



*Gainesville
Regional Utilities
Annual Report
1987*

Foreword

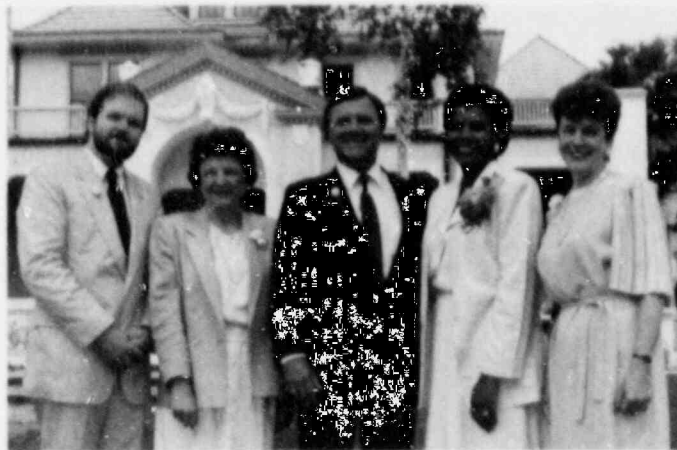
The City of Gainesville, established in 1854, is the hub of north central Florida, located midway between the Gulf of Mexico and the Atlantic Ocean. Gainesville is the largest city in Alachua County with an area of 35 square miles and an estimated population of 83,000.

When winter frost forced the citrus industry to move south of Alachua County in the late 1800's, education became the most significant factor in the Gainesville economy. The University of Florida is the largest institution of higher learning in the south, with 35,000 students and a combined faculty and staff of approximately 18,000.

In recent years Gainesville has become a significant medical center with four major medical facilities and numerous clinics, affording the city the most doctors per capita of any area in the state.

Serving this important community, Gainesville Regional Utilities (GRU) is a combined utilities system owned by the City. Its policies and rates are set by the City Commission. GRU provides

Gainesville and the surrounding unincorporated areas of Alachua County with electric, water and wastewater services.



Gainesville City Commission. Left to right: David Coffey, Mayor-Commissioner Pro-Tem; Beverly Hill, Commissioner; David Flagg, Mayor-Commissioner; Cynthia Moore Chestnut, Commissioner; Jean M. Chalmers, Commissioner.

To our Owners and Customers

Fiscal Year 1987 was an extremely busy and productive year for Gainesville Regional Utilities. Numerous significant projects, some of them many years in the making, were completed during the year. In spite of the heavy work load, we continued to provide our customers with excellent service reliability and our residential electric customers continued to enjoy among the lowest rates in Florida. We believe that the success of these ventures is due to a superhuman effort on the part of our personnel. It is with great pride that we dedicate this Annual Report 1987 to the backbone of our operation: the employees of Gainesville Regional Utilities.

Perhaps the most important accomplishment of the year was the upgrade of the Utility System's bond rating from A-1 to Aa by Moody's Investor Services, Inc. On April 23rd, 1987, Moody's Municipal Credit Report on GRU was issued:

Opinion: Favorable fiscal performance, substantial financial resources, appropriate planning, and moderate future borrowing needs result in rating revision from A1 to Aa.

Standard and Poor's Corporation has long given GRU its AA rating. Now coupled with Moody's, GRU enjoys a privileged status held by only 13 other municipal utilities. Our bonds are now viewed by investors as being among the most secure available. The rating is a matter of pride for GRU. We are now

recognized by the nation's two largest bond rating agencies as being one of the best operated municipal utilities in the country. We are committed to maintaining that reputation in the future.

GRU is an award-winning utility of long standing. This year's awards included Class "A" Overall Safety Awards for both The Water System and The Wastewater System. The Murphree Plant won the DER's best operated public water treatment plant in



W.D. Higginbotham, Jr., City Manager; Gerald E. Warren, II, General Manager for Utilities.

its northeast district for the ninth time in the past eleven years. The American Public Power Association (APPA) recognized the safety efforts of our Electric System by awarding it an Honorable Mention. The Florida Municipal Utilities Association (FMUA) awarded the Electric System its Safety Award for an excellent accident/injury rate during the past year.

High on the list of activities for the year was our co-generation proposal for the University of Florida. Our staff put in long hours preparing a proposal that would save the University money, would provide an excellent educational example of a state-of-the-art energy-saving electrical and steam generation project, and would return approximately \$2 million per year to the local economy. A decision on the proposal is expected by the second quarter of Fiscal 1988.

The year was made especially busy for us due to the significant number and size of State Road Department projects that are ongoing in our service area. During the year we expended over \$1 million to relocate electric, water and wastewater facilities associated with those projects. GRU has taken advantage of the opportunity and is replacing aging facilities with more modern ones that are upgraded in capacity to better provide for the future growth of our community.

The new Territorial Agreement with Clay Electric Cooperative saw the addition of more than 600 new customers to our System beyond normal growth. Another 600 plus will be added in the second quarter of Fiscal 1988. Over time approximately 4,000 customers will be transferred under this contract. The purpose of the agreement is to afford both utilities the opportunity to better plan for the future without the need for unwarranted competition. Additionally, it avoids the costly and unaesthetic duplication of transmission and distribution facilities.

The substantial part of the construction of a new substation for the City of Alachua (north of Gainesville) was accomplished during the year, and will be completed by January 1st, 1988. Upon completion of the substation, GRU will begin providing virtually all of that city's electric needs. GRU has been providing a small share of Alachua's electricity under a firm contract for the past two and a half years.

A new Supervisory Control And Data Acquisition (SCADA) system was put into place this year, helping to coordinate electric system automated information. State-of-the-art computers automatically read energy flow information, and in some cases can take action to avoid problems such as power overloads. In other instances they can quickly provide operators with the necessary information for the rapid re-routing of power in emergencies.

Additionally, an associated microwave/fiber-optics communications system has been installed. This new network will vastly speed data and voice information between our power plants, substations, operations center and control center in a more reliable and efficient manner. The new system will be far less susceptible to storm interruptions than the existing cable system, thereby enhancing reliability at times when communications are most vital.

Significant expansion was achieved in our water distribution system this year, with new 20" mains installed for the purpose of providing better service and fire protection for the northwest section of Gainesville. A new high service pump was installed at our Murphree Water Treatment Plant with the capability of pumping 16 million gallons per day. That, combined with the addition of a variable speed drive on an existing pump, has greatly enhanced our emergency standby pumping capacity.

Significant steps were taken to upgrade the treatment procedures both at our Main Street Wastewater Treatment Plant, and the Kanapaha Wastewater Treatment Plant. At Kanapaha we have added new computerized monitoring procedures and made adjustments in the chemical treatment processes. At the Main Street plant we are in the process of converting the secondary trickling filter treatment system to an advanced tertiary treatment system with an additional activated sludge and filtering system.

On June 30, 1987, the American Arbitration Association awarded approximately \$32 million to the Island Creek Coal Company in a contract dispute with GRU. Following various settlement discussions, an offer to settle out-of-court for \$27.4 million was accepted by Island Creek and approved by our City Commission on December 9, 1987. GRU believes that its rate payers, over the long run, have benefitted from the termination of the contract. We estimate that approximately \$10 million per year in fuel costs is being saved as the result of the cancellation of this contract. Our customers will still receive among the lowest residential electric rates in Florida.

Financially, 1987 was an outstanding year. Our financial performance continues to be characterized by increasing revenues and expenditures being brought in under budget. As a public utility, GRU is always aware of its responsibility to provide its services at the lowest rates possible while at the same time providing: appropriate security for its bondholders in terms of financial performance; reinvestment of revenues into system capital facilities; and providing an appropriate return to the City of Gainesville as our owner. Maintaining a proper balance in these responsibilities is the key to our long term success.

We are proud of our successes during 1987. They

were the result of hard work, determination and advanced planning. Because of those successes we are better equipped to provide for the needs of our

customers now and in the future. It is with excitement that we share with you our accomplishments in 1987.

Highlights

	<u>1987</u>	<u>1986</u>	<u>Percent Increase/ (Decrease)</u>
Financial			
Net Revenues After Rate Stabilization Transfer	\$ 43,957,652	\$ 43,597,106	0.8%
Coverage Ratio	2.45	2.43	0.8%
Aggregate Debt Service	17,939,790	17,939,790	0.0%
Long-Term Debt	303,250,912	228,514,504	32.7%
Net Utility Plant	376,422,755	369,159,603	2.0%
Cash and Investment - Rate Stabilization Fund and Revenue Fund	29,566,341	29,066,933	1.7%
Customers (12 Months Average):			
Electric:			
Residential	48,338	46,830	3.2%
Non-Residential	5,696	5,429	4.9%
TOTAL ELECTRIC	<u>54,034</u>	<u>52,259</u>	<u>3.4%</u>
Water	38,539	37,462	2.9%
Wastewater	34,915	33,844	3.2%
Sales of Energy (Gigawatt Hours):			
Residential	504.9	488.6	3.3%
General Service/Large Power	523.9	503.2	4.1%
Lighting	16.2	15.9	1.9%
Sales for Resale	39.6	36.0	10.0%
SUB-TOTAL	<u>1,084.6</u>	<u>1,043.7</u>	<u>3.9%</u>
Interchange	514.2	586.6	-12.3%
TOTAL	<u>1,598.8</u>	<u>1,630.3</u>	<u>-1.9%</u>
Sales of Water (Million Gallons)	6,080.5	6,158.9	-1.3%

Electric System

GRU's Electric System serves approximately 67% of Alachua County's population with facilities covering 150 square miles, roughly one-sixth of the county.

GRU owns and operates two generating stations, the John R. Kelly Generating Station and the Deerhaven Generating Station. The combined fossil fuel generating capacity of these two stations is 461 Megawatts (MW). The Kelly Station operates three oil/gas fired steam units and three combustion turbine units providing a capability of 120 MW. The Deerhaven Station operates one coal-fired steam unit, one oil/gas fired steam unit, and two combustion turbine units. These provide a capability of 341 MW. In addition, GRU owns a 9.9 MW share of the Crystal River 3 nuclear power unit, which is operated by Florida Power Corporation.

These stations provide all of the System's power requirements via a 138 kilovolt (kV) transmission network. This network is interconnected with the Florida Power and Light Company at 138kV and Florida Power Corporation at 138kV and 230kV.

In Fiscal 1987 GRU's fuel mix for net generation was approximately 81.4% coal, 14.4% natural gas, 3.9% nuclear, and 0.3% fuel oil. We are one of the few utilities in the southeast with the ability to deliver electricity produced by five energy (fuel) sources: coal, natural gas, nuclear, distillate oil, and residual oil. GRU's competitive fuel purchasing during the year resulted in a 4.39% reduction in average delivered cost of coal per million BTU's.

Fiscal 1987 initiated major capital projects which will greatly improve and expand GRU's capabilities in its electric generation, transmission and distribu-

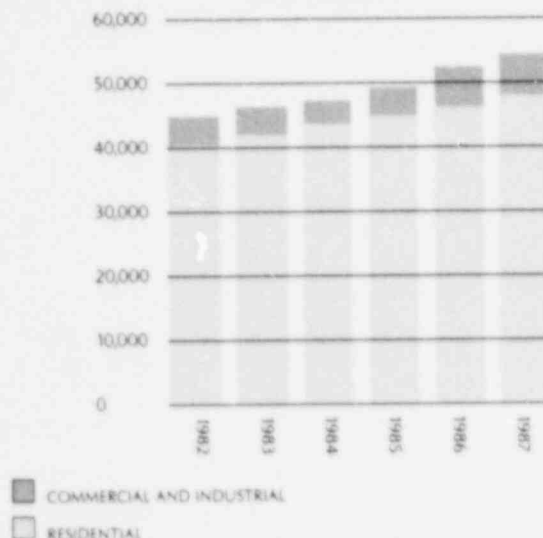
tion operations. As the year came to a close, GRU's engineers and technicians were completing the installation of a new state-of-the-art Energy Control System, replacing one originally installed in 1972. This new system uses advanced computers and software application programs to upgrade the operating efficiency of the System's electric bulk power supply system, thereby reducing delivery costs, and improving service reliability for GRU's customers.

To support the high speed communications requirements of the new Energy Control System, GRU is installing a microwave/fiber-optics communications network which will be used to transfer vital information between GRU's generating stations, transmission and distribution substations, and the control center. It will provide improved communications between GRU's system operators and other power system operators throughout Florida, thereby facilitating the sale and purchase of electrical energy.

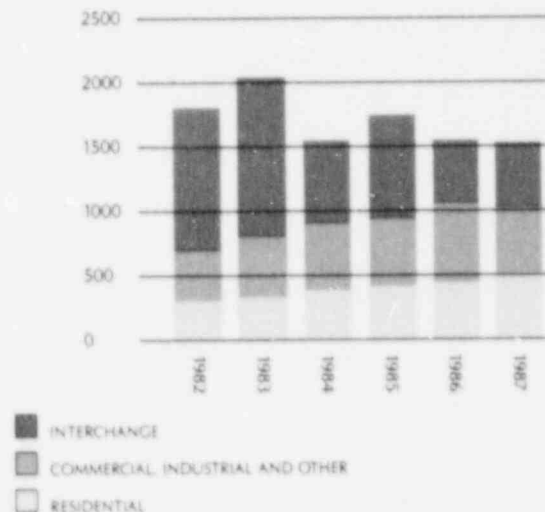
The electric system experienced an all time record breaking peak during August 1987. The net instantaneous peak demand was 2.78 MW on August 26, 1987. This is a 9.77% increase over the previous summer's peak of 251 MW set on August 1, 1986. This new peak can be attributed primarily to a sustained period of hot weather and the arrival of students for the fall semester in late August as well as a 3.4% increase in the number of electric customers served by GRU (an annual average of 54,034).

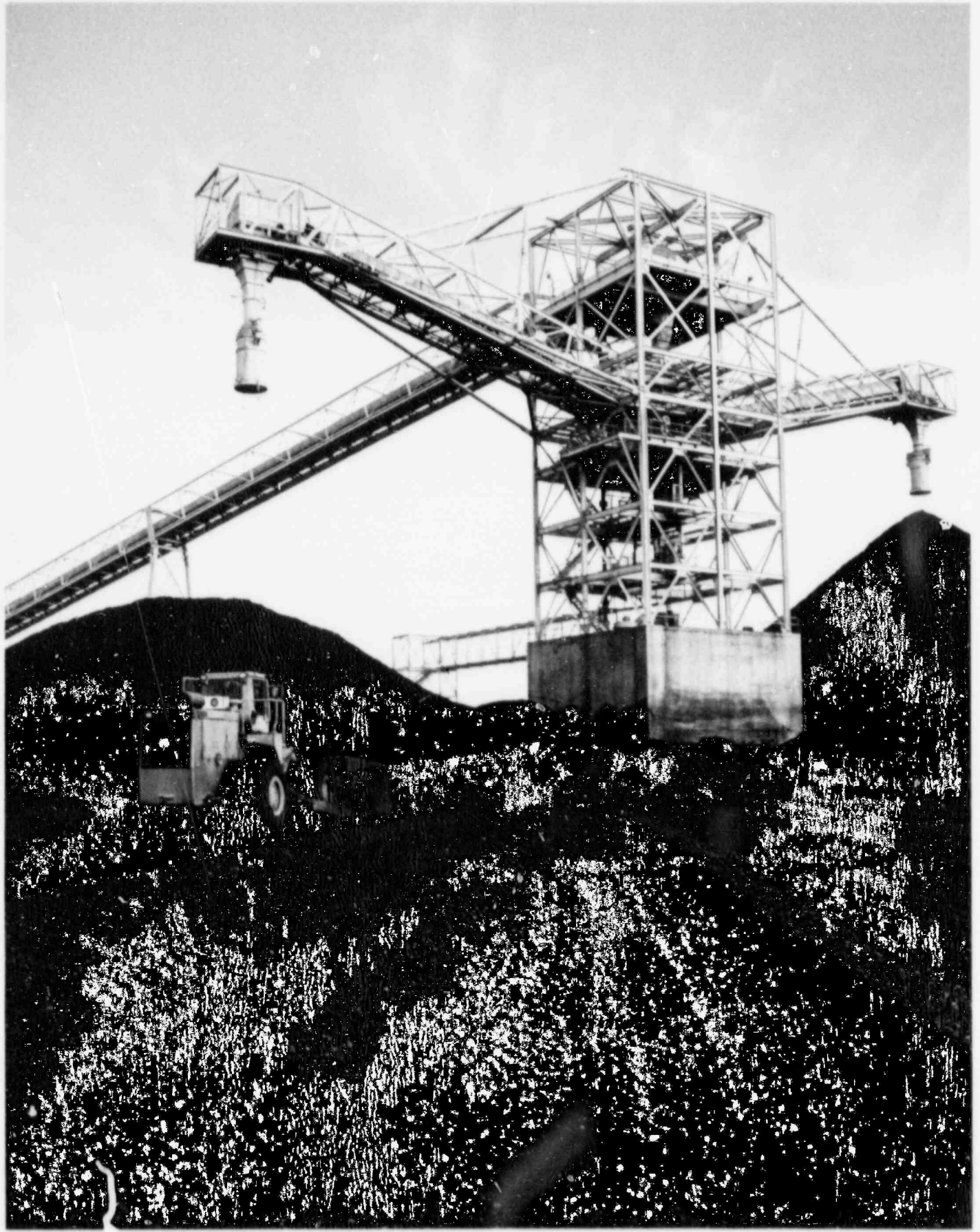
In February 1987, 631 customers were transferred to GRU from the Clay Electric Cooperative in the first year of a new territorial agreement. In the first six to seven years of this fifteen year contract, 4,000

ELECTRIC SYSTEM
NUMBER OF RETAIL CUSTOMERS
(ANNUAL AVERAGE)



ELECTRIC SYSTEM ENERGY SALES
(GIGAWATT HOURS)





Deerhaven's coal pile provides sixty days of emergency fuel supply, should regular shipments be interrupted.

customers will be transferred to GRU, with the possible transfer of 200 of GRU's customers to Clay. This integration will establish a service boundary between the two utilities, reducing the duplication of distribution facilities and increasing service efficiency and the long range planning capabilities of both utilities.

The Downtown Underground Project is a seven year plan that will result in the undergrounding of overhead electric facilities in the central city district for an area extending three blocks in each direction from the intersection of Main Street and University Avenue (the principal intersection of downtown Gainesville). Additional areas may be added to coordinate with future projects such as GRU's new Administration Building and a new "Streetscape" program. This project is in keeping with Gainesville's downtown redevelopment goals, and will substantially enhance the aesthetics of the area.

GRU began serving a portion of the City of Alachua's power needs in 1985; in December 1986 GRU negotiated a contract with Alachua to provide the remainder of its load requirements, beginning in January 1988. This has required the addition of a new substation owned by the City of Alachua and interconnected with our existing transmission system. The 40 MVA Alachua Substation will support existing load as well as future load growth for Alachua. The

substation is a joint effort by GRU and Alachua. GRU will own the half-mile of transmission line feeding the station as well as the 138kV transformation side of the facility.

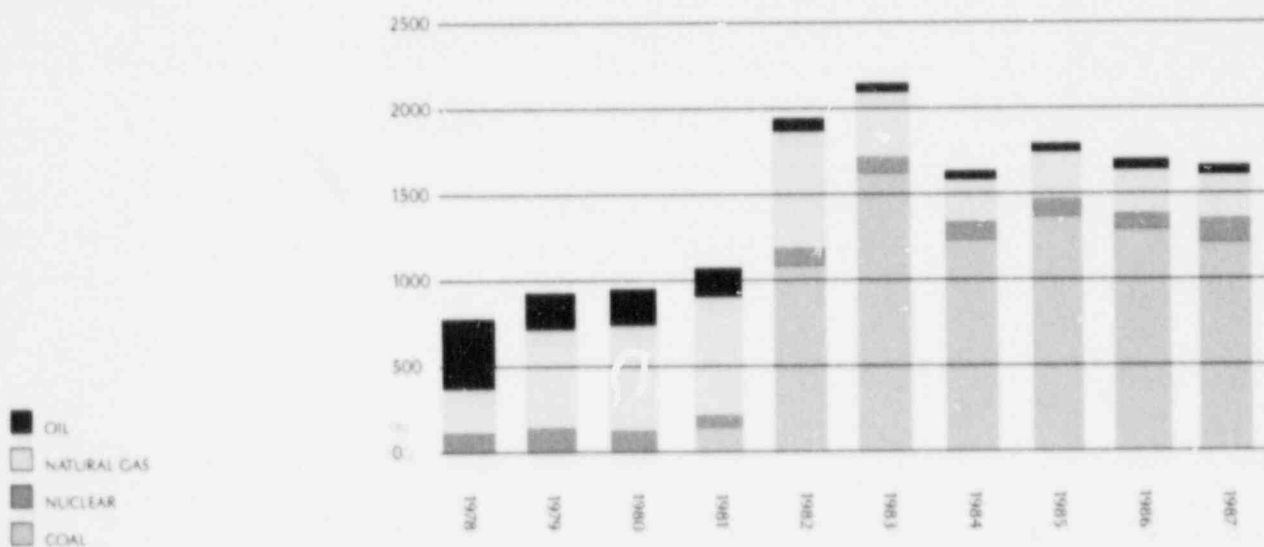
GRU executed a contract during Fiscal 1987 to sell back-up power to Seminole Electric Cooperative, Inc., located in Tampa. Under the contract GRU provides up to 50 MW per month to serve them in cases of emergency or high demand.

The widening of NW 39th Avenue required GRU to relocate its facilities in that area. The project began in February 1987 and is expected to be completed during Fiscal 1988. In the process of moving these facilities, GRU is upgrading its conductor size to increase our ability to handle more area load and to decrease line losses. Such improvements will help GRU accommodate growth in the NW section of Gainesville.

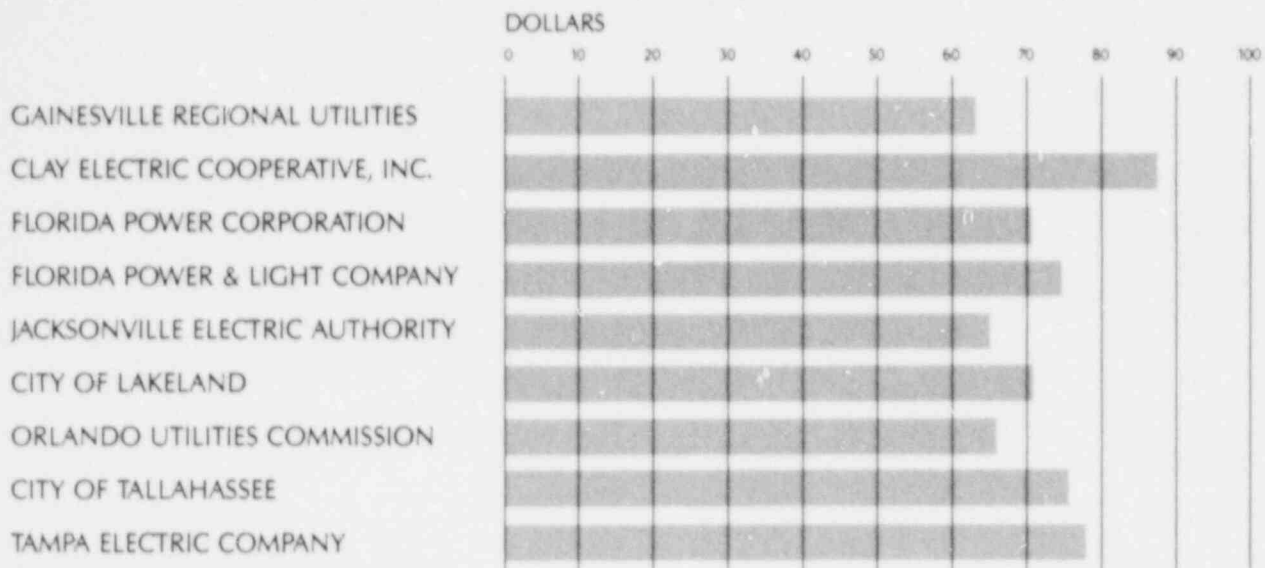
Considerable effort was expended during Fiscal 1987 preparing a proposal for a co-generation project with the University of Florida. GRU's proposed plan would supply the University with 24MW of electricity plus steam and chilled water. Such a plan, due to the increased efficiency that co-generation provides, would result in substantial savings for the University. A decision is expected in the second quarter of Fiscal 1988.

FUEL HISTORY / 1978 - 1987

(NET GENERATION IN GIGAWATT HOURS)



ELECTRIC RATE COMPARISONS



COMPARISON OF MONTHLY RESIDENTIAL ELECTRIC BILLS FOR 1,000 KWH BASED ON RATE AND FUEL ADJUSTMENT INFORMATION PROVIDED BY THE UTILITIES (12 MONTH AVERAGE, OCTOBER 1986 - SEPTEMBER 1987)



GRU's "Downtown Underground" project has enhanced the beauty of Gainesville's central city district by replacing overhead electric facilities beneath the ground.

Water System

GRU's Water System receives its supply from the Murphree Water Treatment Plant, which is served by eight deep wells capable of pumping 40 million gallons per day (mgd) of ground water into the treatment process. Treatment capacity is rated at 30 mgd, with ten million gallons of storage provided on the plant grounds. GRU's water distribution system includes two elevated storage tanks with a combined capacity of 1.5 million gallons and approximately 838 miles of transmission and distribution mains.

Customers increased 2.9% during Fiscal 1987 to an annual average of 38,539, while sales totaled over 6,080 million gallons, a 1.3% decrease from Fiscal 1986.

For the ninth time in the past eleven years, Florida's Department of Environmental Regulation (DER) recognized the Murphree Plant as the best operated public water treatment facility in DER's northeast district.

In keeping with GRU's history of maintaining high quality water treatment (and to keep up with the advancing computer age) a new computer system was installed in May 1987 in conjunction with upgrades to the water monitoring system. The new system monitors sludge levels, chemical levels and flow rates on an hourly basis with greater speed and accuracy; it allows for a standardized procedure for use in the preparation of operating reports. The computers are also used for scheduling predictive and preventative maintenance, work orders and inventory control.

Recently installed vibration monitoring equipment interfaces directly with the computers through a solid

state interrogator used for recording mechanical and electronic data associated with equipment operation. The installation is the first in the state of Florida and is expected to help decrease the amount of unscheduled down time significantly.

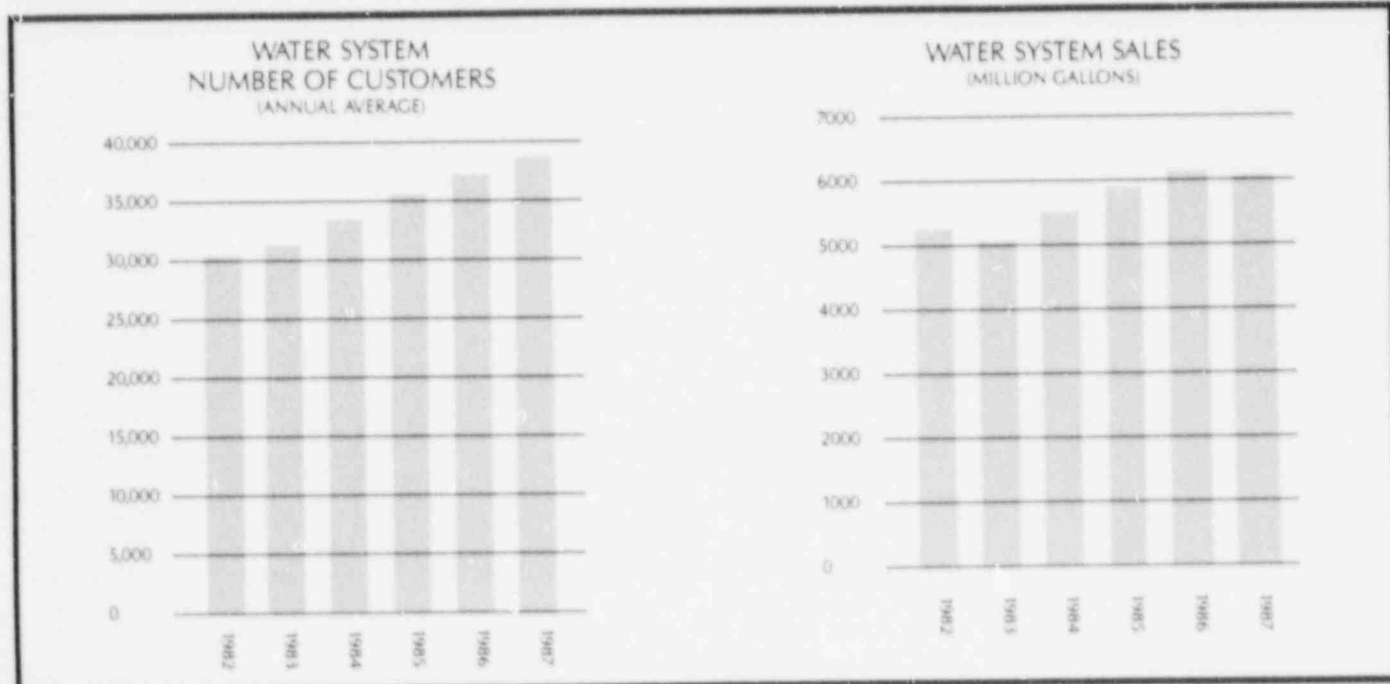
Two major upgrades were made in Murphree's high service pump capacity. Pump number 3 was fitted with a variable speed drive, and a new high service pump with a capacity of 16 million gallons per day was installed; both provide the System with far greater emergency response capability.

Important upgrading of the water distribution system to provide for future growth was accomplished in conjunction with the widening of NW 39th Avenue by the State Department of Transportation (DOT). In order to provide the western regions of GRU's service area with better water distribution and fire protection, smaller pipes were replaced with new 20" mains.

This project and other distribution system improvements have resulted in decreased stress on water system pumps, piping and appurtenances, while improving the water plant's ability to provide increased water volumes and pressures to remote areas of the System.

The growth of GRU's water distribution system was also reflected in the installation of more than 900 new meters and the acceptance into the system of an additional 19.11 miles of city/developer constructed water lines.

During the next four to five years, GRU's engineers will be studying potential sites for new wells, ground storage and re-pump facilities. These projects will be



designed to better provide for future growth. The first of these undertakings will rehabilitate an existing one million gallon storage tank and pumping station located near the downtown business district. This project will enhance fire protection downtown and in the southeast service area.

The Florida Legislature has received a unanimous recommendation from the Florida Bureau of Historic Preservation to award GRU a \$248,000 grant to help with the restoration of the Boulware Springs Water Facilities. This was the site for many important events

in Gainesville's early history, and the restored building will be used for a museum, a conference center, and for other community events.

In an effort to educate our future customers about the dangers of backflow (cross-connection) GRU distributed an original in-house produced educational comic book "Buster Backflow" to area schoolchildren. These and other GRU produced training aids help support our commitment to serving the community safely and efficiently.



A GRU Lab Technician takes a water sample from historic Boulware Springs, site of Gainesville's first water pumping station.

Wastewater System

GRU's Wastewater System operates two wastewater treatment plants, Kanapaha and Main Street, having a combined treatment capacity of 17.5 million gallons per day (mgd), that are supplied by a collection system including 406 miles of gravity lines, 88 miles of associated force mains, and 113 pumping stations.

The System averaged 34,915 customers during Fiscal 1987, representing a 3.2% increase over the previous year. Total wastewater billings during the year were 3,578 million gallons, a 1.7% increase over 1986. An average daily flow of 13.9 mgd was treated this year.

In 1987, projects were slated to improve both the Kanapaha Wastewater Treatment Plant and the Main Street Plant. The wastewater treatment system recently installed new personal computers in the laboratory, operations, maintenance and lift station areas. These computers will assist personnel in the monitoring and control of plant processes, scheduling of resources and controlling expenditures.

Continuing emphasis on wastewater quality and system efficiency is one reason GRU receives annual awards for its facilities. In 1987, GRU's wastewater system received a Class "A" Overall Safety Award from the Florida Water and Pollution Control Operators Association (FW & PCOA).

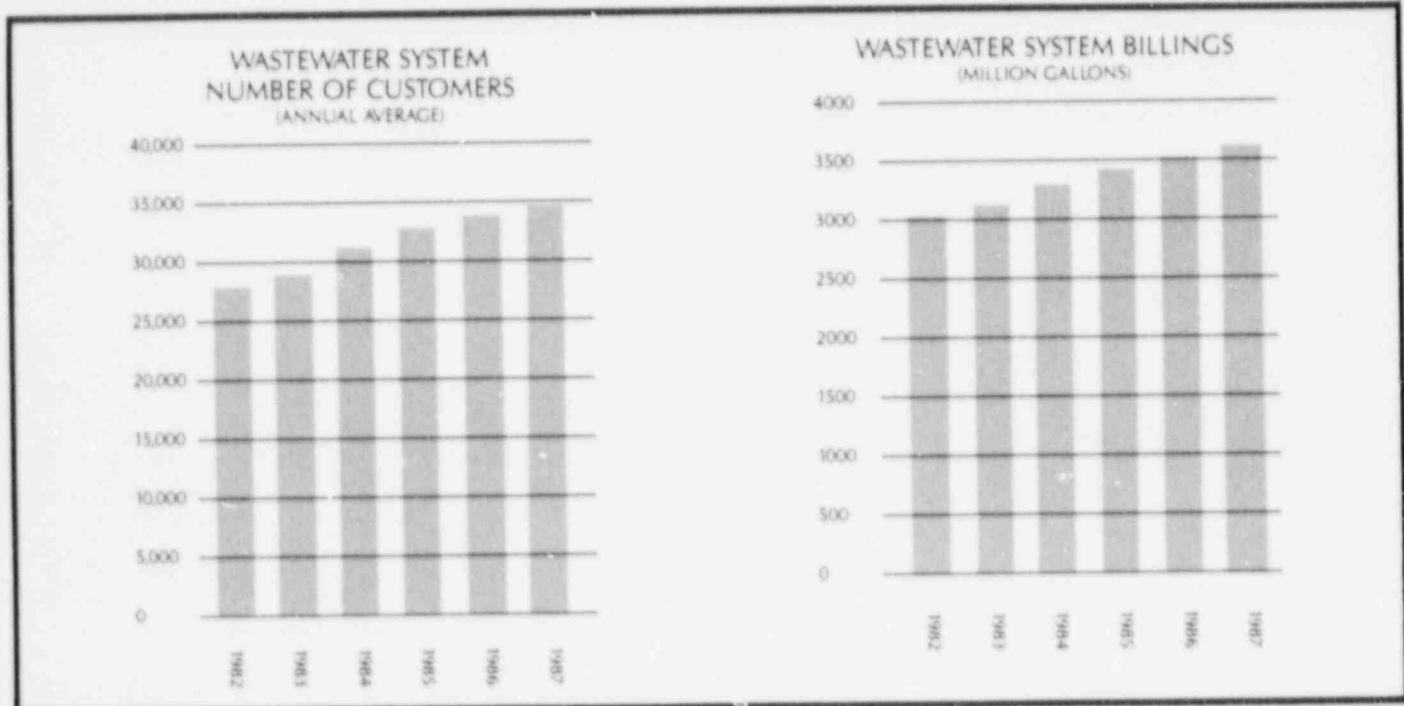
In the winter months of Fiscal 1987, it was discovered that Kanapaha was exceeding EPA limits for coliforms in the effluent. Although no public health problems were posed by the regulatory violation (caused principally by unseasonably high rainfall) GRU took steps to correct the problem: 1)

The contact time in the chlorine contact chamber was increased; 2) The ratio of chlorine to water was increased; 3) Leaky valves causing reverse flow were replaced.

Kanapaha's disinfection system was the subject of a major upgrade project in Fiscal 1987. The project, to be completed by April 1988, will include automated controls and a new chlorine contact chamber. These additions will reduce chlorine dosage requirements and will help to ensure the plant's ability to meet drinking water standards under all operating conditions. This \$1,200,000 project is being undertaken with the help of a \$517,000 grant from the EPA.

As a result of lengthy force main runs feeding the Kanapaha plant, and the hot Florida weather, the plant has periodically experienced odor problems. An innovative odor-controlling bio-filter is presently under construction and will be completed in early 1988. This system uses organic media and sulfur-consuming organisms to remove odor-causing compounds normally found in septic sewage. Although this form of control has been extensively used in Europe, GRU will be the first to install this particular system in the United States. This biological system is self-contained, requires minimal maintenance and eliminates odors without the use of chemicals. It is expected to save GRU up to \$150,000 per year in chemical costs.

By March of 1988, GRU plans to add a major lift station in the Northwood area of northwest Gainesville. An existing duplex station will be upgraded to a tri-plex station with enhanced pump-

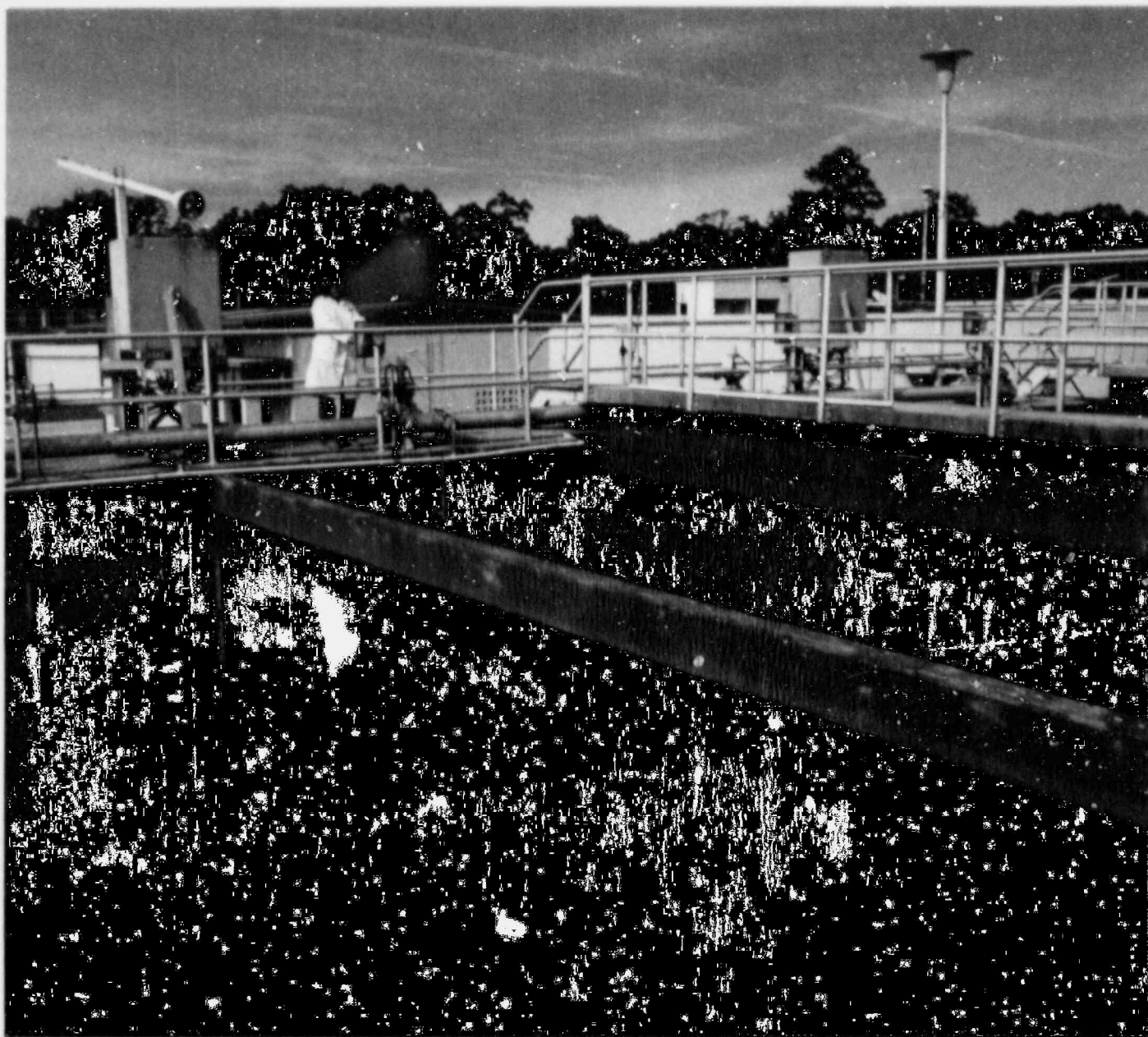


ing capabilities and storage capacity. It will incorporate the latest pump sequencing technology and stand-by emergency power.

GRU's 34-year-old Main Street Plant is slated for extensive upgrading in the next fiscal year. The present secondary treatment system will be converted to an advanced tertiary system. Existing trickling filters will be replaced with a second activated sludge and filtering system capable of meeting the stringent standards required for discharging effluent into Sweetwater Branch. GRU intends to use an EPA grant of approximately \$4 million to help with the projected \$7.5 million upgrade.

Wastewater collection projects for Fiscal 1987 included gravity interceptor installations in the Sugarfoot area, continuing improvements in the northeast, installation of a 24" force main along SW 75th St. (Tower Road), projects on NW 39th Ave., and downtown redevelopment projects.

The continued use of portable television equipment to detect leaky pipes and joints has resulted in sewer line repairs (principally in the northwest and southeast sectors in Fiscal 1987) using procedures that have saved \$1.6 million in traditional replacement costs. An estimated 90% of the old replacement method costs are saved using the "Sewer Viewer" and its related repair procedures.



At Kanapaha, a Lab Technician prepares to take a water sample from the denitification filters.

Financial Summary

The financial performance of the System continued to be strong with sales of electricity, water and wastewater steadily increasing while operation and maintenance expenses were less than budgeted for the fiscal year.

Combined System net revenues were \$43.9 million. This produced a coverage ratio of 2.45 (net revenues divided by aggregate debt service). Net revenues from interchange sales were stable with firm sales to the Florida Municipal Power Agency and the City of Starke, Florida accounting for 53.1% of the net revenues from interchange sales.

The balance in the Rate Stabilization Fund (RSF), less accrued interest, was \$21.6 million at the beginning of the year. As part of a planned reduction in the fund balance (in order to stabilize rates) a withdrawal of \$3.5 million was made for the electric system and deposits of \$0.3 million and \$1 million were made for the water and wastewater systems, respectively. The balance, less accrued interest, was \$19.4 million at the end of the year.

Fiscal 1987 was the first in which the System operated under a formula to determine the amount of funding transfer from the utility to the City's fund for General Government operations.

The formula was established with the following major objectives:

- a) To track the System's ability to pay

- b) To be stable rather than volatile
- c) To be simple and easy to administer
- d) To provide an appropriate return to the City's General Government operating fund

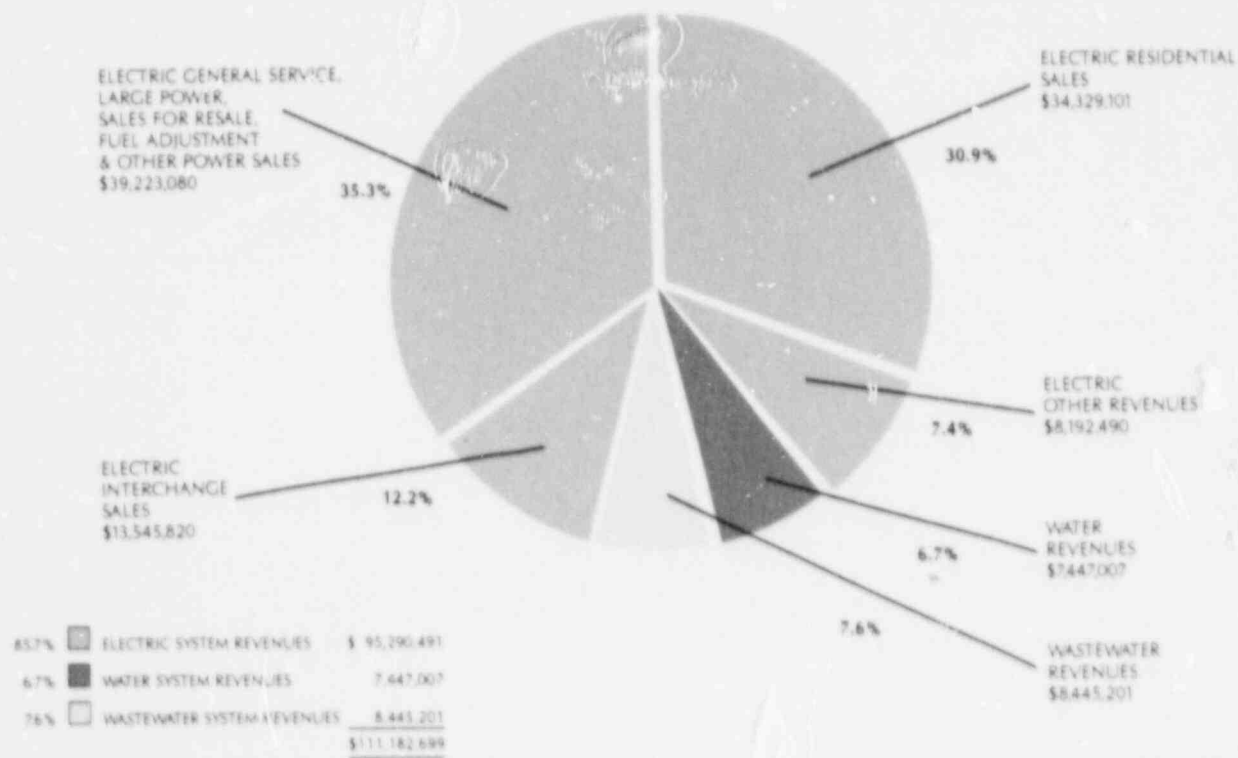
Based on this formula, a transfer of \$9.8 million was made in Fiscal 1987 representing a 7.7% increase over Fiscal 1986.

The Tax Exempt Commercial Paper (TECP) program, with a total principal outstanding of \$49.5 million, continued to produce considerable savings for GRU's ratepayers. The average interest rate on outstanding paper was 4.36% for the year; it ranged from a high of 5.66% in the 4th quarter to a low of 3.05% in the 1st quarter. Average maturity of outstanding paper was 49 days.

On August 1, 1987, the System received \$1.2 million in revenue (a new record) which represented 5,606 customer payments. This was part of a record-breaking week of transactions totalling \$10.8 million. These records were attributable to University students returning for the fall semester, the transfer of approximately 600 Clay Electric Cooperative customers to the electric system (part of a new territorial agreement) and high use of air conditioning during a summer heat wave.

In 1978, the System entered into a long term coal supply contract for the System's Deerhaven Unit 2. The contract had an initial term of 10 years begin-

REVENUE EARNED / FISCAL YEAR 1987



ning in January 1981, and was renegotiable every five years for a total of 35 years.

In 1983, the System cancelled the contract and as a result the supplier filed for arbitration as permitted under the contract. In June 1987, a panel of arbitrators awarded the supplier \$23.8 million with interest accruing at 8% from July 1, 1983, until the date of payment. The System estimated that the award (if confirmed in court) would have amounted to approximately \$32 million at the end of the fiscal year. In December, 1987, the System offered an out-of-court settlement of \$274 million which was subsequently accepted by the supplier and approved by Gainesville's City Commission shortly thereafter.

The settlement payment will be made with funds raised through the System's Tax Exempt Commercial Paper program and it is expected that repayment of those funds through fuel increases will be spread over a ten-to-fifteen year period. The System estimates that the cancellation of the contract is saving customers approximately \$10 million per year (or \$8 per month for an average residential customer). The award would require an increase of roughly \$2-3 per month for our residential customers. Therefore the cancellation of the contract, even with the damage settlement, is in the best interest of the customers.

In April 1987, the System received notification from Moody's Investor Services, Inc. that the System's bond rating had been upgraded from A-1 to Aa. This

rating, when combined with the long-standing AA rating from Standard and Poor's, places the System among an elite class of only 14 municipal utilities nation-wide.

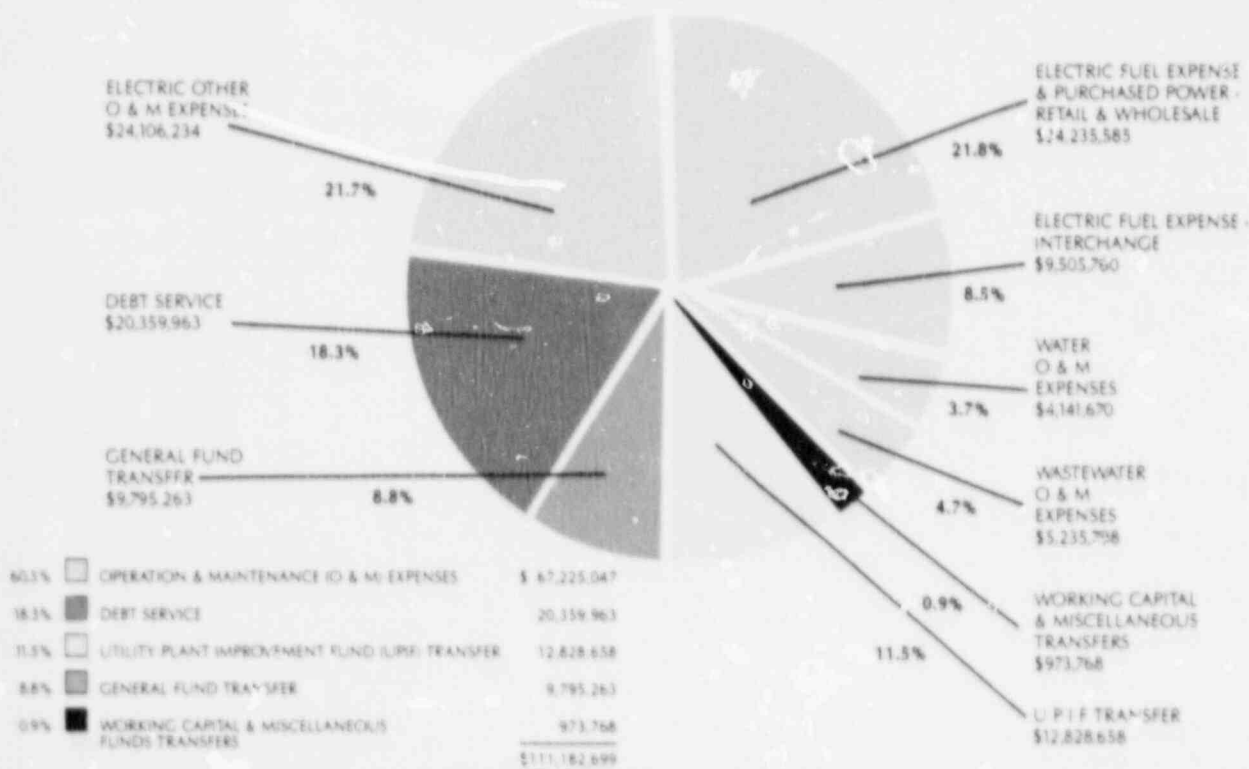
On September 3, 1987, the System issued \$74.9 million of tax exempt bonds under the new ratings and achieved a long-term bond yield of just under 8%. These monies are to be used for the funding of capital improvement projects planned for the next 3 years. The capital budgeting/facilities planning process plays an important part in fulfilling GRU's mission: to provide reliable and economical service to existing and future customers.

Capital improvement funding for fiscal 1987 amounted to \$26.6 million with \$12.8 million provided from system net revenues and \$9.8 million provided from bond construction funds. Net utility plant increased \$7.3 million during the year to a balance of \$376.4 million at year's end.

The electric energy interchange with other Florida utilities continued at a brisk pace for Fiscal 1987. Gross revenues totalled over \$1.5 million from the more than 500,000 Megawatt hours (MWh) of energy sold. Interchange purchases totalled almost \$2.5 million on approximately 99,000 MWh. Although the Florida Energy Broker played an important role in the GRU interchange picture, reliance on economy sales has decreased significantly. Firm sales to FMPA and Starke have stabilized GRU's interchange sales.

The System continues to provide among the lowest residential electric rates in Florida.

REVENUE ALLOCATED / FISCAL YEAR 1987



INVESTOR INFORMATION

CERTIFIED PUBLIC ACCOUNTANTS

Coopers & Lybrand and
Davis, Monk, Farnsworth & Company

REVENUE BONDS

Trustee/Registrar/Paying Agent

Morgan Guaranty Trust Company
New York, New York

TAX EXEMPT COMMERCIAL PAPER

Dealer

Goldman Sachs and Company
New York, New York

Paying Agent

Manufacturers Hanover
Trust Company
New York, New York

AUDITORS' REPORT

The Honorable Mayor and
Members of the City Commission
City of Gainesville
Gainesville, Florida 32601

We have examined the balance sheets of Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) at September 30, 1987 and 1986, and the related statements of revenue and expense and 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 Gainesville Regional Utilities, at September 30, 1987 and 1986, 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
Jacksonville, Florida

Davis, Monk,
Farnsworth & Company
Gainesville, Florida

December 2, 1987

GAINESVILLE REGIONAL UTILITIES
BALANCE SHEETS
September 30, 1987 and 1986

ASSETS

	<u>1987</u>	<u>1986</u>
Utility Plant:		
Utility Plant in Service	\$491,309,155	\$468,452,988
Construction in Progress	<u>9,346,602</u>	<u>12,409,654</u>
	500,655,757	480,862,642
Less: Accumulated Depreciation and Amortization	<u>(124,233,002)</u>	<u>(111,703,039)</u>
NET UTILITY PLANT	<u>376,422,755</u>	<u>369,159,603</u>
Restricted Assets:		
Capital Facilities - Cash and Investments	1,338,167	1,336,553
Decommissioning Reserve - Cash and Investments	375,683	276,012
Water Pollution Emergency Reserve - Cash and Investments	50,000	50,000
Utility Deposits - Cash and Investments	2,989,170	2,712,381
Debt Service Fund - Cash and Investments	60,371,963	34,688,713
Rate Stabilization Fund - Cash and Investments	19,549,119	21,762,905
Construction Fund -		
Cash and Investments	46,261,915	6,212,179
Contracts-in Progress	1,042,237	4,058,779
Utility Plant Improvement Fund -		
Cash, Investments, and Receivables	2,403,494	2,267,822
Due From Other Funds	475,790	130,094
Materials Inventories	<u>4,557,634</u>	<u>4,395,464</u>
TOTAL RESTRICTED ASSETS	<u>139,415,172</u>	<u>77,890,902</u>
Current Assets:		
Cash and Short-Term Investments	10,017,222	7,304,028
Accounts Receivable (Net of Allowance for Uncollectible Accounts; \$343,377 in 1987 and \$314,752 in 1986)	13,788,809	12,279,810
Due From Other Funds	649,636	1,254,053
Prepaid Expenses	130,665	88,221
Inventories -		
Fuel	7,267,384	11,126,809
Materials and Supplies	<u>422,348</u>	<u>483,497</u>
TOTAL CURRENT ASSETS	<u>32,276,064</u>	<u>32,536,418</u>
Deferred Debits	<u>35,059,510</u>	<u>4,814,893</u>
TOTAL ASSETS	<u>\$583,173,501</u>	<u>\$484,401,816</u>

See accompanying notes.

LIABILITIES AND FUND EQUITY

	<u>1987</u>	<u>1986</u>
Long-Term Debt and Fund Equity:		
Long-Term Debt -		
Utilities System Revenue Bonds Payable	\$260,867,331	\$186,000,000
Utilities Commercial Paper Notes Payable, Series A	<u>49,501,000</u>	<u>49,501,000</u>
	310,368,331	235,501,000
Less: Unamortized Bond Discount	<u>(7,117,419)</u>	<u>(6,986,496)</u>
Total Long-Term Debt	<u>303,250,912</u>	<u>228,514,504</u>
Fund Equity -		
Contributions in Aid of Construction	57,617,761	56,104,848
Retained Earnings	<u>171,709,178</u>	<u>173,796,702</u>
Total Fund Equity	<u>229,326,939</u>	<u>229,901,550</u>
TOTAL LONG-TERM DEBT AND FUND EQUITY	<u><u>532,577,851</u></u>	<u><u>458,416,054</u></u>
Payable from Restricted Assets:		
Utility Deposits	2,989,170	2,712,381
Accrued Interest Payable	9,987,555	9,046,800
Construction Fund -		
Accounts, Contracts and Retainages Payable	1,427,250	5,353,974
Due to Other Funds	1,389,833	1,847,332
Utility Plant Improvement Fund -		
Accounts Payable and Accrued Liabilities	<u>883,939</u>	<u>835,593</u>
TOTAL PAYABLE FROM RESTRICTED ASSETS	<u><u>16,677,747</u></u>	<u><u>19,796,080</u></u>
Current Liabilities:		
Fuels Payable	2,182,619	2,265,829
Fuels Payable - Litigation Settlement	27,375,000	-
Accounts Payable and Accrued Liabilities	<u>3,859,927</u>	<u>2,445,440</u>
TOTAL CURRENT LIABILITIES	<u><u>33,417,546</u></u>	<u><u>4,711,269</u></u>
Deferred Credits	<u>500,357</u>	<u>1,478,413</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u><u>\$583,173,501</u></u></u>	<u><u><u>\$484,401,816</u></u></u>

See accompanying notes.

GAINESVILLE REGIONAL UTILITIES
**STATEMENTS OF REVENUE AND EXPENSE
AND RETAINED EARNINGS**
FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

	1987	1986
Operating Revenues:		
Sales and Service Charges	\$101,243,208	\$100,140,938
Other Operating Revenue	972,077	941,245
TOTAL OPERATING REVENUES	102,215,285	101,082,183
Operating Expenses:		
Operations and Maintenance	51,648,475	50,900,638
Administrative and General	15,576,572	13,897,573
Depreciation and Amortization	13,807,008	13,152,346
TOTAL OPERATING EXPENSES	81,032,055	77,950,557
OPERATING INCOME	21,183,230	23,131,626
Nonoperating Revenues (Expenses):		
Interest Revenue	5,399,125	6,226,947
Interest Expense	(20,443,394)	(20,505,450)
Proceeds From Settlement of Litigation	-	1,630,667
TOTAL NONOPERATING REVENUES (EXPENSES)	(15,044,269)	(12,647,836)
INCOME BEFORE OPERATING TRANSFERS	6,138,961	10,483,790
OPERATING TRANSFER TO GENERAL FUND	(9,795,263)	(9,055,519)
NET INCOME (LOSS) RETAINED	(3,656,302)	1,428,271
RETAINED EARNINGS, Beginning	173,796,702	170,883,576
AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION	1,568,778	1,484,855
RETAINED EARNINGS, Ending	\$171,709,178	\$173,796,702

See accompanying notes.

GAINESVILLE REGIONAL UTILITIES
STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

	<u>1987</u>	<u>1986</u>
Source of Working Capital:		
Net Income (Loss) Retained	\$ (3,656,302)	\$ 1,428,271
Items Not Requiring Outlay of Working Capital:		
Depreciation and Amortization	<u>13,807,008</u>	<u>13,152,346</u>
Working Capital Provided From Operations	10,150,706	14,580,617
Utility Plant Sales and Retirements	1,602,132	686,768
Contributions in Aid of Construction	3,081,691	4,091,679
Increase in Utilities System Revenue Bonds Payable	<u>74,867,331</u>	-
TOTAL SOURCE OF WORKING CAPITAL	<u>89,701,860</u>	<u>19,359,064</u>
Use of Working Capital:		
Utility Plant Additions	22,501,556	24,284,714
Decrease in Deferred Credits	1,070,060	1,102,947
Increase (Decrease) in Restricted Assets	61,524,270	(3,240,625)
Increase (Decrease) in Unamortized Bond Discount	130,922	(249,517)
Increase (Decrease) in Deferred Debits	30,323,350	(2,481,162)
Decrease (Increase) in Payable From Restricted Assets	<u>3,118,333</u>	<u>(4,425,217)</u>
TOTAL USE OF WORKING CAPITAL	<u>118,668,491</u>	<u>14,991,140</u>
CHANGE IN WORKING CAPITAL	<u><u>\$(28,966,631)</u></u>	<u><u>\$ 4,367,924</u></u>
Changes in Working Capital by Component:		
Current Assets - Increase (Decrease):		
Cash and Short-Term Investments	\$2,713,194	\$844,922
Accounts Receivable	1,508,999	(2,858,350)
Due From (To) Other Funds	(604,417)	1,290,106
Prepaid Expenses	42,444	(5,148)
Fuel, Materials and Supplies Inventories	(3,920,574)	1,213,621
Current Liabilities - Decrease (Increase):		
Fuels Payable	83,210	3,716,910
Fuels Payable - Litigation Settlement	(27,375,000)	-
Accounts Payable and Accrued Liabilities	<u>(1,414,487)</u>	<u>165,863</u>
CHANGE IN WORKING CAPITAL	<u><u>\$(28,966,631)</u></u>	<u><u>\$ 4,367,924</u></u>

See accompanying notes.

GAINESVILLE REGIONAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1987 AND 1986

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

Gainesville Regional Utilities (GRU) consists of the Combined Utility Funds of the City of Gainesville, Florida (City). 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 wastewater funds are combined along with all restricted asset accounts.

Investments

Investments are stated at amortized costs. Premium or discount is amortized over the investment's maturity based on the interest method.

Inventories

Inventories are stated at cost using the weighted average unit cost method for materials, and the last-in, first-out (LIFO) method for fuel. 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 and Nuclear Generating Plant Decommissioning

Depreciation of utility plant is computed using the straight-line method over the estimated service life of the property. Depreciation was equivalent to 2.84% and 2.83% of average depreciable property for 1987 and 1986, respectively. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant (see Note 5) at an annual rate of 3.6% of GRU's share of the estimated costs.

Amortization of Nuclear Fuel

The cost of nuclear fuel, including estimated disposal cost, is charged to operating expenses. These costs are charged to customers through increased rates or through the fuel adjustment clause.

Utility Revenue Recognition

Utility revenues are recorded as earned. Fuel adjustment revenues are recognized based on the 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.

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 4), are eliminated for the Combined Utility Funds. Interfund loans do not bear interest.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Allowance for Funds Used During Construction

An allowance for interest on borrowed funds used during construction of \$778,620 in 1987 and \$543,338 in 1986 is included in construction in progress and as a reduction of interest expense. These amounts are computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rates were approximately 10.0% and 10.3% in 1987 and 1986, respectively.

Amortization

Bond issuance costs are amortized over the life of the bonds. Other miscellaneous deferred debits are generally being amortized over periods from five to ten years. Deferred debit amortization expense was \$16,963 and \$33,454 for 1987 and 1986, respectively.

Contributions in Aid of Construction

Utility plant in service for the water and wastewater funds includes assets received from contributions in aid of construction. The amount of amortization expense included in the statement of revenue and expense relating to the contributed assets is credited to retained earnings to reflect the transfer of this amount to the related contributions account.

Reclassification

Certain amounts for 1986 have been reclassified to conform with the 1987 presentation.

Note 2 - LONG-TERM DEBT:

Long-term debt outstanding at September 30 consisted of the following:

	<u>1987</u>	<u>1986</u>
Utilities System Revenue Bonds, Series 1983 (Bonds) Principal Payable Semi-Annually to October 1, 2014; Interest at Various Rates Between 6% to 10.25%	\$186,000,000	\$186,000,000
Utilities System Revenue Bonds, 1987 Series A (Bonds) Principal Payable Semi-Annually to October 1, 2017; Interest at Various Rates Between 5.6% to 8.4%	74,867,331	-
Utilities System Commercial Paper Notes, Series A (Series A Notes) Principal Payable August 25, 1988; Interest at Various Rates Between 70% to 75% of the Manufacturers Hanover Trust Company Prime Rate	<u>49,501,000</u>	<u>49,501,000</u>
	310,368,331	235,501,000
Less: Unamortized Bond Discount	(7,117,419)	(6,986,496)
Total Long-Term Debt	<u>\$303,250,912</u>	<u>\$228,514,504</u>

NOTES TO FINANCIAL STATEMENTS, Continued

Note 2 - LONG-TERM DEBT, Continued:

The table below lists the Debt Service Requirements on the bonds outstanding at September 30, 1987.

Period Ending October 1	Principal and Sinking Fund Installments	Interest	Capitalized Interest (1)	Total Debt Service Requirements (2)
1987	\$ -	\$ 24,355,617	\$ (6,415,827)	\$ 17,939,790
1988	-	23,439,070	(5,499,280)	17,939,790
1989	-	23,439,070	(5,499,280)	17,939,790
1990	1,725,000	17,939,790	-	19,664,790
1991	3,455,000	23,301,070	-	26,756,070
1992	3,705,000	23,049,555	-	26,754,555
1993	3,985,000	22,770,675	-	26,755,675
1994	4,295,000	22,460,900	-	26,755,900
1995	4,635,000	22,116,350	-	26,751,350
1996	5,015,000	21,734,450	-	26,749,450
1997	5,445,000	21,310,360	-	26,755,360
1998	5,910,000	20,841,820	-	26,751,820
1999	6,450,000	20,303,588	-	26,753,588
2000	6,590,000	19,712,841	-	26,302,841
2001	7,205,000	19,546,443	-	26,751,443
2002	7,880,000	18,870,188	-	26,750,188
2003	8,625,000	18,127,383	-	26,752,383
2004	9,445,000	17,305,640	-	26,750,640
2005	10,355,000	16,396,027	-	26,751,027
2006	11,355,000	15,397,640	-	26,752,640
2007	12,450,000	14,301,628	-	26,751,628
2008	13,655,000	13,098,627	-	26,753,627
2009	14,985,000	11,773,921	-	26,758,921
2010	16,435,000	10,318,827	-	26,753,827
2011	18,030,000	8,721,403	-	26,751,403
2012	19,785,000	6,967,378	-	26,752,378
2013	21,715,000	5,040,827	-	26,755,827
2014	23,830,000	2,924,528	-	26,754,528
2015	1,827,331	4,934,209	-	6,761,540
2016	5,810,000	951,300	-	6,761,300
2017	6,270,000	493,763	-	6,763,763
	<u>\$260,867,331</u>	<u>\$491,944,888</u>	<u>\$(17,414,387)</u>	<u>\$735,397,832</u>

(1) Represents funds deposited in the Debt Service Account for interest payments required by the issuance of the Utilities System Revenue Bonds, 1987 Series A.

(2) Includes GAINS Securities at their appreciated value of \$5,360,000 at maturity.

The 1983 Bonds maturing on or after October 1, 1994 (except those maturing on October 1, 2014), are subject to redemption at the option of the City on and after October 1, 1993, at a redemption price of 102½% in 1993, and 102% to 100% thereafter. The 1983 Bonds maturing on October 1, 2014, are subject to redemption at the option of the City on or after October 1, 1993, at a redemption price of 100%.

Note 2 - LONG-TERM DEBT, Continued:

The 1987 Bonds maturing on or after October 1, 1998 (other than GAINS Securities) are subject to redemption at the option of the City on and after October 1, 1997, as a whole at anytime or in part on interest payment dates, at a redemption price of 102% in 1997 and 101% to 100% thereafter. The 1987 Bonds maturing on October 1, 2007 to October 1, 2017 are subject to redemption through mandatory sinking fund installments beginning on October 1, 2003 through October 1, 2017. The GAINS Securities are subject to redemption at the option of the City on or after October 1, 2000 as a whole at anytime or in part on October 1, or April 1, at a redemption price of 102% in 2000 and 101% to 100% thereafter.

Under the terms of the Bond Resolution relating to the sale of the Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenues (exclusive of any funds which may be established pursuant to the Bond Resolution for decommissioning and certain other specified purposes), including the investments and income, if any, thereof.

The Bond Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenues sufficient to pay operation and maintenance expenses, amounts budgeted for deposit into the rate stabilization fund, amounts required for deposit in the debt service funds, and amounts required for deposit into the utility plant improvement fund.

The Series A Notes were issued under a Revolving Credit and Term Loan Agreement, dated September 1, 1983 (Series A Agreement).

Under the terms of the Series A Agreement, GRU may borrow up to \$50,000,000 on a revolving basis until August 25, 1988, at which time GRU may convert existing borrowings to a term loan.

On October 27, 1987 the City authorized \$85,000,000 in new Utilities System Commercial Paper Notes, Series B, (Series B Notes) for the purpose of refinancing its Series A Notes as they mature and financing and refinancing the cost of acquisition and construction of its combined utilities system. The Series B Notes were issued under a Revolving Credit and Term Loan Agreement dated October 1, 1987 (Series B Agreement). Under terms of the Series B Agreement, GRU may borrow up to \$85,000,000 on a revolving basis until October 27, 1992, at which time GRU may convert existing borrowings to a term loan which may be utilized to pay maturing notes on that date. The Series B Agreement provides for same-day availability of funds up to a maximum of \$85,000,000.

Note 3 - CASH AND INVESTMENTS:

The funds of GRU are administered in accordance with the Bond Resolution and are invested in government securities and other temporary investments.

Note 4 - INTERFUND DIRECT UTILITY BILLINGS:

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

	<u>1987</u>	<u>1986</u>
Revenues:		
Sales of Electricity	\$1,645,851	\$1,742,224
Sales of Water	182,467	149,848
Wastewater Service Charges	<u>2,809</u>	<u>2,782</u>
Total Revenues	<u>\$1,831,127</u>	<u>\$1,894,854</u>

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

	<u>1987</u>	<u>1986</u>
Expenses:		
Electric Fund	\$ 324,273	\$ 305,258
Water Fund	739,919	787,974
Wastewater Fund	<u>766,935</u>	<u>801,622</u>
Total Expenses	<u>\$1,831,127</u>	<u>\$1,894,854</u>

NOTES TO FINANCIAL STATEMENTS, Continued

Note 5 - JOINTLY-OWNED ELECTRIC PLANT:

GRU-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 (CR3) nuclear power plant operated by Florida Power Corporation. CR3 revenue and operating and maintenance costs, which represent GRU's part of all revenue and expenses attributable to operation of CR3, are properly recorded in accordance with the instructions as set forth in the Uniform System of Accounts. Payments are made to Florida Power Corporation in accordance with the CR3 participation agreement.

Note 6 - CONTRIBUTIONS IN AID OF CONSTRUCTION:

Contributions in aid of construction are as follows:

	<u>1987</u>	<u>1986</u>
Contributions in Aid of Construction:		
Utility Plant, Property, and Equipment		
Contributed by Municipality	\$ 3,982,276	\$ 3,982,276
Federal and State Grants in Aid of Construction	12,119,939	12,119,939
Contributions From Customers and Developers:		
Plant Contributed By Developers	27,926,974	26,532,888
Connection Charges	<u>28,225,192</u>	<u>26,537,587</u>
	72,254,381	69,172,690
Accumulated Amortization	<u>(14,636,620)</u>	<u>(13,067,842)</u>
Contributions in Aid of Construction	<u>\$57,617,761</u>	<u>\$56,104,848</u>

Note 7 - RETAINED EARNINGS:

Retained earnings reserved for debt service and unappropriated are as follows:

	<u>1987</u>	<u>1986</u>
Reserved for Debt Service	\$ 50,384,407	\$ 25,641,913
Unappropriated	<u>121,324,771</u>	<u>148,154,789</u>
Total Retained Earnings	<u>\$171,709,178</u>	<u>\$173,796,702</u>

Retained earnings balances at September 30, included in the debt service fund accounts, are as follows:

	<u>1987</u>	<u>1986</u>
Sinking Fund Account	\$ 6,069,774	\$ 4,764,235
Reserve Account	27,492,547	20,726,622
Debt Service Account	26,511,533	8,974,001
Subordinated Indebtedness Fund Account	280,014	210,014
Commercial Paper Note Payment Account	<u>18,094</u>	<u>13,841</u>
	60,371,962	34,688,713
Less: Amounts Appropriated For Current Interest Payable	<u>(9,987,555)</u>	<u>(9,046,800)</u>
	<u>\$50,384,407</u>	<u>\$25,641,913</u>

NOTES TO FINANCIAL STATEMENTS, Continued

Note 8 - 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, primary contributory pension plan, covers all employees of GRU, except certain personnel who participate only in the Deferred Compensation Plan.

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 years ended September 30, 1987 and 1986, were \$1,465,423 and \$1,348,221, respectively. Of these totals, approximately \$906,404 and \$843,604 was contributed by GRU in 1987 and 1986, respectively.

The following information for the Employees Plan is as of September 30, 1986, the date of the latest actuarial valuation:

Actuarial present value of accumulated plan benefits -	\$28,435,835
Actuarial present value of accumulated plan benefits -	2,103,404
	<u>\$30,539,239</u>
Net assets available for benefits	\$29,130,564
Weighted average assumed rate of return used to determine the actuarial present value of plan benefits	10%

Beginning in 1979, certain employees are 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 GRU for the fiscal years ended September 30, 1987 and 1986 was \$137,714 and \$116,703, respectively.

Note 9 - OPERATING TRANSFERS TO GENERAL FUND:

On April 14, 1986, the City commission established a formula to determine the amount of System revenues to be transferred to the general government of the City. The formula provides that the operating transfer shall equal the amount of electric and water surcharge revenues collected in the current year, plus 14.65% of the gross electric system revenue realized during the second preceding year, less the sum of fuel expense and electric surcharge revenue realized during such second preceding year. The operating transfer to the general fund may be made only to the extent such moneys are not necessary to pay debt service on the Outstanding Bonds and subordinated debt or to make other necessary transfers under the Resolution. The operating fund transfer to the general fund for the fiscal years ended September 30, 1987 and 1986 was \$9,795,263 and \$9,055,519, respectively.

Note 10 - LITIGATION:

Island Creek Coal Sales Company (Island Creek) initiated an arbitration proceeding claiming that the City of Gainesville (through GRU) breached a coal sales agreement with Island Creek by cancelling the contract. Island Creek submitted alternate damage claims, the maximum amount claimed being approximately \$66 million plus interest. The City filed a counter-claim in the same arbitration for approximately \$2.2 million and stringently resisted Island Creek's claims. The matter was tried before a panel of three arbitrators in October, 1986.

The arbitrators issued an award on June 29, 1987. The award required payment to Island Creek in amounts totalling \$23,849,804 plus interest of eight per cent (8%) per annum from July 1, 1983 until date of payment. Total interest accrued at November 30, 1987 was approximately \$8,450,000. Island Creek subsequently filed suit in the United States District Court for the Eastern District of Kentucky for confirmation of the award. The City subsequently asked the Court to vacate such award.

Following the court filings by Island Creek for confirmation of the award and by the City to vacate the award, settlement discussions ensued resulting in a proposal under which the City of Gainesville would pay \$27,375,000 in full settlement of Island Creek's claims. This settlement proposal was accepted by Island Creek and approved by the City of Gainesville City Commission in December, 1987. Certain conditions remain to be satisfied to fully consummate the settlement.

The full settlement of \$27,375,000 is expected to be funded through the issuance of additional tax exempt Commercial Paper in December, 1987. The amount is included in Deferred Debits and will be included in the rate base through amortization of such funding.

AUDITORS' REPORT ON SUPPLEMENTAL DATA

The Honorable Mayor and
Members of the City Commission
City of Gainesville
Gainesville, Florida 32601

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. (We have previously examined the financial statements for 1985, 1984 and 1983 — none of which are presented herein — and we expressed unqualified opinions on those financial statements). The accompanying schedules of combined net revenues in accordance with bond resolution for the years ended September 30, 1987, 1986, 1985, 1984, and 1983, net revenues in accordance with bond resolution — electric utility fund, water utility fund, and wastewater utility fund for the years ended September 30, 1987, and 1986, combining balance sheet at September 30, 1987, combining statement of revenue and expense and retained earnings for the year ended September 30, 1987, and schedules of utility plant properties and accumulated depreciation and amortization for the year ended September 30, 1987, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Coopers & Lybrand
Jacksonville, Florida

Davis, Monk,
Farnsworth & Company
Gainesville, Florida

December 2, 1987

GAINESVILLE REGIONAL UTILITIES
SCHEDULES OF COMBINED NET REVENUES
IN ACCORDANCE WITH BOND RESOLUTION
FOR THE YEARS ENDED SEPTEMBER 30, 1987, 1986, 1985, 1984 AND 1983

	1987	1986	1985	1984	1983
Revenues:					
Electric Fund:					
Sales of Electricity	\$ 87,098,001	\$ 86,410,497	\$ 93,510,046	\$ 84,512,383	\$ 97,592,233
Other Electric Revenues	4,379,922	2,876,553	(1,113,906)	(1,530,710)	611,473
Interest Income	3,403,152	3,932,750	3,976,216	4,603,179	3,804,633
Total Electric Fund Revenues	<u>94,881,075</u>	<u>93,219,800</u>	<u>96,372,356</u>	<u>87,584,852</u>	<u>102,008,339</u>
Water Fund:					
Sales of Water	6,373,685	6,268,636	6,072,296	5,739,085	5,047,278
Other Water Revenues	545,593	411,099	(170,396)	443,682	787,078
Interest Income	499,273	461,627	448,283	452,587	150,600
Total Water Fund Revenues	<u>7,418,551</u>	<u>7,141,362</u>	<u>6,350,183</u>	<u>6,635,354</u>	<u>5,984,956</u>
Wastewater Fund:					
Wastewater Billings	7,771,522	7,461,805	7,293,741	6,890,309	6,122,823
Other Wastewater Revenues	(51,176)	(368,856)	(420,155)	(189,521)	652,823
Interest Income	696,693	594,118	576,804	531,929	221,984
Total Wastewater Fund Revenues	<u>8,417,039</u>	<u>7,687,067</u>	<u>7,450,390</u>	<u>7,232,717</u>	<u>6,997,630</u>
TOTAL REVENUES	<u>110,716,665</u>	<u>108,048,229</u>	<u>110,172,929</u>	<u>101,452,923</u>	<u>114,990,925</u>
Operation and Maintenance Expenses:					
Electric Fund:					
Fuel Expense	34,475,807	36,028,210	42,139,504	37,291,649	53,826,111
Operation and Maintenance	11,413,836	9,732,748	8,748,618	7,787,440	7,368,447
Administrative and General	11,957,936	10,349,225	9,782,810	8,265,254	7,586,390
Total Electric Fund Expenses	<u>57,847,579</u>	<u>56,110,183</u>	<u>60,670,932</u>	<u>53,344,343</u>	<u>68,780,948</u>
Water Fund:					
Operation and Maintenance	2,634,446	2,360,623	2,332,583	2,176,909	1,785,644
Administrative and General	1,507,224	1,571,940	1,465,924	1,204,123	1,210,440
Total Water Fund Expenses	<u>4,141,670</u>	<u>3,932,563</u>	<u>3,798,507</u>	<u>3,381,032</u>	<u>2,996,084</u>
Wastewater Fund:					
Operation and Maintenance	3,124,386	2,779,057	2,684,066	2,355,195	2,130,323
Administrative and General	2,111,412	1,976,408	1,821,683	1,591,567	1,364,867
Total Wastewater Fund Expenses	<u>5,235,798</u>	<u>4,755,465</u>	<u>4,505,749</u>	<u>3,946,762</u>	<u>3,495,190</u>
TOTAL OPERATION AND MAINTENANCE EXPENSES	<u>(67,225,047)</u>	<u>(64,798,211)</u>	<u>(68,975,188)</u>	<u>(60,672,137)</u>	<u>(75,272,222)</u>
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:					
Electric	37,033,496	37,109,617	35,701,424	34,240,509	33,227,391
Water	3,276,881	3,208,799	2,551,676	3,254,322	2,988,872
Wastewater	3,181,241	2,931,602	2,944,641	3,285,955	3,502,440
Net Revenues Before Interest					
Income From Sinking Fund	43,491,618	43,250,018	41,197,741	40,780,786	39,718,703
Interest Income From Sinking Fund	466,034	347,088	207,898	-	-
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>\$ 43,957,652</u>	<u>\$ 43,597,106</u>	<u>\$ 41,405,639</u>	<u>\$ 40,780,786</u>	<u>\$ 39,718,703</u>
AGGREGATE DEBT SERVICE	<u>\$ 17,939,790</u>	<u>\$ 17,939,790</u>	<u>\$ 17,939,790</u>	<u>\$ 17,939,790</u>	<u>\$ 18,974,943</u>
COVERAGE RATIO	2.45	2.43	2.31	2.27	2.09

See note on page 30.

GAINESVILLE REGIONAL UTILITIES
**SCHEDULES OF NET REVENUES IN
 ACCORDANCE WITH BOND RESOLUTION
 ELECTRIC UTILITY FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986**

	<u>1987</u>	<u>1986</u>
Revenues:		
Sales of Electricity:		
Residential Sales	\$34,329,101	\$33,002,437
General Service and Large Power	36,704,270	35,066,104
Fuel Adjustment	(2,888,441)	(2,149,929)
Street and Traffic Lighting	1,528,566	1,438,298
Utility Surcharge	1,795,574	1,558,610
Sales for Resale	2,083,111	1,926,221
Interchange Sales	<u>13,545,820</u>	<u>15,568,756</u>
Total Sales of Electricity	<u>87,098,001</u>	<u>86,410,497</u>
Other Revenues:		
Transfers From Rate Stabilization	3,464,658	352,179
Service Charges	685,558	713,251
Pole Rentals	159,873	114,821
Miscellaneous	69,833	65,635
Settlement of Litigation	-	1,630,667
Total Other Revenues	<u>4,379,922</u>	<u>2,876,553</u>
Interest Income	<u>3,403,152</u>	<u>3,932,750</u>
TOTAL REVENUES	<u><u>94,881,075</u></u>	<u><u>93,219,800</u></u>
Operation and Maintenance Expenses:		
Operation and Maintenance:		
Fuel Expense:		
Retail and Purchased Power	24,235,585	23,891,586
Interchange	9,505,760	11,268,218
Other	<u>734,462</u>	<u>868,406</u>
Total Fuel Expense	<u>34,475,807</u>	<u>36,028,210</u>
Power Production	8,229,736	6,772,510
Transmission	399,770	365,050
Distribution	<u>2,784,330</u>	<u>2,595,188</u>
Total Operation and Maintenance	<u>45,889,643</u>	<u>45,760,958</u>
Administrative and General:		
Customer Accounts	1,397,938	1,331,901
Administrative and General	<u>10,559,998</u>	<u>9,017,324</u>
Total Administrative and General	<u>11,957,936</u>	<u>10,349,225</u>
TOTAL OPERATION AND MAINTENANCE EXPENSES	<u><u>57,847,579</u></u>	<u><u>56,110,183</u></u>
Net Revenues in Accordance with Bond Resolution:		
Retail	32,993,436	32,809,079
Interchange	<u>4,040,060</u>	<u>4,300,538</u>
Net Revenues Before Interest Income from Sinking Fund	<u>37,033,496</u>	<u>37,109,617</u>
Interest Income from Sinking Fund	<u>409,416</u>	<u>304,920</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u><u>\$37,442,912</u></u>	<u><u>\$37,414,537</u></u>

See note on page 30.

GAINESVILLE REGIONAL UTILITIES
**SCHEDULES OF NET REVENUES IN
 ACCORDANCE WITH BOND RESOLUTION
 WATER UTILITY FUND**
 FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986

	<u>1987</u>	<u>1986</u>
Revenues:		
Sales of Water:		
General Customers	\$4,878,839	\$4,818,179
University of Florida	529,352	509,970
Fire Protection	699,275	671,227
Generating Stations	93,872	106,405
Utility Surcharge	<u>172,347</u>	<u>162,855</u>
Total Sales of Water	<u>6,373,685</u>	<u>6,268,636</u>
Other Revenues:		
Transfers To Rate Stabilization	(250,000)	(603,315)
Connection Charges	779,941	996,483
Miscellaneous	<u>15,652</u>	<u>17,931</u>
Total Other Revenues	<u>545,593</u>	<u>411,099</u>
Interest Income	<u>499,273</u>	<u>461,627</u>
TOTAL REVENUES	<u>7,418,551</u>	<u>7,141,362</u>
Operation and Maintenance Expenses:		
Operation and Maintenance:		
Source of Supply	2,280	2,745
Pumping	830,912	836,169
Water Treatment	1,252,769	1,074,038
Transmission and Distribution	<u>548,485</u>	<u>447,671</u>
Total Operation and Maintenance	<u>2,634,446</u>	<u>2,360,623</u>
Administrative and General:		
Customer Accounts	266,421	291,109
Administrative and General	<u>1,240,803</u>	<u>1,280,831</u>
Total Administrative and General	<u>1,507,224</u>	<u>1,571,940</u>
TOTAL OPERATION AND MAINTENANCE EXPENSES	<u>4,141,670</u>	<u>3,932,563</u>
Net Revenues Before Interest Income from Sinking Fund	3,276,881	3,208,799
Interest Income from Sinking Fund	<u>28,456</u>	<u>21,193</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>\$3,305,337</u>	<u>\$3,229,992</u>

See note on page 30.

GAINESVILLE REGIONAL UTILITIES
**SCHEDULES OF NET REVENUES IN
 ACCORDANCE WITH BOND RESOLUTION
 WASTEWATER UTILITY FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 1987 AND 1986**

	<u>1987</u>	<u>1986</u>
Revenues:		
Wastewater Billings	\$7,771,522	\$7,461,805
Other Revenues:		
Transfers To Rate Stabilization	(1,000,000)	(1,679,064)
Connection Charges	907,663	1,280,601
Miscellaneous	41,161	29,607
Total Other Revenues	<u>(51,176)</u>	<u>(368,856)</u>
Interest Income	<u>696,693</u>	<u>594,118</u>
TOTAL REVENUES	<u>8,417,039</u>	<u>7,687,067</u>
Operation and Maintenance Expenses:		
Operation and Maintenance:		
Collection	484,012	438,379
Treatment and Pumping	2,640,374	2,340,678
Total Operation and Maintenance	<u>3,124,386</u>	<u>2,779,057</u>
Administrative and General:		
Customer Accounts	211,943	212,737
Administrative and General	1,899,469	1,763,671
Total Administrative and General	<u>2,111,412</u>	<u>1,976,408</u>
TOTAL OPERATION AND MAINTENANCE EXPENSES	<u>5,235,798</u>	<u>4,755,465</u>
Net Revenues Before Interest Income from Sinking Fund	3,181,241	2,931,602
Interest Income from Sinking Fund	<u>28,162</u>	<u>20,975</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>\$3,209,403</u>	<u>\$2,952,577</u>

NOTE: "Net revenues in accordance with bond resolution" differs from "Net income retained" which is determined in accordance with generally accepted accounting principles. Following are the more significant differences:

- Interest income does not include interest earned on construction funds and on certain debt service accounts which can only be used for certain restricted purposes.
- Operation and maintenance expenses do not include depreciation, amortization, or interest expense.
- Other water and wastewater revenues include fees for connection, installation, front footage, federal grants and backflow prevention.
- Transfers to the general fund are not included.
- Other revenues include transfers (to) from the rate stabilization fund.
- Extraordinary items are not included.

GAINESVILLE REGIONAL UTILITIES
**SCHEDULES OF COMBINING STATEMENTS
 OF REVENUE AND EXPENSE AND
 RETAINED EARNINGS**
 FOR THE YEAR ENDED SEPTEMBER 30, 1987

	ELECTRIC	WATER	WASTE- WATER	COMBINED
Operating Revenues:				
Sales and Service Charges	\$ 87,098,001	\$ 6,373,685	\$ 7,771,522	\$101,243,208
Other Operating Revenue	915,264	15,652	41,161	972,077
TOTAL OPERATING REVENUES	<u>88,013,265</u>	<u>6,389,337</u>	<u>7,812,683</u>	<u>102,215,285</u>
Operating Expenses:				
Operations and Maintenance	45,889,643	2,634,446	3,124,386	51,648,475
Administrative and General	11,957,936	1,507,224	2,111,412	15,576,572
Depreciation and Amortization	10,218,300	1,522,540	2,066,168	13,807,008
TOTAL OPERATING EXPENSES	<u>68,065,879</u>	<u>5,664,210</u>	<u>7,301,966</u>	<u>81,032,055</u>
Operating Income	19,947,386	725,127	510,717	21,183,230
Nonoperating Revenues (Expenses):				
Interest Revenue	3,926,301	635,243	837,581	5,399,125
Interest Expense	(17,471,721)	(1,299,027)	(1,672,646)	(20,443,394)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(13,545,420)</u>	<u>(663,784)</u>	<u>(835,065)</u>	<u>(15,044,149)</u>
Income (Loss) Before Operating Transfers	6,401,966	61,343	(324,348)	6,138,961
Operating Transfer To General Fund	(9,625,017)	(170,246)	-	(9,795,263)
Net Loss	<u>(3,223,051)</u>	<u>(108,903)</u>	<u>(324,348)</u>	<u>(3,656,302)</u>
Retained Earnings, Beginning	147,918,974	14,072,252	11,805,476	173,796,702
Residual Equity Transfers	3,500,694	(162,489)	(3,338,205)	-
Amortization of Contributions in Aid of Construction	-	514,735	1,054,043	1,568,778
Retained Earnings, Ending	<u>\$148,196,617</u>	<u>\$14,315,595</u>	<u>\$ 9,196,966</u>	<u>\$171,709,178</u>

GAINESVILLE REGIONAL UTILITIES
SCHEDULES OF COMBINING BALANCE SHEETS
SEPTEMBER 30, 1987

	ASSETS			
	<u>ELECTRIC</u>	<u>WATER</u>	<u>WASTE- WATER</u>	<u>COMBINED</u>
Utility Plant:				
Utility Plant in Service	\$349,900,748	\$61,613,127	\$ 79,795,280	\$491,309,155
Construction in Progress	6,496,706	1,713,142	1,136,754	9,346,602
	<u>356,397,454</u>	<u>63,326,269</u>	<u>80,932,034</u>	<u>500,655,757</u>
Less: Accumulated Depreciation and Amortization	<u>(84,110,429)</u>	<u>(18,623,769)</u>	<u>(21,498,804)</u>	<u>(124,233,002)</u>
NET UTILITY PLANT	<u>272,287,025</u>	<u>44,702,500</u>	<u>59,433,230</u>	<u>376,422,755</u>
Restricted Assets:				
Capital Facilities -				
Cash and Investments	-	-	1,338,167	1,338,167
Decommissioning Reserve -				
Cash and Investments	375,683	-	-	375,683
Water Pollution Emergency Reserve -				
Cash and Investments	-	50,000	-	50,000
Utility Deposits -				
Cash and Investments	2,989,170	-	-	2,989,170
Debt Service Fund -				
Cash and Investments	39,386,275	8,342,196	12,643,492	60,371,963
Rate Stabilization Fund -				
Cash and Investments	8,732,420	4,122,750	6,693,949	19,549,119
Construction Fund -				
Cash and Investments	15,447,886	11,792,131	19,021,898	46,261,915
Contracts-in-Progress	913,016	91,700	37,521	1,042,237
Utility Plant Improvement Fund -				
Cash, Investments, and Receivables	1,708,814	381,973	312,707	2,403,494
Due From Other Funds	288,104	88,454	99,232	475,790
Materials Inventories	<u>3,328,407</u>	<u>637,377</u>	<u>591,850</u>	<u>4,557,634</u>
TOTAL RESTRICTED ASSETS	<u>73,169,775</u>	<u>25,506,581</u>	<u>40,738,816</u>	<u>139,415,172</u>
Current Assets:				
Cash and Short-Term Investments	9,771,821	128,562	116,839	10,017,222
Accounts Receivable, Net	12,939,029	500,375	349,405	13,788,809
Due From Other Funds	541,224	99,914	8,498	649,636
Prepaid Expenses	128,306	1,682	677	130,665
Inventories:				
Fuel	7,267,384	-	-	7,267,384
Materials and Supplies	<u>422,348</u>	<u>-</u>	<u>-</u>	<u>422,348</u>
TOTAL CURRENT ASSETS	<u>31,070,112</u>	<u>730,533</u>	<u>475,419</u>	<u>32,276,064</u>
Deferred Debits	<u>33,905,216</u>	<u>515,812</u>	<u>638,482</u>	<u>35,059,510</u>
TOTAL ASSETS	<u>\$410,432,128</u>	<u>\$71,455,426</u>	<u>\$101,285,947</u>	<u>\$583,173,501</u>

LIABILITIES AND FUND EQUITY

	<u>ELECTRIC</u>	<u>WATER</u>	<u>WASTE- WATER</u>	<u>COMBINED</u>
Long-Term Debt and Fund Equity:				
Long-Term Debt -				
Utilities System Revenue Bonds Payable	\$187,285,539	\$30,231,214	\$ 43,350,578	\$260,867,331
Utilities Commercial Paper Notes Payable, Series A	33,253,287	5,660,439	10,587,274	49,501,000
Less: Unamortized Bond Discount	<u>(6,040,012)</u>	<u>(507,197)</u>	<u>(570,210)</u>	<u>(7,117,419)</u>
Total Long-Term Debt	<u>214,498,814</u>	<u>35,384,456</u>	<u>53,367,642</u>	<u>303,250,912</u>
Fund Equity -				
Contributions in Aid of Construction	-	20,403,576	37,214,185	57,617,761
Retained Earnings	<u>148,196,617</u>	<u>14,315,595</u>	<u>9,196,966</u>	<u>171,709,178</u>
Total Fund Equity	<u>148,196,617</u>	<u>34,719,171</u>	<u>46,411,151</u>	<u>229,326,939</u>
TOTAL LONG-TERM DEBT AND FUND EQUITY	<u>362,695,431</u>	<u>70,103,627</u>	<u>99,778,793</u>	<u>532,577,851</u>
Payable From Restricted Assets:				
Utility Deposits	2,989,170	-	-	2,989,170
Accrued Interest Payable	8,278,391	749,172	959,992	9,987,555
Construction Fund -				
Accounts, Contracts and Retainages Payable	1,199,012	113,120	115,118	1,427,250
Due to Other Funds	1,159,672	133,561	96,600	1,389,833
Utility Plant Improvement Fund - Accounts Payable and Accrued Liabilities	<u>702,751</u>	<u>99,627</u>	<u>81,561</u>	<u>883,939</u>
TOTAL PAYABLE FROM RESTRICTED ASSETS	<u>14,328,996</u>	<u>1,095,480</u>	<u>1,253,271</u>	<u>16,677,747</u>
Current Liabilities:				
Fuels Payable	2,182,619	-	-	2,182,619
Fuels Payable - Litigation Settlement	27,375,000	-	-	27,375,000
Accounts Payable and Accrued Liabilities	<u>3,349,725</u>	<u>256,319</u>	<u>253,883</u>	<u>3,859,927</u>
TOTAL CURRENT LIABILITIES	<u>32,907,344</u>	<u>256,319</u>	<u>253,883</u>	<u>33,417,546</u>
Deferred Credits	<u>500,357</u>	<u>-</u>	<u>-</u>	<u>500,357</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$410,432,128</u>	<u>\$71,455,426</u>	<u>\$101,285,947</u>	<u>\$583,173,501</u>

GAINESVILLE REGIONAL UTILITIES
SCHEDULE OF UTILITY PLANT PROPERTIES
COMBINED UTILITY FUND
SEPTEMBER 30, 1987

	UTILITY PLANT PROPERTIES			
	BALANCE 9-30-86	ADDITIONS	SALES AND RETIREMENTS	BALANCE 9-30-87
Plant In Service				
ELECTRIC UTILITY FUND:				
Production Plant	\$234,742,249	\$ 964,060	\$ 9,270	\$235,697,039
Nuclear Fuel	3,300,723	314,916	-	3,615,639
Transmission and Distribution Plant	84,910,295	10,818,504	859,378	94,869,421
General and Common Plant	11,112,497	2,039,106	692,789	12,458,814
Plant Unclassified	609,999	3,259,835	609,999	3,259,835
TOTAL ELECTRIC UTILITY FUND	<u>334,675,763</u>	<u>17,396,421</u>	<u>2,171,436</u>	<u>349,900,748</u>
WATER UTILITY FUND:				
Supply, Pumping, and Treatment Plant	11,760,300	69,167	-	11,829,467
Transmission and Distribution Plant	43,063,332	4,602,739	100,183	47,565,888
General Plant	2,017,428	347,443	147,099	2,217,772
Plant Unclassified	60,651	-	60,651	-
TOTAL WATER UTILITY FUND	<u>56,901,711</u>	<u>5,019,349</u>	<u>307,933</u>	<u>61,613,127</u>
WASTEWATER UTILITY FUND:				
Pumping and Treatment Plant	28,889,344	633,438	10,836	29,511,946
Collection Plant	44,835,499	2,146,822	70,042	46,912,279
General Plant	3,150,671	368,578	148,194	3,371,055
TOTAL WASTEWATER UTILITY PLANT	<u>76,875,514</u>	<u>3,148,838</u>	<u>229,072</u>	<u>79,795,280</u>
TOTAL PLANT IN SERVICE	<u>\$468,452,988</u>	<u>\$25,564,608</u>	<u>\$2,708,441</u>	<u>\$491,309,155</u>
Construction In Progress				
CONSTRUCTION FUND:				
Electric Utility Fund	\$ 7,398,094	\$ 5,319,182	\$ 9,664,060	\$ 3,053,216
Water Utility Fund	1,730,785	2,310,264	2,505,349	1,535,700
Wastewater Utility Fund	839,210	1,461,849	1,448,837	852,222
TOTAL CONSTRUCTION FUND	<u>9,968,089</u>	<u>9,091,295</u>	<u>13,618,246</u>	<u>5,441,138</u>
UTILITY PLANT IMPROVEMENT FUND:				
Electric Utility Fund	1,915,064	9,542,809	8,014,383	3,443,490
Water Utility Fund	372,355	2,263,067	2,457,980	177,442
Wastewater Utility Fund	154,146	1,832,446	1,702,060	284,532
TOTAL UTILITY PLANT IMPROVEMENT FUND	<u>2,441,565</u>	<u>13,638,322</u>	<u>12,174,423</u>	<u>3,905,464</u>
TOTAL CONSTRUCTION IN PROGRESS	<u>\$ 12,409,654</u>	<u>\$22,729,617</u>	<u>\$25,792,669</u>	<u>\$ 9,346,602</u>

GAINESVILLE REGIONAL UTILITIES
**SCHEDULES OF ACCUMULATED DEPRECIATION
 AND AMORTIZATION
 COMBINED UTILITY FUND**

SEPTEMBER 30, 1987

	ACCUMULATED DEPRECIATION AND AMORTIZATION			
	BALANCE 9-30-86	ADDITIONS	SALES AND RETIREMENTS	BALANCE 9-30-87
ELECTRIC UTILITY FUND:				
Production Plant	\$ 49,634,217	\$ 6,803,032	\$ (2,926)	\$ 56,440,175
Nuclear Fuel	1,841,224	274,469	-	2,115,693
Transmission and Distribution Plant	18,882,647	2,334,816	574,688	20,642,775
General and Common Plant	4,617,201	644,889	350,304	4,911,786
TOTAL ELECTRIC UTILITY FUND	<u>74,975,289</u>	<u>10,057,206</u>	<u>922,066</u>	<u>84,110,429</u>
WATER UTILITY FUND:				
Supply, Pumping, and Treatment Plant	4,437,042	326,775	-	4,763,817
Transmission and Distribution Plant	11,403,167	1,022,063	76,693	12,348,537
General Plant	1,381,428	169,727	39,740	1,511,415
TOTAL WATER UTILITY FUND	<u>17,221,637</u>	<u>1,518,565</u>	<u>116,433</u>	<u>18,623,769</u>
WASTEWATER UTILITY FUND:				
Pumping and Treatment Plant	7,122,224	941,793	10,836	8,053,181
Collection Plant	10,307,660	890,724	70,042	11,128,342
General Plant	2,076,229	227,984	(13,068)	2,317,281
TOTAL WASTEWATER UTILITY PLANT	<u>19,506,113</u>	<u>2,060,501</u>	<u>67,810</u>	<u>21,498,804</u>
TOTALS	<u>\$111,703,039</u>	<u>\$13,636,272</u>	<u>\$1,106,309</u>	<u>\$124,233,002</u>

Commitment

GRU is a customer-owned municipal utility, committed to serving the needs of the community to which it belongs. With this focus, GRU strives to bring its customers the best service possible, at rates among the lowest in Florida. Owned by the people who live in Gainesville, GRU is especially conscious of its duty to work with diligence at providing leadership in the areas of service reliability and efficiency, conservation, safety and environmental precautions.

In April 1987 Moody's Investor's Service, Inc. joined with the long-standing opinion of Standard and Poor's Corporation in recognizing GRU as a "Aa" rated Bond issuer. This places GRU in a very elite group of only 14 municipal utilities in the country. Such a rating inspires investor confidence, allows GRU to issue bonds at lower interest rates, and helps to keep our service rates low.

Gainesville is an unusual service center in that, as a university city, thousands of student customers come and go each year. During Fiscal 1987's summer student rush period, GRU processed 11,300 service applications in four weeks. That represents nearly one-fourth of GRU's residential customers. As a result, GRU has developed special procedures to deal with the sudden summer flood of returning students. GRU distributes applications and information sheets to area apartment managers to encourage mail-in processing by new tenants. Nevertheless, the majority of new applicants show up at City Hall each year, where additional employees and extra service windows keep the average wait in line to less than 15 minutes. Satellite application stations are sometimes established in heavy traffic areas. Service connections during the rush period are usually accomplished within 24 hours.

GRU's Revenue Protection Program has been established to help keep rates down by preventing the illegal consumption of electricity. The ongoing effort has resulted in 2,700 field inspections and the collection of an estimated \$468,000 in backbillings,

thus saving all of GRU's ratepayers from having to absorb the losses.

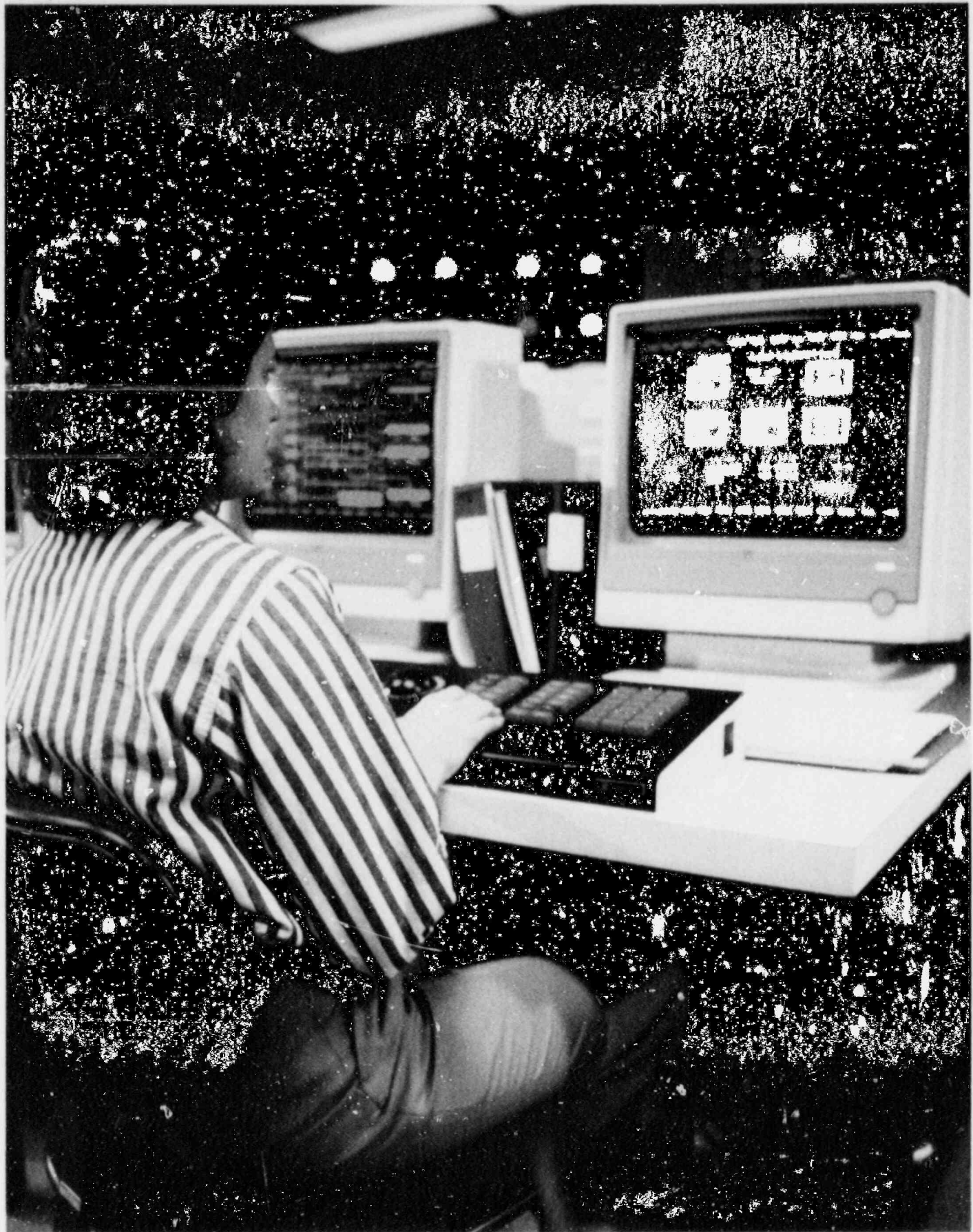
In a continuing effort to raise community awareness about the need for energy conservation, GRU's Energy Services Department performed 1,504 free residential and commercial energy audits in Fiscal 1987. Additionally, energy consciousness seminars have been conducted bi-weekly for interested customers. Weatherization projects, radon testing, and educational programs for the local school system have figured prominently in GRU's efforts.

Communication of these and other important energy information items is promoted in GRU's new customer newsletter, GRU Bulletin, which began publication in Fiscal 1987. Internal communication has been enhanced by GRU's two-year-old award-winning employee newsletter Utility Line.

GRU's proposed Co-generation Project for the University is part of the System's commitment to foster energy efficiency. GRU's commitment to safety and the environment is reflected in ongoing training programs and monitoring projects in all three of GRU's major systems.

GRU's proposed Administration Building will eventually unify the efforts of eight different facilities, thereby improving communications and affording the public better direct contact with System operations. In order to promote aesthetics in Gainesville's redeveloping downtown area, GRU (in conjunction with the Art in Public Places program) will devote 1.5% of the construction costs of the new building to the creation of a work of art to be displayed outside the building for clear public viewing.

GRU is committed to Gainesville. The community's growth and success is reflected in GRU's growth and success. GRU's aim is to serve its customer-owners, to help preserve and enhance our environment, to help foster pride in our community and to help provide a better life for its residents and its future generations.



A Computer Programmer builds a database on the new SCADA system at the Electric Systems Control Center.

Rates Schedule

Charges for services in effect at the close of the fiscal year September 30, 1987, for major customer classes.

Electric

The following monthly electric rate schedules are "base rates" and include a fuels charge of 25 mills per kilowatt hour. The additional variable monthly fuel adjustment charge is not included. The minimum bill is the Customer Charge plus any applicable demand charge.

Residential

Customer Charge	\$4.44
Energy charge per kilowatt hour (kWh)	
First 750 kWh	\$0.0612/kWh
Over 750 kWh	\$0.0649/kWh

General Service Non-Demand (A demand of 50 kilowatts (kW) or greater has not been established)

Customer Charge	\$9.13
Energy Charge	\$0.0764/kWh

General Service Demand (Established demand of 50 kW, but less than 1,000 kW)

Customer Charge	\$15.82
Energy Charge	\$0.0540/kWh
Demand Charge	\$4.87/kW

Large Power (Established demand of 1,000 kW or greater)

Customer Charge	\$60.84
Energy Charge	\$0.0473/kWh
Demand Charge	\$4.26/kW

Water

The minimum bill is the Customer Charge.

Customer Charge	\$2.54
Water Rate	\$0.72 per thousand gallons

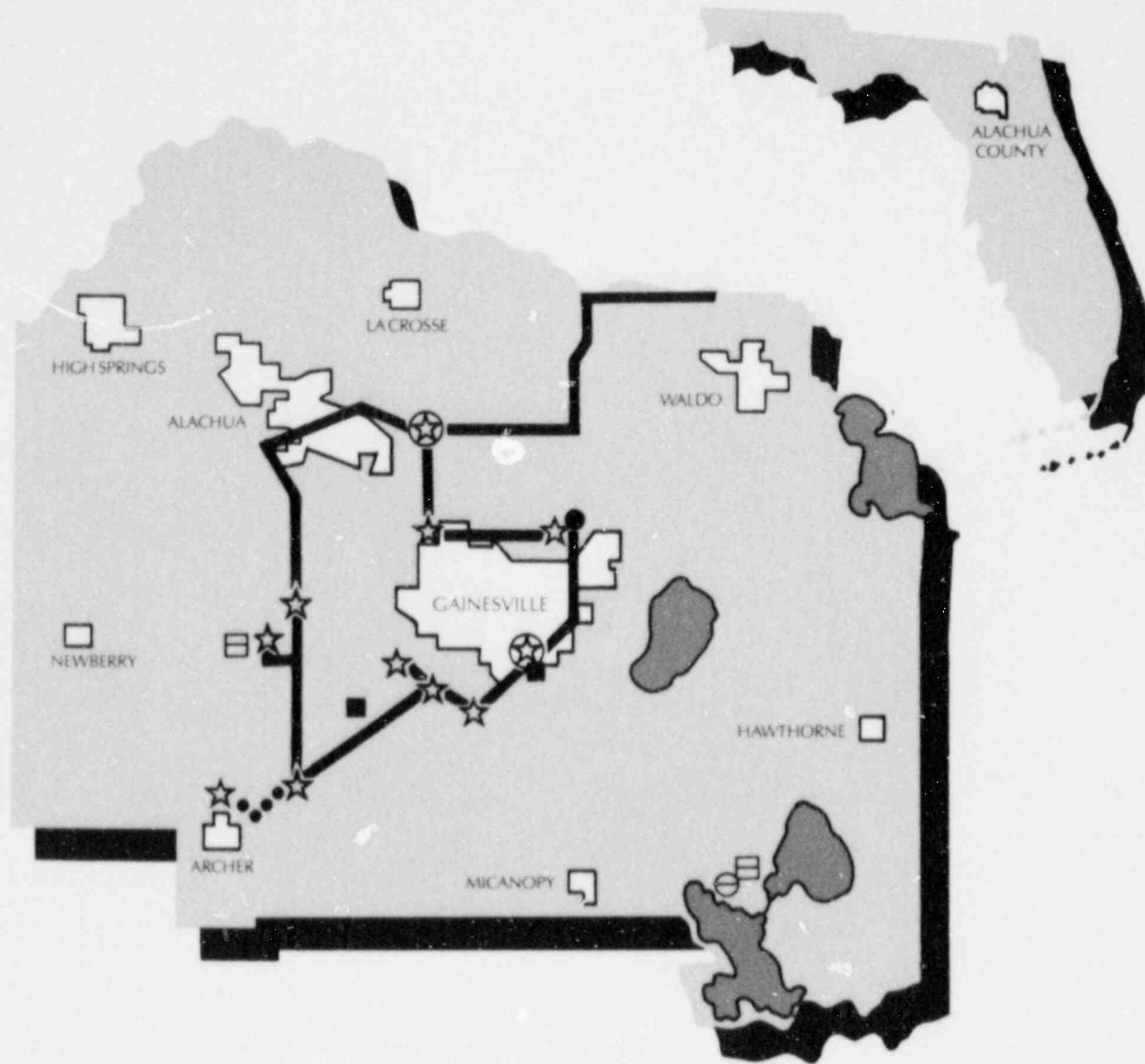
Wastewater

The minimum bill is the Customer Charge.

Customer Charge	\$1.86
Wastewater Charge	\$1.86 per thousand gallons

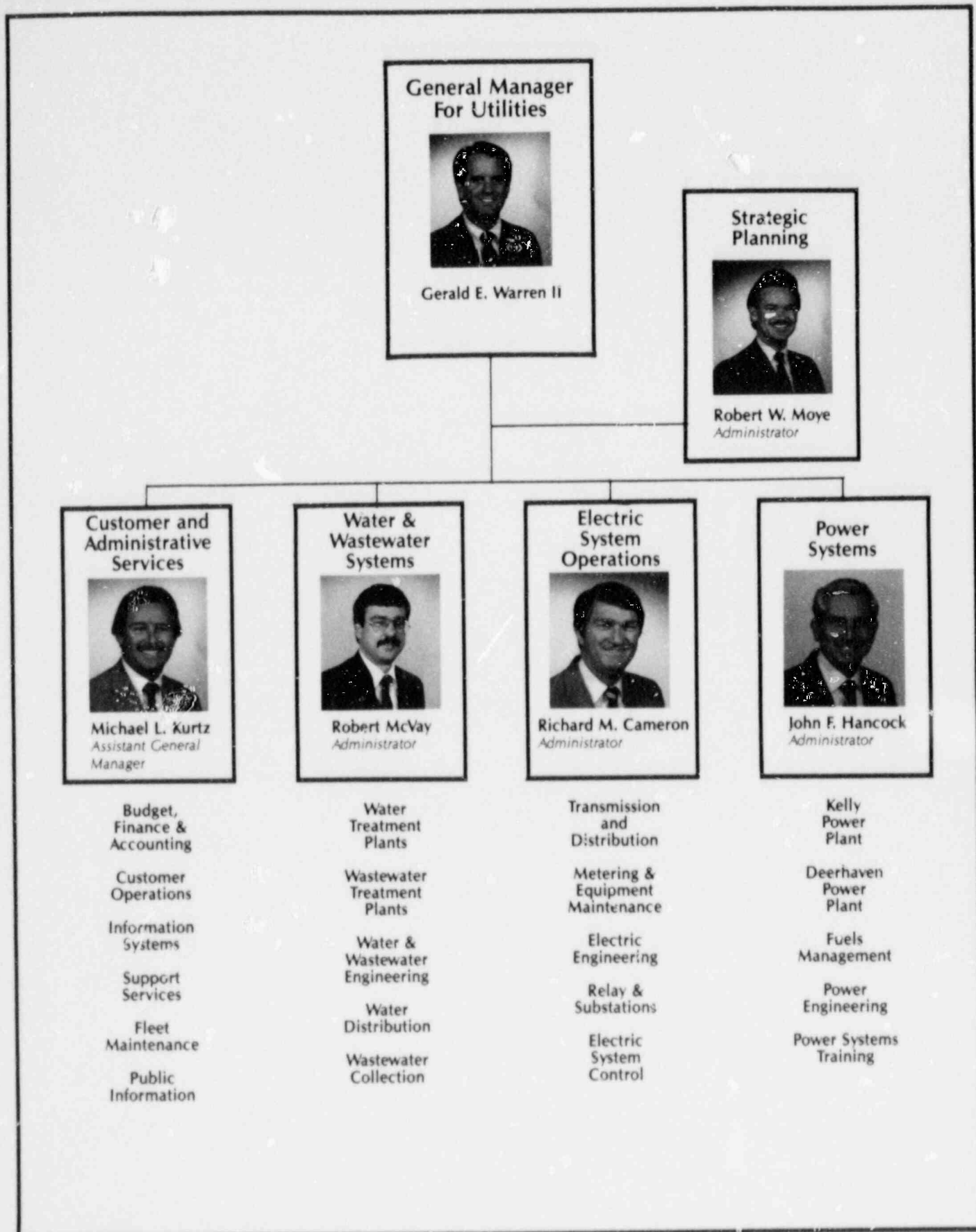
Additional rate schedules, available upon request, include: Time-Of-Use rate for electric customers, wastewater rates for residential customers not connected to the system but subject to rates and charges, and wastewater rates for residential customers obtaining water from unmetered private wells and discharging into the system.

Major Facilities of Combined Systems



- ⊛ ELECTRIC GENERATING STATION
- ☆ ELECTRIC SUBSTATION
- ⋯⋯⋯ ELECTRIC SYSTEM TRANSMISSION (230 kV)
- ELECTRIC SYSTEM TRANSMISSION (138 kV)
- WATER TREATMENT PLANT
- ⊖ PACKAGE WATER PLANT
- WASTEWATER TREATMENT PLANT
- ⊞ PACKAGE WASTEWATER TREATMENT PLANT

Organization



Gainesville Regional Utilities

Post Office Box 490

Gainesville, Florida 32602

FINANCIAL STATEMENTS
FOR
CITY OF ALACHUA

Purvis
Gray &
Company

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

CITY OF ALACHUA

ALACHUA, FLORIDA

SEPTEMBER 30, 1987

FINANCIAL STATEMENTS
AND
AUDITORS' REPORTS

CITY OF ALACHUA
ALACHUA, FLORIDA
SEPTEMBER 30, 1987

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AUDITORS' REPORT

Honorable City Commission
City of Alachua
Alachua, Florida

We have examined the general purpose financial statements of the City of Alachua, Florida, as of and for the year ended September 30, 1987, as listed in the table of contents. Except as explained in the following paragraph, our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the U.S. General Accounting Office and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We did not obtain sufficient evidential matter to determine if property, plant and equipment recorded in the Proprietary Funds and the fixed assets recorded in the General Fixed Assets Group of Accounts is fairly presented at cost or estimated historical cost, due to insufficient detail within the City's property records.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to determine the propriety of amounts recorded as property, plant and equipment in the Proprietary Funds and the fixed assets recorded in the General Fixed Assets Group of Accounts, the general purpose financial statements referred to above present fairly the financial position of the City of Alachua, Florida, at September 30, 1987, and the results of its operations and changes in financial position of its proprietary fund types 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 was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and individual account group statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Alachua, Florida. The information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, except for the effects of such adjustments, if any, related to the matters discussed in the second paragraph, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

February 11, 1988

Purvis, Gray and Company

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Telephone (904) 378-2461 • Gainesville, Florida 32602

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS

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

CITY OF ALACHUA, FLORIDA

GENERAL PURPOSE
FINANCIAL STATEMENTS

These basic statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to and summary of the more detailed statements included in the accompanying information.

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA

ASSETS

	<u>GOVERNMENTAL FUND TYPES</u>			
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECT</u>	<u>SPECIAL ASSESSMENT</u>
Cash and Time Deposits	\$427,938	\$123,129	\$596,602	\$ 213,681
Cash in Escrow			350,000	
Receivables (Net of Allowances For Uncollectibles Parenthetically Indicated):				
Taxes	67,969			
Accounts (\$59,006)	173			
Special and Sewer Assessments				8,857
Accrued Interest and Penalties	4,458		6,845	3,786
Other Receivables		25		
Due From Other Funds				
Due From Other Governments	18,712			
Inventory of Fuel and Supplies	1,849			
Prepaid Expenses	33,811			
Unbilled Revenue				
Restricted Assets:				
Cash, Investments and Accrued Interest				
Due From Other Governments				
Property, Plant and Equipment - Cost Less Accumulated Depreciation For Proprietary Fund Types; Cost For General Fixed Asset Account Group				
Unamortized Bond Issue Costs				
Amount To Be Provided For Retirement of General Long-Term Debt				
	-----	-----	-----	-----
 TOTAL ASSETS	 <u>\$554,910</u>	 <u>\$123,154</u>	 <u>\$953,447</u>	 <u>\$ 226,324</u>

See accompanying notes.

PROPRIETARY FUND TYPES ENTERPRISE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1987	1986
	\$ 240,382			\$ 1,601,732
			350,000	0
			67,969	62,428
341,723			341,896	411,958
7,722			16,579	27,133
420			15,509	24,318
20,199			20,224	47,383
38,851			38,851	502,797
			18,712	18,075
179,223			181,072	191,183
8,948			42,759	14,787
74,067			74,067	74,965
3,207,292			3,207,292	4,182,670
470,766			470,766	0
5,737,010	\$2,020,662		7,757,672	6,387,098
159,612			159,612	165,213
		\$1,026,626	1,026,626	29,360
<u>\$10,486,215</u>	<u>\$2,020,662</u>	<u>\$1,026,626</u>	<u>\$15,391,338</u>	<u>\$12,919,006</u>

(Continued)

See accompanying notes.

COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1987
 CITY OF ALACHUA, FLORIDA
 (Concluded)

LIABILITIES AND FUND EQUITY

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECT	SPECIAL ASSESSMENT
<u>LIABILITIES</u>				
Accounts Payable	\$ 43,418	\$ 8,253	\$ 5,570	
Other Accrued Expenses	12,227			
Payable From Restricted Assets:				
Accounts and Retainages Payable				
Accrued Interest				
Current Portion of Bonds Payable				
Customer Deposits				
Due to Other Funds				\$ 38,851
Deferred Revenues and Credits	65,585	114,901		5,668
Note Payable - Gulf Breeze				
Capital Leases				
Chattel Mortgage Payable				
Revenue Bonds Payable				
Accrued Compensated Absences				
TOTAL LIABILITIES	<u>121,230</u>	<u>123,154</u>	<u>5,570</u>	<u>44,519</u>
<u>FUND EQUITY</u>				
Contributed Capital				
Investment in General Fixed Assets				
Retained Earnings:				
Reserved For Debt Service and Contingencies				
Unreserved				
Fund Balance:				
Reserved	40,932		947,877	181,805
Designated	3,510			
Undesignated	389,238			
TOTAL FUND EQUITY	<u>433,680</u>	<u>0</u>	<u>947,877</u>	<u>181,805</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$554,910</u>	<u>\$123,154</u>	<u>\$953,447</u>	<u>\$ 226,324</u>

See accompanying notes.

PROPRIETARY FUND TYPES <u>ENTERPRISE</u>	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1987	1986
	\$ 170,942		\$ 228,183	\$ 236,671
19,184		31,417	35,033	
436,972		436,972	111,148	
315,423		315,423	118,374	
10,000		10,000	10,000	
121,955		121,955	130,974	
		38,851	502,797	
277,524		463,678	284,052	
	\$1,000,000	1,000,000	0	
	395	395	2,538	
17,058	7,310	24,368	29,380	
8,337,073		8,337,073	8,336,920	
10,919	18,921	29,840	26,566	
<u>9,717,050</u>	<u>1,026,026</u>	<u>11,038,149</u>	<u>9,824,453</u>	
1,387,683		1,387,683	1,381,336	
	\$2,020,662	2,020,662	1,753,690	
1,559,169		1,559,169	1,533,304	
(2,177,687)		(2,177,687)	(2,224,284)	
		1,170,614	179,733	
		3,510	81,401	
		389,238	389,373	
<u>769,165</u>	<u>2,020,662</u>	<u>4,353,189</u>	<u>3,094,553</u>	
<u>\$10,486,215</u>	<u>\$2,020,662</u>	<u>\$ 15,391,338</u>	<u>\$12,919,006</u>	

See accompanying notes.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA

REVENUES

Taxes and Special Assessments
Licenses and Permits
Intergovernmental
Charges For Services
Fines and Forfeitures
Contributions From Private Sector
Interest and Miscellaneous
TOTAL REVENUES

EXPENDITURES

General Government
Public Safety
Physical Environment
Transportation
Economic Environment
Culture and Recreation
Capital Projects
Debt Service
(TOTAL EXPENDITURES)

EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES)

Note Proceeds
Transfers In
Financing Costs
TOTAL OTHER FINANCING SOURCES (USES)

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES

FUND BALANCES, BEGINNING OF YEAR

FUND BALANCES, END OF YEAR

See accompanying notes.

GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)	
GENERAL	SPECIAL REVENUE	CAPITAL PROJECT	SPECIAL ASSESSMENT	1987	1986
\$ 645,546			\$ 2,835	\$ 648,381	\$ 603,026
27,567				27,567	20,783
360,958	\$ 135,978			496,936	466,817
25,192				25,192	21,864
33,024				33,024	28,834
				0	4,310
66,001		\$ 19,777	17,509	103,287	65,404
<u>1,158,288</u>	<u>135,978</u>	<u>19,777</u>	<u>20,344</u>	<u>1,334,387</u>	<u>1,211,038</u>
206,996				206,996	242,654
598,934				598,934	514,899
56,894				56,894	50,593
322,808				322,808	137,830
	135,978			135,978	0
69,291		39,321		69,291	236,796
4,844				39,321	51,012
<u>(1,259,767)</u>	<u>(135,978)</u>	<u>(39,321)</u>	<u>0</u>	<u>(1,435,066)</u>	<u>(1,267,945)</u>
<u>(101,479)</u>	<u>0</u>	<u>(19,544)</u>	<u>20,344</u>	<u>(100,679)</u>	<u>(56,907)</u>
		1,000,000		1,000,000	8,814
46,113		(32,579)		46,113	46,113
<u>46,113</u>	<u>0</u>	<u>967,421</u>	<u>0</u>	<u>(32,579)</u>	<u>0</u>
				<u>1,013,534</u>	<u>54,927</u>
(55,366)	0	947,877	20,344	912,855	(1,980)
489,046	0	0	161,461	650,507	652,487
<u>\$ 433,680</u>	<u>\$ 0</u>	<u>\$ 947,877</u>	<u>\$ 181,805</u>	<u>\$ 1,563,362</u>	<u>\$ 650,507</u>

See accompanying notes.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA

REVENUES

Taxes and Special Assessments
Licenses and Permits
Intergovernmental
Charges For Services
Fines and Forfeitures
Interest and Miscellaneous
TOTAL REVENUES

EXPENDITURES

General Government
Public Safety
Physical Environment
Transportation
Economic Environment
Culture and Recreation
Capital Projects
Debt Service
(TOTAL EXPENDITURES)

EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES

Transfer In

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES

FUND BALANCES, BEGINNING OF YEAR

FUND BALANCES, END OF YEAR

See accompanying notes.

GENERAL FUND			SPECIAL REVENUE FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 628,167	\$ 645,546	\$ 17,379			
28,500	27,567	(933)			
350,847	360,958	10,111	\$ 473,500	\$ 135,978	\$ (342,422)
19,300	25,192	5,892			
29,400	33,024	3,624			
27,500	66,001	38,501			
<u>1,083,714</u>	<u>1,158,288</u>	<u>74,574</u>	<u>473,500</u>	<u>135,978</u>	<u>(342,422)</u>
218,784	206,996	11,788			
573,897	598,934	(25,037)			
66,738	56,894	9,844			
300,813	322,808	(21,995)			
72,750	69,291	3,459	473,500	135,978	342,422
23,486	4,844	18,642			
<u>(1,256,468)</u>	<u>(1,259,767)</u>	<u>(3,299)</u>	<u>(473,500)</u>	<u>(135,978)</u>	<u>342,422</u>
(172,754)	(101,479)	71,275	0	0	0
46,113	46,113	0			
(126,641)	(55,366)	71,275	0	0	0
489,046	489,046	0	0	0	0
<u>\$ 362,405</u>	<u>\$ 433,680</u>	<u>\$ 71,275</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes.

(Continued)

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA
(Concluded)

REVENUES

Taxes and Special Assessments
Interest and Miscellaneous

TOTAL REVENUES

EXPENDITURES

Capital Projects

(TOTAL EXPENDITURES)

EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES)

Note Proceeds
(Financing Costs)

TOTAL OTHER FINANCING SOURCES (USES)

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)
EXPENDITURES AND OTHER FINANCING (USES)

FUND BALANCES, BEGINNING OF YEAR

FUND BALANCES, END OF YEAR

See accompanying notes.

CAPITAL PROJECT FUND			SPECIAL ASSESSMENT FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 0	\$ 19,777	\$ 19,777	\$ 0	\$ 2,835	\$ 2,835
0	19,777	19,777	14,795	17,509	2,714
100,000	39,321	60,679	14,795	20,344	5,549
(100,000)	(39,321)	60,679	0	0	0
(100,000)	(19,544)	80,456	14,795	20,344	5,549
1,000,000	1,000,000	0			
(32,579)	(32,579)	0			
967,421	967,421	0	0	0	0
867,421	947,877	80,456	14,795	20,344	5,549
0	0	0	161,461	161,461	0
\$ 867,421	\$ 947,877	\$ 80,456	\$ 176,256	\$ 181,805	\$ 5,549

See accompanying notes.

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA

	<u>PROPRIETARY FUND TYPES ENTERPRISE</u>	<u>TOTAL (MEMORANDUM ONLY) 1986</u>
<u>OPERATING REVENUES</u>	<u>\$ 3,357,352</u>	<u>\$ 3,507,127</u>
<u>OPERATING EXPENSES</u>		
Power Production Expense	2,062,094	2,083,365
Customer Accounts	79,142	74,993
Depreciation	203,561	198,704
Distribution Expenses	350,086	294,477
General and Administrative	147,710	98,298
Taxes	38,586	38,248
Transmission Expense	23,963	27,154
Treatment	26,222	34,603
(TOTAL OPERATING EXPENSES)	<u>(2,931,364)</u>	<u>(2,849,842)</u>
OPERATING INCOME	<u>425,988</u>	<u>657,285</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	142,733	92,450
Interest on Long-Term Debt	(445,410)	(424,627)
Amortization of Bond Issue Costs	(5,601)	(9,001)
Miscellaneous Income	865	4,048
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(307,413)</u>	<u>(337,130)</u>
INCOME BEFORE OPERATING TRANSFERS	118,575	320,155
(OPERATING TRANSFERS OUT)	<u>(46,113)</u>	<u>(46,113)</u>
NET INCOME BEFORE EXTRAORDINARY ITEM	72,462	274,042
EXTRAORDINARY ITEM - (LOSS) ON ADVANCE REFUNDING	<u>0</u>	<u>(727,753)</u>
NET INCOME (LOSS)	72,462	(453,711)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	<u>(690,980)</u>	<u>(237,269)</u>
RETAINED EARNINGS (DEFICIT), END OF YEAR	<u>\$(618,518)</u>	<u>\$(690,980)</u>

See accompanying notes.

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA

	<u>PROPRIETARY FUND TYPES ENTERPRISE</u>	<u>TOTAL (MEMORANDUM ONLY) 1986</u>
<u>SOURCE OF WORKING CAPITAL</u>		
Net Income	\$ 72,462	
Items Not Requiring Outlay of Working Capital:		
Depreciation and Amortization	<u>219,315</u>	
Working Capital Provided From Operations	291,777	
Proceeds From Long-Term Debt Issuance	0	\$ 7,556,250
Proceeds From Other Long-Term Debt	0	17,058
Decrease in Unamortized Bond Issue Costs	0	200,075
Land Sales	2,878	687
Increase in Current Liabilities Payable From Restricted Assets	513,854	222,349
Increase in Deferred Credit - CR-3 Decommissioning Costs	13,320	21,090
Equipment Disposals	10,749	0
Decrease in Restricted Assets	<u>727,526</u>	<u>0</u>
TOTAL SOURCE OF WORKING CAPITAL	<u>1,560,104</u>	<u>8,017,509</u>
<u>USE OF WORKING CAPITAL</u>		
Net (Income) Before Extraordinary Item	0	(274,042)
Items Not Requiring Outlay of Working Capital:		
Depreciation and Amortization	0	<u>(218,041)</u>
Working Capital Provided From Operations Before Extraordinary Item	0	(492,083)
Extraordinary Item - Loss on Advance Refunding	0	727,753
Working Capital Applied to Operations	0	<u>235,670</u>
Utility Plant In Service Additions - Net of Contributions-In-Aid of Construction	141,874	95,650
Decrease in Long-Term Liabilities:		
Debt Refunded Under Terms of Advance Refunding	0	3,813,854
Reclassified as Current and Payments	13,681	20,394
Bond Issue Costs	222,914	166,146
Increase in Restricted Assets	0	3,186,620
Increase in Construction-In-Progress	1,172,569	217,074
(TOTAL USE OF WORKING CAPITAL)	<u>(1,551,038)</u>	<u>(7,735,408)</u>
 INCREASE IN WORKING CAPITAL (BELOW)	 <u>\$ 9,066</u>	 <u>\$ 282,101</u>

(Continued)

See accompanying notes.

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA
 (Concluded)

	<u>PROPRIETARY FUND TYPES ENTERPRISE</u>	<u>TOTAL (MEMORANDUM ONLY) 1986</u>
<u>CHANGES IN WORKING CAPITAL BY COMPONENT</u>		
Current Assets - Increase (Decrease):		
Cash and Time Deposits	\$ 71,446	\$ 239,062
Receivables	(120,884)	2,842
Due From Other Funds	(382,727)	(116,763)
Inventory	(10,116)	17,334
Prepaid Expenses	3,868	1,489
Unbilled Revenue	(898)	37,251
Current Liabilities - Decrease (Increase):		
Accounts Payable	35,555	295,677
Other Accrued Expenses	222	(6,756)
Due to Other Funds	463,946	(190,081)
Deferred Credits and Developer Deposits	(51,173)	97
Current Portion of Long-Term Debt	(173)	1,949
INCREASE IN WORKING CAPITAL (ABOVE)	<u>\$ 9,066</u>	<u>\$ 282,101</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
CITY OF ALACHUA, FLORIDA

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Alachua, Florida, is a political subdivision of the State of Florida located in Alachua County. The legislative branch of the City is composed of a five (5) member elected commission. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager.

The City's major operations include various utility services - electric, water and sewer as well as public safety, sanitation, road and street maintenance, parks, recreation and other general government services.

The accounting policies of the City of Alachua, Florida, conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

Reporting Entity

The basic criterion for including an agency, institution, authority, or other organization in a governmental unit's reporting entity is the exercise of oversight responsibility over such entities by the governmental unit's elected officials. Oversight responsibility is defined to include, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; accountability for fiscal matters; and other factors including special financing relationships. There are no entities over which the City exerts any type of influence and, accordingly, the accompanying financial statements include only the fund types and account groups of the City itself.

Fund Accounting

The City's accounting records are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity, with a self-balancing set of accounts recording all financial resources with all related liabilities, reserves and residual equities, or balances or changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives. Amounts receivable from or payable to other funds are shown in the accounts of an individual fund and separately presented in the accompanying financial statements until liquidated by payment or an interfund transfer.

The following fund types and account groups are used in accounting for the financial operations of the City:

Governmental Fund Types

- (1) General Fund - to account for all financial resources not properly accounted for in another fund.
- (2) Special Revenue Fund - to account for the proceeds of specific revenue sources (other than special assessments, expandable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The City uses this fund to account for the proceeds from the U.S. Department of Housing and Urban Development Community Development Block Grant.

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Concluded)

Governmental Fund Types (Concluded)

- (3) Capital Project Fund - to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types, Special Assessment Funds and Trust Funds). The City uses the Capital Project Fund to account for the roads and streets construction and improvements financed by the Gulf Breeze loan proceeds.
- (4) Special Assessment Fund - to account for the financing of certain public improvements or services deemed to benefit the properties against which the special assessments are levied; in this case, the properties in Turkey Creek subdivision.

Proprietary Fund Types

- (5) Enterprise Funds - to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's electric, water and sewer utility services are accounted for in these funds.

Account Groups

- (6) The Account Groups are used to establish accounting control and accountability for the government's general fixed assets and general long-term debt. These account groups are not considered funds since they do not reflect available financial resources and related liabilities.

Bases of Accounting

The Governmental Fund Types are maintained on the modified accrual basis of accounting. Under this method of accounting, revenues are generally recognized when they become measurable and available as net current assets. Revenues which are susceptible to accrual, i.e., being recorded when earned, include property and utility taxes, refuse collection fees and lot clearing and certain other fees. Expenditures are generally recorded on an accrual basis, i.e., when incurred, except as follows:

- (1) Principal and interest on long-term debt are recognized when due;
- (2) accumulated vacation and sick pay is not recorded in the General Fund since the current amount is immaterial.

The Proprietary Fund Types are maintained on the accrual basis of accounting. This method of accounting relates costs and expenditures to the period in which benefits of the outlays are received. It is intended to provide an accurate matching of these benefits with associated revenues. Under the accrual basis of accounting, revenues are recognized when earned and measurable, and expenses recognized when incurred.

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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

- (1) The City Manager is responsible for preparing a proposed operating budget for the upcoming year prior to September 30, that includes estimated revenues, proposed expenditures, and other financing sources and uses.
- (2) Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of an ordinance, which sets spending limits by department.
- (3) The City Manager is authorized to transfer budgeted amounts within any department in any fund, but may not revise total departmental expenditures without the approval of the City Commission. The budgetary information for all governmental fund types in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances is reported as amended.
- (4) Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at the end of the year.

Receivables

Customer accounts receivable are recorded at their net realizable value reduced by an allowance for uncollectible accounts. Taxes receivable are recorded in total, offset by deferred revenue for the amount which is not measurable and available at September 30, 1987.

Inventory

Inventory in the General Fund consists of gasoline. Other inventory in the General Fund is charged to expenditures when purchased. Reported inventories in the General Fund are equally offset by a reservation of fund balance, which indicates that they do not constitute available spendable resources. Inventory in the Proprietary Fund Types consists of supplies held for consumption or capital improvements and nuclear fuel.

Property, Plant and Equipment and Depreciation

Property, plant and equipment in the Proprietary Fund Types are recorded at historical cost or at fair market value on the date donated. Ordinary maintenance and repairs are charged to expense as incurred.

Provision has been made for the depreciation of such property, plant and equipment using the straight-line method. The straight-line rate is computed using the period of years considered as the normal service life of the property. Such rates are as follows:

Nuclear Plant and Equipment	2.7% to 3.6%
Electric Distribution Plant	2% to 4%
Water Plant	3% to 10%
Sewer Plant	2.5%
Other Equipment	10% to 20%

Construction work in progress is not depreciated until completed and placed into service. Utility plant acquired through grants is depreciated along with other utility plant purchased or constructed.

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment and Depreciation (Concluded)

All other property and equipment owned by the City is reflected at cost in the General Fixed Assets Group of Accounts and shown as an expenditure in the fund purchasing the property or equipment. Certain improvements such as streets and sidewalks are capitalized along with other general fixed assets. No provision for depreciation is made for general fixed assets.

Bond Discount and Issue Costs Amortization

The bond issue costs on Utility Revenue Bonds of 1986 relating to the refunded debt are being amortized over the life of the bonds using the straight-line method. The bond issue costs relating to the new substation construction have been capitalized as a cost of the project. The bond discount on the Utility Revenue Bonds of 1986 is being amortized over the term of the bond issue using the effective interest method.

Capitalized Interest During Construction

In accordance with Statement of Financial Accounting Standards No. 34, Capitalization of Interest Costs, and Statement No. 62, Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants, the City has capitalized interest paid or payable during 1987 of \$194,497 related to debt issued to finance construction in the Electric Fund. Interest earned in the Construction Account during 1987 of \$120,155 has been offset against the interest paid or accrued. No other interest was capitalized during 1987.

Long-Term Liabilities

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Compensated Absences

The City accrues accumulated unpaid vacation and sick pay when incurred, if material, in the Proprietary Funds and the General Long-Term Debt Account Group. Amounts representing the current liability for unused annual and sick leave in governmental fund types are immaterial. Therefore, the entire liability for governmental fund types is recorded in the General Long-Term Debt Account Group.

Personnel policies allow permanent, full-time employees to accumulate a maximum of twenty (20) days vacation leave and sixty (60) days sick leave. One week vacation time is granted if sixty (60) days sick leave is accumulated. Employees are paid the balance of their accumulated vacation leave, in full, upon termination. No sick leave has been accrued for employees with less than sixty (60) sick days accumulated.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method state-wide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

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

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

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

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

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

Unsold tax certificates were \$60,987 at September 30, 1987, and are offset by deferred revenue of \$58,053.

Total Columns on the Combined Statements

Total columns on the combined statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate 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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. The totals from 1986 are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements. Certain minor reclassifications have been made to these 1986 totals to provide more meaningful comparative data.

(Continued)

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

- a) Direct obligations of, or obligations guaranteed by, the U.S. Government;
- b) interest-bearing time deposits or savings accounts in qualified institutions;
- c) obligations of the Federal Farm Credit Banks;
- d) obligations of the Federal National Mortgage Association; and
- e) the Local Government Surplus Funds Trust Fund.

Deposits

At year end, the carrying amount of the City's deposits was \$1,082,540 and the bank balance was \$1,345,451. This amount included \$350,000 of proceeds from the Gulf Breeze loan held in escrow at September 30, 1987, pending finalization of a City-County interlocal agreement reimposing the local option gasoline tax for a period of thirty years. The gas tax is security on the loan. All other deposits of the City are maintained in qualified public depositories.

The Florida Security for Public Deposits Act; Chapter 280 of the Florida Statutes, provides that qualified public depositories must maintain eligible collateral having a market value equal to fifty percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the City's name nor specify which collateral is held for the City's benefit. In the event of default, the Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the City for any deposits not covered by depository insurance or collateral pledged by the depository as previously described.

Investments

Investments are carried at cost or amortized cost. The carrying amount and market value of investments owned by the City of Alachua at September 30, 1987, was as follows:

<u>TYPE OF INVESTMENT</u>	<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
Certificates of Deposit, 5.50-7.10% Interest	\$3,393,776	\$3,393,776
State Board of Administration of Florida, Local Government Pooled Investment Account, Variable Interest Rate	37,627	37,627
\$380,000 Par Amount United States Treasury Bonds, 7.625% Interest, Maturing February 15, 2007	369,445	307,563
First Florida Bank, N.A., Trust Department, Federated Trust - Treasury Obligations, Variable Rate	183,257	183,257
TOTAL	<u>\$3,984,105</u>	<u>\$3,922,223</u>

(Continued)

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

NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)

Investments (Concluded)

All the above investments are insured or registered, or held by the City or its agent in the City's name. The State Board of Administration deposits in Tallahassee are maintained in an investment pool which invests primarily in commercial paper, repurchase agreements, bankers acceptance notes and U.S. Government obligations. At September 30, 1987, the pool consisted of 825 individual accounts maintained by 406 local government participants with total investments of \$3.6 billion.

NOTE 3 - INVENTORY

Inventory in the proprietary fund types at September 30, 1987, consists of the following:

Electric Utility Supplies	\$ 73,880
Water/Sewer Supplies	19,459
Nuclear Fuel	77,775
Nuclear Plant Materials Inventory	8,109
TOTAL	<u>\$ 179,223</u>

The utility supplies and plant inventory are valued at cost as determined by the average unit cost method. The City's portion of nuclear fuel inventory at the Crystal River - 3 nuclear generating facility is recorded at amortized cost.

NOTE 4 - DETAIL OF PROPERTY, PLANT AND EQUIPMENT

General Fixed Assets Account Group

A summary of changes in general fixed assets for the year follows:

	<u>BALANCE</u> <u>OCTOBER 1, 1986</u>	<u>NET</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>BALANCE</u> <u>SEPTEMBER 30, 1987</u>
City Park - Structures and Improvements	\$ 15,930		\$ 15,930
Jail and Equipment	3,068		3,068
City Hall - Building	152,150		152,150
City Hall - Equipment and Furnishings	59,697	\$ 13,221	72,918
Fire Station	70,306	275	70,581
Police Station	62,597		62,597
Rolling Green - Land and Buildings	638,700		638,700
Parking Lots - Land	14,939	12,000	26,939
Street Paving and Sidewalks	274,959	145,387	420,346
Fire Trucks and Other Equipment	201,895	(300)	201,595
Mosquito Spraying Equipment	2,425		2,425

(Continued)

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

NOTE 4 - DETAIL OF PROPERTY, PLANT AND EQUIPMENT (Concluded)

	BALANCE OCTOBER 1, 1986	NET INCREASE (DECREASE)	BALANCE SEPTEMBER 30, 1987
Land - Other	\$ 129,691	\$ 45,800	\$ 175,491
Library	3,315		3,315
Police Department - Cars and Equipment	69,216	37,182	104,397
Streets and Roads Equipment	39,640	142	39,782
Miscellaneous	12,534	(3,819)	8,716
Parks and Recreation	2,628	13,023	15,651
Physical Environment	0	6,061	6,061
TOTAL PROPERTY, PLANT AND EQUIPMENT - At Cost	<u>\$1,753,690</u>	<u>\$ 266,972</u>	<u>\$2,020,662</u>

Proprietary Fund Types

A summary of property, plant and equipment in the Proprietary Fund Types at September 30, 1987, follows:

Nuclear Generating Plant and Equipment	\$ 446,317
Electric Distribution Plant and Equipment	1,362,523
Water Plant and Equipment	1,702,974
Sever Plant and Equipment	2,758,434
	<u>6,270,248</u>
(Accumulated Depreciation)	<u>(1,922,881)</u>
Utility Plant in Service - Cost Less Accumulated Depreciation	4,347,367
Construction-in-Progress	<u>1,389,643</u>
TOTAL UTILITY PLANT - Cost Less Accumulated Depreciation	<u>\$ 5,737,010</u>

Nuclear Generating Plant and Equipment represents the cost of the City's .0779% undivided interest in the Florida Power Corporation Crystal River Unit Number 3 (CR-3).

Included in Construction-in-Progress at September 30, 1987, is \$1,423,542 of costs incurred on the new Alachua Substation Number One less \$470,736 due from Gainesville Regional Utilities for the portion of the substation which will be owned by them. Also included in Construction in Progress is \$397,030 incurred to-date on new distribution lines.

NOTE 5 - LONG-TERM AND OTHER DEBT

General Long-Term Debt

The following tabulation summarizes the changes in the City's general long-term debt account group during the year ended September 30, 1987:

(Continued)

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

5 - LONG-TERM AND OTHER DEBT (Continued)

General Long-Term Debt (Continued)

	BALANCE SEPTEMBER 30, 1986	NEW DEBT	(PRINCIPAL PAID)	BALANCE SEPTEMBER 30, 1987
City of Gulf Breeze, Florida, Local Government Loan Program	\$ 0	\$1,000,000		\$1,000,000
Chattel Mortgage: Computer Equipment - System 36	8,814		\$(1,504)	7,310
Capital Leases - Vehicles and Equipment	2,538		(2,143)	395
Compensated Absences	18,008	913		18,921
TOTAL	<u>\$ 29,360</u>	<u>\$1,000,913</u>	<u>\$(3,647)</u>	<u>\$1,026,626</u>

City of Gulf Breeze, Florida - Local Government Loan Program

On June 1, 1987, the City of Alachua executed a Loan Agreement with the City of Gulf Breeze, Florida (the "Administrator" and "Sponsor") and Sun Bank National Association, Orlando, Florida (as Trustee), to borrow \$1,000,000 from the Sponsor's \$100,000,000 Local Government Loan Program. The Sponsor had issued \$100,000,000 Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B (the "Bonds") and deposited the proceeds with Sun Bank to fund the program, available to governmental entities for financing and refinancing certain qualified projects.

The City of Alachua will use the proceeds to finance certain specified street construction and improvement projects within the corporate limits of the City. The loan is evidenced by a Governmental Unit Note which is payable solely from the City's Local Option Gas Tax revenues and Guaranteed Entitlement Revenues (the "Pledged Revenues").

The Loan Agreement required the establishment of the following accounts:

<u>Escrow</u>	To collect an initial \$350,000 from the loan proceeds, invested by the Trustee until the extension of the Gas Tax Agreement with the County.
<u>Loan Proceeds</u>	To receive the proceeds of the loan and disburse the project costs.
<u>Revenue</u>	To collect the Pledged Revenues.

(Continued)

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

NOTE 5 - LONG-TERM AND OTHER DEBT (Continued)

City of Gulf Breeze, Florida - Local Government Loan Program (Concluded)

Sinking To accumulate sufficient monies to pay interest on the next semiannual interest date (December 1 and June 1), to pay principal coming due annually and to make required "Reserve Payments."

Reserve To accumulate monthly 1/72nd of the maximum annual debt service requirement, beginning approximately September, 1990.

In accordance with the Loan Agreement, money on deposit in the Revenue Account must be disbursed in the following order:

- A. To satisfy current debt service requirements of the note;
- B. to provide for the Reserve Payments, if any, when due;
- C. to the payment of any Additional Parity Bonds;
- D. to fund a reserve account equal to the maximum annual debt service requirement by the year 1996;
- E. to the payment of any junior lien obligations; and
- F. for any other lawful purpose.

The note is payable over 27-1/2 years with an average coupon rate of 7.729%. The following tabulation summarizes interest and principal payment requirements of the note:

<u>FISCAL YEAR ENDED</u> <u>SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1988	\$ 15,000	\$ 74,223	\$ 89,223
1989	15,000	73,472	88,472
1990	15,000	72,678	87,678
1991	15,000	71,852	86,852
1992	15,000	68,998	83,998
1993 - 1994	25,000	139,155	174,155
1995 - 1999	110,000	324,807	434,807
2000 - 2004	155,000	277,125	432,125
2005 - 2009	220,000	204,509	424,509
2010 - 2014	225,000	99,422	424,422
2015	80,000	3,150	83,150
TOTAL	<u>\$1,000,000</u>	<u>\$1,409,391</u>	<u>\$2,409,391</u>

Other General Long-Term Debt

The chattel mortgage secured by the System 36 computer equipment is payable in monthly installments of \$184, which includes interest of 9.50%.

The gross amount of property and equipment recorded in the general fixed assets account group as a result of the capital leases shown above is \$19,188. Future minimum lease payments on the preceding capital leases as of September 30, 1987, amount to the following for the fiscal year ended September 30, 1988 - \$395.

(Continued)

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

NOTE 5 - LONG-TERM AND OTHER DEBT (Continued)

Other General Long-Term Debt (Concluded)

Rental expense under operating leases was \$2,649 for 1987 and was all recorded in the General Fund. There are no material minimum future rentals under noncancellable operating leases.

The following tabulation indicates the principal retirement of general long-term debt by fiscal year:

<u>FISCAL YEAR ENDED</u> <u>SEPTEMBER 30,</u>	<u>PRINCIPAL</u>
1988	\$ 16,972
1989	16,733
1990	16,905
1991	17,095
1992	15,000
1993 and Later	943,921
<u>TOTAL</u>	<u>\$1,026,626</u>

Proprietary Fund Types - Utility Refunding Revenue Bonds of 1986

On May 19, 1986, the City adopted a resolution to issue the Utilities Refunding Revenue Bonds, Series 1986. These bonds were issued pursuant to a multi-purpose plan including the advance refunding of certain of the City's utility refunding and revenue bonds and is more fully described in Note 6. The 1986 Bonds were issued on a parity and rank equally as to lien on and source and security for payment from gross revenues and excise taxes as the Utility Revenue Bonds of 1979.

Gross revenues and utilities service taxes are pledged as collateral for the revenue bonds which have a coupon rate ranging from 6.15% to 7.80%.

The bond ordinance required the establishment of the following accounts:

<u>Revenue</u>	To collect electric, water and sewer revenues.
<u>Operation and Maintenance</u>	To pay for cost of operation and maintenance of the utility system.
<u>Bond and Interest Sinking</u>	To accumulate sufficient monies to pay interest on the next semiannual interest date (October 1 and April 1) and to pay principal coming due on serial bonds.
<u>Bond Amortization</u>	To accumulate monies for payment of amortization installments coming due on term bonds.
<u>Reserve</u>	To accumulate monies to (1) pay cost of repairs and replacements to utility system; (2) pay for improvements to the system; (3) pay bond principal and interest when other accounts are insufficient.

(Continued)

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

NOTE 5 - LONG-TERM AND OTHER DEBT (Continued)

Proprietary Fund Types - Utility Refunding Revenue Bonds of 1986 (Continued)
 In accordance with the bond resolution, operating revenues from the utility system must be disbursed in the following order:

- A. To satisfy current debt service requirements of serial and term bonds;
- B. to fund a reserve account equal to the average annual bond service requirement by the year 1990;
- C. to meet operating and maintenance expenses before depreciation;
- D. for any other lawful purpose.

The \$7,750,000 issue consists of \$1,795,000 of serial bonds maturing from 1991 to 2000 and \$5,995,000 of term bonds, \$2,495,000 due in 2007 and \$3,460,000 due in 2016, but which are subject to mandatory redemption in earlier years as tabulated below at no premium.

Certain of the Series 1986 serial bonds may be redeemed prior to their maturity date, at the option of the City, subject to a call premium of one-half to two percent (1/2% to 2%).

The following tabulation summarizes interest and principal payment requirements of the 1986 issue:

FISCAL YEAR ENDED SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
1988		\$ 591,896	\$ 591,896
1989		591,896	591,896
1990		591,896	591,896
1991	\$ 125,000	591,896	716,896
1992	140,000	584,206	724,206
1993	150,000	575,319	725,319
1994	160,000	565,419	725,419
1995	170,000	554,459	724,459
1996	180,000	542,369	722,369
1997	195,000	529,249	724,249
1998	205,000	514,721	719,721
1999	225,000	499,141	724,141
2000	245,000	481,985	726,985
2001	255,000	463,242	718,242
2002	275,000	443,480	718,480
2003	300,000	422,168	722,168
2004	320,000	398,917	718,917
2005	350,000	374,118	724,118
2006	375,000	344,993	719,993
2007	620,000	317,930	937,930
2008	280,000	269,880	549,880
2009	300,000	248,040	548,040
2010	325,000	224,640	549,640
2011	350,000	199,290	549,290
2012	375,000	171,990	546,990

(Continued)

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

NOTE 5 - LONG-TERM AND OTHER DEBT (Continued)

Proprietary Fund Types - Utility Refunding Revenue Bonds of 1986 (Concluded)

FISCAL YEAR ENDED SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2013	\$ 405,000	\$ 142,740	\$ 547,740
2014	440,000	111,150	551,150
2015	475,000	76,830	551,830
2016	510,000	39,780	549,780
TOTALS	<u>\$7,750,000</u>	<u>\$11,463,640</u>	<u>\$19,213,640</u>

ALLOCATED BETWEEN PROPRIETARY FUNDS

	PAR	UNAMORTIZED DISCOUNT	CARRYING VALUE
Electric Fund	\$3,928,561	\$(92,219)	\$3,836,342
Sewer Fund	3,821,439	(89,708)	3,731,731
TOTAL	<u>\$7,750,000</u>	<u>\$(181,927)</u>	<u>\$7,568,073</u>

Proprietary Fund Types - Utilities Revenue Bonds of 1979

On August 6, 1979, the City adopted a resolution to issue the Utilities Revenue Bonds of 1979. These bonds were issued on December 17, 1979, to partially finance the cost of construction of additions to the utility system.

Net utility revenues and utilities service taxes are pledged as collateral for the revenue bonds which have a coupon rate of 5%. The liens on revenues by the 1979 bonds is equal to the Utilities Refunding Revenue Bonds of 1986. Amounts deposited in the revenue fund created by the bond resolution must be disbursed in the following order:

- A. To meet operation expenses.
- B. To satisfy debt service requirements.
- C. To fund a reserve account to be used for repairs, improvements and to satisfy debt service.

The issue consists of \$830,800 of Serial Bonds - \$51,800 of which has been paid, and the remainder which matures as indicated in the following schedule:

FISCAL YEAR ENDED SEPTEMBER 30,	PRINCIPAL AMOUNT
1988	\$ 10,000
1989	11,000
1990	12,000
1991	12,000
1992	12,000
1993-1994	27,000
1995-1999	81,000

(Continued)

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

NOTE 5 - LONG-TERM AND OTHER DEBT (Concluded)

Proprietary Fund Types - Utilities Revenue Bonds of 1979 (Concluded)

FISCAL YEAR ENDED SEPTEMBER 30,	PRINCIPAL AMOUNT
2000-2004	\$ 102,000
2005-2009	131,000
2010-2014	167,000
2015-2019	214,000
TOTAL	<u>\$ 779,000</u>

Summary of Principal Maturities Required For Next Five Years

	PRINCIPAL REQUIRED DURING FISCAL YEAR ENDED SEPTEMBER 30,				
	1988	1989	1990	1991	1992
General Long-Term Debt	\$16,972	\$16,733	\$16,905	\$ 17,095	\$ 15,000
Chattel Mortgage - Enterprise Funds	3,680	4,044	4,445	4,889	0
Utility Refunding Revenue Bonds of 1986	0	0	0	125,000	140,000
Utilities Revenue Bonds of 1979	10,000	11,000	12,000	12,000	12,000
TOTAL	<u>\$30,652</u>	<u>\$31,777</u>	<u>\$33,350</u>	<u>\$158,984</u>	<u>\$167,000</u>

The chattel mortgage in the enterprise funds is secured by computer equipment and payable in monthly installments of \$429, including interest of 9.50%.

Interest

Interest paid or accrued amounted to \$1,198 in the General Fund and \$639,907 in the Proprietary Fund Types for the fiscal year ended September 30, 1987. As explained in Note 1, interest costs amounting to \$194,497 were capitalized in the electric fund as a project cost.

NOTE 6 - EXTRAORDINARY ITEM - ADVANCE REFUNDING OF LONG-TERM DEBT DURING 1986

As explained in Note 5, by resolution adopted on May 19, 1986, the City provided for the advance refunding of certain of its utility refunding and revenue bonds outstanding in the aggregate principal amount of \$3,920,000 (refunded bonds) by the sale of Utility Refunding Revenue Bonds, Series 1986 in the aggregate principal amount of \$7,750,000. In addition to the refunding of prior debt outstanding, proceeds of the 1986 bonds are being used to pay the cost of certain utility construction projects, partially fund a reserve and sinking fund account for the 1986 bonds and to pay the costs and expenses of issuance of the 1986 bonds.

(Continued)

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

NOTE 6 - EXTRAORDINARY ITEM - ADVANCE REFUNDING OF LONG-TERM DEBT DURING 1986 (Concluded)

The refunding proceeds of the 1986 bonds were invested in United States obligations in an irrevocable Escrow Deposit Trust Fund which will mature at such times and in such amounts so as to provide sufficient funds for the payment of interest and maturing principal of the refunded bonds.

Therefore, the refunded bonds were considered as extinguished debt in the 1986 financial statements in accordance with the defeasance provisions of the refunding bonds. As a result of the advance refunding, a loss was recognized in accordance with generally accepted accounting principles.

NOTE 7 - RESTRICTED ASSETS

The balances of the restricted asset accounts in the Enterprise Funds at September 30, 1987, are as follows:

	<u>ELECTRIC</u>	<u>WATER</u>	<u>SEW R</u>	<u>TOTAL</u>
Construction Account:				
Cash and Time Deposits	\$1,159,612			\$ 1,159,612
Due From GRU	470,766			470,766
Interest Receivable	41,133			41,133
Sinking Fund		\$ 25,172	\$ 637,728	662,900
Bond Amortization Account			369,445	369,445
Reserve Account		28,158	773,543	801,701
Interest Receivable		59	50,487	50,546
Customer Deposits	121,955			121,955
TOTAL	<u>\$1,793,466</u>	<u>\$ 53,389</u>	<u>\$1,831,203</u>	<u>\$ 3,678,058</u>

It is the City's policy to record all debt service cash accounts related to the 1986 issue in the Sewer Fund. Therefore, the liability related to new debt which was used to fund increases in the debt service accounts has been recorded in the Sewer Fund also.

The City has adequately funded the Debt Service accounts for the 1986 and 1979 issue. However, there exists a \$31,375 funding deficiency in the Governmental Funds relating to the Gulf Breeze note, because the required accounts were not established.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

The balances of interfund receivables and payables at September 30, 1987, were as follows:

	<u>INTERFUND</u>	
	<u>RECEIVABLE</u>	<u>PAYABLE</u>
Special Assessment Fund		\$38,851
Electric Fund (Enterprise)	\$38,851	
TOTAL INTERFUND RECEIVABLES AND PAYABLES	<u>\$38,851</u>	<u>\$38,851</u>

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

NOTE 9 - FUND BALANCES - RESERVES AND DESIGNATIONS

Fund balances are reserved and designated within the governmental fund types as follows:

	<u>GENERAL</u>	<u>CAPITAL PROJECT</u>	<u>SPECIAL ASSESSMENT</u>
<u>RESERVED</u>			
Roads and Streets		\$947,877	\$ 43,336
Recreation			7,879
Fire Service			38,083
Police Service			5,253
Electric Utility Construction			87,254
Inventory	\$ 1,849		
Prepaid Insurance	33,811		
Police Education	5,272		
TOTAL RESERVED FUND BALANCES	<u>\$ 40,932</u>	<u>\$947,877</u>	<u>\$ 181,805</u>
<u>DESIGNATED</u>			
Police Operations	\$ 1,910		
Police Vests	1,600		
TOTAL DESIGNATED FUND BALANCES	<u>\$ 3,510</u>	<u>\$ 0</u>	<u>\$ 0</u>

Reserves earmark a portion of fund equity as (1) not available for appropriation or expenditure, or (2) legally restricted to a specific future use. Designations of fund equity represent management's tentative spending plans.

NOTE 10 - EXCESS OF EXPENDITURES OVER BUDGET

For excesses of actual expenditures over budgeted appropriations for governmental fund types, please see Page 5 of the financial statements.

NOTE 11- SEGMENT INFORMATION - PROPRIETARY FUND TYPES

	<u>ELECTRIC FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>
Operating Revenues	\$2,827,122	\$ 188,758	\$ 341,472
Depreciation and Amortization	83,019	55,621	70,522
Operating Income	317,491	2,309	106,188
Operating Transfers Out	46,113		
Net Income (Loss)	186,759	(34,599)	(79,698)
Property, Plant and Equipment			
Additions	102,202	4,675	34,997
Net Working Capital	740,363	268,633	(545,301)
Total Assets	5,563,256	1,461,621	3,461,338
Bonds Payable - Long-Term Portion	3,836,342	769,000	3,731,731
Total Equity	540,989	653,577	(425,401)
Total Retained Earnings (Deficit)	540,989	346,043	(1,505,550)

(Continued)

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

NOTE 11- SEGMENT INFORMATION - PROPRIETARY FUND TYPES (Concluded)

The deficit working capital in the Sewer Fund reflects amounts owed to the other utility funds for subsidizing prior losses. The deficit retained earnings in the Sewer Fund reflects the accumulation of these losses.

NOTE 12 - ELECTRIC POWER AGREEMENTS

Crystal River Unit #3 Participation Agreement

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

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

The participation agreement provides for reversion of the ownership interest of the unit to Florida Power Corporation upon retirement from service. The book value of the investment included in Utility Plant in Service amounts to \$308,859 as of September 30, 1987, excluding inventory.

The City's share of plant decommissioning costs to be paid in the year 2016 is estimated at \$313,937 and is being amortized against net income using the straight-line method at \$13,320 per year, beginning March, 1985. The balance of this deferred credit at September 30, 1987, is \$34,410. Cash is being accumulated in an equal amount plus interest to provide for the funding of this deferred credit.

St. Lucie No. 2 Power Purchase Agreement

The City has negotiated an agreement with Florida Power and Light Corporation through the Florida Municipal Power Agency to purchase .3044 megawatts of generating capacity and a corresponding amount of energy monthly from the St. Lucie No. 2 nuclear generating plant. This power was sold to the Cities of Vero Beach and Fort Pierce during 1987. The plant became operational in 1984.

NOTE 13 - EMPLOYEES' RETIREMENT SYSTEM

The City of Alachua participates in the Florida Retirement System, a defined benefit pension plan covering all full-time employees. Employee contributions were made prior to October 1, 1975, and these contributions are refundable if employment terminates prior to retirement. Pension benefits generally vest after 10 years of service but cannot be drawn until normal retirement at age 62,

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

NOTE 13 - EMPLOYEES' RETIREMENT SYSTEM (Concluded)

or 58 if 35 years of service have been rendered. For special risk participants, benefits can be drawn at age 55 with 10 years service, or at 52 with 25 total years service, or at any age with 25 years continuous service. Total pension cost for City employees for the year ended September 30, 1987 totalled \$98,597. Contributions are made by the City of Alachua to the Florida Retirement System based on 15.11% of Police Department earnings and 13.14% of all other employees' earnings. The City's policy is to fund pension costs as they accrue.

The funding methods and the determination of benefits payable are provided in various acts of the State Legislature. Contributions of all participating agencies throughout the State of Florida are pooled to fund accrued benefits under the System. System officials have reported that the System has a computed unfunded actuarial liability of approximately \$7.4 billion as of July 1, 1985, the latest valuation date of the plan. The most recent actuarial study indicates that, if certain actuarial assumptions are realized and certain increases to the contribution rates are made, this unfunded actuarial accrued liability will be liquidated within thirty (30) years.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Securities Purchase

In accordance with its bond resolutions, the City is party to a contract to purchase \$195,000 of direct obligations of the United States at a purchase price of 96-97% of face value, through February 15, 1990. The following amounts are the minimal face amount of securities to be purchased:

<u>FISCAL YEARS ENDED</u>	
<u>SEPTEMBER 30,</u>	
1988	\$75,000
1989	\$80,000
1990	\$40,000

Substation Construction

Approximately \$2.5 million of the proceeds from the Utilities Refunding Revenue Bonds, Series 1986 issue were restricted for the construction of an electric utility substation and new distribution lines within the corporate limits of the City. The substation was completed and placed in service January 6, 1988; construction on the distribution system is still in progress as of the date of this report. Both projects are proceeding within budget. Approximately 88% of the City will be served from this substation.

The City has signed a five-year contract with Gainesville Regional Utilities (GRU) to provide energy and backup services at both their metering points with an estimated price savings to the City of \$250,000 annually. GRU owns the high side of the substation. Construction-in-progress at September 30, 1987, includes only costs incurred on the City-owned portion.

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Concluded)

Other

The City has signed certain documents with Florida Municipal Power Agency relating to the St. Lucie Project that provide that if the agency defaults on certain loans, the City would be required to satisfy payment. The amount of the loan at September 30, 1987, was \$310,000,000. The City's maximum contingent liability is \$3.5 million.

The City received a \$75,000 award from the State of Florida Department of Natural Resources (DNR) during 1986 which was used toward the \$150,000 purchase price of certain land and buildings lying within the City limits known as Rolling Green Academy. As part of the award agreement with DNR, the City has agreed to construct or cause the construction of, certain outdoor recreation facilities and improvements on the property by 1991 for estimated costs in excess of the original award agreement. The City has also agreed to operate and maintain the site and facilities for a minimum period of 25 years. The agreement provides for forfeiture of the award if these and other provisions are not adhered to.

ACCOMPANYING INFORMATION

CITY OF ALACHUA, FLORIDA

COMBINING AND INDIVIDUAL FUND
STATEMENTS

These statements provide a more detailed view of the General Purpose Financial Statements.

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

BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 1987 AND 1986
CITY OF ALACHUA, FLORIDA

<u>ASSETS</u>	<u>1987</u>	<u>1986</u>
Cash in Bank, Including Certificates of Deposit:		
Police Department Trust Fund	\$ 1,910	\$ 1,813
Alachua Meadows Account	105,627	105,620
Library Building Fund	0	4,588
Federal Revenue Sharing Account	62,065	60,851
Other	258,336	246,575
Receivables:		
Utility Taxes	6,982	6,057
Tax Certificates	60,987	56,371
Accounts	173	0
Accrued Interest	4,458	2,284
Due From Other Funds	0	81,219
Due From Other Governments	18,712	18,075
Inventory of Fuel	1,849	1,844
Prepaid Expenses	33,811	9,707
TOTAL ASSETS	<u>554,910</u>	<u>595,004</u>
 <u>LIABILITIES AND FUND BALANCE</u> 		
<u>LIABILITIES</u>		
Accounts Payable	43,418	30,174
Accrued Expenses	12,227	13,266
Occupational Licenses Collected in Advance	7,532	4,651
Deferred Revenues - Taxes	58,053	56,371
Deferred Revenues - CSTF Grant	0	1,496
TOTAL LIABILITIES	<u>121,230</u>	<u>105,958</u>
 <u>FUND BALANCE</u>		
Reserved For Prepaid Expenses	33,811	9,707
Reserved For Inventory	1,849	1,844
Reserved For Police Education	5,272	6,721
Designated For Library Building	0	4,588
Designated For Police Department Operations and Vests	3,510	1,813
Designated For Street Improvements	0	75,000
Undesignated	389,238	389,373
TOTAL FUND BALANCE	<u>433,680</u>	<u>489,046</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$554,910</u>	<u>\$595,004</u>

STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 1987, WITH
 COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1986
CITY OF ALACHUA, FLORIDA

	1987		VARIANCE FAVORABLE (UNFAVORABLE)	1986
	BUDGET	ACTUAL		ACTUAL
<u>REVENUES</u>				
<u>Taxes</u>				
Property Taxes	\$ 384,667	\$376,335	\$(8,332)	\$342,493
Franchise Taxes	8,500	9,383	883	7,899
Utility Taxes	235,000	259,828	24,828	245,801
Total Taxes	<u>628,167</u>	<u>645,546</u>	<u>17,379</u>	<u>596,193</u>
<u>Licenses and Permits</u>				
Occupational Licenses	8,500	8,635	135	7,816
Building Permits	20,000	18,932	(1,068)	12,967
Total Licenses and Permits	<u>28,500</u>	<u>27,567</u>	<u>(933)</u>	<u>20,783</u>
<u>Intergovernmental</u>				
<u>Federal:</u>				
Revenue Sharing	768	768	0	42,353
<u>State:</u>				
Alcoholic Beverage License	9,700	4,465	(5,235)	6,216
Local Government Half-Cent Sales Tax	106,000	112,805	6,805	104,698
Mobile Home Licenses	5,000	5,032	32	4,422
State Revenue Sharing	113,879	120,988	7,109	120,849
Cigarette Tax	10,000	14,063	4,063	13,665
Local Option Gas Tax	103,500	100,972	(2,528)	95,716
Rebate on Municipal Vehicles	2,000	1,865	(135)	1,478
DNR Grant	0	0	0	77,420
Total State	<u>350,079</u>	<u>360,190</u>	<u>10,111</u>	<u>424,464</u>
Total Intergovernmental	<u>350,847</u>	<u>360,958</u>	<u>10,111</u>	<u>466,817</u>
<u>Charges For Services</u>				
Sanitation, Including Penalties	17,000	23,552	6,552	19,569
Zoning Fees and Other	2,300	1,640	(660)	2,295
Total Charges For Services	<u>19,300</u>	<u>25,192</u>	<u>5,892</u>	<u>21,864</u>
<u>Fines and Forfeitures</u>				
Court Fines	29,400	33,024	3,624	28,834
<u>Contributions From Private Sources</u>				
Library	0	0	0	4,310

STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1987, WITH
COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1986
CITY OF ALACHUA, FLORIDA
 (Concluded)

	<u>1987</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>1986</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		<u>ACTUAL</u>
<u>REVENUES (Concluded)</u>				
<u>Miscellaneous</u>				
Interest	\$ 20,000	\$ 24,773	\$ 4,773	\$ 31,616
Other	7,500	41,228	33,728	12,250
Total Miscellaneous	<u>27,500</u>	<u>66,001</u>	<u>38,501</u>	<u>43,866</u>
 TOTAL REVENUES	 <u>\$1,083,714</u>	 <u>\$1,158,288</u>	 <u>\$ 74,574</u>	 <u>\$1,182,667</u>

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 1987, WITH
 COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1986
 CITY OF ALACHUA, FLORIDA

EXPENDITURES	1987		VARIANCE FAVORABLE (UNFAVORABLE)	1986
	BUDGET	ACTUAL		ACTUAL
<u>General Government</u>				
<u>Legislative:</u>				
Personal Services	\$ 10,785	\$ 9,412	\$ 1,373	\$ 6,655
Operations	6,526	3,971	2,555	3,031
Capital Outlay	9,006	6,338	2,668	5,245
Total Legislative	<u>26,317</u>	<u>19,721</u>	<u>6,596</u>	<u>14,931</u>
<u>Executive:</u>				
Personal Services	28,055	25,086	2,969	42,512
Operations	6,884	7,687	(803)	6,857
Capital Outlay	7,650	6,333	1,317	5,244
Total Executive	<u>42,589</u>	<u>39,106</u>	<u>3,483</u>	<u>54,613</u>
<u>Finance and Administration:</u>				
Personal Services	42,590	44,371	(1,781)	40,456
Operations	45,642	38,724	6,918	44,341
Capital Outlay	10,345	14,563	(4,218)	25,855
Total Finance and Administration	<u>98,577</u>	<u>97,658</u>	<u>919</u>	<u>110,652</u>
<u>Legal:</u>				
Operations	35,850	38,148	(2,298)	32,368
<u>Comprehensive Planning:</u>				
Operations	12,451	8,755	3,696	15,937
<u>Other General Government:</u>				
Operations	3,000	3,608	(608)	14,153
Total General Government	<u>218,784</u>	<u>206,996</u>	<u>11,788</u>	<u>242,654</u>
<u>Public Safety</u>				
<u>Law Enforcement:</u>				
Personal Services	381,455	381,017	438	336,453
Operations	56,754	74,485	(17,731)	46,186
Capital Outlay	26,820	34,632	(7,812)	18,316
Total Law Enforcement	<u>465,029</u>	<u>490,134</u>	<u>(25,105)</u>	<u>400,955</u>
<u>Fire Control:</u>				
Operations	100,388	100,969	(581)	100,991
Capital Outlay	0	275	(275)	0
Total Fire Control	<u>100,388</u>	<u>101,244</u>	<u>(856)</u>	<u>100,991</u>
<u>Protective Inspections:</u>				
Operations	7,000	5,898	1,102	5,640
<u>Other Public Safety:</u>				
Personal Services	0	0	0	5,727
Operations	1,480	1,658	(178)	1,586
Total Other Public Safety	<u>1,480</u>	<u>1,658</u>	<u>(178)</u>	<u>7,313</u>
Total Public Safety	<u>573,897</u>	<u>598,934</u>	<u>(25,037)</u>	<u>514,899</u>

(Continued)

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 1987, WITH
 COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1986
 CITY OF ALACHUA, FLORIDA
 (Concluded)

	1987		VARIANCE FAVORABLE (UNFAVORABLE)	1986
	BUDGET	ACTUAL		ACTUAL
<u>EXPENDITURES (Concluded)</u>				
<u>Transportation</u>				
Personal Services	\$ 79,928	\$ 81,626	\$(1,698)	\$ 56,710
Operations	87,127	75,571	11,556	80,755
Capital Outlay	133,758	165,611	(31,853)	365
Total Transportation	<u>300,813</u>	<u>322,808</u>	<u>(21,995)</u>	<u>137,830</u>
<u>Physical Environment</u>				
Personal Services	42,112	43,223	(1,111)	36,014
Operations	24,626	11,429	13,197	10,759
Capital Outlay	0	2,242	(2,242)	3,820
Total Physical Environment	<u>66,738</u>	<u>56,894</u>	<u>9,844</u>	<u>50,593</u>
<u>Culture and Recreation</u>				
<u>Parks and Recreation:</u>				
Personal Services	31,397	31,449	(52)	25,905
Operations	24,350	22,716	1,634	41,575
Capital Outlay	14,577	13,023	1,554	151,178
Total Parks and Recreation	<u>70,324</u>	<u>67,188</u>	<u>3,136</u>	<u>218,658</u>
<u>Libraries:</u>				
Personal Services	1,091	1,091	0	15,369
Operations	1,335	1,012	323	2,769
Total Libraries	<u>2,426</u>	<u>2,103</u>	<u>323</u>	<u>18,138</u>
Total Culture and Recreation	<u>72,750</u>	<u>69,291</u>	<u>3,459</u>	<u>236,796</u>
<u>Debt Service</u>				
Principal Retirement	19,000	3,646	15,354	30,762
Interest Paid	4,486	1,198	3,288	3,399
Total Debt Service	<u>23,486</u>	<u>4,844</u>	<u>18,642</u>	<u>34,161</u>
TOTAL EXPENDITURES	<u>\$1,256,468</u>	<u>\$1,259,767</u>	<u>\$(3,299)</u>	<u>\$1,216,933</u>

BALANCE SHEET
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT
SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA

ASSETS

Cash	\$123,129
Accounts Receivable	<u>25</u>
TOTAL ASSETS	<u>123,154</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	8,253
Deferred Revenues	<u>114,901</u>
TOTAL LIABILITIES	<u>123,154</u>

FUND BALANCE

	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$123,154</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>	\$ 473,500	\$ 135,978	\$(337,522)
 <u>EXPENDITURES</u>			
Demolitions/Relocation	92,000	75,523	16,477
Rehabilitation/Relocation	240,000	17,540	222,460
Capital Acquisition	52,500	800	51,700
Administration	77,000	42,115	34,885
Other	<u>12,000</u>	<u>0</u>	<u>12,000</u>
(TOTAL EXPENDITURES)	<u>(473,500)</u>	<u>(135,978)</u>	<u>337,522</u>
 EXCESS OF REVENUES OVER EXPENDITURES	0	0	0
 FUND BALANCE, BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
 FUND BALANCE, END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUND - GULF BREEZE LOAN PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 1987
CITY OF ALACHUA, FLORIDA

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Interest	\$ 0	\$ 19,777	\$ 19,777
<u>EXPENDITURES</u>			
Construction Contracts	68,500	3,905	64,595
Engineering	31,500	35,232	(3,732)
Other	0	184	(184)
(TOTAL EXPENDITURES)	<u>(100,000)</u>	<u>(39,321)</u>	<u>60,679</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(100,000)</u>	<u>(19,544)</u>	<u>80,456</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Note Proceeds	1,000,000	1,000,000	0
Financing Costs	(32,579)	(32,579)	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>967,421</u>	<u>967,421</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	867,421	947,877	80,546
FUND BALANCE, BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 867,421</u>	<u>\$ 947,877</u>	<u>\$ 80,546</u>

BALANCE SHEETS
SPECIAL ASSESSMENT FUND - DRI
SEPTEMBER 30, 1987 AND 1986
CITY OF ALACHUA, FLORIDA

	<u>1987</u>	<u>1986</u>
<u>ASSETS</u>		
Cash and Time Deposits	\$213,681	\$191,255
Special Assessments Receivable	8,857	13,905
Interest Receivable	<u>3,786</u>	<u>3,655</u>
TOTAL ASSETS	<u>226,324</u>	<u>208,815</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Electric Fund	38,851	38,851
Deferred Revenue	<u>5,668</u>	<u>8,503</u>
TOTAL LIABILITIES	<u>44,519</u>	<u>47,354</u>
 <u>FUND BALANCE</u>		
Reserved	<u>181,805</u>	<u>161,461</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$226,324</u>	<u>\$208,815</u>

COMBINING BALANCE SHEET
PROPRIETARY FUNDS
SEPTEMBER 30, 1987, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1986
CITY OF ALACHUA, FLORIDA

ASSETS

CURRENT ASSETS

Cash and Time Deposits:
Utility Revenue Account
CR-3 Decommissioning Account
Impact Fee Fund
Other
Receivables (Net of Allowance For Uncollectibles As
Parenthetically Indicated):
Accounts (\$59,006)
Sewer Assessments
Accrued Interest and Penalties
Other Receivables
Due From Other Funds
Inventory, At Cost
Prepaid Expenses
Unbilled Revenue
TOTAL CURRENT ASSETS

RESTRICTED ASSETS

Revenue Bond Accounts:
Construction Account:
Cash and Time Deposits
Due from GRU
Interest Receivable
Sinking Fund
Reserve Account
Bond Amortization Account
Interest Receivable
Customer Deposits
TOTAL RESTRICTED ASSETS

PROPERTY, PLANT AND EQUIPMENT

Utility Plant in Service
(Accumulated Depreciation)

Construction-In-Progress
TOTAL PROPERTY, PLANT AND EQUIPMENT - Cost Less
Depreciation

OTHER ASSETS

Unamortized Bond Issue Costs

TOTAL ASSETS

<u>ELECTRIC</u>	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>1987</u>	<u>1986</u>
\$ 454,090	\$ 252,521	\$ (548,132)	\$ 158,479	\$ 165,161
35,540			35,540	0
41,921			41,921	0
4,442			4,442	3,775
341,723			341,723	411,958
57		7,722	7,722	13,228
17,799	2,400	363	420	18,379
38,851			20,199	47,383
159,764	19,459		38,851	421,578
8,948			179,223	189,339
74,067			8,948	5,080
<u>1,177,202</u>	<u>274,380</u>	<u>(540,047)</u>	<u>911,535</u>	<u>1,350,846</u>
1,159,612			1,159,612	2,384,791
470,766			470,766	0
41,133			41,133	5,227
	25,172	637,728	662,900	557,027
	28,158	773,543	801,701	783,437
		369,445	369,445	305,920
	59	50,487	50,546	15,294
121,955			121,955	130,974
<u>1,793,466</u>	<u>53,389</u>	<u>1,831,203</u>	<u>3,678,058</u>	<u>4,182,670</u>
1,008,840	1,702,974	2,758,434	6,270,248	6,152,421
(608,475)	(584,575)	729,831	(1,922,881)	(1,736,087)
<u>1,200,365</u>	<u>1,118,399</u>	<u>2,028,603</u>	<u>4,347,367</u>	<u>4,416,334</u>
1,349,836	15,453	24,354	1,389,643	217,074
<u>2,550,201</u>	<u>1,133,852</u>	<u>2,052,957</u>	<u>5,737,010</u>	<u>4,633,408</u>
42,387	0	117,225	159,612	165,213
<u>\$5,563,256</u>	<u>\$1,461,621</u>	<u>\$3,461,338</u>	<u>\$10,486,215</u>	<u>\$10,332,137</u>

(Continued)

COMBINING BALANCE SHEET
PROPRIETARY FUNDS
SEPTEMBER 30, 1987, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1986
CITY OF ALACHUA, FLORIDA
(Concluded)

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS

Accounts Payable
Other Accrued Expenses
Due to Other Funds
Deferred Credits and Developer Deposits
Current Portion of Long-Term Liabilities
TOTAL CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS

CURRENT LIABILITIES, PAYABLE FROM RESTRICTED ASSETS

Construction Account:
Accounts Payable (Including Retainages of \$91,691)
Accrued Interest
Bonds Payable - Current Portion
Customer Deposits
TOTAL CURRENT LIABILITIES, PAYABLE FROM RESTRICTED
ASSETS

LONG-TERM LIABILITIES

Chattel Mortgage Payable, Less Current Portion of \$3,681
Utilities Revenue Bonds of 1979, Less Current Portion of \$10,000
Utility Refunding Revenue Bonds of 1986
Deferred Credit - CR-3 Decommissioning Costs
TOTAL LONG-TERM LIABILITIES

TOTAL LIABILITIES

FUND EQUITY

Contributions:
Customers
EDA and HUD
Farmers Home Administration
Total Contributions
Retained Earnings:
Reserved For Debt Service and Contingencies
Unreserved
Total Retained Earnings (Deficit)
TOTAL FUND EQUITY

TOTAL LIABILITIES AND FUND EQUITY

<u>ELECTRIC</u>	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>1987</u>	<u>1986</u>
\$ 169,702	\$ 450	\$ 790	\$ 170,942	\$ 206,497
23,436	3,255	3,412	30,103	30,325
			0	463,946
242,124	990		243,114	191,941
1,577	1,052	1,052	3,681	3,508
<u>436,839</u>	<u>5,747</u>	<u>5,254</u>	<u>447,840</u>	<u>896,217</u>
436,972			436,972	111,148
150,016	19,475	145,932	315,423	118,374
	10,000		10,000	10,000
<u>121,955</u>			<u>121,955</u>	<u>130,974</u>
708,943	29,475	145,932	884,350	370,496
5,733	3,822	3,822	13,377	17,058
	769,000		769,000	779,000
3,836,342		3,731,731	7,568,073	7,557,920
34,410			34,410	21,090
<u>3,876,485</u>	<u>772,822</u>	<u>3,735,553</u>	<u>8,384,860</u>	<u>8,375,068</u>
<u>5,022,267</u>	<u>808,044</u>	<u>3,886,739</u>	<u>9,717,050</u>	<u>9,641,781</u>
	36,775	877,325	914,100	907,753
	23,859	22,424	46,283	46,283
	246,900	180,400	427,300	427,300
<u>0</u>	<u>307,534</u>	<u>1,080,149</u>	<u>1,387,683</u>	<u>1,381,336</u>
	23,914	1,535,255	1,559,169	1,533,304
540,989	322,129	(3,040,805)	(2,177,687)	(2,224,284)
540,989	346,043	(1,505,550)	(618,518)	(690,980)
540,989	653,577	(425,401)	769,165	690,356
<u>\$5,563,256</u>	<u>\$1,461,621</u>	<u>\$ 3,461,338</u>	<u>\$10,486,215</u>	<u>\$10,332,137</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1987, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1986
CITY OF ALACHUA, FLORIDA

OPERATING REVENUES

OPERATING EXPENSES

Power Production Expenses:
 Nuclear Power Generation
 Purchased Power and Other
Customer Accounts
Depreciation
Warehousing, Distribution and Collection
General and Administrative
Taxes
Transmission Expense - Operation
Treatment
(TOTAL OPERATING EXPENSES)

OPERATING INCOME

NONOPERATING REVENUES (EXPENSES)

Interest Income
Interest and Fiscal Charges
Amortization of Bond Issue Costs
Miscellaneous (Expense) Income
TOTAL NONOPERATING REVENUES (EXPENSES)

INCOME (LOSS) BEFORE OPERATING TRANSFERS

(OPERATING TRANSFERS OUT)

NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM

EXTRAORDINARY ITEM - (LOSS) ON ADVANCE REFUNDING

NET INCOME (LOSS)

RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR

RETAINED EARNINGS (DEFICIT), END OF YEAR

<u>ELECTRIC</u>	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>1987</u>	<u>1986</u>
<u>\$ 2,827,122</u>	<u>\$ 188,758</u>	<u>\$ 341,472</u>	<u>\$ 3,357,352</u>	<u>\$ 3,507,127</u>
179,986			179,986	201,918
1,882,108			1,882,108	1,881,447
42,757	18,675	17,710	79,142	74,993
81,531	55,621	66,409	203,561	198,704
186,685	62,039	101,362	350,086	294,477
74,015	37,696	35,999	147,710	98,298
38,586			38,586	38,248
23,963			23,963	27,154
	12,418	13,804	26,222	34,603
<u>(2,509,631)</u>	<u>(186,449)</u>	<u>(235,284)</u>	<u>(2,931,364)</u>	<u>(2,849,842)</u>
<u>317,491</u>	<u>2,309</u>	<u>106,188</u>	<u>425,988</u>	<u>657,285</u>
24,050	2,759	115,924	142,733	92,450
(108,046)	(39,667)	(297,697)	(445,410)	(424,627)
(1,488)		(4,113)	(5,601)	(9,001)
865			865	4,048
<u>(84,619)</u>	<u>(36,908)</u>	<u>(185,886)</u>	<u>(307,413)</u>	<u>(337,130)</u>
232,872	(34,599)	(79,698)	118,575	320,155
(46,113)	<u>0</u>	<u>0</u>	(46,113)	(46,113)
186,759	(34,599)	(79,698)	72,462	274,042
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(727,753)</u>
186,759	(34,599)	(79,698)	72,462	(453,711)
<u>354,230</u>	<u>380,642</u>	<u>(1,425,852)</u>	<u>(690,980)</u>	<u>(237,269)</u>
<u>\$ 540,989</u>	<u>\$ 346,043</u>	<u>\$(1,505,550)</u>	<u>\$(618,518)</u>	<u>\$(690,980)</u>

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1987, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1986
CITY OF ALACHUA, FLORIDA

SOURCE OF WORKING CAPITAL

Net Income (Loss)
Items Not Requiring Outlay of Working Capital:
 Depreciation
 Amortization of Bond Issue Costs
 Amortization of Bond Discount
Working Capital Provided From (Applied to) Operations
Proceeds From Long-Term Debt Issuance
Proceeds From Other Long-Term Debt
Decrease in Unamortized Bond Issue Costs
Land Sales
Increase in Current Liabilities Payable From Restricted Assets
Increase in Deferred Credit - CR-3 Decommissioning Cost
Equipment Disposals
Decrease in Restricted Assets

TOTAL SOURCE OF WORKING CAPITAL

USE OF WORKING CAPITAL

Net (Income) Loss Before Extraordinary Item
Items Not Requiring Outlay of Working Capital:
 Depreciation
 Amortization of Bond Issue Costs
 Amortization of Bond Discount
Working Capital (Provided From) Operations Before Extraordinary Item
Extraordinary Item - Loss on Advance Refunding
Working Capital (Provided From) Applied To Operations
Utility Plant In Service Additions - Net of Contributions-in-Aid of Construction
Decrease in Long-Term Liabilities:
 Debt Refunded Under Terms of Advance Refunding
 Reclassified as Current or Payments
Bond Issue Costs
Increase in Restricted Assets
Increase in Construction-in-Progress

(TOTAL USE OF WORKING CAPITAL)

INCREASE (DECREASE) IN WORKING CAPITAL (BELOW)

ELECTRIC	WATER	SEWER	TOTALS	
			1987	1986
\$ 186,759	\$(34,599)	\$(79,698)	\$ 72,462	
81,531	55,621	66,409	203,561	
1,488		4,113	5,601	
5,147		5,006	10,153	
<u>274,925</u>	<u>21,022</u>	<u>(4,170)</u>	<u>291,777</u>	
			0	\$ 7,556,250
			0	17,058
			0	200,075
		2,878	2,878	687
416,816	(250)	97,288	513,854	222,349
13,320			13,320	21,090
4,607	3,071	3,071	10,749	0
<u>727,526</u>			<u>727,526</u>	<u>0</u>
<u>1,437,194</u>	<u>23,843</u>	<u>99,067</u>	<u>1,560,104</u>	<u>8,017,509</u>
				0 (274,042)
				0 (198,704)
				0 (9,001)
				0 (10,336)
				0 (492,083)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>727,753</u>
				0 235,670
102,202	4,675	34,997	141,874	95,650
			0	3,813,854
1,577	11,052	1,052	13,681	20,394
	8,385	214,529	222,914	166,146
			0	3,186,620
<u>1,153,051</u>	<u>1,275</u>	<u>18,243</u>	<u>1,172,569</u>	<u>217,074</u>
<u>(1,256,830)</u>	<u>(25,387)</u>	<u>(268,821)</u>	<u>(1,551,038)</u>	<u>(7,735,408)</u>
<u>\$ 180,364</u>	<u>\$(1,544)</u>	<u>\$(169,754)</u>	<u>\$ 9,066</u>	<u>\$ 282,101</u>

(Continued)

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1987, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1986
CITY OF ALACHUA, FLORIDA
(Concluded)

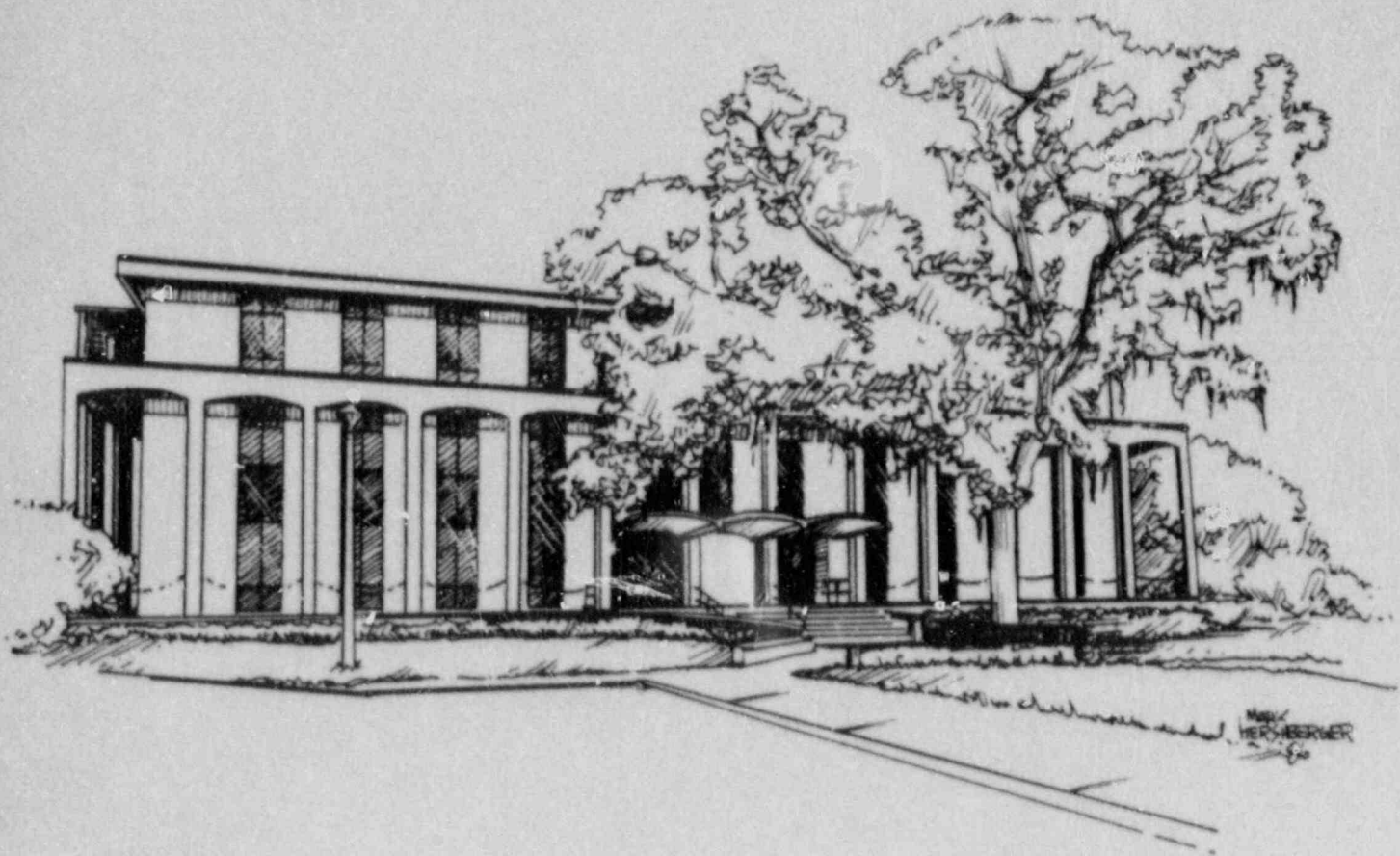
CHANGES IN WORKING CAPITAL BY COMPONENT

Current Assets - Increase (Decrease):
Cash and Time Deposits
Receivables
Due From Other Funds
Inventory
Prepaid Expenses
Unbilled Revenue
Current Liabilities - Decrease (Increase):
Accounts Payable
Other Accrued Expenses
Due to Other Funds
Deferred Credits and Developer Deposits
Current Portion of Long-Term Debt

INCREASE (DECREASE) IN WORKING CAPITAL (ABOVE)

<u>ELECTRIC</u>	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>1987</u>	<u>1986</u>
\$ 367,057	\$ 252,521	\$(548,132)	\$ 71,446	\$ 239,062
(99,762)	2,320	(23,442)	(120,884)	2,842
(113,964)	(268,763)		(382,727)	(116,763)
(8,551)	(1,565)		(10,116)	17,334
3,868			3,868	1,489
(898)			(898)	37,251
9,033	2,936	23,586	35,555	295,677
2,257	(646)	(1,389)	222	(6,756)
72,570	11,703	379,673	463,946	(190,081)
(51,173)			(51,173)	97
(73)	(50)	(50)	(73)	1,949
<u>\$ 180,364</u>	<u>\$(1,544)</u>	<u>\$(169,754)</u>	<u>\$ 9,066</u>	<u>\$ 282,101</u>

CITY OF OCALA FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 1987

INTRODUCTORY SECTION

This Section contains the following Subsections:

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Letter of Transmittal

Certificate of Achievement
for Excellence in Financial Reporting

City of Ocala Organization Charts

FINANCIAL SECTION

This Section contains the following Subsections:

Report of Certified Public Accountants

General Purpose Financial Statements

Individual Fund and Combining Statements - By Fund Type

Single Audit Report

STATISTICAL SECTION

Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present nonaccounting data. These schedules reflect social and economic data and financial trends of the government.

CITY OF OCALA

Comprehensive Annual Financial Report



For the Fiscal Year Ended
September 30, 1987

Prepared by: Finance Department



City of Ocala

151 S. E. Osceola Avenue
Ocala, Florida

Comprehensive Annual Financial Report Of the City of Ocala, Florida For the Year Ended September 30, 1987

City Council - 1986 - 1987

Craig Curry, President
Wayne L. Rubinas, Mayor
Lorenzo S. Edwards
Gerald K. Ertle
Michael A. Finn
Michael E. Pape

City Officials

City Manager	Scotty J. Andrews
Assistant City Manager	Richard K. Lewis
Assistant City Manager	Charles H. Lynn, Jr.
Building Official	Donald C. Noxon
City Attorney	William H. Phelan, Jr.
City Clerk	M. Jane Milam
City Engineer	Doug O. Iannarelli
Downtown Development Manager	Gail G. Collins
Electric Utility Director	Dean G. Shaw
Finance Director	Robert F. Sprinkle
Fire Chief	William E. Woods
Golf Director	Joseph Moses, Jr.
Internal Auditor	Eric J. Lewerenz
Library Director	Robert M. Lipscomb
M.I.S. Director	Chesier K. Holloway
Personnel Director	Carolyn V. Ingham
Planning Director	Paul K. Nugent
Police Chief	A. Lee McGehee
Public Works Director	Gary R. Stewart
Purchasing Director	David P. Galnor
Recreation and Parks Director	David J. Pritchard
Risk Manager	Leonard A. Baker, Jr.
Water and Sewer Director	Richard A. Davis

CITY OF OCALA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 1987

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City of Ocala

February 22, 1988

FINANCE DEPARTMENT
P. O. BOX 1270, OCALA, FLORIDA 32678

City Manager and Council
City Hall
Ocala, Florida 32678

The Comprehensive Annual Financial Report (CAFR) of the City of Ocala, Florida for the year ended September 30, 1987 is submitted herewith.

Accounting and Reporting Practices

The City submitted its Comprehensive Annual Financial Report for the year ended September 30, 1986 to the Government Finance Officers Association of the United States and Canada, and it was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is included at the end of my letter. The accounting principles and reporting practices of the City continue to conform to generally accepted accounting principles (GAAP) applicable to municipal governments adopted by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). The City reports investments in the Pension Trust Fund at fair market value in accordance with FASB Statement No. 35.

The presentation of the Comprehensive Annual Financial Report is controlled by and is the responsibility of the City. We believe that it fairly presents the financial position and results of the operations of the City. Further, the City's chart of accounts substantially complies with the State Chart of Accounts, as prescribed by the Department of Banking and Finance of the State of Florida.

The City's accounting system is developed to ensure that the dual objectives of (1) providing reasonable assurance that assets are safeguarded and (2) that transactions are executed and recorded properly to permit the preparation of reliable records are met. The financial reports presented herewith are the work of the financial staff of the City and full responsibility for diligent application of these two concepts is assured and is an integral part of these reports.

The accounting records for general government operations are maintained on a modified accrual basis. Under this basis of accounting, revenues are generally recorded when earned and expenditures are recorded when incurred. The accounting records for utilities and other proprietary funds are maintained on the accrual basis of accounting.

Open encumbrances are recognized as fund balance reservations in the General, Special Revenue, and Capital Project Funds balance sheet presentation.

Budgetary control is maintained on an annual allotment basis, based on prior year working capital and revenue projections for the current year. Both expenditures and encumbrances are recorded against budgeted appropriations. At mid-year City department heads are required to reassess their appropriations for the remainder of the year, from which a full budget revision is prepared and submitted to the legislative body for ratification. The entire budget process is coordinated by a full time budget officer. In addition, two separate reviews are made by Finance for final annual appropriations approval. After the end of the year, unliquidated purchase order balances, as of September 30, are reappropriated in the form of a supplemental appropriation resolution, which is adopted by the legislative body. This resolution also includes a carryforward for projects not completed in the previous year which are not covered by purchase orders. All items in this resolution are subject to a working capital availability test. Monthly fund budget comparison reports, formerly submitted to Council and to the City Manager, have been discontinued as meaningless reports since they were too general and did not pinpoint problem areas until it was too late. Department Directors are provided monthly budget progress reports for the divisions of the City that they are responsible for managing. During the year a plan of profit sharing for department directors who could effect savings on their budget was again proposed, but was rejected by the City Manager's office as not being practical.

The single audit concept continues to be in effect for financial audit and compliance for federal grants and federal revenue sharing. The auditor's reports and findings are presented at the end of the second section of the Comprehensive Annual Financial Report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ocala, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 1986.

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

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

The City

The City provides the public with general services including police and fire protection, general government, culture and recreation, highway

and drainage maintenance and library services. The Library serves a three county consortium with the Ocala Administrative Services Division functioning as headquarters. After year-end, Citrus County pulled out and contracts for specific services only. In order to provide both financial support and a vested higher quality of service to its citizens, the City also owns and operates, for public service, seven enterprise funds as follows: two championship golf courses with clubhouse facilities, a garbage and trash pick up service (both back door and curbside), water and sanitary sewer services, a membership tennis facility, electric service, a commuter air service airport (Ocala Municipal Airport/Jim Taylor Field), and a municipal trailer park.

The City continues to grow in population at a fast pace, especially in the surrounding areas, thus impacting utilities services. Available land, independent water supply, relatively low taxes, moderate climate with some seasonal changes, and the proximity to Daytona Beach, Tampa, and Disney World continue to be the underlying causes. In addition to an influx of people from up north, there is a steady flow of residents from South Florida. A continually growing number of people take advantage of the natural beauty of the area and visit the world famous Silver Springs Natural Attraction. The fishing and hunting provided in the Ocala National Forest bring new enthusiasts each year. Explosive commercial growth in the southwest portion of the City has necessitated expanding one state road from a four lane to a six lane highway. Due to heavy land cost, the site for a new fire station was moved to a location near the Central Community College. The Council adopted a modest one fourth of a mill increase in ad valorem taxes for this project in fiscal 1987.

During the year the City expended \$729,037 on inner city streets, as compared with \$256,848 last year, from the General Fund. This was funded largely from a 3/4 mill property tax increase. The original budgeted estimate for this purpose in the special revenue funds was \$3,195,000 for fiscal 1987, all in the Local Gasoline Tax Fund. The budgeted amount was later reduced to \$1,787,331, of which only \$524,216 was expended. This reduced expenditure is the result of a conscious policy decision: change to divert this money to a bond issue (estimated at \$15,000,000) for major arterial streets to be constructed jointly with Marion County.

Phase one of the broadening of 14th Street into a major east/west arterial by Mass... awarded in August, 1986 to DMP Corporation for \$1,117,790. Phase one was completed in fiscal 1987; and phase two, which was also awarded to DMP Corporation at \$1,834,653, was started. This is an eight million dollar engineered project and is designed to relieve the traffic load in the downtown district. All right-of-way has been acquired for phases one and two. This project is being paid for jointly by the City and the County by interlocal agreement. The City's share of this project is funded from \$4,500,000 of the proceeds of the Capital Improvement Refunding Revenue Bonds, Series 1986, which are non-ad valorem fixed rate revenue bonds. Phase two is also partially funded by a grant from the State of Florida. It was originally planned to borrow from the City of Gulf Breeze, Florida secondary loan fund; however, the pledge of gasoline tax revenue on the Gulf Breeze

loan was determined to be unfavorable to the City even though the variable rate was slightly more favorable. The City's expenditures on this street project amounted to \$1,038,003 for this year.

The growth potential of the City continues to be virtually limitless. While this is a boon, it continues to be a bane to the general government operations of the City. The dollars required to maintain the functions of Police, Fire, Engineering, Recreation, and Public Works have grown rapidly in connection with this growth. This dollar requirement growth has been very pronounced in the Police and Fire functions. The revenues resulting from growth are not increasing as rapidly as the expenditures. This narrowing of the gap between general revenues and outlay of dollars has created such an acute situation in the general government of the City in 1986 that the City was forced to sell five year certificates to fund normal replacement and new capital outlay needs for a comparable, or less, period of time. The City issued five year fixed rate certificates in the amount of \$5,055,000. They are supported by a pledge of non-ad valorem revenues. The proceeds from this sale will run out as of September 30, 1988. Also in this connection, the City has provided \$40,000 for a study of the transportation system, the goal being to assure effective fleet maintenance and vehicle usage. This study, along with appropriate recommendations, was done during this year. A fleet manager is now on board and working.

The City Report

The City's Comprehensive Annual Financial Report (CAFR) is arranged in sections as follows:

- Section I Introductory Sections
- Section II Financial Section
 - Part 1 - General Purpose Financial Statements
 - Part 2 - Individual Fund and Combining
 Financial Statements by Fund Type
 - Part 3 - Single Audit Report
- Section III Statistical Section

The Introductory Section contains a table of contents, letter of transmittal, certificate of achievement for excellence in financial reporting and the city organization chart.

The Financial Section contains the report of our Certified Public Accountants, combined financial statements for all fund types and account groups and individual and combining financial statements, which present the financial position and results of operations of the City at September 30, 1987 and for the fiscal year then ended. The Financial Section is divided into three parts:

1. General Purpose Financial Statements which present the combined financial statements for the City by fund type and account group.
2. Individual Fund and Combining Financial Statements by Fund Type which present financial data by homogeneous funds.
3. Single Audit Report which presents a schedule of federal financial assistance and reports of our Certified Public Accountants on the schedule of federal financial assistance, internal accounting and administrative controls and compliance with applicable laws and regulations.

The Statistical Section presents historical information which is designed to enhance the reader's understanding of the City's past and of its future potential.

The entire report is structured to be of interest to the public, local government officials, state agencies and the banking and the financial community in general.

General Government

The amount of general fund revenues and other financing sources for the fiscal year ended September 30, 1987 are as follows:

	<u>Amount</u>	<u>Percent</u>	<u>Increase (Decrease) Over 1985-86</u>
Revenues:			
Property Taxes	\$ 4,373,759	22.67%	\$ 1,492,141
Franchise and Other Taxes	710,945	3.69	(7,035)
State Revenue Sharing	1,322,974	6.86	107,999
Other Intergovernmental Revenue	2,436,579	12.63	305,162
Licenses and Permits	314,845	1.63	(51,904)
Fines & Forfeitures	496,919	2.58	57,203
Charges for Services	154,231	.80	(5,638)
Interest Income	360,571	1.87	117,401
Other Income	---1,545,498	---8.01	-----505,618
Subtotal	\$ 11,716,321	60.74%	\$ 2,520,947
Other Financing Sources:			
Debt Proceeds	\$ -	- %	\$ (5,053,375)
Transfers From Other Funds:			
Electric Fund	7,000,000	36.29	1,000,000
Occupational License Fund	150,000	.78	150,000
Special Assessment Fund	-	-	(100,000)
Other Funds	---423,056	---2.19	----(430,105)
Total	\$ 19,289,377	100.00%	\$ (1,912,533)

The City's assessed valuation for 1987 increased by 20% as compared with 1986. Homestead exemptions increased by 0.4%. The City maintains a very low millage property tax rate and depends heavily on its utilities for general government support. Below are listed commentaries on unusual and significant revenue changes from last year.

Property Taxes income increased by \$1,492,141 over last year. This is due to the 20% increase in assessed property valuation (about one third) and a one mill tax increase (about two thirds). The one mill extra was levied to cover the cost of a west side fire station (\$225,000) and the balance (\$675,000) for inner city streets. As of this writing the fire station has not been built due to excessive site costs.

State Revenue Sharing increased by \$107,999. This is significant by its relative smallness in the face of a 10 cents per pack increase in state tax on cigarettes. The revenue increase should have been twice that much. The actual cause for this is very speculative, but the best bets are Florida's hostile anti-smoking laws and repressive taxes that encourage smokers to purchase out of state on a compensating basis. This is unfortunate in that this revenue source is the main support for police and fire salaries.

Other Intergovernmental Revenue increased by \$305,162 primarily due to one time grants from the Florida Departments of Commerce and Historic Preservation totalling \$195,300.

Licenses and Permits income decreased by \$51,904. This is significant in that it represents a slowing down in new construction and a following need to review the cost of inspection services.

Fines and Forfeitures income increased by \$57,203 over last year. The city/county task force for drug enforcement resulted in court awards totalling \$68,572. Traffic enforcement produced about the same level of income.

Interest Income increased by \$117,401. Interest rates with the State Board of Administration have improved over last year.

Other Income increased by \$505,618. The three major contributing factors are as follows: (1) increase in building maintenance charge rates - \$104,291; (2) workers compensation insurance refund - \$140,796; and (3) an unusually large sale of equipment - \$149,554. Other categories show nominal increases.

Debt Proceeds This reduction of \$5,053,375 is merely the disappearance of a non-recurring sale of Capital Improvement Revenue Certificates in 1986 that were sold to meet the city's equipment needs for 1986 through 1988.

Transfers from Electric Fund This amount was increased by \$1,000,000 to meet the city's growth needs primarily in the area of public safety.

Transfers from Occupation License Tax Fund This is a one time transfer of accumulated surplus in the amount of \$150,000.

Transfers from Special Assessments Fund In 1986 \$100,000 was transferred in as excess to this funds' needs. For 1987 there was no excess and, consequently, no transfer was made.

Transfers from Other Funds These transfers decreased by \$430,105, when compared with 1986. These transfers are primarily the excess interest earnings of revenue debt sinking and reserve funds. The reduction in transfers merely signifies the difference in excess availability for the two years.

The amount of general fund expenditures and other financing uses and the increase or decrease in the levels of expenditures by major category are as follows:

	<u>Amount</u>	<u>Percent</u>	<u>Increase (Decrease) Over 1985-86</u>
Expenditures:			
General Government and Administration	\$ 2,338,736	11.43%	\$ 217,200
Public Safety	7,529,924	36.82	693,669
Public Works	2,688,529	13.15	222,072
Culture and Recreation	1,524,195	7.45	127,546
Non-Departmental	1,259,245	6.16	261,877
Capital Outlay	1,873,683	9.16	600,165
Housing Rehabilitation	138,537	.68	91,709
Principal and Interest Payments	20,173	.10	(21,341)
Other	-----116,010	-----.57	-----9,886
Subtotal	\$ 17,489,032	85.52%	\$ 2,202,783
Other Financing Uses:			
Transfers to Other Funds:			
Library Fund	\$ 400,320	1.96%	\$ 140,320
Local Gasoline Tax Fund	-	-	(969,555)
Revenue Debt Funds	1,371,393	6.70	501,748
Water and Sewer Fund	-	-	(548,315)
Other Funds	----1,189,565	--5.82	-----207,310
Total	\$ 20,450,310	100.00%	\$ 1,534,291

Below are listed commentaries on unusual and significant expenditure changes from last year.

General Government and Administration expenditures increased by \$217,200 over last year. Other than normal increases brought on by growth, the following unusual increases occurred:

City Council Liability Insurance	9,716
City Manager Professional Services - Building Tests	12,668
Building and Zoning - Additional Personnel	-----28,999
Total	\$ 51,383

Public Safety expenditures increased by \$693,669 over last year. The major unusual element of increase was a mid year authorization to add 10 police officers. The cost associated with this decision is estimated at \$128,920 for the 10 employees. There was an attendant increase in cost of police special services in an estimated amount of \$51,190.

Public Works expenditures experienced an increase of \$222,072 over last year. There is nothing of significance to record regarding this increase.

Non-Departmental expenditures are up by \$261,877 over last year. This is a significant increase. The major contributing factors are:

Increased cost of Purchasing Administration	\$	31,278
Additional Advertising (Economic Development)		64,916
Final legal settlement - NAACP lawsuit		<u>84,762</u>
Total	\$	180,956

Capital Outlay expenditures increased by \$600,165. Two major expenditures contributed to virtually all of this as follows:

Improvements on S.W. 33rd Avenue	\$	171,796
Major street resurfacing program		<u>473,691</u>
Total	\$	645,487

Transfers to Library Fund The increase of \$140,320 is solely attributable to the cost of removing asbestos from the library building.

The reductions in Transfers to the Local Gas Tax Fund (\$969,555) and to the Water and Sewer Fund (\$548,315) merely represent the disappearance of one time transfers last year.

Transfers to Revenue Debt Funds increased by \$501,748. This is the increase created by the first full year of debt service requirements on the Capital Improvement Revenue Certificates and on the Capital Improvement Refunding Revenue Bonds, both of which were issued toward the end of fiscal 1986.

Transfers to Other Funds increased by \$207,310. This is the result of transferring additional funds to enterprise funds from the revenue certificates which were used to acquire vehicles and equipment. This is an operating transfer, since the enterprise funds are paying for their share of the debt service requirements.

Debt Administration

As of and during the year ended September 30, 1987, the City had no general obligation bonded debt. There remains, as during last year, no ratio of bonded debt to assessed valuation to declare. Under Section 9.02 of the City Charter, the City may issue a general obligation bond up to 20% of the most recent real property valuation, subject to

approval by referendum. The likelihood of this happening is very remote. This is unfortunate in that this would be an excellent vehicle to provide funding for a new general services complex. The existing facility is very congested and is still a liability insurance hazard.

General Fixed Assets

The general fixed assets of the City are those that are used in the performance of general government functions and exclude infrastructure assets and assets of Enterprise and Internal Service Funds. As of September 30, 1987, the value of these assets amounted to \$12,139,045, or an increase of \$411,548 over last year. This represents value at cost at date of acquisition. Depreciation is not provided on general fixed assets.

Proprietary Funds

The enterprise funds of the City are well run and continue to be the backbone of financial support of general government operations. Individual commentaries follow. Enterprise Funds are grouped by those with outstanding bonded debt and those without.

Enterprise Funds with Bonded Debt:

	<u>Consolidated Electric and Bulk Power Supply Revenue Fund</u>
Gross Operating Revenues	\$ 52,937,286
Less: Gross Operating Expenses, Excluding Depreciation and Amortization	---38,565,495
Income Available for Debt Service (a)	\$ 14,371,791
Annual Debt Service (b)	\$ 2,814,218
Debt Service Coverage (Ratio of (a) to (b))	5.11
	<u>Water and Sewer Fund</u>
Gross Revenues:	
Operations Income	\$ 8,815,684
Interest Income	786,624
Transfers From Other Funds	-----135,848
Sub Total	9,738,156
Less:	
Water System Development Charges	\$ 256,523
Interest Income Water System Dev.	47,906
Sewer System Development Charges	817,688
Interest Income Sewer System Dev.	-----112,842
Sub Total	-----1,234,959
Gross Revenues as Defined in Official Statement	\$ 8,503,197

Less: Cost of Operations and Maintenance as Defined in Official Statement		
Operations and Maintenance	\$ 4,258,809	
Transfers to Other Funds	739,095	
Depreciation and Amortization	----- (950,592)	
Total Operation and Maintenance	\$ 4,047,312	----- 4,047,312
Net Revenues as Defined in Official Statement		\$ 4,455,885
Add: Revenues Available for Debt Service:		
Water and Sewer System Development Charges Including Interest		----- 1,234,959
Net Revenue Available for Debt Service (a)	\$ 5,690,844	
Annual Debt Service (b)	\$ 4,374,150	
Debt Coverage Ratio (a) to (b)		1.30

The Consolidated Electric and Bulk Power Supply Revenue Fund ratio of income to debt service (parity) indicates a favorable 5.11. This is slightly up from last year's 5.07. This is a very important measure of performance and this system continues to perform well. In addition, earnings are over rate covenant requirements by \$9,233,756. The system continues to be well run and managed, operationally. It is felt, however, that it is not making full financial advantage of its growth potential.

A comparison of net purchased energy costs to last year is as follows:

	1986	1987	Increase/ Decrease
Cost of Electricity	\$ 34,637,600	\$ 35,202,932	\$ 565,332
Fuel Cost (Credit)/Charges	----- 781,919	--- (4,781,395)	_(5,563,314)*
Net Cost of Electricity	\$ 35,419,519	\$ 30,421,537	\$(4,997,982)

* This reduction is passed on to the customers in the form of a bulk power cost adjustment credit.

Working capital at September 30, 1987 amounted to \$11,042,572 as compared to \$7,240,988 last year. This is an increase of \$3,801,584 and is largely the result of our favored contract with the agency.

As of this writing, the 1983 Power Supply Bonds are being refunded due to a more favorable interest market. The calculated savings will average an estimated \$41,500 per year in debt service.

A struggle of environmentalism has been on-going regarding where to acquire rights of way for the planned power transmission line around the City. This will probably go on for several years.

The Water and Sewer Fund again has a favorable ratio of income to debt service requirements of 1.30. This compares favorably to the consult-

ing engineers' predictions of a range of 1.03 in 1987 to 1.75 in 1995. It has been a good year for the system financially, for the most part. There have been considerable difficulties in dealing with governmental agencies and the public in general over environmental issues dealing with the concept of transporting treated sewage effluent and depositing it into the Marshall Swamp. This project is grouped under the general heading of "Sewer Treatment Plant #2" below. It is a very frustrating problem for the administration in that developers are wanting to build but can not until this project is complete and sewer treatment capacity can be certified. The effort goes on, however. In the area of expansion, funds were expended on major projects during 1987 as indicated below:

Sewer Treatment Plant #1/Effluent Disposal System	\$ 1,829,321
Sludge Digester Renovation Plant #2	758,766
Sewer Treatment Plant #2	594,729
Sewer Interceptor System	94,082
Pine Oaks Golf Course Projects	1,042,760
Water Plant Softening System	388,297
Total Major Projects	\$ 4,707,955

Working Capital at September 30, 1987 amounts to \$2,343,855 as compared with \$1,845,535 last year. This is an increase of \$498,320. This compares favorably with the predicted annual increase of \$500,000.

As of this writing, plans are at work to refund the 1985B Junior Lien Bonds in the principal amount of \$10,775,000. The refunding will probably take place in mid-1988.

Enterprise Funds Without Bonded Debt:

	Sanitation Fund	Municipal Golf Course	Fort King Tennis Court	Municipal Trailer Park	Ocala Municipal Airport
Gross Operating Revenues	\$ 2,644,162	\$ 812,710	\$ 55,318	\$ 80,068	\$ 84,446
Operating Expenses, Excluding Depreciation/Amortization	2,373,148	1,010,175	49,417	82,666	167,536
Income Available for Debt Service (a)	271,014	(197,465)	5,901	(2,598)	(83,090)
Debt Service (b)	80,807	N/A	N/A	N/A	N/A
Debt Service Coverages (Ratio of (a) to (b))	3.35	N/A	N/A	N/A	N/A

The Sanitation Fund serves the City with trash and garbage pick-up service. The management philosophy of this unit continues to be very service oriented and public relations continues to be good. The financial outlook is not all that optimistic. County actions at their landfill over the past two years demand this view. The City provides

about 45% of the tonnage dumped there. About 45% is provided by county private haulers with the balance of 10% being provided from county green boxes, into which, county residents dump their garbage and trash at no cost to them. The County then hauls the green box contents to their landfill for processing on a no charge basis. At October 1, 1986, the County made an enterprise fund out of their landfill operation. It was funded solely from tipping fees on the 90% of tonnage paid in by the City and by the private haulers. No county taxes were provided to pay for processing of the 10% of tonnage from the green boxes, nor the cost of hauling it to their landfill. On March 1, 1987 the County changed contractors at the landfill site. The new contract was less favorable, so they had to raise the tipping fees from \$7.00 to \$12.00 per ton. The City had to respond with its own pick-up fee increase. The tipping fee charges increased from \$314,881 in 1986 to \$464,990 in 1987. Subsequent events indicate that by March 1, 1988, the county will terminate their landfill operator and operate it themselves with an indicated increase in tipping fees to \$24.00 per ton. The City should seek its own landfill source. Working capital at September 30, 1987 amounted to \$416,000. This is a decrease of \$67,530 as compared with last year. Operating income, including depreciation, for 1987 is \$58,941 as compared with \$377,115 last year, or a reduction of \$318,174. The financial outlook for this operation is not too bright.

The Municipal Golf Course Fund experienced an operating loss of \$280,539 (including depreciation and amortization) as compared with a gain last year of \$38,239. All of this loss is attributable to downtime at the Pine Oaks Course (27 holes). In addition, heavy maintenance was being performed during this downtime. Operations and maintenance expense increased by \$392,518 over last year. Most of this maintenance was paid for from transfers from the Water and Sewer Fund. Working capital at September 30, 1987 amounted to \$84,947 as compared with \$167,117 last year. The outlook for next year is financially positive, however. The expanded 27 hole facility is up and running and doing very well. In addition, the contract manager at the Municipal Course (18 holes) is currently selling his concessions and equipment to the City. This should increase revenues from this facility by an estimated \$65,000. With a few exceptions, the entire city is excited about the new Pine Oaks course and clubhouse which is expected to be a veritable showcase of golf.

The Fort King Tennis Court continues to provide a slightly facility for area tennis players. Most of the income comes from memberships. For the second year in a row, the fund enjoyed an operating income, this year at \$2,940. The tennis pro continues to be an effective manager. While the General Fund subsidy was not eliminated in 1987, it was eliminated from the 1988 budget. Working capital increased by \$22,010 over last year.

The Municipal Trailer Park Fund suffered a modest operating income loss, including depreciation, in the amount of \$4,344. Operating loss last year was \$2,572. This is the third consecutive year of losses. The park is much appreciated by its occupants. It is, however, limited in space and financial potential. After three years of losses, it is in need of a modest rate increase.

The Ocala Municipal Airport (Jim Taylor Field) Fund was primarily built with grants and general fund subsidies. It continues to have financial potential as a commuter air facility and a commercial jet airport. On its way to reaching these potentials, the facility suffered its second significant operating loss in the amount of \$171,872, including depreciation expense. The loss last year was \$178,055. Working capital at September 30, 1987 amounted to a negative \$27,677 as compared with a positive \$81,681 last year. This is a turn around of \$109,358. Depreciation and amortization decreased \$57,862 from last year. Other operations and maintenance expense is up by \$129,756 from last year. The regional concept of an area airport is being studied by a committee of officials from Marion and Alachua Counties.

Highlights and Activities

Internal Roads: Internal roads continue to be quite congested as work continues on major arterial by passes. The City Management and Council are aware of this problem and are on top of it. Work continues on the 14th street by-pass which is being done jointly by the County and the City. Most of the 68 streets targeted for resurfacing have been done. Rights-of-way are still being obtained for widening and improving 25th and 36th Avenues which will relieve much north/south traffic. Both the City and the County are stockpiling gas tax money for these two major avenues. The City's share has been revised upward to \$15,000,000. During last year it was intended to market \$12,000,000 in gas tax bonds. The market turned sour and the issue was delayed. March of 1988 now looks like a more favorable time. The City Management and Council are to be congratulated on their grasp of this problem and their continued attention to it.

Insurance: The risk management function, in conjunction with the County and School Board, went into effect and operation on July 1, 1987. For three months ended September 30, 1987 the total expenditures of this operation were \$40,155. Under terms of the covering interlocal agreement, this expenditure was split three ways, with the City's share being \$13,155. The City's cost was expensed as a portion of its general liability and auto expense where the major portion of the risk manager's effort was expended. Our self insured health care fund has a fund balance of \$140,771 at September 30, 1987. This is up from last year by \$3,609. It has held its own well in spite of recent Federal and State laws putting pressure on it. The total cost of workers compensation (self insured) was \$206,016. This is up by \$38,979 which was expected due to 1987 being the first full year of self insurance. We could be better off next year (1988) in that the risk manager received quotes for excess insurance that produced a savings of \$29,998. If claims held steady, this will produce a true expected savings. It is difficult to tell how much was saved, by self insuring this coverage during 1987, since we did not ask for an insurance quote. The closest estimated quote available would be calculated at 135% of 1986 quote of \$291,148, or \$393,050. This would yield an estimated savings of \$187,034, which is very realistic when considering the payroll growth of the City. General and auto liability insurance expense for 1987 amounted to \$327,579, excluding certain specific

casualty coverages. This cost was generated by applying claims only up to sovereign immunity levels of \$100,000 - \$200,000 and was insured through a state pool insurance company. Any claims above sovereign immunity levels were not insured. Under state law, any court awards above these levels are placed before the state legislature for relief of a claimant. The record of legislative awards is mixed and unrealistic, although they lean towards denial in numbers of requests from claimants. The City has never had a catastrophic claim of this type in the remembered past. During 1986 and 1987, this area of coverage has been viewed as a prime target for self insurance, especially since paid claims were relatively low. For 1988 the risk manager self insured it. He felt it unsafe to stay with sovereign immunity levels and purchased a \$1,000,000 excess policy at a cost of \$276,628. The dollar outlay for 1988 is expected to be in the \$360,000 range.

Fleet Management: In late 1987 the consultant for this function completed his study and made the following recommendations, which were accepted by the City:

- Raise the rank of the garage supervisor to fleet manager.
- Institute more programmed preventive maintenance.
- Start a program of fleet reduction.
- Enforce a more rigid policy of trading in used vehicles when buying new ones.
- Establish and enforce a policy of fleet utilization.

There is a high hope that this program will produce an annual savings in the range of \$300,000.

Future Planning for the City and Other Area Governments: During 1987 there has been a perceptive effort to join some of the functions of the City and County and, in one case, the School Board. Most of the efforts have been in the form of interlocal agreements. Most of this effort has been in the areas of risk management, common use of equipment, road construction and, in some cases, an exchange of basic services, such as purchasing, engineering, public works, and drug enforcement by the city and county law enforcement agencies. The purpose of this effort is perceived to promote effective and economical handling of problems common to all governments. The governing bodies of the City and the County have been meeting jointly more frequently to discuss common problems, primarily roads and recreation. It is difficult to assess the financial value of these efforts. The value of them is, at least, apparent from the point of view of joining in a common public problem.

Along with these voluntary efforts by area governments, there is a move afoot in the private sector to fund \$40,000 to hire a planner of statewide repute to study the feasibility of bringing to a referendum the concept of abolishing the city and county governments and re-establish one area county government. This has some degree of likelihood of coming to a vote within two years.

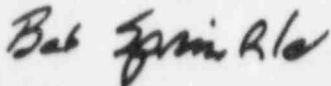
Independent Audit

The City Charter requires an independent audit of the books, financial records and transactions of all administrative departments of the City by a Certified Public Accounting Firm selected by the City Council. This requirement has been complied with, and the Auditors opinion is included in this report.

Acknowledgements

The preparation of this report could not have been accomplished without the assistance of Diane Cangelosi, Chief Accountant, Barbara Edwards, Budget Analyst, Susan Morris, Accountant, and Jerry Patton, Assistant Finance Director. Our grateful appreciation is also extended to our outside auditors and Eric Lewerenz, Internal Auditor, who were very helpful. In addition, our appreciation is extended to the City Manager, Assistant City Managers, and the City Council whose continued interest in good fiscal city government continues to be an invaluable asset to the community.

Respectfully submitted,



Robert F. Sprinkle
Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of
Ocala, Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1986

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government 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.



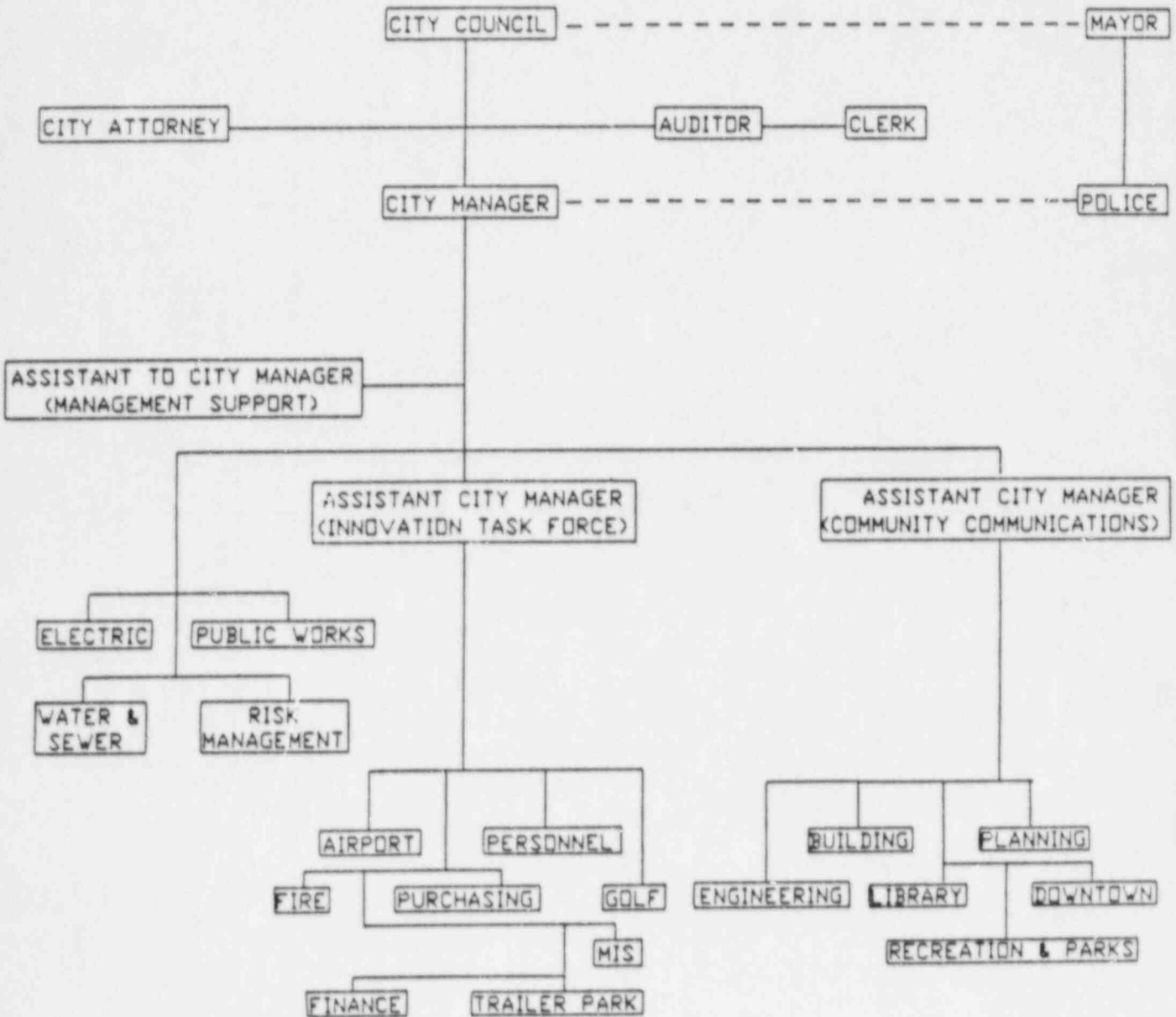
Paul C. Elison

President

Jeffrey L. Esoll

Executive Director

CITY OF OCALA ORGANIZATIONAL CHART

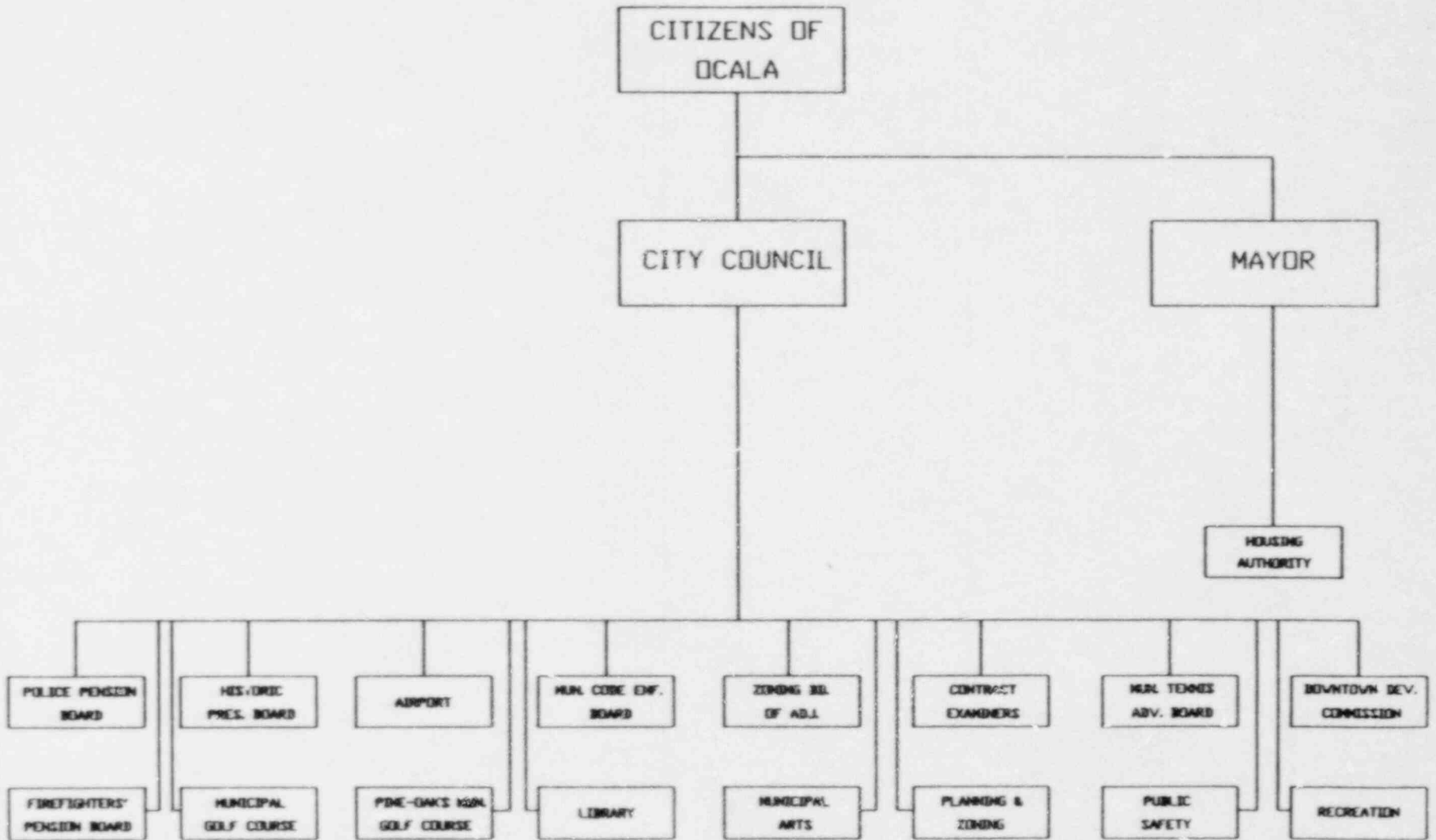


CITY OF OCALA

OCALA BOARDS AND COMMISSIONS

CITY OF OCALA

-XXII-





Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.

111 North Orange Avenue, Suite 1600

P.O. Box 3031

Orlando, FL 32802

The Honorable Members of City Council
City of Ocala, Florida:

We have examined the combined financial statements of the City of Ocala, Florida as of and for the year ended September 30, 1987, as listed in the accompanying 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 aforementioned combined financial statements present fairly the financial position of the City of Ocala, Florida at September 30, 1987 and the results of its operations and the changes in financial position of its proprietary fund types and pension trust funds 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 was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining, consolidating, individual fund, and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis. They are not a required part of the combined financial statements of the City of Ocala, Florida and, accordingly, our opinion does not relate to the fairness of presentation of the financial position and results of operations of such funds, or the changes in financial position of individual proprietary funds. This information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is stated fairly in all material respects in relation to the combined financial statements taken as a whole.

Peat Marwick Main & Co.

February 22, 1988



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 that are in the following subsections.

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CITY OF OCALA, FLORIDA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 1987

<u>Assets</u>	<u>Governmental Fund Types</u>				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Special Assessment</u>
Current assets:					
Cash and investments	\$ 3,455	\$ 70,134	\$ -	\$ -	\$ -
Equity in pooled cash and investment fund	1,851,918	3,610,992	-	4,249,018	620,695
Accounts and notes receivable, net of allowance for doubtful accounts of \$190,681	328,764	461	-	209,433	2,682
Accrued unbilled revenues	-	-	-	-	-
Current special assessments receivable	-	-	-	-	74,810
Delinquent special assessments receivable	-	-	-	-	78,978
Due from other funds	176,282	1,355	-	-	-
Interfund loans receivable	28,000	-	-	-	-
Inventories	-	-	-	-	-
Other current assets	31,468	1,283	-	-	-
Due from other governments	201,937	361,012	-	117,007	-
Total current assets	<u>2,621,824</u>	<u>4,045,237</u>	<u>-</u>	<u>4,575,458</u>	<u>777,165</u>
Restricted assets:					
Cash and investments	21,691	33,260	480,086	-	-
Equity in pooled cash and investment fund	2,590,564	-	2,874,118	-	-
Accrued interest and dividends receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other	26,067	-	5,162	-	-
Due from other governments	101,811	-	-	-	-
Total restricted assets	<u>2,740,133</u>	<u>33,260</u>	<u>3,359,366</u>	<u>-</u>	<u>-</u>
Interfund loans receivable after one year	-	-	-	-	-
Deferred special assessments receivable	-	-	-	-	390,601
Property, plant and equipment, net	-	-	-	-	-
Issuance costs on long-term debt	-	-	-	-	-
Amount available in debt service funds	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
Total assets	\$ <u>5,361,957</u>	\$ <u>4,078,497</u>	\$ <u>3,359,366</u>	\$ <u>4,575,458</u>	\$ <u>1,167,766</u>

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Pension Trust</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
\$ 2,325	\$ 250	\$ -	\$ -	\$ -	\$ 76,164
10,039,315	567,109	-	-	-	20,939,047
5,019,848	1,728	-	-	-	5,562,916
2,845,063	-	-	-	-	2,845,063
-	-	-	-	-	74,810
-	-	-	-	-	78,978
672,002	20,915	-	-	-	870,554
-	-	-	-	-	28,000
1,819,627	162,285	-	-	-	1,981,912
246,165	767	-	-	-	279,683
-	-	-	-	-	679,956
<u>20,644,345</u>	<u>753,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,417,083</u>
3,733,731	-	23,804,110	-	-	28,072,878
50,994,356	-	-	-	-	56,459,038
-	-	234,128	-	-	234,128
-	-	138,497	-	-	138,497
111,568	-	15,525	-	-	158,322
73,595	-	328,741	-	-	504,147
<u>54,913,250</u>	<u>-</u>	<u>24,521,001</u>	<u>-</u>	<u>-</u>	<u>85,567,010</u>
216,525	-	-	-	-	216,525
-	-	-	-	-	390,601
78,385,622	6,644,197	-	12,139,045	-	97,168,864
1,438,684	-	-	-	-	1,438,684
-	-	-	-	3,359,366	3,359,366
-	-	-	-	16,256,648	16,256,648
\$ <u>155,598,426</u>	\$ <u>7,397,251</u>	\$ <u>24,521,001</u>	\$ <u>12,139,045</u>	\$ <u>19,616,014</u>	\$ <u>237,814,781</u>

CITY OF OCALA, FLORIDA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 1987

(Continued)

<u>Liabilities and Fund Equity</u>	<u>Governmental Fund Types</u>				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Special Assessment</u>
Current liabilities:					
Accounts payable	\$ 274,530	\$ 76,130	\$ -	\$ 296,330	\$ 67
Compensated absences payable	309,474	9,948	-	-	-
Bonds and notes payable within one year	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Due to other funds	138,497	79,132	-	-	-
Customer deposits	-	-	-	-	-
Deferred revenue	19,718	113,668	-	11,049	-
Interfund loans payable	-	-	-	-	-
Total current liabilities	<u>742,219</u>	<u>278,878</u>	<u>-</u>	<u>307,379</u>	<u>67</u>
Liabilities payable from restricted assets:					
Accounts payable	154,794	-	-	-	-
Accrued interest payable	-	-	-	-	-
Due to other funds	275,138	-	-	-	-
Deferred revenue	1,595	-	-	-	-
Bonds and notes payable within one year	-	-	-	-	-
Total liabilities payable from restricted assets	<u>431,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interfund loans payable after one year	-	-	-	-	-
Bonds and notes payable after one year	-	-	-	-	60,000
Deferred special assessment revenue	-	-	-	-	390,601
Total liabilities	<u>1,173,746</u>	<u>278,878</u>	<u>-</u>	<u>307,379</u>	<u>450,668</u>
Fund equity:					
Investment in general fixed assets	-	-	-	-	-
Contributed equity	-	-	-	-	-
Retained earnings:					
Reserved for debt service	-	-	-	-	-
Reserved for renewal and replacement	-	-	-	-	-
Total reserved retained earnings	-	-	-	-	-
Unreserved	-	-	-	-	-
Total retained earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for debt service	-	-	3,359,366	-	-
Reserved for retirement benefits	-	-	-	-	-
Reserved for encumbrances	447,745	172,534	-	1,229,197	-
Reserved for restricted assets	1,832,794	33,260	-	-	-
Total reserved fund balances	<u>2,280,539</u>	<u>205,794</u>	<u>3,359,366</u>	<u>1,229,197</u>	<u>-</u>
Unreserved and undesignated fund balances	1,907,672	3,593,825	-	3,038,882	717,098
Total fund balances	<u>4,188,211</u>	<u>3,799,619</u>	<u>3,359,366</u>	<u>4,268,079</u>	<u>717,098</u>
Total fund equity	<u>4,188,211</u>	<u>3,799,619</u>	<u>3,359,366</u>	<u>4,268,079</u>	<u>717,098</u>
Total liabilities and fund equity	\$ <u>5,361,957</u>	\$ <u>4,078,497</u>	\$ <u>3,359,366</u>	\$ <u>4,575,458</u>	\$ <u>1,167,766</u>

See accompanying notes to financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Pension Trust	General Fixed Assets	General Long-Term Debt	
\$ 4,108,030	\$ 84,568	\$ -	\$ -	\$ -	\$ 4,839,655
217,069	32,207	-	-	-	568,698
-	114,491	-	-	1,494,985	1,609,476
-	15,825	-	-	-	15,825
454,610	-	-	-	-	672,239
1,914,339	-	-	-	-	1,914,339
36,540	-	-	-	-	180,975
28,000	-	-	-	-	28,000
<u>6,758,588</u>	<u>247,091</u>	<u>-</u>	<u>-</u>	<u>1,494,985</u>	<u>9,829,207</u>
740,991	-	18,050	-	-	913,835
2,933,758	-	-	-	-	2,933,758
61,674	-	-	-	-	336,812
-	-	-	-	-	1,595
<u>1,270,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,270,000</u>
<u>5,006,423</u>	<u>-</u>	<u>18,050</u>	<u>-</u>	<u>-</u>	<u>5,456,000</u>
216,525	-	-	-	-	216,525
75,756,222	339,087	-	-	18,121,029	94,276,338
-	-	-	-	-	390,601
<u>87,737,758</u>	<u>586,178</u>	<u>18,050</u>	<u>-</u>	<u>19,616,014</u>	<u>110,168,671</u>
-	-	-	12,139,045	-	12,139,045
<u>14,932,867</u>	<u>1,288,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,221,642</u>
9,930,603	-	-	-	-	9,930,603
1,437,973	-	-	-	-	1,437,973
11,368,576	-	-	-	-	11,368,576
41,559,225	5,522,298	-	-	-	47,081,523
<u>52,927,801</u>	<u>5,522,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,450,099</u>
-	-	-	-	-	3,359,366
-	-	24,502,951	-	-	24,502,951
-	-	-	-	-	1,849,476
-	-	-	-	-	1,866,054
-	-	24,502,951	-	-	31,577,847
-	-	-	-	-	9,257,477
-	-	24,502,951	-	-	40,835,324
<u>67,860,668</u>	<u>6,811,073</u>	<u>24,502,951</u>	<u>12,139,045</u>	<u>-</u>	<u>127,646,110</u>
\$ <u>155,598,426</u>	\$ <u>7,397,251</u>	\$ <u>24,521,001</u>	\$ <u>12,139,045</u>	\$ <u>19,616,014</u>	\$ <u>237,814,781</u>

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CITY OF OCALA, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	Special Assess- ment	
Revenues:						
Property taxes	\$ 4,373,759	\$ 39,987	\$ -	\$ -	\$ -	\$ 4,413,746
Other taxes	710,945	-	-	-	-	710,945
Federal and state revenue sharing	1,322,974	4,501	-	-	-	1,327,475
Other intergovernmental revenues	2,436,579	2,578,043	-	145,153	-	5,159,775
Parking meters and facilities	-	91,459	-	-	-	91,459
Licenses and permits	314,845	362,960	-	-	-	677,805
Fines and forfeitures	496,919	35,579	-	-	-	532,498
Charges for services	154,231	-	-	-	-	154,231
Special assessment levies	-	-	-	-	263,529	263,529
Employees' and employer's health insurance contributions	928,814	-	-	-	-	928,814
Interest	360,571	189,981	205,887	266,019	36,552	1,059,010
Gifts	28,706	14,712	-	-	-	43,418
Other	587,978	11,079	-	28,000	60,414	687,471
Total revenues	<u>11,716,321</u>	<u>3,328,301</u>	<u>205,887</u>	<u>439,172</u>	<u>360,495</u>	<u>16,050,176</u>
Expenditures:						
Current:						
General government and admini- stration	2,338,736	59,981	-	-	-	2,398,717
Public safety	7,529,924	-	-	-	-	7,529,924
Public works	2,688,529	1,915	-	32,613	-	2,723,057
Culture and recreation	1,524,195	1,282,210	-	-	-	2,806,405
Housing rehabilitation	138,537	-	-	-	-	138,537
Nondepartmental appropriations	1,259,245	-	-	838	-	1,260,083
Other	67,016	73,121	1,406	-	230,779	372,322
Capital outlay	1,873,683	663,622	-	1,004,552	-	3,541,857
Debt service:						
Principal payments	14,777	-	1,175,000	-	-	1,189,777
Interest and paying agents' fees	5,396	-	958,158	-	16,600	980,154
Intergovernmental	48,994	-	-	-	-	48,994
Total expenditures	<u>17,489,032</u>	<u>2,080,849</u>	<u>2,134,564</u>	<u>1,038,003</u>	<u>247,379</u>	<u>22,989,827</u>
Excess (deficiency) of revenues over expenditures	(5,772,711)	1,247,452	(1,928,677)	(598,831)	113,116	(6,939,651)
Other financing sources (uses):						
Transfers from other funds	7,573,056	444,320	2,910,667	-	-	10,928,043
Transfers (to) other funds	(2,961,278)	(481,308)	(423,056)	-	(38,000)	(3,903,642)
Total other sources (uses)	<u>4,611,778</u>	<u>(36,988)</u>	<u>2,487,611</u>	<u>-</u>	<u>(38,000)</u>	<u>7,024,401</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,160,933)	1,210,464	558,934	(598,831)	75,116	84,750
Fund balances at beginning of year	5,260,520	2,589,155	2,800,432	4,944,398	641,982	16,236,487
Equity transfers (to) other funds	(27,373)	-	-	(83,188)	-	(110,561)
Equity transfers from other funds	115,997	-	-	5,700	-	121,697
Fund balances at end of year	<u>\$ 4,188,211</u>	<u>\$ 3,799,619</u>	<u>\$ 3,359,366</u>	<u>\$ 4,268,079</u>	<u>\$ 717,098</u>	<u>\$ 16,322,373</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES

ACTUAL AND BUDGET

GENERAL AND SPECIAL REVENUE FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	General				
	Actual	Adjustments to Budgetary Basis	Actual on a Budgetary Basis	Revised Budget	Favorable (Unfa- vorable) Variance
Revenues:					
Property taxes	\$ 4,373,759	\$ -	\$ 4,373,759	\$ 4,335,000	\$ 38,759
Other taxes	710,945	-	710,945	710,000	945
Federal and state revenue sharing	1,322,974	-	1,322,974	1,281,121	41,853
Other intergovernmental revenues	2,436,579	(580,099)	1,856,480	1,944,329	(87,849)
Parking meters and facilities	-	-	-	-	-
Licenses and permits	314,845	-	314,845	358,400	(43,555)
Fines and forfeitures	496,919	-	496,919	496,030	889
Charges for services	154,231	-	154,231	200,200	(65,969)
Employees' and employer's health insurance contributions	928,814	(928,814)	-	-	-
Interest	360,571	(52,274)	308,297	308,200	97
Gifts	28,706	(357)	28,349	-	28,349
Other	587,978	(1,461)	586,517	509,769	76,748
Total revenues	<u>11,716,321</u>	<u>(1,563,005)</u>	<u>10,153,316</u>	<u>10,143,049</u>	<u>10,267</u>
Expenditures:					
Current:					
General government and administration	2,338,736	(100,314)	2,238,422	2,347,267	108,845
Public safety	7,529,924	21,081	7,551,005	7,597,849	46,844
Public works	2,688,529	60,295	2,748,824	2,884,961	136,137
Culture and recreation	1,524,195	3,276	1,527,471	1,650,107	122,636
Housing rehabilitation	138,537	(138,537)	-	-	-
Nondepartmental appropriations	1,259,245	(935,458)	323,787	423,841	100,054
Other	67,016	(38,727)	28,289	44,676	16,387
Capital outlay	1,873,683	69,660	1,943,343	2,615,752	672,409
Debt service:					
Principal payments	14,777	-	14,777	17,396	2,619
Interest and paying agents' fees	5,396	-	5,396	6,494	1,098
Intergovernmental	48,994	(16,341)	32,653	33,106	453
Total expenditures	<u>17,489,032</u>	<u>(1,075,065)</u>	<u>16,413,967</u>	<u>17,621,449</u>	<u>1,207,482</u>
Excess (deficiency) of revenues over expenditures	<u>(5,772,711)</u>	<u>(487,940)</u>	<u>(6,260,651)</u>	<u>(7,478,400)</u>	<u>1,217,749</u>
Other financing sources (uses):					
Operating transfers from other funds	7,573,056	17,000	7,590,056	7,705,186	(115,130)
Operating transfers (to) other funds	(2,961,278)	(6,690)	(2,967,968)	(3,071,573)	103,605
Total other sources (uses)	<u>4,611,778</u>	<u>10,310</u>	<u>4,622,088</u>	<u>4,633,613</u>	<u>(11,525)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses before fund balance allocation	<u>(1,160,933)</u>	<u>(477,630)</u>	<u>(1,638,563)</u>	<u>(2,844,787)</u>	<u>1,206,224</u>
Fund balance allocation	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,844,787</u>	<u>(2,844,787)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(1,160,933)</u>	<u>(477,630)</u>	<u>(1,638,563)</u>	<u>-</u>	<u>(1,638,563)</u>
Fund balances at beginning of year	5,260,520	(185,066)	5,075,454	5,075,454	-
Equity transfers (to) other funds	(27,373)	-	(27,373)	-	(27,373)
Equity transfers from other funds	115,997	-	115,997	-	115,997
Fund balances at end of year	<u>\$ 4,188,211</u>	<u>\$ (662,696)</u>	<u>\$ 3,525,515</u>	<u>\$ 5,075,454</u>	<u>\$ (1,549,939)</u>

See accompanying notes to financial statements.

Special Revenue

Totals
(Memorandum Only)

Special Revenue					Totals (Memorandum Only)				
Actual	Adjustments to Budgetary Basis	Actual on a Budgetary Basis	Revised Budget	Favorable (Unfavorable) Variance	Actual	Adjustments to Budgetary Basis	Actual on a Budgetary Basis	Revised Budget	Favorable (Unfavorable) Variance
\$ 39,987	\$ -	\$ 39,987	\$ 40,200	\$ (213)	\$ 4,413,746	\$ -	\$ 4,413,746	\$ 4,375,200	\$ 38,546
-	-	-	-	-	710,945	-	710,945	710,000	945
4,501	-	4,501	-	4,501	1,327,475	-	1,327,475	1,281,121	46,354
2,578,043	-	2,578,043	2,449,000	129,043	5,014,622	(580,099)	4,434,523	4,393,329	41,194
91,459	-	91,459	93,000	(1,541)	91,459	-	91,459	93,000	(1,541)
362,960	-	362,960	354,000	8,960	677,805	-	677,305	712,400	(34,595)
35,579	-	35,579	40,500	(4,921)	532,498	-	532,498	536,530	(4,032)
-	-	-	-	-	154,231	-	154,231	200,200	(45,969)
-	-	-	-	-	928,814	(928,814)	-	-	-
189,981	(431)	189,550	149,900	39,650	550,552	(52,705)	497,847	458,100	39,747
14,712	(700)	14,012	12,300	1,712	43,418	(1,057)	42,361	12,300	30,061
11,079	-	11,079	13,460	(2,381)	599,057	(1,461)	597,596	523,229	74,367
<u>3,328,301</u>	<u>(1,131)</u>	<u>3,327,170</u>	<u>3,152,360</u>	<u>174,810</u>	<u>15,044,622</u>	<u>(1,564,136)</u>	<u>13,480,486</u>	<u>13,295,409</u>	<u>185,077</u>
59,981	64	60,045	72,628	12,583	2,398,717	(100,250)	2,298,467	2,419,895	121,428
-	-	-	-	-	7,529,924	21,081	7,551,005	7,597,849	46,844
1,915	-	1,915	3,100	1,185	2,690,444	60,295	2,750,739	2,888,061	137,322
1,282,210	59,146	1,341,356	1,369,408	28,052	2,806,405	62,422	2,868,827	3,019,515	150,688
-	-	-	-	-	138,537	(138,537)	-	-	-
-	-	-	-	-	1,259,245	(935,458)	323,787	423,841	100,054
73,121	-	73,121	74,779	1,658	140,137	(38,727)	101,410	119,455	18,045
663,622	113,324	776,946	1,943,346	1,166,400	2,537,305	182,984	2,720,289	4,559,098	1,838,809
-	-	-	-	-	14,777	-	14,777	17,396	2,619
-	-	-	-	-	5,396	-	5,396	6,494	1,098
-	-	-	-	-	48,994	(16,341)	32,653	33,106	453
<u>2,080,849</u>	<u>172,534</u>	<u>2,253,383</u>	<u>3,463,261</u>	<u>1,209,878</u>	<u>19,569,881</u>	<u>(902,531)</u>	<u>18,667,350</u>	<u>21,084,710</u>	<u>2,417,360</u>
<u>1,247,452</u>	<u>(173,665)</u>	<u>1,073,787</u>	<u>(310,901)</u>	<u>1,384,688</u>	<u>(4,525,259)</u>	<u>(661,605)</u>	<u>(5,186,864)</u>	<u>(7,789,301)</u>	<u>2,602,437</u>
444,320	-	444,320	444,320	-	8,017,376	17,000	8,034,376	8,149,506	(115,130)
(481,308)	-	(481,308)	(481,308)	-	(3,442,586)	(6,690)	(3,449,276)	(3,552,881)	103,605
<u>(36,988)</u>	<u>-</u>	<u>(36,988)</u>	<u>(36,988)</u>	<u>-</u>	<u>4,574,790</u>	<u>10,310</u>	<u>4,585,100</u>	<u>4,596,625</u>	<u>(11,525)</u>
1,210,464	(173,665)	1,036,799	(347,889)	1,384,688	49,531	(651,295)	(601,764)	(3,192,676)	2,590,912
-	-	-	347,889	(347,889)	-	-	-	3,192,676	(3,192,676)
1,210,464	(173,665)	1,036,799	-	1,036,799	49,531	(651,295)	(601,764)	-	(601,764)
2,589,155	-	2,589,155	2,589,155	-	7,849,675	(185,066)	7,664,609	7,664,609	-
-	-	-	-	-	(27,373)	-	(27,373)	-	(27,373)
-	-	-	-	-	115,997	-	115,997	-	115,997
<u>3,799,619</u>	<u>(173,665)</u>	<u>3,625,954</u>	<u>2,589,155</u>	<u>1,036,799</u>	<u>7,987,830</u>	<u>(836,361)</u>	<u>7,151,469</u>	<u>7,664,609</u>	<u>(513,140)</u>

CITY OF OCALA, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u> (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Fund Type Pension Trust</u>	
Operating revenues:				
Sale of electricity	\$ 52,024,283	\$ -	\$ -	\$ 52,024,283
Sale of water	3,082,259	-	-	3,082,259
Sewer and sanitation service charges	6,866,367	-	-	6,866,367
Fees and rentals	863,372	3,505,564	-	4,368,936
Commissions	70,002	-	-	70,002
City and state contributions	-	-	1,605,551	1,605,551
Gain on sale of investments	-	-	1,576,300	1,576,300
Net appreciation in fair value of investments	-	-	526,531	526,531
Income on investments	-	-	1,145,095	1,145,095
Employee contributions	-	-	126,105	126,105
Other	2,523,391	33,536	486	2,557,413
Total operating revenues	<u>65,429,674</u>	<u>3,539,100</u>	<u>4,980,068</u>	<u>73,948,842</u>
Operating expenses:				
Purchase of electricity	30,421,537	-	-	30,421,537
Distribution	3,611,625	-	-	3,611,625
Back-up	1,019,164	-	-	1,019,164
Transmission	365,876	-	-	365,876
Operation and maintenance	4,960,425	-	-	4,960,425
Water and sewer treatment	1,314,315	-	-	1,314,315
Sewer collection	622,870	-	-	622,870
Municipal garage	-	1,685,148	-	1,685,148
Purchasing and warehousing	-	418,676	-	418,676
Management information system, central reproduction and records management	-	479,310	-	479,310
Building maintenance	-	205,641	-	205,641
Pension payments	-	-	496,069	496,069
Administration	2,211,298	-	238,428	2,449,726
Depreciation and amortization	3,548,031	356,937	-	3,904,968
Other	1,029,544	117,225	8,096	1,154,865
Total operating expenses	<u>49,104,685</u>	<u>3,262,937</u>	<u>742,593</u>	<u>53,110,215</u>
Operating income	<u>16,324,989</u>	<u>276,163</u>	<u>4,237,475</u>	<u>20,838,627</u>
Nonoperating revenues (expenses):				
Interest income	1,844,389	22,794	-	1,867,183
Interest expense	(1,737,507)	(29,352)	-	(1,766,859)
Total nonoperating revenues (expenses)	<u>106,882</u>	<u>(6,558)</u>	<u>-</u>	<u>100,324</u>
Income before operating transfers	<u>16,431,871</u>	<u>269,605</u>	<u>4,237,475</u>	<u>20,938,951</u>
Operating transfers:				
From other funds	1,562,696	199,049	-	1,761,745
(To) other funds	(8,644,145)	(142,001)	-	(8,786,146)
Total operating transfers	<u>(7,081,449)</u>	<u>57,048</u>	<u>-</u>	<u>(7,024,401)</u>
Net income	<u>9,350,422</u>	<u>326,653</u>	<u>4,237,475</u>	<u>13,914,550</u>
Fund equity at beginning of year	57,369,328	6,600,287	20,265,476	84,235,091
Equity transfers (to) other funds	(1,063,141)	(115,867)	-	(1,179,008)
Equity transfers from other funds	1,167,872	-	-	1,167,872
Capital contributions from other sources	1,036,187	-	-	1,036,187
Fund equity at end of year	<u>\$ 67,860,668</u>	<u>\$ 6,811,073</u>	<u>\$ 24,502,951</u>	<u>\$ 99,174,692</u>

See accompanying notes to financial statements.

CITY OF OCALA, FLORIDA

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Internal</u>	<u>Fund Type</u>	<u>(Memorandum</u>
		<u>Service</u>	<u>Pension</u>	<u>Only)</u>
			<u>Trust</u>	
Financial resources provided:				
Net income	\$ 9,350,422	\$ 326,653	\$ 4,237,475	\$ 13,914,550
Items which do not use working capital:				
Depreciation and amortization	3,548,031	356,937	-	3,904,968
Loss on disposal of property and equipment	128,455	169,077	-	297,532
Working capital provided by operations	13,026,908	852,667	4,237,475	18,117,050
Decrease in restricted assets	5,725,312	120,173	-	5,845,485
Increase in liabilities payable from restricted assets	344,041	-	-	344,041
Proceeds from interfund loan receivable	216,525	-	-	216,525
Capital contributions	2,204,059	-	-	2,204,059
Total financial resources provided	<u>21,516,845</u>	<u>972,840</u>	<u>4,237,475</u>	<u>26,727,160</u>
Financial resources used:				
Additions to property and equipment	13,922,202	280,858	-	14,203,060
Increase in restricted assets	-	-	4,223,513	4,223,513
Decrease in liabilities payable from restricted assets	958,318	-	13,962	972,280
Reduction of long-term debt	1,270,000	114,491	-	1,384,491
Reduction of interfund loans	28,000	-	-	28,000
Increase in interfund loan receivable	216,525	-	-	216,525
Equity transfers to other funds	1,063,141	115,867	-	1,179,008
Total financial resources used	<u>17,458,186</u>	<u>511,216</u>	<u>4,237,475</u>	<u>22,206,877</u>
Increase in working capital	\$ <u>4,058,659</u>	\$ <u>461,624</u>	\$ <u>-</u>	\$ <u>4,520,283</u>
Changes in components of working capital:				
Increase (decrease) in current assets:				
Equity in pooled cash fund and investment fund	\$ 5,121,848	\$ 525,579	\$ -	\$ 5,647,427
Accounts and notes receivable, net	425,733	(50,409)	-	375,324
Accrued unbilled revenues	(559,222)	-	-	(559,222)
Due from other funds	71,854	8,084	-	79,938
Inventories	(36,485)	(11,486)	-	(47,971)
Other current assets	(160,358)	(643)	-	(161,001)
Total increase in current assets	<u>4,863,370</u>	<u>471,125</u>	<u>-</u>	<u>5,334,495</u>
Increase (decrease) in current liabilities:				
Accounts payable	410,279	9,553	-	419,832
Compensated absences payable	6,297	4,040	-	10,337
Bonds and notes payable within one year	(78,222)	1,166	-	(77,056)
Accrued interest payable	(7,562)	(5,258)	-	(12,820)
Due to other funds	4,377	-	-	4,377
Customer deposits	422,904	-	-	422,904
Deferred revenue	27,638	-	-	27,638
Interfund loans payable within one year	13,000	-	-	13,000
Total decrease in current liabilities	<u>804,711</u>	<u>9,501</u>	<u>-</u>	<u>814,212</u>
Increase in working capital	\$ <u>4,058,659</u>	\$ <u>461,624</u>	\$ <u>-</u>	\$ <u>4,520,283</u>

See accompanying notes to financial statements.

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CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 1987

(1) Description of Funds and Reporting Entity

The City of Ocala, Florida (the "City") operates under a council-manager form of government and provides the following services as authorized by its charter: public safety, public works, public utilities, culture, recreation and community development. The financial activities of all municipal boards and commissions that provide services to the citizens of the City, except for the Ocala Housing Authority, are included in the City's financial statements.

The City includes municipal boards and commissions within the City in its financial statements in circumstances where the City selects the governing authority, designates management, has the ability to influence operations, and has accountability for fiscal matters of the municipal boards and commissions. The Ocala Housing Authority (the "Authority"), which provides public housing services in the City, is not included in the reporting entity of the City since the City, although appointing the governing authority, does not influence the Authority's operations and is not accountable for the Authority's fiscal matters.

The accounting records of the City are organized on the basis of funds and account groups. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the accompanying financial statements into eight generic fund types and three broad fund categories: governmental funds, proprietary funds and fiduciary fund.

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

Governmental Funds

Governmental funds include the General, Special Revenue, Debt Service, Capital Project, and Special Assessment funds. The measurement focus of governmental funds is determination of financial position and sources and uses of resources rather than net income determination. The funds

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

are maintained on the modified accrual basis of accounting. Generally, only current assets and current liabilities are included on their balance sheets. Their reported fund balances are considered a measure of available spendable resources. The following is a description of the governmental funds of the City:

General Fund

The General Fund is the general operating fund of the City. It is used to account for revenues and current, capital outlay, debt service and intergovernmental expenditures not specifically required by law or administrative action to be accounted for in another fund. All general property taxes (except for those levied for the Downtown Development Commission), franchise taxes, licenses, fines and certain intergovernmental revenues are recorded in this fund. Current, capital outlay, debt service and intergovernmental expenditures of the administrative, public safety, public works and numerous other departments are paid for through this fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditure for specific purposes. Special revenue funds used by the City are:

Occupational License

Business license and permit revenues, which are pledged as security for the Refunding and Improvement Excise Tax Bonds dated January 1, 1972, are recorded in this fund. Revenues collected are transferred to the appropriate debt service fund as required.

Central Florida Regional Library

This fund is used to account for Federal, state and county contributions, and General Fund subsidies which are restricted for the operation of the regional library.

Off-Street Parking

This fund accounts for the proceeds from the City's parking system.

Downtown Development

This fund accounts for property taxes levied against downtown property owners.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Federal Revenue Sharing

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

Local Gasoline Tax

This fund accounts for street related maintenance and improvement projects financed by the City's share of local gasoline taxes. These taxes are required by law to be used to maintain streets.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for the payment of principal, interest and related costs of the City's general long-term debt not paid from the Special Assessment Fund. Debt service funds used by the City are:

Excise Tax Bonds

This fund is used for the payment of principal, interest and related costs of the 1972 Refunding and Improvement Excise Tax Bonds.

Improvement Bonds

This fund is used for the payment of principal, interest and related costs of the Capital Improvement Refunding Revenue Bonds, Series 1986.

Improvement Certificates

This fund is used for the payment of principal, interest and related costs of the Capital Improvement Revenue Certificates, Series 1986.

Capital Project Funds

Capital project funds are used to account for resources earmarked for the acquisition and construction of major capital facilities and other project oriented activities other than those financed by proprietary funds and the special assessment fund. The capital project funds used by the City are:

Capital Improvement Construction

This fund is used to account for the resources earmarked for the acquisition of right-of-way and the construction of and improvements to N.E. 14th Street, which is a major arterial street project.

(Continued)

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

1972 Municipal Improvement Construction

This fund has been used to account for the resources earmarked for various projects including the construction of and improvements to N.E. 8th Avenue, a major arterial street.

Special Assessment Fund

The Special Assessment Fund is used to account for financial resources and long-term debt obtained for the financing and construction of public improvements that are to be fully or partially paid for by assessments levied against benefited property owners. It is the policy of the City to levy special assessments subsequent to completion of the related capital improvement projects. Construction costs of the public improvements against which special assessments are levied are primarily budgeted in other funds and are not accounted for within the Special Assessment Fund. Expenditures of the Special Assessment Fund consist primarily of transfers to other funds to finance the costs of capital improvements.

Proprietary Funds

Proprietary funds include enterprise and internal service funds. The measurement focus of proprietary funds is determination of net income, financial position and changes in financial position. The generally accepted accounting principles for proprietary funds are those applicable to businesses in the private sector and thus these funds are maintained on the accrual basis of accounting. Accordingly, all assets and liabilities associated with their activity are included on their balance sheets. Their reported fund equity is segregated into contributed equity and retained earnings components. Proprietary funds used by the City are as follows:

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses where the intent of the governing body is that the costs (including depreciation) of providing certain goods and services to the general public be financed or recovered primarily through user charges or where the governing body has deemed that periodic determination of net income is appropriate for purposes of monitoring capital maintenance, accountability or other purposes.

Enterprise funds used by the City are as follows:

Bulk Power Supply Revenue
and Electric Revenue Funds

For legal purposes, transactions pertaining to the City-owned portion of Crystal River Nuclear Plant No. 3 (CR-3) are accounted for in a fund

(Continued)

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(bulk power supply revenue fund) separate from the fund which accounts for the transactions of the City's electric system (electric revenue fund). However, for financial accounting and reporting purposes, these funds are consolidated and all interfund transactions, consisting primarily of sales and related purchases of electricity, are eliminated in consolidation. On a consolidated basis, the electric and bulk power supply revenue fund is used to account for the construction, operation, and maintenance of the City-owned portion of CR-3 and the City-owned electric system as well as sales of electricity and other services to the general public. Electricity rates charged to customers are set by City Council within the rate structure established by the Florida Public Service Commission.

Water and Sewer Fund

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

Sanitation Fund

This fund accounts for the operation and maintenance of the City's refuse collection system.

Municipal Golf Course Fund

This fund accounts for the construction, operation and maintenance of the City's golf courses.

Fort King Tennis Court Fund

This fund accounts for the operation and maintenance of the Fort King tennis courts.

Municipal Trailer Park Fund

This fund accounts for the operation and maintenance of the City-owned trailer park.

Ocala Municipal Airport (Jim Taylor Field) Fund

This fund accounts for the construction, operation and maintenance of the City's airport.

Internal Service Fund

The Internal Service Fund accounts for the operation of the municipal garage, management information system, central reproduction, building maintenance, records management and purchasing and warehousing departments. The revenues of the Internal Service Fund are derived from user fees charged to other City funds.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Fiduciary Funds

The fiduciary funds of the City are pension trust funds. The trust funds are used to account for assets held by the City in a trustee capacity. The measurement focus and basis of accounting of the pension trust funds are similar to proprietary funds and it is therefore maintained on the accrual basis of accounting. The Pension Trust Funds are utilized to account for the financial transactions of the City-administered pension plans.

The Ocala Employees' Retirement Fund

This fund provides regular benefits to all active and inactive participants of the former system.

The Ocala Police Officers' Supplemental Pension Fund

This fund provides supplemental benefits to qualifying police officers.

The Ocala Firefighters' Supplemental Pension Fund

This fund provides supplemental benefits to qualifying firefighters.

Account Groups

Fixed assets and long-term liabilities associated with governmental funds are accounted for in the General Fixed Asset and General Long-Term Debt Account Groups. The two account groups are not funds and are concerned only with the measurement of financial position.

General Fixed Asset Account Group

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Asset Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings such as roads, sidewalks and drainage systems are not, however, capitalized as general fixed assets.

General Long-Term Debt Account Group

Long-term liabilities, except for special assessment bonds which are accounted for in the Special Assessment Fund, expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

(2) Summary of Significant Accounting Policies

The accounting principles and reporting practices of the City conform to generally accepted accounting principles applicable to governmental

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

units. The more significant of these policies and principles are summarized below:

(a) Basis of Accounting

Accrual basis - This basis of accounting is utilized for the proprietary and pension trust funds. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Modified Accrual Basis - This basis of accounting is utilized by the governmental funds. Under this basis, revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. All material revenues of the governmental funds, such as revenue sharing, other intergovernmental revenues and other taxes, are accrued or deferred, as appropriate. Property taxes are not accrued since they are substantially collected during the period in which they are due.

Under the modified accrual basis, expenditures are generally recognized when the liability is incurred with the following exceptions:

- . Principal and interest on general long-term debt are recognized as expenditures in the debt service funds when due.
- . Prepaid items are reported as current period expenditures rather than allocating the related expenditures to the periods benefited.
- . Inventory of governmental funds is reported as an expenditure in the period purchased.
- . Interest income on special assessments receivable and interest expense on the related long-term debt are not accrued.

(b) Annual Budgets

An annual budget is prepared for all governmental and proprietary funds except the Special Assessment, Capital Project and Debt Service funds. The budget amounts presented in the accompanying financial statements for the governmental funds are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 1987.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any budget amendments that alter the total expenditures of any fund must be approved by the

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NOTES TO FINANCIAL STATEMENTS

City Council. During 1987, the City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are treated as expenditures. Accordingly, budgetary comparisons presented for the governmental funds in the accompanying financial statements are on this non-GAAP budgetary basis. In addition, certain activities accounted for within the governmental funds are not formally budgeted by the City. Therefore, both revenues and expenditures associated with those activities have also been treated as adjustments to convert actual revenues and expenditures of the governmental funds to a budgetary basis in order that the budgetary comparisons reflect only those activities for which legally adopted budgets are prepared.

Since the accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, entity and timing differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended September 30, 1987 is presented below:

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (budgetary basis)	\$(1,633,563)	\$ 1,036,799
Adjustments:		
Encumbrances	447,745	172,534
Non-formally budgeted activities	29,885	1,131
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	\$(<u>1,160,933</u>)	\$ <u>1,210,464</u>

(c) Equity in Pooled Cash and Investments

The City maintains a pooled cash and investment fund which allows the various funds of the City to pool monies for investment purposes.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

The City maintains records to identify the equity of each fund investing in the pool as well as amounts borrowed from the pool. Investment earnings of the pool are recorded as earned and are allocated to the participating funds based on the respective fund's equity in the pool at the end of each month.

(d) Investments

Investments, except those of the pension trust fund, are stated at cost, which together with the accrued interest receivable approximates market. Investments of the pension trust fund consisting of bonds, common stocks and short-term investments (government fund-Federal) are stated at fair market value based on quoted market prices at the end of the fiscal year.

Income from other investments owned by the individual funds is recorded in the respective funds as earned.

(e) Inventories

Inventories held by the proprietary funds consist of golf retail merchandise, equipment and supplies held for maintenance use or for capital improvements and are stated at average cost. Obsolete and unusable items have been reduced to estimated salvage values.

(f) Property, Plant and Equipment

Proprietary Funds

Property, plant and equipment of the proprietary funds are carried at historical cost, if known, or estimated historical cost. The City used appraisals and other estimation techniques (indices) to estimate, when necessary, the original historical cost of the units of property, plant and equipment. Since the development of detail property records, all additions to property, plant and equipment of proprietary funds have been recorded at cost with retirements recorded using the established actual or estimated historical cost (net of accumulated depreciation).

Depreciation is provided on all exhaustible assets of proprietary funds on the straight-line method over the following estimated useful lives:

Buildings	30 years
Extensions and improvements other than buildings	30-60 years
Fixtures, vehicles and equipment	5-15 years

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

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

Additions, improvements and expenditures that significantly extend the useful life of assets held by proprietary funds are capitalized. Other expenditures for repairs and maintenance are charged to operations as incurred.

Interest costs, net of interest income, on assets constructed or otherwise produced for use by proprietary funds is capitalized, as appropriate. For the year ended September 30, 1987, \$1,936,799 in net interest cost incurred by the proprietary funds was capitalized.

Governmental Funds

General fixed asset additions are recorded as capital outlay expenditures in the respective governmental fund and are simultaneously capitalized at cost in the general fixed asset account group, except for infrastructure assets (note 1). Unit costs of property and equipment recorded in the general fixed asset account group were established at historical cost or estimated historical cost in a manner similar to fixed assets of proprietary funds. Depreciation is not provided on general fixed assets.

Capital Leases and Installment Purchase Contracts

Property and equipment and long-term liabilities associated with capital leases and installment purchase contracts of governmental funds are accounted for in the General Fixed Asset and General Long-Term Debt account groups, respectively.

The acquisition or construction of general fixed assets under a capital lease agreement or installment purchase contract is recognized as an expenditure and other financing source and principal and interest expenditures in the governmental funds on lease payments or installment purchase contract are recognized when due.

Property and equipment and liabilities associated with capital leases and installment purchase contracts of proprietary funds are accounted for and reported in the financial statements of the respective proprietary fund.

CITY OF OCALA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

(g) Accrued Revenue

Revenues of enterprise funds are accrued based on estimated unbilled services provided to the general public at the end of the fiscal year.

(h) Property Taxes

Property taxes levied by the City are billed and collected by the County and normally attach as an enforceable lien on property as of January 1. Generally taxes are levied on November 1 and are payable on or before June 1. Substantially all property tax billings are collected during the fiscal period billed. Property taxes receivable at September 30, 1987 are immaterial.

The City is permitted under its charter to levy taxes up to \$10 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on general long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. Additional taxes assessed for the payment of general long-term debt issues of the City must be approved by the public. The tax rate assessed by the City for the year ended September 30, 1987 was \$4.653 per \$1,000 of assessed property value.

(i) Interfund Payables and Receivables

Interfund payables and receivables are non-interest bearing and generally are liquidated monthly. Interfund advances are liquidated in accordance with the City Council's resolution and may bear interest (note 5).

(j) Compensated Absences

In governmental funds the amount of compensated absences associated with employee vacations that are recorded as expenditures represent the amounts accrued during the year that would normally be liquidated with available spendable resources. Accordingly, the amount of the compensated absence liability that would normally be liquidated with expendable available resources in the next fiscal year is reflected in the financial statements of governmental funds. The remainder of the compensated absence liability of governmental funds, if any, is reported in the General Long-Term Debt Account Group.

In proprietary funds, the amount of compensated absences associated with employee vacations that are recorded as expenses represent the amounts accrued during the year and the liability for compensated absences of these funds is reflected in the respective financial statements.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(k) Pension Costs

Pension plan contributions include provision for normal cost plus an amount sufficient to amortize the past service liability over a thirty-year period.

(l) Reserves of Retained Earnings and Fund Balance

Reserves of retained earnings on the proprietary funds are created by increases in net assets restricted for debt service and renewal and replacement. There is no reservation of retained earnings for assets set aside for construction under bond indentures. Increases in net assets restricted for debt service and renewal and replacement result from earnings on restricted assets included in consolidated net income of the proprietary funds and transfers to the restricted accounts. Increases in restricted assets decrease unreserved retained earnings and increase reserved retained earnings. The use of the restricted assets generates a restoration of unreserved retained earnings as debt payments are made and as renewal and replacement expenditure requirements are met.

Fund balances of governmental funds are reserved for assets which have been legally segregated for specific future uses or which are not available for expenditure. Increases to these reserves are created by transfers to restricted accounts, earnings on restricted assets and gifts designated by the donor for a specific use. In addition, open encumbrances at year-end are reported as reservations of fund balance to reserve that portion of the current year budget appropriation which has not been recognized as an expenditure or a liability.

(m) Capital Grants and Contributions

Program and capital grants received by governmental funds are recorded in the applicable governmental fund as receivables and revenues at the time reimbursable costs are incurred and all significant grant restrictions are satisfied. Grant revenues received in advance of meeting all major grant restrictions are deferred. Capital grants for general fixed asset additions prior to October 1, 1977 are recorded in the general fixed asset account group as investments by the governmental fund which expended the grant monies. Capital grants for general fixed asset additions subsequent to September 30, 1977 are recorded in the general fixed asset account group as contributions from Federal or state grants.

Capital grants received by proprietary funds are also recorded as receivables when reimbursable project costs are incurred or as deferred credits if the grant money is received in advance of project expenditures. Capital grants and other contributions for fixed asset additions to the proprietary funds prior to October 1,

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

1977 are recorded as additions to retained earnings. Capital grants and other contributions for fixed asset additions to the proprietary funds subsequent to September 30, 1977 are recorded as additions to contributed equity. Depreciation on proprietary fund assets purchased with capital grants or other capital contributions is recorded as a reduction of retained earnings.

Contributed assets, including property and equipment, are recorded in proprietary funds and in the general fixed asset account group at fair market value at the time received.

(n) Bond Discounts and Issuance Costs

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding or straight-line methods (which approximate the interest method).

Bond discounts are presented as a reduction of the face amount of the related bonds payable and issuance costs are recorded as other assets.

(o) Administrative Fees

Certain administrative expenses are incurred by the City's Electric Revenue Fund on behalf of the Water and Sewer and Sanitation funds. The Electric Revenue Fund charges for these services based on the receiving fund's original budgeted appropriations. The reimbursement for these services is recorded as an operating expense of the Water and Sewer and Sanitation funds and as a reduction of administrative expense of the Electric Revenue Fund.

The City's General Fund also incurs certain administrative expenditures on behalf of other funds of the City. The General Fund is reimbursed for these expenditures based on actual cost allocations. The amounts reimbursed are recorded as a reduction of expenditures of the General Fund. The related reimbursements are recorded as either an operating expense of the proprietary funds or as an expenditure of the governmental funds.

(p) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable budget appropriation, is utilized by the governmental funds of the City. Encumbrances outstanding at year-end are reported as reserves of fund balance of governmental funds since they do not constitute expenditures or liabilities. They are recognized as expenditures in the period in which the actual goods or services are received and a liability is incurred.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(q) Total Columns on Combined Statements - Overview

The columns entitled "Total(s) (Memorandum Only)" included in the General Purpose Financial Statements (Combined Financial Statements-Overview) section of this report are presented only to facilitate financial analysis. These total columns are not comparable to consolidated financial information as the basic reporting entity is by fund type which utilize differing bases of accounting. In addition, interfund eliminations have not been made in the aggregation of this data.

(3) Equity in Pooled Cash and Investments, Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds, except the pension trust funds and other funds required to have separate bank accounts. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and investments". In addition, investments are held separately by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other City funds.

(a) Deposits

Florida Statutes require that all depositories holding public funds collateralize deposits in excess of FDIC insurance with the State Treasurer. Required collateral must be at least equal to the greater of 50 percent of the average daily balance, for each month, of all public deposits in excess of any applicable deposit insurance held by the depository during the 12 calendar months immediately preceding the date of any computation, or 50 percent of the public deposits in excess of any applicable deposit insurance held by the depository as of the date of any computation. The Treasurer may assess other qualified public depositories for a pro rata share of any loss suffered by a public depositor in excess of its depository's collateral.

At year-end, the carrying amount of the City's deposits was \$1,165,923 and the bank balance was \$1,701,061. Of the bank balance, \$202,508 was covered by federal depository insurance or by collateral held by the City's agent in the City's name, \$-0- was covered by collateral held in the pledging bank's trust department in the City's name, and \$963,415 was uninsured and uncollateralized. The uninsured and uncollateralized deposits are held mainly by the cash and investment pool.

Funds not prohibited by bond covenants have pooled their cash balances in order to maximize investment earnings. The City's banking arrangement requires the City to maintain a compensating average bank balance of \$650,000. This compensating balance is in lieu of direct service charges and earns interest at the money market rate.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(b) Investments

Florida Statutes authorize the City to invest in the State Board of Administration Fund, obligations of the U.S. Treasury and U.S. agencies, and interest-bearing time deposits and savings accounts in banks and savings and loans provided such deposits are collateralized as described above. Assets of the Ocala Firefighters' Supplemental Plan and the Ocala Police Officers' Supplemental Plan may also be invested, under state statute, in corporate bonds, corporate stocks, commercial paper and life insurance contracts.

The State Board of Administration Fund is an investment pool administered by the State of Florida. Investments held in the State Board of Administration Fund consist of short-term Federal agency obligations, treasury bills, repurchase agreements, and commercial paper. These short-term investments are stated at cost, which approximates market. Investment income is recognized as earned and is allocated to participants of the fund based on their equity participation.

The City's cash and investments are categorized by type to give an indication of the level of credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the City's custodian in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the City's custodian but not in the City's name.

	<u>Category</u> <u>1</u>	<u>Category</u> <u>2</u>	<u>Category</u> <u>3</u>	<u>Carrying</u> <u>Value</u>	<u>Market</u> <u>Value</u>
U.S. Government securities	\$ -	\$ -	\$ 17,785,317	\$ 17,785,317	\$ 17,785,317
Common Stocks	-	-	<u>7,935,943</u>	<u>7,935,943</u>	<u>7,935,943</u>
	\$ <u>-</u>	\$ <u>-</u>	\$ <u>25,721,260</u>	\$ 25,721,260	\$ 25,721,260
Investment in state treasurer's investment pool				78,575,560	78,575,560
Bank deposits				1,165,923	1,165,923
Other				<u>84,384</u>	<u>84,384</u>
Total cash and investments and equity in pooled cash				\$ <u>105,547,127</u>	\$ <u>105,547,127</u>

The pension trust funds own approximately 93% of the investments in Category 3.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(4) Interfund Receivables/Payables

The following summarizes the interfund receivables and payables of the various funds of the City at September 30, 1987:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Unrestricted Interfund Receivable/Payable:		
General Fund	\$ <u>176,282</u>	\$ <u>138,497</u>
Special Revenue Funds:		
Central Florida Regional Library	-	72,512
Off-Street Parking	1,203	6,620
Downtown Development	<u>152</u>	<u>-</u>
	<u>1,355</u>	<u>79,132</u>
Enterprise Funds:		
Electric and Bulk Power Supply Revenue	54,506	419,134
Water and Sewer	354,015	-
Sanitation	250,077	-
Municipal Golf Course	7,487	-
Fort King Tennis Court	881	-
Municipal Trailer Park	2,342	9,983
Ocala Municipal Airport	<u>2,694</u>	<u>25,493</u>
	<u>672,002</u>	<u>454,610</u>
Internal Service Fund	<u>20,915</u>	<u>-</u>
Total current unrestricted interfund receivable/payable	<u>870,554</u>	<u>672,239</u>
Current Restricted Interfund Receivable/Payable:		
General Fund	<u>-</u>	<u>275,138</u>
Enterprise Fund - Ocala Municipal Airport	-	61,674
Pension Trust Funds:		
Employees' Retirement System	122,308	-
Firefighters' Supplemental Pension	13,736	-
Police Officers' Supplemental Pension	<u>2,453</u>	<u>-</u>
	<u>138,497</u>	<u>-</u>
Total current restricted interfund receivable/payable	<u>138,497</u>	<u>336,812</u>
Total	\$ <u><u>1,009,051</u></u>	\$ <u><u>1,009,051</u></u>

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(5) Interfund Advances

On April 14, 1987 the City Council authorized a loan of \$216,525 from the water and sewer fund to the municipal golf course fund. This interfund loan bears interest at 6.5% and is to be repaid over a five year span. At September 30, 1987, all of this loan is long-term. Interfund interest recognized on the loan in fiscal year 1987 is \$7,037.

On July 18, 1978, the City Council authorized a loan of \$118,000 from the general fund to the municipal golf course fund. This loan was later increased to \$148,000 under a resolution dated January 2, 1979. As of September 30, 1987, \$120,000 of this loan had been repaid leaving an outstanding balance of \$28,000, all of which is current based upon the fiscal year 1988 budget adopted by the City Council. Interfund interest recognized on the loan in fiscal year 1987 is \$6,000.

(6) Property and Equipment

Property and equipment of the proprietary fund types at September 30, 1987 is summarized as follows:

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
Buildings	\$ 1,013,284	\$ 5,187,158
Extensions and improvements other than buildings	72,696,054	786,941
Crystal River Unit No. 3	12,071,462	-
Fixtures, vehicles and equipment	<u>5,395,805</u>	<u>1,479,960</u>
	91,176,605	7,454,059
Less accumulated depreciation	<u>32,084,994</u>	<u>1,110,216</u>
	59,091,611	6,343,843
Land	2,017,649	300,354
Construction in progress	<u>17,276,362</u>	<u>-</u>
	<u>\$ 78,385,622</u>	<u>\$ 6,644,197</u>

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

The cost of Crystal River Unit No. 3 (CR-3) represents the City's 1.3333% share of the ownership of a nuclear power generating plant (bulk power supply system) acquired through a participation agreement with Florida Power Corporation (FPC). Under the participation agreement, FPC is acting as agent for the City in the maintenance and operation of the plant. The City is committed to pay its ownership share of the operational costs of the plant as well as capital improvements, nuclear fuel procurements and plant decommissioning costs. For its investment, the City receives the ratio of its percentage ownership in the net energy output of the CR-3 plant.

In 1976, the City Council adopted resolution 76-44 which authorized the construction of the Municipal Service Complex to house the operations of the electric, water and sewer and other public works activities of the City. The cost of the Complex has been partially financed by contributions from various City funds and is being accounted for within the internal service fund since operations of the Complex are funded by user charges to the respective funds utilizing the Complex.

The following is a summary of the changes in the City's general fixed assets for the year ended September 30, 1987:

	Balance at October 1, 1986	Additions	Retirements	Balance at September 30, 1987
Property, plant and equipment:				
Land	\$ 3,405,149	\$ -	\$ 13,500	\$ 3,391,649
Buildings	3,295,405	80,495	36,000	3,339,900
Equipment, furniture and fixtures	5,026,943	650,649	293,075	5,384,517
Construction in progress	-	22,979	-	22,979
	<u>\$ 11,727,497</u>	<u>\$ 754,123</u>	<u>\$ 342,575</u>	<u>\$ 12,139,045</u>
Net investment in general fixed assets:				
Investment in property acquired prior to September 30, 1975	\$ 5,599,936	\$ -	\$ -	\$ 5,599,936
Investment in property acquired after September 30, 1975:				
Capital project funds	502,653	-	-	502,653
General fund	2,637,533	109,997	293,510	2,454,020
Special revenue funds	1,680,516	73,614	38,414	1,715,716
Special assessment fund	35,170	-	-	35,170
Federal and state grants	639,286	14,106	5,376	648,016
Capital equipment fund	632,403	556,406	5,275	1,183,534
	<u>\$ 11,727,497</u>	<u>\$ 754,123</u>	<u>\$ 342,575</u>	<u>\$ 12,139,045</u>

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(7) Pension Plans

Effective October 1, 1983, the City split the former Ocala Employees' Consolidated Retirement System into three separate funds:

- . The Ocala Employees' Retirement Fund which provides regular benefits to all active and inactive participants of the former system.
- . The Ocala Firefighters' Supplemental Pension Fund which provides supplemental benefits to qualifying firefighters.
- . The Ocala Police Officers' Supplemental Pension Fund which provides supplemental benefits to qualifying police officers.

Accordingly, effective October 1, 1983, assets of \$914,213 and \$1,482,995, respectively, were transferred to the Ocala Firefighters' Supplemental Pension Fund and Ocala Police Officers' Supplemental Pension Fund.

The Ocala Employees' Retirement Fund is a noncontributory, defined benefit plan. The City accounts for the plan on the accrual basis as nonexpendable trust fund. It is the City's policy to fully fund pension costs determined by actuarial valuation performed as of the beginning of each fiscal year. The actuarial cost method used in the valuation for general employees is the entry age actuarial (normal) cost method.

The Ocala Firefighters' Supplemental Pension Fund is a contributory defined benefit pension plan covering any person employed solely in the Ocala Fire Department who is certified as a firefighter as a condition of employment in accordance with the provisions of Section 633.35 of the Florida Statutes. The Plan supplements the Ocala Employees Retirement Fund which covers all qualified employees of the City. Florida Statutes Chapter 175 allows contributions to the Plan by the State of Florida.

The Ocala Police Officers' Supplemental Pension Fund is a contributory defined benefit pension plan covering any person employed full-time in the Ocala Police Department who is certified as a law enforcement officer in compliance with the provisions of Section 943.14 of the Florida Statutes. The Plan supplements the Ocala Employees' Retirement Fund which covers all qualified employees of the City. Florida Statutes Chapter 185 allows contributions to the Plan by the State of Florida.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Funding of the pension trust for the year ended September 30, 1987 for the Ocala Employees' Retirement Fund was based on a percentage of employees' compensation during the year (8.20%). The current year funding for the Ocala Employees' Retirement Fund of \$1,276,810 exceeded the minimum amount recommended in the actuarial valuation by \$894,832. Current year funding of the Ocala Firefighters' Supplemental Pension Fund and the Ocala Police Officers' Supplemental Pension Fund of \$214,463 and \$240,383, respectively, exceeded (was less than) the minimum amounts recommended in the actuarial valuations by \$(4,500) and \$36,800, respectively. Current year contributions expended or expensed by fund types and state and employee contributions are as follows:

City Contribution by Type:	
General	\$ 735,676
Special revenue	40,756
Enterprise	423,478
Internal service	76,900
Total City contribution	<u>1,276,810</u>
State contribution	328,741
Employee contribution	<u>126,105</u>
Total contribution	<u>\$ 1,731,656</u>

The contributions to the pension trusts were based upon actuarial valuations as of October 1, 1986 for the Ocala Employees' Retirement Fund and October 1, 1984 for the Ocala Firefighters' Supplemental Pension Fund and the Ocala Police Officers' Supplemental Pension Fund, the most recent dates for which accrued benefit information is available. The following is a summary of actuarial data relating to the plans:

	Ocala Employees' Retirement Fund	Ocala Firefighters' Supplemental Pension	Ocala Police Officers' Supplemental Pension
Present value of accumulated plan benefits:			
Vested	\$ <u>7,759,100</u>	\$ <u>586,700</u>	\$ <u>687,400</u>
Nonvested	\$ <u>1,035,500</u>	\$ <u>35,500</u>	\$ <u>59,200</u>
Rate of return	<u>8%</u>	<u>7%</u>	<u>7%</u>
Net assets available	\$ <u>15,914,489</u>	\$ <u>993,313</u>	\$ <u>1,638,184</u>
Amount by which net assets exceed vested plan benefits	\$ <u>8,155,389</u>	\$ <u>406,613</u>	\$ <u>950,784</u>

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(8) Proprietary Funds - Long-Term Debt

Enterprise Funds

Following is a maturity schedule of outstanding debt of the enterprise funds:

Fiscal Year Ended September 30,	Series 1977		Series 1983	Series 1985		Series 1986	Total Principal Due
	Electric Revenue Bonds	Bulk Power Supply Revenue Bonds	Bulk Power Supply Revenue Bonds	Water and Sewer Revenue Bonds	Water and Sewer Refunding Revenue Bonds	Water and Sewer Refunding Revenue Bonds	
1988	\$ 495,000	\$ 360,000	\$ 250,000	\$ -	\$ -	\$ 165,000	\$ 1,270,000
1989	-	360,000	810,000	140,000	-	175,000	1,485,000
1990	-	380,000	865,000	240,000	-	185,000	1,670,000
1991	-	395,000	930,000	360,000	-	195,000	1,880,000
1992	-	415,000	1,005,000	435,000	-	205,000	2,060,000
1993-2016	-	8,915,000	9,620,000	970,000	10,775,000	39,650,000	69,930,000
Total long-term debt	495,000	10,825,000	13,480,000	2,145,000	10,775,000	40,575,000	78,295,000
Less:							
Current portion	495,000	360,000	250,000	-	-	165,000	1,270,000
Unamortized discount	-	93,453	191,458	41,202	251,077	691,588	1,268,778
Total long-term portion	\$ -	\$ 10,371,547	\$ 13,038,542	\$ 2,103,798	\$ 10,523,923	\$ 19,718,412	\$ 25,756,222
Interest rate	<u>4.9%</u>	<u>4.7 - 5.75%</u>	<u>7.6 - 9.0%</u>	<u>6.75 - 8.0%</u>	<u>8.2 - 9.7%</u>	<u>5.2 - 7.4%</u>	

The electric revenue, bulk power supply revenue and water and sewer revenue and refunding revenue bonds are each secured by the net operating revenues of the respective fund. The City is in compliance with all significant limitations and restrictions contained in the various bond indentures.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Following is a schedule of debt service requirements to maturity for all outstanding debt of the City's enterprise funds as of September 30, 1987:

Fiscal Year Ended September 30	Series 1977		Series 1983	Series 1985		Series 1986	Total Principal and Interest Due
	Electric Revenue Bonds	Bulk Power Supply Revenue Bonds	Bulk Power Supply Revenue Bonds	Water and Sewer Revenue Bonds	Water and Sewer Refunding Revenue Bonds	Water and Sewer Refunding Revenue Bonds	
1988	\$ 507,127	\$ 944,738	\$ 1,367,540	\$ 161,413	\$ 1,026,095	\$ 3,096,227	\$ 7,103,140
1989	-	927,638	1,887,260	296,688	1,026,095	3,097,212	7,234,893
1990	-	929,688	1,878,610	383,562	1,026,095	3,097,307	7,315,262
1991	-	925,503	1,875,400	482,112	1,026,095	3,096,472	7,405,582
1992	-	925,044	1,875,865	527,750	1,026,095	3,094,774	7,449,528
1993	-	923,154	1,868,470	523,419	1,026,095	3,097,016	7,438,154
1994	-	924,652	1,866,715	525,200	1,026,095	3,093,057	7,435,719
1995	-	924,368	1,864,185	-	1,184,330	3,615,496	7,588,379
1996	-	927,239	1,860,180	-	1,185,005	3,622,295	7,594,719
1997	-	923,354	1,858,930	-	1,188,845	3,614,204	7,585,333
1998	-	922,688	1,854,730	-	1,181,005	3,615,877	7,575,300
1999	-	924,930	1,845,875	-	1,186,190	3,607,057	7,364,052
2000	-	924,910	-	-	1,179,240	3,607,211	5,711,361
2001	-	922,761	-	-	1,184,985	3,605,764	5,713,510
2002	-	923,315	-	-	1,177,855	3,602,474	5,703,644
2003	-	916,563	-	-	1,177,930	3,597,209	5,691,702
2004	-	917,332	-	-	1,175,155	3,590,192	5,682,679
2005	-	915,324	-	-	1,174,293	3,590,692	5,680,309
2006	-	915,588	-	-	1,174,867	3,583,162	5,673,617
2007	-	-	-	-	1,171,643	3,592,055	4,753,698
2008	-	-	-	-	1,169,380	3,576,640	4,746,020
2009	-	-	-	-	1,167,035	3,570,340	4,737,375
2010	-	-	-	-	1,164,077	3,567,165	4,731,242
2011	-	-	-	-	1,160,543	3,557,335	4,717,878
2012	-	-	-	-	1,155,945	3,550,110	4,706,055
2013	-	-	-	-	1,154,557	3,549,195	4,703,752
2014	-	-	-	-	1,150,653	3,533,850	4,684,503
2015	-	-	-	-	1,143,745	3,528,150	4,671,895
2016	-	-	-	-	1,142,865	3,520,615	4,663,480
Total	\$ 507,127	\$ 17,558,789	\$ 21,703,760	\$ 2,900,144	\$ 32,932,808	\$ 100,459,153	\$ 176,061,781

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Internal Service Fund

Bonds and notes payable at September 30, 1987 in the internal service fund include a 1985 note payable to a bank payable through 1991 at a variable rate of interest of 70% of the bank's prime rate. This note is secured by data processing equipment. Also included in bonds and notes payable at September 30, 1987 in the Internal Service Fund is a 1985 installment purchase contract for certain equipment payable over five years bearing interest at 10%.

Following is a schedule of outstanding debt of the Internal Service Fund:

<u>Fiscal Year Ended September 30,</u>	<u>Note Payable</u>	<u>Installment Purchase Contract</u>	<u>Total Principal Due</u>
1988	\$ 102,096	\$ 12,395	\$ 114,491
1989	102,096	13,682	115,778
1990	102,096	15,102	117,198
1991	<u>102,096</u>	<u>4,015</u>	<u>106,111</u>
Total	408,384	45,194	453,578
Less:			
Current portion	<u>102,096</u>	<u>12,395</u>	<u>114,491</u>
Total long- term portion	\$ <u>306,288</u>	\$ <u>32,799</u>	\$ <u>339,087</u>

Following is a schedule of debt service requirements to maturity for all outstanding debt of the City's Internal Service Fund as of September 30, 1987:

<u>Fiscal Year Ended September 30,</u>	<u>Note Payable</u>	<u>Installment Purchase Contract</u>	<u>Total Principal and Interest Due</u>
1988	\$ 127,824	\$ 16,459	\$ 144,283
1989	121,392	16,459	137,851
1990	114,960	16,459	131,419
1991	<u>108,528</u>	<u>4,115</u>	<u>112,643</u>
	\$ <u>472,704</u>	\$ <u>53,492</u>	\$ <u>526,196</u>

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(9) General Long-Term Debt

The following is a summary of changes in the City's general long-term debt for the year ended September 30, 1987:

	Balance at October 1, 1986	General Long-Term Debt Additions	General Long-Term Debt Retired	Debt Service Funds Operations	Balance at September 30, 1987
Amounts available in debt service funds	\$ 2,800,432	\$ -	\$ -	\$ 558,934	\$ 3,359,366
Amount to be provided:					
Term bonds	7,035,000	-	-	-	7,035,000
Serial bonds	6,466,623	-	(275,000)	(322,359)	5,869,264
Revenue certificates	4,432,945	-	(900,000)	(236,575)	3,296,370
Notes payable	-	-	-	-	-
Installment purchase and capital lease obligations	70,791	-	(14,777)	-	56,014
	<u>18,005,359</u>	<u>-</u>	<u>(1,189,777)</u>	<u>(558,934)</u>	<u>16,256,648</u>
Total amount available and to be provided	\$ <u>20,805,791</u>	\$ <u>-</u>	\$ <u>(1,189,777)</u>	\$ <u>-</u>	\$ <u>19,616,014</u>
General long-term debt payable:					
Term bonds	\$ 7,035,000	\$ -	\$ -	\$ -	\$ 7,035,000
Serial bonds	8,645,000	-	(275,000)	-	8,370,000
Revenue certificates	5,055,000	-	(900,000)	-	4,155,000
Notes payable	-	-	-	-	-
Installment purchase and capital lease obligations	70,791	-	(14,777)	-	56,014
Total general long-term debt payable	\$ <u>20,805,791</u>	\$ <u>-</u>	\$ <u>(1,189,777)</u>	\$ <u>-</u>	\$ <u>19,616,014</u>

General long-term debt matures as follows:

Fiscal Year Ended September 30,	Refunding and Improvement Excise Tax Bonds Dated January 1, 1972	Capital Improvement Refunding Revenue Bonds Series 1986	Capital Improvement Revenue Certificates Series 1986	Installment Purchase Contract Obligations	Total Principal Due
1988	\$ 285,000	\$ 245,000	\$ 950,000	\$ 14,985	\$ 1,494,985
1989	300,000	375,000	1,005,000	14,604	1,694,604
1990	315,000	395,000	1,065,000	16,101	1,791,101
1991	325,000	415,000	1,135,000	10,324	1,885,324
1992	330,000	440,000	-	-	770,000
1993 - 2007	<u>190,000</u>	<u>11,790,000</u>	<u>-</u>	<u>-</u>	<u>11,980,000</u>
	\$ <u>1,745,000</u>	\$ <u>13,660,000</u>	\$ <u>4,155,000</u>	\$ <u>56,014</u>	\$ <u>19,616,014</u>
Interest rate	<u>4.0 - 5.4%</u>	<u>4.50 - 7.75%</u>	<u>5.75 - 7.00%</u>	<u>9.5 - 11.19%</u>	

(Continued)

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Refunding and Improvement
Excise Tax Bonds

The refunding and improvement excise tax bonds were issued to finance various municipal improvements including a public works complex, arterial street improvements and city building renovations. Occupational license taxes and cigarette taxes are pledged to secure this issue. In accordance with bond indentures, the City has established debt service and reserve funds which are consolidated in the accompanying financial statements.

Capital Improvement
Refunding Revenue Bonds

In July, 1986, the City Council authorized the issuance of \$13,660,000 Capital Improvement Refunding Revenue Bonds. During August, 1986, the City issued \$13,660,000 Capital Improvement Refunding Revenue Bonds, Series 1986, bearing interest ranging from 4.50% to 7.75%. The bonds mature annually commencing in fiscal year 1988 in amounts ranging from \$245,000 to \$1,200,000. Interest is payable semi-annually beginning April 1, 1987. The bonds are secured by a senior lien upon and pledge of certain non-ad valorem revenues of the City.

Capital Improvement
Revenue Certificates

In July, 1986, the City Council authorized the issuance of \$5,055,000 Capital Improvement Revenue Certificates, Series 1986. The certificates were issued in the authorized amount during July, 1986; and they bear interest ranging from 5.75% to 7.00%. The proceeds of this issue are being used to pay the cost of various capital improvement projects of the city and to purchase certain equipment. The certificates mature annually commencing in 1987 in amounts ranging from \$900,000 to \$1,135,000. Interest is payable semi-annually. The bonds are secured by a junior or subordinate lien upon and pledge of certain non-ad valorem revenues of the City.

Installment Purchase
Contracts

During the years ended September 30, 1983 and 1986, the City entered into installment purchase agreements for the acquisition of equipment for the engineering and police departments. The obligations are secured by the equipment acquired under the agreements.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Debt service requirements to maturity for all outstanding general long-term debt are as follows:

<u>Fiscal Year Ended September 30,</u>	<u>Refunding and Improvement Excise Tax Bonds Dated January 1, 1972</u>	<u>Capital Improvement Refunding Revenue Bonds Series 1986</u>	<u>Capital Improvement Revenue Certificates Series 1986</u>	<u>Installment Purchase Contract Obligations</u>	<u>Total Principal and Interest Due</u>
1988	\$ 374,125	\$ 1,160,610	\$ 1,218,775	\$ 19,863	\$ 2,773,373
1989	374,590	1,275,534	1,219,150	18,083	2,887,357
1990	373,990	1,275,109	1,216,337	18,083	2,883,519
1991	366,980	1,272,212	1,214,450	10,738	2,864,380
1992	354,430	1,271,758	-	-	1,626,188
1993	197,600	1,268,574	-	-	1,466,174
1994	-	1,262,640	-	-	1,262,640
1995	-	1,268,185	-	-	1,268,185
1996	-	1,264,843	-	-	1,264,843
1997	-	1,263,005	-	-	1,263,005
1998	-	1,262,500	-	-	1,262,500
1999	-	1,262,875	-	-	1,262,875
2000	-	1,258,850	-	-	1,258,850
2001	-	1,254,531	-	-	1,254,531
2002	-	1,249,819	-	-	1,249,819
2003	-	1,250,069	-	-	1,250,069
2004	-	1,244,894	-	-	1,244,894
2005	-	1,239,100	-	-	1,239,100
2006	-	1,233,625	-	-	1,233,625
2007	-	1,230,000	-	-	1,230,000
	<u>\$ 2,041,715</u>	<u>\$ 25,068,733</u>	<u>\$ 4,868,712</u>	<u>\$ 66,767</u>	<u>\$ 32,045,927</u>

In April 1983, \$2,500,000 Industrial Development Revenue Bonds were issued. The proceeds of the bonds are being used by an independent real estate developer for the construction of a commercial project within an area of the City designated as blighted. The bonds do not represent debt or an obligation of the City and are secured solely from the gross revenues of the complete project. The completed project and all revenues derived therefrom, subsequent to the payment of all debt service requirements, belong exclusively to the developer.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

(10) Prior-Year Defeasance of Debt

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 1987, \$66,145,000 of bonds outstanding are considered defeased, as follows:

General long-term debt		
Capital Improvements Revenue Bonds, Series 1982		\$ 6,760,000
Enterprise Funds:		
Electric and Bulk Power Supply Revenue:		
Electric Revenue Certificate, Series 1962		115,000
Electric Revenue Certificate, Series 1967		490,000
Electric Revenue Certificate, Series 1972		2,050,000
Power Supply Revenue Bonds, Series 1975-A		8,900,000
Special Obligation Bonds, Series 1977-A		1,985,000
Water and Sewer:		
Water and Sewer Revenue Bonds, Series 1968		710,000
Water and Sewer Refunding Revenue Bonds, Series 1983		10,200,000
Water and Sewer Refunding Revenue Bonds, Series 1985A		<u>34,935,000</u>
		<u>\$ 66,145,000</u>

(11) Special Assessment Debt

Special assessment long-term debt consists of Street Improvement Bonds payable dated July 1, 1978. This issue is secured by and payable solely from the 24,000 special assessment series. The future principal and total debt service requirements relating to this issue as of September 30, 1987, are as follows:

<u>Fiscal</u> <u>Year Ended</u> <u>September 30,</u>	<u>Principal</u> <u>Amount Due</u>	<u>Debt Service</u> <u>Requirement</u>
1988	\$ -	\$ 3,600
1989	<u>60,000</u>	<u>63,600</u>
Total	<u>\$ 60,000</u>	<u>\$ 67,200</u>

(12) Financial Segment Information
of Enterprise Funds

Each of the City's enterprise operations is accounted for within a separate fund. Over 95% of the combined assets, revenues, and expenses of the enterprise funds are attributable to utility funds used to account for

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

the transactions of the City's electric and bulk power, water and sewer, and sanitation systems. Other enterprise funds are used to account for the operations of golf, tennis, trailer park and airport facilities provided for the benefit of the general public. Following is a summary of significant financial information of the enterprise funds:

	<u>Electric and Bulk Power Supply Revenue</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Other</u>	<u>Total</u>
Current assets	\$ 17,304,976	\$ 2,578,408	\$ 511,954	\$ 249,007	\$ 20,644,345
Current liabilities	<u>2,262,404</u>	<u>234,553</u>	<u>95,954</u>	<u>165,677</u>	<u>6,758,588</u>
Working capital	\$ <u>11,042,572</u>	\$ <u>2,343,855</u>	\$ <u>416,000</u>	\$ <u>83,330</u>	\$ <u>13,885,757</u>
Property, plant and equipment:					
Additions	\$ <u>6,483,534</u>	\$ <u>5,310,533</u>	\$ <u>386,515</u>	\$ <u>1,741,620</u>	\$ <u>13,922,202</u>
Deletions	<u>367,082</u>	<u>36,697</u>	<u>200,438</u>	<u>35,998</u>	<u>640,215</u>
Total property, plant and equipment	\$ <u>36,176,532</u>	\$ <u>35,880,743</u>	\$ <u>834,203</u>	\$ <u>5,494,144</u>	\$ <u>78,385,622</u>
Restricted assets	\$ <u>14,462,018</u>	\$ <u>40,384,637</u>	\$ <u>-</u>	\$ <u>66,595</u>	\$ <u>54,913,250</u>
Total assets	\$ <u>68,238,773</u>	\$ <u>80,203,750</u>	\$ <u>1,346,157</u>	\$ <u>5,809,746</u>	\$ <u>155,598,426</u>
Liabilities payable from restricted assets	\$ <u>2,288,252</u>	\$ <u>2,651,576</u>	\$ <u>-</u>	\$ <u>66,595</u>	\$ <u>5,006,423</u>
Bonds and other long-term liabilities	\$ <u>23,410,089</u>	\$ <u>52,346,133</u>	\$ <u>-</u>	\$ <u>216,525</u>	\$ <u>75,972,747</u>
Total fund equity	\$ <u>36,278,028</u>	\$ <u>24,971,488</u>	\$ <u>1,250,203</u>	\$ <u>5,360,949</u>	\$ <u>67,860,668</u>
Total operating revenues	\$ 52,937,286	\$ 8,815,684	\$ 2,644,162	\$ 1,032,542	\$ 65,429,674
Operating expenses (less depreciation and amortization)	(38,565,495)	(3,308,217)	(2,373,148)	(1,309,794)	(45,556,654)
Depreciation and amortization	(2,208,803)	(950,592)	(212,073)	(176,563)	(3,548,031)
Operating income (loss)	12,162,988	4,556,875	58,941	(453,815)	16,324,989
Operating transfers from other funds	354,231	135,848	376,890	695,727	1,562,696
Operating transfers (to) other funds	(7,472,012)	(739,095)	(343,984)	(89,054)	(8,644,145)
Interest income	1,008,783	786,624	20,370	28,612	1,844,389
Interest expense	(695,790)	(1,026,095)	(2,585)	(13,037)	(1,737,507)
Net income (loss)	\$ <u>5,358,200</u>	\$ <u>3,714,157</u>	\$ <u>109,632</u>	\$ <u>168,433</u>	\$ <u>9,350,422</u>
Equity transfers (to) other funds	\$ <u>-</u>	\$ <u>(1,063,141)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,063,141)</u>
Capital contributions:					
From other funds	\$ <u>-</u>	\$ <u>104,731</u>	\$ <u>-</u>	\$ <u>1,063,141</u>	\$ <u>1,167,872</u>
From other sources	<u>215,287</u>	<u>797,958</u>	<u>-</u>	<u>22,942</u>	<u>1,036,187</u>
Total capital contributions	\$ <u>215,287</u>	\$ <u>902,689</u>	\$ <u>-</u>	\$ <u>1,086,083</u>	\$ <u>2,204,059</u>

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

During 1987, the City made an equity transfer from the Water and Sewer Fund to the Municipal Golf Course Fund in the amount of \$1,063,141. The transfer consisted of certain improvements to the Pine Oaks Golf Course made in connection with the water and sewer system expansion.

Interfund loans payable and long-term debt of individual enterprise funds are presented in notes 5 and 8.

(13) Reserved Retained Earnings

The following is a reconciliation of the reserved retained earnings to the net restricted assets of enterprise funds:

Total restricted assets	\$ 54,913,250
Less:	
Restricted assets set aside for construction under bond indentures	(39,079,481)
Liabilities payable from restricted assets	(5,006,423)
Add:	
Liabilities payable from restricted assets set aside for construction under bond indentures	<u>541,230</u>
Total reserved retained earnings	\$ <u>11,368,576</u>

(14) Fund Balance Reserved for Restricted Assets

The fund balance reserved for restricted assets in the governmental fund types is a reservation of fund balance relating to assets restricted by law or by nature for certain purposes. Fund balance reserved for restricted assets is comprised of the following:

General Fund

Reserved for capital equipment purchases	\$ 1,518,119
Reserved for self-insurance:	
Employee health coverage	140,771
Workers' compensation	72,778

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Special police reserves:	
Law enforcement - confiscations	61,881
Police education and training	15,447
Law enforcement - recovered property	9,324
Special investigations	13,117
School education program	1,259
State contribution - law enforcement	<u>98</u>
Total	\$ <u>1,832,794</u>

Special Revenue Funds:

Central Florida Regional Library:	
Reserved for book endowment fund	\$ 31,473
Reserved for Hocker and Bitzer contribution	<u>1,787</u>
Total	\$ <u>33,260</u>

(15) Operating Deficits and Fund Deficits

Following is a summary of net losses of individual proprietary funds and deficiencies of revenues and other sources over expenditures and other uses of individual governmental funds for the year ended September 30, 1987 which are included in the accompanying combined financial statements:

<u>Proprietary Funds</u>	<u>Net Loss</u>
Enterprise Funds:	
Ocala Municipal Airport (Jim Taylor Field)	\$ 113,549
Municipal Trailer Park	4,326
<u>Governmental Funds</u>	<u>Deficiency</u>
General Fund	1,160,933
Debt Service Funds - Excise Tax Bonds	235,799
Capital Project Funds:	
Capital Improvement Construction	598,837
Special Revenue Funds:	
Off-Street Parking	2,252
Downtown Development	51,384
Occupational License	73,769

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Deficit Fund Balance or Retained Earnings of Individual Funds

The fund deficit in the Off-Street Parking Special Revenue Fund of \$7,666 was sustained as a result of excess transfers to the Downtown Development Special Revenue Fund. Reduced transfers to the Special Revenue Fund should eliminate the fund deficit in future years.

The fund deficit in the Occupational License Special Revenue Fund of \$35,049 was sustained as a result of excess transfers to the General Fund. Reduced transfers to the General Fund should eliminate the fund deficit in future years.

The Ocala Municipal Airport Enterprise Fund has a deficit retained earnings at September 30, 1987 of \$270,751. The deficit is due to the extensive expansion of the Ocala Municipal Airport/Jim Taylor Field. The deficit will be reduced through future transfers from other funds.

(16) Commitments and Contingent Liabilities

Grants

The City receives significant financial assistance from Federal agencies primarily in the form of capital grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Disallowed claims, if any, resulting from such audits may become liabilities of the City. However, in the opinion of management, disallowed claims, if any, will not have a material effect on the City's financial statements.

Other Commitments

Outstanding commitments of governmental funds are presented in the accompanying combined financial statements as reserves of fund balance. The outstanding commitments of the internal service and enterprise funds for goods or services not received as of September 30, 1987 were \$58,758 and \$2,779,061, respectively. These commitments are evidenced by signed purchase orders and contracts which were entered into prior to September 30, 1987.

CITY OF OCALA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Employee Benefits

City employees are entitled to accrue a maximum of 90 days sick leave. If the individual leaves the employ of the City, he or she is not entitled to be paid for the entire accumulated sick leave. Expenditures or expenses for sick leave are recorded at the time benefits are paid. At September 30, 1987, accumulated sick leave for each applicable fund type is as follows:

General	\$ 1,503,530
Special Revenue	40,870
Enterprise	1,022,226
Internal Service	<u>150,014</u>
	\$ <u>2,716,640</u>

INDIVIDUAL FUND AND COMBINING STATEMENTS - BY FUND TYPE

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.

SPECIAL REVENUE FUNDS

CITY OF OCALA, FLORIDA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 1987

<u>Assets</u>	<u>Federal Revenue Sharing</u>	<u>Occupational License</u>	<u>Central Florida Regional Library</u>
Current assets:			
Cash and investments	\$ -	\$ 69,419	\$ 665
Equity in pooled cash and investment fund	34,714	-	-
Accounts and notes receivable	-	-	-
Due from other funds	-	-	-
Other current assets	-	-	762
Due from other governments	-	-	216,167
Total current assets	<u>34,714</u>	<u>69,419</u>	<u>217,594</u>
Restricted assets - cash and investments	<u>-</u>	<u>-</u>	<u>33,260</u>
Total assets	<u>\$ 34,714</u>	<u>\$ 69,419</u>	<u>\$ 250,854</u>
 <u>Liabilities and Fund Balances</u>			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ 12,001
Compensated absences payable	-	-	8,814
Due to other funds	-	-	72,512
Deferred revenue	-	104,468	7,500
Total liabilities	<u>-</u>	<u>104,468</u>	<u>100,827</u>
Fund balances:			
Reserved for encumbrances	-	-	59,146
Reserved for restricted assets	-	-	33,260
Total reserved fund balances	<u>-</u>	<u>-</u>	<u>92,406</u>
Unreserved and undesignated	34,714	(35,049)	57,621
Total fund balances	<u>34,714</u>	<u>(35,049)</u>	<u>150,027</u>
Total liabilities and fund balances	<u>\$ 34,714</u>	<u>\$ 69,419</u>	<u>\$ 250,854</u>

<u>Off-Street Parking</u>	<u>Downtown Development</u>	<u>Local Gasoline Tax</u>	<u>Total</u>
\$ -	\$ 50	\$ -	\$ 70,134
-	20,762	3,535,516	3,610,992
220	241	-	461
1,203	152	-	1,355
-	521	-	1,283
-	-	144,845	361,012
<u>1,423</u>	<u>21,726</u>	<u>3,700,361</u>	<u>4,045,237</u>
-	-	-	33,260
\$ <u>1,423</u>	\$ <u>21,726</u>	\$ <u>3,700,361</u>	\$ <u>4,078,497</u>

\$ 83	\$ 3,515	\$ 60,531	\$ 76,130
686	448	-	9,948
6,620	-	-	79,132
1,700	-	-	113,668
<u>9,089</u>	<u>3,963</u>	<u>60,531</u>	<u>278,878</u>
-	64	113,324	172,534
-	-	-	33,260
-	64	113,324	205,794
(7,666)	17,699	3,526,506	3,593,825
<u>(7,666)</u>	<u>17,763</u>	<u>3,639,830</u>	<u>3,799,619</u>
\$ <u>1,423</u>	\$ <u>21,726</u>	\$ <u>3,700,361</u>	\$ <u>4,078,497</u>

CITY OF OCALA, FLORIDA

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - ACTUAL AND BUDGET

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Actual						Total
	Federal Revenue Sharing	Occupational License	Central Florida Regional Library	Off-Street Parking	Downtown Development	Local Gasoline Tax	
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 39,987	\$ -	\$ 39,987
Federal and state revenue sharing	4,501	-	-	-	-	-	4,501
Other intergovernmental revenues	-	-	945,358	-	-	1,632,685	2,578,043
Parking meters and facilities	-	-	-	91,459	-	-	91,459
Licenses and permits	-	362,960	-	-	-	-	362,960
Fines and forfeitures	-	-	12,345	23,234	-	-	35,579
Interest	1,686	99	3,359	-	2,373	182,464	189,981
Gifts	-	-	13,187	-	1,525	-	14,712
Other	-	560	10,423	96	-	-	11,079
Total revenues	<u>6,187</u>	<u>353,619</u>	<u>984,672</u>	<u>114,789</u>	<u>43,885</u>	<u>1,815,149</u>	<u>3,328,301</u>
Expenditures:							
Current:							
General government and administration	-	-	-	-	59,981	-	59,981
Public works	-	-	-	-	-	1,915	1,915
Culture and recreation	-	-	1,282,210	-	-	-	1,282,210
Other	-	80	-	73,041	-	-	73,121
Capital outlay	-	-	62,033	-	79,288	522,301	663,622
Total expenditures	<u>-</u>	<u>80</u>	<u>1,344,243</u>	<u>73,041</u>	<u>139,269</u>	<u>524,216</u>	<u>2,080,849</u>
Excess (deficiency) of revenues over expenditures	<u>6,187</u>	<u>363,539</u>	<u>(359,571)</u>	<u>41,748</u>	<u>(95,384)</u>	<u>1,290,933</u>	<u>1,247,452</u>
Other financing sources (uses):							
Transfers from other funds	-	-	400,320	-	44,000	-	444,320
Transfers (to) other funds	-	(437,308)	-	(44,000)	-	-	(481,308)
Total other sources (uses)	<u>-</u>	<u>(437,308)</u>	<u>400,320</u>	<u>(44,000)</u>	<u>44,000</u>	<u>-</u>	<u>(36,988)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses before fund balance allocation	<u>6,187</u>	<u>(73,769)</u>	<u>40,749</u>	<u>(2,252)</u>	<u>(51,384)</u>	<u>1,290,933</u>	<u>1,210,464</u>
Fund balance allocation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>6,187</u>	<u>(73,769)</u>	<u>40,749</u>	<u>(2,252)</u>	<u>(51,384)</u>	<u>1,290,933</u>	<u>1,210,464</u>
Fund balances (deficit) at beginning of year	<u>28,527</u>	<u>38,720</u>	<u>109,278</u>	<u>(5,414)</u>	<u>69,147</u>	<u>2,348,897</u>	<u>2,589,155</u>
Fund balances (deficit) at end of year	<u>\$ 34,714</u>	<u>\$ (35,049)</u>	<u>\$ 150,027</u>	<u>\$ (7,666)</u>	<u>\$ 17,763</u>	<u>\$ 3,639,830</u>	<u>\$ 3,799,619</u>

Revised Budget

Adjustments to Budgetary Basis	Total Actual on a Budgetary Basis	Federal Revenue Sharing	Occupational License	Central Florida Regional Library	Off-Street Parking	Downtown Development	Local Gasoline Tax	Total	Favorable (Unfavorable) Variance
\$ -	\$ 39,987	\$ -	\$ -	\$ -	\$ -	\$ 40,200	\$ -	\$ 40,200	\$ (213)
-	4,501	-	-	-	-	-	-	-	4,501
-	2,578,043	-	-	949,000	-	-	1,500,000	2,449,000	129,043
-	91,459	-	-	-	93,000	-	-	93,000	(1,541)
-	362,960	-	354,000	-	-	-	-	354,000	8,960
-	35,579	-	-	19,000	21,500	-	-	40,500	(4,921)
(431)	189,550	-	200	500	-	3,200	146,000	149,900	39,650
(700)	14,012	-	-	11,700	-	600	-	12,300	1,712
-	11,079	-	631	12,809	20	-	-	13,460	(2,381)
<u>(1,131)</u>	<u>3,327,170</u>	<u>-</u>	<u>354,831</u>	<u>993,009</u>	<u>114,520</u>	<u>44,000</u>	<u>1,646,000</u>	<u>3,152,360</u>	<u>174,810</u>
64	60,045	-	-	-	-	72,628	-	72,628	12,583
-	1,915	-	-	-	-	-	3,100	3,100	1,185
59,146	1,341,356	-	-	1,369,408	-	-	-	1,369,408	28,052
-	73,121	-	80	-	74,699	-	-	74,779	1,658
113,324	775,946	-	-	65,277	-	93,838	1,784,231	1,943,386	1,166,400
<u>172,534</u>	<u>2,253,383</u>	<u>-</u>	<u>80</u>	<u>1,434,685</u>	<u>74,699</u>	<u>166,466</u>	<u>1,787,331</u>	<u>3,463,366</u>	<u>1,209,878</u>
<u>(173,665)</u>	<u>1,073,787</u>	<u>-</u>	<u>354,751</u>	<u>(441,676)</u>	<u>39,821</u>	<u>(122,466)</u>	<u>(141,331)</u>	<u>(310,901)</u>	<u>1,384,688</u>
-	444,320	-	-	400,320	-	44,000	-	444,320	-
-	(481,308)	-	(437,308)	-	(44,000)	-	-	(481,308)	-
-	(36,988)	-	(437,308)	400,320	(44,000)	44,000	-	(36,988)	-
(173,665)	1,036,799	-	(82,557)	(41,356)	(4,179)	(78,466)	(141,331)	(347,889)	1,384,688
-	-	-	82,557	41,356	4,179	78,466	141,331	347,889	(347,889)
(173,665)	1,036,799	-	-	-	-	-	-	-	1,036,799
-	2,589,155	28,527	38,720	109,278	(5,414)	69,147	2,348,897	2,589,155	-
<u>(173,665)</u>	<u>\$ 3,625,954</u>	<u>\$ 28,527</u>	<u>\$ 38,720</u>	<u>\$ 109,278</u>	<u>\$ (5,414)</u>	<u>\$ 69,147</u>	<u>\$ 2,348,897</u>	<u>\$ 2,589,155</u>	<u>\$ 1,036,799</u>

CITY OF OCALA, FLORIDA

FEDERAL REVENUE SHARING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE - ACTUAL AND BUDGET

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Actual and Actual on a Budgetary Basis	Revised Budget	Favorable (Unfavorable) Variance
Revenues:			
Federal and state revenue sharing	\$ 4,501	\$ -	\$ 4,501
Interest	<u>1,686</u>	<u>-</u>	<u>1,686</u>
Total revenues	6,187	-	6,187
Fund balances at beginning of year	<u>28,527</u>	<u>28,527</u>	<u>-</u>
Fund balances at end of year	\$ <u>34,714</u>	\$ <u>28,527</u>	\$ <u>6,187</u>

CITY OF OCALA, FLORIDA

OCCUPATIONAL LICENSE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE (DEFICIT) - ACTUAL AND BUDGET

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Actual and Actual on a Budgetary Basis	Revised Budget	Favorable (Unfavorable) Variance
Revenues:			
Licenses and permits	\$ 362,960	\$ 354,000	\$ 8,960
Interest	99	200	(101)
Other	<u>560</u>	<u>631</u>	<u>(71)</u>
Total revenues	363,619	354,831	8,788
Expenditures:			
Current - other	<u>80</u>	<u>80</u>	<u>-</u>
Excess of revenues over expenditures	363,539	354,751	8,788
Other financing uses:			
Transfers (to) other funds	<u>(437,308)</u>	<u>(437,308)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses before fund balance allocation	(73,769)	(82,557)	8,788
Fund balance allocation	<u>-</u>	<u>82,557</u>	<u>(82,557)</u>
Excess (deficiency) of revenues over expenditures and other uses	(73,769)	-	(73,769)
Fund balance at beginning of year	<u>38,720</u>	<u>38,720</u>	<u>-</u>
Fund balance (deficit) at end of year	\$ <u>(35,049)</u>	\$ <u>38,720</u>	\$ <u>(73,769)</u>

CITY OF OCALA, FLORIDA

CENTRAL FLORIDA REGIONAL LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE - ACTUAL AND BUDGET

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	<u>Actual</u>	Adjustments to Budgetary Basis	Actual on a Budgetary Basis	<u>Revised Budget</u>	Favorable (Unfavorable) <u>Variance</u>
Revenues:					
Intergovernmental revenues	\$ 945,358	\$ -	\$ 945,358	\$ 949,000	\$ (3,642)
Fines and forfeitures	12,345	-	12,345	19,000	(6,655)
Interest	3,359	(431)	2,928	500	2,428
Gifts	13,187	(700)	12,487	11,700	787
Other	<u>10,423</u>	<u>-</u>	<u>10,423</u>	<u>12,809</u>	<u>(2,386)</u>
Total revenues	<u>984,672</u>	<u>(1,131)</u>	<u>983,541</u>	<u>993,009</u>	<u>(9,468)</u>
Expenditures:					
Current - culture and recreation	1,282,210	59,146	1,341,356	1,369,408	28,052
Capital outlay	<u>62,033</u>	<u>-</u>	<u>62,033</u>	<u>65,277</u>	<u>3,244</u>
Total expenditures	<u>1,344,243</u>	<u>59,146</u>	<u>1,403,389</u>	<u>1,434,685</u>	<u>31,296</u>
Excess (deficiency) of revenues over expenditures	(359,571)	(60,277)	(419,848)	(441,676)	21,828
Other financing sources:					
Transfers from other funds	<u>400,320</u>	<u>-</u>	<u>400,320</u>	<u>400,320</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures before fund balance allocation	40,749	(60,277)	(19,528)	(41,356)	21,828
Fund balance allocation	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,356</u>	<u>(41,356)</u>
Excess (deficiency) of revenues and other sources over expenditures	40,749	(60,277)	(19,528)	-	(19,528)
Fund balance at beginning of year	<u>109,278</u>	<u>-</u>	<u>109,278</u>	<u>109,278</u>	<u>-</u>
Fund balance at end of year	\$ <u>150,027</u>	\$ <u>(60,277)</u>	\$ <u>89,750</u>	\$ <u>109,278</u>	\$ <u>(19,528)</u>

CITY OF OCALA, FLORIDA

OFF-STREET PARKING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE (DEFICIT) - ACTUAL AND BUDGET

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Actual and Actual on a Budgetary Basis	Revised Budget	Favorable (Unfavorable) Variance
Revenues:			
Parking meters and facilities	\$ 91,459	\$ 93,000	\$(1,541)
Fines and forfeitures	23,234	21,500	1,734
Other	96	20	76
Total revenues	<u>114,789</u>	<u>114,520</u>	<u>269</u>
Expenditures:			
Current - other	<u>73,041</u>	<u>74,699</u>	<u>1,658</u>
Excess of revenues over expenditures	41,748	39,821	1,927
Other financing uses:			
Transfers (to) other funds	<u>(44,000)</u>	<u>(44,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses before fund balance allocation	(2,252)	(4,179)	1,927
Fund balance allocation	<u>-</u>	<u>4,179</u>	<u>(4,179)</u>
Excess (deficiency) of revenues over expenditures and other uses	(2,252)	-	(2,252)
Fund balance (deficit) at beginning of year	<u>(5,414)</u>	<u>(5,414)</u>	<u>-</u>
Fund balance (deficit) at end of year	\$ <u>(7,666)</u>	\$ <u>(5,414)</u>	\$ <u>(2,252)</u>

CITY OF OCALA, FLORIDA

DOWNTOWN DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE - ACTUAL AND BUDGET

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on a Budgetary Basis</u>	<u>Revised Budget</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:					
Property taxes	\$ 39,987	\$ -	\$ 39,987	\$ 40,200	\$ (213)
Interest	2,373	-	2,373	3,200	(827)
Gifts	<u>1,525</u>	<u>-</u>	<u>1,525</u>	<u>600</u>	<u>925</u>
Total revenues	<u>43,885</u>	<u>-</u>	<u>43,885</u>	<u>44,000</u>	<u>(115)</u>
Expenditures:					
Current - general government and administration	59,981	64	60,045	72,628	12,583
Capital outlay	<u>79,288</u>	<u>-</u>	<u>79,288</u>	<u>93,838</u>	<u>14,550</u>
Total expenditures	<u>139,269</u>	<u>64</u>	<u>139,333</u>	<u>166,466</u>	<u>27,133</u>
Excess (deficiency) of revenues over expenditures	(95,384)	(64)	(95,448)	(122,466)	27,018
Other financing sources:					
Transfers from other funds	<u>44,000</u>	<u>-</u>	<u>44,000</u>	<u>44,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures before fund balance allocation	(51,384)	(64)	(51,448)	(78,466)	27,018
Fund balance allocation	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,466</u>	<u>(78,466)</u>
Excess (deficiency) of revenues and other sources over expenditures	(51,384)	(64)	(51,448)	-	(51,448)
Fund balance at beginning of year	<u>69,147</u>	<u>-</u>	<u>69,147</u>	<u>69,147</u>	<u>-</u>
Fund balance at end of year	\$ <u>17,763</u>	\$ <u>(64)</u>	\$ <u>17,699</u>	\$ <u>69,147</u>	\$ <u>(51,448)</u>

CITY OF OCALA, FLORIDA

LOCAL GASOLINE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 1987

	<u>Actual</u>	Adjustments to Budgetary Basis	Actual on a Budgetary Basis	Revised Budget	Favorable (Unfavorable) Variance
Revenues:					
Intergovernmental revenues	\$ 1,632,685	\$ -	\$ 1,632,685	\$ 1,500,000	\$ 132,685
Interest	182,464	-	182,464	146,000	36,464
Total revenues	<u>1,815,149</u>	<u>-</u>	<u>1,815,149</u>	<u>1,646,000</u>	<u>169,149</u>
Expenditures:					
Current - public works	1,915	-	1,915	3,100	1,185
Capital outlay	<u>522,301</u>	<u>113,324</u>	<u>635,625</u>	<u>1,784,231</u>	<u>1,148,606</u>
Total expenditures	<u>524,216</u>	<u>113,324</u>	<u>637,540</u>	<u>1,787,331</u>	<u>1,149,791</u>
Excess (deficiency) of revenues over expenditures before fund balance allocation	1,290,933	(113,324)	1,177,609	(141,331)	1,318,940
Fund balance allocation	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,331</u>	<u>(141,331)</u>
Excess (deficiency) of revenues over expenditures	1,290,933	(113,324)	1,177,609	-	1,177,609
Fund balance at beginning of year	<u>2,348,897</u>	<u>-</u>	<u>2,348,897</u>	<u>2,348,897</u>	<u>-</u>
Fund balance at end of year	\$ <u>3,639,830</u>	\$ <u>(113,324)</u>	\$ <u>3,526,506</u>	\$ <u>2,348,897</u>	\$ <u>1,177,609</u>

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DEBT SERVICE FUNDS

CITY OF OCALA, FLORIDA

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 1987

<u>Assets</u>	<u>Excise Tax Bonds</u>	<u>Improve- ment Bonds</u>	<u>Improvement Certificates</u>	<u>Total</u>
Cash and investments	\$ 480,086	\$ -	\$ -	\$ 480,086
Equity in pooled cash and investment fund	-	2,015,488	858,630	2,874,118
Other assets	<u>5,162</u>	<u>-</u>	<u>-</u>	<u>5,162</u>
Total assets	\$ <u>485,248</u>	\$ <u>2,015,488</u>	\$ <u>858,630</u>	\$ <u>3,359,366</u>
 <u>Fund Balances</u>				
Fund balances - reserved for debt service	\$ <u>485,248</u>	\$ <u>2,015,488</u>	\$ <u>858,630</u>	\$ <u>3,359,366</u>

CITY OF OCALA, FLORIDA

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Excise Tax Bonds	Improve- ment Bonds	Improvement Certificates	Total
Revenues - interest	\$ <u>47,015</u>	\$ <u>111,678</u>	\$ <u>47,194</u>	\$ <u>205,887</u>
Expenditures:				
Current - other	-	1,406	-	1,406
Debt service:				
Bond principal payments	275,000	-	900,000	1,175,000
Bond interest and paying agents' fees	<u>105,458</u>	<u>615,681</u>	<u>237,019</u>	<u>958,158</u>
Total expenditures	<u>380,458</u>	<u>617,087</u>	<u>1,137,019</u>	<u>2,134,564</u>
Excess (deficiency) of revenues over expenditures	<u>(333,443)</u>	<u>(505,409)</u>	<u>(1,089,825)</u>	<u>(1,928,677)</u>
Other financing sources (uses):				
Transfers from other funds	377,144	1,166,123	1,367,400	2,910,667
Transfers (to) other funds	<u>(279,500)</u>	<u>(102,556)</u>	<u>(41,000)</u>	<u>(423,056)</u>
Total other financing sources (uses)	<u>97,644</u>	<u>1,063,567</u>	<u>1,326,400</u>	<u>2,487,611</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(235,799)</u>	558,158	236,575	558,934
Fund balances at beginning of year	<u>721,047</u>	<u>1,457,330</u>	<u>622,055</u>	<u>2,800,432</u>
Fund balances at end of year	\$ <u><u>485,248</u></u>	\$ <u><u>2,015,488</u></u>	\$ <u><u>858,630</u></u>	\$ <u><u>3,359,366</u></u>

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CAPITAL PROJECT FUNDS

CITY OF OCALA, FLORIDA

CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 1987

<u>Assets</u>	<u>Capital Improvement Construction</u>	<u>1972 Municipal Improvement Construction</u>	<u>Total</u>
Equity in pooled cash and investment fund	\$ 4,249,018	\$ -	\$ 4,249,018
Accounts and notes receivable	209,433	-	209,433
Due from other governments	<u>117,007</u>	<u>-</u>	<u>117,007</u>
Total assets	\$ <u>4,575,458</u>	\$ <u>-</u>	\$ <u>4,575,458</u>
 <u>Liabilities and Fund Balances</u>			
Current liabilities:			
Accounts payable	\$ 296,330	\$ -	\$ 296,330
Deferred revenue	<u>11,049</u>	<u>-</u>	<u>11,049</u>
Total liabilities	<u>307,379</u>	<u>-</u>	<u>307,379</u>
Fund balances:			
Reserved for encumbrances	1,229,197	-	1,229,197
Unreserved and undesignated	<u>3,038,882</u>	<u>-</u>	<u>3,038,882</u>
Total fund balances	<u>4,268,079</u>	<u>-</u>	<u>4,268,079</u>
Total liabilities and fund balances	\$ <u>4,575,458</u>	\$ <u>-</u>	\$ <u>4,575,458</u>

CITY OF OCALA, FLORIDA

CAPITAL PROJECT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES (DEFICIT)

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	<u>Capital Improvement Construction</u>	<u>1972 Municipal Improvement Construction</u>	<u>Total</u>
Revenues:			
Other intergovernmental revenues	\$ 145,153	\$ -	\$ 145,153
Interest	266,013	6	266,019
Other	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Total revenues	<u>439,166</u>	<u>6</u>	<u>439,172</u>
Expenditures:			
Current:			
Public works	32,613	-	32,613
Nondepartmental appropriations	838	-	838
Capital outlay	<u>1,004,552</u>	<u>-</u>	<u>1,004,552</u>
Total expenditures	<u>1,038,003</u>	<u>-</u>	<u>1,038,003</u>
Excess (deficiency) of revenues over expenditures	(598,837)	6	(598,831)
Fund balances (deficit) at beginning of year	4,950,104	(5,706)	4,944,398
Equity transfers from (to) other funds	<u>(83,188)</u>	<u>5,700</u>	<u>(77,488)</u>
Fund balances at end of year	\$ <u>4,268,079</u>	\$ <u>-</u>	\$ <u>4,268,079</u>

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ENTERPRISE FUNDS

CITY OF OCALA, FLORIDA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 1987

<u>Assets</u>	<u>Electric and Bulk Power Supply Revenue</u>	<u>Water and Sewer</u>	<u>Sani- tation</u>
Current assets:			
Cash and investments	\$ 1,325	\$ 300	\$ -
Equity in pooled cash and investment fund	7,564,142	2,025,387	254,739
Accounts and notes receivable	4,957,108	51,243	-
Accrued unbilled revenues	2,845,063	-	-
Due from other funds	54,506	354,015	250,077
Inventories	1,654,294	142,407	-
Other current assets	228,538	5,056	7,138
Total current assets	<u>17,304,976</u>	<u>2,578,408</u>	<u>511,954</u>
Restricted assets:			
Cash and investments	989,563	2,744,168	-
Equity in pooled cash and investment fund	13,472,455	37,521,901	-
Other	-	109,568	-
Due from other governments	-	9,000	-
Total restricted assets	<u>14,462,018</u>	<u>40,384,637</u>	<u>-</u>
Interfund loan receivable after one year	-	216,525	-
Property, plant and equipment, net	36,176,532	35,880,743	834,203
Issuance costs on long-term debt	<u>295,247</u>	<u>1,143,437</u>	<u>-</u>
Total assets	<u>\$ 68,238,773</u>	<u>\$ 80,203,750</u>	<u>\$ 1,346,157</u>

<u>Municipal Golf Course</u>	<u>Fort King Tennis Court</u>	<u>Municipal Trailer Park</u>	<u>Ocala Municipal Airport</u>	<u>Total</u>
\$ 550	\$ 50	\$ 100	\$ -	\$ 2,325
155,443	39,604	-	-	10,039,315
-	-	243	11,254	5,019,848
-	-	-	-	2,845,063
7,487	881	2,342	2,694	672,002
22,926	-	-	-	1,819,627
4,497	-	77	859	246,165
<u>190,903</u>	<u>40,535</u>	<u>2,762</u>	<u>14,807</u>	<u>20,644,345</u>
-	-	-	-	3,733,731
-	-	-	-	50,994,356
-	-	-	2,000	111,568
-	-	-	64,595	73,595
<u>-</u>	<u>-</u>	<u>-</u>	<u>66,595</u>	<u>54,913,250</u>
-	-	-	-	216,525
3,737,689	21,422	13,832	1,721,201	78,385,622
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438,684</u>
\$ <u>3,928,592</u>	\$ <u>61,957</u>	\$ <u>16,594</u>	\$ <u>1,802,603</u>	\$ <u>155,598,426</u>

CITY OF OCALA, FLORIDA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 1987

(Continued)

<u>Liabilities and Fund Equity</u>	<u>Electric and Bulk Power Supply Revenue</u>	<u>Water and Sewer</u>	<u>Sani- tation</u>
Current liabilities:			
Accounts payable	\$ 3,809,558	\$ 189,355	\$ 57,521
Compensated absences payable	119,373	45,198	38,433
Due to other funds	419,134	-	-
Customer deposits	1,914,339	-	-
Deferred revenue	-	-	-
Interfund loans payable	-	-	-
Total current liabilities	<u>6,262,404</u>	<u>234,553</u>	<u>95,954</u>
Liabilities payable from restricted assets:			
Accounts payable	311,006	425,064	-
Accrued interest payable	872,246	2,061,512	-
Due to other funds	-	-	-
Revenue bonds payable within one year	<u>1,105,000</u>	<u>165,000</u>	<u>-</u>
Total liabilities payable from restricted assets	2,288,252	2,651,576	-
Interfund loans payable after one year	-	-	-
Revenue bonds and notes payable after one year	<u>23,410,089</u>	<u>52,346,133</u>	<u>-</u>
Total liabilities	<u>31,960,745</u>	<u>55,232,262</u>	<u>95,954</u>
Contributed equity	<u>2,496,435</u>	<u>7,691,899</u>	<u>8,515</u>
Retained earnings:			
Reserved for debt service	3,220,774	6,709,829	-
Reserved for renewal and replacement	<u>543,623</u>	<u>894,350</u>	<u>-</u>
Total reserved retained earnings	3,764,397	7,604,179	-
Unreserved	<u>30,017,196</u>	<u>9,675,410</u>	<u>1,241,688</u>
Total retained earnings	<u>33,781,593</u>	<u>17,279,589</u>	<u>1,241,688</u>
Total fund equity	<u>36,278,028</u>	<u>24,971,488</u>	<u>1,250,203</u>
Total liabilities and fund equity	<u>\$ 68,238,773</u>	<u>\$ 80,203,750</u>	<u>\$ 1,346,157</u>

<u>Municipal Golf Course</u>	<u>Fort King Tennis Court</u>	<u>Municipal Trailer Park</u>	<u>Ocala Municipal Airport</u>	<u>Total</u>
\$ 31,740	\$ 3,730	\$ 2,596	\$ 13,530	\$ 4,108,030
12,437	279	649	700	217,069
-	-	9,983	25,493	454,610
-	-	-	-	1,914,339
33,779	-	-	2,761	36,540
28,000	-	-	-	28,000
<u>105,956</u>	<u>4,009</u>	<u>13,228</u>	<u>42,484</u>	<u>6,758,588</u>
-	-	-	4,921	740,991
-	-	-	-	2,933,758
-	-	-	61,674	61,674
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,270,000</u>
-	-	-	66,595	5,006,423
216,525	-	-	-	216,525
-	-	-	-	75,756,222
<u>322,481</u>	<u>4,009</u>	<u>13,228</u>	<u>109,079</u>	<u>87,737,758</u>
<u>2,771,743</u>	<u>-</u>	<u>-</u>	<u>1,964,275</u>	<u>14,932,867</u>
-	-	-	-	9,930,603
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,437,973</u>
-	-	-	-	11,368,576
834,368	57,948	3,366	(270,751)	41,559,225
<u>834,368</u>	<u>57,948</u>	<u>3,366</u>	<u>(270,751)</u>	<u>52,927,801</u>
<u>3,606,111</u>	<u>57,948</u>	<u>3,366</u>	<u>1,693,524</u>	<u>67,860,668</u>
\$ <u>3,928,592</u>	\$ <u>61,957</u>	\$ <u>16,594</u>	\$ <u>1,802,603</u>	\$ <u>155,598,426</u>

CITY OF OCALA, FLORIDA

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	<u>Electric and Bulk Power Supply Revenue</u>	<u>Water and Sewer</u>	<u>Sanitation</u>
Operating revenues:			
Sale of electricity	\$ 52,024,283	\$ -	\$ -
Sale of water	-	3,082,259	-
Sewer and sanitation service charges	-	4,236,798	2,629,569
Fees and rentals	-	1,200	-
Commissions	-	-	-
Other	913,003	1,495,427	14,593
Total operating revenues	<u>52,937,286</u>	<u>8,815,684</u>	<u>2,644,162</u>
Operating expenses:			
Purchase of electricity	30,421,537	-	-
Distribution	3,278,981	332,644	-
Back-up	1,019,164	-	-
Transmission	365,876	-	-
Operation and maintenance	1,407,476	-	2,338,148
Water and sewer treatment	-	1,314,315	-
Sewer collection	-	622,870	-
Administration	1,217,793	953,505	35,000
Depreciation and amortization	2,208,803	950,592	212,073
Other	854,668	79,883	-
Total operating expenses	<u>40,774,298</u>	<u>4,258,809</u>	<u>2,585,221</u>
Operating income (loss)	<u>12,162,988</u>	<u>4,556,875</u>	<u>58,941</u>
Nonoperating revenues (expenses):			
Interest income	1,008,783	786,624	20,370
Interest expense	<u>(695,790)</u>	<u>(1,026,095)</u>	<u>(2,585)</u>
Total nonoperating revenues (expenses)	<u>312,993</u>	<u>(239,471)</u>	<u>17,785</u>
Income (loss) before operating transfers	<u>12,475,981</u>	<u>4,317,404</u>	<u>76,726</u>
Operating transfers:			
From other funds	354,231	135,848	376,890
(To) other funds	<u>(7,472,012)</u>	<u>(739,095)</u>	<u>(343,984)</u>
Total operating transfers	<u>(7,117,781)</u>	<u>(603,247)</u>	<u>32,906</u>
Net income (loss)	5,358,200	3,714,157	109,632
Fund equity at beginning of year	30,704,541	21,417,783	1,140,571
Equity transfers from other funds	-	104,731	-
Equity transfers (to) other funds	-	(1,063,141)	-
Capital contributions from other sources	<u>215,287</u>	<u>797,958</u>	<u>-</u>
Fund equity at end of year	\$ <u>36,278,028</u>	\$ <u>24,971,488</u>	\$ <u>1,250,203</u>

<u>Municipal Golf Course</u>	<u>Fort King Tennis Court</u>	<u>Municipal Trailer Park</u>	<u>Ocala Municipal Airport</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 52,024,283
-	-	-	-	3,082,259
-	-	-	-	6,866,367
686,877	55,290	80,050	39,955	863,372
42,574	-	-	27,428	70,002
83,259	28	18	17,063	2,523,391
<u>812,710</u>	<u>55,318</u>	<u>80,068</u>	<u>84,446</u>	<u>65,429,674</u>
-	-	-	-	30,421,537
-	-	-	-	3,611,625
-	-	-	-	1,019,164
-	-	-	-	365,876
957,878	49,417	82,666	124,840	4,960,425
-	-	-	-	1,314,315
-	-	-	-	622,870
-	-	-	-	2,211,298
83,074	2,961	1,746	88,782	3,548,031
52,297	-	-	42,696	1,029,544
<u>1,093,249</u>	<u>52,378</u>	<u>84,412</u>	<u>256,318</u>	<u>49,104,685</u>
(280,539)	2,940	(4,344)	(171,872)	16,324,989
21,930	2,809	18	3,855	1,844,389
(13,037)	-	-	-	(1,737,507)
<u>8,893</u>	<u>2,809</u>	<u>18</u>	<u>3,855</u>	<u>106,882</u>
(271,646)	5,749	(4,326)	(168,017)	16,431,871
601,595	19,100	-	75,032	1,562,696
(68,490)	-	-	(20,564)	(8,644,145)
<u>533,105</u>	<u>19,100</u>	<u>-</u>	<u>54,468</u>	<u>(7,081,449)</u>
261,459	24,849	(4,326)	(113,549)	9,350,422
2,281,511	33,099	7,692	1,784,131	57,369,328
1,063,141	-	-	-	1,167,872
-	-	-	-	(1,063,141)
-	-	-	22,942	1,036,187
<u>\$ 3,606,111</u>	<u>\$ 57,948</u>	<u>\$ 3,366</u>	<u>\$ 1,693,524</u>	<u>\$ 67,860,668</u>

CITY OF OCALA, FLORIDA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Electric and Bulk Power Supply Revenue	Water and Sewer
Financial resources provided:		
Net income (loss)	\$ 5,358,200	\$ 3,714,157
Items which do not use working capital:		
Depreciation and amortization	2,208,803	950,592
Loss (gain) on disposal of property and equipment	120,092	8,762
Working capital provided (used) by operations	<u>7,687,095</u>	<u>4,673,511</u>
Decrease in restricted assets	3,143,695	2,534,836
Increase in liabilities payable from restricted assets	344,041	-
Proceeds from interfund loan receivable	-	-
Capital contributions	215,287	902,689
Total financial resources provided	<u>11,390,118</u>	<u>8,111,036</u>
Financial resources used:		
Additions to property and equipment	6,483,534	5,310,533
Decrease in liabilities payable from restricted assets	-	857,517
Reduction of long-term debt	1,105,000	165,000
Reduction of interfund loans	-	-
Increase in interfund loans receivable	-	216,525
Equity transfers to other funds	-	1,063,141
Total financial resources used	<u>7,588,534</u>	<u>7,612,716</u>
Increase (decrease) in working capital	\$ <u>3,801,584</u>	\$ <u>498,320</u>
Changes in components of working capital:		
Increase (decrease) in current assets:		
Equity in pooled cash and investment fund	\$ 4,760,674	\$ 625,322
Accounts and notes receivable, net	434,442	(2,410)
Accrued unbilled revenues	(559,222)	-
Due from other funds	21,075	(8,758)
Inventories	(49,056)	(10,355)
Other current assets	(158,352)	(1,616)
Total increase (decrease) in current assets	<u>4,449,561</u>	<u>602,183</u>
Increase (decrease) in current liabilities:		
Accounts payable	252,606	96,854
Compensated absences payable	(1,242)	7,009
Bonds and notes payable within one year	-	-
Accrued interest payable	-	-
Due to other funds	(26,291)	-
Customer deposits	422,904	-
Deferred revenue	-	-
Interfund loans payable within one year	-	-
Total increase (decrease) in current liabilities	<u>647,977</u>	<u>103,863</u>
Increase (decrease) in working capital	\$ <u>3,801,584</u>	\$ <u>498,320</u>

<u>Sanitation</u>	<u>Municipal Golf Course</u>	<u>Fort King Tennis Court</u>	<u>Municipal Trailer Park</u>	<u>Ocala Municipal Airport</u>	<u>Total</u>
\$ 109,632	\$ 261,459	\$ 24,849	\$(4,326)	\$(113,549)	\$ 9,350,422
212,073	83,074	2,961	1,746	88,782	3,548,031
(2,720)	1,782	-	184	355	128,455
<u>318,985</u>	<u>346,315</u>	<u>27,810</u>	<u>(2,396)</u>	<u>(24,412)</u>	<u>13,026,908</u>
-	-	-	-	46,781	5,725,312
-	-	-	-	-	344,041
-	216,525	-	-	-	216,525
-	1,063,141	-	-	22,942	2,204,059
<u>318,985</u>	<u>1,625,981</u>	<u>27,810</u>	<u>(2,396)</u>	<u>45,311</u>	<u>21,516,845</u>
386,515	1,680,151	5,800	1,801	53,868	13,922,202
-	-	-	-	100,801	958,318
-	-	-	-	-	1,270,000
-	28,000	-	-	-	28,000
-	-	-	-	-	216,525
-	-	-	-	-	1,063,141
<u>386,515</u>	<u>1,708,151</u>	<u>5,800</u>	<u>1,801</u>	<u>154,669</u>	<u>17,458,186</u>
\$ <u>(67,530)</u>	\$ <u>(82,170)</u>	\$ <u>22,010</u>	\$ <u>(4,197)</u>	\$ <u>(109,358)</u>	\$ <u>4,058,659</u>
\$ (173,769)	\$ (47,727)	\$ 23,495	\$ -	\$ (66,147)	\$ 5,121,848
-	-	-	97	(6,396)	425,733
-	-	-	-	-	(559,222)
54,576	2,530	319	982	1,130	71,854
-	22,926	-	-	-	(36,480)
(3,598)	3,755	(37)	(76)	(434)	(160,358)
<u>(122,791)</u>	<u>(18,516)</u>	<u>23,777</u>	<u>1,003</u>	<u>(71,847)</u>	<u>4,863,370</u>
27,950	20,642	1,971	(41)	10,297	410,279
(3,427)	3,783	(204)	66	312	6,297
(78,222)	-	-	-	-	(78,222)
(1,562)	-	-	-	-	(1,562)
-	-	-	5,175	25,493	4,377
-	-	-	-	-	422,904
-	26,229	-	-	1,409	27,638
-	13,000	-	-	-	13,000
<u>(55,261)</u>	<u>63,654</u>	<u>1,767</u>	<u>5,200</u>	<u>37,511</u>	<u>804,711</u>
\$ <u>(67,530)</u>	\$ <u>(82,170)</u>	\$ <u>22,010</u>	\$ <u>(4,197)</u>	\$ <u>(109,358)</u>	\$ <u>4,058,659</u>

CITY OF OCALA, FLORIDA

ELECTRIC AND BULK POWER SUPPLY REVENUE FUNDS

CONSOLIDATING BALANCE SHEET

SEPTEMBER 30, 1987

<u>Assets</u>	<u>Electric Revenue</u>	<u>Bulk Power Supply Revenue</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current assets:				
Cash and investments	\$ 1,325	\$ -	\$ -	\$ 1,325
Equity in pooled cash and investment fund	-	7,564,142	-	7,564,142
Accounts receivable	4,957,108	-	-	4,957,108
Accrued unbilled rev- enues	2,845,063	-	-	2,845,063
Due from other funds	54,506	9,995,467	(9,995,467)	54,506
Inventories	1,654,294	-	-	1,654,294
Other current assets	<u>14,819</u>	<u>213,719</u>	<u>-</u>	<u>228,538</u>
Total current assets	<u>9,527,115</u>	<u>17,773,328</u>	<u>(9,995,467)</u>	<u>17,304,976</u>
Restricted assets:				
Cash and investments	794,723	194,840	-	989,563
Equity in pooled cash and investment fund	<u>-</u>	<u>13,472,455</u>	<u>-</u>	<u>13,472,455</u>
Total restricted assets	<u>794,723</u>	<u>13,667,295</u>	<u>-</u>	<u>14,462,018</u>
Property, plant and equip- ment, net	20,305,785	15,870,747	-	36,176,532
Issuance costs on long- term debt	<u>-</u>	<u>295,247</u>	<u>-</u>	<u>295,247</u>
 Total assets	 <u>\$ 30,627,623</u>	 <u>\$ 47,606,617</u>	 <u>\$(9,995,467)</u>	 <u>\$ 68,238,773</u>

<u>Liabilities and Fund Equity</u>	<u>Electric Revenue</u>	<u>Bulk Power Supply Revenue</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current liabilities:				
Accounts payable	\$ 544,891	\$ 3,264,667	\$ -	\$ 3,809,558
Compensated absences payable	119,373	-	-	119,373
Due to other funds	10,414,601	-	(9,995,467)	419,134
Customer deposits	<u>1,914,339</u>	<u>-</u>	<u>-</u>	<u>1,914,339</u>
Total current liabilities	<u>12,993,204</u>	<u>3,264,667</u>	<u>(9,995,467)</u>	<u>6,262,404</u>
Current liabilities payable from restricted assets:				
Accounts payable	-	311,006	-	311,006
Accrued interest payable	12,127	860,119	-	872,246
Revenue bonds payable within one year	<u>495,000</u>	<u>610,000</u>	<u>-</u>	<u>1,105,000</u>
Total current liabilities payable from restricted assets	507,127	1,781,125	-	2,288,252
Revenue bonds payable after one year	-	23,410,089	-	23,410,089
Total liabilities	<u>13,500,331</u>	<u>28,455,881</u>	<u>(9,995,467)</u>	<u>31,960,745</u>
Contributed equity	<u>2,496,435</u>	<u>739,884</u>	<u>(739,884)</u>	<u>2,496,435</u>
Retained earnings:				
Reserved for debt service	287,596	2,933,178	-	3,220,774
Reserved for renewal and replacement	-	543,623	-	543,623
Total reserved	<u>287,596</u>	<u>3,476,801</u>	<u>-</u>	<u>3,764,397</u>
Unreserved	<u>14,343,261</u>	<u>14,934,051</u>	<u>739,884</u>	<u>30,017,196</u>
Total retained earnings	<u>14,630,857</u>	<u>18,410,852</u>	<u>739,884</u>	<u>33,781,593</u>
Total fund equity	<u>17,127,292</u>	<u>19,150,736</u>	<u>-</u>	<u>36,278,028</u>
Total liabilities and fund equity	\$ <u>30,627,623</u>	\$ <u>47,606,617</u>	\$ <u>(9,995,467)</u>	\$ <u>68,238,773</u>

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CITY OF OCALA, FLORIDA

ELECTRIC AND BULK POWER SUPPLY REVENUE FUNDS

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 1987

	<u>Electric Revenue</u>	<u>Bulk Power Supply Revenue</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
Operating revenues:				
Sale of electricity	\$ 52,024,283	\$ 41,629,728	\$(41,629,728)	\$ 52,024,283
Other	913,003	-	-	913,003
Total operating revenues	<u>52,937,286</u>	<u>41,629,728</u>	<u>(41,629,728)</u>	<u>52,937,286</u>
Operating expenses:				
Purchase of electricity	41,629,728	30,421,537	(41,629,728)	30,421,537
Distribution	3,278,981	-	-	3,278,981
Back-up	-	1,019,164	-	1,019,164
Transmission	-	365,876	-	365,876
Operation and maintenance	-	1,407,476	-	1,407,476
Administration	1,217,793	-	-	1,217,793
Depreciation and amortization	1,352,532	856,271	-	2,208,803
Other	846,747	7,921	-	854,668
Total operating expenses	<u>48,325,781</u>	<u>34,078,245</u>	<u>(41,629,728)</u>	<u>40,774,298</u>
Operating income	<u>4,611,505</u>	<u>7,551,483</u>	<u>-</u>	<u>12,162,988</u>
Nonoperating revenues (expenses):				
Interest income	111,533	897,250	-	1,008,783
Interest expense	(102,593)	(593,197)	-	(695,790)
Total nonoperating revenues (expenses)	<u>8,940</u>	<u>304,053</u>	<u>-</u>	<u>312,993</u>
Income before operating transfers	<u>4,620,445</u>	<u>7,855,536</u>	<u>-</u>	<u>12,475,981</u>
Operating transfers:				
From other funds	354,231	-	-	354,231
(To) other funds	(7,472,012)	-	-	(7,472,012)
Total operating transfers	<u>(7,117,781)</u>	<u>-</u>	<u>-</u>	<u>(7,117,781)</u>
Net income (loss)	(2,497,336)	7,855,536	-	5,358,200
Fund equity at beginning of year	19,409,341	11,295,200	-	30,704,541
Capital contributions	215,287	-	-	215,287
Fund equity at end of year	\$ <u>17,127,292</u>	\$ <u>19,150,736</u>	\$ <u>-</u>	\$ <u>36,278,028</u>

CITY OF OCALA, FLORIDA

ELECTRIC AND BULK POWER SUPPLY REVENUE FUNDS

CONSOLIDATING STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 1987

Financial resources provided:

Net income (loss)

Items which do not use working capital:

Depreciation and amortization

Loss on disposal of property and equipment

Working capital provided (used) by operations

Decrease in restricted assets

Increase (decrease) in liabilities payable from
restricted assets

Capital contributions

Total financial resources provided

Financial resources used:

Additions to property and equipment

Reduction of long-term debt

Total financial resources used

Increase (decrease) in working capital

Changes in components of working capital:

Increase (decrease) in current assets:

Equity in pooled cash and investment fund

Accounts and notes receivable, net

Accrued unbilled revenues

Due from other funds

Inventories

Other current assets

Total increase (decrease) in current assets

Increase (decrease) in current liabilities:

Accounts payable

Compensated absences payable

Due to other funds

Customer deposits

Total increase (decrease) in current
liabilities

Increase (decrease) in working capital

<u>Electric Revenue</u>	<u>Bulk Power Supply Revenue</u>	<u>Eliminations</u>	<u>Consolidated</u>
\$ (2,497,336)	\$ 7,855,536	\$ -	\$ 5,358,200
1,352,532	856,271	-	2,208,803
120,092	-	-	120,092
<u>(1,024,712)</u>	<u>8,711,807</u>	<u>-</u>	<u>7,687,095</u>
923,488	2,220,207	-	3,143,695
(211,561)	555,602	-	344,041
215,287	-	-	215,287
<u>(97,498)</u>	<u>11,487,616</u>	<u>-</u>	<u>11,390,118</u>
2,844,610	3,638,924	-	6,483,534
495,000	610,000	-	1,105,000
<u>3,339,610</u>	<u>4,248,924</u>	<u>-</u>	<u>7,588,534</u>
\$ <u>(3,437,108)</u>	\$ <u>7,238,692</u>	\$ <u>-</u>	\$ <u>3,801,584</u>
\$ -	\$ 4,760,674	\$ -	\$ 4,760,674
444,744	(10,302)	-	434,442
(559,222)	-	-	(559,222)
21,075	2,917,698	(2,917,698)	21,075
(49,056)	-	-	(49,056)
(7,558)	(150,794)	-	(158,352)
<u>(150,017)</u>	<u>7,517,276</u>	<u>(2,917,698)</u>	<u>4,449,561</u>
(25,978)	278,584	-	252,606
(1,242)	-	-	(1,242)
2,891,407	-	(2,917,698)	(26,291)
<u>422,904</u>	<u>-</u>	<u>-</u>	<u>422,904</u>
<u>3,287,091</u>	<u>278,584</u>	<u>(2,917,698)</u>	<u>647,977</u>
\$ <u>(3,437,108)</u>	\$ <u>7,238,692</u>	\$ <u>-</u>	\$ <u>3,801,584</u>

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PENSION TRUST FUNDS

CITY OF OCALA, FLORIDA

PENSION TRUST FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 1987

<u>Assets</u>	<u>Employees'</u> <u>Retire-</u> <u>ment</u> <u>Fund</u>	<u>Fire-</u> <u>fighters'</u> <u>Supple-</u> <u>mental</u> <u>Pension</u>	<u>Police</u> <u>Officers'</u> <u>Supple-</u> <u>mental</u> <u>Pension</u>	<u>Total</u>
Cash and investments	\$ 18,975,547	\$ 1,892,517	\$ 2,936,046	\$ 23,804,110
Accrued interest and dividends receivable	186,740	18,637	28,751	234,128
Due from other funds	122,308	13,736	2,453	138,497
Other	-	-	15,525	15,525
Due from other governments	<u>-</u>	<u>106,336</u>	<u>222,405</u>	<u>328,741</u>
Total assets	\$ <u>19,284,595</u>	\$ <u>2,031,226</u>	\$ <u>3,205,180</u>	\$ <u>24,521,001</u>

Liabilities and Fund Balance

Liabilities payable from restricted assets - accounts payable	\$ 16,870	\$ 590	\$ 590	\$ 18,050
Fund balance - reserved for retirement benefits	<u>19,267,725</u>	<u>2,030,636</u>	<u>3,204,590</u>	<u>24,502,951</u>
Total liabilities and fund balance	\$ <u>19,284,595</u>	\$ <u>2,031,226</u>	\$ <u>3,205,180</u>	\$ <u>24,521,001</u>

CITY OF OCALA, FLORIDA

PENSION TRUST FUNDS

COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Employees' Retire- ment <u>Fund</u>	Fire- fighters' Supple- mental <u>Pension</u>	Police Officers' Supple- mental <u>Pension</u>	<u>Total</u>
Operating revenues:				
City and state contributions	\$ 1,276,810	\$ 106,336	\$ 222,405	\$ 1,605,551
Employee contributions	-	108,127	17,078	126,105
Income on investments	911,177	90,292	143,626	1,145,095
Gain on sale of investments	1,252,398	123,994	199,908	1,576,300
Net appreciation in fair market value of investments	419,961	41,912	64,658	526,531
Other	<u>486</u>	<u>-</u>	<u>-</u>	<u>486</u>
Total operating revenues	<u>3,860,832</u>	<u>470,661</u>	<u>648,575</u>	<u>4,980,068</u>
Operating expenses:				
Pension payments	397,197	28,787	70,085	496,069
Administration	189,696	18,909	29,823	238,428
Refunds to employees	<u>8,096</u>	<u>-</u>	<u>-</u>	<u>8,096</u>
Total operating expenses	<u>594,989</u>	<u>47,696</u>	<u>99,908</u>	<u>742,593</u>
Net income	3,265,843	422,965	548,667	4,237,475
Fund balances at beginning of year	<u>16,001,882</u>	<u>1,607,671</u>	<u>2,655,923</u>	<u>20,265,476</u>
Fund balances at end of year	\$ <u>19,267,725</u>	\$ <u>2,030,636</u>	\$ <u>3,204,590</u>	\$ <u>24,502,951</u>

CITY OF OCALA, FLORIDA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES
IN FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 1987

	Employees' Retire- ment <u>Fund</u>	Fire- fighters' Supple- mental <u>Pension</u>	Police Officers' Supple- mental <u>Pension</u>	<u>Total</u>
Financial resources provided:				
Operations - net income	\$ <u>3,265,843</u>	\$ <u>422,965</u>	\$ <u>548,667</u>	\$ <u>4,237,475</u>
Financial resources used:				
Decrease in liabilities payable from restricted assets	6,622	6,420	920	13,962
Increase in restricted assets	<u>3,259,221</u>	<u>416,545</u>	<u>547,747</u>	<u>4,223,513</u>
Total financial resources used	<u>3,265,843</u>	<u>422,965</u>	<u>548,667</u>	<u>4,237,475</u>
Increase in working capital	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

GENERAL FIXED ASSET ACCOUNT GROUP

CITY OF OCALA, FLORIDA

SCHEDULE OF GENERAL FIXED ASSETS BY

FUNCTION AND ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 1987

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>
General government and admin- istration:				
Legislative	\$ 6,192	\$ -	\$ -	\$ 6,192
Executive	111,628	-	159	111,469
Finance	31,328	-	433	30,895
Purchasing	1,465	-	-	1,465
Personnel and safety	24,931	-	1,233	23,698
Planning	343,084	164,055	108,905	70,124
Building inspection	132,893	-	-	132,893
Total general govern- ment	<u>651,521</u>	<u>164,055</u>	<u>110,730</u>	<u>376,736</u>
Public safety:				
Police protection	1,584,494	-	14,378	1,570,116
Fire protection	1,401,852	25,182	262,273	1,114,397
Total public safety	<u>2,986,346</u>	<u>25,182</u>	<u>276,651</u>	<u>2,684,513</u>
Public works:				
Engineering	876,170	457,712	22,207	396,251
Highway and street con- struction	1,227,241	-	3,940	1,223,301
Total public works	<u>2,103,411</u>	<u>457,712</u>	<u>26,147</u>	<u>1,619,552</u>
Culture and recreation:				
Library	361,625	-	116,775	244,850
Recreation	486,798	-	29,733	457,065
Total culture and recreation	<u>848,423</u>	<u>-</u>	<u>146,508</u>	<u>701,915</u>
Nondepartmental	5,526,365	2,744,700	2,779,864	1,801
Construction in progress	22,979	-	22,979	-
Total general fixed assets	\$ <u>12,139,045</u>	\$ <u>3,391,649</u>	\$ <u>3,362,879</u>	\$ <u>5,384,517</u>

CITY OF OCALA, FLORIDA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY

FUNCTION AND ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 1987

<u>Function and Activity</u>	General Fixed Assets <u>10/1/86</u>	Addi- tions	Deduc- tions	General Fixed Assets <u>9/30/87</u>
General government and admin- istration:				
Legislative	\$ 6,192	\$ -	\$ -	\$ 6,192
Executive	71,462	42,254	2,088	111,628
Finance	31,687	1,916	2,275	31,328
Purchasing	1,465	-	-	1,465
Personnel and safety	27,791	1,740	4,600	24,931
Planning	330,347	18,224	5,487	343,084
Building inspection	124,324	16,924	8,355	132,893
Total general government	<u>593,268</u>	<u>81,058</u>	<u>22,805</u>	<u>651,521</u>
Public safety:				
Police protection	1,470,268	213,006	98,780	1,584,494
Fire protection	1,410,598	93,671	102,417	1,401,852
Total public safety	<u>2,880,866</u>	<u>306,677</u>	<u>201,197</u>	<u>2,986,446</u>
Public works:				
Engineering	845,334	39,521	8,685	876,170
Highway and street construction	1,096,468	160,845	30,072	1,227,241
Total public works	<u>1,941,802</u>	<u>200,366</u>	<u>38,757</u>	<u>2,103,411</u>
Culture and recreation:				
Library	300,883	69,453	8,711	361,625
Recreation	430,646	73,590	17,438	486,798
Total culture and recreation	<u>731,529</u>	<u>143,043</u>	<u>26,149</u>	<u>848,423</u>
Nondepartmental	5,580,032	-	53,667	5,526,365
Construction in progress	<u>-</u>	<u>22,979</u>	<u>-</u>	<u>22,979</u>
Total general fixed assets	<u>\$ 11,727,497</u>	<u>\$ 754,123</u>	<u>\$ 342,575</u>	<u>\$ 12,139,045</u>

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SINGLE AUDIT REPORT

This Section contains the following:
Schedule of Federal Financial Assistance
Reports of Certified Public Accountants on:
Schedule of Federal Financial Assistance
Internal Accounting and Administrative Controls
Compliance with Applicable Laws and Regulations

SINGLE AUDIT REPORT

CITY OF OCALA, FLORIDA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 1987

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Award</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
CDBG-Entitlement-B-86-MC-120029	14.228	\$ 606,000
CDBG-Entitlement-B-85-MC-120029	14.228	707,000
CDBG-Entitlement-B-84-MC-120029	14.278	702,000
 <u>U.S. Department of Transportation</u>		
Direct Programs:		
Airport Improvement Program 01	20.102	\$ -
Airport Improvement Program 03	20.102	-
Airport Improvement Program 04		50,000
Airport Improvement Program 05		936,541
 Passed through State of Florida Department of Transportation:		
Unified Planning Work Program - \$112-86/87	20.205	\$ 56,413
Unified Planning Work Program - \$112-87/88	20.205	72,643
Unified Planning Work Program - \$112-85/86		10,000
 <u>U.S. Department of the Interior - 86/87</u>		
Passed through U.S. Department of State:		
Historic Preservation Grant		\$ 9,500
 <u>U.S. Department of the Treasury</u>		
Direct Programs		
Office of Revenue Sharing - Federal Revenue Sharing	21.300	\$ -
 <u>Urban Mass Transportation Administration</u>		
Direct Programs:		
Capital Assistance Grant	-	\$ 127,450
 <u>U.S. Department of Education</u>		
Passed through State of Florida -		
Division of Library Service:		
Library Services of Youth	DLS-85-I2-E10 84.034	\$ 30,000
Inter Library Coop	DLS-85-III-3-7A-1 84.034	7,510
Library Systems Development	DLS-86-I-1-E 84.034	6,000
Adult Basic Education	DLS-85-I-13-B 84.034	9,500

See accompanying notes to schedule.

Accrued (Deferred) Grant Revenue September 30, 1986		Revenues Received		Expenditures		Accrued (Deferred) Grant Revenue September 30, 1987	
Grantor	Local	Grantor	Local	Grantor	Local	Grantor	Local
\$ -	\$ -	\$ 470,197	\$ -	\$ 525,432	\$ -	\$ 55,235	\$ -
57,152	-	57,152	-	-	-	-	-
(18)	-	(18)	-	-	-	-	-
<u>57,134</u>	<u>-</u>	<u>527,331</u>	<u>-</u>	<u>525,432</u>	<u>-</u>	<u>55,235</u>	<u>-</u>
65,676	(1,819)	57,404	6,554	(8,272)	8,373	-	-
27,165	1,461	-	2,019	(558)	558	26,607	-
-	-	-	2,321	4,378	2,570	4,378	243
-	-	-	971	17,476	1,942	17,476	971
<u>92,841</u>	<u>(358)</u>	<u>57,404</u>	<u>11,871</u>	<u>13,024</u>	<u>13,443</u>	<u>48,461</u>	<u>1,214</u>
14,010	-	49,060	1,874	35,050	1,874	-	-
-	-	-	473	7,887	473	7,887	-
<u>18,903</u>	<u>-</u>	<u>18,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>32,913</u>	<u>-</u>	<u>67,963</u>	<u>2,347</u>	<u>42,937</u>	<u>2,347</u>	<u>7,887</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>4,700</u>	<u>4,700</u>	<u>4,700</u>	<u>-</u>
<u>11,074</u>	<u>-</u>	<u>11,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>869</u>	<u>-</u>	<u>869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(7,373)	-	(415)	-	6,958	-	-	-
(3,285)	-	(55)	-	3,230	-	-	-
-	-	6,000	-	6,000	-	-	-
-	-	92	-	92	-	-	-
<u>(10,658)</u>	<u>-</u>	<u>5,622</u>	<u>-</u>	<u>16,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>183,304</u>	\$ <u>511</u>	\$ <u>669,394</u>	\$ <u>19,787</u>	\$ <u>602,373</u>	\$ <u>20,490</u>	\$ <u>116,283</u>	\$ <u>1,214</u>

CITY OF OCALA, FLORIDA

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 1987

1. General

The accompanying Schedule of Federal Financial Assistance presents the activity of all Federal financial assistance programs of the City of Ocala, Florida. The City of Ocala reporting entity is defined in note 1 to the City's combined financial statements. All Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in note 2 to the City's combined financial statements.

3. Grantor

Grantor is defined as the Federal agency or state pass through agency providing the Federal financial assistance.

4. Local

Local is defined as the matching contribution provided by the state or the City.

Certified Public Accountants

Peat Marwick Main & Co.

111 North Orange Avenue, Suite 1600
P.O. Box 3031
Orlando, FL 32802

The Honorable Members of City Council
City of Ocala, Florida:

We have examined the combined financial statements of the City of Ocala, Florida, for the year ended September 30, 1987, and have issued our report thereon dated February 22, 1988. Our examination of such combined financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was made for the purpose of forming an opinion on the combined financial statements of the City of Ocala, Florida, taken as a whole. The supplementary information included in the accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such supplementary information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Peat Marwick Main & Co.

February 22, 1988



Certified Public Accountants

Peat Marwick Main & Co.

111 North Orange Avenue, Suite 1600
P.O. Box 3031
Orlando, FL 32802

The Honorable Members of City Council
City of Ocala, Florida:

We have examined the combined financial statements of the City of Ocala, Florida, for the year ended September 30, 1987, and have issued our report thereon dated February 22, 1988. As part of our examination we made a study and evaluation of internal accounting and administrative controls described below to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments.

The management of the City of Ocala, Florida, is responsible for establishing and maintaining internal control systems. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems are to provide management with reasonable, but not absolute, assurance that resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; that transactions are executed in accordance with management's authorization; and that data are obtained, recorded, and maintained properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and the preparation of federal reports in accordance with federal requirements. Because of inherent limitations in any system of internal accounting and administrative controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The significant internal accounting and administrative control categories, for which our study was extended beyond the preliminary review phase, are as follows:

Cycles of the City's Activity

- o Revenues/receipts
- o Purchases/disbursements

General Requirements

- o Political activity
- o Davis-Bacon Act
- o Civil rights
- o Cash management
- o Federal financial reports

Specific Requirements

- o Types of services
- o Reporting
- o Program income
- o Special requirements

With respect to the internal control systems for which our study was extended beyond the preliminary review phase, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses. Such study and evaluation included the significant internal accounting and administrative controls used in administering the major federal financial assistance program and the following nonmajor federal financial assistance programs: U.S. Department of Transportation--Direct Programs. During the year ended September 30, 1987, the City of Ocala, Florida, expended ninety-three percent of its federal assistance under these major and nonmajor federal financial assistance programs.

With respect to the internal control systems for which our study and evaluation was limited to a preliminary review, we merely obtained an understanding of the control environment and the flow of transactions through the accounting system. Accordingly, our examination would not necessarily disclose all material weaknesses in these systems.

Our study and evaluation described in the two preceding paragraphs was more limited than would be necessary to express an opinion on the internal control systems of the City of Ocala, Florida. Accordingly, we do not express an opinion on the internal control systems of the City of Ocala, Florida, taken as a whole, or on any of the control categories identified above. However, our study and evaluation and our examination disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of management and the cognizant and other Federal audit agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Ocala, Florida, is a matter of public record.

Peat Marwick Main & Co.

February 22, 1988

Certified Public Accountants

Peat Marwick Main & Co.
111 North Orange Avenue, Suite 1600
P.O. Box 3031
Orlando, FL 32802

The Honorable Members of City Council
City of Ocala, Florida:

We have examined the combined financial statements of the City of Ocala, Florida, for the year ended September 30, 1987, and have issued our report thereon dated February 22, 1988. Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Ocala, Florida, is responsible for the City's compliance with laws and regulations. In connection with the examination referred to above, we selected and tested transactions and records that included, but were not limited to, transactions and records relating to the major federal financial assistance program and certain nonmajor federal financial assistance programs. The purpose of our testing of transactions and records was to obtain reasonable assurance that the City of Ocala, Florida, had, in all material respects, administered its major federal financial assistance program and executed the tested transactions in compliance with those laws and regulations for which noncompliance could have a material effect on the allowability of program expenditures or on the City's combined financial statements. Such laws and regulations include those pertaining to federal financial reports and claims for advances and reimbursements.

Our testing of transactions and records selected from the major federal financial assistance program disclosed instances of noncompliance with certain laws and regulations. All instances of noncompliance that we found, and the programs to which they relate, are identified in the accompanying schedule of findings and questionable costs.

In our opinion, subject to the effect of the ultimate resolution of those instances referred to in the preceding paragraph, for the year ended September 30, 1987, the City of Ocala, Florida, administered its major federal financial assistance program in compliance, in all material respects, with those laws and regulations for which noncompliance could have a material effect on the allowability of program expenditures.

Further, the results of our testing of transactions and records referred to in the second paragraph of this report indicate that for the transactions and records tested the City of Ocala, Florida, complied with those laws and regulations for which noncompliance could have a material effect on the allowability of program expenditures or on the City's combined financial statements, except as described in the accompanying schedule of findings and questioned costs. These instances of noncompliance were considered by us in evaluating whether the combined financial statements are presented fairly in conformity with generally accepted accounting principles. Our testing was more limited than would be necessary to express an opinion on whether the City of Ocala, Florida, administered the nonmajor federal financial assistance programs in compliance, in all material respects, with those laws and regulations for which noncompliance could have a material effect on the allowability of program expenditures. With respect to the transactions and records that were not tested by us, nothing came to our attention to indicate that the City of Ocala, Florida, had not complied with laws and regulations other than those laws and regulations for which we noted violations in our testing referred to above.

Peat Marwick Main & Co.

February 22, 1988

CITY OF OCALA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 1987

<u>Program</u>	<u>Finding/Noncompliance</u>
Finding	
1. Grant No. B-86-MC-120029	The City exceeded an authorized expenditure by \$3,125. The City Council approved an expenditure of \$10,500. Without the City Council's prior approval, \$13,625 was paid.
Finding	
2. Grant No. B-86-MC-120029	The payroll reports submitted to The City were not adequately reviewed for compliance with the Davis Bacon Wage Compliance Act. Several time reports issued to The City contained several mathematical errors, which netted out to an underpayment of the subcontractor's employees of \$9.94.

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STATISTICAL SECTION

CITY OF OCALA, FLORIDA

GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES BY SOURCE (1) (2)

LAST TEN FISCAL YEARS

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Property taxes	\$ 1,634,211	\$ 1,787,149	\$ 1,832,271	\$ 1,671,438
Other taxes	327,017	361,678	401,038	459,151
Intergovernmental revenues	2,024,304	1,753,586	1,740,399	1,990,385
Licenses and permits	271,504	323,847	368,278	426,876
Fines and forfeitures	213,222	211,057	217,224	255,011
Charges for services and off- street parking	60,331	74,020	66,271	106,616
Transfers from other funds	5,338,369	5,802,387	5,440,228	6,954,284
Bond and note proceeds	-	-	-	-
Interest income	285,818	291,823	213,668	279,306
Miscellaneous	<u>147,748</u>	<u>206,985</u>	<u>266,246</u>	<u>100,936</u>
 Total	 \$ <u>10,372,524</u>	 \$ <u>10,812,532</u>	 \$ <u>10,545,623</u>	 \$ <u>12,244,003</u>

- (1) The balances set forth above have been restated for accounting changes applied retroactively during the ten year period as compared to previously issued financial statements.
- (2) This schedule includes revenues and other financing sources of the General Fund, Special Revenue Funds and Debt Service Funds. Interfund revenues have not been eliminated between these funds.

<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
\$ 2,029,326	\$ 1,659,194	\$ 2,227,719	\$ 2,258,689	\$ 2,921,415	\$ 4,413,746
504,200	711,774	675,663	705,331	717,980	710,945
2,448,542	3,832,853	4,574,314	5,215,617	5,868,213	6,342,097
395,285	518,026	590,212	628,624	706,762	677,805
256,531	342,033	329,289	543,685	474,764	532,498
90,525	162,613	187,819	209,369	240,735	245,690
6,642,731	7,434,175	6,973,813	9,252,428	10,203,401	10,928,043
-	7,192,325	238,538	-	13,041,330	-
220,844	230,273	405,039	428,183	522,787	756,439
<u>246,296</u>	<u>466,285</u>	<u>908,881</u>	<u>1,001,957</u>	<u>1,064,125</u>	<u>1,571,289</u>
\$ <u>12,834,280</u>	\$ <u>22,549,551</u>	\$ <u>17,111,287</u>	\$ <u>20,243,883</u>	\$ <u>35,761,512</u>	\$ <u>26,178,552</u>

CITY OF OCALA, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION (1) (2)

LAST TEN FISCAL YEARS

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
General government and administration	\$ 920,341	\$ 1,237,687	\$ 1,269,165	\$ 1,308,029
Public safety	2,647,639	3,174,917	3,427,983	3,999,582
Public works	1,660,146	1,427,152	1,579,937	1,613,386
Culture and recreation	1,048,410	1,452,207	1,565,026	1,709,533
Nondepartmental	242,176	28,252	20,081	21,184
Debt service	770,886	794,979	779,928	2,544,623
Capital outlay	796,343	1,002,152	1,292,457	1,309,005
Transfers to other funds	1,472,969	1,083,348	884,153	752,023
Miscellaneous	<u>55,447</u>	<u>10,583</u>	<u>10,713</u>	<u>50,886</u>
Total	\$ <u>9,614,357</u>	\$ <u>10,211,277</u>	\$ <u>10,829,443</u>	\$ <u>13,308,251</u>

(1) See note (1) on page 84.

(2) This schedule includes expenditures and other financing uses of the General Fund, Special Revenue Funds and Debt Service Funds. Interfund expenditures have not been eliminated between these funds.

<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
\$ 1,433,279	\$ 1,497,736	\$ 1,668,132	\$ 1,750,550	\$ 2,180,146	\$ 2,398,717
4,554,075	4,901,697	5,454,770	6,130,072	6,836,255	7,529,924
1,809,302	1,862,172	2,115,342	2,289,859	2,470,282	2,690,444
1,734,942	1,860,400	2,108,338	2,278,015	2,420,806	2,806,405
17,236	419,079	672,488	883,597	998,914	1,259,245
464,510	472,668	1,327,341	1,337,651	8,546,374	2,153,331
2,097,034	1,128,128	1,285,902	1,502,593	1,740,251	2,537,305
725,039	8,132,864	1,364,676	2,723,972	4,803,525	3,865,642
<u>132,825</u>	<u>263,329</u>	<u>298,085</u>	<u>267,924</u>	<u>762,977</u>	<u>329,074</u>
\$ <u>12,968,242</u>	\$ <u>20,538,073</u>	\$ <u>16,295,074</u>	\$ <u>19,164,233</u>	\$ <u>30,759,530</u>	\$ <u>25,570,087</u>

CITY OF OCALA, FLORIDA
PROPERTY TAX LEVIES, TAX COLLECTIONS AND
ASSESSED VALUATIONS (3)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Assessed Valuation (100% at Market)</u>	<u>Tax rate in Mills(3)</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>
1978	\$ 359,351,077	4.48	\$ 1,614,272	\$ 1,549,764	96.0%
1979	374,928,554	4.52	1,707,048	1,635,007	95.8
1980	387,525,371	4.52	1,756,180	1,697,053	96.6
1981	542,919,857	3.17	1,724,044	1,613,001	93.6
1982	559,458,934	3.47	1,950,292	1,849,490	94.8
1983	632,082,715	2.58	1,632,079	1,586,632	97.2
1984	672,994,062	2.93	1,970,526	1,851,074	93.9
1985	721,342,613	3.15	2,274,596	2,142,364	94.2
1986	807,763,046	3.65	2,962,022	2,758,410	93.1
1987	971,042,837	4.65	4,527,718	4,199,267	92.8

Source: Marion County Tax Collector and City Finance Department.

- (1) Includes penalties under Section 193.072 of the Florida Statutes.
- (2) Tax collections include current and delinquent taxes, and tax certificates and payments to local governments for homestead exemptions.
- (3) Excludes property tax levies of the Downtown Development Commission.

<u>Total (2) Tax Collections</u>	<u>Ratio of Total Collections to Tax Levy</u>	<u>Uncollected Taxes</u>
\$ 1,592,785	98.7	\$ 64,508
1,745,119	102.2	72,041
1,790,939	102.0	59,127
1,634,002	94.8	111,043
1,991,899	102.1	100,802
1,623,260	99.5	45,447
1,903,537	96.6	119,452
2,201,312	96.8	132,232
2,881,597	97.3	203,612
4,373,759	96.6	328,451

CITY OF OCALA, FLORIDA

PROPERTY TAX RATES AND LEVIES - ALL OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Millage Rates

<u>Fiscal Year</u>	<u>City</u>	<u>County</u>	<u>School</u>	<u>Water Managements Districts</u>	<u>Total</u>
1978	4.48	3.82	8.20	.24	16.74
1979	4.52	3.82	8.20	.16	16.70
1980	4.52	3.09	6.95	.18	14.74
1981	3.17	2.94	7.98	.23	14.32
1982	3.47	3.56	8.02	.32	15.37
1983	2.58	2.77	7.19	.27	12.81
1984	2.93	2.63	7.13	.33	13.02
1985	3.15	2.45	7.07	.33	13.00
1986	3.65	3.21	7.10	.32	14.28
1987	4.65	3.59	7.70	.32	16.26

Tax Levies

<u>Fiscal Year</u>	<u>City(1)</u>	<u>County(2)</u>	<u>School(2)</u>	<u>Water Manage- ment Dis- tricts(2)</u>	<u>Total</u>
1978	\$ 1,609,893	\$ 1,372,721	\$ 2,946,679	\$ 87,322	\$ 6,016,615
1979	1,694,677	1,432,227	3,074,414	60,738	6,262,056
1980	1,751,615	1,197,453	2,693,301	71,305	5,713,674
1981	1,721,056	1,596,184	4,332,500	127,043	7,776,783
1982	1,945,798	1,991,674	4,486,861	176,789	8,601,122
1983	1,628,245	1,750,869	4,546,570	170,662	8,096,346
1984	1,971,873	1,648,835	4,764,798	181,708	8,567,214
1985	2,269,344	1,729,709	4,996,388	230,758	9,226,199
1986	2,950,758	2,592,919	5,735,118	258,484	11,537,279
1987	4,518,262	3,486,044	7,477,030	310,734	15,792,070

(1) Does not include penalties under Section 193.072 of the Florida Statutes.

(2) The tax levies for overlapping governments reflect each government's millage applied to the total assessed valuation within the City's corporate boundaries.

CITY OF OCALA, FLORIDA
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>New Liens Assessed</u>	<u>Collections and Adjustments</u>	<u>Total Outstanding Assessments(1)</u>
1978	\$ 215,858	\$ 240,205	\$ 854,581
1979	87,195	268,759	673,017
1980	117,863	191,111	599,769
1981	-	132,112	467,657
1982	44,576	86,719	425,514
1983	1,379,317	301,723	1,503,108
1984	66,420	312,189	1,257,339
1985	58,191	217,811	1,097,719
1986	21,768	179,648	939,839
1987	12,959	158,409	794,389

(1) Does not reflect reserves for uncollectible special assessment levies.

CITY OF OCALA, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

SEPTEMBER 30, 1987

Assessed Value (100% at market as of January 1, 1986)	\$ <u>971,042,837</u>
Debt limit: 20% of Assessed Value	\$ 194,208,567
Amount of General Obligation Debt Outstanding	<u> -</u>
Legal Debt Margin	\$ <u>194,208,567</u>

In accordance with Article IX, Section 9.02, of the City of Ocala Charter, the "aggregate amount of general obligation bonds of the City outstanding at any one time shall not be greater than twenty per cent (20%) of the assessed valuation of the taxable real and personal property in the City according to the latest assessment of such real and personal property."

CITY OF OCALA, FLORIDA

RATIO OF NET GENERAL OBLIGATION BONDED DEBT

TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Popula- tion (1)</u>	<u>Taxable Assessed Value</u>	<u>Gross General Obligation Bonded Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
1978	32,652	\$ 359,351,077	\$ 310,000	\$ 137,473	\$ 172,527	.05%	\$ 5.28
1979	34,034	374,928,554	160,000	149,485	10,515	-	.31
1980	37,170	387,525,371	-	-	-	-	-
1981	37,489	542,919,857	-	-	-	-	-
1982	38,265	559,458,934	-	-	-	-	-
1983	38,636	632,082,715	-	-	-	-	-
1984	39,094	672,994,062	-	-	-	-	-
1985	41,120	721,342,613	-	-	-	-	-
1986	42,298	807,763,046	-	-	-	-	-
1987	43,267	971,042,837	-	-	-	-	-

(1) Source: For years 1978 through 1982, 1982 Florida Statistical Abstract; for year 1983, information on file with the Ocala/Marion County Chamber of Commerce; for years 1984 through 1987, information from the Bureau of Business and Economic Research, University of Florida, Gainesville.

CITY OF OCALA, FLORIDA

RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION

BONDED DEBT TO TOTAL GENERAL EXPENDITURES

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Debt Service Requirements</u>			<u>Total General Expenditures</u>	<u>Ratio of General Obligation Debt Service to General Expenditures</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
1978	\$ 150,000	\$ 10,588	\$ 160,588	\$ 9,614,357	1.67%
1979	150,000	6,463	156,463	10,211,277	1.53
1980	160,000	2,200	162,200	10,829,443	1.50
1981	-	-	-	13,308,251	-
1982	-	-	-	12,968,242	-
1983	-	-	-	20,538,073	-
1984	-	-	-	16,295,074	-
1985	-	-	-	19,164,233	-
1986	-	-	-	30,759,530	-
1987	-	-	-	25,570,087	-

CITY OF OCALA, FLORIDA
SCHEDULE OF ELECTRIC AND POWER SUPPLY REVENUE
BONDS, SERIES 1977 AND 1983, COVERAGE
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Net Revenue Available for Debt Service (1)</u>	<u>Debt Service Requirements (2)(3)</u>			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1978	\$ 5,992,389	\$ -	\$ 622,971	\$ 622,971	9.62
1979	5,010,408	620,000	936,145	1,556,145	3.22
1980	6,112,325	665,000	913,855	1,578,855	3.87
1981	5,976,618	756,000	887,357	1,643,357	3.66
1982	8,571,345	850,000	855,404	1,705,404	5.03
1983	10,526,167	885,000	818,952	1,703,952	6.18
1984	12,460,017	925,000	1,718,543	2,643,543	4.71
1985	12,065,015	965,000	1,863,609	2,828,609	4.27
1986	14,329,773	1,010,000	1,817,677	2,827,677	5.07
1987	14,371,791	1,045,000	1,769,218	2,814,218	5.11

(1) Represents gross operating revenues less gross operating expenses, excluding amortization and depreciation, of the consolidated electric and bulk power supply systems.

(2) In August 1977, the City issued the following refunding bonds:

Power Supply Revenue Bonds, Series 1977	\$ 11,180,000
Electric Revenue Bonds, Series 1977	7,850,000
Special Obligation Bonds, Series 1977A	10,990,000
	<u>\$ 30,020,000</u>

The refunding bonds were issued to effect the advance refunding of the following issues:

Electric Revenue Certificates, Series 1959	\$ 240,000
Electric Revenue Certificates, Series 1962	1,145,000
Electric Revenue Certificates, Series 1967	2,140,000
Electric Revenue Certificates, Series 1972	5,725,000
Power Supply Revenue Bonds, Series A-1975	<u>10,000,000</u>
	<u>\$ 19,250,000</u>

CITY OF OCALA, FLORIDA

SCHEDULE OF ELECTRIC AND POWER SUPPLY REVENUE

BONDS, SERIES 1977 AND 1983, COVERAGE

(Continued)

The proceeds derived from the sale of the refunding bonds were placed in an irrevocable escrow account, which, together with related interest earnings, will provide sufficient amounts to satisfy not only the remaining debt service requirements, in accordance with the original maturity schedules, on the refunded bonds, but the Special Obligation Bonds, Series 1977A as well. Accordingly, the refunded bonds and the Special Obligation Bonds, Series 1977A are not considered outstanding debt of the City in consideration of the escrow account created and, as such, all debt service requirements on the refunded bonds and the Special Obligation Bonds, Series 1977A, have been excluded from the determination of revenue bonds coverage.

- (3) In August 1983, the City issued the \$13,480,000 Power Supply Revenue Bonds, Series 1983. The first principal payment will occur in October 1987. Proceeds of this issue are being used for the acquisition and construction of a new substation, supervised control data acquisition system and for other improvements to the bulk power system.

CITY OF OCALA, FLORIDA

SCHEDULE OF WATER AND SEWER REVENUE AND REFUNDING REVENUE BONDS,

SERIES 1968, 1983, 1985A, 1985B AND 1986, AND ANTICIPATION NOTES COVERAGE

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Net Revenue Available For Debt Service(1)</u>	<u>Debt Service Requirements</u>		<u>Total</u>	<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>		
1978	\$ 977,233	\$ 380,000	\$ 221,890	\$ 601,890	1.62
1979	811,330	400,000	199,090	599,090	1.35
1980	839,866	240,000	262,476	502,476	1.67
1981	643,805	250,000(2)	476,465	726,465	.89
1982	1,377,870	260,000	789,196	1,049,196	1.31
1983	2,800,069	270,000(3)	773,590	1,043,590	2.68
1984	3,302,614	230,000	1,052,623	1,282,623	2.57
1985	4,505,928	240,000	959,002	1,199,002	3.76
1986	6,762,243	- (4)	1,893,489(4)	1,893,489	3.50
1987	5,690,844	245,000(4)	4,129,150(4)	4,374,150	1.30

(1) Represents gross operating revenues less gross operating expenses, excluding amortization and depreciation, of the water and sewer system. Additional pledged revenues are the collections, including interest and penalties, on the 11,000 series special assessment levy, which were also pledged to retire the refunded 1974 Pollution Control Bonds, Series C (this pledge does not pertain to the 1979 and 1979-2 notes and 1983 bond issues); 31,000 series of assessments (1979 and 1979-2 note issues only); unlevied public service tax (all issues); interest earnings on investments and any income realized from such investments of the sinking, sinking reserve, and renewal and replacement funds (1983, 1985A, 1985B and 1986 issues); and water and sewer system development charges and interest earnings on development charges (1985A and 1986 issues).

(2) Does not include July 1, 1981 maturity of \$3,745,000 Water and Sewer Revenue Bonds, Series 1979 Anticipation Notes, which were issued in June, 1980 and secured by the \$6,600,000 Water and Sewer Revenue Bonds, Series 1979-2 Anticipation Notes that were issued on June 25, 1981. Proceeds from the sale of the 1979-2 Anticipation Notes were used to refund the 1979 Anticipation Notes, to effect an advanced refunding of the 1974 Pollution Control Bonds, Series C, and provide additional funding for various improvements to the water and sewer system. (Remaining principal on 1974 bonds after 1981 maturity has also been excluded from debt service requirements above.)

CITY OF OCALA, FLORIDA

SCHEDULE OF WATER AND SEWER REVENUE AND REFUNDING REVENUE BONDS,
SERIES 1968, 1983, 1985A, 1985B AND 1986, AND ANTICIPATION NOTES COVERAGE

LAST TEN FISCAL YEARS

(Continued)

- (3) The 1979-2 Anticipation Notes matured on July 1, 1983 and the related principal was secured by the \$11,200,000 Water and Sewer Refunding Revenue Bonds, Series 1983, which were issued in June, 1983. Proceeds from the sale of the 1983 bonds were used to advance refund the 1968 Water and Sewer Revenue Bonds (remaining principal after July 1, 1983 maturity is excluded from debt service requirements above) and refund the 1979-2 Anticipation Notes, the principal of which is excluded from debt service requirements above. Remaining proceeds are being used for the acquisition and construction of additions, extensions and improvements to the water and sewer system.
- (4) In October, 1985, the City issued the \$37,080,000 Water and Sewer Revenue Bonds, Series 1985A, for the purpose of financing a portion of the acquisition and construction of certain additions, expansions and improvements to the City's water and sewer system; and the \$10,775,000 Water and Sewer Refunding Revenue Bonds, Series 1985B, for the purpose of advance refunding the outstanding Water and Sewer Refunding Revenue Bonds, Series 1983. In April, 1986, the City issued the \$40,820,000 Water and Sewer Refunding Revenue Bonds, Series 1986, for the purpose of advance refunding the portion of the Water and Sewer Revenue Bonds Series 1985A, stated to mature on and after October 1, 1994. The refunded bonds are no longer considered outstanding debt of the City since escrow accounts were created for them; and, therefore, all debt service requirements for the refunded bonds have been excluded from the determination of debt service coverage. For fiscal 1986, the debt service requirements consist of the interest payments made for the Series 1985A and the Series 1985B bonds (before the advance refunding of the portion of the Series 1985A bonds) net of the accrued interest received at the time of bond closing. For fiscal 1987, the debt service requirements consist of the principal and interest for the 1985A, 1985B and 1986 bonds.

CITY OF OCALA, FLORIDA

SCHEDULE OF REFUNDING AND IMPROVEMENT EXCISE

TAX BONDS, SERIES 1965 AND 1972, COVERAGE

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Pledged Revenues</u>			<u>Debt Service Requirements (1)</u>			<u>Cover- age</u>
	<u>Occupational License</u>	<u>Cigarette Tax</u>	<u>Total Revenue Available for Debt Service</u>	<u>Prin- cipal</u>	<u>Interest</u>	<u>Total</u>	
1978	\$ 173,690	\$ 227,763	\$ 401,453	\$ 185,000	\$ 196,343	\$ 381,343	1.05
1979	185,811	267,685	453,496	195,000	187,495	382,495	1.19
1980	208,105	287,867	495,972	200,000	178,100	378,100	1.31
1981	249,312	308,993	558,305	210,000	168,483	378,483	1.48
1982	273,635	311,719	585,354	220,000	158,420	378,420	1.55
1983	292,546	335,334	627,880	230,000	148,250	378,250	1.66
1984	300,791	344,839	645,630	240,000	137,723	377,723	1.71
1985	328,964	366,731	695,695	250,000	126,750	376,750	1.85
1986	340,013	406,723	746,736	265,000	115,300	380,300	1.96
1987	362,960	388,381	751,341	275,000	103,150	378,150	1.99

(1) The final maturity of the Refunding and Improvement Excise Tax Bonds, Series 1965, was in fiscal year 1986.

CITY OF OCALA, FLORIDA

SCHEDULE OF CAPITAL IMPROVEMENT REVENUE AND REFUNDING REVENUE BONDS,

SERIES 1982 AND 1986, AND CAPITAL IMPROVEMENT REVENUE CERTIFICATES,

SERIES 1986 COVERAGE

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Pledged Revenues</u>				
	<u>Local Government Half-Cent Sales Tax</u>	<u>Franchise Fees</u>	<u>Occupational License Tax (1)</u>	<u>Guaranteed Entitle- ment (2)</u>	<u>Mobile Home Licenses</u>
1983	\$ 1,046,671	\$ 360,540	\$ 292,546	\$ 643,621	\$ 17,863
1984	1,257,077	311,281	300,791	643,622	25,754
1985	1,346,284	298,084	328,964	643,622	32,116
1986	1,414,157	275,654	340,013	643,622	31,857
1987	1,539,964	292,968	362,960	643,622	28,696

- (1) Subject to a prior lien on 1965 and 1972 Refunding and Improvement Excise Tax Bonds. See page 99.
- (2) The minimum amount of state revenue sharing funds to be received by the City in accordance with the provisions of the State of Florida Revenue Sharing Act.
- (3) The Capital Improvement Revenue Bonds, Series 1982, were sold in December, 1982; and the first principal payment occurred in October, 1984. The outstanding portion of this issue was advance refunded in August, 1986 by the Capital Improvement Refunding Revenue Bonds. Since an escrow account was established for the redemption of this issue, the 1982 issue will not be included in the debt service requirements after 1986.
- (4) The Capital Improvement Refunding Revenue Bonds, Series 1986, were sold in August, 1986. The first interest payment for this issue was on October 1, 1986, and the first principal payment will be October 1, 1987. This issue places a senior lien on the pledged revenues.
- (5) The Capital Improvement Revenue Certificates, Series 1986, were sold in July, 1986. The first interest payment was on October 1, 1986, and the first principal payment was on April 1, 1987. This issue constitutes a junior or subordinate lien on the pledged revenues.

<u>Court Fines and Forfeitures</u>	<u>Total Revenue Available for Debt Service</u>	<u>Debt Service Requirements (3) (4) (5)</u>			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
\$ 281,500	\$ 2,642,741	\$ -	\$ -	\$ -	-
288,693	2,827,218	=	913,470	913,470	3.10
428,958	3,078,028	155,000	680,065	835,065	3.69
388,082	3,093,385	160,000	669,430	829,430	3.73
427,981	3,296,191	900,000	851,101	1,751,101	1.88

CITY OF OCALA, FLORIDA

SCHEDULE OF STREET IMPROVEMENT REVENUE BONDS COVERAGE

SERIES 1966, 1967, 1975 AND 1978

LAST TEN FISCAL YEARS

<u>Year</u>	Special Assessment Collections Available for <u>Debt Service(1)</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1978	\$ 67,937	\$ 205,000	\$ 31,818	\$ 236,818	.29
1979	153,236	-	36,100	36,100	4.24
1980	96,393	-	36,100	36,100	2.67
1981	57,963	150,000	36,100	186,100	.31
1982	48,354	-	26,350	26,350	1.84
1983	53,647	50,000	26,350	76,350	.70
1984	31,543	100,000	23,350	123,350	.26
1985	41,979	-	16,600	16,600	2.53
1986	24,010	-	16,600	16,600	1.45
1987	12,030	200,000	16,600	216,600	.06

(1) Includes collections on the special assessment levies pledged to retire these bonds (i.e. - Series 9,000; 10,000; 13,000; 14,000; 15,000; 16,000; 17,000; 24,000; 26,000; and 27,000).

CITY OF OCALA, FLORIDA

SCHEDULE OF POLLUTION CONTROL REVENUE BONDS, SERIES C, COVERAGE

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Revenue Available for Debt Service(1)</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1978	\$ 1,084,305	\$ 55,000	\$ 128,841	\$ 183,841	5.90
1979	1,125,298	55,000	125,266	180,266	6.24
1980	1,110,569	60,000	121,691	181,691	6.11
1981	1,232,081	65,000	117,791	182,791	6.74
1982	(2)	(2)	(2)	(2)	(2)
1983	(2)	(2)	(2)	(2)	(2)
1984	(2)	(2)	(2)	(2)	(2)
1985	(2)	(2)	(2)	(2)	(2)
1986	(2)	(2)	(2)	(2)	(2)
1987	(2)	(2)	(2)	(2)	(2)

- (1) The 11,000 series special assessment levy, sewer availability charges, and state revenue sharing were pledged to retire these bonds.
- (2) The remaining principal amount of the pollution control bonds after 1981 debt service requirements were met (\$1,915,000) were retired in 1981 through an advanced refunding transaction under the full cash defeasance method. The City legally satisfied its obligation with the creation of an irrevocable escrow account using cash and investments in the debt service funds of the refunded bonds and a portion of the proceeds of the Water and Sewer Revenue Bonds, Series 1979-2 Anticipation Notes. The balance on deposit in the escrow account, including related interest earnings, will provide amounts sufficient for future payment of all principal and interest on the refunded bonds, in accordance with the original maturity schedule.

CITY OF OCALA, FLORIDA

SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY

ALL BONDED DEBT

1988 - 2016

<u>Fiscal Year</u>	<u>Improvement Refunding Revenue Bonds and Revenue Certificates</u>	<u>Refunding and Improvement Excise Tax Bonds</u>	<u>Electric and Power Supply Revenue Bonds</u>	<u>Water and Sewer Revenue and Refunding Revenue Bonds</u>	<u>Street Improvement Bonds</u>	<u>Total Principal and Interest</u>
1988	\$ 2,379,385	\$ 374,125	\$ 2,819,405	\$ 4,283,735	\$ 3,600	\$ 9,860,250
1989	2,494,684	374,590	2,814,898	4,419,995	63,600	10,167,767
1990	2,491,446	373,990	2,808,298	4,506,964	-	10,180,698
1991	2,486,662	366,980	2,800,903	4,604,679	-	10,259,224
1992	1,271,758	354,430	2,800,909	4,648,619	-	9,075,716
1993	1,268,574	197,600	2,791,624	4,646,530	-	8,904,328
1994	1,262,640	-	2,791,367	4,644,352	-	8,698,359
1995	1,268,185	-	2,788,553	4,799,826	-	8,856,564
1996	1,264,843	-	2,787,419	4,807,300	-	8,859,562
1997	1,263,005	-	2,782,284	4,803,049	-	8,848,338
1998	1,262,500	-	2,777,418	4,796,882	-	8,836,800
1999	1,262,875	-	2,570,805	4,793,247	-	8,626,927
2000	1,258,850	-	924,910	4,786,451	-	6,970,211
2001	1,254,531	-	922,761	4,790,749	-	6,968,041
2002	1,249,819	-	923,315	4,780,329	-	6,953,463
2003	1,250,069	-	916,563	4,775,139	-	6,941,771
2004	1,244,894	-	917,332	4,765,347	-	6,927,573
2005	1,239,100	-	915,324	4,764,985	-	6,919,409
2006	1,233,625	-	915,588	4,758,029	-	6,907,242
2007	1,230,000	-	-	4,753,698	-	5,983,698
2008	-	-	-	4,746,020	-	4,746,020
2009	-	-	-	4,737,375	-	4,737,375
2010	-	-	-	4,731,242	-	4,731,242
2011	-	-	-	4,717,878	-	4,717,878
2012	-	-	-	4,706,055	-	4,706,055
2013	-	-	-	4,703,752	-	4,703,752
2014	-	-	-	4,684,503	-	4,684,503
2015	-	-	-	4,671,895	-	4,671,895
2016	-	-	-	4,663,480	-	4,663,480
Total	\$ <u>29,937,445</u>	\$ <u>2,041,715</u>	\$ <u>39,769,676</u>	\$ <u>136,292,105</u>	\$ <u>67,200</u>	\$ <u>208,108,141</u>

CITY OF OCALA, FLORIDA

CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 1986, SINKING FUND

CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 1986

STATEMENT OF BONDED DEBT AND INTEREST

SEPTEMBER 30, 1987

This issue, which was sold in August, 1986, consists of \$6,625,000 serial bonds maturing on October 1, 1987 through 1999 and of \$7,035,000 term bonds of which \$4,690,000 mature on October 1, 2004 and \$2,345,000 mature on October 1, 2006. The schedule below shows the actual maturities for the serial bonds and the debt service requirements for the term bonds. The bonds are fully registered and are in denominations of \$5,000 each or any integral multiple thereof. The paying agent and bond registrar is The Citizens and Southern National Bank in Atlanta, Georgia.

Sales tax revenues, franchise fees, occupational license taxes, the guaranteed entitlement portion of state revenue sharing funds, mobile home licenses and court fines and forfeitures are pledged to retire these bonds.

Proceeds of this issue are being used primarily for the advance refunding of the Capital Improvements Revenue Bonds, Series 1982 and for a portion of the costs of paving and four-laning NE 14th Street from Silver Springs Boulevard to Magnolia Avenue.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal Due 10-1</u>	<u>Interest Due 10-1</u>	<u>Interest Due 4-1</u>	<u>Total</u>
1988	4.50%	\$ 245,000	\$ 460,561	\$ 455,049	\$ 1,160,610
1989	5.10	375,000	455,049	445,485	1,275,534
1990	5.50	395,000	445,486	434,623	1,275,109
1991	5.80	415,000	434,624	422,588	1,272,212
1992	6.10	440,000	422,589	409,169	1,271,758
1993	6.35	465,000	409,169	394,405	1,268,574
1994	6.60	490,000	394,405	378,235	1,262,640
1995	6.90	530,000	378,235	359,950	1,268,185
1996	7.10	565,000	359,950	339,893	1,264,843
1997	7.20	605,000	339,892	318,113	1,263,005
1998	7.30	650,000	318,112	294,388	1,262,500
1999	7.40	700,000	294,387	268,488	1,262,875
2000	7.50	750,000	268,487	240,363	1,258,850
2001	7.75	805,000	240,362	209,169	1,254,531
2002	7.75	865,000	209,169	175,650	1,249,819
2003	7.75	935,000	175,650	139,419	1,250,069
2004	7.75	1,005,000	139,419	100,475	1,244,894
2005	7.75	1,080,000	100,475	58,625	1,239,100
2006	5.00	1,145,000	58,625	30,000	1,233,625
2007	5.00	1,200,000	30,000	-	1,230,000
Total		\$ 13,660,000	\$ 5,934,646	\$ 5,474,087	\$ 25,068,733

CITY OF OCALA, FLORIDA

CAPITAL IMPROVEMENT REVENUE CERTIFICATES, SERIES 1986, SINKING FUND

CAPITAL IMPROVEMENT REVENUE CERTIFICATES, SERIES 1986

STATEMENT OF BONDED DEBT AND INTEREST

SEPTEMBER 30, 1987

This issue, which was sold in July, 1986, consists of \$5,055,000 in fully registered certificates in denominations of \$5,000 or any integral multiple thereof. As of September 30, 1987, \$900,000 of the certificates have been retired. The remaining certificates will mature as listed below and are not subject to redemption prior to their stated maturities. The paying agent and registrar is The Citizens and Southern National Bank in Atlanta, Georgia.

Sales tax revenues, franchise fees, occupational license taxes, the guaranteed entitlement portion of state revenue sharing funds, mobile home licenses and court fines and forfeitures are pledged to retire these certificates; however, the lien and pledge for the payment of the certificates is junior and subordinate to the lien upon and the pledge of the pledged revenues for the payment of the City's Capital Improvement Refunding Revenue Bonds, Series 1986.

The certificates were issued primarily to pay for the cost of various capital improvements projects and to purchase certain equipment.

<u>Fiscal</u> <u>Year</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due 4-1</u>	<u>Interest</u> <u>Due 10-1</u>	<u>Interest</u> <u>Due 4-1</u>	<u>Total</u>
1988	5.75%	\$ 950,000	\$ 134,388	\$ 134,387	\$ 1,218,775
1989	6.25	1,005,000	107,075	107,075	1,219,150
1990	6.75	1,065,000	75,669	75,668	1,216,337
1991	7.00	1,135,000	39,725	39,725	1,214,450
Total		\$ <u>4,155,000</u>	\$ <u>356,857</u>	\$ <u>356,855</u>	\$ <u>4,868,712</u>

CITY OF OCALA, FLORIDA

EXCISE TAX SINKING FUND

REFUNDING AND IMPROVEMENT EXCISE TAX BONDS - 1972 ISSUE

STATEMENT OF BONDED DEBT AND INTEREST

SEPTEMBER 30, 1987

This issue consists of 500 \$5,000 bonds. Bonds numbered 1 through 151 have been retired. The bonds are retired serially according to the retirement schedule below. The paying agent is Sun First National Bank of Orlando, Florida.

Occupational license and cigarette tax revenues are pledged to retire these bonds.

Proceeds of this issue were used for arterial street improvements, fire headquarters addition, new fire station, City building renovation, water plant number one and an electric operating and warehousing facility.

<u>Year</u>	<u>Interest Rate</u>	<u>Bond Numbers</u>	<u>Principal Due 7-1</u>	<u>Interest Due 1-1</u>	<u>Interest Due 7-1</u>	<u>Total</u>
1988	5.1%	152-208	\$ 285,000	\$ 44,562	\$ 44,563	\$ 374,125
1989	5.2	209-268	300,000	37,295	37,295	374,590
1990	5.4	269-331	315,000	29,495	29,495	373,990
1991	5.4	332-396	325,000	20,990	20,990	366,980
1992	5.1	397-462	330,000	12,215	12,215	354,430
1993	4.0	463-500	190,000	3,800	3,800	197,600
Total			\$ <u>1,745,000</u>	\$ <u>148,357</u>	\$ <u>148,358</u>	\$ <u>2,041,715</u>

CITY OF OCALA, FLORIDA

ELECTRIC AND POWER SUPPLY FACILITY SINKING FUNDS

ELECTRIC AND POWER SUPPLY REVENUE BONDS, SERIES 1977

STATEMENT OF BONDED DEBT AND INTEREST

SEPTEMBER 30, 1987

The Electric and Bulk Power Supply Revenue Bond issues consist of 1,570 and 2,236 \$5,000 bonds, respectively. Electric Revenue Bonds numbered 1 through 1,471 and Power Supply Revenue Bonds numbered 1 through 71 have been retired. The bonds are retired serially according to the retirement schedule below. The paying agent is Chemical Bank in New York, New York.

The net revenues derived from the operation of the bulk power and electric systems are pledged to retire these bonds.

The proceeds of these issues were used to provide a portion of the funds required to refund the entire amount of the City's previously issued Electric Revenue Certificates and Power Supply Revenue Bonds.

<u>Year</u>	<u>Electric Revenue Bonds</u>					
	<u>Interest Rate</u>	<u>Bond Numbers</u>	<u>Principal Due 10-1</u>	<u>Interest Due 10-1</u>	<u>Interest Due 4-1</u>	<u>Total</u>
1988	4.90%	1,472-1,570	\$ 495,000	\$ 12,127	\$ -	\$ 507,127
1989	-	-	-	-	-	-
1990	-	-	-	-	-	-
1991	-	-	-	-	-	-
1992	-	-	-	-	-	-
1993	-	-	-	-	-	-
1994	-	-	-	-	-	-
1995	-	-	-	-	-	-
1996	-	-	-	-	-	-
1997	-	-	-	-	-	-
1998	-	-	-	-	-	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
Total			<u>\$ 495,000</u>	<u>\$ 12,127</u>	<u>\$ -</u>	<u>\$ 507,127</u>

Power Supply Revenue Bonds

Interest Rate	Bond Numbers	Principal Due 10-1	Interest Due 10-1	Interest Due 4-1	Total	Combined Total
4.70%	72-143	\$ 360,000	\$ 296,599	\$ 288,139	\$ 944,738	\$ 1,451,865
4.80	144-215	360,000	288,139	279,499	927,638	927,638
4.90	216-291	380,000	279,499	270,189	929,688	929,688
5.00	292-370	395,000	270,189	260,314	925,503	925,503
5.10	371-453	415,000	260,313	249,731	925,044	925,044
5.20	454-540	435,000	249,732	238,422	923,154	923,154
5.30	541-632	460,000	238,421	226,231	924,652	924,652
5.40	633-729	485,000	226,232	213,136	924,368	924,368
5.45	730-832	515,000	213,136	199,103	927,239	927,239
5.50	833-940	540,000	199,102	184,252	923,354	923,354
5.55	941-1,054	570,000	184,253	168,435	922,688	922,688
5.60	1,055-1,175	605,000	168,435	151,495	924,930	924,930
5.65	1,176-1,303	640,000	151,495	133,415	924,910	924,910
5.65	1,304-1,438	675,000	133,415	114,346	922,761	922,761
5.70	1,439-1,581	715,000	114,346	93,969	923,315	923,315
5.70	1,582-1,731	750,000	93,969	72,594	916,563	916,563
5.75	1,732-1,890	795,000	72,594	49,738	917,332	917,332
5.75	1,891-2,058	840,000	49,737	25,587	915,324	915,324
5.75	2,059-2,236	890,000	25,588	-	915,588	915,588
		<u>\$ 10,825,000</u>	<u>\$ 3,515,194</u>	<u>\$ 3,218,595</u>	<u>\$ 17,558,789</u>	<u>\$ 18,065,916</u>

CITY OF OCALA, FLORIDA

POWER SUPPLY REVENUE BONDS SINKING FUND

POWER SUPPLY REVENUE BONDS - SERIES 1983

STATEMENT OF BONDED DEBT AND INTEREST

SEPTEMBER 30, 1987

This issue, which was sold in August 1983, consists of 2,696 \$5,000 bonds. The bonds will be retired serially in accordance with the retirement schedule below. The paying agent is Florida National Bank in Jacksonville, Florida.

The net revenues derived from the operation of the electric bulk power supply system are pledged to retire these bonds.

Proceeds of this issue are being used for the acquisition and construction of a new substation, supervised control data acquisition system and for other improvements to the bulk power system.

<u>Year</u>	<u>Interest Rate</u>	<u>Bond Numbers</u>	<u>Principal Due 10-1</u>	<u>Interest Due 10-1</u>	<u>Interest Due 4-1</u>	<u>Total</u>
1988	7.60%	1-50	\$ 250,000	\$ 563,520	\$ 554,020	\$ 1,367,540
1989	7.60	51-212	810,000	554,020	523,240	1,887,260
1990	7.60	213-385	865,000	523,240	490,370	1,878,610
1991	7.60	386-571	930,000	490,370	455,030	1,875,400
1992	7.80	572-772	1,005,000	455,030	415,835	1,875,865
1993	8.00	773-988	1,080,000	415,835	372,635	1,868,470
1994	8.30	989-1,222	1,170,000	372,635	324,080	1,866,715
1995	8.50	1,223-1,476	1,270,000	324,080	270,105	1,864,185
1996	8.70	1,477-1,752	1,380,000	270,105	210,075	1,860,180
1997	8.80	1,753-2,053	1,505,000	210,075	143,855	1,858,930
1998	8.90	2,054-2,381	1,640,000	143,855	70,875	1,854,730
1999	9.00	2,382-2,696	1,575,000	70,875	-	1,645,875
Total			\$ <u>13,480,000</u>	\$ <u>4,393,640</u>	\$ <u>3,830,120</u>	\$ <u>21,703,760</u>

CITY OF OCALA, FLORIDA

WATER AND SEWER REVENUE BONDS SINKING FUND

WATER AND SEWER REVENUE BONDS - SERIES 1985A

STATEMENT OF BONDED DEBT AND INTEREST

SEPTEMBER 30, 1987

In October, 1985, the \$27,080,000 Water and Sewer Revenue Bonds, Series 1985A, were sold. This issue consists of \$7,070,000 in serial bonds maturing on October 1, 1988 through 2000, \$9,135,000 in term bonds maturing on October 1, 2007 and \$20,875,000 in term bonds maturing on October 1, 2015. The bonds are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof. The paying agent and bond registrar is The Citizens and Southern National Bank in Atlanta, Georgia.

In April, 1986, the Series 1985A bonds were advance refunded by the Water and Sewer Refunding Revenue Bonds, Series 1986, except for the portion of the Series 1985A bonds maturing through October 1, 1993. The maturities of the portion which was not advance refunded will occur in accordance with the retirement schedule below.

The payment of principal and interest on the Series 1985A bonds is secured by a senior lien on the net revenues derived from the operation of the water and sewer system, certain sewer system development charges and certain water system development charges.

Proceeds of this issue are being used primarily to finance in part the initial cost of acquisition and construction of certain additions, expansions and improvements to the City's water and sewer system.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal Due 10-1</u>	<u>Interest Due 10-1</u>	<u>Interest Due 4-1</u>	<u>Total</u>
1988	- %	\$ -	\$ 80,707	\$ 80,706	\$ 161,413
1989	6.75	140,000	80,707	75,981	296,688
1990	7.00	240,000	75,981	67,581	383,562
1991	7.25	360,000	67,581	54,531	482,112
1992	7.50	435,000	54,531	38,219	527,750
1993	7.75	465,000	38,219	20,200	523,419
1994	8.00	<u>505,000</u>	<u>20,200</u>	<u>-</u>	<u>525,200</u>
Total		\$ <u>2,145,000</u>	\$ <u>417,926</u>	\$ <u>337,218</u>	\$ <u>2,900,144</u>

CITY OF OCALA, FLORIDA

WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 1985B, SINKING FUND

WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 1985B

STATEMENT OF BONDED DEBT AND INTEREST

SEPTEMBER 30, 1987

This issue, which was sold in October, 1985, consists of \$1,520,000 serial bonds maturing from October 1, 1994 through 2000 and of \$9,255,000 term bonds of which \$2,815,000 mature on October 1, 2007 and \$6,440,000 mature on October 1, 2015. The schedule below shows the actual maturities for the serial bonds and the debt service requirements for the term bonds. The bonds are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof. The paying agent and bond registrar is The Citizens and Southern National Bank in Atlanta, Georgia.

The payment of principal and interest on the Series 1985B bonds is secured by a lien on the net revenues derived from the operation of the water and sewer system; however, the lien on the pledged revenues for the Series 1985B bonds is junior and subordinate to the Series 1985A and Series 1986 bonds.

Proceeds of this issue were used primarily to advance refund the Water and Sewer Refunding Revenue Bonds Series 1983.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal Due 10-1</u>	<u>Interest Due 10-1</u>	<u>Interest Due 4-1</u>	<u>Total</u>
1988	- %	\$ -	\$ 513,048	\$ 513,047	\$ 1,026,095
1989	-	-	513,048	513,047	1,026,095
1990	-	-	513,048	513,047	1,026,095
1991	-	-	513,048	513,047	1,026,095
1992	-	-	513,048	513,047	1,026,095
1993	-	-	513,048	513,047	1,026,095
1994	-	-	513,048	513,047	1,026,095
1995	8.20	165,000	513,048	506,282	1,184,330
1996	8.40	180,000	506,283	498,722	1,185,005
1997	8.60	200,000	498,723	490,122	1,188,845
1998	8.80	210,000	490,123	480,882	1,181,005
1999	9.00	235,000	480,883	470,307	1,186,190
2000	9.10	250,000	470,308	458,932	1,179,240
2001	9.20	280,000	458,933	446,052	1,184,985
2002	9.50	300,000	446,053	431,802	1,177,855
2003	9.50	330,000	431,803	416,127	1,177,930
2004	9.50	360,000	416,128	399,027	1,175,155
2005	9.50	395,000	399,028	380,265	1,174,293
2006	9.50	435,000	380,265	359,602	1,174,867
2007	9.50	475,000	359,603	337,040	1,171,643
2008	9.50	520,000	337,040	312,340	1,169,380
2009	9.70	570,000	312,340	284,695	1,167,035
2010	9.70	625,000	284,695	254,382	1,164,077
2011	9.70	685,000	254,383	221,160	1,160,543
2012	9.70	750,000	221,160	184,785	1,155,945
2013	9.70	825,000	184,785	144,772	1,154,557
2014	9.70	905,000	144,773	100,880	1,150,653
2015	9.70	990,000	100,880	52,865	1,143,745
2016	9.70	1,090,000	52,865	-	1,142,865
Total		\$ 10,775,000	\$ 11,335,438	\$ 10,822,370	\$ 32,932,808

CITY OF OCALA, FLORIDA

WATER AND SEWER REVENUE BONDS SINKING FUND

WATER AND SEWER REFUNDING REVENUE BONDS, SERIES 1986

STATEMENT OF BONDED DEBT AND INTEREST

SEPTEMBER 30, 1987

This issue, which was sold in April, 1986, consists of \$8,395,000 serial bonds maturing from October 1, 1986 through 2000 and of \$32,425,000 term bonds of which \$10,985,000 mature on October 1, 2007 and \$21,440,000 mature on October 1, 2015. As of September 30, 1987, \$245,000 of the serial bonds have been retired. The schedule below shows the actual maturities for the outstanding serial bonds and the debt service requirements for the term bonds. The bonds are fully registered and were issued in denominations of \$5,000 or any integral multiple thereof. The paying agent and bond registrar is The Citizens and Southern National Bank in Atlanta, Georgia.

The payment of principal and interest on the Series 1986 bonds is secured by a senior lien on the net revenues derived from the operation of the water and sewer system, certain sewer system development charges and certain water system development charges.

Proceeds of this issue were used primarily to advance refund the portion of the Water and Sewer Revenue Bonds, Series 1985A which are scheduled to mature on and after October 1, 1994.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal Due 10-1</u>	<u>Interest Due 10-1</u>	<u>Interest Due 4-1</u>	<u>Total</u>
1988	5.20%	\$ 165,000	\$ 1,467,759	\$ 1,463,468	\$ 3,096,227
1989	5.40	175,000	1,463,469	1,458,743	3,097,212
1990	5.60	185,000	1,458,744	1,453,563	3,097,307
1991	5.80	195,000	1,453,564	1,447,908	3,096,472
1992	5.90	205,000	1,447,909	1,441,865	3,094,774
1993	6.10	220,000	1,441,865	1,435,151	3,097,016
1994	6.30	230,000	1,435,151	1,427,906	3,093,057
1995	6.45	785,000	1,427,906	1,402,590	3,615,496
1996	6.60	845,000	1,402,590	1,374,705	3,622,295
1997	6.75	895,000	1,374,705	1,344,499	3,614,204
1998	6.90	960,000	1,344,499	1,311,378	3,615,877
1999	7.00	1,020,000	1,311,379	1,275,678	3,607,057
2000	7.15	1,095,000	1,275,679	1,236,532	3,607,211
2001	7.20	1,175,000	1,236,532	1,194,232	3,605,764
2002	7.30	1,260,000	1,194,232	1,148,242	3,602,474
2003	7.30	1,350,000	1,148,242	1,098,967	3,597,209
2004	7.30	1,445,000	1,098,967	1,046,225	3,590,192
2005	7.30	1,555,000	1,046,225	989,467	3,590,692
2006	7.30	1,665,000	989,467	928,695	3,583,162
2007	7.30	1,790,000	928,695	863,360	3,582,055
2008	7.30	1,920,000	863,360	793,280	3,576,640
2009	7.40	2,060,000	793,280	717,060	3,570,340
2010	7.40	2,215,000	717,060	635,105	3,567,165
2011	7.40	2,375,000	635,105	547,230	3,557,335
2012	7.40	2,550,000	547,230	452,880	3,550,110
2013	7.40	2,745,000	452,880	351,315	3,549,195
2014	7.40	2,940,000	351,315	242,535	3,533,850
2015	7.40	3,160,000	242,535	125,615	3,528,150
2016	7.40	3,395,000	125,615	-	3,520,615
Total		\$ 40,575,000	\$ 30,675,959	\$ 29,208,194	\$ 100,459,153

CITY OF OCALA, FLORIDA
SPECIAL ASSESSMENT FUND
STREET IMPROVEMENT BONDS - 1978 ISSUE
STATEMENT OF BONDED DEBT AND INTEREST
SEPTEMBER 30, 1987

This issue consists of 110 \$1,000 bonds. Bonds numbered 1 through 50 have been retired. The bonds are retired serially according to the retirement schedule below. The paying agent is Sun Bank of Ocala, Florida.

The 24,000 series special assessment levy is pledged to retire these bonds. The purpose of this issue is for the financing of street improvements.

<u>Year</u>	<u>Interest Rate</u>	<u>Bond Numbers</u>	<u>Principal Due 7-1</u>	<u>Interest Due 7-1</u>	<u>Total</u>
1988	6.0%	-	\$ -	\$ 3,600	\$ 3,600
1989	6.0	51-110	<u>60,000</u>	<u>3,600</u>	<u>63,600</u>
Total			\$ <u>60,000</u>	\$ <u>7,200</u>	\$ <u>67,200</u>

CITY OF OCALA, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT (2)
SEPTEMBER 30, 1987

<u>Governmental Unit</u>	<u>Bonds Outstanding</u>	<u>Applicable to City of Ocala Percent (1)</u>	<u>Amount</u>
Marion County Board of Commissioners Courthouse and Jail Refunding Bonds, Series 1964 (3)	\$ <u> -</u>	<u>30.39%</u>	\$ <u> -</u>
Total Overlapping Debt	\$ <u> -</u>	<u>30.39%</u>	\$ <u> -</u>

- (1) Represents the fraction of assessed valuation of taxable property in the City of Ocala over the assessed valuation of taxable property in Marion County.
- (2) The City of Ocala did not have any general obligation debt outstanding during the fiscal year ended September 30, 1987.
- (3) The final payment on this issue was made during the fiscal year ended September 30, 1985.

CITY OF OCALA, FLORIDA

MISCELLANEOUS STATISTICAL DATA

SEPTEMBER 30, 1987

Date of Incorporation	February 4, 1869
City Charter Adopted	January 28, 1885
Form of Government	Council/Manager
Area of City	29.84 square miles
Miles of Streets, Sidewalks and Bikepaths:	
Streets - Paved	210.02 miles
Streets - Unpaved	45.37 miles
Sidewalks	50.62 miles
Bikepaths	16.19 miles
Miles of Sewers:	
Storm	37.25 miles
Sanitary	252.55 miles
Force Main	36.07 miles
Building Permits (October 1986 - September 1987) (1):	
Permits Issued	5,025
Permit Value	\$69,361,310
Fire Protection:	
Stations	3
Employees - Sworn	78
Employees - Civilian	6
Fire and rescue response time (minutes)	3
Police Protection:	
Stations	1
Employees - Sworn	100
Employees - Reserve	19
Employees - Civilian	51
Vehicular Patrol Units - Vehicles	62
- Motorcycles	5
- Other Vehicles	30
Recreation:	
Activity areas	90
Land area (acres)	317
Activity centers	4
Pools	2

(1) Includes plumbing, gas, electrical, sewer, heating, air conditioning, refrigeration, ventilation and building permits, the latter of which is exclusive of moving and sign permits.

CITY OF OCALA, FLORIDA

DEMOGRAPHIC STATISTICS

POPULATION (1)

<u>YEAR</u>	<u>CITY OF OCALA</u>	<u>MARION COUNTY</u>
1978	32,652	109,000
1979	34,034	114,500
1980	37,170	122,500
1981	37,489	129,300
1982	38,265	135,100
1983	38,636	141,991
1984	39,094	148,864
1985	41,120	157,853
1986	42,298	166,606
1987	43,267	174,614

Sources: 1982 Florida Statistical Abstract (for years 1978 through 1982). From information on file with the Bureau of Business and Economic Research - University of Florida, Gainesville (for years 1983 through 1987).

POPULATION PROJECTIONS *

<u>YEAR</u>	<u>MARION COUNTY</u>	<u>STATE OF FLORIDA</u>
1990	191,400	12,597,400
1995	223,900	13,749,800
2000	252,000	14,765,800
2005	280,300	15,744,700
2010	297,300	16,696,700
2020	328,800	18,467,400

Source: Bureau of Business and Economic Research - University of Florida, Gainesville. Figures for years subsequent to year 2020 are unavailable.

% POPULATION BY AGE GROUP*

<u>YEAR</u>	<u>MARION COUNTY</u>	<u>STATE OF FLORIDA</u>
0-14	19.5	18.5
15-44	38.0	42.2
45-64	22.8	20.7
65 +	19.7	18.6

Source: 1985 Florida Estimates of Population, Bureau of Business and Economic Research, University of Florida. Figures for years subsequent to 1985 are unavailable.

* Figures are not maintained for individual cities within Marion County.

(1) On April 1, 1986, Ocala ranked 32nd in population size among Florida cities; Marion County ranked 19th in population among Florida counties; and Marion County ranked 30th in population density among Florida counties.

CITY OF OCALA, FLORIDA

LIST OF TEN LARGEST TAXPAYERS

1986 TAX ROLL

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>	<u>City Tax Bill(1)(2)</u>
1. Paddock Mall Associates	Regional Shopping Center	\$ 19,731,692	2.03%	\$ 91,811
2. Ocala Mall Associates	Local Shopping Center	8,441,130	.87	39,277
3. Marion Community Hospital	General Hospital Care	6,467,512	.67	30,092
4. Prime Plus Realtors	Local Shopping Center	5,345,543	.55	24,873
5. Publix Super Markets	Retail Grocers	5,189,861	.53	24,148
6. Barnett Bank	Financial Institution	5,060,028	.52	23,849
7. Ocala Manufacturing	Real Estate Investments	4,375,235	.45	20,368
8. Heritage Management	Local Shopping Center	3,961,040	.41	18,431
9. Homette Corporation	Mobile Homes	3,517,918	.36	17,020
10. C.G. Gulf Associates	Local Shopping Center	3,397,126	.35	15,806
		<u>65,487,085</u>	<u>6.74</u>	<u>305,675</u>
Total Assessed Value Other Taxpayers		<u>905,555,752</u>	<u>93.26</u>	<u>4,222,043</u>
Total Assessed Value		\$ <u>971,042,837</u>	<u>100.00%</u>	\$ <u>4,527,718</u>

(1) City of Ocala taxpayers pay City, County, School Board and certain water district levies. The City levy only is shown here.

(2) Excludes property tax levies of the Downtown Development Commission.

CITY OF OCALA, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 1987

<u>Company</u>	<u>Policy #</u>	<u>Type of Coverage</u>	<u>Limit of Coverage</u>
City of Ocala Self Insurance	-	Workers' compensation	As required by Florida State Law
Vanguard Insurance Company	CIT050-1	Public official liability prior years coverage	\$1,000,000 each loss, \$1,000,000 maximum annual aggregate
Scottsdale Insurance	Binder	Public official liability	\$1,000,000 each loss, \$1,000,000 maximum annual aggregate
Hartford Life and Accident Insurance Company	ETB 13081	Police, police reserves and fire-fighters, accidental death and dismemberment	\$20,000 per person, \$350,000 maximum annual aggregate
Hartford Life and Accident Insurance Company	ETB 12456	Fire and police intentional death and dismemberment	\$50,000 per person
North American Life Assurance Company	NG and H 11412	Employees' life, AD and D, and long-term disability	Various - as specified in policy
Safety Mutual Casualty	AGC 1232	Workers' compensation excess coverage	\$500,000 per occurrence \$2,000,000 maximum annual aggregate
U.S. Insurance Group	500-5034479	Blanket building and personal property	\$17,679,399 based on schedule
MacDuff Underwriters	820-EB	Airport liability	\$5,000,000 single limit bodily injury and property damage liability
Florida Municipal Liability Self- Insurers Program	FML246	General liability	\$100,000 per person, \$200,000 per occurrence bodily injury and property damage

CITY OF OCALA, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 1987

(Continued)

<u>Company</u>	<u>Policy #</u>	<u>Type of Coverage</u>	<u>Limit of Coverage</u>
Florida Municipal Liability Self-Insurers Program	FML246	Automobile policy	\$100,000 bodily injury per person, \$200,000 property damage, \$20,000 uninsured motorist
Florida Municipal Liability Self-Insurers Program	FML246	Law enforcement officers' liability	\$100,000 person \$200,000 each occurrence liability and property damage
Florida Municipal Liability Self-Insurers Program	FML246	EMT, fire legal liability	\$1,000 each person, \$10,000 each accident, \$50,000 each occurrence
American General Group Insurance Company	GC9208	Employees' health coverage	Various - as specified in policy
Florida Sheriffs' Self-Insurers Fund	-	Special deputies' comprehensive liability	\$2,100,000 per person, \$2,200,000 per occurrence \$2,300,000 maximum annual aggregate
State Automobile Mutual Insurance Company	7660	Blanket honesty bond	\$25,000 for any employee of the City except individuals exclusively bonded
Insurance Exchange	Binder	Legal liquor liability, Pine Oaks Golf Course	\$500,000 per occurrence

Surety Bonds Required by Ordinance

	<u>Amount</u>
City Manager - Scotty J. Andrews State Automobile Mutual Insurance Co. - #78059	\$ 95,000
Finance Director - Robert F. Sprinkle State Automobile Mutual Insurance Co. - #78058	\$ 95,000

CITY OF OCALA, FLORIDA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

	<u>Commercial Construction(1)</u>		<u>Residential Construction(1)</u>		<u>Bank Deposits (in thousands)</u>	
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	<u>Bank(2)</u>	<u>Savings and Loan Association(3)</u>
1978	54	\$ 5,526,768	254	\$ 6,427,684	\$ 291,594	\$ 253,975
1979	70	10,358,300	262	7,344,690	344,217	287,831
1980	123	12,961,320	261	8,367,874	402,567	331,432
1981	94	13,521,570	178	5,926,908	456,176	369,199
1982	67	4,976,597	90	3,213,700	544,451	408,854
1983	110	12,833,638	278	10,387,336	657,995	496,073
1984	206	29,589,475	373	14,142,930	708,943	515,109
1985	253	27,110,703	210	11,005,595	825,572	557,588
1986	168	25,943,361	484	13,682,001	898,714	569,115
1987	144	20,501,586	207	10,956,790	961,160	698,496

(1) Obtained from records maintained by the City of Ocala Building Inspection Department.

(2) Obtained by Citizens First Bank of Ocala for the years 1978 through 1984 and by Barnett Bank of Marion County, N.A. for 1985 and from the Florida Bankers Association for 1986 and 1987. Figures shown are for Marion County and represent total bank deposits at December 31, for years 1978 through 1983, and at September 30, for 1984 through 1987.

(3) Obtained by Citizens First Bank of Ocala for the years 1978 through 1984 and by Mid-State Federal Savings and Loan Association for 1985 and from the Federal Home Loan Bank for 1986 and 1987. Figures shown are for Marion County and represent total savings and loan association deposits at December 31, for years 1978 through 1983, at March 31, for 1984 through 1986, and at June 30, for 1987.

CITY OF OCALA, FLORIDA
LIST OF OFFICERS' SALARIES
SEPTEMBER 30, 1987

City Manager	\$ 56,370
Assistant City Manager	44,660
Assistant City Manager	40,000
Building Official	37,222
City Clerk	25,312
City Engineer	37,961
Downtown Development Manager	25,439
Electric Utility Director	48,046
Finance Director	44,306
Fire Chief	34,248
Golf Director	27,080
Internal Auditor	28,780
Management Information System Director	33,827
Personnel Director	31,800
Planning Director	27,602
Police Chief	45,758
Public Works Director	34,738
Purchasing Director	31,526
Recreation and Parks Director	31,050
Regional Library Director	31,500
Risk Manager	32,000
Water and Sewer Director	34,919