long-term borrowings; accordingly, construction payables are classified as long-term liabilities.

(B) Long-Term Debt - At December 31, 1981 and 1980, long-term debt consisted of:

	<u>1981</u>	<u>1980</u>
First mortgage note payable to Federal Financing Bank (FFB), 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%, \$4,834 of principal due in 1982	260,247	264,847
First mortgage note payable to REA, due 2014, interest payable quarterly at 5%, \$35,611 of principal due in 1982	3,729,000	2,887,000
First mortgage note payable to FFB guaranteed by REA, interest payable quarterly at 8.397% to 16.245%, due 1982 through 1984 (See below)	262,162,000	64,038,000
First mortgage note payable to REA, due 2015, interest payable quarterly at 5%, first principal payment due in 1983	50,000	-
Pollution control revenue bonds, series 1981M, payable to the Putnam County Development Authority, guaranteed by CFC, due June 15, 1984, interest payable semi-annually at 9.25%	75,000,000	-

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

5. Long-Term Liabilities, continued:

	<u>1981</u>	<u>1980</u>
Pollution control revenue bonds, Series 1981V, payable to the Putnam County Development Authority guaranteed by CFC, due October 1, 1984, interest payable semi-annually at 11.5%	\$ 50,000,000	\$ -
Advances from members, unsecured, with no interest or due date	248,800	248,800
	<u>\$400,381,047</u>	<u>\$76,369,647</u>

In September 1979, Seminole received a commitment from FFB and REA for a loan 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. The loan is guaranteed by REA.

Under the terms of the Loan Commitment Agreement, dated August 14, 1974, between FFB and REA, all advances are subject to the approval of REA. The maturity date of each advance may be not less than two years, nor more than seven years, after the date of the advance; provided, however, at the option of the borrower, such maturity dates may be extended for a period of 34 years from the end of the year in which advances were made. Interest on each advance shall be the respective rate established at the time of the advance, or upon extension shall be the rate established at that time.

The scheduled maturities of the \$262,162,000 advanced from FFB at December 31, 1981, are as follows:

1982	-	\$ 31,744,000
1983	-	\$ 70,946,000
1984	-	\$159,472,000

It is anticipated that these amounts together with future additional borrowings from FFB will be extended to the maximum maturity dates.

The Putnam County Development Authority (Florida) issued two series of Pollution Control Revenue Bonds amounting to \$125,000,000 for use by Seminole to finance the construction of certain pollution control facilities at the Seminole Plant Units No. 1 and 2. Seminole is required to pay an amount equal to the interest and principal amounts, when due, relating to the issues. Under the terms of the Trust Indenture relating to the bonds, the proceeds from the issues are deposited with the Trustee, who disburses amounts as the various pollution control projects are constructed.

(Continued)

NOTES TO FINANCIAL STATEMENTS, Continued

5. Long-Term Liabilities, continued:

During 1981 interest income of approximately \$7 million was earned on the unexpended proceeds of the pollution control revenue bonds and has been recorded (net of related income taxes) as a reduction of construction work in progress.

The maturities of all long-term debt, after giving effect to the maximum extensions under current financing agreements for the five years subsequent to December 31, 1981, are presented below:

<u>Year ended December 31,</u>	<u>Annual Maturities</u>
1982	\$ 40,445
1983	\$ 55,718
1984	\$125,152,210
1985	\$ 165,403
1986	\$ 177,270

Substantially all assets are pledged as collateral for the above mentioned debt to the United States of America (REA and FFB) and CFC.

6. 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 distribution of capital contributed by members is limited generally to twenty-five percent of patronage capital and margins of the next preceding year where, after giving effect to such distribution, the total equity will equal or exceed twenty percent of total assets.

7. Note Payable - CFC Line of Credit:

At December 31, 1981, there was \$2,206,763 drawn under one of two lines of credit with CFC which together totaled \$95 million. The interest rate is approximately the prime rate, as defined. Use of these funds is permitted only for REA approved projects.

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.

NOTES TO FINANCIAL STATEMENTS, Continued

9. State and Federal Income Taxes:

For 1980, Seminole was exempt from Federal income taxes under the provisions of Section 501(c)(12) of the Internal Revenue Code. For 1981, Seminole became subject to State and Federal income taxes because of the amount of nonmember income earned. Income taxes of \$785,000 for 1981, after the application of investment tax credits of \$394,000, have been charged to construction work in progress. Such taxes have reduced the interest earned on investments which was credited to construction work in progress.

10. Deferred Charges:

At December 31, 1981, deferred charges included approximately \$2,721,000 of unamortized debt expense. Additional amounts consist of costs incurred in negotiating possible joint ownership participation in a Florida Power and Light Company nuclear unit presently under construction, costs associated with securing the supply and transportation of coal for the planned Seminole generating units 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 \$233,000 and \$145,000 for the years ended December 31, 1981 and 1980, respectively. Information with regard to Seminole's portion of actuarial present value of vested and nonvested accumulated plan benefits and plan net assets available for benefits is not available.

12. Commitments:

Seminole has commitments for completion of Units 1 and 2 amounting to approximately \$234,201,000, \$173,069,000 and \$67,324,000 for 1982, 1983 and 1984, respectively.

In addition, Seminole anticipates the expenditure of approximately \$16 million during 1982 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.

13. Litigation:

Certain lawsuits are pending against Seminole. In the opinion of management, all such matters are without merit or involve such amounts as would not have a materially adverse effect on the accompanying financial statements.