CITY OF ORLANDO, FLORIDA

COVENANT TO BUDGET AND APPROPRIATE
BOND DISCLOSURE SUPPLEMENT

SUMMARY INFORMATION
Outstanding Balance as of September 30, 2004

Individual Bond Issues:	Outstanding	Rating	Credit Facility	Paying Agent	Final Maturity
Fixed Rate:					
Capital Improvement Refunding Special Revenue Bonds, Series 1998A	48,635,000	Moody's Aa3 S&P AA- Fitch AA	N/A	State Street Bank & Trust Co., N.Y.	10/1/2022
Capital Improvement Special Revenue Bonds, Series 1998B	15,100,000	Moody's Aa3 S&P AA- Fitch AA	N/A	State Street Bank & Trust Co., N.Y.	10/1/2013
Capital Improvement Special Revenue Bonds, Series 2002	28,690,000	Moody's Aa3 S&P AA- Fitch AA	N/A	Wells Fargo Bank Minnesota, N.A.	4/1/2032
Capital Improvement Special Revenue Bonds, Series 2004	15,070,000	Moody's Aa3 S&P AA- Fitch AA	N/A	Wachovia Bank, N.A.	4/1/2011
Sub-Total	107,495,000				
Variable Rate:					
Sunshine State Governmental Financing Commission Loan	43,071,338		Line of Credit*/ Dexia Credit Local de France	Wachovia Bank, N.A.	6/30/2016
SSGFC Series "H" Taxable Commercial Paper	21,630,000		(JP Morgan/Chase)	Duetsche Banks Trust Co.	10/1/2019
Capital Improvement Commercial Paper Notes, 1994 Series A	18,100,000	Moody's VMIG1 S&P A1+ Fitch F1+	Line of Credit/ Morgan Guaranty Trust Co. of New York	Bankers Trust Co.	10/1/2024 (nominal)
Sub-Total	82,801,338				
Total Debt Outstanding	$ 190,296,338				

Revenue Pledge:

Primary:
- General Fund Covenant Revenues
- Utilities Services Tax Fund Covenant Revenues

Secondary:
- N/A

* Supported by Ambac Assurance Corporation and a line of credit.

CITY OF ORLANDO, FLORIDA

COVENANT TO BUDGET AND APPROPRIATE BONDS
DESCRIPTION OF THE DEBT

The Series 1998A Bonds, Series 1998B Bonds, Series 2002 Bonds, Series 2004 Bonds, 1994 Commercial Paper Notes, and Sunshine State Governmental Financing Commission (the "Commission") Loan (together, the Covenant Debt) is payable from the Covenant Revenues and other legally available revenues of the City actually budgeted and appropriated and deposited into the funds and accounts created and established pursuant to and in the manner provided in the Covenant Ordinance. Until deposited into the funds and accounts created under the Covenant Ordinance, Covenant Revenues are not pledged for the payment of the Covenant Debt and Bondholders will not have a lien thereon. The City has covenanted to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its annual budget for each fiscal year, by amendment if necessary, and deposit to the credit of the Revenue Account established pursuant to the Covenant Ordinance, Covenant Revenues in an amount which together with other legally available revenues budgeted and appropriated for such purpose equal to the Debt Service Requirement with respect to the Covenant Debt, plus an amount sufficient to satisfy all other payment obligations of the City under the Covenant Ordinance for the applicable fiscal year, including, without limitations, the obligations of the City to fund and cure deficiencies in any subaccounts in the Reserve Account created under the Covenant Ordinance. Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Covenant Revenues shall be cumulative, and shall continue until such Covenant Revenues in amounts, together with any other legally available revenues budgeted and appropriated for such purposes, sufficient to make all required payments under the Covenant Ordinance as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Covenant Ordinance.

Such covenant shall not constitute a lien, either legal or equitable, on any of the City's Covenant Revenues or other revenues, nor shall it preclude the City from pledging in the future any of its Covenant Revenues or other revenues to other obligations, nor shall it give the Bondholders a prior claim on the Covenant Revenues. Anything herein to the contrary notwithstanding, all obligations of the City under the Covenant Ordinance shall be secured only by the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created under the Covenant Ordinance, as provided for therein. The City may not expend moneys not appropriated or moneys in excess of its current budgeted revenues. The obligation of the City to budget, appropriate and make payments under the Covenant Ordinance from its Covenant Revenues is subject to the availability of the Covenant Revenues in the General Fund and Utilities Services Tax Fund of the City after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City.

The City has not covenanted to maintain any programs or other activities which generate Covenant Revenues.

All obligations of the City under the Covenant Ordinance with respect to the Covenant Debt and any Additional Bonds issued thereunder shall be secured only by the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created under the Covenant Ordinance. Nothing in the Covenant Ordinance shall be deemed to create a pledge of or lien on the Covenant Revenues, the ad valorem tax revenues, or any other revenues of the City, or to permit or constitute a mortgage or lien upon any assets owned by the City. No Bondholder shall ever have the right to compel any exercise of the ad valorem taxing power of the City for any purpose, including, without limitation, to pay the principal of or interest or premium, if any, on the Bonds or to make any other payment required under the Covenant Ordinance or to maintain or continue any of the activities of the City which generate user charges, regulatory fees or any other Covenant Revenues, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the City.

Since holders of the Covenant Debt are not entitled to a lien on the Covenant Revenues until such revenues are deposited into the funds and accounts created under the Covenant Ordinance in favor of the holders of the Covenant Debt, the City is free to grant liens on the Covenant Revenues to secure other obligations. The exercise of remedies by the holders of other debt payable from the Covenant Revenues (whether or not so secured by a lien), including Non-Self Sufficient Debt which is not issued as Bonds under the Covenant Ordinance or the holders of the other obligations of the City, including judgment creditors, may result in the payment of debt service on some obligations so secured prior to the payment of debt service on other Non-Self Sufficient Debt, including the Covenant Debt.

The City has covenanted and agreed in the Covenant Ordinance that for so long as any Bonds are outstanding under the Covenant Ordinance, the City shall continue to deposit to the credit of the City's General Fund and Utilities Services Tax Fund those revenue sources that are deposited to the credit of the General Fund and Utilities Services Tax Fund as provided in the City's Annual Budget, excluding, however, any increases or expansions in rates or levies enacted after the effective date of the Covenant Ordinance with respect to such revenue sources that are designated by the City to be deposited other than in the General Fund or the Utilities Services Tax Fund.

Limited Obligations

All obligations of the City under the Covenant Ordinance shall be secured only by the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created in the Covenant Ordinance, as provided for therein. Nothing in the Covenant Ordinance shall be deemed to create a pledge of or lien on the Covenant Revenues, the ad valorem tax revenues, or any other revenues of the City or to permit or constitute a mortgage or lien upon any assets owned by the City. No Bondholder shall ever have the right to compel any exercise of the ad valorem taxing power of the City for any purpose, including, without limitation, to pay the principal of or interest or premium, if any, on the Bonds or to make any other payment required thereunder or to maintain or continue any of the activities of the City which generate user service charges, regulatory fees or any other Covenant Revenues, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the City. The obligation of the City to budget, appropriate and make payments required by the Covenant Ordinance from its Covenant Revenues is subject to the availability of Covenant Revenues in the General Fund and the Utilities Services Tax Fund after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the City.

Covenant Program Refunding

The City issued the $51,780,000 Series 1998A bonds in a fixed rate basis to refund all but a portion ($11,140,000) of the Series 1992 Bonds. The unrefunded portion was paid off on October 1, 2003.

Covenant Program Intermediate Debt

The City issued the $22,650,000 Series 1998B bonds in a fixed rate intermediate term basis. The 1998B bonds are specifically associated with the Narcoossee Road Project. While new money bonds are always associated with a particular project, in actuality each represents debt issued for the Internal Loan Fund (the Covenant Program) and equally and separately there is a loan from the Internal Loan Fund to the specific project. All internal loans are based on a blended cost of money interest charge that is based on a weighted average blending of the long term fixed rate (which were improved by the Covenant Program Refunding), short term variable rate (including related carry and hedging costs) and the new intermediate term rate costs.

To enhance the intermediate term rate structure and reduce the effective interest rate, the City elected to issue fifteen-year level principal bonds. As with any level principal program, the maximum annual debt service is always the subsequent year's debt service and decreases annually. To compare a level principal to a level debt service fifteen year program, (a) the average interest costs should be significantly lower in that a larger portion of the bonds is attributable to the interest rates in the earlier years, (b) debt service should be higher in the early years, and (c) starting in year 2006 the structure produces an annual cost that is less than what the level debt service cost would have been for each subsequent year and further diminishes annually. Increasing the principal payment on the covenant program in the early years reduces the relending potential (derived from the increment of loan principal amortization which is greater than bond principal amortization) and increases the fixed rate portion of the aggregate program.

During 1998/1999, the Mayor introduced and the City Council unanimously approved a $30,000,000 Parks/Open Space Initiative. As a rapidly growing City, there is a need to assure adequate open space, softball, youth baseball, and soccer fields to meet our projected 2015 population. In 2002 the City issued $33,690,000 covenant bond to finance the revised $35,500,000 1999 parks initiative. The City is hoping to leverage this commitment through cooperative efforts with other governments and grants to further expand the initiative. The 2002 bonds were issued in $5,000,000 pieces maturing April 1 in 2004, 2005, 2006, 2008, 2010, and 2012 with a final maturity of $3,690,000 in 2014. Each of these bonds is designed to be resold into the Medium Term market (maturities of 1 to 15 years) and ultimately amortized minimally over the last ten (10) years of their thirty year nominal life. As part of a multi-modal program, each maturity may otherwise be a) paid off, b) resold as variable rate, and/or c) fixed to a final amortization maturity.

The City created a separate (City of Orlando only) Commission Commercial Paper series, which can be accessed for tax-exempt, AMT (Alternative Minimum Tax), and taxable uses. In September 2004 the City issued $21,630,000 in taxable commercial paper to finance economic development-related Special Assessment loans.

This additional variable rate element was initiated January 18, 1994 with an $18,100,000 offering. Although the commercial paper has a balloon 30 year principal payment, the covenant program (like the medium term notes) requires minimal level amortization over the last one third of the nominal (30 year) maturity. This program was refunded on December 10, 2004 with a Commission Commercial Paper series loan.

The opportunity to reduce the cost of the fixed rate portion (the Covenant Refunding) and to introduce intermediate term debt (both the Series 1998 bonds, and the Series 2002 bonds) further enhances the City's Internal Loan Fund operation and improves the blend rate cost of money available on both existing loans and new loan (relending) opportunities.

COVENANT REVENUES

Covenant Revenues are defined in the Covenant Ordinance as those revenues of the City that are deposited to the credit of the City's General Fund or Utilities Services Tax Fund derived from any source whatsoever that are legally available for the payment of the obligations of the City under the Covenant Ordinance, inclusive of operating transfers from other funds into the General Fund and exclusive of (a) revenues derived from ad valorem taxation and (b) internal transfers between the General Fund and the Utilities Services Tax Fund (to eliminate double counting). For purposes of calculating Covenant Revenues and Self Sufficient Debt, amounts required to be transferred from the General Fund to community redevelopment trust funds pursuant to Section 163.387, Florida Statutes are deemed to be revenues derived from ad valorem taxation and not Covenant Revenues. For the calculation of Covenant Revenues for the past five fiscal years, see "Calculation of Covenant Revenues and Anti-Dilution Test Limitation" on page A-21.

GENERAL FUND

The following is a statement of revenues, expenditures, and changes in fund balance, which provides a history of revenues, which have been deposited in the General Fund for the past five fiscal years. This table does not represent revenues which will necessarily be available for payment of debt service on the Covenant Debt. Revenues, which are not available for debt service, include, but are not limited to, property taxes (revenues derived from ad valorem taxation). The following tables (on pages A-6 and A-7) show all revenues and expenditures of the General Fund.

CITY OF ORLANDO, FLORIDA

GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	For the Year Ended September 30 (1)				
	2000	**2001**	**2002**	**2003** (2)	**2004**
Revenues					
Property Taxes (3)					
Real and Personal Property	$ 57,466,176	$ 68,824,858	$ 68,504,172	$ 71,536,893	$ 76,843,122
Interest on Delinquent Taxes	123,523	159,292	116,325	139,861	142,754
Total Property Taxes	57,589,699	68,984,150	68,620,497	71,676,754	76,985,876
Occupational Licenses and Franchise Fees					
Occupational Licenses	4,680,196	5,101,806	5,473,964	5,513,726	5,505,669
Franchise Fees	18,625,360	20,732,223 (4)	21,725,686	22,643,184	23,239,101
Total Occupational Licenses and Franchise Fees	23,305,556	25,834,029	27,199,650	28,156,910	28,744,770
Intergovernmental					
Orlando Utilities Commission Contribution	30,787,504	32,091,000	28,203,772	32,992,766	31,657,846
State Revenue Sharing	5,307,471	5,736,579	5,825,646	5,827,786	7,129,345
State Sales Tax	24,968,947	25,117,291	24,043,656	24,413,099	25,935,004
Cigarette Tax	719,707	- (5)	-	-	-
Insurance Premium Taxes (3)	3,369,757	3,221,036	3,249,093	3,338,074	3,252,657
Other State Shared Revenues	636,919	528,834	498,496	715,093	659,678
Other Intergovernmental (6)	3,640,819	6,158,337	5,805,400	5,586,691	4,724,584
Total Intergovernmental	69,431,124	72,853,077	67,626,063	72,873,509	73,359,114
Other Licenses, Fees and Permits					
Building Inspection and Permits	5,463,451	6,725,292	6,611,574	7,293,249	12,493,460
Police Fees	5,753,839	6,828,759	8,051,511	7,940,684	7,386,222
Recreation and Other Fees	11,162,186	11,688,876	5,298,286	6,209,736	12,174,540
Total Other Licenses, Fees and Permits	22,379,476	25,242,927	19,961,371	21,443,669	32,054,222
Fines and Forfeitures	2,422,399	2,407,844	2,448,643	2,178,656	2,939,188
Other Revenue					
Income on Investments	8,969,419	11,947,123	5,618,873	4,168,939	3,197,792
Rent	776,854	999,460	776,757	817,923	774,189
Administrative Services	5,369,942	5,050,577	5,047,628	9,557,259	9,419,086
Miscellaneous Revenues	1,902,121	2,293,517	3,203,549	4,201,755	2,908,884
Total Other Revenues	17,018,336	20,290,677	14,646,807	18,745,876	16,299,951
Total Revenues	192,146,590	215,612,704	200,503,031	215,075,374	230,383,121

(1) Extract from City of Orlando's audited Comprehensive Annual Financial Reports.
(2) On 2/25/03 a new mayor was elected and as a result, he reorganized the City's existing departments and offices. The newly elected mayor became the Mayor/Chief Executive assuming the day-to-day administrative responsibility and created a cabinet form of government composed of nine department heads, the City Attorney and the Mayor's Chief of Staff.
(3) The City's Covenant Revenues in the General Fund do not include Property Taxes. In addition, Insurance Premium Taxes are required to be used solely to fund pension benefits pursuant to Chapters 175 and 185, Florida Statutes and may not be used for debt service.
(4) See "COVENANT REVENUES- Local Communications Services Tax" regarding the discussion of the Communications Services Tax which became effective on October 1, 2001 and the effect on the collection of franchise fees on cable and telecommunications.
(5) In 2001, received as part of State Revenue Sharing.
(6) A small portion of intergovernmental revenues may represent grants which are limited for use for specific purposes.
(7) Permits issued for new constructions and inspection fees.
(8) Labor reimbursement from Facilities, Stormwater and other management services.
(9) After School All Stars and Special Assessment separate from General Fund.

CITY OF ORLANDO, FLORIDA

GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
(Continued)

	For the Year Ended September 30 (1)				
	2000	**2001**	**2002**	**2003 (2)**	**2004**
Expenditures					
Current Operating:					
General Administration	19,143,067	15,193,169	17,597,131	16,133,535	21,859,022
Executive Offices	-	-	-	12,034,058	11,463,756
Administrative Services	19,042,814	20,797,562	18,772,457	-	
Planning and Development	4,098,979	4,764,363	5,293,245	-	
Housing	-	-	-	489,183	289,234
Economic Development	-	-	-	11,249,371	10,926,325
Public Works	25,730,871	27,189,244	26,370,188	21,899,616	21,163,460
Families, Parks and Recreation	-	-	-	23,954,933	20,843,863
Police	65,192,447	71,727,832	80,365,057	87,858,727	89,815,724
Fire	32,544,782	35,295,129	43,269,363	49,411,693	51,019,851
Management, Budget & Accounting	-	-	-	2,366,798	2,264,402
Finance	-	-	-	1,281,059	1,638,527
Community and Youth Services	11,219,464	11,061,900	14,849,900	-	
Other Expenditures	33,254,942	34,782,988	30,679,314	25,076,041	23,006,677
Total Expenditures	210,227,366	220,812,187	237,196,655	251,755,014	254,290,841
Excess (Deficiency) of Revenues					
Over Expenditures	(18,080,776)	(5,199,483)	(36,693,624)	(36,679,640)	(23,907,720)
Other Financing Sources					
and (Uses)					
Operating Transfers In	35,373,376	32,540,531	37,693,325	48,582,923	39,871,060
Operating Transfers (Out)	(18,058,563)	(23,211,423)	(13,600,956)	(8,765,682)	(15,193,642)
Bond and Loan Proceeds	3,606,000	190,064	751,095	110,451	-
Total Other Financing Sources					
and (Uses)	20,920,813	9,519,172	24,843,464	39,927,692	24,677,418
Excess (Deficiency) of Revenues and					
Other Financing Sources Over					
Expenditures and Other (Uses)	2,840,037	4,319,689	(11,850,160)	3,248,052	769,698
Fund Balance at Beginning of					
Year As Restated	60,736,560 (10)	64,867,250 (11	69,186,939	57,336,779	59,231,042 (12)
Fund Balance at End of Year	$ 63,576,597	$ 69,186,939	$ 57,336,779	$ 60,584,831	$ 60,000,740

(10) Restatement due to the School Crossing Guard Fund transfer from Parking Fund to the General Fund.
(11) Restatement of compensated absences due to GASB Interpretation 6.
(12) Restatement due to the classification of Special Assessment, Disaster Preparedness and After School All Stars Funds as independent funds.

UTILITIES SERVICES TAX FUND

The Utilities Services Tax is defined in the Covenant Ordinance as the taxes imposed, levied and collected by the City pursuant to Section 166.231, Florida Statutes, and other applicable provisions of law, on the purchase of electricity, fuel oil, metered or bottled gas (natural liquefied petroleum gas or manufactured), water service and telecommunication service, and other services on which a tax may be imposed by law. The City deposits Utilities Services Taxes in the Utilities Services Tax fund. The Utilities Services Taxes have been previously pledged for the payment of the City's Wastewater System Revenue Bonds, currently outstanding in the principal amount of $138,495,000.

Florida law authorizes any municipality in the State of Florida to levy a utilities service tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, water service and fuel oil as well as any services competitive with those specifically enumerated. This tax may not exceed 10% of the payments received by the sellers of such utilities services from purchasers (except in the case of fuel oil, for which the maximum tax is four cents per gallon). The purchase of natural gas or fuel oil by a public or private utility either for resale or for use as fuel in the generation of electricity, or the purchase of fuel oil or kerosene for use as an aircraft engine fuel or propellant or for use in internal combustion engines, is exempt from the levy of such tax. In addition, prior to October 1, 2001, a municipality had the option to levy a tax on the purchase of telecommunications services of either (a) not to exceed 10% of the monthly recurring customer service charges upon the purchases within such municipality of local telephone service or (b) not to exceed 7% of the monthly recurring customer service charges upon purchases within the municipality of telecommunications service which originated and terminated in the State based on the total amount charged for any telecommunications service provided within the municipality or, if the location of the telecommunications provided could not be determined, the total amount billed for such telecommunications service to a telephone or telephone number, a telecommunications number or device, a service address or a customer's billing address located within the municipality, excluding variable usage charges on telecommunication service (see, however, discussion below under the subcaption "Repeal of Public Service Tax on Telecommunications Services"). Also prior to 2001, Florida law exempted from the tax public telephone charges collected on site, charges for any foreign exchange service or any private line service except when services are used or sold as a substitute for any telephone company switched service or dedicated facility by which a telephone company provided a communication path, access charges, and any customer access line charges paid to a local telephone company.

Pursuant to the Constitution of the State of Florida, Florida Statutes and the Code of the City (The "City Code"), the City levies a Utilities Services Tax, also referred to herein as Public Services Tax, within the incorporated area of the City at the rate of 10% on sales of all utility services for which it is allowed to tax, except telecommunications service, and with the restriction that the tax on fuel oil cannot exceed four cents per gallon. The City Code exempts from levy of such Utilities Services Tax (a) purchases of special fuels for use as an airplane engine fuel or propellant, (b) purchases of special fuels to be used as a raw material in a manufacturing process or a cleaning agent or solvent, (c) purchases of special fuels for use in an internal combustion engine to propel any form of vehicle, and (d) "fuel adjustment charges," which means any increases in the cost of utility service to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

Florida law provides that a municipality may exempt from the utilities services tax the first 500 kilowatts of electricity per month purchased for residential use. The City has not adopted such an exemption but it does exempt purchases by the United States Government, the State of Florida, the County, the City and the agencies, boards, commissions and authorities from the levy of such tax. In addition, the City exempts purchases used exclusively for church purposes by any recognized church in the State of Florida.

Prior to 2001, the City taxed telecommunications services which originated and terminated within the State of Florida at 7% of the sales price of such service purchased within the City, excluding the variable usage charges for cellular mobile telephone or telecommunications service, specialized mobile radio and pagers and paging services, effective March 1, 1986. Telecommunications service was defined to be local telephone service, toll telephone service, telegram or telegraph service, teletypewriter, facsimile or computer exchange service, private communication service, cellular mobile telephone or telecommunication service and specialized mobile radio, pagers and paging service but excluding Internet access service, electronic mail service, electronic bulletin board service, or similar on-line computer service.

The Utilities Services Tax must be collected by the seller from purchasers at the time of sale and remitted to the Chief Financial Officer as prescribed by the City Code. Such tax will appear on a periodic bill rendered to consumers for electricity, metered and bottled gas, water service, telecommunication service (prior to 2001) and fuel oil. A failure by a consumer to pay that portion of the bill attributable to the utilities services tax may result in a suspension of the utility service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

CITY OF ORLANDO, FLORIDA

The following is a statement of revenues, expenditures, and changes in fund balance which provides a history of revenues which have been deposited in the Utilities Services Tax Fund for the past five fiscal years:

UTILITIES SERVICES TAX FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	For Year Ended September 30 (1)				
	2000	**2001**	**2002**	**2003**	**2004**
Revenue					
Electric	$16,901,465	$17,498,170	$17,773,888	$20,171,695	$20,648,346
Telephone/Telecommunications	14,670,832	13,321,488	20,969,771	16,963,228	16,844,739
Other	920,508	1,007,549	458,908	590,343	613,802
Total Utilities Service Taxes	32,492,805	31,827,207	39,202,567	37,725,266	38,106,887
Income on Investments	985,624	861,910	802,229	737,132	198,659
Total Revenues	33,478,429	32,689,117	40,004,796	38,462,398	38,305,546
Expenditures					
Other	(7,705)	(33,431)	-	(16,100)	(42,268)
Operating Transfers					
Transfers to other funds	(35,384,652)	(34,439,221)	(39,612,730)	(37,676,000)	(42,500,000)
Excess (Deficiency) of Revenues Over Expenditures and Operating Transfers	(1,913,928)	(1,783,535)	392,066	770,298	(4,236,722)
Beginning Fund Balance	19,642,765	16,284,438	14,500,903 (2)	14,892,969 (2)	15,663,267
Ending Fund Balance	$17,728,837	$14,500,903	$14,892,969	$15,663,267	$11,426,545

(1) Extract from the City of Orlando's Audited Comprehensive Annual Financial Reports.
(2) Restated to reflect refund of customers' overpayment.

Repeal of Public Service Tax on Telecommunications Services

In its regular 2000 legislative session, the Florida Legislature passed the "Communications Services Tax Simplification Act", Chapter 2000-260, Laws of Florida (the "CST Statute"), reforming the collection of local taxes on telecommunications and cable services. Among its provisions, the CST Statute repealed, effective October 1, 2001, subsection 166.231(9), Florida Statutes, which authorized a local public service tax on telecommunications. The legislation creates a new simplified tax structure for communications services which is codified in a new Chapter 202, Florida Statutes. It combines seven different state and local taxes or fees (including fees imposed upon providers of communications services by municipalities and counties for granting permission to use or occupy roads or rights of way for the placement of poles, wires and other fixtures) and replaces these revenues with a two tiered tax composed of a state tax and a local option tax on communications services. The new tax structure became effective October 1, 2001.

Those portions of the Utilities Services Tax which are derived from telecommunications services are impacted by the CST Statute. The new local option tax on communication services provided for in the CST Statute (the "New Communications Tax") is intended to replace those and other revenues previously received by governmental entities from the imposition of taxes and fees on telecommunication and cable services. The CST statute specifically states “Revenues received by a taxing authority under this act shall be deemed to replace any taxes or fees previously imposed but repealed by this act without any further action on the part of such taxing authority.”

The following outlines certain provisions of the CST Statute. As noted above, the CST Statute is extensive and the following descriptions are not, and are not intended to be, comprehensive or exhaustive.

Tax Base. The New Communications Tax is imposed on a broad base of telecommunications and cable services and does not discriminate between services or providers. The definition of “communications services” references the transmission of voice, data, audio, video, or any other information or signals, including cable services, by or through any medium or method currently in existence or hereafter devised, including electronic, radio, satellite, cable, optical, and microwave. Section 202.11(3), Florida Statutes. The definition excludes: “information services” (which is separately defined); the installation or maintenance of wiring or equipment on a customer’s premises; the sale or rental of tangible personal property; the sale of advertising; bad check and late payment charges; billing and collection services; and Internal access and related on-line services. Section 202.11(3), Florida Statutes.

The New Communications Tax automatically became effective at rates developed by using local government and industry data from 1999. (The revenues being replaced by the New Communications Tax are referred to as the “replaced revenue sources”). Municipalities have the authority to alter by ordinance the rates of the New Communications Tax up to a maximum tax rate which duplicates their maximum revenue raising capacity under prior law. Municipalities have a uniform maximum tax rate. Section 202.19, Florida Statutes.

For municipalities, the replaced revenue sources consisted of the municipal public service tax on telecommunications, including pre-paid calling arrangements; franchise fees on cable and telecommunications service providers; and permit fees relating to placing or maintaining facilities in rights-of-way collected from providers of certain telecommunications services. Section 202.19, 202.20(4), Florida Statutes.

Tax Rates: The CST Statute establishes a Revenue Estimating Conference (the “REC”) that was tasked with determining several new tax rates at the state and local government levels.

At the local level, the REC was required to develop two tax rates: (1) an individual conversion or “initial” rate for each municipality; and (2) a maximum or “revenue capacity” rate that will be the same for all municipalities. The conversion or “initial” rate will vary for each municipality based on the amount of revenues to be replaced and the tax base within each individual municipality. The conversion or “initial” rate for each municipality was designed to accomplish two main goals. First, such rate was supposed to permit a smooth transition at the local level by eliminating the necessity to re-enact or adopt various new tax rates due to the changes created by the Legislature. Second, the rate was supposed to account for varying consumption patterns in some jurisdictions. Conversion or “initial” rates became effective automatically on October 1, 2001.

The REC was required by the CST Statute to calculate maximum or “revenue capacity” rates for local governments. The maximum rates duplicate the prior “capacity” of the replaced revenue sources, so that jurisdictions which levied taxes and fees at less than the legal maximums would not experience a reduction in revenue raising authority.

The replaced revenue sources for municipalities were: the municipal public service tax on telecommunications as authorized by Section 166.231(9). Florida Statutes; franchise fees on cable service providers;

the municipal public service tax on prepaid calling arrangements; franchise fees on communications services providers which use the public roads or rights-of-way, up to the limits set forth in Section 337.401, Florida Statutes; and permit fees collected from providers of long distance, cable, and mobile communications services unless the municipality or charter county elected the option to charge permit fees.

Rate recommendations by the REC, in the form of proposed legislation, were approved by the Florida Legislature during its regular 2001 legislative session (the “Amended CST Statute”). The rate (i.e., the rate applicable from and after October 1, 2002) for the City is 5.0%. The City elected not to charge permit fees related to the installation and maintenance of wires on its rights-of-way allowing its rate to be set at 5.12%. The City may also exceed the maximum rate if necessary in order for the City to maintain its collection of the same annual dollar amount from and after October 1, 2001, that it received for the fiscal period ending September 20, 2001. Effective January 1, 2005, the rate was set at 5.22%.

Emergency Rates. Realizing that the data for the conversion or “initial” rates may not be accurate for each jurisdiction or certain unique consumption patterns may exist, the CST Statute authorizes a municipality to exercise emergency taxing authority by ordinance if needed to replace any revenues. If during any calendar quarter beginning with December 31, 2001, and ending with September 30, 2002, any local taxing jurisdiction received less revenues than the revenues received from the replaced revenue sources for the corresponding 2000-2001 period, the local governing authority could adjust the rate upward. An upward adjustment can also be made from the reasonably anticipated growth in revenues over the preceding one-year period based on the average growth of such revenues over the immediately preceding five-year period. Rates set by emergency ordinance may even exceed the maximum rate if the standards for the emergency rate are met. The emergency ordinance implementing a rate change must specify the effective date for the adjusted rate, which can be no less than 90 days after the date of adoption of the ordinance. The CST Statute also requires a reduction in rates once any lost revenues are recouped. It has not been necessary for the City to exercise this emergency taxing authority.

Internet Services. In the CST Statute, the Legislature continued its non-tax policy regarding Internet access services and awaits action by Congress to lift such restrictions. However, the existing policy to tax all communications services sold together or “bundled”, including Internet services, will be applied under the New Communication Tax.

Assignment of Customers for Local Taxes. One of the features regarding the local communications services tax is the concept of “situsing” or identifying taxable transactions within a particular municipality or unincorporated area. Local governments must work with the Department of Revenue to properly identify service addresses to each municipality and county. If municipalities fail to provide the Department of Revenue with accurate service address information, the municipality or county risks losing tax proceeds that it should properly receive. To the knowledge of the City, it has provided the Department of Revenue with all information that the Department of Revenue has requested and continues to provide information on all annexation of unincorporated areas into the City limits.

Compensation of Providers. Providers filing timely returns will retain an allowance of .75 percent of collections, except that it will be .25 percent for providers who do not employ an enhanced zip code database or a database that is either supplied or certified by the Department of Revenue for the assignment of service addresses to local taxing jurisdictions.

Registration and Resale Certificates. Each provider of communications services must be registered with the Department. The Department of Revenue will issue a certificate or registration, and also an annual resale certificate (similar to the current sales tax mechanism). The CST Statute allows the Department of Revenue rulemaking authority regarding registration.

Department Rulemaking. Throughout the CST Statute there are provisions authorizing rulemaking by the Department of Revenue. Emergency rulemaking (which occurs on an expedited basis) is also authorized.

Amendment of Senior Bond Ordinance to Reflect Change in CST Statute. Pursuant to Section 202.41, Florida Statutes, revenue received by a taxing authority under the CST Statute will be deemed to replace any taxes or fees previously imposed but repealed by the CST Statute without any further action on the part of such taxing authority, and if the repeal under the CST Statute of a taxing authority's authority to levy taxes or fees impairs security pledged to retire the authority's bonded indebtedness secured by such taxes or fees, then to the extent of any such impairment, a "like sum" of revenue received by the authority under the Act shall be deemed as a matter of law to replace such taxes and fees as security for the bonded indebtedness. The City determined that it was desirable to amend the definition of Utilities Services Tax set for in Section 2.01 of the Senior Bond Ordinance to address the statutory changes and, thereby, permit the City to deposit in the Utilities Services Account a percentage of its Discretionary Communications Services Tax which represents, on a five-year historical basis, a "like sum" of revenue as was previously deposited therein as utilities services tax on the purchase of telecommunications services. Accordingly, the City enacted the 2002 Supplemental Ordinance amending the Senior Bond Ordinance to define the term "Utilities Services Tax" to mean "the taxes imposed, levied and collected by the City pursuant to Section 166.231, Florida Statutes, as amended, upon every purchase of electricity, fuel oil, metered or bottled gas (natural liquefied petroleum gas or manufactured) and water service and other utility services on which such tax may be imposed by law from time to time, and eighty-three percent (83%) of the Discretionary Communications Services Tax imposed, levied and collected by the City pursuant to Section 202.19, Florida Statutes, on the sale of communications services."

STABILIZATION RESERVE ACCOUNT

The Covenant Ordinance requires the City to fund the Stabilization Reserve Account in an amount equal to the Stabilization Reserve Requirement over a period of 36 months if the unreserved fund balance of the City's General Fund and Utilities Services Tax Fund are in the aggregate, less than 10% of the City's Aggregate Budgeted Expenditures therefrom for such fiscal year. The following table shows that for the past five fiscal years the City has not been required to deposit any money in the Stabilization Reserve Account and there are currently no moneys on deposit in the Stabilization Reserve Account.

CITY OF ORLANDO, FLORIDA

STABILIZATION RESERVE ACCOUNT

STABILIZATION RESERVE ACCOUNT REQUIREMENT
HISTORICAL PERSPECTIVE

	For Year Ended September 30				
	2000	2001	2002	2003	2004
Calculation of Appropriate Reserve					
General Fund					
Reserved Fund Balance	$ 1,951,212	$ 1,960,075	$ 2,188,384	$ 1,829,789	$ 2,403,713
Unreserved Fund Balance	61,625,385	67,226,864	55,148,395	58,755,042	57,597,027
Total Fund Balance	63,576,597	69,186,939	57,336,779	60,584,831	60,000,740
Utilities Services Tax Fund					
Unreserved Fund Balance	17,728,837	14,500,903	14,892,969	15,663,267	11,426,545
Total Fund Balance	17,728,837	14,500,903	14,892,969	15,663,267	11,426,545
Unreserved Fund Balance					
General Fund	61,625,385	67,226,864	55,148,395	58,755,042	57,597,027
Utilities Services Tax Fund	17,728,837	14,500,903	14,892,969	15,663,267	11,426,545
Total Unreserved Fund Balances General Fund and Utilties Services Tax Fund	$ 79,354,222	$ 81,727,767	$ 70,041,364	$ 74,418,309	$ 69,023,572

Comparison to Minimum Reserve Covenant (1)

	2001	2002	2003	2004	2005
General Fund Budgeted Expenditures	$227,546,687	$239,621,180	$260,242,876	$268,832,431	$291,447,567
10% Aggregate Fund Balances Requirement	22,754,669	23,962,118	26,024,288	26,883,243	29,144,757
Actual Appropriable Reserve	79,354,222	81,727,767	70,041,364	74,418,309	69,023,572
Actual Percentage	34.87 %	34.11 %	26.91 %	27.68 %	23.68 %

(1) Comparing beginning of the year Fund Balances to the final (or for 2004-05, as of November 16, 2004) budgeted General Fund Expenditures

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CITY OF ORLANDO

COVENANT DEBT
SCHEDULE OF DEBT SERVICE
SEPTEMBER 30, 2004

Year Ending Sept. 30	Capital Improvement Ref. Bonds Series 1998A	Capital Improvement Bonds Series 1998B	Capital Improvement Bonds Series 2002 (1)	Capital Improvement Bonds Series 2004 (1)
2005	5,198,303	2,144,578	997,600	703,500
2006	5,189,097	2,082,479	1,026,100	703,500
2007	5,181,996	2,019,625	1,054,600	703,500
2008	2,087,414	1,955,827	1,054,600	682,500
2009	2,085,085	1,891,275	1,083,100	682,500
2010	2,082,495	1,825,779	1,083,100	610,506
2011	2,089,370	1,758,772	1,061,600	610,506
2012	2,085,610	1,690,067	1,061,600	539,506
2013	2,086,308	1,620,418	1,040,100	539,506
2014	2,086,330	1,547,750	1,040,100	539,506
2015	2,085,657	-	1,024,233	539,506
2016	2,084,388	-	1,024,233	539,506
2017	2,082,627	-	2,824,233	2,046,506
2018	7,389,125	-	959,973	485,555
2019	7,382,000	-	959,973	485,555
2020	7,370,375	-	959,973	485,555
2021	7,371,744	-	959,973	485,555
2022	7,366,001	-	959,973	485,555
2023	6,290,944	-	959,973	485,555
2024	-	-	959,973	485,555
2025	-	-	4,359,973	1,992,555
2026	-	-	4,238,593	1,938,605
2027	-	-	4,117,213	1,884,654
2028	-	-	3,995,833	1,830,704
2029	-	-	3,874,453	1,776,753
2030	-	-	3,753,073	1,722,802
2031	-	-	3,631,693	1,668,852
2032	-	-	3,200,313	1,614,901
2033	-	-	-	1,560,951
	$ 79,594,869	$ 18,536,570	$ 53,266,154	$ 28,830,210

(1) The Series 2002 Bonds and the Series 2004 Bonds are Designated Maturity Debt under the Covenant Ordinance. There are seven Series 2002 initial maturities (2004, 2005, 2006, 2008, 2010, 2012 and 2014) which are anticipated to be rolled over, with final maturities in the in the years 2017 and 2025 through 2032, inclusive. The initial maturities bear interest at 3% (2004 through 2008, inclusive) and at 4% (2010 through 2014, inclusive). There are three Series 2004 initial maturities (2007, 2009 and 2011) which are anticipated to be rolled over, with final maturities in the years 2017 and 2025 through 2033 inclusive. The interest rate for all subsequent maturities is estimated at 3.58%, which is based upon the yield of the 10-year "AA" rated bond as published by Municipal Market Data, as of September 30, 2004.

(2) The interest rate for the taxable Loan was estimated at 5%.

(3) While the average rate for the last five years was 2.65%, the interest rate was estimated at 3.75% plus the letter of credit fees of 31.80 basis points and remarketing fees of .075 basis points for an aggregate total of 4.145%.

CITY OF ORLANDO, FLORIDA

CITY OF ORLANDO

COVENANT DEBT
SCHEDULE OF DEBT SERVICE
September 30, 2004

SSGFC Series H Taxable Loan (2)	SSGFC Series H Tax Exempt Loan (3)(4)	Commercial Paper Program (5)	Other Non-Self Sufficient Debt (6)	Total
1,081,500	2,685,307	724,000	513,200	14,047,988
1,081,500	2,648,002	724,000	522,425	13,977,103
1,081,500	2,807,831	724,000	315,813	13,888,865
1,081,500	5,462,355	724,000	313,938	13,362,134
1,081,500	5,304,964	724,000	311,050	13,163,474
1,081,500	5,147,572	724,000	192,150	12,747,102
1,081,500	4,990,181	724,000	-	12,315,929
1,081,500	4,832,790	724,000	-	12,015,073
1,081,500	6,175,399	724,000	-	13,267,231
1,081,500	5,955,833	724,000	-	12,975,019
5,407,500	5,736,266	2,497,800	-	17,290,962
5,191,200	5,516,699	2,425,400	-	16,781,426
4,974,900	-	2,353,000	-	14,281,266
4,758,600	-	2,280,600	-	15,873,853
4,542,300	-	2,208,200	-	15,578,028
-	-	2,135,800	-	10,951,703
-	-	2,063,400	-	10,880,672
-	-	1,991,000	-	10,802,529
-	-	1,918,600	-	9,655,072
-	-	1,846,200	-	3,291,728
-	-	-	-	6,352,528
-	-	-	-	6,177,198
-	-	-	-	6,001,867
-	-	-	-	5,826,537
-	-	-	-	5,651,206
-	-	-	-	5,475,875
-	-	-	-	5,300,545
-	-	-	-	4,815,214
-	-	-	-	1,560,951
$ 35,689,500	$ 57,263,199	$ 28,960,000	$ 2,168,576	$ 304,309,078

(4) With regard to the Covenant Program's variable rate debt which is not required by authorizing resolution to amortize, the City has covenanted (as part of its program obligation) to amortize the obligation over a minimum of the last one third of the nominal (normally 30 years) maturity.

(5) While the average rate for the last five years was 2.77%, the interest rate was estimated at 3.75% plus the letter of credit fees of 20 basis points and remarketing fees of .05 basis points for an aggregate total of 4%.

(6) Civic Facilities Revenue Bonds - Series 1973 and Guaranteed Entitlement Revenue Bonds - Series 1976.

ADDITIONAL BONDS

The Covenant Ordinance provides for the issuance of both Additional Bonds (which shall be equally secured with the outstanding Bonds) and Non-Self Sufficient Debt. Additionally, the Covenant Ordinance allows the City to issue Non-Self Sufficient Debt for which there may be granted a prior lien on all or a portion of the Covenant Revenues, provided the City first complies with the requirements described below. The Covenant Ordinance does not provide any restrictions on the issuance of Self Sufficient Debt.

Non-Self Sufficient Debt means any indebtedness of the City for the payment of borrowed money other than Self Sufficient Debt. Self Sufficient Debt means any indebtedness of the City for borrowed money that is either (a) secured by or payable exclusively from a source of revenues other than Covenant Revenues, or (b) primarily payable from revenues of the type described in clause (a) above and secondarily from Covenant Revenues if the Covenant Revenues have not been used (or, as provided below, deemed to have been used) to pay any portion of such indebtedness for the three fiscal years preceding the date of determination and if the City projects that the Covenant Revenues will not be so used during the next two fiscal years; and either (c) that is secured by a revenue source that has been in effect for at least three fiscal years and that would have provided coverage of at least 125% of the average annual debt service on such obligations secured by such revenue source in each of the three preceding fiscal years, or (d) if the revenue source has not been in existence for at least three fiscal years, that is secured by a revenue source that would have provided coverage of at least 150% of the average annual debt service on such obligations secured by such revenue source in at least the last full fiscal year preceding the issuance of such obligations and that is projected to provide at least 150% debt service coverage (based on revenue and debt service projections of the City) in each of the three ensuing fiscal years; and (e) any such case, in the three preceding fiscal years, no debt service of which has been paid (or, as provided below, deemed to have been paid) from Covenant Revenues deposited in the General Fund or the Utilities Services Tax Fund. For purposes of calculating the coverage requirements described in this paragraph, the historical and projected receipts of a particular revenue source shall be adjusted retroactively to the initial date of the calculation period to reflect changes in rates, levies or impositions enacted prior to the date of calculation. For purposes of this definition, Covenant Revenues will be deemed to have been used to pay debt service on any debt if Covenant Revenues have been transferred in the relevant period, other than pursuant to a capital transfer, to a fund or account used to pay debt service on such debt.

Non-Self Sufficient Debt - Anti Dilution Test

(1) The City covenants not to issue any Non-Self Sufficient Debt (including designated maturity debt) unless there shall be filed with the City a report by an independent certified public accountant or such other party as the Rating Agency shall approve without withdrawing or reducing the rating then applicable to the Bonds outstanding under the Covenant Ordinance projecting that for each of the three fiscal years following the fiscal year in which such Non-Self Sufficient Debt is issued, the following two tests will be met:

(a) If the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is more than six years from the date of calculation, the Maximum Annual Debt Service with respect to all Non-Self Sufficient Debt then outstanding and the Non-Self Sufficient Debt proposed to be issued will not exceed 35% of the Covenant Revenues for each such fiscal year forecasted by the City; or (2) if the year in which the Maximum Annual Debt Service with respect to Non-Self Sufficient Debt occurs is less than six years from the date of calculation, the Maximum Annual Debt Service with respect to all Non-Self Sufficient Debt then outstanding and the Non-Self Sufficient Debt proposed to be issued will not exceed 25% of the Covenant Revenues for each such fiscal year forecasted by the City; and

(b) The higher of (1) the average annual debt service requirement with respect to all Non-Self Sufficient Debt then outstanding and the Non-Self Sufficient Debt proposed to be issued, or (2) the aggregate annual debt service with respect to all such Non-Self Sufficient Debt then outstanding including the Non-Self Sufficient Debt proposed to be issued for the fiscal year following the year in which the calculation is made, will not exceed 25% of the Covenant Revenues for each such fiscal year forecasted by the City.

(2) Concurrently with the issuance of Non-Self Sufficient Debt, the Mayor or Mayor Pro Tem of the City shall certify (a) the dates and the principal amounts of such Non-Self Sufficient Debt (other than designated maturity debt) that will be paid or redeemed in advance of the final maturity thereof to the extent that (1) separate serial maturities or amortization installments have not been established for such Non-Self Sufficient Debt and (2) amortization of such debt is otherwise required pursuant to the Covenant Ordinance and (b) with respect to designated maturity debt, the principal amortization for each series thereof is in accordance with the Covenant Ordinance, assuming that the final maturity of each series of designated maturity debt shall be no later than thirty years from the date of original issuance thereof. Each proposed amortization installment set forth in such certificate shall be on a date, which is on or after the first optional redemption date for such Non-Self Sufficient Debt.

(3) The City may, from time to time, amend the amortization certificate requirements established pursuant to paragraph (2) above if the new amortization schedule would not cause the City to violate the anti-dilution tests set forth in paragraph (1) above and the amortization requirements of Variable Rate Bonds and Non-Self Sufficient Debt as set forth in the Covenant Ordinance, as re-calculated on the date of amendment to such amortization schedule.

(4) The certificate of amortization provided pursuant to paragraph (2) above, as amended from time to time as provided in paragraph (2) above shall not create an enforceable right or expectation of Bondholders to have Bonds redeemed or retired but is intended to document the City's ability and intent to comply with the requirements of the Covenant Ordinance.

Issuance of Additional Bonds

The City may not issue any obligations payable from the amounts deposited in the funds and accounts created under the Covenant Ordinance, or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of any Bonds issued pursuant to the Covenant Ordinance upon such funds and accounts, except under the conditions and in the manner described below.

Except as otherwise provided in the Covenant Ordinance, no series of Additional Bonds may be issued under the Covenant Ordinance unless the City shall have first complied with the requirements set forth below:

(1) There shall have been obtained and filed with the Governing Body the report required for the issuance of such Additional Bonds as Non-Self Sufficient Debt as described under paragraphs (1) and (2) above under "Non-Self Sufficient Debt."

(2) In addition to the foregoing, the City may issue at any time and from time to time Additional Bonds for the purpose of refunding any series of bonds, or any maturity of bonds within a series, without the necessity of complying with the requirements contained in subparagraph (1) above, provided that prior to the issuance of such bonds there shall be filed with the Governing Body of the City a certificate from an independent certified public accountant to the effect that (a) the net proceeds from such Additional Bonds will be sufficient to cause the lien created by the Covenant Ordinance with respect to the Series of Bonds to be refunded to be defeased and (b) the debt service requirement with respect to such Additional Bonds in each bond year following the issuance thereof shall be equal to or less than the debt service requirement for such bond year with respect to the bonds which would have been outstanding in that bond year had the same not been refunded pursuant to the Covenant Ordinance. In addition, prior to the issuance of such bonds, there shall be filed with the Governing Body of the City, an opinion of Bond Counsel to the effect that (a) the proceeds from the sale of such Additional Bonds have been set aside in irrevocable escrow for the payment of the bonds to be refunded in the manner described in the Covenant Ordinance and (b) the issuance of such Additional Bonds and the use of the proceeds thereof as described above will not have the effect of causing the interest on any Bond then outstanding under the Covenant Ordinance (other

than bonds issued as taxable debt), including the Bonds to be refunded, to become includable in the gross income of the owner thereof for federal income tax purposes.

(3) The Chief Financial Officer of the City shall certify that the City is not in default in the performance of any of the covenants and obligations assumed by it under the Covenant Ordinance, and that all payments required to have been made into the funds and accounts provided therein shall have been made in full to the extent required under the Covenant Ordinance.

(4) The City Attorney of the City shall submit an opinion to the Governing Body of the City to the effect that the issuance of such Bonds has been duly authorized and that all conditions precedent to the delivery of such Bonds have been fulfilled.

(5) Each ordinance, resolution or enabling instrument authorizing the issuance of such Bonds, will recite that all of the covenants contained in the Covenant Ordinance will be fully applicable to such Bonds as if originally issued thereunder.

Bonds issued pursuant to the terms and conditions of the Covenant Ordinance shall be deemed on a parity with all Bonds then outstanding, and all of the covenants and other provisions of the Covenant Ordinance shall be for the equal benefit, protection and security of the Holders of any Bonds originally authorized and issued pursuant to the Covenant Ordinance and the Holders of any Bonds evidencing additional obligations subsequently created within the limitations of and in compliance with the Covenant Ordinance; provided, however, that separate subaccounts in the Reserve Account created pursuant to the Covenant Ordinance shall secure only the series of bonds with respect to which such sub account was created. Bonds shall be issued only for the purpose of financing one or more projects, or for the purpose of refunding any obligations previously issued for such purposes.

Amortization of Variable Rate Bonds

The City has covenanted that it will not issue bonds constituting variable rate debt under the terms of the Covenant Ordinance unless the maximum interest rate payable on such Bonds does not exceed 15% per annum.

With respect to each series of Non-Self Sufficient Debt issued on or after the date of issuance of the first series of bonds issued under the Covenant Ordinance, the City covenants to refund or redeem Bonds or other Non-Self Sufficient Debt of such series in such amounts and at such times as shall cause the original principal (or, with respect to Capital Appreciation Debt, accreted value at maturity) of such series of bonds or other Non-Self Sufficient Debt to be amortized (by payment or defeasance) no less quickly than in equal annual installments over at least the last one-third of the original stated term to maturity (or with respect to designated maturity debt, over the last one-third of the amortization schedule with respect to such designated maturity debt as set forth in the Amortization Certificate).

CITY OF ORLANDO, FLORIDA

As stated in the Covenant Ordinance, the City may issue Non-Self Sufficient Debt (including Additional Bonds) if it has complied with the requirements of the Covenant Ordinance. The following table shows the percentage of Non-Self Sufficient Debt as a percentage of Covenant Revenues for each of the last five years.

CALCULATION OF COVENANT REVENUES AND ANTI-DILUTION TEST LIMITATION

	For Year Ended September 30				
	2000	2001	2002	2003	2004
Covenant Revenues					
General Fund Revenue	$192,146,590	$215,612,704	$200,503,031	$215,075,374	$230,383,121
Interfund Transfer In	35,373,376	32,540,531	37,693,325	48,582,923	39,871,060
Utilities Services Tax Fund Revenue	33,478,429	32,689,117	40,004,796	38,462,398	38,305,546
Total Revenues	260,998,395	280,842,352	278,201,152	302,120,695	308,559,727
Less:					
Ad-valorem Tax Revenues	57,589,699	68,984,150	68,620,497	71,676,754	76,985,876
Revenues Not Legally Available for Debt Service (1)	3,369,757	3,221,036	3,249,093	3,338,074	3,252,657
Internal Transfer (2)	31,384,652	29,439,221	35,612,730	36,500,000	37,500,000
Total Covenant Revenues	$168,654,287	$179,197,945	$170,718,832	$190,605,867	$190,821,194
25% Limitation (3)	$ 42,163,572	$ 44,799,486	$ 42,679,708	$ 47,651,467	$ 47,705,299
Maximum Annual Debt Service (4)	13,379,900	13,612,478	12,537,272	12,537,272	17,290,962
% of Limit	31.73 %	30.39 %	29.38 %	26.31 %	36.25 %
% of Covenant Revenues	7.93 %	7.60 %	7.34 %	6.58 %	9.06 %

(1) Represents amounts that the City believes are not legally available for debt service. There are no assurances that in future years the percentage of revenues not legally available for debt service will not increase.

(2) To alleviate duplicate counting must reduce by amount of revenues shown in both.

(3) Defined as 25% of the available Covenant Revenues if the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is less than six years from the date of calculation. The percentage is 35% if the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is more than six years from the date of calculation.

(4) Includes all Non Self Sufficient Debt. The interest for the Sunshine State Governmental Financing Commission loans and the Commercial Paper Program was computed at 3.75% plus the letter/line of credit fees of 31.80 and 20 basis points and remarketing fees of .075 and .05 basis points for an aggregate total of 4.143% and 4.00% respectively.

During 1986-87, the city created the Internal Loan Fund to provide interim or longer-term financing to other funds. The financing for the Fund's loan activities was initially funded with proceeds of Non-Self Sufficient Debt and continues to be funded through the re-lending of portions of loan repayments. The loan documents, between the Internal Loan Fund and the various recipient funds, set forth expectations for project use, principal amortization, if appropriate, and revenue(s) sources for repayment.

Internal Loan (Banking) Fund
Summary of Loan Program and Activity
(In Thousands)

Loan Recipient	Project	Outstanding Loan 10/1/2003	Loan Activity	Current Year Principal Payments	Outstanding Loan 9/30/2004	FY 2005 Principal Amortization	Amortization Term	Amortization Maturity
Primary Government:								
General Fund	City Hall Construction	$ 18,089	$ -	$ (1,825)	$ 16,264	$ 1,934	20	2012
General Fund	Dubsdread Golf Course	2,498	-	(176)	2,322	221	20	2016
General Fund	Historic District Street Restoration	614	166	(90)	690	95	10	2012
General Fund	Hotels (1)	4,126	-	-	4,126	144	15	2019
General Fund	Church Street Incentive	-	1,630	-	1,630	-	10	2018
General Fund	55 West Public Plaza	-	2,000	-	2,000	-	12	2019
General Fund	55 West Construction (2)	-	7,000	-	7,000	-	01	2015
General Fund	The Plaza Construction (2)	-	14,000	-	14,000	-	01	2009
Capital Improvement	Parks Initiative	30,500	-	(1,017)	29,483	2,033	15	2019
Capital Improvement	Narcoossee Rd. Construction	16,291	-	(994)	15,297	1,049	20	2015
Capital Improvement	City Hall Garage	7,494	-	(542)	6,952	580	15	2013
Capital Improvement	LYMMO Construction	1,246	-	(281)	965	301	10	2007
Capital Improvement	John Young Parkway Construction	2,796	-	(245)	2,551	259	15	2012
Capital Improvement	City Hall Land Acquisition	437	-	(211)	226	226	15	2005
Capital Improvement	Lee Vista Project	4,796	-	(268)	4,528	287	15	2015
Capital Improvement	FY03-04 Projects	-	10,000	-	10,000	-	20	2025
CRA	Housing Incentives (3)	10,995	1,524	(645)	11,874	586	13	2016
CRA	Parramore Charter School	1,381	-	(160)	1,221	171	10	2010
CRA	Parramore Housing/Office (4)	11,990	504	(368)	12,126	382	18	2021
CRA	I/4 Conroy Road Project	1,245	-	(45)	1,200	-	01	2010
CRA	The Plaza Cornerstone Project	-	3,500	-	3,500	-	18	2022
Centroplex	Arena Construction	9,480	-	(1,325)	8,155	1,418	20	2009
Parking	Administration Garage Construction	2,946	-	(192)	2,754	205	20	2014
Parking	Courthouse Garage Construction	9,360	-	(188)	9,172	201	20	2016
Fire Academy	Pumper Truck/Trailer	377	-	(42)	335	42	10	2012
Total Primary Government		136,661	40,324	(8,614)	168,371	10,134		
Component Unit:								
CFA	Tinker Field Renovation	1,001	-	(109)	892	117	20	2011
CFA	Citrus Bowl Skybox	803	-	(32)	771	36	25	2015
CFA	Citrus Bowl Administration Bldg.	476	-	(47)	429	50	20	2011
CFA	Citrus Bowl Land Acquisition	329	-	(32)	297	34	20	2011
Total Component Unit		2,609	-	(220)	2,389	237		
Total		$ 139,270	$ 40,324	$ (8,834)	$ 170,760	$ 10,371		

(1) Interest only for the first five years; principal amortization starts in the sixth year (FY2004-2005) for 15 years.
(2) Interest only; balloon payment in the years stated on the maturity column.
(3) Interest only; principal amortization will start in FY2003-2004 for 13 years.
(4) Interest only; principal amortization will start in FY2003-2004 for 18 years.

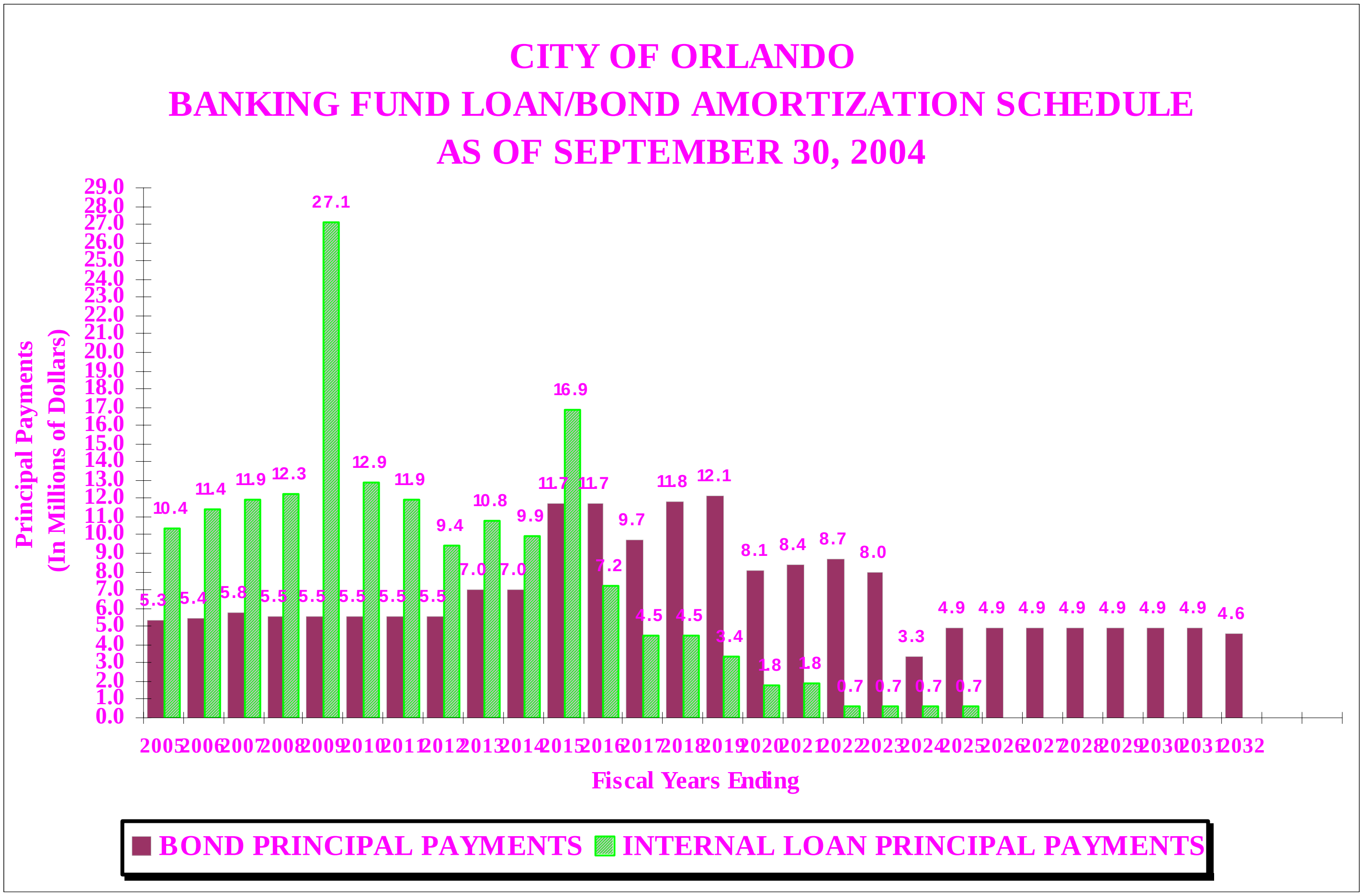
Relendable Proceeds Analysis:

Amount available 9/30/03	$ 6,431
Proceeds from Bonds and Loans	32,939
User Funds' Debt Service Payments	14,645
Increase in Reserve and other investment activities	(1,145)
New Loans	(40,324)
Debt Service Payments	(5,846)
Administrative Expenses and Other Fees	(474)
Amount Available 9/30/04	6,226
Bond Principal Payment due 10/1/04	(5,250)
Amount Available 10/1/04	$ 976

The Internal Loan Fund has been funded with a combination of fixed and variable rate Non-Self Sufficient Debt, thus providing the City with the stability of fixed rate debt and the lower cost of variable rate debt.

Loans under the Internal Loan Fund program have shorter maturities than the Non-Self Sufficient Debt which funded the program. This permits the City to lend portions of the loan repayments to fund other projects. As a requirement of the Internal Loan Fund, in light of the Program's intention to mismatch loan amortizations with external debt amortizations, City staff is required to report to the City Council annually, starting in the tenth year (2002) as to how loan amortizations will be used to meet external debt amortization requirements. The bar chart, which follows on page A-24, compares total loan amortization (as of September 30, 2004) with the related external debt amortization. The City Council is able to amend loan amortization terms (to either lengthen or shorten) at will.

Under IRS restrictions, the excess loan amortization may be used to (a) lend to fund new projects or (b) reduce the amount of debt outstanding. Over the next five years the City anticipates the great majority of the excess loan amortizations will be re-utilized and thus, be available to lend for new projects. The schedule on page A-25 compares the cumulative relendable proceeds to the external debt outstanding principal balance.


CITY OF ORLANDO
BANKING FUND LOAN/BOND AMORTIZATION SCHEDULE
AS OF SEPTEMBER 30, 2004
Principal Payments
(In Millions of Dollars)
Fiscal Years Ending
BOND PRINCIPAL PAYMENTS
INTERNAL LOAN PRINCIPAL PAYMENTS

CITY OF ORLANDO
INTERNAL LOAN FUND
CALCULATION OF RELENDABLE PROCEEDS AND NET DEBT OUTSTANDING
AS OF September 30, 2004

	External Debt		Internal Loan	Bond Cost/	Relendable Proceeds		Net External
	Principal Payments a	Balance Outstanding b	Principal Payments c	Discount Amortization d	Annual c+d-a	Cumulative e	Debt Outstanding b-e
Beg. Bal.		$190,296,338				$6,226,402 (1)	
9/30/2005	5,250,000	185,046,338	10,370,458	65,739	5,186,197	11,412,599	173,633,739
9/30/2006	5,405,000	179,641,338	11,382,974	49,524	6,027,498	17,440,097	162,201,241
9/30/2007 (2)	5,772,134	173,869,204	11,932,158	123,789	6,283,813	23,723,910	150,145,294
9/30/2008	5,472,134	168,397,070	12,316,177	126,346	6,970,389	30,694,299	137,702,771
9/30/2009	5,477,134	162,919,936	27,077,736 (6)	201,627	21,802,229	52,496,528	110,423,408
9/30/2010	5,482,134	157,437,802	12,941,612	204,059	7,663,537	60,160,065	97,277,737
9/30/2011	5,497,134	151,940,668	11,909,523	200,873	6,613,262	66,773,327	85,167,341
9/30/2012	5,502,134	146,438,534	9,388,443	280,870	4,167,179	70,940,506	75,498,028
9/30/2013 (3)	7,012,134	139,426,400	10,807,617	277,161	4,072,644	75,013,150	64,413,250
9/30/2014	7,022,134	132,404,266	9,859,661	275,752	3,113,279	78,126,429	54,277,837
9/30/2015 (2)	11,658,134	120,746,132	16,889,234 (7)	274,522	5,505,622	83,632,051	37,114,081
9/30/2016	11,668,132	109,078,000	7,194,680	269,104	-4,204,348	79,427,703	29,650,297
9/30/2017 (4)	9,688,000	99,390,000	4,470,561	219,351	-4,998,088	74,429,615	24,960,385
9/30/2018	11,836,000	87,554,000	4,505,524	172,719	-7,157,757	67,271,858	20,282,142
9/30/2019	12,121,000	75,433,000	3,416,456	129,472	-8,575,072	58,696,786	16,736,214
9/30/2020	8,090,000	67,343,000	1,760,893	86,872	-6,242,235	52,454,551	14,888,449
9/30/2021	8,405,000	58,938,000	1,836,905	42,627	-6,525,468	45,929,083	13,008,917
9/30/2022	8,720,000	50,218,000	675,000	2,519	-8,042,481	37,886,602	12,331,398 (5)
9/30/2023	7,955,000	42,263,000	675,000	1,259	-7,278,741	30,607,861	11,655,139
9/30/2024 (4)	3,317,000	38,946,000	675,000	1,259	-2,640,741	27,967,120	10,978,880
9/30/2025	4,907,000	34,039,000	675,000		-4,232,000	23,735,120	10,303,880
9/30/2026	4,907,000	29,132,000			-4,907,000	18,828,120	10,303,880
9/30/2027	4,907,000	24,225,000			-4,907,000	13,921,120	10,303,880
9/30/2028	4,907,000	19,318,000			-4,907,000	9,014,120	10,303,880
9/30/2029	4,907,000	14,411,000			-4,907,000	4,107,120	10,303,880
9/30/2030	4,907,000	9,504,000			-4,907,000	-799,880	10,303,880
9/30/2031	4,907,000	4,597,000			-4,907,000	-5,706,880	10,303,880
9/30/2032	4,597,000	0			-4,597,000	-10,303,880	10,303,880

NOTES:
(1) Beginning Balance
(2) Sunshine State Governmental Financing Commission loans principal amortized over 3 years @ $900,000 per year starting October, 2003, $1,097,134 in October, 2006, $3,797,134 per year thru October, 2011 and $5,297,134 starting October, 2012 ending September, 2016.
(3) Commercial Paper principal amortized over 10 years @ $1,810,000 per year starting 10/1/14 thru 10/1/23.
(4) Principal amortization for the 2002 Bond issue starts; next principal amortization is in FY 2023-24 thru FY 2031-32.
(5) At this point, the reserve of $12,539,137 as of September 30, 2004 exceeds the outstanding debt.
(6) Includes $14M balloon payment on The Plaza construction loan.
(7) Includes $7M balloon payment on the 55 West Parking Garage.

ADDITIONAL RECURRING AND NON-RECURRING USES OF THE COVENANT PLEDGE

In addition to the normal routine loan activity (see page A-28), the City has borrowed through the Internal Loan Program for two additional purposes: 1) (Economic Development related Special Assessment loans, using taxable debt, and 2) Disaster Recovery interim Working Capital loans.

Economic Development related Special Assessment Loans

Under Florida Law, there are three basic elements measured to initiate a Special Assessment (determination of specially benefiting properties, a reasonable benefit related allocation of the cost and a finding that the project meets a public purpose). The classic example would be one of the City's rebricking projects. At some earlier time, the City elected to add a layer of asphalt on top of neighborhood and collector brick streets. On a neighborhood initiated basis, the City will consider removing the asphalt and thereby returning the street to brick. The specially benefiting properties will be those that abut the street. The cost will be partially allocated based on the number of front footage per parcel. The public purpose will address: a) enhanced resale value, b) aesthetic improvement, c) slow down traffic, and d) to redirect cut-through traffic and thereby enhance the residential character of the neighborhood.

The City has used this same principle to assist in financing two I-4 interchanges (Universal City Boulevard and Conroy Road). The Special Assessment places the burden on the property owner which is then partially or totally offset by Tax Increment Financing (TIF) revenues. If the planned development does not occur, then the landowner and not the City or the Community Redevelopment Agency (CRA) is financially responsible.

To enhance redevelopment in the Downtown CRA district, the City is further applying Special Assessment to mixed-use (office, retail and residential) development/redevelopment. Clearly available parking spaces are essential to the development of downtown office and/or residential condominium space. Through Special Assessment, the City can facilitate the construction of development related parking spaces, which can be sold "Due on Sale" coincident with the condominium sale of office and/or residential units. The condominium purchaser will receive clear title and a release of Special Assessment Lien in exchange for the Developer purchasing the related spaces from the City. The project must be on a blighted area, within a CRA district and be part of development and/or redevelopment thereof to address the public purpose issue.

Under Florida Law, a Special Assessment lien has the same dignity as property taxes and therefore has, by statute, lien preference over the primary (project related) lender. While the Developer and/or primary lender will attempt to require a government loan to be in a junior or mezzanine position, a Special Assessment loan is actually senior and superior to the primary lender's position. The City requires the Developer and primary lender to acknowledge the Special Assessment line preference in an estoppel letter prior to funding. The resultant City position is to: a) own the spaces until purchased by the condominium purchaser, b) be able to look to the primary project lender as a backstop to the Developer to reasonably assume repayment, and c) facilitate key downtown redevelopment projects. Additionally, this approach can be used to shift the CRA's incentive payment from a front-end grant (funded by an Internal City Loan to be repaid over time) to a performance based percentage of TIF recapture which in appropriate circumstances could be used (in whole or in part) to repay the Special Assessment debt service.

As for the Internal Loan fund amortization of the taxable Commercial Paper associated with the Special Assessment Loan, the City assumes a 5-year amortization which only commences after the default would have occurred. For example, if this is a 10-year term loan, scheduled to be paid "Due on Sale", then the amortization would be in years 11 – 15. Therefore, there is a reasonable likelihood that covenant revenues may never be actually used to pay debt service. Additionally, since there is a significant shortage of parking downtown, the City's retained ownership of the residential spaces in question, could, under a worse case scenario, clearly meet a City purpose/use.

Disaster Recovery Related Interim Working Capital Loan

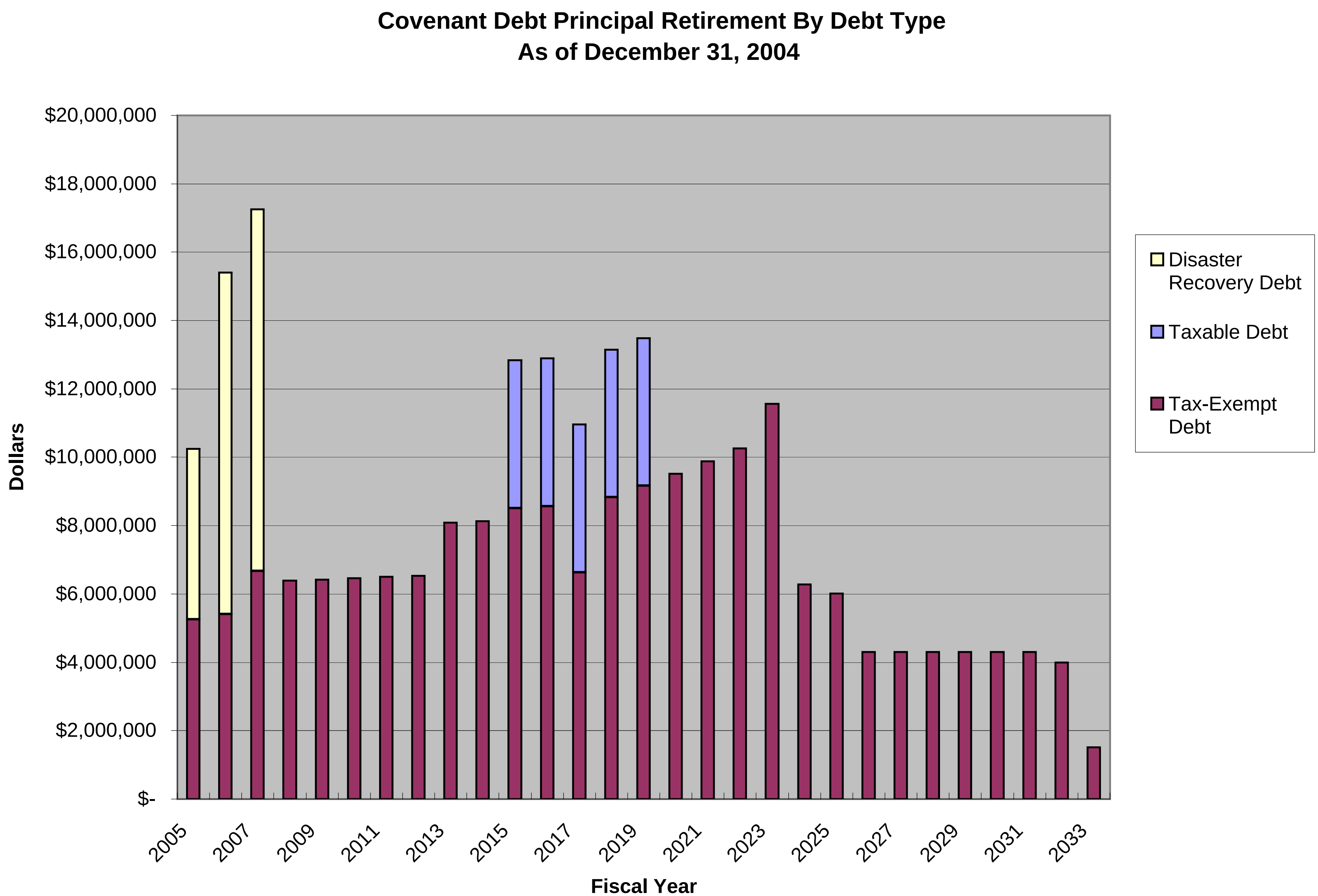
Having experienced 3 hurricanes in a six week period and being eligible for FEMA/State reimbursement for 95% of the eligible expenditures, the City was faced with a need to minimize the interim carry-cost between paying its vendors and receiving the FEMA/State related reimbursement therefore. The IRS code allows for a tax exempt variable rate borrowing related to anticipate extraordinary operating expenses. In an effort to minimize the related interim interest cost the City borrowed $25,800,000 through the Commission. The Internal Loan program anticipates repaying the loan in 2005, 2006 and 2007 at $5.0, $10.0 and $10.8 million, respectively.

As a result of an initial $8.8 million excess in the City's 2003-2004 General Fund operation, the Mayor and City Council elected to transfer $5.0 million to the Disaster Recovery Fund to effectively cover the anticipated City share. Therefore, the $25.8 million principal repayment for 2005, 2006 and 2007 is reasonably not anticipated to have any or at least not a material impact on these future fiscal periods.

Covenant Program Principal Amortization Schedules

The following chart (Covenant Debt Principal Retirement By Debt Type as of December 31, 2004) illustrates the principal amortization of all outstanding Covenant Program bonds/loans. The colors associate with individual program requirement and reflect the program standard of minimum amortization over the last 1/3 of the nominal life (or last 10 of 30 years).

The second schedule (Covenant Program Debt Retirement Principal Amortization Schedule as of December 31, 2004) illustrates amortizations for the regular tax-exempt debt, as well as for the Economic Development related Special Assessment Taxable Commercial Paper loan (see page A-29) and the Disaster Recovery related tax-exempt Commercial Paper loans (see above). While the covenant revenues are pledged to repay these loans, in both instances the City reasonably anticipates that non-covenant revenues, in the form of Special Assessment "Due on Sale" payment and/or FEMA/State disaster related reimbursement will be applied thereto. In both instances, due to: a) the size of the borrowing, and b) the short-term amortization period, this loan activity tends to have an apparent distortive impact on the Maximum Annual Debt Service level and the natural elasticity of the covenant program.


Covenant Debt Principal Retirement By Debt Type
As of December 31, 2004
Dollars
$20,000,000
$18,000,000
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
2025
2027
2029
2031
2033
Fiscal Year
Disaster Recovery Debt
Taxable Debt
Tax-Exempt Debt

Covenant Program Debt Retirement
Principal Amortization Schedule
As of December 31, 2004

Fiscal Year	Tax-exempt	Disaster Recovery	Taxable	Total
2005	$ 5,250,000	$ 5,000,000	$	$ 10,250,000
2006	5,405,000	10,000,000		15,405,000
2007	6,677,134	10,580,000		17,257,134
2008	6,392,134			6,392,134
2009	6,422,134			6,422,134
2010	6,457,134			6,457,134
2011	6,502,134			6,502,134
2012	6,537,134			6,537,134
2013	8,082,134			8,082,134
2014	8,127,134			8,127,134
2015	8,508,134		4,326,000	12,834,134
2016	8,563,134		4,326,000	12,889,134
2017	6,628,000		4,326,000	10,954,000
2018	8,826,000		4,326,000	13,152,000
2019	9,161,000		4,326,000	13,487,000
2020	9,511,000			9,511,000
2021	9,886,000			9,886,000
2022	10,256,000			10,256,000
2023	11,561,000			11,561,000
2024	6,281,000			6,281,000
2025	6,012,000			6,012,000
2026	4,307,000			4,307,000
2027	4,307,000			4,307,000
2028	4,307,000			4,307,000
2029	4,307,000			4,307,000
2030	4,307,000			4,307,000
2031	4,307,000			4,307,000
2032	3,997,000			3,997,000
2033	1,507,000			1,507,000
Totals	$ 192,391,338	$ 25,580,000	$ 21,630,000	$ 239,601,338

Note: The 2005B Medium Term Notes are included in the 2002 Medium Term Notes column.

CITY OF ORLANDO, FLORIDA

MANAGEMENT OF THE SYSTEM

The Mayor is the Chief Executive Officer with nine departments reporting to him (Housing, Finance, General Administration, Police, Fire, Management, Budget and Accounting, Public Works, Economic Development and Families, Parks & Recreation). Separately, under the Mayor's Chief of Staff, there are seven offices (City Clerk, Human Relations; Communication/Neighborhood Enhancement; Art, Entertainment and Sports; Audit & Evaluation; Government Relations; and Children & Education).

Mayor Buddy Dyer is a native of Central Florida, born in Orlando and raised in the nearby city of Kissimmee. Following graduation from high school, he was awarded a scholarship to Brown University where his studies were concentrated on civil engineering. Upon graduation, Mayor Dyer returned to Orlando to work as an environmental engineer, later enrolling in the University of Florida Law School, where he was named editor-in-chief of the University of Florida Law Review. Following graduation from law school, Mayor Dyer began his legal career with the Orlando law firm of Winderweedle, Haines, Ward & Woodman. Prior to becoming Mayor, Buddy Dyer served the Orlando area for 10 years as State Senator in the Florida Legislature.

Financial and Budgetary Support Systems

As of June 2003, the Chief Financial Officer (CFO) and the Director of Management, Budget and Accounting (MB&A) share responsibilities for the oversight of the City's financial affairs, financial management and related systems. The CFO is principally responsible for debt, investment, pension, risk and real estate management. The Director of MB&A is principally responsible for the Comptrollership (including payables, receivables, payroll, revenue collection and financial accounting), budget development and monitoring the 5-year capital improvement program and a new 5-year financial forecasting model currently being developed to address both capital and operating costs. Both the CFO and the Director of MB&A are actively involved in financial reporting, counseling to various Departments and Business Units, strategic planning and investor relations.

The City has been recognized for both its CAFR and its annual budget document. A Certificate of Achievement for Excellence in Financial Reporting has been awarded to the City by GFOA for each Fiscal Year since 1978. The City was also an early participant in the GFOA's Distinguished Budget Presentation Awards program and received the budget award for its budget document for Fiscal Years 1984 through 1989. Due to perceived problems with consistency in the budget awards program at the time, the City elected to discontinue participation but maintain internally the high standards which had been recognized. In light of substantial changes to the program recently, the Director of MB&A submitted the City's 2003-2004 Budget document for consideration. In March 2004, the City was informed that it had been awarded the Distinguished Budget Presentation Award for its 2003-2004 Budget.

G. Michael "Mickey" Miller, C.P.A., C.I.A., C.G.F.O., C.G.F.M., has been the Chief Financial Officer (CFO) since December 1979. Mr. Miller has guided the City's financial activities to a position of recognized leadership in the areas of financial reporting, debt and investment management practices. Previously, he was the City's Budget Officer/Internal Auditor for two years and had been with the City of Jacksonville's Finance Department and Council Auditor's Office for the preceding five years.

Mr. Miller has announced his resignation from the City effective April 8, 2005, to accept a similar position with the City of Jacksonville, Florida. Mr. Olson has been appointed to serve as Interim Chief Financial Officer, effective April 9, 2005. The City plans to conduct a national search to fill the position on a permanent basis.

Kent R. Olson, C.G.F.O., was appointed City Treasurer in November 2003 and from July 2001 to November 2003 served as the Assistant Treasurer/Investment Officer for the City. Previously, he served for a total of fourteen years as a Finance Director for the communities of Lake Zurich, Illinois, Northbrook, Illinois and Palm Beach Gardens, Florida. Mr. Olson holds a Master's degree in Public Administration with a concentration in State and Local Government Finance from the Maxwell School of Citizenship and Public Affairs at Syracuse University.

Deborah D. Girard, C.P.A., C.G.F.O., was appointed Director of the Management, Budget, and Accounting Department in April 2004. Previously she served as the Deputy Director of MB&A from May 2003 to April 2004 and as the City's Assistant Comptroller from March 2002 through May 2003. Before joining the City, Ms. Girard served Hillsborough County, Florida for approximately 10 years primarily in the capacities of Director of Finance and Director of Accounting. Ms. Girard started her career with the international accounting firm of Price Waterhouse where she was a State and Local Government Industry Specialist for seven years.

LITIGATION

During the ordinary course of its operations, the City is a party to various claims, legal actions and complaints. Most of these matters are covered by the City's Risk Management Program. Those, which are not covered, are handled by the City's Office of Legal Affairs and generally involve either construction contract claims/counterclaims or land use/zone (inverse condemnation actions).

On March 22, 2004, a complaint was filed in the Orange County Circuit Court contesting the March 9, 2004 general election for the Mayor and the District 6 City Council seat on the grounds that the Absentee Ballots cast in such elections were illegally obtained. Specifically, the complaint seeks the following relief: (a) that the Absentee Ballots be invalidated, (b) that the outcome of the election be determined solely by the machine vote, and (c) that because no candidate received more than 50% of the machine vote a run-off election be held between Mayor Dyer and Ken Mulvaney for Mayor, and between Commissioner Ernest Page and Lawanna Gelzer for the District 6 City Council seat. Both Mayor Dyer and Commissioner Page have filed Motions for Summary Judgment, which are currently pending hearing by the Court.

On March 10, 2005 the Orange County Grand Jury returned an indictment charging Mayor Buddy Dyer with unlawfully providing or offering to provide a pecuniary gain or other benefit to Ezzie Thomas in exchange for Ezzie Thomas distributing, ordering, requesting, collecting, delivering or otherwise physically possessing absentee ballots in the course of the election of the City of Orlando in violation of Florida law. On March 11th the Governor of the State of Office suspended Mayor Buddy Dyer from public office predicated on the indictment. Mayor Pro-Tem Ernest Page was immediately appointed Mayor. Pursuant to the City's Charter, a special election must be called for the purpose of electing a new mayor for the term of the Mayor's suspension or the remainder of Mayor Buddy Dyer's current term of office if the suspension is not lifted prior to the expiration of his current term of office. The transition in the Office of the Mayor is not expected to have a material impact on the financial operations of the City.

In the opinion of the City's management and legal counsel, these matters are not anticipated to have a material financial impact on the City.

NON-SELF SUFFICIENT PROPRIETARY DEBT

ORANGE COUNTY CIVIC FACILITIES AUTHORITY

The Civic Facilities Authority (CFA) was created as a separate legal entity by Legislative Special Act in 1972 and is charged with the activities of the Citrus Bowl football stadium and the Tinker Field baseball facility. In 1973, the CFA issued the 1973 CFA Bonds. The City is primarily responsible for the budget, debt, deficit and management of the CFA in accordance with the 1976 tri-party agreement between the CFA, the City and Orange County. The City, by this agreement, assumed responsibility for completing the expansion of the Citrus Bowl and the rights and responsibilities to operate and manage the CFA facilities. In addition, the City agreed to fund the difference between CFA revenues and total revenue bond debt service and operating requirements of the CFA. This pledge of non ad valorem revenue is effectively the same pledge as the covenant to budget and appropriate and the CFA debt is included in those coverage schedules.

On October 1, 1976, the City issued $2,800,000 of Guaranteed Entitlement Bonds, the proceeds of which were used to refinance the construction loans made for the benefit of the CFA under the Operation and Management Agreement. Under the terms of that agreement, amounts expended by the City for the expansion of the Citrus Bowl (including bonds used to finance such construction) are required to be repaid by the CFA. In addition, the City's annual debt service payments on the 1976 Bonds made on behalf of the CFA are regarded as loans to the CFA.

By agrement between the CFA and Orange County, which related to the issuance of the 1973 CFA Bonds and was reaffirmed in the 1976 tri-party agreement, the County contributes $200,000 annually toward the 1973 CFA Bonds debt service. This contribution is also treated as a loan. As a result of treating the City and County contributions as loans, unrestricted net assets of the CFA reflect a negative balance.

The maximum annual debt service reflected in the table entitled “Calculation of Covenant Revenues and Anti-Dilution Test Limitation” (see page A-21) includes the maximum debt service on the CFA Bonds. The debt service requirements (see pages A-16 and A-17) reflect the total obligation without considering the County’s annual payment.

Schedule of Guaranteed Entitlement Revenue Bonds, Series 1976, Coverage
Last Three Fiscal Years

	Revenue Available for			Debt Service Requirement	
Fiscal Year	Debt Service	Principal	Interest	Total	Coverage
2002	$1,969,237	$160,000	$47,025	$207,025	9.51
2003	1,969,237	170,000	37,620	207,620	9.48
2004	$1,969,237	180,000	22,424	202,424	9.73

Schedule of Civic Facilities Revenue Bonds, Series 1973, Coverage
Last Three Fiscal Years

	Revenue Available for			Debt Service Requirement	
Fiscal Year	Debt Service	Principal	Interest	Total	Coverage
2002	$687,322	$185,000	$136,350	$321,350	2.14
2003	652,776	195,000	123,862	318,862	2.05
2004	513,613	210,000	103,613	313,613	1.64