

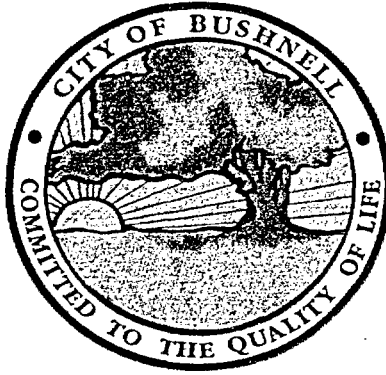
City of Bushnell, Florida
Comprehensive Annual Financial Report
Fiscal Year Ending September 30, 2002

Cover Photo
The Veranda House

**Comprehensive Annual Financial Report
of the
City of Bushnell, Florida
for the
Fiscal Year Ended September 30, 2002**

PREPARED BY THE OFFICE OF THE CITY CLERK

Introductory Section



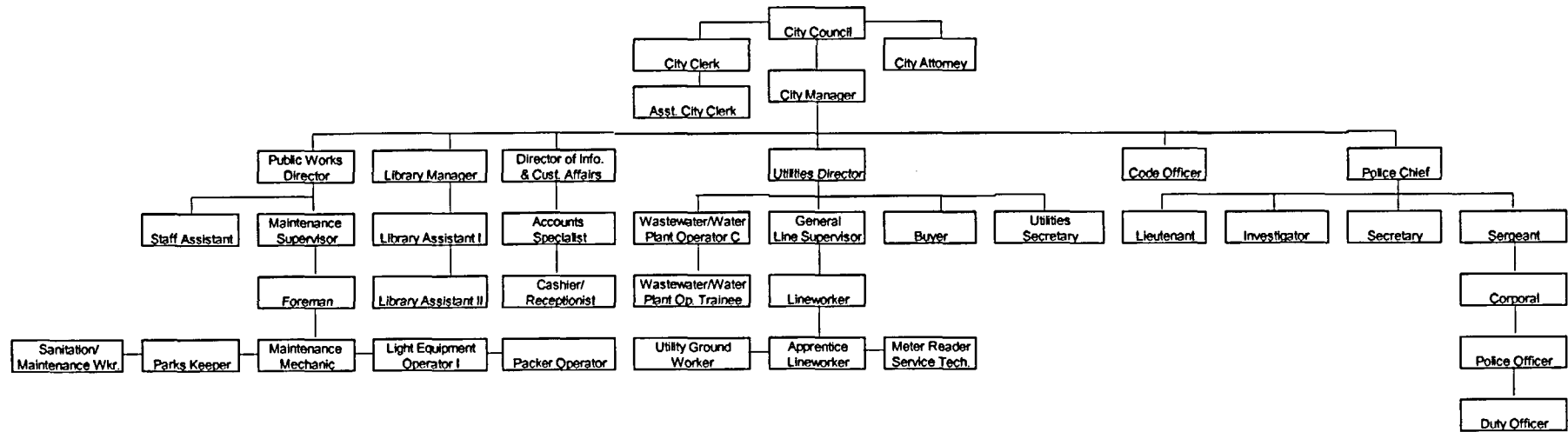
ELECTED OFFICIALS

Mayor	Joseph P. Strickland Jr.
Vice Mayor	Warren Maddox
Councilman	Billy K. Williams
Councilman	Dale Swain
Councilman	Dale Barnes
City Clerk	N. Joy Coleman

APPOINTED OFFICIALS

City Manager	Vince Ruano
Police Chief	Joyce Wells
Utilities Director	Herschel Stone
Public Works Director	Ronnie Pitts

City of Bushnell
Organizational Chart



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

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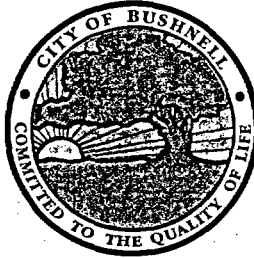
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CITY OF BUSHNELL

219 N. Market Street
P.O. Box 115



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

March 14, 2003

To the citizens of The City of Bushnell:

The comprehensive annual financial report of the City of Bushnell for the fiscal year ended September 30, 2002, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

FINANCIAL STATEMENT PRESENTATION

The comprehensive annual financial report is presented in three sections. Introductory, Financial, Statistical. The *Introductory Section* includes this transmittal letter, the City's organizational chart and a list of principle officials. The *Financial Section* includes the general-purpose financial statements, combining fund, individual fund & account group financial statements and schedules and the auditors report on the financial statements and schedules. The *Statistical Section* includes selected financial & demographic information.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all funds and account groups of the City. The City of Bushnell provides a full range of general governmental services and activities. These services include police, fire and code enforcement; administrative and financial services; planning, zoning and development review; maintenance of highways, streets & drainage; library, recreation and special events. In addition to general government activities, the governing body exercises authority over special revenues and enterprise funds. Special revenue funds are maintained for the purpose of grant administration and for the perpetual maintenance of the Bushnell Evergreen Cemetery. Enterprise funds consist of electric, water, waste water and sanitation funds. These funds maintain their own set of accounts on a full accrual basis.

ECONOMIC CONDITION AND OUTLOOK

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

Easily accessible from many areas and being the County Seat in rural Sumter County makes Bushnell's market area much larger than it's corporate limits. Independent market studies suggest that the population within the market area affected by the City of Bushnell could exceed 50,000 people. In addition to this significant number, traffic studies conducted by the Sumter County Road & Bridge Department indicate average daily traffic counts of 17,000 cars on Main St. (CR 475) as measured just north of Belt St. These statistics are mentioned only to illustrate the much larger market and social forces affecting this small community on a daily basis.

Within the utility service area, which comprises mostly the incorporated City limits and some small areas in the unincorporated Sumter County, the City of Bushnell services a total of 1047 metered customers, 262 of which are commercial customers. Bushnell exhibits steady growth in its commercial sector. Continued community growth and development is expected along Main St. north, and SR 48 west corridor to the I - 75 interchange. The SR 48 and I - 75 interchange still has a number of commercial undeveloped parcels of varying size; currently, the City serves potable water, wastewater and sanitation services to this area.

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

CURRENT YEAR PROJECTS

During the fiscal year 02', the City of Bushnell initiated, some major construction projects to improve on the service delivery for our citizens. The following will highlight some of these major initiatives taken by the City during the fiscal 02':

Bushnell Public Library

The new Public Library completed in December '02 is located at the intersection of Florida Street and Dade Avenue. The building is a modern looking facility constructed of brick, Sumter County fieldstone and glass. The interior area is approximately 4, 500 square feet.

The building is segmented into three areas. The first area is for children's media and activities. The center houses the main collection and provide numerous computer terminals for the library's patrons. The last area consists of offices and a community room that is available to various groups for meetings or training purposes.

This new library is jointly financed by the City of Bushnell and the State of Florida Division of Library Services. Total cost including furnishings is approximately \$600,000. The new library has paved parking with landscaping and handicap accessibility is available throughout.

The Bushnell Public Library is part of the Sumter County cooperative library system, which consists of five public libraries and the community college library. Operational funds for the cooperative library system come from the state with each individual library supported by state and local tax dollars.

Electric and Water System Expansions

The City of Bushnell continues to expand and upgrade its electric and water systems on an ongoing annual basis. Expansions have been made not only to serve new customers but to improve reliability of the systems

During the Fiscal Year the City of Bushnell acquired a two acre parcel containing an 8" deep well. This agricultural well is currently being transformed into a community potable water supply resource with a target in service date of April 2003.

This rehabilitation is jointly funded by the City of Bushnell and the Withlacoochee Regional Water Supply Authority. The total cost of the project is anticipated to be \$220,000. Of importance is the location of this well, which is at the outmost western portion of the City of Bushnell's potable water system, due west of the I-75 interchange. The well will allow for continuous service to the western side of the system should a main failure occur along the State Road 48 corridor.

MAJOR INITIATIVES/FUTURE PROJECT

A number of major initiatives for the City are being considered by the City government. Some initiatives are in more advanced stages than others. This section will highlight briefly, the future major initiatives as follows:

Waste Water System:

The City of Bushnell's Wastewater Treatment Facility has been under construction throughout the fiscal year. This facility will provide wastewater services to the downtown area, the main street corridor, and the I-75/SR 48 interchange. The plant is designed for a capacity of 250,000 gallons per day.

The project has been funded through a \$700,000 grant from the Florida Department of Environmental Protection, a \$2.8 million loan from Rural Utility Services, and a \$2 million grant from Rural Utility Services.

It is projected that the in service date will be April 2003. The system consists of low-pressure collection in the downtown area along with standard gravity collection in the rest of the service area. The treatment process is sequential batch reactor process, which is highly automated. The treatment facility is located in the sand hills of the Sumterville area approximately five miles North of the City of Bushnell where final effluent disposal will be by spray irrigation method.

West Side Drainage Improvements

A grant agreement with the Florida Department of Community Affairs has been entered into for the purpose of providing neighborhood improvements/flood protection on the Southwest area of the City. This grant request was in the amount of \$550,000 and provides for the enlargement, connection, and outfall of four ponds in the area. The South West Florida Water Management District has agreed to contribute an additional \$275,000 towards this project for the purpose of enhancing flood protection and water quality, bringing the total

project cost to \$825,000. Engineering design is currently underway for this project, with an estimated construction start of Summer 2003.

Electric Distribution

It has been the City's intention, to upgrade the electric distribution system to a more efficient and reliable single voltage system. Currently, the City's system is split. Roughly half of the system carries a voltage of 13 kV and the remaining carries 4 kV.

Through a continued effort of upgrading the system it is anticipated that within the next five years, the entire system will be functioning at a 13 kV level. This conversion process has been and is expected to continue to be performed strictly in house with municipal crews.

Department Focus:

Management has selected to focus upon the Public Safety Department of the City of Bushnell. Public Safety has consisted of the City of Bushnell's Police and Fire Department led by one individual department head, the Public Safety Director. During the fiscal year county government initiated and successfully created the countywide fire service under the direction of the Director of Fire Services.

The countywide fire services unified the department of five municipalities and five unincorporated areas fire companies. The unification took place in a form of a lease and an ordinance where about the City of Bushnell leased to the Board of County Commissioners equipment and properties over a period of 3 years. The countywide fire service then becomes responsible for the ongoing operating expenses for the various departments. This lease was signed by the City of Bushnell during the later part of the fiscal year.

Simultaneously with the consolidation of the fire service, the long term Director of Public Safety retired from the City of Bushnell and Chief Joyce Wells was appointed not as Public Safety Director but as Chief of Police in light of the consolidation. Chief Wells is the first female Chief in the City of Bushnell and was previously sergeant with the City Police Department. In her short tenure, Chief Wells has been able to acquire grants for specialized surveillance equipment for the police department.

ACCOUNTING SYSTEM, INTERNAL ACCOUNTING CONTROLS, AND BUDGETARY CONTROL

Management of the City of Bushnell is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft and misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls:

The City of Bushnell maintains budgetary controls; the objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, enterprise funds and pension plans are included in the annual budget. A five-year capital

expenditure plan is reviewed every year and incorporated into the budget. The level of budgetary control is established by section 7.04 "Budget Adoption" of the Bushnell City Charter which establishes the fund as the level of budgetary control.

As demonstrated by the statements and schedules included in the financial section of this report, the City of Bushnell continues to meet its responsibility for sound financial management.

General Government Operation:. The following schedule presents a summary of general fund revenues for the fiscal year ended September 30, 2002.

<u>Revenues and other funding sources</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
Ad Valorem	\$124,441	6%
Local Gov't. Infrastructure Sutax	\$113,294	6%
Local Option Gas Tax	\$153,666	8%
Utility Taxes	\$306,879	16%
Franchise Fees	\$61,345	3%
License & Permits	\$21,021	1%
Intergovernmental	\$279,364	14%
Charges for Services	\$20,008	2%
Fines & Forfeitures	\$26,319	2%
Transfer In	\$359,000	18%
Interest & Miscellaneous	\$39,901	2%
Grant Revenues	\$242,304	12%
Debt Proceeds	\$200,000	10%
Total Revenues:	\$1,947,542	

It is evident by the table above that the General Fund derives the vast majority of its revenue from outside sources; such as utility taxes, local option gas tax, or transfers from enterprise funds. The larger sources of Intergovernmental funds are; state revenue sharing, local option gas tax and state sales tax. Intergovernmental transfers are derived from electric, water & sanitation with a make up of 20% of the revenues to general fund.

Other large self-generated revenue sources for the General Fund are the utility tax & franchise fees. Currently a 10% utility tax is charged on all services that are provided within the municipal limits, excluding telecommunications, which were calculated during fiscal year 2001 at a municipal rate of 7%. Franchise fees are also remitted by companies providing

electric, cable TV, and phone services within the municipal limits, at varying percentage of gross sales.

The following schedule presents a summary of general fund expenditures for the fiscal year ended September 30, 2002:

<u>Expenditures</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
General Government		
Legislative	\$28,359	1%
Administrative % Finance	\$305,762	12%
Legal	\$22,980	1%
Public Safety		
Police	\$529,583	22%
Fire	\$347,922	14%
Code Compliance	\$54,665	1%
Human Services		
Streets	\$251,780	11%
Industrial Development	\$10,720	1%
Cemetery	\$2,577	1%
Animal Control	\$275	1%
Culture & Recreation		
Library	\$437,944	18%
Parks & Recreation	\$294,299	12%
Special Events/ Summer Youth	\$38,215	1%
Debt Services	\$107,088	4%
Total Expenditures/Expenses:	\$2,432,169	

The table above shows that the expenditures within the Police are fairly significant in comparison to the other department expenditures. The expenditures for the special events include the annual fall festival and the yearly summer youth program. The library expenditure

continues to increase from previous years due to the growth and increase of programs available to the citizens.

Enterprise Operation:

Electric: The City of Bushnell has owned and operated it's own electric services since the 1920's. The electric department has been a contributing source of revenue for the General fund of the City. The City's electric distribution system is one of the smallest found in the state of Florida, with an average customer base of approximately 1,084 electric customers and a service territory of 1 ½ square miles.

<u>REVENUES:</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
Electric Sales:	\$2,112,832	96%
Interest & Miscellaneous:	\$77,866	4%
TOTAL REVENUES:	\$2,190,698	
<u>EXPENDITURES/EXPENSES:</u>		
Operations & Maintenance:	\$1,819,916	85%
Interest & Debt Service:		
Transfers (out):	\$320,000	15%
TOTAL EXPENDITURES/EXPENSES:	\$2,139,916	

Water: City of Bushnell water system consists of two well fields with a combined rated capacity of 4.8 million gallons per day. The City of Bushnell has recently acquired a new well that will be in operation in the next fiscal year. Currently, the City's average daily flow is only 10% of maximum rated capacity. The City serves customers within and out of its municipal territory, with an average customer base of 766 residential and 299 commercial customers.

<u>REVENUES:</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
Water Sales:	\$387,764	89%
Capital Contribution	\$22,636	5%
Interest & Miscellaneous:	\$33,689	6%
TOTAL REVENUES:	\$444,089	
<u>EXPENDITURES/EXPENSES:</u>		
Operations & Maintenance:	\$438,338	95%
Interest Expenditure & Debt Service:	\$4,779	1%
Transfers (out):	\$20,000	4%
TOTAL EXPENDITURES/EXPENSES:	\$463,117	

Wastewater: This is a young enterprise fund for the City of Bushnell. The City acquired an existing package plant in September of 2001 and began construction of a regional plant and collection system. The construction of a new wastewater plant and collection system will be completed within the next fiscal year. There will be an increase in sales in the near future. Currently, there is only two commercial customers on the system.

<u>REVENUES:</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
Wastewater Sales:	\$27,306	10%
Interest & Miscellaneous:	\$13,793	5%
Capital Funding	\$229,579	85%
TOTAL REVENUES:	\$270,678	
<u>EXPENDITURES/EXPENSES:</u>		
Operations & Maintenance:	\$64,683	68%
Interest Expenditure & Debt Service:	\$30,800	32%
TOTAL EXPENDITURES/EXPENSES:	\$95,483	

Sanitation: The City provides sanitation services to customers by residential curbside pick up and commercial rear-loading containers on a twice a week basis. Disposal takes place at the Sumter County recycling and composting facility. Sanitation service is provided to customers inside the City limits or customers having a pending annexation agreement with the City. The sanitation customer base for fiscal year 2002 is 828 residential and 192 commercial.

<u>REVENUES:</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
Sanitation Sales:	\$365,378	98%
Interest & Miscellaneous:	\$9,080	2%
TOTAL REVENUES:	\$374,458	
<u>EXPENDITURES/EXPENSES:</u>		
Operations & Maintenance:	\$298,701	93%
Interest Expenditure & Debt Service	\$3,315	1%
Transfers (out):	\$19,000	6%
TOTAL EXPENDITURES/EXPENSES:	\$321,016	

Special Revenues:

The Bushnell Evergreen Cemetery: The Cemetery fund is a fund created for the purpose of operating and maintaining the Bushnell Evergreen Cemetery. Under Section 9-1 through 9-26 in Chapter 9 of the Code of Ordinance's, the City is required to fund the maintenance on a perpetual basis for the Cemetery.

<u>REVENUES:</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
Lot Sales & Contributions:	\$15,675	34%
Interest & Miscellaneous:	\$17,443	37%
Transfer (in):	\$10,500	29%
TOTAL REVENUES:	\$46,618	
<u>EXPENDITURES/EXPENSES:</u>		
Operations & Maintenance:	\$21,833	100%
TOTAL EXPENDITURES/EXPENSES:	\$21,833	

CDBG:

The City of Bushnell has acquired grant funding to complete a stormwater drainage project within the City of Bushnell. This shall see a majority of its activity within the next fiscal year.

Pension Plan & Trust Fund Operations:

The City of Bushnell provides its employees with retirement benefits. Employees hired after January 1, 1996 are on the Regular Employees Pension Plan (REPP). Police Officers hired after January 1, 1996 were placed on the Police Officers Pension Plan (POPP). The POPP is a Chapter 185 plan which entitles the City to the .85% insurance premium tax on real estate. Both plans are defined benefit plans, with similar benefits as offered by the Florida Retirement System (FRS). The REPP is currently contributed to at 10.9%. The POPP is currently contributed to at 21.1% with a 1% contribution from the employee. Contributions are calculated on the employee's salary.

The City of Bushnell offers a deferred compensation plan defined by the IRS as a 457 B. Participation within this plan is voluntary. Participating employees currently receive a 10% match from the City on money deposited into the plan. The investments within this plan are self directed by the employee and maintained by the Nationwide Retirement Solutions Inc., formerly the Public Employee Benefit Service Corporation.

Debt Administration:

All funds of the City of Bushnell have significantly low levels of debt. The 1976 Bond Series of the City combined Water & Electric System was defeased two years ahead of schedule in October 1997 which significantly decreased debt service within these respective funds.

The electric and water departments have participated in a pooled loan program with Florida Municipal Power Agency. This program enabled the City of Bushnell to finance certain improvements in the electric & water systems. This program offers a variable interest rate, which is monitored by staff on an ongoing basis with the program consistently yielding favorable interest rates.

All other debts of the City are secured through local lending institutions and are usually for short-term fixed interest rate.

Cash Management:

Cash accounts during the year 2002 were invested in demand deposits, certificates of deposit, and pooled investments. The pension trust fund's investments were within mutual funds.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent or financial institution's trust department in the government's name.

Risk Management:

The City of Bushnell participates in a managed care program for workers' compensation. This program provides the City with a system that controls fraud and routes medical services. By participating within this managed care program, a premium credit was provided by the carrier. In addition, various risk control techniques, including employee accident prevention training, are ongoing programs intended to minimize accident-related losses. Coverage is currently maintained for workers' compensation claims through the Preferred Government Insurance Trust.

OTHER INFORMATION

Independent Audit:

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

Awards:

Safety Award: The City has received numerous electric safety awards. The first safety award was presented to the City by the Florida Municipal Electric Agency to the Utility Department for recognition of a perfect safety record without reports of accidents. The City has received this award for 15 consecutive years.

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

Outstanding Rural Community: The State of Florida issued its first annual Outstanding Rural Community Award of the Year to the City of Bushnell. This award highlights one rural community with population under 8,000 for a project that significantly impacts the community's quality of life. In 1992, the City of Bushnell submitted the Kenny Dixon Sports Complex as the project for this award.

Certificate of Excellence in Financial Reporting: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bushnell for its comprehensive annual financial report for the fiscal year ended September 30, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

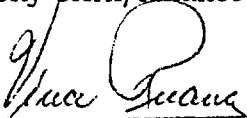
Acknowledgments:

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

Sincerely,



Joy Coleman,
City Clerk/Finance Director



Vince Ruano,
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bushnell,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2001

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



A handwritten signature in black ink, reading "William Patrick Harte".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director

Financial Section

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Council Members
City of Bushnell
Bushnell, Florida

We have audited the accompanying general purpose financial statements of the City of Bushnell, Florida (the City) as of and for the year ended September 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of September 30, 2002, and the results of its operations and changes in cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City of Bushnell, Florida taken as a whole. The required supplementary information listed in the table of contents is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited

Certified Public Accountants

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

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Honorable Mayor and Council Members
City of Bushnell
Bushnell, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The accompanying schedule of expenditures of federal awards and state financial assistance as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the *Rules of the Auditor General* of the State of Florida, and combining and individual fund and account group financial statements and schedules 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 Bushnell, Florida. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. The information presented in the statistical section is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

March 13, 2003
Ocala, Florida

Purvis, Gray and Company

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GENERAL PURPOSE FINANCIAL STATEMENTS

(Combined Statements - Overview)

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	<u>Governmental Fund Types</u>		<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u>	
	<u>Special</u>		<u>Fund Type</u>	<u>Fund Type</u>	<u>General</u>	<u>General</u>	<u>(Memorandum Only)</u>	
	<u>General</u>	<u>Revenue</u>	<u>Enterprise</u>	<u>Pension</u> <u>Trust</u>	<u>Fixed</u> <u>Assets</u>	<u>Long-Term</u> <u>Debt</u>	<u>2002</u>	<u>2001</u>
Assets and Other Debits								
Assets								
Cash and Cash Equivalents	\$ 431,027	\$ 482,383	\$ 2,464,006	\$ 33,285			\$ 3,410,701	\$ 3,525,482
Investments				194,585			194,585	166,809
Receivables:								
Other Receivables	57,175						57,175	82,770
Accounts Receivable (Net of Allowance for Uncollectibles - \$2,000)			368,049				368,049	371,443
Deferred Debit							0	119,410
Retainage Receivable			70,000				70,000	52,333
Due From Other Governments	354,347	3,490	212,053				569,890	232,146
Due From Other Funds	4,095		11,805				15,900	35,105
Advances to Other Funds	250,000		220,100				470,100	250,000
Inventories			255,438				255,438	214,290
Restricted Assets:								
Cash and Investments			230,558				230,558	224,776
Property, Plant and Equipment (Net, Where Applicable, of Accumulated Depreciation)			6,673,662		\$ 4,035,977		10,709,639	6,689,271
Other Assets			4,001				4,001	4,286
Other Debits								
Amount to be Provided for Retirement of General Long-Term Debt						\$ 1,079,046	1,079,046	944,850
Total Assets and Other Debits	<u>\$ 1,096,644</u>	<u>\$ 485,873</u>	<u>\$ 10,509,672</u>	<u>\$ 227,870</u>	<u>\$ 4,035,977</u>	<u>\$ 1,079,046</u>	<u>\$ 17,435,082</u>	<u>\$ 12,912,971</u>

See accompanying notes.

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA
(Concluded)

	Governmental Fund Types		Proprietary	Fiduciary	Account Groups		Totals	
	General	Special Revenue	Enterprise	Pension Trust	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
							2002	2001
Liabilities, Equity and Other Credits								
Liabilities								
Accounts Payable	\$ 179,988	\$ 208	\$ 618,846				\$ 799,042	\$ 335,333
Other Accrued Liabilities	25,905		25,138				51,043	60,856
Accrued Liability - Power Costs Adjustment			14,984				14,984	0
Due to Other Funds		4,095	11,805				15,900	35,105
Deferred Revenue/Deferred Credit		1,227	320,155				321,382	1,228
Deposits	2,025	3,525					5,550	4,675
Payable From Restricted Assets:								
Customer Deposits			94,406				94,406	99,895
CR-3 Decommissioning Deferred Credit			136,152				136,152	124,836
Notes Payable			3,041,000			\$ 1,005,814	4,046,814	1,144,655
Compensated Absences Payable			63,910			73,232	137,142	149,801
Advances From Other Funds			470,100				470,100	250,000
Total Liabilities	<u>207,918</u>	<u>9,055</u>	<u>4,796,496</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,079,046</u>	<u>6,092,515</u>	<u>2,206,384</u>
Equity and Other Credits								
Contributed Capital			1,784,162				1,784,162	1,784,162
Investment in General Fixed Assets					4,035,977		4,035,977	3,238,810
Retained Earnings:								
Unreserved			3,929,014				3,929,014	3,668,623
Fund Balances:								
Reserved	255,515	476,818		227,870			960,203	882,315
Unreserved	633,211						633,211	1,132,677
Total Equity and Other Credits	<u>888,726</u>	<u>476,818</u>	<u>5,713,176</u>	<u>227,870</u>	<u>4,035,977</u>	<u>0</u>	<u>11,342,567</u>	<u>10,706,587</u>
Total Liabilities, Equity and Other Credits	<u>\$ 1,096,644</u>	<u>\$ 485,873</u>	<u>\$ 10,509,672</u>	<u>\$ 227,870</u>	<u>\$ 4,035,977</u>	<u>\$ 1,079,046</u>	<u>\$ 17,435,082</u>	<u>\$ 12,912,971</u>

See accompanying notes.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	General	Special Revenue	Totals (Memorandum Only)	
			2002	2001
Revenues				
Taxes	\$ 759,625	\$ 0	\$ 759,625	\$ 845,671
Licenses and Permits	21,021	0	21,021	8,836
Intergovernmental	279,364	0	279,364	316,206
Grant Revenue	242,304	10,709	253,013	222,267
Charges for Services	20,008	0	20,008	21,699
Fines and Forfeitures	26,319	0	26,319	22,494
Interest and Miscellaneous	39,901	33,118	73,019	73,599
Total Revenues	<u>1,388,542</u>	<u>43,827</u>	<u>1,432,369</u>	<u>1,510,772</u>
Expenditures				
Current:				
General Government	347,502	0	347,502	328,680
Public Safety	671,046	0	671,046	496,174
Human Services	257,196	32,542	289,738	299,182
Culture and Recreation	249,285	0	249,285	215,345
Debt Service:				
Principal	60,341	0	60,341	45,255
Interest	46,747	0	46,747	19,247
Capital Outlay	800,052	0	800,052	327,625
(Total Expenditures)	<u>(2,432,169)</u>	<u>(32,542)</u>	<u>(2,464,711)</u>	<u>(1,731,508)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,043,627)</u>	<u>11,285</u>	<u>(1,032,342)</u>	<u>(220,736)</u>
Other Financing Sources (Uses)				
Operating Transfers In	359,000	10,500	369,500	346,146
Operating Transfers Out	(10,500)	0	(10,500)	(10,500)
Loan Proceeds	200,000	0	200,000	600,000
Total Other Financing Sources (Uses)	<u>548,500</u>	<u>10,500</u>	<u>559,000</u>	<u>935,646</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(495,127)</u>	<u>21,785</u>	<u>(473,342)</u>	<u>714,910</u>
Fund Balances, Beginning of Year	<u>1,383,853</u>	<u>455,033</u>	<u>1,838,886</u>	<u>1,123,976</u>
Fund Balances, End of Year	<u>\$ 888,726</u>	<u>\$ 476,818</u>	<u>\$ 1,365,544</u>	<u>\$ 1,838,886</u>

See accompanying notes.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	\$ 828,611	\$ 759,625	\$ (68,986)	\$ 0	\$ 0	\$ 0	\$ 828,611	\$ 759,625	\$ (68,986)
Licenses and Permits	11,036	21,021	9,985	0	0	0	11,036	21,021	9,985
Intergovernmental	319,456	279,364	(40,092)	0	0	0	319,456	279,364	(40,092)
Grant Revenue	460,391	242,304	(218,087)	12,000	10,709	(1,291)	472,391	253,013	(219,378)
Charges for Services	20,386	20,008	(378)	0	0	0	20,386	20,008	(378)
Fines and Forfeitures	31,436	26,319	(5,117)	0	0	0	31,436	26,319	(5,117)
Interest and Miscellaneous	57,174	39,901	(17,273)	39,000	33,118	(5,882)	96,174	73,019	(23,155)
Total Revenues	1,728,490	1,388,542	(339,948)	51,000	43,827	(7,173)	1,779,490	1,432,369	(347,121)
Expenditures									
Current:									
General Government	328,921	347,502	(18,581)	12,000	0	12,000	340,921	347,502	(6,581)
Public Safety	655,170	671,046	(15,876)	0	0	0	655,170	671,046	(15,876)
Human Services	276,378	257,196	19,182	23,825	32,542	(8,717)	300,203	289,738	10,465
Culture and Recreation	242,348	249,285	(6,937)	0	0	0	242,348	249,285	(6,937)
Debt Service:									
Principal	237,836	60,341	177,495	0	0	0	237,836	60,341	177,495
Interest	33,751	46,747	(12,996)	0	0	0	33,751	46,747	(12,996)
Capital Outlay	953,198	800,052	153,146	0	0	0	953,198	800,052	153,146
(Total Expenditures)	(2,727,602)	(2,432,169)	295,433	(35,825)	(32,542)	3,283	(2,763,427)	(2,464,711)	298,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	(999,112)	(1,043,627)	(44,515)	15,175	11,285	(3,890)	(983,937)	(1,032,342)	(48,405)
Other Financing Sources (Uses)									
Operating Transfers In	379,000	359,000	(20,000)	10,500	10,500	0	389,500	369,500	(20,000)
Operating Transfers Out	(10,500)	(10,500)	0	0	0	0	(10,500)	(10,500)	0
Loan Proceeds	548,977	200,000	(348,977)	0	0	0	548,977	200,000	(348,977)
Total Other Financing Sources (Uses)	917,477	548,500	(368,977)	10,500	10,500	0	927,977	559,000	(368,977)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(81,635)	(495,127)	(413,492)	25,675	21,785	(3,890)	(55,960)	(473,342)	(417,382)
Fund Balances, Beginning of Year	81,635	1,383,853	1,302,218	455,033	455,033	0	536,668	1,838,886	1,302,218
Fund Balances, End of Year	\$ 0	\$ 888,726	\$ 888,726	\$ 480,708	\$ 476,818	\$ (3,890)	\$ 480,708	\$ 1,365,544	\$ 884,836

See accompanying notes.

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES - ENTERPRISE
FOR THE YEAR ENDED SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002	(Memorandum Only) 2001
Operating Revenues		
Charges for Sales and Services	\$ 2,893,280	\$ 3,093,374
Miscellaneous Revenues	82,941	28,485
Total Operating Revenues	<u>2,976,221</u>	<u>3,121,859</u>
Operating Expenses		
Demand and Energy Charge	1,299,023	1,395,064
CR-3 Operations and Maintenance	57,832	66,636
Salaries	401,218	357,303
Employee Benefits	149,566	121,054
Professional Services	138,145	83,448
Operating Supplies	26,887	73,302
Other Current Charges	190,419	164,939
Depreciation	204,706	198,688
Landfill	153,842	139,544
(Total Operating Expenses)	<u>(2,621,638)</u>	<u>(2,599,978)</u>
Operating Income (Loss)	<u>354,583</u>	<u>521,881</u>
Nonoperating Revenues (Expenses)		
Interest Income	51,487	107,103
Interest Expense	(38,608)	(15,246)
Other Debt Service Costs	(286)	(286)
Total Nonoperating Revenues (Expenses)	<u>12,593</u>	<u>91,571</u>
Net Income (Loss) Before Capital Contributions and Transfers	<u>367,176</u>	<u>613,452</u>
Capital Contributions and Transfers		
Capital Contributions	252,215	0
Operating Transfers (Out)	(359,000)	(335,646)
Total Capital Contributions and Transfers	<u>(106,785)</u>	<u>(335,646)</u>
Net Income (Loss) After Capital Contributions and Transfers	260,391	277,806
Retained Earnings, Beginning of Year	3,668,623	3,390,817
Retained Earnings, End of Year	<u>\$ 3,929,014</u>	<u>\$ 3,668,623</u>

See accompanying notes.

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES - ENTERPRISE
FOR THE YEAR ENDED SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA

	2002	(Memorandum Only) 2001
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Operating Income (Loss)	\$ 354,583	\$ 521,881
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization	204,705	198,688
Change in Current Assets - Decrease (Increase) and Current Liabilities - Increase (Decrease):		
Accounts Receivable	(212,040)	(70,965)
Deferred Debits	119,410	(58,210)
Due From Other Funds	(231,905)	49,950
Inventories	(41,148)	(9,463)
Accounts Payable	392,241	23,564
Other Accrued Expenses	3,581	5,690
Due to Other Funds	11,618	(3,608)
Deferred Credit	(34,845)	0
Compensated Absences Payable	(7,196)	(4,569)
Customer Deposits	(5,489)	6,007
Total Adjustments	198,932	137,084
Net Cash Provided By (Used In) Operating Activities	<u>553,515</u>	<u>658,965</u>
Cash Flows From Noncapital Financing Activities		
Operating Transfers Out to Other Funds	(359,000)	(335,646)
Cash Flows From Capital and Related Financing Activities		
Advance From Other Fund	220,100	0
Acquisition and Construction of Capital Assets	(3,042,907)	(393,576)
Principal Payments on Notes	(37,500)	(84,470)
Interest Paid on Notes	(38,608)	(14,057)
Contributed Capital	252,215	167,415
Proceeds of Note Payable	2,800,000	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>153,300</u>	<u>(324,688)</u>
Cash Flows From Investing Activities		
Interest Received	51,487	107,103
Net Increase (Decrease) in Cash and Cash Equivalents	399,302	105,734
Cash and Cash Equivalents, Beginning of Year	2,159,110	2,053,376
Cash and Cash Equivalents, End of Year	<u>\$ 2,558,412</u>	<u>\$ 2,159,110</u>

See accompanying notes.

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES - ENTERPRISE
FOR THE YEAR ENDED SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA
(Concluded)

	<u>2002</u>	<u>(Memorandum Only) 2001</u>
<u>Presented in the Accompanying Combined Balance Sheet as:</u>		
Unrestricted Cash	\$ 2,464,006	\$ 2,059,170
Restricted Cash - Customer Deposits	94,406	99,940
Total Cash	<u><u>\$ 2,558,412</u></u>	<u><u>\$ 2,159,110</u></u>
<u>Noncash Investing, Capital, and Financing Activities:</u>		
Assets Received in Exchange for Developers Agreement	<u><u>\$ 385,000</u></u>	<u><u>\$ 0</u></u>

See accompanying notes.

**COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002	(Memorandum Only) 2001
Additions		
Contributions		
Employer	\$ 52,579	\$ 42,319
Employee	2,019	1,265
State	25,053	21,311
Miscellaneous	0	399
Total Contributions	<u>79,651</u>	<u>65,294</u>
Investment Income (Loss)		
Interest and Dividend Income (Loss)	5,616	11,159
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(27,017)</u>	<u>(35,696)</u>
Total Investment Income (Loss)	<u>(21,401)</u>	<u>(24,537)</u>
Total Additions	<u>58,250</u>	<u>40,757</u>
Deductions		
Termination Payments	(460)	(1,183)
Miscellaneous	<u>(6,025)</u>	<u>0</u>
(Total Deductions)	<u>(6,485)</u>	<u>(1,183)</u>
Net Increase (Decrease)	51,765	39,574
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	<u>176,105</u>	<u>136,531</u>
End of Year	<u>\$ 227,870</u>	<u>\$ 176,105</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS
CITY OF BUSHNELL, FLORIDA**

Note 1 - Summary of Significant Accounting Policies

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

The accompanying general purpose financial statements present the combined financial positions and results of operations of the various fund types and account groups and the cash flows of the proprietary fund types for all funds of the City.

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

Reporting Entity

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable fund types and account groups governed by the Mayor and City Council of the City. The reporting entity for the City includes all functions of government for which the Mayor and City Council are considered to be financially accountable.

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

Basis of Presentation

The City maintains its accounting records in accordance with the principles and policies applicable to governmental units set forth by the GASB, as well as generally accepted accounting principles (GAAP) as promulgated by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board (FASB). The proprietary funds do not apply FASB statements and interpretations issued after November 30, 1989.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting

The accounting system and financial reports of the City are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund and Account Group Categories

The categories of funds and account groups of the City are summarized as follows:

- Governmental fund types are those through which most government functions typically are financed. The acquisition, use, and balances of expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental type funds. Governmental funds used by the City are as follows:
 - **General Fund** - To account for all financial resources which are not required to be accounted for in another fund.
 - **Special Revenue Funds** - To account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.
- Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector.
 - **Enterprise Funds** - To account for activities that are operated in a manner similar to private businesses where the costs of providing goods and services are primarily recovered through user charges.
- Fiduciary fund types are used to account for assets held in a trustee capacity for others.
 - **Pension Trust Funds** - To account for the accumulation of resources to be used for retirement payments to employees.
- Account groups record and control the City's general fixed assets and general long-term debt. The account groups are not funds and do not reflect available financial resources and related liabilities. The following account groups are maintained by the City:
 - **General Fixed Assets** - To account for property and equipment not used in proprietary fund operations.

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

Note 1 - Summary of Significant Accounting Policies *(Continued)*

Fund and Account Group Categories *(Concluded)*

- **General Long-Term Debt** - To account for unmatured principal of long-term special obligation indebtedness, notes and capital leases payable, and compensated absences which are not the specific liability of a proprietary fund.

Measurement Focus

Governmental fund types (general and special revenue) are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Reported fund balance (net current assets) is considered a measurement of "available, spendable, or appropriate resources." Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net current assets.

Proprietary fund types are accounted for on a "cost of services" or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet to provide an indication of the economic net worth of the funds. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. The proprietary fund types operating statement presents increases (revenues) and decreases (expenses) in net total assets.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds with the government. The measurement focus and basis of accounting for the pension trust funds are similar to proprietary funds, which are maintained on the accrual basis. The City operates the following fiduciary funds:

- **Pension Trust Funds** - Police officers' retirement plan and the general employees' retirement plan.

Basis of Accounting

Governmental fund type revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recorded when paid.

Governmental fund type revenues that are susceptible to accrual include utility service taxes, franchise fees, federal and state-shared revenues, and reimbursements from grants for authorized expenditures through September 30.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Concluded)

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized when earned, and expenses are recognized when incurred.

Fiduciary funds of the City consist of pension trust funds which are accounted for on the accrual basis.

Transfers

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

Grants - Proprietary Funds

Unrestricted grants, entitlements or shared revenues received are reported as nonoperating revenues. Such resources externally restricted for capital acquisitions or construction are reported as contributed capital. Operating expenses include depreciation on all depreciable fixed assets (including those financed by grants).

Cash and Cash Equivalents

The City considers all demand deposits as well as all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

In all funds, investments are stated at fair value. Interest earnings on the City's cash and investment pool are allocated based on each funds' proportionate ownership of the cash and investment pool's fund equity.

Receivables

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

Inventories and Prepaid Items

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

Cost Reimbursements

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Cost Reimbursements (Concluded)

expenses. The funds and departments that benefit from the services and expenses/expenditures record a cost reimbursement as an increase in expenditures or expenses.

Proprietary Fund Fixed Assets

Proprietary fund fixed assets are recorded at historical cost. Donated fixed assets are recorded at fair market value on the date received. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Useful Lives</u>
■ Electric Utility Fund	
Buildings	32 Years
Utility Plant in Service	25 to 40 Years
Machinery, Equipment and Vehicles	6 to 12 Years
Investment in Crystal River No. 3 Nuclear Plant	28 Years
■ Water Utility Fund	
Utility Plant in Service	25 to 101 Years
Buildings	50 Years
Equipment	25 Years
■ Sanitation Fund	
Equipment	7 Years
■ Wastewater Utility Fund	
Utility Plant in Service	50 Years

General Fixed Assets

General fixed assets purchased are recorded as expenditures in the governmental fund types at the time of purchase. Such assets are capitalized at cost in the general fixed assets account groups. The City's policy is not to capitalize public domain fixed assets such as streets, right-of-ways, sidewalks, drainage systems and similar assets. Donated fixed assets are valued at their estimated fair market value at the time of acquisition. Depreciation is not provided on general fixed assets.

Bond Discounts and Issuance Costs

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

Accumulated unpaid vacation and sick pay benefit amounts are accrued in the period they are earned in proprietary funds (using the accrual basis of accounting). Such amounts are accrued in governmental funds (general fund) to the extent of the amount left unpaid at the end of the reporting period that would normally be liquidated with expendable and available financial resources. The remainder of the liability is reported in the general long-term debt account group.

The policy as of September 30, 2002, is to vest up to a maximum accumulation of 1,040 hours of sick leave. Upon voluntary termination, 50% of the accumulated hours are paid to the employee (75% for long-term employees with twenty or more years of full-time service). The City accrues 100% of unpaid vacation pay and 50% of accumulated unpaid sick pay at the employee's current pay rate.

Encumbrances

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

Deferred Revenues

Deferred revenues include amounts collected before the revenue recognition criteria are met and receivables which, under the modified accrual basis of accounting, are measurable but not yet available. The deferred revenues will be recognized as revenue in the fiscal year they are earned or become available. The deferred items consist primarily of grant revenues, over collected electric power cost adjustments, and for monies collected for use in future decommissioning of the Crystal River No. 3 Nuclear Power Plant.

Reserves

Fund balances are reserved as follows:

■ General Fund	
Reserved for Advances to Other Funds	\$ 250,000
Reserved for Drug Interdiction	5,515
Total General Fund	<u><u>\$ 255,515</u></u>
■ Special Revenue Funds	
Reserved for Perpetual Care - Cemetery	<u><u>\$ 476,818</u></u>
■ Pension Trust Funds	
Reserved for Pension Benefits	<u><u>\$ 149,151</u></u>

Budgeting

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgeting (Concluded)

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

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

Water Line Extension Charges

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

Fund Equity

Prior to the implementation of Government Accounting Standards Board (GASB) Statement No. 33, contributed capital was recorded in proprietary funds that had received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Total Columns on 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 cash flows 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.

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Minor reclassifications of 2001 amounts have been made to enhance the comparison to 2002.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2002, was 2.000.

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

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

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

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

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

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

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

Note 2 - Deposits and Investments

Deposits

At September 30, 2002, the carrying amount of the City's cash deposits was \$2,132,858 and the bank balance was \$2,308,750. All cash deposits were held in qualified public depositories and were covered by federal depository insurance or by the Florida Security for Public Deposits Act (the Act); Chapter 280 of the Florida Statutes. The Act established a multiple-financial institution collateral pool with the ability to assess member institutions to satisfy the claims of governmental entities if any member financial institution fails. This ability to assess provides protection which is similar to depository insurance.

Investments

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

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

Certain City investments, such as investment pools managed by other governments, cannot be categorized because the City's investments are not evidenced by specific, identifiable investment securities. The Local Government Surplus Funds Trust Fund is an investment pool administered by the Florida State Board of Administration. Investments held in the Fund consist of short-term federal agency obligations, treasury bills, repurchase agreements, and commercial paper. Investment income is recognized as earned and is allocated to participants of the fund based on their equity participation. In accordance with GASB Statement No. 31, the SBA has reported that the Local Government Investment Trust, which it operates, is a "2A-7 like" pool and, thus, these investments are valued using the pooled share price.

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

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

Note 2 - Deposits and Investments (Concluded)

Investments (Concluded)

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

Investment Description	Category 1	Category 2	Category 3	Fair Value
U.S. Government Bonds	\$ 0	\$ 0	\$ 42,165	\$ 42,165
Other Miscellaneous - Short-Term Investments	0	0	77,532	77,532
Repurchase Agreement	0	0	6,568	6,568
Discount Notes	0	0	9,887	9,887
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 136,152</u>	<u>136,152</u>
Stock and Bond Mutual Funds (Pension)				194,585
Total Investments				<u>330,737</u>
Local Government Surplus Funds Trust				
Fund				916,491
Cash Deposits				2,132,858
Certificates of Deposit				455,000
Total Cash and Cash Equivalents				<u>3,504,349</u>
Total Investments and Cash and Cash Equivalents				<u>\$ 3,835,086</u>

Note 3 - Restricted Assets

Nuclear Decommissioning

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

Customer Deposits

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

Note 4 - Property, Plant and Equipment

Changes in General Fixed Assets

The following is a summary of changes in general fixed assets during the fiscal year:

	Balance 10/1/01	Additions	(Deletions and Transfers)	Balance 9/30/02
Land	\$ 486,370	\$ 0	\$ 0	\$ 486,370
Buildings	705,325	0	0	705,325
Improvements Other Than Buildings	589,205	13,852	0	603,057
Equipment and Furniture	1,325,430	289,554	0	1,614,984
Construction in Progress	132,480	493,761	0	626,241
Total	<u>\$ 3,238,810</u>	<u>\$ 797,167</u>	<u>\$ 0</u>	<u>\$ 4,035,977</u>

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

Note 4 - Property, Plant and Equipment (Concluded)

Change in General Fixed Assets (Concluded)

The following is a summary of the proprietary fund type property, plant and equipment at September 30, 2002:

	Electric Utility Fund	Water Utility Fund	Waste- water Fund	Sanitation Fund	Totals
Land	\$ 2,300	\$ 38,090	\$ 468,711	\$ 0	\$ 509,101
Buildings	230,544	457,541	0	0	688,085
Improvements Other Than Buildings	1,633,036	1,385,530	235,000	0	3,253,566
Machinery and Equipment	936,890	599,409	0	330,645	1,866,944
Construction in Progress	0	0	2,855,126	0	2,855,126
Total	2,802,770	2,480,570	3,558,837	330,645	9,172,822
(Accumulated Depreciation)	(1,329,943)	(922,544)	(4,700)	(241,973)	(2,499,160)
Net	<u>\$ 1,472,827</u>	<u>\$ 1,558,026</u>	<u>\$ 3,554,137</u>	<u>\$ 88,672</u>	<u>\$ 6,673,662</u>

Note 5 - Enterprise Funds - Long-Term Liabilities

The following is a summary of all long-term liabilities of the enterprise funds at September 30, 2002:

**Florida Municipal Power Agency (FMPA) - Initial
Pooled Loan Project**

The City has entered into a financing agreement with the FMPA. Interest is payable at a variable rate (currently 1.10% plus a 0.60% administration fee. Final maturity is July 1, 2011.

\$ 196,000

Sanitation Fund Note Payable - SunTrust Bank

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

43,840

Water and Sewer Revenue Bond Anticipation Note, Series 2002

During 2002, the City obtained a term loan agreement with SunTrust Bank for \$2,800,000. The loan agreement will provide interim financing for the City's construction of the wastewater treatment facility. Interest is payable monthly at 2.64% per annum, with final maturity on April 26, 2003. In the subsequent fiscal year, this loan will be repaid through a federal loan program. The federal loan will be payable over forty years at an interest rate determined at that time.

2,800,000

Total Loans and Notes Payable

\$ 3,039,840

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

Note 5 - Enterprise Funds - Long-Term Liabilities (Concluded)

The following represents the debt service requirements to maturity of all the City's enterprise funds as of September 30, 2002, including future interest payments.

Year Ending 9/30	Water Utility Fund	Sanitation Fund	Wastewater Fund	Total
	FMPA Loan	SunTrust Certificate	Water and Sewer Revenue Bond Anticipation Note, Series 2002	
2003	\$ 17,522	\$ 25,287	\$ 2,843,120	\$ 2,885,929
2004	23,101	21,911	0	45,012
2005	22,758	0	0	22,758
2006	22,416	0	0	22,416
2007	22,073	0	0	22,073
2008	26,730	0	0	26,730
2009	26,302	0	0	26,302
2010	25,874	0	0	25,874
2011	26,446	0	0	26,446
Total	213,222	47,198	2,843,120	3,103,540
(Amounts Representing Interest)	(17,222)	(2,198)	(43,120)	(62,540)
(Current Principal Portion)	(15,000)	(11,250)	(2,800,000)	(2,826,250)
Long-Term Debt	\$ 181,000	\$ 33,750	\$ 0	\$ 214,750

Crystal River 3 Decommissioning Trust Fund

Federal law requires that an external trust fund be created to accumulate amounts to pay the future plant decommissioning. The City contributes to a common trust fund, maintained by FMPA, for all its members that own a portion of the Crystal River 3 Nuclear Generating Unit. As of September 30, 2002, the City has a balance in the trust fund of \$136,152.

Crystal River 3 Nuclear Decommission Cost Payable

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

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

Balance, September 30, 2001	\$ 124,836
2002 Accrual	11,316
Balance, September 30, 2002	<u>\$ 136,152</u>

Note 6 - General Long-Term Debt

Bank Note Payable - SunTrust Bank

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

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

Note 6 - General Long-Term Debt (Continued)

Bank Note Payable - Community National Bank

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

Bank Note Payable - Community National Bank

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

Certificate of Obligation - SunTrust Bank

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

The following is a summary of debt service to maturity for all general long-term debt notes payable:

Year Ending			
9/30	Principal	Interest	Total
2003	\$ 375,561	\$ 44,160	\$ 419,721
2004	104,516	28,696	133,212
2005	90,904	24,050	114,954
2006	90,904	19,680	110,584
2007	90,904	15,309	106,213
2008	90,904	9,366	100,270
2009	62,119	6,251	68,370
2010	33,333	4,210	37,543
2011	33,333	2,526	35,859
2012	33,336	842	34,178
2013	0	0	0
Total	\$ 1,005,814	\$ 155,090	\$ 1,160,904

The general fund is used to provide the debt service payments of the general long-term debt.

The following is a schedule of changes in general long-term debt for the year ended September 30, 2002:

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

Note 6 - General Long-Term Debt (Concluded)

	Balance 10/1/01	Additions	(Principal Reductions)	Balance 9/30/02
SunTrust Bank - Library	\$ 600,000	\$ 0	\$ 0	\$ 600,000
SunTrust Bank - Fire Truck	0	200,000	(14,286)	185,714
Community National Bank	217,500	0	(29,000)	188,500
Community National Bank	48,655	0	(17,055)	31,600
Compensated Absences	78,695	0	(5,463)	73,232
Total	<u>\$ 944,850</u>	<u>\$ 200,000</u>	<u>\$ (65,804)</u>	<u>\$ 1,079,046</u>

Note 7 - Electric Power Agreements

Crystal River Power Unit 3 Participation Agreement

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

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

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

Florida Municipal Power Agency (FMPA)

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

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

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

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

Note 7 - Electric Power Agreements (Concluded)

Florida Municipal Power Agency (FMPA) (Concluded)

The City has elected to participate in the "All Requirements Project," which supplies all of the City's power requirements. The agreement will remain in effect until October 1, 2025, with optional successive five-year renewal periods. Power rates charged to the City by FMPA are subject to a majority vote of the Board of Directors of FMPA. In addition, the City has elected participation in the "Pooled Loan Project" in which FMPA issues debt, then loans the money to individual systems to finance utility-related projects.

Note 8 - Employee Retirement Systems

Florida State Retirement System

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

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

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City, are required to contribute 7.30% of the compensation for regular members, 18.44% for special risk, 9.28% for senior management and 11.86% for elected officials through June 30, 2002. Beginning July 1, 2002, the required contribution rate is changed to 5.76%, 16.01%, 6.06% and 11.86% of the member's gross compensation for regular members, special risk, senior management and elected officials, respectively. The City's contributions to the System for the years ended September 30, 2002, 2001, 2000, were as follows:

<u>Year</u>	<u>Amount</u>
2002	\$ 49,504
2001	60,754
2000	68,564

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

Note 8 - Employee Retirement Systems (Continued)

Florida State Retirement System Opt-Out

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

Pension Trust Funds

■ **Plan Description**

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

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

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

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

■ **Membership**

Membership of each plan consisted of the following as of September 30, 2002:

	General Employees	Police Officers
Active Plan Members	17	7
Retirees and Beneficiaries Receiving Benefits	0	0
Terminated Plan Members, Entitled But Not Yet Receiving Benefits	0	0
Total	<u>17</u>	<u>7</u>

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

Note 8 - Employee Retirement Systems *(Continued)*

Pension Trust Funds *(Continued)*

■ **Annual Pension Costs**

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

	General Employees	Police Officers
Contribution Rates		
Employer	10.90%	22.00%
Employee	0.00%	1.00%
Annual Pension Cost		
Annual Required Contribution (ARC)	\$ 28,193	\$ 27,830
Interest on Net Pension Obligation	0	0
Annual Pension Costs	<u>28,193</u>	<u>27,830</u>
Contributions Made	33,584	44,048
(Increase) in Net Pension Obligation	<u>(5,391)</u>	<u>(16,218)</u>
Net Pension Obligation (Asset), Beginning of Year	(14,349)	0
Net Pension Obligation (Asset), End of Year	<u><u>\$ (19,740)</u></u>	<u><u>\$ (16,218)</u></u>

	General Employees' and Police Officers'
Actuarial Valuation Date	October 1, 2001
Actuarial Cost Method	Aggregate
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Projected Salary Increases (*)	6.0%
(*) Includes Inflation at	3.0%
Postretirement COLA	3.0%

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

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

Note 8 - Employee Retirement Systems (Concluded)

Pension Trust Funds (Concluded)

■ **Three-Year Trend Information**

Three-year trend information for the plan follows:

<u>Plan</u>	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
General Employees	9/30/2002	\$ 28,193	119%	\$ (19,740)
	9/30/2001	20,494	121%	(14,349)
	9/30/2000	20,211	109%	(8,780)
Police Officers	9/30/2002	27,830	158%	(16,218)
	9/30/2001	25,691	100%	0
	9/30/2000	18,755	100%	0

Note 9 - Retirement Benefits

The City allows retired employees to participate in the City's health insurance plan. These retirees are responsible for their premium payments. There were no retirees participating in the City's health insurance plan as of September 30, 2002.

Note 10 - Other Disclosures

Segment Information for Enterprise Funds

The City operates three enterprise funds which provide electric, water, wastewater, and sanitation services. Segment information for the year ended September 30, 2002, is as follows:

	<u>Electric Utility Fund</u>	<u>Water Utility Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 2,160,507	\$ 417,566	\$ 27,416	\$ 370,732	\$ 2,976,221
Depreciation Expense	113,809	67,085	4,700	19,112	204,706
Operating Income (Loss)	340,591	(20,772)	(37,267)	72,031	354,583
Operating Transfers (Out)	(320,000)	(20,000)	0	(19,000)	(359,000)
Net Income (Loss)	50,782	(19,028)	175,195	53,442	260,391
Current Capital Contributions	0	2,636	229,579	0	232,215
Plant, Property and Equipment Additions (Deletions)	281,903	154,051	2,986,193	5,760	3,427,907
Total Assets	3,629,343	1,982,596	4,523,046	374,687	10,509,672
Net Working Capital	1,713,559	338,668	(2,574,074)	242,210	(279,637)
Other Long-Term Liabilities					
Payable From Operating Revenue	0	181,000	0	33,750	214,750
Total Fund Equity	3,186,386	1,499,595	730,063	297,132	5,713,176

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

Note 10 - Other Disclosures (Continued)

Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2002, are as follows:

	Interfund Receivable	Interfund Payables
General Fund	\$ 4,095	\$ 0
Wastewater Utility Fund	0	11,805
Water Utility Fund	11,805	0
CDBG Fund	0	4,095
Total Interfund Receivables and Payables	\$ 15,900	\$ 15,900

Interfund Transfers

Interfund transfers at September 30, 2002, are as follows:

	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 359,000	\$ 10,500
Electric Utility Fund	0	320,000
Water Utility Fund	0	20,000
Sanitation Fund	0	19,000
Cemetery Fund	10,500	0
Total Interfund Transfers	\$ 369,500	\$ 369,500

Advances

Advances to and from other funds at September 30, 2002, are as follows:

	Advances to Other Funds	Advances From Other Funds
General Fund	\$ 250,000	
Water Utility Fund		\$ 220,100
Wastewater Utility Fund	220,100	250,000
Total Advances	\$ 470,100	\$ 470,100

Allowances for Doubtful Accounts

Allowances for doubtful accounts at September 30, 2002, are as follows:

Electric Utility Fund	\$ 1,000
Water Utility Fund	500
Sanitation Fund	500
Total Allowances for Doubtful Accounts	\$ 2,000

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

Note 10 - Other Disclosures (Concluded)

Excess (Deficiency) of Operating Expenditures/Expenses Over (Under) Budgeted Operating Expenditures/Expenses in Individual Funds

	Budget	Actual	Operating Expenditures/Expenses (In Excess) Budgeted Operating Expenditures/ Expenses
Water Utility Fund	\$ 275,880	\$ 438,338	\$ (162,458)
Sanitation Fund	279,474	298,701	(19,227)
Electric Fund	1,683,015	1,819,916	(136,901)

Note 11 - Risk Management

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

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

The City's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the City's experience for this type of risk. There have been no significant reductions in insurance coverage during fiscal year 2002. Settled claims have not exceeded the commercial excess coverages in any of the past three years.

Note 12 - Contingencies

Grants

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

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

Note 12 - Contingencies (Concluded)

Wastewater Treatment Facility

The U.S. Department of Agriculture-Rural Development (USDA) approved a loan and grant to the City for its wastewater project. The amount of the grant is \$2,000,000, and the loan amount is \$2,800,000. The loan is at a 4.75% interest rate and is repayable over a period not exceeding forty years from the date of the loan closing. As of September 30, 2002, no amounts have been drawn on either this grant or loan.

In addition, the City and Sumter County, Florida entered into an interlocal agreement whereby Sumter County will contribute approximately \$1,000,000 to the capital cost of the system at a rate of \$56,000 per year.

During the fiscal year, the City entered into several construction contracts to build the wastewater treatment facility.

The total cost of the wastewater project is estimated to be \$6,500,000 and expected completion date is March 2003.

REQUIRED SUPPLEMENTARY INFORMATION

General Employees' Retirement Plan - The following supplemental schedules present required trend information regarding the City's General Employees' Retirement Plan.

Police Officers' Retirement Plan - The following supplemental schedules present required trend information regarding the City's Police Retirement Plan.

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REQUIRED SUPPLEMENTARY INFORMATION

CONTRIBUTIONS - EMPLOYER AND OTHER GENERAL EMPLOYEES' RETIREMENT FUND AND POLICE OFFICERS' RETIREMENT FUND CITY OF BUSHNELL, FLORIDA (Unaudited)

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

General Employees' Retirement Plan

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>City's Contribution</u>	<u>Percentage Contributed</u>
2002	\$ 28,193	\$ 33,584	119.00%
2001	20,494	24,737	121.00%
2000	20,211	21,963	109.00%
1999	9,719	15,721	161.75%
1998	7,743	7,743	100.00%
1997	3,303	3,303	100.00%
1996	879	879	100.00%

Police Officers' Retirement Plan

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>City's Contribution</u>	<u>State's Contribution</u>	<u>Percentage Contributed</u>
2002	\$ 27,830	\$ 18,995	\$ 25,053	158.00%
2001	26,036	4,725	21,311	100.00%
2000	22,014	14,635	7,379	100.00%
1999	14,940	0	20,190	135.14%
1998	8,965	8,965	26,773	398.64%
1997	5,577	5,577	8,421	251.00%
1996	2,315	2,315	0	100.00%

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

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**COMBINING, INDIVIDUAL FUND AND
ACCOUNT GROUP FINANCIAL
STATEMENTS AND SCHEDULES**

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GENERAL FUND

The general fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The general fund receives a greater variety and number of taxes than any other fund. The City's general fund directly services general long-term debt.

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COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2002 AND 2001
CITY OF BUSHNELL, FLORIDA

	<u>2002</u>	<u>2001</u>
Assets		
Cash and Cash Equivalents	\$ 431,027	\$ 999,465
Other Receivables	57,175	82,770
Due From Other Governments	354,347	185,988
Due From Other Funds	4,095	32,485
Advance to Wastewater Fund	250,000	250,000
Total Assets	<u>1,096,644</u>	<u>1,550,708</u>
 Liabilities and Fund Balance		
 Liabilities		
Accounts Payable	179,988	138,582
Other Accrued Liabilities	25,905	24,315
Due to Other Funds	0	2,433
Deposits	2,025	1,525
Total Liabilities	<u>207,918</u>	<u>166,855</u>
 Fund Balance		
Reserved	255,515	251,176
Fund Balance:		
Unreserved	633,211	1,132,677
Total Fund Balance	<u>888,726</u>	<u>1,383,853</u>
 Total Liabilities and Fund Balance	<u>\$ 1,096,644</u>	<u>\$ 1,550,708</u>

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002 AND 2001
CITY OF BUSHNELL, FLORIDA**

	<u>2002</u>	<u>2001</u>
Revenues		
Taxes	\$ 759,625	\$ 845,671
Licenses and Permits	21,021	8,836
Intergovernmental	279,364	316,206
Grant Revenue	242,304	176,248
Charges for Services	20,008	21,699
Fines and Forfeitures	26,319	22,494
Interest and Miscellaneous	39,901	32,479
Total Revenues	<u>1,388,542</u>	<u>1,423,633</u>
Expenditures		
Current:		
General Government	347,502	328,680
Public Safety	671,046	496,174
Human Services	257,196	232,519
Culture and Recreation	249,285	215,345
Debt Service:		
Principal	60,341	45,255
Interest	46,747	19,247
Capital Outlay	800,052	327,425
(Total Expenditures)	<u>(2,432,169)</u>	<u>(1,664,645)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,043,627)</u>	<u>(241,012)</u>
Other Financing Sources (Uses)		
Operating Transfers In	359,000	335,646
Operating Transfers (Out)	(10,500)	(10,500)
Loan Proceeds	200,000	600,000
Total Other Financing Sources (Uses)	<u>548,500</u>	<u>925,146</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(495,127)	684,134
Fund Balance, Beginning of Year (As Restated)	<u>1,383,853</u>	<u>699,719</u>
Fund Balance, End of Year	<u><u>\$ 888,726</u></u>	<u><u>\$ 1,383,853</u></u>

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues				
Taxes				
Ad Valorem Taxes	\$ 127,672	\$ 124,441	\$ (3,231)	\$ 103,989
Local Government Infrastructure Surtax	126,236	113,294	(12,942)	151,513
Local Option Gas Tax	194,556	153,666	(40,890)	195,722
Franchise Fees:				
Telephone	0	0	0	3,272
Electric	57,228	60,524	3,296	59,626
Cable TV	0	821	821	24,647
Utility Service Taxes:				
Telephone	0	0	0	119,010
Communication	131,002	117,499	(13,503)	0
Gas	14,118	9,455	(4,663)	11,890
Electric	64,178	65,341	1,163	65,591
City Utility Tax	113,621	114,584	963	110,411
Total Taxes	828,611	759,625	(68,986)	845,671
Licenses and Permits				
Occupational Licenses	5,036	4,256	(780)	6,146
City Permits	6,000	16,765	10,765	2,690
Total Licenses and Permits	11,036	21,021	9,985	8,836
Intergovernmental				
State Revenue Sharing	73,708	75,100	1,392	72,451
Mobile Home Licenses	7,361	7,268	(93)	8,248
Alcoholic Beverage License	1,174	344	(830)	1,141
Half-Cent Sales Tax	70,529	74,491	3,962	80,712
County Fire Fee	112,163	84,057	(28,106)	109,967
County Occupational Licenses	2,331	843	(1,488)	2,399
Sumter County Gas Tax	34,990	23,906	(11,084)	31,963
County Library Assistance	17,200	13,355	(3,845)	9,325
Total Intergovernmental	319,456	279,364	(40,092)	316,206
Grant Revenue				
Federal Law Enforcement Grant	3,391	3,391	0	4,143
FRDAP Grant	50,000	36,771	(13,229)	107,969
Library Grant	180,000	188,074	8,074	59,586
SWFMD Grant	185,000	10,555	(174,445)	4,550
Division of Forestry	0	3,513	3,513	0
Cascade Grant	42,000	0	(42,000)	0
Total Grant Revenue	460,391	242,304	(218,087)	176,248

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA
(Concluded)**

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues (Concluded)				
Charges for Services				
Mowing Fees	\$ 1,750	\$ 50	\$ (1,700)	\$ 1,802
Fall Festival	7,010	11,256	4,246	8,211
Summer Youth Program	11,626	8,702	(2,924)	11,686
Total Charges for Services	<u>20,386</u>	<u>20,008</u>	<u>(378)</u>	<u>21,699</u>
Fines and Forfeitures				
Fines and Forfeitures	30,736	25,259	(5,477)	21,830
Police Education	700	1,060	360	664
Total Fines and Forfeitures	<u>31,436</u>	<u>26,319</u>	<u>(5,117)</u>	<u>22,494</u>
Miscellaneous				
Interest Earned	18,934	9,111	(9,823)	15,938
Rent - Community Building	5,990	6,700	710	5,270
Rent - Tower Space	6,000	6,000	0	5,849
Library Fund-Raising	250	0	(250)	0
Miscellaneous	26,000	18,090	(7,910)	5,422
Total Miscellaneous	<u>57,174</u>	<u>39,901</u>	<u>(17,273)</u>	<u>32,479</u>
Total Revenues	<u>\$ 1,728,490</u>	<u>\$ 1,388,542</u>	<u>\$ (339,948)</u>	<u>\$ 1,423,633</u>

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures				
General Government				
Legislative:				
Personal Services	\$ 18,000	\$ 18,000	\$ 0	\$ 18,000
Operating Expenditures	5,971	6,309	(338)	5,398
Grants and Aids	4,450	4,050	400	9,700
Total Legislative	<u>28,421</u>	<u>28,359</u>	<u>62</u>	<u>33,098</u>
Finance and Administrative:				
Personal Services	205,997	214,497	(8,500)	192,532
Operating Expenditures	68,759	81,666	(12,907)	80,167
Capital Outlay	18,000	9,599	8,401	6,459
Total Finance and Administrative	<u>292,756</u>	<u>305,762</u>	<u>(13,006)</u>	<u>279,158</u>
Legal Counsel:				
Operating Expenditures	25,744	22,980	2,764	22,883
Total General Government	<u>346,921</u>	<u>357,101</u>	<u>(10,180)</u>	<u>335,139</u>
Public Safety				
Police Department:				
Personal Services	434,440	444,916	(10,476)	342,201
Operating Expenditures	83,198	79,085	4,113	62,343
Capital Outlay	5,582	5,582	0	54,228
Total Police Department	<u>523,220</u>	<u>529,583</u>	<u>(6,363)</u>	<u>458,772</u>
Fire Department:				
Personal Services	33,247	34,593	(1,346)	27,234
Operating Expenditures	55,476	57,787	(2,311)	21,608
Capital Outlay	255,542	255,542	0	12,206
Total Fire Department	<u>344,265</u>	<u>347,922</u>	<u>(3,657)</u>	<u>61,048</u>
Code Compliance Department:				
Personal Services	40,650	41,049	(399)	37,832
Operating Expenditures	8,159	13,616	(5,457)	4,956
Total Code Compliance Department	<u>48,809</u>	<u>54,665</u>	<u>(5,856)</u>	<u>42,788</u>
Total Public Safety	<u>916,294</u>	<u>932,170</u>	<u>(15,876)</u>	<u>562,608</u>

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA
(Continued)**

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures (Continued)				
Human Services				
Street Department:				
Personal Services	\$ 107,888	\$ 123,976	\$ (16,088)	\$ 113,547
Operating Expenses	142,870	119,648	23,222	114,409
Capital Outlay	47,494	8,156	39,338	52,791
Total Street Department	<u>298,252</u>	<u>251,780</u>	<u>46,472</u>	<u>280,747</u>
Cemetery:				
Personal Services	0	177	(177)	163
Grants and Aids	2,400	2,400	0	2,400
Total Cemetery	<u>2,400</u>	<u>2,577</u>	<u>(177)</u>	<u>2,563</u>
Industrial Development Department:				
Operating Expenses	1,720	1,720	0	0
Grants and Aids	13,000	9,000	4,000	2,000
Total Industrial Development Department	<u>14,720</u>	<u>10,720</u>	<u>4,000</u>	<u>2,000</u>
Animal Control:				
Operating Expenses	8,500	275	8,225	0
Total Human Services	<u>323,872</u>	<u>265,352</u>	<u>58,520</u>	<u>285,310</u>
Culture and Recreation				
Library:				
Personal Services	45,059	51,490	(6,431)	41,704
Operating Expenditures	10,274	10,305	(31)	15,100
Capital Outlay	481,492	376,149	105,343	118,509
Total Library	<u>536,825</u>	<u>437,944</u>	<u>98,881</u>	<u>175,313</u>
Parks and Recreation:				
Personal Services	79,467	87,800	(8,333)	72,949
Operating Expenditures	66,446	61,475	4,971	49,280
Capital Outlay	145,088	145,024	64	83,232
Total Parks and Recreation	<u>291,001</u>	<u>294,299</u>	<u>(3,298)</u>	<u>205,461</u>

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA
(Concluded)**

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures (Concluded)				
Culture and Recreation (Concluded)				
Special Events:				
Operating Expenditures	\$ 22,451	\$ 19,465	\$ 2,986	\$ 18,666
Summer Youth Program:				
Personal Services	5,150	4,883	267	3,940
Operating Expenditures	13,501	13,867	(366)	13,706
Total Summer Youth Program	18,651	18,750	(99)	17,646
Total Culture and Recreation	868,928	770,458	98,470	417,086
Debt Service				
Principal Retirement	237,836	60,341	177,495	45,255
Interest and Fiscal Charges	33,751	46,747	(12,996)	19,247
Total Debt Service	271,587	107,088	164,499	64,502
Total Expenditures	\$ 2,727,602	\$ 2,432,169	\$ 295,433	\$ 1,664,645

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SPECIAL REVENUE FUNDS

Special revenue funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government. The City has the following special revenue funds:

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

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**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2002,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	<u>Evergreen Cemetery</u>	<u>CDBG Grant</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 480,551	\$ 1,832	\$ 482,383	\$ 460,171
Due From Other Governments		3,490	3,490	31,872
Total Assets	<u>480,551</u>	<u>5,322</u>	<u>485,873</u>	<u>492,043</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	208		208	146
Due to General Fund		4,095	4,095	32,486
Deferred Revenues		1,227	1,227	1,228
Deposits	3,525		3,525	3,150
Total Liabilities	<u>3,733</u>	<u>5,322</u>	<u>9,055</u>	<u>37,010</u>
Fund Balances				
Reserved for Perpetual Care	<u>476,818</u>	<u>0</u>	<u>476,818</u>	<u>455,033</u>
Total Liabilities and Fund Balances	<u>\$ 480,551</u>	<u>\$ 5,322</u>	<u>\$ 485,873</u>	<u>\$ 492,043</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	Evergreen Cemetery	CDBG Grant	Totals	
			2002	2001
Revenues				
Contributions	\$ 8,970	\$ 0	\$ 8,970	\$ 9,190
Sale of Cemetery Lots	6,425	0	6,425	6,700
Interest	17,443	0	17,443	24,180
Memorials and Gifts	280	0	280	1,050
Grant Revenue	0	10,709	10,709	46,019
Total Revenues	<u>33,118</u>	<u>10,709</u>	<u>43,827</u>	<u>87,139</u>
Expenditures				
Operating Expenditures	21,233	10,709	31,942	66,663
Capital Outlay	600	0	600	200
(Total Expenditures)	<u>(21,833)</u>	<u>(10,709)</u>	<u>(32,542)</u>	<u>(66,863)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,285	0	11,285	20,276
Other Financing Sources				
Operating Transfers In	<u>10,500</u>	<u>0</u>	<u>10,500</u>	<u>10,500</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	21,785	0	21,785	30,776
Fund Balances, Beginning of Year	<u>455,033</u>	<u>0</u>	<u>455,033</u>	<u>424,257</u>
Fund Balances, End of Year	<u>\$ 476,818</u>	<u>\$ 0</u>	<u>\$ 476,818</u>	<u>\$ 455,033</u>

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - EVERGREEN CEMETERY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Contributions	\$ 8,500	\$ 8,970	\$ 470	\$ 9,190
Sale of Cemetery Lots	6,000	6,425	425	6,700
Interest	24,000	17,443	(6,557)	24,180
Memorials and Gifts	500	280	(220)	1,050
Total Revenues	<u>39,000</u>	<u>33,118</u>	<u>(5,882)</u>	<u>41,120</u>
Expenditures				
Operating Expenses	23,425	21,233	2,192	20,644
Capital Outlay	400	600	(200)	200
(Total Expenditures)	<u>(23,825)</u>	<u>(21,833)</u>	<u>1,992</u>	<u>(20,844)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,175	11,285	(3,890)	20,276
Other Financing Sources				
Operating Transfers In	<u>10,500</u>	<u>10,500</u>	<u>0</u>	<u>10,500</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	25,675	21,785	(3,890)	30,776
Fund Balance, Beginning of Year	<u>455,033</u>	<u>455,033</u>	<u>0</u>	<u>424,257</u>
Fund Balance, End of Year	<u>\$ 480,708</u>	<u>\$ 476,818</u>	<u>\$ (3,890)</u>	<u>\$ 455,033</u>

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues				
Grant Revenue	\$ 12,000	\$ 10,709	\$ (1,291)	\$ 46,019
 Expenditures				
Operating Expenditures	<u>12,000</u>	<u>10,709</u>	<u>1,291</u>	<u>46,019</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
 Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

ENTERPRISE FUNDS

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

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**COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
SEPTEMBER 30, 2002,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Sanitation Fund	Totals	
					2002	2001
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 1,240,729	\$ 292,942	\$ 683,422	\$ 246,913	\$ 2,464,006	\$ 2,059,170
Customer Accounts Receivable, Net of Allowance for Uncollectibles	294,747	33,533	667	39,102	368,049	371,443
Deferred Debit					0	119,410
Retainage Receivable			70,000		70,000	52,333
Due From Other Funds		11,805			11,805	0
Due From Other Governments			212,053		212,053	14,286
Advance to Other Funds	220,100				220,100	0
Inventories, At Cost	170,382	82,289	2,767		255,438	214,290
Total Current Assets	<u>1,925,958</u>	<u>420,569</u>	<u>968,909</u>	<u>286,015</u>	<u>3,601,451</u>	<u>2,830,932</u>
Restricted Assets						
Cash and Investments:						
CR-3 Nuclear Decommissioning	136,152				136,152	124,836
Customer Deposits	94,406				94,406	99,895
Other					0	45
Total Restricted Assets	<u>230,558</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>230,558</u>	<u>224,776</u>
Property and Equipment						
Utility Plant in Service	2,802,770	2,480,570	703,711	330,645	6,317,696	5,172,271
Construction in Progress			2,855,126		2,855,126	572,644
(Accumulated Depreciation)	(1,329,943)	(922,544)	(4,700)	(241,973)	(2,499,160)	(2,294,454)
Total Property and Equipment - Cost Less Depreciation	<u>1,472,827</u>	<u>1,558,026</u>	<u>3,554,137</u>	<u>88,672</u>	<u>6,673,662</u>	<u>3,450,461</u>
Other Assets						
Loan Cost (Net)	0	4,001	0	0	4,001	4,286
Total Assets	<u>\$ 3,629,343</u>	<u>\$ 1,982,596</u>	<u>\$ 4,523,046</u>	<u>\$ 374,687</u>	<u>\$ 10,509,672</u>	<u>\$ 6,510,455</u>

COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
SEPTEMBER 30, 2002,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA
(Concluded)

	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Sanitation Fund	Totals	
					2002	2001
Liabilities and Fund Equity						
Current Liabilities						
Accounts Payable	\$ 149,347	\$ 39,743	\$ 410,134	\$ 19,622	\$ 618,846	\$ 196,605
Other Accrued Liabilities	15,969	5,843	889	1,414	24,115	35,071
Due to Other Funds			11,805		11,805	187
Deferred Credit			320,155		320,155	0
Current Portion of Notes Payable		15,000	2,800,000	11,250	2,826,250	37,500
Compensated Absences Payable	31,972	21,315		10,623	63,910	71,106
Accrued Liability - Power Cost Adjustment	14,984				14,984	0
Accrued Interest	127			896	1,023	1,470
Total Current Liabilities	<u>212,399</u>	<u>81,901</u>	<u>3,542,983</u>	<u>43,805</u>	<u>3,881,088</u>	<u>341,939</u>
Current Liabilities (Payable From Restricted Assets)						
Customer Deposits	94,406	0	0	0	94,406	99,895
Long-Term Liabilities						
Deferred Credit - CR-3 Decommissioning	136,152				136,152	124,836
Note Payable				33,750	33,750	45,000
Note Payable - Florida Municipal Power Agency		181,000			181,000	196,000
Advance From Other Fund		220,100	250,000		470,100	250,000
Total Long-Term Liabilities	<u>136,152</u>	<u>401,100</u>	<u>250,000</u>	<u>33,750</u>	<u>821,002</u>	<u>615,836</u>
Total Liabilities	<u>442,957</u>	<u>483,001</u>	<u>3,792,983</u>	<u>77,555</u>	<u>4,796,496</u>	<u>1,057,670</u>
Fund Equity						
Contributed Capital	176,873	1,018,003	559,837	29,449	1,784,162	1,784,162
Retained Earnings:						
Unreserved	3,009,513	481,592	170,226	267,683	3,929,014	3,668,623
Total Fund Equity	<u>3,186,386</u>	<u>1,499,595</u>	<u>730,063</u>	<u>297,132</u>	<u>5,713,176</u>	<u>5,452,785</u>
Total Liabilities and Fund Equity	<u>\$ 3,629,343</u>	<u>\$ 1,982,596</u>	<u>\$ 4,523,046</u>	<u>\$ 374,687</u>	<u>\$ 10,509,672</u>	<u>\$ 6,510,455</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA

	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Sanitation Fund	Totals	
					2002	2001
Operating Revenues						
Charge for Sales and Services	\$ 2,112,832	\$ 387,764	\$ 27,306	\$ 365,378	\$ 2,893,280	\$ 3,093,374
Miscellaneous Revenues	47,675	29,802	110	5,354	82,941	28,485
Total Operating Revenues	<u>2,160,507</u>	<u>417,566</u>	<u>27,416</u>	<u>370,732</u>	<u>2,976,221</u>	<u>3,121,859</u>
Operating Expenses						
Demand and Energy Charge	1,299,023	0	0	0	1,299,023	1,395,064
CR-3 Operations and Maintenance	57,832	0	0	0	57,832	66,636
Salaries	161,193	153,136	26,793	60,096	401,218	357,303
Employee Benefits	54,245	53,602	5,984	35,735	149,566	121,054
Professional Services	34,691	85,556	14,272	3,626	138,145	83,448
Operating Supplies	1,681	10,914	5,836	8,456	26,887	73,302
Other Current Charges	97,442	68,045	7,098	17,834	190,419	164,939
Depreciation	113,809	67,085	4,700	19,112	204,706	198,688
Landfill	0	0	0	153,842	153,842	139,544
(Total Operating Expenses)	<u>(1,819,916)</u>	<u>(438,338)</u>	<u>(64,683)</u>	<u>(298,701)</u>	<u>(2,621,638)</u>	<u>(2,599,978)</u>
Operating Income (Loss)	<u>340,591</u>	<u>(20,772)</u>	<u>(37,267)</u>	<u>72,031</u>	<u>354,583</u>	<u>521,881</u>
Nonoperating Revenues (Expenses)						
Interest Income	30,191	3,887	13,683	3,726	51,487	107,103
Interest Expense		(4,493)	(30,800)	(3,315)	(38,608)	(15,246)
Other Debt Service Costs	0	(286)	0	0	(286)	(286)
Total Nonoperating Revenues (Expenses)	<u>30,191</u>	<u>(892)</u>	<u>(17,117)</u>	<u>411</u>	<u>12,593</u>	<u>91,571</u>
Net Income (Loss) Before Capital Contributions and Transfers	<u>370,782</u>	<u>(21,664)</u>	<u>(54,384)</u>	<u>72,442</u>	<u>367,176</u>	<u>613,452</u>
Capital Contributions and Transfers						
Capital Contributions	0	22,636	229,579	0	252,215	0
Operating Transfers (Out)	(320,000)	(20,000)	0	(19,000)	(359,000)	(335,646)
Total Capital Contributions and Transfers	<u>(320,000)</u>	<u>2,636</u>	<u>229,579</u>	<u>(19,000)</u>	<u>(106,785)</u>	<u>(335,646)</u>
Net Income (Loss)	<u>50,782</u>	<u>(19,028)</u>	<u>175,195</u>	<u>53,442</u>	<u>260,391</u>	<u>277,806</u>
Retained Earnings, Beginning of Year	<u>2,958,731</u>	<u>500,620</u>	<u>(4,969)</u>	<u>214,241</u>	<u>3,668,623</u>	<u>3,390,817</u>
Retained Earnings, End of Year	<u>\$ 3,009,513</u>	<u>\$ 481,592</u>	<u>\$ 170,226</u>	<u>\$ 267,683</u>	<u>\$ 3,929,014</u>	<u>\$ 3,668,623</u>

**COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Sanitation Fund	Totals	
					2002	2001
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Operating Income (Loss)	\$ 340,591	\$ (20,772)	\$ (37,267)	\$ 72,031	\$ 354,583	\$ 521,881
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Depreciation and Amortization	113,809	67,084	4,700	19,112	204,705	198,688
Change in Current Assets - Decrease (Increase) and Current Liabilities - Increase (Decrease):						
Accounts Receivable	6,727	(11,629)	(215,823)	8,685	(212,040)	(70,965)
Deferred Debits	119,410	0	0	0	119,410	(58,210)
Due From Other Funds	(220,100)	(11,805)	0	0	(231,905)	49,950
Inventories	468	(38,849)	(2,767)	0	(41,148)	(9,463)
Accounts Payable	(7,880)	(348)	397,621	2,848	392,241	23,564
Other Accrued Expenses	3,040	(229)	889	(119)	3,581	5,690
Due to Other Funds	(187)	0	11,805	0	11,618	(3,608)
Deferred Credit	0	0	(34,845)	0	(34,845)	0
Compensated Absences Payable	(352)	(234)	0	(6,610)	(7,196)	(4,569)
Customer Deposits	(5,489)	0	0	0	(5,489)	6,007
Total Adjustments	9,446	3,990	161,580	23,916	198,932	137,084
Net Cash Provided By (Used In) Operating Activities	350,037	(16,782)	124,313	95,947	553,515	658,965
Cash Flows From Noncapital Financing Activities						
Operating Transfers Out to Other Funds	(320,000)	(20,000)	0	(19,000)	(359,000)	(335,646)
Cash Flows From Capital and Related Financing Activities						
Advance From Other Fund	0	220,100	0	0	220,100	0
Acquisition and Construction of Capital Assets	(281,903)	(124,051)	(2,631,193)	(5,760)	(3,042,907)	(393,576)
Principal Payments on Notes	0	(15,000)	0	(22,500)	(37,500)	(84,470)
Interest Paid on Notes	0	(4,493)	(30,800)	(3,315)	(38,608)	(14,057)
Contributed Capital	0	22,636	229,579	0	252,215	167,415
Proceeds of Note Payable	0	0	2,800,000	0	2,800,000	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	(281,903)	99,192	367,586	(31,575)	153,300	(324,688)

COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA
(Concluded)

	Electric Utility Fund	Water Utility Fund	Wastewater Fund	Sanitation Fund	Totals	
					2002	2001
Cash Flows From Investing Activities						
Interest Received	\$ 30,191	\$ 3,887	\$ 13,683	\$ 3,726	\$ 51,487	\$ 107,103
Net Increase (Decrease) in Cash and Cash Equivalents	(221,675)	66,297	505,582	49,098	399,302	105,734
Cash and Cash Equivalents, Beginning of Year	1,556,810	226,645	177,840	197,815	2,159,110	2,053,376
Cash and Cash Equivalents, End of Year	<u>\$ 1,335,135</u>	<u>\$ 292,942</u>	<u>\$ 683,422</u>	<u>\$ 246,913</u>	<u>\$ 2,558,412</u>	<u>\$ 2,159,110</u>

Presented in the Accompanying Combined Balance Sheet as:

Unrestricted Cash	1,240,729	292,942	683,422	246,913	2,464,006	2,059,170
Restricted Cash	94,406	0	0	0	94,406	99,940
Total Cash	<u>\$ 1,335,135</u>	<u>\$ 292,942</u>	<u>\$ 683,422</u>	<u>\$ 246,913</u>	<u>\$ 2,558,412</u>	<u>\$ 2,159,110</u>

Noncash Investing, Capital, and Financing Activities:

Assets Received in Exchange for Developers Agreement	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ 355,000</u>	<u>\$ 0</u>	<u>\$ 385,000</u>	<u>\$ 0</u>
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**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
ELECTRIC UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Residential Electric Sales	\$ 785,053	\$ 700,265	\$ (84,788)	\$ 791,057
Commercial Demand Sales	715,273	667,005	(48,268)	749,171
Commercial Nondemand Sales	745,665	724,347	(21,318)	795,809
Penalties and Reconnections	0	4,971	4,971	0
Private Area Light Sales	14,664	16,244	1,580	16,360
Miscellaneous	17,900	47,675	29,775	28,089
Total Operating Revenues	<u>2,278,555</u>	<u>2,160,507</u>	<u>(118,048)</u>	<u>2,380,486</u>
Operating Expenses				
Demand and Energy Charge	1,291,836	1,299,023	(7,187)	1,395,064
CR-3 Operations and Maintenance	87,041	57,832	29,209	66,636
Salaries	151,006	161,193	(10,187)	156,331
Employee Benefits	44,957	54,245	(9,288)	48,591
Professional Services	35,400	34,691	709	35,335
Operating Supplies	14,000	1,681	12,319	38,130
Other Current Charges	58,775	97,442	(38,667)	72,757
Depreciation	0	113,809	(113,809)	119,848
(Total Operating Expenses)	<u>(1,683,015)</u>	<u>(1,819,916)</u>	<u>(136,901)</u>	<u>(1,932,692)</u>
Operating Income (Loss)	<u>595,540</u>	<u>340,591</u>	<u>(254,949)</u>	<u>447,794</u>
Nonoperating Revenues (Expenses)				
Interest Income	77,000	30,191	(46,809)	69,509
Interest Expense	(4,025)	0	4,025	(133)
Total Nonoperating Revenues (Expenses)	<u>72,975</u>	<u>30,191</u>	<u>(42,784)</u>	<u>69,376</u>
Net Income (Loss) Before Transfers	<u>668,515</u>	<u>370,782</u>	<u>(297,733)</u>	<u>517,170</u>
Operating Transfers (Out)	<u>(328,500)</u>	<u>(320,000)</u>	<u>8,500</u>	<u>(276,646)</u>
Net Income (Loss)	<u>340,015</u>	<u>50,782</u>	<u>(289,233)</u>	<u>240,524</u>
Retained Earnings, Beginning of Year	<u>2,958,731</u>	<u>2,958,731</u>	<u>0</u>	<u>2,718,207</u>
Retained Earnings, End of Year	<u>\$ 3,298,746</u>	<u>\$ 3,009,513</u>	<u>\$ (289,233)</u>	<u>\$ 2,958,731</u>

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
WATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Residential Water Sales	\$ 147,000	\$ 143,118	\$ (3,882)	\$ 140,449
Commercial Water Sales	205,000	179,589	(25,411)	161,672
Penalties and Reconnections	20,500	8,793	(11,707)	20,843
Water Connection Fees	3,000	4,753	1,753	4,520
Capacity Reservation Charges	15,000	51,511	36,511	36,259
Miscellaneous	37,160	29,802	(7,358)	38,095
Total Operating Revenues	<u>427,660</u>	<u>417,566</u>	<u>(10,094)</u>	<u>401,838</u>
Operating Expenses				
Salaries	140,491	153,136	(12,645)	136,857
Employee Benefits	38,195	53,602	(15,407)	43,079
Professional Services	26,100	85,556	(59,456)	44,383
Operating Supplies	27,500	10,914	16,586	23,521
Other Current Charges	43,594	68,045	(24,451)	68,627
Depreciation	0	67,085	(67,085)	60,193
(Total Operating Expenses)	<u>(275,880)</u>	<u>(438,338)</u>	<u>(162,458)</u>	<u>(376,660)</u>
Operating Income (Loss)	<u>151,780</u>	<u>(20,772)</u>	<u>(172,552)</u>	<u>25,178</u>
Nonoperating Revenues (Expenses)				
Interest Income	20,000	3,887	(16,113)	19,335
Interest Expense	(9,000)	(4,493)	4,507	(10,359)
Other Debt Service Costs	0	(286)	(286)	(286)
Total Nonoperating Revenues (Expenses)	<u>11,000</u>	<u>(892)</u>	<u>(11,892)</u>	<u>8,690</u>
Net Income (Loss) Before Capital Contributions and Transfers	<u>162,780</u>	<u>(21,664)</u>	<u>(184,444)</u>	<u>33,868</u>
Capital Contributions and Transfers				
Capital Contributions	0	22,636	22,636	0
Operating Transfers (Out)	(40,000)	(20,000)	20,000	(40,000)
Total Capital Contributions and Transfers	<u>(40,000)</u>	<u>2,636</u>	<u>42,636</u>	<u>(40,000)</u>
Net Income (Loss) After Capital Contributions and Transfers	<u>122,780</u>	<u>(19,028)</u>	<u>(141,808)</u>	<u>(6,132)</u>
Retained Earnings, Beginning of Year	<u>500,620</u>	<u>500,620</u>	<u>0</u>	<u>506,752</u>
Retained Earnings, End of Year	<u>\$ 623,400</u>	<u>\$ 481,592</u>	<u>\$ (141,808)</u>	<u>\$ 500,620</u>

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
WASTEWATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Commercial Wastewater Services	\$ 2,685	\$ 4,249	\$ 1,564	\$ 278
Penalties and Reconnections	100	17	(83)	0
Capacity Reservation Charges	0	23,040	23,040	0
Miscellaneous	200	110	(90)	396
Total Operating Revenues	<u>2,985</u>	<u>27,416</u>	<u>24,431</u>	<u>674</u>
Operating Expenses				
Salaries	24,568	26,793	(2,225)	0
Employee Benefits	8,363	5,984	2,379	0
Professional Services	15,900	14,272	1,628	0
Operating Supplies	5,200	5,836	(636)	1,278
Other Current Charges	21,800	7,098	14,702	3,264
Depreciation	0	4,700	(4,700)	0
(Total Operating Expenses)	<u>(75,831)</u>	<u>(64,683)</u>	<u>11,148</u>	<u>(4,542)</u>
Operating Income (Loss)	<u>(72,846)</u>	<u>(37,267)</u>	<u>35,579</u>	<u>(3,868)</u>
Nonoperating Revenues (Expenses)				
Interest Income	12,000	13,683	1,683	8,558
Interest Expense	(84,000)	(30,800)	53,200	0
Total Nonoperating Revenues (Expenses)	<u>(72,000)</u>	<u>(17,117)</u>	<u>54,883</u>	<u>8,558</u>
Net Income (Loss) Before Capital Contributions	<u>(144,846)</u>	<u>(54,384)</u>	<u>90,462</u>	<u>4,690</u>
Capital Contributions				
Capital Funding - Grants	<u>0</u>	<u>229,579</u>	<u>229,579</u>	<u>0</u>
Net Income (Loss) After Capital Contributions	<u>(144,846)</u>	<u>175,195</u>	<u>320,041</u>	<u>4,690</u>
Retained Earnings, Beginning of Year	<u>(4,969)</u>	<u>(4,969)</u>	<u>0</u>	<u>(9,659)</u>
Retained Earnings, End of Year	<u>\$ (149,815)</u>	<u>\$ 170,226</u>	<u>\$ 320,041</u>	<u>\$ (4,969)</u>

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
SANITATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002,
WITH COMPARATIVE ACTUAL AMOUNTS FOR SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating Revenues				
Residential Garbage	\$ 131,682	\$ 138,890	\$ 7,208	\$ 135,869
Commercial Garbage	186,479	226,488	40,009	198,821
Miscellaneous	4,275	5,354	1,079	4,171
Total Operating Revenues	<u>322,436</u>	<u>370,732</u>	<u>48,296</u>	<u>338,861</u>
Operating Expenses				
Salaries	77,550	60,096	17,454	64,115
Employee Benefits	32,455	35,735	(3,280)	29,384
Professional Services	3,415	3,626	(211)	3,730
Operating Supplies	10,900	8,456	2,444	10,373
Other Current Charges	20,654	17,834	2,820	20,291
Depreciation	0	19,112	(19,112)	18,647
Landfill	134,500	153,842	(19,342)	139,544
(Total Operating Expenses)	<u>(279,474)</u>	<u>(298,701)</u>	<u>(19,227)</u>	<u>(286,084)</u>
Operating Income (Loss)	<u>42,962</u>	<u>72,031</u>	<u>29,069</u>	<u>52,777</u>
Nonoperating Revenues (Expenses)				
Interest Income	10,000	3,726	(6,274)	9,701
Interest Expense	(4,030)	(3,315)	715	(4,754)
Total Nonoperating Revenues (Expenses)	<u>5,970</u>	<u>411</u>	<u>(5,559)</u>	<u>4,947</u>
Net Income (Loss) Before Transfers	<u>48,932</u>	<u>72,442</u>	<u>23,510</u>	<u>57,724</u>
Operating Transfers (Out)	<u>(19,000)</u>	<u>(19,000)</u>	<u>0</u>	<u>(19,000)</u>
Net Income (Loss)	<u>29,932</u>	<u>53,442</u>	<u>23,510</u>	<u>38,724</u>
Retained Earnings, Beginning of Year	<u>214,241</u>	<u>214,241</u>	<u>0</u>	<u>175,517</u>
Retained Earnings, End of Year	<u>\$ 244,173</u>	<u>\$ 267,683</u>	<u>\$ 23,510</u>	<u>\$ 214,241</u>

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PENSION TRUST FUNDS

These funds account for assets held by a governmental unit in a trustee capacity or as agent for individual, private organizations, other governmental units and/or other funds.

- **General Employees' Retirement Fund** - To account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future and also the administrative costs of the system. Resources are contributed by the general and enterprise funds at amounts determined by biennial actuarial studies.
- **Police Officers' Retirement Fund** - To account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future and also the administrative costs of the system. Resources are contributed by the state and plan participants, with additional funds needed to meet actuarially determined amounts provided by the general fund.

**COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	General Employees' Retirement Fund	Police Officers' Retirement Fund	2002	2001
Assets				
Cash	\$ 6,069	\$ 27,216	\$ 33,285	\$ 6,676
Investments	72,650	121,935	194,585	166,809
Due From Other Funds			0	2,620
Total Assets	<u>78,719</u>	<u>149,151</u>	<u>227,870</u>	<u>176,105</u>
Liabilities				
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 78,719</u>	<u>\$ 149,151</u>	<u>\$ 227,870</u>	<u>\$ 176,105</u>

**COMBINING STATEMENTS OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002, WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001
CITY OF BUSHNELL, FLORIDA**

	General Employees' Retirement Fund	Police Officers' Retirement Fund	2002	2001
Additions				
Contributions				
Employer	\$ 33,584	\$ 18,995	\$ 52,579	\$ 42,319
Employee	0	2,019	2,019	1,265
State	0	25,053	25,053	21,311
Miscellaneous	0	0	0	399
Total Contributions	<u>33,584</u>	<u>46,067</u>	<u>79,651</u>	<u>65,294</u>
Investment Income (Loss)				
Interest and Dividend Income	453	5,163	5,616	11,159
Net Appreciation (Depreciation) in Fair Value of Investments	(12,890)	(14,127)	(27,017)	(35,696)
Total Investment Income (Loss)	<u>(12,437)</u>	<u>(8,964)</u>	<u>(21,401)</u>	<u>(24,537)</u>
Total Additions	<u>21,147</u>	<u>37,103</u>	<u>58,250</u>	<u>40,757</u>
Deductions				
Termination Payments	0	(460)	(460)	(1,183)
Miscellaneous	(2,000)	(4,025)	(6,025)	0
(Total Deductions)	<u>(2,000)</u>	<u>(4,485)</u>	<u>(6,485)</u>	<u>(1,183)</u>
Net Increase (Decrease)	19,147	32,618	51,765	39,574
Net Assets Held in Trust for Pension Benefits:				
Beginning of Year	<u>59,572</u>	<u>116,533</u>	<u>176,105</u>	<u>136,531</u>
End of Year	<u>\$ 78,719</u>	<u>\$ 149,151</u>	<u>\$ 227,870</u>	<u>\$ 176,105</u>

See accompanying notes.

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GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets other than those accounted for in proprietary and similar trust funds.

SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
SEPTEMBER 30, 2002 AND 2001
CITY OF BUSHNELL, FLORIDA

	<u>2002</u>	<u>2001</u>
General Fixed Assets		
Land	\$ 486,370	\$ 486,370
Buildings	705,325	705,325
Improvements Other Than Buildings	603,057	589,205
Equipment and Furniture	1,614,984	1,325,430
Construction in Progress	626,241	132,480
Total General Fixed Assets	<u>4,035,977</u>	<u>3,238,810</u>
 Investment in General Fixed Assets		
General Fund Revenues	3,403,711	2,838,293
Federal Grants	17,901	10,997
State Grants	597,893	373,048
Donations	16,472	16,472
Total Investment in General Fixed Assets	<u>\$ 4,035,977</u>	<u>\$ 3,238,810</u>

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS -
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

	Balance October 1, 2001	Additions	(Deletions)	Balance September 30, 2002
General Fixed Assets				
General Government				
Financial Administrative	\$ 440,493	\$ 9,599	\$ 0	\$ 450,092
Legislative	2,873	0	0	2,873
Total General Government	<u>443,366</u>	<u>9,599</u>	<u>0</u>	<u>452,965</u>
Public Safety				
Law Enforcement	389,933	5,582	0	395,515
Fire Control	374,591	255,542	0	630,133
Code Compliance	13,369	0	0	13,369
Total Public Safety	<u>777,893</u>	<u>261,124</u>	<u>0</u>	<u>1,039,017</u>
Human Services				
Cemetery	68,023	0	0	68,023
Roads and Streets	632,529	5,271	0	637,800
Total Human Services	<u>700,552</u>	<u>5,271</u>	<u>0</u>	<u>705,823</u>
Culture and Recreation				
Library	145,406	376,149	0	521,555
Parks and Recreation	1,045,074	145,024	0	1,190,098
Special Facilities:				
Community Building	126,519	0	0	126,519
Total Culture and Recreation	<u>1,316,999</u>	<u>521,173</u>	<u>0</u>	<u>1,838,172</u>
Total General Fixed Assets	<u>\$ 3,238,810</u>	<u>\$ 797,167</u>	<u>\$ 0</u>	<u>\$ 4,035,977</u>

**SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment and Furniture</u>	<u>Construction in Progress</u>
General Fixed Assets						
General Government						
Financial Administrative	\$ 450,092	\$ 167,985	\$ 103,480	\$ 17,480	\$ 161,147	\$ 0
Legislative	2,873	0	0	0	2,873	0
Total General Government	<u>452,965</u>	<u>167,985</u>	<u>103,480</u>	<u>17,480</u>	<u>164,020</u>	<u>0</u>
Public Safety						
Law Enforcement	395,515	60,426	0	4,523	330,566	0
Fire Control	630,133	0	6,300	0	623,833	0
Code Compliance	13,369	0	0	0	13,369	0
Total Public Safety	<u>1,039,017</u>	<u>60,426</u>	<u>6,300</u>	<u>4,523</u>	<u>967,768</u>	<u>0</u>
Human Services						
Cemetery	68,023	68,023	0	0	0	0
Roads and Streets	637,800	14,250	313,135	35,966	269,652	4,797
Total Human Services	<u>705,823</u>	<u>82,273</u>	<u>313,135</u>	<u>35,966</u>	<u>269,652</u>	<u>4,797</u>
Culture and Recreation						
Library	521,555	200	4,000	1,224	21,473	494,658
Parks and Recreation	1,190,098	157,922	169,455	543,864	192,070	126,787
Special Facilities:						
Community Building	126,519	17,564	108,955	0	0	0
Total Culture and Recreation	<u>1,838,172</u>	<u>175,686</u>	<u>282,410</u>	<u>545,088</u>	<u>213,543</u>	<u>621,445</u>
Total General Fixed Assets	<u>\$ 4,035,977</u>	<u>\$ 486,370</u>	<u>\$ 705,325</u>	<u>\$ 603,057</u>	<u>\$ 1,614,983</u>	<u>\$ 626,242</u>

Statistical Section

TABLE 1

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

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Human Services	Economic Environment	Culture and Recreation	Debt Service	Total
1993	\$ 208,491	\$ 417,381	\$ 28,749	\$ 132,729	\$ 0	\$ 333,512	\$ 173,512	\$ 0	\$ 1,294,374
1994	294,711	458,547	24,199	279,891	0	13,000	217,257	0	1,287,605
1995	280,284	425,897	20,534	214,868	0	12,000	134,779	0	1,088,362
1996	317,049	439,703	62,017	208,376	0	12,250	225,620	0	1,265,015
1997	279,604	469,726	258,109	201,520	0	13,000	289,541	0	1,511,500
1998	269,378	437,443	30,522	785,847	0	9,000	148,863	97,102	1,778,155
1999	306,366	440,907	33,001	431,133	0	12,000	264,934	43,069	1,531,410
2000	391,477	505,189	0	325,582	0	15,000	329,453	63,078	1,629,779
2001	335,139	562,608	69,426	280,747	0	2,000	417,086	64,502	1,731,508
2002	347,502	671,046	**	**	289,738	**	249,285	107,088	1,664,659

(1) Includes general and special revenue funds.

(2) Function includes capital outlay expenditures.

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

Information Source:

Audited Financial Reports

TABLE 2

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

Fiscal Year	Taxes	License and Permits	Intergovernmental	Charges For Services	Fines and forfeitures	Interest and Miscellaneous	Total
1993	\$ 407,466	\$ 21,039	\$ 658,040	\$ 1,632	\$ 53,826	\$ 71,841	\$ 1,213,844
1994	469,928	23,748	364,562	1,752	44,038	75,812	979,840
1995	504,851	18,748	381,085	1,787	19,134	79,900	1,005,505
1996	536,217	21,940	506,840	750	37,014	150,006	1,252,767
1997	577,880	14,891	619,647	3,074	34,834	112,377	1,362,703
1998	708,234	25,446	507,413	5,388	23,348	113,954	1,383,783
1999	741,281	5,093	271,282	19,398	39,109	104,625	1,180,788
2000	752,375	10,120	329,337	15,675	28,262	118,663	1,254,432
2001	845,671	8,836	538,473	21,699	22,494	73,599	1,510,772
2002	759,625	21,021	532,377	20,008	26,319	73,019	1,432,369

(1) Includes general and special revenue funds.

Information Source:
Audited Financial Reports

TABLE 3

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

Fiscal Year	Property Taxes	Franchise Fees	Utility Taxes	Sales Use and Gas Taxes	Total Taxes
1993	\$ 180,046	\$ 52,061	\$ 175,359	\$ 0	\$ 407,466
1994	90,213	55,850	206,020	117,845	469,928
1995	92,993	55,796	224,986	131,076	504,851
1996	94,340	58,618	233,307	149,952	536,217
1997	96,703	70,562	263,724	146,891	577,880
1998	93,779	71,762	243,798	298,895	708,234
1999	95,341	67,172	254,215	324,553	741,281
2000	94,776	74,443	265,383	317,773	752,375
2001	103,989	87,545	306,902	347,235	845,671
2002	124,441	61,345	306,879	266,960	759,625

(1) Includes general and special revenue funds.

Information Source:

Audited Financial Reports

TABLE 4

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

Fiscal Year	Total Tax Levy	Current Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1993	\$ 93,469	\$ 87,871	94%	*	\$ 87,871	94%
1994	94,536	90,213	95%	*	90,213	95%
1995	97,083	92,993	96%	*	92,993	96%
1996	97,598	94,340	97%	*	94,340	97%
1997	99,741	96,703	97%	*	96,703	97%
1998	98,259	93,526	95%	\$ 253	93,779	95%
1999	97,660	94,744	97%	597	95,341	98%
2000	93,261	94,566	100%	210	94,776	100%
2001	105,771	103,783	98%	206	103,989	98%
2002	129,973	124,309	96%	132	124,441	96%

* Information not available.

Information Source:

Sumter County Tax Collector and City Clerk's Office

TABLE 5

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	*	*	*	*	\$ 37,002,810	\$ 43,532,718	85%
1994	*	*	*	*	38,012,169	44,720,199	85%
1995	*	*	*	*	40,876,122	48,089,555	85%
1996	*	*	*	*	42,016,283	49,430,921	85%
1997	*	*	*	*	44,689,547	52,575,937	85%
1998	\$ 34,612,123	\$ 44,538,727	\$ 11,153,561	\$ 11,160,563	45,765,684	55,699,290	82%
1999	37,489,724	53,308,291	11,621,364	12,911,203	49,111,088	66,219,494	75%
2000	42,971,688	53,748,501	13,039,744	13,046,244	56,011,432	66,794,745	83%
2001	49,955,255	61,049,808	14,793,127	14,799,627	64,748,382	75,849,435	85%
2002	55,848,388	67,919,372	18,975,340	19,370,643	74,823,728	87,290,015	86%

* Information not available.

Information Source:

Sumter County Property Appraiser

TABLE 6

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

Fiscal Year	Total City Millage	Total State and County Millage	Total
1993	2.7	19.95	22.65
1994	2.53	20.23	22.76
1995	2.49	20.09	22.58
1996	2.38	20.09	22.47
1997	2.35	20.14	22.49
1998	2.18	20.08	22.26
1999	2.147	20.02	22.167
2000	1.997	21.073	23.07
2001	1.889	21.073	22.962
2002	2.500	21.273	23.773

Information Source:

City Millage Records

Sumter County Property Appraiser

TABLE 7

**COMPUTATION OF OVERLAPPING BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

<u>Overlapping Debt</u>	<u>Debt Outstanding</u>	<u>Percent Applicable</u>	<u>Amount Applicable</u>
Sumter County	\$ 13,990,000	3.35%	\$ 468,665
Sumter County School Board	2,995,000	3.35%	<u>100,333</u>
Total Overlapping Debt			<u><u>\$ 568,998</u></u>

Note

The City has no general bonded debt.

Source

Sumter County Finance Department
Sumter County School Board

TABLE 8

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
1. Metal Industries	\$ 4,333,291	7.699%
2. Sumter Center	2,324,059	4.129%
3. Osprey Point	1,966,877	3.495%
4. Wal-Mart, Inc.	1,404,643	2.496%
5. Eckerd Corporation	1,218,597	2.165%
6. Bushnell Elderly Housing	881,108	1.565%
7. Bushnell R.R.H., Ltd.	824,139	1.464%
8. Windmeadows R.R.H., Ltd.	705,148	1.253%
9. MC Development	620,176	1.102%
10. SunTrust Nature Coast	<u>557,442</u>	<u>0.990%</u>
Total Assessed Value	\$ <u>14,835,480</u>	<u>26.358%</u>

Information Source:
Sumter County Tax Collector

TABLE 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to Total General Expenditures
1993	\$ 31,549	\$ 14,220	\$ 45,769	\$ 1,294,374	3.54%
1994	91,128	8,940	100,068	1,287,605	7.77%
1995	23,723	14,640	38,363	1,088,362	3.52%
1996	23,527	13,172	36,700	1,265,015	2.90%
1997	25,813	12,483	38,296	1,511,500	2.53%
1998	86,526	10,576	97,102	1,778,155	5.46%
1999	27,923	15,146	43,069	1,531,410	2.81%
2000	45,663	17,415	63,078	1,629,779	3.87%
2001	45,255	19,247	64,502	1,731,508	3.73%
2002	60,341	46,747	107,088	2,464,711	4.35%

(1) Includes general and special revenue funds.

Information Source:

Audited Financial Reports

TABLE 10

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

Fiscal Year	Operating Revenue	Operating Expenses	Net Operating Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage Ratio
				Principal	Interest	Total	
1993	\$ 1,402,282	\$ 1,084,015	\$ 318,267	*	*	\$ 72,987	436%
1994	1,443,085	1,091,387	351,699	*	*	72,290	487%
1995	1,494,100	1,249,954	244,146	*	*	73,419	333%
1996	1,652,681	1,341,876	310,805	*	*	71,363	436%
1997	1,784,613	1,368,548	416,065	*	*	76,228	546%
1998	1,863,515	1,398,763	464,752	\$ 107,905	\$ 4,402	112,307	414%
1999	1,824,130	1,375,163	448,967	26,205	2,375	28,580	157%
2000	1,982,195	1,547,436	434,759	30,572	1,417	31,989	136%
2001	2,380,486	1,932,692	447,794	30,573	133	30,706	146%
2002	2,160,507	1,819,916	340,591	0	0	0	N/A

* Information not available.

Information Source:

Audited Financial Reports
General Ledger

TABLE 11

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

Fiscal Year	Operating Revenue	Operating Expenses	Net Operating Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage Ratio
				Principal	Interest	Total	
1993	\$ 274,478	\$ 192,355	\$ 82,123	*	*	\$ 43,007	191%
1994	280,391	199,304	81,087	*	*	41,111	197%
1995	285,767	220,368	65,399	*	*	38,828	168%
1996	366,672	236,155	130,517	*	*	56,762	230%
1997	333,100	233,147	99,953	*	*	56,962	176%
1998	371,517	278,354	93,163	\$ 28,222	\$ 15,000	43,222	215%
1999	424,921	274,350	150,571	37,877	10,499	48,376	311%
2000	434,564	315,926	118,638	19,428	12,435	31,863	372%
2001	401,838	376,660	25,178	31,397	10,359	41,756	60%
2002	417,566	438,338	(20,772)	15,000	4,493	19,493	(107%)

* Information not available.

Information Source:
Audited Financial Reports
General Ledger

TABLE 12

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

Fiscal Year	Operating Revenue	Operating Expenses	Net Operating Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage Ratio
				Principal	Interest	Total	
2000	\$ 285,194	\$ 281,972	\$ 3,222	\$ 0	\$ 2,687	\$ 2,687	120%
2001	338,861	286,084	52,777	22,500	3,565	25,865	111%
2002	370,732	298,701	72,031	22,500	3,315	25,815	279%

(1) The sanitation fund has no debt service requirements from 1993 through 1999.

Information Source:

Audited Financial Reports
General Ledger

TABLE 13

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

Fiscal Year	Operating Revenue	Operating Expenses	Net Operating Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage Ratio
				Principal	Interest	Total	
2002	\$ 27,416	\$ 64,483	\$ (37,267)	\$ 0	\$ 30,800	\$ 30,800	(121%)

(1) The wastewater fund has no debt service requirements from 1993 through 2001.

Information Source:
Audited Financial Reports
General Ledger

TABLE 14

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

Fiscal Year	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate/Percent
1993	2,212	\$ 13,529	40.6	1,390	7.10%
1994	2,263	13,995	40.3	1,415	6.90%
1995	2,273	14,473	40.6	1,447	5.90%
1996	2,358	14,967	41.0	1,551	5.60%
1997	2,384	15,364	40.0	1,702	3.30%
1998	2,423	15,640	41.5	1,627	2.50%
1999	2,547	15,847	41.6	1,710	2.70%
2000	2,547	15,144	41.8	1,686	4.30%
2001	2,016	17,312	42.0	1,804	2.70%
2002	2,052	17,312	51.0	1,734	2.66%

Information Source:

Sumter County Development Council

TABLE 15

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

Fiscal Year	New Construction Units	New Construction Estimated Value	Total Estimated Property Value	
1993	27	\$ 1,155,429	\$ 43,532,718	-
1994	22	831,128	44,720,199	
1995	24	1,024,398	48,089,555	
1996	25	806,752	49,430,921	
1997	13	528,244	52,575,937	
1998	13	421,900	55,699,290	
1999	11	1,177,184	66,219,494	
2000	14	1,683,880	66,794,745	
2001	15	1,278,616	76,087,988	
2002	17	9,479,510	10,430,054	

Information Source:

City Building Department

TABLE 16

**MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

Date of Incorporation	1911
Form of Government	Council-Manager
Area/Miles	1.95
Miles of Streets	18.1
Fire Protection	Volunteer
Number of Stations	1
Number of Firefighters and Officers	18
Police Protection	
Number of Stations	1
Number of Policemen and Officers	10
Education	1 High School 1 Elementary School 1 Alternative School
Municipal Water Department	1
Number of Consumers	1,307
Average Daily Consumption (Gallons)	525,295
Miles of Water Mains	20
Municipal Electric Department	1
Number of Consumers	1,347
Average Daily Consumption (kwh Usage)	73
Miles of Electric Lines	18
Sanitation Department	
Average Number of Consumers	1,203
Building Permits Issued	17
Recreation and Culture	
Number of Parks	30 Acre Sports Recreation Complex 5 Acre Recreation Complex 4 Acre Recreation Complex
Public Library	1
Community Center	1
Employees	40
Information Source:	
City Records	

SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA

<u>Carrier</u>	<u>Type of Coverage</u>	<u>Limits of Coverage</u>
Coregis Insurance Company	General Liability	Bodily Injury and Property Damage
	Deductible - None	\$100,000 Per Person
	Law Enforcement Operations	\$200,000 Per Occurrence
	Premises/Operations	Excess Injury and Property Damage
	Products and Operations	\$900,000 Per Person
	"Insured" Contracts	\$800,000 Per Occurrence
	Host Liquor Law Liability	
	Broad Form Property Damage	
	Watercraft Liability (Under 26')	
	Limited Worldwide Coverage	
	Additional Persons Insured	
	Extended Bodily Injury	
	Incidental Medical Malpractice	
	Employees' Benefits Liability	
Program Management Services, Inc. Preferred Governmental Insurance Trust Policy #001000000144100	Workers' Compensation	Statutory - State of Florida
Hartford Life Insurance Company	Accidental Death/Dismemberment	Principal Sum Accident Medical Expense Benefit Maximum Benefit Amount - \$100 Deductible Amount - None
	Disability	Weekly Benefit Amount - \$100 Maximum Payment Period - 104 Weeks
	Accident Partial Disability	See Benefit Maximum Benefit Amount - \$5,000
Hartford Life Insurance Company	Volunteer Fire Department	Accidental Death and Dismemberment Catastrophic Loss Benefit - \$100,000
	Accident Total Disability Benefit	Weekly Benefit Amount - \$250 Maximum Payment Period - 104 Weeks
Coregis Insurance Company	Automobile Liability and Physical Damage	Bodily Injury/Property Damage \$100,000 Per Person \$200,000 Per Occurrence

TABLE 17
(Concluded)

SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA

<u>Carrier</u>	<u>Type of Coverage</u>	<u>Limits of Coverage</u>
Coregis Insurance Company	Number of City Vehicles (26)	Excess Bodily Injury/Property Damage \$100,000 Per Person \$200,000 Per Occurrence Personal Injury Protection - \$10,000 Medical Payments - \$5,000 Uninsured Motorists - \$30,000 Liability Deductible - None Physical Damage Coverage - Actual Value Comprehensive Deductible - \$250 Collision Deductible - \$250
Coregis Insurance Company	Public Officials' Liability	\$1,000,000 Each Loss \$1,000,000 Aggregate Retention - \$2,500
Coregis Insurance Company	Property - Building and Contents Deductible - \$250 All Perils	Building - \$2,046,167 Contents - \$283,155
	Coverage Extensions:	
	Extra Expense	\$25,000 Per Occurrence
	Accounts Receivable	\$25,000 Per Occurrence
	EDP	\$10,000 Per Occurrence
	Building Ord.	\$250,000 Per Occurrence
	Inland Marine Coverage	Contractor's Equipment - \$67,963
	Deductible - \$250	EDP Equipment - \$40,000
	All-Risk Excluding Flood, Quake	Miscellaneous Property Floater - \$138,840

Information Source:
City Insurance Records

REGULATORY AND COMPLIANCE SECTION

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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE
UNITED STATES; AND THE *RULES OF THE AUDITOR GENERAL*
OF THE STATE OF FLORIDA**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Council Members
City of Bushnell
Bushnell, Florida

We have audited the general purpose financial statements of the City of Bushnell, Florida (the City) as of and for the year ended September 30, 2002, and have issued our report thereon dated March 13, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Certified Public Accountants

* P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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Honorable Mayor and Council Members
City of Bushnell
Bushnell, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(Concluded)**

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

March 13, 2003
Ocala, Florida

Purnis, Gray and Company

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MANAGEMENT LETTER

Honorable Mayor and Council Members
City of Bushnell
Bushnell, Florida

We have audited the general purpose financial statements of the City of Bushnell, Florida (the City) as of and for the fiscal year ended September 30, 2002, and have issued our report thereon dated March 13, 2003.

We have issued our independent auditors' report on compliance and on internal control over financial reporting dated March 13, 2003. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida, and require that certain items be addressed in this letter.

The *Rules of the Auditor General* [Section 10.554(1)(g)1.(a)] require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud, and violations of laws, rules and regulations reported in the preceding annual financial audit report have been corrected. There were no such matters disclosed in the preceding audit report.

The *Rules of the Auditor General* [Section 10.554(1)(g)1.(b)] require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding audit report have been addressed by the City. Those not fully completed have been included in the current year report.

The *Rules of the Auditor General* [Section 10.554(1)(g)2.] require that we determine whether the City complied with Section 218.415, Florida Statutes, regarding investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.

Certified Public Accountants

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Honorable Mayor and Council Members
City of Bushnell
Bushnell, Florida

MANAGEMENT LETTER
(Concluded)

The *Rules of the Auditor General* [Sections 10.554(1)(g)3., 4.(a), (b), and (c)] require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal control: recommendations to improve financial management, accounting procedures, and internal controls; violations of laws, rules, regulations, and contractual provisions which may or may not materially affect the financial statements; illegal or improper expenditures that may or may not materially affect the financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. (Please see accompanying management letter comments dated March 13, 2003.)

The *Rules of the Auditor General* [Section 10.554(1)(g)5.] also require that the name or official title and legal authority for the government be disclosed in the management letter, unless disclosed in the notes to the financial statements (see note 1 to the financial statements).

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(a)], the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the City is not in a state of financial emergency as a consequence of the conditions described by Section 218.503(1), Florida Statutes.

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(b)], we determined that the financial report for the City for the fiscal year ended September 30, 2002, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2002.

As required by the *Rules of the Auditor General* [Section 10.554(1)(g)6.(c)1.], we have applied the financial assessment procedures pursuant to Rules 10.556(8).

This management letter is intended solely for the information and use of the City Council, management, and the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

March 13, 2003
Ocala, Florida

Purvis, Gray and Company

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MANAGEMENT LETTER COMMENTS
SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA

Prior Year Comments and Recommendations

Evergreen Cemetery Fund

The Evergreen Cemetery fund of the City of Bushnell, Florida (the City) is maintained and operated by a volunteer association that handles all financial activities of the fund. The volunteer association's treasurer keeps all financial records, approved payments, writes and signs checks, and receives the bank statements. Information for financial reporting is obtained by the City's Finance Department only once a year at the time of the annual audit.

Although the information provided us during the audit reconciled with the available information including bank statements, confirmations, reports, etc., we recommend that the City continue working with the volunteer association to perform a more in-depth financial review, system of internal control and perform an independent reconciliation of the bank statement on at least a quarterly basis.

Accounting Reconciliations and Procedures

During the audit, we reviewed several areas where internal controls and operating efficiency could be improved, thereby, enhancing the overall accounting and financial reporting functions. The following areas, should be considered for financial reporting improvement:

■ **Grant Reporting and Accounting**

In recent years, the City has obtained several grants that require knowledge of complex compliance and reporting issues. Currently, the City requires both a Single Audit under OMB Circular A-133 and the Florida Single Audit Act.

We recommend that the City expend additional resources developing stronger grant management and financial reporting skills including:

- Consistent procedures for filing maintenance and recording of grant-related expenditures.
- System of timely requesting reimbursement for expenditures and required financial reporting to grantor agencies. This system should also include the ability to reconcile draw requests and grantor payments with the general ledger.

■ **Inventory System**

During our audit, we noted that the balance in the inventory system did not agree to the general ledger and had to be adjusted. Although, this is usually a common procedure to adjust the inventory subsidiary to the general ledger, we believe that a more accurate and timely method of recording work orders throughout the year will help to curb some of the existing problems with inventory balances at year end.

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MANAGEMENT LETTER COMMENTS
SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA
(Concluded)

Prior Year Comments and Recommendations *(Concluded)*

Accounting Reconciliations and Procedures *(Concluded)*

■ **Inventory System** *(Concluded)*

We recommend that the City develop a policy and procedure manual that will document such steps as how items are entered into the inventory system, how work orders are used to properly requisition items from inventory, and ways to reflect items returned to inventory. In addition, the manual should also address how completed work orders are entered into the general ledger with a related system of timely accounting for them. This should enable the Accounting Department to reconcile with the inventory subsidiary ledger as needed during the year.

Current Year Comments and Recommendations

General Fixed Asset Inventory System

With the upcoming implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 (fiscal year ending 2004 for the City), the City will be required to report on a financial model that includes the depreciation and capitalization of general fixed assets.

We recommend in preparation of this area of implementation, that the City determine if their existing fixed asset software will be able to adequately assist them with their fixed asset purchases, inventory of current assets, and calculation of depreciation expense.

Wastewater Utility System

During the fiscal year, a substantial portion of the cost to construct the wastewater utility system was expended. The purchase and construction of this system includes land, easements, networks of sewer lines, equipment and machinery, and the plant facilities with a total estimated cost budgeted at \$6,500,000.

We recommend that the City unitize both the direct and indirect costs related to the assets compiling the system as noted above, making determinations of costs that should be allocated. Additionally, with the completion date of the system for operation expected in March 2003, the City will find this cost accumulated information useful for overall funding review and necessary for calculations of depreciation expense.

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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE
UNITED STATES; THE PROVISIONS OF OFFICE OF
MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133;
AND THE *RULES OF THE AUDITOR GENERAL*
OF THE STATE OF FLORIDA**

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CITY OF BUSHNELL

219 N. Market Street
P.O. Box 115



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

March 14, 2003

To: Honorable Mayor and Council Members
From: Vince Ruano and Joy Coleman
Re: Management response to the auditor's management letter

Honorable Council members;

This letter of explanation is being offered in accordance with the "Rules of the Auditor General" in particular, Chapter 10.500 thereof.

Specifically, this letter responds to Purvis, Gray and Company "Management Letter" comments, dated March 13, 2003. In their report Purvis, Gray and Company made several recommendations for improvement in different areas of the City's accounting functions. The specific areas identified in their recommendations are as follows:

PRIOR YEAR RECOMMENDATIONS:

- ❖ Evergreen Cemetery Fund
- ❖ Grant Reporting and Accounting
- ❖ Inventory System

CURRENT YEAR RECOMMENDATIONS:

- ❖ General Fixed Asset Inventory System
- ❖ Wastewater Utility System

PAGE 2
RESPONSE TO THE MANAGEMENT LETTER
MARCH 14, 2003

The management of the city recognizes that several of the recommendations from the auditors are beneficial and achievable. Our comments will hence be restricted to explanatory comments, implementation plans for the above-identified areas.

PRIOR YEAR RECOMMENDATIONS:

EVERGREEN CEMETERY FUND

Management agrees with the auditor's recommendation for the need of more in-depth financial review of the Bushnell Evergreen Cemetery financial activities by the city.

Traditionally, the Cemetery Board of Trustees and its treasurer have had total control and custody over certain city funds.

At year-end, staff compares the Board of Trustees' treasurers' annual report to the general ledger activity, to provide assurance of the general ledgers' accuracy.

GRANT REPORTING AND ACCOUNTING

Management is aware of the need for detailed file maintenance and recording for each grant independently. The current financial software has the capability of performing project accounting and reporting.

Staff has utilized this software function to reconcile grant revenues & expenditures to the general ledger. It would be managements intent for staff to continue to utilize and develop this project accountability in an effort to facilitate all compliance requirements for Federal and State single audit requirements.

INVENTORY SYSTEM

The Finance Department is working with the Utility Department to ensure a timely manner and procedure for inventory accountability. This procedure includes the flow of inventory from the time of purchases to the time of system capitalization. Management feels that this cooperation and procedure development will continue to minimize the manual adjustment made to the general ledger annually.

PAGE 3
RESPONSE TO THE MANAGEMENT LETTER
MARCH 13, 2003

CURRENT YEAR RECOMMENDATIONS:

GENERAL FIXED ASSET INVENTORY SYSTEM

Staff will be working to calculate the accumulated depreciation expense for general fixed assets within the current year (2003), in an effort to ease the transition into the implementation year of 2004. Management feels that the existing fixed asset software is adequate to facilitate the implementation of Governmental Accounting Standards Board Statement No. 34.

WASTEWATER UTILITY SYSTEM

During the September 30, 2002 fiscal year ended, the City had several assets to be recorded within the wastewater fund. These capital items have been so recorded and properly reported within the Comprehensive Annual Financial Report.

Although many expenditures for the new wastewater system took place within the 2002 fiscal year it is managements belief that depreciation and capitalization should not be considered until the fiscal year of 2003. Therefore it has been recorded as construction in progress for 2002 and will be moved to plant in service within the fiscal year of 2003. The assets unitization and depreciation will be recorded within the current fixed assets program by unitizing direct & indirect costs of the system. Management feels this process will ensure proper accountability and compliance with the auditor's recommendation.

This letter along with the general-purpose financial statement for fiscal year ending September 30, 2002 will be filed with the public records of the City of Bushnell and the State of Florida Auditor General's Office.

Respectfully submitted,



Joy Coleman, CMC
City Clerk/Finance Director



Vince Ruano,
City Manager

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA/ CSDA Number</u>	<u>Contract Number</u>	<u>Contract Award</u>	<u>Federal/State Expenditures</u>
<u>Federal</u>				
U.S. Department of Agriculture				
Rural Utilities Service Wastewater Treatment Facility - Loan	10.760	92-04	\$ 2,800,000	\$ 1,993,104
Rural Utilities Service Wastewater Treatment Facility - Grant	10.760	92-04	2,000,000	56,286
Passed Through Florida Department of Agriculture and Consumer Services: Volunteer Fire Assistance	10.662	N/A	3,513	3,513
U.S. Department of Justice				
Passed Through Florida Department of Law Enforcement: Local Law Enforcement Block Grant	10.592	02-CJ-2M-05-70-02-036	3,391	3,391
U.S. Department of Housing and Urban Development				
Passed Through Department of Com- munity Affairs: Community Development Block Grant	14.228	00DB-6B-05-70-02-N13	550,000	10,709
Total Federal Expenditures				<u>2,067,003</u>
<u>State</u>				
Florida Department of Environmental Protection				
Kenny Dixon Sports Complex	37.017	F1282	100,000	0
Kenny Dixon Sports Complex	37.017	F0187	50,000	36,771
Florida Department of State				
Library Construction	45.020	01-PLC-13	300,000	188,074
Florida Department of Environmental Protection				
Wastewater Management System Improvements	37.039	SPA-490	700,000	192,548
Total State Financial Assistance				<u>417,393</u>
Total Federal Expenditures and State Financial Assistance				<u>\$ 2,484,396</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Bushnell, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *Rules of the Auditor General* of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE
TO EACH MAJOR FEDERAL AWARD PROGRAM AND
STATE FINANCIAL ASSISTANCE PROJECT**

Honorable Mayor and Council Members
City of Bushnell
Bushnell, Florida

Compliance

We have audited the compliance of the City of Bushnell, Florida (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2002. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2002.

Certified Public Accountants

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

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Honorable Mayor and Council Members
City of Bushnell
City of Bushnell, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE
TO EACH MAJOR FEDERAL AWARD PROGRAM AND
STATE FINANCIAL ASSISTANCE PROJECT
(Concluded)**

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the general purpose financial statements of the City as of and for the year ended September 30, 2002, and have issued our report thereon dated March 13, 2003. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management, and specific legislative or regulatory bodies, and is not intended to be and should not be used by anyone other than these specified parties.

March 13, 2003
Ocala, Florida

Perris, Gray and Company

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA**

PART A - SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the general purpose financial statements of the City.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements of the City.
3. No instances of noncompliance material to the general purpose financial statements of the City were disclosed during the audit.
4. No reportable conditions relating to internal control and compliance over major federal programs and state projects were disclosed.
5. The auditors' report on compliance for the major federal award programs and state financial assistance projects for the City expresses an unqualified opinion.
6. No audit findings were disclosed relative to the major federal award programs and state financial assistance projects for the City.
7. The programs/projects tested as major programs/projects included the following:
 - **Federal Programs**
 - U.S. Department of Agriculture
 - Rural Utilities Service Wastewater Treatment Facility
Loan - CFDA No. 10.760
 - Rural Utilities Service Wastewater Treatment Facility
Grant - CFDA No. 10.760
 - **State Projects**
 - Florida Department of State
 - Library Construction
CSDA No. 45.020
 - Florida Department of Environmental Protection
 - Wastewater Management System Improvements
CSDA No. 37.039
8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major federal award programs and major state financial assistance projects.
9. The City of Bushnell, Florida did not qualify as a low-risk auditee pursuant to OMB Circular A-133.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2002
CITY OF BUSHNELL, FLORIDA
(Concluded)**

PART B - FINDINGS - FINANCIAL STATEMENTS

1. No matters were reported.

PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

1. No matters were reported.

PART D - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

1. No matters were reported.

PART E - OTHER ISSUES

1. No summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs or state projects.
2. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

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